

## Dear All,

We hope you and your loved ones continue to stay safe and in good spirits as we get through this challenging time. It's hard to believe 2020 is halfway over, and what a year it has been. Hopefully the second half of the year gets better and we can finally put COVID-19 behind us. In any case, let's continue to focus on the positives.

We've put together some interesting articles in this month's L-Blast around the topic of bankruptcy and compensation. As we all know the market is in great distress and restructurings and bankruptcies are hot topics. Our first article is an L&A original that gives an overview of strategies for a successful restructuring, and although this is a past article, we felt it was the perfect time to share with you again.

Similarly, the next article provides great information on employee compensation, benefits and other important matters to consider during restructurings. Although the rules involving restructurings are very complex, this piece gives a high-level overview of the various issues and rules surrounding a chapter 11 proceeding.

The final article is one of several we have seen on the record-setting wave of bankruptcies that is already starting to hit. It's critical for companies facing bankruptcy to try to restructure themselves in a timely manner so they can survive. The article warns bankruptcy systems could become swamped and it will be imperative to have the resources in place to deal with the rush of cases soon to come.

We hope soon we are all able to return to work safely and life will slowly start to get back to normal. Don't hesitate to reach out to us if you have concerns about your compensation programs, or if a restructuring is imminent in your organization, we are here to help. Continue to stay safe and remain optimistic.

Sincerely,



Brent Longnecker and the L&A Team  
Chairman and CEO  
Longnecker & Associates



## Process for Pay in "BK" (Bankruptcy)

Financial restructurings, while not an enjoyable process, are sometimes a necessary step to ensure future financial success. In order to achieve a successful restructuring, companies need to deploy the right compensation strategies in this volatile environment that will retain and motivate key talent to see the process through. In this article, we review the tools available to companies going through restructuring and how to approach determining values.

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## Employee Considerations in Corporate Restructurings

The impact of COVID-19 is yet to be fully realized, and many companies are yet to consider restructuring as a means to survive the pandemic, but all companies and all creditors can benefit now from learning how employee matters are treated in a bankruptcy proceeding under chapter 11 of the U.S. Bankruptcy Code (as amended, the Bankruptcy Code). This blog provides a high-level overview of some of the most material matters affecting an employee workforce in the context of a chapter 11 restructuring.

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## A Tidal Wave of Bankruptcies is Coming

Already, companies large and small are succumbing to the effects of the coronavirus. They include household names like Hertz and J. Crew and comparatively anonymous energy companies like Diamond Offshore Drilling and Whiting Petroleum. And the wave of bankruptcies is going to get bigger. Edward Altman, creator of the Z score, a widely used method of predicting business failures, estimated that this year will easily set a record for so-called megabankruptcies — filings by companies with \$1 billion or more in debt. And he expects the number of merely large bankruptcies — at least \$100 million — to challenge the record set the year after the 2008 economic crisis.

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## Restructuring and Bankruptcy Assistance

We know many organizations are facing financial turmoil and as a result may need to restructure or file for bankruptcy. L&A is a leader in this space and is here to offer support and professional guidance through this process. In addition, we develop post-emergence plans and full compensation programs aimed at retaining and motivating the team to rebuild and generate significant shareholder value. Learn more about our restructuring capabilities, or contact us if you are ready to get started.

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[GET STARTED](#)

281.378.1350

## VIRTUAL EVENTS

(Events listed are in central standard time)

WorldatWork 2020 Total Resilience Virtual Conference and Exhibition

**Wednesdays from July 8 – September 2 10:00 a.m. – 1:00 p.m.**

A virtual interactive learning extravaganza designed to help HR and Total Rewards pros build total resilience in today's challenging environment. Top experts will share best practices and solutions for the new workplace/workforce normal.

[REGISTER](#)

SHRM Webcast- Workforce Safety During COVID-19: Navigating the Return of Your Employees to the Workplace

**Thursday, July 9 11:00 a.m. – 12:00 p.m.**  
(available through October)

In this webcast, human resource and legal professionals will discuss topics such as safety, government regulations, employee assistance and more as organizations transition back to onsite work.

[REGISTER](#)

NACD Virtual Discussion and Q&A- Leading Minds of Compensation

**Tuesday, July 14 11:00 a.m. – 12:45 p.m.**

Designed for compensation committee members as well as directors. The country's leading compensation experts and compensation committee members will provide an invaluable outlook on compensation, and then open the floor for an audience-led question and answer session.

[REGISTER](#)

## Let's Work Together

We know what it takes to attract, retain and motivate key talent. Contact us to develop a customized plan that works for your business.

281.378.1350

[GET IN TOUCH](#)

Compensation Services  
Incentive Plan Design  
Litigation Support  
Strategic & Governance Advisory  
Restructuring Services

## Get to Know Us

**Stephanie Noman**  
PROJECT MANAGER

**Hometown:** La Porte, TX

**Alma Mater:** Sam Houston State University

**Pets (types, breeds, names):** 3 cats – Pocket, Luna and Jaxon...all rescues who like to try and crawl in my lap while I'm working.

**What are you passionate about?** Spending time with my family whenever possible.

**What's a fun fact about you most people don't know?** I started playing soccer in elementary school and through high school and then again as an adult when I joined a coed team with my husband, sister and brother-in-law.

