

Internet Appendix for “Hedge Funds and Chapter 11”*

Table IA.I
Comparing Our Study with Previous Studies on Sample Size and Data Scope

This table compares our sample with those in major studies published during the past decade.

Study	Sample	Focus	Data scope
Our study	474 cases (1996-2007)	Hedge fund involvement	Firm characteristics, secured debt, institutional ownership, number of classes of claims, pre-packs, involuntary filing, court, loss of exclusivity, DIP financing, KERP, CEO turnover, unsecured creditors and equity committee, outcome, duration, APR deviation for secured creditors and distribution to shareholders, debt recovery, daily security price around filing, post-emergence performance.
Eisenberg and LoPucki (1999)	284 cases (1980-1997)	Forum shopping	Court, pre-packs, voluntary filing, and duration.
LoPucki and Doherty (2002)	98 cases (1991-1996)	Forum shopping	Court, firm characteristics, outcome, duration, direct bankruptcy costs, post-emergence outcome and performance.
Dahiya, John, Puri, and Ramirez (2003)	538 cases (1988-1997)	DIP financing	DIP financing, DIP lenders, firm characteristics, outcome, duration, and pre-packs.
Ayotte and Skeel (2004)	302 cases (1990-1999)	Forum shopping	Firm characteristics, court, APR deviations, outcome, and duration.
LoPucki and Doherty (2004)	48 cases (1998-2002)	Professional fees	Court, total assets, duration, and the number of professional firms involved.
Adler, Capkun, and Weiss (2006)	443 cases (1993-2004)	Creditor control	DIP, SPIP, operating performance and other accounting data, and liquidation.
Bris, Welch, and Zhu (2006)	286 cases (1995-2001)	Bankruptcy costs: Chapter 11 vs. Chapter 7	Firm characteristics, managerial ownership, secured creditors, unsecured creditors committee, asset change, duration, expenses, debt recovery, APR deviations, judges.
Adler, Capkun, and Weiss (2007)	342 cases (1993-2004)	Value destruction due to delay in filing	Operating performance and other accounting data.
Kalay, Singhal, and Tashjian (2007)	459 cases (1991-1998)	Post-emergence performance of Chapter 11 firms	Pre-packs, involuntary filing, DIP financing, outcome, size, leverage, operating performance around Chapter 11 filing, and stock return during Chapter 11.
Bharath, Panchapegesan and Werner (2007)	626 cases (1979-2005)	Changing trend in APR deviations, KERP, and DIP financing	Size, leverage, pre-packs, equity committee, manager turnover, manager stock holding, court, loss of exclusivity, DIP financing, KERP, duration, outcome, and APR deviation for creditors.
Capkun and Weiss (2008)	169 cases (1993-2004)	APR deviations	APR deviation for secured and unsecured creditors, court, pre-packs, DIP financing, industry, outcome, and duration.
Ayotte and Morrison (2009)	153 cases (2001)	Creditor control	Assets, capital structure, secured debt, pre-packs, involuntary filings, court, DIP financing, lenders and terms, unsecured creditors and equity committee, debt concentration, equity concentration, APR deviations, outcome, duration, and CEO turnover.
Lemmon, Ma, and Tashjian (2009)	505 cases (1991-2004)	Financial vs. economic distress	Firm accounting information, DIP financing, outcome, unionization, lease rejection, asset sales, and post-emergence performance.

*Citation format: Jiang, Wei, Li, Kai, and Wang, Wei, 2011, Internet Appendix to “Hedge Funds and Chapter 11,” Journal of Finance 67, 513-560, <http://www.afajof.org/supplements.asp>. Please note: Wiley-Blackwell is not responsible for the content or functionality of any supporting information supplied by the authors. Any queries (other than missing material) should be directed to the authors of the article.

Table IA.II
Pairwise Correlation

This table provides pairwise correlation among hedge fund presence variables and key firm and case characteristics. Variable definitions are provided in Table I. Numbers in brackets are p -values.

	HFCreditors Committee	HFLargest Creditors	HFEquity Committee	HFJoint5%	HFLTO	HFLTO_DIP	Assets	Sales	Leverage	Cash	Tangibility	ROA	SecuredDebt	Institution	NumClasses	Prepack
HFLargestCreditors	0.185 [0.001]															
HFEquityCommittee	0.071 [0.172]	0.013 [0.801]														
HFJoint5%	-0.067 [0.207]	-0.077 [0.150]	0.024 [0.619]													
HFLTO	0.552 [0.000]	0.294 [0.000]	0.054 [0.270]	-0.081 [0.105]												
HFLTO_DIP	0.463 [0.000]	0.263 [0.000]	0.075 [0.124]	-0.026 [0.597]	0.856 [0.000]											
Assets	0.119 [0.021]	0.022 [0.681]	0.090 [0.053]	0.002 [0.969]	0.113 [0.020]	0.115 [0.018]										
Sales	0.102 [0.049]	-0.045 [0.386]	0.070 [0.129]	-0.082 [0.079]	0.063 [0.196]	0.040 [0.417]	0.669 [0.000]									
Leverage	-0.001 [0.982]	-0.036 [0.488]	-0.104 [0.024]	0.037 [0.430]	0.082 [0.093]	0.098 [0.045]	-0.100 [0.036]	-0.080 [0.080]								
Cash	0.096 [0.062]	0.019 [0.715]	-0.052 [0.260]	0.077 [0.102]	-0.051 [0.292]	-0.043 [0.382]	0.026 [0.569]	-0.060 [0.171]	0.034 [0.456]							
Tangibility	0.054 [0.300]	0.009 [0.867]	-0.055 [0.233]	-0.004 [0.937]	0.100 [0.040]	0.069 [0.156]	-0.030 [0.561]	-0.020 [0.613]	0.152 [0.001]	-0.090 [0.0487]						
ROA	0.000 [0.993]	0.016 [0.764]	0.057 [0.223]	0.026 [0.577]	0.056 [0.251]	0.067 [0.170]	0.030 [0.510]	0.060 [0.211]	-0.087 [0.060]	-0.380 [0.000]	0.022 [0.638]					
SecuredDebt	-0.120 [0.021]	0.056 [0.293]	-0.031 [0.503]	0.027 [0.572]	0.030 [0.548]	0.029 [0.555]	-0.060 [0.219]	-0.060 [0.194]	0.225 [0.000]	-0.090 [0.052]	0.091 [0.051]	0.040 [0.392]				
Institution	0.045 [0.388]	0.023 [0.657]	0.227 [0.000]	0.166 [0.000]	0.040 [0.416]	0.092 [0.059]	0.134 [0.004]	0.120 [0.008]	-0.161 [0.000]	0.049 [0.286]	0.003 [0.955]	0.071 [0.113]	-0.096 [0.038]			
NumClasses	0.084 [0.122]	0.057 [0.306]	0.062 [0.209]	-0.087 [0.085]	0.232 [0.000]	0.209 [0.000]	0.226 [0.000]	0.160 [0.001]	0.033 [0.510]	-0.090 [0.074]	0.143 [0.003]	0.1124 [0.022]	0.027 [0.587]	0.102 [0.038]		
Prepack	-0.073 [0.157]	0.066 [0.203]	-0.001 [0.987]	0.049 [0.295]	0.131 [0.007]	0.116 [0.017]	-0.040 [0.368]	-0.070 [0.113]	0.253 [0.000]	0.000 [0.996]	-0.031 [0.500]	0.0958 [0.037]	0.032 [0.489]	-0.112 [0.015]	0.033 [0.509]	
Delaware	-0.094 [0.068]	0.033 [0.527]	-0.049 [0.295]	0.074 [0.113]	-0.032 [0.509]	0.008 [0.872]	-0.110 [0.016]	-0.080 [0.070]	0.031 [0.497]	-0.060 [0.170]	-0.089 [0.054]	0.0180 [0.696]	-0.022 [0.634]	-0.059 [0.197]	-0.127 [0.009]	0.067 [0.144]

Table IA.III
Hedge Funds on Unsecured Creditors Committee on Emergence and Duration

This table presents the probit/OLS regression results examining the effect of hedge fund presence on the unsecured creditors committee (*HFCreditorsCommittee*) on emergence (*Emerge*), and the logarithm of the number of months in Chapter 11 (*Duration*), respectively, after controlling for the presence of the unsecured creditors committee (*CreditorsCommittee*). Variables definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1)	(2)
	Emerge	Duration
HFCreditorsCommittee	0.436*** [0.169]	0.002 [0.086]
CreditorsCommittee	-0.311 [0.269]	0.623*** [0.122]
Ln(Assets)	0.026 [0.072]	0.021 [0.035]
Leverage	0.878*** [0.289]	-0.119 [0.114]
Cash	-1.819** [0.866]	-0.716* [0.431]
Tangibility	0.128 [0.339]	-0.144 [0.162]
ROA	0.126 [0.663]	0.047 [0.324]
SecuredDebt	0.072 [0.362]	-0.246 [0.156]
Institution	0.111 [0.319]	0.148 [0.155]
NumClasses	0.151*** [0.033]	0.020 [0.013]
Prepack	1.118*** [0.215]	-0.998*** [0.096]
Delaware	-0.300* [0.156]	-0.080 [0.076]
Constant	-1.969*** [0.634]	2.114*** [0.289]
N	369	369
Pseudo-R ² or R ²	0.244	0.487

