



CITY OF STOCKTON NEWS RELEASE

FOR IMMEDIATE RELEASE:
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Objections Challenge Stockton's Bankruptcy Eligibility

(Stockton, CA) - December 14, 2012, marked the deadline for final formal objections to the City's eligibility for chapter 9 bankruptcy protection. Today, the Capital Markets Creditors (CMC), a consortium of bond insurers, banks and financial trustees, filed their objections with the Court.

The City filed for bankruptcy protection on June 28, 2012, after first completing three months of confidential mediation with these creditors in a process mandated by state legislation under AB 506. The filing today offers the first specific responses from the CMC group to the City's Restructuring Proposal and bankruptcy filing.

As such, the City looks forward to analyzing the specific objections and information submitted by the CMC and will file a complete and thorough response with the Court in compliance with the schedule developed by Judge Christopher M. Klein, the Federal Bankruptcy Judge assigned to the Stockton case. We are not going to argue this in the media. It is important for interested parties to keep in mind that this is the first specific

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City of Stockton
News Release – Eligibility Objections
Friday, December 14, 2012
Page 2 of 2

evidence provided by the CMC in response to the City's Restructuring Proposal submitted in May, 2012, more than seven months ago. It is available on the City website at www.stocktongov.com/chapter9. The City will need time to fully evaluate and assess the objections contained in the filing. The City Council and staff will do everything possible to structure a reasonable plan for putting the City's fiscal house in order, taking into consideration the objections from the creditors. However, we must maintain the City's ability to deliver critical health and safety related municipal services to Stockton residents.

While the City's petition for chapter 9 is pending, the City will continue to operate under the Pendency Plan filed with the court, while focusing on improving public safety and restoring critical services that will help the City achieve a sustainable fiscal position and future. In addition, the City and its creditors will continue to work in confidential mediation with the goal of achieving a Plan of Adjustment necessary for exiting bankruptcy and moving Stockton forward.

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All Press Releases can be found on the City of Stockton website. www.stocktongov.com/news

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