Docket #327 Date Filed: 3/21/2023

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 11
AVAYA INC., *et al.*,[1]	)	Case No. 23-90088 (DRJ)
Debtors.	)	(Jointly Administered)

DECLARATION OF ERIC KOZA IN SUPPORT OF CONFIRMATION OF THE JOINT PREPACKAGED PLAN OF REORGANIZATION OF AVAYA INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

I, Eric Koza, hereby declare under penalty of perjury to the best of my knowledge, information, and belief:

1. I submit this declaration (the "Declaration") in support of confirmation of the *Joint Prepackaged Plan of Reorganization of Avaya Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 50] (as amended or modified from time to time, the "Plan").[2]

2. I am a Partner & Managing Director and Co-Head of the Turnaround and Restructuring Practice for the Americas at AlixPartners, LLP ("AlixPartners"), a global financial advisory and consulting firm. I have more than 20 years of experience serving in a variety of roles, including in senior management positions, as a financial advisor, a principal investor, and director

[1] A complete list of each of the Debtors in these Chapter 11 Cases may be obtained on the website of the Debtors' proposed claims and noticing agent at http://www.kccllc.net/avaya. The location of Debtor Avaya Inc.'s principal place of business and the Debtors' service address in these Chapter 11 Cases is 350 Mount Kemble Avenue, Morristown, New Jersey 07960.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan or the *Disclosure Statement Relating to the Joint Prepackaged Plan of Reorganization of Avaya Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 51] (the "Disclosure Statement"), as applicable.

of public and private companies. I have served as a Partner and Managing Director of AlixPartners since 2018, when AlixPartners acquired my previous financial advisory firm, Zolfo Cooper. I held several roles at Zolfo Cooper from 2009 to 2011 and from 2013 until its acquisition in 2018, including Managing Director from 2015 to 2018. Prior to that, I held a variety of roles, including Senior Vice President, Corporate Development and Financial Strategy at Comverse Technology, Inc. from 2011 to 2013; Founding Partner of private equity firm Verax Capital LLC from 2006 to 2009; and Partner in various investment funds at investment manager W.R. Huff Asset Management Co. LLC from 1999 to 2006. I received a B.S. from Boston College in 1996, and an M.B.A. from Boston University in 1999. I have been a CFA® charterholder since 2003.

3. AlixPartners has assisted, advised, and provided strategic advice to debtors, creditors, bondholders, investors, and other entities in numerous chapter 11 cases of similar size and complexity to the Debtors' Chapter 11 Cases. I have personally been involved in recent chapter 11 reorganizations such as *In re Riverbed Technology, Inc et al.*, Case No, 21-11503 (Bankr. D. Del. Nov. 16, 2021), in which I served as financial advisor to Riverbed Technologies Inc and certain of its affiliates; *In re NPC international Inc.*, Case No. 20-33353 (Bankr. S.D. Tex. July 1, 2020), in which I served as CRO of NPC International Inc.; *In re Chino Holdings, Inc.*, Case No. 20-32181 (Bankr. E.D. Va. May 4, 2020), in which I served as financial advisor to J. Crew Group Inc. and certain of its affiliates; *In re Avaya, Inc.*, Case No. 17-10089 (Bankr. S.D.N.Y. Jan. 19, 2017), in which I served as CRO of Avaya Inc.; *In re Deluxe Entm't Servs. Grp. Inc.*, Case No. 19-23774 (Bankr. S.D.N.Y. Oct. 3, 2019), in which I served as financial advisor to Deluxe Entertainment Services Group Inc.; *In re Sungard Availability Servs. Capital, Inc.*, Case No. 19-22915 (Bankr. S.D.N.Y. May 1, 2019), in which I served as CRO to Sungard Availability Services Capital, Inc.; *In re Fullbeauty Brands Holdings Corp.*, Case No. 19-22185

(Bankr. S.D.N.Y. Feb. 3, 2019), in which I served as financial advisor to Fullbeauty Brands Holdings Corp.; and *In re Cenveo Inc.*, Case No. 18-22178 (Bankr. S.D.N.Y. Feb. 2, 2018), in which I served as financial advisor to Cenveo Inc. I specialize in advising senior executives, boards of directors, and creditors in distressed situations. I was named one of the industry's top "People to Watch" by Turnarounds & Workouts 2018. My combination of restructuring, operating, and transaction experience spans multiple countries and a variety of industries. I am above 18 years of age, and I am competent to testify.

