

**THIS PROPOSED DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL  
BUT HAS NOT YET BEEN APPROVED BY THE COURT**

**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF ILLINOIS  
SPRINGFIELD DIVISION**

In re:

TRANS COASTAL SUPPLY  
COMPANY, INC.

Debtor.

)  
) Chapter 11  
)  
) Case No. 15-71147  
)  
) Honorable Mary P. Gorman  
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)  
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**DISCLOSURE STATEMENT WITH RESPECT TO JOINT PLAN OF  
REORGANIZATION PROPOSED BY THE DEBTOR AND THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS**

Dated as of October 10, 2016

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**I.  
INTRODUCTION**

On July 23, 2015, Trans Coastal Supply Company, Inc. (the “Debtor”) filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

The Debtor and the Official Committee of Unsecured Creditors (the “Committee”) are the joint Proponents of the Plan. The purpose of this Disclosure Statement is to provide the Debtor’s Creditors with sufficient information about the Joint Plan of Reorganization proposed by the Debtor and the Committee (the “Plan”) to enable the Creditors to make an informed

judgment about the merits of the Plan. Capitalized terms used but not defined herein have the meanings given to them in the Plan.

The information contained in this Disclosure Statement relies on the Debtor's internal financial records for accuracy and has not been the subject of a certified audit.

The following summary of the Plan (the "Summary") sets forth the nature of the Plan and includes a description of the proposed treatment of each Class of Creditors, as well as plainly identifying all Classes of Creditors, the composition of each Class (as to number and type of Creditors), the amount of Claims (specifying any that are known to be disputed and how they will be treated under the Plan), and the amount (dollar and/or percentages) to go to each Class.<sup>1</sup> The Debtor submits the following Summary:

## **II.**

### **SUMMARY OF THE PROPONENTS' PLAN**

<b>Plan:</b>	Joint Plan of Reorganization Proposed by the Debtor and the Official Committee of Unsecured Creditors
<b>Debtor:</b>	Trans Coastal Supply Company, Inc.
<b>Plan Proponents:</b>	The Debtor and the Committee
<b>General Purpose:</b>	The Plan contemplates the reorganization of the Debtor, continued operations with an emphasis on growth and cashflow, while restructuring the remaining secured debt of U.S. Bank, N.A. (the " <u>Bank</u> ").
<b>Funding and Financing:</b>	The Plan will be funded by and through the reorganization of the Debtor pursuant to the terms of the Plan with an equity infusion from the Debtor's two principals.

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<sup>1</sup> The Summary is for convenience only. Creditors and other parties-in-interest should review the Plan for a complete recitation of the terms and provisions set forth therein.

**Summary of Treatment of  
Classes of Claims**

Class 1: Priority Claims – §507(a)(4)  
Treatment: All Allowed claims entitled to priority under §507(a)(4) of the Bankruptcy Code shall be paid in full, in cash, upon the later of the Effective Date of this Plan, or the date on which such claim is Allowed by a final non-appealable order. To the extent that the Allowed amount of any Class 1 Claim exceeds the priority limitation of Code § 507(a)(4), the holder of such a claim shall have an Allowed Class 6 Claim to the extent of the excess.

Class 2: U.S. Bank Secured Claim  
Treatment: On, or as soon as reasonably practicable after, the Effective Date, the Debtor or the Reorganized Debtor, as the case may be, shall execute and issue U.S. Bank Replacement Note to U.S. Bank in full satisfaction, settlement, release, and discharge of and in exchange for the Allowed Class 2 U.S. Bank Secured Claim.

Class 3: Other Secured Claims  
Treatment: Class 3 consists of all Secured Claims against the Debtor other than Secured Claims in Class 2. For purposes of the Plan, each Allowed Other Secured Claim will be deemed a separate subclass. Each Holder of an Allowed Class 3 Claim will, in full satisfaction, release, settlement, discharge of and in exchange for such Allowed Class 3 Other Secured Claim: (i) at the Debtor's option, either have the property that serves as collateral for its Claim returned or have its Claim cured and reinstated within the meaning of section 1124(2) of the Bankruptcy Code; or (ii) receive such other treatment as may be agreed to between the Holder and the Debtor or Reorganized Debtor.

(a) Voting: Class 3  
is unimpaired. Holders of Class 3 Claims are deemed to accept the Plan.

2. Class 4: General Unsecured

Class 4: General Unsecured Claims

Class 4 consists of all general, non-Insider Unsecured Claims against the Debtor. Treatment: Except to the extent that a Holder of an Allowed Claim in Class 4 agrees to a less favorable treatment, on the Annual Distribution Date, each such Holder shall be paid its *pro rata* share of 50% of the Annual EBDA of the Reorganized Debtor, provided that if the Annual EBDA is less than the Minimum Annual EBDA, there shall be no Distribution to Holders of Class 4 Claims for that year (such Distribution will be paid upon the next Annual Distribution Date, as applicable), until such Holder has been paid at least 4% of its Allowed Claim through EBDA payments, at which point the Annual EBDA payments shall cease. In addition to the foregoing payments from Annual EBDA, each Holder of an Allowed Class 4 Claim will also receive its pro-rata share of the portion of the Syngenta Litigation Proceeds allocable to Holders of Class 4 Claims upon settlement or judgment. In no case shall a Holder of a Class 4 Claim receive greater than 100% of its Allowed Claim in the aggregate.

