AMERICAN BANKRUPTCY INSTITUTE

Northeast Bankruptcy Conference and Consumer Forum

Liability-Management Transactions: How We Got Here, Where We're Going

Hon. Kimberly Bacher
U.S. Bankruptcy Court | Bow, N.H.

Heather Barlow
Dundon Advisers LLC | West Palm Beach, Fla.

Jacob Czarnick
Raymond James & Associates | New York

John Ventola
Choate, Hall & Stewart LLP | Boston

Pat Walling
Proskauer Rose LLP | Boston

CONCURRENT SESSION

2025

UNDERSTANDING LIABILITY MANAGEMENT TRANSACTIONS: HOW DID WE GET HERE AND WHERE ARE WE GOING?

Kimberly Bacher (Moderator)
Chief Judge
U.S. Bankruptcy Court
District of New Hampshire

Heather L. Barlow
Managing Director
Dundon Advisers LLC

Jacob Czarnick
Managing Director, Capital Structure Advisory
Raymond James

Tim McKeon
Of Counsel, Bankruptcy and Restructuring Group
Mintz

John F. Ventola
Department Chair of Finance & Restructuring
Choate, Hall & Stewart LLP

Patrick D. Walling
Partner, The Private Credit Group
Proskauer

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AGENDA

Liability Management Overview

History & Evolution of Liability Management Exchanges ("LME")

Latest Case Developments

LMEs: Success or failure?

Advice / Considerations for Stakeholders

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LIABILITY MANAGEMENT OVERVIEW

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LIABILITY MANAGEMENT DEFINED

- An LME is a transaction that allows a company to manage its liabilities through various forms in order to extend runway, increase liability and/or capture discount

- The basic forms of LME transactions have existed for some time and include
  - Amend and extends
  - Debt buybacks
  - Exchange and tender offers
  - Consent solicitations

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LIABILITY MANAGEMENT DEFINED (CONTINUED)

- At a basic level, LMEs come in two forms:
  - Consensual LMEs negotiated with existing lenders
    - Done by modification of the company's existing debt documentation with the consent of at least a majority of existing lenders, typically with some disproportionately adverse effect on minority lenders
  - Non-consensual LMEs
    - Done under the company's existing debt documentation without consent of/amendment by any existing Lenders

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LIABILITY MANAGEMENT DEFINED (CONTINUED)

- More complex forms of either have evolved in the marketplace including the following (with variations for each):
    - "Drop-down" financing transactions at non-guarantors/subsidiaries
    - "Up-tier" exchange transactions where new debt primes existing debt
- New money from third-party lenders may also be used to facilitate transactions and this is referred to as a "deal-away" transactions

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TYPICAL LME CONDITIONS

- Companies that utilize LMEs are typically facing one or more of:
    - Elevated leverage, deteriorating performance or projected covenant breach
    - Approaching maturities
    - Near- or intermediate-term liquidity concerns
    - Debt trading at significant discount
    - Default(s) within the capital structure
- Such financial distress can be on account of:
    - Operating conditions (deteriorating operations, one-time negative events/casualties, tort claims, etc.)
    - Financial conditions (excess debt levels)
    - Exogenous events (natural disasters, supply-chain disruption, etc.)
    - Market conditions (inflation, increased rates, etc.)

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COMPANY OBJECTIVES

- Address liquidity issues
  - Raise financing when near-term liquidity is constrained or diminishing
- Extend maturities of existing debt
  - Avoid near-term defaults from up-coming maturities
  - Extend overall maturity profile of the capital structure
- Minimize business impact from financial distress
  - Avoid significant costs and loss of control with a full Ch. 11 restructuring process
  - Avoid business impacts from negative publicity on account of a Ch. 11 that influences customers and suppliers

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COMPANY OBJECTIVES (CONTINUED)

- Restructure capital structure to sustainable levels on an out-of-court
  - Capture discount and reduce leverage without a Ch. 11 process
  - Achieve more sustainable debt levels
- Preserve asset value
  - Preserve overall enterprise value by avoiding a dis-orderly and public restructuring process
  - Preserve valuable assets for affiliates through LME transactions
- Create option value in the form of time
  - Provide runway for a company to resolve issues
  - Provide runway to better market conditions

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LENDER / CREDITOR OBJECTIVES

- Protect lender's position
  - Prevent from being disenfranchised through non-pro-rata treatment
  - Avoid or minimize subordination or priming from new debt
  - Preserve optionality while avoiding disenfranchisement by other lenders from not participating
- Secure valuable participation rights
  - Preserves a seat at the table to ensure a lender is offered a right to participate on a pro rata basis
  - Maximize ability to obtain the same terms and conditions as other participating lenders

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LENDER / CREDITOR OBJECTIVES (CONTINUED)

- Leverage new money opportunities to put capital to work
  - Provide additional liquidity in exchange for preferential positions in the capital structure
  - Put new money to work on a secured and senior basis with attractive economics (rate and fees) compared to other new money opportunities
- Maintain access to information
  - Remain informed about potential options available to the borrower and other creditor groups by participating
  - Leverage better access to management and other information as an incumbent creditor

