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

In re:	)	Chapter 11
ZACHRY HOLDINGS, INC., *et al.*[1]	)	Case No. 24-90377 (MI)
Debtors.	)	(Jointly Administered)

DECLARATION OF
JASON NEW IN SUPPORT OF
(I) APPROVAL OF THE DISCLOSURE STATEMENT
ON A FINAL BASIS AND (II) CONFIRMATION OF THE
FURTHER MODIFIED FIRST AMENDED JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF ZACHRY HOLDINGS, INC. AND ITS DEBTOR AFFILIATES

I, Jason New, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am a Managing Director and a Vice Chairman of Investment Banking at Lazard Fréres & Co. LLC ("**Lazard**"), an investment banking firm which has its principal office at 30 Rockefeller Plaza, New York, NY 10112. Lazard has expertise in domestic and cross-border restructurings, mergers and acquisitions, raising debt and equity capital, and other financial advisory services. It has also served as an investment banker to debtors in a variety of industries, including energy. Lazard and its senior professionals have extensive experience with the reorganization and restructuring of distressed companies, both out of court and in chapter 11 proceedings. Lazard is the investment banker for the above-captioned debtors and debtors in possession (collectively, the "**Debtors**").

2. I submit this declaration (the "**Declaration**") in support of final approval of the

[1] The last four digits of Zachry Holdings, Inc.'s tax identification number are 6814. A complete list of each of the Debtors in these Chapter 11 Cases and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors' Claims and Noticing Agent at www.veritaglobal.net/ZHI. The location of the Debtors' service address in these Chapter 11 Cases is: P.O. Box 240130, San Antonio, Texas 78224.

Disclosure Statement for the Modified First Amended Joint Chapter 11 Plan of Reorganization of Zachry Holdings, Inc. and Its Debtor Affiliates [Docket No. 1986] (the "**Disclosure Statement**") and confirmation of the *Further Modified First Amended Joint Chapter 11 Plan of Reorganization of Zachry Holdings, Inc. and Its Debtor Affiliates* (the "**Plan**") [Docket No. 2362].[2]

3. Except as otherwise indicated, all statements in this Declaration are based on my personal knowledge and my opinion based upon my experience as a restructuring professional. If called upon to testify, I would testify to each of the facts set forth in this Declaration.

4. I am over the age of 18 and am authorized to submit this Declaration on behalf of the Debtors. I am not being specifically compensated for this testimony other than through compensation to Lazard as a professional retained by the Debtors, including through Lazard's retention in these Chapter 11 Cases.

I. Professional Background and Qualifications

5. I am a Managing Director and Vice Chairman of Investment Banking at Lazard. I have more than 26 years of experience in the financial services sector, including approximately 6 years of experience advising debtors, creditors, investors, and equity holders on a wide variety of recapitalization, mergers and acquisitions, and restructuring transactions across a broad range of industries, including energy, retail, entertainment, and technology, and another 18 years as an investor in distressed companies. I have been involved in numerous chapter 11 cases (as an advisor or purchaser), including: *In re Celsius Network LLC*, Case No. 22-10964 (MG) (Bankr. S.D.N.Y. 2022); *In re Caesars Ent. Operating Co. Inc.*, Case No. 15-01145 (DLT) (Bankr. N.D. Ill. 2015); *In re Energy Future Holdings Corp.*, Case No. 14-10979 (CSS) (Bankr. D. Del. 2014); *In re*

[2] Capitalized terms used but not defined in this Declaration have the meanings ascribed to them in the Plan or the Disclosure Statement, as applicable.

Eastman Kodak Co., Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. 2012); *In re Lehman Bros. Holdings Inc.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. 2008); *In re Calpine Corp.*, Case No. 05-60200 (CGM) (Bankr. S.D.N.Y. 2005); *In re Delta Air Lines, Inc.*, Case No. 05-17923 (CGM) (Bankr. S.D.N.Y. 2005); *In re UAL Corp.*, Case No. 02-48191 (DRC) (Bankr. N.D. Ill. 2002); and *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. 2001).

6. As part of my work, I provide testimony in bankruptcy proceedings regarding valuation, exit financing, and other areas involving debtors' finances. I also have extensive experience in matters that have included balance sheet restructurings, capital raises, distressed sales, and other transactions. During the previous five years, I have testified as an individual with specialized knowledge at hearings or been a deponent in *Eastman Kodak* and *Celsius Network*, mentioned above.

