

Maximizing FTX Recoveries

January 17, 2023

Preliminary / Subject to Material Change

Management & Committee Meeting

ALVAREZ & MARSAL | SULLIVAN & CROMWELL LLP |

P / W / P
/ PERELLA WEINBERG
PARTNERS

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Further, any references to estimated ranges of collateral values or cash flow recoveries included in this Report are preliminary in nature, subject to material change and not valuations of any kind. Rather, estimates have been necessary to include herein, and are based upon the limited financial information as provided or made available by the Company, available market information and various assumptions and are provided for informational purposes only. References to values of any cryptocurrencies or other digital assets are approximate and subject to material change. It is expected that there will be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Accordingly, no representation or warranty is made as to, and the Debtors’ Advisors take no responsibility for, the achievability of any estimated recovery results described in this Report. Accordingly, the Debtors’ Advisors are not responsible to any party, in any way, for the future financial or operational performance of any recipient of the Report or any affiliated company.

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Disclaimer (cont'd)

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Executive Summary

FTX Debtors have made important progress in efforts to maximize recoveries for customers and other stakeholders

FTX Debtors have identified approximately \$5.5 billion of liquid assets to date comprising:

- \$1.7 billion of cash
- \$3.5 billion of liquid cryptocurrency and FTT tokens
- \$0.3 billion of liquid securities

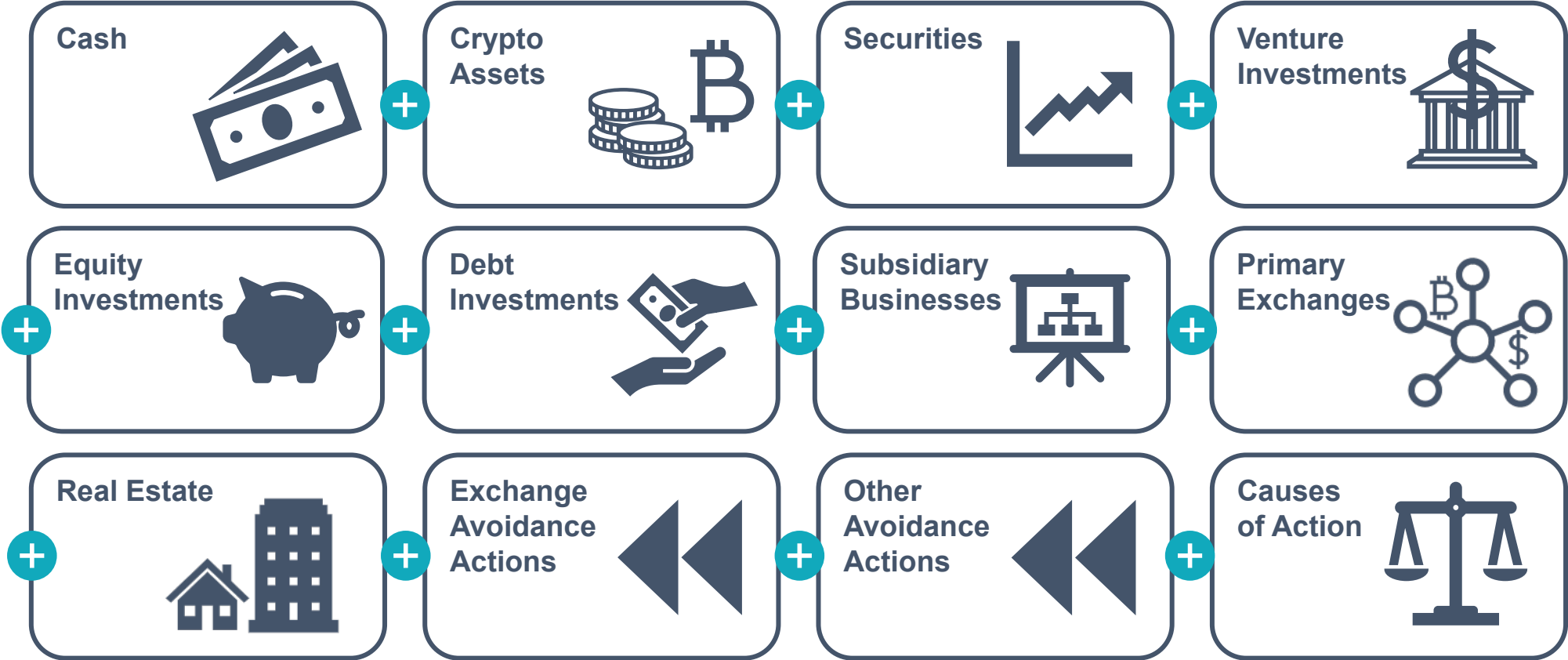
Investigation has confirmed shortfalls at both International and U.S. Exchanges

- FTX Debtors have identified only \$1.6 billion of digital assets associated with FTX.com as of the Petition Time
- FTX Debtors have identified only \$181 million of digital assets associated with FTX US as of the Petition Time
- FTX Debtors have uncovered the mechanics behind how Alameda Research had the ability to borrow without collateral effectively unlimited amounts from customers and how a small group of individuals had the ability remove digital assets from the exchange without being recorded on the exchange ledger

FTX Debtors are continuing the effort to maximize recovery through:

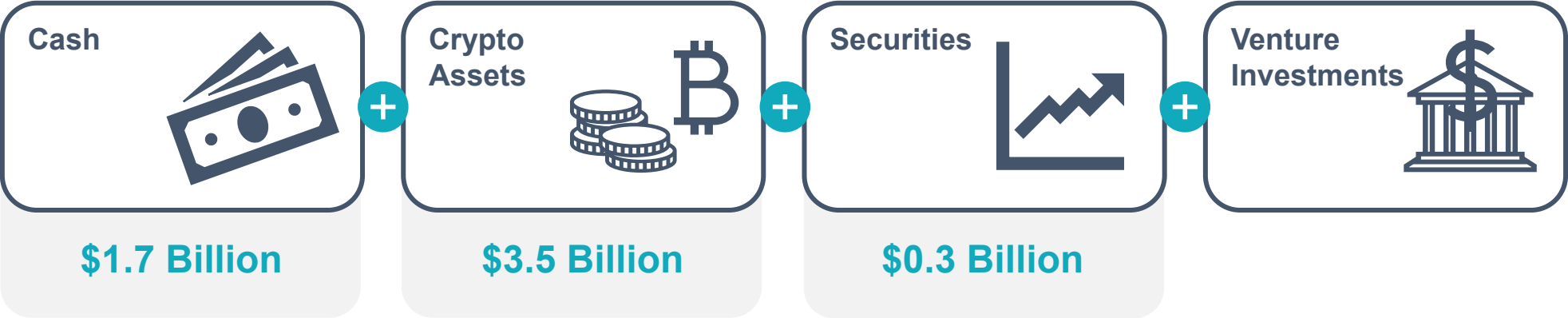
- Exploring potential sale of four regulated or licensed subsidiaries
- Exploring potential monetization of over 300 prepetition investments with book value of approximately \$4.6 billion
- Exploring potential reorganization opportunities for FTX exchanges
- Marketing real estate in the Bahamas in a joint process with the Joint Provisional Liquidators
- Investigating all historical transactions conducted by prepetition management

Potential Sources of Recovery



RECOVERY TO CREDITORS

Liquid Assets



Approximately \$5.5 billion of liquid assets identified to date



Confirmed Cash



\$1.7 billion of Debtor & non-Debtor cash confirmed to date

USD in Millions	WRS Silo	Alameda Silo	Ventures Silo	Dotcom Silo	Total
Unrestricted Cash	\$234.6	\$825.2	\$8.8	\$138.0	\$1,206.6
Custodial Cash	29.4	28.7	-	131.3	189.4
Other Restricted Cash	1.3	1.2	-	4.0	6.4
Total Debtor Cash	265.3	855.1	8.8	273.2	1,402.4
Non-Debtor Cash	162.8	-	-	164.1	326.8
Total Cash	\$428.1	\$855.1	\$8.8	\$437.3	\$1,729.2



Includes \$128.4 million of primarily restricted cash at LedgerX



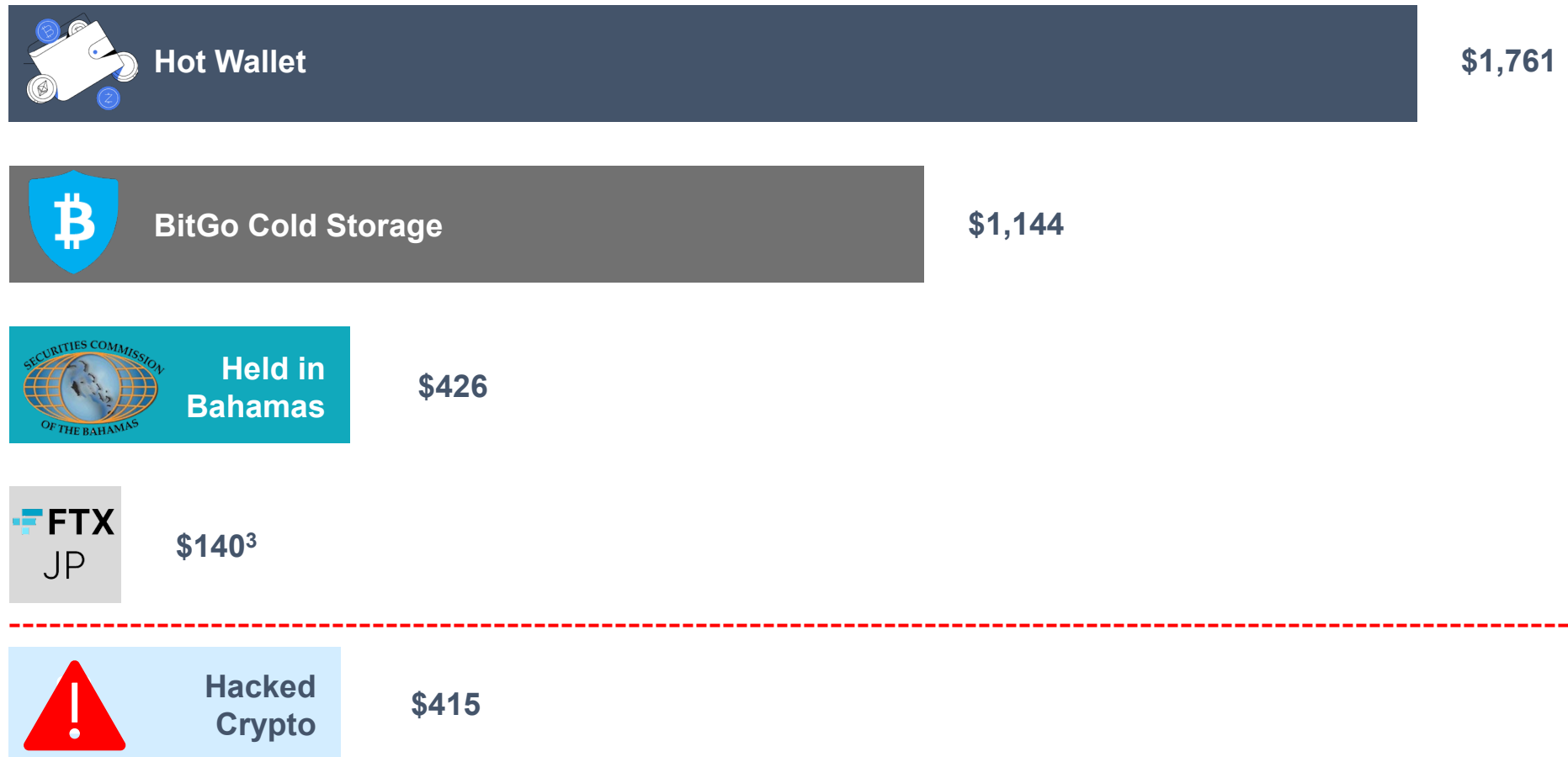
Includes \$153.2 million of primarily custodial or other restricted cash at FTX Digital Markets