4. Prior to the filing of these cases, AlixPartners was retained as restructuring advisor to the Avaya Holdings Corp. ("HoldCo") and its affiliated debtors and debtors in possession (collectively, the "Debtors" and, together with their non-Debtor affiliates, "Avaya" or the "Company"), and on January 4, 2023, I was retained as the Chief Restructuring Officer ("CRO") of the Debtors. I previously served as chief restructuring officer in connection with the Debtors' first chapter 11 cases in 2017.

I. BACKGROUND

A. Prepetition Challenges.

5. As described in my prior declaration, the path forward from the Debtors' last restructuring in 2017 has been difficult. The Company's revenues from capex-based purchases (i.e. software license and support and hardware) have declined over the past several years as customers shift towards cloud-based solutions, while the Company's efforts to transform the business through investments across R&D, sales, and service did not quickly generate revenues due to the long sales cycle times of these larger, more complex deals. Since 2020, the Company has achieved revenue growth with respect to its subscription-based business; however, this growth ultimately could not mitigate the profitability and cash flow pressures exerted by the continued capex business decline and the delayed revenue generation from cloud investments and other new

products and services. Moreover, the Company's subscription business began to decline in the second half of 2022, exacerbating the situation.

6. Against the backdrop of these headwinds, several critical developments occurred in rapid succession. In mid-June 2022, Avaya announced a new financing effort, ultimately closing a $600 million raise of new capital on July 12, 2022. Then, the Company self-reported to the U.S. Securities and Exchange Commission ("SEC") and notified its external auditor PricewaterhouseCoopers LLP ("PwC") that its preliminary results for the quarter ending June 30, 2022 (the "Preliminary Q3 2022 Results") were significantly below prior guidance. In late July 2022, the Company engaged external counsel to conduct an internal investigation related to circumstances giving rise to the Preliminary Q3 2022 Results being below prior guidance and other matters at the direction of the audit committee ("Audit Committee") of HoldCo's board of directors (the "Board"). In addition, Avaya's leadership team experienced several changes throughout the third and fourth fiscal quarters of 2022. On August 1, 2022, Avaya appointed a new Chief Executive Officer, Alan Masarek, and on November 7, 2022, Avaya appointed Becky Roof of AlixPartners as Interim Chief Financial Officer.

7. Avaya's management team and board quickly refocused their efforts on three primary goals. ***First***, in conjunction with its investigation at the direction of the Audit Committee into the Preliminary Q3 2022 Results, Avaya has focused on developing a remediation plan, while also working collaboratively with the SEC and PwC. ***Second***, Avaya worked to identify changes to its operations, capital structure, and liquidity balance, to put itself on the path to long-term success while also limiting near-term impact to the business. ***Third***, Avaya actively focused on reducing disruption to its business, world-wide operations, customer relationships, and employee

attrition (which was challenging because Avaya operates in a particularly competitive industry, and the shadow of Avaya's first bankruptcy filing still lingers).

B. Out-of-Court Efforts.

8. Following the issuance of its Preliminary Q3 2022 Results, the Company engaged with its creditors in pursuit of a holistic solution. The Company's creditors organized into several groups, collectively representing a super majority in every class of impaired indebtedness (each a "Creditor Group" and collectively, the "Creditor Groups"). Each Creditor Group was represented by independent and sophisticated advisors. Over the course of several months, the Company and the Creditor Groups explored potential financings, refinancings, recapitalizations, reorganizations, restructurings or investment transactions involving the Company.

9. In December 2022, following extensive discussions with the Creditor Groups regarding potential out-of-court transactions, it became clear that an out-of-court solution was not actionable. Certain risks to executing an out-of-court restructuring (including potential defaults under various credit agreements), combined with Avaya's substantial debt service obligations, liquidity constraints, and the views of the majority of the Creditor Groups, made clear that longer-term success would require an in-court process. Having lived through a "free-fall" chapter 11, however, Avaya was singularly focused on a process that has high levels of support and execution certainty, with low impact on business and operations.