7. Before joining Lazard in January 2024, I held various positions, including: (a) most recently as co-founder of NovaWulf Management, a firm specializing in investing in digital assets; (b) Chief Executive Officer of Onex Credit Partners; (c) Senior Managing Director at Blackstone Inc.; and (d) Global Co-Head of Distressed and Special Situation Investing for GSO Capital Partners, now known as Blackstone Credit. Prior to that, I was a senior member of the Distressed Group at Credit Suisse Group AG and Donaldson, Lufkin & Jenrette. I earned a B.A. in economics from Allegheny College in 1991 and a J.D. from Duke University School of Law in 1994.

8. I am responsible for the work product of the various Lazard professionals working on the Debtors' restructuring since Lazard first started working closely with the Debtors in October 2024. I have also personally been involved and supervised those Lazard professionals in: (a) reviewing and analyzing the Debtors' businesses, operations, and financial projections; (b) preparing the Valuation Analysis; (c) assisting management in evaluating strategic and financing

alternatives; (d) facilitating extensive diligence for various parties in interest; (e) conducting meetings and extensive negotiations with various parties in interest; (f) soliciting financing proposals from various parties in interest and third parties; and (g) assisting the Debtors in evaluating and negotiating various financing transactions. As a result of our extensive experience with the Debtors, the Lazard team and I have acquired significant knowledge of the Debtors and their businesses and have become intimately familiar with the Debtors' business operations, capital structure, liquidity needs, financial projections, and related matters.

II. Opinion Regarding Valuation[3]

9. At the request of the Debtors' management, the Lazard team and I performed a valuation analysis (the "**Valuation Analysis**") that is appended as **Exhibit D** to the Disclosure Statement. I am familiar with the methods used and the conclusions reached in the preparation of the Valuation Analysis.

10. The Valuation Analysis represents the intrinsic value of the Debtors in connection with the Plan and does not necessarily reflect values that could be attained in public or private markets. The information reviewed, assumptions underlying the valuation, and the methodologies used are described in detail in the Valuation Analysis. The Valuation Analysis contains valuation estimates representing the consideration of select indicia of valuation available to me. I believe the assumptions are conservative as the Valuation Analysis does not take into consideration potential projects in the pipeline or "blue sky" projects.

11. At my direction, in preparing the Valuation Analysis, the Lazard team, among other things: (a) reviewed certain historical and projected financial information of the Debtors; (b) met

[3] Capitalized terms used in this Section II shall have the meaning ascribed to such terms in the Valuation Analysis, appended as **Exhibit D** to the Disclosure Statement.

with certain members of the Debtors' senior management and other firms retained by the Debtors to discuss the Debtors' operations, financial profile, and future business prospects; (c) reviewed publicly available financial data and considered the market values and valuation multiples of public companies deemed generally relevant to the operating and financial profiles of the Debtors; (d) considered certain economic and industry information relevant to the Debtors' operating businesses; (e) reviewed publicly available financial data for precedent merger and acquisition transactions and implied valuation multiples for companies deemed generally relevant to the operating and financial profiles of the Debtors; (f) reviewed the Financial Projections; and (g) prepared discounted cash flow analyses based on the Financial Projections, utilizing various discount rates and assumptions in the calculation of terminal values. For the reasons set forth in the Valuation Analysis, I believe that the Valuation Analysis of the Reorganized Debtors on a reorganized, going-concern basis is based upon relevant sources of information and appropriate valuation assumptions and consistently applied methodologies.

12. Subject to the limitations set forth in the Valuation Analysis, the Lazard team and I estimated that the Enterprise Value of the Reorganized Debtors would be in a range between $765 million and $985 million. Based on this estimated Enterprise Value and the estimated net debt of $342 million as of the assumed Effective Date of February 28, 2025, we estimate an imputed range of potential equity value for the Reorganized Debtors of $423 million and $643 million.

III. The Terms of the Consensual A&R Credit Facility are Reasonable and the Best Available for the Debtors' Emergence from Chapter 11

13. Throughout these Chapter 11 Cases, the Debtors have been engaged in continuing discussions and good-faith, arms'-length negotiations with the Prepetition Lenders regarding the potential amendment and restatement of the Prepetition Credit Facility. These efforts culminated

in the proposed A&R Credit Facility that will be entered into on the terms set forth in the consensual A&R Credit Facility Term Sheet included in the Plan Supplement.

14. The consensual A&R Credit Facility contemplates the amendment and restatement of the Prepetition Credit Facility, among other things, to: (a) make certain modifications to the terms and covenants set forth in the Prepetition Credit Agreement; (b) refinance the Prepetition Term Loan Facility in full by means of a cashless settlement and extend the maturity date thereof; and (c) refinance the Prepetition Revolving Credit Facility in full by means of a cashless settlement and extend the maturity date thereof, in each case, as set forth in the consensual A&R Credit Facility Term Sheet and as will be more fully set forth in the A&R Credit Facility Documents.

