

The Wharton School – University of Pennsylvania

FNCE 391/891

Section 402

Corporate Restructuring

Fall 2018

Preliminary Course Syllabus

(Please note that this syllabus is subject to change over the duration of the course; however, the general structure and content of the course will remain the same.)

Professors

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Course Coordinator

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Classroom & Time

FNCE 891/391 // LAW 908 (MBA/JD/Undergraduate)

M/W at 10:30 a.m. – 12:00 p.m. – Steinberg Hall – Dietrich Hall room 351

Course Description

This course is designed to provide students with an understanding of the issues regarding corporate restructuring and the financial management of distressed corporations. In any situation of financial distress, there are two imperatives requiring attention if parties aspire to restructure rather than liquidate: (1) dealing with the restructuring of the various claims on the organization and resolving who will receive what new claim, in replacement of existing claims, and (2) ensuring the newly restructured entity is able to successfully manage for value creation and be a viable firm post-restructuring. The interaction of these two imperatives, in particular, how alternative restructuring proposals impact the viability of the newly restructured firm, is key to a successful distressed restructuring. By the end of the course participants should

- be familiar with the legal environment which frames distressed restructurings
- be familiar with the various parties, and their roles and interests, in a typical restructuring
- have insights into the different legal and negotiating alternatives for resolving differences in interests across parties to facilitate deal conclusion
- be familiar with the tools and methods for anticipating the financial distress of an organization and understand why the firm is in financial distress
- be capable of assessing the impact of the legal/financial restructuring on the viability of the firm
- be able to assess the extent to which alternative restructuring proposals will succeed or fail to enable correction of the management errors which led to the distress in the first place
- understand how to assess both the sources and magnitude of the value creation (or destruction) potential of a restructuring event as well as the various transfers of value across parties to the restructuring

On the legal dimension, this course will explore the highly active and sophisticated dealmaking environment that is the hallmark of modern distressed corporate restructuring— both under the supervision of a federal court applying chapter 11 of the United States Bankruptcy Code or through an agreement reached by a company and its creditors in out-of-court negotiations. On the finance and business dimension, this course will consider the determinants of financial distress, the methods for anticipating financial distress, how different negotiated outcomes impact both value to be created and value to be transferred across parties, and the role of alternative restructurings for enhancing the ability of the newly restructured company to thrive *post* restructuring.

The course will proceed in two parallel tracks. The first track of the course, taught primarily on Mondays, will consist of lecture classes by the K&E professors and a series of panelists and guest speakers. These will focus on establishing the legal framework, including the fundamental rights and obligations of debtors, creditors, and other parties in interest in the various types of major chapter 11 cases, and the conceptual framework for assessing a firm's financial viability and the causes of financial distress and the value impact of alternative restructurings . This foundation will provide critical insight into understanding the motivations, strategies, and available tools for chapter 11 participants. The panel discussions will offer the personal perspectives of key players in the restructuring arena—*e.g.*, federal judges, corporate managers, investors, bankers, and/or financial advisers.¹

The second track of the course, primarily taught on Wednesdays, will feature a series of case exercises. The case exercises are intended to provide participants an opportunity to work in teams and discuss, analyze, and propose their recommendations for resolving the case situation.

¹ To accommodate the schedules of our guest speakers, the lecture classes and panels are subject to change and may deviate from their scheduled dates.

Grades will be based upon both individual and team performance assessed based upon the following:²

1. WATERFALL EXERCISE: Individual assignment (15% of the final grade)
2. CASE EXERCISE: Group assignment (7.5% of the final grade, submitted in teams).
3. TER NEGOTIATION EXERCISE: Group assignment (15% of the final grade)
4. RESEARCH PAPER: Individual assignment - A report on a self-selected topical issue/event related to distressed restructuring (37.5% of the final grade, submitted individually)
5. PARTICIPATION: seminar participation (25% of the final grade, including required questions submitted in advance of the panels, and a reflection paper constituting 5% of the total participation grade)

Note: all written work must be submitted via Canvas in PDF format (or Excel spreadsheet, where appropriate, for example the TER negotiation exercise) and the filename must indicate the Individual and Team (for group assignment) and title of the assignment.

2 Students are highly encouraged to coordinate with the teaching assistants with respect to generating an acceptable paper topic.

