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Gregory C. Nuti (CSBN 151754)
Christopher H. Hart (CSBN 184117)
Kevin W. Coleman (CSBN 168538)
NUTI HART LLP
6232 LaSalle Avenue, Suite D
Oakland, CA 94611
Telephone: 510-506-7152
Email: gnuti@nutihart.com
chart@nutihart.com
kcoleman@nutihart.com

Attorneys for MATHESON FLIGHT EXTENDERS, INC., MATHESON POSTAL SERVICES, INC. and MATHESON TRUCKING, INC., Debtors-in-Possession

Paul J. Pascuzzi (CSBN 148810
Jason E. Rios (CSBN 190086)
FELDERSTEIN FITZGERALD WILLOUGHBY PASCUZZI & RIOS, LLP
500 Capitol Mall, Suite 2250
Sacramento, CA 95814-4760
Telephone: 916-329-7400
Email: ppascuzzi@ffwplaw.com
jrios@ffwplaw.com

Attorneys for OFFICIAL COMMITTEE OF UNSECURED CREDITORS

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re: MATHESON FLIGHT EXTENDERS, INC., Debtor.	Case No.: 22-21148 Chapter 11 **DCN: NH-110**
In re: MATHESON POSTAL SERVICES, INC., Debtor.	Case No.: 22-21149 Chapter 11
In re: MATHESON TRUCKING, INC., Debtor. ☒ Affects All Debtors ☐ Affects Matheson Flight Extenders ☐ Affects Matheson Postal Services ☐ Affects Matheson Trucking	Case No.: 22-21758 Chapter 11 **DISCLOSURE STATEMENT FOR DEBTORS AND CREDITORS COMMITTEE'S JOINT CHAPTER 11 PLAN OF LIQUIDATION (August 22, 2024)** Date: October 10, 2024 Time: 11:00 a.m. Place: United States Bankruptcy Court 501 I Street, 6th Flr., Crtrm. 35 Sacramento, CA 95814 Judge: Hon. Christopher M. Klein

THIS DRAFT DISCLOSURE STATEMENT AND THE ATTACHED PLAN ARE BEING SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL, BUT THE BANKRUPTCY COURT HAS NOT ENTERED AN ORDER APPROVING THIS DISCLOSURE STATEMENT AS CONTAINING "ADEQUATE INFORMATION" UNDER 11 U.S.C. § 1125. CONSEQUENTLY, IF YOU ARE RECEIVING THIS DRAFT DISCLOSURE STATEMENT, IT SHOULD NOT BE CONSIDERED A SOLICITATION FOR ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCE OR REJECTION MAY NOT BE SOLICITED UNTIL AFTER THE BANKRUPTCY COURT APPROVES THE DISCLOSURE STATEMENT AS CONTAINING "ADEQUATE INFORMATION" TO ASSIST CREDITORS IN UNDERSTANDING WHAT IMPACT THE PLAN WOULD HAVE ON THEIR CLAIMS AND TO MAKE AN INFORMED CHOICE ABOUT WHETHER OR NOT TO ACCEPT IT. YOU WILL BE SENT THE FINAL VERSION OF THE DISCLOSURE STATEMENT AFTER IT IS GIVEN FINAL APPROVAL BY THE BANKRUPTY COURT.

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I. INTRODUCTION AND PLAN OVERVIEW

A. EXECUTIVE SUMMARY

This Disclosure Statement is intended to explain how the Joint Chapter 11 Plan of Liquidation (the "Plan") proposed by Matheson Flight Extenders, Inc. ("MFE"), Matheson Postal Services, Inc. ("MPS"), Matheson Trucking, Inc. ("MTI" and collectively, "Matheson" or the "Debtors"), and the Official Committee of Unsecured Creditors ("Creditors Committee") would impact creditors' rights and claims if the Plan is confirmed by the Bankruptcy Court. A copy of the Plan is attached hereto as **Exhibit A**.

- Part II.A., pp. 10-15 of this Disclosure Statement describes Matheson's business, and the reasons why the Debtors sought bankruptcy protection.
- Part II.B, pp. 15-20 of this Disclosure Statement describes significant events occurring post-bankruptcy.
- Part III, pp. 21-47 describes the Plan, including the classification and treatment of creditor claims, and provides additional information about how the Plan will be implemented – particularly that the Plan proposes to "substantively consolidate" classes of claims against each of the Debtors into one class that will be paid from the combined assets of all of the Debtors.
- Part IV, pp. 48, Exhibit C explains what creditors could expect to recover if the Plan is not confirmed and Matheson's assets were liquidated in a Chapter 7 bankruptcy proceeding.
- Part V.B, pp. 49-51 discusses the assumptions that underlie the projected distributions to creditors, and risk factors that could prevent Matheson from achieving the projected payments to creditors contemplated by the Plan.
- Part V.C, pp. 51-52 describes the process through which Matheson and the Creditors Committee intend to seek confirmation of the Plan.

Matheson estimates that if the Plan is confirmed, creditors will receive the following percentage recoveries on account of their claims over the time-periods indicated:

Class	Description	Estimated Amount of Claims in Class	Estimated Percentage Recovery to Class	Repayment Period
Class 1 (secured)	Bank of America, N.A.	$7,141,483.00[1]	100%	$5,456,067.00 on Effective Date, plus net realizable value of remaining collateral when received.
Class 2 (secured)	Banc of America Leasing & Capital LLC	$985,213.16	100%	$985,213.16 on Effective Date, minus any adequate protection payments made after filing the Plan, plus net realizable value of remaining collateral when received
Class 3 (secured)	PACCAR Financial Corp.	$169,155.00	100%	net realizable value of remaining collateral when received
Class 4 (secured)	BMO Harris Bank, N.A.	$0.00	100%	Paid in full prior to Plan confirmation, no further distributions
Class 5	Workers Compensation Claims	~$2,600,000.00	100%	various
Class 6	Tort Claims	~$7,250,000.00	25.98% min	various
Class 7	General Unsecured Claims[2]	~$48,000,000.00	25.98%	
Class 8	United States Postal Service Claims	~$12,000,000.00 (disputed)	25.98% (if allowed)	TBD
Class 9	Insider Claims	~$270,000.00	25.98% (if allowed)	TBD
Class 10 (secured)	XTRA Lease	$6,059.25	25.98%	various
Class 11	Equity Interests	N/A	0%	N/A

Attached hereto as **Exhibit B** is a chart outlining funds on hand in the Debtors' Estates, anticipated additional asset recoveries, and the projected distributions to classes of creditors.

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[1] This figure excludes any amounts that may be recovered on account of MTI's contingent right to a refund of proceeds of certain letters of credit issued by Bank of America, N.A.

[2] Please see Part V.B.1 (p. 49) for a discussion of the assumptions underlying this distribution estimate.

Creditors should note that the projected distributions are estimates that omit certain potential additional litigation recoveries. In addition, the distribution percentages are based on a moderately conservative estimate of what ultimately will be determined to be the allowed amount of all filed and scheduled claims, not necessarily what individual creditors have asserted in their filed proofs of claim. The actual amount of allowed claims in any class could be higher or lower. As noted, please review Part V.B, pp. 49-51 which discusses the assumptions underlying the projected distributions, and risk factors that cause those projections to be lower than anticipated.

B. PURPOSE OF THE DISCLOSURE STATEMENT

This Disclosure Statement is being distributed to assist creditors in making an informed judgment about whether to vote to accept or reject the Plan. Matheson and the Creditors Committee urge you to review carefully the contents of this Disclosure Statement and the Plan (including the exhibits to each) before making a decision to accept or reject the Plan. Particular attention should be paid to the provisions of the Plan that may affect or impair your rights as a creditor. Matheson and the Creditors Committee have concluded that the Plan provides the best option for repaying the greatest amount possible to creditors over the shortest period of time.

Your vote on the Plan is important. To be confirmed, the Plan must be accepted by at least one class of claims entitled to vote. For a class of claims to accept, the holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of allowed[3] claims in such class who vote on the Plan must vote for acceptance. Non-acceptance of the Plan may lead to liquidation under chapter 7 of the Bankruptcy Code. For the reasons noted in Section IV below (pp. 48, Exhibit C), Matheson and the Creditors Committee believe that unsecured creditors would receive a far lower recovery if the cases were converted to Chapter 7. Accordingly, Matheson and the Creditors Committee strongly encourage all creditors to accept the Plan by completing and returning the enclosed ballot no later than 5:00 p.m. on September 26, 2024.

[3] An "allowed claim" means in essence a claim that is not disputed by the Debtors, a claim to which no objection has been filed, or if an objection was filed, the amount determined by the Bankruptcy Court to be owing to that creditor.

C. INFORMATION REGARDING THE PLAN

1. Exclusive Source of Information.

No representations concerning Matheson or the Plan are authorized by the Debtors other than as set forth in this Disclosure Statement.

2. Plan Governs Disclosure Statement.

Although Matheson and the Creditors Committee believe that this Disclosure Statement accurately describes the Plan, all summaries of the Plan contained in this Disclosure Statement are qualified by the Plan. In the case of any conflict between this Disclosure Statement and the Plan, the Plan is controlling.

3. Source of Information.

Factual information contained in this Disclosure Statement has been obtained from Matheson's records, except where otherwise specifically noted. All financial information contained in this Disclosure Statement has been prepared by Matheson. Matheson, however, cannot and does not represent or warrant that the information contained in this Disclosure Statement is free from any inaccuracy. Matheson has made great efforts to present the information accurately and fairly and believes that the information is substantially accurate. The assumptions underlying the projections contained in this Disclosure Statement concerning sources and amounts of payments to creditors represent Matheson's best estimate as to the costs and projected recoveries that will fund distributions to creditors. Because these are only assumptions about or predictions of future events, many of which are beyond Matheson's control, there can be no assurance that the assumptions will in fact materialize or that the projected recoveries will in fact be realized. Except as otherwise provided herein, this Disclosure Statement does not reflect any events which occurred subsequent to the date that Matheson and the Creditors Committee submitted the Disclosure Statement to the Bankruptcy Court for approval.

4. Federal and State Income Tax Consequences of the Plan.

The tax consequences of the Plan to creditors will vary based on the individual circumstances of each holder of a claim. Accordingly, each creditor is strongly urged to consult

with its own tax advisor regarding the federal, state, local and foreign tax consequences of the Plan. Nevertheless, a few generalizations can be made, although none of the following statements can be treated as advice on the tax treatment to a specific creditor.

- The Plan contemplates partial repayment to all holders of "allowed" claims. Therefore, Matheson recommends that any holder of an allowed claim should consult their tax advisor to ascertain if it would be permitted to deduct the part of the amount owed by Matheson that will not be repaid from the creditor's gross income on the basis that it constitutes an uncollectable debt.
- The extent to which a creditor must recognize gain or loss on repayment of principal amounts owed by Matheson depends upon the creditor's tax basis in the debt. For example, if a creditor loaned $10,000 to Matheson and had a basis of $10,000 in the cash advanced, repayment of a total of twenty-five (25%) percent of the principal amount could potentially trigger a loss of $7,500. However, if a creditor provided services worth $10,000 to Matheson in which it could claim no tax basis, repayment of $2,500 would likely be treated as ordinary income to the creditor.
- The Plan does contemplate payment of interest to holders of secured claims in Classes 1, 2, and 3. To the extent creditors receive interest payments in addition to the principal amount owed, it is likely to be treated as ordinary income to the creditor.

With respect to the tax consequences of the Plan to Matheson, it does not expect confirmation of the Plan to have a material impact. The Plan contemplates part payment to creditors, and therefore, the Plan may affect Matheson's net operating loss carry-forwards/carry-backs. Matheson's anticipated state and federal tax obligations over the duration of the Plan are included in the projections, but which assume that tax rates currently in effect will remain substantially the same over the duration of the Plan.

5. Bankruptcy Court Approval.

The Bankruptcy Court has conditionally approved this Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable a hypothetical, reasonable investor to make an informed judgment about the Plan. Under section 1125 of the

Bankruptcy Code, this conditional approval enabled Matheson to send you this Disclosure Statement and if you are eligible to vote, solicit your acceptance of the Plan. The Bankruptcy Court has not, however, passed on the Plan itself, nor conducted a detailed investigation into the content of this Disclosure Statement. Creditors may file any objections to the adequacy of the Disclosure Statement as well as confirmation of the Plan on or before September 26, 2024.

