

## Introduction

### A brief checklist of things that should be done by the time you apply for your junior internship

- Read Gatto's "Credit Investor's Handbook" (required) and Moyer's "Distressed Debt Analysis" (optional)
- Go through the rxinterviews.com interview questions
  - Have 1-2 Restructuring cases that you know inside-out + stay up-to-date on events in the Rx world
- Network with analysts at the firms you are interested in
- Know standard accounting technicals by looking through M&I guides 1-6 (IBIG-04-01 → IBIG-04-06) (these will be asked across M&A and Rx interviews, so it's worth knowing them)

### General Timelines (24/25)

For summer '26 internships, these were rough timelines:

People started networking from late September to December. Applications opened around December. Firms started interviewing in the first week of January.

For summer '27 internships, these were the timelines:

Houlihan Lokey (usually the earliest to open) opened their applications in early November this year, Lazard opened its applications in mid-December, and the rest ranged from mid-December to mid-January. Other than Houlihan Lokey (who typically start 'coffee chats' that are essentially interviews in December), interviews started in the first week of January again.

All of this will likely be even EARLIER when you are recruiting...

By the end of freshman summer, you ideally should have:

- Finished reading Gatto
  - Understand the 3 types of LMEs
  - Understand the tradeoffs of doing an LME vs. an in-court bankruptcy
  - Understand the special features of an in-court bankruptcy
- Be comfortable with basic accounting questions
- Have initial answers prepped for why you want to do restructuring, and tell me about yourself
- \*These will all come in handy when networking with Rx bankers in the fall

By the end of the fall quarter:

- Be technically ready (both accounting and Rx-wise)
- Have completed 2-3 calls at Rx firms you are interested in
- Have two recent restructuring cases fully prepped

### **Landscape of Firms (as of 09/2025)**

Direct Application to the Restructuring Group:

PJT, Evercore, Houlihan Lokey, Guggenheim, Lazard, Greenhill, Ducera, Miller Buckfire, Rothschild, Jefferies, Baird, GLC, Piper Sandler

Generalist Application (Intern in both M&A and Rx and get placed into one of those groups full-time):

Moelis, PWP, Centerview

### **For developing an interest in restructuring/figuring out if it's something you want to do...**

- Read “The Caesar’s Palace Coup” by Sujeet Indap and Max Frumes. It gives a great insight into one of the most consequential restructurings in recent memory. Generally, as this is one of the most interesting Restructuring cases, not finding this interesting is potentially a sign that Restructuring Banking may not be of interest to you.
- You may not understand most of the concepts at first, and that’s fine. But if you find this interesting, I would recommend going back to this book once you have learned more about Rx to really understand the case.

## Necessary Reading

Now that you have some sort of interest in the space, the two main textbooks to read are...

- 1) “The Credit Investors Handbook” by Michael Gatto
- 2) “Distressed Debt Analysis” by Stephen Moyer

Gatto gives a more up-to-date view on the Restructuring landscape as he covers “Liability Management Exercises” (LME), which aren’t covered in Moyer. You should know the concepts covered in these textbooks completely by the time you are recruiting and be able to explain them to an interviewer.

### A Guide to Reading Gatto

**You should aim to have completed Gatto by September of your freshman summer, as technical skill is emphasized to some level during networking, and this textbook provides the foundations for this knowledge.**

Chapters 1-4:

These are important for getting an initial understanding of Credit markets and the ways they operate. Read it well once, but this will not be a core focus in restructuring interviews, so it's not worth getting too hung up about it.

Chapters 5-13:

Cover Gatto’s Credit Investment Analysis process. While this information is not necessary to know for Rx recruiting, I would 100% recommend reading it, as I think it helps cement a lot of investing basics and helps you understand WHY businesses end up distressed in the first place (chapter 6). The most important parts of this section, which you should read fully (and NOT skim) are chapter 5 (useful to get a sense for the terminology used in credit), chapter 7 (profitability analysis), chapter 8 (cash flow and liquidity analysis), and chapter 9 (capital structure analysis).