Located Crypto Assets



\$3.5 billion¹ of Debtor cryptocurrency assets located at Petition Date pricing²

USD in Millions



Notes:

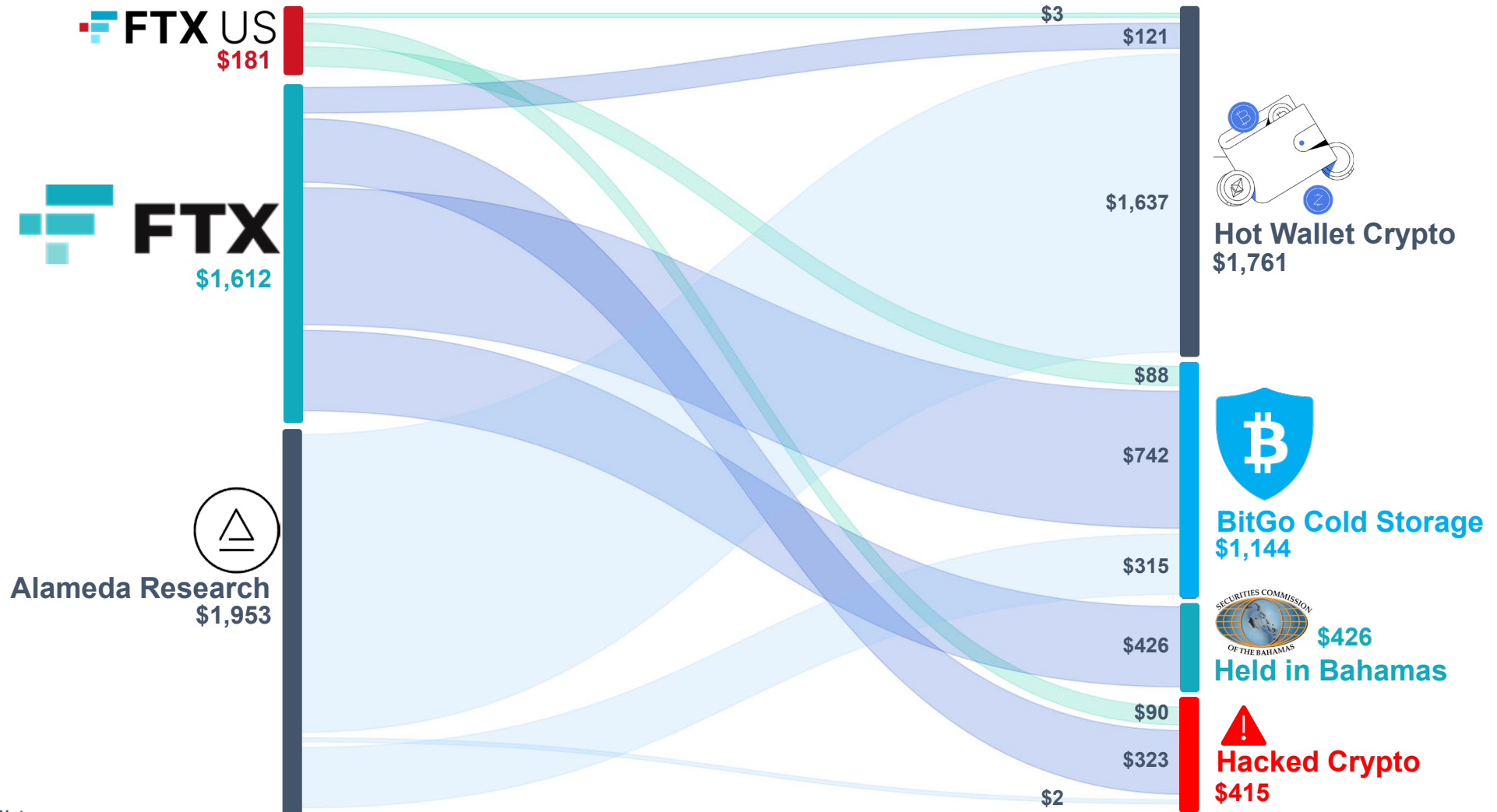
1. \$3.5 billion of identified crypto assets excludes \$415mm of hacked crypto.
2. Crypto assets are priced as of the Petition Date based on preliminary pricing information from the AWS environment, reflective of the FTX order book at that time.
3. ~\$140mm of crypto held at FTX Japan is segregated in cold wallets 1:1 for Japan customers, some of which may be available to the Debtors.

