

Chapter 7 of the Bankruptcy Code provides for the appointment of a trustee and the liquidation of the remaining assets of the debtor as soon as reasonably possible, although “as soon as reasonably possible” may take months or even longer. Generally speaking, any money that results from the liquidation process is distributed to the various categories of claims as follows: first, to the administrative expenses of the chapter 7 case (for example, the expenses of the chapter 7 trustee); second, to the administrative expenses of the chapter 11 case, including employee vacation and severance and health care claims measured by the period when the employee worked for the debtor after February 8, 2001, the claims of the professionals, such as lawyers or accountants, who worked in the chapter 11 case but have not gotten paid yet, and taxes owed for the time the debtor was in chapter 11; third, to the claims for unpaid wages, vacation, sick leave and severance pay (but no more than a maximum of \$4,300 per employee); fourth, for certain taxes incurred by the debtor before it filed bankruptcy; and fifth, to all other unsecured claims incurred by the debtor before it filed its bankruptcy case on February 8, 2001. (The foregoing list leaves out some categories of payments; the purpose of the list is only to describe what are likely to be the largest categories of payees.) PLEASE NOTE: THE FACT THAT THERE ARE MANY CLAIMS IN EACH CATEGORY DOES NOT MEAN THAT THERE WILL BE ENOUGH MONEY TO PAY ALL THE CLAIMS IN EACH CATEGORY. Generally, all the claims in the first category must be paid in full before any payment can be made to the second category, and all the claims in the second category must be paid in full before any payment is made to claims in the third category, etc. The trustee will try, as best she can within a reasonable period of time, to realize the most value from the assets of the bankruptcy estate. HOWEVER, IT IS POSSIBLE THAT ENTIRE CATEGORIES OF CLAIMS WILL NOT RECEIVE ANY PAYMENT WHATEVER.

The trustee has begun to work on the case. She will conduct a first meeting of creditors at a time and place to be announced shortly. She will then continue the process of trying to generate as much cash as she can from the assets. The trustee will also send out any needed notices when and if there is money with which to pay claims.