

Internet Appendix

for

The Ownership and Trading of Debt Claims in

Chapter 11 Restructurings

This appendix contains details of data originally received from claims administrators, detailed information on the sample of bankruptcies analyzed in the paper, some additional results and robustness tests of the results reported in the paper. Table IA.1 lists the 136 bankrupt firms in our sample and provides information on each bankruptcy, including the filing and exit dates, size at filing, the bankruptcy outcome, and the identification and role of hedge fund involvement in the bankruptcy. Table IA.2 shows how ownership by different types of creditors varies both within and across credit classes. Table IA.3 reports the frequency with which investors observed holding Chapter 11 claims at the filing of the schedules of assets and liabilities and the tabulation of votes on the plan of reorganization also participate in strategic events associated with the Chapter 11 restructuring. Table IA.4 examines the factors that influence whether a given 3001(e) claim is traded. Table IA. 5 shows how the results in Table 5 would be affected by the exclusion of the industry fixed effects.

Data for the study were made available by four leading providers of restructuring and insolvency administrative services: BMC Group, EPIQ Bankruptcy Solutions, Donlin Recano & Company, and Kurtzman Carson Consultants (KCC). These firms made available to us an electronic version of the claims register, voting tabulations, and claims transfers for each bankruptcy. The information from each administrator was largely the same and compiling it together is unlikely to bias our results. However, the format of the data varies for each provider. Below we illustrate details of the different data formats and how we identify if a given claim was allowed to vote, if it was transferred in bankruptcy, and if a given claimholder was a trustee for public bond-holders.

BMC Group (43 bankruptcy cases; 36 cases with complete register and tabulation data)

For each bankruptcy case, BMC Group provided data that contained information from the credit register (t_1), voting tabulations (t_2) and transfers in one consolidated dataset. There are two BMC cases for which no register data was received, and five cases with no tabulation data. So we can unambiguously track each claim from t_1 to t_2 for 36 cases. The following is a simple example of what the data actually looks like:

Creditor	Amount	Claim type	Transferee	Voting plan class	Amount accepting	Amount rejecting	Amount abstaining
Fleet National Bank	\$150,000	Secured					
Nelson, Arthur	\$58,000	Unsecured	Sierra Liquidity Fund	5	\$58,000		
The Bank of New York as trustee	\$1,600,000	Unsecured		5	\$980,000	\$600,000	\$20,000

In this example, Fleet National’s claim was not transferred nor was it allowed to vote. Arthur Nelson’s claim of \$58,000 was sold to Sierra Liquidity Fund. This claim was allowed to vote on the plan of reorganization as part of voting class 5. We use information from the disclosure statement filed with the court to determine what types of claims constitute this voting class (e.g., general unsecured claims).

The Bank of New York claim illustrates a case in which the bank is acting as a custodian. We identify these cases by searching in the creditor name for the terms “trustee” and “custodian” (or

abbreviations of these). In addition, we identified trustees of public bond issues by examining the disclosure statements which typically outline the basic pre-petition capital structure of the debtor. Also note that since this claim represents multiple public bonds, portions of the claim can accept, reject, and abstain from voting, depending on how each bondholder reported his vote to the Bank of New York.

Donlin Recano & Company (10 bankruptcy cases)

Similar to BMC Group, Donlin Recano provided data in a single dataset for each case. However, Donlin Recano only provided information on claims that were permitted to vote (i.e., in our example, Donlin Recano records would be missing Fleet National Bank).

EPIQ Bankruptcy Solutions (52 bankruptcy cases)

The data provided by EPIQ came in two datasets, the claims register and the voting tabulation. Claim trading was tracked within the register as in the following example:

Creditor	Amount	Claim type
Fleet National Bank	\$150,000	Secured
Nelson, Arthur; fully transferred to: Sierra Liquidity Fund	\$58,000	Unsecured
The Bank of New York as trustee	\$1,600,000	Unsecured

To determine whether a claim was traded, we searched for the term “transferred” in the creditor name and/or address. Based on the search results we created a record of buyers and sellers. This record is additionally cross-checked with the information in the voting-tabulation file as the transferred claims only show the name of the claim buyer. Using the same example, a voting tabulation from EPIQ would look like:

Creditor	Amount	Voting plan class	Amount accepting	Amount rejecting	Amount abstaining
Sierra Liquidity Fund	\$58,000	5	\$58,000		
The Bank of New York as trustee	\$1,600,000	5	\$980,000	\$600,000	\$20,000

From this example, we also see that Fleet National Bank's claim does not appear in the voting tabulations. This enables us to conclude that Fleet's claim was not allowed to vote. There is no unique identifier that would allow us to merge the tabulation to the credit register. We merge the two sets together by creditor name and claim amount. This procedure however is not without caveats because creditor names are not always consistent between the two datasets, claim amounts can change somewhat (e.g., due to accrued interest, or portions of claims that are disallowed), and the presence of multiple claims held by the same creditor for the same amount.

