



CITY OF STOCKTON NEWS RELEASE

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CITY AND RETIREES COMMITTEE REACH TENTATIVE AGREEMENT *On Retiree Health Benefits Claims*

(Stockton, CA) – After almost 15 months of negotiations, the Official Retirees Committee appointed by the United States Trustee and the City have reached an agreement on the settlement of retiree health benefit claims in bankruptcy. This agreement will become part of the City's Chapter 9 plan of adjustment, expected to be filed with the Bankruptcy Court in the late summer or fall. All creditors, including retirees, will have an opportunity to vote on the plan of adjustment as part of the Chapter 9 process.

The City has agreed to allocate \$5.1 million in the plan of adjustment to be divided among those who were eligible for retiree health benefits at the time the City filed for bankruptcy. This will be a lump sum payment made when the plan of adjustment goes into effect.

Retirees are the City's largest group of unsecured creditors. The liability for retiree medical benefits is estimated by the parties to be in the hundreds of millions for the 1,100 retirees with bankruptcy claims.

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After the Chapter 9 case was filed, no official committee representing retirees or any other group of creditors could be appointed until the Bankruptcy Court determined whether the City was eligible for Chapter 9 relief. The Bankruptcy Court determined the City's eligibility on April 1, 2013; immediately after eligibility was determined, 13 retirees were appointed by the United States Trustee to an Official Retirees Committee to represent retirees in negotiations with the City and other creditor groups and to represent the interests of retirees before the Bankruptcy Court.

The Official Retirees Committee will continue to speak for all City of Stockton retirees. It will participate in the remaining phases of the bankruptcy process to insure that the terms of the agreement with the City are part of the plan of adjustment.

For additional information, please visit www.stocktongov.com/chapter9retirees or call (209) 937-8827.

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

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