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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
WINDSTREAM HOLDINGS, INC., *et al.*,[1]	)	Case No. 19-22312 (RDD)
Debtors.	)	(Joint Administration Requested)

DECLARATION OF NICHOLAS LEONE IN SUPPORT OF DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, AND 507 (I) AUTHORIZING THE DEBTORS TO OBTAIN SENIOR SECURED SUPERPRIORITY POSTPETITION FINANCING, (II) GRANTING LIENS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE CLAIMS, (III) AUTHORIZING USE OF CASH COLLATERAL, (IV) GRANTING ADEQUATE PROTECTION, (V) MODIFYING THE AUTOMATIC STAY; (VI) SCHEDULING A FINAL HEARING, AND (VII) GRANTING RELATED RELIEF

I, Nicholas Leone, pursuant to 28 U.S.C. § 1746 hereby declare under penalty of perjury as follows:

1. I submit this declaration (this "Declaration") in support of the *Debtors' Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, and 507*

[1] The last four digits of Debtor Windstream Holdings, Inc.'s tax identification number are 7717. Due to the large number of debtor entities in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at http://www.kccllc.net/windstream. The location of the Debtors' service address for purposes of these chapter 11 cases is: 4001 North Rodney Parham Road, Little Rock, Arkansas 72212.

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(I) Authorizing the Debtors to Obtain Senior Secured Superpriority Postpetition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing Use of Cash Collateral, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the "Motion"),[2] which seeks approval of $1.0 billion in debtor-in-possession financing, consisting of: (a) a $500 million senior secured superpriority debtor-in-possession revolving credit facility (the "DIP Revolving Facility") and (b) a $500 million senior secured superpriority debtor-in-possession term loan facility (the "DIP Term Loan Facility" and together with DIP Revolving Facility, the "DIP Facilities"). I understand that, in accordance with and subject to the terms of the DIP Term Sheet, $100 million of the DIP Revolving Facility and $300 million of the DIP Term Loan Facility will be available upon entry of the Interim Order, with the remaining balance available upon entry of the Final Order.[3]

2. The statements in this Declaration are, except where specifically noted, based on my personal knowledge or opinion, on information that I have received from the Debtors' employees or other advisors, employees of PJT Partners LP ("PJT" or "we", "us", or "our") working directly with me or under my supervision, direction, or control, or the Debtors' books and records maintained in the ordinary course of their businesses. I am not being specifically compensated for this testimony other than through payments received by PJT as a professional to be retained by the Debtors in the chapter 11 cases, which payments include a fee for raising debtor-in-possession financing.[4] If I were

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2 Capitalized terms used but not defined herein have the meanings given to such terms in the Motion or the Interim Order, as applicable.

3 The material terms of the DIP Facilities are set forth in detail in the Motion and in the DIP Term Sheet annexed thereto as **Exhibit C**. For the avoidance of doubt, any description of the DIP Facilities herein or in the Motion is qualified in its entirety by reference to the documents relating to the DIP Facilities.

4 In accordance with PJT's engagement letter, pursuant to which the Debtors will be seeking to retain PJT as its investment banker in the chapter 11 cases, PJT is entitled to receive a capital raising fee in connection with the DIP Facilities equal to 50 basis points of the financing provided under the DIP Facilities, or $5.0 million, 50% of which shall be credited against the Restructuring Fee, as defined in PJT's engagement letter.

called upon to testify, I could and would competently testify to the facts set forth herein. I am authorized to submit this Declaration on behalf of the Debtors.

Professional Background and Qualifications

3. I am a Partner in the Restructuring and Special Situations Group at PJT, an investment banking firm listed on the New York Stock Exchange with its principal offices at 280 Park Avenue, New York, New York 10017. The Restructuring and Special Situations group at PJT was spun off from The Blackstone Group L.P. ("Blackstone") effective October 1, 2015. Upon the consummation of the spin-off, Blackstone's restructuring and reorganization advisory group became a part of PJT, and Blackstone's restructuring professionals became employees of PJT. PJT and its senior professionals have extensive experience in the reorganization and restructuring of distressed companies, both out-of-court and in chapter 11 proceedings. PJT has over 585 employees located in New York, San Francisco, Boston, Chicago, London, Sydney, Hong Kong, and Madrid. PJT is a registered broker-dealer with the United States Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

4. I received a BA in economics from Columbia University in 1988 and an MBA from the University of Chicago Booth School of Business in 1992. I have more than 25 years of corporate finance, capital raising, and restructuring experience. Both prior to and since joining PJT, I have provided restructuring advice to companies, creditors, shareholders, and other interested parties on restructuring transactions across numerous industries both in chapter 11 and on an out-of-court basis. Prior to joining PJT, I worked at in the Restructuring Group at Blackstone for 20 years, serving as a Senior Managing Director. Prior to Blackstone, I worked at Drexel Burnham and Salomon Brothers.

