

Special Report

Successful Restructurings – 2006

Debtor	Restruct. Firm	Lead Counsel	Comments
Blue Bird	Stephen Cooper Kroll Zolfo Cooper New York, NY	Jay Goffman Skadden, Arps, Slate, Meagher & Flom New York, NY	Shortest Chapter 11 case ever conducted. By all normal standards, company should have liquidated. The company had no cash, business was shut down for weeks, an out-of-court restructuring had been blocked by recalcitrant creditors, and no lenders were willing to provide DIP financing. A one-day prepackaged Chapter 11 was the only chance for survival. The 32-hour restructuring saved the company while all creditors were repaid in full.
Brunschwig & Fils	William Henrich Barry Green Getzler Henrich New York, NY	No bankruptcy filed.	\$90 million provider of high-end luxury fabrics and furniture was successfully restructured by reducing inventory levels by one-third (\$6 million), recording a significant positive ongoing EBITDA versus a considerable prior year loss, and reducing borrowing by \$5 million.
The Delaco Company	Jim Lukenda Huron Consulting Group Chicago, IL	D. Jan Baker Skadden, Arps, Slate, Meagher & Flom New York, NY	Successor to Thompson Medical Co., company faced significant product liability claims after a study linked an ingredient in certain products to increased occurrence of strokes. Company filed for Chapter 11 protection in early 2004 to conclude a settlement with plaintiffs' counsel and to litigate insurance claims. Company emerged from Chapter 11 protection during the first quarter of 2006 with plaintiffs' claims are expected to be paid in full.
Felt Manufacturing Company f/k/a Foss Manufacturing Company	Patrick O'Malley Eric Sweitzer George Shoup, III Development Specialists Chicago, IL	Kenneth Leonetti Foley Hoag Boston, MA	Company, a textile manufacturer, filed for bankruptcy after accusations of falsifying financial reports, which led the secured lender to be over-advanced by several millions of dollars. A reorganization plan was implemented that assured customers and employees and improved financial reporting. Company was sold for an amount generally equal to its secured liabilities and provided for the continuation of approximately 350 jobs in the New England area.
Hastings Manufacturing	Jeffrey Johnston Conway MacKenzie & Dunleavy Birmingham, MI	Stephen Grow Warner Norcross & Judd Grand Rapids, MI	Successful restructuring of \$30 million auto parts manufacturer achieved by selling assets, reducing workforce, addressing legacy/retirement costs, renegotiating lease and labor agreements, and instituting lean manufacturing initiative. Company sale produced an additional \$1.73 million, resulting in senior creditors being paid in full and additional value brought to junior lender and unsecured creditors.
Owens Corning	Robert Kost Lazard New York, NY (financial advisor)	Norman Pernick Saul Ewing Wilmington, DE	Chapter 11 case with three notable accomplishments: banks defeated debtors' efforts to substantively consolidate and eliminate the guaranties of the bank debt in a landmark Third Circuit decision; banks caused the asbestos liability to be allowed at \$4 billion less than requested by using new evidence of asbestos fraud; and banks were paid full principal, interest at default rates, and compound interest and fees.
Refco	Harrison Goldin David Pauker Goldin Associates New York, NY	J. Gregory Milmoe Skadden, Arps, Slate, Meagher & Flom New York, NY	One of the largest bankruptcy cases in history consensually concluded after just 14 months. Highlights included Chapter 11 filing prepared over a weekend; desperate M&A deal forged over a weekend to prevent company assets from being seized for no consideration; around-the-clock simultaneous negotiations with five prospective purchasers of those assets, culminating in 26-hour auction and the first pre-packaged Chapter 7 section 363 sale; testing the parameters of the new bankruptcy statute with the US trustee.
Silicon Graphics	Jim Mesterham AlixPartners Chicago, IL	Gary Holtzer Weil, Gotshal & Manges New York, NY	Worldwide restructuring of company's SG&A, R&D, manufacturing, and capital structure. Captured over \$170 million in savings, restructured over \$450 million in debt and leases, and obtained a \$115 million exit facility.
US Airways Group, Inc.	Jim Hunt Scott Rinaldi Chris Dochat FTI Consulting Charlotte, NC	Brian P. Leitch Arnold & Porter Denver, CO	Day one and 100-day plans developed for more than 30 internal merger integration teams. Actions provided the framework for realizing and, in some cases exceeding, planned revenue and cost synergies. US Airways reported an operating profit of \$53 million in the first quarter of 2006, approximately 6 months after emergence from Chapter 11.
Winn Dixie Stores, Inc.	Holly Felder Etlin Dennis Simon Xroads Solutions New York, NY	D. Jan Baker Skadden, Arps, Slate, Meagher & Flom New York, NY	Company successfully reorganized and exited bankruptcy following sale/closure of 326 stores and distribution and manufacturing facilities in a 90-day period; 37% downsizing of the G&A administrative structure; and reduction of \$50MM year in indirect costs.