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LENDER / CREDITOR OBJECTIVES (CONTINUED)

- Organize collectively to maximize advantage by forming or joining ad hoc committees early
  - Allows lenders to anticipate and respond to potential actions
  - Prevents management from playing individual holders against each other
- Avoid value destruction from a disorderly process
  - Protect against enterprise value destruction or prevent asset from moving outside of the lenders' collateral package

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THIRD-PARTY LENDER OBJECTIVES (IF APPLICABLE)

- Achieve more attractive investment terms and economics compared to other new money opportunities by taking advantage of a company's financial distress
- Engineer control opportunities away from existing lender groups
  - Displace existing majority lender groups and acquire control through the LME new money financing structure
- Improve strategic positioning as an investor
  - Gain influence over potential future restructurings
  - Acquire requisite lender status by funding refinancing loans that help companies prepay existing loans
  - Position third-party lender to be a new majority, borrower-friendly constituency when majority lender groups refuse to meet company demands

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MORE COMPLEX FORMS OF LME TRANSACTIONS

- Drop-down transactions
  - Existing debt is effectively subordinated to the new debt, where the assets held by the subsidiary guarantors under existing debt are "dropped down" into newly created subsidiaries and pledged to the new lenders.
    - While loan agreements generally prohibit the transfer or termination of a guaranty without lender consent - covenant-lite loan documents may not fully prohibit the transfer of assets away from the guarantor to new unrestricted affiliates
- Up-tier transactions
  - New debt primes existing debt which is made possible by the flexibility inherent in the Bond Indentures (as compared to loan documents) with respect to the ability of the issuer to incur priming debt.

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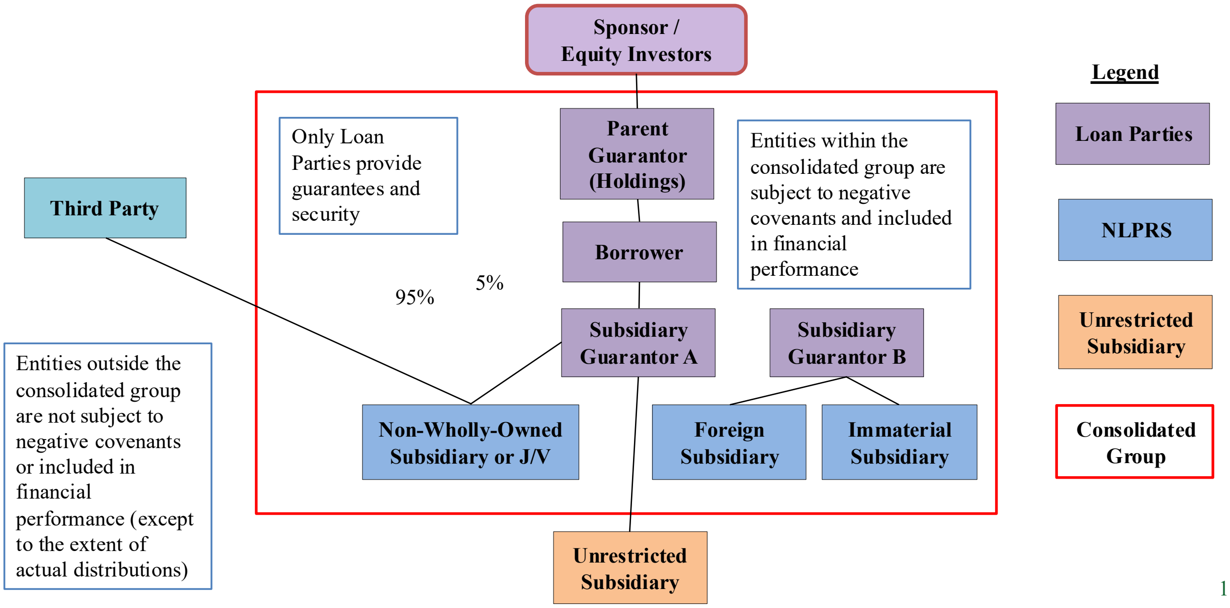
BACKGROUND: TYPICAL STRUCTURE



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DROP-DOWN TRANSACTIONS

- Assets are transferred to a non-guarantor, which may be a Non-Loan Party Restricted Subsidiary ("NLPRS") or an Unrestricted Subsidiary ("U/R Sub")
  - Alternatively, an existing Subsidiary Guarantor may be released from its guaranty and security obligations (a so-called Chewy release, discussed more later)
- These newly unencumbered assets are pledged as collateral to secure new debt incurrence
- The new debt is structurally senior to existing debt to the extent of value of the newly pledged assets
  - Proceeds from new capital can be used for liquidity and/or discounted debt repurchases

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DROP-DOWN TRANSACTIONS (CONTINUED)