Class 5: Insider Unsecured Claims

Treatment: Holders of Insider Unsecured Claims will not receive Distributions.

Class 6: Equity Interests Treatment: In exchange for the Equity Contribution, all Holders of Equity Interests will retain such interest in the Debtor. In addition, each Holder of an Equity Interest will also receive its pro-rata share of the portion of the Syngenta Litigation Proceeds allocable to holders of Equity Interests hereunder (if any) upon settlement or judgment.

**Effective Date:** Effective Date means the date selected by the Debtor and the Committee, which is a Business Day after the Confirmation Date on which all conditions specified herein have been satisfied for the Debtor and no stay of the Confirmation Order is in effect.

**Voting:** Holders Class 2, Class 4, and Class 5, are Impaired, and are entitled to vote on the Plan. Members of those Classes entitled to vote on the Plan should complete the ballot accompanying this Disclosure Statement and Plan and return it to counsel for the Debtor: Jeffrey D. Richardson, Richardson & Erickson, 132 South Water Street, Suite 444, Decatur, Illinois 62523. Ballots must be received on or before \_\_\_\_\_, **2016** at 4:30 p.m. (Central Time). Only those ballots returned on a timely basis will be counted in determining whether a particular Class of Creditors has accepted or rejected the Plan. A Class of Claims has accepted the Plan if two-thirds in amount and more than one-half in number, of those who vote, have voted to accept the Plan.

If you have any questions concerning voting procedures, did not receive a ballot, or if your ballot is damaged or lost, please contact counsel to the Debtor: Jeffrey D. Richardson, Richardson & Erickson, 132 South Water Street, Suite 444, Decatur, Illinois 62523; Telephone: (217) 425-4082; jdrdec@aol.com.

**Objections:** All objections to Confirmation of the Plan must be in writing, state the basis for the objection, be filed with the Bankruptcy Court, and be served upon the following parties so as to be received by their respective counsel not later than \_\_\_\_\_, **2016** at 4:30 p.m. (Central Time):

Counsel to the Debtor: Richardson & Erickson, 132 South Water Street, Suite 444, Decatur, Illinois 62523, (Attn: Jeffrey D. Richardson);

Counsel to the Committee: Goldstein & McClintock LLP, 208 South LaSalle Street, Suite 1750, Chicago, IL 60604 (Attn: Matthew E. McClintock and Brian J. Jackiw);

Counsel to the Secured Lender: Katten Muchin Rosenman LLP, 525 W. Monroe Street, Chicago, Illinois 60661 (Attn: Ken Ottaviano); and

The Office of the United States Trustee: Region 10 Peoria Office – US Trustee, Timothy E. Ruppel, 401 North Main, Peoria, Illinois, 61602.

**Cramdown:**

In the event that a Class of Creditors rejects the Plan and at least one Impaired Class of Creditors votes to accept the Plan, the Proponents reserve the right to seek Confirmation under Section 1129(b) of the Bankruptcy Code despite the non-acceptance of the Plan by one or more Classes.

**Disclosure Statement Hearing:**

The hearing on the adequacy of this Disclosure Statement will be held on \_\_, 2016, before the Honorable Mary P. Gorman at the United States Bankruptcy Court, Central District of Illinois, 600 E. Monroe Street, Springfield, Illinois 62701.

**Confirmation Hearing**

The hearing to confirm the Plan will be held on \_\_\_\_\_, 2016 before the Honorable Mary P. Gorman at the United States Bankruptcy Court, Central District of Illinois, 600 E. Monroe Street, Springfield, Illinois 62701

**Additional Information:**

Requests for information regarding the Plan or the Disclosure Statement should be directed to the counsel for the Debtor: Richardson & Erickson, 132 South Water Street, Suite 444, Decatur, Illinois 62523, (Attn: Jeffrey D. Richardson).

After reviewing the Plan and Disclosure Statement, you should vote on the Plan. In reaching your decision to accept the Plan, you should not rely on any representation other than those contained in this Disclosure Statement and the Plan itself. As a Creditor, your vote is

important. As specified in the above Summary, the Bankruptcy Court can confirm the Plan if the Holders of two-thirds in amount and more than one-half in number of Claims in each Impaired Class (of the Claims timely and properly cast) vote to accept the Plan. To vote on the Plan, each Creditor entitled to vote must complete the enclosed ballot and return it to the Bankruptcy Court at the address specified in the Summary above.

The Debtor and the Committee, as the Proponents of the Plan, believe that the Plan affords Creditors the largest recovery possible under the circumstances. ***The Proponents believe that acceptance of the Plan is in the best interests of Creditors and recommend that you vote to accept the Plan.***

### **III. BACKGROUND**

The Debtor is an Illinois corporation, with its principal office located in Decatur, Illinois. The Debtor is owned by Pamela Moses and Robert Briscoe, each having 50% of the Debtor's equity. The Debtor is an exporter of grain and grain products, including, but not limited to, distillers dried grain with solubles ("DDGs"). Historically, the Debtor did business in the Far East, including China. Further, the Debtor has a leased facility in Kansas City, Kansas, which it continues to operate.

