



Transferred Restructurings

Frankfurt, October 3, 2015

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Frankfurt am Main, Germany

Overview Transferred Restructuring

1. Introduction

- a. Pre-crisis | Preliminary proceedings | Bankruptcy
- b. Relevant stakeholders

2. Two-Case Studies:

- labor law focus (A-Group A/S)
- corporate law focus (Debt to Equity Swap-Transaction)

3. Discussion and Q&A Session

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2



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1. Overview: Restructuring scenarios

- Start of financial crisis
- Start of restructuring process
- Preliminary insolvency proceedings
- Formal bankruptcy/insolvency proceedings

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4

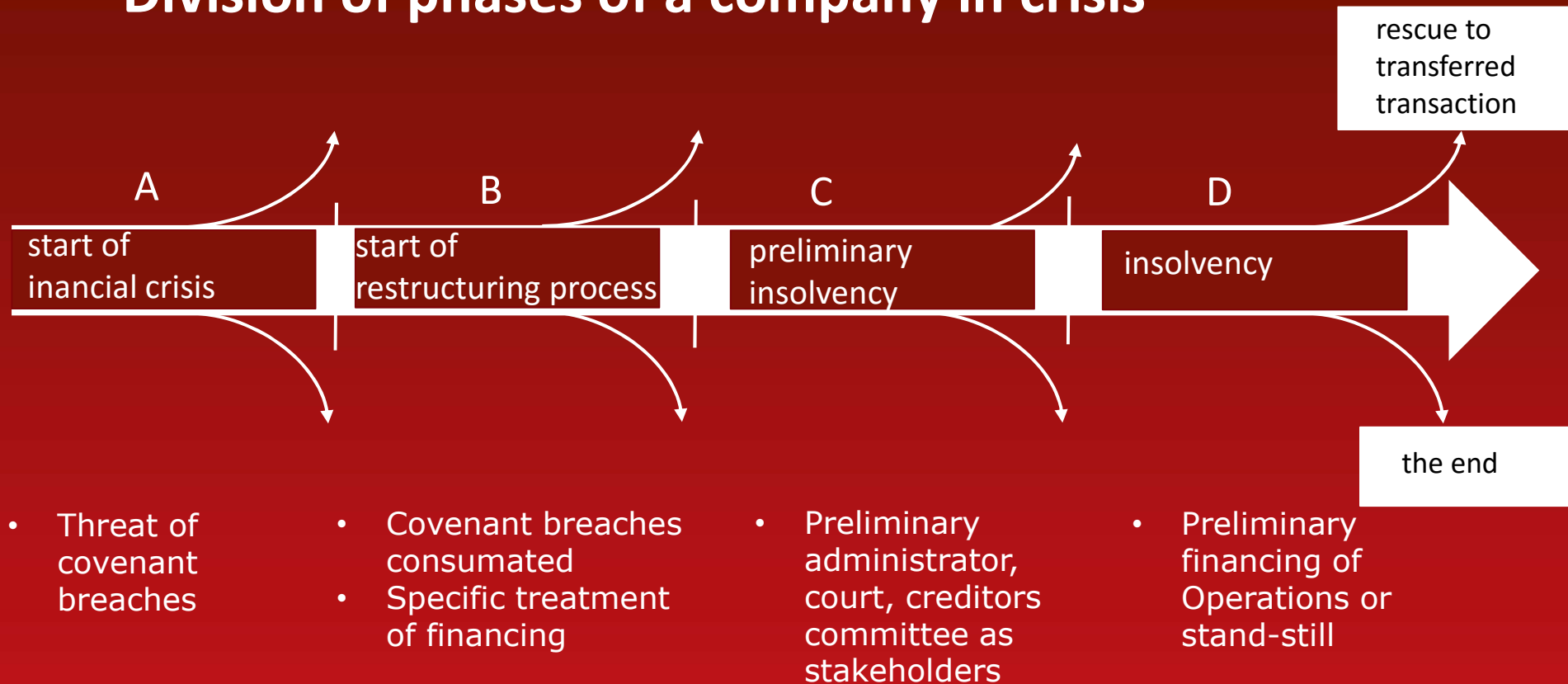


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Introduction

Division of phases of a company in crisis



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A. Company in financial difficulties

- Threat of covenant breaches

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5



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B. Company in restructuring

- Covenant breaches consummated
- Specific treatment of financing entities / work-out Teams in place
- Rescue measures discussed and planned

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C. Company in preliminary insolvency

- Preliminary administrator, court, creditors committee as stakeholders
- Dedicated creditors committee come into the picture of stakeholders
- 3 month deadline to be observed
- Funding for workforce expenses

