



BUSINESS RESTRUCTURING + INSOLVENCY

2019 MID-YEAR REVIEW

MORRISON
FOERSTER

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YOUR SUCCESS IS OUR SUCCESS

With 2019 at its halfway point, Morrison & Foerster's Business Restructuring + Insolvency Group's Mid-year Review gives a detailed look at the matters we have worked on in the first half of the year.

Our group continues to represent clients on large, intricate bankruptcies and restructurings, with a team and practice acting on matters globally. We continue to advise holders of debt issued or guaranteed by the Commonwealth of Puerto Rico in complex, precedent-setting cases, and are representing the Official Committee of Unsecured Creditors of Windstream Holdings, Inc. (a leading provider of advanced network communications and technology solutions for 1.4 million consumers), and recently concluded our representation of the Official Committee of Unsecured Creditors of Westmoreland Coal Company (the sixth-largest coal-mining enterprise in North America), in their chapter 11 bankruptcies.

In addition, our work in the NORDAM Group Inc. and Sears bankruptcy cases underscores the wide range of industries where we apply the capabilities, knowledge, and experience on which our clients rely.

Further details of our work can be found in the following pages.

As always, we want to thank our clients and friends for a strong start to 2019.



A stylized, handwritten signature in black ink.

Lorenzo Marinuzzi



A stylized, handwritten signature in black ink.

James Michael Peck





Ad Hoc Group of Constitutional Debtholders – Puerto Rico

We are representing an ad hoc group of holders of constitutional debt, i.e., debt issued or guaranteed by the Commonwealth of Puerto Rico (“the Commonwealth”) and entitled to priority under the Puerto Rico Constitution. The members of the ad hoc group hold approximately \$2.2 billion face amount of constitutional debt, making them the largest group of constitutional debtholders in the Commonwealth’s pending restructuring case. The Commonwealth’s restructuring case is the first case to be administered under a newly enacted federal insolvency law, raising a host of complex and novel legal issues not typically present in a typical corporate restructuring.

We are also defending the ad hoc group’s members in litigation asserting that over \$6 billion of the Commonwealth’s general obligation bonds are void because they were issued in excess of a constitutional debt limit, and separate litigation alleging that the Public Buildings Authority structure that issued certain debt guaranteed by the Commonwealth is an alter ego of the Commonwealth.