Projected Course Schedule

<u>Class Number</u>	<u>Date</u>	<u>Topic</u>
1	Wednesday, August 29, 2018	Course Introduction
	<i>Monday, September 3, 2018</i>	<i>No class today - Labor Day</i>
2	Wednesday, September 5, 2018	Games and Setting the Stage
3	Monday, September 10, 2018	K&E Class 1: Bankruptcy Background
4	Wednesday, September 12, 2018	Conceptual Foundation -The Colors of Value
5	Monday, September 17, 2018	K&E Class 2: Financing Considerations
6	Wednesday, September 19, 2018	Intro to the Value Waterfall
7	Monday, September 24, 2018	Panel: Global AT&T Electronics (GATE) Case Study
8	Wednesday, September 26, 2018	Reflection & Financial Analysis and Valuation
9	Monday, October 1, 2018	Class/Panel TBD - K&E Class 3: Operations in Bankruptcy
10	Wednesday, October 3, 2018	Forecasting Cash Flows and Valuation
11	Monday, October 8, 2018	Class/Panel TBD
12	Wednesday, October 10, 2018	Liquidity vs Solvency (Valuation)
13	Monday, October 15, 2018	Panel: Valuation Overview presented by Evercore
14	Wednesday, October 17, 2018	Value and Value Allocation (Waterfall)
15	Monday, October 22, 2018	Class/Panel TBD
16	Wednesday, October 24, 2018	The Shift in Mentality from HF to PE
17	Monday, October 29, 2018	Class/Panel TBD
18	Wednesday, October 31, 2018	Distress: Causes and Solutions
19	Monday, November 5, 2018	Class/Panel TBD
20	Wednesday, November 7, 2018	Restructuring the Firm - Financial/Operational
21	Monday, November 12, 2018	Class/Panel TBD

	<u>Date</u>	<u>Topic</u>
22	Wednesday, November 14, 2018	Restructuring the Firm - Financial/Operational
23	Monday, November 19, 2018	Class/Panel TBD - Panel
	<i>Wednesday, November 21, 2018</i>	No class today - Thanksgiving
24	Monday, November 26, 2018	Class/Panel TBD - Panel
25	Wednesday, November 28, 2018	TER Negotiation Introduction
26	Monday, December 3, 2018	Class/Panel TBD
27	Wednesday, December 5, 2018	TER Negotiation Debrief
28	Monday, December 10, 2018	Class/Panel TBD

Course Introduction (August 29, 2018)

Course Introduction

We will introduce the logistics elements of the course in this opening session. With the remaining time, the primary concepts to be discussed will be introduced and context will be provided. Kevin will also introduce “the process.”

Pre-Reading

- There is no pre-reading for the first session

Class 2 (September 5, 2018)

Conceptual Framework: Setting the Conceptual Foundation

We will discuss the game theoretic challenges with resolving a situation of financial distress. We will also continue to develop the finance principles relevant for restructuring situations.

Pre-Reading

- There is no pre-reading for this session

Background Reading (for those interested in reading, may not be discussed in class)

- Game Theory 101, William Spaniel, https://www.youtube.com/watch?v=NSVmOC_5zrE
- The Costs of Financial Distress, by Kevin Kaiser, lecture note
- Chapter 16, “Financial Distress,” from *Corporate Finance*, 4th edition, by Berk and DeMarzo, 2016
- “Managing for Value 2.0,” by Kaiser and Young, *Journal of Applied Corporate Finance*, Winter 2014
- “The Hazards of Growth,” by Kaiser and Young, *Journal of Applied Corporate Finance*, Summer 2015
- Chapters 1 & 2, from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005

Class 3 (September 10, 2018)

Introduction of the Kirkland and Ellis Team

Bankruptcy Background

We will explore the benefits and burdens of chapter 11, case timelines, and key players.

Readings

- Douglas G. Baird & Robert K. Rasmussen, *Antibankruptcy*, 119 YALE L. J. 648 (2009-2010) (skim for background and context).
 - A seminal text on the basics of bankruptcy.
- James H.M. Sprayregen, *et al.*, *Chapter 11: Not Perfect, But Better than the Alternatives*, 14 J. BANKR. L. & PRAC. 6 (Dec. 2005).
 - An overview of the pros and cons of bankruptcy from the head of K&E's restructuring practice.
- James H.M. Sprayregen, *et al.*, *The Race to the Starting line: Developing Prepackaged and Prenegotiated Reorganization Plans to Maximize Value, in Navigating Today's Environment*, The Directors' and Officers' Guide to Restructuring (2010).
 - A comparison of prepackaged versus prearranged plans.
- *Lawmakers Question KKR, Bain Capital over Toys 'R US Failure*, Wall Street Journal, July 6, 2018.
 - An example of the various groups at play in a complex restructuring situation.