D. VOTING INSTRUCTIONS

1. Who May Vote.

Classes of creditors and equity interest holders that are *impaired* by the Plan are entitled to vote. A class is impaired if legal, equitable or contractual rights attaching to the claims or interest of the class are modified, other than by curing defaults and reinstating maturities. Classes of claims and interests that are impaired and allowed to vote are set forth in the following chart:

Class	Description	Impaired/Unimpaired	Eligible to Vote
Class 1 (secured)	Bank of America, N.A.	Impaired	Yes
Class 2 (secured)	Banc of America Leasing & Capital LLC	Impaired	Yes
Class 3 (secured)	PACCAR Financial Corp.	Impaired	Yes
Class 4 (secured)	BMO Harris Bank, N.A.	Impaired	Yes
Class 5	Workers Compensation Claims	Unimpaired	No
Class 6	Tort Claims	Impaired	Yes
Class 7	General Unsecured Claims	Impaired	Yes
Class 8	United States Postal Service Claim	Impaired	Yes
Class 9	Insider Claims	Impaired	Yes
Class 10	XTRA Lease	Impaired	Yes
Class 11	Equity Interests	Deemed Rejected	No

2. How to Vote.

A ballot has been provided to those creditors entitled to vote on the Plan. To vote, indicate on the enclosed ballot that you accept or you reject the Plan and sign your name and mail the ballot in the envelope provided for this purpose.

In order to be counted, ballots must be completed, signed and returned to Donlin Recano & Company, Inc. ("Voting Agent") so that they are received no later than **5:00 p.m. Pacific Time on September 26, 2024**. Creditors can return their ballots by mail, via email, or using an on-line portal.

Voting By Mail: If you prefer to vote by returning a hard copy of the ballot by mail, you may return your completed and signed ballot in the enclosed preaddressed, postage prepaid envelope:

By First Class Mail to:

Matheson Flight Extenders, Inc., et al.
c/o Donlin Recano & Company, Inc.
Attn: Voting Department
P.O. Box 2053
New York, NY 10272-2042

By Hand Delivery or Overnight Mail to:

Matheson Flight Extenders, Inc. et al.
c/o Donlin Recano & Company, Inc.
Attn: Voting Department
48 Wall Street 22nd Floor
New York, NY 10005

Voting Via Email: If you prefer to vote via email, you may scan your ballot into a Portable Document Format (pdf) file using Adobe Acrobat and return it via email to DRCVote@DonlinRecano.com.

Voting Online: If you prefer to vote online, properly completed ballots may be submitted to the Voting Agent by using the Voting Agent's eBallot portal. To submit your ballot via the Voting Agent's eBallot portal, visit http://www.donlinrecano.com/clients/mfe/vote and follow the instructions to submit your ballot.

If your ballot is not properly completed, signed and returned by the deadline above, it will not be counted.

E. CONFIRMATION

"Confirmation" is the technical phrase for the Bankruptcy Court's approval of a Chapter 11 plan of reorganization. The Bankruptcy Court will conduct a hearing starting on October 10, 2024, at 11:00 a.m. to consider whether to finally approve this Disclosure Statement and whether the Plan should be confirmed ("Confirmation Hearing"). At the Confirmation Hearing, in order to confirm the Plan, Matheson must demonstrate that the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. If the Bankruptcy Court determines that all of the requirements of section 1129 have been met, the Bankruptcy Court will enter an order confirming the Plan. Matheson and the Creditors Committee believe that the Plan satisfies all statutory requirements of chapter 11 of the Bankruptcy Code for confirmation of the Plan.

Voting is tabulated by class. As discussed above, a class of creditors has accepted a plan of reorganization if the plan has been accepted by 2/3 in dollar amount and more than 1/2 in number of creditors holding allowed claims in that class who actually vote to accept or reject such plan. Even if a class of creditors or interests votes against a plan, that plan may nevertheless be confirmed by the Bankruptcy Court, so long as certain statutory requirements are met. This is called a "cram down." If necessary, Matheson and the Creditors Committee are prepared to seek confirmation of the Plan through a cram down.

As noted, the Bankruptcy Court has set a hearing on October 10, 2024, at 11:00 a.m. to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied. The hearing may be continued from time to time and day to day without further notice. Any objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served on counsel for Matheson, the Official Committee of Unsecured Creditors, and the Office of the United States Trustee on or before September 26, 2024. Bankruptcy Rule 3020 and Local Bankruptcy Rule 3020-1 govern any such objection to confirmation of the Plan.

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Counsel on whom objections must be served are:

Counsel for Matheson:
NUTI HART LLP
Attn: Gregory C. Nuti/Kevin W. Coleman
6232 LaSalle Avenue, Suite D
Oakland, CA 94611
Email: gnuti@nutihart.com
kcoleman@nutihart.com

Counsel for the Creditors Committee:
FELDERSTEIN FITZGERALD WILLOUGHBY PASCUZZI & RIOS LLP
Attn: Paul S. Pascuzzi/Jason E. Rios
500 Capitol Mall, Suite 2250
Sacramento, CA 95814
Email: ppascuzzi@ffwplaw.com
jrios@ffwplaw.com

Office of the United States Trustee
United States Department of Justice
Office of the United States Trustee
Attn: Jorge A. Gaitan
501 I Street, Suite 7-500
Sacramento, CA 95814
Email: jorge.a.gaitan@usdoj.gov

F. DISCLAIMERS

For the convenience of creditors, this Disclosure Statement summarizes the terms of the Plan, but the Plan itself qualifies any summary of the terms that is included herein. If any inconsistency exists between the Plan and this Disclosure Statement, the terms of the Plan are controlling.

No representations concerning Matheson's financial condition, or any aspects of the Plan, are authorized by Matheson other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance other than those contained in or included with this Disclosure Statement should not be relied upon by you in arriving at your decision.

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each creditor or interest holder should consult with its own legal counsel and accountant as to legal, tax and other matters concerning its claim.

II. OVERVIEW OF CHAPTER 11 CASE

This section discusses the Debtors' history and significant events in the Chapter 11 case to date.

A. EVENTS LEADING UP TO THE FILING OF THE CHAPTER 11 CASE

1. Description of Matheson's Business

For many years, Matheson Flight Extenders, Inc. and Matheson Postal Services, Inc. provided extensive logistics and mail handling services under contracts with the United States Postal Service ("USPS" or the "Postal Service") and other customers, including Federal Express Co., United Parcel Service, and DHL. The relationship between the Matheson family of companies and USPS began in 1964. Roughly eighty-five (85%) percent of the Debtors' revenue stemmed from services provided to USPS.

Prior to bankruptcy, Matheson was consistently ranked within the top 15 out of the Top 100 USPS Suppliers nationwide in terms of revenue. For 2022, revenue generated through services to USPS was approximately $212 million.

At the time the Chapter 11 cases were commenced, Matheson had approximately 3,000 full time employees, which number increased to in excess of 4,000 employees during the so-called "Peak" mailing season of mid-November through the end of December each calendar year. Matheson is headquartered in Sacramento, California, however, its facilities and operations spanned most of the continental United States.

MTI has three wholly owned subsidiaries that are not in bankruptcy,[4] Matheson Air Services, LLC, Matheson Fast Freight, Inc., and Matheson Mail Transportation, Inc. Matheson Fast Freight has no assets or operations. Matheson Air Services sole asset is an airplane formerly used in the conduct of the Debtors' business. Matheson Mail Transportation's assets have been reduced to cash in the amount of approximately $50,000.00.

* * *

[4] MTI holds 100% ownership of MPS, and 100% ownership of Joe Garratt, Inc., the majority owner of MFE.

Until the cessation of its operations in early 2024, Matheson had essentially three primary business lines as it related to USPS:

Over the Road Contracts. MPS operated several long-haul Highway Contract Routes ("HCR") utilizing its fleet of approximately 280 tractor trailers. The services MPS provided under HCR contracts essentially moved mail and packages by truck over the road between distribution centers, post offices or other designated points.

Terminal Handling Services. MFE provided services at approximately 28 Terminal Handling Stations ("THS") for the USPS.[5] THSs are located at or adjacent to airports and act as interfaces between the USPS, FedEx, and other commercial carriers that transport mail by air. MFE employees picked up mail from aircraft and transport it to the THS site, where it was then sorted and placed into containers that are either returned to waiting aircraft or loaded onto trucks that transfer the mail over the road to other postal facilities.

Surface Transfer Centers. At the time it filed for bankruptcy protection, MFE also operated six (6) Surface Transfer Centers (STC) for the USPS located in: Atlanta, Georgia; Brandywine, Maryland; Chicopee, Massachusetts; Kansas City, Missouri; Long Beach, California; and Sacramento, California. At that time, there were thirteen (13) STCs nationwide. STCs receive all classes of mail (First-Class Mail, Priority Mail, parcels, etc.) from the USPS, which is then consolidated, distributed, and routed to their further destinations through a designated surface transportation network.

* * *

Given the USPS's on-time delivery commitments, MFE and MPS were required under their contracts with USPS to complete their processing, handling, and transport services under tight timeframes. As a result, MFE and MPS operated virtually 24-hours per day, seven days a week.

[5] MFE provided THS services to customers other than USPS at roughly an additional 10 locations.

2. Factors Leading to the Bankruptcy Filings

a. Unreimbursed Expenses Related to Atlanta/Cap Metro STCs

In 2021, MFE's STC operations grew from one facility (Kansas City, MO) to six (adding Chicopee, MA, Sacramento, CA, Long Beach, CA, Atlanta, GA, and Brandywine, MD).[6]. MFE initially bid and was awarded contracts for the Chicopee, Long Beach, and Sacramento STCs, but in September 2021, USPS asked MFE to take over operations at two additional STCs – Atlanta and Brandywine/Cap Metro – from another operator owing to performance problems.

STCs are built pursuant to strict specifications set by USPS. The construction, outfitting, and staff training costs to open and operate an STCs are significant. Although USPS had representatives at the Atlanta and Cap Metro STCs and was aware of the deficiencies at those facilities, USPS did not inform Matheson of those deficiencies before Matheson took over those facilities. Moreover, although USPS informed the competitor operating the Atlanta and Brandywine/Cap Metro STCs that it was transferring the contract for those facilities to MFE, the competitor did not allow MFE to access or inspect the premises prior to mid-November 2021 when control of the facility was handed over to MFE. When MFE acquired access to these facilities, it discovered *inter alia* that the high-speed sorting equipment had been delivered but was not operational, ancillary equipment (i.e., forklifts, walkie riders, etc.) was lacking and often inoperable, and approximately one-third of the loading docks were non-functional. MFE also discovered that since these were new facilities, the former operator's staff had not been fully trained. Few, if any, of the former operator's employees were transferred over to MFE. In short, a great deal of remedial effort was required to make these facilities operational.

In addition, ordinarily an operator of an STC had a 60-day transition period before commencing full operations. But since USPS was facing its holiday peak mail delivery season when MFE took over the Atlanta and Cap Metro STCs in mid-November 2021, USPS immediately began directing normal "peak" volumes of mail to those facilities. Because the facilities were not fully functional at the time of the handover, this caused a significant backup in

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[6] USPS and MFE also sometimes referred to this STC facility as "Cap Metro."

MFE's ability to process mail at these STCs. At one point, the Brandywine STC experienced a 4-mile-long train of semi-trucks to the facility to unload the mail.

USPS demanded that MFE take immediate steps to address these problems and ensure timely delivery of mail. Among other things, at USPS's direction, MFE incurred significant costs to repair the facilities in order to make them fully operational. MFE also had to incur parking lot rental costs (to allow trucks to idle away from neighbors adjacent to the STC), transportation and temporary housing costs for on-site managers, recruiting and staff training costs. Significant additional fees for temporary workers were incurred due to the lack of operational sorting equipment to process the mail. Because the sorters were not functioning, USPS demanded that MFE sort the mail by hand, which required MFE to deploy extraordinary amounts of temp labor for this task. The Debtors estimate that its costs to address the operational deficiencies at the STCs and cover the additional labor cost to process the mail in excess of $26 million. While the Debtors believe that USPS is contractually and otherwise legally obligated to reimburse MFE for the extraordinary costs associated with getting the STC facilities fully operational,[7] USPS did not do so.

Owing in large part to USPS refusal to reimburse MFE for the Atlanta and Cap Metro STC expenses, by February 2022, Matheson began to experience serious liquidity issues. Matheson's CEO Mark Matheson negotiated a $15 million payment advance from USPS in an attempt to address Matheson's cash shortfall. As a condition to making the capital infusion, USPS demanded that MFE repay this advance within three and one-half (3 ½) years. Payments of $300,000.00 per month were set to commence in July 2022 with a balloon payment at the end of three and one-half years.

