

June 9, 2023

To: Holders of Class 5 Claims (General Unsecured Creditors) of SiO2 Medical Products, Inc. and its affiliated debtors and debtors in possession, Case No. 23-10366 (Bankr. D. Del. 2023)

From: The Official Committee of Unsecured Creditors

Re: Open Letter to Holders of Class 5 Claims (General Unsecured Creditors) Recommending that They Vote to **APPROVE** the Plan of Reorganization of SiO2 (the “**Plan**”)

White & Case LLP (“**White & Case**”) is lead bankruptcy counsel to the Official Committee of Unsecured Creditors (the “**Committee**”) in the chapter 11 cases of SiO2 Medical Products, Inc., and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”) pending in the United States Bankruptcy Court for the District of Delaware. The Committee also retained Province, Inc. as its financial advisor and Potter Anderson & Corroon LLP as co-bankruptcy counsel. The Committee is the statutory fiduciary representative of general unsecured creditors of the Debtors appointed by the Office of the United States Trustee, a division of the United States Department of Justice.

The Committee recommends all holders of Class 5 Claims (General Unsecured Creditors) vote to APPROVE the Plan for the reasons set forth below.

The Committee believes that the Plan, as currently proposed, is in the best interests of holders of Class 5 Claims (General Unsecured Creditors). The Plan is the result of extensive settlement discussions that took place over several weeks. The Committee, the Debtors, and certain other stakeholders reached an agreement, which is reflected in the proposed Plan (the “**Settlement**”). The Committee believes that the Settlement is in the best interests of general unsecured creditors for the reasons set forth below, among others.

First, the Plan provides for \$1.25 million in cash for distribution to holders of Class 5 Claims (General Unsecured Creditors) and:

- (i) If the Debtors receive at least \$306 million from a successful bid in the sales process (any such amounts over \$306 million, the “**Excess Proceeds**”), then holders of Class 5 Claims (General Unsecured Creditors) will receive additional recoveries in the form of 50% of such Excess Proceeds, to be distributed *pro rata* under the Plan. Furthermore, once Oaktree is paid its asserted make-whole amount under the prepetition first lien term loan facility (which is estimated to be \$43 million for purposes of the Settlement) in full from the Excess Proceeds, to the extent their claims are not already satisfied in full, holders of Class 5 Claims (General Unsecured Creditors) will receive all Excess Proceeds until all Allowed Class 5 Claims are paid in full; and
- (ii) Unless Classes 4, 5, and 6 are paid in full pursuant to the Plan, provides \$1.02 million in funding for a litigation trust (the “**Trust**”) to pursue recoveries from all of the Debtors’ causes of action under chapter 5 of the Bankruptcy Code (“**Avoidance Actions**”), except for certain claims and causes of action released under the Plan, and claims and causes of action of the Debtors against (a) Robert S. Abrams and A. Enterprises LLC, and each of their respective affiliates, related parties and related individuals (collectively, the “**Abrams Entities**”), (b) all former officers of the Debtors, (other than Robert S. Abrams, solely in his role as a former officer of the Debtors), (c) the following former directors of the Abrams Entities: (i) Mr. John Stein, (ii) Mr. John Belfance, and (iii) Mr. Tony Rosenberg; and (d) customers and trade partners of the Debtors who are not go-forward customers or

go-forward trade partners of the Reorganized Debtors against whom the Debtors and/or Reorganized Debtors, as applicable, may hold Avoidance Actions. Holders of Allowed Class 5 Claims (General Unsecured Creditors) will receive 100% of the Class A Trust distributions until the Trust distributes cash to Holders of Allowed Class 5 Claims (General Unsecured Creditors) until all Allowed Class 5 Claims are paid in full.

Second, the Committee, after negotiation and consultation with the Debtors and extensive diligence, believes the releases contemplated by the Plan are proper. The Plan does not contain any releases for the Abrams Entities. Furthermore, the Plan does not contain any releases of potential claims and causes of action against any current or former director of the Debtors appointed by or affiliated with any Abrams Entity or any former officer of the Debtors.

For the foregoing reasons, the Committee recommends the general unsecured creditors to vote to APPROVE the Plan by the voting deadline of 4:00 p.m., prevailing Eastern Time, on July 10, 2023.

General unsecured creditors who wish to contact the Committee are invited to contact White & Case at SiO2CommitteeCreditorCommunications@whitecase.com.

Best regards,

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