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Career guide · Restructuring

The restructuring interview prep pack

The questions interviewers ask, model answers, and a plan to be ready on the day.

6
Interview questions with answers

6
Readiness checks

$180k to $275k
Junior pay, all-in (US)

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Get interview-ready for restructuring.

Restructuring bankers advise companies that can't pay their debts, and the lenders and investors who are owed money. The work is complex, legal and technical, and it's one of the most respected training grounds in finance.

How to use this pack

Cover each answer, say yours out loud in under a minute, then compare. Use the lines to note what you missed.

Interview questions

6 questions

Basics

Why does a company need restructuring?

Usually because it can't meet its debt payments or will run out of cash, often after a fall in profits, a big debt maturity it can't refinance, or a sudden shock. Restructuring changes the debt so the business can survive.

Credit

What is the order in which creditors are repaid?

Broadly, secured debt first, then senior unsecured debt, then subordinated debt, then preferred equity and finally common equity. This is called the absolute priority rule or the capital structure waterfall.

Process

What's the difference between an out-of-court and an in-court restructuring?

Out of court, the company negotiates directly with creditors, which is quicker and cheaper but needs enough of them to agree. In court, such as US Chapter 11, a judge can bind dissenting creditors and the company gets protection while it reorganises, but it is slower and more expensive.

Technical

What is DIP financing?

Debtor-in-possession financing: new loans to a company in Chapter 11, usually ranking ahead of existing debt, so it can keep operating during the process.

Technical

How would you estimate recoveries for each creditor class?

Value the business (often at a distressed multiple or with a DCF), then distribute that value down the capital structure in order of priority. Each class recovers what is left when it's their turn.

Fit

Why restructuring rather than M&A?

Talk about liking complex, technical problems, negotiation and credit, and the fact that the skills are useful across market cycles. Mention a restructuring case you've followed.

Are you ready to apply?

6 checks

- [ ] I can explain the capital structure waterfall
- [ ] I know what Chapter 11 is and why companies use it
- [ ] I can explain the difference between secured and unsecured debt
- [ ] I can estimate recoveries for each creditor class
- [ ] I can talk about one recent restructuring in detail
- [ ] I understand basic credit ratios like leverage and interest cover

Your plan, step by step

4 stages

9 months before

Learn credit

Debt types, covenants, credit ratios and how bonds are priced.

6 months before

Follow cases

Pick two restructurings in the news and follow every step.

3 months before

Network with restructuring teams

They are small, so a personal contact can make a real difference.

Interviews

Show judgement

Explain who you think has the strongest position in a negotiation, and why.

What to read

3 picks

1 **Distressed Debt Analysis by Stephen Moyer**
The standard guide to distressed investing and restructuring.

2 **Bloomberg and Reuters restructuring news**
Follow cases as they happen.

3 **Court filings for a major Chapter 11 case**
First-day declarations explain how a company got into trouble.

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Now say it out loud.

Knowing the answer isn't the same as saying it well under pressure. The free Mandate app reads questions aloud and scores your spoken answer on key points, structure, pace and filler words.

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