Located Crypto Asset Tracing by Silo



Crypto tracing achieved by analyzing database of 14mm addresses & 3rd party exchanges^{1,2,3}

USD in Millions



Notes:

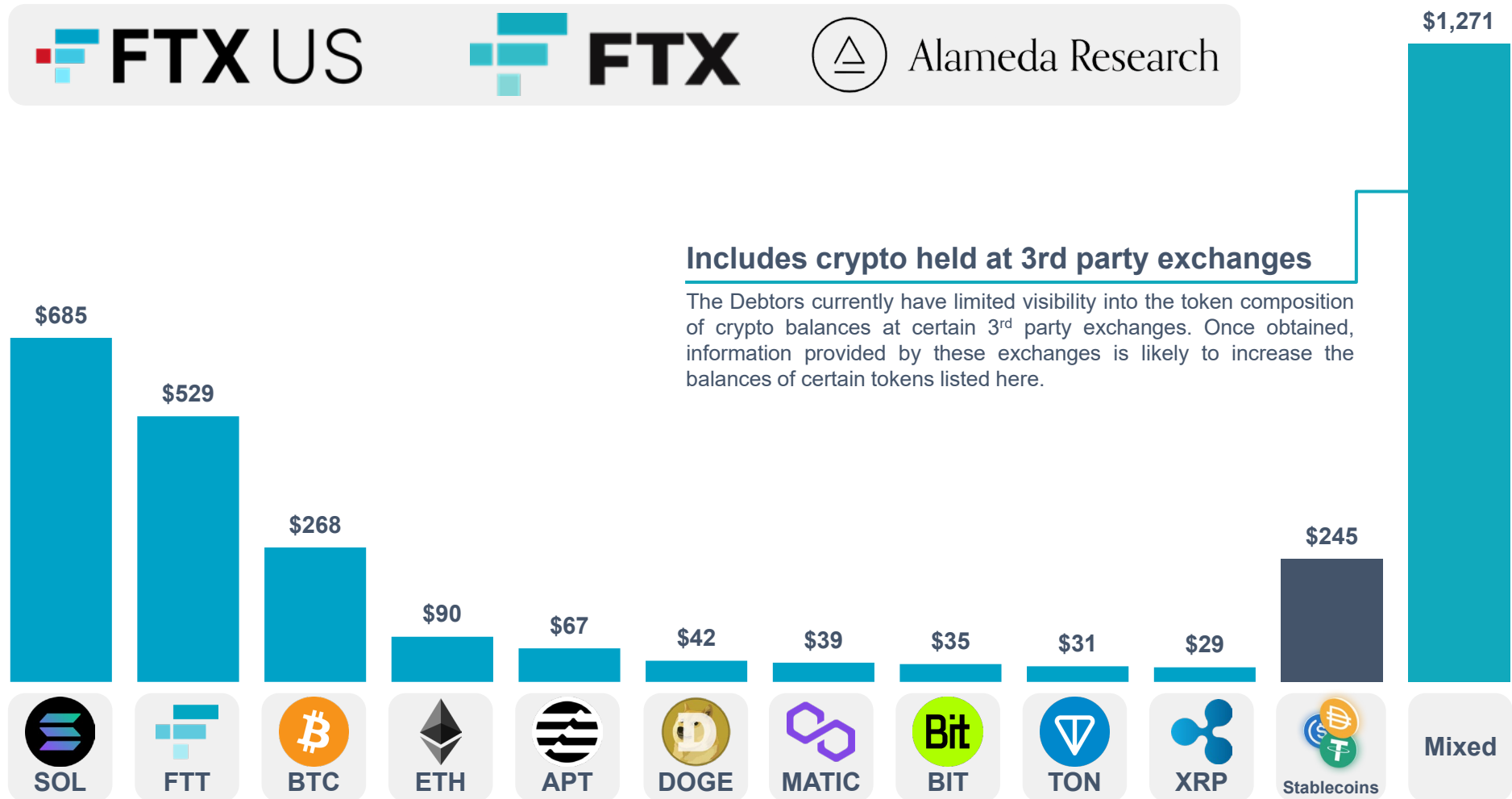
1. Crypto tracing by silo is based on preliminary on-chain tracing back to dedicated FTX.COM/US deposit and sweep addresses, and Alameda addresses. Crypto held on 3rd party exchanges, staked Solana, and other Alameda crypto are classified as Alameda. In instances where tracing has not been completed, a preliminary allocation was used. Furthermore, Chainalysis and TRM Labs are also involved in tracing exercises to assist with refining these amounts.
2. Excludes ~\$140mm of crypto held at FTX Japan is segregated in cold wallets 1:1 for Japan customers, some of which may be available to the Debtors.
3. Crypto assets are priced as of the Petition Date based on preliminary pricing information from the AWS environment, reflective of the FTX order book at that time.

Top Located Tokens, incl. Alameda



\$3.3 billion¹ located at FTX US, FTX.com, and Alameda Research²

USD in Millions



Includes crypto held at 3rd party exchanges

The Debtors currently have limited visibility into the token composition of crypto balances at certain 3rd party exchanges. Once obtained, information provided by these exchanges is likely to increase the balances of certain tokens listed here.