Table IA.IV
Hedge Funds 13D Filing and Emergence

This table presents the probit regression results examining the effect of hedge fund 13D filing on the probability of emergence. 13D filings are obtained both before Chapter 11 filing and during restructuring for each Chapter 11 firm in the sample. The indicator variable, *13D_reorganization* takes a value of one if hedge funds state that influencing the restructuring process is their goal in their 13D filings, and zero otherwise. Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

	Emerge
13D_reorganization	0.606* [0.352]
Ln(Assets)	0.047 [0.063]
Leverage	0.845*** [0.225]
Cash	-1.012 [0.758]
Tangibility	0.195 [0.292]
ROA	0.783 [0.483]
SecuredDebt	0.069 [0.273]
Institution	0.147 [0.283]
NumClasses	0.119*** [0.027]
Prepack	1.159*** [0.1697]
Delaware	-0.191 [0.134]
Constant	-2.194*** [0.502]
N	466
Pseudo-R ²	0.211

Table IA.V**Hedge Funds Holding Large Equity Ownership and Distribution to Equity Holders**

This table presents the probit regression results examining the effects of hedge fund joint equity ownership above 5% (*HFJoint5%*), hedge fund presence on the equity committee (*HFEquityCommittee*), and the presence of an equity committee (*EquityCommittee*) on whether equity holders receive payoffs either through APR deviation or retaining pre-Chapter 11 shares at plan confirmation (*DistEquity*). Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1) DistEquity	(2) DistEquity
HFJoint5%	0.005 [0.151]	
HFEquityCommittee		0.684* [0.396]
EquityCommittee		0.627** [0.313]
Ln(Assets)	-0.034 [0.071]	-0.081 [0.074]
Leverage	-0.063 [0.207]	-0.019 [0.208]
Cash	-0.834 [0.899]	-0.098 [0.909]
Tangibility	0.571* [0.308]	0.895*** [0.314]
ROA	-0.346 [0.541]	-0.208 [0.546]
SecuredDebt	-0.245 [0.282]	-0.345 [0.287]
Institution	0.464 [0.311]	0.047 [0.336]
NumClasses	0.040 [0.025]	0.043* [0.026]
Prepack	1.196*** [0.156]	1.196*** [0.158]
Delaware	0.086 [0.149]	0.142 [0.152]
Constant	-1.576*** [0.550]	-1.532*** [0.561]
N	447	459
Pseudo-R ²	0.156	0.207

Table IA.VI
Effects of Hedge Funds Using Alternative Measures

Panel A: Hedge Funds among Largest Unsecured Creditors

This table replicates Table V focusing on the effect of hedge fund among the 20/50 largest unsecured creditors (*HFLargestCreditors*) on Chapter 11 outcomes. Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

	Probit/OLS						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Emerge	Duration	LossExclusivity	APRCreditor	DebtRecovery	CEOTurnover	KERP
HFLargestCreditors	0.394**	-0.123	0.169	0.126	-0.012	0.342**	-0.146
	[0.182]	[0.091]	[0.182]	[0.196]	[0.041]	[0.167]	[0.169]
Ln(Assets)	0.057	0.052	-0.388***	0.093	-0.033**	0.155**	0.267***
	[0.069]	[0.036]	[0.091]	[0.078]	[0.016]	[0.065]	[0.068]
Leverage	0.897***	-0.118	0.084	-0.297	-0.022	-0.052	0.387*
	[0.292]	[0.120]	[0.233]	[0.274]	[0.055]	[0.247]	[0.220]
Cash	-1.160	-1.014**	-0.416	-0.549	0.075	-1.995**	-0.186
	[0.840]	[0.440]	[0.901]	[1.045]	[0.212]	[0.925]	[0.832]
Tangibility	-0.028	-0.239	0.378	-1.516***	0.205***	-0.269	-0.321
	[0.327]	[0.168]	[0.345]	[0.414]	[0.075]	[0.315]	[0.311]
ROA	1.123*	-0.123	-0.881	-0.508	0.234	0.613	0.793
	[0.658]	[0.334]	[0.641]	[0.776]	[0.167]	[0.737]	[0.603]
SecuredDebt	0.301	-0.333**	-0.683**	1.510***	-0.020	-0.393	0.376
	[0.335]	[0.158]	[0.337]	[0.335]	[0.069]	[0.324]	[0.293]
Institution	0.021	0.096	-0.018	-0.275	0.080	0.612**	0.751**
	[0.315]	[0.162]	[0.345]	[0.367]	[0.072]	[0.292]	[0.298]
NumClasses	0.132***	0.022	0.016	0.064**	0.008	-0.007	0.030
	[0.032]	[0.014]	[0.029]	[0.031]	[0.006]	[0.026]	[0.026]
Prepack	1.052***	-1.198***	-0.103	0.319*	0.179***	-0.291*	-1.103***
	[0.195]	[0.091]	[0.187]	[0.189]	[0.040]	[0.176]	[0.177]
Delaware	-0.217	-0.121	-0.435***	0.218	-0.025	-0.076	0.081
	[0.156]	[0.081]	[0.168]	[0.178]	[0.036]	[0.152]	[0.148]
Constant	-2.311***	2.636***	1.778***	-2.097***	0.566***	-1.436***	-2.588***
	[0.589]	[0.288]	[0.659]	[0.642]	[0.132]	[0.528]	[0.543]
N	361	361	361	361	310	356	361
Pseudo-R ² or R ²	0.221	0.434	0.110	0.148	0.120	0.085	0.181

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Emerge	(2) Duration	(3) LossExclusivity	(4) APRCreditor	(5) DebtRecovery	(6) CEOTurnover	(7) KERP
HFLargestCreditors	0.813 [4.124]	0.362 [0.351]	1.640*** [0.507]	-0.866 [1.256]	0.316** [0.154]	1.778*** [0.374]	1.270*** [0.387]
Ln(Assets)	0.067 [0.115]	0.064* [0.038]	-0.278** [0.109]	0.053 [0.104]	-0.026 [0.018]	0.162*** [0.059]	0.246*** [0.068]
Leverage	0.919*** [0.298]	-0.079 [0.125]	0.180 [0.213]	-0.352 [0.255]	0.010 [0.061]	0.079 [0.219]	0.399* [0.205]
Cash	-1.187 [0.833]	-1.075** [0.452]	-0.537 [0.797]	-0.371 [1.028]	0.021 [0.231]	-1.789** [0.830]	-0.378 [0.757]
Tangibility	-0.041 [0.347]	-0.254 [0.172]	0.247 [0.318]	-1.297* [0.716]	0.183** [0.082]	-0.280 [0.282]	-0.280 [0.284]
ROA	1.099 [0.776]	-0.128 [0.342]	-0.723 [0.595]	-0.456 [0.742]	0.227 [0.181]	0.293 [0.681]	0.592 [0.572]
SecuredDebt	0.301 [0.334]	-0.324** [0.161]	-0.555* [0.317]	1.305** [0.664]	-0.017 [0.075]	-0.281 [0.295]	0.326 [0.269]
Institution	0.003 [0.369]	0.075 [0.167]	-0.040 [0.305]	-0.191 [0.385]	0.076 [0.078]	0.433 [0.275]	0.542* [0.294]
NumClasses	0.124 [0.102]	0.016 [0.015]	-0.002 [0.026]	0.070** [0.029]	0.005 [0.007]	-0.025 [0.024]	0.004 [0.026]
Prepack	1.001 [0.744]	-1.233*** [0.096]	-0.183 [0.168]	0.360** [0.176]	0.160*** [0.044]	-0.343** [0.156]	-0.957*** [0.207]
Delaware	-0.23 [0.183]	-0.141* [0.083]	-0.430*** [0.150]	0.240 [0.166]	-0.039 [0.040]	-0.153 [0.141]	-0.005 [0.139]
Constant	-2.417*** [0.890]	2.469*** [0.317]	0.946 [0.760]	-1.515 [1.288]	0.456*** [0.151]	-1.586*** [0.481]	-2.434*** [0.588]
IV: DistressHFRet	2.659 [2.155]	2.517 [1.642]	2.347 [1.543]	2.417 [1.736]	3.694** [1.634]	3.323** [1.527]	2.514* [1.499]
IV: SP500Ret	0.929 [1.223]	1.455 [1.106]	1.302 [0.988]	0.510 [1.422]	1.445 [1.110]	1.501 [0.987]	0.361 [0.985]
Sign of ρ	-	-	-	+	-	-	-
LR Test of $\rho = 0$:							
$\chi^2(2)$	0.017	1.350	1.378	0.112	2.270	3.222*	1.032
p-value	0.896	0.245	0.240	0.738	0.132	0.073	0.310