Kurtzman Carson Consultants (31 bankruptcy cases)

KCC provided us with three datasets for each case identifying claims at register, voter tabulation, and a list of transferred claims. The claims register and voter tabulations look very similar to those provided by EPIQ, except that the claims register contains no information on whether a claim was transferred, since this information is kept in the third dataset. Again there is no unique identifier that allows us to match the three datasets together, and inconsistencies in names and amounts could potentially introduce an error in matching.

While we received our data privately in an easily readable electronic format, all of the data are also available publically in flat-text or scanned-text format through the U.S. Public Access to Court Electronic Records (PACER) system of bankruptcy filings, the disclosure of which is regulated by the Federal Rules of Bankruptcy Procedure. All documents disclosed in a bankruptcy filing—including the schedules of assets and liabilities, and voting tabulations—are public information and can be accessed on-line using PACER. This makes PACER an immensely rich source of information. However, data from filings are not organized in any way that allows for easy assimilation, and instead are stored as separate PDFs numbered according to how and when they appear in the court docket. As a result, there are thousands of scanned documents per case, and there is no other way of finding the relevant information, except by individually reviewing each one of these files. For example, to give a sense of how the list of files could grow very rapidly, each filing of a 3001(e) proof of claim transfer would be entered as a

separate document, as would any filing that would be object to the transfer. Although the docket is easily searchable and provides short descriptions of each filing, for our analysis, which relies on identification of individual creditors and detailed bankruptcy outcomes, we need the access to the documents themselves.

Table IA.1

List of bankruptcy cases in the sample.

This table lists the 136 bankrupt firms in our sample and provides information on each bankruptcy, including the filing and exit dates, size at filing, the bankruptcy outcome, and the identification and role of hedge fund involvement in the bankruptcy. The debtors are grouped by their single-digit SIC code and sorted chronologically by filing date within the groupings. *Assets at filing* is the self-reported asset size of the firm, recorded on the voluntary petition for Chapter 11 protection. *Outcome* references whether the firm is reorganized within Chapter 11, sold as a going-concern to a financial or strategic buyer, or liquidated piecemeal. *Hedge funds (our data)* indicates whether we observe hedge fund holdings in the debtor at the filing of the schedules of assets and liabilities (t_1), or at the tabulation of votes on a plan of reorganization (t_2), or both. *Hedge funds (public sources)* lists the hedge funds involved in the case if a public source, such as *The Deal Pipeline* or the bankruptcy disclosure statement, identifies the hedge fund. *Hedge funds' role (public sources)* uses the same public source to group the stated role of the hedge funds in the case into whether the hedge fund was the acquirer in a Section 363 sale, a controlling equity owner upon exiting a Chapter 11 reorganization, a DIP lender, a provider of debt financing upon exiting a Chapter 11 reorganization, or a provider of equity financing through a rights offering upon exiting a Chapter 11 reorganization.