5. Over the last 25 years, my transaction experience has ranged from out-of-court restructurings to in-court insolvencies in the U.S., Brazil, Canada and Europe. Additionally, my

merger and acquisition experience includes buy-side and sell-side assignments, as well as special committee representations and traditional M&A transactions. My financing expertise includes raising debtor-in-possession loans, secured debt, exit financing, second lien loans, convertible notes, rights offerings, and preferred and common stock. My notable public assignments include aaiPharma, Inc., AIG, American Capital, Ltd., American White Cross, Inc., AMF Bowling Worldwide, AngioTech Pharmaceuticals, Arch Wireless, Inc., Asia Coast Development, Barneys New York, BluePoint Re Limited, Capmark Financial Group, Inc., CellNet Data Systems, Inc., Cengage Learning, Chiquita Brands Inc., County Seat Stores, CRIIMI MAE, Inc., Delta Air Lines, Inc., Energy Fuels Ltd., Essar Steel Algoma, Euro Tunnel, G. Heileman Brewing Company, Garden Way Industries, Geneva Steel Company, GOL Linhas Aereas Inteligentes, Granite Broadcasting Corp., Grupo Virgolino de Oliveira (GVO), Horsehead Industries, Inc., HSH Nordbank AG, Koll Real Estate, Lehman Brothers Special Finance, Magna Entertainment Corp., MBIA, Merisant Company, Mirant Corporation, MobileMedia Corp., Molten Metal Technology, NanoSolar, Natural Gas Pipeline Company, Nebraska Book, Net Serviqos de Comunicaqäo, NewPage, Odebrecht Öleo e Gas, Oi S.A., OGX Petroleo e Gas, PaperWorks, School Specialty, Inc., Simmons Bedding Company, Tervita, Tonon Bioenergia, UniCapital Corporation, U.S. Energy Biogas, VER Technologies, WCI Steel, Young Broadcasting, and Quiznos.

PJT's Retention

6. On March 8, 2018, the Debtors formally engaged PJT to act as their financial advisor and investment banker in connection with the Debtors' prepetition restructuring initiatives.[5] Since our engagement, PJT has rendered financial advisory and investment banking services to the Debtors in connection with their evaluation of strategic and financing alternatives, including improving their

[5] On February 25, 2019, the Debtors entered into a subsequent engagement letter, which amended, replaced and superseded the agreement dated March 8, 2018 in its entirety.

maturity profile, liquidity, and overall financial condition. PJT has worked closely with management regarding the Debtors' financing alternatives and has become familiar with the Debtors' capital structure, liquidity needs, and business operations.

The Debtors' Need for Postpetition Financing and Access to Cash Collateral[6]

7. As discussed more fully herein, prior to the Petition Date, PJT ran a thorough and effective marketing process to arrange post-petition financing on an expedited timeline. As part of this process, PJT engaged with multiple potential lenders and eventually obtained favorable financing terms under the proposed DIP Facilities that provide sufficient liquidity to preserve the Debtors' businesses as a going concern. As discussed below, the terms of the DIP Facilities are favorable for the Debtors and are likely to maximize value for the Debtors and the Debtors' estates.

8. Prior to engaging in debtor-in-possession discussions with potential lenders, PJT assisted the Debtors in evaluating potential out-of-court financing alternatives for raising incremental capital to address an alleged default under the indenture governing Debtor Windstream Services, LLC's ("Windstream Services") 6.375% senior unsecured notes due 2023 (the "6 3/8% Notes Indenture" governing the "6 3/8% Notes") as well as a potential adverse ruling of the United States District Court for the Southern District of New York (the "District Court").[7]

9. As described more fully in the First Day Declaration, on February 15, 2019, the District Court issued its findings of fact and conclusions of law against Windstream Services, finding that the Uniti spin-off transaction constituted a prohibited sale and leaseback transaction under the 6 3/8% Notes Indenture, that the Windstream Services did not cure the default, and that the notice of

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6 A detailed description of Windstream and its business, and the facts and circumstances supporting the Motion and the Debtors' chapter 11 cases, are set forth in greater detail in the *Declaration of Tony Thomas, Chief Executive Officer of Windstream Holdings, Inc., (I) in Support of Debtors' Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2* (the "First Day Declaration"), filed contemporaneously with the voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"), on February 25, 2019 (the "Petition Date").

