About the U.S. Chapter 11 Process

What is a U.S. Chapter 11 Process?

The chapter 11 restructuring process in the U.S. is different than a bankruptcy or administration proceeding in other parts of the world. The process provides the company time and flexibility to reorganize its capital structure, reduce costs, and complete a financial restructuring under the supervision of the U.S. court system. The board of directors and management continue to run the company and the restructuring process is overseen by a U.S. federal court.

This is NOT a liquidation or insolvency process.

Many companies, including a number of large international airlines based outside of the U.S., have used the chapter 11 process to reorganize their financial obligations and emerge as stronger organizations.

Throughout This Process, SAS Will Continue:

- Paying employees & providing benefits
- Building back the network connectivity, products and service our customers expect
- Paying vendors and suppliers in full on normal terms for goods and services provided on or after the chapter 11 filing date
- Accelerating our ability to deliver on SAS FORWARD

Step-by-Step: How the Chapter 11 Process Works

STEP 1 FILING FOR CHAPTER 11

- The process begins with the filing of a chapter 11 petition, which protects a company's business by freezing all pending legal and financial claims against the company.
- Throughout the chapter 11 process, a company maintains its normal business operations in order to continue generating funds to support ongoing operations and pay creditors. A company may also raise so called "debtor-in-possession" (DIP) financing to support its business.

STEP 2 BUILDING CONSENSUS

- As part of the process, the company engages with its stakeholders to develop a path forward.
- The company then files a legal document with the court, called a *Plan of Reorganization*, which defines recoveries to creditors and its go forward capital structure. It also submits a *Disclosure Statement*, which provides an overview of key aspects of the *Plan of Reorganization.*
- Upon the court's approval of the *Disclosure Statement*, the company solicits the approval of all creditors entitled to vote on the *Plan of Reorganization*. If the required number of votes in favor of the *Plan of Reorganization* is received, the company may then seek its approval from the court.

STEP 3 EMERGING FROM CHAPTER 11

- The court holds a hearing to consider whether the *Plan of Reorganization* complies with the confirmation requirements in the U.S. Bankruptcy Code.
- If the court confirms the *Plan of Reorganization*, it becomes effective and the company emerges from chapter 11 upon satisfaction of the relevant conditions for effectiveness.

Note: This document is for informational purposes only. Please contact an attorney regarding your specific situation.