

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

In re:	)	
	)	Chapter 11
LIGADO NETWORKS LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 25-10006 ( )
	)	
Debtors.	)	(Joint Administration Requested)
	)	

**DECLARATION OF BRUCE MENDELSON  
IN SUPPORT OF DEBTORS’ MOTION FOR ENTRY OF  
INTERIM AND FINAL ORDERS (I) AUTHORIZING THEM TO  
(A) OBTAIN POSTPETITION FINANCING AND (B) USE CASH  
COLLATERAL, (II) GRANTING LIENS AND SUPERPRIORITY  
ADMINISTRATIVE EXPENSE CLAIMS, (III) MODIFYING THE  
AUTOMATIC STAY, (IV) GRANTING ADEQUATE PROTECTION,  
(V) SCHEDULING A FINAL HEARING, AND (VI) GRANTING RELATED RELIEF**

Under 28 U.S.C. § 1746, I, Bruce Mendelsohn, declare as follows under penalty of perjury:

1. I am a Partner and the Global Head of the Financing and Capital Solutions Group at Perella Weinberg Partners L.P. (“PWP”), a financial advisory firm that maintains an office at 767 5th Avenue, New York, New York 10153. I submit this declaration (this “Declaration”) in support of the *Debtors’ Motion For Entry of Interim and Final Orders (I) Authorizing Them to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Modifying the Automatic Stay, (IV) Granting Adequate Protection, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* (the “DIP Motion”)<sup>2</sup> filed by the above-captioned debtors in possession (the “Debtors”).

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Ligado Networks LLC (3801); ATC Technologies, LLC (N/A); Ligado Networks (Canada) Inc. (N/A); Ligado Networks Build LLC (N/A); Ligado Networks Corp. (N/A); Ligado Networks Finance LLC (N/A); Ligado Networks Holdings (Canada) Inc. (N/A); Ligado Networks Inc. of Virginia (9725); Ligado Networks Subsidiary LLC (N/A); One Dot Six LLC (8763); and One Dot Six TVCC LLC (N/A). The Debtors’ headquarters is located at: 10802 Parkridge Boulevard, Reston, Virginia 20191.

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

**Qualifications**

2. I am a Partner and the Global Head of the Financing and Capital Solutions Group at PWP, which I joined in 2016. PWP is a full-service investment banking firm providing strategic and financial advisory services, including with respect to mergers and acquisitions, capital raising, and restructuring transactions, across a broad range of industries. PWP and its senior professionals have extensive experience with respect to the reorganization and restructuring of distressed companies, both out of court and in chapter 11 proceedings.

3. I have approximately 35 years of investment banking and capital structure advisory experience assisting companies on a wide range of strategic matters. I have advised companies, creditors, shareholders and other stakeholders with respect to issues relating to chapter 11 plan negotiations, debtor-in-possession (“DIP”) financings, cash collateral usage, sale processes under section 363 of the Bankruptcy Code, and new money recapitalizations, in each case analyzing and evaluating business plans, cash flow forecasts and liquidity needs, as well as evaluating, negotiating and structuring DIP financings. Prior to joining PWP, I was a partner at Goldman Sachs and most recently served as Head of the Americas Restructuring Group as part of their U.S. Leveraged Finance team. Prior to working at Goldman Sachs, I worked for UBS and MJ Whitman in restructuring and distressed securities. Prior to that time, I worked at Lehman Brothers. I received a Bachelor of Arts degree from Emory University and an MBA from the Wharton School at the University of Pennsylvania.