Panel B: Hedge Funds Holding Large Equity Ownership

This table replicates Table VI focusing on the effect of hedge fund joint equity ownership above 5% (*HFJoint5%*) on Chapter 11 outcomes. Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

	Probit/OLS						
	(1) Emerge	(2) Duration	(3) DistEquity	(4) DebtRecovery	(5) StkRet	(6) CEOTurnover	(7) KERP
HFJoint5%	0.037 [0.138]	-0.014 [0.072]	0.005 [0.151]	0.012 [0.034]	0.014 [0.023]	-0.126 [0.139]	0.012 [0.134]
Ln(Assets)	0.052 [0.065]	0.051 [0.034]	-0.034 [0.071]	-0.026 [0.016]	-0.007 [0.010]	0.152** [0.062]	0.297*** [0.065]
Leverage	0.821*** [0.228]	-0.092 [0.100]	-0.063 [0.207]	-0.055 [0.048]	-0.001 [0.034]	0.098 [0.208]	0.352* [0.189]
Cash	-1.120 [0.769]	-0.929** [0.389]	-0.834 [0.899]	0.089 [0.195]	-0.010 [0.123]	-1.308* [0.792]	0.249 [0.749]
Tangibility	0.170 [0.298]	-0.150 [0.151]	0.571* [0.308]	0.224*** [0.069]	-0.014 [0.047]	-0.193 [0.295]	-0.279 [0.287]
ROA	0.788 [0.487]	0.017 [0.243]	-0.345 [0.541]	0.289** [0.125]	0.011 [0.087]	0.197 [0.514]	1.048** [0.487]
SecuredDebt	0.052 [0.278]	-0.329** [0.133]	-0.245 [0.282]	-0.035 [0.063]	0.005 [0.045]	-0.599** [0.292]	0.231 [0.256]
Institution	0.208 [0.289]	0.213 [0.149]	0.464 [0.311]	0.061 [0.069]	0.067 [0.049]	0.433 [0.276]	0.811*** [0.277]
NumClasses	0.130*** [0.028]	0.012 [0.012]	0.040 [0.025]	0.012** [0.006]	0.002 [0.004]	0.005 [0.024]	0.015 [0.024]
Prepack	1.168*** [0.175]	-1.245*** [0.079]	1.196*** [0.156]	0.202*** [0.036]	0.037 [0.026]	-0.340** [0.160]	-1.003*** [0.159]
Delaware	-0.169 [0.138]	-0.123* [0.071]	0.086 [0.149]	-0.007 [0.033]	0.010 [0.023]	-0.014 [0.138]	0.151 [0.134]
Constant	-2.279*** [0.521]	2.630*** [0.258]	-1.575*** [0.550]	0.469*** [0.122]	-0.068 [0.081]	-1.480*** [0.488]	-2.811*** [0.501]
N	447	447	447	375	330	430	447
Pseudo-R ² or R ²	0.212	0.437	0.156	0.144	0.017	0.061	0.166

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Emerge	(2) Duration	(3) DistEquity	(4) DebtRecovery	(5) StkRet	(6) CEOTurnover	(7) KERP
HFJoint5%	-0.257 [2.995]	0.750** [0.347]	-1.612*** [0.095]	-0.090 [0.274]	0.041 [0.071]	-1.586*** [0.089]	-0.662 [1.052]
Ln(Assets)	0.043 [0.112]	0.072* [0.038]	-0.066 [0.054]	-0.030 [0.019]	-0.006 [0.010]	0.046 [0.053]	0.262** [0.104]
Leverage	0.809*** [0.308]	-0.083 [0.111]	-0.024 [0.158]	-0.060 [0.050]	-0.002 [0.033]	0.027 [0.164]	0.323 [0.200]
Cash	-0.941 [2.079]	-1.360*** [0.472]	0.182 [0.655]	0.153 [0.259]	-0.027 [0.128]	0.193 [0.625]	0.630 [0.937]
Tangibility	0.172 [0.297]	-0.160 [0.167]	0.350 [0.244]	0.221*** [0.070]	-0.015 [0.046]	-0.063 [0.243]	-0.254 [0.287]
ROA	0.860 [0.814]	-0.189 [0.284]	0.348 [0.408]	0.324** [0.156]	0.000 [0.089]	0.594 [0.426]	1.182** [0.490]
SecuredDebt	0.116 [0.699]	-0.495*** [0.165]	0.280 [0.222]	-0.008 [0.096]	-0.001 [0.047]	0.026 [0.226]	0.370 [0.320]
Institution	0.328 [1.238]	-0.103 [0.216]	1.020*** [0.236]	0.104 [0.135]	0.057 [0.055]	0.926*** [0.234]	1.050*** [0.407]
NumClasses	0.124 [0.080]	0.024 [0.015]	-0.014 [0.020]	0.011* [0.007]	0.003 [0.004]	-0.021 [0.020]	0.003 [0.031]
Prepack	1.173*** [0.187]	-1.290*** [0.090]	0.806*** [0.127]	0.209*** [0.040]	0.036 [0.026]	-0.140 [0.127]	-0.907*** [0.289]
Delaware	-0.146 [0.291]	-0.178** [0.082]	0.161 [0.113]	0.001 [0.039]	0.007 [0.024]	0.137 [0.113]	0.193 [0.141]
Constant	-2.092 [2.207]	2.201*** [0.343]	0.036 [0.414]	0.534** [0.213]	-0.082 [0.087]	-0.069 [0.405]	-2.279* [1.193]
IV: DistressHFRet	-1.432 [1.462]	-0.474 [1.355]	-0.394 [0.757]	-1.042 [1.585]	-1.599 [1.642]	-2.592** [1.086]	-1.653 [1.399]
IV: SP500Ret	0.203 [1.987]	0.342 [0.790]	0.133 [0.421]	0.752 [1.072]	0.838 [1.014]	-0.889* [0.517]	0.47 [0.864]
Sign of ρ	+	-	+	+	-	+	+
LR Test of $\rho = 0$:							
$\chi^2(2)$	0.015	0.800	4.946**	0.130	0.120	11.584***	0.287
p-value	0.904	0.372	0.026	0.722	0.732	0.007	0.592

Panel C: Hedge Funds Loan-to-Own Including DIP Financing

This table replicates Table VII focusing on the effect of hedge fund adopting a loan-to-own strategy including DIP financing provision (*HFLTO_DIP*) on Chapter 11 outcomes. Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

	Probit/OLS						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Duration	LossExclusivity	APRCreditor	DistEquity	DebtRecovery	CEOTurnover	KERP
HFLTO_DIP	0.140*	-0.003	0.421**	0.278*	0.044	-0.033	0.260*
	[0.079]	[0.166]	[0.175]	[0.158]	[0.035]	[0.152]	[0.148]
Ln(Assets)	0.045	-0.395***	0.086	-0.082	-0.033**	0.146**	0.277***
	[0.034]	[0.089]	[0.076]	[0.073]	[0.016]	[0.062]	[0.067]
Leverage	-0.134	-0.038	-0.379	-0.226	-0.043	0.132	0.315
	[0.111]	[0.218]	[0.269]	[0.227]	[0.051]	[0.223]	[0.207]
Cash	-0.918**	-0.100	-0.037	-1.014	0.134	-2.078**	0.040
	[0.413]	[0.846]	[0.993]	[0.935]	[0.199]	[0.860]	[0.789]
Tangibility	-0.206	0.426	-1.417***	0.773**	0.210***	-0.267	-0.290
	[0.157]	[0.325]	[0.395]	[0.317]	[0.070]	[0.300]	[0.296]
ROA	-0.105	-0.318	-0.200	-0.837	0.321**	-0.113	0.883
	[0.294]	[0.551]	[0.759]	[0.613]	[0.140]	[0.592]	[0.554]
SecuredDebt	-0.320**	-0.461	1.643***	-0.327	0.013	-0.523*	0.380
	[0.146]	[0.309]	[0.325]	[0.304]	[0.064]	[0.303]	[0.276]
Institution	0.132	0.071	-0.267	0.655**	0.087	0.544**	0.724**
	[0.153]	[0.324]	[0.354]	[0.316]	[0.068]	[0.277]	[0.285]
NumClasses	0.019	-0.003	0.060**	0.030	0.006	0.001	0.024
	[0.013]	[0.028]	[0.030]	[0.026]	[0.006]	[0.025]	[0.025]
Prepack	-1.242***	-0.074	0.192	1.179***	0.191***	-0.339**	-1.190***
	[0.083]	[0.171]	[0.180]	[0.164]	[0.037]	[0.164]	[0.169]
Delaware	-0.118	-0.398**	0.269	0.106	-0.028	-0.049	0.091
	[0.074]	[0.155]	[0.169]	[0.152]	[0.033]	[0.141]	[0.139]
Constant	2.622***	1.987***	-2.188***	-1.190**	0.562***	-1.444***	-2.669***
	[0.270]	[0.631]	[0.614]	[0.565]	[0.124]	[0.501]	[0.522]
N	416	416	416	416	359	407	416
Pseudo-R ² or R ²	0.437	0.092	0.152	0.164	0.141	0.065	0.190