The Sample Credit Memos:

They are not necessary to read, but again can serve as a good way to better understand how to present an investment thesis.

Chapters 14-19:

These are the MOST IMPORTANT chapters of this book. These chapters contain the information that will be covered in Rx technical interviews. Successful students typically re-read these chapters multiple times throughout the recruiting process. It is important to not just memorize what is being written, but to understand why these mechanisms exist in the first place (Why would a business want to pursue an up-tier, and why can’t an “out-group” of creditors prevent this from happening? Why

weren't the debtors in Serta able to pursue a different kind of LME? Why would you prefer an in-court to an out-of-court restructuring and vice versa?) Pay particular attention to Gatto's discussion of Liability Management Exercises (drop-downs, uptiers, double dips) as these are not discussed in Moyer and have become emphasized more and more in recent interviews.

### **A Guide to Reading Moyer**

Moyer goes more in-depth into core in-court restructuring concepts, so if you would like to brush up on these concepts, this would be a great read. However, this is entirely optional, and students have received offers before without reading Moyer.

# Rx Technical Questions

## General Accounting Technicals

General accounting, valuation, and LBO-based technicals will nearly always be asked of you in technical interviews, so it is important to be prepared for those. The great benefit of this is that these skills directly help you apply in M&A technical interviews (which can be useful if you are recruiting for those roles as well). A great resource for this preparation is M&I guides 1-6 (listed as IBIG-04-01 → IBIG-04-06), essentially up until the LBO guide.

## Rx Specific Technicals

For more restructuring-specific technical questions, students have been recommended to use the [Rxinterviews.com](http://Rxinterviews.com) question guides. These sorts of questions usually involve recovery analysis, some sort of subordination analysis, or bond math. All of the question guides provided by that website are very helpful, but the absolute most helpful ones are the “Accounting and valuation Q&A”, “Rx Overview”, and “Rx Interview Questions” guides. It is recommended to take your time going through them and ensuring that you truly understand WHY an answer is correct.

## Important: Keeping up with Trends in Restructuring

It is highly recommended to consistently read articles about Restructuring cases (through any of the sources you can see in the “Deal Walkthrough” section) and try to understand the transaction structure and the rationale behind it. Consistently reading these newsletters will help you identify trends within the restructuring landscape, which will help greatly in interviews as you will be able to reference cases fluently (e.g. “Co-op agreements are becoming more and more common, exemplified by the recent AMC and Dish restructurings”), helping you stand out as a candidate. It also helps answer the question “what is a recent trend in restructuring that interests you?”, which has been asked in interviews in the past.

Recent issues in Rx that you may focus on (as of March ‘26) may be the Serta and Mitel decisions on the uptier and the Better Health and Oregon Tool restructurings, which found a new way of structuring an uptier, the unanswered questions on 3rd party releases following the Supreme Court’s Purdue decision (are 363 sales still permitted, are consensual third party releases still allowed and if so what constitutes consent e.t.c), or the use of Chapter 15 to circumvent some more restrictive parts of the US Bankruptcy Code (see the Fossil case)

# Deal Walkthrough/Case Studies

## What is a deal walkthrough/Why does it matter?

This is where you can differentiate yourself in the Rx interview process. Candidates consistently reported being asked for a deal-walkthrough in every single interview process they were in, and were sometimes asked for it in multiple rounds of interviews with the same firm.

A deal-walkthrough is when you are asked to describe a recent restructuring deal (It is recommended to choose a deal that occurred in the last 1-2 years) that you have found interesting. It should be ~2-3 minutes (you can leave out information and say you can elaborate further on points if asked about them). The walkthrough should be engaging and told like a story. You don't want to just explain the numbers behind the deal, but also the rationale behind why the firm was distressed, and why a particular deal structure was chosen.

A walkthrough can be on an in-court or out-of-court restructuring. Out-of-court ones may sometimes be a more attractive option, as there is less available reading on the deal (making them easier to read up on). In-court bankruptcies include publicly available filings that are hundreds and hundreds of pages long, which means it's fair game to quiz you on anything that can be found in those many, many pages. With that said, it is recommended to read the first day motions for at least one Chapter 11 case to understand what the actual legal filings look like (this does not need to be the case that you choose for a deal-walkthrough). It is important to have at least two deal walkthroughs prepared (so you don't find yourself repeating the same one throughout an interview process).