Since 2013, the Debtor's operations have suffered financial difficulty. In 2013, China began rejecting shipments of corn and DDGs from the United States, including the Debtor's shipments of products because the corn and DDGs contained a genetically modified strain known as MIR162, which the Chinese government claimed contaminated the products.

The Debtor, as well as other businesses in the industry suffered extensive harm from the rejection of the shipments, which included rescission of its contracts, increased expenses, refusal by customers to honor the Debtor's contracts, lost opportunities, and reputational damage. Additionally, in late 2014, the Debtor's primary lender, U.S. Bank N.A., curtailed and then terminated its line of credit with the Debtor.

Because of the reduction and termination of the Debtor's line of credit, the ability of the Debtor to continue operating was severely curtailed, hence limiting its ability to make sufficient profits to pay its creditors. The Debtor has initiated a lawsuit against Syngenta, seeking damages for the rejected MIR162 corn and DDG's.

### **IV. THE DEBTOR'S ESTATE**

The assets in the Debtor's Estate include, but are not limited to: (a) bank accounts, cash and cash equivalents and accounts receivables; (b) equipment, trucks, and special loading and rail support equipment; (c) furniture, office equipment and other items in its offices in Decatur; and (d) causes of action against Syngenta for damages due to MIR162.

**V.**  
**FUNDING THE PLAN**

The Debtor intends to fund all payments due or owing under the Plan from revenue generated by its ongoing business operations and eventually, payout from the Syngenta Litigation (as defined in the Plan). As shown in the financial projections to be attached hereto as **Exhibit A**, the Debtor is cash flow positive on an annualized basis and is projected to generate enough monthly income for the Debtor to pay all payments required under the Plan, in addition to monthly overhead and operating expenses as they become due.

The goal of the Debtor and the Creditors Committee under the Plan is to pay off the remaining secured debt of U.S. Bank through the Debtor's ongoing business operations and collection of any further prepetition accounts receivable and also to provide unsecured creditors with a specific payment from future business income as well as the majority of the proceeds from any recovery in the pending Syngenta litigation.

During the pendency of the bankruptcy case, the Debtor has paid U.S. Bank over \$150,000.00 in adequate protection payments to reduce the debt to U.S. Bank on its equipment loan and has paid down the U.S. Bank line of credit loan by over a half million dollars through collection of prepetition accounts receivable. Those collection efforts are ongoing. In addition to the future income which the Debtor anticipates to pay to U.S. Bank and its other creditors, the Debtor believes that its ability to go forward as a viable restructured business benefits its creditors through the Debtor's ability to directly pursue the Syngenta litigation as an ongoing business. The alternative to this reorganization are either to: (a) convert this case to a Chapter 7 liquidation which would terminate the Debtor's business operations and turn the Syngenta claim over to the hands of a liquidation trustee; or (b) to dismiss the reorganization which would almost certainly also result in immediate termination of the Debtor's business operations and the involuntary surrender of its assets, including the Syngenta claims, the piecemeal litigation by Trans Coastal's creditors on a first come-first served basis.

**VI.**  
**THE PLAN SATISFIES THE "BEST INTERESTS OF CREDITORS" TEST;  
IT OFFERS RECOVERIES TO CREDITORS THAT LIKELY ARE HIGHER  
THAN IF THIS CASE WERE CONVERTED TO A  
CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE**

The Proponents submit that the Plan is in the best interests of Creditors. The "best interests" test requires a finding that the Plan will provide to each member of each Impaired Class of Claims and Interests property of a value, as of the Effective Date of the Plan, at least equal to the amount such Class member would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. The Proponents believe that recoveries to Creditors will be higher under the Plan than they would be if this Chapter 11 Case were converted to a Case under Chapter 7 of the Bankruptcy Code for five principal reasons.



First, the Reorganized Debtor will be generating revenue as a going concern, whereas a Chapter 7 trustee would be unlikely to operate the Debtor's business for any significant period of time and therefore would likely sell the assets in piecemeal liquidation without generating significant operating income from the business prior to such liquidation. The projections indicate that the Reorganized Debtor is likely to make payments in the future toward a dividend to Unsecured Creditors as well as service its debt to the Bank.

Second, it is likely that the net proceeds available for distribution to Creditors generally will be higher under the Plan than if this Case were converted to a Case under Chapter 7 in light of the additional administrative costs of a Chapter 7 case and the reduced asset recoveries as estimated on **Exhibit B** hereto.

Third, under the Plan all Allowed Administrative and Priority Claims shall be paid in full, thereby meeting the requirement of section 1129(a)(9) of the Bankruptcy Code that Holders of Allowed Administrative and Priority Claims must be paid in full under the Plan unless they consent to different treatment. In contrast, if this Chapter 11 Case were converted to a Case under Chapter 7 of the Bankruptcy Code, it is likely that such Holders of Allowed Administrative and Priority Claims would receive less than full payment because the requirement of payment in full (or by Creditor consent) is a criterion for confirmation of a plan under Chapter 11, but is not applicable under Chapter 7. In addition, **Exhibit B** supports the conclusion that General Unsecured Creditors are likely to be paid significant dividends if the Reorganized Debtor successfully conducts its business at the projected levels. That would likely never occur if the Debtor's case were converted to Chapter 7.

