

**GLOSSARY OF TERMS**

*The following are some of the terms commonly associated with a Chapter 11 proceeding.*

- **Administrative Claims** -- Debts incurred in relation to goods received or services provided after the bankruptcy filing (i.e. post-petition) and required by the bankruptcy court to be paid under the governing terms of the given transaction.
- **Automatic Stay** -- An injunction under the Bankruptcy Code that takes effect when a bankruptcy petition is filed. The automatic stay prohibits all collection actions against a debtor for goods and services provided prior to the filing date of the petition.
- **Bankruptcy Estate** -- All pre-petition liabilities are 'frozen' at the time of filing, and placed into the Bankruptcy Estate. The Company generally maintains operational control over the assets of the Estate (i.e., any proceeds, products, rents, or profits from estate property, and any interest in property acquired post-petition), but the Bankruptcy Court must approve certain activities.
- **Bankruptcy Judge**-- Federally appointed judge who presides over the administration of a bankruptcy case and decides aspects of that case related to the reorganization of a debtor.
- **Bankruptcy Petition** -- The legal pleading filed with the Bankruptcy Court that initiates a bankruptcy proceeding.
- **Bar Date** -- The date set by the Bankruptcy Court by which a creditor must file a claim against the debtor relating to a pre-petition debt.
- **Business Plan** -- A strategic plan prepared by an organization's management that states its objectives as well as the specific steps taken to achieve those goals.
- **Chapter 11** -- The chapter in the U.S. Bankruptcy Code that contains the provisions for court-supervised reorganization of debtor companies. It is a legal mechanism for court-supervised reorganization or modification of an organization's debt and/or structure while it continues day-to-day operations.
- **Claim** -- The right to payment or reimbursement for goods or services provided to the bankrupt company or breach of performance, if such a violation gives right to payment.
- **Class** -- A grouping of claims or interest that is similar to each other.
- **Collateral** -- Assets of a company pledged to a Secured Creditor, to be taken if a company fails to repay a debt (e.g. inventory or equipment).
- **Confirmation** -- The process of approving a Plan of Reorganization, involving input from all parties-in-interest.
- **Confirmation Date** -- The date on which the Bankruptcy Court approves the debtor's Plan of Reorganization.
- **Creditor** -- An entity that has a claim against the debtor, which arose prior to the date that the debtor filed for Chapter 11 protection.

- **Creditors' Committee** -- Committee comprised of representatives of the unsecured creditors, i.e., those creditors who do not have collateral to secure the debt owed to them. This committee 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.
- **Debt** -- A valid and enforceable obligation to pay fixed or determinable sum of money.
- **Debtor** -- The person or entity that seeks voluntary relief under the Bankruptcy Code, or that has been forced involuntarily into bankruptcy by creditors.
- **Debtor-in-Possession (DIP)** -- A debtor that continues to operate its business while retaining possession of its assets or property following a Chapter 11 filing.
- **DIP Financing** -- DIP financing is a special financing available only to companies in Chapter 11 and is used to fund post-filing trade and employee obligations as well as a company's ongoing operating needs during the Chapter 11 process.
- **Disclosure Statement** -- A document presented to the Bankruptcy Court that describes the terms of the debtor's plan of reorganization, as well as sufficient information so that holders of claims against the debtor can make informed decisions as to whether to vote for or against the plan.
- **Discharge** -- The legal term for the elimination of debt through bankruptcy.
- **Disinterested Person** -- One who is not related to an insider, creditor or equity holder of the corporation, and does not have an interest materially adverse to the interest of the corporation or any class of creditors or equity security holders.
- **Emerging Entity** -- A Company that will exit and operate without oversight from the Bankruptcy Court after a Chapter 11 Plan of Reorganization is confirmed.
- **First Day Motions / Orders** -- Debtors submit a number of motions to the Bankruptcy Court immediately after the filing. These typically include motions to allow employee checks to clear the old bank accounts, to prevent utility companies from shutting off service and other similar items. Such motions are typically heard within two or three days after the filing of the bankruptcy petition. Once the Bankruptcy Judge approves a motion, it becomes a first day order from the Bankruptcy Court.
- **Insolvency** -- When a Debtor's liabilities exceed the fair market value of its assets. The Uniform Commercial Code (UCC) defines insolvency as the inability to pay debts as they become due.
- **Normal / Ordinary Course** -- Transactions that were entered into as part of day-to-day business, as the relationship existed prior to filing for bankruptcy. Transactions that are considered to be outside of ordinary course (e.g., asset sales) must generally be approved by the court.
- **Plan of Reorganization** -- The reorganization plan that sets forth the rights of all classes of creditors. It may also include various repayment schedules pertaining to the various creditors. Once the plan is filed with the Court, creditors and, in some instances, equity holders vote to approve it. Upon completion of this step, and with the concurrence of the Court, the plan is said to be "confirmed."
- **Post-Petition** -- The period of time following a Chapter 11 filing that is used to identify transactions occurring on or after the filing date and before the date the Plan of Reorganization becomes effective.
- **Pre-Petition** -- The period of time preceding a Chapter 11 filing.

- **Priority Claim** -- Classes of claims given a “priority” designation by the Bankruptcy Code, e.g. claims for lost wages or taxes. Classifications of claims must be paid in order of priority.
- **Reclamation Claim** -- Per the U.S. Bankruptcy laws, certain payments and shipments of goods are subject to a “reach back” period wherein a vendor may serve written notice that they demand to have one or more of their shipments returned to them. Generally these goods are not actually returned to the vendor, rather they are paid by the Debtor as an administrative claim.
- **Secured Claims** -- Claims that have collateral backing their payment. Secured claims receive the highest priority in the payment of an organization’s obligations to the extent of the value of the collateral. Certain classes of “secured” bondholders, lenders (usually banks) and holders of subordinated debt may fall into this category.
- **Security Interest** -- Under the Uniform Commercial Code (UCC), an interest in personal property or fixtures that secures payment or performance of an obligation. It is normally created by a security agreement.
- **United States Trustee** -- Appointed by the U.S. Attorney General to supervise all bankruptcy cases filed in a particular district. The role of the Trustee is to interview the debtor upon the filing of the case, to schedule the first meeting of the creditors, to inform the debtor of its duties and responsibilities, to ensure that the debtor complies with its duties and responsibilities, to appoint creditors and equity-holder committees, to apply to the Bankruptcy Court for appropriate relief and to make recommendations to the Court.
- **Unsecured Claim** -- A claim that is neither secured by a lien nor granted a priority by the Bankruptcy Code.

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