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

In re:	:	Chapter 11
MODIVCARE INC., *et al.*,	:	Case No. 25-90309 (ARP)
Debtors.[1]	:	(Joint Administration Requested)

DECLARATION OF ZUL JAMAL
IN SUPPORT OF THE DEBTORS' MOTION TO
OBTAIN POSTPETITION DEBTOR-IN-POSSESSION FINANCING

I, Zul Jamal, hereby declare, under penalty of perjury, as follows:

1. I submit this declaration (this "***Declaration***") on behalf of the debtors and debtors in possession in the above-captioned Chapter 11 Cases (collectively, the "***Debtors***") in support of the *Emergency Motion of the Debtors for Entry of Interim and Final Orders (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (C) Authorizing the Use of Cash Collateral, (D) Modifying the Automatic Stay, (E) Scheduling a Final Hearing, and (F) Granting Related Relief* (the "***DIP Motion***").[2]

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[1] A complete list of each of the Debtors in these chapter 11 cases (the "***Chapter 11 Cases***") and the last four digits of each Debtor's taxpayer identification number (if applicable) may be obtained on the website of the Debtors' proposed claims and noticing agent at https://www.veritaglobal.net/ModivCare. Debtor ModivCare Inc.'s principal place of business and the Debtors' service address in these Chapter 11 Cases is 6900 E. Layton Avenue, Suite 1100 & 1200, Denver, Colorado 80237.

[2] Capitalized terms that are used but not defined herein shall have the same meaning given in the DIP Motion or the *Declaration of Chad J. Sandler in Support of Debtors' Chapter 11 Petitions and First Day Relief* (the "***First Day Declaration***"), as applicable. The material terms of the proposed postpetition debtor in possession financing facility (the "***DIP Facility***") and access to cash collateral are set forth in detail in the DIP Motion. For the avoidance of doubt, any description of the proposed terms of the DIP Facility herein or in the DIP Motion is qualified in its entirety by the terms of the DIP Loan Documents, as may be modified by the interim order attached to the DIP Motion as **Exhibit A** (the "***Interim DIP Order***") and a final order (the "***Final DIP Order***" and, together with the Interim DIP Order, the "***DIP Orders***").

2. Except where specifically noted, the statements in this Declaration are based upon: my personal knowledge, belief, or opinion; information that I have received from the Debtors' employees or other advisors, and employees of Moelis & Company LLC (together with its affiliates, "***Moelis***") working directly with me or under my supervision, direction, or control; or from the Debtors' records maintained in the ordinary course of their business. As a professional proposed to be retained by the Debtors, Moelis is charging for services provided in this matter, including a fee for raising debtor-in-possession financing, but I am not being compensated separately for providing this Declaration or testimony. If I were called upon to testify, I could and would testify competently to the facts set forth herein. I am over the age of 18 and am authorized to submit this Declaration on behalf of the Debtors.

BACKGROUND AND QUALIFICATIONS

3. I am a Managing Director of Moelis in the New York office, located at 399 Park Avenue, 4th floor, New York, NY 10022. Moelis is a leading international investment banking and financial advisory firm (NYSE: MC) with approximately 1,300 employees in locations around the world. Moelis provides a broad range of financial advisory services including (a) mergers and acquisitions, (b) recapitalization & restructuring, (c) capital markets advisory, and (d) private funds advisory.

4. I have over 24 years of experience in investment banking, providing in-court and out-of-court recapitalization and restructuring advisory services to companies, creditors, sponsors, and other interested parties. Furthermore, I have specific experience in chapter 11 bankruptcies, exchange offers, consent solicitations, lender negotiations, and distressed financings. Prior to joining Moelis, I worked at Jefferies Group LLC where I advised clients on a variety of restructuring, leveraged finance, and international financial sponsor transactions in New York and

London. I graduated *magna cum laude* with a Bachelor of Science in Economics from the Wharton School at the University of Pennsylvania.

5. Since I began my career, my experience includes numerous notable restructuring assignments, such as Advanced Glassfiber Yarns, Advanced Lighting Technologies, Aleris International Inc., Alpha Media, American Media, Inc., AMR Corporation, Aston Martin, Cone Mills Corp, Core Digital Media, Inc., Crown Cork & Seal Co., Dex Media, Inc., Diamond Sports Group, LLC, Energy Future Holdings, Genesis Global Holdco, LLC, Hexion Topco, LLC, Holley Performance Products, Inc., Innkeepers USA Trust, Jason Industries, Lyondell Chemical Company, Momentive Performance Materials, Inc., RentPath, Sorenson Communications, Inc., TPC Group Inc., Tribune Company, and Russell-Stanley Holdings, Inc.

