

Canadian Insolvency Foundation

ENRON RESTRUCTURING OFFICER ADDRESSES FOUNDATION DINNER

TORONTO—(June 15, 2004)—Canadian corporate restructurings take place in a more “calm and reasonable atmosphere” than those in the U.S., because Canadian creditors are “less ready to pull the litigation trigger,” the Chief Restructuring Officer of Enron Corporation told a dinner meeting of the Canadian Insolvency Foundation (CIF) on June 10th in Toronto.

Keynote speaker Steve Cooper is chairman of New York-based Kroll Zolfo Cooper LLC. A specialist in turning around troubled companies, he was named Interim CEO and Chief Restructuring Officer of Enron in January 2002. A leading figure in cross-border restructurings, he has worked with Canadian clients such as Laidlaw Inc., The Loewen Group, Inc. and the Saskatchewan Wheat Pool.

“Up here, things are much more pleasant,” he told an audience of about 100 Toronto bankruptcy trustees and lawyers. “In the U.S., litigation is almost a way of life in restructurings.” Cooper noted that in Canadian restructurings, “the overwhelming amount of the debt is Canadian-based,” whereas in the U.S., debt-holders are “a subset of the U.N. There is no common or organized agenda. I don’t know how people have the patience to represent creditor groups.”

He noted, however, that while multiple reorganisation plans had to be filed for Enron, ultimately there has been “overwhelming support for the plan.” Confirmation hearings in a New York bankruptcy court last week began with only 104 objections from among the 475,000 claimants. The Enron restructuring involved compressing US\$1-trillion in claims into US\$63-billion in order to “make the targeted recoveries embedded in the plan.” Enron expects to pay about 17 to 20 cents on the dollar.

The CIF is a not-for-profit multi-disciplinary organization founded by the Canadian Association of Insolvency and Restructuring Professionals with membership drawn from all stakeholders in the insolvency community. It is dedicated to research and education related to insolvency and bankruptcy legislation and practices, both corporate and personal, and to the skills of restructuring, refinancing, corporate rescues and turnarounds.

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