Fourth, because the Reorganized Debtor will continue its operations, the likelihood that the Syngenta Litigation will survive is greater than under a chapter 7 scenario. Were the case to convert to a chapter 7 liquidation, the leverage of a trustee against Syngenta would be greatly diminished.

Fifth, the Plan provides that the Term of the Plan will conclude when Syngenta Litigation has concluded and the Debtor has paid out a certain amount of its cash flow (equaling 4% of the Allowed General Unsecured Claims). In particular, payout of the Syngenta Litigation Proceeds will occur as follows:

After payment of any outstanding fees and expenses of the Oversight Committee, and assuming full vesting by the Holders of Equity Interests as discussed below, the Syngenta Litigation Proceeds will be divided as follows: (a) the first \$5,000,000 to: (i) Holders of Class 4 Claims (95%) and (ii) Holders of Equity Interests (5%); (b) the next \$5,000,000 shall be paid to: (i) Holders of Class 4 Claims (85%) and (ii) Holders of Equity Interests (15%); and (c) any amounts in excess of \$10.0 million shall be paid to: (i) Holders of Class 4 Claims (75%) and (ii) Holders of Equity Interests (25%). If Holders of Equity Interests are not vested, or only partially vested, upon proceeds being received, then the unvested portion shall be added to the amounts allocated to Holders of Class 4 Claims.

Holders of Equity Interest shall become 100% vested in their portion of the Syngenta Litigation Proceeds if: (a) the Reorganized Debtor has paid 4% of

allowed Unsecured Claims to Holders of Class 4 Claims (irrespective of, and in addition to, any payments from Syngenta Litigation Proceeds or (ii) the Syngenta Litigation settles or judgment is obtained and the Reorganized Debtor receives and distributes such proceeds in accordance with this Plan.

Otherwise, Holders of Equity Interest will vest in their share of the Syngenta Litigation Proceeds as follows:

- (i) 50% if Pamela Moses is still working at the reorganized Debtor upon the third anniversary of the Confirmation of the Plan.
- (ii) 75% if Pamela Moses is still working at the reorganized Debtor upon the fourth anniversary of the Confirmation of the Plan.
- (iii) 100% if Pamela Moses is still working at the reorganized Debtor upon the fifth anniversary of the Confirmation of the Plan.

Thus, the Proponents submit that it is incontrovertible that the Plan provides more to Holders of certain Classes of Claims, and in any event not less than would be available to all Creditors if the Plan were not confirmed and this Chapter 11 Case instead was converted to be liquidated under Chapter 7 of the Bankruptcy Code. The Debtor's Liquidation Analysis is attached hereto as **Exhibit B**.

## **VII.**

### **SUMMARY OF OTHER PLAN PROVISIONS**

A. **Bar Dates.** Pursuant to an the Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines [Dkt. 8] (the "**Bar Date Notice**"), Creditors had until November 25, 2015 to file a proof of claim; however, that if a party or entity is a governmental unit, as that term is defined at 11 U.S.C. § 101(27), the deadline was 180 days from the Petition Date.

In addition, all Holders of Administrative Claims (excluding Section 503(b)(9) Claims) and Professional Fee Claims seeking allowance and payment of such Claims must File a proof of claim with the Clerk of the Bankruptcy Court in a form substantially similar to Official Form No. 10 by no later than thirty (30) days after the Effective Date. All Holders of Professional Fee Claims must file a final application for compensation pursuant to Section 330 of the Bankruptcy Code by no later than thirty (30) days after the Effective Date, unless that deadline is extended by order of the Court or by a notice from the Debtor filed on the electronic docket.

Any Person or Entity, including any Holder of an Administrative Claim, including a Professional Fee Claim, that does not file that pre-Confirmation Claim within the time prescribed herein shall be barred from asserting such Claim against the Debtor or its Estate, and shall be deemed to have waived any right to a Distribution from the Estate.

B. **Causes of Action.** The Reorganized Debtor shall have the right to prosecute all Causes of Action, defined as:

any claim, cause of action, chose in action, action, suit, demand, and any other debt, obligation, right, damage, remedy, controversy, agreement, promise, lien, variance,

trespass, power, privilege, license, franchise, judgment, third-party claim, subrogation claim, guaranty claim, contribution claim, reimbursement claim, indemnity claim, counterclaim, right of setoff or recoupment, crossclaim, claim objection, defense to claim, and liability whatsoever of any kind or character relating to any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity, or otherwise. Cause of Action also includes: (a) any right of setoff, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity belonging to the Estate; (b) any claim pursuant to sections 362, 502, and 510 of the Bankruptcy Code and any analogous provisions of applicable state law belonging to the Estate; (c) any claim, right or cause of action related to any and all Avoidance Actions (including, but not limited to, any fraudulent conveyance or fraudulent transfer claims the Debtor may have pursuant to sections 544, 548 and 550 of the Bankruptcy Code or applicable non-bankruptcy law); and (d) any claim or defense including, but not limited to fraud, mistake, duress, and usury and any other defenses belonging to the Estate pursuant to section 558 of the Bankruptcy Code

**Executory Contracts and Unexpired Leases.** On the Effective Date, and to the extent permitted by applicable law, all of the Debtor's executory contracts and unexpired leases will be assumed by the Debtor *unless* such executory contract or unexpired lease: (a) is identified as part of the Plan Supplement as a contract or lease being rejected pursuant to the Plan; or (b) is the subject of a motion to reject filed on or before the Confirmation Date.

