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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

***In re*:**	:	
	:	**Chapter 15**
	:	
UNIGEL PARTICIPAÇÕES S.A., ***et al.*,**	:	**Case No. 24–11983 (MG)**
	:	
Debtors in foreign proceedings.[1]	:	
	:	**(Jointly Administered)**

DECLARATION OF
THOMAS BENES FELSBERG AS BRAZILIAN COUNSEL
IN SUPPORT OF CHAPTER 15 PETITIONS AND MOTION FOR
RECOGNITION OF FOREIGN MAIN PROCEEDINGS AND REQUEST FOR
CERTAIN RELATED RELIEF UNDER CHAPTER 15 OF THE BANKRUPTCY CODE

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

I, Thomas Benes Felsberg, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury as follows:

[1] The Debtors in the foreign proceedings and each Debtor's tax identification or corporate registry number are as follows: Unigel Participações S.A. ("**Unigel**") (05.303.439/0001-07); Companhia Brasileira de Estireno ("**CBE**") (61.079.232/0001-71); Proquigel Química S.A. ("**Proquigel**") (27.515.154/0011-44); and Unigel Luxembourg S.A. ("**Unigel Lux**") (2018 22 00949). The location of the Debtors' corporate headquarters is 105 Avenida Engenheiro Luis Carlos Berrini, 11º Andar, Sala Unigel, Cidade Monções, Brooklin, São Paulo (SP) CEP 04571-010 Brasil.

Introduction

I, Thomas Benes Felsberg, founding partner of Felsberg e Pedretti Advogados e Consultores Legais, a law firm located at R. Lemos Monteiro, 120 - 19 andar - Butantã, São Paulo, Brazil ("**Felsberg**"), and a lawyer admitted to the practice of law in Brazil, hereby declare under penalty of perjury under the laws of the United States of America as follows:

1. I am over the age of 18 and, if called upon, could testify to all matters set forth in this declaration (this "**Declaration**").

2. I make this Declaration in accordance with section 1515 of title 11 of the United States Code (the "**Bankruptcy Code**") and Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure.

3. Felsberg represents Unigel and its affiliated debtors (the "**Debtors**") in connection with their restructuring and their pending extrajudicial reorganization proceedings ("**Foreign Proceedings**") in the Federative Republic of Brazil pursuant to Federal Law No. 11,101 of February 9, 2005, as amended (the "**Brazilian Bankruptcy Law**"), filed before the 2nd Court of Judicial Reorganization and Bankruptcy of São Paulo (the "**Brazilian Bankruptcy Court**").

Background and Qualifications

4. I have been practicing law for over 50 years in Brazil. I obtained my bachelor's degree in law from the University of São Paulo in 1966. I obtained my LLM degree from Columbia University in 1970. I specialize in corporate restructuring matters under Brazilian law. Chambers Brazil, The Legal 500, and other industry organizations and publications have recognized me as a leading insolvency attorney in Brazil. I am a member of the Brazilian Bar Association and am thoroughly familiar with Brazilian Bankruptcy Law. I

have published numerous articles in Brazilian and international legal publications on the subject of Brazilian Bankruptcy Law. I am also the author of three books about Brazilian Law. In 2022, I was appointed as the Brazilian correspondent for UNIDROIT (*The International Institute for the Unification of Private Law*), an independent intergovernmental organization dedicated to studying ways of harmonizing and coordinating private law between states, paving the way for adopting uniform private law legislation, including in the field of insolvency.

5. My law firm and I have advised the Debtors on a wide range of issues for over ten years. I submit this declaration comprising statements of legal opinion and statements of fact concerning Brazilian law. Where the matters stated in this declaration are statements of legal opinion, such statements reflect Brazilian law based on my education and years of experience practicing Brazilian law. Where matters stated in this declaration are statements of fact, they are either (i) based on my personal knowledge and are known to me to be true and accurate, or (ii) if not within my knowledge, are derived from documents and/or information supplied to me by or on behalf of the Debtors, and are accurate to the best of my knowledge, information and belief.

6. I have been involved in a significant number of major restructuring matters in Brazil, including advising (i) a Brazilian renewable energy company in its BRL 3.1 billion (approximately $546.8 million) judicial restructuring, (ii) one of the largest sugar and ethanol groups in the country in its judicial restructuring with over BRL 2 billion (approximately $352.8 million) in debts, (iii) the second largest creditor in the BRL 98 billion (approximately $17.3 billion) debt restructuring of a Brazilian construction conglomerate, and (iv) several creditors in the recently completed BRL 60 billion (approximately $10.6 billion) restructuring by a Brazilian telecommunications company.

