

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

TPC GROUP INC., et al.,

Debtors.¹

Chapter 11

Case No. 22-10493 (CTG)

Joint Administration Requested

**DECLARATION OF ROBERT A. DEL GENIO IN SUPPORT OF
DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, Robert A. Del Genio, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am a Senior Managing Director and the co-leader of the New York Metro Region for Corporate Finance and Restructuring at FTI Consulting, Inc. (“**FTI**”), which has since November 1, 2021 served as financial advisor to TPC Holdings, Inc. (“**Holdings**”) and certain of its direct and indirect subsidiaries (collectively with Holdings, the “**Debtors**” or the “**Company**”). The Debtors are a leading producer, marketer, and value-added processor of intermediate and specialty chemicals, fuel derivatives and petroleum byproducts, as well as a provider of critical infrastructure and logistics services along the U.S. Gulf Coast. I lead FTI’s engagement for the Debtors. On the date hereof (the “**Petition Date**”), the Debtors commenced the above-captioned voluntary cases under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). I submit this declaration (this “**Declaration**”) in support of the Debtors’ voluntary petitions for

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: TPC Group Inc. (3618); TPC Holdings, Inc. (7380); TPC Group LLC (8313); Texas Butylene Chemical Corporation (7440); Texas Olefins Domestic International Sales Corporation (4241); TPC Phoenix Fuels LLC (9133); Port Neches Fuels, LLC (1641); and TP Capital Corp. (6248). Each Debtor’s corporate headquarters and mailing address is 500 Dallas St., Suite 2000, Houston, Texas 77042.

relief and motions filed herewith (the “**First Day Motions**”). I am authorized to submit this Declaration on behalf of the Debtors.

2. Based on my work with the Company during FTI’s engagement, I am familiar with the Debtors’ business, financial condition, day-to-day operations, and books and records. Except as otherwise noted, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, my opinion based upon experience, knowledge and information concerning the Company’s operations and financial condition, and/or my discussions with the Company’s officers, directors, and restructuring advisors, Baker Botts L.L.P. (“**Baker Botts**”), Moelis & Company (“**Moelis**”), and the Company’s finance counsel, Simpson Thacher & Bartlett LLP (“**Simpson Thacher**;” together with Baker Botts, Moelis, and FTI, the “**Company Advisors**”). If called upon to testify, I would testify to the facts set forth in this Declaration. Documents attached hereto as exhibits are true and correct copies.

I. My Professional Background and Qualifications

3. I joined FTI when it acquired CDG Group, a financial advisory firm I co-founded. Before that, I was a corporate finance partner and a national director at Ernst & Young. I have more than 35 years of experience in restructuring and mergers and acquisitions and have advised companies, lenders, creditors, corporate boards, and equity sponsors across a diverse range of industries both domestically and internationally. I hold a B.B.A. with high honors from the University of Notre Dame and a Master of Management from the Kellogg Graduate School of Management at Northwestern University.

4. I have advised companies, lenders, and investors both in and outside of chapter 11 in a variety of complex restructuring engagements. I acted as the financial advisor to

GNC Holdings Inc., Catalina Marketing Corporation, Frontier Communications Corporation, ESSAR Steel, Algoma Steel Inc., Reichhold Holdings US, Inc., Milacron, Inc., Caraustar Industries, Inc., MicroAge, Inc., CST Industries, Dan River, Inc., Wheeling-Pittsburgh Steel Corp., Waypoint, US Internetworking, Factory Card Outlet, Malden Mills, and Metal Forming Technologies during their chapter 11 cases. I also served as the Strategic Planning Officer of RHI Entertainment, Inc., the Chief Restructuring Officer of The Weinstein Company Holdings LLC during its chapter 11 cases, the Chief Restructuring Officer of CHC Group Ltd. during its chapter 11 cases, the Chief Restructuring Officer of PHI, Inc during its chapter 11 cases, and the Co-Chief Restructuring Officer of F&W Media during its chapter 11 cases. I served as the Chief Strategic Officer of Production Resources Group, currently serve on the board of directors of Panavision, Inc. after having served as an interim Chief Executive Officer and have previously served on the boards of Washington Group International, Inc., CHC Group Ltd., Lazare Kaplan International, Inc. and Buffets, Inc. As relevant to my testimony today, my 35 years of restructuring experience includes liquidity review and cash forecasting, working capital management, chapter 11 planning and administration and assisting companies with first day and other matters necessary to avoid any unnecessary disruption of the business and to protect value as companies transition to their roles as chapter 11 debtors-in-possession.²

5. This Declaration has nine sections. The first provides an overview of my professional background and qualifications. The second provides an overview of the Company's business. The third describes the Company's corporate structure and history. The fourth describes the Company's operations. The fifth describes the Company's capital structure. The sixth describes the PNO Incident—a critical event leading to the commencement of these chapter 11

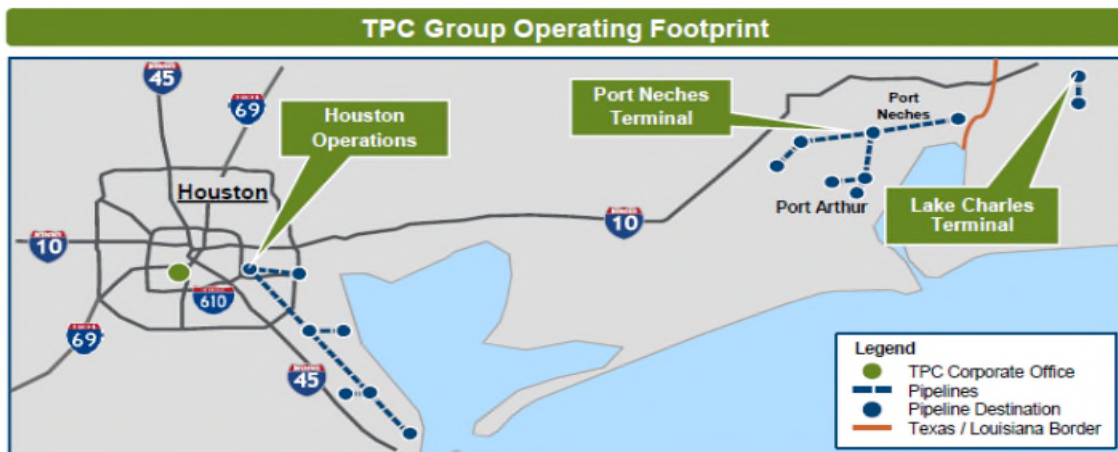
² Further information on my professional background is available on FTI's website at <http://www.fticonsulting.com/our-people/robert-del-genio>.

cases —and the Company’s response, thereto. The seventh describes certain other circumstances leading to the commencement of these chapter 11 cases. The eighth describes the Company’s prepetition restructuring efforts. The ninth summarizes the relief requested in and the factual bases supporting the First Day Motions.

II. Company Overview

A. The Debtors’ Primary Assets

6. Based in Houston, Texas, the Company owns and operates (a) one petrochemical processing facility located in Houston, Texas (the “**HNO Facility**”); (b) nine active pipelines spanning 113 miles along the Gulf Coast of Texas and Louisiana; and (c) certain shipping and maritime logistics assets in Houston and Port Neches, Texas and Lake Charles, Louisiana, all of which facilitate the Company’s petrochemical processing operations. The Company also owns and formerly operated a chemical processing facility in Port Neches, Texas (the “**PNO Facility**”) until the PNO Facility was shut down following an explosion on November 27, 2019 (the “**PNO Incident**”), after which the PNO Facility was repurposed to function solely as a storage and shipping terminal. The Company is, among other things, the largest crude C4 processor by installed capacity in North America, and its customer and supplier relationships average more than 20 years old. The following map shows the Company’s operations along the Gulf Coast:



B. Summary of 2021 Financial Performance

7. As of December 31, 2021, the Company had \$1.289 billion in revenue with gross profit of \$284 million and sales volume of 2.430 billion pounds. As described in more detail below, the Company has three primary revenue-generating segments: (i) crude C4 processing, (ii) isobutylene derivates, and (iii) fuels.

8. In 2021, Crude C4 processing accounted for 60% of revenue and 46% of gross profit, isobutylene derivates accounted for 16% of revenue and 31% of gross profit, and fuels accounted for 21% of revenue and 21% of gross profit. Adjusted EBITDA for the year ending December 31, 2021 was \$143.9 million, inclusive of insurance recoveries, and \$56.5 million, excluding such insurance recoveries.

C. The Debtors' Workforce

9. The Debtors currently employ approximately 470 individuals (the “**Employees**”). Fifty-one (51) of the Employees are represented by five different unions (such Employees, the “**Represented Employees**”), each with a collective bargaining agreement: the United Steelworkers, the International Brotherhood of Electrical Workers, the Boilermakers Union, the Pipefitters Union, and the Carpenters Union.

III. Corporate Structure and History

A. Corporate Structure

10. Holdings is a privately-owned company that has, since December 20, 2012 (the “**2012 Acquisition**”), been indirectly majority owned by FR Sawgrass, L.P. and SK Sawgrass, L.P., and certain affiliates of both entities (collectively, the “**Sponsors**”), with certain current and former members of the Company’s senior leadership team indirectly holding approximately 1% of the Company’s equity interests. The Company’s corporate organization chart is attached hereto as **Exhibit A**.

B. Company History

11. The Company's history begins during World War II. The HNO Facility (initially owned and operated from 1944 to 1955 by Sinclair Rubber) and the PNO Facility (initially owned and operated from 1943 to 1955 by the Neches Butane Products Company) were each sponsored by the United States government as part of the World War II-era Rubber Reserve Program. The Rubber Reserve Program, among other initiatives, directly sponsored the building and development of privately-owned and privately-operated industrial facilities to produce butadiene ("BD"), a critical component of synthetic rubber, to support the war effort.

