

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re: SPIRIT AVIATION HOLDINGS, INC., et al., Debtors.

Chapter 11 Case No. 25-11897 (SHL) (Jointly Administered)

**SUPPLEMENTAL BRIEF OF STEVEN McLEAN IN SUPPORT OF OBJECTION TO PLAN
CONFIRMATION REGARDING THE DEBTORS' MISUSE OF THE DIP FACILITY'S STATED
PURPOSE**

*(Filed in Connection With and in Further Support of My Prior DIP Objection at Docket
856)*

I, **Steven McLean**, respectfully submit this Supplemental Brief in further support of my objection to confirmation of the Debtors' Proposed Plan of Reorganization.

This filing is expressly tied to **Docket 856**, which contains **my previously-filed DIP Objection** challenging the Plan's treatment of the Roll-Up DIP Loan Superpriority Claims.

This Supplemental Brief expands upon Docket 856 by demonstrating that the **Plan's use of the Roll-Up DIP Claims directly contradicts the Debtors' representations in the DIP Motion (Doc. 194)** and exceeds the scope of the authority granted by this Court when approving the DIP Facility.

This filing is intended to be read **together with Docket 856** as part of a unified challenge to the Debtors' improper reliance on the Roll-Up DIP structure.

I. THE DEBTORS OBTAINED DIP APPROVAL BY REPRESENTING THE FACILITY AS A PURE LIQUIDITY BRIDGE (DOC. 194)

In **Doc. 194**, the Debtors repeatedly represented that the DIP Facility — including the Roll-Up — was necessary **solely to provide short-term liquidity** and stabilize operations. The Debtors stated that the DIP was required to:

- **“provide working capital”** (Doc. 194 ¶ 1(c)),
- **“fund day-to-day operations”** during the early stages of the case (¶¶ 4–6),
- **“maintain customer and vendor confidence”** (¶ 5), and
- **“preserve going-concern value”** (¶ 12).

The Debtors also described the Roll-Up as a **“credit enhancement”** needed to **“induce participation”** in the DIP Facility (Doc. 194 ¶ 11).

Critically, nowhere in Doc. 194 did the Debtors disclose or request authority to use the Roll-Up:

- as a valuation mechanism,
- as a basis for canceling equity,
- as a pre-approved ownership transfer, or
- as a substitute for the statutory confirmation requirements of §1129.

The Court approved the DIP Facility **based on these limited, operational representations.**

II. THE PLAN NOW USES THE ROLL-UP FOR PURPOSES NEVER DISCLOSED OR APPROVED

As explained in **my DIP Objection at Docket 856**, the Debtors' Plan uses the Roll-Up DIP Loan Superpriority Claims to:

- grant DIP lenders **equity-like recoveries**,
- confer **voting control** over the restructuring outcome,
- justify **cancellation of all existing equity**, and
- transfer **100% of the reorganized equity** to the Roll-Up lenders.

This is a **fundamental departure** from the purpose for which the DIP was approved.

A. The Roll-Up was presented as a financing inducement — not a restructuring mechanism

Doc. 194 makes clear that the Roll-Up was intended to:

- induce new-money participation,
- stabilize liquidity,
- support operations.

It was **not** presented as a mechanism to:

- determine enterprise value,
- dictate plan outcomes,
- eliminate equity.

B. The Plan converts a temporary administrative elevation into a permanent ownership transfer

The Plan uses the Roll-Up to:

- eliminate all existing equity,
- deliver the entire reorganized enterprise to the Roll-Up lenders,
- bypass the valuation requirements mandated by **Chemtura, Exide, and LATAM.**

This is the exact “**bait-and-switch**” scenario courts prohibit.

III. THE “AGREED ROLL-UP TREATMENT” IN DOC. 194 DOES NOT AUTHORIZE THE PLAN’S USE OF THE ROLL-UP

The DIP Term Sheet references an “Agreed Roll-Up Treatment,” but that provision was approved **only as a financing term**, not as a confirmation shortcut.

A. DIP voting mechanics cannot predetermine the Plan outcome

Doc. 194 acknowledges that the Roll-Up lenders hold a “**blocking position**” (¶ 30). The Plan now uses that same blocking position to force a restructuring outcome that was **never vetted** at the DIP stage.