## How to Generally Structure a Deal Walkthrough

- 1) Overview of the firm
  - a) What products do they provide
  - b) Where are they located
  - c) What was the initial capital structure of the business?
    - i) How much debt was in each tranche, and who were the major holders of the debt? What was the maturity and coupon on each debt security? Who owned the equity, and were the company's relevant ratios (EBITDA, Leverage, Coverage ratio) pre-transaction?
- 2) Why did the firm get distressed/need a restructuring?
  - a) Was it an issue with rising input costs? A change in consumer tastes? A rise in interest rates? How did this impact the amount of cash the company had available to service its debt?
  - b) Why couldn't the firm issue new debt to service its old debt?
  - c) Did the firm face liquidity issues? Was it a maturity wall that it needed to address? Did they face a mass-tort lawsuit?
- 3) What kind of out-of-court or in-court restructuring did the firm pursue

- a) Name the kind of transaction
- b) Explain how the debtor and each creditor group were affected (how much did the value of each security change pre to post restructuring? Were the maturities or coupons of any debt securities changed? Was any new debt issued in the transaction?)
- 4) Explain WHY the firm pursued this form of transaction?
  - a) How did it address the firm's and the debtors' needs at the time (did it need more liquidity or simply more time to pay back its debt)?
  - b) Why didn't the firm pursue an out-of-court transaction (if it filed for bankruptcy)? Why didn't the firm file for bankruptcy (if they pursued an out-of-court transaction)?
  - c) If some creditors benefited from the transaction, why were they able to benefit? Why were those creditors the beneficiaries compared to another group of creditors? Could these creditors have benefited more from another type of transaction?
  - d) If some creditors were made worse off by the transaction. Why were they the unlucky ones? Why did they not sue to try to get more value for themselves? If they did sue, why did they win/lose their case?
- 5) Was the restructuring successful? Do you think that this firm now has a sustainable capital structure?
  - a) This isn't necessary, but it can add a nice layer of nuance, as you can speculate a little bit as to the firm's potential future. Will it likely file for bankruptcy again (e.g. Joann), or will it suddenly turn around and become a successful company (e.g. Lumen)?

### **Where to find information on Restructuring cases**

- 1) [Petition](#)
  - a) If you don't have access to this through an RSO, you could pool a subscription with a couple of friends
  - b) Petition provides shorter write-ups on recent restructuring cases, but publishes more regularly than Pari Passu
- 2) [Pari Passu Newsletter](#)
  - a) You can sign up for free with your email to receive in-depth weekly write-ups every Friday. The author also has an Instagram page “@Restructuring\_”, which can be quite helpful.
  - b) You can also pay to subscribe and receive additional premium writeups (some RSO's have a subscription to this), or you can again pool money to get a subscription with friends.
- 3) Legal Primers: Law firms publish presentations on landmark restructuring cases that they have worked on all the time. These can be a great way to get information on LME's
  - a) Search “[restructuring case] + [famous law firm] presentation” on the internet
    - i) E.g “King & Spalding J Crew Presentation”, “Paul, Weiss Chewy Presentation”

- b) Some RSO's may also already have these resources so it may be worth checking with them or other people that have successfully recruited for Rx to see if they have access to these resources.
- 4) [Bloomberg's "The Brink" Newsletter](#)
  - a) You can get sent this newsletter twice a week if you have a Bloomberg news subscription (also accessible with a Bloomberg Terminal)
  - b) Covers more international restructurings (non-US jurisdictions)
- 5) More expensive, professional-oriented sources like "Debtwire" and "Octus" are even better than the resources listed above if you can somehow get your hands on them.
  - a) It is certainly not necessary to do so, though, as virtually all candidates don't have access to such subscriptions.
- 6) Podcasts
  - a) Debtwired!
  - b) Cloud 9Fin
  - c) The Octus Download