MOELIS' RETENTION

6. The Debtors originally engaged Moelis as investment banker, financial advisor and placement agent in December 2024 in the face of significant liquidity pressure and in need of near-term covenant relief under the Debtors' debt facilities. Moelis was engaged to assist the Debtors in assessing a range of transaction alternatives including a potential bank amendment, capital transaction, and/or sale transaction, among other things. Ultimately, in January 2025, after weeks discussing and assessing a range of transaction alternatives with their existing stakeholders and other third parties, the Debtors raised a $75 million incremental term loan under the Prepetition First Lien Credit Agreement from existing lenders and uptiered $251 million of Unsecured Notes into a newly created Prepetition Second Lien Notes.[3] In connection with the January 2025

[3] In connection with the *Exchange Agreement* dated as of January 9, 2025, the requisite holders of Unsecured Notes entered into that certain *Fifth Supplemental Indenture* dated as of March 7, 2025 to that certain Senior Notes Indenture, dated as of August 4, 2021 ("***Unsecured Notes Indenture***"), which, among other things, released all the guarantors of their guarantees under the Unsecured Notes Indenture. Accordingly, the Unsecured Notes are only obligations of ModivCare, Inc., as issuer under the Unsecured Notes Indenture.

transaction, to alleviate near-term covenant pressure, the Debtors also obtained financial covenant relief in the form of a reduction to the minimum liquidity covenant and a covenant holiday through the second quarter of 2025, with modified leverage and interest coverage ratio tests following expiration of the holiday, among other modifications. Subsequently, in March 2025, the Debtors issued an additional $30 million of new money Prepetition Second Lien Notes and exchanged $20 million of Unsecured Notes, providing the Debtors with additional liquidity. My team and I worked closely with the Debtors, their management team, the Debtors' creditors, other professionals and advisors, and other third parties throughout the process that led to these transactions.

7. More recently, the Debtors reengaged Moelis as investment banker and placement agent in early June 2025. Members of my team and I have been working closely with the Debtors and their management team, creditors, and other professionals and advisors to assist with the Debtors' restructuring efforts, including, but not limited to, (a) reviewing the Debtors' financials, business plan, and capital structure; (b) developing strategies to effectuate potential transactions; (c) engaging with the Debtors' creditors and their advisors to discuss potential restructuring solutions; (d) participating in meetings with the Debtors' capital structure committee and board of directors (the "***Board***") to keep them apprised of the restructuring negotiations and developments; (e) assisting the Debtors with soliciting, negotiating, and documenting the DIP Facility; and (f) preparing for the commencement of the Chapter 11 Cases. Through such work, Moelis has become well-acquainted with the Debtors' capital structure, liquidity needs, and business operations.

THE TERMS OF THE DIP FINANCING

8. The DIP Facility, which is being provided by certain Prepetition First Lien Lenders (collectively, the "***DIP Lenders***"), includes, among other things:

- a senior secured superpriority priming debtor-in-possession facility in an aggregate principal amount of $100 million, providing an initial draw of up to $62.5 million in DIP Loans following entry of the Interim DIP Order and a subsequent draw of up to $37.5 million in DIP Loans upon entry of the Final DIP Order;

- a backstop premium (the "***Backstop Premium***") of 20.0% of the reorganized Debtors' pro forma equity, subject to dilution by the management incentive plan (the "***MIP***"), Series A Warrants, Series B Warrants, and Series C Warrants issued to the Prepetition Second Lien Noteholders (the "***New Warrants***"), and the equity rights offering (the "***Equity Rights Offering***");

- an interest rate, payable in cash, of either (a) Secured Overnight Financing Rate ("***SOFR***") plus 7.00% per annum or (b) Alternate Base Rate plus 6.00% per annum;

- an original issue discount ("***OID***") of 2.00% of the DIP Facility commitments netted from proceeds at issuance (*i.e.*, 2% of $100 million, which equals $2 million);

- an exit fee (the "***Exit Commitment Fee***") of 3.00% of the DIP Facility commitments (*i.e.*, 3% of $100 million, which equals $3 million), which is due and payable in cash upon termination of the DIP Facility commitments;

- a maturity date that is 6 months following execution of the DIP Credit Agreement, with the ability to extend by 3 additional months, subject to the terms of the DIP Credit Agreement; and

- the consensual use of Cash Collateral and a customary adequate-protection package.