Class 4 (September 12, 2018)

Conceptual Framework: Value Creation & Maintaining Viability

We will continue to develop the finance elements of the course, and assess how firms end up in financial distress and the role of value and value creation. I will introduce (if I haven't already) the "colors of value" – we will distinguish various perspectives which will aid and structure our discussions throughout the course.

Pre-Reading

- There is no pre-reading for this session

Background Reading (for those interested in reading, may not be discussed in class)

- "Managing for Value 2.0," by Kaiser and Young, *Journal of Applied Corporate Finance*, Winter 2014
- "The Hazards of Growth," by Kaiser and Young, *Journal of Applied Corporate Finance*, Summer 2015
- Chapters 3 & 4, from *The Blue Line Imperative*, by Kaiser and Young, 2013

Class 5 (September 17, 2018)

Financing Considerations

We will discuss the ways a case can be financed, including issues related to adequate protection

and cash collateral, DIP financing, and intercreditor issues.

Readings

- *Avaya Inc. Debtor-in-Possession Financing* [Docket No. 230] (skim for context).
 - An example of court-approved DIP financing.
- *What Every Secured Creditor (and Its Lawyer) Should Know About Chapter 11*, ABI Journal Saturday, November 1, 2003.
 - An overview of key issues related to the use of a secured lender's cash collateral.

Class 6 (September 19, 2018)

What is Distress: Assessing Liquidity

We will continue to develop game theoretic challenges of restructuring the business. We will also introduce the main players to distressed restructurings and some of the different interests and perspectives they bring to the negotiation. We will run through examples to demonstrate the challenges of understanding what it means to be distressed and how to think about resolving the distress. We will intermix this discussion with the finance elements of the course, and assess how firms end up in financial distress and the role of value and value creation. We will introduce the Bayfield Generators case exercise

Pre-Reading

- Bayfield Generators: Surviving the Short-term

Background Reading (for those interested in reading, may not be discussed in class)

- Chapters 3 & 4, from *The Blue Line Imperative*, by Kaiser and Young, 2013
- Chapters 3 & 4, from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005

Class 7 (September 24, 2018)

Panel Presentation: Global AT&T Electronics (GATE)

Global A&T Electronics, a Singapore-based semiconductor business, entered chapter 11 with approximately \$1.2 billion of indebtedness. In December 2017, GATE confirmed its prepackages plan of reorganization in the Southern District of New York after spending roughly four days in Chapter 11.

Guest Panel

- **John Nelson - Chief Executive Officer, GATE**
- **Michael Foreman - Chief Restructuring Officer/General Counsel, GATE**

- **Ivan N. Krsticevic - Partner, Brigade Capital Management LLC**
- **Mike Bevacqua - Managing Director, Credit, Bain Capital**
- **Thane W. Carlston – Managing Director, Co-Head of Recapitalization and Restructuring at Moelis & Co.**

* Active student participation is *highly* encouraged. A question must be submitted on Canvas in advance of the panel.

Class 8 (September 26, 2018)

Analyzing the Financial Situation: Liquidity, Solvency and Debt Capacity

As we continue to develop the finance elements of the course and assess how firms end up in financial distress and the role of value and value creation, we will begin to ask how we can assess the liquidity, solvency and debt capacity of the firm. As we continue to deepen the understanding of discount rates and the principle of the opportunity cost of capital which distinguishes all value creation from value destruction as well as plays a central role in valuing the company as the discount rate we will extend this to help us distinguish value creating growth and investments from value destroying growth and investments. We will begin to work through the financial analysis of the Bayfield Generators case study. Step one is the Historical Analysis – what has been the past and where is the company as of now.