[7] Among other things, USPS: (a) was, or should have been, aware of the operational deficiencies at the Atlanta and Brandywine/Cap Metro STC facilities before MFE's takeover (because USPS maintains staff on-site at the STCs), (b) did not permit the STCs to ramp up processing capability in the normal way, and (c) specifically directed MFE to take actions that resulted in incurring the extraordinary costs.

b. Lost Revenue Resulting from Termination of USPS Contracts

In addition to the repayment plan for the $15 million advance discussed above, USPS demanded that MPS give up various over the road contracts and THS sites as a condition for making the loan. In fact, during negotiations concerning the loan, the VP of USPS Transportation Strategy stated that this event must "hurt" Matheson. But in order to obtain critically needed funding, MPS had no choice but to agree to terminate three (3) over the road contracts, and MFE had to agree to terminate services at seven (7) THS sites. The revenue associated with these contracts was close to $28 million.

c. Reduced Revenue Due to Lower Than Expected Volume in Other STCs

Generally speaking, an operator of an STC facility is compensated based on the volume of mail processed through the STC. In soliciting bids for STC contracts, USPS provided bidders with a "Statement of Work" that, among other things, gave bidders an estimate of the volumes and types of mail that would transit though the STC. USPS knew that like other bidders for the STC sites, MFE would rely on USPS's volume estimates when MFE formulated the pricing in its bids for the STC contracts it ultimately was awarded. Matheson, however, recently learned that USPS knew at the time USPS was soliciting bids for STCs that the volume estimates in the Statement of Work given to bidders were materially false.

For several of MFE's STC contracts, actual volumes of mail were dramatically lower than what USPS had represented would be the case in the Statement of Work. These lower volumes were not simply the result of there being fewer items of mail in the U.S. mail network or in a particular region. USPS had the ability and did in fact control the flow of mail through STCs, but it did not manage that flow effectively. For example, apparently because of its own internal labor-relations issues, USPS directed mail through an older and less efficient regional distribution center in southern California rather than through the Long Beach STC facility.

This had two significant negative impacts for Matheson. First, the pricing MFE quoted in its bids was based on the volumes USPS represented would flow through the facilities. Had MFE been provided with more accurate volume information, its pricing would have been higher on a per unit basis because of the fixed costs associated with operating the facility. Second, the

lower volumes of mail translated into a corresponding reduction in revenue compared to what that been anticipated. Again, the "ramp up" costs to make the STCs fully operational are significant (including staff training, etc.), and so the lower than anticipated STC revenues negatively impacted MFE's profitability.

3. Commencement of the Chapter 11 Cases

Due to the combined impacts of: (a) unreimbursed extraordinary costs incurred to operate STCs, (b) the lost revenue from certain HCR and THS contracts, and (c) lower than anticipated volumes (and therefore revenue) at the STCs in 2021, MFE and MPS filed petitions under Chapter 11 of the Bankruptcy Code on May 5, 2022. MTI filed its Chapter 11 case on July 14, 2022.

B. SIGNIFICANT POST-PETITION EVENTS

1. Formation of the Creditors Committee

On May 25, 2022, the United States Trustee appointed an Official Committee of Unsecured Creditors for MFE and MPS ("Creditors Committee") (Doc. No. 87), and on August 8, 2022, the UST appointed the same members of the Creditors Committee to also serve as the Official Committee of Unsecured Creditors for MTI (Doc. No. 297).

Since the Creditors Committee's appointment, the Debtors have consulted with the Creditors Committee and its professionals concerning the administration of these cases. The Debtors have also attempted to keep the Creditors Committee apprised of developments in the case (i.e., the negotiations with USPS discussed below), and to the extent possible, to obtain the Creditors Committee's consent to various non-ordinary course of business transactions occurring in the cases. The Debtors and Creditors Committee worked jointly to formulate and seek confirmation of the Plan.

2. Interim Renegotiation of Certain USPS Contracts

On June 8, 2022, MFE, MPS and USPS reached agreement on the modification of numerous contracts ("Phase 1 Agreement"). Under the Phase 1 Agreement, MFE and USPS among other things agreed to convert the pricing terms under seven (7) THS contracts and one Surface Transportation Center ("STC") contract for the Atlanta and Brandywine Maryland

facilities to "Cost Plus Agreements" from the Petition Date through September 2, 2022. MPS and USPS agreed to terminate two HCR contracts that MPS had concluded could not be operated profitably.

On July 22, 2022, MFE and USPS agreed ("Phase 2 Agreement") to amend the pricing under an additional four (4) STC contracts and six (6) THS contracts to a similar but slightly higher cost-plus payment arrangement through January 31, 2023. A subsequent agreement with USPS extended the cost-plus pricing arrangement for the Phase 1 and Phase 2 Agreements through January 31, 2024.

3. Efforts to Negotiate Long-Term Contracts With USPS

For many months after filing for bankruptcy, Matheson attempted to negotiate terms with USPS that would have allowed it to continue to provide services to USPS after confirmation of a plan of reorganization permitting the Debtors to emerge from Chapter 11 as an operating business. Those efforts included a court-supervised mediation conducted under the auspices of the Hon. Gregory Zive, United States Bankruptcy Court Judge for the District of Nevada. The negotiations were complicated in large part due to the fact that USPS was itself in the midst of implementing a strategy to reduce its operating costs and resolve significant operating losses that it had been experiencing for many years.[8] As the Debtors saw it, USPS wanted them to assume significant ongoing operational liabilities (particularly, obligations under long-term real property leases) to continue to provide services while it suited USPS's needs, but at the same time, USPS wanted to maintain maximum flexibility to renegotiate pricing and cancel/modify contracts[9] when necessary or convenient for USPS's own financial objectives. Among the key issues addressed in the negotiations and mediation were: (1) pricing for services, (2) whether the contracts would continue for a minimum term (assuming no performance deficiencies by the Debtors), and (3) whether USPS would agree to assume the Debtors' obligations under long-term

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[8] USPS's financial problems and operational goals are discussed in its DELIVERING FOR AMERICA PLAN, which is available online at: https://about.usps.com/what/strategic-plans/delivering-for-america/

[9] Like many federal contracts, Matheson's contracts with USPS allowed USPS to terminate those agreements on 60-days' notice for no cause.

real property leases if it elected to terminate a contract early. Those negotiations also sought to address the $26+ million in claims MFE believes it has against USPS arising from the unreimbursed costs associated with the takeover of the Atlanta/Cap Metro STC facilities.

In the midst of these negotiations, USPS in fact reduced contract volumes and canceled several over the road contracts with MPS. USPS also attempted to cancel MFE's Sacramento STC contract – despite the fact that its purported unilateral termination clearly violated the Bankruptcy Code. Unfortunately, by October 2023, it became clear that no comprehensive agreement with USPS would be possible.

4. Orderly Winddown of Operations

Faced with the prospect of not being able to confirm a feasible plan of reorganization, the Debtors shifted their focus in the Chapter 11 cases to conducting an orderly winddown of operations. They began rejecting contracts with USPS and real property leases where services had been provided, reducing their workforce, and selling assets. By approximately February 1, 2024, substantially all services to customers had ceased.

5. Cash Collateral

A debtor in a bankruptcy case may not use cash subject to a lender's lien absent consent by the lienholder or a court order. Bank of America, N.A. asserts a lien on the Debtors' cash and accounts receivable. Consequently, the Debtors sought approval for various agreements with Bank of America which has authorized the Debtors to use cash collateral. After its formation, the Creditors Committee has also consented to the Debtors' use of cash collateral. One provision of these agreements (typical in a bankruptcy case) granted Bank of America replacement liens on the Debtors' post-petition assets to provide "adequate protection" against any diminution in the value of its secured claim (that is, the value of its collateral where the bank had a perfected and enforceable security interest as of the Petition Date), and a so-called "super-priority claim" under Bankruptcy Code section 507(b) to the extent that the replacement liens did not cover any diminution in value of the bank's secured claim.

6. Modifications of Bank of America Loan Agreements

Among other things, the Debtors loan agreement with Bank of America, N.A. provides for a letter of credit facility. Pursuant to that facility, Bank of America issued several letters of credit to a landlord and various carriers providing insurance coverage to the Debtors that totaled approximately $7.2 million. The letters of credit were set to expire on March 1, 2023. In order to avoid draws by the beneficiaries under the letters of credit, Bank of America and the Debtors agreed to modification of the loan agreement to extend the terms of the existing letters of credit for an additional year (i.e., until March 1, 2024). The Bankruptcy Court entered orders approving the modifications to the Bank of America loan agreement. In connection therewith, certain non-debtor guarantors affiliated with the Debtors and Mark Matheson agreed to pledge their assets to serve as additional collateral for the Debtors obligations to Bank of America, and Banc of America Leasing & Capital LLC.

7. Insurance-Related Proceedings

The Debtors obtain various types of workers compensation, general liability, and automobile liability insurance from XL Specialty Insurance Company, Greenwich Insurance Company, and XL Insurance America, Inc. (collectively, "AXA XL"). The policies in effect when the Debtors filed their bankruptcy cases expired on March 1, 2023. As a condition to renewal of the insurance coverages for another year, [10] AXA XL required the Debtors to: (a) assume and agree to be bound by all existing insurance policies, (b) pay an additional audit premium for workers compensation coverage, (c) provide letters of credit totaling approximately $15.755 million,[11] and (d) pay the entire annual policy premium of approximately $4.8 million.

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[10] At the time the Debtors were operating, with the expectation they would continue to operate for the foreseeable future. Continuing insurance was required.

[11] The letters of credit are required to protect the insurer against having to pay liabilities that Matheson was obligated to pay under the insurance policies. For example, if Matheson was required to pay the first $100,000.00 in claims liability and defense costs related to that claim before the insurer was obligated to contribute money towards the claim, but Matheson failed to do so and the insurer wound up having to incur $100,000.00 to defend and settle the claim, the insurer would be entitled to draw on the letter of credit in order to be reimbursed for the amounts that otherwise should have been paid by Matheson. Similarly, if Matheson was required to pay a $50,000.00 policy premium but failed to do so, AXA XL would be entitled to draw on the letter of credit in order to satisfy the Debtors' unpaid premium payment obligation. Importantly, AXA XL is not entitled to

The Bankruptcy Court entered orders on February 22, 2023, authorizing the Debtors to fulfill the conditions set forth by AXA XL ("AXA XL Assumption Order"), as well as an agreement with Bank Direct Finance Co. to finance part of the required insurance premium.

Following entry of the AXA XL Assumption Order, the Debtors paid AXA XL the $4.8 million premium for the new insurance policies in full, they paid AXA AL an additional $225,704.00 due under the prior year's workers compensation policy for a routine audit premium, and the Debtors obtained an extension of a then-existing $6.6 million letter of credit Bank of America, N.A. had issued for AXA XL's benefit. The Debtors were also in the process of arranging an additional $9 million letter of credit from Wells Fargo Bank, N.A. to satisfy AXA XL's additional letter of credit demands. However, the Debtors were informed shortly before February 28, 2023, that Wells Fargo Bank, N.A. would not be able to issue the supplemental letter of credit until March 6, 2023 (i.e., six days into the new policy period). When the Debtors informed AXA XL that there would be a short delay, AXA XL refused to extend the February 28, 2023, deadline for issuing the additional letter of credit. It refused to proceed to issue the new coverage despite the fact that: (a) Matheson had paid the $4.8 million policy premium in full, (b) AXA XL was beneficiary under a $6.6 million letter of credit Matheson caused Bank of America, N.A. to issue, (c) Wells Fargo Bank informed AXA XL that it would issue the letter of credit for AXA XL's benefit once it had completed its so-called "know your customer" review,[12] (d) Matheson had obtained a commitment from Esquire Bank[13] to provide the $9 million additional letter of credit pending Wells Fargo Bank's issuance of its letter of credit, and (e) under the AXA XL Assumption Order, it had the right to terminate the new

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use the letters of credit to reimburse it for any amounts AXA XL is obligated to expend under the insurance policies to provide coverage.

[12] This was a routine process because under federal banking regulations nationally chartered banks are required to verify the identity of the beneficial owner(s) of bank customers.

[13] Esquire Bank is a nationally chartered bank under a NASDAQ publicly traded holding company. AXA XL would not agree to the short-term substitution of the letter of credit from Esquire Bank because it is not on AXA XL's "approved list."

policies had Wells Fargo Bank, N.A. for some reason not proceeded with the supplemental letter of credit.

This left the Debtors in an untenable situation. Matheson operated its business 24 hours a day 7 days a week and they simply could not be without insurance coverage during the six-day period it was expected to take Wells Fargo Bank, N.A. to complete the process of issuing the additional letter of credit. Consequently, the Debtors entered into an agreement with AIU Insurance Company and its affiliates ("AIG") to issue new insurance policies, which the Bankruptcy Court approved on March 3, 2023. As part of the agreement to provide insurance, Matheson caused a $5.2 million letter of credit to be issued by Texas Capital Bank for the benefit of AIG. The Debtors obtained a refund of the $4.8 million premium for the policies never issued by AXA XL. Because AXA XL did not continue to provide coverage, its letter of credit demand was reduced to approximately $2.8 million.

