



## Terms and Conditions

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

- **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.
- **Bankruptcy Judge** -- Presides over the administration of a bankruptcy case and decides contested 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.
- **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 existing liens against the debtor. 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.
- **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** -- A debtor that continues to operate its business while retaining possession of its assets or property following a Chapter 11 filing.
- **Discharge** -- The legal term for the elimination of debt through bankruptcy.
- **Disclosure Statement** -- A document presented to the Bankruptcy Court that discloses 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.
- **Effective Date** -- Date that the plan becomes effective.



- **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 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.
- **Pre-Petition** -- The period of time preceding a Chapter 11 filing that is used to identify claims that existed prior to the filing date.
- **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.
- **Restructuring** -- One of the ways an organization that has too much debt and interest expense for its revenues (or sales) can decrease these items.
- **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.
- **United States Trustee** -- Appointed by the U.S. Attorney General in all but two states (Alabama and North Carolina) 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.