# Example: Deal Walkthrough

## Sample Deal Walkthrough

**This was a sample deal walkthrough used by a UChicago '27 student who landed a restructuring banking internship at PJT. It's not perfect, but it gives a pretty good sense of the level of detail you can get into when preparing a case and the types of questions that you should prepare to be asked about your chosen deal.**

### Background + Cause of Distress

Lycra is one of the largest specialty spandex producers. It was acquired by Chinese conglomerate, Shandong Ruyi, in 2019 at north of \$2bn at a multiple of 13-14x EBITDA. Ruyi financed the acquisition through a combination of 250 EUR notes and 705 USD notes denominated 1st lien notes in addition to a super senior revolver. The total debt stack was \$1bn, comprising a SCTL and EUR denominated bond with 2023 maturity and a USD690m USD bond maturity in 2025 . In addition, Ruyi borrowed at the Holdco to finance a portion of its equity (\$400mm from debt, remaining 600mm from cash from Shandong Ruyi). After the bust in China, the Ruyi group faced a lot of issues in managing its over-lacerated balance sheets and lost the ownership of Lycra when its lenders enforced against their Holdco loan. Lycra performed quite strongly post-COVID as demand for athleisure clothing saw a massive uplift. However after that, as demand softened and also because input prices (oil linked products) increased, Lycra saw a decline in its EBITDA from a peak of 190m in 2021 to less than 100m in 2022. Leverage increased to 10x, making it very challenging for the company to refinance its 2023 EUR-denominated bond maturity.

### Transaction Structure + Why this particular structure was chosen

In order to manage its 2023 maturity wall (when the EUR-denominated bonds matured), the company undertook an LME with holders of a majority of its EUR bonds. Using the baskets available under the Restricted Payments and the permitted investments covenants (allowing an asset transfer of up to USD 80 mn to an unsub), it sought to do a drop-down and transfer its brand IP assets (valued 'independently' at USD 75 mn) into a new unrestricted subsidiary and have those assets then secure a refinancing of the EUR notes, with such refinancing notes retaining the pari-passu other collateral together with the USD notes. These holders also offered to refinance the SCTL in full.

This drop-down was challenged by the USD noteholders on the grounds that the transfer was at an unfair value (above the available basket capacity of USD 80 million), and they threatened to litigate. Ultimately, it was mutually agreed by all that the new refinancing notes would get a contractual seniority of USD 120mm, but that the IP security would remain in the common collateral pool (so the assets never moved to the unsub). The new notes had a May 2025 maturity similar to that of the

USD notes. In addition, the new notes also benefited from a 2L subordination (with this 2L amount being contributed by the shareholders of the company to incentivise the refinancing of the maturing EUR notes and prevent a default in 2023) to the extent of 12%. So while the new refinancing notes were issued for EUR 240m by an SPV and these 240m notes ranked pari-passu with the USD 690m notes and benefitted from the \$120m seniority, this SPV in turn issued approximately EUR 212m of 1L notes and EUR 28m of 2L notes, providing further protection to the holders of the 1L notes.

- Debt around 1.1 bn in FY2022

#### Additional Notes on the Transaction Structure:

- Under the proposed dropdown (which did not end up occurring), the new EUR debt would not be raised by the unrestricted subsidiary, but would be raised at the Holdco level. Thus, this new debt would benefit from the claim on the obligor group and the collateral support that US notes, as well as a guarantee from the unrestricted subsidiary, which gave it a claim on the IP assets that would be moved into the unsub. The US notes did NOT have a guarantee from the unsub.
- In addition to 120 mm CONTRACTUAL seniority offered in the final transaction, the new EUR note holders benefitted from 2 additional structural features: 1) the new notes were issued at a FV of 300mm but were discounted and only bought at 240 mn (giving buyers an additional 60 mn claim in bankruptcy). Additionally, these new notes were carved into a 1L and 2L, and existing shareholders provided 2L to provide additional uplift to new 1L holders (EUR note holders only bought the 1L debt).
- So Lycra raises money from the new 240mm raised. Pays back the 250 mm old EUR notes. Then, participating EUR note holders got a proportional share in the 212 mm first lien.
- Additionally, the SSTL increased from 100 to 200. This inflow came from participating EUR note holders. The initial 100 million was owned by banks.