THE DEBTORS' NEED FOR POSTPETITION FINANCING AND ACCESS TO CASH COLLATERAL

9. Based on my discussions with management and the Debtors' other advisors, my experience in restructuring matters, and my familiarity with the Debtors, I believe the Debtors require immediate access to the DIP Facility to allow them to continue operating during the Chapter 11 Cases, to provide necessary liquidity to allow the Debtors to pursue confirmation of a chapter 11 plan of reorganization, and to preserve the value of their estates for the benefit of all parties in interest. I also believe that without immediate postpetition financing and access to Cash Collateral, the Debtors will lack the necessary funding to meet working capital and business operating needs necessary to pursue a reorganization of the Debtors and to administer the Chapter

11 Cases, causing immediate and irreparable harm to the value of the Debtors' estates to the detriment of all stakeholders. Moreover, based on my experience, sufficient postpetition financing is necessary to send a strong signal to the Debtors' customers, vendors, patients, and the market more generally, that the Chapter 11 Cases are well-funded and that the Debtors will be able to continue operating in the ordinary course during the Chapter 11 Cases.

10. I also believe that a seamless transition into chapter 11 and the ability to continue operations uninterrupted is imperative for the Debtors to preserve their market share, the reputation of their businesses, and the loyalty and goodwill of their customers, vendors, and employees. Absent the ability to demonstrate that the Debtors have the means available to operate in the ordinary course, I believe that customers may seek alternative service providers, and vendors may refuse to do business with the Debtors.

11. As described in more detail in the First Day Declaration, the Debtors faced significant financial challenges leading to the commencement of the Chapter 11 Cases. These challenges included the impending maturity of the First Lien Incremental facility in January 2026, potential covenant breaches under the First Lien RCF Facility, and regulatory uncertainties due to recent federal law changes affecting Medicaid and Medicare funding. As described in the First Day Declaration, the Debtors received notices from certain of their key customers that such customers would not be renewing their respective contracts with the Debtors. These non-renewals are expected to significantly impact the Debtors' future financial performance. There is a risk that other customers may also reconsider their contractual relationships if the Debtors do not take substantial steps to address their capital structure and secure much needed liquidity support in the near term. Despite efforts to address these issues through the Fifth Amendment to the First Lien Facility in January 2025, I believe the Debtors' capital structure ultimately requires a

comprehensive restructuring to reduce the Debtors' quantum of debt, improve liquidity and reduce the overhang of the Debtors' capital structure on business operations. After exploring numerous available options, I believe the DIP Facility is the best available option to address the Debtors' liquidity needs.

12. The Debtors will enter the Chapter 11 Cases with approximately $66 million of accessible cash-on-hand. Given the Debtors' ongoing cash needs, the Debtors require immediate access to the DIP Facility and Cash Collateral to avoid value-destructive impacts to the Debtors' estates. Indeed, without access to both the DIP Facility and Cash Collateral, the Debtors will suffer immediate and irreparable harm—including (but not limited to) being unable to pay their employees, satisfy their obligations to vendors and suppliers, or fund their business operations—all of which will be detrimental to all creditors and other parties in interest.

13. Based on my familiarity with the Debtors' operations and cash position, and my experience as a restructuring professional, I do not believe the Debtors can prudently operate their businesses solely relying on their available cash and cash equivalents at this time. Accordingly, I believe that the Debtors' proposed DIP Facility is necessary to sustain the Debtors' operations during the pendency of the Chapter 11 Cases in an effort to maximize the value of the Debtors and their estates to the benefit of all parties in interest.

THE DEBTORS' EFFORTS TO SECURE POSTPETITION FINANCING AND ENTRY INTO THE RSA INVOLVED GOOD FAITH, ARM'S LENGTH NEGOTIATIONS

14. Since the beginning of this summer, the Debtors and their advisors have been engaged in arm's length negotiations with a group of Prepetition First Lien Lenders and Prepetition Second Lien Noteholders (collectively, the "***Consenting Creditors***") to restructure the Debtors' prepetition liabilities while ensuring the necessary liquidity to stabilize operations throughout the Chapter 11 Cases. The Debtors initially contemplated a range of alternatives, including incurring

additional senior secured financing through a new incremental term loan facility. Advisors to the Consenting Creditors (the "***Consenting Creditor Advisors***") informed the Debtors' advisors that an additional incremental facility would not garner the necessary support from the requisite lenders, unless there were parties willing to invest funds on an equity basis or as junior debt. Despite their efforts, the Debtors were unable to secure such investment commitments.