7 The circumstances and details of this litigation are described in more detail in the First Day Declaration.

acceleration was valid. It is my understanding that, although the Debtors disagree with the District Court's ruling for a number of reasons, the ruling found that an event of default occurred that has not been cured or waived. I further understand that the ruling triggered a cross-default under the Prepetition Credit Agreement governing Windstream's secured term and revolving loan obligations, and a cross-acceleration event of default under the indentures governing Windstream's other series of secured and unsecured notes.[8] It is also my understanding that, as a result of the cross-defaults under the Prepetition Term Loan Facility and Prepetition Revolving Credit Facility and absent a waiver from a majority of their Prepetition Revolving Lenders, the Debtors cannot access the approximately $425 million in availability under their Prepetition Revolving Credit Facility (*i.e.*, access to cash), which the Debtors rely upon for day-to-day funding needs.

10. The Debtors have not historically retained significant amounts of excess cash, and instead have funded operations through revolver borrowings. As of February 15, 2019, the day the District Court issued its findings of fact and conclusions of law, the Debtors had approximately $20 million in cash on hand and limited access to additional liquidity.

The Debtors' Prepetition Marketing Efforts

11. Prior to the filing of these chapter 11 cases, PJT explored several options for out-of-court financing to address the adverse ruling in the District Court and obviate the need for a bankruptcy filing. For example, the Debtors explored potential financing alternatives to fund a settlement with Aurelius Capital Master, Ltd. ("Aurelius") or repay or defease the outstanding 6 3/8% Notes to render the litigation moot. I understand, however, that any attempt to raise capital and repay or discharge the 6 3/8% Notes would have raised a number of legal and execution issues, as described more fully in the First Day Declaration.

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[8] I have been informed that, for the avoidance of doubt, the Debtors reserve all rights with respect to the findings, including pursuit of remedies provided for under the Bankruptcy Code, such as equitable subordination.

12. On February 21, 2019, the Debtors received a preliminary, non-binding proposal, which was revised on February 22, 2019, from certain large financial institutions (the "Out-of-Court Proposal"). The Out-of-Court Proposal included the potential for a new or refinanced revolving credit facility and other funding, potentially providing up to $700 million of incremental capital to the Debtors. While management and the Debtors' advisors recognized that the Out-of-Court Proposal could have addressed the event of default, it is my understanding that it also would have required the satisfaction of several challenging conditions, including a likely objection from the Debtors' funded debt stakeholders, as further described in the First Day Declaration. Accordingly, in the exercise of the business judgment of their board of directors and management, the Debtors chose not to pursue the out-of-court financing alternatives and instead focus on a chapter 11 filing with debtor-in-possession financing.

13. Simultaneously with analyzing the potential above-mentioned out-of-court alternatives, management and the advisors worked diligently to evaluate options for debtor-in-possession financing. More specifically, PJT worked closely with the Debtors' management to determine the Debtors' cash requirements for their businesses including the effect of the chapter 11 filing on the operations of the business, financing costs associated with a DIP Facilities, professional fees, and required operational payments. PJT worked with the Debtors' management and the other advisors, including their proposed legal advisor, Kirkland & Ellis LLP ("K&E"), and, for a limited time, its proposed restructuring advisor, Alvarez & Marsal LLC ("A&M"), to estimate the Debtors' postpetition financing needs.

14. Prior to the commencement of these chapter 11 cases, on February 20, 2019, PJT launched a formal marketing process designed to canvas the market and identify the best possible solution to the Debtors' particular financing needs. PJT began the marketing process by developing a list of sophisticated institutions knowledgeable about the Debtors' business that would be most capable

of expeditiously providing postpetition financing. The list included certain of the Prepetition Revolving Lenders. PJT consulted with the Debtors and their other advisors throughout this process and sought to foster a process to most efficiently raise necessary capital and obtain postpetition financing on the best terms possible.