12. Ownership of the facilities changed hands several times beginning in 1955:

Year

1955	A joint venture of Tenneco and FMC Corporation acquires the HNO Facility, while a joint venture of Goodrich-Gulf Chemicals, Inc. and Texas-U.S. Chemical Co. acquires the PNO Facility.
1980	Texaco acquires the PNO Facility.
1984	Texas Olefins Company acquires the HNO Facility and rebrands as Texas Petrochemicals.
1996	Texas Petrochemicals is acquired in a buyout by management and other investors, including the private equity firm Sterling Group.
1997	Huntsman acquires the PNO Facility.
2003	Texas Petrochemicals commences chapter 11 cases, emerging as a reorganized company in 2004.
2006	Texas Petrochemicals acquires the PNO Facility from Huntsman.
2010	Legal entity Texas Petrochemicals Inc. changes its name to TPC Group Inc. and legal entity Texas Petrochemicals LLC changes its name to TPC Group LLC. The Company's common stock is listed and commences trading under the ticker symbol "TPCG" on the NASDAQ Market.

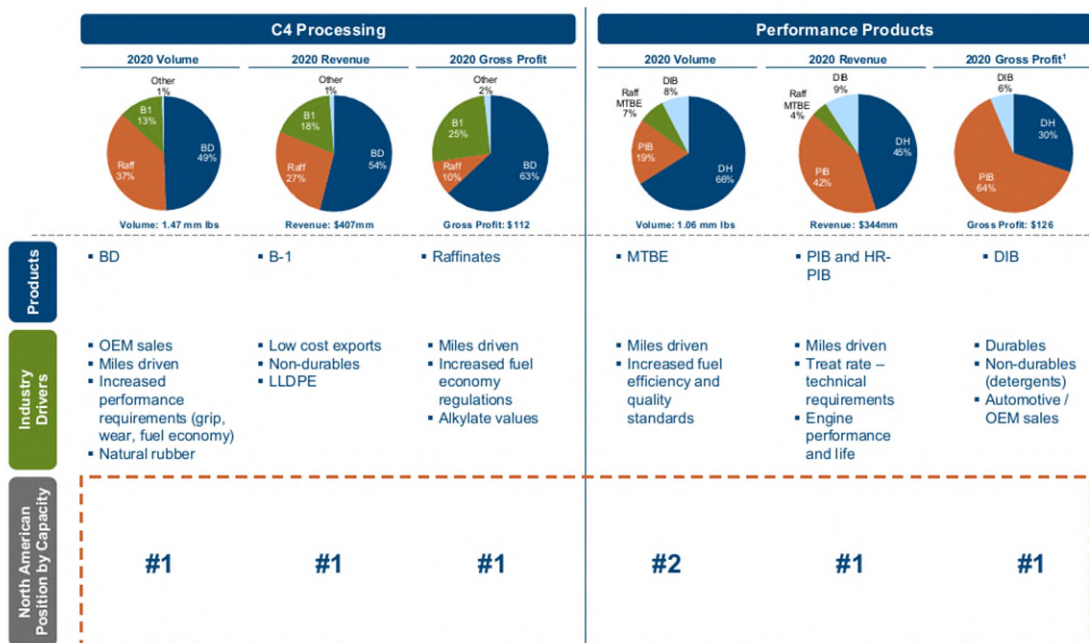
Year

2012 TPC Group Inc., Holdings, and an affiliate of the Sponsors enter into an Agreement and Plan of Merger by which the Sponsors indirectly acquire majority ownership of the Company.

C. Industry Position

13. Since the 2012 Acquisition, the Company has maintained its position as a leading North American producer of its three major product lines: crude C4 byproducts, isobutylene derivatives, and fuels. As described in further detail in the below charts, the Company is today one of the largest North American producers by production capacity of: BD, butene-1 (“**B-1**”), raffinates, methyl tertiary-butyl ether (“**MTBE**”), polyisobutylene (“**PIB**”), highly reactive polyisobutylene (“**HR-PIB**”) and diisobutylene (“**DIB**”). The Company sells its products to, among others, manufacturers of synthetic rubber, fuels, lubricants, solvents, plastics, and surfactants. The materials produced and sold by the Company are critical to these intermediate- and end-use products.

Figure 1: The Debtors Hold Top Industry Positions Across All Key Product Lines



IV. Business Operations

A. HNO Facility

14. Built in 1944 on a 257-acre tract approximately one mile from the Houston Ship Channel, the HNO Facility is the heart of the Company's operations and its main physical asset. The Company owns approximately 230 acres of the HNO Facility's land tract outright and owns 75% of the remaining approximately 27 acres, with the remaining 25% being owned by a third party.

15. The HNO Facility is capable of processing both crude C4, which is sourced from vendors as described below, and isobutylene, which is sourced from processed crude C4, third-party supply and the Company's internal, on-purpose production. The Company's primary operating segments—C4 Processing and Performance Products (*i.e.*, isobutylene derivatives and fuels)—operate principally through the HNO Facility. The HNO Facility has annual production capacities of 920 million pounds of BD, 300 million pounds of B-1, 740 million pounds of raffinates, 120 million pounds of HR-PIB, 79 million pounds of DIB and 330 million pounds of PIB. It can also process 700 million pounds of purchased isobutylene annually and has a total MTBE production capacity of 1.4 billion pounds. The HNO Facility is also highly flexible with respect to the quality grades of C4 feedstocks that it can process.

Figure 2: Aerial Photograph of HNO Facility



16. The HNO Facility has extensive logistics network connections to facilitate its operations. It is serviced by rail, tank truck, barge, and ocean-going vessel networks, in addition to being connected to 54 miles of product and feedstock pipelines. It has 20 million pounds of BD storage capability (which is one of the largest BD storage capacities on the U.S. Gulf Coast) and can utilize both substantial offsite storage facilities and deep-water docks that provide the HNO Facility with significant strategic connectivity across the U.S. Gulf Coast. The HNO Facility also has access, via pipeline, to salt-dome storage facilities across Texas.

Figure 3: Terminal and Logistics Assets at HNO Facility



B. Processing Segments at HNO Facility

17. The Company's processing operations are organized into two primary operating segments, C-4 Processing and Performance Products, each as described below.

18. C-4 Processing. The Company is situated directly after ethylene steam crackers in the value-added chemical-processing chain. The Company's facilities provide a valuable and required offtake service allowing non-integrated ethylene producers to realize value from crude C4, a byproduct of cracking natural gas liquids, such as ethane, into ethylene. Crude C4 is run through a series of processing units to purify into individual, higher-value components for further use downstream.

19. The Company's C-4 Processing segment focuses on the offtake, aggregation, storage, separation, purification and delivery of the following higher value critical C-4 components, including: (a) BD, which is used primarily to produce synthetic rubber for tires and other automotive products; (b) B-1, which is used in the manufacture of plastic resins and synthetic alcohols; and (c) raffinates, which are used in the manufacturing of alkylate, a high-octane gasoline blending component.

20. C-4 Processing accounts for approximately \$771 million, or 60%, of the Company's 2021 revenue.

21. Performance Products. The Performance Products segment processes isobutylene, which the Company both purchases externally and produces internally from the crude C4 stream and its Dehydro Unit, to produce chemicals through two different business units: Fuels and Isobutylene Derivatives. The Fuels unit comprises the Company's production and sale of MTBE, which is used in fuel blending, raising the oxygen content of gasoline, allowing it to burn more cleanly and upgrading its value. The Isobutylene Derivatives unit comprises the production of PIB, HR-PIB, DIB and high-purity isobutylene, which are components of a variety of products such as fuel and lubricant additives, caulks, adhesives, sealants, and packaging.

22. Performance Products accounted for approximately \$476 million, or 37%, of the Company’s 2021 revenue.

C. Gulf Coast Storage, Logistics and Terminals

23. In addition to the HNO Facility, the Company owns and operates storage and terminal assets in Lake Charles, Louisiana (the “**LCO Terminal**”) and Port Neches, Texas (the “**PNO Terminal**”), and an extensive network of product and feedstock pipelines throughout the Gulf Coast region.

24. LCO Terminal. The LCO Terminal comprises two barge docks, two BD storage spheres and the ability to pump product via pipeline directly to the Company’s customers. The Company leases the land on which the LCO Terminal is built through October 31, 2024, with an automatic ten-year extension and a purchase option at the end of the extension period.

Figure 4: Aerial View of Terminal and Logistics Assets at the LCO Terminal



25. PNO Terminal. Prior to the PNO Incident, the PNO Terminal site also housed the PNO Facility, which operated as the Company's second C4 processing facility. Since the PNO Incident, the Company has operated the PNO Terminal solely as a storage site and shipping and logistics terminal. The PNO Incident and the Company's response thereto are described in further detail in Section 6 below.

26. The PNO Terminal, located on a 216-acre site in Jefferson County, Texas, is owned by the Company (except for the PNO Terminal dock and associated pipelines and wastewater treatment facilities, which are co-owned with industrial neighbors). It provides access to many BD customers, suppliers and refineries via barge, ship, rail, truck and an approximate sixty-mile pipeline network. The PNO Terminal also has twenty-two active storage tanks, consisting of six BD tanks, nine raffinates tanks, and seven crude C4 tanks. In addition, the PNO Terminal has a load dock facility, consisting of both a vessel and barge dock, and significant rail assets, including four rail racks, twelve rail unloading spots, and ninety railcar storage spots.

Figure 5: Aerial View of Select Storage Assets at PNO Terminal



27. *Gulf Coast Storage and Logistics Network*. In addition to the LCO Terminal, the PNO Terminal, and the logistics assets at the HNO Facility, the Company owns and operates an extensive logistics network across the Gulf Coast of Texas and Louisiana. This includes approximately 115 miles of product and feedstock pipelines, which allows the Company to serve its largest customers independently and directly. In total, the Company's logistics network allows the Company to move approximately 7 billion pounds of raw materials and products annually and to fulfill over 11,000 shipments per year. For the Company's BD customers, the Company owns and operates a proprietary BD pipeline system that connects to many of the largest BD consumers along the Texas Gulf Coast.

28. The Company's logistics and storage assets also facilitate its raffinates production. The Company serves its raffinates customers through a network of Company-owned and third-party pipelines. The Company further leases salt-dome storage capacity in Pierce Junction, Texas for its produced raffinates and most of the Company's raffinates customers are connected via pipeline to this storage site. This storage system ties the Company's customers to a ready supply of raffinates, which can be delivered on short notice.

29. In addition to its other logistics assets, the Company owns a proprietary pipeline for shipment of B-1 to Dow's Texas City plant. It also leases storage capacity and has terminal capabilities for PIB in Hammond, Indiana, which allows the Company to service northern U.S. customers.

