



# 2017 Practice Group of the Year

## Bankruptcy

Kirkland & Ellis LLP continued its streak in 2017 of representing some of the largest companies seeking bankruptcy protection, including retail giant Toys R Us and offshore oil exploration company Seadrill Ltd., to land itself among *Law360's* Bankruptcy Groups of Year.

The 130-member group has attorneys across the globe working as a cohesive team to serve a client list that includes the two largest public company filings in 2017 — Seadrill and Toys R Us, each with more than \$5 billion in debt — remaining at the leading edge of the industry trends dominating the restructuring space.

Seadrill, a United Kingdom-based offshore driller, filed in Texas bankruptcy court in September with more than \$20 billion in contract and debt obligations and a pre-negotiated plan to defer payments on \$5.7 billion in secured debt payments while converting \$2.3 billion of unsecured bonds into a 15 percent equity stake in a reorganized company.

With deep experience in energy industry representations from years of bankruptcy courts being clogged with firms seeking protection as the oil and gas commodity market sustained a prolonged downturn,

Kirkland was able to bring its accrued knowledge to bear in support of Seadrill.

“What has happened is we’ve developed, with our partners in Houston, a really strong energy practice that understand the business, the industry, the cycle and the employers,” Anup Sathy, a Kirkland restructuring partner, told *Law360*. “We’re able to bring to each of those situations an incredible amount of historical knowledge.”

Seadrill is incorporated in Bermuda, headquartered in London and filed for bankruptcy in Texas with subsidiaries operating across the world, creating unique and complex issues in multiple time zones on multiple continents. The firm’s global restructuring presence enables it to sometimes work around the clock for clients like Seadrill, Sathy said.

“It’s really difficult to service clients who are global in nature unless you have a global footprint,” he said.

“The sun never sets on the Kirkland restructuring team.”

Kirkland’s international teams have worked seamlessly together for the last several months to the point where an attorney somewhere in the world is working on the Seadrill case at any given moment.

“The sun never sets on the Kirkland global restructuring team,” Sathy said.

In addition to Seadrill, Kirkland is representing GenOn Energy in Texas court since its filing in June as the sixth largest public company seeking court protection in 2017 and continues its work on the Energy Future Holdings Corp. Chapter 11, which has been winding its way through the Delaware courts since 2014.

As the energy cycle tapered off, Kirkland was at the crest of the

retail wave that began in 2017 and landed clients that include Payless ShoeSource, rue21, The Gymboree Corp. and Toys R Us.

In the Toys R Us case, Kirkland has helped secure court approval in Virginia bankruptcy court for more than \$3 billion in post-petition financing to support the company's pursuit of a reorganization aimed at bolstering its online retail platform while also improving customer experiences at its brick-and-mortar stores. The company worked to repair its vendor relationships ahead of the holiday season, positioning itself for a successful turnaround in the coming months.

Sathy said the same dedication to learning industries has allowed the bankruptcy group to attract these types of clients.

"One of the things we've been able to do is develop a really strong retail practice and relationships and understand the issues retail companies encounter," he said.

Kirkland's restructuring teams come to these cases with an eye toward completing a restructuring instead of liquidating its retail clients, Sathy said, giving it an edge over other firms.

Payless emerged from bankruptcy in August after a four-month restructuring saw the company close more than 600 stores and shed more than \$400 million in debt. Rue21 successfully reorganized in September after filing in May and it closed more than 400 of its nearly 1,200 stores.

Kirkland approaches its representations with a cooperative philosophy to try and build consensus among parties ... so everyone can leave happy.

"We've had a really good track record of successful reorganizations," Sathy said. "That comes from developing really focused strategies around preserving value, preserving footprints of companies, understanding and planning for the long-term prospects of these companies and helping managers sell that plan to potential investors."

While Kirkland's team members have gained valuable experience and knowledge in the industries facing insolvency waves, restructuring partner Edward O. Sassower said the firm doesn't designate teams for individual industries.

"We are industry agnostic," Sassower said. "It's not like we focus or specialize on any one silo or industry or have one team that focuses on one silo or industry and another team that focuses on another silo or industry. We follow the distress and adjust accordingly."

He said Kirkland approaches its representations with a cooperative philosophy to try and build consensus among parties with competing interests so everyone can leave happy. In pursuit of that methodology, Sassower said the firm recruits people who fit that mold and are able to work on cases that have many moving parts.

"We have over the years developed such a deep bench that we're able to

staff large and complex matter after large and complex matter with different dedicated teams," Sassower said. "That's one area in which we're unique."

Kirkland's other practice areas work hand in hand with the restructuring teams to give clients a wide array of services as they move through the bankruptcy process, including on tax, finance and capital market matters.

The size and profile of its clients attract a lot of eyes in the industry, and Sassower said Kirkland welcomes the attention.

"Our matters are often times high profile so a lot of people are watching," he said. "When you do a particularly good job people take notice of that and often times it leads to future matters. The best way for us to generate new business is to do an excellent job on our existing matters."

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