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Duration	(2) LossExclusivity	(3) APRCreditor	(4) DistEquity	(5) DebtRecovery	(6) CEOTurnover	(7) KERP
HFLT0_DIP	0.157 [0.376]	1.580*** [0.225]	-0.202 [0.761]	0.653 [0.978]	0.624*** [0.089]	1.316*** [0.259]	0.039 [0.694]
Ln(Assets)	0.044 [0.037]	-0.351*** [0.079]	0.108 [0.078]	-0.096 [0.079]	-0.060*** [0.021]	0.060 [0.062]	0.284*** [0.068]
Leverage	-0.137 [0.123]	-0.242 [0.189]	-0.262 [0.306]	-0.283 [0.263]	-0.124* [0.067]	-0.099 [0.204]	0.347 [0.226]
Cash	-0.915** [0.413]	0.036 [0.743]	-0.189 [0.990]	-0.941 [0.952]	0.293 [0.263]	-1.458* [0.803]	-0.011 [0.804]
Tangibility	-0.207 [0.160]	0.163 [0.287]	-1.282*** [0.453]	0.717** [0.356]	0.171* [0.092]	-0.320 [0.272]	-0.268 [0.304]
ROA	-0.107 [0.292]	-0.445 [0.494]	-0.134 [0.741]	-0.87 [0.611]	0.256 [0.185]	-0.087 [0.542]	0.902 [0.555]
SecuredDebt	-0.317** [0.155]	-0.122 [0.273]	1.469*** [0.435]	-0.258 [0.356]	0.088 [0.085]	-0.253 [0.280]	0.343 [0.301]
Institution	0.130 [0.156]	-0.053 [0.273]	-0.189 [0.362]	0.602* [0.352]	0.002 [0.090]	0.293 [0.261]	0.741*** [0.287]
NumClasses	0.018 [0.016]	-0.044* [0.025]	0.074** [0.032]	0.020 [0.038]	-0.009 [0.008]	-0.038 [0.024]	0.030 [0.031]
Prepack	-1.243*** [0.091]	-0.203 [0.146]	0.246 [0.184]	1.120*** [0.255]	0.138*** [0.049]	-0.399*** [0.146]	-1.161*** [0.201]
Delaware	-0.119 [0.075]	-0.354*** [0.134]	0.289* [0.165]	0.090 [0.157]	-0.063 [0.044]	-0.083 [0.127]	0.100 [0.141]
Constant	2.628*** [0.299]	2.024*** [0.536]	-2.357*** [0.606]	-1.032 [0.714]	0.788*** [0.165]	-0.583 [0.523]	-2.734*** [0.545]
IV: DistressHFRet	5.957*** [1.714]	4.725*** [1.737]	6.227*** [1.720]	5.975*** [1.710]	5.586*** [1.418]	5.948*** [1.573]	5.924*** [1.719]
IV: SP500Ret	0.541 [1.025]	0.129 [0.844]	0.33 [1.028]	0.583 [1.006]	0.506 [0.748]	0.779 [0.886]	0.625 [1.040]
Sign of ρ	-	-	+	-	-	-	+
LR Test of $\rho = 0$:							
$\chi^2(2)$	0.000	5.016**	0.672	0.144	12.830***	6.872***	0.108
p-value	0.963	0.025	0.413	0.704	0.000	0.001	0.742

Table IA.VII
Excluding Prepackaged Filings

Panels A, B, and C of this table replicate Tables V, VI, and VII, respectively, with prepackaged filings excluded. Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Hedge Funds on Unsecured Creditors Committee

	Probit/OLS						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Emerge	Duration	LossExclusivity	APRCreditor	DebtRecovery	CEOTurnover	KERP
HFCreditorsCommittee	0.597*** [0.182]	0.043 [0.093]	0.186 [0.215]	0.597** [0.237]	0.069 [0.047]	0.134 [0.178]	0.222 [0.177]
Ln(Assets)	0.048 [0.080]	0.054 [0.040]	-0.767*** [0.162]	0.058 [0.100]	-0.018 [0.020]	0.199*** [0.076]	0.265*** [0.082]
Leverage	0.866** [0.337]	0.120 [0.168]	-0.001 [0.339]	-0.423 [0.445]	-0.091 [0.084]	-0.015 [0.326]	0.585* [0.318]
Cash	-3.085*** [1.052]	-0.944* [0.512]	0.249 [1.166]	-1.597 [1.481]	0.258 [0.275]	-1.867* [1.035]	-0.448 [1.004]
Tangibility	-0.080 [0.392]	-0.017 [0.203]	0.250 [0.459]	-1.050* [0.558]	0.227** [0.102]	-0.301 [0.392]	-0.191 [0.387]
ROA	-0.340 [0.728]	0.122 [0.383]	0.231 [0.780]	-0.458 [1.115]	0.249 [0.188]	-0.441 [0.714]	1.904** [0.828]
SecuredDebt	-0.251 [0.430]	-0.505** [0.220]	0.364 [0.483]	1.682*** [0.554]	0.075 [0.109]	-0.318 [0.439]	-0.322 [0.423]
Institution	0.075 [0.351]	0.133 [0.179]	0.209 [0.430]	-0.191 [0.454]	0.096 [0.087]	0.060 [0.331]	0.692** [0.343]
NumClasses	0.162*** [0.037]	0.021 [0.016]	-0.041 [0.040]	0.087** [0.038]	0.013* [0.008]	-0.021 [0.030]	0.046 [0.031]
Delaware	-0.259 [0.178]	-0.029 [0.093]	-0.288 [0.213]	0.514** [0.243]	-0.077* [0.046]	-0.024 [0.176]	0.226 [0.175]
Constant	-2.332*** [0.651]	2.249*** [0.320]	4.340*** [1.094]	-2.546*** [0.833]	0.392** [0.162]	-1.447** [0.604]	-2.916*** [0.649]
N	245	245	245	245	201	239	245
Pseudo-R ² or R ²	0.172	0.067	0.191	0.175	0.108	0.042	0.137

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Emerge	(2) Duration	(3) LossExclusivity	(4) APRCreditor	(5) DebtRecovery	(6) CEOTurnover	(7) KERP
HFCreditorsCommittee	1.192 [1.242]	0.397 [0.350]	1.011 [0.850]	1.025 [1.157]	-0.150 [0.214]	1.226*** [0.446]	1.609*** [0.116]
Ln(Assets)	0.023 [0.097]	0.042 [0.042]	-0.721*** [0.194]	0.040 [0.112]	-0.006 [0.024]	0.127 [0.086]	0.117* [0.069]
Leverage	0.738 [0.498]	0.072 [0.175]	-0.108 [0.342]	-0.475 [0.453]	-0.066 [0.090]	-0.170 [0.309]	0.160 [0.274]
Cash	-3.292*** [1.033]	-1.148** [0.551]	-0.251 [1.225]	-1.839 [1.572]	0.414 [0.319]	-2.213** [0.951]	-1.277 [0.851]
Tangibility	-0.168 [0.428]	-0.071 [0.211]	0.078 [0.477]	-1.095** [0.554]	0.255** [0.108]	-0.437 [0.367]	-0.345 [0.331]
ROA	-0.577 [0.865]	-0.021 [0.408]	-0.143 [0.849]	-0.621 [1.177]	0.345 [0.213]	-0.784 [0.682]	0.535 [0.679]
SecuredDebt	-0.082 [0.578]	-0.412* [0.239]	0.552 [0.485]	1.765*** [0.561]	0.029 [0.120]	0.010 [0.439]	0.166 [0.366]
Institution	0.072 [0.343]	0.133 [0.180]	0.200 [0.405]	-0.180 [0.448]	0.090 [0.089]	0.065 [0.310]	0.457 [0.295]
NumClasses	0.150*** [0.056]	0.018 [0.016]	-0.042 [0.038]	0.082* [0.042]	0.014* [0.008]	-0.025 [0.028]	0.012 [0.026]
Delaware	-0.234 [0.191]	-0.021 [0.093]	-0.248 [0.211]	0.514** [0.241]	-0.088* [0.049]	0.005 [0.165]	0.189 [0.151]
Constant	-2.194*** [0.841]	2.262*** [0.322]	3.926*** [1.336]	-2.464*** [0.901]	0.377** [0.167]	-1.147* [0.627]	-1.716*** [0.551]
IV: DistressHFRet	2.838 [1.933]	2.991 [1.840]	3.200* [1.828]	2.923 [1.858]	3.124* [1.851]	2.603 [1.799]	2.924** [1.332]
IV: SP500Ret	1.858 [1.211]	2.155* [1.196]	1.613 [1.218]	1.919 [1.211]	1.333 [1.288]	2.277** [1.091]	1.009 [0.819]
Sign of ρ	-	-	-	-	+	-	-
LR Test of $\rho = 0$:							
$\chi^2(2)$	0.200	0.830	0.500	0.126	0.670	2.217	3.331*
p-value	0.655	0.363	0.479	0.722	0.413	0.136	0.068

