

Creating Value through Corporate Restructuring: Case Studies in Bankruptcies, Buyouts and Breakups

Written by:

Stuart C. Gilson

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As we are in the midst of a significant investment regulation overhaul, one area that is often overlooked by those outside the restructuring field is the market for distressed debt. Over the past decade, the options available to those investing in this market have grown considerably, for better or worse. It is typically difficult to get an inside view of the “black box” that is distressed debt investing.

In *Creating Value through Corporate Restructuring: Case Studies in Bankruptcies, Buyouts and Breakups*, **Stuart C. Gilson** provides an in-depth, comprehensive view of the major players, motives and decisions behind some of the most prominent restructurings that have flooded newspaper headlines in recent years. Gilson has added significantly to his book in this second edition, by including 13 new case studies, “designed to update students and general readers on the current ‘state of the art’ of corporate restructuring.”¹

The case studies are separated into three modules, covering “the restructuring of debt and liabilities, of equity and assets, and of employees’ claims.”² Gilson’s extensive experience teaching at the Harvard Business School is evident through the ease in which he dissects some of the largest and most complex restructuring cases.

¹ Stuart C. Gilson, *Creating Value through Corporate Restructuring: Case Studies in Bankruptcies, Buyouts, and Breakups*, xxiv (2d ed. 2010).

² *Id.* at xvii.

About the Reviewer

Ryan Dattilo is a clerk to Hon. Mary F. Walrath in the U.S. Bankruptcy Court for the District of Delaware.

While the book provides considerable detail, Gilson is able to summarize the concepts in a way that is approachable to even those with little to no restructuring experience.

Gilson begins each case study with a brief summary of the circumstances that led the organization to the restructuring crossroads to show the thoroughness of research for each individual case study. With the aid of extensive financial data and charts included at the end of each

the end of the book, every reader will begin to grasp the multitude of directions a restructuring could potentially take and the influences behind them.

One specific area that Gilson has significantly addressed in the *Second Edition* is the growing influence and increasingly activist role that hedge funds play in the reorganization process, using the case studies of Kmart, The Finova Group and Delphi Corp., in which hedge funds played a significant role. This addition could not be more appropriate, as this type of investing has recently garnered much publicity and is now the subject of new legislation.

In his case study of Delphi in particular, Gilson provides extensive background on some of the novel financial

Suggested Reading

chapter, Gilson displays the relevant issues that the parties evaluated when they considered whether to pursue an out-of-court restructuring, a pre-packaged bankruptcy or a full-fledged chapter 11. Gilson also provides some of the marketing and management factors that influence the process. For a new attorney who only sees bankruptcies long after these decisions have been made, Gilson’s book provides a unique perspective.

At the end of each case study, Gilson poses questions, often asking the reader if he or she would arrive at the same conclusions as the parties involved. The book’s instructive nature and Gilson’s classroom perspective makes for a more interactive read, but if a reader is unfamiliar with financial statements, the book may not be as effective. Regardless, by

instruments being used by distressed investors. While the names of these instruments, such as credit-default swaps and collateralized-debt obligations, might be familiar to the general public in recent years, Gilson’s explanation of how they operate and can be utilized in the restructuring process is invaluable.

Creating Value through Corporate Restructuring should appeal to a wide variety of readers. In addition to those with a business and investing perspective, who Gilson teaches on a daily basis, this book is also a great resource to those on the legal side who may not have experience with the complex interests of all the parties involved in some of the larger restructurings. Overall, this is a great read, reflecting the author’s years of experience, research and development. ■

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