15. In this case, obtaining access to postpetition financing on an unsecured basis was difficult because the Debtors' Prepetition Secured Parties assert that nearly all of the Debtors' assets are encumbered under its existing capital structure, which, along with the Debtors' uncertain financial condition, restricts the availability of, and options for, postpetition financing. I understand, based on the advice of counsel, that to avoid a protracted and expensive priming fight, the Debtors would either need to (a) obtain the consent of the Prepetition Secured Parties to the priming of their liens by a third-party lender or (b) locate a third-party lender willing to provide postpetition financing on an unsecured basis. None of the parties contacted were willing to provide debtor-in-possession financing junior to the Prepetition Secured Lenders.

16. Beginning on February 20, 2019, PJT reached out to eight (8) financial institutions that were members of the Prepetition Revolving Lender group under the Prepetition Revolving Credit Facility to gauge their interest in providing such debtor-in-possession financing to the Debtors. PJT requested proposals for up to $1.0 billion in postpetition financing, consisting of a revolving credit facility and a term loan facility, based on the business plan, cash flow forecast, and other key assumptions considered at that time. PJT requested that lenders submit proposals by February 22, 2019 (*i.e.*, two days after commencing the marketing process). Of those eight, six (6) institutions delivered non-binding proposals to the Debtors.

17. After receiving the competing proposals and in light of the short period between receiving proposals and the anticipated chapter 11 filing date, the Debtors and PJT engaged in

negotiations with the DIP Lenders regarding key economic and structural terms of the proposal under consideration. These negotiations involved: (a) multiple telephone conferences with the Debtors' management and advisors; (b) the exchange of multiple iterations of term sheet proposals and related documents reflecting the proposed debtor-in-possession financing terms; and (c) circulation of the proposed budget and other due diligence materials to potential lenders.

18. A key consideration for the Debtors during the marketing and negotiation process was the competitive nature of each proposal, the impact a "priming" facility would impose on the Prepetition Secured Parties, and the risks such financing would place on ultimately obtaining approval of such financing. Through these negotiations, the Debtors were able to achieve favorable economic terms, financial flexibility, and overall certainty of funding.

19. The proposed debtor-in-possession financing serves as an important component of the Debtors' overall restructuring efforts because it provides the Debtors with the stability and certainty that they will have sufficient liquidity to continue operations in the ordinary course of business during these chapter 11 cases. Based on the results of this marketing process, and given the facts and circumstances of these chapter 11 cases, I believe that the DIP Facilities are the best available possible financing options for the Debtors at this time.[9]

The Debtors' Proposed Adequate Protection Is Fair and Reasonable

20. I understand that the proposed debtor-in-possession financing, as contemplated by the DIP Loan Documents, in each case subject to customary exclusions including the Carve Out, will

[9] Based on the Debtors' forecasts, management also determined, along with PJT and its other advisors, that administering these chapter 11 estates solely on a "cash collateral" basis without access to postpetition financing to provide the Debtors with additional liquidity would present a material risk to stakeholder value because the Debtors' cash on hand would be insufficient to fund their operations and administer these chapter 11 cases. I understand that the requested amount of interim financing will ensure that the Debtors have the necessary liquidity to continue to operate without material disruption following the Petition Date through the Final Hearing. Moreover, I believe that obtaining financing for the chapter 11 cases and the Debtors' continued business operations is key to avoiding the possibility of material, substantial harm to their value.

provide the DIP Lenders continuing, valid, binding, enforceable, non-avoidable, and automatically and properly perfected postpetition security interests in and liens on the DIP Collateral, subject to, the Carve Out, which includes substantially all of the Debtors' assets, and excludes certain Excluded Assets as defined in the DIP Documents.

21. I understand that, among other things, the adequate protection contemplated by the proposed debtor-in-possession financing is designed to protect the interests in the Debtors' property of the Prepetition Revolving Lenders, Prepetition Term Loan Lenders, Prepetition Midwest Notes Secured Parties, Prepetition First Lien Noteholders, and Prepetition Second Lien Noteholders from any diminution in value caused by the Debtors' use of the Prepetition Collateral, including Cash Collateral, during the pendency of these chapter 11 cases. Specifically, the Debtors have agreed to provide the following forms of adequate protection subject, in each case, to the Carve Out (collectively, the "Adequate Protection Obligations"):