15. The consensual A&R Credit Facility remains the Debtors' best option for financing at this time, as demonstrated by the Debtors' efforts to raise exit financing in the market during these Chapter 11 Cases. The Debtors, with the assistance of Lazard, conducted extensive marketing processes to raise exit financing. After Lazard was retained in these Chapter 11 Cases, it began engaging with 56 potential lenders in October 2024 to gauge market interest in providing a new money exit facility to the Debtors. During my various discussions with potential lenders, I learned that the lack of credit demand for engineering, procurement, and construction companies persisted following the bankruptcy proceedings of McDermott International, Inc. and its affiliates, which led to significant financial losses for lending institutions.[4] Further, potential lenders expressed reservations in providing a facility which would necessarily require issuance of letters of credit that would remain undrawn, and certain investors also required that their financing have either *pari* or priming liens on certain Debtors' assets relative to the existing Prepetition Credit Facility debt. After eight weeks of outreach and diligence, three parties submitted non-binding

[4] *In re McDermott International, Inc.*, Case No. 20-30336 (DRJ) (Bankr. S.D. Tex. 2021).

indications of interest, but those indications of interest were not acceptable to all relevant parties in these Chapter 11 Cases. After careful consideration, the Debtors concluded that amending and restating the Prepetition Credit Facility was the only actionable path under the circumstances that would set the Debtors up for continued success moving forward.

16. The Debtors and the Prepetition Lenders then engaged in extensive, arms'-length negotiations over the terms of the potential A&R Credit Facility over the course of approximately eight weeks. The Debtors and the steering committee of the Prepetition Lenders, Holders of Prepetition Credit Facility Claims, were eventually able to reach agreement on the terms for the A&R Credit Facility set forth in the consensual A&R Credit Facility Term Sheet.

17. Based on my experience as a restructuring professional and my understanding of the Debtors' capital structure and need for exit financing, in my opinion, it is unlikely that the Debtors would be able to obtain the level of exit financing on more attractive terms within the timeframe required. Accordingly, I believe that the consensual A&R Credit Facility is reasonable and necessary under the facts and circumstances and is in the best interest of the Debtors, their Estates, their creditors, and all other parties in interest.

IV. The Terms of the GUC Promissory Notes are Reasonable

18. Following the pivot from the Debtors' Initial Plan, the Debtors' advisors approached the Committee's advisors to find a way to minimize the impairment of Holders of Allowed General Unsecured Claims—in line with the Debtors' goals throughout these Chapter 11 Cases. The Debtors engaged in multiple discussions and negotiations with the Committee regarding proposed treatment of Holders of Allowed General Unsecured Claims that would allow the Debtors to accomplish that goal. The Debtors and the Committee eventually agreed that issuance of takeback debt to Holders of Allowed General Unsecured Claims is the most viable option under the circumstances. The Debtors and the Committee then engaged in negotiations

over potential terms of that takeback debt including, among other things, interest rate, maturity date, secured status, and transferability.

19. After weeks of hard-fought arms'-length and good-faith negotiation, the Debtors reached an agreement with the Committee on the GUC Promissory Notes and other material terms at prevailing market rate and standards, culminating in the GUC Note Term Sheet included in the Plan Supplement. The GUC Promissory Notes: (a) will have the face amount in the aggregate equal to the value of all Allowed General Unsecured Claims; (b) will bear 7.5% cash interest, payable quarterly, and 7.5% paid-in-kind interest, accrued quarterly; (c) will mature 91 days after the maturity of the A&R Credit Facility (and no later than June 2028); (d) will be tradeable by holders prior to maturity; (e) will be secured by a third-priority lien on substantially all of the Debtors' assets, subject to an intercreditor agreement with the Prepetition Secured Parties and Sunbelt Rentals, Inc., a creditor of the Debtors receiving a second-lien promissory note in connection with the Debtors' emergence from chapter 11.

20. Based on my experience with restructuring transactions and my involvement in the negotiation of the Plan, the terms of the GUC Promissory Notes are generally consistent with market terms for notes of similar size and tenor negotiated at arms'-length and in good-faith. I also believe the terms of the GUC Promissory Notes, including the interest rate, the tenor, and the secured status, are sufficient to pay Holders of Allowed General Unsecured Claims in full over time on account of those Claims and compensate them for the time value of money and any risks associated with the deferred payments.

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

Dated: February 24, 2025
New York, New York

/s/ Jason New
Jason New
Managing Director
Lazard Fréres & Co. LLC