4. In addition to working with the Debtors in the above-captioned chapter 11 cases, my experience includes representing companies, boards, creditors, and other stakeholders in a variety of situations across a broad range of industries, including the chapter 11 cases of: American Tire Distributors, Bonanza Creek, Breitburn Energy, Bristow Group, California Resources

Corporation, Concordia Pharmaceuticals, Crossmark Holdings, Eco-Bat Technologies, Fieldwood Energy, FTX, Garrett Motion, iHeart Communications, LATAM Airlines, Memorial Production Partners, Ocean Rig, Pacific Drilling, Pacific Sunwear, Sanchez Energy Corporation, Seadrill, Sears Ltd., Video Equipment Rental Corporation, Windstream and 21st Century Oncology. In addition, while at Goldman Sachs, I was involved in the following bankruptcy cases: Bridge Information Systems, Brothers Gourmet Coffees, Calpine, CRC Communications, Essar Algoma, Focal Communications, General Growth Properties, Lehman Brothers, Network Plus, Nextel International, Orchard Supply, Qwest Communications and 360 Networks.

5. I am authorized to submit this Declaration on behalf of the Debtors. I am being compensated through payments received by PWP as the investment banker proposed to be retained by the Debtors in these cases, and I am not compensated separately for this testimony. Except as otherwise indicated herein, all the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by other PWP professionals involved in advising the Debtors, or information provided to me by the Debtors. If called upon to testify, I could and would testify to the facts set forth herein on that basis.

**The Debtors' Need for Access to a DIP Facility and Cash Collateral**

6. The Debtors use cash on hand and cash-flow from operations to fund their working-capital needs and other general corporate purposes. As of the Petition Date, the Debtors estimate that they have approximately \$9.626 million of cash on hand. During these chapter 11 cases, the Debtors will need current liquidity to satisfy payroll, meet overhead obligations, satisfy the costs, fees, and expenses (including all professional fees and expenses) of administering these cases, and for the continued management, operation, and preservation of their business. The ability to satisfy

these expenses as and when due is essential to the Debtors' successful operation of their business during these cases, and their restructuring efforts.

7. Immediate access to DIP financing and use of cash collateral is essential to the Debtors' ability to meet working capital and business operating needs and fund expenses associated with these cases. It is critically important to ensure that the Debtors have sufficient funds to preserve and maximize the value of their estates, and responsibly administer these chapter 11 cases. Without prompt access to DIP financing and use of cash collateral, the Debtors may be unable to pay employee wages, administer these cases, and otherwise preserve and maximize the value of their estates. Absent the immediate relief requested by the DIP Motion, the Debtors face a risk of immediate and substantial harm, to the detriment of all stakeholders.

8. In consultation with their advisors, the Debtors reviewed and analyzed their projected cash flows to determine the requisite amount of DIP financing. Based on this analysis, the Debtors ultimately determined that they would require incremental liquidity of \$115 million to operate smoothly during the postpetition period. Based on management's cash-flow forecast, the Debtors' management team, in consultation with their advisors, compiled the Initial DIP Budget. Based on the forecasted funding requirements reflected in the Initial DIP Budget, the liquidity provided under the proposed DIP Financing will provide the Debtors with sufficient liquidity to meet their day-to-day obligations, fund the operational and administrative costs of these chapter 11 cases, and satisfy working capital requirements and other operational expenses, all of which will preserve the value of the Debtors' estates for the benefit of their stakeholders.

#### **The DIP Facility**

9. The terms of the DIP Facility are detailed in the DIP Motion and the DIP Loan Agreement. The DIP Facility contemplates financing in the form of up to \$939,133,507 in term

loans to be funded as follows: (a) new money term loans to be made in (i) an Initial Draw of \$12 million following the entry of the Interim DIP Order, and (ii) after the entry of the Final DIP Order, subsequent new money term loan draws in an aggregate principal amount of \$429,999,891 which will be available, subject to satisfaction of certain milestones and conditions precedent, and (b) a roll-up of prepetition 1L Debt Obligations (other than 1L First Out Obligations) in the aggregate principal amount of at least \$441,999,891 and up to \$497,133,616 upon entry of the Final Order upon the terms and conditions set forth in the proposed DIP Order. As noted in the DIP Motion, the loans to be advanced under the DIP Facility (the “DIP Loans”) carry an interest rate of 17.5%% per annum, payable in kind (or 15.5% per annum to the extent a cash interest election is made), and will also carry (v) a Commitment Fee of 5%, payable in kind on commitments as of the Closing Date, (w) a DIP First Funding Discount Fee of 5%, payable in kind on the aggregate amount of DIP First Funding Loans made on the DIP First Funding Date, (x) a DIP Second Funding Discount Fee of 5%, payable in kind on the aggregate amount of DIP Second Funding Loans made on the DIP Second Funding Date (other than any Excess DIP Second Funding Loan Proceeds returned to DIP Lenders on the DIP Second Funding Date), (y) a DIP DDTL Funding Discount Fee of 5%, payable in kind on the aggregate amount of DIP Delayed Draw Term Loans made on the DIP DDTL Funding Date, and (z) a DIP Unused Commitment Fee of 3% per annum, payable in kind on unused DIP DDTL Commitments and DIP Second Funding Commitments.