8. Draws Under Letters of Credit

In view of Matheson's decision to wind down their operations, the banks that had issued letters of credit on their behalf to the insurers and real property lessor would not further extend the letters of credit. Consequently, the beneficiaries under those letters of credit drew the full amounts prior to their expiration:

Beneficiary	**Drawn Amount**	**Issuer**
XL Specialty Insurance Company, Greenwich Insurance Company, and XL Insurance America, Inc. ("AXA XL")	$6,590,000.00	Bank of America, N.A.
Bridge Point Long Beach LLC	$500,000.00	Bank of America, N.A.
Lumbermans Mutual Casualty Company (in liquidation)	$100,672.34	Bank of America, N.A.
AXA XL	$2,821,375.00	Texas Capital Bank
AIU Insurance	$5,200,000.00	Texas Capital Bank

Matheson was required to reimburse Texas Capital Bank for the full amount of the two letters of credit it issued on the Debtors' behalf post-bankruptcy.

III. DESCRIPTION OF THE PLAN

A discussion of the principal provisions of the Plan as they relate to the treatment of Classes of Allowed Claims is set forth below. The discussion of the Plan which follows constitutes a summary only and should not be relied upon for voting purposes. You are urged to read the Plan in full in evaluating whether to accept or reject the Plan proposed by the Debtors. If any inconsistency exists between this summary and the Plan, the terms of the Plan shall control.

A. DESCRIPTION OF CLASSES

The Plan divides Creditors into ten (10) Classes. Creditors with similar Claims are placed in the same Class. There is one (1) Class of Interests under the Plan.

As discussed in Part III.D.2 (pp. 34-39), the Plan "substantively consolidates" the assets and liabilities of each of the three Debtors for purposes of voting and distributions. In re ADPT DFW Holdings, LLC, 574 B.R. 87, 104-107 (Bankr. N.D. Tex. 2017) (where substantive consolidation is warranted, plan may consolidate claims of multiple debtors into the same class for voting purposes).

Secured Claim of Bank of America, N.A.

Class 1 consists of the Secured Claim held by Bank of America, N.A. Class 1 is impaired.

Secured Claim of Banc of America Leasing & Capital LLC

Class 2 consists of the Secured Claim held by Banc of America Leasing & Capital LLC. Class 2 is impaired.

Secured Claim of PACCAR Financial Corp.

Class 3 consists of the Secured Claim held by PACCAR Financial Corp. Class 3 is impaired.

Secured Claim of BMO Harris Bank, N.A.)

Class 4 consists of the Secured Claim held by BMO Harris Bank, N.A. Class 4 is impaired.

Workers Compensation Claims

Class 5 consists of the Unsecured Claims held by any employee or former employee of the Debtors arising from work-related illness, disability, injury, or death within the scope of California Labor Code §3200 *et seq.* and comparable laws of other states. Class 5 is unimpaired.

Tort Claims

Class 6 consists of all Allowed Unsecured Claims against MFE, MPS, or MTI, principally arising from Debtors alleged act or omission, or the act or omission of a Debtor employee within the course and scope of their employment or agency for a Debtor, that gives rise to alleged injury or harm to the Claimholder where applicable non-bankruptcy law permits such Claimholder to assert a legal claim for relief against the Debtors, on their own behalf, on behalf of those similarly situated, or on behalf of a governmental entity, and such claim remains unliquidated and disputed by the Debtors (i.e., not determined by a final court order, judgment or agreement between the Claimholder and a Debtor) as of the Effective Date. For the avoidance of doubt, Tort Claim shall include wage and hour related claims, but will not include any claim in Class 5 Claims, or any claim solely arising from an alleged breach of contractual obligations by MFE, MPS, or MTI. Class 6 is impaired.

Unsecured Non-Priority Claims

Class 7 consists of all Allowed Unsecured Claims not entitled to priority under a provision of section 507 of the Bankruptcy Code that are not included in Class 5 (Workers Compensation Claims), Class 6 (Tort Claims), Class 8 (USPS), Class 9 (Insider Claims), Class 10 (XTRA Lease). Class 7 is impaired.

USPS Claim

Class 8 consists of the disputed claim of USPS in the amount of $15 million reflected in section 3.345 of MFE's Schedule F filed on June 2, 2022 [Doc No. 118] and all other claims asserted by USPS, including any claims arising from rejection of contracts with USPS. Class 8 is impaired.

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Insider Unsecured Claims

Class 9 consists of Allowed Unsecured Claims not entitled to priority under a provision of section 507 of the Bankruptcy Code that are held by an Insider. Class 9 is impaired.

XTRA Lease Claims

Class 10 consists of the Claims held by XTRA Lease. Class 10 is impaired.

Equity Interests

Class 11 consists of the shareholder, partnership, and/or member interests (as applicable) in any of the Debtors. Class 11 is impaired.

B. TREATMENT OF UNCLASSIFIED CLAIMS

1. Administrative Claims.

Administrative Claims fall into one of four categories: (1) administrative claims that arise in the ordinary course of the Debtors' business (other than professional fee claims) as defined in Article 1.1.44 of the Plan, (2) administrative claims excluded from the definition of Ordinary Course Administrative Claim (such as any administrative claim asserted by an Insurer, USPS, a lessor or sublessor of real property to one of the Debtors, a counterparty under an executory contract with the Debtors, or an entity seeking allowance of an Administrative Claim under Bankruptcy Code sections 507(b), (3) administrative claims held by professionals employed by the Debtors and Creditors Committee in these proceedings, and (4) administrative claims held by Insiders (generally, equity holders and affiliates of the Debtors).

All Ordinary Course Administrative Claims as defined in Article 1.1.44 of the Plan will be paid on the later of: (a) the Effective Date of the Plan, (b) thirty (30) days after the claimant submits invoices or other proof establishing the claim to the Plan Administrator, or (c) when the payment is due, unless the holder of the administrative claim agrees otherwise.

All holders of an administrative claim excluded from the definition of Ordinary Course Administrative Claim (other than Professional Fee Claims, United States Trustee Fees, and Insider administrative claims) are required to file a request for payment of that claim with the Bankruptcy Court within 60 days after the Effective Date of the Plan ("Motion for Allowance of Administrative Claim"). Each Motion for Allowance of Administrative Claim must comply with

11 U.S.C. §503(b), Federal Rule of Bankruptcy Procedure 9014, and Local Rule 9014-1 and be filed in the Bankruptcy Court on or prior to the Administrative Claims Bar Date. Failing to timely assert the claim will bar the claim (unless the Court excuses the late filing).

If the Administrative Claim is held by a professional employed by the Debtors or the Creditors Committee in these cases, a Fee Application must be filed and will be paid if and to the extent that it is Allowed by the Bankruptcy Court.

All United States Trustee Fees will be paid when due.

The projected aggregate amount of unpaid Administrative Claims (other than professional fee claims) as of August 1, 2024, are currently estimated to be approximately $5.5 million.

2. Priority Tax Claims

To the extent not paid on the Effective Date, all Tax Claims against the Debtors that are entitled to priority under Section 507(a)(8) shall be paid in full with interest at the applicable rate determined under non-bankruptcy law pursuant to 11 U.S.C. §511 on the later of: (a) the Effective Date, or (b) the date the Tax Claim is allowed by a Final Order. Aggregate unpaid Priority Tax Claims are estimated to be approximately $181,000.00. If, however, the Bankruptcy Court precludes the Plan Administrator from paying the Tax Claims on the Effective Date, all Priority Tax Claims will be paid in full with interest at the rate dictated by 11 U.S.C. §511 within five (5) years after the Petition Date on a schedule that maintains distributional parity with amounts paid to unsecured non-priority claim holders in Class 7.

3. U.S. Trustee Fees

The Debtors shall pay in cash in full on the Effective Date any statutory fees then owing and unpaid to the U.S. Trustee, or to the Bankruptcy Court. After the Effective Date, the Plan Administrator shall pay a quarterly fee to the U.S. Debtor, for deposit into the U.S. Treasury, for each quarter (including any fraction thereof) until the chapter 11 cases are converted, dismissed, or closed by entry of a final decree, pursuant to Section 1930(a)(6) of Title 28, United States Code.

4. "Cure" Obligations Under Assumed Executory Contracts/Leases

All amounts that the Debtors owe to cure defaults as a condition for assumption of executory contracts in accordance with Article VI of the Plan shall be paid in full on the Effective Date. Schedule 6.1 identifies what the Debtors believe is owed to cure defaults under each assumed executory contract or lease. In the aggregate, the Debtors estimate that the total amount required to cure such defaults is approximately $50,000.00. The actual amounts that may be due to cure defaults will be determined in connection with confirmation of the Plan, and as such, may result in an increase over what the Debtors have estimated.

C. TREATMENT OF CLASSIFIED CLAIMS

The Plan contemplates distributions to creditors out of the proceeds realized from liquidating the Debtors' assets. For purposes of making distributions, each of the three Debtors Estates will be substantively consolidated into one estate. For more information about how substantive consolidation impacts your rights as a creditor, please review Part III.D.2 (pp. 34-39) below.

On a consolidated basis, the Debtors' Estates had approximately $33 million in cash on hand as of August 1, 2024. Through liquidation of remaining assets (other than potential recoveries on account of claims against USPS, any refunds of drawn letter of credit proceeds from insurers, and other litigation claims), the Debtors anticipate realizing an additional $6.5 million for creditors. After payment or reserving funds for administrative claims, priority claims, and the expenses of the Debtors' estates after the Effective Date, these funds will be used to satisfy allowed secured claims with the remainder distributed on a pro-rata basis to holders of allowed unsecured non-priority claims, as follows:

1. Class 1 - Secured Claim of Bank of America, N.A.

Bank of America, N.A. shall be paid $5,656,067.00 on the Effective Date in part satisfaction of its secured claim. This sum represents the value agreed to between the Debtors, the Creditors Committee, and Bank of America, N.A. for the extent of Bank of America, N.A.'s

security interest in assets of the Debtors where Bank of America held a properly perfected lien.[14] After the Effective Date, Bank of America, N.A. will be treated as holding a properly perfected and unavoidable lien on only the remaining assets of the Debtors' estates:

a. A net remaining deposit in the amount of $50,000.00 held by Bank of America, N.A. pursuant to an agreement allowing the Debtors to use credit cards issued by Bank of America;

b. MTI's remaining inventory assets (estimated value of $75,416.00);

c. MTI's remaining other equipment assets, however, the lien shall not attach to any equipment asset for which a Certificate of Title is issued by a governmental entity and Bank of America, N.A. is not noted as a lienholder on said Certificate of Title;

d. MTI's member interest in Matheson Air Services, LLC;

e. MTI's member interest in Matheson Mail Transportation, Inc.;

f. MTI's contingent rights to any refund of the proceeds of the drawn standby letter of credit dated as of October 12, 2016 (as amended and extended), issued by Bank of America, N.A. for the benefit of Lumbermens Casualty Company, in Liquidation, American Motorists Insurance Company, in Liquidation, and American Manufacturers Mutual Insurance Company, in Liquidation and/or any collateral resulting from said standby letter of credit.

g. MTI's contingent rights to any refund of the proceeds of the drawn standby letter of credit dated as of October 12, 2016 (as amended and extended), issued by Bank of America, N.A. for the benefit of AXA XL and its U.S.-based affiliated insurance companies, including without limitation Greenwich Insurance Company, Indian Harbor Insurance Company, XL Specialty Insurance Company and XL Insurance

[14] The Debtors do not dispute that Bank of America, N.A. held a properly perfected and unavoidable lien against substantially all assets owned by MTI. The Debtors and the Creditors Committee, however, contend that Bank of America, N.A.'s security interest in certain assets owned by MFE and MPS are avoidable as a so-called "preferential transfers."

America, Inc., and each of their respective affiliates, predecessors, successors and assigns and/or any collateral resulting from said standby letter of credit.

Confirmation of the Plan is intended to act as a final judgment on any and all claims that Bank of America, N.A. may have against the Debtors' Estates, and any and all claims that the Debtors' Estates, the Creditors Committee, the Plan Administrator or any other person or entity subsequently appointed in the case to represent the interests of the Debtors' Estates have against Bank of America, N.A. Accordingly, if you object to the amount proposed to be paid the Bank of America, N.A. on the Effective Date, or object to its retention of a lien on any of the assets listed in subparagraphs a.-g. above, you must file an objection to confirmation of this Plan.

