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Business & Financial Restructuring

Steptoe & Johnson LLP's Business & Financial Restructuring Practice has decades of experience representing clients of all types in corporate restructurings, workouts, bankruptcy planning, negotiations, litigation, and distressed asset acquisitions. Our attorneys are involved in all sides of the restructuring process. We regularly assist domestic and international debtors, financial institutions, secured and unsecured creditors, ad hoc and official committees, insurance companies, bondholders, trustees, lessors, investors, purchasers, equity holders, and boards of directors. We have particularly deep experience dealing with the manufacturing, real estate, energy, transportation, and financial services sectors, often dealing with complicated issues involving supply chain, construction, suretyship, energy generation, ERISA, and mass torts. With a significant presence on both US coasts and in many of the world's key markets, we are well-positioned to handle the most complex, multi-jurisdictional insolvency and restructuring matters, serving all the needs of troubled businesses, as well as protecting clients dealing with those businesses.

To fashion the solutions our clients seek, our group works hand-in-glove with the firm's nationally recognized attorneys in litigation, commercial finance, real estate, environmental, ERISA, electric power, oil and gas, tax and partnership, intellectual property, and other fields, as well as with the firm's Troubled Asset Task Force. Our attorneys' longstanding relationships with other professionals in the restructuring community enable us to pursue clients' objectives aggressively but within the context of consultation, cooperation, and mutual respect. Our attorneys have the business acumen and the litigation toughness to formulate innovative arrangements that protect our clients' assets and interests within and outside bankruptcy proceedings.

The commitment of our practice to creative solutions and complete client satisfaction is unwavering. We focus on maximizing clients' recoveries and minimizing their investment of time and money in the restructuring process. When investments, projects, or business plans go awry – as they often do in today's volatile economic climate – we have consistently been able to untangle complex financial arrangements and achieve positive and cost-effective results.

Representative Matters

Attorneys in the firm's Business & Financial Restructuring Practice have achieved an enviable record of success, including these representative matters:

- Counsel to the successful purchaser of substantially all of the assets of Hartmarx Corporation and certain of its affiliates, one of the largest manufacturers and marketers for men's suits and sport coats in the United States, in bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Illinois.

Business & Financial Restructuring

- Counsel to one of the largest general unsecured trade creditors and member of the Official Committee of Unsecured Creditors in the Chapter 11 bankruptcy cases of Chrysler LLC and certain of its affiliates, currently pending the United States Bankruptcy Court for the Southern District of New York and successfully obtained payment in full for client through negotiations with purchaser of the debtors' business operations.
- Counsel to Taiwan Kolin Co., Ltd., one of the largest manufacturers and sellers of electronic products in Taiwan, in connection with its asserted \$270 million claim against the debtors, Syntax-Brilliant Corporation and certain of its debtor affiliates, in their Chapter 11 cases pending in the Delaware bankruptcy court.
- Currently represent the official committee of unsecured creditors in the Chapter 11 bankruptcy cases of Pacific Energy Resources Ltd. (PERL) and certain of its affiliates pending in Delaware. PERL and its affiliates are engaged in the acquisition, exploitation, and development of oil and gas properties, primarily in the United States.
- Counsel to a fund holding a credit linked note of several hundred million dollars issued as part of an integrated transaction with various US and foreign Lehman Brothers entities, as a creditor in the Lehman Brothers US and international insolvency proceedings.
- Counsel to Zurich North America (Zurich) in representing its interests as the largest creditor in the Chapter 11 proceedings for Agway, Inc. (Agway). Zurich provided bonds as collateral to Agway's insurers in connection with Agway's workmen's compensation and other insurance programs. In this case, the firm recently obtained the precedent-setting first US District Court judgment allowing unsecured creditors' claims for attorneys' fees.
- Counsel to Mitsubishi Heavy Industries, Ltd. in the on-going workout of the international family of Babcock & Brown companies. This representation involves restructuring negotiations and proceedings relating to orders for nearly \$2 billion in wind turbine generators, with simultaneous proceedings in the United States and Australia.
- Counsel for Japan Airlines (JAL) in the Aloha Airlines (Aloha) Chapter 11 bankruptcy pending in Hawaii. JAL had service agreements with Aloha that were put at risk due to Aloha's bankruptcy filing. The practice structured a successful result for JAL that allowed its contracts to remain fully intact with assignees whom JAL approved.