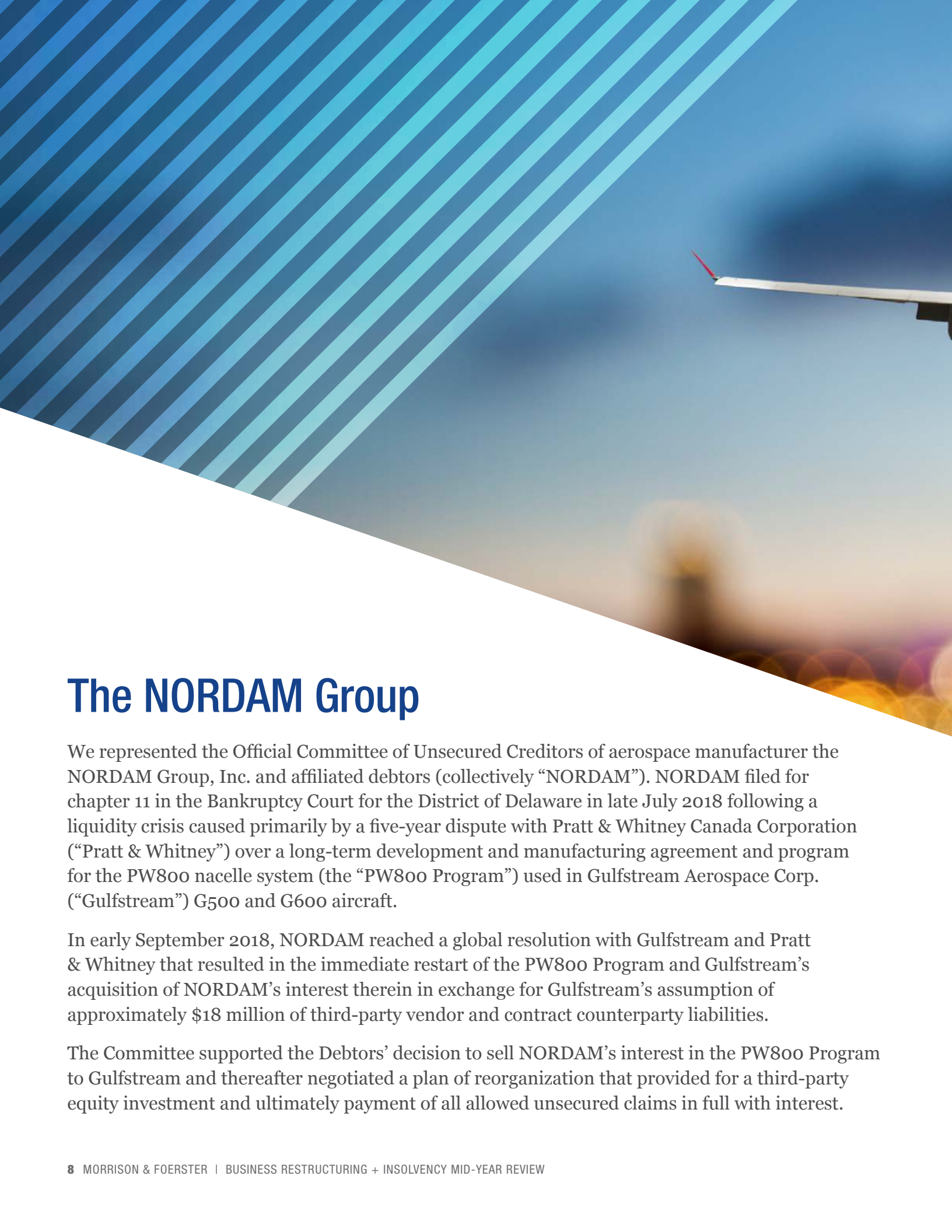






Ad Hoc Group of Ports Authority Bondholders – Puerto Rico

We represent an ad hoc group of bondholders that own more than 90% of outstanding bonds issued by the Puerto Rico Infrastructure Finance Authority (PRIFA) as conduit issuer for the benefit of the Puerto Rico Ports Authority (“Ports”). We negotiated on behalf of our clients a settlement of the treatment of bondholders’ claims (with interest) under a letter of credit issued by the Government Development Bank for Puerto Rico (GDB) to support the bonds in connection with GDB’s proceeding under Title VI of the Puerto Rico Oversight, Management, and Economic Stability Act. In April 2019, we announced the execution of a Restructuring Support Agreement (RSA) designed to fully resolve the ad hoc group’s primary claims. The RSA contemplates an exchange of the ad hoc group’s bonds for a combination of certain securities held by PRIFA and a new bond issuance secured by a pledge of rental revenues derived from the Puerto Nuevo commercial port operated by Ports.



The NORDAM Group

We represented the Official Committee of Unsecured Creditors of aerospace manufacturer the NORDAM Group, Inc. and affiliated debtors (collectively “NORDAM”). NORDAM filed for chapter 11 in the Bankruptcy Court for the District of Delaware in late July 2018 following a liquidity crisis caused primarily by a five-year dispute with Pratt & Whitney Canada Corporation (“Pratt & Whitney”) over a long-term development and manufacturing agreement and program for the PW800 nacelle system (the “PW800 Program”) used in Gulfstream Aerospace Corp. (“Gulfstream”) G500 and G600 aircraft.

In early September 2018, NORDAM reached a global resolution with Gulfstream and Pratt & Whitney that resulted in the immediate restart of the PW800 Program and Gulfstream’s acquisition of NORDAM’s interest therein in exchange for Gulfstream’s assumption of approximately \$18 million of third-party vendor and contract counterparty liabilities.

The Committee supported the Debtors’ decision to sell NORDAM’s interest in the PW800 Program to Gulfstream and thereafter negotiated a plan of reorganization that provided for a third-party equity investment and ultimately payment of all allowed unsecured claims in full with interest.







Windstream Holdings, Inc.

We are counsel to the official committee of unsecured creditors of Windstream Holdings, Inc., and its affiliated debtors. Windstream is a leading provider of advanced network communications, technology, broadband, security, entertainment, and core-transport solutions to both consumer and business customers across the United States. Windstream had approximately \$5.6 billion in prepetition obligations at the time of its filing.

This engagement is of particular note as it exemplifies the extent to which the MoFo restructuring practice is able to draw from the firm's other specialty practice groups, such as litigation and regulatory, to provide a full range of legal services to the committee.