Adequate Protection Obligations	Applicable Parties
Valid and automatically perfected replacement liens and security interests in and upon the DIP Collateral, subject and subordinate to (A) the DIP Liens and any liens to which the DIP Liens are junior and (B) the Carve Out.	• Prepetition Revolving Lenders, Prepetition Term Loan Lenders, and Prepetition First Lien Noteholders
Valid and automatically perfected replacement liens and security interests in and upon the DIP Collateral, subject and subordinate to (A) the DIP Liens and any liens to which the DIP Liens are junior, (B) the First Lien Adequate Protection Liens, (C) the Prepetition First Lien Notes Liens and (D) the Carve Out.	• Prepetition Second Lien Noteholders
Valid and automatically perfected replacement liens and security interests in and upon any and all assets (including, without limitation, any DIP Collateral) held or owned by (i) the Prepetition Midwest Notes Issuer, (ii) Windstream Network , Services of the Midwest, Inc. and/or (iii) each of the Prepetition Midwest Notes Issuer's Debtor subsidiaries that are not currently obligors under the Prepetition Credit Agreement or the Prepetition First Lien Notes, but are (or become) DIP Loan Parties, subject and subordinate only to (A) the DIP Liens and any liens to which the DIP Liens are junior and (B) the Carve Out.	• Prepetition Midwest Notes Secured Parties

Adequate Protection Obligations	Applicable Parties
Cash interest and letter of credit fees at default rate	• Prepetition Credit Facility Secured Parties
Cash interest at non-default rate	• Prepetition First Lien Noteholders and Prepetition Midwest Notes Secured Parties
Superpriority administrative claims under section 507(b) of the Bankruptcy Code	• All Prepetition Secured Parties (and, with respect to the Prepetition Second Lien Noteholders, solely following discharge of first-priority obligations, as defined in the Junior Lien Credit Agreement)
Certain professional fees and expenses	• Substantially all Prepetition Secured Parties
Monitoring of prepetition collateral	• Substantially all Prepetition Secured Parties
Certain financial reporting	• Substantially all Prepetition Secured Parties

22. I believe that there is significant equity cushion, which provides the prepetition first lien lenders with adequate protection in addition to the Adequate Protections Obligations. While PJT has not yet undertaken a comprehensive valuation of the Debtors or their assets and does not have a view as to enterprise value, based on certain criteria, I currently believe that there is an equity cushion that provides sufficient adequate protection to such parties.

23. I believe that the DIP Facilities provide adequate protection to the Prepetition Secured Parties by stabilizing the Debtors' operations and preserving their ability to operate as a going concern. Further, the incremental value generated by use of the proceeds of the proposed DIP Facilities will inure to the ultimate benefit of the Debtors' estates and their stakeholders. Without the proposed debtor-in-possession financing, I believe these estates could be required to undertake a liquidation process on a highly expedited basis and, in that scenario, secured creditor recoveries would likely be materially impaired versus recoveries available if the Debtors are able to access the proposed debtor-in-possession financing. The proposed debtor-in-possession financing therefore mitigates the risk of an expedited liquidation and, by avoiding that possible near-term outcome, provides a direct benefit to the Prepetition Secured Parties.

24. Again, given my experience and the facts and circumstances in these chapter 11 cases, I believe the adequate protection being offered is fair and reasonable.

The Rates and Fees in Connection with the DIP Facilities Are Reasonable

25. I understand that the Debtors have agreed, subject to Bankruptcy Court approval, to pay certain interest and fees to the DIP Agent, and the DIP Lenders pursuant to the DIP Loan Documents. Such rates and fees are summarized below:

Interest and Fees	Amount
Interest Rate	(i) the Applicable Margin (as defined in the sealed Fee Letter) *plus* the Alternate Base Rate defined as the highest of (i) the DIP Agent's base rate, (ii) the three-month certificate of deposit rate plus 1/2 of 1%, (iii) the Federal Funds Effective Rate plus 1/2 of 1% and (iv) the one-month LIBO Rate plus 1.00% per annum, in each case, calculated on a 365/366-day basis and payable monthly in arrears; or (ii) the Applicable Margin *plus* the current LIBO rate as quoted by Reuters Screen LIBOR01 Page, adjusted for reserve requirements, if any, and subject to customary change of circumstance provisions, for interest periods of one month (the "LIBO Rate"), calculated on a 360-day basis and payable at the end of the relevant interest period, but in any event at least quarterly; *provided* that the LIBO Rate will at no time be less than 0% per annum.
Fees	Unused Commitment Fee. 0.50% per annum on the daily average unused portion of the DIP Revolving Facility (whether or not then available), payable quarterly in arrears and on the date when the commitments under the DIP Facilities is due. Letter of Credit Fees. The Applicable LIBOR Margin to the DIP Lenders, and 0.125% per annum to the Letter of Credit Issuer, payable quarterly in arrears and computed on a 360-day basis. OID: Sealed pursuant to the *Debtors' Motion Seeking Entry of an Order Authorizing the Debtors to (I) Restrict Access to Certain Confidential Fee Letters Related to Proposed Debtor-in-Possession Financing and (II) Redact Certain Terms in the Leone Declaration*.
Maturity	24 months after the Closing Date.

