

The Official Committee of Unsecured Creditors of
Benefytt Technologies, Inc., *et al.*
c/o

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August 24, 2023

To: All Unsecured Creditors of Benefytt Technologies, Inc., *et al.*

Re: In re Benefytt Technologies, Inc., *et al.*, No. 23-90566 (CML) (Bankr. S.D. Tex.)

Dear Unsecured Creditors:

The Official Committee of Unsecured Creditors (the “Committee”) of Benefytt Technologies, Inc., *et al.* (the “Debtors”) submits this letter to all unsecured creditors concerning their decision as to whether to vote in favor of the *Joint Chapter 11 Plan of Benefytt Technologies, Inc. and Its Debtor Affiliates* [Docket No. 320] (the “Plan”).¹ As we explained in the Letter dated July 25, 2023 that was provided to you as part of the Plan solicitation materials you received (the “Committee Solicitation Letter”), the Committee indicated it would provide its recommendation on whether to support the Plan in advance of the Plan voting deadline.²

The Committee is pleased to announce that the parties reached a consensual resolution of all the issues related to the Plan and therefore **recommends that you VOTE TO ACCEPT the Plan.**

Early in the chapter 11 cases, the Committee was appointed to represent the interests of all general unsecured creditors. During the cases, the Committee retained counsel, a financial advisor, and restructuring advisor, and has taken active steps in the negotiation of the Plan to ensure that the interests of unsecured creditors were addressed throughout the process. Among other things, these value maximizing steps included (a) negotiation of a vastly improved general unsecured creditor recovery under the Plan; (b) investigating claims and causes of action possessed by the Debtors, including potential claims against the lenders, insiders, equity holders, and others (certain of which are preserved and will be administered for the benefit of creditors through a liquidating trust); and (c) ensuring the Debtors fully maximized the amounts allocated to critical vendors and the buyer assumed as many executory contracts as possible.

¹ All documents filed in Benefytt’s bankruptcy cases are available free of charge at <https://cases.stretto.com/benefytt/court-docket/>.

² Capitalized terms used in this letter but not defined have the meanings given to them in the Committee Solicitation Letter, which is available on Benefytt’s case website, or the Plan, as applicable.

Because of these efforts and continued dialogue with all stakeholders, the Committee was able to reach a consensual resolution of all Plan issues that maximizes the recovery for all general unsecured creditors. The core economic terms of the settlement (the “Settlement”) are as follows:

- At a later date, creditors will be given the opportunity to make an election (the “Cash Out Election”) to participate in a “Cash Out Recovery Pool,” the details of which, including the requirement to not opt out of the Third-Party Releases (defined and discussed herein), will be more fully described in an amended Plan. The Plan will allocate \$2,500,000 to pay the Allowed claims of such Cash Out Holders.
- Creditors who do not make the Cash Out Election, or make the Cash Out Election, but opt out of the Third Party Releases provided in the Plan, shall be entitled to share *pro rata* in the following assets (the “Non-Cash Out Recovery”) on account of their Allowed Claim:
 - \$500,000 in initial funding to the trust that will administer general unsecured claims; and
 - Preferred equity in the reorganized debtors.
- Those creditors who do not make the Cash Out Election and do not opt out of the Third-Party Releases provided in the Plan, shall be entitled to share *pro rata* in the Non-Cash Out Recovery and will also receive a *pro rata* share of an Upside Recovery comprised of the following:
 - \$750,000 to be contributed to the trust by New OpCo by no later than two years following the Effective Date of the Plan;
 - \$750,000 to be contributed to the GUC Trust by CFCo by no later than two years following the Effective Date of the Plan;
 - Any unspent amounts budgeted for critical vendors and contract cures; and
 - Preservation of litigation claims against (a) non-insider former directors and officers and (b) non-go-forward third party vendors.

The Plan provides for releases by third parties (the “Third-Party Releases”) of any and all claims that could have been asserted against, among others, the Debtors’ equity sponsor and current directors and officers in connection with the Debtors’ estates, their bankruptcy cases, and the transactions or events giving rise to any claim that is treated in the Plan. You have the option to opt out of such Third-Party Releases by making an election on your ballot. As indicated above, please be advised that your decision to opt out of the Third-Party Releases means that you will not be entitled to make the Cash Out Election or receive any distribution from the Upside Recovery described above.

The Settlement preserves a substantial amount of resources by avoiding protracted litigation over Plan confirmation. Absent a settlement, the Committee intended to object to the valuation underlying the Plan and releases set forth in the Plan, and in connection with those objections, take depositions, and present witnesses and experts at trial. The hearing on confirmation of the Plan would have been heavily contested, resulting in significant legal fees being incurred by the Debtors’ estates. Moreover, if the Committee’s objections were successful, then the Plan would not be able to be confirmed with the inclusion of the releases, resulting in

further delays and legal expenses. The Settlement avoids these costly delays and risks that would only serve to reduce and further delay creditor recoveries.

The Plan must be confirmed to ensure that creditors receive the aforementioned distributions as quickly as possible. The Plan, as modified by the Settlement, accomplishes this goal. The Committee fully supports the Settlement because the Committee believes that its consummation will maximize recoveries to creditors in the most timely, efficient, and effective manner. If the Plan is not confirmed, there is risk of delay and a significant reduction to creditor recoveries. That is not a result that the Committee supports.

For the foregoing reasons, the Committee, urges you to *vote to accept* the Plan. As a reminder, the deadline to vote on whether to accept or reject the Plan is August 25, 2023, at 5:00 p.m., prevailing Central Time. We strongly encourage you to read this letter in its entirety so you can make an informed decision when considering how to vote.

If you have any questions regarding voting procedures or otherwise, please contact counsel to the Committee:

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Very truly yours,

**The Official Committee of Unsecured Creditors
of Benefytt Technologies, Inc., et al.**