15. In late July 2025, given the lack of any viable proposals from parties other than the Consenting Creditors, and after presenting an out-of-court term sheet that was rejected by the Consenting Creditors, the Debtors presented the Consenting Creditor Advisors with an in-court restructuring term sheet. This term sheet was designed to address the Debtors' critical need for new capital in the form of post-petition debtor-in-possession financing and to outline the terms for significantly reducing the Debtors' overall debt burden. The term sheet also included provisions for converting the DIP Facility into an exit term loan, which would materially facilitate the Debtors' exit from Chapter 11 with a sustainable capital structure and a path forward for an expedited restructuring.

16. Through July and into August 2025, the Debtors, with the assistance of their advisors, engaged in negotiations with the Consenting Creditors and the Consenting Creditor Advisors to refine the terms of the restructuring proposal. The focus was on achieving a substantial deleveraging of the Debtors' balance sheet and securing a capital infusion that would enable the Debtors to pursue and implement their business plan effectively. Critically, these negotiations culminated in certain Prepetition First Lien Lenders (the "***DIP Backstop Parties***") committing to fund the full amount of the DIP Facility, which is critical to the Debtors as it ensures a fully committed DIP Facility. Further, the DIP Backstop Parties agreed to payment of the Backstop Premium entirely in equity of the reorganized Debtors (subject to dilution by the MIP, New

Warrants and the Equity Rights Offering), which allows the Debtors to retain meaningful liquidity rather than paying such liquidity out in additional fees.

17. By mid-August, the parties had reached a consensus on the key elements of an in-court restructuring transaction that included, among other things, a comprehensive framework for the Debtors' balance sheet deleveraging and addressed the necessary post-petition financing, exit financing, and pro forma liquidity required to support the Debtors' ongoing business operations and restructuring efforts. With these foundational elements in place, the Debtors and the Consenting Creditors commenced detailed negotiations on the terms of the restructuring support agreement (the "***RSA***").

18. In the days leading up to the Petition Date, one of the Debtors' largest equityholders, who also holds Prepetition Second Lien Notes and Unsecured Notes (the "***Alternate Provider***"), submitted a proposal for DIP financing (the "***Alternate Proposal***").[4] This Alternate Proposal included new money commitments and adequate protection payments to the Prepetition First Lien Lenders. This Alternate Proposal, however, contemplated a priming loan facility senior to the Prepetition First Liens and consummation of a chapter 11 plan (the "***Alternate Plan***") materially different than the chapter 11 plan contemplated by the RSA. The Debtors promptly shared and discussed the Alternate Proposal with the Consenting Creditor Advisors to determine whether it presented a potential viable path for these Chapter 11 Cases. The Consenting Creditor Advisors informed the Debtors that they neither supported the Alternate Proposal nor the Alternate Plan. The Debtors' advisors, at the express request of the Board, also asked the Consenting Creditor Advisors whether the Consenting Creditors would consider matching the interest rate,

[4] The Alternate Provider signed a confidentiality agreement with the Debtors on or about August 8, 2025, and received due diligence shortly thereafter.

backstop premium, and other fees included in the Alternate Proposal. The Consenting Creditors declined.

19. Subsequent to those discussions with the Consenting Creditor Advisors, the Debtors had further discussions with the advisors to the Alternate Provider regarding the Alternate Proposal and the Alternate Plan. After thorough review and discussions with their Board, the Debtors and their advisors determined not to proceed with the Alternate Proposal at this time. This decision was primarily due to the potential costs and complications of a priming dispute with the Prepetition First Lien Lenders at the outset of these Chapter 11 Cases and a subsequent contested plan confirmation process. Under the RSA, the Debtors retain their fiduciary out and will continue to negotiate with all parties to try to reach further consensus in these Chapter 11 Cases.

