

**EXERCISE****EXECUTORY CONTRACTS & UNEXPIRED LEASES IN BANKRUPTCY***Background*

You represent Tempo Cycles, Inc., a manufacturer of road bikes and accessories. They're in significant financial distress and are about to file a Chapter 11 petition with the bankruptcy court. The company has several retail stores, each with their own lease, as well as hundreds of contracts with different vendors and customers.

The company told you that they'd like to terminate many of these contracts and leases. They've asked you to let them know what their options are under Chapter 11 when it comes to these unwanted agreements.

*Instructions*

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

- What the company's options are under Section 365 of the Bankruptcy Code.
- How to determine if a contract is executory.
- The process for assuming or rejecting a contract or lease.
- The general timing of these decisions and any considerations that can affect timing.
- What will happen to the contracts or leases they reject.