As Judge Lane held in **Aegean Marine**, financing structures cannot be used to:

- predetermine the outcome of a Chapter 11 case,
- distort the capital structure,
- manufacture impairment.

B. Section 1129 still governs

Even if Roll-Up lenders “agree” to their treatment, the Plan must still satisfy:

- **§1129(a)(1)** (compliance with the Code),
- **§1129(a)(3)** (good faith),
- **§1129(a)(7)** (best interests),
- **§1129(b)** (fair and equitable).

A private agreement among DIP lenders cannot override these statutory requirements.

IV. MAXIMUM RELIEF REQUESTED

To preserve the integrity of the DIP approval process and the confirmation standards of §1129, I respectfully request that the Court grant the **maximum relief available**, including:

1. Denial of Plan Confirmation Under §1129(a)(1), (a)(3), (a)(7), and (b)

Because the Plan:

- exceeds the scope of the DIP approval in Doc. 194,
- uses the Roll-Up to predetermine the restructuring outcome,
- cancels equity without valuation evidence,
- provides a windfall to prepetition noteholders,

confirmation should be denied.

2. In the Alternative: Order a Full Evidentiary Valuation Hearing

If the Court does not deny confirmation outright, it should require:

- expert valuation testimony,
- production of all banker models,
- disclosure of all DIP-related communications,
- and a full evidentiary record.

3. In the Alternative: Strike or Modify the Plan's Roll-Up Treatment

The Court may:

- prohibit equitization of Roll-Up claims,
- prohibit use of Roll-Up claims to cancel equity,
- require Roll-Up claims to be treated strictly as administrative claims,
- or require repayment consistent with the DIP Motion's stated purpose.

4. In the Alternative: Require the Debtors to Amend the Plan

The Court may order the Debtors to:

- remove any Roll-Up-based ownership transfer,
- eliminate DIP-driven voting control,
- restore compliance with §1129(b),

- provide a valuation consistent with the DIP Motion's representations.

5. Preserve All Appellate Rights

Because the Debtors' use of the Roll-Up exceeds the scope of the DIP approval, any confirmation order should expressly preserve the Objector's rights to:

- appeal,
- seek a stay,
- challenge the Plan's Roll-Up treatment.

V. CONCLUSION

The Debtors obtained approval of the DIP Facility in **Doc. 194** by representing it as a **liquidity bridge**, not as a mechanism to transfer ownership or cancel equity. The Plan now uses the Roll-Up for purposes **never disclosed** and **never approved**.

For these reasons, and in further support of **my DIP Objection at Docket 856**, I respectfully request that the Court grant the **maximum relief available**, including denial of confirmation, or in the alternative, a full valuation hearing, modification of the Plan's Roll-Up treatment, or any other relief necessary to ensure compliance with §1129 and the integrity of the DIP approval process.

Respectfully submitted,

/s/ Steven McLean Steven McLean 2205 Windsor Dr Merritt Island, FL 32952 Phone:
321-522-9575 Email: stevenandkristina@hotmail.com Dated: March 18, 2026



CERTIFICATE OF SERVICE

I hereby certify that on March 18, 2026, I served a true and correct copy of the foregoing Supplemental Brief by email upon the following parties:

Debtors' Counsel – Debevoise & Plimpton LLP jball@debevoise.com
eworenklein@debevoise.com mcohen@debevoise.com docket@debevoise.com

U.S. Trustee – Region 2 (SDNY) ustpreion02.nyecf@usdoj.gov
andrea.b.schwartz@usdoj.gov brian.s.masumoto@usdoj.gov

Official Committee of Unsecured Creditors – Akin Gump mstamer@akingump.com
srodriguez@akingump.com ibloom@akingump.com akingump-sbny-
spirit@akingump.com

DIP Lender Counsel – Davis Polk & Wardwell LLP marshall.huebner@davispolk.com
eli.vonnegut@davispolk.com david.schiff@davispolk.com
davis.polk.spirit@davispolk.com

Ad Hoc Group Counsel – Milbank LLP dschwartz@milbank.com gbray@milbank.com

Claims Agent – Epiq spiritairlinesinfo@epiqglobal.com

/s/ **Steven McLean** Steven McLean Dated: March 18, 2026