

## David Neier Discusses Debt Reinstatement with *Turnarounds and Workouts*

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Winston & Strawn partner David Neier was quoted in the article, “Debt Reinstatement: Important Lessons for Plan Proponents and Lenders,” in the December 2012 issue of *Turnarounds and Workouts*.

The article discusses debt reinstatement in the context of two bankruptcy-court decisions: *Charter Communications* and *Young Broadcasting*. According to Mr. Neier, *Young Broadcasting* does not say as much about debt reinstatement as it may appear. “People think of *Young Broadcasting* as a debt reinstatement case because there are so few cases about debt reinstatement. It’s actually a valuation case and a cram-up case (because the debtors were trying to cram up the lenders and put them in a different interest rate).”

Mr. Neier adds that it is “unbelievably difficult” to reinstate bank debt. “The debt reinstatement provision – 1124 – really only works with bonds. With bonds it’s a lot easier, because there aren’t the covenants you have in bank deals that are impossible to cure.” People often use the threat of debt reinstatement as leverage, Neier says, but do not end up following through and obtaining a judge’s decision. “Debtors threaten lenders in the hopes of wrangling out a better deal, but then they understand the hurdles they face in going forward, so they rarely go to decision.”

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