Business & Financial Restructuring

- Counsel for the Chapter 11 Trustee for the Estate of Thomas A. Hantges, one of the former founding principals of USA Commercial Mortgage Company, a commercial loan underwriting, servicing, and funding company whose principals were involved in an alleged fraud in the magnitude of over \$900 million – the largest-ever bankruptcy filing in Nevada.
- Counsel to Mitsubishi Heavy Industries, Ltd. in the global power equipment bankruptcy, which succeeded in liberating dozens of multi-million dollar power plant construction projects throughout the globe from the bankruptcy estate while preserving its full claims against the estate.
- Counsel to Sunwest Management, Inc., the fourth largest senior housing enterprise in the US. The matter involved coordination of hundreds of separately owned and leveraged entities, including many associated asset sales in and out of bankruptcy.
- Counsel to a landlord of commercial shopping center leases involved in the Movie Gallery, Inc. and Big A Drugstores, Inc. Chapter 11 bankruptcy cases.
- Counsel to the surety insurers' syndicate, led by Zurich, in connection with its debtor in possession financing and innovatively leveraged acquisition of assets from the bankrupt estate of Guy F. Atkinson Co., a major international construction company. This case too involved negotiations of the creditor status of substantial Pension Benefit Guaranty Corporation (PBGC) under funding liabilities. Among the assets acquired by the sureties were infrastructure facilities in Indonesia and Israel and in three major portions of Boston's Big Dig, the largest single construction project in US history. The case was featured in *Bankruptcy Court Decisions*.
- Counsel to Independent Fiduciary Services, fiduciary of all defined benefit plans in the United Air Lines bankruptcy proceedings. This involved complex issues relating to the bankruptcy priority of over \$1 billion in unpaid pension plan contributions and litigated issues relating to the §1113 process.

Business & Financial Restructuring

- Counsel to a prominent private equity fund liquidating collateral quickly and successfully in a Chapter 11 subprime lending case, Sentinel Management Group, Inc. The fund was party to master repurchase agreements secured by mortgage-backed securities with a subprime lender that filed for Chapter 11 liquidation in 2007, and we assisted the fund in successfully liquidating its securities under the repurchase agreements, drawing on deep familiarity with the 2005 amendments to the bankruptcy code.
- Counsel to Fiduciary Counselors, Inc., fiduciary of all defined benefit plans in the Delta Air Lines bankruptcy proceedings. The fiduciary is in the midst of litigation relating to the priority of pension plan contributions associated with unrejected collective bargaining agreements, with significant implications for plan structure.
- Counsel to Inspiris, Inc., as debtor in possession lender, stalking horse bidder and successful purchaser, in connection with the sale of substantially all of the assets of Care Level Management Group, LLC, a provider of in-home healthcare services for chronically ill and elderly patients, in its Chapter 11 case pending in the Central District of California.
- Counsel to American International Group (AIG) in the bankruptcy of Horizon Natural Resources (Horizon), the fourth largest mining operator in the US, helping AIG to negotiate a plan of reorganization that allowed it to avoid any losses on some \$250 million in unsecured liability as a result of surface mining reclamation bonds provided to Horizon. The plan of reorganization involved the transfer of all of Horizon's assets, including mining operations and related fuel supply agreements in three parcels to three sets of acquirers. AIG was released from various policy obligations, given key security interests, and was able to transfer its position without experiencing any losses.
- Counsel to Mitsubishi Heavy Industries, Ltd. in the Chapter 11 proceedings of National Energy Group, Inc., an unregulated affiliate of Pacific Gas & Electric, involving a multi-billion dollar contract to supply turbines to a series of electric generation projects throughout California. Our client was able to settle its adversary proceeding for the largest non-bank allowed claim in the case, giving it cash and equity distributions in the reorganized company. The firm conducted an auction of the claim to financial investors.

