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## *BNA Subsidiaries Files Proposed Plan of Reorganization with Bankruptcy Court*

BNA Subsidiaries, LLC filed its [proposed plan of reorganization](#) with the Delaware bankruptcy court on Thursday, setting forth its plan to emerge from bankruptcy protection and the payments that creditors can expect on account of their claims against the company. BNA Subsidiaries, LLC was formed on January 1, 2009 through the merger of [Kennedy Information, Inc.](#), which was acquired by BNA in 2000, and the [Institute of Management and Administration, Inc. \(or IOMA\)](#), which was acquired in 1997, and is a wholly-owned subsidiary of [The Bureau of National Affairs, Inc.](#) (also known as BNA), which was not included in the chapter 11 filing. The Bureau of National Affairs describes itself as "the largest independent publisher of information and analysis products for professionals in business and government."

Pursuant to the proposed [plan of reorganization](#), BNA Subsidiaries would continue in business and BNA (which has been providing BNA Subsidiaries with financing during the bankruptcy case pursuant to a debtor-in-possession (or DIP) financing arrangement) would acquire all of the equity in the reorganized BNA Subsidiaries (its existing equity interests would be cancelled under the plan). In exchange for receiving the new equity, BNA would waive its existing intercompany and DIP loan claims and fund a reserve for payment of general unsecured claims. That fund is proposed to be the greater of \$ 100,000 or the unused commitment on the DIP funding as of the effective date of the plan. Trade vendors are proposed to be paid 50% of their claims if they vote in favor of the plan and execute a "Trade Vendor Claim Agreement." If they do not meet those two criteria, they are proposed to be paid as part of the general unsecured claim pool. An expected percentage recovery for general unsecured claims is not provided in the court filings. All unsecured claims with a face amount of less than \$500 are proposed to be extinguished without receiving any payment under the plan.

The plan also provides for the opportunity for someone other than BNA to acquire control of BNA Subsidiaries pursuant to a competitive sale process, the proposed procedures for which are expected to be filed with the bankruptcy court shortly (but which were not filed by the close of business on Friday). In the event someone other than BNA acquires the new equity in BNA Subsidiaries, the proposed plan would provide for BNA to receive payment in full for outstanding DIP loan obligations plus a \$ 125,000 termination fee. BNA's intercompany claims would be paid consistent with all other general unsecured claims in that event if the plan is approved.

Rather interestingly, the pro forma financial projections attached to the [disclosure statement](#) (a document filed with a plan of reorganization intended to provide creditors with a better understanding of the terms of the plan), even with the restructuring of BNA Subsidiaries it will still emerge from bankruptcy with liabilities that exceed the value of its assets by over 65%. Moreover, while that ratio is expected to improve over time, liabilities are still projected to exceed assets by a significant amount at the end of 2013. The company is projected to be profitable for each of 2011, 2012 and 2013, but only slightly so. However, under a liquidation



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analysis prepared by SSG Capital Advisors, LLC, general unsecured creditors would be expected to receive very little recovery (if any at all) if BNA Subsidiaries were to be liquidated.

This provides merely a summary of some of the most significant aspects of the [proposed plan of reorganization](#). To read a copy of the proposed plan and/or the accompanying [disclosure statement](#) (which provides more background, details like pro forma financial statements and SSG's liquidation analysis, and details in an easier to digest format), please follow the following links:

- [Proposed Plan of Reorganization](#)
- [Disclosure Statement](#)

In addition, several other significant pleadings have recently been filed. Several are listed below (click on the title of any document for more information or to purchase):

- [Motion of the Debtor for an Order Extending the Time Within Which the Debtor Must Assume or Reject Leases of Non-Residential Real Property Pursuant to Section 365\(d\)\(4\) of the Bankruptcy Code](#)
- [Debtor's Preliminary Objection to the Class Claim Filed by Charles E. Holster](#)
- [Motion to Extend Exclusivity Period for Filing a Chapter 11 Plan and Disclosure Statement](#)
- [Order Granting Debtor's Omnibus Motion for Entry of an Order Approving Debtor's Rejection of Executory Contracts](#)
- [Monthly Application for Compensation of Cole, Schotz, Meisel, Forman & Leonard, P.A. for the period November 1, 2010 to November 30, 2010](#)

*For access to all major pleadings filed in this case, please visit*  
[http://www.chapter11cases.com/BNA-Subsidiaries-LLC\\_c\\_192.html#axzz19p0OG2S](http://www.chapter11cases.com/BNA-Subsidiaries-LLC_c_192.html#axzz19p0OG2S)