2. Class 2 - Secured Claim of Banc of America Leasing & Capital LLC

On the Effective Date, Banc of America Leasing & Capital LLC's secured claim shall be deemed allowed in the amount of $985,213.16, minus any additional adequate protection payments made after the filing of this Plan. The amount of the secured claim is based on the amount Banc of America Leasing & Capital listed as secured on the proofs of claim it filed in the Debtors cases ($1,585,766.43) minus the post-petition payments it received and is expected to continue to be paid prior to the Effective Date. Because Banc of America Leasing & Capital's proofs of claim indicate that it is not fully secured, it is not permitted under section 506(b) of the Bankruptcy Code to include post-petition interest and other charges in the amount of its secured claim. United Savings Association of Texas v. Timbers of Inwood Forest Associates, Ltd., 484 U.S. 365, 382 (1988) (undersecured creditors not entitled to interest and other fees only protection against diminution in the value of its secured claim); In re Cason, 190 B.R. 917, 928 (Bankr. N.D. Ala. 1995) (same). The post-bankruptcy payments it received must be credited against (and therefore reduce) the allowable amount of its secured claim. In re Weinstein, 227 B.R. 284, 296 (B.A.P. 9th Cir. 1998) (preconfirmation payments to undersecured creditor should be applied to reduce the amount of the allowed secured claim).

Banc of America Leasing & Capital will retain its liens on the portions of the Debtors assets where it holds a properly perfected and unavoidable lien. (Specifically, the equipment purchased by the Debtors' that are referenced in Equipment Note -004 and Equipment Note -005

issued pursuant to the Banc of America Leasing & Capital Equipment Loan, but not any of the equipment assets held by the Debtors' Estates on the Effective Date that are referenced in Equipment Note -006, Equipment Note -007 and Equipment Note -008 issued pursuant to the Banc of America Leasing & Capital Equipment Loan.)

Confirmation of the Plan is intended to act as a final judgment on any and all claims that Banc of America Leasing & Capital, LLC may have against the Debtors' Estates, and any and all claims that the Debtors' Estates, the Creditors Committee, the Plan Administrator or any other person or entity subsequently appointed in the case to represent the interests of the Debtors' Estates have against Banc of America Leasing & Capital, LLC. Accordingly, if you object to the amount proposed to be paid to Banc of America Leasing & Capital, LLC on the Effective Date, or object to its retention of a lien on any of the assets referenced in Equipment Note -004 and Equipment Note -005, you must file an objection to confirmation of this Plan.

3. Class 3 - Secured Claim of PACCAR Financial Corp.

Unless the PACCAR Financial Corp., the Plan Administrator, or any other party in interest files an objection to the amount of the Class 3 claim within thirty (30) days after the Effective Date, PACCAR Financial Corp. shall be deemed allowed as a secured claim to the extent of the realizable value of the tractor trailers and all related equipment purchased by Matheson Postal Services, Inc. pursuant to the six (6) Security Agreements and Retail Installment Contracts entered into between PACCAR Financial Corp. and Matheson Postal Services, Inc. dated as of March 23, 2015 (Contract 1, Acct No. -4059); April 19, 2017 (Contract 2, Acct No. -1715); March 29, 2018 (Contract 3, Acct No. -0047); February 11, 2019 (Contract 4, Acct No. -3084); July 25, 2019 (Contract 5, Acct No. -2162); and October 2, 2019 (Contract 6, Acct No. -2335) (defined in the Plan as the "PACCAR Perfected Collateral"). PACCAR Perfected Collateral shall not include the tractor trailers or any related equipment purchased by Matheson Postal Services, Inc. pursuant to the Security Agreements and Retail Installment Contracts entered into between PACCAR Financial Corp. and Matheson Postal Services, Inc. dated as of March 26, 2020 (Contract 7, Acct No. -7264); and January 12, 2021 (Contract 8, Acct No. -3584).

Entry of the Confirmation Order and occurrence of the Effective Date shall be deemed to: (a) avoid PACCAR Financial Corp.'s security interest in any assets of the Debtors or the Debtors' Estates other than the PACCAR Perfected Collateral, and (b) constitute a final resolution of any and all disputes concerning the extent of PACCAR Financial Corp.'s security interest in assets of the Debtors' Estates or challenges that the Debtors' Estates hold or may hold against PACCAR Financial Corp. relating to the amount owed to PACCAR Financial Corp. and/or the validity and extent of its secured claim in the Debtors' cases, including but not limited to any claims arising under Chapter 5 of Title 11 of the United States Code.

Within ten (10) days after the Debtors' Estates or Plan Administrator realizes cash proceeds from the sale of the PACCAR Perfected Collateral, such net proceeds shall be paid to PACCAR Financial Corp., after deduction for any and all reasonable costs incurred by the Debtors' Estates and/or Plan Administrator to recover such proceeds, including but not limited to: broker/sale commissions, taxes incurred on sale that are payable by the Debtors' Estates or Plan Administrator, repairs, transportation fees, and any applicable permits or transfer fees. The Debtors estimate that PACCAR Financial Corp. will receive approximately $169,155.00 through the Plan on account of its secured claim.

4. Class 4 - Secured Claim of BMO Harris Bank, N.A.

The Debtors' records indicate that BMO Harris Bank, N.A. has been paid in full through monthly adequate protection payments made over the course of the Chapter 11 cases. Accordingly, the Plan provides that BMO Harris Bank, N.A. will receive no distributions through the Plan, and all of its claims against the Debtors or the Debtors' Estates shall be deemed satisfied and extinguished. Confirmation of the Plan and the occurrence of the Effective Date shall be deemed a complete release and discharge of any liens or security interests held by BMO Harris Bank, N.A. in any assets of the Debtors' Estates held as of the Effective Date.

5. Class 5 – Workers Compensation Claims

Class 5 consists of any Allowed Unsecured Claim held by an employee or former employee of the Debtors arising from work-related illness, disability, injury, or death within the scope of California Labor Code §3200 *et seq.* and comparable laws of other states. In connection

therewith, the Plan Administrator shall satisfy all administrative costs associated with the Debtors' workers compensation insurance programs, cover all costs of defense, and pay workers compensation claims up to the amount of any applicable self-insured retention relating to the Class 5 claim. Class 5 is unimpaired. Each Class 5 Claimholder shall retain all of his or her legal or equitable rights to recover from the Debtors or the Debtors' Insurers, except that if one or more of the Debtors' Estates, Plan Administrator, or an Insurer agrees to satisfy in part a Class 5 claim (whether adjudicated by a court of competent jurisdiction or otherwise settled), then immediately upon such payment, the applicable portion of the Class 5 Claimholder's claim against the Debtors' Estates shall be deemed reduced by the amount of such payment without the Plan Administrator or Debtors' Estates having to file an objection to such claim, and without any further notice to or action, order, or approval of the Bankruptcy Court.

6. Class 6 – Tort Claims

Class 6 consists of any Unsecured Claim against MFE, MPS, or MTI, principally arising from Debtors' alleged act or omission, or the act or omission of a Debtor employee within the course and scope of their employment or agency for a Debtor, that gives rise to alleged injury or harm to the Claimholder where applicable non-bankruptcy law permits such Claimholder to assert a legal claim for relief against the Debtors, on their own behalf, on behalf of those similarly situated, or on behalf of a governmental entity, and such claim remains unliquidated and disputed by the Debtors (i.e., not determined by a final court order, judgment or agreement between the Claimholder and a Debtor) as of the Effective Date. Without limiting the generality of the foregoing, Class 6 Tort Claims include any claims arising from motor vehicle related property damage or injury claims, workplace harassment or discrimination, and wage and hour related claims. Class 6 Tort Claims do not include any workers compensation claim in Class 5, or any claim solely arising from an alleged breach of contractual obligations by MFE, MPS, or MTI.

The Plan requires all holders of unresolved Tort Claims to participate in an alternative dispute resolution process described more fully in Article 4.6 of the Plan. In summary, that process will entail the appointment of a mediator either selected jointly by the Plan

Administrator and the Class 6 Claimholder, or if the parties cannot agree, the mediator will be appointed by the Bankruptcy Court. The mediations will be required to be commenced within thirty (30) days after the mediator's appointment, unless the mediator establishes a different schedule, and will continue for further mediation conferences until a settlement is reached or the mediator determines in his or her discretion that a settlement is not possible. The Plan Administrator and the holder of a Tort Claim will be required to participate in the mediation in good faith and abide by the instructions of the mediator regarding the conduct of the mediation, including requirements for participation in person and submission of mediation briefs. Unless the Plan Administrator agrees otherwise, each party will be responsible for its own attorney's fees and costs for participating in the mediation process and will be required to share one-half of the cost of the mediator.

An Insurer may, but is not required, to participate in the alternative dispute resolution process. Recourse to insurance will be subject to any self-insured retention and policy limits under the insurance policy providing coverage for the claim. In the event the holder of a Tort Claim seeks to collect from or causes an Insurer to incur costs to defend a claim outside of its coverage obligations under the applicable policies and such action causes the Insurer to draw down on the letter of credit proceeds it holds as collateral, the Plan allows the Plan Administrator to recover the amount of the drawn funds either by offsetting against any distribution to which the Tort Claimholder may be entitled to, or by asserting an affirmative claim to collect from the Tort Claimholder who caused the Insurer to improperly incur such costs.

In the event either the Plan Administrator or the holder of a Tort Claim breach their obligations to participate in the mediation in good faith and or comply with the mediator's instructions, the Bankruptcy Court will be empowered to impose sanctions for willful violations, including: (a) injunctive orders compelling the offending party to perform its MADRP obligation or mediator instruction, (b) imposition of fees and costs to compensate the non-offending party or mediator for any costs or expenses resulting from the offending party's violation, (c) a monetary penalty, (d) disallowance of the Tort Claim (if the claim holder is the offending party), or (e) allowance of the Tort Claim in an amount determined as appropriate by the Bankruptcy

Court (if the Plan Administrator/Debtors' Estates is the offending party).

Should the parties reach an agreement settling and allowing the Tort Claim, the holder shall be permitted to collect from any available insurance (subject to the Insurer's consent). To the extent that the distribution received from insurance coverage is less that what is distributed on a pro-rata basis to other general unsecured creditors, the holder will be entitled to an additional distribution from the assets of the Debtors' Estates to make its distribution percentage on par with other general unsecured creditors.

7. Class 7 - Unsecured Non-Priority Claims

All Allowed General Unsecured Claims in Class 7 shall receive their Pro Rata share of the cash on hand in Debtors' Estates after payment of the costs incurred by the Plan Administrator to implement the Plan, Allowed Administrative Claims, Allowed Priority Claims, Allowed Secured Claims, and Workers Compensation Claims. At present, the Debtors estimate that on a consolidated basis holders of Allowed General Unsecured Creditors in Class 7 will receive a distribution of approximately 25.98% of the amount owed to them. Please note, however, that this is merely an estimate and that the actual distribution could be higher or lower depending upon a variety of factors. Class 7 Claimholders should review Part V.B of this Disclosure Statement for a further discussion of the assumptions underlying the projected distribution and risks factors that could impact the actual amount distributed to Class 7 creditors.

As noted, the proposed distribution is presented on a consolidated basis, that is, where the assets and liabilities of each of the Debtors are pooled and treated as one entity. Theoretically, consolidation could adversely affect the distributions to creditors who hold claims against MFE because unsecured creditors who hold claims against MPS and MTI will also be sharing pro-rata in the cash currently held in the MFE estate. (Increasing the amount of claims against a finite amount of cash reduces the percentage recovery to creditors.) Class 7 Claimholders should review Part III.D.2 of this Disclosure Statement for a discussion of why the Debtors and the Creditors Committee believe that substantive consolidation is nevertheless warranted and in the best interests of all creditors, including MFE's creditors.

8. Class 8 - USPS Claim

As discussed above in Part II.A.2, USPS contends that MFE owes it $15 million for the prepayment it made to MFE in February 2022. MFE disputes that contention and believes that USPS in fact owes MFE substantially in excess of $15 million (approximately $9 million more) for its various pre-bankruptcy claims against USPS. The Plan does not resolve these disputes, but rather, preserves the respective rights of USPS and Matheson against each other.

9. Class 9 - Insider Unsecured Claims

Claims held by "Insiders" (which generally includes affiliates, officers, directors of a debtor corporation, and family members) are estimated to be approximately $270,000.00. This estimate, however, does not include any claims that an Insider has or may have against the Debtors that arise from an Insider's guarantee of a debt owed by the Debtors to another creditor, including but not limited to Bank of America, N.A. and Banc of America Leasing & Capital LLC.

