

Bankruptcy MVP: Willkie Farr's Matthew Feldman

By **Max Stendahl**

Law360, New York (December 10, 2014, 6:28 PM ET) --



Willkie Farr & Gallagher LLP's Matthew Feldman helped private equity-owned Momentive Performance Materials Inc. secure court approval for its plan to exit bankruptcy \$3 billion lighter in debt, a hotly debated, blockbuster ruling that earns him a spot among Law360's list of Bankruptcy MVPs.



Matthew Feldman

Feldman, who joined Willkie Farr in 1991 and became a partner in 1998, led a team representing Momentive in its Chapter 11 case in New York. Bankruptcy Judge Robert Drain approved the company's plan on Aug. 26 in a four-hour bench ruling, rejecting challenges from creditor groups.

The ruling, which followed a four-day confirmation hearing, quickly became the talk of the bankruptcy bar. In approving so-called cramdown provisions of Momentive's plan, Judge Drain applied the Supreme Court's landmark 2004 decision in *Till v. SCS Credit Corp.* regarding the formula for determining interest rates for secured creditors.

Judge Drain's ruling has since been appealed. If the decision is affirmed, Feldman said, it could broadly affect how debtors and secured creditors negotiate cramdown provisions for years to come.

Feldman, who co-chairs Willkie Farr's business reorganization and restructuring department and is a member of the firm's executive committee in its New York office, said he was somewhat surprised that Momentive and the objectors were unable to have a "vibrant" negotiation before the hearing.

"They were quite dug in on their positions," Feldman said. "We spent the back end of July and August preparing for this significant and substantial hearing."

But once the hearing began, Feldman added, "I felt confident we were going to get the ruling that we wanted."

Momentive, which makes silicone and quartz products, filed for bankruptcy in April 2014. Before the filing, Feldman led the negotiations and documentation for the prenegotiated plan to wipe out \$3 billion

in debt. The proposed deal included a \$600 million rights offering and either \$1.3 billion in exit financing or the issuance of replacement cramdown notes to certain senior secured creditors.

Judge Drain, in his August ruling, rebuffed challenges by two creditor groups: senior subordinated noteholders owed \$382 million that would be wiped out under the plan, and first-lien and so-called 1.5-lien noteholders that were trying to collect make-whole premiums of about \$200 million on their debt.

Under Momentive's plan, a fourth creditor group, second-lien noteholders holding about \$1.3 billion in 9 percent notes, would gain control of Momentive by swapping their debt for equity in the reorganized company. The plan pays nothing to creditors including Aurelius Capital Management LP and Blue Mountain Capital Management LLC, which hold 11.5 percent senior subordinated unsecured notes due in 2016.

In addition to the high-profile Momentive case, Feldman earned MVP honors in 2014 by representing investment firm TPG Opportunities Partners LP and Citigroup Financial Products Inc. in relation to the out-of-court restructuring of Pocahontas Parkway, a toll road in Richmond, Virginia.

In 2013, TPG and Citigroup acquired minority positions in a \$307 million senior secured debt facility issued by Transurban, then the toll road's owner. A complex restructuring transaction left TPG and Citigroup with 50 percent of the equity and debt of a newly formed entity, Pocahontas Parkway Holdings.

"We embarked on what turned out to be a very difficult, very arduous negotiation where we were constantly threatening chapter 11," Feldman recalled. "But ultimately, it was probably in no one's interest to actually file."

Feldman added that the toll road case was "the antithesis of Momentive."

"It took both hard negotiations and at times cajoling negotiations to get the deal done," he said, "and we were successful in doing it."

--Editing by Chris Yates.