

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

In re:	§	
	§	Chapter 11
	§	
SPEEDCAST INTERNATIONAL	§	
LIMITED, <i>et al.</i> ,	§	Case No. 20-32243 (MI)
	§	
Debtors. <sup>1</sup>	§	(Jointly Administered)
	§	

**SUPPLEMENTAL DECLARATION OF ADAM WALDMAN IN SUPPORT  
OF EMERGENCY MOTION OF DEBTORS FOR ENTRY  
OF INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTORS  
TO (A) REFINANCE THEIR POSTPETITION FINANCING OBLIGATIONS  
AND (B) USE CASH COLLATERAL, (II) AMENDING THE  
INTERIM AND FINAL ORDERS, AND (III) GRANTING RELATED RELIEF**

I, Adam Waldman, 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, information, and belief:

1. I submit this declaration (the “**Supplemental Declaration**”) in support of the relief requested in the *Emergency Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Refinance Their Postpetition Financing Obligations and (B) Use Cash Collateral, (II) Amending the Interim and Final Orders, and (III) Granting Related Relief* [ECF No. 686] (the “**Refinancing DIP Motion**”) filed by SpeedCast International Limited and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, “**Speedcast**,” the “**Company**,” or the “**Debtors**”).<sup>2</sup> The Refinancing DIP Motion

<sup>1</sup> A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <http://www.kccllc.net/speedcast>. The Debtors’ service address for the purposes of these chapter 11 cases is 4400 S. Sam Houston Parkway East, Houston, Texas 77048.

<sup>2</sup> Capitalized terms used but not otherwise defined in this Supplemental Declaration shall have the meanings ascribed to them in the Refinancing DIP Motion or the *Declaration of Adam Waldman in Support of Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing and (VI) Granting Related Relief* [ECF



seeks authority to refinance the Original DIP Facility (as defined below) with a new \$285 million superpriority senior secured debtor-in-possession term loan credit facility provided by Centerbridge Partners, L.P. (“**Centerbridge**”), of which \$185 million will be used to repay in full the obligations outstanding under the Original DIP Credit Agreement and \$100 million will be available as incremental funding for working capital and chapter 11 related expenses (the “**Refinancing DIP Facility**”). Further, the Refinancing DIP Motion seeks approval of adequate protection with an unusual feature—subordination of the obligations under the Refinancing DIP Facility to adequate protection in favor of the prepetition secured lenders up to \$150 million. Access to the funding available under the Refinancing DIP Facility will provide the Debtors the opportunity to maximize the value of the Debtors’ estates for all stakeholders, enable the Debtors to continue to operate their business, and fund the Debtors’ process to exit chapter 11.

2. As described in my Prior Declaration, I am an Executive Director at Moelis & Company LLC (“**Moelis**”).<sup>3</sup> On February 24, 2020, the Debtors engaged Moelis and Moelis Australia Advisory Pty Limited (“**Moelis Australia**”) to serve as the Debtors’ exclusive financial advisors and investment bankers in connection with the Debtors’ restructuring initiatives. As a result, I, along with other members of the Moelis team, have become familiar with the Debtors’ capital structure, finances, liquidity needs, and business operations.

3. The statements in this Supplemental Declaration are, except where specifically noted, based on my personal knowledge or opinion; on information that I have received from the Debtors’ employees, the Debtors’ advisors, or employees of Moelis working directly with me or under my supervision, direction, or control; or from the Debtors’ books and

---

No. 34] (“**Prior Declaration**”). Additional information regarding my background and experience can be found in the Prior Declaration, which is fully incorporated by reference herein.

<sup>3</sup> Moelis & Company LLC has its principal office at 399 Park Avenue, 5th Floor, New York, NY 10022.

records maintained in the ordinary course of their business. I am not being specifically compensated for this testimony other than through payments received by Moelis as a professional retained by the Debtors prepetition and retained in these chapter 11 cases postpetition. If I were called upon to testify, I could and would competently testify to the facts set forth herein on that basis. I am authorized to submit this Supplemental Declaration on behalf of the Debtors.