Pre-Reading

- BG – First template exercise (Financial Analysis & Liquidity) due today

Background Reading (for those interested in reading, may not be discussed in class)

- Chapters 3 & 4, from *The Blue Line Imperative*, by Kaiser and Young, 2013
- Chapters 3 from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005

** The remainder of the class dates are being finalized based on panelist availability. **

** The projected sequence of the Monday and Wednesday tracks, as well as the anticipated panels, are laid out in the below **Schedules 1, 2, and 3.** **

SCHEDULE 1
Projected Sequence of Monday K&E Classes

Operations in Bankruptcy

We will explore a debtor's disclosure obligations, the automatic stay, and issues related to contracts and vendors.

Readings

- Norton Bankruptcy: *Enjoining Litigation Against Third Parties*.
 - An analysis of the extension of the automatic stay to litigation by creditors against third-parties, a hot topic in current restructuring cases.
- *In re Penn Traffic Co.*, 524 F.3d 373 (2d Cir. 2008).
 - The court discusses the executory nature of contracts, and the implications for a creditor.

Sales in Bankruptcy

We will discuss the key issues in selling assets in bankruptcy, including the requirement to sell free and clear, and credit bidding.

Readings

- *Hearing Transcript: Claire's Stores Inc.* (focus on pages 204 - 220, balance is for reference / context).
 - An example of the importance of running a thorough and fair marketing process -- the Company was running a bankruptcy process but when a lender objected, following extensive litigation and testimony, the bankruptcy judge ordered a new marketing process, starting over and extending the timeline.
- Radulovic, Branko, *The Effect of § 363 Sales on Recovery Rates: Allowing for Self Selection Bias (Working Paper)*, Parts III, VIII (focus on the background of §363 sales and the conclusion, skim balance of the paper).
 - An empirical analysis of the choice between § 363 sales and restructurings

Plan Design Process

We will discuss the key issues in developing a chapter 11 plan of reorganization, including claim priorities, classification and releases.

Readings

- *Hearing Transcript: Cenveo* (focus on pages 27 - 29, balance is for reference / context).
 - The court dealt with the issues of opt-in vs opt-out releases, exculpating non-fiduciaries, and issues related to releases.

Plan Solicitation and Confirmation

We will discuss the key issues in soliciting and confirming a chapter 11 plan of reorganization, including exclusivity, disclosure, voting, disclosure and solicitation, plan confirmation, and the plan effective date.

Readings

- *Linn Energy Plan and Disclosure Statement* (skim for context / reference).
 - An example of a recent chapter 11 plan and disclosure statement, with some unique features.
- *In re Transwest Report Properties, Inc.* (9th Cir. 2018).
 - One key issue in plan confirmation is whether the plan is confirmed on a by-debtor basis or all-debtor basis. This is the first circuit level decision on the issue.

Creditor Causes of Action

We will discuss claims and causes of action that can be asserted against a distressed company, including a focus on issues in fiduciary duty law for directors in distressed situations.

Readings

- *In re HH Liquidation, LLC* (Bankr. D. Del, 2018) (skim the facts and focus on the court's methodology and analysis of the claims).
 - Creditors' committee brought seventy-eight claims and causes of action against creditors and the debtors' board of directors (including recharacterization, equitable subordination, breach of fiduciary duty, corporate structuring, and substantive consolidation) all of which were denied by the court

SCHEDULE 2

Planned Panel Presentations

Valuation (*Currently scheduled for October 15, 2018*) — Global independent investment banking advisory firm Evercore will give an overview of:

- Key corporate finance principles (e.g., net present value, EBITDA).
- Valuation methodologies and mechanics (e.g., comparable company analysis, precedent transactions analysis, discounted cash flows analysis).
- The role of valuation in a corporate restructuring (e.g., valuation as a consideration for plan confirmation and fraudulent transfers, judicial determinations of valuation).
- Motivations and goals of key players in the restructuring arena.

Guest Panel

- **[Daniel Aronson, Senior Managing Director, Restructuring and Debt Advisory]**
- **[Gregory Berube, Senior Managing Director, Investment Banking]**

Philadelphia Energy Solutions — Headquartered in Philadelphia, PES owns and operates the largest oil refining complex on the U.S. Eastern seaboard. The refining complex, which spans 1,300 acres and has capacity to refine 335,000 barrels of crude oil per day, has been in continuous operation since the 1860s. PES Holdings, LLC filed its prepackaged Chapter 11 restructuring in the United States Bankruptcy Court for the District of Delaware in February 2018. PES's prepackaged plan of reorganization carried universal stakeholder support and commitments for over \$260 million of new capital, and provided PES with substantially reduced debt service obligations upon emergence. PES obtained confirmation of its plan in March 2018.