Notes:

1. Excludes ~\$140mm of crypto held at FTX Japan is segregated in cold wallets 1:1 for Japan customers, some of which may be available to the Debtors.
2. Crypto assets are priced as of the Petition Date based on preliminary pricing information from the AWS environment, reflective of the FTX order book at that time.

Illiquid Crypto Assets



Illiquid tokens^{1,2} are not included in located crypto value estimates as of Petition Date

USD in Millions

No.	Logo	Token	Quantity	Petition Date Spot Price	USD Equivalent at Spot Price	No.	Logo	Token	Quantity	Petition Date Spot Price	USD Equivalent at Spot Price
1		SRM	9,919,593,204	\$0.200	\$1,987	11		TRUMPLOSE	13,999,994	\$0.974	\$14
2		SOLETH	479,331	\$1,169.800	\$561	12		GT	3,165,320	\$3.734	\$12
3		MAPS	9,870,251,766	\$0.053	\$521	13		LUNA (Wormhole)	6,951,539	\$1.690	\$12
4		SOLBTC	14,077	\$16,857.672	\$237	14		LIKE	18,180,467	\$0.500	\$9
5		OXY	9,969,097,181	\$0.019	\$188	15		HXRO	104,378,582	\$0.082	\$9
6		MEDIA	8,354,518	\$6.000	\$50	16		MSOL	333,019	\$21.375	\$7
7		BEAR	190,134,415,155	\$0.000	\$46	17		JSOL	364,860	\$16.800	\$6
8		FIDA	277,871,751	\$0.111	\$31	18		XSUSHI	3,399,998	\$1.660	\$6
9		BRZ	138,942,485	\$0.171	\$24	19		ALEPH	57,657,313	\$0.092	\$5
10		ALM	2,433,093,847	\$0.006	\$15	20		JET	62,283,609	\$0.075	\$5

The listed top 20 tokens compose 98% of the illiquid value while the remaining ~200 tokens make up the rest

Notes:
 1. Illiquid tokens reflect certain tokens whereby the market cap and volume is low, or where FTX holds a significant portion of the coins in circulation, whereby attempts to liquidate would significantly affect their market value.
 2. Crypto assets are priced as of the Petition Date based on preliminary pricing information from the AWS environment, reflective of the FTX order book around that time.

PRELIMINARY / SUBJECT TO MATERIAL CHANGE
The limiting conditions are integral to this preliminary report and should be read in conjunction therewith

Brokerage Assets

Cash Crypto Assets Securities Venture Investments Equity Investments Debt Investments Subsidiary Businesses Primary Exchanges Real Estate Exchange Avoidance Actions Other Avoidance Actions Causes of Action

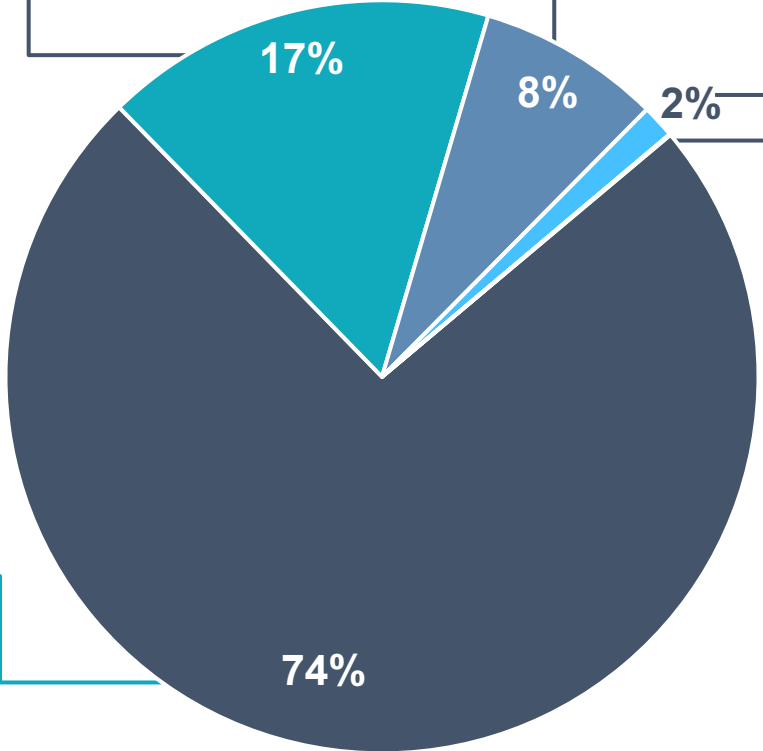
\$268 million¹ in securities held in Alameda brokerage account



\$45 Million
Grayscale Ethereum Trust ETF
2.0% of Total Shares



\$197 Million
Grayscale Bitcoin Trust ETF
3.2% of Total Shares



Bitwise

\$21 Million
Bitwise 10 Crypto Index Fund
14.4% of Total Shares



\$4 Million Across
Ethereum Classic ETF
Litecoin Trust ETF
Digital Large Cap ETF

BlackRock

<\$0.1 Million
BlackRock Equity

All values as of the Petition Date

Note:
1. Totals may not reconcile due to rounding.