The Creditors Committee and the Insiders dispute the validity of the Insider claims. Among other things, the Creditors Committee believes that the Debtors' Estates likely hold claims against Insiders that would offset the Insider claims and generate an affirmative recovery for other creditors. The Insiders do not agree that the Debtors' Estates hold any valid affirmative claims against them. The Plan does not purport to resolve these disputes, but rather, the Plan provides that all rights that the Debtors' Estates or Plan Administrator have to challenge claims asserted by the Insiders are preserved, and all rights that Insiders have to assert claims on any basis against the Debtors' Estates are similarly preserved. In the event that any Class 9 claim held by an Insider is Allowed and deemed not subject to subordination, it will be paid the same pro-rata amount as other Allowed Class 7 General Unsecured Claims.

10. Class 10 – XTRA Lease

Prior to bankruptcy, MPS leased trailers from XTRA Lease that it used in its Philadelphia THS facility. The lease agreement provided for an estimated charge based on mileage, but these trailers were used for storage and so did not incur mileage charges. MPS was therefore entitled to certain credits both pre- and post-bankruptcy for refund of estimated mileage charges. The

Debtors and XTRA Lease have agreed to permit setoff of the mileage creditors against what MPS owed XTRA Lease. The setoff agreement will result in XTRA Lease being allowed a general unsecured claim in the amount of $6,059.25, which will be paid the same amount and in the same manner as Class 7 creditors. (The setoff agreement also gives XTRA Lease an allowed administrative claim for $2,157.88 which shall be paid on the Effective Date in accordance with Article 3.1.2 of the Plan.)

11. Class 11 - Equity Interests

The Plan provides that all equity interests in the Debtors (whether such interest is stock, a partnership interest, or member interest) will be cancelled, and no holder of an equity interest will be entitled to any distributions under the Plan on account of said equity interest.

D. IMPLEMENTATION OF THE PLAN

The Plan will be implemented as follows:

1. Assets Shall Not Revest in the Reorganized Debtors

On the Effective Date, no assets of the Debtors or the Debtors' Estates shall revest in the Debtors, but instead, the estates created by operation of Section 541(a) shall continue, and all assets of the Debtors and/or their respective Estates shall be deemed to be property of the consolidated bankruptcy estates until distributed in accordance with this Plan. The provisions of Section 362(a) shall continue in full force and effect following entry of the Confirmation Order, and stay any person from taking any act, commencing any suit, or enforcing any right, which has the effect of asserting, liquidating, or enforcing any claim against any property of the Estates that arose prior to entry of the Confirmation Order. The sole recourse of a creditor holding a claim that arose prior to entry of the Confirmation Order shall be an action in the Bankruptcy Court seeking to enforce its rights under this Plan.

2. Substantive Consolidation

Substantive consolidation is a doctrine under federal common law that permits a court in appropriate cases to treat separate legal entities as if they were merged into one, with all the cumulative assets and liabilities of each, except for intercompany liabilities and guarantee which

are erased. Substantive consolidation can be accomplished either on a consensual basis under a chapter 11 plan (as the Plan proposes here), or on a nonconsensual basis.

For the following reasons, the Debtors and Creditors Committee believe that substantive consolidation is warranted in this case regardless of whether all creditor classes vote to accept the Plan. A bankruptcy court's decision about whether to order substantive consolidation is evaluated on a case-by-case basis, but is considered appropriate if either of the following circumstances are present: (i) creditors dealt with the entities as a single economic unit and did not rely on their separate identity in extending credit; or (ii) the affairs of the debtors are so entangled that consolidation will benefit all creditors. In re Bonham, 229 F.3d 750, 764-65 (9th Cir. 2000) ("No uniform guideline for determining when to order substantive consolidation has emerged. Rather, '[o]nly through a searching review of the record, on a case-by-case basis, can a court ensure that substantive consolidation effects its sole aim: fairness to all creditors.'"); In re SK Foods, LP, 499 B.R. 809, 833 (Bankr. E.D. Cal. 2013) (citing *Bonham* factors). The party seeking substantive consolidation has the initial burden of showing that either one of the *Bonham* factors are met. In re Clark, 548 B.R. 246, 254 (9th Cir. BAP 2016). However, once a close interrelationship between the debtor and the non-debtor entities is established, "there is a presumption that creditors did not rely on the entities' separate credit. The burden of proof then shifts to the parties opposing substantive consolidation to show otherwise." *Id*.

Many courts recognize that, at bottom, substantive consolidation is appropriate where it avoids a harm or realizes a benefit to creditors. In re ADPT DFW Holdings, LLC, 574 B.R. 87, 100 (Bankr. N.D. Tex. 2017). A recent decision of the United States Bankruptcy Court for the Southern District of New York (which applied the same test adopted by the Ninth Circuit in *Bonham* discussed below) summarized the equitable principle undergirding substantive consolidation in the following way:

> "As an equitable remedy, courts may order substantive consolidation where the benefits to creditors outweigh the harm. *See In re Worldcom* , 2003 WL 23861928, at *35 (citing *Augie/Restivo* , 860 F.2d at 518–19). To that end, courts in the Second Circuit 'use a balancing test to determine whether the relief achieves the best results for all creditors.' Id. at *36 (citing *Fed. Deposit Ins. Corp. v. Colonial Realty Co.*, 966 F.2d 57, 60 (2d Cir. 1992)). Indeed, the substantive consolidation factors should be 'evaluated within the larger context of

> balancing the prejudice resulting from the proposed consolidation against the effect of preserving separate debtor entities.'" In re Republic Airways Holdings Inc., 565 B.R. 710, 717 (Bankr. S.D.N.Y. 2017).

So as the quoted language indicates, substantive consolidation is permissible in any situation where it will achieve a positive result for creditors.

The Debtors and Creditors Committee acknowledge that the Chapter 11 liquidation analysis attached hereto as **Exhibit B** indicates that if the Debtors' Estates are not substantively consolidated, MFE's creditors could receive approximately a 50.35% distribution whereas on a consolidated basis the projected distribution is approximately 25.98% and that this could be considered "harm" to MFE's creditors if substantive consolidation occurs. Republic Airways Holdings, 565 B.R. at 716. However, it is important for creditors – particularly holders of unsecured claims against MFE – to understand the history of the Debtors' financial relationships with each other and some additional important qualifications underpinning the 50.35% distribution estimate if MFE is treated as a separate entity.

The most important of these qualifications is that it assumes MFE would prevail in any litigation seeking to have its assets and liabilities substantively consolidated with those of MPS and MTI. Given that general unsecured creditors of MPS and MTI are projected to receive no distribution, if the Debtors' Estates remained separate, there is a very significant likelihood that MPS/MTI's creditors or trustees appointed to represent their interests would seek to have the estates substantively consolidated. While it cannot be predicted with certainty, the Debtors and the Creditors Committee have concluded that if the issue were litigated, it is more likely than not that MFE would be substantively consolidated with MPS and MTI for several reasons.

Interrelated Operations

Prior to the bankruptcy filings, MFE, MPS, and MTI's operations were interdependent, and in fact none of the three debtors could operate independently. MFE and MPS were the entities providing services directly to USPS and other customers, but they did not have their own senior management, accounting, legal, and other administrative staff. Those functions were performed by MTI for MFE and MPS's benefit. Unlike entities operating at arm's length, MTI provided these services at cost with no markup**.** MTI, MFE, and MPS would also regularly

transfer funds between the entities where one was experiencing a cash shortfall. Moreover, MTI would enter into contracts with third parties and incur other liabilities for the benefit of MFE or MPS. For example, MTI was the lessor of several STC facilities that were used by MFE to provides services to USPS. MPS and MFE have also issued guarantees of MTI's debts (such as in the case of the credit facilities extended by Bank of America, N.A., Banc of America Leasing & Capital LLC), and vice-versa (such as MTI's guarantee of PACCAR Financial Corp.'s equipment loans to MPS). Finally, all of the insurance programs were administered on a consolidated basis, and the Debtors prepared consolidated financial statements and tax returns. The Debtors submit that at a minimum, these facts establish that there was a long standing "close interrelationship" operationally and financially between MTI, MFE, and MPS. Indeed, many creditors in these cases have asserted claims against all three of the Debtors. As such, the Debtors and Creditors Committee believe that in any litigation over substantive consolidation, there would be a presumption that creditors did not rely on the separate credit of individual debtor entities in deciding to do business with Matheson – one of the factors under which substantive consolidation is warranted. Clark, 548 B.R. at 254.

Inadequately Documented Intercompany Transfers

In addition, as noted above, substantive consolidation is warranted where the affairs of the debtors are so entangled that consolidation will benefit all creditors. Bonham, 229 F.3d at 764-65. This basis for substantive consolidation can be met where interrelated companies have transferred money and other assets between them without reasonable documentation and the cost of reliably reconstructing "who owes what to whom" between the entities exceeds the benefit of doing so. *See* SK Foods, 499 B.R. at 823-27. That circumstance appears to be present in these cases.

For many years, the Debtors and related entities transferred money or other assets between each other. The Debtors also allocated expenses and corporate overhead to certain related Debtor entities and recorded these on their internal accounting records as intercompany transfers, receivables and/or payables. The transactions, numbering in the hundreds of thousands and dating back decades, have limited to no information regarding the purpose of the

transactions. As of the date MFE filed for bankruptcy, MFE's books indicated a receivable due from MTI in the amount of $38,309,861.00. MFE's books also indicated a liability in the amount of $48,150,110.62 owed to MTI. However, on a consolidated basis (that is, when the Debtors and other non-debtor Matheson entities are taken into account), these intercompany transactions net to zero ($0.00).

It is not clear whether any of these transactions were intended to create valid debt obligations – the Debtors have no documentation to support that conclusion, and no action was ever taken to collect or enforce any "debts" between them. Does MFE owe MTI approximately $10 million?[15] Answering that question would require reviewing hundreds of thousands of transactions over many years and interviewing witnesses who are no longer employed by Matheson, which the Debtors believe would be extremely costly. The Debtors believe that the expense associated with doing so would outweigh any benefit to creditors of each Debtor's estate.

Overall Benefit to Unsecured Creditors

The Debtors and Creditors Committee have also concluded that substantive consolidation would benefit all creditors, including MFE's creditors for other reasons. First, it will eliminate intercompany claims (and the significant cost of determining the validity of such claims) and alleviate the administrative burden of determining the extent of guarantee claims and claims of the same origin that are asserted against multiple debtors. This will make it possible for the Plan Administrator to complete the process of reviewing and objecting to claims faster. This in turn means that the Plan Administrator will be able to minimize unnecessary or duplicative reserves for disputed claims and speed the distributions to allowed claimholders.

Second, absent substantive consolidation through the Plan, it would not be possible to make any distributions to any general unsecured creditors of MFE, MTI, or MPS until the substantive consolidation litigation concluded. That process could reasonably be expected to

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[15] A similar situation exists between MFE and MPS. When MFE filed for bankruptcy, its records indicated that it transferred$22,287,923.11to MPS, whereas, MPS had transferred $16,443,779.35 to MFE. Does MPS owe roughly $6 million to MFE?

take between 2 to 3 years assuming no appeals, and the administrative expenses of that litigation would consume millions of dollars in value that otherwise would flow to general unsecured creditors. These cases have already been pending more than two years and the Plan provides a pathway for creditor distributions to begin in the first half of 2025. For these reasons, the Debtors' and the Creditors Committee believe that the interests of all creditors are served by substantive consolidation through the Plan.

3. Post-Confirmation Management of the Estates

The Plan provides that an independent fiduciary, Hank Spacone, will act as the Plan Administrator from and after the Effective Date. Mr. Spacone has several decades of experience as a trustee serving in cases under Chapter 7 and Chapter 11 of the Bankruptcy Code. Mr. Spacone was recommended to act in this capacity by the Creditors Committee.

The Plan Administrator will serve without bond and shall be compensated for his services on an hourly basis of $350.00 payable in accordance with the procedures for payment of Post-Confirmation Professionals set forth in Article 5.6 of the Plan. Mr. Spacone will also participate in the Key Employee Incentive Plan for Senior Management ("KEIP") discussed more fully in Part III.D.4 below. While final management authority is vested in Mr. Spacone, he is permitted to retain and employ at the same rate of compensation and other terms and conditions that exist immediately prior to the Effective Date and provide participation in the KEIP for the following members of the Debtors' current management ("Current Management"):

a. Charles Mellor, Chief Restructuring Officer;

b. Marcos Kropf, General Counsel; and

c. Mark Simmons, Chief Financial Officer.