7. In preparing this Declaration, I reviewed the Chapter 15 Petitions (as defined below), the Recognition Motion (as defined below), relevant provisions of the Brazilian Bankruptcy Law, and other provisions of Brazilian law as they relate to the Bankruptcy Code.

8. I submit this Declaration in support of (i) the voluntary chapter 15 petitions of the Debtors (the "**Chapter 15 Petitions**"), filed on November 15, 2024, and (ii) the *Motion for Recognition of Foreign Main Proceedings and Request for Certain Related Relief Under Chapter 15 of the Bankruptcy Code* (the "**Recognition Motion**"),[2] filed on November 18, 2024 [ECF No. 5].

The Foreign Proceedings and Recognition Thereof

I. Forms of Brazilian Bankruptcy Proceedings

9. Insolvency proceedings in Brazil are governed by the Brazilian Bankruptcy Law, which took effect on June 9, 2005. Despite being amended several times since its enactment, it is important to note that the Brazilian Bankruptcy Law was substantially modified on December 24, 2020. One important change to the law was the addition of Article 20-B, which allows debtors that are eligible for judicial reorganization proceedings to commence mediation proceedings to mediate creditor disputes in hopes of avoiding the need for a formal reorganization proceeding. Brazilian Bankruptcy Law strives to enable debtors to overcome financial and economic distress, maintain productivity, preserve jobs, and protect the interests of their creditors. In doing so, Brazilian Bankruptcy Law emphasizes preserving the debtor's business as a going concern. Furthermore, Brazilian Bankruptcy Law requires equal treatment of similarly situated creditors and seeks to facilitate speedy proceedings. In principle, Brazilian Bankruptcy Law sets out four main forms of insolvency proceedings: (i) mediation coupled with

[2] Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Recognition Motion.

the filing of a petition before the Competent Brazilian Court (as defined herein) seeking a stay period ("**Mediation**"); (ii) extrajudicial reorganization known as *recuperação extrajudicial* ("**EJ**"); (iii) judicial reorganization known as *recuperação judicial* ("**RJ**"); and (iv) liquidation. Mediations and EJ proceedings are explained in further detail below.

A. Mediation

10. Mediation is a form of proceeding available for debtors under Article 20-B of the Brazilian Bankruptcy Law. Mediation may be used as a tool for negotiation and resolution of existing conflicts between or among parties (debtors, creditors, partners, or shareholders of debtor companies) before or after the filing of an RJ or an EJ, with the presence of a third party, the mediator. This mediator will assist the parties in finding solutions for problems faced by stakeholders of the insolvent company in a controlled and safe environment. Following the commencement of Mediation, the debtor may file a petition (a preventive injunction proceeding) before the Brazilian court that would have jurisdiction to oversee a potential future RJ or EJ of the company (the "**Competent Brazilian Court**"), seeking a stay period. The Competent Brazilian Court may grant a stay of up to 60 days to allow the debtor to negotiate with its stakeholders in a controlled and safe environment while preserving the value and operation of the company. The advent of the Mediation was meant to allow debtors to use the stay for a short period to support negotiations with creditors or other stakeholders and potentially avoid an RJ or an EJ.

B. EJ

11. Articles 161 et seq. of the Brazilian Bankruptcy Law provide for the EJ proceeding. An EJ proceeding is a court-supervised means of implementing an arrangement negotiated among a debtor and select creditors. It administers the claims of those creditors

whose claims are being restructured in a single proceeding. EJs are similar to pre-packaged chapter 11 cases in the United States or schemes of arrangement in certain jurisdictions (e.g., the United Kingdom, the Cayman Islands, or Bermuda) where the debtor and part or all the creditors of one or more classes or groups agree to a plan before the commencement of the case.

12. In an EJ proceeding, a debtor negotiates and agrees, out-of-court, to an EJ plan with its creditors and then submits that plan to the Competent Brazilian Court for consideration and confirmation. An EJ restructures only those claims subject to the EJ plan and does not affect other claims that are outside the scope of the EJ proceeding. To be confirmed, the EJ plan must be approved by creditors representing more than fifty percent (50%) of the amount of claims subject to the proceeding.[3] Brazilian Bankruptcy Law allows the debtor to file the EJ plan with approval from creditors holding one-third (33.33%) of the amount of claims subject to the EJ proceeding and a request to obtain the legal majority within ninety (90) days. Once approved and effective, the EJ plan binds dissenting minority creditors of the impaired classes or groups to the plan terms.

13. An EJ petition may only be filed by a debtor considered a business company or a businessman that has been doing business regularly for over two (2) years. It is not possible for a creditor to file an EJ plan against a debtor on an involuntary basis.