C. The Plan and Entry into the RSA.

10. On February 14, 2023, after months of arm's-length negotiations between the Company and its Creditor Groups regarding the optimal path forward for the Company, the Company entered into that certain restructuring support agreement, dated February 14, 2023 (the "RSA," and the transactions contemplated thereby, the "Restructuring Transactions"), and the

Debtors filed their Plan. The Plan reflects a fully consensual deal with all the Creditor Groups and unimpairs all general unsecured creditors at Avaya Inc. and its subsidiaries,[3] encompassing all trade, customer, employee, vendor, and suppliers across the entire enterprise, on the terms set forth in the RSA. The central aims of the Plan are speed and, to the greatest degree possible, certainty.

11. The RSA provides for a comprehensive in-court restructuring with the following key pillars:

- ***Unimpairment of Vast Majority of Unsecured Claims***. All Allowed General Unsecured Claims, including employee and vendor Claims, at Avaya Inc. and its subsidiaries will be unimpaired.

- ***Support of All Funded Debt Classes***. Overwhelming support from every funded-debt constituency.

- ***Holistic Agreement With PBGC***. Agreement with the PBGC that on the Effective Date, the Reorganized Debtors will not be bound by the 2017 PBGC Settlement Agreement and will assume the Hourly Pension Plan.

- ***Meaningful Deleveraging and Access to Exit Facilities***. The Restructuring Transactions will deleverage Avaya's balance sheet by over $2.6 billion and provide a DIP Term Loan Facility that will provide the Debtors with $500 million to bolster the Debtors' liquidity during the course of these Chapter 11 Cases. In conjunction with a $150 million rights offering available to all Holders of First Lien Claims, at emergence, Avaya will have over $650 million of liquidity via the Restructuring Transactions.

- ***Repayment of the Escrow Cash to the B-3 Lenders***. The Restructuring Transactions provide that the Escrow Cash will be returned to the B-3 Term Loan lenders (the "B-3 Lenders") in all circumstances, and the Debtors will seek authority to return this cash to the B-3 Lenders pursuant to the Interim DIP Order.

- ***Renegotiated Deal Terms with Partner RingCentral, Inc***. Agreement that Avaya will assume the renegotiated RingCentral contracts, which will extend and expand the parties' strategic commercial arrangement on terms more favorable to the Company.

[3] The Debtors do not believe there are any unsecured claims at HoldCo, outside of the unsecured claims held by the HoldCo Convertible Notes, but out of an abundance of caution, the Plan separately classifies such claims.

12. Importantly, I believe that the deleveraging and liquidity-enhancing Restructuring Transactions set forth in the Plan represent a value-maximizing path forward. Consummation of the Restructuring Transactions will position the Debtors to capitalize on their core strengths—including their digital communications products, solutions, and services—to achieve long-term success. The Plan is in the best interests of the Debtors' estates and represents the best available alternative at this time.

II. CONFIRMATION

13. For the reasons detailed below, I believe the Plan satisfies the relevant provisions of the Bankruptcy Code and that the discretionary components of the Plan are consistent with the Code.

A. Claims Classification.

14. It is my understanding that section 1122 of the Bankruptcy Code requires that "a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class."

15. Based on my familiarity with the Debtors' business and review of the Plan, the Plan Supplement, and the related documents, each of the Claims and Interests assigned to each particular Class are substantially similar to the other Claims or Interests in such Class. In addition, valid business, legal, and factual reasons justify the separate classification of the particular Claims or Interests into the Classes created under the Plan, and no unfair discrimination exists between or among Holders of Claims and Interests.

16. In general, it is my understanding that the Plan's claims classification scheme follows the Debtors' capital structure. Claims are generally categorized by priority, by secured versus unsecured status, by type, or based on unique factors associated with particular series of

debt. As such, I believe that each class comprises substantially similar claims and that there is a reasonable basis for the classification scheme.

