

## GLOSSARY OF REORGANIZATION TERMS

**Administrative Claim:** An “Administrative Claim” is a Claim that arises after the Filing Date, which is granted priority treatment and entitled to payment in full under the Bankruptcy Code. For example, obligations to suppliers for anything provided after the filing date would give rise to an Administrative Claim if the obligation were not paid.

**Automatic Stay:** The “Automatic Stay” is an injunction that takes effect immediately upon filing a Chapter 11 petition. It prohibits, among other things, all collection actions against a Debtor and all actions to exercise control over property of a Debtor. The Automatic Stay also affects lawsuits commenced prior to the date of filing, preventing them from moving forward until the Chapter 11 case is over.

**Bankruptcy Judge:** The “Bankruptcy Judge” presides over the administration of a Chapter 11 case and decides contested aspects of that case related to the restructuring of a Debtor.

**Bar Date:** The “Bar Date” is the last date on which a Proof of Claim can be filed. The Bankruptcy Court will establish the Bar Date and then notice of the Bar Date will be announced and sent to creditors.

**Business Plan:** A “Business Plan” is a strategic plan prepared by management that sets forth the company's objectives as well as the specific steps that will be taken to achieve those goals.

**Cash Collateral:** “Cash Collateral” means cash in which an entity other than the Debtor has an interest, e.g., a security interest by a secured lender or a lien.

**Chapter 11:** The chapter of the U.S. Bankruptcy Code that contains the provisions relating to a Court-supervised restructuring of a company.

**Chapter 11 Petition:** The “Chapter 11 Petition” is the legal document that is filed with the Bankruptcy Court and initiates a bankruptcy case. The Chapter 11 Petition is, in most cases, filed with a variety of other supporting documents that contain information on the Debtor including financial information.

**Claim:** A “Claim” is a right to payment, whether that right is fixed, liquidated, potential, or contingent (i.e., based on the outcome of litigation). Claims can fall into different categories: priority, secured, unsecured, contingent, liquidated, disputed or matured.

**Confirmation:** “Confirmation” is the official approval of the plan of reorganization by the Bankruptcy Court.

**Creditor:** A “Creditor” is an entity, such as a vendor, bank lender or bondholder, to whom a debt is owed by the Debtor and therefore has a Claim against the Debtor.

Creditors' claims fall into different classes depending on whether or not they are secured by collateral, are within a group of priority creditors identified by Congress in the Bankruptcy Code, or hold a Post-Petition claim.

**Creditors' Committee:** The "Creditors' Committee" is appointed by the U.S. Trustee and is composed of representatives of the unsecured creditors. This Committee represents the unsecured creditors, consults with the Debtor-in-Possession, reviews and gathers information about the Debtor-in-Possession's activities and financial condition, and participates in the formulation and negotiation of a Chapter 11 Plan of Reorganization.

**Debtor:** A "Debtor" is a person or company who files a voluntary petition to restructure under Chapter 11.

**Debtor-in-Possession:** In most Chapter 11 cases, a Debtor is a "Debtor-in-Possession" meaning that it continues to operate its business while retaining possession of its assets and property. In other words, no trustee is appointed to operate the business or manage the property of a Debtor-in-Possession.

**Debtor-in-Possession (DIP) Financing:** "DIP Financing" is special financing available only to companies in Chapter 11 and is used to fund Post-petition trade and employee obligations, as well as the ongoing operating needs of the company during the restructuring process.

**Disclosure Statement:** The "Disclosure Statement" is a document that is presented to the Bankruptcy Court, and ultimately to creditors, that discloses the terms of the Debtor's Plan of Reorganization, as well as sufficient information about the company and other matters so that holders of Claims against or interests in the company can make an informed decision as to whether to vote for or against the Plan.

**Discharge:** "Discharge" is the legal term for the elimination of the Debtor's liabilities or its debt through bankruptcy.

**Exclusivity Period:** For 120 days after the filing of a Chapter 11 petition, the Debtor is the only party with the right to submit a plan of reorganization to the Bankruptcy Court. The "Exclusivity Period" may be extended by the Bankruptcy Judge if the Debtor makes a motion to extend the 120-day period; however, it cannot be extended beyond 18 months.

**Filing Date:** The "Filing Date" is the date on which the Chapter 11 petition is filed.

**First-Day Motions:** "First-Day Motions" are motions typically filed on the same day the Chapter 11 petition is filed that seek authorization for the Debtor to continue to conduct its business in the ordinary course. First Day Motions are intended to provide support to the company's employees, vendors and customers.

**First-Day Orders:** “First-Day Orders” are the Orders entered by the Bankruptcy Court granting the requests made by the Debtor in the First Day Motions.

**Plan of Reorganization:** The “Plan of Reorganization” is the formal plan setting forth in detail how the Claims of each class of Creditors and interest holders will be treated. The Plan must be voted on and approved by a certain percentage of Creditors and then be approved or “Confirmed” by the Bankruptcy Court to become effective.

**Pre-petition:** “Pre-petition” refers to the period of time preceding a Chapter 11 filing. It also typically is used to identify Claims that existed prior to the Filing Date.

**Post-petition:** “Post-petition” refers to the period of time following a Chapter 11 filing. It also typically is used to identify business transactions that occur on or after the Filing Date.

**Priority Claim:** Certain classes of claims are given priority by the Bankruptcy Code, such as claims for unpaid wages or taxes. Claims must be paid in order of priority. A “Priority Claim” will be paid ahead of other claims.

**Proof of Claim:** The “Proof of Claim” is the form filed with the Bankruptcy Court that provides the details of a Creditor’s Pre-petition claim.

**Reorganized Debtor:** After the Debtor receives Bankruptcy Court approval of a Plan of Reorganization, the plan becomes effective and the company emerges from Chapter 11. At this time, the company is then considered a “reorganized Debtor.”

**Schedule of Assets and Liabilities:** A Debtor’s “Schedule of Assets and Liabilities” lists its assets (what it has or owns) and its liabilities (what it owes). Every Debtor is required to file a Schedule of Assets and Liabilities with the Bankruptcy Court.

**Secured Claim:** A “Secured Claim” is a Claim that is based on a debt or obligation that is secured by a lien on certain assets. A mortgage is an example of a debt that is secured by a lien on certain assets (e.g., real property).

**United States Trustee:** The “U.S. Trustee” is part of the U.S. Department of Justice and supervises all bankruptcy cases filed in a particular district. The role of the U.S. Trustee is to interview the Debtor shortly after the filing of the case, to schedule the first meeting of Creditors (the “341 Meeting”), to inform the Debtor of its duties and responsibilities, to ensure that the Debtor complies with its duties and responsibilities, to appoint Creditors’, bond-holder and equity-holder committees, to apply to the Bankruptcy Court for appropriate relief and to make recommendations to the Bankruptcy Court.

**Unsecured Claim:** An “Unsecured Claim” is a Claim that is based on a debt or obligation that is not secured by a lien or otherwise subject to a security interest.