Panel B: Hedge Funds on Equity Committee

	Probit/OLS						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Emerge	Duration	DistEquity	DebtRecovery	StkRet	CEOTurnover	KERP
HFEquityCommittee	0.465 [0.333]	0.118 [0.168]	1.410*** [0.336]	0.152* [0.088]	0.048 [0.033]	0.603* [0.319]	-0.070 [0.325]
Ln(Assets)	0.071 [0.072]	0.045 [0.036]	-0.071 [0.094]	-0.025 [0.019]	0.005 [0.007]	0.187*** [0.072]	0.343*** [0.075]
Leverage	0.824*** [0.255]	0.068 [0.123]	0.147 [0.323]	-0.146** [0.069]	0.022 [0.028]	0.055 [0.272]	0.247 [0.237]
Cash	-1.908** [0.903]	-0.977** [0.440]	-0.521 [1.279]	0.165 [0.246]	-0.047 [0.092]	-1.482 [0.913]	-0.344 [0.870]
Tangibility	-0.045 [0.330]	0.037 [0.170]	1.060** [0.436]	0.251*** [0.089]	-0.020 [0.036]	-0.150 [0.348]	-0.071 [0.330]
ROA	0.617 [0.505]	0.002 [0.250]	0.355 [0.738]	0.245* [0.145]	0.073 [0.061]	0.075 [0.557]	0.839 [0.518]
SecuredDebt	-0.091 [0.308]	-0.404** [0.157]	-0.201 [0.441]	0.015 [0.087]	-0.047 [0.036]	-0.743** [0.370]	0.246 [0.311]
Institution	0.056 [0.316]	0.174 [0.163]	-0.225 [0.447]	-0.008 [0.084]	0.008 [0.037]	-0.099 [0.320]	0.638** [0.315]
NumClasses	0.130*** [0.030]	0.012 [0.013]	0.070** [0.032]	0.019*** [0.007]	0.000 [0.003]	-0.009 [0.027]	0.012 [0.026]
Delaware	-0.214 [0.154]	-0.057 [0.080]	-0.193 [0.217]	-0.039 [0.042]	-0.005 [0.017]	-0.004 [0.160]	0.349** [0.153]
Constant	-2.206*** [0.551]	2.442*** [0.272]	-1.876*** [0.710]	0.492*** [0.143]	-0.107* [0.057]	-1.474*** [0.550]	-3.053*** [0.563]
N	321	321	321	256	241	306	321
Pseudo-R ² or R ²	0.120	0.063	0.163	0.118	0.036	0.059	0.122

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Emerge	(2) Duration	(3) DistEquity	(4) DebtRecovery	(5) StkRet	(6) CEOTurnover	(7) KERP
HFEquityCommittee	1.669*** [0.483]	-0.722** [0.315]	0.096 [1.388]	0.351 [0.232]	0.146** [0.059]	2.138*** [0.245]	0.612 [0.659]
Ln(Assets)	0.035 [0.072]	0.062* [0.037]	-0.025 [0.108]	-0.031 [0.020]	0.003 [0.008]	0.135* [0.070]	0.325*** [0.078]
Leverage	0.847*** [0.253]	0.038 [0.126]	0.064 [0.347]	-0.136** [0.069]	0.029 [0.028]	0.088 [0.264]	0.270 [0.237]
Cash	-1.693* [0.897]	-1.090** [0.451]	-0.638 [1.230]	0.178 [0.243]	-0.035 [0.092]	-1.089 [0.900]	-0.248 [0.870]
Tangibility	-0.062 [0.326]	0.043 [0.174]	1.050** [0.441]	0.246*** [0.088]	-0.023 [0.036]	-0.197 [0.340]	-0.072 [0.328]
ROA	0.576 [0.502]	0.027 [0.255]	0.470 [0.749]	0.233 [0.144]	0.068 [0.060]	0.114 [0.553]	0.818 [0.519]
SecuredDebt	-0.063 [0.306]	-0.422*** [0.160]	-0.238 [0.432]	0.018 [0.087]	-0.046 [0.036]	-0.610* [0.354]	0.251 [0.310]
Institution	-0.153 [0.315]	0.314* [0.172]	0.099 [0.612]	-0.049 [0.095]	-0.011 [0.038]	-0.337 [0.309]	0.513 [0.335]
NumClasses	0.123*** [0.030]	0.014 [0.014]	0.067** [0.033]	0.019*** [0.007]	0.000 [0.003]	-0.010 [0.026]	0.010 [0.026]
Delaware	-0.184 [0.152]	-0.069 [0.081]	-0.216 [0.210]	-0.033 [0.042]	-0.003 [0.017]	0.052 [0.155]	0.353** [0.152]
Constant	-1.949*** [0.558]	2.360*** [0.279]	-2.028*** [0.684]	0.523*** [0.146]	-0.097* [0.057]	-1.184** [0.533]	-2.941*** [0.578]
IV: DistressHFRet	12.321*** [4.251]	10.122** [3.962]	12.894*** [4.245]	13.978** [5.450]	12.473*** [4.645]	11.703*** [3.348]	12.617*** [4.255]
IV: SP500Ret	2.913 [1.997]	2.900 [1.859]	2.595 [1.956]	3.614 [2.785]	3.166 [2.231]	1.842 [1.863]	2.981 [2.036]
Sign of ρ	-	+	+	-	-	-	-
LR Test of $\rho = 0$:							
$\chi^2(2)$	3.496*	1.480	0.543	0.740	1.130	10.998***	0.943
p-value	0.062	0.224	0.461	0.389	0.288	0.001	0.331

Panel C: Hedge Funds Loan-to-Own

	Probit/OLS						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Duration	LossExclusivity	APRCreditor	DistEquity	DebtRecovery	CEOTurnover	KERP
HFLTO	-0.038 [0.103]	-0.206 [0.250]	0.748*** [0.238]	0.351 [0.236]	0.115** [0.050]	-0.014 [0.203]	0.331* [0.198]
Ln(Assets)	0.050 [0.038]	-0.558*** [0.127]	0.109 [0.095]	-0.067 [0.093]	-0.032* [0.019]	0.168** [0.073]	0.286*** [0.078]
Leverage	0.111 [0.147]	0.077 [0.300]	-0.143 [0.369]	-0.220 [0.386]	-0.132* [0.077]	0.155 [0.296]	0.245 [0.276]
Cash	-0.925** [0.461]	0.534 [1.004]	-0.835 [1.370]	-1.301 [1.315]	0.216 [0.255]	-2.010** [0.962]	-0.466 [0.896]
Tangibility	-0.022 [0.183]	0.096 [0.408]	-1.315** [0.533]	1.075** [0.440]	0.235** [0.093]	-0.315 [0.361]	-0.174 [0.349]
ROA	-0.007 [0.319]	-0.035 [0.638]	-0.558 [0.880]	-0.356 [0.806]	0.270 [0.171]	-0.136 [0.666]	0.713 [0.614]
SecuredDebt	-0.476** [0.183]	-0.016 [0.395]	1.536*** [0.435]	-0.359 [0.491]	0.092 [0.092]	-0.609 [0.394]	0.306 [0.352]
Institution	0.163 [0.167]	-0.203 [0.400]	-0.311 [0.439]	0.574 [0.407]	0.086 [0.082]	0.263 [0.316]	0.691** [0.322]
NumClasses	0.023 [0.015]	-0.029 [0.038]	0.055 [0.036]	0.037 [0.034]	0.010 [0.007]	-0.015 [0.030]	0.020 [0.030]
Delaware	-0.048 [0.084]	-0.381** [0.193]	0.544** [0.225]	-0.265 [0.213]	-0.080* [0.043]	-0.035 [0.164]	0.195 [0.160]
Constant	2.307*** [0.298]	3.238*** [0.891]	-2.692*** [0.776]	-1.300* [0.731]	0.571*** [0.153]	-1.358** [0.581]	-2.647*** [0.605]
N	285	285	285	285	233	277	285
Pseudo-R ² or R ²	0.066	0.140	0.196	0.090	0.083	0.044	0.114