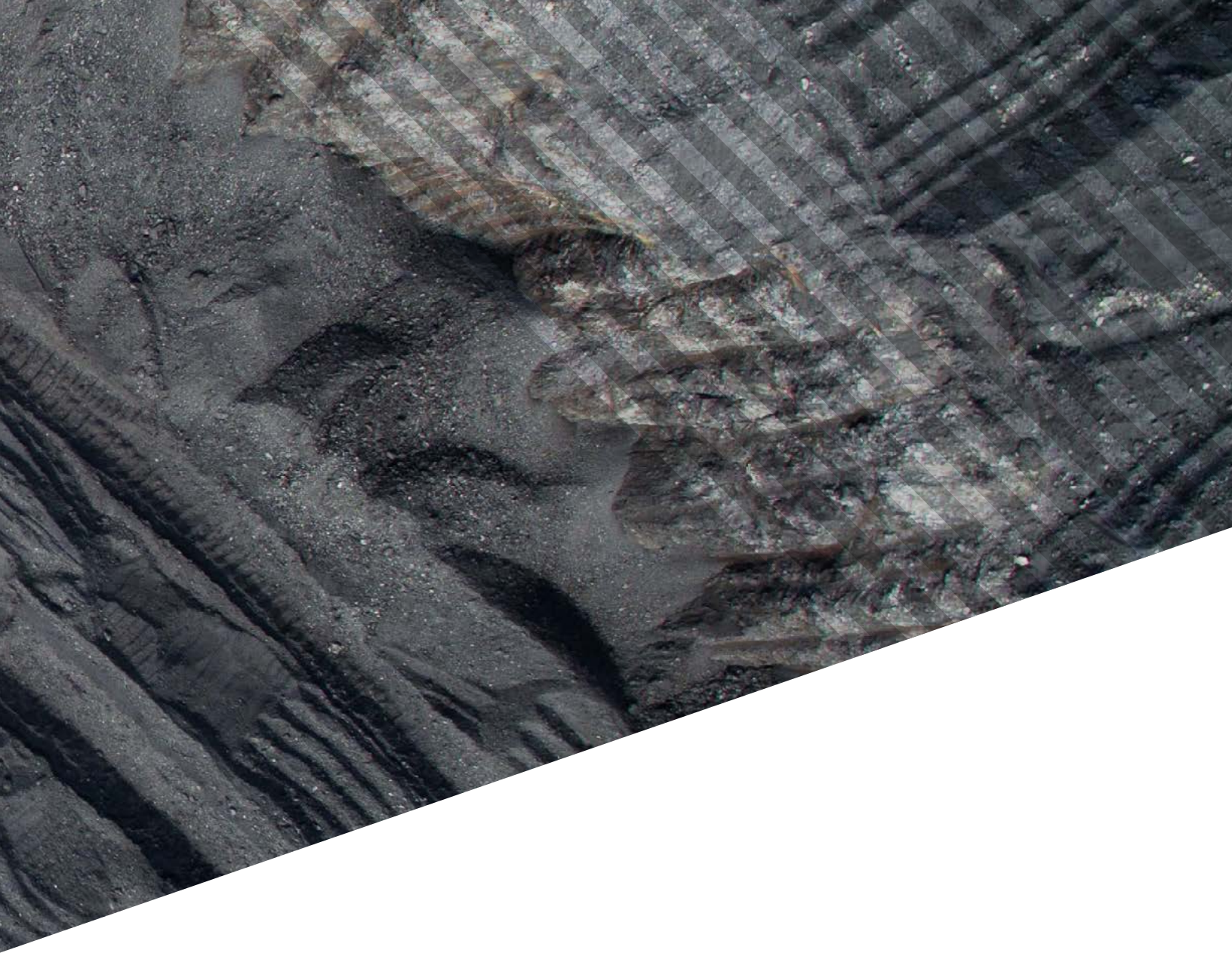


Madoff Clawback Proceedings

We currently represent the liquidators of two British Virgin Islands investment funds in a Securities Investor Protection Act (SIPA) proceeding before the U.S. Bankruptcy Court for the Southern District of New York. We are defending the funds against claims brought by the SIPA Trustee, who is seeking to claw back and recover more than \$900 million claimed to be “Customer Property” allegedly received from Bernard L. Madoff Investment Securities LLC prior to discovery of the Madoff Ponzi scheme, as well as the trustee’s request to subordinate the funds’ customer claims to the claims of other customers.







Westmoreland Coal Company, Inc.