4. Key Employee Incentive Plan

After consultation with their respective financial advisors, the Debtors and the Creditors Committee formulated an incentive compensation plan for Mr. Spacone and Current Management. That plan (defined above as the KEIP) is attached as Schedule 5.5 of the Plan. In essence, the KEIP will provide additional "bonus" compensation over and above what KEIP participants are paid if they meet or exceed defined benchmarks related to the timing, amount of

funds actually distributed to general unsecured creditors, and percentage recovery to allowed general unsecured claim holders. The overall goal of the KEIP is to align the financial interests of general unsecured creditors and senior management. In short, both general unsecured creditors and senior management will benefit if the gross amount distributed to general unsecured creditors is increased over currently anticipated thresholds, the pro-rata percentage recovery to general unsecured creditors is increased over currently anticipated thresholds, and KEIP participants are able to make those distributions on (or more quickly than) the currently anticipated timetable for making payments to general unsecured creditors. The KEIP attached as Schedule 5.5 of the Plan outlines the benchmarks and contains a number of hypothetical examples of how much could be paid to KEIP participants if they satisfy or exceed those benchmarks.

5. Objection Deadlines/Claims Reserves/Tax Withholding-Reporting

The Plan contemplates that (unless extended by the Bankruptcy Court), all objections to unsecured claims in Class 7 will be filed within 180 days after the Effective Date. The deadline applicable to filing objections to Class 6 Tort Claims will be sixty (60) days after conclusion of the alternative dispute resolution process described in Part III.C.6 above. The Plan does not designate a deadline for filing objections to claims in Class 8 (USPS) or 9 (Insiders). Except with respect to the Class 8 claim (USPS) and claims involving disputes of more than $1.0 million, the Plan Administrator is authorized to settle and compromise the Allowable amount of a Disputed Claim without court approval or notice to other Claimholders. Notwithstanding the foregoing, the Plan Administrator may seek court approval at his discretion for any claim settlement regardless of amount.

The Plan Administrator will determine the amounts of all Allowed and Disputed General Unsecured Claims in Classes 6, 7, 8, and 9. Prior to making distributions to Allowed Class 6, Claims, Class 7 Claims, Class 8 Claims, Class 9 Claims, and the Class 10 claim, the Plan Administrator will be required to maintain adequate reserves for Disputed Claims in the event such claim is Allowed. If a Disputed Claim becomes an Allowed Claim, at the next distribution date the Plan Administrator will make a payment to such Claimholder sufficient to make its Pro

Rata distribution equal to what has been paid at that date to all other Allowed General Unsecured Claims in Class 7.

If, however, a distribution to an Allowed Claimholder (other than a final distribution) is less than One Hundred ($100.00) Dollars, the Reorganized Debtors may withhold such distribution until the amount of the distribution to such Allowed Claimholder exceeds $100.00. The Plan Administrator may require creditors to provide a properly executed IRS W-9, IRS Form W-4, or any similar document required to enable the Plan Administrator to accurately report distributions and/or withholdings to any relevant federal or state taxing authority.

6. Post-Confirmation Committee

On the Effective Date, the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases shall be deemed dissolved all members of the Official Committee of Unsecured Creditors shall be deemed released from any further obligations, responsibilities, liabilities, or authority arising out of or related to the Chapter 11 Cases. However, under the Plan, a new committee comprised of three (3) creditors holding Class 7 General Unsecured Claims ("Post-Confirmation Committee") will be formed. The members of the Post-Confirmation Committee are:

- ProLogistix by Gearoid Moore, Esq., Chief Legal Officer, EmployBridge Holding Company
- Lohf Shaiman Jacobs, P.C. by Brian Moore, attorney for Lohf Shaiman
- TRC Staffing Services by David Suever, Vice President, Credit & Collections

The Post-Confirmation Committee may retain and employ Post-Confirmation Professionals previously retained by the Creditors Committee in the Chapter 11 Cases at the same rate of compensation and other terms and conditions that exist immediately prior to the Effective Date. The Plan Administrator shall serve the Post Confirmation Committee with the Post-Confirmation Reports as required by Article 5.8 of the Plan and provide up to $25,000 per quarter to the Post Confirmation Committee for its actual and reasonably necessary administrative costs, including payment of professionals to assist the Post Confirmation Committee to carry out its duties under the Plan. In the event the Post Confirmation Committee

incurs less than $25,000 in administrative costs in a given quarter, the difference shall be carried forward and may be utilized in subsequent quarters. Any disputes between the Plan Administrator and the Post Confirmation Committee relating to the administrative costs incurred by the Post Confirmation Committee shall be resolved by the Bankruptcy Court.

The Plan Administrator may consult with Post Confirmation Committee with respect to the administration of the Estates, but the Post Confirmation Committee shall not limit or diminish the Plan Administrator's authority as set forth in the Plan. In the event that a member of the Post-Confirmation Committee resigns, that member's position may be replaced by a creditor who has served on the Official Committee of Unsecured Creditors.

7. Preservation of All Rights of Action

The Plan provides that notwithstanding entry of the Confirmation Order or tender of any distributions made to a Claimholder under this Plan, the Debtors' Estates/Plan Administrator shall retain, and may seek to enforce, all claims against all persons or entities, including claims arising under non-bankruptcy law and claims arising under Chapter 5 of the Bankruptcy Code. Without limiting the generality of the foregoing, the Debtors shall retain the right to prosecute any Avoidance Actions, and any other claim for relief against any other person or entity. In addition to the foregoing, the Debtors' Estates/Plan Administrator shall retain, and may seek to prosecute, any objections to the allowance of any claim.

8. Extension of Limitations Period for Actions Against Insiders

The Plan provides that notwithstanding any provision of the Bankruptcy Code or applicable law, the period in which the Debtors' Estates/Plan Administrator, or any Chapter 11 or Chapter 7 trustee that may subsequently be appointed in the Debtors' cases may commence an action seeking the recovery of money or property from an entity that qualifies as an Insider shall be extended to the later of: (a) the latest limitations period available under application law, or (b) the date specified in any agreement between the Insider and either the Creditors Committee of the Debtors' Estates/Plan Administrator.

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9. Allocation of XL Collateral Refunds

The Debtors anticipate that at a future date, the Plan Administrator will receive refunds from XL from the proceeds of two letters of credit that were drawn by XL and held as collateral to ensure that XL can be reimbursed to the extent that it is required to pay obligations that otherwise should be paid by the Debtors under the XL insurance programs (including, for example, policy premiums, administrative expenses, costs of defense and claims within an applicable self-insured retention, etc.). One of the letters of credit in the amount of approximately $6.6 million was issued pre-bankruptcy by Bank of America, N.A. The second letter of credit in the approximate amount of $2.8 million was issued post-bankruptcy by Texas Capital Bank. The Debtors and Creditors Committee believe, and Bank of America, N.A. has agreed, that Bank of America, N.A.'s security interest attaches to any refunds received on account of the Bank of America letter of credit, but not the Texas Capital Bank letter of credit. XL, however, has commingled the letter of credit proceeds and there is no practical way to determine if an amount received as a refund is traceable to the Bank of America or Texas Capital Bank letter of credit. Accordingly, the Plan provides that to the extent that the Plan Administrator receives a refund from XL, seventy (70%) percent of such refunded amount shall be deemed received on account of the proceeds drawn under the standby letter of credit issued by Bank of America, N.A. and thirty (30%) percent of such refunded amount shall be deemed received on account of the proceeds drawn under the standby letter of credit issued by Texas Capital Bank. The allocation percentages were based on the drawn amounts of each of the letters of credit. Hence, 70% of any refund will be deemed subject to Bank of America's liens and paid to the bank, and 30% will be available to other creditors.

E. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Under section 365 of the Bankruptcy Code, a debtor may assume or reject executory contracts and unexpired leases. The filing of the Plan (and any amended version of the Plan), shall be deemed the Debtors' motion to assume the executory contracts that are listed in Schedule 6.1 of the Plan. Schedule 6.1 also sets forth what the Debtors believe is required to cure any defaults under section 365(b) of the Bankruptcy Code. If you are the counter-party or

lessor in a contract or lease listed on Schedule 6.1 and you disagree with the Debtors' calculation of the amount necessary to cure defaults under the agreement, you must file an objection in the manner prescribed in the Bankruptcy Court's order approving this Disclosure Statement and setting the hearing on confirmation of the Plan. If you fail to object to a cure amount, the amount listed in Schedule 6.1 will be deemed correct, and all of your rights to assert additional defaults and/or seek a larger sum to satisfy any such defaults will be forever barred.

All other executory contracts and leases between the Debtors and a third party that have not previously been assumed pursuant to a court order in the Chapter 11 cases[16] and do not appear on Schedule 6.1 will be deemed rejected as of the Effective Date, except for any Non-Disclosure Agreement and Common Interest and Joint Defense Agreement that exists between the Debtors and any person. The Plan provides that the bar date for lessors and counter-parties under rejected contracts or leases to file claims arising from rejection will be thirty (30) days after the Effective Date.

F. CONDITIONS TO EFFECTIVENESS

The Plan will not become Effective unless and until the Bankruptcy Court has entered the Confirmation Order approving the Plan in all respects.

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[16] In February 2023, the Debtors assumed the insurance agreements with XL pursuant to the XL Insurance Order. As discussed in Part II.B.7 above, this was done solely because XL required assumption of the prior insurance policies as a condition to issuing new insurance policies that the Debtors required for their operations commencing March 1, 2023. From the Debtors' perspective, XL unreasonably refused to issue the new policies (despite having been paid the entire $4.8 million annual premium in full, receiving an extension of the existing $6.6 million Bank of America letter of credit, knowing that Wells Fargo Bank would issue a supplemental letter of credit demanded by XL on March 6, 2023, and refusing an interim substitute letter of credit), and so the Debtors were forced to arrange for alternative coverage with AIG Insurance and XL never issued any new policies for the period commencing March 1, 2023. Nevertheless, the XL Insurance Order shall remain in full force and effect, unless a provision of the Plan would be construed as modifying the XL Insurance Order or operation of the XL Insurance program, in which case, confirmation of the Plan shall be deemed approval of the modifications to the XL Insurance Program and XL Insurance Order. The Plan Administrator shall only be required to pay obligations and perform the duties of the Insured (as that term is defined in the XL Insurance Policies and XL Insurance Program) thereunder to the extent provided in the Plan.

G. RETENTION OF JURISDICTION

The Plan will in no way limit the Bankruptcy Court's post-confirmation jurisdiction as provided under the Bankruptcy Code. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court will retain and have exclusive jurisdiction (to the extent granted by applicable law, including any provisions permitting mandatory or discretionary withdrawal of such jurisdiction) over any matter (i) arising under the Bankruptcy Code, (ii) arising in or related to the Chapter 11 Cases or the Plan, or (iii) that relates to the following:

- To resolve controversies and disputes regarding interpretation of the Plan or the Confirmation Order, including whether the Debtors has defaulted in performance of any Plan obligation and whether the time for performing any Plan obligation should be extended;
- To implement the provisions of the Plan and Confirmation Order, and to enter orders in aid of Confirmation, including orders designed to protect the Plan Administrator, the Debtors or the Debtors' Estates, and to facilitate distributions to creditors;
- To determine the allowability and classification of Claims upon objection to such claims, including claims asserted by USPS in Class 8;
- To modify the Plan pursuant to section 1127 of the Bankruptcy Code;
- To resolve any disputes concerning rights of setoff or recoupment between the Debtors/Debtors' Estates and any Claimholder, including claims asserted by USPS in Class 8;
- To adjudicate any causes of action, including Avoidance Actions, brought by the Debtors, the Debtors' Estates,or the Plan Administrator, or any party-in-interest designated to do so;
- To enter orders appointing a successor Plan Administrator or replacement members of the Post-Confirmation Committee;

- To determine whether a trustee should be appointed or the case should be converted to one under chapter 7 (and proceedings following any such conversion);
- To enter orders as may be necessary to permit the Plan Administrator to monitor XL's use of the XL Letter of Credit Proceeds and/or other XL Collateral and determine the extent to which the Debtors' Estates are entitled to refunds from the XL Collateral;
- To enter orders in aid of implementation of this Plan, including resolution of any disputes between the Plan Administrator and the Post Confirmation Committee relating to administrative costs incurred by the Post Confirmation Committee or otherwise under this Plan; and
- To preside over such other matters for which jurisdiction is provided under the Bankruptcy Code, the Plan the Confirmation Order, or other applicable law.
- In addition, to the fullest extent permitted by applicable law, the Bankruptcy Court shall retain jurisdiction notwithstanding Confirmation of this Plan or the occurrence of the Effective Date, over any proceedings seeking to realize value from the USPS Claim Recovery; and
- Entry of a final decree closing the Chapter 11 Case.

H. POST CONFIRMATION ISSUES

1. Payment of Statutory Fees

All fees payable through the Effective Date pursuant to section 1930 of Title 28 of the United States Code will be paid on or before the Effective Date. All fees payable after the Effective Date pursuant to section 1930 of Title 28 of the United States Code shall be paid by the Debtors' Estates.