Filing Date	Debtor	Assets at filing (\$US Millions)	Pre-pack	Exit Date	Outcome	Hedge funds (our data)	Hedge funds (public sources)	Hedge funds' role (public sources)
<u>Mining & construction:</u>								
11/13/2002	Horizon Natural Resources	--		9/30/2004	Sold to financial buyer	t_1, t_2	W.L. Ross & Co.	Acquirer in Section 363 sale
9/25/2003	JA Jones	--		8/18/2004	Liquidated	--	--	--
10/29/2006	IE Liquidation/Ideal Electric	\$22.60		5/26/2007	Sold to strategic buyer	t_1, t_2	--	--
12/12/2008	CDX Gas	\$500.00		9/22/2009	Reorganized	t_2	--	--
<u>Manufacturing:</u>								
4/2/2001	W.R. Grace & Co.	\$2,584.90		--	In process	t_1, t_2	--	--
6/28/2001	360 Networks	\$6,326.00		11/12/2002	Reorganized	t_2	W.L. Ross & Co.	Controlling investor at exit
11/2/2001	General Datacomm Ind.	\$64.00		9/15/2003	Reorganized	t_2	Ableco Finance (Cerberus)	Exit debt financing
12/5/2001	Hayes Lemmerz Intern.	\$2,800.00		6/3/2003	Reorganized	t_1	Apollo Management	Controlling investor at exit
3/12/2002	Zenith Industrial	\$166.00		5/22/2002	Sold to financial buyer	--	Questor Management	Acquirer in Section 363 sale
3/13/2002	Guilford Mills	\$551.10	Yes	9/30/2002	Reorganized	--	--	--
4/15/2002	Exide	\$2,100.00		5/5/2004	Reorganized	t_2	R2 Top Hat, Silver Oak	Controlling investor at exit
5/31/2002	Farmland	\$2,700.00		5/1/2004	Liquidated	t_1	--	--
6/8/2002	DESA Holdings	\$235.00		4/1/2005	Sold to financial buyer	t_1, t_2	H.I.G. Capital Management	Acquirer in Section 363 sale
11/15/2002	Oakwood Homes	\$812.00	Yes	4/20/2004	Sold to financial buyer	t_2	Greenwich Capital Markets, Ranch Capital, Berkshire Hathaway	DIP lender
5/19/2003	Weirton Steel	\$696.00		8/24/2004	Sold to financial buyer	--	W.L. Ross & Co.	Acquirer in Section 363 sale
7/15/2003	Loral Space Communications	\$2,654.00		11/21/2005	Reorganized	t_1	--	--
8/20/2003	Ddi Corp.	\$203.00	Yes	12/12/2003	Reorganized	t_2	Symphony Asset Management, Courage Capital, Pacific Edge Investment	Controlling investor at exit
8/26/2003	Met-Coil Systems	\$50.00		10/19/2004	Reorganized	--	--	--
3/31/2004	Dan River	\$441.80		2/14/2005	Reorganized	t_1, t_2	Ableco Finance (Cerberus)	Exit debt financing
9/1/2004	Techneglas	\$100.00		11/1/2005	Reorganized	t_1, t_2	--	--
9/3/2004	Quigley (Pfizer Sub)	\$155.20		--	Liquidated	--	--	--
12/16/2004	Tropical Sportwear	\$247.10		5/17/2005	Sold to strategic buyer	--	--	--
5/17/2005	Collins & Aikman Corp	\$3,196.70		10/12/2007	Liquidated	t_1, t_2	--	--
7/26/2005	Protocol Services	\$140.50		1/1/2006	Reorganized	t_2	Bayside Recovery	Controlling investor at exit
12/1/2005	Nobex Corp.	\$10.00		10/11/2006	Sold to strategic buyer	--	--	--

Table IA.1 (continued)

