

Crossing the line on creditor work

Advising creditors' committees is often considered a niche practice, dominated by specialists that rarely dabble on the debtor side.

But workout firms are increasingly blurring the boundaries, hopping from debtor assignments in one case to creditor assignments in another, according to our latest league tables of advisers to creditors' committees.

The tables, on page 7, list the top law and restructuring firms based on engagements with official committees of unsecured creditors in the 40 largest U.S. bankruptcy cases of 2005, as measured by assets.

What's interesting is how many of these names also appeared in our recent ranking of the top advisers to big debtors, published on Dec. 19. In fact, the tables reveal that several financial advisers picked up committee work and debtor work in roughly equal amounts.

Law firms aren't showing the same versatility, however. None of the top-ranked committees' counsel appeared in our list of top counsel to big debtors. This lack of cross-over suggests that legal advisers still prefer to pick a specialty in bankruptcy—and then stick with it.

The biggest surprise may be New York-based **Alvarez & Marsal LLC**. This turnaround firm is far better known for working with troubled companies, often providing them with chief restructuring officers or other interim managers, than advising their creditors.

Defying the stereotype, Alvarez & Marsal tied with **FTI Consulting Inc.** for first place among noninvestment-bank financial advisers to creditors' committees, with five such assignments among the top 40 cases of 2005. That's actually more than the four debtor-side assignments that

A&M picked up in last year's biggest cases.

Like A&M, Baltimore-based **FTI Consulting** proved adept at wooing both debtors and creditors in megabankruptcies. The company boasted five big-ticket creditors' committee assignments in 2005, including one in the year's largest Chapter 11 case, **Calpine Corp.** That's compared with seven assignments on behalf of the top-40 debtors.

(Though Calpine's committee hasn't filed formal applications to hire its financial advisers yet, court documents indicate it plans to retain **FTI** and **Lazard**.)

Investment banks are playing the field as well. Consider **Giuliani Capital Advisors LLC**, **Jefferies & Co.** and **Lazard**, which tied for fourth place in this category with two creditors' committee assignments each. For **Giuliani Capital**, that's equal to the two debtor-side assignments it scored in last year's big cases. For **Jefferies** and **Lazard**, that's just one below their three debtor engagements apiece.

At the top of the investment-bank heap was Los Angeles-based **Houlihan Lokey Howard & Zukin**, which pulled in creditors' committee work in five of last year's 40 largest cases.

Close behind was second-ranked **Chanin Capital Partners LLC**, also of Los Angeles. Unlike many of its peers, Chanin remains a classic creditor-side specialist: It claimed four committee assignments among the largest bankruptcies

of 2005, but none on behalf of debtors.

On the legal front, two very different firms tied for first place in the race for high-profile committee engagements.

There was **Akin Gump Strauss Hauer & Feld LLP**, an international megafirm with more than 900 lawyers, and **Otterbourg, Steindler, Houston & Rosen PC**, a New York boutique with about 60. Each scored four committee assignments in big cases last year.

Akin Gump's cases were skewed toward the biggest of the big, with three of the four—**Calpine**, **Collins & Aikman Corp.** and **Delta Air Lines Inc.**—ranking among the 10 largest bankruptcies of 2005. The fourth case was **Tower Automotive Inc.**

But only one of Otterbourg's cases, **Northwest Airlines Inc.**, cracked the top 10. Its other committee work was in the cases of Brooklyn Hospital, **FlyI Inc.** and **Friedman's Inc.**, each of which reported less than \$500 million in assets. ■

—Peter Edmonston

Creditors' committee investment banks

	Firm	No. of active cases
1	Houlihan Lokey Howard & Zukin	5
2	Chanin Capital Partners LLC	4
3	Mesirow Financial Inc.	3
	Giuliani Capital Advisors LLC	2
4	Jefferies & Co.	2
	Lazard	2

Ranked by engagements on behalf of official committees of unsecured creditors in the 40 largest U.S. cases of 2005, as measured by assets.

Source: www.BankruptcyInsider.com



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