We represented the Official Committee of Unsecured Creditors (the “Committee”) of Westmoreland Coal Company, Inc. and affiliated debtors (collectively “Westmoreland”). Westmoreland is the sixth-largest coal-mining enterprise in North America. It filed for chapter 11 in the Bankruptcy Court for the Southern District of Texas in October 2018 after struggling with deteriorating coal prices, decreased demand for coal, increased use of renewable energy sources, and regulatory burdens. After conducting an exhaustive investigation to reveal unencumbered assets and following weeks of negotiations with the company and the company’s secured lenders, the Committee supported independent plan processes for two distinct debtor groups that kept the company operating, preserved jobs and pensions, and provided value for unsecured creditors.



Sears

We represented multiple large, unsecured trade creditors in the ongoing chapter 11 bankruptcy cases of Sears.

At the time of its chapter 11 filing, Sears operated over 680 retail stores in 49 states, as well as Guam, Puerto Rico, and the U.S. Virgin Islands, under the Sears® and Kmart® brands. Sears entered chapter 11 in the Southern District of New York in October 2018 after struggling with liquidity issues that limited its ability to invest in and grow its business.

We also acted as counsel to three non-debtor affiliates of Sears Holding Company that held 130 prime real estate properties that served as collateral for approximately \$600 million in secured loans. These properties were transferred to Transform Holdco LLC as the successful bidder on the Sears assets in a court-approved sale of substantially all of the assets of Sears Holding Company.





Education Management Corporation/ Dream Center Education Holdings, LLC

We represent an ad hoc group of lenders under a \$656 million senior secured credit facility with Education Management Corporation and certain of its affiliates (EDMC). EDMC previously operated more than 100 universities bearing the Brown Mackie College, South University, The Art Institutes, and Argosy University brands. In late 2017, Dream Center Education Holdings, LLC (DCEH) acquired more than 70 universities bearing the South University, The Art Institutes, and Argosy University brands from EDMC and the remainder of EDMC's universities were closed (the "DCEH Sale").



Following the DCEH Sale, we were engaged by an ad hoc group of certain EDMC lenders to explore creative options for maximizing the value of EDMC's remaining assets. Shortly before EDMC filed for bankruptcy in June 2018, we advised the ad hoc group in connection with negotiating a partial strict foreclosure through which the lenders enforced their claims against nearly all of their collateral. The EDMC bankruptcy cases remain pending in the United States Bankruptcy Court for the District of Delaware.

We were also engaged to represent an ad hoc group of lenders who made loans to DCEH in connection with the DCEH Sale as the remaining university systems continued to struggle under the burden of outsized overhead costs. In 2018, we worked with the ad hoc group to negotiate a spin-off of The Art Institutes and South University to a new, not-for-profit ownership that was free from the burdens of costly legacy overhead obligations.

Shortly after the spin-off transaction closed in early January 2019, DCEH and its remaining university system, Argosy University, were placed into a federal receivership proceeding in the Northern District of Ohio. We continue to represent the ad hoc group in connection with the receivership proceeding and the members' holdings of new loans incurred by South University in connection with the 2019 spin-off transaction.



MicroPort Scientific Corporation

We represented MicroPort Scientific Corporation, which acquired the UK and German subsidiaries of Lombard Medical Limited (the debtor) concurrently with a restructuring of Lombard's debt. Lombard manufactures unique, proprietary stents. The Lombard parent company was placed into liquidation in the Cayman Islands, and UK administrators (from KPMG) were appointed to the UK holding company. They sold the assets, including shares in its German subsidiary, to MicroPort. The acquisition has enabled MicroPort to continue to manufacture its life-saving devices.







Saad Investments Company Limited

We are continuing to act for the liquidators of the Cayman Islands company Saad Investments Company Limited (SICL) in connection with its enormous and highly complex \$9.2 billion liquidation. SICL went into liquidation in 2009, and the matter has raised a number of very complex issues in the UK and Cayman Islands. Our clients are presently involved in litigation in England against a Saudi Arabian bank, Samba Financial Group. Our clients are seeking to recover from the bank approximately \$400 million of value transferred to the bank by the founder of SICL in an effort to satisfy his personal debt. The case has been pending since 2013 and is scheduled for a six-week trial in October 2020. This case raises numerous complex issues regarding, in particular, the governing law of the claim, the governing law of trusts (making it of significant interest to the global trusts industry), and the interaction between common law and Saudi Arabian law. There have already been two hearings in the UK Court of Appeal and one in the UK Supreme Court on the way to trial. A third Court of Appeal hearing is due soon with the possibility of a second Supreme Court hearing pre-trial as well.



