

ABI COMMISSION TO STUDY THE REFORM OF CHAPTER 11

Financing Chapter 11 Advisory Committee

July 24, 2013 Meeting (by Telephonic Conference Call)

MINUTES/SUMMARY

The Financing Chapter 11 Advisory Committee (the “Committee”) of the ABI Commission to Study the Reform of Chapter 11 (the “Commission”) held a meeting on Wednesday, July 24, 2013, via teleconference. *The following individuals participated in the meeting:* Jo Ann Brighton; Ashley Bruce; Judge Robert Drain; William Fox; Elliott Ganz; Nathan Lebioda; Rebecca Roof; and James Seery. *Committee members not in attendance:* Marc Adams; Norma Corio; Michelle Harner; Marshall Huebner; Robert Keach; Harvey Miller; Christopher Mirick; Harold Novikoff; Paul Singerman; David Skeel; and Judge Gregg Zive.

Ms. Brighton commenced the meeting at approximately 3:00 p.m. prevailing Eastern time. The following matters were discussed during the course of the meeting:

The minutes of the July 10, 2013 Committee call will be circulated by Mr. Mirick for approval at the next call.

Ms. Roof sought confirmation that she was in possession of the current “final” draft of the Roll-Up Report because the one currently in her possession contained several open and bracketed items. Mr. Ganz will locate the “final” version as approved by the Committee that does not contain any bracketed or otherwise open items and send to Ms. Roof.

Ms. Brighton informed the Committee of an earlier call she had with Mr. Seery, Mr. Keach and Mr. Novikoff regarding the Commission’s initial thoughts on the Committee’s Adequate Protection Report. Specifically, the Commission would like the Committee to revise the Report to expand upon the differing views expressed therein with respect to indubitable equivalency. Judge Drain pointed out that the Report does not necessarily reflect a “split” of opinion among the Committee, but, rather, illustrates that the Committee considered different lines of reasoning in formulating its Report on indubitable equivalency.

Ms. Roof then discussed the next topics from the Preliminary Assessment that will be addressed by various subcommittees:

1. Mr. Ganz reported on the Constitutional Limits topic which, at the Commission’s request, will be placed on hold until after the April, 2014 symposium specifically addressing the topic;
2. Ms. Roof will report on Lender Control Issues with Ms. Corio and Mr. Huebner;
3. Judge Drain reported that there was no specific update from the Carve-Out subcommittee and that he and the other Committee members (Mr. Mirick and Mr. Singerman) were reviewing relevant materials;

4. Mr. Fox reported that he would initiate the Effects on Credit Pricing and Availability subcommittee with Ms. Brighton, Ms. Roof and Mr. Ganz.

Mr. Ganz then spoke on the LSTA roundtable held last Thursday that was attended by various Commission members. Topics addressed included the recent move in the leveraged loan market to covenant light deals without maintenance covenants. The point was also raised that ratings agencies are once again taking interest in such covenant light loans given that they populate approximately 40% of CLOs. Also presented at the symposium was a CLO case study on downgrades vis-à-vis market reaction.

Mr. Seery provided additional guidance on behalf of the Commission regarding their request for increased clarity in the adequate protection report's indubitable equivalence analysis.

The meeting adjourned at approximately 3:24 p.m. prevailing Eastern time.