2/10/2006	JL French	\$341.40	Yes	6/30/2006	Reorganized	t_1	--	--	
3/3/2006	Dana Corporation	\$7,900.00		2/1/2008	Reorganized	t_1, t_2	Centerbrige Partners, Avenue Capital, Silver Point, Quadrangle	Equity rights offering participant, controlling investor at exit	
4/10/2006	Global Home Products	\$472.50		2/15/2008	Reorganized	t_2	Global Home Product Investors (Cerberus)	Controlling investor at exit	
7/27/2006	Source Enterprises	\$4.30		10/2/2007	Reorganized	--	Greenwich Street Corporate Growth Partners	DIP lender, controlling investor at exit	
8/17/2006	Weld Wheel Industries	\$31.70		6/5/2007	Sold to strategic buyer	--	--	--	
8/21/2006	Radnor Holdings	\$361.50		11/29/2006	Sold to financial buyer	t_1, t_2	Silver Point Capital, Tennenbaum Capital Partners	DIP lender, controlling investor at exit	
8/31/2006	Portrait Corporation of America	\$153.20		7/17/2007	Sold to strategic buyer	--	--	--	
9/20/2006	CEP Holdings	\$20.00		5/27/2007	Liquidated	--	--	--	
10/30/2006	Dura Automotive Systems	\$1,990.00		6/27/2008	Reorganized	t_1, t_2	Blackstone Distressed Securities/GSO Capital Partners, Pacificor	Exit debt financing, controlling investor at exit	
1/29/2007	PT Holdings Company	\$153.70		8/28/2007	Reorganized	t_1, t_2	Golden Tree Asset Management, Catalyst Investment, Delaware Investment Company	DIP lender, equity rights offering, controlling investor at exit	
8/16/2007	Quaker Fabric	\$155.20		8/27/2008	Liquidated	t_1	GB Merchant Partners	DIP lender	
11/9/2007	Levitt and Sons	\$411.00		2/20/2009	Liquidated	t_1	--	--	
1/7/2008	Heartland Automotive	\$334.00		1/16/2009	Reorganized	--	Quad C Partners	Controlling investor at exit	
1/28/2008	American LaFrance	\$189.00		7/23/2008	Reorganized	t_1	Patriarch Partners	DIP lender, exit debt financing, controlling investor at exit	
2/22/2008	Wellman	\$124.30		1/31/2009	Reorganized	t_2	Sola	Exit debt financing, controlling investor at exit	
3/5/2008	Ziff Davis Media	\$313.00	Yes	7/1/2008	Reorganized	t_1, t_2	--	--	
3/16/2008	Shapes-Arch Holdings	\$0.10		8/8/2008	Sold to financial buyer	t_1	H.I.G. Capital Management	Acquirer in Section 363 sale	
3/30/2008	AMPEX Corporation	\$26.50	Yes	10/3/2008	Reorganized	t_1, t_2	Hillside Capital	Exit debt financing, controlling investor at exit	
4/4/2008	Sturgis Iron & Metal Co.	\$23.40		5/4/2009	Liquidated	--	--	--	
4/23/2008	Kimball Hill	\$795.50		3/24/2009	Liquidated	t_1	--	--	
7/8/2008	Syntax-Brilliant Corporation	\$175.70		7/7/2009	Liquidated	--	Silver Point Capital	DIP lender	
7/15/2008	Pierre Foods	\$304.20		12/12/2008	Reorganized	t_2	Oaktree Capital Management	DIP lender, controlling investor at exit	
8/27/2008	NetEffect	\$1.00		6/1/2009	Sold to strategic buyer	t_1, t_2	--	--	
11/13/2008	The Antioch Company	\$66.40	Yes	2/6/2009	Reorganized	--	--	--	
12/30/2008	Constar International	\$420.00	Yes	5/29/2009	Reorganized	--	--	--	
1/2/2009	Recycled Paper Greetings	\$100.00	Yes	2/24/2009	Sold to strategic buyer	t_1	--	--	
2/21/2009	Journal Register Company	\$142.20	Yes	8/7/2009	Reorganized	t_2	--	--	
3/16/2009	Masonite Corporation	\$1,527.50	Yes	6/9/2009	Reorganized	--	--	--	
Services:									
7/19/1998	FPA Medical	\$831.20	Yes	6/1/1999	Sold to strategic buyer	--	--	--	
11/27/2002	Genuity	\$1,940.00	Yes	2/4/2003	Sold to strategic buyer	--	--	--	
1/19/2005	American Banknote Corp	\$124.70	Yes	4/8/2005	Reorganized	--	Bay Harbour Investments, Highland Capital Management	Controlling investor at exit	
2/18/2005	Access Cardiosystems	\$10.00		5/25/2007	Reorganized	--	--	--	
5/31/2005	WATTS Health Foundation	\$54.80		5/2/2007	Sold to strategic buyer	t_1, t_2	--	--	

Table IA.1 (continued)