Figure 6: Overview of the Company’s Key Pipeline Assets



D. Non-Debtor Subsidiaries

30. As shown in Exhibit A, TPC Pipeline Holding Company LLC (“**TPC Pipeline Holding**”), and its subsidiary, TPC Pipeline Company LLC (“**TPC Pipeline**” and together with TPC Pipeline Holding, the “**Pipeline Companies**”) are wholly-owned non-Debtor subsidiaries of TPC Group LLC. Neither Pipeline Company is an obligor under the Debtors’ funded debt documents. The Pipeline Companies were formed to support a long-term supply agreement (the “**Pasadena Supply Agreement**”), dated July 31, 2019, between TPC Group LLC and Pasadena Performance Products, LP (“**Pasadena**”). Under the Pasadena Supply Agreement, the Debtors will sell raffinates to Pasadena at its alkylation plant being constructed in Pasadena, Texas, and Pasadena will sell the Debtors quantities of normal butane segregated from the Debtors’ raffinates feedstock Pasadena’s plant. The plant is expected to commence operations in the first quarter of 2023.

31. TPC Pipeline owns segments of two pipelines, each being approximately 11 miles in length, which were contributed by TPC Group LLC upon the Pipeline Companies' formation in 2019. TPC Pipeline has no third-party shippers; rather, its only shipper is TPC Group LLC.

V. Prepetition Capital Structure and PNO-Related Claims

A. Secured Debt

32. As of the Petition Date, the Debtors have approximately \$1.241 billion in aggregate principal amount of secured funded debt, as follows:

Figure 7: Pre-Petition Capital Structure

CAPITAL STRUCTURE				
Secured Debt	Principal Amount	Accrued	Applicable	Total Claim
<i>(\$ in millions)</i>	(May 31, 2022)	Interest	Premium	Amount
Secured ABL Facility	\$105.5	-	-	\$105.5
10.875% Priming Secured Notes	\$205.5	\$12.4	\$19.9	\$237.8
10.50% Senior Secured Notes	\$930	\$83.1	\$73.2	\$1,086.3
Total Debt	<u>\$1,241</u>	<u>\$95.5</u>	<u>\$93.1</u>	<u>\$1,429.6</u>

The Company has no unsecured funded debt. Each outstanding funded debt issuance is described below.

33. Secured ABL Facility. The Company maintains an asset-based revolving loan facility (the “**ABL Facility**”) with Bank of America, N.A., as administrative agent and collateral agent for the lenders thereunder (in such capacity, the “**ABL Agent**”), pursuant to that certain *Amended and Restated Credit Agreement*, dated as of August 2, 2019 (as amended, modified, or otherwise supplemented from time to time, the “**ABL Credit Agreement**”). TPC Group Inc. is the borrower under the ABL Credit Agreement, and the other Debtors are guarantors thereunder. The ABL Facility has a maximum committed amount of \$200 million, consisting of a \$192.5 million revolving loan tranche (less outstanding letters of credit) and a \$7.5 million “first-

in-last-out” loan tranche. Availability under the ABL Facility is subject to a borrowing base. As of the Petition Date, the Debtors had borrowings under the ABL Facility of approximately \$105.5 million, plus any accrued and unpaid prepetition interest, fees, and other charges.

34. I understand that the Debtors’ obligations under the ABL Facility and guarantees are secured by a first-priority security interest in and lien on the assets more fully described in that certain *Amended and Restated Pledge and Security Agreement*, dated as of August 2, 2019, (such assets, the “**ABL Priority Collateral**”). I understand that the ABL Priority Collateral includes the Debtors’ accounts receivable, inventory, general intangibles, intellectual property, deposit and investment accounts, and investment property, and a second-priority security interest in and lien on substantially all of the Debtors’ other assets (such other assets, the “**Notes Priority Collateral**”) other than real property.

35. *Secured 10.875% Priming Notes*. The Debtors are obligors under that certain *Indenture*, dated as of February 2, 2021, by and among TPC Group Inc., as issuer, the other Debtors, as guarantors, and U.S. Bank National Association (“**U.S. Bank**”), as trustee and collateral agent, for the issuance of \$153 million in aggregate principal amount of 10.875% senior secured notes due 2024 (such notes, the “**Original Priming Notes**”; such indenture, as amended, modified, and supplemented, the “**Priming Notes Indenture**”). A portion of the net proceeds of the Original Priming Notes was used to repay and terminate a secured \$70 million term loan that the Company borrowed from entities managed by or affiliated with Apollo Global Management, LLC, which term loan otherwise would have matured in August 2021.

36. On February 3, 2022, pursuant to a forbearance agreement related to the Company’s failure timely to pay approximately \$53 million of interest on the Priming Notes and the 10.5% Notes (as defined below), discussed further below, the Company entered into a

supplemental indenture permitting the issuance of approximately \$51.5 million in additional notes under the Priming Notes Indenture (such notes, the “**Bridge Priming Notes**,” and together with the Original Priming Notes, the “**Priming Notes**”).³ The Company issued the Bridge Priming Notes in two tranches: approximately \$25 million on March 2, 2022 and approximately \$26.5 million on March 11, 2022. As of the Petition Date, approximately \$205.5 million⁴ in aggregate principal amount of Priming Notes were outstanding, in addition to accrued and unpaid interest, premiums, fees, and other charges.

37. I understand that the Debtors’ obligations under the Priming Notes Indenture are secured by a first-priority security interest in and lien on the Notes Priority Collateral (including, among other things, real property, fixtures, and equipment) and a second-priority security interest in and lien on the ABL Priority Collateral, pursuant to, among other security documents, mortgages and a *Pledge and Security Agreement*, dated as of February 2, 2021, by and among TPC Group Inc., each of the other Debtors party to the Priming Notes Indenture, and U.S. Bank.

38. Secured 10.5% Notes. The Debtors are obligors under that certain *Indenture*, dated as of August 2, 2019, by and among TPC Group Inc., as issuer, the other Debtors, as guarantors, and U.S. Bank National Association (“**U.S. Bank**”), as trustee and collateral agent, for the issuance of \$930 million in aggregate principal amount of 10.5% senior secured notes due 2024 (such notes, the “**10.5% Notes**”; such indenture, as amended, modified, and supplemented,

³ In connection with the issuance of the Priming Notes, the Debtors entered into that certain *Letter Agreement Providing for an Offer to Purchase Certain Existing Notes of TPC Group Inc. upon the terms and conditions set forth herein* (the “**Side Letter**”). The Side Letter required the Debtors to offer to repurchase, under certain circumstances, 10.5% Notes held by the parties specified therein. As of the Petition Date, the Debtors had not been required to make, and had not made, such an offer.

⁴ The total of approximately \$205.5 million includes a 2% paid-in-kind fee on the issuance of the Bridge Priming Notes.

the “**10.5% Notes Indenture**”). I understand that the Debtors’ obligations under the Priming Notes Indenture are secured by a first-priority security interest in and lien on the Notes Priority Collateral (including, among other things, real property, fixtures, and equipment) and a second-priority security interest in and lien on the ABL Priority Collateral, pursuant to, among other security documents, mortgages and a *Pledge and Security Agreement*, dated as of August 2, 2019, by and among TPC Group Inc., each of the other Debtors party to the 10.5% Notes Indenture, and U.S. Bank. As of the Petition Date, approximately \$930 million in aggregate principal amount of 10.5% Notes were outstanding, in addition to accrued and unpaid interest, premiums, fees, and other charges.

39. *Intercreditor Agreements.* I understand the rights of the agent and lenders under the ABL Credit Agreement (the “**ABL Secured Parties**”), the trustee, collateral agent, and holders of Priming Notes under the Priming Notes Indenture (the “**Priming Notes Secured Parties**”), and the trustee, collateral agent, and holders of notes under the 10.5% Notes Indenture (the “**10.5% Notes Secured Parties,**” and together with the ABL Secured Parties and Priming Notes Secured Parties, the “**Prepetition Secured Parties**”) with respect to collateral and the proceeds thereof are governed by two prepetition intercreditor agreements:

- a. The rights as between the ABL Secured Parties, on the one hand, and the Priming Notes Secured Parties and 10.5% Notes Secured Parties, on the other hand, are governed by that certain *Intercreditor Agreement*, dated as of August 2, 2019 (as amended, modified, supplemented, or joined, the “**ABL Intercreditor Agreement**”). I understand that (i) with respect to ABL Priority Collateral, the rights of the Priming Notes Secured Parties and the 10.5% Notes Secured Parties are subordinate to the rights of the ABL Secured Parties and (ii) with respect to Notes Priority Collateral, the rights of the ABL Secured Parties are subordinate to the rights of the Priming Notes Secured Parties and the 10.5% Notes Secured Parties.
- b. The rights as between the Priming Notes Secured Parties and the 10.5% Notes Secured Parties are governed by that certain *Intercreditor Agreement*, dated as of February 2, 2021 (as amended, modified, or supplemented, the “**Notes Intercreditor Agreement,**” and together with the ABL

Intercreditor Agreement, the “**Intercreditor Agreements**”). I understand that, with respect to common collateral under the Priming Notes Indenture and the 10.5% Notes Indenture, the rights of the 10.5% Secured Parties are subordinate to the rights of the Priming Notes Secured Parties.

B. General Unsecured Claims

39. PNO Claims. I understand that approximately 7,800 litigation claims that purport to arise out of or relate to the PNO Incident (collectively, the “**PNO Claims**,” and the holders of PNO Claims, “**PNO Claimants**”) have been asserted against the Debtors. I understand that the PNO Claims consist of property damage claims, business interruption claims, and personal injury claims and that the PNO Claimants are primarily individuals, with certain PNO Claimants being business entities and subrogated insurers. The Debtors consider all as-yet-unresolved PNO Claims to be contingent and disputed, and the vast majority of the PNO Claims also remain unliquidated.

40. As described in further detail below, following the PNO Incident, the Debtors implemented a voluntary claims settlement program for eligible persons affected by the PNO Incident (the “**Voluntary Claims Program**”). Pursuant to the Voluntary Claims Program, as of the Petition Date, the Debtors have approximately \$15 million in aggregate unpaid property-damage settlement amounts that could be owed under the terms of the settlement agreements. I understand that there are approximately \$12 million in estimated property damage claims asserted under the Voluntary Claims Program for which settlement agreements were never executed by the applicable claimants and are believed to have been either resolved through homeowner’s insurance, become part of the claims asserted in pending litigation, or abandoned.