Bankruptcy of Muhamad Al-Ansari

We are acting for the trustees in the UK bankruptcy of Muhamad Al-Ansari in a large fraud/insolvency matter. Mr. Al-Ansari was convicted on charges of money laundering. His assets include over 80 properties in the UK, as well as many other global assets. The trustees have now successfully gathered many of these assets in various jurisdictions, including Dubai, Morocco, and Spain.

This case is of particular interest because, typically in the UK, law enforcement officials manage the asset confiscation/compensation order for a felon's victims. In this instance, law enforcement officials allowed the trustees in the bankruptcy to assume the responsibility for gathering Mr. Al-Ansari's assets so that they could be administered for the benefit of the creditors in his bankruptcy. We assisted the trustees in successfully managing this process under the UK Insolvency Act of 1986.



PRO BONO

Pro bono work is a core value of the firm, and giving back to our communities is an important part of our culture. Recent pro bono matters on which our team has worked include the following:

U VISA APPLICATION

Morrison & Foerster chair Larren Nashelsky, along with lawyers in our Corporate practice, is working with the New York City Bar Justice Association on a pro bono immigration case. The matter involves the adjustment of U visa status, a matter which is complicated due to the client's need to change her name and gender.

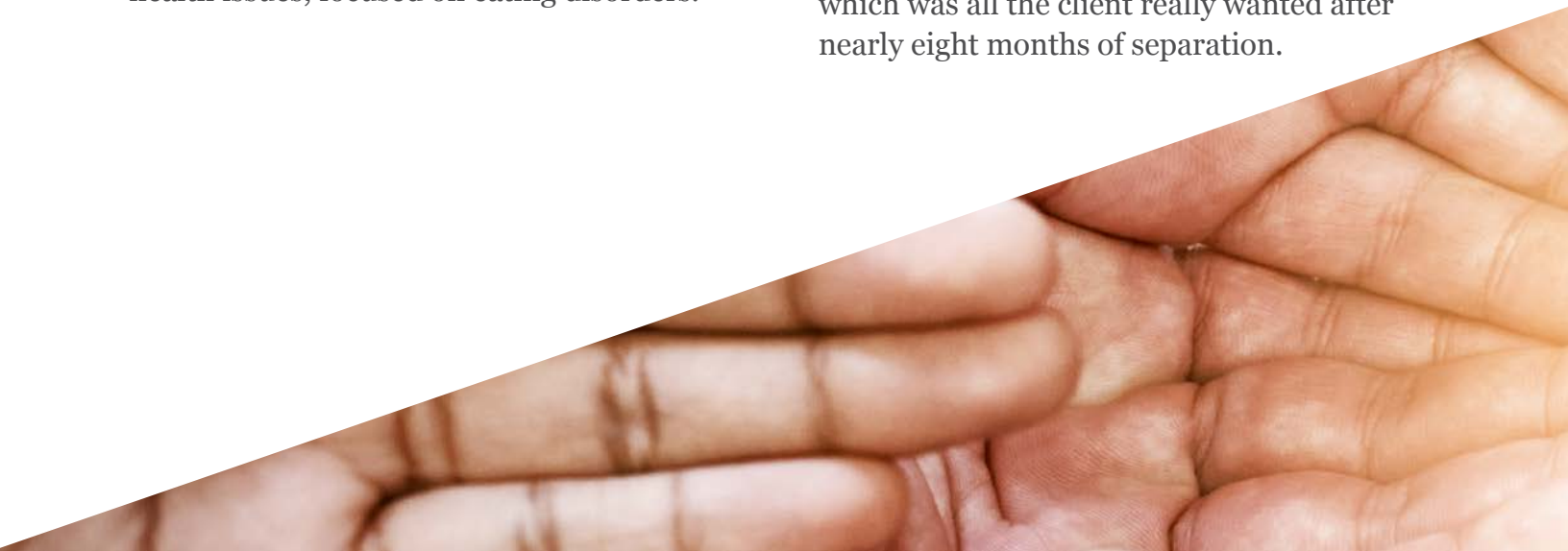
FOUNDATION FOR EATING DISORDER SUPPORT AND EDUCATION

Morrison & Foerster chair Larren Nashelsky, along with lawyers in our Corporate practice, is helping to set up a charitable foundation in memory of an extraordinary young woman who lost her courageous battle with mental health issues, including an eating disorder. The foundation will support education (i.e., the Body Project), advocacy, and community outreach for those struggling with mental health issues, focused on eating disorders.

