

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11  
: STARRY GROUP HOLDINGS, INC., *et al.*,<sup>1</sup> : Case No. 23-10219 (KBO)  
: Debtors. : (Jointly Administered)  
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**DECLARATION OF HEATH C. GRAY IN SUPPORT OF  
CONFIRMATION OF THIRD AMENDED JOINT CHAPTER 11 PLAN  
OF REORGANIZATION OF STARRY GROUP HOLDINGS, INC. AND ITS  
DEBTOR AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

I, Heath C. Gray, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge and belief:

1. I am a Senior Managing Director at FTI Consulting, Inc. (“**FTI**”), a financial advisory services firm. FTI maintains offices at, among other places, 1166 Avenue of the Americas, New York, New York 10036. FTI is the financial advisor to the debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”).

2. I submit this declaration (this “**Declaration**”) in support of confirmation of the *Third Amended Joint Chapter 11 Plan of Reorganization of Starry Group Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* [Docket No. 459] (as may be amended, supplemented, or modified from time to time, the “**Plan**”).<sup>2</sup>

<sup>1</sup> The debtors in these cases, along with the last four digits of each debtor’s federal tax identification number, are: Starry Group Holdings, Inc. (9355); Starry, Inc. (9616); Connect Everyone LLC (5896); Starry Installation Corp. (7000); Starry (MA), Inc. (2010); Starry Spectrum LLC (N/A); Testco LLC (5226); Starry Spectrum Holdings LLC (9444); Widmo Holdings LLC (9208); Vibrant Composites Inc. (8431); Starry Foreign Holdings Inc. (3025); and Starry PR Inc. (1214). The debtors’ address is 38 Chauncy Street, Suite 200, Boston, Massachusetts 02111.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan.



3. Except as otherwise indicated herein, all facts set forth in this Declaration are based on my personal knowledge of the Debtors' operations and finances and the Debtors' restructuring activities, information gathered from my review of the Debtors' books and records maintained in the ordinary course of their business, and information supplied to me by members of the Debtors' management and the Debtors' advisors, or employees of FTI working directly with me or under my supervision, direction, or control. I am authorized to submit this Declaration on behalf of the Debtors, and, if I were called upon to testify, I could and would testify competently to the facts set forth herein.

#### **I. PROFESSIONAL QUALIFICATIONS**

4. FTI is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal operational, political & regulatory, reputational and transactional. FTI employs 7,600 employees in 31 countries with extensive experience providing multidisciplinary solutions to complex challenges and opportunities. Specifically, the restructuring and turnaround experts at FTI help clients stabilize finances and operations to reassure all parties in interest that proactive steps are being taken to preserve and enhance value. These FTI professionals assist companies with liquidity management, operational improvement, capital solutions, and turnarounds and restructurings, among other services.

5. FTI's personnel have assisted and advised debtors, creditors, bondholders, investors, and other entities in numerous chapter 11 cases, including those of similar size and complexity to the Chapter 11 Cases. FTI's personnel have also worked on numerous chapter 11 cases within this district, including the following recent cases: *In re Boxed, Inc.*, Case No. 23-10397 (BLS) (Bankr. D. Del. Apr. 2, 2023); *In re Reverse Mortgage Investment Trust Inc.*, Case No. 22-11225 (MFW) (Bankr. D. Del. Mar. 20, 2023); *In re RS FIT NW LLC (f/k/a 24 Hour Fitness Worldwide, Inc.)*, Case No. 20-11558 (KBO) (Bankr. D. Del. July 13, 2020); *In re GCX Limited*,

Case No. 19-12031 (CSS) (Bankr. D. Del. Nov. 4, 2019); *In re Zohar III, Corp.*, Case No. 18-10512 (Bankr. D. Del. June 11, 2018); *In re SFX Entertainment, Inc.*, Case No. 16-10238 (Bankr. D. Del. Mar. 3, 2016); *In re Fresh & Easy, LLC*, Case No. 15-12220 (Bankr. D. Del. Nov. 20, 2015); *In re Corinthian Colleges, Inc.*, Case No. 15-10952 (Bankr. D. Del. May 27, 2015); *In re Mineral Park, Inc.*, Case No. 14-11996 (Bankr. D. Del. Sept. 23, 2014); *In re FCC Holdings, Inc.*, Case No. 14-11987 (Bankr. D. Del. Sept. 22, 2014).