14. A debtor must file the EJ petition in the appropriate state civil court in the jurisdiction where the Brazilian debtor's principal place of business is located. The appropriate state civil court has exclusive jurisdiction over matters relating to the claims being restructured. If the EJ is commenced following Mediation, the Competent Brazilian Court that issued the stay will maintain jurisdiction over the EJ proceeding.

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[3] Under Brazilian Bankruptcy Law, the debtor may select which classes of creditors it will include in the EJ proceeding, and the majorities herein refer to the total amount of the claims subject to the EJ.

15. To file an EJ petition in Brazil, a debtor must not (i) already be subject to a bankruptcy liquidation proceeding, and if it has been in the past, the resulting liabilities shall have been discharged by a final court order; (ii) have any pending judicial reorganization case, nor have been granted a judicial reorganization or confirmation of another EJ plan within the last two (2) years; and (iii) have been convicted nor have a senior manager or controlling shareholder who has been convicted for any bankruptcy crime(s).

16. The following documents are required to file the EJ proceeding:

i. The EJ reorganization plan, either (a) signed by holders of more than half of the claims (in value) of each class (or group) of creditors involved in the EJ (Article 162 of Brazilian Bankruptcy Law) upon filing, or (b) signed by holders of at least 1/3 of the claims (in value) of each class (or group) of creditors involved in the EJ upon filing, in which case the debtor must obtain the remaining approvals within ninety (90) days;

ii. A statement of the cause of the debtor's financial distress and a description of the debtor's activities;

iii. Accounting statements for the last financial year, along with those made specifically for the filing (including a balance sheet, statement of retained earnings, income statement since the last fiscal year, management report of cash flow and its projection, and description of the companies that are part of the debtor's group);

iv. Documentation that the debtor meets all the requirements indicated in paragraphs 13 and 15 above;

v. Bylaws and a power of attorney duly signed by the debtor evidencing the powers to renew or alter the debtor's obligations; and

vi. A complete nominal list of creditors, stating their addresses, the origin and updated amount of each of their claims, the applicable interest rates, and an indication of accounting records substantiating each claim.

C. Classes of Creditors

17. The classes of creditors involved in an EJ proceeding can be chosen by the debtor, with the possibility of restructuring only one or more classes of creditors (with the other classes remaining unimpaired). If necessary, debtors can divide their creditors into different

groups based on debts of a similar nature or subject to similar payment conditions. For example, the EJ plan proposed by the debtor is not required to include all the unsecured creditors (class III, under Article 41, §3º of the Brazilian Bankruptcy Law), but may include only those creditors with credits derived from similar goods or services provided to the debtor (e.g., a group of creditors that have a similar relationship with the debtor, such as all being financial creditors or suppliers to the debtor, regardless of their class).

D. Reorganization Plan

18. As noted above, the EJ filing must be accompanied by a reorganization plan with sufficient creditor support. If the debtor fails to obtain the required creditor approvals in time, the court cannot confirm the EJ plan, and the debtor can convert its EJ into an RJ. If the debtor does not receive confirmation of the EJ plan and does not convert to an RJ, the debtor's obligations revert back to their pre-filing status (i.e., the debtor's obligations remain unaffected by the EJ proceeding).

19. The EJ plan must comply with the following requirements: (i) it cannot provide for early payment of claims outside the terms of the EJ plan or unfavorable treatment of creditors not subject to the plan; (ii) all similarly situated creditors within the same class must be treated equally (subject to narrow exceptions, such as where certain creditors are providing new capital); (iii) only prepetition claims may be subject to the plan; (iv) the disposition of any asset given as collateral or release or replacement of such collateral may only occur with the consent of the applicable secured creditor(s) (as prescribed by the relevant financing and/or collateral documentation); and (v) it cannot modify the exchange rate variation in the calculation of claims expressed in foreign currency without the express consent of the relevant creditor.

20. Once a debtor requests confirmation of the EJ plan from the Competent Brazilian Court, impaired creditors must file any objections within thirty (30) days. After the

expiration of the 30-day objection period, a debtor has five (5) days to answer any timely-filed objections. The Competent Brazilian Court will then render its decision on the proposed EJ plan and any timely filed objections. In addition to satisfying the creditor approval threshold, the debtor must also demonstrate that (i) notice of the plan was properly published, (ii) creditors had an opportunity to file objections to the plan, and (iii) the EJ plan was not the result of, and will not result in, any fraudulent or otherwise harmful actions to creditors. If the Competent Brazilian Court finds that a provision violates a principle of the applicable Brazilian Bankruptcy Law, the Competent Brazilian Court may deny confirmation of the EJ plan, or alternatively, strike down that clause. The Competent Brazilian Court then may enter an order confirming the EJ plan, which binds all holders of claims impaired under the plan. A Competent Brazilian Court's decision on confirmation is subject to appeal, but any appeals that are filed do not automatically stay the proceeding or the order confirming the EJ plan. If the EJ plan is confirmed, the debtor will continue its normal activities without any supervision by the Competent Brazilian Court.

