

SUBJECT TO CHANGE

Bankruptcy Plan 101 Presentation and Illustrative Timeline

BSA Town Hall 2.11.2021



What is a Plan of Reorganization?

- Exiting bankruptcy requires Court approval (or “confirmation”) of a plan of reorganization
- The Plan is a comprehensive, formal legal document detailing:
 - How the BSA will pay the claims of its creditors
 - How the BSA will operate post-bankruptcy
 - Who will be responsible for the BSA’s operations

Key Plan Documents

- Plan of Reorganization
- Disclosure Statement
 - Similar to a prospectus, it describes the contents of the plan
 - Needs to provide adequate information sufficient to allow a typical creditor to make an informed decision about whether to vote to accept or reject the plan
- Ballot
 - Enables creditors to vote to approve or reject the plan

Contents of the Plan

- Divides claims into different groups or “classes”
 - Claims will be classified together if they are substantially similar in terms of legal rights

- Designates which classes are “impaired” or “unimpaired”
 - Classes are “unimpaired” if they will be paid in full based on legal rights
 - Classes are “impaired” if they will not be paid in full or when due
 - Only votes by impaired classes are important to confirmation

- Specifies how different classes of claims will be treated
 - Claims in same class treated equally

Contents of Plan, Cont...

- Means of implementation
 - Provides legal mechanisms needed for plan to be effectuated, which could include:
 - Releases for third parties who are making a substantial contribution necessary for BSA's reorganization
 - A means for holding and liquidating property for the benefit of creditors
 - Procedures for evaluating claims outside of court system
 - Appointment of agent for disbursing funds
 - Amending corporate governance documents

Contents of Disclosure Statement

- In contrast to the plan, which is geared towards the legal mechanics of the reorganization, the disclosure statement is a descriptive document geared toward providing creditors with information they need about the plan
 - Still an official document; Court must determine that the disclosure statement provides the necessary information to creditors

- Information will include:
 - Summary of the Plan
 - Valuation of property that may be used to pay creditors
 - Projections about creditor recoveries
 - Explanation of risks

How does the Plan get approved?

- Impaired Creditors vote on Plan
 - “Plan Proponents” mail a “solicitation package” to creditors which will include:
 - Disclosure Statement and Plan
 - Ballot
 - Recommendation Letter from TCC
 - Creditors must return ballots by certain date for their votes to be counted

- Court must find Plan complies with requirements of the Bankruptcy Code
 - Court will also consider any objections in addition to voting results.

Plan Voting

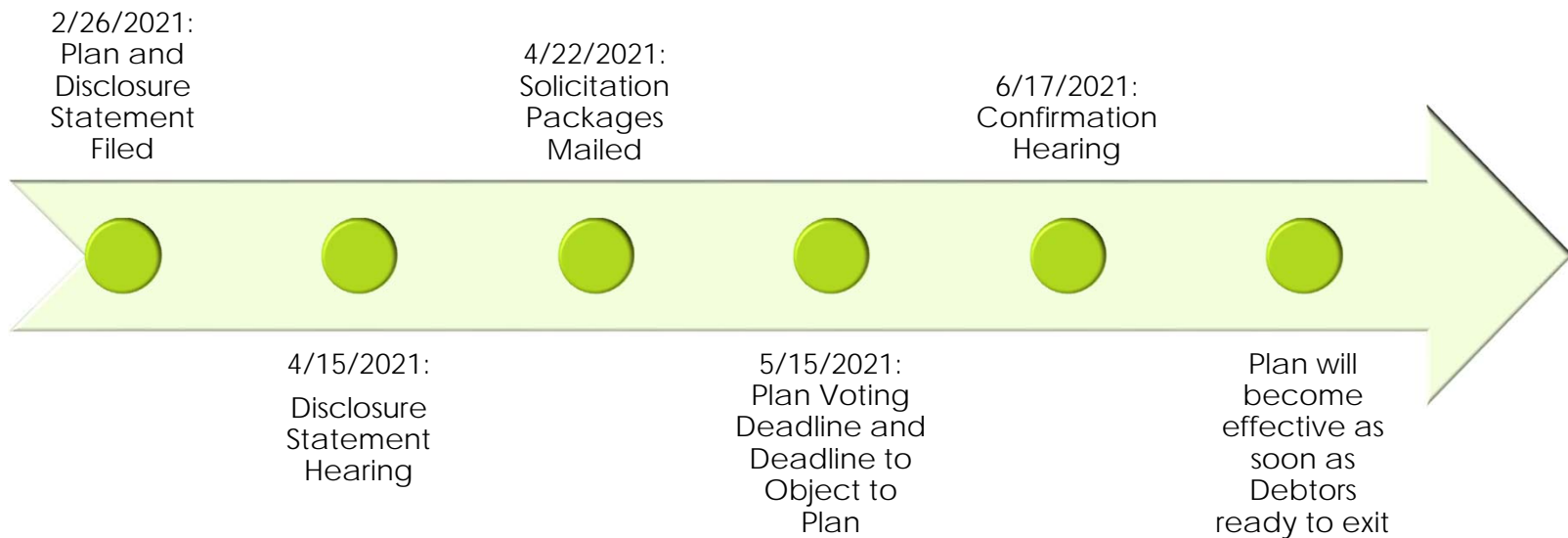
- Tabulating Votes on Plan
 - Done by class
 - Acceptance of a class requires at least 2/3 in amount and more than 1/2 in number of creditors voting in class
 - Court will determine how to value abuse claims
 - For a “channeling” injunction the vote will have to be much higher in favor of the Plan

- If a class votes to “reject,” the plan can still be confirmed
 - But must satisfy additional requirements known as “cram down”
 - At least one impaired class must have voted to accept
 - Must respect bankruptcy priority rules

Plan Approval Timeline

- Typical plan approval process takes approximately 75 to 90 days once a plan is filed
- We are showing a traditional timeline
- Dates are examples only

Potential Timeline Under Traditional Plan Process



Requirements to Achieving Timeline

- The timeline is aggressive and assumes the shortest case scenario at every turn
- Requisite numbers vote to accept the Plan
- No major objections
- No other obstacles

What happens after confirmation?

- The BSA has three primary “buckets” of assets:
 - Cash and investments
 - Real Estate Rights
 - Rights under insurance policies

- The Plan will provide a system for collecting on these assets and turning them into money to pay survivors