6. I hold a Bachelor of Arts in Public Policy Studies from Duke University. I have more than 14 years of corporate restructuring, financial advisory and interim management experience. I have restructuring and financial advisory expertise in, among other areas, telecommunications, traditional and digital media, direct marketing and advertising, entertainment, software and hardware technology, and other internet-based businesses. I have advised numerous clients, both public and private, during periods of transformational change, rapid growth, and financial distress. My services have included serving as Interim Chief Financial Officer and as Deputy Chief Restructuring Officer, leading financial and operational due diligence, developing business plans and financial projections, managing cash flow and liquidity, and designing and implementing value creation and performance improvement initiatives, often in conjunction with financing, restructuring, and M&A transactions. I have been involved in numerous out-of-court workouts and transactions as well as chapter 11 cases including, among others, acting as: proposed chapter 11 financial advisor to National CineMedia, Case No. 23-90291 (DRJ) (Bankr. S.D. Tex. Apr. 11, 2023), the largest cinema advertising network in the U.S.; chapter 11 financial advisor to Boxed, Case No. 23-10397 (BLS) (Bankr. D. Del. Apr. 2, 2023), an e-commerce retailer and software provider; chapter 11 financial advisor to Quanergy Systems, Case No. 22-11305 (CTG) (Bankr. D. Del. Dec. 13, 2022), a developer of LiDAR sensors and 3D

perception software solutions; chapter 11 financial advisor to Pareteum, Case No. 22-10615 (LGB) (Bankr. S.D.N.Y. May 15, 2022), a cloud software communications provider; chapter 11 advisor to the Transaction Committee of Garrett Asasco, Case No. 20-12212 (MEW) (Bankr. S.D.N.Y. Sept. 20, 2020), an automotive technology provider; chapter 11 financial advisor to LATAM Airlines, Case No. 20-11254 (JLG) (Bankr. S.D.N.Y. May 26, 2020), Latin America's largest airline group; chapter 11 advisor to Sizmek, Case No. 19-10971 (DSJ) (Bankr. S.D.N.Y. Mar. 29, 2019), a buy-side digital advertising platform; and chapter 11 advisor to Synergy Pharmaceuticals, Case No. 18-14010 (LGB) (Bankr. S.D.N.Y. Dec. 12, 2018), a biopharmaceutical company.

7. I have been responsible for leading FTI's engagement with the Debtors since October 2022. The Debtors retained FTI to provide advice and assistance in connection with the evaluation and implementation of strategic alternatives. FTI has worked with the Debtors on a number of issues including cash forecasting and liquidity management, contingency planning efforts, financial forecasting, business plan development, key employee retention planning, and general bankruptcy filing preparations and post-filing assistance with reporting and other administrative requirements. Since FTI's retention, I have worked closely with the Debtors' management team and other advisors to evaluate the Debtors' liquidity and cash needs in the case of a chapter 11 filing. As a result of my work with the Debtors and my understanding of the Debtors' financial history and business operations, as well as my experience and training in the reorganization of financially distressed companies, I am well positioned to testify to the statements made herein, including that the Plan satisfies the "best interests" of creditors test and is feasible.

## **II. THE PLAN SATISFIES THE "BEST INTERESTS" TEST (11 U.S.C. § 1129(a)(7))**

8. I understand that the "best interests" test under section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation of a plan of reorganization, that each holder of a claim or interest in each impaired class either (a) has accepted

the plan or (b) will receive or retain under the plan property of a value, as of the effective date of the confirmed plan, that is not less than the amount such holder would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code on such date.

9. Together with my team at FTI, I assisted the Debtors in preparing a hypothetical, reasonable, and good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code, as set forth in more detail in the liquidation analysis attached as **Exhibit E** to the Disclosure Statement (the “**Liquidation Analysis**”).<sup>3</sup> The Liquidation Analysis was completed after extensive analysis and input from the Debtors’ management and their other advisors, and represents the Debtors’ best estimate of the cash proceeds, net of liquidation-related costs, that would be available for distribution to Holders of Claims and Interests under a hypothetical chapter 7 liquidation of the Debtors. A complete description of the process and the results of the Liquidation Analysis are set forth therein. Based on my involvement in the preparation of the Liquidation Analysis and my experience as a restructuring professional in the Debtors’ industry, I believe that the methodology and assumptions used to prepare the Liquidation Analysis were sound and the assumptions and conclusions set forth therein are fair and reasonable under the circumstances.

10. I understand that the “best interests” test is not relevant for the Holders of Claims in Class 1 (Other Priority Claims), Class 2 (Other Secured Claims), and Class 3 (Prepetition Term Loan Claims), because such Classes are either Unimpaired under the Plan or have unanimously voted to accept the Plan.