7/5/2005	St. Vincent's Medical Centers	\$971.90		8/31/2007	Reorganized	t_1, t_2	--	--	
9/30/2005	The Brooklyn Hospital	\$233.00		10/23/2007	Reorganized	t_2	--	--	
4/16/2007	Bayonne Medical Center	\$88.00		2/1/2008	Sold to strategic buyer	--	--	--	
1/23/2008	PRC	\$354.00	Yes	6/30/2008	Reorganized	t_2	Silver Point Capital, Bayside Capital, and Babson Capital	Exit debt financing, controlling investor at exit	
2/14/2008	Charys Holding	\$245.00	Yes	3/12/2009	Reorganized	t_1, t_2	--	--	
3/10/2008	Terisa Systems	\$12.00	Yes	5/5/2008	Reorganized	--	--	--	
3/11/2008	Louisiana Riverboat Gaming	\$250.40		6/17/2009	Reorganized	t_2	--	--	
5/5/2008	Tropicana Entertainment	\$2,840.00		7/1/2009	Reorganized	t_1	Silver Point Capital, Icahn Capital	DIP lender, exit debt financing, controlling investor at exit	
7/7/2008	National Dry Cleaners	\$0.50		5/31/2009	Liquidated	--	--	--	
1/12/2009	Apex Silver Mines	\$721.30	Yes	3/24/2009	Reorganized	t_2	Gilder, Gagnon, and Howe Co., Sentient Executive Group	Controlling investor at exit	
<u>Transportation, communication, and utilities:</u>									
5/21/2001	Teligent	\$1,200.00		9/12/2002	Reorganized	--	--	--	
11/13/2001	ANC Rental	\$6,497.50		4/6/2004	Sold to financial buyer	--	Cerberus Capital Partners	Acquirer in Section 363 sale	
1/28/2002	Global Crossing	\$22,400.00		12/9/2003	Sold to strategic buyer	t_1, t_2	--	--	
12/19/2002	Focal Communications	\$561.00		7/7/2003	Reorganized	t_1, t_2	Madison Dearborn, Frontenac	Controlling investor at exit	
3/14/2003	TWI	--		5/27/2005	Liquidated	t_1	--	--	
6/19/2003	Touch America	\$1,608.10		10/4/2004	Liquidated	t_2	--	--	
7/8/2003	National Energy & Gas	\$7,613.00		10/29/2004	Reorganized	t_1, t_2	--	--	
7/8/2003	USGEN New England	\$2,337.40		6/1/2005	Liquidated	t_1, t_2	--	--	
9/14/2003	Northwestern Corporation	\$2,624.90		11/1/2004	Reorganized	t_1, t_2	--	--	
9/12/2004	US Airways	\$8,806.00		9/27/2005	Sold to strategic buyer	--	Wellington Management, Par Investment Partners, Peninsula Investment, Tudor Investment	Exit debt financing, equity rights participant	
9/14/2005	Delta Air Lines	\$21,561.00		4/30/2007	Reorganized	t_1, t_2	--	--	
9/14/2005	Northwest Airlines	\$14,352.00		5/31/2007	Reorganized	t_1, t_2	--	--	
9/23/2005	Entergy New Orleans	\$703.20		5/8/2007	Reorganized	t_2	--	--	
11/7/2005	FLYi/Atlantic Coast Airlines	\$378.50		3/30/2007	Liquidated	--	--	--	
12/20/2005	Calpine Corporation	\$26,628.80		1/31/2008	Reorganized	t_1	Harbinger Capital	Controlling investor at exit	
1/25/2006	Leaseway Motorcar Transport	\$177.70		1/29/2007	Reorganized	t_2	Yucaipa Cos.	Controlling investor at exit	
10/15/2006	Sea Containers	\$1,700.00		2/11/2009	Reorganized	t_1, t_2	Dune Capital, Trilogy Capital, Caspian Capital Partners	DIP lender	
10/15/2007	Kitty Hawk	\$40.00		7/9/2008	Liquidated	t_1	Laurus Master Fund	DIP lender	
11/8/2007	SN Liquidation	\$97.00	Yes	10/22/2008	Sold to financial buyer	--	Versa Capital Management	DIP lender, controlling investor at exit	
11/19/2007	Performance Transport	\$20.50		7/14/2008	Liquidated	--	Black Diamond Capital	DIP lender	
12/24/2007	Maxjet	\$14.80		8/13/2009	Liquidated	--	--	--	
4/2/2008	ATA Airlines	\$250.40		3/31/2009	Liquidated	t_1	--	--	
4/5/2008	Skybus Airlines	\$100.00		4/17/2009	Liquidated	t_1	--	--	
4/26/2008	EOS Airlines	\$70.20		2/18/2009	Liquidated	--	--	--	
<u>Wholesale & retail trade:</u>									
10/12/2001	Polaroid Corp.	\$1,800.00		7/31/2002	Sold to financial buyer	--	Wingate Partners, One Equity Partners	DIP lender, controlling investor at exit	

Table IA.1 (continued)

