

# Introduction to Corporate Restructuring

## Corporate Restructuring 103: Chapter 11 Plan Formulation, Confirmation and Going Effective

- Plan of reorganization process
  - Developing a plan (how long/exclusivity/competing plans)
    - Disclosure Statement - Hyperlink
      - Business Pre and Post petition (reasons for filing) new cap structure /ownership post confirmation
      - Description of Assets, Valuation, financial projections
      - Best Interests of Creditors Reorg vs Liquidation 1129(a)(7)
      - Tax consequences, new stockholder agreements, MIP
    - Ch 11 Plan of Reorg
      - Section 1123(a)(1) provides that a Chapter 11 plan must designate classes of claims and interests for treatment under the reorganization
      - Creditors whose claims are “impaired” (i.e., those whose contractual rights are to be modified or who will be paid less than the full value of their claims under the plan) vote on the plan by ballot. 11 U.S.C. § 1126
  - Contract Rejections for executory contracts (lease, pensions, CBAs) constituencies such as labor unions, landlords
  - Recharacterizations (leases, NPI, ORIs (ATP Windstream))
  - Fraudulent Transfer investigations/litigation (estate cause of action for benefit of creditors (post -reorg litigation trusts))
  - Cramdown/Cramups (Cramdown plan requirements, cramdown/cramup take back securities, indubitable equivalent for secured creditors, solvent debtors, pre and post-petition interest, make wholes,
  - Establishing post-reorg capital structure – Excel Examples
  - Exit financing – Rights offerings, backstops, take back paper vs refi [Tronox example]
  - Plan confirmation process /contested confirmation/valuation fight
  - Going Effective and Exiting Chapter 11
- Brief Overview of §363 Sale process
  - Ability to sell assets free and clear of all liens and encumbrances
  - Establishing Initial Bid Procedures
  - Stalking Horse Bid Terms and Protections
  - Stalking Horse APA
  - Credit Bidding for secured creditors

Bankruptcy Modeling Exercise - Modeling valuation and recovery in excel using assumptions for a Ch 11 plan of Reorganization and Rights Offering. Valuation Recovery Analysis modeling exercise, including the waterfall and assumptions, recovery, IRR and MOIC sensitivity .

**Tronox Case Study [Separate Webinar I think]** – Using Tronox DS/POR and Plan Support Agreement  
Analyze a real bankruptcy model including rights offering, exit financing, allocation of recoveries between bonds and other GUCs

- Secured Creditors /Debtor planned 363 sale
- Unsecured creditors challenge plan/sale
- Creditor Replacement DIP
- Kerr Mcgee spin-off litigation (EPA claims other)
- Plan value
- Waterfall
- Recovery allocations
- Rights offering and exit financing
- Post reorg value/ When Issued trading
- Post reorg EPA Fraudulent Transfer litigation