41. Other General Unsecured Claims. As of April 30, 2022, the Debtors estimate that they owe approximately \$144 million in accrued and unpaid trade obligations. The

Debtors may have other general unsecured liabilities, including litigation and regulatory obligations.

VI. PNO Incident, Company Response, and Related Events

A. PNO Incident

42. On November 27, 2019, an explosion occurred at a BD processing unit at the PNO Facility. The explosion and subsequent fires resulted in the complete shutdown of all production at the PNO Facility. Production at the PNO Facility remains shut down to this day.

43. The PNO Incident directly resulted in the loss of approximately half of the Company's historical crude C4 processing capacity. Following the PNO Incident, the PNO Facility was repurposed into a storage terminal. The Company terminated the employment of over sixty employees as part of a reduction in force initiative following the PNO Incident. The Company also incurred significant expenses related to legal and regulatory compliance, health and safety efforts, and restoring storage and terminal capabilities at the facility.

B. Responses to PNO Incident

44. In the aftermath of the PNO Incident, the Company worked through a unified command of federal, state, and local government entities (the "**Unified Command**") to secure the site and minimize the impact to the environment while preserving the safety of emergency responders and the community. Among other things, the Company worked with the Unified Command to develop a response plan to the PNO Incident, to ensure compliance with any investigations and other regulatory matters and to perform critical water, air and other pollution tests for the incident site and surrounding area. On January 30, 2020, the Unified Command was dissolved and command of the PNO Incident site was relinquished to the Company, which continued to maintain and monitor operations at the site of the PNO Incident.

45. Following the PNO Incident, multiple federal, state, and local government agencies initiated full-scale investigations of the PNO Incident. The Company has fully cooperated, and continues to do so, with each agency's respective investigations, assessments, and requests for information.

46. Federal Investigations. The U.S. Chemical Safety and Hazard Board (“CSB”), the United States Department of Justice (the “USDOJ”), United States Environmental Protection Agency (the “EPA”) and the United States Occupational Safety Health Administration (“OSHA”), among other regulatory bodies, all engaged in investigations of the PNO Incident. In addition, the United States Agency for Toxic Substances and Disease Registry (“ATSDR”) partnered with the EPA as a third-party resource dedicated to reviewing the response plan established by the Unified Command and the Company. The Company has cooperated with the inspection and investigation efforts of these various federal agencies, which remain ongoing, and the Company anticipates additional enforcement matters and associated claims for cost recovery and damages from these and other agencies. More specifically, the Company has appealed certain OSHA citations and, separately, has responded to the EPA's information requests and is currently in ongoing discussions with the EPA regarding potential civil liability. The Company has also been responding to other investigations led by the USDOJ and the EPA.

47. State Investigations. The Texas Commission on Environmental Quality (“TCEQ”) has commenced an investigation and inspection of the PNO Incident. On May 23, 2022, the Company received an informal document request from the state, seeking information related to this matter. In addition, the Office of the Attorney General of the State of Texas commenced a civil action against the Company alleging, among other things, violations of the Texas Clean Air Act and the Texas Water Code pertaining to the PNO Incident. Significant

discovery has not yet occurred in the lawsuit brought by the Attorney General related to emissions. Both matters remain ongoing.

48. Voluntary Claims Program. Promptly following the PNO Incident, the Company established a claims center to deal with and expedite community claims regarding evacuation expenses, damages to property and debris removal. Since that time, nearly 19,000 evacuation claims have been processed and paid to affected residents and over 5,700 property claims have been resolved. As of the Petition Date, the Company has paid settlements in the aggregate amount of approximately \$134.5 million on account of PNO Claims.

49. Civil Actions. Approximately 190 private civil actions related to the PNO Incident are pending in Texas state court. The plaintiffs in those actions assert a variety of claims against certain of the Debtors, certain of the Sponsors, and certain other entities., Nalco Co., LLC, an industrial air and water solutions company, Suez WTS USA, Inc., an industrial air and water solutions company, and Ingenero, Inc., an engineering services provider. The causes of action include negligence, gross negligence, nuisance, and trespass. To date, although some discovery has taken place, no claim has proceeded to trial.

50. Given the voluminous nature of the claims at issue, the Company moved the State of Texas' Multi-District Litigation Panel (“**MDL Panel**”) to transfer civil cases to a single court for pretrial purposes to limit inconsistent rulings and excessive and duplicative discovery. The MDL Panel granted the Company's motion to transfer, designating the Honorable Judge Courtney Arkeen of the 128th Judicial District Court of Orange County as the pretrial judge assigned to the cases. The actions emerging from the PNO Incident were assigned to Multidistrict Litigation under Cause Number A-2020-0236-MDL (the “**MDL**”).

51. Over 7,000 individual plaintiffs have claims pending in the MDL and approximately 322 individual plaintiffs have cases pending in Jefferson County and Harris County, Texas which have not yet been dismissed or abated.

52. Insurance Recovery Efforts. Following the PNO Incident, the Company has engaged in a process to recover proceeds available under its applicable insurance policies, including \$850 million in coverage under its property damage and business interruption insurance policies, \$100 million in coverage under its liability insurance policies, \$25 million in coverage under its environmental/pollution insurance policies and \$35 million in coverage under its marine cargo/inventory policies. The following table reflects the status of the Company's insurance recovery efforts as of the Petition Date:

Figure 8: PNO Insurance Receipts & Remaining Coverage as of June 1, 2022
(Contract Claims Only; Excludes Fees, Costs, Interest, Penalties, and Expenses)

KEY POLICY	POLICY LIMIT	RECEIVED TO DATE	PENDING AMOUNTS	EST. REMAINING COVERAGE ⁵
PROPERTY DAMAGE & BUSINESS INTERRUPTION	\$850.0 million	\$412.7 million ⁶	\$41.947 million	\$437.3 million ⁷
LIABILITY – CLAIMS	\$100.0 million	\$100.0 million	--	--
LIABILITY – DEFENSE	--	\$35.2 million	--	--
POLLUTION POLICY	\$25.0 million	\$25.0 million	--	--
INVENTORY POLICY	\$35.0 million ⁸	\$2.5 million	--	~ \$2.5 million
TOTAL	\$1,015 million	\$575.4 million	--	\$439.8 million

⁵ The receipt by the Company of any amounts listed in the “Estimated Remaining Coverage” column of Figure 8 is contingent on additional payment commitments from its Carriers.

⁶ Includes \$1.7 million direct payment to Pall Water.

⁷ Upon the Company's collection in full of the pending amounts reflected in Figure 8, the estimated remaining coverage under the Company's property damage and business interruption policy will be \$395.3 million and total estimated remaining coverage will be \$397.8 million.

⁸ Policy limit for inventory at PNO Facility

VII. Other Events Leading to Commencement of Chapter 11 Cases

53. Over the past two years, the Debtors' business and liquidity has been impacted by several adverse events in addition to the PNO Incident. These include the 2020 oil and gas market crash, the COVID-19 pandemic, Winter Storm Uri (and lingering effects on equipment), a shutdown of parts of the HNO Facility (for portions of September through November 2021) to repair boilers that supply steam to various part of the HNO facility, and, most recently, the liquidity impact of trade credit contraction. These are described in turn below.

A. COVID-19 and Commodity Price Volatility

54. In early 2020, the initial spread of the COVID-19 virus dramatically decreased world-wide factory output and transportation demand and directly reduced overall demand for oil. These issues, alongside the Russia-OPEC price war, resulted in a sharp decline in energy prices.

55. Like many other companies, the Company experienced significant disruptions throughout the pandemic and its impact on the global economy spread, including materially reduced demand across many of the Company's flagship product lines. For example, world-wide reductions in automotive production and tire manufacturing operations due to the pandemic resulted in historically low prices for, and a precipitous decline in the demand for and consumption of, BD, a key component in the manufacture of tires and the largest commodity supplied by the Company. Likewise, the Company's MTBE business—a product primarily used in gasoline blending—reached a low point on volume and margins in 2020, as the Company's primary demand regions underwent a significant reduction in gasoline demand. Similarly, the Company's PIB business segment reached a low point in 2020, due to the pandemic's historic impacts on miles driven and the attendant reduction in lubricant and fuel additive demand.

56. While the effects of COVID-19 on the Company's operating results have begun to dissipate and demand across most business segments (with exception of the fuels business) has begun to rise to pre-COVID-19 levels, the pandemic had an enormous negative impact on the Company's financials. The Company's total revenue across 2020 decreased by nearly 50% from 2019 and over 50% from 2018 and 2017.

57. As with most businesses, the Company remains cautious due to the still evolving conditions of the pandemic and ongoing supply-chain delays and disruptions caused by the pandemic.

B. Winter Storm Uri and Other Operational Issues

58. In February 2021, Winter Storm Uri swept across Texas and the southern United States, bringing in its wake extreme low temperatures of an unprecedented duration and causing millions of Americans to lose power to their homes.

59. The Company faced significant financial impacts from Winter Storm Uri, due to extended disruptions at the Company's facilities in Texas and Louisiana, fluctuations and volatility in demand caused by disruptions to customers and suppliers and lasting damage to critical equipment at the HNO Facility. Following Winter Storm Uri, the Company experienced repeated outages with the HNO Facility's boilers that are critical to the fuels and BD business segments and, ultimately resulting in a complete stoppage of all BD and fuels production for almost two months while the Company implemented necessary repairs and curative work to restore steam production. Steam production was fully restored by November 2021, but the adverse financial impacts of the boiler-related outages and costs were material and further negatively impacted operating results and worsened the Company's already tight liquidity.

C. Trade Credit

60. In the months leading up to the filing, the Company has faced liquidity pressure resulting from adequate assurance demands and the lowering of credit limits by its suppliers and other trade counterparties. The Company's vendor communications plans, supported by the Company's issuance of the Bridge Priming Notes resulting in approximately \$51.5 million of additional liquidity, have mitigated the impact on the Company, but were unable to offset it. Among other things, suppliers' credit insurers refused to insure the Company's credit risk. Certain vendors demanded adequate assurance, requiring cash in advance or deposits. Others reduced credit limits, shortened due dates, refused to enter new contracts without credit support, or refused to ship or release goods without payment or other credit support. The Debtors believe that their proposed DIP financing arrangements and requested first-day relief are appropriately designed to help stabilize their business and better position the Debtors' management team to procure goods and services in the ordinary course and on appropriate terms.