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Duration	(2) LossExclusivity	(3) APRCreditor	(4) DistEquity	(5) DebtRecovery	(6) CEOTurnover	(7) KERP
HFLT0	0.824*** [0.246]	1.781*** [0.133]	0.284 [0.887]	-0.344 [1.123]	-0.009 [0.212]	1.197*** [0.428]	0.614 [0.818]
Ln(Assets)	0.014 [0.043]	-0.506*** [0.103]	0.130 [0.101]	-0.031 [0.112]	-0.027 [0.021]	0.090 [0.078]	0.273*** [0.089]
Leverage	-0.044 [0.166]	-0.190 [0.252]	-0.034 [0.421]	-0.065 [0.478]	-0.112 [0.083]	-0.059 [0.286]	0.190 [0.318]
Cash	-0.539 [0.516]	0.735 [0.933]	-1.077 [1.439]	-1.646 [1.400]	0.140 [0.282]	-1.345 [0.948]	-0.334 [0.971]
Tangibility	-0.117 [0.202]	-0.159 [0.349]	-1.230** [0.565]	1.132*** [0.428]	0.247*** [0.094]	-0.391 [0.343]	-0.202 [0.356]
ROA	-0.037 [0.351]	-0.109 [0.580]	-0.536 [0.868]	-0.293 [0.800]	0.265 [0.169]	-0.032 [0.640]	0.696 [0.615]
SecuredDebt	-0.326 [0.205]	0.224 [0.314]	1.405*** [0.524]	-0.494 [0.510]	0.069 [0.099]	-0.362 [0.386]	0.354 [0.374]
Institution	0.136 [0.184]	-0.064 [0.346]	-0.299 [0.435]	0.570 [0.401]	0.091 [0.082]	0.187 [0.303]	0.677** [0.326]
NumClasses	-0.010 [0.018]	-0.090*** [0.028]	0.072 [0.047]	0.063 [0.050]	0.014 [0.011]	-0.059* [0.031]	0.009 [0.043]
Delaware	-0.060 [0.092]	-0.264 [0.169]	0.540** [0.224]	-0.245 [0.216]	-0.077* [0.043]	-0.039 [0.156]	0.190 [0.160]
Constant	2.770*** [0.348]	3.408*** [0.689]	-2.945*** [0.861]	-1.673* [0.905]	0.510*** [0.182]	-0.513 [0.659]	-2.481*** [0.799]
IV: DistressHFRet	4.659** [2.208]	3.615** [1.815]	5.857** [2.292]	5.703** [2.283]	5.418** [2.494]	5.595*** [2.170]	6.061** [2.377]
IV: SP500Ret	0.488 [1.235]	-2.097** [0.982]	-0.535 [1.364]	-0.381 [1.272]	-1.095 [1.378]	-0.033 [1.187]	-0.352 [1.297]
Sign of ρ	-	-	+	+	+	-	-
LR Test of $\rho = 0$:							
$\chi^2(2)$	4.660**	4.793**	0.296	0.192	0.230	2.962*	0.116
p-value	0.031	0.029	0.586	0.661	0.633	0.085	0.734

Table IA.VIII

Hedge Funds among Largest Unsecured Creditors on Prepackaged and Involuntary Filing

This table presents the probit regression results examining the effect of hedge funds among the largest unsecured creditors (*HFLargestCreditors*) on prepackaged filing (*Prepack*) and involuntary filing (*Involuntary*). Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1) Prepack	(2) Involuntary
HFLargestCreditors	0.255 [0.164]	0.359 [0.340]
Ln(Assets)	-0.056 [0.068]	0.133 [0.150]
Leverage	1.177*** [0.229]	0.122 [0.466]
Cash	0.678 [0.823]	-0.484 [1.995]
Tangibility	-0.447 [0.308]	0.148 [0.666]
ROA	1.448** [0.641]	2.543 [1.969]
SecuredDebt	-0.102 [0.289]	-1.821* [0.978]
Institution	-0.528* [0.305]	0.134 [0.663]
NumClasses	0.008 [0.026]	-0.175** [0.079]
Constant	-1.158** [0.536]	-1.511 [1.233]
N	361	361
Pseudo-R ²	0.112	0.162

Table IA.IX
Sub-sample Analysis (1996-2004)

Panels A, B, and C of this table replicate Tables V, VI, and VII, respectively, with Chapter 11 filings from 1996 to 2004 only. Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Hedge Funds on Unsecured Creditors Committee							
	Probit/OLS						
	(1) Emerge	(2) Duration	(3) LossExclusivity	(4) APRCreditor	(5) DebtRecovery	(6) CEOTurnover	(7) KERP
HFCreditorsCommittee	0.391** [0.170]	0.156* [0.088]	0.355** [0.181]	0.313 [0.195]	0.005 [0.038]	0.225 [0.164]	0.344** [0.162]
Ln(Assets)	0.088 [0.081]	0.018 [0.041]	-0.467*** [0.107]	0.081 [0.090]	-0.025 [0.018]	0.172** [0.075]	0.275*** [0.078]
Leverage	1.083*** [0.318]	-0.114 [0.133]	0.169 [0.254]	-0.739** [0.328]	-0.039 [0.056]	0.172 [0.263]	0.286 [0.255]
Cash	-1.324 [0.941]	-1.059** [0.492]	-0.025 [0.982]	0.033 [1.183]	0.187 [0.226]	-2.163** [1.030]	-0.244 [0.944]
Tangibility	0.066 [0.359]	-0.252 [0.183]	0.583 [0.368]	-1.402*** [0.438]	0.214*** [0.077]	-0.138 [0.349]	-0.543 [0.344]
ROA	0.157 [0.700]	0.011 [0.364]	0.185 [0.692]	0.096 [0.956]	0.317** [0.154]	-0.754 [0.673]	1.219 [0.745]
SecuredDebt	0.063 [0.391]	-0.293 [0.180]	-0.300 [0.364]	2.123*** [0.404]	-0.028 [0.075]	-0.393 [0.364]	0.226 [0.339]
Institution	-0.062 [0.368]	0.228 [0.191]	0.648* [0.391]	0.035 [0.415]	0.149* [0.081]	0.511 [0.341]	0.707** [0.351]
NumClasses	0.150*** [0.035]	0.021 [0.015]	-0.011 [0.030]	0.074** [0.034]	0.002 [0.006]	0.004 [0.028]	0.031 [0.028]
Prepack	1.203*** [0.200]	-1.237*** [0.094]	-0.06 [0.190]	0.313 [0.202]	0.186*** [0.039]	-0.416** [0.183]	-1.249*** [0.189]
Delaware	-0.258 [0.166]	-0.106 [0.086]	-0.364** [0.176]	0.322* [0.192]	0.003 [0.037]	0.063 [0.162]	0.024 [0.161]
Constant	-2.861*** [0.671]	2.744*** [0.320]	1.908*** [0.733]	-2.172*** [0.711]	0.520*** [0.140]	-1.918*** [0.592]	-2.546*** [0.604]
N	324	324	324	324	282	317	324
Pseudo-R ² or R ²	0.244	0.439	0.116	0.181	0.129	0.080	0.219