20. On August 20, 2025, following extensive, good-faith, arm's-length negotiations, the Debtors entered into the RSA with the Consenting Creditors. The RSA is supported by Prepetition First Lien Lenders that hold or otherwise control approximately 90% in principal amount of First Lien Claims, and Prepetition Second Lien Noteholders that hold or otherwise control approximately 70% in principal amount of Second Lien Claims. Pursuant to the RSA, the Consenting Creditors agreed to support the consensual restructuring of the Company's balance sheet by, among other things, (a) providing $100 million in debtor-in-possession financing under the DIP Facility which will convert into takeback debt on the Effective Date, (b) exchanging existing First Lien Claims into up to $200 million of takeback debt and their pro rata shares of 98% of reorganized equity (subject to dilution from the Backstop Premium, MIP, New Warrants and the Equity Rights Offering), (c) exchanging existing Second Lien Claims into 2% of reorganized equity (subject to dilution from the Backstop Premium, MIP, New Warrants and the Equity Rights Offering) and providing Second Lien Claims with the New Warrants, and (d)

providing Unsecured Notes the right to participate in the Equity Rights Offering as part of a broader recapitalization that substantially de-levers the Debtors' balance sheet by addressing approximately $871.7 million in First Lien Claims, $316.2 million in Second Lien Claims, and $228.8 million in unsecured debt.

21. In reaching this agreement on the RSA, the Debtors were also able to obtain a number of crucial items in connection with the DIP Facility. In particular, the Debtors obtained a DIP Facility that (a) is open to all Prepetition First Lien Lenders, (b) is sized to meet the significant liquidity needs of the Debtors in the Chapter 11 Cases, (c) provides adequate time (through a six-month maturity, with the potential to extend by three additional months) to implement a value-maximizing restructuring while still ensuring the Debtors can quickly emerge from the Chapter 11 Cases, and (d) converts into an exit facility (the "***First Lien Takeback Facility***") upon the Debtors' emergence from Chapter 11.

THE ALTERNATE PROPOSAL IS NOT VIABLE

22. As described herein, it was not possible for the Debtors to obtain access to alternative post-petition financing because of their financial position and prepetition capital structure. Among other agreements, the majority of the Debtors are borrowers or guarantors under the Prepetition First Lien Facility. My understanding is that the Prepetition First Lien Lenders assert that the claims arising under the Prepetition First Lien Facility are secured by senior liens on substantially all of the Debtors' assets. Accordingly, substantially all of the Debtors' assets are encumbered under their existing capital structure.

23. I understand, based on the advice of Debtors' counsel, that to avoid a protracted and expensive priming fight in connection with any alternative post-petition financing facility, the Debtors would either need to (a) obtain the consent of the Prepetition First Lien Lenders to the priming of their liens by a third-party lender or (b) locate a third-party lender willing to provide

such postpetition financing on a junior basis. Neither of these two options are currently available to the Debtors (including from the Alternate Provider). In particular, the Consenting Creditor Advisors informed me that their clients would not consent to the priming of their liens to enable a third-party lender (including from the Alternate Provider) to provide the Debtors with financing and, as described below, third-party lenders (including the Alternate Provider) were unwilling to provide post-petition financing on a junior basis.

24. In consultation with the Debtors and their advisors, Moelis developed a list of parties not presently in the Debtors' capital structure that potentially could be interested in providing financing in order to create a competitive environment for raising necessary capital for the Debtors, and on the best terms available in the market. The Debtors, through their advisors, solicited proposals for DIP financing from 15 potential third-party lenders and three additional parties presently in the Debtors' capital structure but not Consenting Creditors.

25. Ultimately, the Debtors did not receive any DIP financing proposals from third parties other than the Alternate Provider. The other parties contacted by Moelis reported that they were unwilling to extend financing to the Debtors due to a number of factors, including the general unwillingness of such parties to engage in non-consensual priming fights and the lack of interest in providing postpetition financing on a junior basis (either unsecured or secured by liens junior to the Debtors' prepetition debt). The Alternate Provider was also unwilling to provide postpetition financing on a junior basis. In fact, the Alternate Proposal, which was the only other proposal the Debtors received was for a priming facility.

26. As noted above, the Debtors received an Alternate Proposal from the Alternate Provider shortly before the Petition Date. After discussions with the Consenting Creditor Advisors, the Debtors determined that the Alternate Proposal was untenable due to anticipated

opposition from the Consenting Creditors (both to the Alternate Proposal and the Alternate Plan), and that costs associated with a potential nonconsensual priming fight with the Prepetition First Lien Lenders would far outweigh any potential benefits or lower interest rates and closing fees associated with the Alternate Proposal. Additionally, the Alternate Proposal lacked the certainty of execution, unlike the DIP Facility. Accordingly, I believe that the DIP Facility remains the only viable financing option currently available to the Debtors under the circumstances.

