

## CHAPTER 11 BANKRUPTCY - FREQUENTLY-ASKED QUESTIONS

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### **GENERAL**

#### **1. What businesses filed for bankruptcy protection?**

- Debtors Body Contour Ventures, LLC and 27 related entities who conduct business under the name Light Rx Face & Body (collectively “Light Rx”) filed for Chapter 11 bankruptcy protection in the Eastern District of Michigan. All of the Debtors legal names can be found in the lead bankruptcy case, Case No. 19-42510-pjs.
- Twenty-five Light Rx stores are presently open and are expected to continue to operate through a sale process scheduled to be completed by the end of May 2019.

#### **2. What did Light Rx announce?**

- On February 22, 2019, Light Rx voluntarily filed for relief under Chapter 11 of the Bankruptcy Code.
- **All stores are open, serving customers and operating as usual.**
- We intend to use this court-supervised process to conduct an orderly sale of the business and have entered into a sale agreement with a third-party buyer known as RVB Investment Group, LLC (“RVB”) as a “stalking horse bidder” for all remaining store locations and corporate operations.
- The anticipated sale to RVB or to any other buyer will be conducted through an auction process.
- Light Rx has obtained bankruptcy financing from RVB and RVB is supporting Light Rx in this process.

#### **3. What is a stalking-horse bidder and what other potential buyers are you speaking to?**

- A stalking-horse bidder is a potential buyer who submits an offer for the business and/or its assets and, after Court approval, sets the floor as the opening offer.
- If the stalking horse bidder is the only interested party or has the highest and best offer, a request is made to the Court to approve the sale to the stalking horse bidder.
- RVB has been approved as the stalking horse bidder along with a timeline for the Debtors to continue marketing the business and their assets to any other potential interested parties.
- Discussions with any other potential buyers must be kept in confidence; we are not able to comment on what other potential buyers may or may not exist or the nature of the conversations.

#### **4. Why did Light Rx take these actions?**

- We intend to use this court-supervised process to conduct an orderly sale of the Light Rx stores to either RVB or another buyer that may emerge in the near future.

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

- Chapter 11 is a section of the U.S. Bankruptcy Code that allows companies to

## CHAPTER 11 BANKRUPTCY - FREQUENTLY-ASKED QUESTIONS

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implement financial restructurings and asset sales through a court-supervised proceeding while continuing to operate their businesses.

**6. What does pre-petition and post-petition mean?**

- Pre-petition refers to the period leading up to the date of the bankruptcy filing on February 22, 2019.
- Post-petition refers to the period after the bankruptcy filing beginning on February 23, 2019 through the date the bankruptcy process is completed.

**7. How much are you looking to sell the Light Rx for?**

- At this time, we cannot comment further about the sale process beyond what we have disclosed and what is disclosed in the court filings.

**8. Does this mean Light Rx will go out of business? What will happen after the sale process is completed?**

- All 25 Light Rx locations are open, serving customers and operating business as usual.
- Light Rx has currently has no intention to close any stores during the course of the bankruptcy but, as always, must evaluate what is in the best interests of Light Rx and our employees.
- We are continuing to pursue the sale of the Light Rx stores to RVB or any buyer who may bid more than RVB. In light of several factors, including the critical fact that RVB's offer is subject to higher and better offers, it is premature to determine which stores may or may not close following the conclusion of the sale process, but our expectation is that all stores currently open would remain open.
- **For employees:** It is important that we all remain focused on executing our daily responsibilities, supporting our stores, communities and customers, and providing the best service that our customers have come to expect and deserve to receive.

**9. Will all of the stores be part of the sale process?**

- Light Rx has no intention of closing any location during or leading up to the sale process and fully intends to keep all Light Rx locations open and serving customers until a sale transaction is completed.
- The proposed sale to RVB is expected to include substantially all of Light Rx's assets including all 25 of its retail locations. If RVB were to acquire the business, RVB would have the option to retain or close locations. It is our understanding that RVB intends to keep all of Light Rx's current retail locations.
- Following a closing of the sale, store locations will be determined by the buyer of the business.

**10. How will the court-supervised sale process affect day-to-day operations?**

- We expect minimal to no effect on our day to day business.
- All 25 Light Rx locations are open, serving customers and operating business as usual.
- We are as committed as ever to providing our customers the highest-quality

## **CHAPTER 11 BANKRUPTCY - FREQUENTLY-ASKED QUESTIONS**

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service and are working hard to make sure they are completely satisfied.

**11. Do you have sufficient funds to meet your business obligations with vendors?**

- Light Rx has obtained bankruptcy financing from RVB under the terms of an order entered by the Bankruptcy Court, and RVB fully supports Light Rx's efforts in this process. We expect that we have and will have sufficient funds to continue operating our stores uninterrupted and in the ordinary course until a sale is completed.

