UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
(EASTERN DIVISION)

In re:	
VANTAGE TRAVEL SERVICE, INC.	Chapter 11
Debtor.	Case No. 23-11060-JEB

DECLARATION OF GREGORY DELGRECO IN SUPPORT OF FIRST DAY MOTIONS

I, Gregory DelGreco, declare and state as follows:

Introduction

1. I am the Chief Operating Officer/Chief Financial Officer of Vantage Travel Service, Inc. (the "Debtor"). In my work for the Debtor, I have been involved in all aspects of the Debtor's business, and am familiar with the Debtor's operations, finances, and books and records. I have held these positions with the Debtor since February, 2020, and have been an executive in the travel industry for more than twenty years.

2. The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on June 29, 2023 (the "Petition Date"). The Debtor intends to manage its business and financial affairs as debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. In order to enable the Debtor to operate effectively and without undue disruption during the early stages of its Chapter 11 case, and to place the Chapter 11 case on solid footing, the Debtor seeks certain "first day" relief from the Court.

3. I submit this declaration in support of the Debtor's first day motions in this Chapter 11 case. For the convenience of the Court, unless otherwise defined herein, the capitalized terms I use shall have the meaning ascribed to them in the respective motions referred

to herein. In addition, except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, my opinion based on my experience and knowledge of the Debtor's operations and financial condition, or information provided to me by the Debtor's owners or employees. If I were called to testify, I could and would testify competently to the facts set forth herein. I am authorized by the Debtor to submit this Declaration on its behalf.

The Chapter 11 Case

4. In addition to explaining the Debtor's requests for "first day" relief, this Declaration is intended to provide background on the Debtor's business, its financial problems, and its efforts to market and sell its assets leading up to the Chapter 11 filing.[1] Through this narrative, it will become clear why the Debtor has sought Chapter 11 relief and why the relief requested by the first day motions will promote a successful case and serve the best interest of the Debtor, its estate, and its creditors.

Background

A. Debtor's Business and Organizational Structure

5. The Debtor was founded in 1983, and has since that time grown to become one of the country's most recognized travel agencies providing deluxe international tours. Since its inception, the Debtor has provided travel experiences to more than 500,000 travelers, offering at its pre-pandemic height 65 tours and more than 500 departures annually. Its travel offerings

[1] The attempt to sell assets is also described in the Declaration of David L Herman, filed herewith (the "Herman Declaration").

include trips on river and ocean-going vessels owned by affiliated, non-debtor entities, as well as river, ocean-going and land-based tours booked with third-party operators.[2]

6. The Debtor provides the administrative offices through which travel packages are booked and travel arrangements made. Through charter agreements with the Ship-Owning Affiliates and contracts with third-party vendors, the Debtor facilitates the travel plans purchased by its customers, including flights to points of debarkation, travel insurance, hotel accommodations, and excursions (among other things).

7. The Debtor's headquarters are located in Boston, Massachusetts. The Debtor interacts with its customers primarily by telephone and through the Debtor's website. Prior to downsizing its workforce before filing its bankruptcy petition, the Debtor employed approximately 70 individuals in the United States, of which approximately 70 percent were affiliated with the Debtor's Boston office and the remainder located around the country, working remotely. The Debtor conducted its off-shore operations with the assistance of several non-U.S. individuals through independent contractor agreements or equivalent contractual arrangements. Due to cash flow constraints, the Debtor terminated all but five of its employees on June 20, 2023.

8. The Debtor's common stock is owned by two trusts: (i) the Henry R. Lewis Trust under declaration of trust dated November 24, 2004 (the "HRL Trust"), and (ii) the Henry R. Lewis 1998 Irrevocable Trust (the "1998 Trust").

[2] Those entities (collectively, the "Ship-Owning Affiliates") are: HRL European River Cruise Ventures II, GmbH, the owner of the river vessel Splendor; HRL River Cruise Venture III, GmbH, the owner of the river vessel Venture; HRL Bahama Holdings Ltd. ("HRL Bahama"), the holder of a 60% interest in the entity owning the ocean-going vessel Odyssey, and a 55% interest in the entity that owns the ocean vessel Explorer.

