

March was a banner month for a group that nobody wants to succeed -- bankruptcy attorneys. We are on pace to double the number of large bankruptcy filings compared to the same period in 2020, with 41 large corporate filings through March 2021. Fifteen firms with \$50 million or more in liabilities have already filed for protection this month, with energy and retail leading the way. Gas driller Nine Point Energy Holdings filed bankruptcy along with a plan to hand over operations to its lenders. Another driller, Highpoint Resources Corp, managed to enter and exit bankruptcy in March when its plan to be acquired by Bonanza Creek Energy, Inc. was approved by the courts. Brilliant Energy, LLC made a high profile filing after being decimated by the catastrophic storm that hit Texas.

- The pipeline for bankruptcy attorneys is robust based on data for distressed bonds. Bonds that have been downgraded to just above the category of bankrupt has continued to increase, and tops \$93 billion according to Bloomberg data.
- It is likely the actual number of bankrupt companies is far greater than what is reported through the courts. This is due to the fact that many companies have engaged in debt for equity swaps, where lenders take over the company.
- Issuers of distressed debt are headlined by Diamond Sports Group (\$8 billion) and Transocean (\$4.2 billion), who represent approximately 15% of the entire distressed debt bond market.