12/2/2001	Enron	\$24,700.00		11/17/2004	Sold to strategic buyer	t_1		
1/22/2002	Kmart	\$16,287.00		5/6/2003	Reorganized	t_1, t_2	ESL Investments, Third Avenue Trust	Equity rights offering participant, controlling investor at exit
10/1/2002	Agway	\$1,574.40		5/3/2004	Liquidated	--		
1/31/2003	American Commercial Lines	\$838.90		1/11/2005	Reorganized	t_1, t_2	HY Investments (Sam Zell)	Controlling investor at exit
4/1/2003	Fleming Companies	\$4,200.00		8/23/2004	Reorganized	t_1, t_2	Sankaty	Exit debt financing, controlling
5/13/2003	Orion Refining	\$691.00		6/25/2004	Liquidated	--	--	--
5/30/2003	The Penn Traffic Company	\$742.00		4/13/2005	Reorganized	--	--	--
10/8/2003	Chi-Chi's	\$50.00		12/27/2005	Liquidated	t_2	--	--
10/29/2003	Piccadilly	\$159.00	Yes	2/13/2004	Sold to financial buyer	t_2	Yucaipa	Acquirer in Section 363 sale
1/20/2004	Wickes	\$155.50		12/18/2007	Liquidated	--	Sagamore Hill Capital Management, Highland Capital, Contrarian Funds	DIP lender
4/29/2004	Women First Healthcare	\$49.10		12/28/2004	Liquidated	t_1	Whitney Private Debt Fund	DIP lender
6/14/2004	ACR Management	\$100.00	Yes	1/31/2005	Reorganized	t_1, t_2	Carl Marks Strategies	Controlling investor at exit
6/15/2004	Kiel Bros. Oil Comp.	\$50.20		12/29/2006	Liquidated	--	--	--
11/4/2004	Rhodes Inc.	\$50.00		5/23/2006	Liquidated	--	--	--
1/11/2005	Ultimate Electronics	\$329.10		1/11/2006	Sold to strategic buyer	t_1	--	--
4/8/2005	Norstan Apparel	\$19.60		8/20/2008	Liquidated	t_2	--	--
7/11/2005	GT Brands Holding	\$208.80		9/6/2006	Liquidated	--	--	--
1/12/2006	Musicland	\$371.50		1/18/2008	Liquidated	t_1, t_2	--	--
1/25/2006	G+G Retail	\$83.60	Yes	12/7/2006	Sold to strategic buyer	t_1, t_2	Prentice Capital Management	DIP lender
2/3/2006	Glazed Investment	\$28.60	Yes	6/13/2006	Sold to strategic buyer	--	--	--
12/29/2006	Advanced Marketing Services	\$100.00		11/15/2007	Liquidated	t_2	Marathon Structured Finance Fund	DIP lender
10/16/2007	Movie Gallery	\$892.00	Yes	5/20/2008	Reorganized	t_2	Sopris Capital Advisors	Exit debt financing, controlling investor at exit
1/22/2008	Buffets Holdings	\$963.00		4/28/2009	Reorganized	t_2	--	--
2/7/2008	Manchester	\$131.60		6/23/2008	Reorganized	--	Palm Beach Multi Strategy Fund	Controlling investor at exit
3/26/2008	Hoop Retail Stores	\$100.00		12/15/2008	Liquidated	t_1	--	--
5/2/2008	Linens 'n Things	\$1,740.40		6/15/2009	Liquidated	t_1	Hilco Consumer Capital/Gordon Brothers Brands	Acquirer in Section 363 sale
8/20/2008	Hines Horticulture	\$297.40		4/10/2009	Sold to financial buyer	--	Black Diamond Capital	Acquirer in Section 363 sale
10/6/2008	Paper International	\$100.00		6/20/2009	Reorganized	--	--	--
11/24/2008	T H Agriculture & Nutrition	\$78.00		11/30/2009	Reorganized	--	--	--
1/5/2009	Blue Tulip	\$6.70		6/5/2009	Liquidated	t_1, t_2	--	--
1/5/2009	Smitty's Building Supply	\$21.20		6/29/2009	Reorganized	--	--	--
<u>Finance, insurance, and real estate:</u>								
10/31/2000	PRS Insurance Group			3/2/2007	Liquidated	--	--	--
12/17/2002	Conseco	\$1,794.80		9/10/2003	Reorganized	t_1, t_2	Cerberus Capital, Fortress Investment, JC Flowers, Appaloosa	DIP lender, controlling investor at exit
9/8/2003	DVI Inc	\$1,870.00		11/24/2004	Liquidated	--	Ableco Finance (Cerberus)	DIP lender
3/6/2006	Plus Funds Group	\$7.80		8/2/2007	Liquidated	t_1	DIP Funding Group, Sphinx Funding Group	DIP lender, exit debt financing
4/13/2006	USA Commercial Mortgage	\$100.00		3/12/2007	Sold to financial buyer	--	Compass Partners	Acquirer in Section 363 sale
12/28/2006	Ownit Mortgage Solutions	\$696.60		1/16/2008	Liquidated	--	--	--