- Additionally, the transfer or release of collateral:
  - Devalues existing credit facility, increasing market discount for debt repurchase
  - Creates negotiating leverage with existing lenders, improving Borrower position in seeking covenant relief, maturity extensions or other concessions
- May feature a loan or distribution from non-Loan Party to Loan Parties (double dip)
- May be paired with an exchange of existing debt into new structurally senior debt

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ASSET DROP-DOWN STRATEGIES

New Borrower	Description
Unrestricted Subsidiary	• No consent of any existing Lender required • **Constrained by Investment capacity, U/R Sub designation conditions and *J. Crew* provisions** • EBITDA and debt of unrestricted group is disregarded
Non-Loan Party Restricted Sub	• No consent of any existing Lender required • **Constrained by Investment capacity** • **Also constrained by debt and lien capacity** • EBITDA and debt of drop-down group continues to be counted

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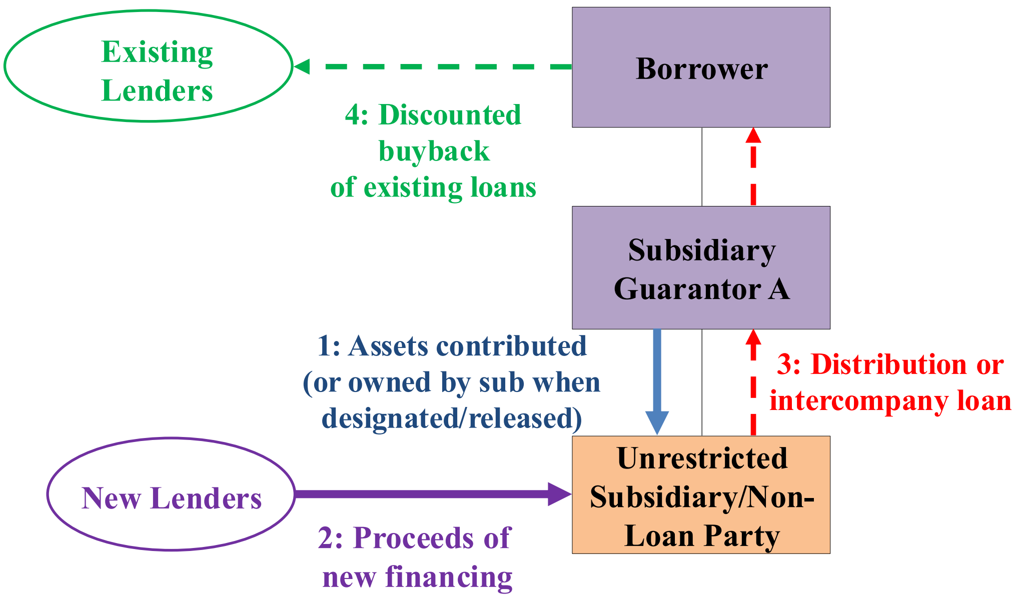
DROP-DOWN WITHOUT ROLL-UP



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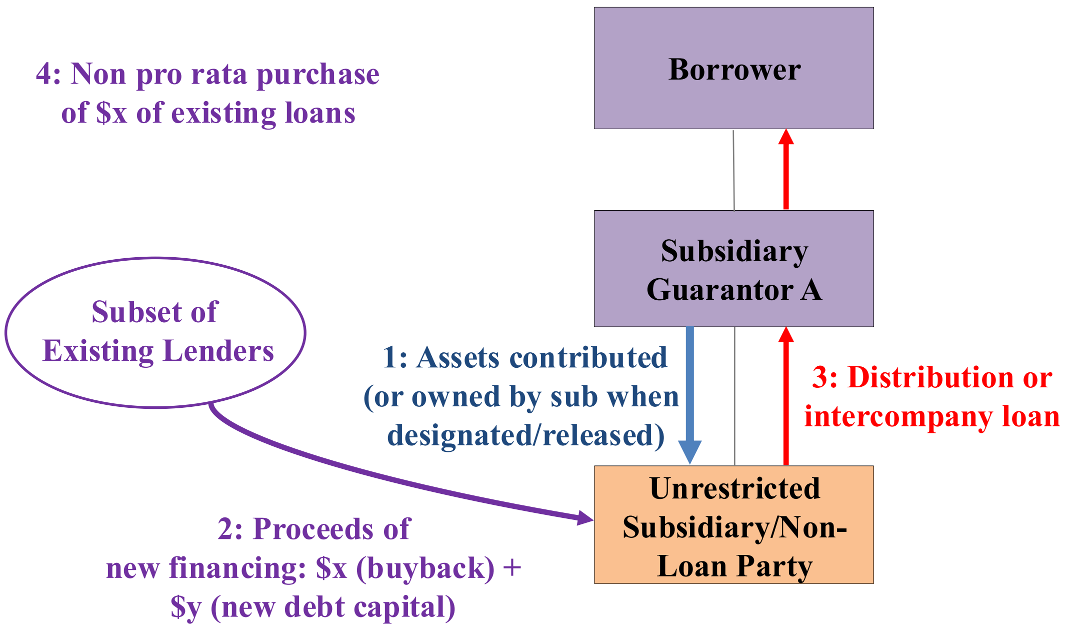
DROP-DOWN WITH ROLL-UP