B. Requirements of Section 1123(a) of the Bankruptcy Code.

i. Specification of Classes, Impairment, and Treatment – § 1123(a)(1–3)

17. Article III of the Plan specifies in detail the classification of Claims and Interests, and whether such Claims and Interests are impaired, and the treatment that each Class of Claims and Interests will receive under the Plan. I believe that the Plan provides a detailed description of (a) how Claims and Interests are classified, (b) whether such Claims and Interests are impaired or unimpaired, and (c) the precise nature of their treatment under the Plan; and no party has asserted otherwise. Based upon my familiarity with the Debtors and their business, I believe the Plan satisfies 1123(a)(1–3) of the Bankruptcy Code.

ii. Equal Treatment of Similarly Situated Claims – § 1123(a)(4)

18. It is my understanding that the Plan provides equal treatment for each Claim or Interest of a particular Class. As a result, it is my belief that the Plan satisfies section 1123(a)(4) of the Bankruptcy Code.

iii. Adequate Means for Implementation – § 1123(a)(5)

19. The Plan provides a detailed blueprint for the transactions that underlie the Plan and therefore provides adequate means for the Plan's implementation as required under section 1123(a)(5) of the Bankruptcy Code. I can confirm that Article IV of the Plan, in particular, sets forth the means for implementation of the Plan. Among other things, Article IV of the Plan:

a) constitutes a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan, including the settlement with respect to the HoldCo Convertible Notes Claims;

b) authorizes the Debtors or Reorganized Debtors to take all actions necessary or appropriate to effectuate the Plan;

c) authorizes the Reorganized Debtors to adopt their Governance Documents;

d) authorizes the Reorganized Debtors to enter into the Exit Facilities;

e) authorizes the Debtors to distribute the Rights to the RO Eligible Offerees on behalf of the Reorganized Debtors and to issue the RO Common Shares, RO Backstop Shares, and RO Premium Shares;

f) authorizes Reorganized Avaya to issue the New Equity Interests;

g) generally preserves the Debtors' corporate existence following the Effective Date;

h) provides for the vesting of Estate assets in the Reorganized Debtors;

i) provides for the cancellation of existing securities and agreements (except as otherwise provided in the Plan);

j) authorizes and approves all corporate actions contemplated under the Plan;

k) provides for the appointment of the members of the New Board;

l) authorizes the Reorganized Debtors to issue and execute certain contracts and other agreements;

m) provides for the exemption of certain securities law matters; and

n) provides for the preservation and vesting of Claims and Causes of Action that have not been released pursuant to the Plan in the Reorganized Debtors.

20. The precise terms governing the execution of many of these transactions are set forth in greater detail in the applicable definitive documents or forms of agreements included in the Plan Supplement. Accordingly, it is my view that the Plan satisfies section 1123(a)(5), and no party has asserted otherwise.

iv. Non-Voting Stock – § 1123(a)(6)

21. I am advised that section 1123(a)(6) of the Bankruptcy Code requires that a corporate debtor's chapter 11 plan of reorganization provide for the inclusion in the reorganized debtor's charter of a prohibition against the issuance of non-voting equity securities and related protections for holders of preferred shares. I can confirm that Article IV.J of the Plan provides that the Reorganized Debtors' Governance Documents shall contain a provision prohibiting the issuance of non-voting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code. Accordingly, I believe that the Plan satisfies the requirements of section 1123(a)(6) of the Bankruptcy Code.

v. Selection of Officers and Directors – § 1123(a)(7)

22. I am advised that section 1123(a)(7) of the Bankruptcy Code requires that plan provisions with respect to the manner of selection of any director, officer, or trustee, or any other successor thereto, be "consistent with the interests of creditors and equity security holders and with public policy." Article IV.K of the Plan outlines the manner of selecting the members of the New Board, which based on my understanding and the advice of counsel accords with applicable state law, the Bankruptcy Code, the interests of creditors and equity security holders, and public policy. Accordingly, I believe the Plan satisfies the requirements of section 1123(a)(7) of the Bankruptcy Code, and no party has asserted otherwise.

