

Module: Restructuring

Whilst the worst effects of the downturn may be past, we are in uncharted waters and the global recovery remains fragile and easily stall. Even if the recovery continues, experience has shown that the risk of default rises, triggered by increased pressure on cash flow and working capital. These pressures will be more acute than usual in the context of the deleveraging of the credit markets. Syndicated loans and laminated structures present additional difficulties in terms of conflicts of interest between multiple lenders in the same or differing layers of the capital structure. Where lenders have been forced to convert debt to equity, the position becomes even more complicated by corporate governance issues and how best to maximise value. The European markets offer some useful lessons on these critical issues which may yet return to haunt the market. Topics include:-

- Amendments, Waivers – the pros and cons
- Tactics to ensure creditors have negotiating leverage
- Issues for junior creditors
- Valuation in distress (some lessons from Imo Carwash)
- Steering Committees, Standstill Agreements & Reservation of rights
- Issues arising from D4E conversions – conflicts, corporate governance
- Restructuring multi-bank stakes (conflicts, corporate governance, regulatory and accounting issues)
- Restructuring laminated structures
- Methods of effecting the restructuring (consensual or hostile through enforcement over shares / assets)
- Inter-creditor issues