

**2012 Corporate Bankruptcy Recap:
Chapter 11 Filing Numbers Remain Consistent
& Health Care Filings Continue to Lead**

Quincy, MA – 01/07/13 BankruptcyData.com’s research reveals that a total of 86 publicly-traded* companies filed for bankruptcy protection in 2012 with a total of \$70.8 billion in combined pre-petition assets**. This filing count is the exact same figure seen in 2011, which had \$104.0 billion in total assets. The average pre-petition asset figure of bankrupt companies in 2012 fell slightly to \$824 million—compared to \$1.2 billion in 2011. When ranked by total assets, the largest filing of 2012 was, by a significant margin, Residential Capital, LLC’s \$15.7 billion bankruptcy, followed by Edison Mission Energy with \$8.3 billion in assets and Eastman Kodak Company’s \$6.2 billion filing.

10 Largest Bankruptcies of 2012 (Ranked by Assets):

| <u>Company</u> | <u>Bankruptcy Date</u> | <u>Business Description</u> | <u>Assets (\$mil)**</u> |
|--|-------------------------------|------------------------------------|--------------------------------|
| Residential Capital, LLC | 05/14/12 | Real Estate Finance | \$15,676 |
| Edison Mission Energy | 12/17/12 | Power Producer | \$8,323 |
| Eastman Kodak Company | 01/19/12 | Imaging Technology | \$6,239 |
| Overseas Shipholding Group, Inc. | 11/14/12 | Oil & Petroleum Transport | \$4,034 |
| Patriot Coal Corporation | 07/09/12 | Coal Mining | \$3,777 |
| ATP Oil & Gas Corporation | 08/17/12 | Oil & Gas Development | \$3,389 |
| First Place Financial Corp. | 10/28/12 | Unitary Thrift | \$3,153 |
| Hawker Beechcraft Acquisition Company, LLC | 05/03/12 | Aviation Services | \$2,778 |
| Houghton Mifflin Harcourt Publishing Co. | 05/21/12 | Publishing | \$2,680 |
| United Western Bancorp, Inc. | 03/02/12 | Unitary Thrift | \$2,526 |

The same three companies top the 2012 list when sorted by pre-petition liabilities; however, the second and third place ordering reversed: Residential Capital, LLC, \$15.3 billion in liabilities; Eastman Kodak Company, \$7.3 billion in liabilities and Edison Mission Energy, \$6.7 billion in liabilities. When this year’s corporate bankruptcies are sorted by pre-bankruptcy revenue figures, the gold, silver and bronze go to the following petitioners: Eastman Kodak Company, \$7.2 billion in revenue; Hawker Beechcraft Acquisition Company, LLC, \$2.4 billion in revenue and Patriot Coal Corporation, \$2.4 billion in revenue. None of 2012’s bankruptcy filings came close to ranking on BankruptcyData.com’s pre-petition asset-based list of largest all-time bankruptcies:

10 Largest All Time Chapter 7 and Chapter 11 Bankruptcies (1980-2012 Ranked by Assets):

| <u>Company</u> | <u>Bankruptcy Date</u> | <u>Company Description</u> | <u>Assets (\$mil)**</u> |
|-------------------------------|-------------------------------|-----------------------------------|--------------------------------|
| Lehman Brothers Holdings Inc. | 09/15/08 | Investment Bank | \$691,063 |
| Washington Mutual, Inc. | 09/26/08 | Savings & Loan Holding | 327,913 |
| WorldCom, Inc. | 07/21/02 | Telecommunications | 103,914 |
| General Motors Corporation | 06/01/09 | Automotive Mfg. & Sales | 91,047 |
| CIT Group Inc. | 11/01/09 | Bank Holding Company | 80,449 |
| Enron Corp. | 12/02/01 | Energy Trading & Natural Gas | 65,503 |
| Conseco, Inc. | 12/18/02 | Financial Svcs. Holding Co. | 61,392 |
| MF Global Holdings Ltd. | 10/31/11 | Commodities & Derivatives Broker | 40,542 |
| Chrysler LLC | 04/30/09 | Automotive Mfg. & Sales | 39,300 |
| Thornburg Mortgage, Inc. | 05/01/09 | Residential Mortgage Lending | 36,521 |

Unlike the bankruptcy cycles of (1) 2000-03 and (2) 2008-09—which were clearly dominated by certain industry groups (telecom/technology and financial services, respectively)—2012’s Chapter 11 activity covered the full spectrum of industries. Health Care & Medical bankruptcies continued their 2011 trend—topping the list for filing frequency in 2012 with a total of 15 bankruptcies. The majority of these petitioners reported lesser asset totals—all under \$20 million—with the exception of LifeCare Holdings, Inc., \$513 million in assets, and K-V Pharmaceutical Company (aka DrugTech), \$253 million in assets.