THE TERMS OF THE DIP FACILITY ARE REASONABLE UNDER THE CIRCUMSTANCES

27. Based on my experience with postpetition financing transactions, as well as my involvement in the negotiation of the DIP Facility and pursuit of alternative postpetition financing proposals, I believe that the DIP Facility is the best—in fact, the only—financing option currently available to the Debtors under the circumstances. The proposed DIP Facility provides the Debtors with access to crucial liquidity at the outset of the Chapter 11 Cases and funding to allow the parties to work towards confirmation of the Plan and consummation of the Debtors' overall restructuring transaction. Importantly, the DIP Facility also contemplates conversion into an exit facility through the First Lien Takeback Facility.

28. The DIP Lenders expressly conditioned their proposal on, among other things, what I understand from Debtors' counsel are customary forms of adequate protection, estate releases, and standard stipulations regarding their liens and claims (which will be subject to a "Challenge Period" as set forth in the Interim DIP Order). Based on my experience and discussions with the Debtors' advisors, I believe that the estate releases align with the scope typically granted to similarly situated lenders providing debtor-in-possession financing in other large, complex cases. Importantly, these releases include a Challenge Period, thereby preserving the rights of parties in interest. The DIP Lenders would not have been willing to extend the proposed DIP Facility

without the assurance of these estate releases. Furthermore, the releases are the result of good-faith, arm's-length negotiations between the Debtors and the DIP Lenders, each represented by capable and sophisticated advisors throughout the negotiations. The DIP Lenders also insisted on what I understand, based on my discussions with Debtors' counsel, are standard post-petition priming liens on substantially all of the Debtors' assets as part of the collateral package securing the DIP Facilities.

29. The transaction fees and interest to be paid under the proposed DIP Facility were the subject of arm's-length and good-faith negotiation between the Debtors and the DIP Lenders, are an integral component of the overall terms of the proposed DIP Facility, and were necessary to induce the DIP Lenders to provide financing of this magnitude under the expedited timeline necessitated by the challenges facing the Debtors' business. Given the cash position and operating condition of the Debtors, the timing, cost, and risk of administering the Chapter 11 Cases, and the lack of viable alternatives, and based on my experience as a restructuring professional and my knowledge of the market for DIP financing facilities of this structure and magnitude, I believe that the fees and interest under the DIP Facility are reasonable under the circumstances.

30. Specifically, the DIP Facility accrues interest, payable in cash, at the Debtors' election, at either SOFR + 7.00% per annum or Alternate Base Rate + 6.00% per annum. The DIP Facility contains an upfront OID of 2.0% of DIP Facility commitments (*i.e.* $2 million), which is netted from proceeds at issuance in cash. Such fees are often found in DIP financing facilities.

31. The Backstop Premium is to be paid in the form of equity in the reorganized Debtors, which has significant advantages over fees paid in cash and fees that accrue to the balance of the debt. Cash fees effectively increase the amount of capital required and, in turn, result in increased fees and cash interest expense to reflect the increased capital. Accrued cash fees add

additional leverage and obligations to the balance sheet. In marked contrast, equity fees do not impose any additional costs on the balance sheet of the Company. Additionally, the Backstop Premium is not payable in cash if the DIP Facility is repaid in full in cash because the Debtors exercise their fiduciary out under the RSA. This feature materially benefits the Debtors and is unlike many of the comparable transactions I have reviewed.

32. The Backstop Premium to be paid to the DIP Backstop Parties is equal to 20% of the equity in the reorganized Debtors, subject to dilution of the MIP, New Warrants, and Equity Rights Offering. The Backstop Premium was required to induce the DIP Lenders to backstop the full amount of the DIP Loans at a pivotal and urgent point in the process, before the impact of the chapter 11 filing was known. The Backstop Premium is comparable to other backstop premiums included in similarly structured financing facilities, with the critical distinction and added benefit of having no cash fee component. Absent this arrangement, the Debtors would have needed to secure alternative financing to repay the DIP at exit, such as uncommitted exit financing or funding through an equity rights offering. While these types of alternatives can be viable, they generally carry their own costs and risks, including potential separate backstop premiums, funding at a discount to plan value, and additional transaction expenses. In certain circumstances, these costs may be cumulative and redundant, with less certainty of execution compared to the agreed DIP backstop. For these reasons, I believe the Backstop Premium is reasonable under the circumstances.