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Venture Investments

Cash Crypto Assets Securities **Venture Investments** Equity Investments Debt Investments Subsidiary Businesses Primary Exchanges Real Estate Exchange Avoidance Actions Other Avoidance Actions Causes of Action

~\$4.6 billion book value investments across 300+ prepetition transactions

Select assets including:

Equity / Debt Investments

Fund Investments

Token

Recoverable value likely to be materially lower than acquisition value

Exploring Potential Sale of Four Licensed Subsidiaries



Four wholly owned subsidiaries covered by Bid Procedures Order entered January 12, 2023

LedgerX

Embed

FTX EU

FTX JP

Description

Operational US Crypto Derivatives Exchange

US-Based Clearing Broker

Diversified Derivatives & Crypto Operations

Japan & Singapore Exchange

Primary Licensing

CFTC Regulated

SEC registered Broker-Dealer & member of FINRA

Licensed in Cyprus (currently suspended)

Registered in Japan; operated under temporary exemption in Singapore (license pending)

Exploring Exchange Reorganization



Joint task force assessing reorganization opportunities for FTX exchanges



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Real Estate in The Bahamas with a Cost Basis of \$253M

Navigation icons: Cash, Crypto Assets, Securities, Venture Investments, Equity Investments, Debt Investments, Subsidiary Businesses, Primary Exchanges, **Real Estate**, Exchange Avoidance Actions, Other Avoidance Actions, Causes of Action.

36 Bahamas properties to be marketed in a joint process with the JPLs

A \$166.1 Million
15 Properties



Orchid Penthouse & Units



Honeycomb – Condo Units



Tetris – Condo Units



Charles – Condo Unit



Cube – Condo Unit



Gemini – Condo Unit



Coral – Condo Unit

Albany Marina Residences

B \$12.9 Million
1 Property




The Conch Shack

C \$28.8 Million
3 Properties



Veridian Corporate Centre

D \$5.9 Million
5 properties



ONE Cable Beach

+ \$39.4 million across 12 additional properties

Nassau



The Bahamas

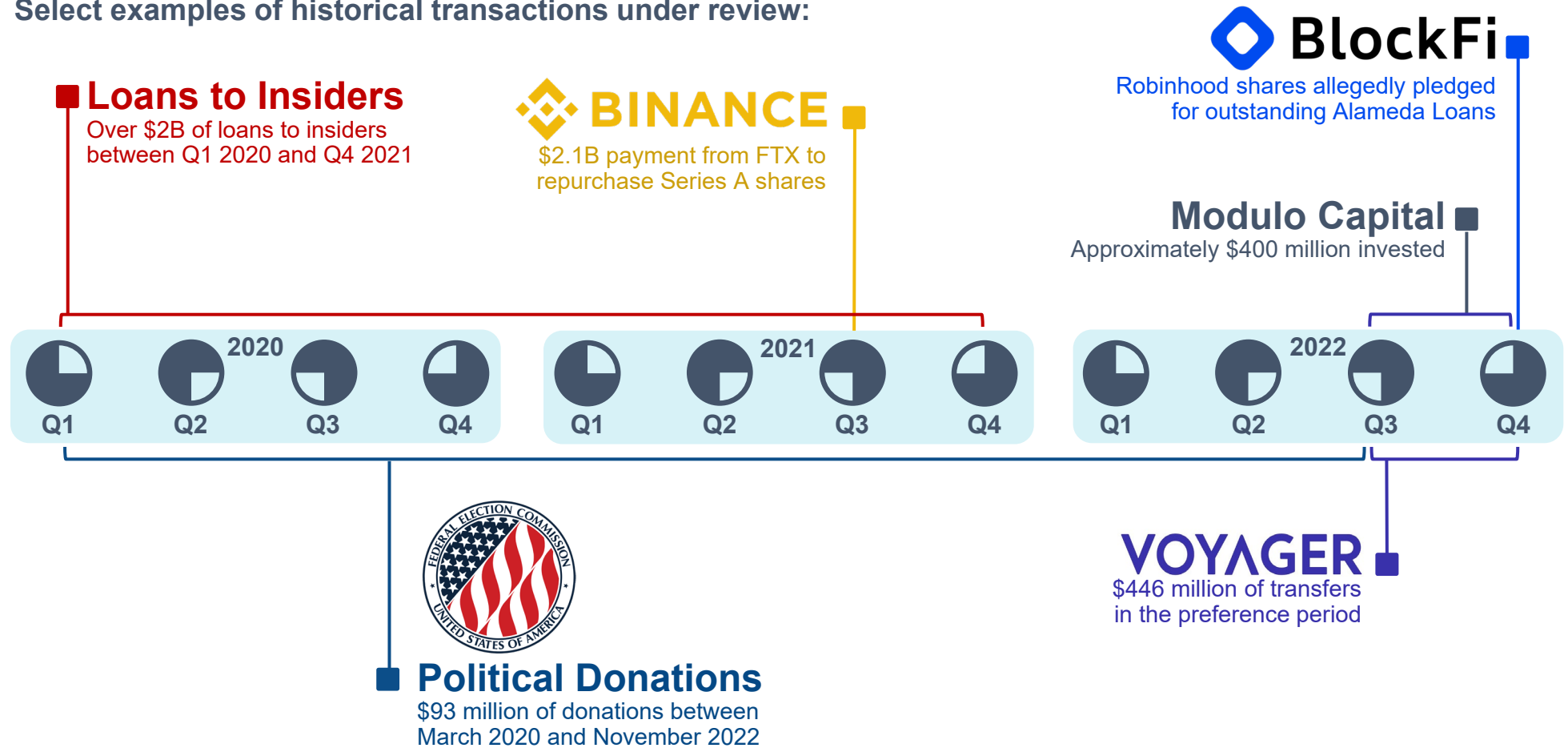


Sample Historical Transactions Under Review



The Debtors are reviewing all historical transactions conducted by prepetition management

