Abstract: How efficient is corporate bankruptcy in the U.S.? Two economic frictions, asymmetric information and conflicts of interest among creditors, can cause several inefficiencies: excess liquidation, excess continuation, and excess delay. We quantify these inefficiencies and their underlying causes using a structural estimation approach. We find that the bankruptcy process is quite inefficient, mainly due to excess delay. Eliminating information asymmetries would increase average total payouts by 11%, and eliminating conflicts of interest would increase them by an additional 29%. Without these frictions, an extra 46% of cases would be resolved before going to court, and the remaining court cases would be 64% shorter. With less delay, the direct and indirect costs of bankruptcy would be much lower. In contrast, we find that inefficiencies from excess liquidation and excess continuation are quite small.