2. Exculpation

The Plan provides that the Debtors, all members of the Official Committee of Unsecured Creditors, all professionals employed under sections 327 or 328 of the Bankruptcy Code to advise or assist the Debtors or Official Committee of Unsecured Creditors in the Chapter 11

Case, including their respective directors, officers, attorneys, financial advisors, agents, and employees shall not have any liability to the Debtors, or any other claimants or creditors of the Debtors, or other parties in interest in the Chapter 11 Case for any claims based on any act or omission in connection with or arising out of the Chapter 11 Case (that is, occurring between May 5, 2022 and the Effective Date), or under any contract, instrument, release or other agreement or document entered into during the Chapter 11 Case or otherwise created in connection with the Plan, including, without limitation, prosecuting confirmation of the Plan, confirmation of the Plan, and the administration of the Chapter 11 Case, the Plan or the property to be distributed under the Plan, except for gross negligence or willful misconduct, and in all respects, such persons will be entitled to rely on the advice of counsel with respect to their duties and responsibilities with respect to the Chapter 11 Case and the Plan.

3. Distributions in Satisfaction and Binding Effect of Plan

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code or as set forth in the Plan, on and after the Confirmation Date, the provisions of the Plan will bind any holder of a Claim against, or Interest in, the Debtors, the Debtors' Estates and their respective successors or assigns, whether or not the Claim or Interest of such holders is impaired under the Plan and whether or not such holder has accepted the Plan. The rights, benefits and obligations of any entity named or referred to in the Plan, whose actions may be required to effectuate the terms of the Plan, shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor or assign of such entity (including, without limitation, any trustee appointed for the Debtors under Chapters 7 or 11 of the Bankruptcy Code).

4. Final Order

Except as otherwise expressly provided in the Plan, any requirement in the Plan for a Final Order may be waived by the Debtors. Such waiver will not prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order.

5. Amendments and Modifications

To the fullest extent permitted under section 1127 of the Bankruptcy Code, the Plan may be altered, amended or modified at any time prior to the Effective Date by the Debtors. At any

time after the Effective Date, the Reorganized Debtors may amend or modify the terms of the Plan if such amendment or modification is approved by the Bankruptcy Court.

6. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued in connection therewith and distributions thereon, the Plan Administrator will comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions pursuant to the Plan will be subject to any such withholding and reporting requirements. The Plan Administrator may withhold any distribution from a creditor who has failed to provide and IRS Form W-9, IRS Form W-4 or similar documentation required to enable the Plan Administrator to accurately report distributions and any withholdings to an applicable federal or state taxing authority.

IV. HYPOTHETICAL CHAPTER 7 LIQUIDATION ANALYSIS

Bankruptcy Code section 1129(a)(7) provides that, unless there is unanimous acceptance of the Plan by an impaired Class, the Plan proponents must demonstrate that with respect to such dissenting creditors in the class, each holder of a Claim or Interest will receive property of a value, as of the Effective Date of the Plan that is not less than the amount that such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date of the Plan. This requirement is commonly referred to as the "Best Interests Test." For the reasons set forth below, the Debtors submit that the proposed Plan satisfies the "Best Interests Test" and therefore should be confirmed.

Conversion of the cases to Chapter 7 would add significant Chapter 7 administrative expenses. A Chapter 7 trustee's compensation is considered a commission calculated based on Bankruptcy Code section 326(a), and that commission is presumed reasonable if requested at the statutory rate absent "extraordinary circumstances." Hopkins v. Asset Acceptance LLC (In re Salgado–Nava), 473 B.R. 911, 921 (9th Cir. BAP 2012) ("Accordingly, absent extraordinary circumstances, chapter 7, 12 and 13 trustee fees should be presumed reasonable if they are requested at the statutory rate."); Lejeune v. JFK Capital Holdings, L.L.C. (In re JFK Capital Holdings, L.L.C), 880 F.3d 747, 756 (5th Cir. 2018) (same). An imbalance in the relationship

between the amount of a fee calculated under the lodestar method and the rate set in Section 326(a) does not constitute extraordinary circumstances. Salgado-Nava, 473 B.R. at 921 ("Simply put, a bankruptcy court that diminishes a trustee's compensation from the statutorily-set rate errs if the only basis offered for this diminution is a lodestar analysis."). Therefore, conversion to Chapter 7 would add a significant additional expense for Chapter 7 trustee fees. In addition to the fees of the Chapter 7 trustee, the trustee(s) is also likely to retain legal, accounting, and other professionals to assist in the administration of each of the Debtors' Estates.

More significantly, converting the Debtors' cases to Chapter 7 would result in Chapter 7 trustees being appointed for each of the three Debtors, MFE, MPS, and MTI. As discussed in Part III.D.2 above, the Debtors believe that each of the three estates would be likely be embroiled in costly litigation on a variety of legal issues, including: (a) should the estates be substantively consolidated? (b) if not, are what appear to be intercompany claims on the Debtors' internal accounting records actual indebtedness? and (c) does one estate have legal or equitable grounds to seek restitution, equitable indemnity, or contribution from another debtor estate to the extent that it has incurred liabilities or paid debts on behalf of another debtor?

A summary of the anticipated recoveries to creditors if the cases are converted to Chapter 7 is set forth in **Exhibit C** attached hereto. As indicated above, the Debtors believe that if the cases are converted to Chapter 7 and the cases were not substantively consolidated, general unsecured creditors of MFE would hypothetically receive a 31.02% distribution and general unsecured creditors of MPS and MTI would receive no distributions. (This compares to the projected hypothetical Chapter 11 distribution of 50.35% to MFE creditors and 0% to MPS and MTI's creditors.) On a consolidated basis, general unsecured creditors of the three estates would receive a 15.69% distribution (compared to the projected 25.98% distribution under the Plan. Consequently, because general unsecured creditor recoveries are projected to be higher under the proposed Plan, the Debtors believe that the Plan satisfies the Best Interests of Creditors test under section 1129(a)(7) of the Bankruptcy Code.

V. CONFIRMATION OF THE PLAN

A. BEST INTERESTS OF CREDITORS

As addressed in the section IV above, Matheson believes that the Plan satisfies the "Best Interests Test" under Bankruptcy Code section 1129(a)(7).

B. PROJECTED PLAN DISTRIBUTIONS

1. Assumptions Underlying the Projected Distributions

The projected distributions under the Plan incorporate several assumptions:

- The Plan Administrator will retain current senior management and the institutional knowledge they possess to assist in accomplishing the goals of the Plan;
- The anticipated expenses incurred after the Plan Effective Date will fall within the projected range;
- The Bankruptcy Court will allow Chapter 11 administrative claims not materially higher than the projected range;
- USPS's $15 million claim will be subject to offset or disallowed, however, its claims for contract rejection will be allowed (even though disputed by the Debtors);[17]
- There is no affirmative recovery from USPS;
- The proposed alternative dispute resolution program will: (a) result in successful settlements of substantially all outstanding Tort Claims in Class 6 within a range of estimates prepared by the Debtors, and (b) minimize the likelihood that the Debtors' insurers will incur costs or become subject to liabilities that are the Debtors' responsibilities under the insurance agreements entitling them to deduct such costs and liabilities from the drawn letter of credit proceeds;[18]

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[17] Although the Debtors believe that they possess additional defenses and offset rights against USPS that will reduce if not eliminate the contract rejection claims, the distribution estimate conservatively assumes that all contract rejection claims will be allowed.

[18] Although the Debtors believe that the amount will be higher, the distribution projection conservatively assumes that approximately $3.5 million will be refunded by insurers.

- Workers compensation claims will continue to be administered and satisfied within the range projected by the Debtors; and
- The Debtors and/or Plan Administrator will be successful in liquidating remaining assets for the indicated values.

2. Certain Risk Factors to Consider

Various factors could cause distributions to general unsecured creditors to differ materially from what is currently projected, including:

- If the Plan Administrator is not able to retain current senior management and their institutional knowledge and as a result, the costs to pursue litigation, claim objections, and perform other asset liquidation functions will be higher than anticipated, and recoveries to creditors on account of such efforts will be lower than anticipated;
- Administrative claims allowed by the Bankruptcy Court are higher than anticipated, or unknown or unforeseen events such as damage caused by the Debtors to persons or property causes the Debtors' Estates to incur additional administrative liabilities over what is currently forecasted;
- The costs of administering the workers compensation claims and the amount of valid uninsured workers compensation claims exceeds that projected range;
- If Matheson's estimate of the size of the general unsecured creditor claims pool understates the actual allowed amount of general unsecured claims, including if Tort Claims and claims asserted by USPS are allowed in amounts higher than projected;
- If the Plan Administrator is unable to realize the estimated amount of refunds from letter of credit proceeds held by the Debtors' insurers; and
- If the Debtors and/or Plan Administrator are unable to recover the estimated values of remaining assets.

C. CONFIRMATION DESPITE NON-ACCEPTANCE BY ALL CLASSES

Section 1129(a) of the Bankruptcy Code requires that each class of claims or interests that is impaired under a plan accept the plan subject to the "cramdown" exception contained in section 1129(b) of the Bankruptcy Code. Under section 1129(b) of the Bankruptcy Code, if at least one but not all impaired classes do not accept the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by the Bankruptcy Code. The process by which non-accepting classes are forced to be bound by the terms of the Plan is commonly referred to as "cramdown." The Bankruptcy Code allows the Plan to be "crammed down" on non-accepting classes of claims or interests if (i) the Plan meets all confirmation requirements except the requirement of section 1129(a)(8) of the Bankruptcy Code that the Plan be accepted by each class of claims or interests that is impaired and (ii) the Plan does not "discriminate unfairly" and is "fair and equitable" toward each impaired class that has not voted to accept the Plan, as referred to in section 1129(b) of the Bankruptcy Code and applicable case law.

Under the Plan, Class 5 (Workers Compensation Claims) is not impaired and is deemed to accept the Plan. All other Classes of Claims under the Plan are impaired under the Plan and holders of Allowed Claims in such Classes are entitled to vote to accept or reject the Plan.

Matheson believes that the Plan provides fair and equitable treatment of impaired Claims. With respect to the classes of secured claims (Bank of America, N.A., Banc of America Leasing & Capital LLC, PACCAR Financial Corp., and BMO Harris Bank, N.A.), the Plan provides that each of these entities shall retain their liens to the extent valid and unavoidable, and they will receive the value of their secured claims. With respect to allowed claims in Class 6 (Tort Claims), Class 7 (General Unsecured Claims), Class 8 (USPS), Class 9 (Insiders), and Class 10 (XTRA Lease) the Plan provides that these claims will share pro-rata in the residual cash on hand in the Debtors' Estates, but no junior class will receive or retain anything under the Plan.

Accordingly, if any impaired class fails to accept the Plan, the Debtors and the Creditors Committee intend to request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any dissenting classes.

VI. CONCLUSION

THE DEBTORS AND CREDITORS COMMITTEE BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS INSOFAR AS IT CREATES A MECHANISM TO EFFICIENTLY RESOLVE CLAIMS AND PERMIT CREDITOR DISTRIBUTIONS TO COMMENCE AT THE EARLIEST PRACTIABLE DATE. THE DEBTORS AND CREDITORS COMMITTEE THEREFORE URGE YOU TO VOTE TO ACCEPT THE PLAN AND TO RETURN YOUR BALLOTS SO THAT THEY WILL BE RECEIVED AT THE ADDRESS AND PURSUANT TO THE PROCEDURES DESCRIBED IN SECTION IN THIS DISCLOSURE STATEMENT, NO LATER THAN 5:00 p.m. PACIFIC TIME ON SEPTEMBER 26, 2024.

Dated: August 22, 2024

MATHESON FLIGHT EXTENDERS, INC.
MATHESON POSTAL SERVICES, INC.
MATHESON TRUCKING, INC.

By: */s/ Charles Mellor*
Charles Mellor, CRO

Dated: August 22, 2024

OFFICIAL COMMITTEE OF UNSECURED CREDITORS APPOINTED IN THE CASES OF MATHESON FLIGHT EXTENDERS, INC., MATHESON POSTAL SERVICES, INC., AND MATHESON TRUCKING, INC.

By: */s/ •Gearoid Moore*
Gearoid Moore, Committee Chair

Dated: August 22, 2024

NUTI HART LLP

By: */s/ Kevin W. Coleman*
Kevin W. Coleman
Attorneys for Matheson Flight Extenders, Inc., Matheson Postal Services, Inc., and Matheson Trucking, Inc. Debtors-in-Possession

Dated August 22, 2024

FELDERSTEIN FITZGERALD WILLOUGHBY PASCUZZI & RIOS LLP

By: */s/Jason E. Rios*
Jason E. Rios
Attorneys for the Official Committee of Unsecured Creditors