Select examples of historical transactions under review:

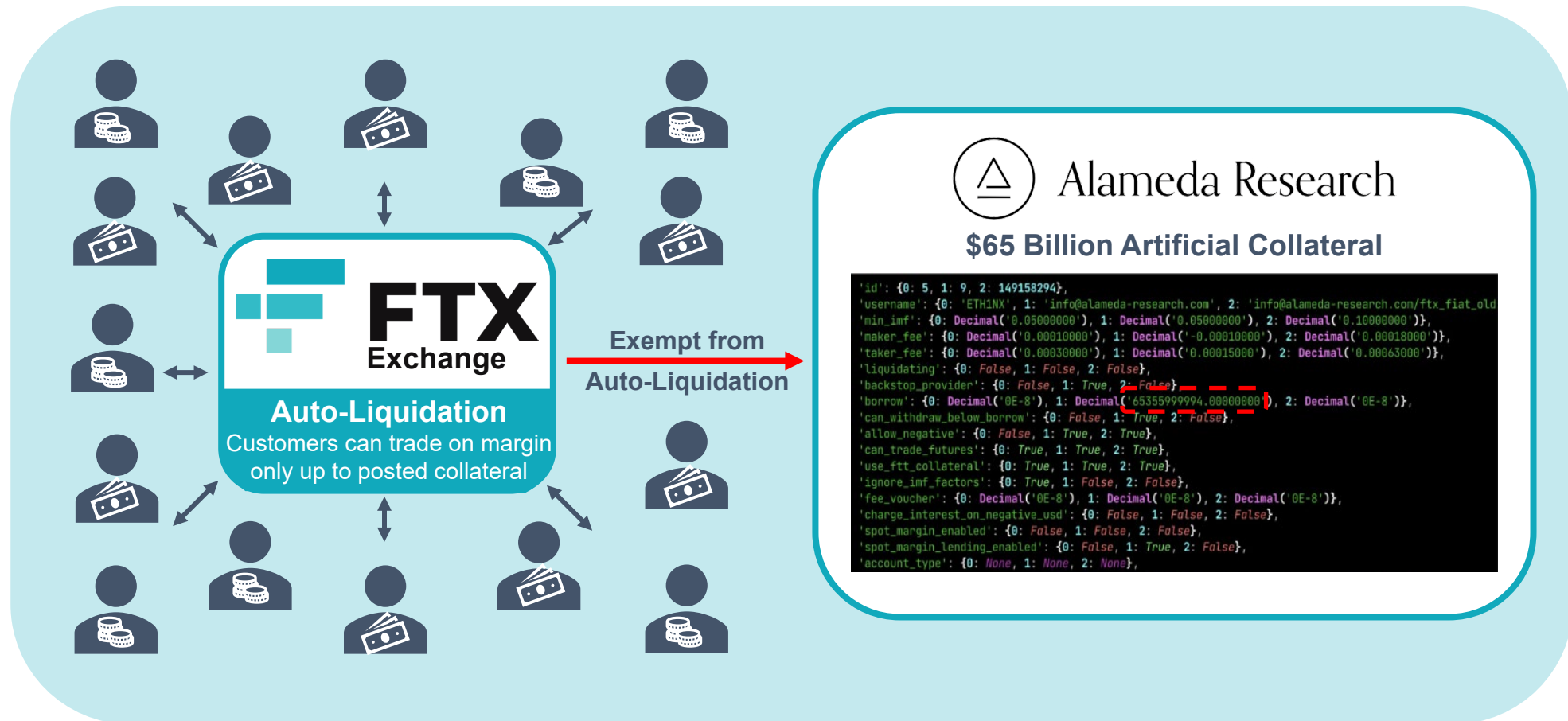


Hundreds of M&A and other transactions under review

The \$65 Billion Backdoor




Alameda Research had the ability to borrow without collateral up to \$65B from customers



Margin Requirements & Auto Liquidation¹ – FTX.com



Alameda Research and small group of individuals had ability to remove assets from exchange

	Account Setting Code	Implications	Number of Accounts									
Customers	<code>'borrow' = 0</code>	User cannot have a negative balance on the exchange. Once an account balance is negative up to an amount equal to posted collateral, net of fees, all positions are auto-liquidated.	7 Million									
Market Makers	<code>'borrow' > 0</code>	User can have a negative balance up to a specified credit limit. Primarily used for market makers to receive lending from FTX.	<table border="1"> <tr> <td>Credit Limit</td> <td>Greater than \$0</td> <td>4,000</td> </tr> <tr> <td></td> <td>\$1 Million to \$150 Million</td> <td>41</td> </tr> <tr> <td></td> <td>\$65 Billion</td> <td>1</td> </tr> </table>	Credit Limit	Greater than \$0	4,000		\$1 Million to \$150 Million	41		\$65 Billion	1
Credit Limit	Greater than \$0	4,000										
	\$1 Million to \$150 Million	41										
	\$65 Billion	1										
God Mode	<code>'can_withdraw_below_borrow' = true</code>	<p>“On Ledger” where entries are recorded in AWS</p> <p>User can withdraw assets (cash or crypto) from the exchange while having a net negative balance.²</p>	 Alameda Research \$65 Billion 1									
		<p>“Off AWS Ledger” by moving funds through a direct on-chain transaction</p> <p>User can move assets (crypto) by accessing the private keys to initiate a direct on-chain transaction.³</p>	Small group of individuals All Crypto 1									