E. The Debtor's Operation During the EJ Proceeding and the Stay Period

21. During the EJ proceeding, the debtor retains the right to administer its assets and affairs and to operate its business. The officers and directors of the debtor continue to be duly authorized to act on the debtor's behalf. In general, no judicial administrator is appointed to oversee the debtor's operations, but one may be appointed to review whether the debtor has complied with filing requirements.

22. Brazilian Bankruptcy Law provides for a 180-day stay of all actions and enforcement proceedings against the debtor that are related to claims being restructured pursuant to the EJ plan, allowing the debtor to negotiate and restructure its debts without the pressure of

immediate legal action. If the Debtor has filed a prior Mediation, the sixty (60) day stay period of the Mediation will be deducted from the 180-day stay period of the EJ Proceeding. The stay applies to all claims being restructured by the EJ proceeding, regardless of whether they are held by creditors who agreed to the EJ plan.

F. Treatment of Creditors

23. The EJ proceeding is supervised by the Competent Brazilian Court, which assesses whether all the parties in interest were given proper notice and adequate means of defending their rights, pursuant to the due process requirements of Brazil's federal constitution. Creditors are given notice of every court decision in an EJ proceeding and have the opportunity to file an appeal of such decisions. Although preliminary appeals in advance of the court approving an EJ plan may occur, they are limited to fundamental questions regarding severe departures from the legal requirements of an EJ plan. Upon confirmation of an EJ plan, it is possible to file an appeal of the court's approval of the plan or an appeal regarding specific aspects of the plan that, in the view of the appellant, violate the law.

24. Brazilian Bankruptcy Law does not require that creditors in an EJ proceeding file proofs of claims. All creditors with obligations being restructured under an EJ plan will be treated pursuant to such plan.

25. As previously stated, Brazilian Bankruptcy Law requires equal treatment of similarly situated creditors, with narrow exceptions. One exception applies to creditors who provide additional credit, capital investment, or critical supplies to the debtor. Furthermore, Brazilian Bankruptcy Law does not differentiate between foreign and local creditors, both of which are subject to the EJ proceeding on the same terms and have the same rights and protections, including the right to receive notice, object, and be heard. An EJ plan cannot

convert the claims of foreign creditors from a foreign currency to Brazilian *reais* without specific consent of the relevant creditors. This protects foreign creditors from currency exchange risk while the case is pending. As such, no significant burdens are placed upon United States creditors or any other foreign creditors that are inconsistent with those placed upon domestic creditors. These protections were reinforced in Article 167-G of the Brazilian Bankruptcy Law, which was introduced in 2021, and provides that "foreign creditors are afforded the same rights that are afforded to national creditors in judicial reorganization, extrajudicial reorganization, or bankruptcy liquidation proceedings."

II. The Debtors' Brazilian EJ Proceedings

26. On December 11, 2023, given the risk of enforcement proceedings due to multiple missed interest payments, the Debtors commenced an administered pre-insolvency Mediation before the Câmara Especial de Resolução de Conflitos em Reestruturação de Empresas – CamCMR (the "**Mediator**"). On the same date, the Mediator invited the following creditors to the Mediation: Banco Morgan Stanley S.A., the Brazilian affiliate of the U.S.-based investment bank; Goldman Sachs do Brasil Banco Múltiplo S.A., the Brazilian affiliate of the U.S.-based investment bank ("**Goldman Sachs Brazil)**; The Bank of New York Mellon, as trustee for the 2026 Notes ("**BNY**"); Vórtx Distribuidora de Títulos e Valores Mobiliários, a Brazilian firm that serves as the trustee under the Brazilian Unsecured Debentures ("**Vórtx**"); Caixa Econômica Federal ("**CEF**"); and Cargill Financial Services International, Inc. and Shell Energy do Brasil Gás Ltda. (both of whom ultimately were not subject to the Foreign Proceedings). The Debtors also filed a petition (preventive injunction proceeding) before the Brazilian Bankruptcy Court, seeking a stay period of sixty (60) days to continue good faith negotiations with the creditors participating in the Mediation. On December 14, 2023, the Brazilian Bankruptcy Court rendered an order granting a sixty (60)-day stay of all collection and

enforcement proceedings commenced by creditors subject to the Mediation. Although the stay did not prevent new filings or actions from being brought against the Debtors by creditors subject to the Mediation, it did prevent seizures or any other measures against the Debtors by creditors subject to the Mediation.

