

Restructuring Debts In and Out of Court

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There are many reasons why a company may become financially distressed. Once it reaches a point of insolvency, however, management may consider a restructuring of the company's financial obligations in order to restore the company back to financial health. The restructuring could proceed informally, through a consensual restructuring, or through of a court-supervised reorganization under chapter 11 of the Bankruptcy Code. In most instances, the distressed company should first attempt to negotiate a consensual restructuring of its major obligations.

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