VIII. Prepetition Restructuring Efforts

61. In addition to continuing its ongoing negotiations with insurers to obtain further PNO Incident-related insurance proceeds—with which the Company has had some degree of success—the Company has explored certain transactions and other strategic and operational initiatives in a multi-year effort to avoid the need to commence these cases. Unfortunately, no strategy or combination of strategies adequately addressed the Company's balance sheet and liquidity needs.

A. Transactions and Other Strategic Initiatives

62. *First*, in Q2 2020, the Company signed a new MTBE offtake contract with one of the world's largest independent fuels and commodity trading firms. Although this contract is market based (and thus subject to greater pricing volatility than the Company's prior offtake

contracts), it provides the Company with a consistent outlet for 100% of its MTBE production through the end of 2023.

63. Second, the Company has attempted to find new sales outlets for products. For example, in response to dwindling raffinates sales coupled with inventory build-up throughout 2021, the Company made sustained efforts to find new outlets for raffinates sales, ultimately reducing its overstocked raffinates inventory by the end of Q3 2021. Likewise, in reaction to increased isobutane and methanol pricing skewing the Company's MTBE margins throughout 2020–2021, the Company capitalized on its operational and logistical flexibility by moving feedstock normally used for MTBE production into the Company's raffinates business to benefit from the stronger demand and margins in alkylate.

64. Third, in response to the loss of crude C4 processing capacity caused by the PNO Incident, the Company has actively been pursuing opportunities with third-party processors within the industry. In Q1 2021, the Company signed a long-term contract with a third-party for crude C4 processing and began sending crude C4 to this processor through enhancements made to the PNO terminal following the PNO Incident. The Company has, in turn, begun receiving BD and raffinates back from that third-party processor. As this agreement grows in volume over time, the Debtors anticipate being able to bring BD volumes available for sale back to the levels from prior to the PNO Incident; however, profits are shared with the third-party processor.

65. Fourth, the Company has responded to market pressures by focusing on products that have remained consistently in demand. For example, throughout 2020, the Company took sustained efforts to optimize its hydrotreating and raffinate train operations to maximize the production of B-1, a product for which demand has been solid since the start of the COVID-19 pandemic and remained strong in 2021 and 2022. These strategic catalytic and operational changes

are expected to increase B-1 production capabilities by approximately 10–15% by the end of the year.

66. *Fifth*, from late 2020 and throughout 2021, the Company has proactively pursued multiple strategies to address its liquidity and capital structure, while maintaining safe and reliable operations and meeting the needs of its customers. As described above, in February 2021, the Company issued the Priming Notes to provide enhanced liquidity, extend its runway to realize on its sizeable insurance asset, and to refinance and extend a secured term loan that was maturing in August 2021. In addition, throughout the majority of 2021, the Company and its advisors endeavored to market and to sell or lease strategic pipeline, terminal, boiler, and other assets located across the Gulf Coast, with the ultimate goals of bridging liquidity gaps, extending the Company’s liquidity runway to pursue its insurance recoveries, and deleveraging its balance sheet. Unfortunately, there was insufficient interest at acceptable values and terms for the assets that the Company marketed.

67. *Finally*, starting in late 2020, the Company began engaging with a group of law firms representing PNO Claimants, referred to herein as the “**PNO Claims Steering Committee**,” which collectively represent a supermajority of PNO Claimants in the pending civil litigation arising from the PNO Incident. The Company sought to negotiate a global settlement of PNO Claims. The PNO Claimants Committee retained counsel and a financial advisor. Pursuant to confidentiality agreements, the Company has been providing confidential information regarding the Company, its operations, and its financial condition to the PNO Claims Steering Committee throughout 2021 and 2022, including, among other things, liquidity forecasts, the Company’s long-range business plan, and a management presentation regarding the Company’s business plan. Unfortunately, for the reasons discussed above, such negotiations were similarly insufficient to

achieve the Company's deleveraging needs. Instead, a comprehensive restructuring of the Company's balance sheet was necessary.

B. Engagement with Financial Stakeholders and Formation of Special Committee

68. The Company's board of directors (the "**Board**") has met regularly and thoroughly evaluated an array of strategic alternatives, including potential financings, asset sales or leases, and out-of-court and in-court restructuring transactions, receiving presentations and analysis on such alternatives from the Company's management team and the Company Advisors.

69. In November 2021, it became increasingly clear that the Company would require significant additional liquidity and a deleveraging transaction to preserve and maximize the value of the Company's business and optimize the Company's capital structure for long-term success. To assist the Company in its restructuring efforts, the Company expanded Baker Botts' and Moelis's roles to include an evaluation of strategic alternatives, including a comprehensive restructuring. The Company also retained my firm, FTI, as financial advisor.

70. In December 2021, the Board appointed two independent directors: Carol Flaton and Paul Aronzon. Ms. Flaton and Mr. Aronzon were chosen based on, among other things, their extensive restructuring and (respectively) financial and legal experience, as well as their reputations and proven track records for guiding distressed companies through transactions. Upon their appointment to the Board, the Board formed a special committee (the "**Special Committee**"), appointed Ms. Flaton and Mr. Aronzon as the members of the Special Committee, and delegated to the Special Committee the authority to, among other things, direct the Company's negotiations with stakeholders and make recommendations to the Board regarding the implementation of one or more potential transactions or strategies, as well as to conduct an independent investigation of claims, if any, against related parties. Since its formation, the Special Committee has met both formally and informally and communicated with the Company Advisors and the Company's

management team multiple times each week and has provided substantial, thoughtful, and invaluable guidance to the Company, the Board, and the Company Advisors. The Special Committee also retained Weil, Gotshal & Manges LLP to advise on its independent investigation.

71. Beginning in late November and early December 2021, the Company began discussions in earnest with an ad hoc group of beneficial holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, a supermajority of both the Priming Notes and the 10.5% Notes (the “**Ad Hoc Noteholder Group**”) regarding a potential deleveraging transaction. As of the Petition Date, the Ad Hoc Noteholder Group holds in the aggregate approximately 92% of the Priming Notes and approximately 80% of the 10.5% Notes and is represented by Paul Hastings LLP (“**Paul Hastings**”) and Evercore Group L.L.C. (“**Evercore**”). The Company also began regular discussions with Bank of America, as agent under the ABL Facility (the “**ABL Agent**”). The Company continued to provide confidential information to the PNO Claims Steering Committee.

72. In January 2022, the Company commenced a marketing process for a potential debtor-in-possession financing, the scope of which included a broad range of capital providers, including commercial banks, investment firms that specialize in debtor-in-possession financing and distressed investments, and holders of 10.5% Notes that are not members of the Ad Hoc Noteholder Group. In furtherance of its stakeholder discussions, and to facilitate the Company’s marketing for financing sources, the Company established a confidential virtual data room to facilitate the sharing of due diligence materials not only to its economic stakeholders’ advisors but also to potential financing sources outside of the Company’s existing capital structure.

The Company and the Company Advisors held numerous due diligence meetings in furtherance of such process.⁹

C. Forbearance and Bridge Financing

73. As the Company's process progressed, it became clear that a deal would not be reached prior to February 1, 2022, when approximately \$53 million of cash interest on the Company's Priming Notes and 10.5% Notes would come due (the "**February Interest Payment**"). With the support of the Ad Hoc Noteholder Group, the Company determined to utilize its grace period under the Priming Notes and 10.5% Notes with respect to the February Interest Payment. The PNO Claims Steering Committee also informally expressed its support for such determination. For the benefit of the Company's ongoing relationships and negotiations with its suppliers and customers, and to obtain incremental bridge liquidity, the Company negotiated and, on February 3, 2022, entered into a forbearance agreement with the Ad Hoc Noteholder Group (the "**Forbearance Agreement**"). Under the Forbearance Agreement, the Ad Hoc Noteholder Group agreed, among other things, to cause U.S. Bank to forbear from exercising rights and remedies arising from the Company's failure timely to pay the February Interest Payment. The Ad Hoc Noteholder Group also agreed to supplement the Original Priming Notes Indenture and the 10.5% Notes Indenture to enable the Company to issue the Bridge Priming Notes, and to provide the Company with approximately \$51.5 million of additional liquidity in the form of a commitment to purchase the Bridge Priming Notes. The Forbearance Agreement and Bridge Priming Notes enabled the Company to continue its restructuring discussions with its various stakeholders outside of a chapter 11 case, thereby, among other things, increasing the likelihood that the Company would be able to

⁹ During this time period, the Company's negotiations with Carriers were somewhat productive, as on December 9, 2021, the Company received a \$75 million partial proof of loss from its property insurers, providing a much needed, albeit temporary, liquidity bridge. Another \$35 million partial proof of loss was approved and paid in April 2022. On May 26, 2022, another partial proof of loss for \$41.947 million was approved, but the Company has not yet received this payment.

implement a transaction through more structured and orderly chapter 11 cases. This sent a strong signal to the market that the Company's economic stakeholders were supportive of the Company and committed to facilitating its restructuring in an orderly and efficient manner. The liquidity created by the Bridge Priming Notes was critical for the Company to manage and stabilize its key trade and supplier relationships and to complete a previously scheduled turnaround of the Company's butane dehydrogenation unit. To permit the Forbearance Agreement, the Company and the ABL Agent entered into a related amendment to the ABL Credit Agreement. The Forbearance Agreement was amended several times to facilitate continued out-of-court discussions and, most recently, to direct U.S. Bank to forbear from exercising rights or remedies with respect to the Company's nonpayment of interest on the Priming Notes and 10.5% Notes due May 1, 2022. The ABL Agent consented to such extensions.

