

Bankruptcy Count Lowest Ever; Uptick Anticipated Health Care Filings Lead Count

BankruptcyData.com's analysis indicates that *2014's corporate bankruptcy count represents the fewest number of public* companies seeking U.S. Bankruptcy Court protection since at least 1980—and perhaps ever.* Only 54 publicly traded companies filed for Chapter 7/Chapter 11 protection last year with a total of \$71.9 billion in combined pre-petition assets**. While that figure is down from 2013's 71 bankruptcies, the asset count is a 69% increase over last year's \$42.6 billion because of the \$41 billion in pre-petition assets for the largest filing of 2014: Energy Future Holdings. NII Holdings (\$9 billion) is the second largest Chapter 11 filing for the year, followed by Genco Shipping & Trading (\$3 billion).

BankruptcyData.com also reveals that *2014's activity was unusual in several ways:* The year began with one of the slowest periods for public filings, up-ending historical corporate bankruptcy benchmarks and pundit expectations with zero activity from early December 2013 until early February 2014. 2006 was the second-closest in terms of that type of slowdown. The late 2013/early 2014 decline was followed shortly thereafter by one of the busiest periods for large Chapter 11's when eleven public companies, each with pre-petition assets in excess of \$300 million, sought U.S. Bankruptcy Court protection in March and April 2014. The roller coaster continued with activity again slowing dramatically and only sporadic large filings occurring since May 2014. The chart below reflects the ten largest Chapter 11 proceedings in 2014.

Largest Public Bankruptcies of 2014:

| <u>Company</u> | <u>Bankruptcy Date</u> | <u>Business Description</u> | <u>Assets** (\$mils)</u> |
|--------------------------------------|------------------------|--------------------------------|--------------------------|
| Energy Future Holdings Corp. | 04/29/14 | Electric Utility Company | \$40,970 |
| NII Holdings, Inc. | 09/15/14 | Wireless Comm. Provider | 8,680 |
| Genco Shipping & Trading Limited | 04/21/14 | Ocean Transport Vehicles | 2,957 |
| Momentive Performance Materials Inc. | 04/13/14 | Silicone & Materials Producer | 2,694 |
| USEC Inc. | 03/05/14 | Energy Company | 2,266 |
| Eagle Bulk Shipping Inc. | 08/06/14 | Ocean Transport Provider | 1,723 |
| Endeavour International Corporation | 10/10/14 | Oil & Gas Company | 1,525 |
| First Mariner Bancorp | 02/10/14 | Bank Holding Company | 1,378 |
| James River Coal Company | 04/07/14 | Coal Producer & Seller | 1,204 |
| GT Advanced Technologies Inc. | 10/06/14 | Electronics Equipment Provider | 1,187 |

2014's average pre-petition asset figure rose to its highest total since 2009, once again largely as a result of Energy Future's tremendous size. 2014's average asset count was \$1.3 billion, compared to last year's \$600 million. In addition to being the largest bankruptcy of 2014, Energy Future is also the fourth largest (excluding purely financial companies) of all time. The three largest historic Chapter 11's (again, excluding purely financial companies) are WorldCom in 2002, General Motors in 2009 and Enron in 2001, respectively.

Largest All Time Public Bankruptcies (Excluding Financial Companies):

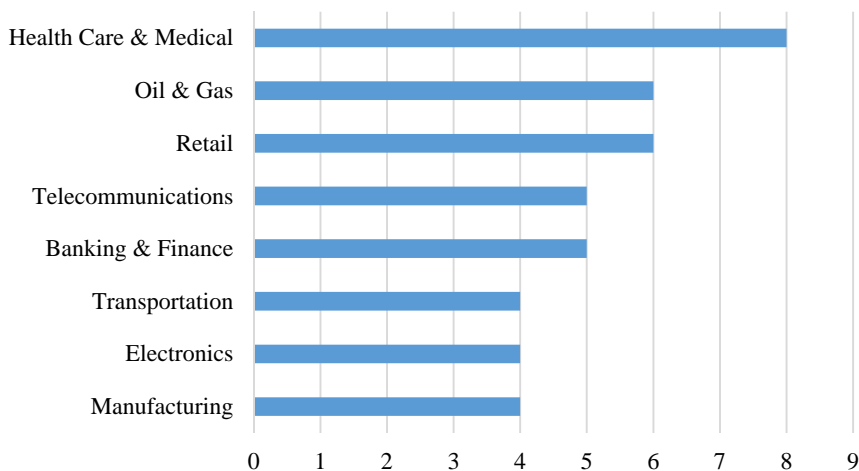
| <u>Company</u> | <u>Bankruptcy Date</u> | <u>Business Description</u> | <u>Assets** (\$mils)</u> |
|----------------------------------|------------------------|-----------------------------------|--------------------------|
| WorldCom, Inc. | 07/21/02 | Telecommunications Provider | \$103,914 |
| General Motors Corporation | 06/01/09 | Auto Manufacturer & Seller | 91,047 |
| Enron Corp. | 12/02/01 | Energy & Natural Gas Trading | 65,503 |
| Energy Future Holdings Corp. | 04/29/14 | Electric Utility Company | 40,970 |
| Chrysler LLC | 04/30/09 | Auto Manufacturer & Seller | 39,300 |
| Pacific Gas and Electric Company | 04/06/01 | Electric Utility Company | 36,152 |
| Texaco, Inc. | 04/12/87 | Petroleum & Petrochemical Company | 34,940 |
| Global Crossing, Ltd. | 01/28/02 | Telecommunications Provider | 30,185 |
| General Growth Properties, Inc. | 04/16/09 | Real Estate Investment Company | 29,557 |
| Lyondell Chemical Company | 01/06/09 | Chemical Manufacturer | 27,392 |