Avaya Inc. — Avaya is a leading multinational technology company that specializes in telephony, wireless data communications, customer relationship management software, and networking. Avaya and its debtor-affiliates had more than \$6 billion in funded debt obligations as of the commencement of their Chapter 11 cases, with annual revenues in excess of \$3 billion. Avaya confirmed its plan in November 2017.

Seadrill Limited — Seadrill is a leading global provider of offshore contract drilling services and employs nearly 4,000 individuals across 22 countries and five continents. Seadrill Limited and certain of its direct and indirect subsidiaries engaged in a multi-jurisdictional restructuring of approximately \$20 billion of contract and debt obligations. Seadrill's pre-arranged Chapter 11 cases, one of the largest filings in 2017 based on asset size, resulted in the re-profiling of approximately \$6 billion of secured debt, eliminated approximately \$3.5 billion of unsecured bond and contractual obligations, and facilitated a capital investment of more than \$1 billion. In the months preceding Chapter 11, Seadrill also consummated a series of ring-fencing transactions that

successfully prevented its non-consolidated businesses from also having to commence Chapter 11 cases. Seadrill and its debtor subsidiaries confirmed their Chapter 11 plan with near universal consensus in approximately 7 months and emerged from Chapter 11 in less than 10 months.

Retail Overview — This panel will take a comprehensive look at the restructuring strategy and outcomes of [BCBG, a well-known and respected name in high-end women's apparel and accessories, and Gymboree, one of the largest children's apparel specialty retailers in North America, with widely recognized brands and approximately 1,300 stores worldwide.]

Distressed Hedge Fund Panel — This panel will examine general investing strategies and past lessons learned (e.g., distressed investment theses, fund approaches, application of strategies, and war stories); issues and goals with respect to distressed debt investing (e.g., fulcrum securities, rights offerings, DIP lending, trading restrictions (non-disclosure agreements and walls)); global and macroeconomic trends in the distressed investing arena (e.g., European opportunities); career development and specialization.

SCHEDULE 3

Projected Sequence of Wednesday Case Study Classes

Class 10 (October 3, 2018)

Bayfield: Liquidity, Solvency and Debt Capacity

We continue to work through the financial analysis of the Bayfield Generators case study. Step one is the Historical Analysis – what has been the past and where is the company as of now. We then begin to assess the solvency of the company. Solvency is not a cash question – it is a value question: is there sufficient value (based upon the expected future free cash to be generated by the business, discounted at the opportunity cost of capital) to support the debt load? If not, what debt capacity can the company support and remain solvent and viable? Assessing the value of the company is a necessary step to assess the solvency of the company.

Pre-Reading

- BG – Second template exercise (Forecast Cash Flow and Valuation) due today

Background Reading (for those interested in reading, may not be discussed in class)

- Chapters 3 & 4, from *The Blue Line Imperative*, by Kaiser and Young, 2013
- Chapter 5 from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005

Class 12 (October 10, 2018)

Bayfield: Liquidity, Solvency and Debt Capacity

We continue to work through the financial analysis of the Bayfield Generators case study. Step one is the Historical Analysis – what has been the past and where is the company as of now. We then begin to assess the solvency of the company. Solvency is not a cash question – it is a value question: is there sufficient value (based upon the expected future free cash to be generated by the business, discounted at the opportunity cost of capital) to support the debt load? If not, what debt capacity can the company support and remain solvent and viable? Assessing the value of the company is a necessary step to assess the solvency of the company.

Pre-Reading

- BG – Third template exercise (Solvency and Valuation) due today

Background Reading (for those interested in reading, may not be discussed in class)

- Chapters 3 & 4, from *The Blue Line Imperative*, by Kaiser and Young, 2013
- Chapter 6 from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005

Class 14 (October 17, 2018)

Bayfield: Liquidity, Solvency and Debt Capacity

We continue to work through the financial analysis of the Bayfield Generators case study. Step one is the Historical Analysis – what has been the past and where is the company as of now. We then begin to assess the solvency of the company. Solvency is not a cash question – it is a value question: is there sufficient value (based upon the expected future free cash to be generated by the business, discounted at the opportunity cost of capital) to support the debt load? If not, what debt capacity can the company support and remain solvent and viable? Assessing the value of the company is a necessary step to assess the solvency of the company.