D. Restructuring Support Agreement

74. The Company's negotiations toward a holistic deleveraging transaction were ultimately successful. On May 9, 2022, with the support of the Special Committee and the Board, the Company, the Ad Hoc Noteholder Group, and the Supporting Sponsors¹⁰ entered into a Restructuring Support Agreement with respect to a transaction that would be implemented subject to the Company's obtaining a debtor-in-possession ABL facility either from its existing bank group or from a new ABL lending source. Over the following weeks, the Company successfully negotiated a replacement ABL facility with Eclipse Business Capital ("**Eclipse**"; such facility, the "**ABL DIP Facility**"), together with obtaining a commitment from Eclipse to provide an exit ABL facility at the conclusion of these chapter 11 cases. Thereafter, on May 31, 2022, the Company,

¹⁰ The "Supporting Sponsors" consist of (i) FR Sawgrass, L.P.; (ii) SK Sawgrass, L.P.; (iii) Sawgrass Holdings GP LLC; (iv) Sawgrass Holdings LP; (v) First Reserve Corporation, L.L.C.; (vi) First Reserve Management, L.P.; (vii) FR XII Alpha AIV, L.P.; (viii) SK Capital Partners, L.P.; and (ix) FR XII-A Alpha AIV, L.P., a Cayman Islands limited partnership.

the Ad Hoc Noteholder Group, and the Supporting Sponsors entered into a superseding Restructuring Support Agreement (the “**RSA**”), which is attached hereto as **Exhibit B**.

75. The RSA represents a significant achievement for the Company. The restructuring transactions contemplated by the RSA provide for, among other things: (i) a restructuring pursuant to a chapter 11 plan funded by a \$300 million equity rights offering, a \$150 million rights offering for paid-in-kind holding company notes, a \$350 million issuance of secured exit notes—all backstopped by certain members of the Ad Hoc Noteholder Group, subject to the terms and conditions set forth in the RSA—and an \$80 million issuance of paid-in-kind holding company notes; (ii) the elimination of the vast majority of the Company’s funded debt and other claims from the Company’s balance sheet; and (iii) the financing of the Company’s chapter 11 cases through a debtor-in-possession loan facility provided by certain members of the Ad Hoc Noteholder Group (the “**Term DIP Facility**”) and the ABL DIP Facility. The RSA also contemplates a plan of reorganization that provides a distribution to holders of general unsecured claims, which would not otherwise be entitled to receive or retain value under a plan in these chapter 11 cases, consisting of \$5 million in cash plus \$5 million in future cash subject to the Company’s achieving its projected 2024 Adjusted EBITDA projection, assuming the class of general unsecured claims accepts such plan.

76. In parallel with its negotiation of the RSA, the Company has been engaged in negotiations with the PNO Claims Steering Committee and certain other stakeholders regarding a potential settlement that would consensually address the PNO Claims and obtain the PNO Claimants’ support of the Plan. Those discussions remain ongoing.

77. The restructuring transactions contemplated by the RSA are intended to minimize any potential adverse effects to the Debtors’ business, customers, suppliers, vendors,

and employees and to enable the Company to emerge from chapter 11 with a significantly improved liquidity profile and better positioned for long-term success.

IX. Evidentiary Support for First Day Motions

78. Concurrently with this Declaration, the Debtors have filed First Day Motions seeking various forms of relief to stabilize their business and facilitate a smooth transition into chapter 11.

79. In my testimony below, I discuss two types of First Day Motions—those that ask Your Honor for substantive relief, like permission to pay wages and benefits, pay taxes and insurance, or to pay creditors critical to the business, which I refer to as the “**Substantive and Operational Motions**,” and those that are administrative or procedural in nature, which I refer to as the “**Administrative Motions**.” If I use a capitalized term that I do not otherwise define, I am using the definition used in the applicable First Day Motion. I am familiar with each of the First Day Motions.

80. Some of the Substantive and Operational Motions ask this Court for authorization to pay money. My team at FTI and I have worked with the Company’s accounting and financial teams to verify the amounts listed in each such motion based on the Company’s financial records. The Company’s systems allow us to track payables and I have confidence in my team members and the Company’s management team to access the Company’s systems to extract the relevant payable information presented in the First Day Motions. I have reviewed such amounts and the process used to extract the information from the Company’s systems with the Company’s management team responsible for such functions in the ordinary course of the Company’s business and with members of my team. I believe those amounts correctly reflect

amounts stated in Company's financial records. Where the Company has not been billed or posted an invoice, but the Company has incurred an accrual, my team and I have used good faith estimates.

81. For the convenience of the Court, I copy some of the amounts below in charts. I believe that the amounts we seek the Court's authority to pay in the first 21 days of these cases are necessary to avoid immediate and irreparable harm to the Debtors and their estates.

A. Substantive and Operational Motions

82. Wages Motion. One of the Company's most critical creditor constituents is its workforce of highly skilled men and women. Their specialized knowledge and on-time performance are critical to safe and reliable operations and meeting the needs of the Company's customers. Maintaining the morale and focus of the Debtors' Employees, all of whom depend on their paychecks and Company-sponsored benefits and programs to support their families, is essential to the Debtors' value and the successful reorganization of the Company. It is critical, therefore, that the Debtors' timely pay and perform all employee-related obligations and benefit programs when due and without disruption.

83. In addition, in the ordinary course of business, the Debtors utilize the services of temporary staff to perform a variety of roles including IT, human relations, craft, QC Lab testing, maintenance, and engineering (the "**Supplemental Workforce**"). The Debtors retain their Supplemental Workforce through multiple third-party staffing agencies (the "**Staffing Agencies**"). The number of Supplemental Workforce utilized by Debtors varies greatly depending on the Debtors' operations. For example, among other roles, Debtors utilize Supplemental Workforce to increase the workforce to perform turnarounds, which are regularly scheduled maintenance or improvement of a processing or operational unit, as necessary at the Debtors' facilities. The Supplemental Workforce members have developed detailed understandings of the

Debtors' operations such that needing to replace any significant number of Supplemental Workforce personnel at once would be disruptive to the Debtors' operations and would risk increasing the Debtors' overall costs due to retaining and training new temporary personnel to operate at the same level of efficiency.

84. The chart below summarizes the amounts we seek the Court's authorization to pay, all of which are critical to maintaining the value of the business and operating in the ordinary course:

Relief Sought¹¹	Approximate Amount as of Petition Date	Total Amount due in Interim Period
Compensation and Withholding Obligations		
Unpaid Wages and Salaries	\$1,072,886	\$1,072,886
Withholdings and Deduction Obligations	\$312,741	\$312,741
Payroll Administration Fees	\$45,046	\$45,046
Medical Benefits		
Medical and Dental Drug Plans	\$417,335	\$417,335
Prescription Drug Plan	\$68,725	\$68,725
Vision Plan	\$0	\$0
Flexible Spending Account Program	\$4,539	\$4,539
Health Savings Account Program	\$6,358	\$6,358
Represented Employee Medical Program	\$156,050	\$156,050
Insurance Programs		
Basic Life, AD&D, Long-Term Disability and Critical Care Insurance Plans	\$66,478	\$66,478
Supplemental Life Insurance Plan	\$10,320	\$10,320
Supplemental AD&D Insurance Plan	\$4,800	\$4,800

¹¹ Capitalized terms in this chart have the meanings ascribed to them in the Motion.

Relief Sought¹¹	Approximate Amount as of Petition Date	Total Amount due in Interim Period
Retirement Plans		
401(k) Savings Plan	\$88,073	\$88,073
401(k) Employee Loan Payments	\$16,566	\$16,556
Cash Balance Plan	\$687,600	\$0
Other Benefits		
Reimbursement Obligations	\$50,000	\$50,000
Charitable Program	\$7,053	\$7,053
Miscellaneous Benefits	\$65,180	\$62,290
Additional Obligations		
Supplemental Workforce Obligations	\$3,344,758	\$3,344,758
Total	\$6,424,507	\$5,734,016

85. Tax Motion. The Debtors, in the ordinary course of their businesses, incur various tax liabilities owing to Taxing Authorities in various jurisdictions where the Debtors operate. Paying the Debtors' Tax Obligations, when due in the ordinary course, will benefit the estate by avoiding the risk of audits, liens, interest, penalties, or actions to lift the automatic stay, which would unnecessarily divert the Debtors' attention from the reorganization process and the spending of legal fees and costs to address. Second, I understand that certain types of taxes, commonly called trust fund taxes, are collected on a taxing authority's behalf and, under some laws, could expose persons within the Company to claims if the Debtors fail to remit such tax. If asserted, such claims would distract these individuals from the Debtors' restructuring. Finally, I believe unpaid Taxes may expose the Debtors to the risk of penalties, interest, or both, which could negatively impact the Debtors' businesses and estates.

86. The Debtors estimate that approximately \$3.1 million in Taxes relating to the prepetition period will become due and owing to the Taxing Authorities after the Petition Date, the largest of which is a secured ad valorem tax arising from a favorable mediated settlement of appraisal litigation with Harris County, Texas. The following table describes the various

categories of Taxes and includes good faith estimates based on the Debtors' books and records of such Taxes that have accrued as of the Petition Date and remain subject to potential audits and other adjustments:

Category	Description	Approximate Amount Accrued and Unpaid as of Petition Date	Estimated Amount Due Within Interim Period
Property Taxes	Taxes and obligations related to real and personal property holdings	\$0	\$39,217
Sales and Use Taxes	Taxes on goods and services that are used/consumed or sold and assessed based on the value of those goods and services	\$1,040,000	\$1,040,000
Franchise and Income Taxes	Taxes incurred in connection with profits generation and taxes required to conduct business within certain states in which the Debtors operate	\$0	\$1,875,621
Excise Taxes	Taxes incurred on (a) foreign insurance premiums not covered under a tax treaty with the United States and (b) Patient-Centered Outcomes Research Institute (PCORI) fee required for certain specified health insurance policies	\$0	\$6,000
Import and Customs Duties	Taxes imposed on the Debtors for importing goods into a particular jurisdiction from outside that jurisdiction	\$0	\$8,243
Regulatory Assessments and Other Taxes	Environmental assessments and fees incurred and as	\$0	\$162,667

	required by governmental regulatory agencies		
TOTAL		\$1,040,000	\$3,131,748

87. Cash Management. Pursuant to the Cash Management Motion, the Debtors ask the Court for permission to (a) continue to operate their Cash Management System in the ordinary course of business; (b) pay Bank Fees, as and when due; (c) maintain its existing Business Forms; and (d) continue to perform Intercompany Transactions consistent with prepetition practice unless otherwise limited by the Court’s financing order. I have reviewed the Cash Management Motion and the factual statements contained therein fairly and accurately describe the Company’s cash management system and how the Company manages cash.