As part of the restructuring, all RP and permitted investment baskets that had allowed for the initially proposed drop-down were eliminated, and the covenants were tightened to prevent any such drop-down transactions in the future. In addition to taking away the baskets, a clause was introduced to prevent any material IP or real property from being transferred pursuant to any Restricted payment or Permitted Investment clause.

#### My view on the company moving forward

While the business's performance has improved and its EBITDA is tracking closer to the 130-140m range due to slightly improved revenues and lower input costs, it is still insufficient to fully refinance the now \$1.1bn debt stack in 2025. The shareholders had tried to sell the business but had been unable to generate interest at a sufficient value, and LME permitting loopholes in the credit documents (e.g RP basket capacity for a dropdown) were closed after the previous transaction. Hence, another restructuring is highly likely. The new refinancing notes are clearly in a superior position and are money good even under conservative assumptions of value for the entire business.

Assuming a conservative 6-7x EBITDA multiple and \$800-900m value, the recovery math shows that because of the 120m contractual seniority relative to the USD notes and the subordination from the 2L notes, the new 1L notes could recover in the mid 90s and likely at par versus a trading price of low 80s. At the same valuation, recovery for the USD bonds would have been approximately 50 cents compared to the high 50s trading price, and therefore, the best investment opportunity lay in the new 1L notes.

## **Additional Notes/Responses to Potential Questions**

### Notes on the Equity shareholders

Shareholders had no choice but to agree to the final transaction proposed by the EUR note holders. No refinancing options in early 2023, as there was not much financing action in the market then. The company had already agreed to the drop-down, and if they had not done this 120 mm contractual seniority agreement, the company would have gone ahead with the drop-down.

Note: All shareholders were Ruyi creditors that enforced on their loan in the 2021 bankruptcy filing

### More Notes on the Drop Down + Why out-group creditors allowed the transaction to go ahead

Drop-down would only occur after the new notes were issued (not sure why). There were penalties if they didn't (I didn't have the old docs because that deal didn't go ahead).

Amended docs to take down basket capacity for permitted investments and added language stating that material IP and material assets couldn't be transferred outside of the obligor.

Litigation wasn't filed for Lycra simply threatened. I was looking after the fact. Since the actual drop down didn't occur the litigation never followed through so there's no docs available on it.

### Why could they not do an uptier?

Any change that altered the priority of security interest of the holders of the Notes required approval by a 2/3rd majority. This would have applied in a case where some other debt was being uptiered ahead of the EUR and USD notes as a whole. This is because there was another provision where if only one series of Notes was being affected by an amendment, then it required a vote of at least 90% of that affected series. So if only the EUR notes were being uptiered, more than 90% of the USD noteholders would have had to vote for this.

USD notes accounted for more than 70% of the total Notes outstanding, and there was not much of an overlap between the holders of the EUR notes and the USD notes, so there was no way the company could have received an approval from the USD noteholders for an uptier, which clearly screwed the USD noteholders over.

Note: These were bonds, so there was no pro rata sharing language. Thus, it was the language listed above that prevented priming debt.

Could anything else have been done?

Already 10x levered. No headroom to raise new debt that ranked ahead of the existing debt, apart from some headroom to raise some additional SSTL, which the company did do. So the only option was to use the refinancing allowance in the covenants, and to achieve that, the company had to incentivize the existing EUR holders with additional security in the form of the attempted dropdown.

How did the company structure the dropdown?

They moved the material IP assets to new subsidiaries, valued them at \$75mm, which was below the basket capacity of \$80m under the restricted payments and permitted investments covenants, and designated them as unrestricted subsidiaries. The plan was for new refinancing notes to be guaranteed by these unrestricted subs and security created over their IP assets. The refinancing notes would continue to share pro-rata security over all the other existing assets with the USD notes.