27. At the conclusion of the 60-day stay period, the Debtors had reached consensus with a substantial threshold of creditors in Mediation and were prepared to seek implementation of the agreed restructuring in an EJ proceeding.

28. On February 20, 2024, the Debtors filed the Foreign Proceedings by presenting two consensual EJ plans to the Brazilian Bankruptcy Court: one proposed by Unigel and one jointly proposed by (i) Unigel Lux, (ii) Proquigel, (iii) CBE, and (iv) Plastiglas (as defined below) (the "**Original EJ Plans**").

29. The Original EJ Plans were filed with the signatures of holders of more than 1/3 of the claims (in value) of each class (or group) of creditors subject to the Foreign Proceedings against each Debtor entity ("**Covered Claims**"). The Debtors committed to obtaining the remaining approvals and reaching the quorum of more than half of the Covered Claims within ninety (90) days from the original filing date.

30. On February 21, 2024, the Brazilian Bankruptcy Court entered an order authorizing commencement of the Foreign Proceedings and imposing a 180-day stay (including the Mediation stay, and as subsequently extended) of all enforcement actions against the Debtors by creditors with Covered Claims (the "**Brazilian Commencement Order**," an English translated copy of which is attached to the *Declaration of André Luis da Costa Gaia in Support of Chapter 15 Petitions and Motion for Recognition of Foreign Main Proceedings and Request for Certain Related Relief Under Chapter 15 of the Bankruptcy Code* (the "**Foreign

Representative Declaration") as **Exhibit B**)[4]. The Brazilian Commencement Order further required the Debtors to (i) file certain disclosures, (ii) confirm their commitment to secure approval of the Original EJ Plans by the majority of the claims within ninety (90) days, and (iii) provide notice of the Foreign Proceedings. An English translated copy of such notice, which was published on June 5, 2024, is attached to the Foreign Representative Declaration as **Exhibit C**.[5]

31. As set forth in more detail below, all holders of Covered Claims were given notice of the hearing to consider approval of the plans, the objection deadline, and amendments to the Original EJ Plans.

32. After the Brazilian Bankruptcy Court entered the Brazilian Commencement Order, the Debtors then continued to negotiate with the creditors and other parties whose interests are affected by the plans. On May 21, 2024, the Debtors filed an amendment to the Original EJ Plans (as modified by the Plan Approval Order, and as may be further amended or supplemented, the "**EJ Plans")** reflecting additional terms agreed with creditors and executed by (i) creditors that signed the Original EJ Plans, and (ii) creditors that signed on to terms and conditions of the EJ Plans after the filing of the Original EJ Plans, but before the filing of the EJ Plans. There was also an opportunity for creditors to sign on to the terms and conditions of the EJ Plans from the date of filing until the date of approval of the EJ Plans, pursuant to art. 163, caput, of the Brazilian Bankruptcy Law.

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4 The Brazilian Bankruptcy Court had imposed a stay of all enforcement actions against the Debtors by creditors with Covered Claims for the period of 180 days, as provided under the Brazilian Bankruptcy Law. However, on February 2, 2024, BNY filed a motion for clarification, arguing that a 60-day stay had previously been granted during the Mediation and, therefore, the period of the stay granted during the Mediation should be subtracted from the total 180-day period. On March 21, 2024, the Brazilian Bankruptcy Court granted BNY's motion for clarification and ordered that the stay would be effective for a total of 120 days, deducting the 60 days previously granted.

5 On March 21, 2024, the Brazilian Bankruptcy Court granted an extension for the Debtors to issue notice of the Foreign Proceedings until they satisfied the requisite quorum of creditors for plan confirmation.

33. The EJ Plans provide for a substantial deleveraging of the Debtors and a significant new capital raise backstopped by certain supporting creditors. As described in more detail in the Foreign Representative Declaration, under the terms of the EJ Plans, approximately BRL $4.1 billion (approximately $810 million USD) of claims against the Debtors, including claims arising from the 2026 Notes, Brazilian Unsecured Debentures, Global Derivatives Contracts,[6] Hedge Obligations, and Export Credit Notes, will be restructured in exchange for a combination of New Restructured Notes, Participating Notes, cash, or restructured claims and, for creditors electing to provide their pro rata share of $100 million USD of new money, New Money Notes and HoldCo Depositary Receipts, depending on each creditor's elected payment option. Copies of the EJ Plans are attached to the Foreign Representative Declaration as **Exhibit D**.

34. On May 24, 2024, the Brazilian Bankruptcy Court entered an order acknowledging receipt of the EJ Plans and ordering publication notice thereof (an English translated copy of which order is attached to the Foreign Representative Declaration as **Exhibit E**).

