Bankruptcy and corporate reorganisation
Area: Finance
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Description
The objective of this course is to introduce students to the financial, legal and strategic issues associated with the corporate restructuring process. Restructuring is the process by which companies renegotiate the financial contracts and commitments they have entered into with their creditors, employees, suppliers, customers, and shareholders, usually in response to some financial challenge or crisis (financial restructuring). Often it is also necessary to change the business model or restructure the company's operations by cutting costs and selling assets (operational restructuring).

We will discuss the governance role of creditors, different bankruptcy procedures around the world, investment strategies used by hedge-funds to invest in the debt of distressed companies, equity spin-offs, tracking stocks, "downstairs" mergers, buyouts, restructuring of retiree health care/pension plans, and corporate layoff programs.

Corporate restructuring entails any fundamental change in a company's business or financial structure, designed to increase the company's value. The students will learn how to identify the best restructuring option for dealing with the problem or opportunity the company is facing, how to execute it creating the most value possible and how to invest in distressed businesses. Understanding how restructuring can affect business seems an essential skill in the current economic turmoil for both managers and investors.

Teaching and learning activities
There are 5 three-hour sessions. The course is case-based. The lectures will discuss the theoretical and empirical evidence related to corporate restructuring and will introduce the legal, regulatory and accounting aspects necessary to understand the restructuring process.


Additional readings will be posted on line in advance. The cases are required reading before class.

Evaluation
To pass, you should get at least 50 points out of 100, according to the following distribution:
- Final exam: 60 points
- Presentation/ class participation: 40 points.

Sessions plan
1. The governance role of creditors and bankruptcy
2. Valuing companies in corporate restructuring
3. Restructuring debt and liabilities
4. Restructuring equity and assets
5. Restructuring employees' claims