C. Requirements of Section 1129 of the Bankruptcy Code.

i. The Debtors Proposed the Plan in Good Faith – § 1129(a)(3)

23. The Plan was the result of extensive, arms'-length negotiations among the Debtors and their major stakeholders, and I believe it was proposed in good faith. In the fall of 2022, the Debtors began comprehensive restructurings with certain holders of the Debtors' prepetition funded debt around a potentially deleveraging transaction. Having spent months exploring all viable transaction alternatives (including out-of-court options and various in-court options), by

December 2022, it became clear that an out-of-court solution was not viable and would not ultimately position the Debtors for long-term success or stability. As a result, the Debtors engaged with its stakeholders to formulate a plan with high levels of support and execution certainty, while minimizing the impact on the Debtors' business and operations.

24. These efforts culminated in the Plan, which will deleverage the Debtors' balance sheet by approximately 75 percent, from approximately $3.4 billion to approximately $810 million. Upon emergence, the Reorganized Debtors will have an Exit Term Loan Facility of approximately $810 million and access to the Exit ABL Facility in the amount of approximately $128 million, which will collectively fund the businesses upon emergence from chapter 11 and allow the Company to emerge as a more streamlined and effective business.

25. I understand that many shareholders have voiced concern and displeasure with the Plan, including the cancellation of equity, and also raised concerns with Mr. Alan Masarek's retention payment, made in December 2022, and which provided Mr. Masarek with an additional $6 million in cash (in addition to the $4 million in cash he received in August 2022, as part of his sign-on bonus), in lieu of long-term equity incentive awards that historically would have been granted in the beginning of FY 2023. Mr. Masarek's retention payment is subject to a recapture provision that generally requires repayment in the event of a voluntary departure or termination by the Company "for cause" prior to December 31, 2023, which recapture provision will partially lapse upon certain specified events. Mr. Masarek's retention payment was reviewed and approved by HoldCo's compensation committee ("Compensation Committee") following various meetings of the Compensation Committee, and ultimately the Board. A member of my team working at my direction attended meetings of the Compensation Committee and reported back to me.

26. As Chief Restructuring Officer of Avaya, I am aware that cash compensation packages of management for a distressed debtor are common to incentivize management teams to remain in place during a restructuring particularly where, as is the case here, Mr. Masarek did not have the benefit of a management team (including no Chief Revenue Officer or permanent Chief Financial Officer). Consistent with practices often undertaken by distressed organizations, I believe Mr. Masarek's compensation package was provided in good faith as an effort to incentivize his leadership managing the Debtors through their Chapter 11 Cases and post emergence.

27. Based on my prior professional experience advising companies in financial distress and on my personal involvement in the Debtors' restructuring negotiations, I believe the Plan represents the best possible outcome for all of the Debtors' stakeholders.

ii. Payment of professional fees and expenses are subject to court approval – § 1129(a)(4)

28. It is my understanding that the professional fees and expenses that have or will be paid by the Debtors have either been (i) authorized under the Interim DIP Orders and Final DIP Orders, with respect to payments to the DIP Lenders and/or payments as adequate protection or (ii) will be authorized by separate Court order, with respect to payments to be made to the Debtors' various retained professionals.

iii. Compliance with governance disclosure requirements – § 1129(a)(5)

29. It is also my understanding that the necessary disclosures regarding the known identity of the Debtors' directors and officers and the status and compensation of any insiders will be made in accordance with the Debtors' governance disclosure requirements.

iv. Governmental regulatory approval of any rate changes – § 1129(a)(6)

30. It is my understanding that the Bankruptcy Code requires regulatory approval of certain rate changes. It is my understanding, however, that the Plan does not provide for any rate changes of the kind requiring approval under section 1129(a)(6).

v. Best interests of creditors – § 1129(a)(7)

31. I believe that the current deal envisioned in the Plan, and related documents, is in the best interests of the creditors. As discussed in greater detail below, the Plan represents an outcome far superior to a hypothetical chapter 7 liquidation.

vi. Priority cash payments – § 1129(a)(9)

32. It is my understanding that section 1129(a)(9) of the Bankruptcy Code generally requires that claims entitled to administrative priority must be repaid in full in cash or receive certain other specified treatment. I can confirm that Article II.A of the Plan provides that Allowed Administrative Claims will be satisfied in full.

vii. The Plan is feasible – § 1129(a)(11)

33. In connection with filing the Disclosure Statement, the Debtors and their advisors prepared financial projections for the Reorganized Debtors (the "Financial Projections"). The Financial Projections are set forth in Exhibit E to the Disclosure Statement.