Why did the dropdown not happen?

USD noteholders threatened to litigate – I believe alleging that IP assets were being significantly undervalued and that this dropdown therefore violated the documents. This was settled with the company and the new EUR noteholders agreeing not to do the dropdown, but the refinancing notes getting a contractual USD 120m seniority over the other notes. USD noteholders agreed to this because they must have thought that there was a reasonable risk of losing the litigation and, therefore, losing the valuable IP assets. The new EUR noteholders agreed because they got a pretty significant amount of seniority and also avoided the risk of the litigation outcome. Thus, on an expected value basis (based on the risk each party saw of losing the litigation), I would have to assume that the settlement was an efficient outcome.

# Networking

## A general overview of Networking for Rx roles

Generally, networking is less emphasised in restructuring than it is for M&A roles. However, it is still important to speak with a few analysts at these firms in order to get an interview. It is recommended to have at least three calls with analysts at each firm you plan on recruiting for (but of course, more is always better).

## General Advice when Networking

- 1) Do not just limit yourself to UChicago alumni when networking; there are very few seats in Rx, so most analysts are willing to talk to students from schools other than their alma mater.
- 2) Do your research before each call. Just a 5-10 minute research/brainstorming session before a call to think of any questions you might have can really help.
- 3) Some firms will limit you to one networking call (Evercore did this in my year, and the analyst will inform you of this at the end of your call), so make sure that you are prepared going into each call.
- 4) Networking is a two-way street. Ask questions that you genuinely want to know the answers to (e.g., what is the culture at the firm like? What is their perspective on a new piece of restructuring legislation you find interesting?), as this is an opportunity to figure out if these are places you actually want to work at (obviously, don't ask really stupid questions about compensation and working hours; save that for after you get the offer).
- 5) Keep emails short and succinct and proactively suggest times that you are available in your first email to limit the number of emails you have with someone before calling them.
  - a) Follow up with Thank You emails after each call and ask if you can be connected to someone else
- 6) Restructuring networking tends to run a bit more technical than for other finance roles, so by the time networking rolls around (Fall quarter sophomore year) you should be comfortable talking about restructuring deals you have read about and be able to ask nuanced questions on the topic to your interviewers (about deal structures that interest you, new trends emerging in the industry e.t.c)

# Interviewing

## First things first...

- 1) Have a good answer for why you want to do Restructuring banking compared to other roles in finance.
- 2) Make sure you have good answers to behavioral questions. You should have 5-6 stories that you can re-work to answer any basic behavioral (look at the first 100 or so questions on the M&I 400 for examples). Behaviorals matter! No one wants to work with a robot, and people need to imagine themselves enjoying working with you.

## General Interview Advice

- 1) Practice a lot and do it with someone else.
  - a) Talking into a mirror and actually talking to another human being are entirely different, and your friends will be able to pick up on ways for you to improve. At the very least, try to record yourself when practicing.
  - b) In particular, practice your technical interview answers and your case-walkthrough with another person. It will help you spot gaps in your knowledge.
- 2) DO NOT SKIP OVER THE BASICS.
  - a) You are more likely to get asked a basic, run-of-the-mill accounting question than a crazy niche technical question hinging on a piece of legislation from the Depression era. Get your basics rock solid.
- 3) Don't be weighed down if you "miss" a technical in an interview.
  - a) Rx interviews are hard, and odds are most candidates who got the offer missed one, too. Focus on explaining where you went wrong to the interviewer and getting the next one right. Even if you don't get the offer in that process, learn from it and take that learning to the next interview.
- 4) Write thank-you emails to your interviewers after every interview.
  - a) You don't want to give your interviewers an arbitrary reason to reject you.
- 5) Ask clarifying questions to your interviewer if you need to.
  - a) Restructuring typically hinges on precise definitions and carve-outs in legal documents, and you can impress them if you ask the right questions
- 6) Have questions prepared in case the interview ends early.
  - a) You can really differentiate yourself here with thoughtful questions, and it can be a great way to learn more about the firm you are interviewing with.

**Good Luck!!**