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UP-TIER TRANSACTIONS

- Requires the consent – at a minimum – of Required Lenders
- New, contractually senior debt is authorized and incurred
  - Proceeds can be used for liquidity and/or discounted debt repurchase
- A portion of existing debt is exchanged for senior debt
  - Exchange of debt may be done at par or at a discount
  - Exchange may be offered to all Lenders, or only a select group
- Various other modifications may be authorized by Required Lenders, which may include stripping covenants in the existing facility (equivalent to an exit consent)

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UP-TIER STRATEGIES

Strategy	Description
Waterfall priority facility	• Amend the "waterfall" provisions in the existing credit agreement – which govern the distribution of proceeds upon enforcement – to provide that the new debt is paid before the existing debt (*NYDJ*) • Amend the "pro rata sharing" provisions in the existing credit agreement to provide that holders of the new debt receive payments on a greater than ratable basis relative to the existing debt • Availability will depend on sacred voting rights
Separate super-priority facility	• Create a new credit facility, where the obligors are the same as the obligors under the existing credit facility • New facility ranks, by virtue of a new intercreditor agreement, senior – in lien priority and/or right of payment – to the existing facility • Availability will depend on sacred voting rights

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UP-TIER STRATEGIES (CONTINUED)

Strategy	Description
Roll-up/repurchase	• Repurchase existing debt, at par (*TriMark*, *Boardriders*) or at a discount (*Serta*) and on a non-pro-rata basis using proceeds from the priming facility • Availability will depend on non-ratable repurchase and pro rata sacred right provisions

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THE NON-RATABLE ROLL-UP/EXCHANGE: SERTA AND RELATED TERMS

- "Dutch Auctions": facilitate repurchase of debt at the lowest possible price, but must be offered openly to all lenders pursuant to a defined process
- "Open market purchase" and the latest *Serta* decision:
  - An "open market purchase" is a typical (though not universal) term in both the BSL and direct lending markets. It is an undefined phrase and an exception to the general rule that repayments must be made (or offered through a Dutch Auction) on a pro rata basis
  - On 12/31/24, the U.S. Court of Appeals for the Fifth Circuit ruled that directly negotiated private purchases are <u>not</u> "open market purchases". Open market purchases must take place on the secondary market
    - This ruling blocks the typical means by which LMT exchanges occur
    - The ruling only directly addressed syndicated loans that are, or could be, traded on the secondaries market. It is unclear what the ruling means for private credit loans that do not trade
    - The ruling is only binding in the Fifth Circuit, but will be influential on other courts

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THE NON-RATABLE ROLL-UP/EXCHANGE: SERTA AND RELATED TERMS (CONTINUED)

  - Sponsors and Borrowers will more commonly request more favorable terms, such as "directly negotiated purchase" or "purchase by assignment", which do allow private purchases without a pro rata offer
    - "Purchase by assignment" was the term in *Mitel* that the NY state appeals court ruled on 12/31/24 <u>does allow</u> direct repurchases
  - Borrowers will also work with Required Lenders to amend or add provisions permitting non-ratable exchanges in credits that do not have strong pro rata sacred rights

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DOUBLE DIPS: OVERVIEW

- ***What is it?*** The creation of two independent, additive claims from a single new money loan
- ***How is it accomplished?*** By combining:
  1) direct credit support (guarantees and/or liens provided by Loan Parties) for the new money loan, and
  2) an intercompany loan from the subsidiary recipient of the new money loan to the Loan Parties

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DOUBLE DIPS: OVERVIEW (CONTINUED)

- ***What's the purpose?*** Ensuring full repayment of the new money loan – not multiplying its principal balance. New money lenders can still only recover, at maximum, the full amount of their claim (though economics may be significant, including exit fee, etc.).
- This is an attractive LME option if:
  – For a consensual double dip, a sacred right prohibits subordination of existing loans and liens (*Serta*) or elevates litigation risk.
  – For a unilateral double dip, insufficient capacity exists for (or other constraints block) a drop-down, but ample capacity exists for *pari passu* debt and liens.

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CLASSIC DOUBLE-DIP

Strategy	Description
Classic double dip (*At Home, Wheel Pros*)	• New money loan is made to a U/R Sub or a NLPRS (the "**New Money Borrower**"). The new money loan is guaranteed and secured by the Loan Parties on a *pari passu* basis with the existing credit facility. • The New Money Borrower makes an intercompany loan to the borrower under the existing credit facility. The intercompany loan is guaranteed and secured by the Loan Parties and Collateral on a *pari passu* basis with the existing credit facility. • The New Money Borrower need not be adequately capitalized to directly support the new money loan. • The new money lender does not benefit from any guarantees or liens that don't support the existing credit facility. • But it has effectively doubled its claims against the Loan Parties (and proportionately diluted existing lenders' claims).