88. The Company maintains an integrated cash management system to facilitate the efficient operation of their businesses (the “**Cash Management System**”). The Cash Management System is comprised of approximately 12 bank accounts with Bank of America, the administrative and collateral agent under the Company’s ABL Facility. The Company uses the Cash Management System to manage cash in a cost-effective, efficient manner; to collect, transfer and disburse funds generated from their business operations; and to facilitate cash monitoring, oversight, forecasting and reporting. The Company’s treasury department maintains daily oversight over the Cash Management System and, along with the accounting department, implements controls for entering, processing, and releasing funds. Additionally, the accounting department performs regular reconciliations with the Debtors’ books and records to ensure that payments are proper and for approved company expenses only.

89. Continuing the Debtors’ Cash Management System is essential to the Debtors’ business operations. Maintaining the current Cash Management System will facilitate

the Debtors' transition into chapter 11 by minimizing delays in paying postpetition debts and eliminating administrative inefficiencies. Requiring the Debtors to adopt a new, segmented cash management system during these chapter 11 cases would be unduly burdensome, costly, and highly disruptive to the Debtors' operations and restructuring efforts. Any disruption of the Cash Management System could have a significantly adverse impact on the Debtors' restructuring efforts and needlessly impair the value of the Debtors' business enterprise.

90. As of the Petition Date, the Debtors hold approximately \$25,455,785 in cash in the Bank Accounts. All of the Bank Accounts are maintained with Bank of America. The Bank Accounts' ownership and purposes are summarized as follows:

Applicable Entity	Account Number	Account Purpose
Main Operating Accounts		
TPC Group LLC	x2999	Collections account
TPC Group LLC	x5528	Funding account
TPC Group LLC	x5252	Accounts payable account
TPC Group LLC	x5544	Payroll account
Counterparty Escrow Accounts		
TPC Group LLC	x555.1	Escrow account established pursuant to processing agreement with BASF TOTAL Petrochemicals LLC to fund capital expenses
TPC Group LLC	x556.1	Escrow account established pursuant to processing agreement with BASF TOTAL Petrochemicals LLC to fund capital expenses
Other Accounts		
TPC Group LLC	x1525	Investment account with BOA
TP Capital Corp.	x2957	Dormant account with zero balance

Port Neches Fuels, LLC	x6917	Dormant account with zero balance
TPC All for One Foundation (<i>Non-Debtor</i>)	x9526	Deposit account owned by non-Debtor 501(c)(3) non-profit charity but operated using the Debtors' existing banking platform with BOA
Accounts Opened to Facilitate Chapter 11 Cases		
TPC Group LLC	x2199	Utility deposit account
TPC Group LLC	x2212	Dormant account with zero balance

91. In the ordinary course of business, the Debtors engage in only a very limited number of intercompany cash transactions. Most intercompany transactions occur by book entry, being funded in cash by Debtor TPC Group LLC and trued up once each quarter in affiliates' equity accounts. The Debtors maintain records of all intercompany transactions that are processed through the Cash Management System. During these chapter 11 cases, the Debtors will continue to keep records of any postpetition intercompany transactions and implement any additional accounting procedures required to identify and distinguish between prepetition and postpetition intercompany transactions so that claims arising from postpetition intercompany transactions are afforded administrative expense priority.

92. In the ordinary course of business, the Debtors maintain company-paid purchasing cards (the "**P-Cards**") that are primarily used by certain employees for time-sensitive, as-needed purchases, such as purchasing urgent part replacements at local hardware stores. All of the P-Cards are issued by Bank of America ("**BOA**"), and amounts due to BOA on account of the P-Cards are paid out of the Funding Account. The Debtors' aggregate credit limit for all thirty-five (35) P-Cards currently issued to employees is \$200,000. The Debtors believe that, as of the Petition Date, the P-Cards have an aggregate balance of approximately \$187,295 relating to prepetition purchases. Following good-faith, arms' length negotiations between the Debtors and

BOA prior to the Petition Date, BOA has consented to the Debtors' continued use of the P-Cards on a postpetition basis on the terms set forth in the Proposed Orders to the Cash Management Motion.

93. In the ordinary course of business, the Debtors incur and pay, honor, or permit to be deducted from the appropriate Bank Accounts certain service charges and other fees, costs, and expenses charged by BOA (collectively, the "**Bank Fees**"). The Bank Fees are de minimis. Allowing the Debtors to pay the Bank Fees is important to maintaining the integrity of the Cash Management System.

94. In the ordinary course of business, the Debtors use a variety of business forms, including letterhead, purchase orders, invoices, and checks (collectively, the "**Business Forms**"). The Debtors are seeking authority to continue using their Business Forms, without reference therein to the Debtors' status as "Debtor-in-Possession." I believe that granting this request will benefit the Estate. It will minimize the expense to the Debtors' estates associated with developing and/or purchasing entirely new forms, the delay in conducting business prior to obtaining such forms, and the confusion of suppliers and other vendors.

95. Utilities Motion. In connection with the operation of their businesses and the management of their assets, the Debtors employ various Utility Services, including, but not limited to, electricity, natural gas, water, network/internet, waste removal and other services. Uninterrupted Utility Services are essential to the overall success of these chapter 11 cases.

96. A nonexclusive list of Utility Companies that provide Utility Services to the Debtors as of the Petition Date is set forth below:

Utility Company	Service(s) Provided	Address	Account Number(s)	Average Monthly Expenditure	Proposed Adequate Assurance
AT&T	Telecommunication	P.O. Box 5001 Carol Stream, IL 60197	8310010621487 8310006647134	\$20,776	\$10,388

Utility Company	Service(s) Provided	Address	Account Number(s)	Average Monthly Expenditure	Proposed Adequate Assurance
			3378821380405 2459646		
City of Houston	Water	P.O. Box 1560 Houston, TX 77251-1560	7099-3012-5014	\$153,057	\$76,528
City of Port Neches	Water	P.O. Box 758 Port Neches, TX 77651-758	27-02100-01	\$12,210	\$6,105
Clean Harbors Industrials Services	Waste Removal	P.O. Box 3442 Boston, MA 02241-3442	TP3221	\$665,324	\$332,662
Cokinos Energy Corporation	Natural Gas	5718 Westheimer Rd, Suite 900 Houston, TX 77057	591012	\$674,232	\$337,116
Comcast Business	Network/Internet	1701 JFK Blvd. Philadelphia, PA 19103	932763253	\$1,362	\$681
Direct Energy	Electricity	P.O. Box 660749 Dallas, TX 75266	1098807	\$269,758	\$134,879
Energry Louisiana LLC	Electricity	639 Loyola Ave. New Orleans, LA 70113	33078882 37727831	\$0	\$0
Energry Texas Inc	Electricity	P.O. Box 679505 Dallas, TX 75367	3307882 37727831 171699416 138255062 139078935 139083315 139111561 139087407 138999917 139090617	\$55,724	\$27,862
Indorama Ventures Oxides	Wastewater Treatment	2701 Spur 136 Port Neches, TX 77651	182974	\$711,011	\$355,506
Kinder Morgan Texas Pipeline LLC	Natural Gas	Dept. 3015, P.O. Box 201607 Dallas, TX 75320	36-581490-2 KMTP	\$2,016,976	\$0 ¹²
Level 3 Communication	Internet	P.O. Box 910182 Denver, CO 910182	5-DDKWGKH4 5-MJML8W6L	\$27,470	\$13,735
Symmetry Energy Solutions LLC	Natural Gas	9811 Katy Freeway Houston, TX 77024	50054	\$337,586	\$3,793
Waste Management	Waste Removal	1910 Afton Rd. Houston, TX 77055	14-49580-83009 14-51166-23000	\$90,937	\$45,468

97. Uninterrupted Utility Services are essential to the Debtors' ongoing business operations and, therefore, to the success of Debtors' reorganization. Should any Utility

¹² The services provided for are prepaid, thus not requiring an adequate assurance deposit.

Company alter, refuse, or discontinue service, even briefly, the Debtors' business operations could be severely disrupted. The Debtors operate a complex business involving a petrochemical-processing plant and multiple hydrocarbon shipping, logistics, and storage facilities. Interruption of the Utility Services at any of the Debtors' locations would disrupt necessary communication and coordination between and among the Debtors' employees, suppliers, customers, and various regulatory authorities and would prevent the provision of necessary support to these same parties. Such interruption would negatively impact the Debtors' reorganization efforts and all parties in interest.

98. Prior to the Petition Date, the Debtors spent an average of approximately \$5.0 million each month for Utility Services. Based on historical averages, the Debtor's estimate that their cost of Utilities Services for the next 30 days will be approximately \$5.0 million.

99. The Debtors are current on all undisputed invoices for Utility Services as of the bankruptcy filing, but should the Debtors not be authorized to provide adequate assurance to the Utility Companies or be unable to pay for Utility Services when due, the Utility Companies would likely refuse or discontinue service, which would harm the business. Accordingly, I believe that granting the Utilities Motion is necessary to continue operations in the ordinary course and to preserve value.

100. NOL Motion. As of the Petition Date, the Debtors have certain Tax Attributes, which include, estimated federal net operating losses ("NOLs") in the amount of approximately \$337M, estimated federal Disallowed Interest Deductions of approximately \$291M and certain other favorable Tax Attributes, including estimated federal research credits of approximately \$3 million. Given that the Debtors can carry forward certain Tax Attributes to offset future taxable income or directly offset federal tax liability in future years, these Tax

Attributes are potentially of significant value to the Debtors and their estates. I believe the Debtors' ability to preserve their Tax Attributes may be seriously jeopardized unless procedures are established immediately to ensure that trading in the Beneficial Ownership of Common Stock, and the claiming of a Worthless Stock Deduction by a Majority Holder with respect to its Beneficial Ownership of Common Stock, is either precluded or closely monitored and made subject to Court approval. I also believe the Debtors' ability to implement a restructuring that qualifies under section 382(l)(5) of the Tax Code could be seriously impaired unless the Claims Procedures are established. By establishing and implementing the Procedures proposed in the Motion, the Debtors will be able to preserve the use of their Tax Attributes, while providing certain latitude for trading. I believe the Debtors have limited the relief requested in their NOL Motion to the extent necessary to preserve estate value.

