

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

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In re:	:	Chapter 11
	:	
COLT HOLDING COMPANY LLC, <i>et al.</i> , ¹	:	Case No. 15-11296 (LSS)
	:	
Debtors.	:	Jointly Administered
	:	
	:	Re: D.I. 868

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**DECLARATION OF KEITH A. MAIB IN SUPPORT OF
DEBTORS' EXPEDITED MOTION FOR APPROVAL OF MODIFICATIONS
TO DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE AND RELATED PLAN DOCUMENTS**

I, Keith A. Maib, under penalty of perjury, declare as follows:

1. I am the Chief Restructuring Officer (“**CRO**”) of Colt Defense LLC (“**Colt**”) and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”). I am a Senior Managing Director at Mackinac Partners LLC (“**Mackinac**”), a financial advisory and turnaround management firm. I have over 25 years of diversified experience including serving as a partner in two international accounting firms, and extensive experience in guiding companies through periods of change and turmoil. I am nationally recognized as a leading turnaround executive.

2. I submit this declaration (the “**Declaration**”) in support of the Debtors’ expedited motion [D.I. 868] (the “**Motion**”) for approval of Modifications to the *Debtors’ Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [D.I. 675] (as amended,

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are Colt Holding Company LLC (0094); Colt Security LLC (4276); Colt Defense LLC (1950); Colt Finance Corp. (7687); New Colt Holding Corp. (6913); Colt’s Manufacturing Company LLC (9139); Colt Defense Technical Services LLC (8809); Colt Canada Corporation (5534); Colt International Coöperatief U.A. (6822); and CDH II Holdco Inc. (1782). The address of the Debtors’ corporate headquarters is: 547 New Park Avenue, West Hartford, Connecticut 06110.



supplemented, or otherwise modified, the “**Confirmed Plan**”)² and certain Plan Documents.³ This Declaration also supplements the *Declaration of Keith A. Maib in Support of Confirmation of Debtors’ Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [D.I. 779] (the “**First Maib Declaration**”) and the *Supplemental Declaration of Keith A. Maib in Support of Confirmation of Debtors’ Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [D.I. 795] (the “**Second Maib Declaration**”).

3. Except as otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge, my discussions with other members of Mackinac or the Debtors’ management and advisors, my review of relevant documents, or my opinion based on my experience, knowledge, and information concerning the Debtors’ operations and financial condition. If called to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtors.

The Confirmed Plan as Modified Is Feasible

4. I incorporate by reference paragraphs 52 through 55 of the First Maib Declaration, and I attach to this Declaration, as **Exhibit A**, a revised document setting forth the Debtors’ estimated sources and uses of the Reorganized Debtors’ cash on the projected Effective Date of January 11, 2016 (the “**Revised Sources and Uses Exhibit**”). I was directly involved, along with other professionals at the Debtors and Mackinac, in the preparation of the Revised Sources and Uses Exhibit.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Confirmed Plan, as appropriate.

³ See *Notice of Filing of Modified Plan Documents in Connection with Debtors’ Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [D.I. [878]] (the “**Modified Plan Documents**”).

5. As compared to the original Sources and Uses Exhibit filed with the Second Maib Declaration, the Revised Sources and Uses Exhibit generally shows slightly higher uses of Cash as of the Effective Date. Specifically, the Debtors' estimated book cash on the balance sheet was reduced to account for, among other things, December cash interest, professional fees, the most recent DIP amendment fees, additional payroll, and cash distributions on accounts payable. However, as a result of (i) Sciens purchasing \$5 million of Offering Units as of the Effective Date, and (ii) members of the Consortium agreeing to purchase \$10 million of additional Offering Units on the Effective Date, there will be no reduction in the Debtors' effective date sources of cash from the Offering.