35. On June 5, 2024 and again on July 2, 2024 the Debtors published the notice required by Article 164 of the Brazilian Bankruptcy Law and the Brazilian Bankruptcy Court, informing creditors of the original July 5, 2024 deadline and then the extended August 1, 2024 deadline to submit any objections to the EJ Plans. Such notices were published in the Official Gazette of the Court of Justice of the State of São Paulo. In addition:

- On February 29, 2024, BNY sent a notice to holders of the 2026 Notes through Depository Trust Company ("**DTC**") informing them that the Debtors filed the Foreign Proceedings and the Original EJ Plans;

[6] Subject to a final ruling by the Brazilian Court of Appeals.

- On May 21, 2024, BNY sent a notice to holders of the 2026 Notes through DTC informing them that the Debtors made certain amendments to the Original EJ Plans; and
- On July 1, 2024, the Debtors sent letters to the Covered Creditors notifying them of the extended August 1, 2024 deadline to submit any objections to the EJ Plans under the terms of Article 164, §2º of Brazilian Bankruptcy Law and informing them of the relevant payment options stipulated in the EJ Plans.

36. On June 12, 2024, the Debtors filed a motion requesting an extension of the stay period, which was set to expire on June 18, 2024. The Brazilian Bankruptcy Court authorized the stay period extension until October 16, 2024. On October 16, 2024, the Brazilian Bankruptcy Court authorized an extension for an additional 60 days, effective until December 15, 2024.

37. On July 2, 2024, the Debtors moved to exclude Plastiglas de Mexico S.A. de C.V. ("**Plastiglas**") from the Foreign Proceedings. Unigel, CBE, Plastiglas, and Stabilit Servicios, S.A. de C.V. ("**Stabilit**") (an unaffiliated third party) entered into a Stock Purchase Agreement, dated as of December 1, 2023, to sell all of the share capital of Plastiglas to Stabilit. The sale closed on June 5, 2024. The proceeds from this sale are contemplated to be used as working capital. The EJ Plans describe the purpose of the sale and the restrictions relating to the use of sale proceeds. The relevant creditors released Plastiglas from all Covered Claims, leaving no obligations for Plastiglas to restructure. Thus, the Debtors sought to exclude this entity from the Foreign Proceedings. On October 10, 2024, the Brazilian Bankruptcy Court granted the Debtors' motion to exclude Plastiglas, and later dismissed a related challenge raised by a creditor. Accordingly, Plastiglas did not file a chapter 15 petition.

38. As of the August 1, 2024 objection deadline, five (5) objections to the EJ Plans were filed by (i) Goldman Sachs Brazil, (ii) CEF, (iii) CCB, (iv) Vórtx, and (v) Macquarie. In summary, the key objections were as follows:

- Goldman Sachs Brazil and Macquarie argued that the provision providing a lower recovery for creditors who received payments from the Debtors immediately prior to commencement of the Foreign Proceedings (the "**Clawback Provision**") in the EJ Plans is illegal;

- CEF and CCB largely requested clarification on certain provisions of the EJ Plans, such as the interest on the New Restructured Notes and the valuation of their claims, which the Debtors provided; and

- Vórtx, on behalf of the holders of the Brazilian Unsecured Debentures, raised a number of arguments, some of which had already been rejected by the Brazilian Court of Appeals, emanating from their dissatisfaction over their separate treatment as unsecured claimants under the EJ Plans. The objection focused on allegations of: (i) unequal treatment among creditors; (ii) the absence of a legal quorum for votes on the EJ Plans; (iii) the EJ Plans' uncertain and indeterminate terms; (iv) the absence of documents proving the existence of the Covered Claims; (v) errors in the calculation of the Covered Claims; (vi) the need to appoint a judicial administrator; (vii) the risk of the Debtors' assets being stripped to the detriment of creditors who are not included in the Foreign Proceedings; (viii) the lack of transparency in relation to the Backstop Agreement; (ix) improper release of the Covered Claims in exchange for the consideration received through the EJ Plans; (x) the need for substantive consolidation of the Debtors; (xi) bankruptcy crimes; (xii) the need to consider a new version of the EJ Plans, based on an "alternative proposal" presented by Vórtx; and (xiii) the exclusion of Vórtx from the Qualified Majority of Creditors (as defined in the EJ Plans), who are responsible for approving and rejecting certain measures contained in the EJ Plans.

39. On August 27, 2024, the Debtors filed a response to these objections. The Debtors asked the Brazilian Bankruptcy Court to overrule Vórtx objections, arguing that many of the issues raised were outside the scope of the objection process given the creditor support for the EJ Plans and the late stage of the Foreign Proceedings. With respect to the remaining objections, the Debtors argued that the Brazilian Bankruptcy Court should overrule such arguments, alleging that Vórtx sought to delay the confirmation process. Further, the Debtors petitioned the Brazilian Bankruptcy Court to sanction Vórtx for its procedural behavior.