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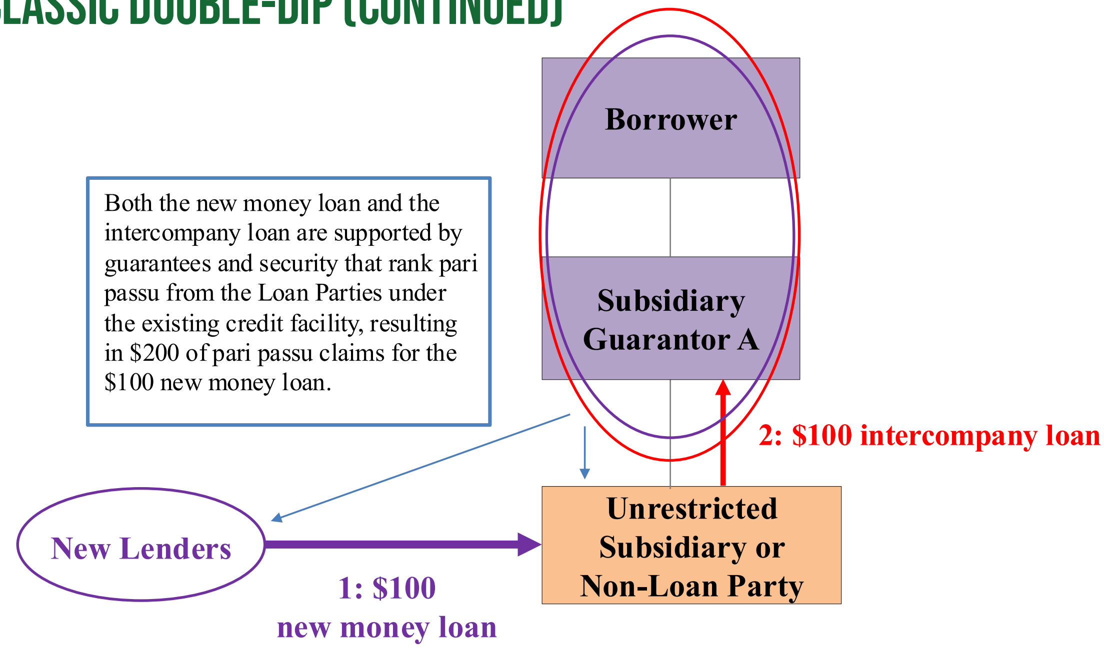
CLASSIC DOUBLE-DIP (CONTINUED)



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HISTORY & EVOLUTION OF LIABILITY MANAGEMENT EXCHANGES ("LME")

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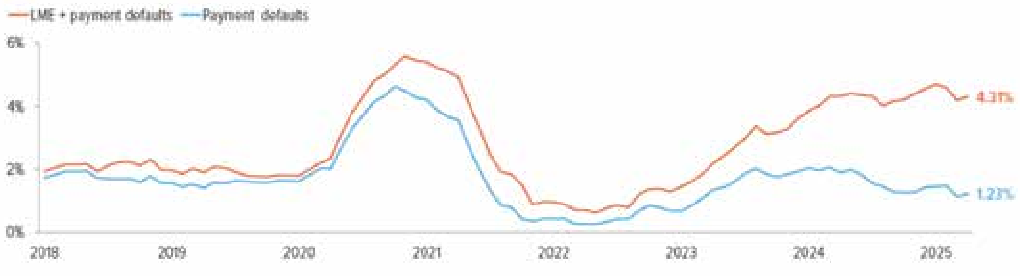
HISTORY & EVOLUTION OF LMES

Traditional payment defaults have been near historical lows

- Trailing 12mo default rate



(1) As of 03/31/25. Source: Pitchbook | LCD, Morningstar LSTA U.S. Leverage Loan Index, Voya IM.

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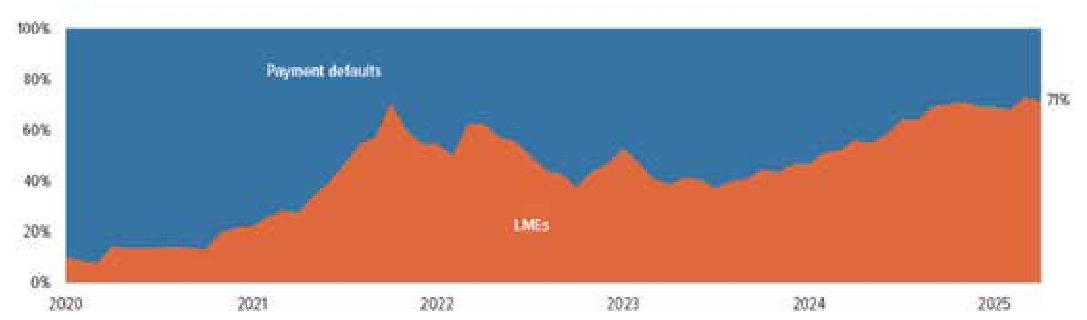
History & Evolution of LMEs (Continued)

- Share of defaults has increasingly tilted toward LMEs



As of 02/28/25. Source: Pitchbook | LCD, Morningstar LSTA U.S. Leverage Loan Index, Voya IM.