34. I am familiar with the methods used, and the conclusions reached, in the preparation of the Financial Projections. I have reviewed the material assumptions included in the Financial Projections and I believe that the assumptions embodied therein were prepared in good faith and are reasonable and appropriate to provide the foundation for the Financial Projections, and the Plan. I believe that the process for developing and preparing the Financial Projections was robust, and that the Financial Projections are reasonable.

35. I believe that the Plan will provide the Debtors with a reasonable assurance of commercial viability upon emergence, and will not be followed by liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors. The Plan will deleverage the Debtors' balance sheet by approximately 75 percent, from approximately $3.4 billion to approximately $810 million. The Plan will also provide the Debtors with substantial

cash on hand at emergence, an Exit Term Loan Facility of approximately $810 million and access to the Exit ABL Facility in the amount of approximately $128 million, which will collectively fund the business upon emergence from chapter 11 and allow the Company to emerge as a more streamlined and effective business. This deleveraging and additional liquidity will position the Reorganized Debtors for post-emergence success. I believe that the Financial Projections included in the Disclosure Statement demonstrate that the Debtors will be well-positioned when they emerge from bankruptcy to execute their business plan and to serve their debt obligations, and operate their business in the event that industry headwinds challenge the business in the future. Based on the foregoing, I believe that the Plan is feasible and satisfies section 1129(a)(11) of the Bankruptcy Code.

viii. The Plan provides for payment of all fees – § 1129(a)(12)

36. I have confirmed on review of the Plan that it includes an express provision requiring payment of all fees required to be paid under 28 U.S.C. § 1930, contained in Article XII.C. I believe that the Plan provides for the payment of all fees payable under 28 U.S.C. § 1930.

ix. Payment of retiree benefits – § 1129(a)(13)

37. Article IV.O of the Plan that retiree benefits are paid post-confirmation at levels established in accordance with section 1114 of the Bankruptcy Code.

x. No unfair discrimination between impaired classes – § 1129(b)

38. I believe that the Plan does not unfairly discriminate with respect to impaired classes that have not voted to accept the Plan and that it is also fair and equitable with respect to those classes. First, similarly situated classes are treated comparably at each Debtor. Second, the Plan satisfies the absolute priority rule because all senior classes of claims are either rendered

unimpaired or are otherwise consenting to any junior class of claims receiving a recovery under the Plan.

D. The Plan's Releases and Exculpations of Current Directors and Officers.

39. As described in more detail above and in my prior declaration, one of the factors that contributed to the Company's prepetition circumstances was the Preliminary Q3 2022 Results. It is my understanding that the Company and certain current and former directors and officers are or were previously named as defendants in litigation or threatened with litigation relating primarily to the circumstances giving rise to the Company's Preliminary Q3 2022 Results.

40. The Debtors' creditors, the Debtors, and other interested stakeholders, including an ad hoc group of convertible noteholders, all engaged in extensive negotiations regarding the settlement of potential claims and the scope of releases that would be contained in Plan. Pursuant to the heavily negotiated RSA, the Debtors and their creditors (who will own the equity of Reorganized Avaya following the Effective Date) proposed the Debtor Release (as defined herein) and the consensual Third-Party Release (as defined herein) of Claims and Causes of Action—subject to the Investigation, and excluding any Claims and Causes of Action found to have arisen from fraud, willful misconduct, or gross negligence—against the Debtors, their current directors, officers, and employees by the Debtors, the RSA parties, and any participating third-parties. I believe the releases to be a critical component of the overall negotiations with the stakeholders, and they are a component of the overall agreements reached with each creditor group.