26. Under the facts and circumstances in these chapter 11 cases and based on my knowledge of similar financings, I believe that the interest rate and fees reflected in the DIP Facilities are reasonable. Further, the interest rate and fees were subject to negotiation and are an integral component of the overall terms of the DIP Facilities, and were required by the DIP Agents and the DIP Lenders as consideration for the extension of postpetition financing.

The DIP Facilities Are In the Best Interest of the Estates

27. As described above, the Debtors ultimately determined in their business judgment that the DIP Facilities provided the most attractive financing available. I understand that the proceeds of the DIP Facilities will provide the Debtors with the ability to fund day-to-day operations, make critical capital expenditure investments, fund operations, finance operational restructuring and cost-savings initiatives, meet their administrative obligations during these chapter 11 cases, and emerge on a timely basis as a reorganized business enterprise. I believe that the DIP Facilities contemplated by the Motion, including the access to Cash Collateral, will provide confidence to the Debtors' customers, vendors, employees, and contract counterparties that operations are appropriately funded and that the bankruptcy filing will not negatively impact the Debtors' businesses. Specifically, I believe that the Debtors' access to the DIP Facilities will communicate to all stakeholders that it will be able to continue meeting the needs of its customers, compensating its employees, paying its vendors, and managing its businesses in a manner as close to the ordinary course as possible.

28. I believe that access to the DIP Facilities, including the use of Cash Collateral, will provide the Debtors with sufficient funds to preserve and maximize the value of their estates, responsibly administer these chapter 11 cases, and implement their business plan. I believe that in the event that either the Bankruptcy Court does not approve the proposed debtor-in-possession financing or the Debtors are denied access to Cash Collateral there is a substantial risk of immediate and irreparable harm to the Debtors' estates. Absent access to the DIP Facilities, the Debtors would likely need to liquidate immediately, to the detriment of their stakeholders.

29. While the Debtors are in need of an immediate infusion of liquidity, the Debtors have a fundamentally valuable going concern business and an experienced management team. Notwithstanding the fact that the Debtors arrived in chapter 11 without a pre-negotiated deal in place

due to a sudden liquidity crisis, the Debtors intend to engage with all stakeholders postpetition and use the chapter 11 process as to build consensus around a value-maximizing result that will inure to the benefit of stakeholders enterprise-wide.

Need for Interim Relief

30. The Debtors require immediate access to postpetition financing and the use of Cash Collateral to operate their businesses and preserve and maximize value. Importantly, I have been advised by Debtors' counsel that substantially all of the Debtors' available cash constitutes the Prepetition Secured Parties' Cash Collateral. The Debtors will therefore be unable to operate their businesses or otherwise fund these chapter 11 cases without access to Cash Collateral, and will suffer immediate and irreparable harm to the detriment of all creditors and other parties in interest. Absent funds available from the DIP Facilities and access to Cash Collateral pursuant to the Bankruptcy Court-approved Interim Order, the Debtors will be unable to operate in the normal course or administer these chapter 11 cases to the detriment of all stakeholders. Accordingly, I believe it is appropriate and necessary for the Bankruptcy Court to approve the proposed debtor-in-possession financing on an interim basis pursuant to the terms of the Interim Order.

Conclusion

31. I believe that, given the facts and circumstances in these chapter 11 cases, the process to obtain debtor-in-possession financing produced the best financing option available to the Debtors at this time, that the terms of the DIP Facilities, including the use of Cash Collateral, are reasonable and appropriate, and that approval of the proposed usage of Cash Collateral and access to the DIP Facilities is necessary.

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: February 26, 2019
New York, New York

/s/ Nicholas Leone
Nicholas Leone
Partner
PJT Partners