Business & Financial Restructuring

- Counsel of AIG as surety and debtor in position lender in the consolidated reorganization of the J.A. Jones Inc., a major international construction, engineering, and real estate company and its more than 30 subsidiaries, the largest general contractor bankruptcy in history, dealing with over 200 incomplete projects totaling almost \$2 billion and the successful sale in less than a year of hundreds of millions in assets of the construction company.
- Counsel to AIG, the surety insurer in connection with payment of their claims and provision of interim bonding facilities to the debtor in the Chapter 11 reorganization of Washington Group, Inc. (WGI), the largest construction bankruptcy in 2001. The WGI plan, confirmed in Nevada in early 2002, provided for full payment of the sureties' claims.
- Counsel to the Dominican Republic in its \$770 million international arbitration and negotiation of a workout with Smith-Enron, Inc., an insolvent independent power producer (IPP) with which it had payment disputes. This representation involved extensive negotiations with the International Finance Corporation, the IPP's principal creditor.
- Counsel representing the thirty-five surety insurers' group in connection with their acquisition of Morrison Knudsen Corporation's passenger railcar manufacturing business, including all associated assets in the US \$3.5 billion global restructuring and prepackaged bankruptcy of Morrison Knudsen, a major international construction contractor.
- Counsel to the Cooperative Utility Trusts (Trusts), the largest unsecured creditors in the reorganization of Cajun Electric Power Cooperative, Inc., one of the major utility reorganizations in the United States. The Trusts were able to negotiate a full, direct, and irrevocable assumption of their \$900 million directly by the United States government.
- Counsel for Rhinotek, Inc., manufacturer and distributor of high quality toner and inkjet cartridges, and related entities providing computer products and services, in successful sale of company through assignment for benefit of creditors.
- Counsel for the primary equity holder and chief executive officer of Moll Industries, Inc. (Moll), a leading custom molded plastics firm, in Moll's workout agreements and subsequent Chapter 11 proceedings.

Business & Financial Restructuring

- Chapter 11 trustee and counsel to Chapter 11 trustee of debtor Ritter Ranch Development, LLC, in the sale of a development project of over 6,000 acres in a California Mello-Roos bond financing district for over \$52 million.
- Counsel to American Racing, Inc., in its successful \$24 million acquisition of the assets of Weld Wheels, Inc., a manufacturer and distributor of premium aftermarket automobile, light truck, racing, and sports wheels to both domestic and international customers.
- Counsel to Keyera Energy, one of the largest natural gas midstream businesses in Canada, in pursuing its unsecured claims in the Enron reorganization.
- Counsel to Enbridge Pipeline Inc., a leading oil pipeline operator, in restructuring its contractual relationships with refiners and other users against insolvency risks posed by general economic conditions.
- Counsel to PBGC in the negotiations and restructuring surrounding LTV Corporation's pension plans, with a creative reordering and recapitalization of the plans that included among other features Contingent Value Rights issued by the PBGC—still the only issuance by the PBGC of securities.
- Counsel to the Federal Deposit Insurance Corporation (FDIC) in the nationally important case of *FDIC v. Cafritz*, where for the first time the FDIC was able to obtain a protective injunction under the Taxpayers' Recovery Act. The case broke new ground in establishing preferential rights for the FDIC in fraudulent conveyance cases.
- Counsel to PBGC, the largest creditor in the Wheeling Pittsburgh reorganization, one of the largest bankruptcy proceedings in United States history. The representation involved all aspects of reorganizing the steelmakers' business and converting them into profitable enterprises.
- Counsel to the Companies Law team on analyzing and recommending modernization of Tanzanian Companies Ordinance (1929 British Companies Act version) and bankruptcy law in anticipation of its privatization program.
- Counsel to the co-founders of a payday lending business in their out-of-court negotiations with secured lenders to deleverage and restructure the business.