

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.

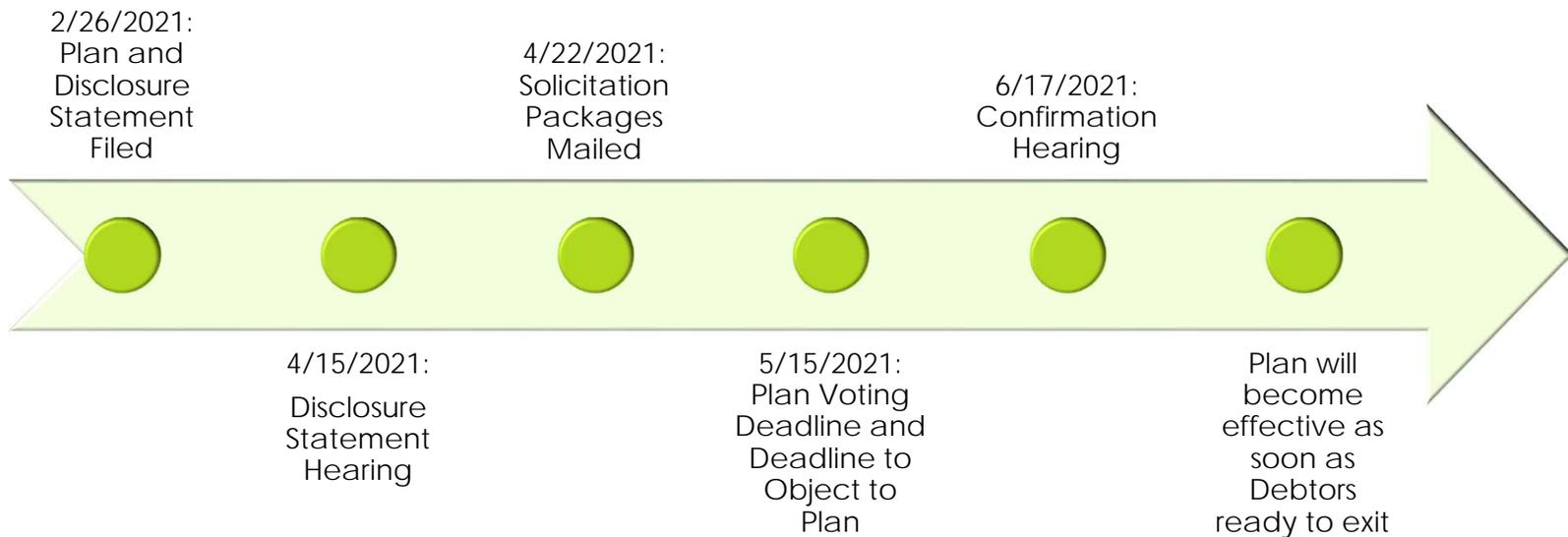
# Plan Voting

- 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