Pre-Reading

- Bayfield Generator Distressed Situation – First Template (Financial Analysis & Liquidity) is due

Background Reading (for those interested in reading, may not be discussed in class)

- Chapters 3 & 4, from *The Blue Line Imperative*, by Kaiser and Young, 2013
- Chapter 5 from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005

Class 16 (October 24, 2018)

From Hedge Fund Mindset to PE Mindset

Increasingly distressed debt investors are adopting a mindset which blends that of a Hedge Fund (buy low, negotiate well, sell high) to that of a Private Equity investor (buy low, manage well, sell high). What is the driver of this and what are the implications of this for the skill set needed for those going into this line of work?

Pre-Reading

- No pre-reading for this session

Background Reading (for those interested in reading, may not be discussed in class)

- Managing Financial Distress, by Kevin Kaiser, lecture note

Class 18 (October 31, 2018)

Resolving the Distress

Having covered the conceptual elements of the course and highlighted the importance of the legal and human elements in the negotiations of the restructuring, we turn now to the importance business of managing the business. What led to the distress, and what can/needs to be done to resolve the distress?

Pre-Reading

- Rossignol (or Pinewood Mobile Homes) – Group reports for the case will be due Wednesday, Nov. 7, 2018).

Background Reading (for those interested in reading, may not be discussed in class)

- Managing Financial Distress, by Kevin Kaiser, lecture note
- Chapters 7 & 8 from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005

Class 20 (November 7, 2018)

Turnaround Management

Managing the business during the distress, and orchestrating a turnaround are perhaps the most challenging experiences any manager will face. We will examine the perspective of the turnaround experts who do this for a living.

Guest Speaker

- **Douglas Rosefsky** is former MD (France) and current Senior Advisor to Alvarez & Marsal France and an active board member and c-level advisor of companies in Europe, the U.S. and Asia.

Pre-Reading

- Rossignol (or Pinewood Mobile Homes) Group reports for the case due today

Background Reading (for those interested in reading, may not be discussed in class)

- *The Six Month Fix*, by Gary Sutton

Class 22 (November 14, 2018)

Turnaround Management

Managing the business during the distress, and orchestrating a turnaround are perhaps the most challenging experiences any manager will face. We will examine the perspective of the turnaround experts who do this for a living. In this class, we will review and reflect on the presentation and case from the previous class.

Pre-Reading

- Rossignol (or Pinewood Mobile Homes)

Background Reading (for those interested in reading, may not be discussed in class)

- *The Six Month Fix*, by Gary Sutton

Class 25 (November 28, 2018)

Negotiating a Plan of Reorganization

Having covered the conceptual elements of the course, we will now move to applications of the principles. In the TER Negotiation Case, groups will be required to role play different investors and achieve a reorganization through negotiation. This exercise will bring to life the importance of the conceptual elements and reinforce the importance of group dynamics and human behavior.

Pre-Reading

- Trump Entertainment Resorts – First Template (Pre-negotiation Worksheet) is due in Class 25 (Wednesday Nov. 28, 2018), and Final Negotiation Outcome (Post-negotiation Worksheet) is due in Class 27 (Wednesday Dec. 5, 2018)

Background Reading (for those interested in reading, may not be discussed in class)

- Chapters 9 & 10 from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005

Class 27 (December 5, 2018)

Negotiating a Plan of Reorganization

Having covered the conceptual elements of the course, we will now move to applications of the principles. In the TER Negotiation Case, groups will be required to role play different investors and achieve a reorganization through negotiation. This exercise will bring to life the importance of the conceptual elements and reinforce the importance of group dynamics and human behavior.

Pre-Reading

- Trump Entertainment Resorts – First Template (Pre-negotiation Worksheet) is due in Class 25 (Wednesday Nov. 28, 2018), and Final Negotiation Outcome (Post-negotiation Worksheet) is due in Class 27 (Wednesday Dec. 5, 2018)

Background Reading (for those interested in reading, may not be discussed in class)

- Chapters 9 & 10 from *Distressed Debt Analysis: Strategies for Speculative Investors*, by Stephen G. Moyer, 2005