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

In re:	Chapter 11
WELLPATH HOLDINGS, INC., *et al.*,	Case No. 24-90533 (ARP)
Debtors.	(Jointly Administered)

DECLARATION OF
CHRISTIAN TEMPKE IN SUPPORT OF CONFIRMATION
OF THE FIRST AMENDED PLAN OF REORGANIZATION

I, Christian Tempke, hereby declare under penalty of perjury:

1. I am submitting this declaration (the "Declaration") in support of the Debtors' *First Amended Joint Chapter 11 Plan of Reorganization of Wellpath Holdings, Inc. and Certain of Its Debtor Affiliates* [Docket No. 2376] (the "Plan").[1]

2. I am a Managing Director in the Restructuring & Liability Management Group at Lazard Frères & Co. LLC ("Lazard"), the primary U.S. operating subsidiary of a preeminent international financial advisory and asset management firm founded in 1848, which has its principal office at 30 Rockefeller Plaza, New York, New York 10012. Lazard is a global investment bank with expertise in financial restructuring, strategic advisory services, and mergers and acquisitions. Lazard is retained as the restructuring investment banker for the Debtors in the above-captioned chapter 11 cases. Lazard is the primary U.S. operating subsidiary of an international financial advisory and asset management firm. Together with its predecessors and

[1] Capitalized terms used but not otherwise defined in this Declaration shall have the meanings ascribed to such terms in the Plan.

affiliates, Lazard has been advising clients around the world for over 175 years. Lazard has dedicated professionals who provide restructuring services to its clients.

3. I have been employed at Lazard since 2007 and specialize in advising public and private companies and creditor groups in complex financial restructurings, recapitalizations, capital raises, and sale transactions. Specifically, I have extensive experience advising companies, creditors, and other constituencies in transactions involving the sale of all or portion of a company's assets, including in the context of a chapter 11 sale process. During the course of my career, I have been involved in a variety of restructuring and recapitalization engagements, including Enviva, JOANN, Bed Bath and Beyond, Endo International, Party City, Rockall Energy, Ursa Resources, Gavilan Resources, JCPenney, Forever 21, PG&E, Jones Energy, Westinghouse, LINN Energy, Stone Energy, RCS Capital, Toys"R"Us, Gymboree, Millennium Health, RadioShack, Chassix, Momentive, Quiznos, OGX, and Eastman Kodak Company, among others. Many of these transactions included sale processes in the context of a chapter 11 restructuring or reorganizations via confirmation of a chapter 11 plan. During my career I have participated in the preparation of valuation analyses in connection with a number of engagements and provided declarations on valuation in connection with the confirmation of multiple chapter 11 plans of reorganization.

4. I received a Bachelor of Arts in economics from Northwestern University. I also hold a Series 24 General Securities Principal and a Series 79 Investment Banking Representative license.

5. I have not authored any publications in the last ten years.

6. I have not testified as an expert witness at trial, but I have testified live at hearings in bankruptcy proceedings on topics of financing, sale processes, or plan confirmations related to

Stone Energy (2017), Toys"R"Us (2018), and Enviva (2024). I was deposed in the Enviva case (2024) in connection with approval of DIP financing.

7. Unless otherwise indicated, all facts set forth in this Declaration are based upon the following: (a) my personal knowledge, belief, or opinion; (b) information learned from my review of the Debtors' books and records and materials filed in the Chapter 11 Cases; (c) information supplied to me or verified by the Debtors' employees or advisors and/or employees of Lazard working directly with me under my supervision and direction; and (d) my professional experience, knowledge, skill, education, and/or training concerning financial restructurings, sale and capital raise transactions.

8. I am not being compensated specifically for this testimony other than through payments received by Lazard in monthly and transaction-related fees as a professional retained by the Debtors as their restructuring investment banker. If called upon to testify, I could and would testify to the facts set forth herein on that basis. I am over the age of 18 years and authorized to submit this Declaration on behalf of the Debtors.

Stipulated Plan Value

9. As described in more detail in the *Declaration of Timothy J. Dragelin as Chief Restructuring Officer and Chief Financial Officer of Wellpath Holdings, Inc. and Certain of Its Affiliates and Subsidiaries in Support of the Debtors' Chapter 11 Proceedings and First Day Pleadings* [Docket No. 20], prior to commencing these chapter 11 cases, the Debtors negotiated the Restructuring Support Agreement with an ad hoc group of certain unaffiliated Consenting First Lien Lenders and Consenting Second Lien Lenders (the "AHG"). Under the Restructuring Support Agreement, and subject to meeting certain conditions, the AHG committed to provide a

$105 million new money DIP Facility[2] and up to $55 million of Equity Financing to fund these chapter 11 cases and to facilitate an emergence from bankruptcy. Under the Restructuring Support Agreement, the $55 million of Equity Financing contemplates a purchase of 97% of the New Common Equity in Reorganized Wellpath, subject to dilution on account of the Management Incentive Plan.

10. As described in the Disclosure Statement, and assuming a $55 million Equity Financing Amount to fund the exit from chapter 11, the stipulated plan equity value is calculated as $62 million (*i.e.,* the value implied by the purchase of the New Common Equity by a non-Backstop Party new money investor purchasing its Pro Rata share of the 97% of the New Common Equity, and after dilution of the Backstop Premium). The Restructuring Support Agreement contemplated $90 million of net debt at emergence. As such, the implied enterprise value of Reorganized Wellpath at emergence, approximates $152 million.