Table IA.1 *(continued)*

2/5/2007	Mortgage Lenders Network	\$464.80		6/10/2009	Liquidated	--	--	--
7/30/2007	New 118 th	\$2.70		--	In process	--	--	--
8/6/2007	American Home Mortgage	\$20,553.90		2/12/2009	Liquidated	t_1, t_2	W.L. Ross & Co.	DIP lender
9/28/2007	NetBank	\$87.20		10/3/2008	Liquidated	--	--	--
2/10/2008	Cornerstone Ministries Invest.	\$159.10		9/25/2009	Liquidated	t_1	--	--
3/31/2009	USI Senior Holdings	\$50.00	Yes	6/30/2009	Reorganized	t_2	--	--

Table IA.2

Distribution of ownership within and across credit classes.

This table shows how ownership by different types of creditors varies both within and across credit classes. Panel A shows how ownership by different institutional types varies *within* a given type of credit claim (secured, unsecured, etc.). For example, on average 43.4% of all claims owned by banks are secured claims at t_1 . Panel B reports how ownership by a given institutional type is distributed *across* identified types of credit in the capital structure. For example, 42.9% of all secured claims are owned by banks at t_1 . Identification of credit types at t_1 comes directly from the classification in the Schedules and claims register, while identification of types at t_2 comes from description of credit classes contained in the plan of reorganization. The class of general unsecured claims often contains notes and trade claims, while in some cases these classes separated out from other unsecured claims and can thus be identified separately.

Panel A: Creditors' ownership within credit class

Creditor institutional type:	At filing of Schedule of Assets and Liabilities (t_1), all creditors				At votes tabulation (t_2), voting creditors only								
	Secured	Unsecured	Other	Total:	Loans	Senior notes	General unsecured claims	Trade claims	Employee/Pension	Tort	Equity	Other	Total:
Banks	43.39	52.94	3.66	100	38.62	16.19	42.32	0.61	0.00	0.00	1.07	1.19	100
Trade creditors	9.50	84.76	5.74	100	13.72	5.80	69.51	3.61	0.68	3.91	2.51	0.27	100
Bond custodians	21.00	74.55	4.45	100	24.07	31.20	37.85	2.17	0.00	2.17	2.53	0.00	100
Active investors:													
Asset managers	17.75	76.80	5.45	100	36.65	10.76	47.36	0.62	1.37	1.37	1.87	0.00	100
Hedge funds	11.03	84.77	4.20	100	35.19	9.34	53.29	1.68	0.00	0.00	0.00	0.50	100

Panel B: Creditors' ownership across credit class

Banks	42.91	11.70	4.45	--	34.52	39.20	12.96	15.37	0.00	0.00	13.45	4.55	--
Trade creditors	16.69	29.77	19.50	--	17.64	6.15	38.92	58.40	4.92	32.01	34.74	18.67	--
Bond custodians	9.01	13.69	3.00	--	1.58	17.32	4.01	0.03	0.00	3.40	20.87	0.00	--
Active investors:													
Asset managers	7.93	6.11	2.42	--	12.91	3.63	5.73	0.28	12.50	0.22	4.08	0.00	--
Hedge funds	1.75	2.28	0.46	--	8.46	4.49	2.98	1.73	0.00	0.00	0.00	4.14	--
Total:	78.29	63.55	29.82		75.12	70.79	64.61	75.81	17.42	35.63	73.13	27.36	

Table IA.3

Links between Claimholders and Chapter 11 Financing and Control Events.