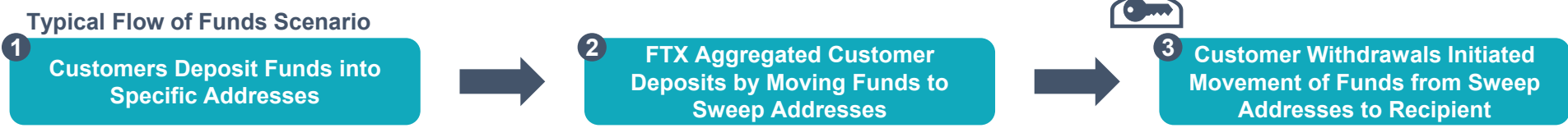
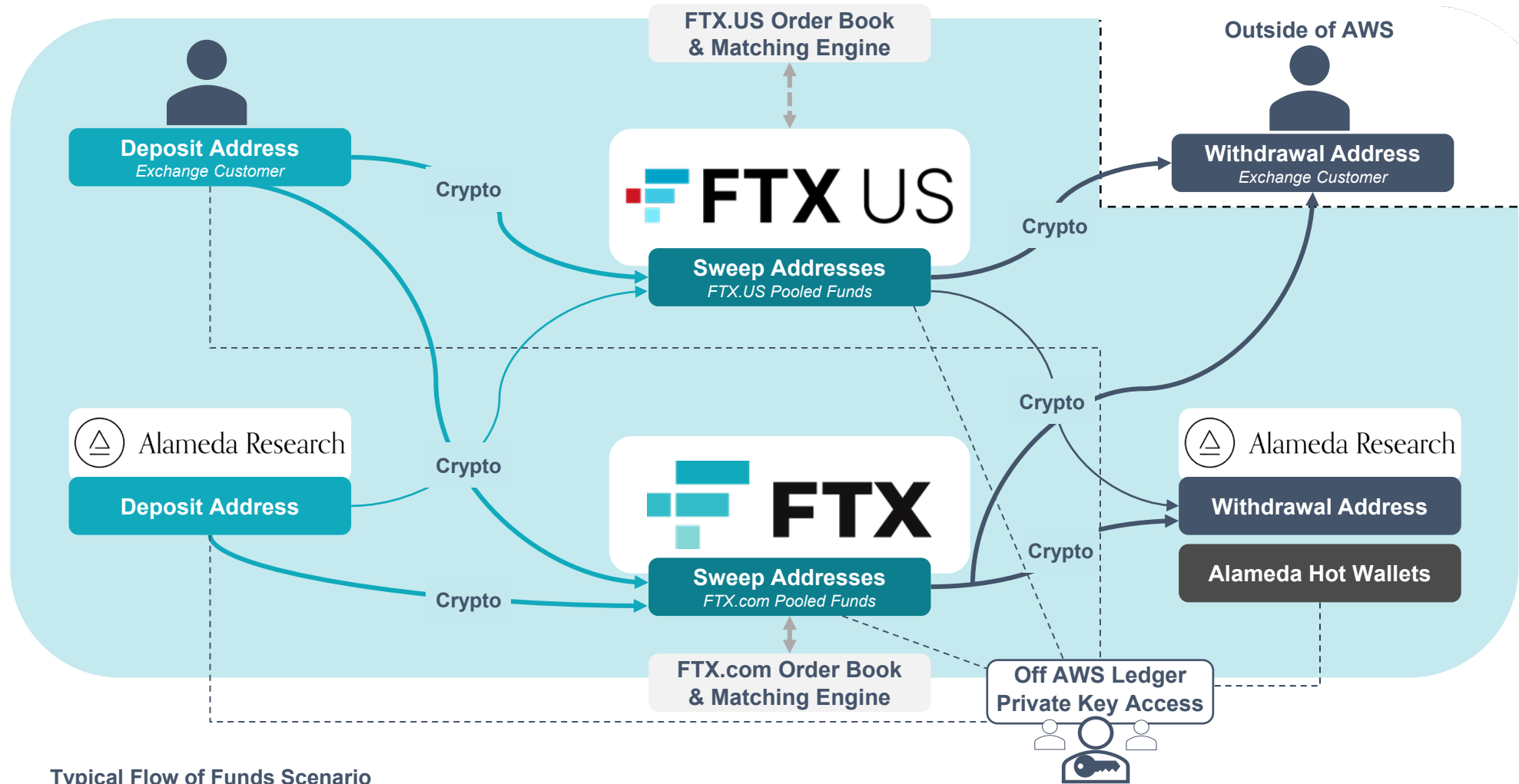
Notes:

- The exchange code assessment above was based on a review of the FTX codebase and conversations with post-petition FTX employees. For the FTX US platform, preliminary analysis shows that 3 accounts had “borrow > zero”, notably Alameda for \$150mm. The FTX US platform had the same “off ledger” issue, and preliminary analysis shows that it had a similar “on ledger” issue that is under review.
- The FTX codebase reflects that an “allow_negative” function may also enable this ability, however it only applies to 10 internal FTX/Alameda trading accounts.
- Certain users had permissions in the AWS environment to access private keys. Investigation is underway to determine whether any off-ledger misuse of such access occurred.

AWS Environment



Certain individuals could withdraw assets without record on the exchange ledger¹



Note:

1. Investigation is underway to determine whether any off-ledger misuse of this ability to withdraw assets occurred.