B. The Debtor's Creditors

9. As of the Petition Date, the Debtor's sole secured creditors (other than minor office equipment leases) are Henry R. Lewis and the HRL Trust (together, the "Prepetition Lender"), who together were owed approximately $35 million as of the Petition Date. The Debtor's indebtedness to the Prepetition Lender (the "Prepetition Loan") is evidenced, governed and/or secured by (i) the Fourth Amended and Restated Promissory Note, dated April 25, 2023, by Vantage in favor of the Prepetition Lender, in the original principal amount of $35,000,000.00 (together with all prior amendments restatements, supplements and other modifications thereto, the "Note"), (ii) that certain Security Agreement, dated December 22, 2021, by Borrower in favor of Paul Gauguin Shipping Limited, a Cayman Islands limited company indirectly owned by Henry R. Lewis (the "Original Lender")[3] (together with any and all amendments, restatements, supplements, and other modifications thereto, collectively, the "Security Agreement"), and (iii) UCC-1 financing statements filed with the Secretary of State of the Commonwealth of Massachusetts (the "Financing Statements" and, together with the Note, the Security Agreement and all other documents, instruments and agreements securing and/or evidencing the Prepetition Loan, the "Prepetition Loan Documents").

10. The Debtor's unsecured indebtedness to its trade creditors, incurred in the ordinary course of business operations, totaled approximately $27.8 million as of the Petition Date.

11. In addition to trade debt, the Debtor's unsecured indebtedness includes approximately $80,300,000 in amounts paid by customers in advance of trips not yet commenced

[3] On or about October 12, 2022, the Original Lender assigned to the Prepetition Lender all of the Original Lender's right, title, and interest in, to, and under an earlier version of the Note and the Security Agreement pursuant to that certain Assignment and Assumption Agreement, dated October 12, 2022, by and among Original Lender, the Trust, and Mr. Lewis.

by the Debtor, as well as approximately $23 million in refunds owed to customers for cancelled trips and an estimated $5.4 million in approved travel protection claim payments owed to customers for cancellation fees they incurred. In connection with the booking of a trip, the Debtor's customers are required to make an advance payment of at least $500 and sometimes more (and sometimes customers unilaterally provide a larger advance payment). In the Debtor's experience, customers book a trip between one and eighteen months in advance, with most booking approximately six to eight months in advance; during this period, many customers pay additional amounts toward the price of the trip, which is due in full, under the terms of the Debtor's agreements with its customers, prior to departure.

C. Financial Difficulties; Sale Process

12. As was the case throughout the travel industry, COVID-19 had a substantial impact on the Debtor's operations. Tour revenues declined from $132 million in 2019 to just over $10 million in 2020—a decline of over 92 percent. At the same time, the Debtor's losses in 2020 alone exceeded $29 million. While revenue rebounded somewhat in subsequent years, it remained well below the Debtor's pre-pandemic levels, resulting in continuing losses despite the Debtor's attempts to down-size operations and reduce costs. These losses were funded in significant part by the Prepetition Loans made by the Prepetition Lender.

13. In response to the financial difficulties faced by the Debtor and the Ship-Owning Affiliates, a decision was made to explore the sale of or financing for the Debtor, the Ship-Owning Affiliates, and/or several other travel-related affiliates of the Debtor. In August 2021, several of these non-Debtor affiliates engaged Gordian Group, LLC ("Gordian"), a well-known and highly reputable investment banking firm with particular expertise dealing with distressed companies. The retention of Gordian commenced a vigorous, 18-month marketing process,

through which the potential market for sources of financing or purchasers for the Debtor and its affiliates was thoroughly explored. A key objective of the process was to find a prospective buyer or funding source that would support the Debtor's ability to mount tours that had been paid for, in whole or in part, by its customers.