41. The Plan's releases consist of (i) certain releases of claims by the Debtors (as described in Article VIII.C of the Plan, the "Debtor Release"); (ii) certain consensual third-party releases (as described in Article VIII.D of the Plan, the "Third-Party Release"); and (iii) certain limited exculpation provisions solely for the benefit of the Debtors for claims arising prior to the

Effective Date (as described in Article VIII.F of the Plan, the "Exculpation Provision," together with the Debtor Release and the Third-Party Release, the "Releases"). In addition, I understand that the Exculpation Provision was pared back as part of the Debtors' negotiations with the U.S. Trustee, to provide a limited exculpation to covered parties who played a critical role in the preparation and solicitation of the Plan. Based on that development, I believe the Exculpation Provision comports with applicable law in this jurisdiction.

42. As part of the combined notice sent to all parties listed on the creditor matrix, the Debtors informed all parties, including Holders or potential Holders of Claims or Interests in non-voting classes, that they could opt out of, or object to, the Third-Party Release contained in the Plan. Holders of Claims that are deemed to accept the Plan are all given the option to affirmatively opt out of the releases provided by the Plan. Many of these Holders elected to opt out of the releases. As set forth in Exhibit B to the *Declaration of James Lee Regarding the Solicitation and Tabulation of Votes on the Joint Prepackaged Plan of Reorganization of Avaya Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code*, 465 Holders of Existing Avaya Interests, representing nearly 4 million shares, exercised their rights to opt out as of the March 17, 2023 voting deadline. In addition, 167 individuals validly opted out, including shareholders who wrote letters to the Court or filed formal objections to the Plan. As applied due process challenges are preserved.

43. Following the Company's announcement of its Preliminary Q3 2022 Results, the Debtors' Board met frequently. Since August 1, 2022, there have at least twenty-four meetings of the Board, and at least nineteen meetings of the Audit Committee. I understand that the Audit Committee's investigation is ongoing, during which time the Company has not been able to file audited financial statements.

44. Additionally, I understand that before the Debtors commenced their Chapter 11 Cases, Carrie W. Teffner was appointed as an independent director of the Board, and David M. Barse was appointed as an independent director of Avaya Inc. In addition to attending all board meetings following their appointment, Ms. Teffner and Mr. Barse have been meeting regularly to evaluate the scope of the Releases and matters relating thereto.[4] As set forth in further detail in the *Declaration of David M. Barse in Support of the Joint Plan of Reorganization of Avaya Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the "Barse Declaration"), as experienced directors who were not serving on the Board or any board of any Avaya entity at the time the Company announced its Preliminary Q3 2022 Results, Ms. Teffner and Mr. Barse have brought their professional judgment and an independent perspective to serve as an additional check on the Debtors' grant of these Releases.

45. In short, I believe that the Releases are appropriate, justified, in the best interest of all stakeholders, and an integral part of the Plan. In my opinion, the Plan's settlement of potential claims and releases are critical to providing the Debtors with a fresh start and are supported by those creditors who will own the equity in Reorganized Avaya.

III. LIQUIDATION ANALYSIS

46. In connection with and in support of confirmation of the Plan, my team and I were asked to develop a hypothetical liquidation analysis (the "Liquidation Analysis").[5] As set forth in detail below, it is my opinion that each holder of a claim or interest of an impaired class of claims or interests that does not accept the Plan will receive or retain under the Plan on account of such

[4] The Barse Declaration contains additional context regarding the substance of these meetings and the scope of the Audit Committee's investigation.

[5] The Liquidation Analysis is attached as Exhibit G to the Disclosure Statement.

claim or interest property of a value, as of the effective date of the Plan, that is not less than the amount that such holder would so receive or retain in a hypothetical chapter 7 liquidation.

47. The Liquidation Analysis is prepared for the purpose of evaluating whether the Plan satisfies the best interests of creditors tests under section 1129(a)(7) of the Bankruptcy Code. My understanding is that Section 1129(a)(7) requires that each Holder of an Impaired Allowed Claim or interest must either accept the Plan, or receive or retain under the Plan property of a value, as of the effective date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated pursuant to chapter 7 of the Bankruptcy Code.

48. The results of the Liquidation Analysis reflect estimated recoveries, by Classes of Claims that may be obtained in a hypothetical chapter 7 liquidation. Because the Liquidation Analysis estimates recoveries premised upon disposition of assets as opposed to continued operation of the business under the Plan, asset values discussed herein and in connection with the Liquidation Analysis may be different than values referred to in the Plan.