33. Additionally, the OID is equal to 2.00% of the DIP Facility, netted from proceeds at issuance, and the Exit Commitment Fee is equal to 3.00% of the DIP Facility payable in cash at exit. With no third-party lenders willing to provide postpetition financing to the Company, these fees are priced to incentivize all Prepetition First Lien Lenders to participate in the DIP Facility

and, in doing so, participate in the First Lien Takeback Facility. Lenders who participate in the DIP Facility are agreeing not only to lend money during the Chapter 11 Cases but also to convert that debt, and concomitant exposure, into a five-year term loan subordinate to a new money revolving facility. The fees are designed to compensate lenders for that risk. In addition, these fees are comparable to other fees included in similarly structured financing facilities, and the cash fees resulting from the conversion of the DIP Facility to the First Lien Takeback Facility are materially less than what I would expect an exit lender to charge on a stand-alone facility that repaid the DIP Facility in full in cash on the plan effective date. For these reasons, I believe the OID and Exit Commitment Fee are reasonable in these circumstances.

34. The terms of the DIP Facility also contain certain milestones that the Debtors must meet throughout the Chapter 11 Cases. The milestones were negotiated by the DIP Lenders as a condition to providing the DIP Facility, and the Debtors, in consultation with their legal and financial advisors, believe that the milestones provide them with adequate time to implement a value-maximizing restructuring. Based upon my experience, I believe the milestones are consistent with those in other chapter 11 cases.

35. An additional notable feature of the DIP Facility is the treatment upon the Debtors' emergence from Chapter 11. The DIP Facility converts into the First Lien Takeback Facility and does not require repayment in cash. This provides greater certainty for emergence without the need to raise otherwise uncommitted financing and preserves the Debtors' liquidity. Further, the First Lien Takeback Facility provides for the flexibility for the Debtors to raise a super priority Exit Revolver of up to $250 million, which will provide the Debtors with needed liquidity post-emergence. Agreeing to roll into an exit facility with junior claims is another significant benefit of the DIP Facility.

36. In addition to providing the Debtors with incremental liquidity, the DIP Facility will provide the Debtors with access to the use of Cash Collateral on a consensual basis and will allow the Debtors to fund their business in the ordinary course, facilitating continued, uninterrupted operations and preserving the value of the Debtors' estate for the benefit of all stakeholders.

37. In sum, it is my professional opinion that the terms of the DIP Facility, taken as a whole, are reasonable under the circumstances and were the product of good-faith, arm's-length negotiations, and that the DIP Facility will allow the Debtors to seek to maximize the value of their estates. For all of the reasons set forth in this Declaration, I believe it would be appropriate for this Court to approve the DIP Facility and the use of Cash Collateral as contemplated by the DIP Motion, and absent approval of the DIP Facility I believe the Debtors would not be able to sustain their operations putting the success of the Debtors' proposed reorganization at risk to the detriment of all the Debtors' stakeholders.

INTERIM RELIEF IS WARRANTED

38. I believe that approval of the interim relief requested in the DIP Motion is necessary to avoid immediate and irreparable harm to the estates. I believe that, absent the interim relief requested by the DIP Motion, the Debtors will suffer significant, and potentially permanent, impairment to their business operations to the material detriment of their stakeholders. Approval of the relief requested in the DIP Motion on an interim basis will facilitate the uninterrupted operation of the Debtors' businesses, the maintenance of ordinary course relationships with essential vendors and customers, and the Debtors' ability to meet their working capital needs in the ordinary course.

CONCLUSION

39. Under the facts and circumstances of the Chapter 11 Cases, I believe that (a) the process to obtain debtor in possession financing produced the best, indeed the only, financing option available to the Debtors at this time, (b) the terms of the DIP Facility, taken as a whole, are reasonable and appropriate, and the DIP Facility should address the Debtors' anticipated liquidity needs, and (c) the relief requested in the DIP Motion is in the best interests of the Debtors and their estates.

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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: August 20, 2025

<u>/s/ Zul Jamal</u>
Zul Jamal
Managing Director
Moelis & Company LLC

CERTIFICATE OF SERVICE

I certify that on August 20, 2025, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on those parties registered to receive electronic notices.

/s/ Timothy A. ("Tad") Davidson II
Timothy A. ("Tad") Davidson II