

Flagstar Companies, Inc.: Suggested Questions

1. Describe the problems facing Flagstar. Are the problems generally on the left-hand side (assets) or right-hand side (liabilities and equity) of the balance sheet?
2. What kind of restructuring makes sense for Flagstar (i.e. out-of-court restructuring, pre-packaged bankruptcy, Chapter 11?) In general, what kinds of companies are better suited for pre-packaged bankruptcies than Chapter 11 bankruptcies?
3. Evaluate the valuations prepared by DLJ and Jeffries.
4. Is there any merit to the junior creditors' objections to the debtors' proposed Plan of Reorganization?
5. As the debtor or holder of senior subordinated debt, what negotiation strategies would you recommend for dealing with the junior creditors?
6. As an investor, do you see any opportunities to profit by trading in Flagstar's securities?