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D. Company in insolvency

- Preliminary Financing of Operations or stand-still

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1. Overview: Restructurings

- Relevant stakeholders
 - Shareholders
 - Creditors
 - Suppliers and other contractual partners
 - Unions and employee representatives
 - Employees

Others:

- e.g.: landlords, tax and social security authorities, Media

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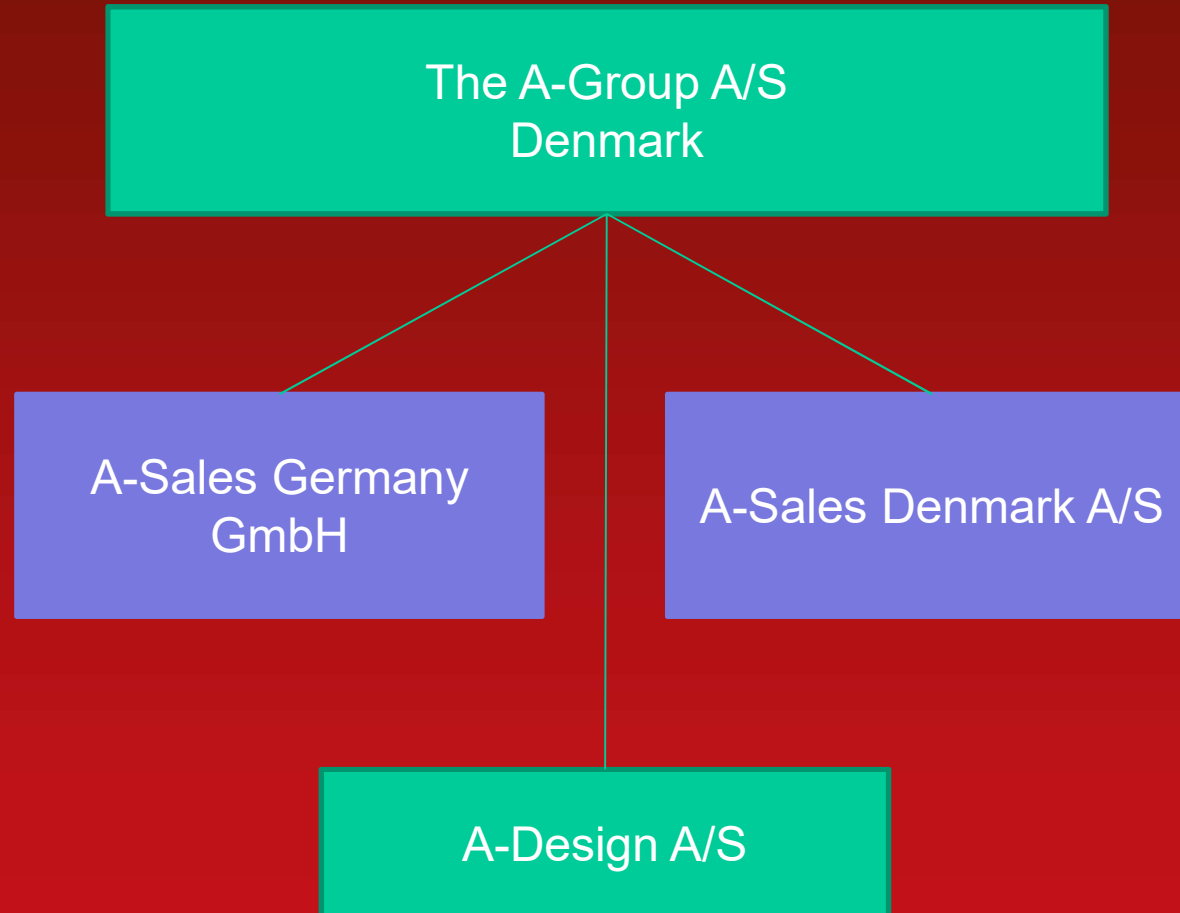
9



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2. Case Study: The A-Group A/S



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10

Case Study: A. Labor Law Focus

The A-Group A/S

- Overview: A-Sales Germany GmbH & A-Sales Denmark A/S

The corporate perspective:

- Negative equity capital
- High Liabilities (including vis-á-vis banks, landlords, employees, tax; intra-group liabilities; suppliers)
- Assets < liabilities (inventory in shops, stock, deposits)
- P&L/year significantly negative

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11



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12



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2. Case Study: The A-Group A/S

- Overview: A-Sales Germany GmbH & A-Sales Denmark A/S

Other decisive factors:

- Each entity has ~1,000 employees total (900 ops, 100 overhead)
- High staff cost due to works agreements with very favourable conditions
- Works council / employee representatives in place; unions looking to gain a foothold
- Media and local politicians aware of company troubles

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113



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2. Case Study: The A-Group A/S

- Pre-crisis scenario
 - Stage 1: Threat of covenant breaches
 - Stage 2: Covenant breaches, creditors force rescue measures and/or implement restructuring committees to effect turnaround; chief restructuring officers appointed
- The stakeholders' points of view and their impact on the restructuring

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16



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2. Case Study: The A-Group A/S

- Pre-crisis scenario
 - Shareholders: ...
 - Creditors: ...
 - Suppliers and other contractual partners: ...

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17



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2. Case Study: The A-Group A/S

- Pre-crisis scenario
 - Example 1: Unions (GER).
 - Strikes for social plan
 - Example 2: Works councils (GER)
 - Negotiate social protection for staff
 - Preserve own mandate and undertaking
 - Example 3: Employees (GER)
 - Worry about the future, rising support for unions and works council, lack of motivation, rising sickness rates → further damage to company

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18



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2. Case Study: The A-Group A/S

- Preliminary proceedings
 - Germany:
 - Preliminary insolvency administrator appointed
 - „Strong“ and „weak“ administrators
 - Dedicated creditors' committee
 - Denmark:
- Changes to the stakeholders' impact on the restructuring

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19



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2. Case Study: The A-Group A/S

- Bankruptcy
 - Germany:
 - Final insolvency administrator appointed
 - Schutzschirmverfahren („German Chapter 11“)
 - Denmark:
- Changes to the stakeholders' impact on the restructuring

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20



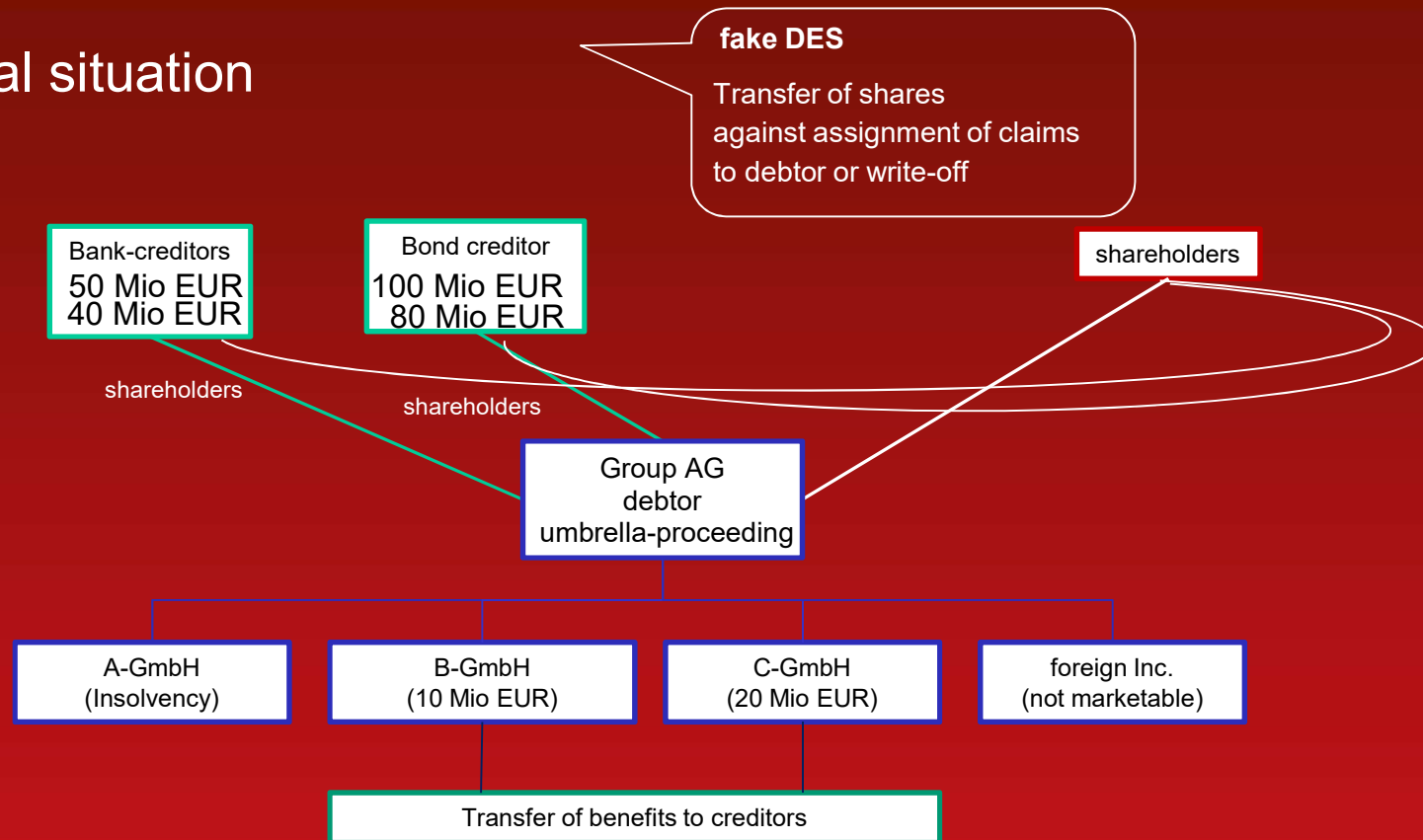
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Case Study: B. Corporate Law Focus