14. At the time Gordian was retained, the Debtor was experiencing continuing distress from the COVID-19 pandemic. For a number of months, its tours had been postponed, and the Debtor was relying on cash reserves generated by pre-pandemic bookings to fund its working capital needs. However, with the latest wave of the pandemic having lightened somewhat—this was the period between the Delta and Omicron variants—the Debtor was planning for a recovery in the travel industry and its business.

15. As detailed in the Herman Declaration, the Debtor's efforts to find a buyer or funding source were extensive and took place over an extended period of time. Approximately 80 strategic and financial targets were approached by Gordian. The Debtor supported Gordian's efforts, including through the compilation of a great deal of materials for Gordian's data room. The Debtor's key employees also participated in management presentations and meetings to support Gordian's marketing process.

16. While Gordian was managing its marketing process, see Herman Declaration at ¶¶ 7-10, the Debtor was continuing to experience significant distress. The Omicron variant presented a challenge, depressing travel in late 2021 when the Debtor had expected a recovery of revenues. The Debtor experienced a rebound in sales in early 2022, operating a more active schedule of cruises and expeditions. However, that increase was not at a level that enabled the Debtor to generate a profit, and receded once again later in the year. In fact, during this period of

time and into 2023, the Debtor needed to borrow $35 million from the Prepetition Lender just to maintain operations.

17. In early 2023, the Debtor received the good news from Gordian that Nordic Hamburg GmbH ("Nordic") had expressed interest in purchasing HRL Bahama's interests in the ocean-going vessels, and 100 percent of the stock of the Debtor. This offer satisfied a principal objective in the marketing process: finding a buyer who would honor the Debtor's obligations to provide the travel that its customers had purchased and paid for in whole or in part.

18. While the Debtor was participating in the due diligence process with Nordic, it suffered a ransomware attack that occurred on April 20, 2023. As a result of this attack, the Debtor's operations were completely shut down for a period of ten days. The Debtor was forced to improvise sub-optimal means of communications with its customers and vendors, and had no access to the financial information that Nordic required for due diligence.[4] In addition, an ongoing dispute with the manager of its river cruises forced the Debtor to postpone the start of the river season in Europe, depriving it of critical revenue. It was shortly after this period that the Debtor began to sense that Nordic might renegotiate the terms of its acquisition. Although the Debtor continued to provide information and engage in discussions with Nordic, by the second week of May, Nordic reported that it would no longer pursue a purchase of the Debtor's stock on the terms originally proposed.

19. Once Nordic reported that it would not proceed with its original proposal, the Debtor made the decision to deposit, in a segregated account, all payments received from customers making bookings and paying additional amounts toward future trips (the "Customer

[4] The Debtor maintains insurance against ransomware attacks (the "Policy") with HSB Specialty Insurance Company, and immediately reported the incident to its insurer. The Debtor's recovery from that attack, and the restoration of its financial records, was greatly assisted by Booz Allen Hamilton, Inc., the cyber consultant provided to the Debtor under the terms of the Policy. The Debtor is continuing to pursue its claim for damages under the Policy, including under a business interruption component of that Policy.

Trust Funds"). This practice was begun on May 12, 2023, and continues through the date of this Declaration. Under the terms of the APA (as defined below), the Customer Trust Funds will be turned over to the Purchaser (as defined below) at closing, subject to the Purchaser's obligation to provide the travel opportunities booked by these customers, or return the funds received from those bookings.

20. Even though Nordic has now stepped forward to make a revised proposal to purchase the Debtor's assets, the Debtor's finances have continued to decline, and its cash reserves have been exhausted. As a result, the Debtor has been postponing trips for the past several weeks, because of a lack of funds needed to operate those trips to conclusion. The Debtor does not plan to operate any trips during the pendency of this case.