49. The analysis, methodology, assumptions, and conclusions in the Liquidation Analysis are set out in greater detail in Exhibit G to the Disclosure Statement. As set forth more fully therein, the Liquidation Analysis represents an estimate of recovery values and percentages based on a hypothetical scenario whereby the Debtors convert their cases from chapter 11 cases to chapter 7 cases on or about March 31, 2023 (the "Liquidation Date"), and a chapter 7 trustee (the "Trustee") is appointed by the Bankruptcy Court to convert assets into cash. Based on my involvement in the preparation of the Liquidation Analysis and my experience as a restructuring advisor, I believe that the methodology and assumptions used to prepare the Liquidation Analysis is appropriate and the assumptions and conclusions set forth therein are fair and reasonable under the circumstances.

50. Based upon the methodologies employed in the Liquidation Analysis, the estimated gross proceeds available for distribution to creditors under a chapter 7 liquidation would range from approximately $577.3 million to $746.3 million for the Debtors on a consolidated basis. Wind-down costs, including the cost of a chapter 7 trustee and their professionals, and company personnel required to support the liquidations, would range from $71.4 million to $77.2 million, and the estate's receipts from the parallel liquidations of Avaya's non-debtor entities would range from $65.9 million to $74.3 million, leaving net proceeds of $561.9 million to $743.3 million. It is my belief that the foregoing range reasonably estimates the potential proceeds that would be realized from a hypothetical chapter 7 liquidation of the Debtors and that would be available to satisfy Claims under the assumptions set forth in the Liquidation Analysis.

51. Based on the assumptions described in the Liquidation Analysis, the holders of the DIP Claims, which for purposes of the Liquidation Analysis are estimated to be approximately $522.1 million, would be expected to receive a 100% recovery on their Claims in a liquidation scenario. As reflected in the Liquidation Analysis, the Holders of the First Lien Claims (consisting of the Prepetition Term Loan Claims, Legacy Notes, and Secured Exchangeable Notes estimated at approximately $3,111.8 million) would receive an estimated recovery on their Claims in a liquidation scenario ranging between 1% and 7%. As reflected in the Liquidation Analysis, Holders of Administrative Claims, priority Claims, HoldCo Convertible Note Claims, Employment Obligations, General Unsecured Claims, and Existing Avaya Interests would not be expected to receive any recovery.

52. In contrast, under the Plan, Holders of Administrative Claims, priority Claims, Employment Obligations, and General Unsecured Claims will receive a 100% recovery on account of their respective Allowed Claims. Under the Plan, Holders of First Lien Claims will receive an

estimated recovery on their Claims ranging between 17.3% and 24.1%.[6] Holders of HoldCo Convertible Note Claims are deemed to reject the Plan under the terms of the Plan; provided, however, that to the extent the conditions of Article IV.B of the Plan are satisfied, each Holder of HoldCo Convertible Not Claims who is also a Settlement Group Releasing Party shall receive its pro rata share of the HoldCo Convertible Notes Consideration.

53. Based on the Liquidation Analysis, I believe that the Plan satisfies the so-called "best interests test" under section 1129(a)(7) of the Bankruptcy Code. As set forth above and in the Liquidation Analysis, each holder of an impaired Class of Claims or Interests receiving distributions under the Plan (a) has accepted the Plan; (b) will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtor entity were liquidated on the Effective Date; or (c) has agreed to receive less favorable treatment.

IV. CONCLUSION

54. Based on the foregoing analysis, I believe the Plan satisfies the relevant provisions of the Bankruptcy Code and that confirmation of the Plan will provide each holder of a claim or interest in an impaired class of creditors who does not accept the Plan with property of a value, as of the effective date of the Plan, that is not less than the amount that such holder would so receive or retain in a hypothetical chapter 7 liquidation.

[6] The amount of recovery for Holders of First Lien Claims will vary based participation in the Rights Offering. The low end of the range of recovery assumes Holders of First Lien Claims do not participate in the Rights Offering, whereas the high end of the range of recovery assumes Holders of First Lien Claims fully participate in the Rights Offering.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: March 21, 2023

/s/ Eric Koza
Name: Eric Koza
Chief Restructuring Officer