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Emerge	(2) Duration	(3) LossExclusivity	(4) APRCreditor	(5) DebtRecovery	(6) CEOTurnover	(7) KERP
HFCreditorsCommittee	0.859 [1.109]	0.523 [0.454]	1.924*** [0.118]	1.038 [1.010]	0.522*** [0.114]	1.435*** [0.395]	-0.215 [1.042]
Ln(Assets)	0.053 [0.120]	-0.006 [0.051]	-0.383*** [0.071]	0.026 [0.122]	-0.068*** [0.025]	0.059 [0.086]	0.303*** [0.083]
Leverage	1.005** [0.409]	-0.150 [0.141]	-0.117 [0.198]	-0.766** [0.316]	-0.078 [0.072]	0.010 [0.251]	0.330 [0.257]
Cash	-1.568 [1.050]	-1.269** [0.557]	-1.168 [0.783]	-0.370 [1.273]	-0.218 [0.299]	-2.419*** [0.909]	0.074 [1.111]
Tangibility	0.018 [0.375]	-0.291 [0.191]	0.056 [0.277]	-1.398*** [0.438]	0.154 [0.099]	-0.251 [0.318]	-0.463 [0.387]
ROA	-0.020 [0.816]	-0.120 [0.400]	-0.653 [0.559]	-0.149 [0.984]	0.117 [0.200]	-1.010 [0.618]	1.377* [0.758]
SecuredDebt	0.163 [0.454]	-0.211 [0.207]	0.224 [0.273]	2.156*** [0.412]	0.048 [0.097]	-0.063 [0.359]	0.094 [0.422]
Institution	-0.031 [0.371]	0.248 [0.194]	0.536* [0.296]	0.080 [0.406]	0.186* [0.103]	0.487 [0.316]	0.643* [0.384]
NumClasses	0.145*** [0.041]	0.020 [0.015]	-0.006 [0.022]	0.068* [0.036]	0.003 [0.008]	0.000 [0.025]	0.031 [0.027]
Prepack	1.201*** [0.213]	-1.214*** [0.099]	0.108 [0.140]	0.343* [0.195]	0.236*** [0.051]	-0.260 [0.185]	-1.243*** [0.210]
Delaware	-0.217 [0.200]	-0.081 [0.092]	-0.112 [0.133]	0.353* [0.185]	0.042 [0.047]	0.137 [0.147]	-0.016 [0.175]
Constant	-2.715*** [0.856]	2.790*** [0.327]	1.287** [0.510]	-1.936** [0.868]	0.610*** [0.179]	-1.387** [0.648]	-2.535*** [0.621]
IV: DistressHFRet	2.301 [1.660]	2.210 [1.647]	2.395** [1.183]	2.147 [1.642]	2.792** [1.278]	2.100 [1.616]	2.203 [1.685]
IV: SP500Ret	1.722 [1.049]	1.926* [1.024]	1.116* [0.587]	1.832* [1.019]	0.717 [0.831]	2.186** [0.933]	1.826* [1.034]
Sign of ρ	-	-	-	-	-	-	+
LR Test of $\rho = 0$:							
$\chi^2(2)$	0.174	0.500	10.340***	0.367	3.390*	3.261*	0.282
p-value	0.672	0.479	0.001	0.545	0.066	0.071	0.596

Panel B: Hedge Funds on Equity Committee

	Probit/OLS						
	(1) Emerge	(2) Duration	(3) DistEquity	(4) DebtRecovery	(5) StkRet	(6) CEOTurnover	(7) KERP
HFEquityCommittee	0.197 [0.358]	0.324* [0.183]	1.336*** [0.341]	0.147* [0.078]	0.212*** [0.049]	0.903*** [0.339]	-0.001 [0.354]
Ln(Assets)	0.077 [0.071]	0.030 [0.037]	-0.085 [0.080]	-0.039** [0.017]	-0.016 [0.011]	0.178** [0.069]	0.311*** [0.070]
Leverage	0.932*** [0.242]	-0.069 [0.108]	0.053 [0.227]	-0.076 [0.050]	-0.016 [0.035]	0.183 [0.230]	0.139 [0.205]
Cash	-0.582 [0.829]	-1.062** [0.430]	-0.272 [0.928]	0.084 [0.205]	0.044 [0.130]	-1.760* [0.907]	-0.056 [0.813]
Tangibility	0.133 [0.307]	-0.153 [0.158]	0.885*** [0.328]	0.211*** [0.069]	0.048 [0.047]	-0.008 [0.314]	-0.320 [0.294]
ROA	0.972* [0.513]	-0.019 [0.255]	-0.127 [0.591]	0.268** [0.126]	0.024 [0.087]	-0.278 [0.532]	0.768 [0.488]
SecuredDebt	0.063 [0.291]	-0.354** [0.141]	-0.514 [0.312]	-0.054 [0.064]	-0.026 [0.045]	-0.826** [0.322]	0.365 [0.267]
Institution	0.008 [0.325]	0.250 [0.170]	0.429 [0.370]	0.071 [0.076]	0.030 [0.055]	0.275 [0.320]	0.677** [0.312]
NumClasses	0.126*** [0.029]	0.011 [0.013]	0.032 [0.027]	0.010* [0.006]	0.000 [0.004]	0.016 [0.026]	0.011 [0.025]
Prepack	1.122*** [0.175]	-1.248*** [0.082]	1.235*** [0.164]	0.189*** [0.035]	0.012 [0.026]	-0.456*** [0.171]	-1.007*** [0.163]
Delaware	-0.182 [0.143]	-0.126* [0.075]	0.077 [0.159]	0.029 [0.033]	0.013 [0.023]	0.053 [0.146]	0.143 [0.139]
Constant	-2.514*** [0.557]	2.772*** [0.276]	-1.457** [0.603]	0.592*** [0.125]	0.020 [0.083]	-1.916*** [0.539]	-2.619*** [0.524]
N	413	413	413	348	297	397	413
Pseudo-R ² or R ²	0.208	0.431	0.207	0.147	0.072	0.095	0.157

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Emerge	(2) Duration	(3) DistEquity	(4) DebtRecovery	(5) StkRet	(6) CEOTurnover	(7) KERP
HFEquityCommittee	1.813*** [0.215]	-0.255 [0.471]	0.800 [1.179]	0.445** [0.205]	0.191*** [0.065]	2.584*** [0.205]	1.705*** [0.265]
Ln(Assets)	-0.006 [0.065]	0.047 [0.039]	-0.064 [0.093]	-0.049*** [0.018]	-0.015 [0.011]	0.106 [0.065]	0.235*** [0.067]
Leverage	0.972*** [0.239]	-0.085 [0.108]	0.038 [0.229]	-0.067 [0.050]	-0.017 [0.034]	0.175 [0.226]	0.158 [0.201]
Cash	-0.438 [0.806]	-1.096** [0.429]	-0.280 [0.925]	0.097 [0.206]	0.043 [0.127]	-1.664* [0.869]	0.070 [0.796]
Tangibility	0.218 [0.295]	-0.173 [0.158]	0.872*** [0.330]	0.224*** [0.070]	0.046 [0.046]	0.049 [0.305]	-0.186 [0.286]
ROA	0.944* [0.514]	0.013 [0.255]	-0.082 [0.603]	0.253** [0.126]	0.026 [0.085]	-0.310 [0.528]	0.711 [0.484]
SecuredDebt	-0.085 [0.280]	-0.325** [0.142]	-0.487 [0.318]	-0.072 [0.065]	-0.024 [0.044]	-0.903*** [0.305]	0.226 [0.258]
Institution	-0.224 [0.309]	0.312* [0.176]	0.480 [0.384]	0.033 [0.080]	0.032 [0.054]	0.104 [0.311]	0.434 [0.298]
NumClasses	0.119*** [0.028]	0.010 [0.013]	0.031 [0.027]	0.011* [0.006]	0.000 [0.004]	0.019 [0.025]	0.008 [0.024]
Delaware	0.979*** [0.164]	-1.237*** [0.082]	1.238*** [0.164]	0.183*** [0.036]	0.013 [0.025]	-0.438*** [0.163]	-0.967*** [0.159]
Prepack	-0.120 [0.137]	-0.136* [0.075]	0.066 [0.160]	0.037 [0.034]	0.013 [0.023]	0.075 [0.142]	0.157 [0.135]
Constant	-1.935*** [0.519]	2.688*** [0.283]	-1.560** [0.642]	0.639*** [0.129]	0.016 [0.082]	-1.464*** [0.512]	-2.114*** [0.504]
IV: DistressHFRet	9.242** [3.917]	8.288** [4.224]	8.527** [4.133]	8.070* [4.535]	9.496** [4.688]	9.494** [4.229]	8.855** [3.939]
IV: SP500Ret	3.963** [1.760]	5.440*** [1.977]	5.071** [2.024]	5.000** [2.116]	4.983** [2.153]	4.637*** [1.558]	5.807*** [2.175]
Sign of ρ	-	+	+	-	+	-	-
LR Test of $\rho = 0$:							
$\chi^2(2)$	4.689**	0.840	0.178	0.860	0.210	7.841***	3.442*
p-value	0.030	0.359	0.673	0.355	0.650	0.005	0.064