### **I. Events Leading to the Refinancing DIP Motion**

4. Since our engagement, my team and I have continued to work with the Debtors and their other advisors to evaluate the Debtors' liquidity and cash needs, including in connection with assisting the Debtors in analyzing their debtor-in-possession ("**DIP**") financing alternatives. As explained in detail in my Prior Declaration, absent DIP financing, the Debtors would not have sufficient liquidity to fund their business operations uninterrupted, provide additional working capital, and pay the administrative and professional fees incurred during these chapter 11 cases. Accordingly, at the outset of these cases, the Debtors requested—and the Court granted—authority to enter into the Original DIP Credit Agreement.

5. The Original DIP Credit Agreement provided the Debtors access to a multiple-draw superpriority, senior secured new-money term loan DIP Facility (the "**Original DIP Facility**"), pursuant to which the Debtors borrowed \$90 million of new money to fund ongoing operations and these chapter 11 cases, "rolled up" \$90 million of prepetition secured claims, and granted superpriority claims and priming liens on property of the Debtors. As explained in my Prior Declaration, the Original DIP Facility was the best financing available to the Debtors at the time and under the circumstances.

6. The Debtors require incremental liquidity to operate their business, pay administrative costs, and fund the balance of these chapter 11 cases. Without access to incremental

funding, there is a substantial risk of significant deterioration in the value of the Debtors' businesses to the detriment of all stakeholders.

7. The need for this incremental financing was further driven by multiple delays in the chapter 11 process, including the need to seek extensions of milestones under the Original DIP Facility due, in part, to the lenders' inability to reach agreement on an Approved Restructuring (as defined therein). In addition, on September 8, 2020, the Administrative Agent delivered to the Debtors a notice asserting certain events of default under the Original DIP Facility.

8. Centerbridge has offered incremental funding in the form of the Refinancing DIP Facility on terms more favorable to the Debtors than under the Original DIP Facility. Therefore, to ensure the Debtors have sufficient liquidity to fund ongoing business operations and these chapter 11 cases, the Debtors filed the Refinancing DIP Motion.

## **II. The Debtors' Search for Refinancing DIP Facility**

9. The Debtors' financial advisor, FTI Consulting, Inc. ("FTI"), evaluated the Debtors' cash flow and liquidity needs to determine the amount of incremental financing required to operate the Debtors' businesses and pay administrative costs and chapter 11 expenses through a plan process. FTI concluded that approximately \$100 million in incremental financing is needed, in addition to continued use of Cash Collateral. The resulting urgency to quickly secure financing to fund an exit path resulted in my team reaching out to the Original DIP Lenders to determine their willingness to provide incremental financing. Given the timing and circumstances, and taking into account the result of prepetition solicitation efforts, Moelis determined that one or more of these lenders would be best positioned to provide such funding.

10. More specifically, and as discussed in my Prior Declaration, locating additional funding has been challenging, partly due to a deficit of assets to use as collateral.

Substantially all of the Debtors' assets are encumbered by prepetition liens. The limited unencumbered assets are mainly located in foreign markets. Given these facts and the Debtors' experience with their search for the initial postpetition financing prior to the Petition Date, the Debtors and their advisors determined that increasing postpetition financing would only be available if secured by superpriority claims and certain senior liens.

11. As a result of a competitive bidding process between two parties, the Debtors received proposals from two lenders. After reviewing the proposals, the Debtors, with the advice of their advisors, determined to accept the Refinancing DIP Facility proposal from Centerbridge.

**III. Refinancing DIP Facility is the Best Postpetition  
Financing Arrangement Available to the Debtors**

12. Based on my experience with DIP financing transactions, as well as my involvement in the Original DIP Facility negotiations and my review (with the assistance of the Debtors' other Advisors) of the proposals received, the Refinancing DIP Facility is the best financing option reasonably available to the Debtors under the current circumstances.

