



BANKRUPTCY MANAGEMENT SOLUTIONS, INC. COMPLETES DELEVERAGING TRANSACTION

IRVINE, Calif., October 13, 2010 – Bankruptcy Management Solutions, Inc., BMS Holdings, Inc. and their affiliates (“BMS”) today announced the completion on Friday, October 1, 2010, of a consensual debt-for-equity exchange with BMS’ lenders and holders of the Company’s Floating Rate Senior PIK Notes due 2012.

The transaction involved a partial repayment of BMS’ indebtedness and a series of debt-for-equity exchanges that reduced BMS’s outstanding indebtedness by more than 55 percent, increased the Company’s liquidity by providing approximately \$15 million of new capital and significantly reduced the Company’s annual interest expense. The transaction is a key part of the Company’s previously announced plan to reduce its total debt, as well as its nearer term maturities and positions BMS for future financial stability and operating growth.

Completion of the debt-for-equity exchange follows BMS’ March 2010 repayment of its investment line credit facility, marking a cumulative 74 percent reduction from BMS’ total debt outstanding at the beginning of this year.

“This is an important day for BMS, and marks the completion of a series of transactions that resulted in a significantly deleveraged balance sheet. Completion of these transactions now positions the Company to take advantage of future growth opportunities,” said Steve Coffey, Chief Executive Officer of BMS. Coffey continued: “We thank our employees, clients and business partners for their support throughout this process, and we look forward to continuing to work with them to deliver the highest quality products and services in the bankruptcy trustee community.”

Based in Irvine, Calif., BMS has consistently been the Industry’s leading provider of bankruptcy case administration software and services since 1987. The Company’s innovative end-to-end technology platform software and disbursement solutions support the administrative and legislative requirements of the majority of Chapter 7 Panel trustees, as well as a variety of other bankruptcy fiduciaries. BMS products are instrumental in automating and streamlining bankruptcy administration, making trustees and bankruptcy fiduciaries more productive and profitable.