This table reports the frequency in which investors observed holding Chapter 11 claims at the filing of the schedules of assets and liabilities (t_1) and the tabulation of votes on the plan of reorganization (t_2) also participate in strategic events associated with the Chapter 11 restructuring. The strategic events include providing financing to the bankrupt firm, either as debtor-in-possession (DIP) financing during the case or as new debt and equity financing at bankruptcy exit, and acquiring the firm via a 363 sale. We derive the data on participations in strategic events from public news sources, such as *The Deal Pipeline*, and the debtor's bankruptcy disclosure statement.

Event:	Total number of events	Proportion of events including a claimant	
		At filing of Schedule of Assets and Liabilities (t_1), all creditors	At votes tabulation (t_2), voting creditors only
DIP loan	95	58.9%	34.7%
Exit financing (debt)	37	51.4%	45.9%
Exit financing (equity)	10	50.0%	70.0%
Acquirer in Section 363 Sale	34	11.8%	2.9%

Table IA.4**What determines that a claim is traded?**

This table presents a set of probit regressions analyzing the likelihood that a given claim is traded. The dependent variable is equal to 1 if the claim was sold and 0 otherwise. The focus is on the size of the claims and, specifically, on the size of trade claims (*Owned by trade creditors*). Claims are sorted in terciles. Claims in the bottom size-tercile (between \$50 and \$100 thousand) are considered to be small; claims in the top size-tercile (claims above \$300 thousand) are considered to be large. A *Mid-size claim* is between \$100 and \$300 thousand. (Remember that we exclude claims below \$50 from the analysis.) Reported coefficients are marginal effects; 0.1 stands for a 10% percentage point change in the dependent variable. *Active investors* include asset management firms, hedge funds, and PE-affiliated funds. Omitted category (other creditors) includes all claims owned by: custodian banks, potentially financial creditors, insurance, real estate, other financial, government, intra company, and unknown. The institutional type is defined at the parent level. The analysis is at the claim level; i.e., there are multiple claims per bankruptcy. All regressions include industry fixed effects. Standard errors are clustered by bankruptcy. ***, **, and * indicate statistical significance at 1%, 5%, and 10% level, respectively.

Dependent variable:	1 if the claim was traded, 0 otherwise	
	(1)	(2)
Mid-size claim	-0.073* (0.047)	-0.105** (0.056)
Large claim	-0.044 (0.042)	-0.079* (0.053)
Owned by:		
Trade creditors	0.030*** (0.013)	-0.054 (0.038)
Banks	0.241*** (0.069)	0.266*** (0.081)
Active investors	0.271*** (0.102)	0.285*** (0.106)
Persons	0.067 (0.081)	0.046 (0.067)
Owned by trade creditors* Mid-size claim	--	0.238** (0.160)
Owned by trade creditors * Large claim	--	0.197** (0.131)
Portion of claim that is secured	0.006 (0.040)	0.007 (0.039)
Portion of claim that is unsecured	0.131*** (0.071)	0.128*** (0.068)
Observations	78,933	78,933
Pseudo <i>R</i> -squared	0.10	0.12

Table IA.5**Robustness: Impact of industry fixed effects.**

This table shows how the results in Table 5 would be affected by the exclusion of the industry fixed effects. In Panel A, we display the coefficient on *Creditor concentration* (t_1) both with and without industry fixed effects. In Panel B, we display how the exclusion of industry fixed effects impacts the overall *R*-squared of the regressions. Note that the *R*-squared reported in Table 5 (and other tables in the paper) is the *within* industry *R*-squared, while the values reported in Panel B of this table are overall *R*-squared.

Panel A: Coefficient on Creditor concentration (t_1)

Dependent variable	With industry fixed effects	Without industry fixed effects
Prearranged bankruptcy	0.371*** (0.089)	0.351** (0.095)
Time in bankruptcy	-6.671** (2.24)	-7.439** (2.496)
Reorganized	0.389** (0.135)	0.485** (0.140)
Sold	0.073 (0.297)	0.065 (0.253)
Liquidated	-0.465 (0.353)	-0.555 (0.332)
Recovery rate	-1.096 (0.616)	-0.884 (0.585)

Panel B: R-squared

Dependent variable:	With industry fixed effects	Without industry fixed effects
Prearranged bankruptcy	0.123	0.066
Time in bankruptcy	0.396	0.377
Reorganized	0.316	0.244
Sold	0.171	0.127
Liquidated	0.293	0.196
Recovery rate	0.188	0.138