Bagby in Law360: Mid-Cap Restructuring Is Becoming Faster and Leaner

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As companies face rising restructuring costs and ongoing economic uncertainty, businesses are increasingly exploring alternatives to traditional Chapter 11 proceedings and moving more quickly through reorganization efforts. Haynes Boone Partner **Ingrid Bagby** spoke with *Law360* about the factors driving these shifts and why early planning is becoming more important than ever.

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When advising clients in recent months, restructuring attorneys have begun putting greater emphasis on alternatives to bankruptcy, such as assignments for benefit of creditors or a state-court foreclosure action, Ingrid Bagby, a restructuring partner at Haynes Boone, told Law360.

"I do think it's particularly stark when you get into the middle market," Bagby said. "In the past year or so, people put everything on the same, level playing field, all the potential options."

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Engaging with companies and their creditors ahead of time can provide clarity for what restructuring option presents the best path forward, Bagby said.

"Now, lenders and borrowers are having that harder conversation about 'Is there a future here, do we see the line of sight of the business?'" she said. "And, if not, what makes the most sense for how we wind this down?"

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Lenders may also not be on board with funding the full ride through bankruptcy at the outset of a case, and instead will provide a more conservative funding package until it becomes clear what the prospects of a reorganization might be, Bagby said.

"They just may not be ready to co-sign for the entire Chapter 11 case on day one," she said. “That kind of caution or conservatism just might be a function of not being quite sure if it's a full-on reorganization or whether they'll have to sell things off."

The uncertainty of the larger economy could lead lenders to base their assessment of a business's prospects on the value of its hard assets rather than the cash flow analysis that was common in the past, Bagby noted.

Read the full article from *Law360* **here**.