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Latest Case Developments

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LATEST CASE DEVELOPMENTS

Serta and Mitel – Why Did Two Courts Rule Differently on the Validity of Uptier Transactions?

- On December 31, 2024, the 5th Circuit Court of Appeals unanimously ruled that Serta's priming transaction (from 2020) violated the pro rata provisions of the Loan Documents, which protect lenders from disparate treatment in payments received on outstanding debt. The 5th Circuit's decision overruled decisions by the District and Bankruptcy Courts which found that the transaction was not barred by the pro rata provisions because the transaction utilized "open market" loan purchases permitted by the Loan Documents. Instead, the 5th Circuit determined that the transactions in question – which were available to some but not all of the lenders – did not occur in an open market.

- On the same day, New York's Appellate Division – also acting unanimously – dismissed an action against Mitel Networks Corporation arguing that its own priming transaction did not breach the underlying loan agreement, even though various non-participating lenders withheld their consent to being primed. The Court pointed to loan agreement provisions which permitted Mitel (as Borrower) to purchase loans directly from lenders, without utilizing an "open market" procedure. The Court further determined that the ultimate effect of the transaction, by which the non-consenting lenders were subordinated to the new loan facility, only indirectly altered the pro rata provisions of the Loan Documents. Accordingly, per the Court, the sacred rights of the con-consenting lenders to maintain their loan terms were not violated.

LATEST CASE DEVELOPMENTS (CONTINUED)

- The juxtaposition of these same-day decisions is fascinating. The Serta and Mitel transactions had the same intent and effect: a subset of lenders in a loan facility improved their priority position with respect to another subset of excluded lenders in the same original credit facility – without the consent of the subordinated lenders. How did one appellate court find that permissible while another ruled that it violated the rights of the excluded lenders?
- An important principle underlies both decisions, despite the different results. The Courts hearing LME cases strictly interpret the specific words of the loan documents and do not give the "benefit of the doubt" to any group of litigants. As multiple courts noted, the parties involved are extremely sophisticated financial actors and the Courts generally have been unwilling to read into loan documents unstated requirements to act in accordance with "market" expectations or similar concepts. Hence, seemingly minor differences in the drafting of a Loan Agreement (such as using the term "open market purchase" compared to "purchase") can be dispositive.
- In response to Serta's initial litigation, many lenders have tried to build in specific terms that any subordination of their facility requires a 100% lender vote. These efforts have met with mixed success in the market.
- A number of uptier transactions have relied on the "open market purchase" concept in Serta, which is fairly common in syndicated loan agreements. The Mitel decision stemmed from a less common loan agreement term. As a result, the Serta decision may be more influential even though most loan agreements are governed by New York law.

MARKET RESPONSE TO LME CASE DEVELOPMENTS

- The Serta and Mitel decisions have not stopped companies and sponsors from evaluating and conducting LME transactions
  - Proceeding more cautiously and applying more scrutiny to their evaluation of potential transactions and future liability
    - Insurance brokers have begun offering LME insurance products to mitigate risks after the Fifth Circuit's decision
  - Exploring more pro-rata-like structures and non-up-tiering strategies
  - Shifting toward other forms of priming financing, including sale leasebacks and non-traditional securitizations

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MARKET RESPONSE TO LME CASE DEVELOPMENTS (CONTINUED)

- The decisions are becoming apparent in the loan market, while the bond market has been largely unaffected
  - Primary impact is to non-pro-rata exchanges involving leveraged loans
  - Bond LMEs are largely unaffected since bonds typically lack the pro rata sharing provisions seen in loans and don't require "open market purchase" exceptions
  - Loan credit agreement amendments are now inserting language expressly permitting loan purchases via "private transactions at any price”
    - Language include in recent amended documents for American Greetings, Clarios, and Dotdash Meredith
  - Companies are using different structures that do not rely on the open market exception

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MARKET RESPONSE TO LME CASE DEVELOPMENTS (CONTINUED)

- Companies such as Better Health and Oregon Tool have adapted to the decisions with "extend-and-exchange" transactions to complete a non-pro-rata exchange of loans without relying on the open market exception
- Better Health transaction:
  - Amendment extended the maturities of the loans held by Consenting Lenders and created a separate class
  - The permitted exchange language was amended to broaden the scope of transactions allowed
  - Lenders then exchanged their loans using a permitted exchange mechanism for new superpriority loans
  - A new intercreditor agreement subordinated the existing credit agreement to the new superpriority credit agreement in right of payment, while the lien was not subordinated

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MARKET RESPONSE TO LME CASE DEVELOPMENTS (CONTINUED)

- Oregon Tool transaction:
  - Participating lenders agreed to extend the maturity of their loans, rolling into a new extended term loan class (e.g., TLB-2) separate from the initial term loan class (e.g., TLB-1)
    - The extension was not offered to excluded lenders, who remained behind in the original class
  - The participating lenders constituting at least a majority executed an exit consent that striped the credit agreement of negative covenants and events of default
    - Then they exchanged their extended loans into new priming debt

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LMES: SUCCESS OR FAILURE?