Amendments, modifications, supplements, and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtor during its Chapter 11 Case shall not be deemed to alter the prepetition nature of the executory contract or unexpired lease, or the validity, priority, or amount of any claims that may arise in connection therewith.

C. **Disputed Claims.** The Reorganized Debtor shall object (and shall take over, and continue prosecuting, any outstanding claims objections initiated by the Debtor) to the allowance of any Disputed Claims as the Reorganized Debtor determines is reasonable. All objections shall be pursued to settlement or to Final Order; provided, however, that no Bankruptcy Court approval shall be required in order for the Reorganized Debtor to settle and/or compromise any Claim, objection to Claim, Cause of Action, or right to payment of or against the Debtor or its Estate.

D. **Post-Confirmation Management of the Reorganized Debtor.** The Debtor shall continue to exist after the Effective Date as a separate corporate entity, in accordance with the laws of the State of Illinois, and pursuant to its certificate of incorporation and bylaws in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws are amended by this Plan.

Pamela Moses shall continue to be the president of the Reorganized Debtor, serving at the pleasure of the Board of Directors. The Board of Directors may also appoint such other officers as it deems appropriate, including, without limitation, in consultation with Ms. Moses.

The Board of Directors of the Reorganized Debtor shall consist of three members, (i) the president of the Reorganized Debtor; (ii) Robert Briscoe; and (iii) Don Wenneker (who will be paid a reasonable hourly rate for his services as a board member). The Board of Directors of the Reorganized Debtor shall serve until the Plan Payment Consummation Date. After the occurrence of the Plan Payment Consummation Date, Pamela Moses and Robert Briscoe shall become the sole directors and shall have the right to alter, without limitation, the operating agreement and the method of selecting directors in her business judgment.

E. **Obligations of Officers and Directors.** Until such time as the Reorganized Debtor has fully satisfied all obligations under the Plan to Holders of Class 4 Claims and the Syngenta Litigation has been resolved, the Reorganized Debtor shall be required to:

Preserve and maintain the corporate existence of the Reorganized Debtor, along with all rights, licenses, franchises, and privileges in the jurisdiction of its incorporation and in all states where it is qualified to do business; and

Maintain a separate accounting system for the Reorganized Debtor established and administered consistent with generally accepted accounting principles and maintain complete and accurate records and books of account, in which true, complete and accurate entries will be made consistent with generally accepted accounting principles reflecting all financial transactions of such entities.

The foregoing shall be collectively referred to as the “Reorganized Debtor Affirmative Covenants.”

Until such time as the Reorganized Debtor has fully satisfied all obligations under the Plan to Holders of Class 4 Claims, the Reorganized Debtor, shall not, without limitation, directly or indirectly:

Make any expenditures outside of the Reorganized Debtor’s ordinary course of business, including, without limitation, any payments to the Debtor’s management and ownership (and/or their relatives, trustees, beneficiaries, members, limited partners, general partners, agents, representatives, attorneys, successors and assigns, as the case may be, or the companies or entities in which any such persons have an ownership interest) in excess of the Executive Compensation Cap, other than hourly payments to Mr. Wenneker for his services as a board member or consultant.

Provide any employees of the Reorganized Debtor with any benefits other than the standard benefit package provided to all eligible employees, which benefits package (and the list of recipients thereof) shall be acceptable to the Oversight Committee in its reasonable discretion.

Incur any new loan obligation without the written consent of the Oversight Committee and Board of Directors; provided, however, that although consent is still required, it shall be assumed that incurrence of the following types of obligations shall typically be acceptable: (a) refinancing the amount owing to US Bank on better terms than under the Modified Notes; (b) obtaining credit in an amount sufficient to pay off (and for the purpose of paying off) the Reorganized Debtor's obligations to Class 4 Claimants; and (c) obtaining credit for the purpose of expanding the Reorganized Debtor's business.

Cease to operate the business in the ordinary course, or except as otherwise provided in this Plan, sell, convey, liquidate, lease, assign, exchange, trade, transfer or otherwise dispose of any material asset of the Reorganized Debtor or its business (either in whole or in part, or directly or indirectly) without the written consent of the Oversight Committee.

Make any loans to any affiliates, employees, persons or entities in any amount without the written consent of the Oversight Committee.

Start any new line of business without the written consent of the Oversight Committee.

The foregoing shall be collectively referred to as the "*Reorganized Debtor Negative Covenants*" and together with the Reorganized Debtor Affirmative Covenants, shall be collectively referred to as the "*Reorganized Debtor Covenants*."