13. The Refinancing DIP Facility contains terms that are more favorable than the Original DIP Facility, are competitive in today's marketplace, and fully address the projected financing needs of the Debtors. The Refinancing DIP Facility provides adequate funding to repay the Original DIP Facility and an additional \$100 million in liquidity.

14. The Refinancing DIP Facility is advanced at a lower interest rate and contains no fees—no commitment fee, exit fee, or agency fee, all of which the Debtors were required to pay under the Original DIP Credit Agreement—other than a customary unused line fee, resulting in significant savings to the Debtors' estates. Further, unlike the Original DIP Facility, the Refinancing DIP Facility does not contain terms requiring the Debtors to obtain the

DIP and prepetition lenders' consent to the Debtors' proposed chapter 11 plan or sale process. This provides the Debtors with additional flexibility in their reorganization efforts to pursue a plan that maximizes value for the estates. Moreover, based on the terms of the DIP Intercreditor Agreement and the negotiated revised proposed interim order approving the Refinancing DIP Facility, the Prepetition Agent and Required Prepetition Lenders have consented to the Refinancing DIP Facility.

#### **IV. Adequate Protection Package is Reasonable**

15. Under the Refinancing DIP Facility, the Debtors are committing to compensate the Prepetition Secured Parties for any diminution in value of their prepetition secured claims. Centerbridge has agreed to subordinate the obligations under the Refinancing DIP Facility to superpriority, first position adequate protection claims and liens of the Prepetition Secured Parties to the extent of any diminution in the value of their prepetition secured claim, up to an amount of \$150 million, subject only to the Carve-Out. This is the amount of the proposed distribution to the Prepetition Secured Parties on account of their secured claim based on Centerbridge's chapter 11 plan proposal. To the extent there is any diminution in the value of the Prepetition Collateral in excess of this amount, the Prepetition Secured Parties will have superpriority adequate protection claims and adequate protection liens subordinate to the Carve-Out and the DIP Obligations.

16. This construct elevates the Prepetition Secured Parties' position in the waterfall compared to the existing arrangement under the Original DIP Facility and ensures these parties are compensated in the unlikely event they have an allowed diminution of value claim. This is in addition to the \$90 million payment of the Prepetition Secured Parties' rolled-up prepetition claims. Collectively, these terms (together with the other components of the adequate protection package set forth in the proposed order approving the Refinancing DIP Facility,

including information rights and payment of certain advisor fees and expenses) provide sufficient adequate protection of the Prepetition Secured Parties' interests in the Prepetition Collateral.

**V. Refinancing DIP Facility was Negotiated in Good Faith and at Arm's Length**

17. Together with the Debtors and their other advisors, I actively negotiated the terms and provisions of the Original DIP Credit Agreement, the Original DIP Facility, as well as the Refinancing DIP Facility.

18. During these good-faith and arm's-length negotiations with Centerbridge, the Debtors, with the aid of their advisors, were able to secure more favorable terms and conditions from Centerbridge than were originally offered. Thereafter, the Debtors engaged in good-faith and arm's-length negotiations with the Prepetition Agent and Required Prepetition Lenders to resolve objections to the Refinancing DIP Facility and secure their consent.

19. As a result of these negotiations, the Refinancing DIP Facility proposal provides terms and conditions that benefit the Debtors' estates by providing additional funding sufficient to fund operations and the costs of these chapter 11 cases and a path forward that will provide the Debtors with the flexibility needed to maximize value for all stakeholders.

**Conclusion**

20. I believe that, given the current circumstances and based on my observation and professional experience, the terms of the Refinancing DIP Facility are reasonable, and access to the Refinancing DIP Facility is necessary for the Debtors to have an opportunity to maximize the value for their estates.

Dated: September 18, 2020  
New York, New York

/s/ Adam Waldman  
Adam Waldman  
Executive Director  
Moelis & Company LLC