

## **FREQUENTLY ASKED QUESTIONS FOR EMPLOYEES**

TreeSap Farms, LLC (d/b/a Everde Growers) and its wholly owned subsidiaries (collectively, “Everde”) filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas (the “Court”).

The following information is designed to answer questions that you may have regarding the Chapter 11 bankruptcy process with respect to the filing of Everde’s Chapter 11 proceedings.

### **1. What is Chapter 11?**

Chapter 11 of the U.S. Bankruptcy Code is a legal mechanism for a company to reorganize its financial obligations with legal protection. Chapter 11 provides a way for companies to address certain lending issues to emerge on a more stable financial footing, while keeping operations normal in the process.

### **2. Why did the Company file for protection under Chapter 11 of the U.S. Bankruptcy Code?**

As you may know, in recent months the Company has faced a number of operational and financial challenges. These challenges include substantial losses related to the Company’s Southern California operations and various financing challenges that were amplified by the seasonal nature of our business operations and cash flows. Although our business initially undertook a number of initiatives that resulted in improved profitability (including considerable profitability turnaround related to our Southern California operations) and positive trends, the Company ultimately did not have the support required from its senior lenders to reduce its debt burdens and related obligations within the timeframe and terms proposed by the Company.

Over a year ago, we began discussions with the Company’s senior lenders regarding various aspects of the Company’s credit facilities in place as of the bankruptcy filing. While these discussions resulted in certain accommodations by the Company’s senior lenders related to the credit facilities and the Company’s obligations under these facilities, such efforts coincided with certain operational changes and efforts (including an attempted turnaround of the Southwest division operations) that ultimately contributed to the filing of bankruptcy cases. Given the challenges faced by the Company, coupled with the positions taken by the Company’s senior lenders in response to potential alternative paths to rehabilitate the Company, discussions with the Company’s senior lenders made it apparent that the only path forward the senior lenders would support was through a bankruptcy. This was largely due to the fact that the senior lenders are only willing to advance additional funding to the Company in a bankruptcy process to address liquidity issues and there are no other sources of liquidity presently available.

### **3. Does this mean that the Company is going out of business?**

**No.** Chapter 11 is a court-supervised process in the U.S. where companies can restructure their capital position, or sell all of their business, while operations continue in the ordinary course with little to no disruption on account of the bankruptcy. Many well-known companies have used the Chapter 11 process to restructure their balance sheet and have since emerged even stronger, including General Motors and American Airlines, and—in fact—are viewed as industry leaders today.

### **4. Does the Company have enough cash to operate?**

**Yes.** In fact, the Company's existing lenders support this action, and have provided special financing specifically to fund the bankruptcy process. While the Chapter 11 process requires the Bankruptcy Court to approve this financing, we fully expect it will be approved.

### **5. How long will the Chapter 11 process take?**

There is no way to predict today with certainty how long the process will ultimately take, but we expect the process to take approximately three to four months.

### **6. How does this announcement affect employees?**

We expect that this process will ***not*** impact your salaries, wages or benefits. Daily responsibilities are not changing, and you should report to work as usual. We expect to operate as normal. ***You should continue to report to work as normal according to your usual work schedule***, unless you are told otherwise by your direct supervisor.

That means that ***you***, regardless of whether you are a full- or part-time employee, salaried or hourly employee, independent contractor, or consultant will continue to be paid your wages or salary as you normally would, and there will be no delay in receiving your next paycheck. This includes overtime, if and when you are eligible for overtime pay as required by law. The Company's usual commission structure and any applicable bonuses or bonus incentives will remain in effect.

### **7. I am a consultant with outstanding invoices to be paid by the Company. Will I still get paid?**

Consultants will be paid as usual for all work performed after the filing. If you have any outstanding fees that have not been paid, you will need to consult the Company's Noticing Agent's website at: [www.donlinrecano.com/tsf](http://www.donlinrecano.com/tsf).

**8. I am on a leave of absence. Before beginning my leave, my supervisor told me that I would be reinstated to the job I previously held when I returned, or if that position were eliminated, that I would be reinstated in a similar position. Does this still apply?**

*Yes.* The Chapter 11 filing does not affect the Company's policies for employees on leave of absence.

**9. Will I still continue to receive benefits?**

*Yes.* The Company fully expects the Bankruptcy Court to swiftly approve its ability to continue to provide your benefits, such as health, dental, vision, life insurance, and disability benefits. You will still be able to file claims under any of your applicable benefits as you normally would, through your normal providers and points of contact. This includes insurance coverage under COBRA to the extent required and allowed by law.

**10. What about my retirement benefits or 401(k) plan?**

Federal law protects the funds in 401(k) savings plans from the claims of a company's creditors. All individual 401(k) accounts are set up in the individual employee's name. This means that the Company cannot use these assets to meet its other obligations or to pay its debts. Any investment(s) you have made in your 401(k) plan will be invested as normal.

**11. Will employees continue to receive disability, holidays and vacation pay?**

The Company has asked for court approval to continue its current policies with respect to these matters. As is customary in similar cases, the Company expects the Bankruptcy Court to approve its request. If the Company makes changes to such policies, any changes would be announced through its normal communication channels.

**12. Can I continue to charge my business expenses?**

*Yes,* following the same procedures for submitting any qualified business expenses in accordance with company policy, unless your supervisor directs you otherwise. The Company fully expects the Bankruptcy Court's approval to continue to honor its reimbursement obligations as it would ordinary business expenses.

**13. What can employees do to help during the Chapter 11 process?**

Collectively, all employees – regardless of job function, title or location – must stay focused on their responsibilities. Now, more than ever, it is important for everyone to do the best job possible to continue the Company's mission to provide quality products and services.

**14. Where should employees go for information about the where the Company is in the bankruptcy process?**

Information will be posted on our Noticing Agent's website at [www.donlinrecano.com/tsf](http://www.donlinrecano.com/tsf). The Company will also communicate with you directly if or when there are significant developments to report.