F. **Oversight Committee.** An Oversight Committee, which shall have general oversight over the Annual EBDA Audit and the Reorganized Debtor's compliance with the provisions of the Plan, shall be created within ten days of the Effective Date. The Oversight Committee shall consist of the Oversight Committee Members. The Oversight Committee shall consist of the Oversight Committee Members. The Oversight Committee Members shall each have an obligation of confidentiality to the Reorganized Debtor and its Board of Directors not to use any information provided to the Oversight Committee except for the purpose of Oversight Committee purposes, including the Annual EBDA Audit and resolution of related issues as hereinafter set forth. Failure of any Member of the Oversight Committee to maintain this duty of confidentiality shall give the Reorganized Debtor the right to seek removal of that Member of the Oversight Committee through an order of Court if the Court determines in its discretion removal is appropriate under the circumstances. The remaining Members of the Oversight Committee shall thereafter be entitled to appoint a new Member of the Oversight Committee who or which shall be subject to the same duty of confidentiality to the Reorganized Debtor. Each Oversight Committee Member shall have one vote in connection with any matters that are subject to the determination of the Oversight Committee. The Oversight Committee will be deemed to have standing in the Bankruptcy Court to raise issues relating to the Plan or Reorganized Debtor.

Any reasonable expenses incurred by the Oversight Committee shall be reimbursed by the Debtor. The Court shall determine and resolve any disputed expense requests.

Before the Reorganized Debtor may enter into a settlement agreement with respect to the Syngenta Litigation, the Reorganized Debtor's Board of Directors must present any such settlement agreement to the Oversight Committee. The Oversight Committee shall have the opportunity to present its thoughts with respect to any settlement agreement to the Board of Directors. However, approval of any settlement of the Syngenta litigation by the Oversight Committee is not required.

The Oversight Committee retains standing to seek an injunction from the Bankruptcy Court if the Reorganized Debtor or its Board of Directors: (1) fails to consult with the Oversight Committee with respect to the Annual EBDA Audit; (2) fails to comply with the provisions of this Plan; or (3) fails to seek input from the Oversight Committee of any settlement agreement related to the Syngenta Litigation.

G. **Term of Injunctions and Stays.** Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105, 362, or 525 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Chapter 11 Case has been closed. The Confirmation Order will permanently enjoin the commencement or prosecution by any Entity, whether directly, derivatively or otherwise, of any Claims, Equity Interests, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released pursuant to the Plan.

H. **Compromises and Settlements.** After the Effective Date, the Reorganized Debtor may compromise and settle any Claims, or any causes of action against others, without further approval of the Bankruptcy Court.

I. **Payment of Statutory Fees.** All fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid by the Reorganized Debtor to the extent required by applicable law.

J. **Term of Plan.** The Term of Plan shall run through the later of the following two dates: (i) All Class 4 claims have been paid a total of 4% of their Allowed Claims; and (ii) payout of Syngenta Litigation Proceeds pursuant to the Plan.

K. **Retention of Jurisdiction.** Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain and have exclusive jurisdiction after the Effective Date over any matter arising under the Bankruptcy Code, arising in or related to the Chapter 11 Case or the Plan, or that relates to the following, in each case to the greatest extent permitted by applicable law:

1. to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan;
2. to determine any and all motions, adversary proceedings, applications and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Reorganized Debtor after the

Effective Date; provided, however, that the Reorganized Debtor shall reserve the right to commence collection actions, actions to recover receivables, and other similar actions in all appropriate jurisdictions;

3. to hear and determine any timely objections to Administrative Expense Claims and Priority Claims or to proofs of Claim and Equity Interests filed, both before and after the Confirmation Date, including any objections to the classification of any Claim or Equity Interest, and to allow, disallow, determine, liquidate, classify, estimate or establish the priority of or secured or unsecured status of any Claim, in whole or in part;

4. to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed or vacated;

5. to issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code, including, without limitation, to enter an order or orders in addition to the Confirmation Order confirming and approving any sale or sales consummated at the Auction, should a buyer require the same, and making clear that any such sale is being made free and clear of liens, claims, and encumbrances as provided for in the Confirmation Order;

6. to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

7. to hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses;

8. to hear and determine disputes arising in connection with or relating to the Plan or the interpretation, implementation, or enforcement of the Plan, or the extent of any Entity's obligations incurred in connection with or released or exculpated under the Plan;

9. to issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;

10. to determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement to be executed in connection with the Plan;

11. to hear proceedings for removal of a Member of the Oversight Committee for violation of any duty of confidentiality;

12. to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
13. to hear any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code;
14. to hear any motion to extend the time within which the Reorganized Debtor must make distributions after the Effective Date;
15. to hear and determine any and all post-confirmation tax disputes, including those related to the Creditor Trust;
16. to hear any motion related to an Annual EBDA Dispute;
17. to hear any motion by the Debtor, Oversight Committee, or Reorganized Debtor to modify the Plan after confirmation
18. to enter a Final Decree closing the Chapter 11 Case.

