

## Overview

Effective March 1, 2012, a new kind of reorganization proceeding has turned German bankruptcy law around. Partly modeled after Chapter 11 of the US Bankruptcy Code, the protective shield proceeding (“Schutzschirmverfahren”) as debtor-in-possession (“Eigenverwaltung”) is already regarded as the most restructuring-friendly legal option available in Germany for distressed companies.

Crucially, in a protective shield proceeding, management stays in charge, only with a court-appointed custodian at its side as a kind of supervisor. It is a swift procedure, giving the debtor a chance to work out a plan of reorganization within three months or less, putting it up for a vote of the creditors shortly thereafter.

Hence, when you need to reorganize a company in Germany as a debtor-in-possession in a short time frame, there is now a better legal avenue to do so—and Dentons knows the way. If you are a creditor, Dentons knows how the proceedings work and will guide and protect you through it.

Dentons’ lawyers in Germany have considerable hands-on experience, advising debtors, as well as creditors, in several protective shield proceedings.

As the protective shield proceeding is embedded into general German bankruptcy law and procedure, any advice requires specialized bankruptcy lawyers with deep knowledge of, and experience in, the whole range of German bankruptcy law, representing debtors and creditors from multiple perspectives—and this is exactly what Dentons offers.

To help you avail yourself of the benefit from a protective shield proceeding, we:

- advise creditors on the best possible ways to protect their legal rights and interests
- assess whether a protective shield proceeding would be a suitable remedy for you—financially and legally
- ensure that a proper filing is made on time and an appropriate custodian is proposed to the court
- know how to engage early with the major stakeholders, banks and employees to garner their support and contributions for the sustainable reorganization of the company
- offer in-depth experience drafting appropriate plans of reorganization that can be approved by the creditors and the bankruptcy court
- know how to successfully negotiate with shareholders and potential investors concerning capital measures undertaken with the plan of reorganization
- have long-standing court experience that is necessary for ensuring that the objectives of the envisaged reorganization are approved by the bankruptcy judges

## Representative Experience

- **Bfw Blechformwerke Bernsbach GmbH:** Advising on protective shield proceeding during the acquisition by Melegny & Cie. Automotive GmbH.
- **Decor Druck Leipzig GmbH:** Advising on the sale to a new owner during a protective shield proceeding.

- **Geyer Group:** Advising a corporate group during its reorganization within a protective shield proceeding as a debtor-in-possession and drafting several parallel restructuring plans within a two-month period.
- **Solarwatt AG:** Advising on a successful restructuring in the context of a protective shield proceeding as a debtor-in-possession within a three month period from the filing for insolvency until the termination of the insolvency proceeding. Work involved drafting and proposing a restructuring plan including the reorganization of the company's performance and finances; implementing the restructuring concept via a capital reduction to zero with a subsequent cash and capital increase; and applying the new provisions to the insolvency plan procedure. In addition, we recently advised the company on the successful acquisition of the distribution units of the Centrosolar brand in Europe, which reflects the sustainability of this restructuring and is an opportunity for Solarwatt to extend further its market position in Europe and its portfolio.