6. Additionally, the covenants in the Exit Facilities [D.I. 721] require the Reorganized Debtors to have unrestricted Cash in the United States and Canada of not less than \$20 million after making required distributions of Cash on the Effective Date. Based on the Revised Sources and Uses Exhibit, I expect the Reorganized Debtors to be in full compliance with these covenants.

7. I further believe that the Cash in the Cash Election Reserve remaining after the Effective Date, in combination with reserved Fourth Lien Notes, will be sufficient to make the distributions contemplated by the Confirmed Plan to Holders of Disputed Claims in Class 4-B and Class 6 that subsequently become Allowed Claims. Finally, I believe that the Reorganized Debtors will have sufficient liquidity to satisfy post-Effective Date obligations and otherwise operate their business following the Effective Date.

8. For these reasons and those set forth in my First Declaration, I believe that (i) any adjustments to Cash available on the Effective Date will not adversely impact the ability of the Debtors to emerge from chapter 11 and pay post-Effective Date obligations as they come due

and (ii) the Confirmed Plan, as modified, satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

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

Dated: January 11, 2016
West Hartford, Connecticut

/s/ Keith A. Maib

Keith A. Maib
Chief Restructuring Officer
Colt Holding Company LLC

Exhibit A

DRAFT AS OF 10:45pm, January 10th, 2016**SOURCES AND USES**

Jan 11, 2016 Closing Date

(\$ in thousands)

Estimated Sources (Up to Effective Date)	
Senior Exit Facility (Incl PIK Exit Fee)	\$41,200
Third Lien Exit Facility	50,000
Estimated Book Cash on the Balance Sheet at Jan 11, 2016 ⁽¹⁾	11,000

Sources	\$102,200
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Estimated Uses (Up to Effective Date)	
Repay DIP ABL ⁽²⁾	\$44,753
Senior Exit Facility Exit Fee (PIK)	1,200
Payment of DIP ABL Jan Cash Interest ⁽³⁾	78
Payment of Term Loan Jan Cash Interest ⁽³⁾	182
Funding UCC Cash Settlement (Allowed Amt) [Escrow]	726
Funding UCC Cash Settlement Reserve (Disputed Amt) [Escrow]	488
Payment to Case Admin Professionals	10,604
Payment to Non-Case Admin Professionals	13,024
Professional Fee Holdback and Est. Unbilled Amounts [Escrow]	3,189
NPA Cure Costs & Fees [Detail in Table Below]	1,689
Term Loan Exit Facility Closing Fee (3.0%) ⁽⁴⁾	2,636
MS Consent Fee Credit ⁽⁵⁾	(300)
Consortium Consent Fee Credit ⁽⁵⁾	(150)
Remaining Cash Available to Colt on Effective Date ⁽⁶⁾	24,081

Uses	\$102,200
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Footnotes:

Note: Reflects Debtors' estimated sources and uses of the Reorganized Debtors' cash on the Effective Date (Jan 11th, 2016)

(1) After payment of December cash interest, \$1mm in UCC professional fees and DIP extension consent fee for MS & Consortium of \$600k and \$300k, respectively. A January 11th closing reflects an additional payroll and AP check run for inventory, supplies, etc.

(2) Balance includes PIK interest through Effective Date of Jan 11th

(3) Cash interest through Effective Date (Jan 5-11)

(4) Balance includes PIK interest through Effective Date of Jan 11th

(5) Credit for 50% of DIP extension consent fee for closing prior to Jan 11th

(6) Exclusive of other transactional costs of approximately \$4mm

Reconciliation of Estimated Pro-Forma Cash at Effective Date	
Cash to the Balance Sheet at Effective Date	\$24,081
<i>Transaction Expenses Paid Subsequent to Effective Date:</i>	
Estimated Assumed Executory Contract Cure Costs	(1,116)
Funding UAW Settlement	(250)
Estimated Class 5 Prepetition Trade Claim Liability	(1,250)
Estimated Ordinary Course Professional Liability	(1,400)
Estimated Pro-Forma Cash at Effective Date	\$20,064