101. *Critical Vendors.* In the ordinary course of business, the Debtors, as a leading producer of products derived from petrochemical raw materials such as crude C4 and isobutylene, depend on continual access to a voluminous supply of raw materials. For example, the Debtor's normal, monthly expenditures for critical raw materials and other trade payables is approximately \$150 million. It is also critical for the Debtors to ensure their relationships with their vendors and suppliers. A disruption in the Debtors' supply chain would adversely impact not only the Debtors' business but also those of their customers and their customer relationships.

102. As such, the Debtors request the authority to pay, in the ordinary course of business, certain prepetition claims held by (a) shippers, warehouseman, and other lien claimants, (b) vendors whose claims may be entitled to administrative expense priority status under section 503(b)(9) of the Bankruptcy Code, (c) certain suppliers whose contracts with the Debtors may be

affected by the Bankruptcy Code “safe harbor” provisions, and (d) certain essential vendors and service provider.

103. As of the Petition Date, the Debtors owe approximately \$142.6 million on account of all accounts payable and accrued expenses to the Debtors’ trade creditors. By this Motion, the Debtors seek authority to pay up to \$75,961,660 on an interim basis and \$90,242,999 on a final basis on account of prepetition claims, the majority of which comprise claims held by 503(b)(9) Claimants and raw material suppliers with contract rights that may be protected by the “safe harbor” provisions of the Bankruptcy Code.¹³

104. With the assistance of restructuring counsel and working with members of the Company’s management team, my team and I spent significant time identifying those vendors and suppliers that are in fact critical to the Company’s operations. We evaluated and identified sole source providers (i.e., those that cannot be readily and timely replaced given the specialized nature of the goods or services they provide). These are vendors that (a) provide unique and specialized goods or services that are nearly impossible to replace or are otherwise not readily available, (b) provide goods or services that the Debtors are unable to procure without incurring significant migration costs, operational delays, or compromising quality, or (c) do not have long-term written supply contracts such that the vendor could be compelled to continue providing goods or services in a timely and cost-efficient manner without unduly disrupting the Debtors’ operations postpetition. We also identified shippers, warehouseman and other vendors that either transports or stores Company product, or performs repairs and other services on the Company’s equipment and facilities, both categories of which I understand may have the ability to assert possessory or

¹³ The Debtors reserve all rights with respect to safe harbor matters, including, without limitation, whether such counterparties constitute “forward contract merchants” and whether such contracts constitute “forward contracts” for the purchase or sale of “commodities,” within the meanings of such terms in the Bankruptcy Code.

statutory liens for unpaid fees and charges, if not paid in the ordinary course, which would be disruptive to operations and/or would require the Company to spend legal fees to address and resolve. We also spent significant time identifying sellers of goods that would likely be entitled to priority under 503(b)(9) for goods delivered in the 20 days leading up to the chapter 11 filing, and sellers of raw materials under sale contracts that may be able to terminate their contracts under the “safe harbor” provisions of the Bankruptcy Code.

105. The following chart summarizes the relief requested in this Motion with respect to prepetition claim amounts:

Vendor Claim Category	Description of Claims	Estimated Amount Due as of Petition Date	Estimated Amount Due Within Interim Period
Lien Claimants	Claimants that may assert shippers, warehouseman, mechanics, or other liens against the Debtors’ property if unpaid	\$32,164,881	\$28,000,000
Critical Vendors	Vendors that supply goods or services that the Debtors rely upon to continue day-to-day operations, or which are sole or limited-source providers of the goods and services necessary for the uninterrupted operations of the Debtors’ business	\$12,000,000	\$10,000,000
Supplier Claimants	Suppliers of raw materials that may be able to terminate executory contracts under the “safe harbor” provisions of the Bankruptcy Code	\$46,078,118	\$37,961,660
Total Claims¹⁴		\$90,242,999	\$75,961,660
503(b)(9) Claimants	Suppliers of goods that may be entitled to statutory priority under section 503(b)(9) of the Bankruptcy Code	\$33,879,134	\$28,235,598

¹⁴ Includes 503(b)(9) Claim amounts

106. The Debtors intend to apply their business judgment and discretion on a case-by-case basis and pay only those Vendor Claims that are critical to the Debtors' business, secured by a statutory lien, may be protected by the Bankruptcy Code "safe harbor" provisions, and/or afforded administrative expense priority status under section 503(b)(9) of the Bankruptcy Code, as applicable. Moreover, the Debtors intend to use commercially reasonable efforts to require such Vendor Claimants to enter into trade agreements with the Debtors that provide trade terms in line with historical practice between the parties for the postpetition delivery of goods and/or services for the duration of these chapter 11 cases.

107. As continual access to a voluminous supply of raw materials, as well as their relationships with their vendors, is critical to the Debtors' business and to their customers and their customer relationships, the Debtors respectfully request the Court permit its payment of such critical vendors and suppliers.

108. *Insurance Motion.* In the ordinary course of business, the Debtors maintain Insurance Policies, including related programs, through various Carriers. Those policies and programs provide necessary coverage for business risks and protect the Estate from loss. Premiums for one or more of these Insurance Policies may obligate the Debtors or the Carrier to perform a reconciliation or audit to determine any adjustments to these premiums, be it additional premiums owed by the Debtors or refunds owed to the Debtors.

109. The Debtors maintain their various Insurance Policies to protect against risks associated with operating their businesses, which is essential to the preservation of the value of the Debtors' businesses and assets, as well as to comply with regulations, laws, and contracts that govern the Debtors' commercial activities.

110. The Insurance Programs include coverage for (a) workers' compensation and employer's liability; (b) legal or contractual liability or other damages to third parties arising from, or incurred by third parties in connection with, the Debtors' business operations; (c) the Debtors' vehicles; (d) potential liability in connection with the Debtors' operation of marine terminals; (e) potential liability in connection with the Debtors shipping and handling of marine cargo; (f) physical loss or damage to property owned, used, leased or rented by the Debtors or in which in the Debtors have an insurable interest and business interruption losses suffered by the Debtors; (g) potential liability in connection with the Debtors' employment practices; (h) potential environmental and pollution liability; (i) directors' and officers' liability, management liability, fiduciary liability, and professional liability; (j) loss or damage in connection with illegal or dishonest acts of an employee or group of employees; and (k) loss or damage in connection with acts of terrorism.

111. Pursuant to the Insurance Policies, the Debtors pay premiums based upon a fixed rate established and billed by each Carrier. The Debtors' Insurance Policies for each of the Workers' Compensation Program, General Commercial and Umbrella Liability Program, and Auto Liability Program renewed on the Petition Date (the "**Renewed Insurance Policies**"). The annual premiums and other normal applicable taxes and fees for the Renewed Insurance Policies have not yet been invoiced by the Carriers. Accordingly, the Debtors estimate that as of the Petition Date they owe approximately \$12.0 million in prepetition Insurance Obligations for the Renewed Insurance Policies (including normal applicable taxes and fees). The outstanding prepetition Insurance Obligations for the Renewed Insurance Policies are expected to be financed under the 2022 Premium Finance Agreement. In the event that the 2022 Premium Finance Agreement is not agreed to in the following weeks, approximately \$12.0 million will come due

during the first 21 days of these chapter 11 cases and the Debtors request authority to pay all such Insurance Obligations when due in respect of the Renewed Insurance Policies.

112. The Debtors maintain workers' compensation insurance and third-party liability, property, and other insurance programs and incur certain obligations to pay premiums, deductibles, self-insured retentions, and other obligations related thereto, including, but not limited to, broker or advisor fees, insurance providers, taxes, and other fees, in accordance with or relating to their respective insurance policies through several different insurance carriers.

113. The continuation of the Debtors' Insurance Policies and programs and entry into new insurance policies as required in the ordinary course of business, is essential to the preservation of the value of the Debtors' business, properties, and assets.

B. Administrative Motions.

114. The Administrative Motions ask the Court either (a) for relief that promotes efficiency or (b) to extend a filing deadline. For the former, granting them will help the Company save money and reduce administrative costs. For the latter, the Company seeks a short extension of our filing deadlines as the Company transitions into bankruptcy protection. At this time, the Company's financial and accounting human resources are stretched. A short extension is necessary and will allow the Company the time it needs to prepare the Company's disclosure papers while also operating the business and mitigating against business disruption during opening days and weeks of these complex chapter 11 cases. I discuss each of the Administrative Motions next.

115. Joint Administration. Each of the Debtors are affiliates of each other and are part of an integrated business. Joint administration of these chapter 11 cases will save money; it is expensive and inefficient for the Debtors and their stakeholders to file and serve copies of

pleadings in multiple individual cases, if filing in one case serves the same purpose and avoids costs.

116. Creditor Matrix Motion. Through the Creditor Matrix Motion, the Debtors request entry of an order (i) authorizing the Debtors to redact certain personal identification information from their consolidated creditor matrix and (ii) approving the form and manner of notifying creditors of the commencement of these chapter 11 cases and other information.

117. I believe the relief requested in the Creditor Matrix Motion is warranted because: (1) preparing separate lists of creditors for each Debtor would be time consuming and inefficient; (2) compiling a list of the Company's top 30 creditors on a consolidated basis presents a fair representation of the Company's unsecured creditor body for all Debtors; (3) redacting address information of individual creditors—many of whom are the Debtors' employees—from the Creditor Matrix, which will be public, will mitigate against identity theft and risk of unsolicited marketing materials; and (4) serving a single Notice of Commencement on the consolidated Creditor Matrix, rather than one for each Debtor, will avoid confusion and costs associated with serving multiple notices to the parties listed on the Debtors' Creditor Matrix.

118. Retaining Kroll Restructuring Administration as Claims and Notice Agent. My team and I anticipate that there will be thousands of persons and entities to receive notice in these cases. We expect many of these persons to file proofs of their asserted claims. Handling the volume of claims, notice requirements and vote solicitation functions in these cases will be burdensome. A third-party service, like Kroll, to carry the load is efficient and beneficial. The Company selected Kroll for its expertise and experience in this area after receiving bids from a total of three recognized claims and notice-agent firms.

119. On behalf of the Debtors, I respectfully request that the Court grant the relief requested in the First Day Motion and such other and further relief as is appropriate.

Pursuant to 28 U.S.C. § 1746, the undersigned makes the forgoing declaration as of the date of its filing under penalty of perjury.

/s/ Robert A. Del Genio

Robert A. Del Genio