Panel C: Hedge Funds Loan-to-Own

	Probit/OLS						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Duration	LossExclusivity	APRCreditor	DistEquity	DebtRecovery	CEOTurnover	KERP
HFLTO	0.064	-0.035	0.572***	0.385**	0.046	-0.034	0.383**
	[0.091]	[0.188]	[0.190]	[0.175]	[0.038]	[0.173]	[0.169]
Ln(Assets)	0.037	-0.362***	0.119	-0.076	-0.041**	0.172**	0.268***
	[0.039]	[0.093]	[0.085]	[0.079]	[0.017]	[0.070]	[0.073]
Leverage	-0.103	0.094	-0.459	-0.148	-0.058	0.242	0.114
	[0.123]	[0.235]	[0.286]	[0.252]	[0.054]	[0.246]	[0.235]
Cash	-1.078**	0.275	0.243	-0.752	0.090	-2.365**	-0.297
	[0.452]	[0.862]	[1.124]	[0.964]	[0.211]	[0.973]	[0.849]
Tangibility	-0.244	0.454	-1.511***	0.817**	0.205***	-0.174	-0.417
	[0.171]	[0.339]	[0.422]	[0.339]	[0.073]	[0.325]	[0.316]
ROA	-0.118	-0.090	0.004	-0.613	0.300**	-0.564	0.492
	[0.317]	[0.573]	[0.817]	[0.655]	[0.145]	[0.636]	[0.587]
SecuredDebt	-0.353**	-0.489	1.912***	-0.510	-0.001	-0.629*	0.503*
	[0.161]	[0.328]	[0.346]	[0.338]	[0.068]	[0.339]	[0.302]
Institution	0.237	0.264	-0.078	0.939***	0.153**	0.642**	0.785**
	[0.179]	[0.362]	[0.396]	[0.361]	[0.076]	[0.321]	[0.327]
NumClasses	0.016	-0.009	0.055*	0.012	0.002	0.007	0.013
	[0.015]	[0.029]	[0.032]	[0.028]	[0.006]	[0.027]	[0.027]
Prepack	-1.239***	-0.039	0.166	1.212***	0.187***	-0.393**	-1.257***
	[0.089]	[0.178]	[0.189]	[0.174]	[0.037]	[0.174]	[0.181]
Delaware	-0.130	-0.402**	0.357**	0.048	-0.005	-0.002	0.039
	[0.080]	[0.162]	[0.180]	[0.163]	[0.034]	[0.151]	[0.148]
Constant	2.732***	1.615**	-2.438***	-1.232**	0.644***	-1.832***	-2.286***
	[0.304]	[0.664]	[0.680]	[0.622]	[0.133]	[0.563]	[0.565]
N	370	370	370	370	319	362	370
Pseudo-R ² or R ²	0.426	0.083	0.189	0.185	0.141	0.079	0.196

Binary Outcome with a Binary Endogenous Explanatory Variable Model/Treatment Regression							
	(1) Duration	(2) LossExclusivity	(3) APRCreditor	(4) DistEquity	(5) DebtRecovery	(6) CEOTurnover	(7) KERP
HFLTO	0.568 [0.494]	1.854*** [0.108]	-0.172 [0.952]	0.930 [0.943]	0.691*** [0.074]	1.326*** [0.344]	-0.295 [0.898]
Ln(Assets)	0.009 [0.048]	-0.331*** [0.069]	0.157* [0.092]	-0.104 [0.089]	-0.079*** [0.023]	0.066 [0.073]	0.292*** [0.073]
Leverage	-0.163 [0.139]	-0.165 [0.189]	-0.336 [0.339]	-0.212 [0.267]	-0.118 [0.074]	0.066 [0.226]	0.187 [0.246]
Cash	-0.928* [0.486]	0.384 [0.777]	-0.059 [1.183]	-0.594 [0.986]	0.280 [0.290]	-1.744* [0.923]	-0.503 [0.876]
Tangibility	-0.309* [0.186]	-0.045 [0.270]	-1.311** [0.552]	0.717* [0.389]	0.114 [0.100]	-0.280 [0.298]	-0.313 [0.350]
ROA	-0.164 [0.328]	-0.332 [0.499]	0.060 [0.789]	-0.657 [0.646]	0.242 [0.198]	-0.480 [0.591]	0.537 [0.579]
SecuredDebt	-0.273 [0.182]	-0.035 [0.269]	1.675*** [0.560]	-0.399 [0.394]	0.095 [0.093]	-0.344 [0.322]	0.375 [0.355]
Institution	0.251 [0.184]	0.255 [0.288]	-0.097 [0.382]	0.924** [0.363]	0.174* [0.104]	0.550* [0.302]	0.728** [0.343]
NumClasses	0.003 [0.020]	-0.052** [0.024]	0.072** [0.035]	-0.002 [0.037]	-0.014 [0.009]	-0.032 [0.027]	0.030 [0.034]
Prepack	-1.301*** [0.109]	-0.208 [0.140]	0.250 [0.209]	1.109*** [0.287]	0.126** [0.051]	-0.475*** [0.158]	-1.113*** [0.327]
Delaware	-0.142* [0.083]	-0.309** [0.127]	0.361** [0.175]	0.037 [0.161]	-0.033 [0.047]	-0.027 [0.139]	0.053 [0.146]
Constant	2.967*** [0.384]	1.892*** [0.504]	-2.711*** [0.687]	-0.940 [0.812]	0.934*** [0.183]	-0.854 [0.617]	-2.496*** [0.573]
IV: DistressHFRet	3.641* [1.968]	2.894** [1.161]	4.472** [1.792]	4.259** [1.770]	5.053*** [1.323]	4.477*** [1.656]	3.978** [1.833]
IV: SP500Ret	0.755 [1.061]	-0.549 [0.660]	0.133 [1.132]	0.507 [1.057]	0.494 [0.699]	0.603 [0.977]	0.665 [1.069]
Sign of ρ	-	-	+	-	-	-	+
LR Test of $\rho = 0$:							
$\chi^2(2)$	0.630	8.194***	0.632	0.252	17.86***	4.616**	0.569
p-value	0.427	0.004	0.427	0.616	0.000	0.032	0.451

Table IA.X

Change of Leverage during Reorganization and Post-Emergence Operating Performance

This table presents the OLS regression results examining the effect of hedge fund presence in Chapter 11 on post-emergence performance. Hedge fund presence is measured by hedge funds on the unsecured creditors committee (*HFCreditorsCommittee*), hedge funds on the equity committee (*HFEquityCommittee*), and hedge funds adopting a loan-to-own strategy (*HFLTO*). Columns (1)-(3) present the change of leverage from the last fiscal year before Chapter 11 filing to the first fiscal year after emergence. Columns (4)-(6) present post-emergence (2-digit SIC) industry median-adjusted operating performance. Variable definitions are provided in Table I. Numbers in brackets are standard errors. ***, **, * correspond to statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1) LeverageChange	(2) LeverageChange	(3) LeverageChange	(4) ROA	(5) ROA	(6) ROA
HFCreditorsCommittee	-0.024 [0.056]			-0.016 [0.017]		
HFEquityCommittee		-0.021 [0.093]			0.033 [0.025]	
HFLTO			-0.107** [0.052]			-0.010 [0.015]
Ln(Assets)	0.023 [0.024]	0.012 [0.025]	0.032 [0.023]	-0.011 [0.007]	-0.011 [0.007]	-0.009 [0.007]
Leverage	-0.755*** [0.083]	-0.675*** [0.082]	-0.782*** [0.076]	0.040 [0.025]	0.036 [0.023]	0.035 [0.022]
Cash	-0.730* [0.388]	-0.740* [0.416]	-0.731** [0.369]	-0.299** [0.115]	-0.217* [0.114]	-0.312*** [0.109]
Tangibility	0.002 [0.113]	-0.002 [0.117]	0.0337 [0.106]	0.039 [0.034]	0.058* [0.032]	0.039 [0.031]
ROA	0.205 [0.268]	0.316 [0.282]	0.091 [0.250]	0.275*** [0.080]	0.253*** [0.077]	0.256*** [0.074]
SecuredDebt	0.108 [0.104]	0.147 [0.099]	0.090 [0.090]	0.014 [0.031]	0.018 [0.027]	0.017 [0.027]
Institution	-0.120 [0.113]	-0.197 [0.122]	-0.141 [0.106]	0.091*** [0.034]	0.046 [0.033]	0.085*** [0.031]
NumClasses	-0.008 [0.008]	-0.008 [0.009]	-0.005 [0.008]	0.001 [0.002]	0.001 [0.002]	0.001 [0.002]
Prepack	-0.017 [0.060]	-0.075 [0.059]	-0.010 [0.055]	-0.012 [0.018]	-0.011 [0.016]	-0.005 [0.016]
Delaware	0.038 [0.055]	-0.004 [0.058]	0.048 [0.051]	-0.013 [0.016]	-0.012 [0.016]	-0.007 [0.015]
Constant	0.476** [0.215]	0.528** [0.215]	0.429** [0.197]	-0.014 [0.064]	-0.017 [0.059]	-0.029 [0.058]
N	124	142	136	124	142	136
R ²	0.528	0.444	0.567	0.321	0.270	0.312