## **VIII.**

### **CONFIRMATION AND ACCEPTANCE**

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan, including that: (i) the Plan has classified all claims in a permissible manner; (ii) the contents of the Plan comply with the technical requirements of chapter 11 of the Bankruptcy Code; (iii) the Proponents have proposed the Plan in good faith; and (iv) the Proponents' disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the Debtor's Chapter 11 Case. The Proponents believe that all of these conditions have been met or will be met and will seek rulings of the Bankruptcy Court to this effect at the hearing on confirmation of the Plan.

The Bankruptcy Code also requires that the Plan be accepted by the requisite votes of Holders of Claims, that the Plan be feasible, and that entry of a Confirmation Order, absent unanimity, be in the best interests of the Holders in each Impaired Class of Claims. To confirm the Plan, the Bankruptcy Court must make independent findings that all of these conditions are met, even if all Classes of Creditors accept the Plan by the requisite votes. The classification, feasibility, and acceptance conditions to Confirmation of the Plan are discussed below.

A. **Classification of Claims.** The Bankruptcy Code requires that the Plan place each claim or interest in a class with other claims or interests that are substantially similar. The Proponents believe that the Plan satisfies the Bankruptcy Code's standards for appropriate classification.

B. **Feasibility.** As a condition to Confirmation, the Bankruptcy Code generally requires that confirmation is not likely to be followed by a Chapter 7 liquidation or the need for further financial reorganization unless otherwise provided in the Plan. This requirement is



generally referred to as a feasibility test under Section 1129(a)(11) of the Bankruptcy Code. The Proponents submit that the Plan is feasible. The Debtor has prepared and will attach hereto as **Exhibit A** financial projections for the five years following the Confirmation Date, including cash flow and budgets, that evidence the feasibility of the Plan. Thus, the Plan is feasible based upon the projections made by the financial professionals for the Debtor and the Committee.

C. **Acceptance.** As another condition to entry of a Confirmation Order, the Bankruptcy Code requires that each Impaired Class of Claims or Interests accepts the Plan. If acceptance by all Classes is not obtained, then confirmation of the Plan through Cramdown may be sought if at least one Impaired Class has accepted the Plan. The Bankruptcy Code defines acceptance of the Plan by a Class as acceptance by the Holders of two-thirds in dollar amount and a majority in the number of claims in that class, but for this purpose only counts those who actually vote to accept or reject the Plan. Holders of Class 2, Class 4, and Class 5, as well as Equity Interests, are Impaired Classes under the Plan; therefore, all of them are entitled to vote.

If any Impaired Class of Claims or Interests entitled to vote does not accept the Plan by the requisite majorities provided in Sections 1126(c) or 1126(d) of the Bankruptcy Code, as applicable, the Debtor reserves the right (i) to amend the Plan, (ii) to undertake to have the Bankruptcy Court confirm the Plan under Section 1129(b) of the Bankruptcy Code, or (iii) both to amend the Plan and to seek Confirmation of any amended plan pursuant to Section 1129(b) of the Bankruptcy Code. The Proponents also reserve the right to seek confirmation of the Joint Plan through Cramdown notwithstanding any lack of acceptance by one or more Classes of Claims.

## **IX. EFFECT OF PLAN CONFIRMATION**

A. **Discharge.** All consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims of any nature whatsoever against the Debtor or any of their assets or properties, and, except as otherwise provided herein or in the Confirmation Order, and regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, upon the Effective Date, the Debtor, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, or (iii) the Holder of a Claim based upon such debt accepted the Plan. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtors, subject to the Effective Date occurring.

B. **Termination of Subordination Rights and Settlement of Related Claims.** The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments hereunder take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto whether arising

under general principles of equitable subordination, Section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant to the Plan. **The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled in this manner.**

**C. Injunction.**

1. Except as otherwise expressly provided in the Plan, all Entities that receive Distributions under the Plan and that have held, hold, or may hold Claims against or Equity Interests in the Debtor are permanently enjoined, from and after the Effective Date, from taking any of the following actions against any of the Debtor, the Debtor's Estate, Professionals, the Committee and its Professionals, the individual members of the Committee in their capacity as such, the Estate, the Reorganized Debtor, Holders of Equity Interests, Prairie Creek Grain Company, Inc., Prairie Creek Logistics, Inc., RSB Agri Services, LLC or Export Ag Company, LLC on account of any Claims or causes of action arising from events prior to the Effective Date: (i) commencing or continuing in any manner any action or other proceeding of any kind; (ii) enforcing, attaching, collecting or recovering by any manner or in any place or means any judgment, award, decree or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance of any kind; and (iv) asserting any defense or right of setoff, subrogation, or recoupment of any kind against any obligation, debt or liability due to the Debtor.