There were a total of seven Banking & Finance industry filings in 2012—compared to just four in 2011. It should be noted that many filings within the financial sector, which typically reflect a higher pre-petition asset figure than other industries (*see note below*), report a tremendous asset discrepancy between the date on which a company files its most recent pre-petition Annual Report and its bankruptcy filing date. This variance often can be explained by Federal Deposit Insurance Corporation (FDIC) closures and subsequent third party bank asset acquisitions.

The total assets going into Chapter 7 and Chapter 11 in 2012 also fell below the 2011 totals when excluding financial companies from the calculation. It is sometimes helpful to exclude financial companies from the asset totals because they always show very large asset numbers on their balance sheets, which skews the asset totals in certain years. For example, in 2008 the total asset figure reported by just one financial company, Lehman Brothers Holdings Inc. (\$691 billion in assets), was more than ten times the total assets for all 125 non-financial bankruptcies combined that entire year. The chart below reflects the largest bankruptcy filings—outside of the financial sector—in 2012.

10 Largest Non-Financial Public Bankruptcies of 2012 (Ranked by Assets):

| <u>Company</u> | <u>Bankruptcy Date</u> | <u>Company Description</u> | <u>Assets (\$mil)**</u> |
|--|-------------------------------|-----------------------------------|--------------------------------|
| Edison Mission Energy | 12/17/12 | Power Producer | \$8,323 |
| Eastman Kodak Company | 01/19/12 | Imaging Technology | 6,239 |
| Overseas Shipholding Group, Inc. | 11/14/12 | Oil & Petroleum Transport | 4,034 |
| Patriot Coal Corporation | 07/09/12 | Coal Mining | 3,777 |
| ATP Oil & Gas Corporation | 08/17/12 | Oil & Gas Development | 3,389 |
| Hawker Beechcraft Acquisition Company, LLC | 05/03/12 | Aviation Services | 2,778 |
| Houghton Mifflin Harcourt Publishing Co. | 05/21/12 | Publishing | 2,680 |
| Pinnacle Airlines Corp. | 04/01/12 | Regional Airline | 1,499 |
| Homer City Funding LLC | 11/06/12 | Special Purpose Entity | 1,247 |
| Ampal-American Israel Corporation | 08/29/12 | Real Estate Investor | 847 |

George Putnam, III, Publisher of *The Turnaround Letter*, anticipates an increase in large corporate bankruptcy filings in 2013: “Many [over-leveraged companies] raised large amounts of debt during the boom years before 2008, and they have not yet refinanced or extended that debt, despite the strong high yield bond market since 2009. When these companies face debt maturities in 2013 and the following years, they will be forced to restructure, which often means a Chapter 11 filing.”

Putnam also points to new high yield debt raised since 2009 as a source for upcoming Chapter 11 activity: “History has shown that a certain percentage of high yield bonds begin to default a few years after they are issued.”

Public Companies/Assets Filing for Bankruptcy (1980-2012):

| Year | Filings | Pre-Petition Assets* | Average Pre- Petition Assets |
|-------------|----------------|---------------------------------|---|
| 1980 | 62 | 1,671 | 27 |
| 1981 | 74 | 4,703 | 64 |
| 1982 | 84 | 9,103 | 108 |
| 1983 | 89 | 12,523 | 141 |
| 1984 | 121 | 6,530 | 54 |
| 1985 | 149 | 5,831 | 39 |
| 1986 | 149 | 13,033 | 87 |
| 1987 | 112 | 41,503 | 371 |
| 1988 | 122 | 43,488 | 356 |
| 1989 | 135 | 71,371 | 529 |
| 1990 | 115 | 82,781 | 720 |
| 1991 | 123 | 93,624 | 761 |
| 1992 | 91 | 64,226 | 706 |
| 1993 | 86 | 18,745 | 218 |
| 1994 | 70 | 8,337 | 119 |
| 1995 | 85 | 23,107 | 272 |
| 1996 | 86 | 14,201 | 165 |
| 1997 | 83 | 17,247 | 208 |
| 1998 | 122 | 29,195 | 239 |
| 1999 | 145 | 58,760 | 405 |
| 2000 | 187 | 100,882 | 539 |
| 2001 | 265 | 267,203 | 1,008 |
| 2002 | 229 | 401,063 | 1,751 |
| 2003 | 176 | 100,214 | 569 |
| 2004 | 93 | 47,802 | 514 |
| 2005 | 86 | 133,843 | 1,556 |
| 2006 | 66 | 22,257 | 337 |
| 2007 | 78 | 70,525 | 904 |
| 2008 | 138 | 1,159,351 | 8,401 |
| 2009 | 211 | 593,733 | 2,813 |
| 2010 | 106 | 89,109 | 840 |
| 2011 | 86 | 103,990 | 1,209 |
| 2012 | 86 | 70,842 | 824 |

* BankruptcyData.com defines publicly-traded as those companies with common stock and/or bonds that are publicly-traded on U.S. markets.

** All figures are pre-petition and taken from each debtor's most recent Annual Report filed with the Securities and Exchange Commission (SEC).

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