Debt to Equity Swap (DES)

1. Initial situation

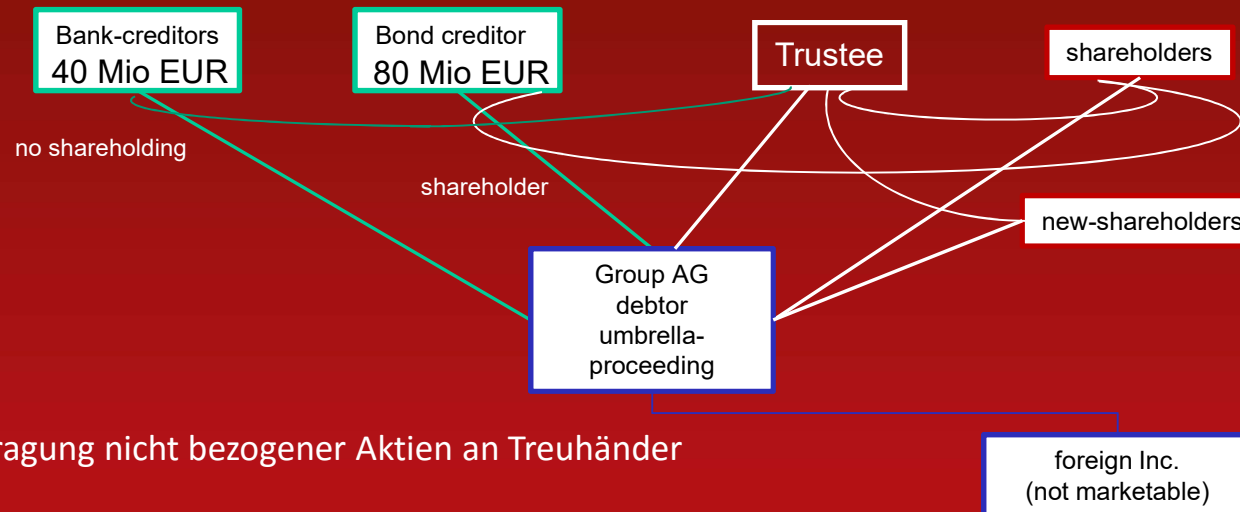


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14

Debt to Equity Swap (DES)

3. Bank-creditors do not opt for shareholding



- Übertragung nicht bezogener Aktien an Treuhänder
- Veräußerung an (Neu-) Aktionäre
- Erlös an Gläubiger, die nicht am DES teilnehmen gegen Forderungsabtretung an Schuldner oder Erlass

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15

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Language skills

- » English, French, Spanish, German

Professional skills

- assisting foreign Investors with their investments into Germany and Europe,
- Mergers&Acquisitions, Buy-outs, Buy-ins
- Transaction financing
- Transferred restructurings, outsourcing

Education and professional career

- University of Frankfurt and Munich (1980-1985)
- London School of Economics (1982)
- Major national law firm (1990-1999, as a partner 1995-1999)
- Morgan Lewis & Bockius LLP (Head of Business & Finance, 2001-2005)

Rankings

- Best of Best Europe: “**Leading Transaction Manager**“
- Chambers Europe 2011-2015: “**Leader in their field**“
- Best Lawyers: “**Recommended in IT and Outsourcing 2013 – 2015**“
- Best Lawyers: Recommended in Mid-cap Corporate Transactions 2014 - 2015
- Who’s Who legal 2010: “**Leading international M&A practitioner**“



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