**12. How long will the court-supervised process take?**

- At this time, it is too soon to note the exact timing. The sale is expected to close by May 31, 2019.

**13. Will we have any problems with the landlords going forward?**

- The bankruptcy prevents any landlords from evicting us from a Light Rx store location absent a Bankruptcy Court order.

### **EMPLOYEES**

**14. How does this affect employees?**

- Light Rx intends to pay employees their wages and other related benefits post-petition in the ordinary course, and we are counting on employees to continue to focus on their daily responsibilities.
- All 25 Light Rx stores are open, serving customers and operating business as usual.

**15. What should I do now? How can I help?**

- It is important that we all remain focused on executing our daily responsibilities, supporting our stores, communities and customers, and providing the quality service that we are known for.

**16. Will I continue to be paid? What about my benefits?**

- **Wages for current employees:** Light Rx expects to pay employees all post-petition wages in the ordinary course. Any remaining unpaid wages for current employees are expected to be paid by mid-May 2019.
- **Wages for former employees:** Former employees with unpaid wages from the pre-petition period may need to file a proof of claim with the Bankruptcy Court.
- **Benefits for current employees:** LightRx has new medical insurance effective April 1, 2019 through United HealthCare. Current employees can contact Natasha Hamden (Director of Human Capital for Light Rx) for further information.
- **Benefits for former employees:** Former employees may need to file a proof of claim with the Bankruptcy Court for any claims they may have against Light Rx.

## **CHAPTER 11 BANKRUPTCY - FREQUENTLY-ASKED QUESTIONS**

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**17. What happens to accrued benefits, such as vacation time?**

- We expect to continue our usual vacation policies pursuant to our current employee manual. Should you wish to take vacation time, please follow current protocol by formally requesting time off with your manager. Vacation time will continue to be granted on a first-come first-served basis and based upon coverage availability. Accrued benefits and unused vacation will continue consistent with past practices.

**18. What will happen to my 401(k)?**

- Federal bankruptcy laws protect these funds. Employee contributions to 401(k) accounts will not be affected as a result of this court-supervised sale process. You will be able to continue your personal contributions in the ordinary course, unless you personally elect to make changes.

**19. Are you planning any layoffs?**

- Light Rx has no intention of reductions in force at this point in time. Employment decisions will continue to be based on market conditions and overall performance.

**20. How will this process affect vendors?**

- We intend to continue working with vendors and to pay in full for goods and services ordered in the ordinary course during the post-petition period.

**21. How can I get updates and additional information?**

- If you are a current employee and have additional questions, please contact your manager.

### **VENDORS**

**22. Has an Unsecured Creditors' Committee been appointed?**

- Yes; the Committee's counsel is Brendan Best, [bgbest@varnumlaw.com](mailto:bgbest@varnumlaw.com).

**23. Will vendors be paid for goods or services furnished after the filing date?**

- We intend to pay vendors in full for goods and services furnished on or after the filing date, February 22, 2019.
- Invoices for goods and services furnished after the filing date should be submitted through the typical accounts payable channels, and payments will be processed in accordance with normal terms.

**24. Will vendors be paid for goods and services furnished before the filing date?**

- Under U.S. bankruptcy law, unpaid debts for goods and services furnished to Light Rx before the filing date, February 22, 2019, also known as "pre-petition claims,"

## **CHAPTER 11 BANKRUPTCY - FREQUENTLY-ASKED QUESTIONS**

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generally cannot be paid, but will be considered unsecured claims.

- If you believe you have pre-petition claims, you may need to file a proof of claim with the Bankruptcy Court.

### **25. Will Light Rx continue to order goods and services from its vendors?**

- We intend to continue to work with our vendors and to pay vendors in full for goods and services furnished on or after the filing date of February 22, 2019.

### **26. Why should I sell you goods and services now?**

- We intend to continue to work with our vendors and to pay vendors in full for goods and services furnished on or after the filing date of February 22, 2019.
- Light Rx has obtained bankruptcy financing from RVB, and we expect to have sufficient funding to continue operating our stores through a sale process.
- We are relying on you to continue providing the products and services we need.

### **27. How do I monitor case filings and file a proof of claim?**

- Light Rx's claims agent, BMC, is maintaining a website with case information, including filings. The website is: [www.bmcgroup.com/LightRx](http://www.bmcgroup.com/LightRx). BMC will provide appropriate proof of claim forms soon.

## **CUSTOMERS**

### **28. What does this mean for stores? Will your inventory change? What about hours?**

- All 25 Light Rx locations are open, serving customers and operating business as usual.
- We are more committed than ever to providing you the highest-quality service.
- We have no intention at this point to change our store hours or our mix of inventory and services.