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EFFECTIVENESS OF LME TRANSACTIONS

- LME transactions allow companies to “buy time” to either address their business issues and/or adjust to market conditions
- Management and boards consider available alternatives at the time and almost always choose an LME transaction over Ch. 11 to preserve option value
- The available data indicates that LME transactions do buy companies time and reduce leverage at the time of the transaction
- For drop-down transactions, data from Octus’ database indicates companies
  - Reduced their gross leverage ratios by approximately one turn on average
  - Had cash interest coverage ratios of just 1.4x on average immediately post-transaction (1)
- However, LME transactions have left companies with little room for error
  - Octus’ database of drop-down transactions indicates that LME companies had unrestricted subsidiaries with gross leverage ratios of about 10x on average (1)

(1) Octus

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SUBSEQUENT CH. 11 FILINGS

- Since LME transactions require careful balancing of company vs. lender interests to succeed, they often result in the company being left with a capital structure with little margin for error
- A significant number of companies that conducted LME transactions have ultimately filed Ch. 11
  - Based on the Octus database, 50% of companies that engaged in drop-down liability management transactions subsequently filed for bankruptcy, with an average span of approximately 22 months between the transaction date and bankruptcy petition date [1]

(1) Octus

SUBSEQUENT CH. 11 FILINGS (CONTINUED)

Company	LME Transaction	Ch. 11 Filing
Revlon	• LME transaction in April 2020	• June 2022
Serta Simmons Bedding	• Conducted up-tier transaction in June 2020	• June 2023
Envision	• Two LMEs in April and July 2022	• May 2023
Mitel Networks	• Up-tier transaction in October 2022	• March 2025
Diebold Nixdorf	• October 2022	• June 2023
Instant Brands	• January 2023	• June 2023

Source: Octus

IMPACT ON RECOVERIES IN SUBSEQUENT CH. 11

- Participating lenders have typically experienced better recoveries in subsequent Ch. 11 filings on account of:
  - Achieving superior economics (rate and fees) from new paper resulting from the LME vs. non-participating lenders
  - Improved collateral and structural protections on account of the LME transactions
  - Better positioned with a seat at the table when a subsequent Ch. 11 reorganization plan is negotiated

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EXAMPLES OF IMPROVED RECOVERIES FROM PARTICIPATION IN LMES

Company	Ch. 11	Impact on Recoveries
Serta Simmons	• June 2023	• Participating lenders received superpriority status through the up-tier exchange • Non-participating lenders were subordinated beneath over $1 billion in superpriority debt
Robertshaw	• February 2024	• Ad hoc participating group improved their recoveries by 30% compared to non-participating lenders • Non-participating lenders lost almost all recoveries • First-out lenders (new money) ultimately credit bid to own the company, with no consideration provided to lower-priority term loans
Mitel Networks	• March 2025	• Participating lenders received 66.7% of reorganized equity • Non-participating lenders received 33.3% of reorganized equity

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ARE LMES HERE TO STAY?

- 2024 was a record year for LME volume with at least 63 transactions (37 up-tier, 4 drop-down, 13 combination and 9 double-dip/pari-plus transactions [1]
- The Serta Simmons and Mitel decisions have implications for LMEs, but has not stopped companies and sponsors from exploring the transactions in 2025
  - EmployBridge executed a new-money and exchange transaction in March 2025 that significantly improved liquidity from $114 million to an estimated $216 million on a pro forma basis
    - Extended debt maturities from 2028 to 2030, with approximately $1.1 billion in debt now maturing in 2030
- The syndicated loan and high yield bond markets are competitive, and companies and sponsors will continue to take advantage of this competition to bargain for structural flexibility to permit LME exchanges in exchange for yield

(1) Octus

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ADVICE / CONSIDERATIONS FOR STAKEHOLDERS

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ADIVCE / CONSIDERATIONS FOR STAKEHOLDERS

- Sponsors / Borrowers / Issuers
- Agent / Majority Lenders
- Minority Lenders
- Third-Party Opportunistic Lenders

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SPONSORS / BORROWERS / ISSUERS

- Carefully evaluate business prospects and fundamentals to inform the amount of de-leveraging required
  - Consider an independent assessment of the company's prospects
- Carefully evaluate whether the transaction structure solves the company's problems
  - If liquidity constrained, does the transaction comprehensively address the capital structure in addition to solving liquidity issues?
  - Is the structure truly comprehensive with a high participation?
- Consider long-term impacts
  - Evaluate potential long-term impacts of using aggressive tactics with lenders
  - Consider fairness of treatment offered to various stakeholders
  - Differentiate between what should be done vs. what can be done
- Seek independent advice to evaluate alternatives

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Faculty

Hon. Kimberly Bacher is Chief U.S. Bankruptcy Judge for the District of New Hampshire in Bow. For the 12 years prior to her appointment, she was a trial attorney with the U.S. Department of Justice, U.S. Trustee's Office, first serving in Chicago before transferring to Concord, N.H. Judge Bacher clerked for Hon. Jack B. Schmetterer of the U.S. Bankruptcy Court for the Northern District of Illinois. After her clerkship, she practiced bankruptcy law in Chicago at Goldberg Kohn from 2007-09, and at Shaw Fishman Glantz & Towbin LLC from 2009-12. Judge Bacher received her B.A. from the University of Vermont in 2001 and her J.D. *cum laude* from American University Washington College of Law in 2005.

