

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	)	
	)	Chapter 11
QVC GROUP, INC., <i>et al.</i> ,	)	
	)	Case No. 26-90447 (ARP)
	)	
Debtors.	)	(Joint Administration Requested)
	)	

**DECLARATION OF JASON
KEYES IN SUPPORT OF THE
DEBTORS' EMERGENCY MOTION
(I) AUTHORIZING THE QVC DEBTORS
TO (A) ENTER INTO THE DIP LC FACILITY
(B) FUND THE LC CASH COLLATERAL ACCOUNT,
AND (C) GRANT LIENS AND PROVIDE ADMINISTRATIVE
EXPENSE CLAIMS, (II) MODIFYING THE AUTOMATIC STAY,
(III) SCHEDULING A FINAL HEARING, AND (IV) GRANTING RELATED RELIEF**

I, Jason Keyes, make this declaration (the "Declaration")¹ pursuant to 28 U.S.C. § 1746, and hereby declare under penalty of perjury as follows:

1. I am a Partner and Managing Director at AlixPartners, LLP ("AlixPartners"), the proposed financial advisor to the above-captioned debtors and debtors in possession (collectively, the "Debtors," and together with their non-debtor subsidiaries, "QVC" or the "Company").

2. I submit this declaration in support of the Debtors' Emergency Motion (I) Authorizing the QVC Debtors to (A) Enter into the DIP LC Facility (B) Fund the LC Cash Collateral Account, and (C) Grant Liens and Provide Administrative Expense Claims, (II) Modifying the Automatic Stay, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief (the "Motion").

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

3. Except where specifically noted, the statements set forth in this Declaration are based upon (a) my experience and personal knowledge, (b) information obtained from other members of the Debtors' management team, employees, or advisors, (c) my review of relevant documents and information concerning the Debtors' operations, financial affairs, and restructuring initiatives, or (d) my opinions based upon my experience and knowledge. I am over the age of eighteen and am authorized to submit this Declaration on behalf of the Debtors. If called as a witness, I could and would testify competently to the facts and opinions set forth in this Declaration.

Background and Qualifications

4. AlixPartners is a global independent restructuring consulting firm that has a wealth of experience in providing restructuring advisory services, and has assisted and provided strategic advice to debtors, creditors, bondholders, investors, and other entities in numerous chapter 11 cases of similar size and complexity to these chapter 11 cases. Specifically, AlixPartners' core turnaround and restructuring services include interim management and executive-level officer roles; liability management; liquidity management; lender and creditor advisory; and bankruptcy, insolvency, and case management. Since its inception in 1981, AlixPartners, its predecessor entities, and its affiliate, AP Services, LLC, have provided turnaround, restructuring, and/or crisis management services in a number of large cases.

5. I have over fifteen years of restructuring, corporate finance, accounting, and turnaround experience, including business plan development, plan negotiations, and interim management experience. Since joining AlixPartners, I have provided restructuring advice to companies, creditors, and investors, both in chapter 11 and on an out-of-court basis, in the retail, transportation, technology, infrastructure, energy, aerospace, and mining industries. As an

advisor, I have been involved in a number of chapter 11 cases, including STG Logistics, Inc., Riverbed Technology, Inc., J. Crew Group, Inc., Toisa Ltd., Aegean Marine Petroleum Network Inc., UCI International, LLC, Chassix Holdings, Inc., Allied Nevada Gold Corp., American Roads Holding LLC, Essar Steel Minnesota LLC, and Walter Energy, Inc. I have worked on six retail restructurings and turnarounds, on both an in-court and out-of-court basis.

6. I, together with my team members at AlixPartners, have been assisting the Company with financial planning and strategic alternative assessment for eleven months. In that role I have become familiar with the Debtors' business and books and records. I have also become familiar with the Debtors' operations, including its interactions with its customers, vendors, and trade base. I have also worked closely with the Debtors' senior management to evaluate liquidity and credit issues, and formulate strategies necessary to successfully implement the Debtors' business plan.

The Debtors Require Access to Letters of Credit

7. The nature of the Debtors' business as a multinational retailer requires engagement with foreign manufacturers, particularly in East Asia, where production and shipping lead times can be up to several quarters in advance. To preserve supply-chain continuity and maintain favorable commercial terms with trade vendors, the Debtors have increasingly depended on vendor payment support in the form of letters of credit. The Debtors also maintain letters of credit to support certain insurance, surety bonds, and leasing obligations.