10. As described in the DIP Motion, upon entry of the Final DIP Order, the proceeds of the DIP Facility will be used to consummate a refinancing in full of the 1L First Out Loan Obligations.

11. Certain members of the Ad Hoc Cross-Holder Group and the *ad hoc* group of Prepetition First Lien Lenders (together, the “Ad Hoc Groups”) and certain other holders of Prepetition Secured Obligations have committed to backstop the entire new money portion of the DIP Facility in exchange for receiving a 12.5% non-cash Backstop Fee, payable in kind on commitments as of the Closing Date.

12. As noted in the DIP Motion, the DIP Loans will be secured by senior secured superpriority liens on substantially all assets and property of the Debtors, subject to certain permitted exceptions, permitted senior liens, and a carve-out for professional expenses. The DIP Facility shall mature upon the scheduled maturity date and certain events as set forth in the DIP Loan Agreement, including the date of substantial consummation of a plan of reorganization. The scheduled maturity date is initially set at the 4-month anniversary of the Petition Date, but may be extended with the consent of certain DIP Lenders by five additional 4-month periods, which would bring the scheduled term of the DIP Facility to two years in total.

**The Debtors’ Prepetition Marketing Efforts**

13. In the days leading up to these chapter 11 cases, the Debtors, with the assistance of PWP, made inquiries into potential sources of DIP financing, including the Debtors’ existing lenders or affiliates of existing lenders, and solicited proposals from various lending institutions with experience in providing such financing. The Debtors, with the assistance of PWP, contacted eleven potential lenders that PWP believed might be interested in providing DIP financing to the Debtors in an amount sufficient to fund the Debtors’ operations in chapter 11.

14. None of these potential lenders submitted proposals for a DIP facility and no additional lenders expressed interest in participating in a DIP facility. Ultimately, many of the

parties contacted by PWP reported that they were unwilling to extend financing to the Debtors due to a number of factors.

15. I believe that the marketing process used to determine the most viable DIP financing for the Debtors was appropriate under the circumstances, including, without limitation, in light of the Debtors' condition, timing concerns, and the existing capital structure.

16. The Debtors were unable to obtain sufficient credit either (a) on an administrative priority basis, (b) secured by liens on unencumbered property, or (c) secured solely by junior liens on already encumbered property.

17. As part of these marketing efforts, the Debtors, with the assistance of PWP, engaged in discussions with the Ad Hoc Groups regarding both their interest in providing DIP financing as well as their willingness to consent to third-party DIP financing. I supervised these efforts on behalf of PWP and, along with individuals at PWP who report to me, directly interacted with these potential lenders.

18. The Debtors did not receive any viable DIP proposals from any third-party lenders. The only DIP proposal the Debtors received was from certain Prepetition Secured Parties (the "Existing Lender Proposal"). After considering all other options, the Debtors, in consultation with their advisors, including me and other individuals at PWP who report to me, determined that the Existing Lender Proposal was the best and only financing alternative available to the Debtors.

**The DIP Facilities Are the Best and Only Postpetition Financing Option for the**

**Debtors**

19. Based on my experience with debtor-in-possession financing transactions as well as my involvement in the efforts to secure postpetition financing for the Debtors, I believe that the

proposed DIP Facility represents the best presently available financing option under the facts and circumstances of these chapter 11 cases.