2. Except as otherwise provided in the Plan or the Confirmation Order, on and after the Confirmation Date (subject to the occurrence of the Effective Date), all Persons and Entities who have held, hold or may hold Liens, Claims, or Interests in or against the Debtor or Interests in the Debtor are, with respect to any such Liens, Claims or Interests, permanently enjoined from: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Reorganized Debtor or any of its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, the foregoing Reorganized Debtor, or any property of any such transferee or successor, (b) enforcing against, levying upon or attaching (including, without limitation, any pre-judgment attachment) the foregoing Reorganized Debtor, or any property of any such transferee or successor, (c) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means whether directly or indirectly, of any judgment, award, decree, claim, or order against the Reorganized Debtor, any of its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to the foregoing Reorganized Debtor, (d) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any Liens, Claims or Interests of any kind against or in the Reorganized Debtor, any of its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, the foregoing Reorganized Debtor, (e) asserting any right of setoff, subordination, or recoupment of any kind, directly or indirectly, against any obligation due the Debtor, its Estate, the Reorganized Debtor, any of its property, or any direct or indirect transferee of

any property of, or successor in interest to, any of the foregoing Reorganized Debtor, and (t) taking any actions in any place and in any manner whatsoever that do not conform to or comply with the provisions of this Plan.

3. By accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim receiving Distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth herein.

D. **Terms of Existing Injunctions or Stays.** Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105, 362, or 525 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Chapter 11 Case has been closed. The Confirmation Order will permanently enjoin the commencement or prosecution by any Entity, whether directly, derivatively or otherwise, of any Claims, Equity Interests, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released pursuant to the Plan

E. **Exculpation.** Subject to section 1125(e) of the Bankruptcy Code, neither the Debtor, its Estate, the Committee, Holders of Equity Interests, the Reorganized Debtor, nor any of their respective present or former advisors, attorneys, or agents acting in such capacity, shall have or incur any liability to, or be subject to any right of action by, the Debtor, its Estate, or any Holder of a Claim or an Equity Interest, or any other party in interest, or any of their respective agents, shareholders, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, (a) any act taken or omitted to be taken on or after the Petition Date, (b) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan, (c) the solicitation of acceptances and rejections of the Plan, (d) the Releases or the solicitation thereof, (e) the Chapter 11 Case, (f) the administration of the Plan, (g) the distribution of property under the Plan, and (h) any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan or the Chapter 11 Case, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan, except for, in each case, acts involving gross negligence or fraud

F. **Releases.**

1. **Releases by the Debtor**

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Estate, shall forever release, waive, and discharge all claims, obligations, suits, judgments, demands, debts, rights, Causes of Action, and liabilities, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to (i) the parties released pursuant to the Releases; (ii) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (iii) the

solicitation of acceptances and rejections of the Plan; (iv) the solicitation of the Releases; (v) the Chapter 11 Case; (vi) the property to be distributed under the Plan; or (viii) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Chapter 11 Case, against (a) the Debtor's Professionals; (b) the Committee's Professionals; and (c) each member of the Committee in its capacity as such.

## **2. Releases by Holders of Claims and Interests**

As of the Effective Date, all Holders of Allowed Claims and the current and former members, managers, Holders of Equity Interests, and employees of the Debtor (in their capacity as such) shall forever release, waive and discharge all Claims, obligations, suits, judgments, demands, debts, rights, causes of action and liabilities (other than the right to enforce the Debtor's obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered under the Plan, and in the event of gross negligence or fraud), whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to (i) the Debtor; (ii) the parties released pursuant to the Releases; (iii) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (iv) the solicitation of acceptances and rejections of the Plan; (v) the solicitation of the Releases; (vi) the Chapter 11 Case; (vii) the property to be distributed under the Plan; or (viii) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Chapter 11 Case, against each of (a) the Debtor's Professionals; (b) the Committee's Professionals; (c) each member of the Committee in its capacity as such; (d) the Estate; (e) Holders of Equity Interests; (f) Prairie Creek Grain Company, Inc.; (g) Prairie Creek Logistics, Inc.; (h) RSB Agri Services, LLC; and (i) Export Ag Company, LLC. For the avoidance of doubt, any liability of Holders of Equity Interests with respect to their guarantee of the Modified Notes will continue in full force and effect (and will be enforceable in the event of the Reorganized Debtor's default under the Modified Notes).

## **3. Release of Liens**

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document assumed, entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article III of the Plan, all mortgages, deeds of trust, liens, or other security interests against any property shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens or other security interests, including any rights to any collateral thereunder, shall revert to the Reorganized Debtor.

**X.**

**CONCLUSION AND RECOMMENDATION**

The Proponents believe that confirmation and implementation of the Plan is preferable to any other alternative because it will likely result in the greatest recovery to Holders of all Claims. Other alternatives would involve significant delay, uncertainty, and substantial additional administrative costs. The Proponents therefore recommend voting to accept and confirm the Plan. Please fill out the enclosed Ballot and mail it in the enclosed addressed envelope in accordance with the instructions provided with the Ballot. Ballots must actually be received by **November \_\_, 2016** at 4:30 p.m. (Central Time).

*[Remainder of Page Intentionally Left Blank]*

Dated October 10, 2016

Respectfully submitted,

**TRANS COASTAL SUPPLY COMPANY, INC.**

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Pamela Moses, President

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**DISCLOSURE STATEMENT WITH RESPECT TO  
JOINT PLAN OF REORGANIZATION PROPOSED BY THE DEBTOR, THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS AND FIFTH THIRD BANK**

**LIST OF EXHIBITS**

**Exhibit A:** Financial Projections

**Exhibit B:** Liquidation Analysis

**Exhibit C:** Officers & Directors of Reorganized Debtor; Insiders