The decline in the number of public company filings is also consistent with recent activity seen in the business bankruptcy sector, in general. BankruptcyData.com reports that all categories of business bankruptcies (both public and private companies) have dropped steadily since 2007, and this past year proved to be no exception: 2014 saw a 19% reduction in filings since 2013—with a dramatic 44% drop since 2012.

Once again examining public company statistics, 2014's activity continued a trend seen over the past few years with filings heralding from a wide range of industries. This represents a marked departure from the bankruptcy cycles of (1) 2000-03 and (2) 2008-09, which were clearly dominated by certain sectors (telecom/technology and financial services, respectively). As was the case in both 2013 and 2012, **health care & medical industry bankruptcies once again led this year's filing count** with eight of the year's bankruptcies (roughly 15% of total filings) coming from this sector, followed closely by six filings each from both the oil & gas and retail industries.

2014 Public Bankruptcies by Industry:

(Note: Only those industries with four or more filings are included in this data sampling.)



While BankruptcyData.com's research indicates that activity has continued to slow over the past several years, many analysts wonder if this trend will continue in 2015. George Putnam, III, Publisher of *The Turnaround Letter* and Founder of New Generation Research, anticipates an uptick—particularly from the energy sector. Putnam explains, "Looking ahead, we expect bankruptcy activity to begin to pick up again. **The downturn in oil prices is likely to cause some bankruptcy filings among the more leveraged exploration and production companies, drillers and oilfield service companies.** Just how many will fail will depend on how long the price of oil stays at its current low level." Putnam continues, "In addition, there are likely to be more restructurings outside of the oil patch. A variety of companies with heavy debt loads face significant debt maturities in 2015 and early 2016. If volatility continues in the credit markets, these companies may not be able to refinance the debt when it comes due, and they will be forced to file for bankruptcy."

In summary, 2014 saw the third straight year of declining Chapter 7/Chapter 11's, with this past year's public filing count representing the lowest since 1980—and perhaps ever. BankruptcyData.com's analysis further reveals that the health care & medical sector filed the most frequently, as was the case in both 2013 and 2012. Despite these trends, distressed debt pundit **George Putnam, III forecasts an uptick in U.S. Bankruptcy Court activity** as oil prices decline and debt maturities come due in the coming months.

For additional information on corporate bankruptcies, visit <http://www.bankruptcydata.com>. BankruptcyData.com provides news, retention data, financial history, creditor information, reorganization plan analysis and more for publicly traded companies that have filed for bankruptcy protection since 1980; and its extensive databases can be searched by assets, industry, filing date and company name.

Public Companies/Assets Filing for Bankruptcy:

| Year | Filings | Assets** (\$mil) | Average Assets** (\$mil) |
|-------------|----------------|-----------------------------|-------------------------------------|
| 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 | 87 | 70,843 | 824 |
| 2013 | 71 | 42,641 | 600 |
| 2014 | 54 | 71,918 | 1,332 |

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

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

Disclaimer: BankruptcyData.com collects its information from the U.S. Bankruptcy Court and SEC. Although sources are believed to be reliable, accuracy cannot be guaranteed. New Generation Research thoroughly analyzed and audited all bankruptcy figures and statistics; however, certain details may require adjustment pending untimely SEC reporting and/or delayed U.S. Bankruptcy Court docketing.

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