40. The Debtors also argued that the Brazilian Bankruptcy Court should overrule the objections of Goldman Sachs Brazil and Macquarie to the Clawback Provision in

the EJ Plans because (i) Brazilian Bankruptcy Law requires clawback of payments made prior to the commencement of the Foreign Proceedings, and (ii) Goldman Sachs Brazil and Macquarie did not account for the good faith negotiations preceding the EJ Plans' filing and the necessity for parity of treatment among all Covered Creditors. The Debtors argued that allowing for an adjusted value recovery for Covered Creditors who received payments during the negotiation phase immediately prior to the commencement of the Foreign Proceedings is necessary to ensure equitable recovery among unsecured creditors.

41. Thereafter, on October 10, 2024, the Brazilian Bankruptcy Court issued an order requiring the Debtors to disclose the terms of the Backstop Agreement and appointing a third-party expert, Preserva-Ação Administração Judicial ("**Preserva-Ação**"), to verify the calculation of claims subject to the EJ Plans as of February 20, 2024 and confirm the Debtors satisfied the required quorums for creditor approval of the EJ Plans.

42. On October 21, 2024, in compliance with the Brazilian Bankruptcy Court's order, Preserva-Ação produced a report summarizing its findings, which confirmed that the EJ Plans secured the requisite thresholds for creditor approval under Brazilian Bankruptcy Law.

43. On October 22, 2024, the Brazilian Bankruptcy Court acknowledged the Debtors' filing of the Backstop Agreement and directed creditors to file any comments to the Backstop Agreement or the Preserva-Ação report within five (5) days.

44. On October 29, 2024, Macquarie filed a motion seeking (i) recognition of its claim in the amount of BRL $36.9 million, rather than the BRL $34.9 million indicated in the report produced by Preserva-Ação, and (ii) elimination of Section 15.15 of the EJ Plans.

45. On October 31, 2024, the Brazilian Bankruptcy Court granted an extension for creditors to comment on Preserva-Ação's report and the terms of the Backstop Agreement to November 7, 2024.

46. On November 7, 2024, Vórtx filed another objection on behalf of the holders of the Brazilian Unsecured Debentures. Vórtx (i) requested the Brazilian Bankruptcy Court deem the Backstop Agreement invalid, alleging it provides preferential treatment to certain creditors, (ii) requested additional disclosures with respect to the Backstop Agreement's signatories, (iii) requested certain disclosures by Preserva-Ação, and (iv) demanded Preserva-Ação revise the amount of the Brazilian Unsecured Debentures claim to reflect additional interest and a fine.

47. On November 8, 2024, CCB filed an untimely objection alleging the Backstop Agreement materially changes the EJ Plans' terms, putting into question the impact on the holders of the Covered Claims who signed on to the EJ Plans. CCB further alleged the plans provide different and unequal treatment among creditors of the same classes.

48. On November 11, 2024, the Brazilian Bankruptcy Court entered an order approving the EJ Plans (the "**Plan Approval Order**," an English translated copy of which is attached to the Foreign Representative Declaration as **Exhibit F**). In doing so, the Brazilian Bankruptcy Court sustained certain objections and overruled others.

49. Specifically, the Brazilian Bankruptcy Court sustained the objections raised by Goldman Sachs Brazil and Macquarie to the Clawback Provision and declared such provision null (in Section 15.15 of the EJ Plans).

50. The Brazilian Bankruptcy Court also sustained objections to the nonconsensual third-party releases. The Brazilian Bankruptcy Court ruled that releases of non-

debtors (including dismissal of lawsuits against non-debtors) must be consented to and, therefore, such relief was only granted by Covered Creditors who are signatories to the EJ Plans. Thus, the court ruled Sections 11.1, 11.3, 15.10, and 15.11 of the EJ Plans – to the extent they provide releases of third parties – are only enforceable against such Covered Creditors.

51. The Brazilian Bankruptcy Court overruled all other objections, relying on creditor approval and concluding, among other things, that the EJ Plans do not provide unfair or inappropriate differentiated treatment among creditors.

III. Chapter 15 Cases

52. To ensure the EJ Plans are fully implemented and enforceable in the United States, the Debtors commenced these Chapter 15 Cases. In particular, as more fully described in the Foreign Representative Declaration, each of the Debtors is an obligor under the 2026 Notes, which are governed by New York law and include a forum selection clause that requires disputes be submitted to courts in New York. Given these and other contacts in the United States (disclosed in the Foreign Representative Declaration), the Debtors and their supporting stakeholders determined the restructuring is more efficiently and effectively accomplished with recognition of the Foreign Proceedings and recognition and enforcement of the EJ Plans and Brazilian Orders in the United States through these Chapter 15 Cases.