Heather Barlow is a managing director at Dundon Advisers LLC in New York, where she co-leads in some of Dundon's major mass tort bankruptcy cases. Her select recent case work includes financial advisor roles for the Mallinckrodt UCC (where she is the appointed MNK General Unsecured Claims trustee), ENDO UCC, Archdiocese of New Orleans CCC and TPC UCC. Ms. Barlow is a valuation expert and a veteran restructuring advisor, acting for creditors, lenders and debtors in large and mid-size complex restructuring matters and serving in independent director capacities. She previously worked as an investment banker at firms such as CIBC World Markets and Chase Manhattan Bank, where she earned her Series 24, 79, 63 and 7 licenses, and as an asset manager and credit research professional at Harbert Management Corp. Ms. Barlow received her B.A. and M.P.A. from New York University.

Jacob J. Czarnick is a managing director in the Capital Structure Advisory Group of Raymond James & Associates Inc.' investment bank based in New York City. He has more than 22 years of investment banking experience across a variety of industries, including business services, consumer, financial institutions, financial technology, health care, industrials, life sciences, mining, oil & gas, pharmaceuticals, power & utilities, telecom and transportation. In addition, Mr. Czarnick is a valuation expert and has testified in the U.S. Bankruptcy Court for the Southern District of Texas, Houston Division, and the Circuit Court of Palm Beach County, Fla. Prior to joining Raymond James, he spent 11 years in the restructuring group at Perella Weinberg Partners. Mr. Czarnick represents public and private companies (both large-cap and middle-market), special committees of boards of directors, financial sponsors, lenders, financial sponsors, unsecured creditor committees and regulatory agencies regarding restructuring, capital-raising and M&A transactions. His recent transactions have included representing the stalking-horse acquiror of assets of Caremax in chapter 11, representing the unsecured creditors' committee of Hornblower and a liability management transaction for Inseego. His other notable transactions have included representing the ad hoc group of bondholders of PG&E in chapter 11 and company-side restructuring engagements for Blackhawk Mining, Bonanza Creek Energy, Microvast, T.D. Williamson and Calfrac Well Services Ltd. Mr. Czarnick received his B.S. from Cornell University and his M.B.A. from The Wharton School, University of Pennsylvania.

John F. Ventola is department chair of Choate, Hall & Stewart LLP's Finance & Restructuring Group in Boston, and has more than 25 years of experience representing banks, direct lenders, hedge funds and distressed investors, helping to guide them through a wide range of complex lending and corporate restructuring issues, including chapter 11 cases and out-of-court workouts. He also is a member of Choate's Executive Committee. Mr. Ventola's lending experience includes representing financial institutions in complex, multi-tranche financial transactions, including asset-based, cash-flow, term, second-lien, DIP, FILO and mezzanine loans, along with preferred stock and other junior capital investments. He also has deep restructuring experience, having practiced extensively in bankruptcy courts across the country in connection with a range of issues, including cash-collateral disputes, equitable subordination and recharacterization, § 363 sales and contested plans of reorganization. Mr. Ventola has particular experience in consumer product finance and other lending transactions and the heavily negotiated intercreditor arrangements that are often the key element in successfully completing those financing arrangements. He also frequently works with alternative investors, including private-equity sponsors and hedge funds, seeking to identify and acquire distressed companies or assets. Mr. Ventola is a Fellow of the American College of Bankruptcy. He received his B.S. *magna cum laude* from Boston College in 1990 and his J.D *magna cum laude* from Boston College Law School in 1994, where he was admitted to the Order of the Coif.

Patrick D. Walling is a partner with Proskauer in Boston in its Corporate Department, and a member of the firm's Private Credit Group. He represents private credit lenders in transactions spanning the full range of the middle market, including unitranche, recurring revenue, second-lien, mezzanine, holdco and preferred equity. Mr. Walling has broad experience representing a diverse group of asset managers, specialty finance companies, private debt funds, business-development companies, sovereign wealth funds, insurance companies and other private sources of capital. He has represented lenders in cash flow as well as asset-based transactions across a wide range of industries, including technology, health care, retail, professional services, business services, aerospace, sports, logistics and education to support transactions that include acquisitions, growth capital investments, refinancings, recapitalizations, restructurings and special situations. He also has expertise in liability management exercises, both in structuring and negotiating defensive measures, and in representing creditors individually and in ad hoc groups in liability management transactions. Mr. Walling received his B.A. *magna cum laude* from Boston College and his J.D. from Georgetown University Law Center.