20. *First*, as noted in the Motion, the proposed DIP Facility and the use of Cash Collateral are expected to provide the Debtors with access to the amount of capital that the Debtors, in consultation with their advisors, believe is necessary to effectively and efficiently administer these chapter 11 cases.

21. *Second*, the terms of the proposed DIP Facility are the result of the negotiations and outreach efforts described above. As noted above, the Debtors, with the assistance of their advisors, solicited other sources of postpetition financing to determine whether the Debtors could obtain such postpetition financing on better terms. However, other than the DIP Lenders, I am not aware of any party that was willing to provide any financing on an unsecured or junior basis and none of the prospective third-party financing sources referred to above seemed willing to engage in a priming fight. The DIP Facility, on the other hand, is supported by the Prepetition Secured Parties and therefore avoids any priming fight.

22. *Third*, I believe that the principal economic terms proposed under the DIP Facility, such as the contemplated pricing, fees, interest rate, default rate, and the roll-up are appropriate for the unique circumstances of this case. In my view, based on the discussions I observed, such economic terms were negotiated at arm's length and reflect the best terms available to the Debtors. It is my belief that the DIP Lenders would not have agreed to provide the DIP Facility without these principal economic terms. Moreover, the Backstop Fee enabled the Debtors to obtain the backstop commitments, which, among other things, ensure that the Debtors have access to the entire proposed DIP Facility.

23. *Fourth*, the DIP Facility is part of a comprehensive Restructuring Support Agreement (the “RSA”) that provides the Debtors many benefits, including incremental liquidity, a plan to recapitalize the balance sheet, and a process for obtaining a strategic investor. Without the DIP, the RSA would be in jeopardy, which would create significant challenges for the Debtors with respect to their plans to exit chapter 11.

24. *Fifth*, the DIP Facility provides for the refinancing of the 1L First Out Loan Obligations. Based on my participation in the discussions and negotiations concerning proposed debtor-in-possession financings for the Debtors, the DIP Lenders were unwilling to extend the DIP Loans (which provide new money loans that will enable the Debtors to operate during the chapter 11 cases) unless the DIP Facility refinanced these prepetition obligations, which refinancing is supported by the Prepetition Secured Parties.

25. *Sixth*, as detailed in the DIP Motion, the Debtors have agreed to provide to the Prepetition Secured Parties several forms of adequate protection to the extent of any diminution in the value of their interests in the Prepetition Collateral. Based on my experience as a restructuring professional, this proposed package is consistent with adequate protection packages provided to prepetition secured lenders in connection with DIP financings of this type.

**The DIP Facilities Were Negotiated at Arm’s Length**

26. The negotiations among the Debtors and the DIP Lenders with respect to the terms of the DIP Facility, including the interest rate and fees, in which I was closely involved, continued into the days immediately leading up to the Petition Date. In my view, based on the discussions I observed in the course of these negotiations, and my experience negotiating other debtor-in-possession financings, these negotiations were conducted at arm’s length. In addition, I understand

that the DIP Lenders agreed to provide an opportunity for similarly situated creditors to participate in the DIP Facility.

**Conclusion**

27. In sum, I believe that, in light of the facts described above, the DIP Facility is the best financing option presently available to the Debtors under the circumstances. Additionally, I believe that the principal economic terms proposed under the DIP Facility (including the pricing, fees, and interest rate) are consistent with the circumstances of this case, were negotiated at arm's length, and are, in the aggregate, generally consistent with terms of DIP financings in comparable circumstances. For each of the foregoing reasons, I believe that granting the relief requested in the DIP Motion is in the best interests of the Debtors, their estates, and all parties in interest.

*[Remainder of page intentionally left blank]*

I declare under penalty of perjury that the foregoing is true and correct.

Dated: January 6, 2025

/s/ Bruce Mendelsohn  
Bruce Mendelsohn  
Partner  
Perella Weinberg Partners  
*Proposed Investment Banker to the Debtors and  
Debtors-in-Possession*