A. Foreign Proceedings Are Foreign Main Proceedings

53. The Foreign Proceedings are collective judicial proceedings under Brazilian law relating to the adjustment of debts, the purpose of which is a corporate reorganization that allows the Debtors to restructure their obligations and continue operating as a going concern. The Foreign Proceedings allow for participation by all affected creditors. Each creditor whose interests is affected by the applicable EJ Plan (the "**Affected Parties**") is entitled

to support, object to, and be heard with respect to such EJ Plan. If approved, the EJ Plans are enforceable against Covered Creditors. Accordingly, the Foreign Proceedings consider the rights of all of the Affected Parties.

54. Foreign Proceedings are judicial in nature. Pursuant to Brazilian Bankruptcy Law, the Brazilian Bankruptcy Court has exclusive jurisdiction over the Foreign Proceedings. The Brazilian Bankruptcy Court is instrumental to the implementation of the EJ Plans. Absent the Brazilian Bankruptcy Court's approval and oversight, the Debtors cannot implement the EJ Plans.

55. The Foreign Proceedings are pending in Brazil. Brazil is the center of the Debtors' main interests. As set forth in more detail in the Recognition Motion and the Foreign Representative Declaration, (i) the primary operations of the Debtors are in Brazil, including their central operational management center; (ii) the main legal and human resources teams, as well as information technology department, are primarily stationed in Brazil; (iii) the business and finance teams are concentrated in Brazil; (iv) corporate governance for the Debtors is directed from Brazil; (v) majority of the members of the Debtors' boards of directors and executive officers reside and maintain their offices in Brazil; (vi) the statutory books and records of each of the Debtors are maintained in Brazil and are publicly available and, therefore, are ascertainable by creditors and other third parties; (vii) strategic and key operating decisions and key policy decisions for the Debtors are made by employees and other representatives located in Brazil; (viii) the Debtors' cash management functions are maintained in and directed from Brazil; and (ix) capital expenditure decisions affecting the Debtors are managed in Brazil.

56. Additionally, each of the Debtors appointed the Foreign Representative and authorized the commencement of the Chapter 15 Cases pursuant to applicable corporate laws

(the "**Authorizing Resolutions**"). The Authorizing Resolutions and the Brazilian Commencement Order are attached as exhibits to the Chapter 15 Petitions. Commencement of these Chapter 15 Cases was further authorized by the Brazilian Bankruptcy Court pursuant to its approval of the EJ Plans, which explicitly contemplate and require recognition through these Chapter 15 Cases.

57. I have reviewed and been informed of the "foreign main proceeding" and "foreign representative" requirements necessary to recognize a proceeding under Chapter 15 of the Bankruptcy Code. Based upon my experience and understanding of Brazil's relevant laws, and upon advice of U.S. counsel, I believe the Foreign Proceedings qualify as foreign main proceedings pursuant to sections 101(23) and 1502(4) of the Bankruptcy Code because the Foreign Proceedings are collective judicial proceedings in Brazil under Brazilian Bankruptcy Law, in which the assets and affairs of the Debtors are subject to supervision by the Brazilian Bankruptcy Court for the purpose of reorganization, and such proceedings are pending in the country where the Debtors have their centers of main interests.

B. The Debtors' Foreign Representative Satisfies Section 101(24)

58. Each of the Debtors also appointed Mr. André Gaia as the Debtors' foreign representative in these Chapter 15 Cases (the "**Foreign Representative**"). Based on my experience and understanding of the relevant laws of Brazil, I believe that Mr. André Gaia qualifies as a foreign representative under section 101(24) of the Bankruptcy Code and has full authority to commence the Chapter 15 Cases and seek the relief requested.

Conclusion

59. The issuance by the Court of an order recognizing and enforcing the Foreign Proceedings in the United States under chapter 15 of the Bankruptcy Code is necessary

to ensure that the Foreign Proceedings and the EJ Plans are given full effect in the United States and to protect the Debtors and their assets from any actions in contravention of the EJ Plans, including potential actions brought by holders of debts governed by U.S. law. Accordingly, the relief requested by the Foreign Representative will help secure an economical, expeditious, fair, and efficient administration of the EJ Plans that protects the interests of the Debtors and their creditors.

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Based on the foregoing, I believe that the relief requested in the Debtors' Chapter 15 Cases should be granted in full. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed on this 18th day of November, 2024
in São Paulo, Brazil.

/s/ Thomas Benes Felsberg

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