8. As of the Petition Date, the Debtors have over 300 outstanding Prepetition Letters of Credit, issued by certain of its commercial bank partners, in an aggregate amount of approximately \$281 million. This includes both standby letters of credit and over 200 trade letters of credit.

9. The Debtors must maintain letters of credit to ensure uninterrupted vendor supply and to preserve long-standing vendor relationships. The letters of credit give merchandise vendors assurance to manufacture and deliver product before the Debtors pay for it. Typically, once a large order is complete and the Debtors wish to make a new order with a manufacturer, the manufacturer will request either a new letter of credit or an extension on the term of the manufacturer's prior letter of credit. Thus, at any given point in time the Debtors are actively extending letters of credit in order to secure new product. Without letters of credit, the Debtors may be forced to pay vendors in advance of delivery for product that they are not going to receive for several months or quarters.

10. Importantly, the Debtors' letters of credit were historically primarily issued under to the Debtors' Revolving Credit Facility. Upon commencing these cases, the Debtors lost access to the Prepetition Revolving Credit Facility including the ability to issue new letters of credit or extend existing letters of credit. Even prepetition, the October 27, 2026 maturity date of the Revolving Credit Facility meant Debtors were already unable to issue letters of credit beyond that date. As the holiday buying season approaches, many manufacturers are increasing their investments in products for the Debtors, by extension, increasing their exposure to the Company. While the Debtors are hopeful that the strong message of these cases will lessen the need for credit support going forward, letter of credit capacity is essential to continue to operate the Debtors' business.

11. The Debtors also require access to letters of credit to fulfill collateral requirements under state and federal laws and regulations, including business license requirements and other bonding requirements. Without access to letters of credit, the Debtors could be required to post large sums of cash, especially if other short-term debt instruments are not available, acceptable or economic, or put themselves at risk for regulatory action. For example, the Debtors have a customs

bond that requires additional letters of credit collateral by May 2026. Not having this additional letter of credit collateral could impair the Debtors' ability to import goods.

12. Letters of credit have also historically enabled the Debtors to enter into new vendor arrangements and other commercial contracts that typically require collateral. For example, the Debtors facilitate the factoring of their own payables for their vendors by providing third-party factors with a letter of credit. In these arrangements, the letter of credit backs the factor's receivables, allowing the vendors to factor them to improve their liquidity. These accommodations are valuable to vendors and encourage them to partner with the Debtors. Similarly, prepetition, the Debtors leveraged letters of credit to work with vendor aggregators, which act as an agent that aggregates a variety of vendors, allowing the Debtors to access multiple, smaller-scale independent vendors under a single letter of credit issued to the agent. Negotiating with these smaller vendors on an individual basis would be administratively burdensome and could result in the loss of relationships with certain vendors.

13. Many of the Debtors' key vendors have come to expect the protection provided by letters of credit when doing business with the Debtors. Disrupting that expectation at the beginning of these chapter 11 cases—and as the Company heads into peak ordering season—would be detrimental to the business. The Debtors often leverage letters of credit to avoid extending cash assets (and facing associated risks) while still providing security to vendors. In the case of trade letters of credit, the use of letters of credit has become integral to the vendors' payment process with their local banks. Any disruption to this arrangement could jeopardize the Debtors' ability to procure merchandise on a timely basis.

14. In recent months, the Debtors have received a higher volume of early requests for renewal and increased demands for adequate assurance from their current vendors and other

contract counterparties, including the extension, increase or issuance of new letters of credit of over \$100 million in the 30 days prior to the Petition Date. Press coverage further increased demands for letters of credit. Since December 2024, the face value of letters of credit issued on account of the Debtors has increased in balance from approximately \$108 million to \$281 million. These recent changes illustrate the Debtors' continued need for letter of credit capacity during and after these cases.

The Citibank LC

15. As stated in my declaration in support of the All Trade Motion,² the Debtors work with factors to support their vendors in the ordinary course of business. Historically, these vendors held Prepetition Letters of Credit. Because of the timing and maturity-related complications described herein, however, the Debtors required a new, \$30 million letter of credit³ for one of their largest factoring partners just weeks before the commencement of these chapter 11 cases. Even though the factoring partner's letter of credit did not expire until October, the factor partner refused to continue factoring after March 20, 2026 absent receipt of a longer-dated letter of credit.

