

EXERCISE**CHAPTER 11 DISCLOSURE STATEMENTS AND ORDERS****Background**

You represent a distressed company that's undergoing a traditional Chapter 11 bankruptcy. As a part of the restructuring, the company:

- Can pay 50% of its unsecured trade debt.
- Has entered into a DIP Financing with its prepetition lenders.
- Designated which contracts and leases it will assume and which ones will be rejected.
- And agreed to issue new securities in exchange for the forgiveness of certain outstanding debts.

You've started working on the disclosure statement that you'll file with the company's Chapter 11 Plan. You need input on a few issues, so you schedule a call with the company's general counsel. Before the call, you get a message from the GC telling you that they're not entirely sure what a disclosure statement is or how it fits into the overall bankruptcy process.

Instructions

Come prepared to discuss what you'll tell the client on your call, being sure to cover:

- What a disclosure statement is and what it's for.
- The typical contents of a disclosure statement.
- The process and timing of filing the disclosure statement.
- Any other documents that have to be filed in connection with the disclosure statement, including the motion, order, and typical exhibits.
- What standard the court applies when deciding whether or not to approve the disclosure statement and the factors it considers when doing so.