

Capmark Chapter 11 Bankruptcy Filing General Questions & Answers

On October 25, 2009 Capmark Financial Group Inc. and certain of its subsidiaries filed voluntary petitions for reorganization under the U.S. Bankruptcy Code, which is more commonly known as “Chapter 11”. That means we’ve taken formal steps that allow us to pursue a restructuring of our debts, with the court protecting us from having to meet payments on previously incurred debts and liabilities, while we continue to operate our business.

What does it mean to voluntarily file for Chapter 11?

A voluntary Chapter 11 filing – such as ours – is an action taken by a U.S. company to resolve financial challenges, such as lack of cash or excessive debt, in order to maximize the value of the “Estate” (the company’s assets and operations) for the benefit of all of its interest holders. During the Chapter 11 process, a company is able to continue to conduct business while reorganizing its finances and operations in order to meet the claims of those to whom it owes money. This is accomplished in part through a legal mechanism known as the “automatic stay,” which stops creditors from taking action to collect money or property they are owed.

A company in Chapter 11 continues to provide employees with salaries and medical benefits. It is also able to continue to do business in a routine manner. A company exits Chapter 11 after the court has approved a Chapter 11 plan and the transactions and payments proposed in the plan have taken place.

With respect to our ongoing business relationships, bankruptcy law provides priority status for the company’s post-petition purchases (goods and services received after the date of the filing). We can and will pay for such post-petition goods and services in the normal course of business.

Bankruptcy law generally prohibits payment for goods and services received before the filing date. Payment of these prepetition invoices is prohibited until after a plan of reorganization is accepted by our creditors and approved by the court, at which point the plan of reorganization dictates what creditors will receive on account of their claims.

What happens during Chapter 11?

The Chapter 11 filing triggers a “stay” which prevents anyone from collecting debts owed by the company, such as loan payments it would ordinarily make to the bank or payments to vendors for goods received before the filing.

Chapter 11 permits daily operations to continue. Our operations will remain functional. Employees will be paid salaries, and goods purchased after the filing date will be paid for in the ordinary course of business.

While business continues, management and its creditors negotiate to restructure the company. The restructuring plan is called a plan of reorganization. Once the plan is filed with the court, the creditors and stockholders vote to approve the plan. When the plan is accepted by the creditors and the court, it is confirmed, and Capmark emerges from Chapter 11 as a reorganized company.

What happens to existing debt obligations and financial claims against Capmark during the Chapter 11 process?

Through a legal mechanism known as the “automatic stay,” creditors are generally prevented from taking action against Capmark to collect on account of debts that arose prior to our Chapter 11 filing.

Why did Capmark file Chapter 11?

After careful consideration of our alternatives, and consultation with a number of legal and financial advisors, the Board of Directors concluded that a court-supervised financial reorganization was the course of action that best served the interests of Capmark’s stakeholders.

How is Capmark going to get the cash to stay in business?

We believe we have sufficient current liquidity to continue to satisfy customary obligations associated with ongoing operations of our business, including payment of employee salaries and benefits in the ordinary course, and payment of post-petition obligations to vendors.

How long will it be before Capmark can emerge from Chapter 11?

We intend to move through the Chapter 11 process as quickly as possible. It is too early to say how long that process will take.

Will there be any change in the management of the company?

No further management changes are anticipated at this time.

Is Capmark in control of its operations during bankruptcy?

Capmark’s management will be running the day-to-day operations of the business. However, any business done outside the ordinary course must be approved by the court.

How will the filing affect Capmark's Asset Put Agreement with Berkadia Commercial Mortgage, LLC?

Under the terms of the Asset Put Agreement, Capmark has 60 days from the date of the Chapter 11 filing to exercise the put option. During the reorganization proceedings, Capmark intends to pursue court approval to complete the sale, subject to the receipt of any higher and better offers.

Do you plan to shut down offices or move them to other locations?

In the normal course, management continually reviews and analyzes its operations. Management will continue this process in a prudent manner to address all operational issues.

How can I obtain more information?

You can obtain more information on our restructuring from a number of resources:

- The Capmark Internet Web site, www.capmark.com, where we have added a special section with information on our Chapter 11 reorganization
- Claims information and court filings are available at: [Epiq Bankruptcy Solutions](#)
- General information is available at: [U.S. Bankruptcy Court—District of Delaware](#)

Questions and Answers for Creditors

Should I file a claim?

You should consult your attorney to determine whether to file a proof of claim.

How/when do I file a proof of claim?

The bankruptcy court typically will set a bar date by which all claims must be filed and will establish procedures for filing proofs of claim. Notice of the bar date and a proof of claim form will be mailed to all known creditors prior to the bar date. The proof of claim form is generally self-explanatory, but you may want to consult your own counsel.

Where do I file my proof of claim?

Unless otherwise ordered by the bankruptcy court, all proofs of claims are to be mailed for filing to the bankruptcy court.

Am I entitled to priority or secured status?

You should consult your attorney to help you determine if your claim is entitled to priority.

How much am I owed?

You should consult your attorney to determine how much you are owed.

Is my claim on file with the bankruptcy court?

To ensure that your claim has been filed, include a photocopy of your proof of claim together with a postage paid, return envelope. The bankruptcy court or claims agent will then return the copy of the proof of claim indicating that it was filed.