16. On April 2, 2026, Citibank issued a single, cash collateralized letter of credit to address the Debtors' urgent need. Citibank extended the Citibank LC to the Debtors with full knowledge that the Debtors were on the verge of filing for bankruptcy protection, doing so not for its own benefit but as an accommodation to the Debtors to ensure the continuity of their business operations and to prevent disruptions that would have been detrimental to the estate and its creditors. By issuing the Citibank LC under these circumstances, Citibank conferred a direct and

² Debtors' *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Payment of All Trade Claims, (II) Confirming the Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief* Docket No. 19 (the "All Trade Motion").

³ The \$30 million is included in the aggregate letter of credit figures provided herein.

substantial benefit upon the Debtors' estates, enabling the Debtors to continue factoring for the benefit of their vendors during a period of great trade uncertainty.

The DIP LC Facility

17. Given the Prepetition Revolving Credit Facility's October 27, 2026 maturity date, earlier this year, and on behalf of the Debtors, AlixPartners arranged for outreach to potential letter of credit providers. The Debtors reached out to seven potential counterparties via a third party broker. Four of the seven banks contacted were not interested in the opportunity, and none of the potential partners offered a holistic solution package as attractive as that presented by the DIP LC Facility. The Debtors also reached out to one of their large banking partners that is not part of the RCF Group, but the partner did not offer a solution that would address the Debtors' needs. In my experience, the number of financial institutions interested in providing letter of credit support is low and primarily comprised of traditional banks.

18. When the Debtors' market check yielded only partial solutions, the Prepetition RCF Lenders, who are longstanding providers of letter of credit support to the Debtors and some of the biggest, most reputable banks in the country, engaged constructively to develop the proposal that the Debtors propose to enter today. Following that process, it became evident that the existing bank group was best positioned to deliver a comprehensive solution to the Debtors. In addition, the Prepetition RCF Lenders are already integrated into the Debtors' accounting and treasury process, which allows them to facilitate the payment of trade letters of credit. No other bank the Debtors contacted was willing and able to provide trade letters of credit, which are already a key part of the Debtors' procurement and treasury management functions.

19. Following weeks of good faith, arm's-length negotiations, the Debtors and their existing banking partners were able to agree to the terms and conditions that are currently

embodied in the DIP LC Agreement. Ultimately, the Issuing Banks agreed to provide a letter of credit facility that permits the Debtors to issue new letters of credit, with up to a 12-month expiration, in an amount up to \$300 million in the aggregate on terms acceptable to the Debtors and Issuing Banks over the course of these chapter 11 cases. This will provide the Debtors with approximately \$49 million of immediate availability to issue additional letters of credit post-petition, and—critically—the option to reissue and extend \$251 million of letters of credit currently outstanding under the Prepetition RCF Agreement. In exchange, the Debtors agreed to cash collateralize an interest-bearing collateral account funded at all times with \$315 million in respect of Letters of Credit issued and outstanding under the DIP LC Facility, provide administrative claims to the DIP Lenders in connection therewith, and provide certain other protections to the DIP Lenders as set forth in the DIP LC Agreement and the DIP Orders. The DIP Lenders were not willing to provide any post-petition letter of credit exposure without assurance that the letters of credit would be fully collateralized at all times.

20. Given the lack of practical alternatives, and the need to obtain security to ensure replacement of the outstanding Prepetition Letters of Credit under the Prepetition Revolving Credit Facility, the fees, interest rates, and other economics provided for in the DIP LC Agreement are reasonable and in the Debtors' best interest. In my opinion, the DIP LC Agreement is the facility that the Debtors could secure at this time and is fair, reasonable and adequate under the circumstances.

21. Without the DIP LC Facility, the Debtors cannot issue letters of credit. As described above, the Debtors' supply chain is subject to significant shipping lead times, often lasting several quarters. Indeed, peak holiday season orders are negotiated and placed with vendors as early as the late spring season, given the sourcing and logistics involved in placing orders for

the high season. As a consequence, it is important for the Debtors to have the ability to issue letters of credit in the near term to avoid potential disruption during the holiday peak.

22. I believe that the relief requested in the Motion is in the best interest of the Debtors, their estates, creditors, stakeholders, and other parties in interest, and that the relief requested in the Motion is fair, reasonable, and adequate under the circumstances. Accordingly, I believe that the Motion should be granted.

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 17, 2026

/s/ Jason Keyes

Jason Keyes

Partner and Managing Director

AlixPartners