FAMILY REUNIFICATION

Morrison & Foerster associate Andrew Kissner represented an indigenous Guatemalan national in immigration court proceedings in El Paso, Texas. He had been separated from his 16-year-old son immediately prior to crossing the U.S./ Mexico border, and while he was detained in an El Paso area detention facility, his son was being held in the Homestead Temporary Shelter for Unaccompanied Children (a privately run, for-profit detention facility for minors in South Florida).

Andrew represented him in all immigration court proceedings, including traveling to El Paso on four separate occasions, and prepared an application for asylum. Although his application was denied, this ultimately led to his reunion with his son (who the government refused to release until his father was either granted asylum or deported), which was all the client really wanted after nearly eight months of separation.



APPLICATION FOR ASYLUM

Morrison & Foerster of counsel Erica Richards is representing a client in her application for asylum, and possibly a U visa application as well. The client fears returning to her native Tanzania because of the likelihood that she will be subjected to female genital mutilation (FGM) there, based on the cultural practices in her region. Her parents protected her from FGM during her childhood by sending her to boarding school and then to the United States for college.

NATURALIZATION CLINIC

Morrison & Foerster partner Jennifer Marines worked alongside lawyers and professionals from Morrison & Foerster, Prudential, and Legal Services NYC to help eligible immigrants apply to become U.S. citizens at a naturalization clinic held in Morrison & Foerster's New York office.



AWARDS + RANKINGS

CHAMBERS GLOBAL 2019

- USA, Bankruptcy/Restructuring | Band 3
- USA, Bankruptcy/Restructuring | Gary Lee – Band 4
- USA, Bankruptcy/Restructuring | Brett Miller – Band 3

CHAMBERS USA 2019

- USA, Bankruptcy/Restructuring | Band 3
- New York, Bankruptcy/Restructuring | Band 3
- Massachusetts, Bankruptcy/Restructuring | Dennis Jenkins – Recognized Practitioner
- Nationwide, Bankruptcy/Restructuring | Brett Miller – Band 3
- New York, Bankruptcy/Restructuring | Gary Lee – Band 4
- New York, Bankruptcy/Restructuring | Lorenzo Marinuzzi – Band 3
- New York, Bankruptcy/Restructuring | Brett Miller – Band 3

BEST LAWYERS IN AMERICA 2019

- New York, Bankruptcy and Creditor Debtor Rights/Insolvency and Reorganization Law | Brett Miller
- New York, Bankruptcy and Creditor Debtor Rights/Insolvency and Reorganization Law | Adam Lewis

IFLR1000 2019

- New York, Restructuring and Insolvency | Tier 3
- United States, Restructuring and Insolvency | Tier 3
- United States, Restructuring and Insolvency, M&A | Charles Katz – Notable practitioner
- United States, Restructuring and Insolvency, M&A | Lorenzo Marinuzzi – Highly regarded
- United States, Restructuring | Brett Miller – Notable practitioner

U.S. NEWS – BEST LAWYERS, BEST LAW FIRMS 2019

- Nationwide, Bankruptcy and Creditor Debtor Rights/Insolvency and Reorganization Law | Tier 1
- New York, Bankruptcy and Creditor Debtor Rights/Insolvency and Reorganization Law | Tier 1
- San Francisco, Bankruptcy and Creditor Debtor Rights/Insolvency and Reorganization Law | Tier 1

AMERICAN BANKRUPTCY INSTITUTE

- 40 Under 40 | Jennifer Marines

TURNAROUND & WORKAROUNDS

- Outstanding Young Restructuring Lawyer | Jennifer Marines

2019 DISTRESSED INVESTING SUMMIT

- Deal of the Year, Consumer Staples | Southeastern Grocers



CLIENTS SAY: 'THEY ARE
VERY ATTENTIVE, SMART,
COMMERCIAL AND EXPERIENCED.
I THINK VERY HIGHLY OF MOFO.'

CHAMBERS USA: BANKRUPTCY/RESTRUCTURING – NATIONWIDE

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Morrison & Foerster is a firm of exceptional credentials. Our name is synonymous with a commitment to client service that informs everything that we do. We are recognized throughout the world as a leader in providing cutting-edge legal advice on matters that are redefining practices and industries.

BEIJING BERLIN BOSTON BRUSSELS DENVER HONG KONG LONDON LOS ANGELES NEW YORK
NORTHERN VIRGINIA PALO ALTO SAN DIEGO SAN FRANCISCO SHANGHAI SINGAPORE TOKYO WASHINGTON, D.C.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are arranged in a way that they converge towards the top center of the frame, creating a strong sense of height and perspective. The sky is a pale, hazy blue, and the overall color palette is dominated by various shades of blue and white.

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