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<sup>3</sup> On March 28, 2023, the Debtors filed the *Notice of Filing of Revised Proposed Exhibits to the Disclosure Statement for Amended Joint Chapter 11 Plan of Reorganization of Starry Group Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* [Docket No. 242], which included the Liquidation Analysis and the Financial Projections (as defined below).

11. As stated in the Liquidation Analysis, subject to the assumptions and limitations contained therein, the net liquidation proceeds available for distribution to the Debtors' creditors range from approximately \$53.7 million to \$73.9 million. After wind-down costs, recovery to Holders of DIP Facility Claims would range from approximately \$48.4 million to \$68.4 million, or 61% to 85%. In other words, Holders of Administrative Claims, Priority Tax Claims, and Claims or Interests in Class 1 (Other Priority Claims); Class 2 (Other Secured Claims); Class 3 (Prepetition Term Loan Claims); Class 4 (General Unsecured Claims); Class 5 (Intercompany Claims); Class 6 (Subordinated Claims); Class 7 (Intercompany Interests); and Class 8 (Equity Interests) are not expected to receive a recovery in a chapter 7 liquidation. Therefore, after applying available liquidation proceeds in accordance with the Bankruptcy Code and applicable law, the anticipated recoveries to each Impaired Class under the Plan implies a greater or equal recovery to the holders of Claims in Impaired Classes than the recovery available in a chapter 7 liquidation. As to Holders of Claims in Class 4 (General Unsecured Claims), which the Disclosure Statement contemplates receiving a recovery of \$250,000 - \$2 million,<sup>4</sup> I believe that such parties are clearly receiving a greater recovery under the Plan than in a chapter 7 liquidation.

12. Based on the Liquidation Analysis, I believe that the Plan satisfies the "best interests" test requirement under section 1129(a)(7) of the Bankruptcy Code.

### **III. THE PLAN IS FEASIBLE (11 U.S.C. § 1129(a)(11))**

13. I understand that section 1129(a)(11) of the Bankruptcy Code requires a court to determine that a chapter 11 plan is feasible and that confirmation of such plan is not likely to be followed by the liquidation or further financial reorganization of the debtor.

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<sup>4</sup> Pursuant to the settlement agreed to with the Committee, Holders of Claims in Class 4 (General Unsecured Claims) will now receive a minimum recovery of \$1.625 million.

14. In connection with the development of the Plan, the Debtors and FTI assessed the Debtors' ability to fulfill their obligations under the Plan while maintaining sufficient liquidity and capital resources. The Debtors, with input from FTI and other advisors, prepared a business plan and financial projections for the remainder of fiscal year 2023, as well as fiscal years 2024–2028 (the “**Financial Projections**”), which are attached to the Disclosure Statement as **Exhibit D**.

15. I have reviewed the methods used and material assumptions included in the Financial Projections and I believe that they were prepared in good faith and based on a set of sound assumptions rooted in the experience of the Debtors' management and advisors, and incorporated material considerations pertaining to the business plan, the current industry environment, and the Debtors' historical operating performance and operating costs.

16. Moreover, the Plan will deleverage the Debtors' balance sheet by approximately \$195 million. The Plan will also provide the Debtors with an Exit Facility that includes new money funding in the amount of \$11 million on a committed basis and \$10 million on an uncommitted basis to fund the business upon emergence from chapter 11. This commitment by the Prepetition Lenders and DIP Lenders is further evidence of the feasibility of the Plan, as I do not believe these parties would make such an investment were the Plan likely to be followed by liquidation or further financial reorganization of the Debtors. Furthermore, based on my experience with the Prepetition Lenders and the DIP Lenders and their long track record of support for the Debtors, I believe that they are committed to ensuring future success for the Debtors post-Confirmation.

17. The Reorganized Debtors expect to operate their business and service their ordinary course operational obligations with operating cash flow and funds from the Exit Facility, subject to the assumptions and limitations set forth in the Financial Projections.

18. Accordingly, assuming there are no significant deviations from the Financial Projections and the Exit Facility is fully funded, I believe that the Reorganized Debtors will have sufficient resources to make all payments required pursuant to the Plan and that confirmation of the Plan is not likely to be followed by a liquidation or the need for further reorganization. Therefore, I believe the Plan satisfies the feasibility requirements of section 1129(a)(11) of the Bankruptcy Code.

#### **IV. CONCLUSION**

19. Based on the information and assumptions and limitations described above, I believe that the Plan satisfies the “best interests” of creditors test and is feasible.



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

Dated: May 22, 2023

Respectfully submitted,

/s/ Heath C. Gray

Heath C. Gray  
Senior Managing Director  
FTI Consulting, Inc.

*Financial Advisor for the Debtors*