Debtors' Marketing Process of Corrections

11. The Debtors also conducted a robust marketing process of the Corrections Business during the Chapter 11 Cases to explore whether any third-party buyer would purchase the Corrections Business at a price that would lead to greater recoveries to the Debtors' stakeholders than the *Joint Chapter 11 Plan of Reorganization of Wellpath Holdings, Inc. and Certain of Its Debtor Affiliates* [Docket No. 1832] (the "Initial Plan"). MTS Health Partners, L.P. ("MTS") assisted the Debtors in conducting the sale process for the Corrections Business over many weeks during this chapter 11 process.

[2] The Court approved the DIP facility on December 11, 2024. *See* Docket No. 388.

12. It is my understanding that MTS, on behalf of the Debtors, contacted over 120 potential buyers. Several parties executed a non-disclosure agreement and obtained access to an electronic data room to review additional information on the Corrections Business. The Debtors filed the Bidding Procedures Motion[3] on November 12, 2024, outlining the specific procedures and bidding requirements to submit a Qualified Bid (as defined in the Bidding Procedures Motion) for the Corrections Business. On November 19, 2024, the Court granted the Bidding Procedures Motion for the sale of the Debtors' assets. [Docket No.111]. It is my understanding, based on my discussions and communication with MTS and the Debtors, that these assets were marketed extensively. The Debtors did not receive any Qualified Bids by the January 27, 2025 deadline, which date was previously extended once in consultation with the Consultation Parties (as defined in the Bidding Procedures Motion) to allow for additional time to market the assets. *See Notice of Cancellation of Auction and Sale Hearing Relating to the Corrections Assets* [Docker No. 1176]. While the Debtors did not receive any Qualified Bids for the Corrections Assets by the Corrections Asset(s) Bid Deadline, the Debtors did receive one non-binding letter of intent (the "LOI") from one potential buyer one day after the applicable bid deadline. While the LOI did not present a Qualified Bid under the Bidding Procedures and was submitted late, the Debtors, in consultation with their advisors and the Consultation Parties, evaluated the LOI proposal. However, both the

---

[3] "Bidding Procedures Motion" means the *Debtors' Emergency Motion for Entry of Orders (I)(A) Approving the Bidding Procedures for the Sale of the Debtors' Assets, (B) Approving Entry into a Stalking Horse Purchase Agreement for the Recovery Solutions Assets, (C) Authorizing the Recovery Solutions Expense Reimbursement, (D) Authorizing Potential Selection of Stalking Horse Bidders for the Corrections Assets and Approving Related Dates and Deadlines, (F) Approving the Form and Manner of Notice Thereof, and (G) Approving the Assumption and Assignment Procedures, (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (III) Granting Related Relief* [Docket No. 21].

enterprise value and recoveries to the Debtors' stakeholders were substantially lower under the LOI when compared to the recoveries contemplated under the Restructuring Support Agreement and Initial Plan. It is my understanding that the Debtors consulted with the Consultation Parties and decided to move ahead with the proposed Equity Financing and reorganization as contemplated under the Initial Plan in order to maximize recoveries for the Debtors' stakeholders.

13. Based on the outcome of the marketing process, I am not aware of any proposal or transaction at the current time that could provide greater value to the Debtors' existing stakeholders taken as a whole as contemplated by the Plan. Further, I believe that the Equity Financing provided under the Plan is not only value maximizing, but also the only actionable path for the Debtors to emerge from chapter 11 as a going-concern. Based upon my observations and involvement in the negotiations in these chapter 11 cases, I also believe that the terms of the Plan and Equity Financing were negotiated extensively and at arm's-length and in good faith amongst the parties.

Recovery Under the Plan for Holders of First Lien Claims

14. Under the terms of the settlement agreement between the Debtors and the Committee, which was memorialized in the Plan, Holders of First Lien Secured Claims will receive (i) their Pro Rata share of approximately $124.2 million of the Takeback Facility and (ii) 2% of the New Common Equity (the "2% Equity").[4]

[4] Under the terms of the Plan, two-thirds (66.67%) of the New Common Equity will be issued to the providers of the New Equity Financing and holders of First Lien Secured Claims, 97% of which shall be issued in respect of the New Equity Financing and 3% of which shall be issued in respect of the First Lien Secured Claims. As such, the 2% Equity is calculated as multiplying 66.67% by 3%.

15. The 2% Equity is valued at zero at the time of emergence. As outlined above, the implied enterprise value of Reorganized Wellpath at emergence is approximately $152 million. This amount is less than the sum of (i) the $100 million of projected net debt at emergence[6] and (ii) the $63.25 million of Preferred Equity to be issued in consideration of New Equity Financing. As such, the entire equity value of Reorganized Wellpath at emergence is attributable to the Preferred Equity and there is no residual value to holders of New Common Equity at the time of emergence.

16. As outlined in the Plan, all First Lien Deficiency Claims are waived. As such, Holders of First Lien Deficiency Claims do not receive any recovery under the Plan.

17. Based on the foregoing, I estimate that the value of the total recovery to the First Lien Lenders under the Plan would be $124.2 million (the pro rata share of the Takeback Facility), which represents less than a 50% recovery on account of the aggregate First Lien Claims of $276.1 million.

---

[6] Net debt of $100 million reflects (i) the $135 million Takeback Facility *less* (ii) $35 million of estimated cash at emergence.

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: April 28, 2025

/s/ *Christian Tempke*
Name: Christian Tempke
Title: Managing Director
Lazard Frères & Co. LLC