D. Proposed Sale

21. The terms of the sale of the Debtor's assets (the "Proposed Sale") to Nordic's nominee United Travel Pte. Ltd., a Singapore corporation (the "Purchaser"), as set forth in an Asset Purchase Agreement dated June 27, 2023 (the "APA"), are summarized in the Debtor's Motion for Authority to Sell Substantially All Assets, Including Certain Executory Contracts, Pursuant to Sections 363 and 365 of the Bankruptcy Code Free and Clear of Liens, Claims, and Interests, filed concurrently herewith (the "Sale Motion").[5] The principal terms of the Proposed Sale are as follows:

(a) The Purchaser will be acquiring substantially all of the Debtor's assets (collectively the "Assets"), free and clear of liens, claims and interests, including (i) the Debtor's intellectual property, including its customer and

[5] Also filed concurrently herewith are (i) the Motion for an Order (A) Approving Procedures Governing Debtor's Proposed Sale of Substantially All Assets Pursuant To Sections 363 and 365 of the Bankruptcy Code, Free and Clear of Liens, Claims, and Interests; (B) Approving Form and Manner of Notice of Sale; (C) Approving Debtor's Assumption of Asset Purchase Agreement Pursuant to Section 365 of the Bankruptcy Code; and (D) Appointing a Granting Related Relief (the "Sale Procedures Motion"), and (ii) Debtor's Motion for Order Directing United States Trustee to Appoint Consumer Privacy Ombudsman (the "PCO Motion"). The PCO Motion seeks the appointment of a consumer privacy ombudsman in light of the inclusion of personally identifiable information.in the Customer and Prospect List.

prospect list (the "Customer and Prospect List" and, together with all of the Debtor's trade names and other intellectual property assets, the "Intellectual Property"), (ii) certain personal property, including equipment, furniture and inventory (the "Personal Property"), (iii) certain contracts with third parties (the "Assumed Contracts"), and (iv) certain other assets, as set forth in the APA, and assuming certain obligations of the Debtor also as set forth in the APA.

(b) As consideration for its acquisition of the Assets, the Purchaser will make a closing payment on account of the purchase of the Assets of $1,000,000. Notably, the Purchaser has also agreed to provide up to $750,000, and the Prepetition Lender has agreed to provide up to $250,000, to fund the Debtor's postpetition operations and the costs of administering the Debtor's Chapter 11 case (the "DIP Financing"). The APA provides that the Purchaser may credit bid its share of the outstanding balance of the DIP Financing against the closing payment; to the extent that the DIP Financing balance is less than $750,000, the difference (plus $250,000) will be paid in cash at closing.

(c) In addition, the Purchaser has agreed to pay future consideration (the "Future Consideration") based on a percentage of revenues (less discounts and allowances, and not including revenues from customers using a "Future Credit," as defined below) generated by the Purchaser over a five-year period commencing on January 1, 2024 as follows:

- Year 1: 5%
- Year 2: 4%
- Year 3: 3%
- Year 4: 2%
- Year 5: 1%

(d) The Purchaser has agreed to provide a credit (the "Future Credit") to the customers of the Debtor who purchased travel arrangements prior to May 11, 2023 (each, a "Future Customer") if they book a tour with the Purchaser, based on the amount each such Future Customer has paid to the Debtor. The amount of the credit will be equal to the lesser of (i) the amount paid by such Future Customer, and (ii) 20 percent of the price of the trip purchased from the Debtor, provided further that the credit may not exceed 20% of the price of the trip purchased from the Purchaser. Thus, Future Customers who book travel arrangements from the Purchaser will be able to maximize the value of their credit to the extent that they purchase a trip of value equivalent to the trip they purchased from the Debtor. The Future Credit is subject to additional requirements that are set forth in the APA.

(e) The Customer Trust Funds will be transferred to the Purchaser at closing and, if the Purchaser cannot, or elects not to, provide the trip with respect to which the Customer Trust Funds were remitted by a customer to the Debtor, the Purchaser shall refund the cash received from each such customer from the Customer Trust Funds.

22. The Debtor is confident that its agreement with the Purchaser, as set forth in the APA, provides the best treatment possible to its customers under the Debtor's difficult financial circumstances. By providing a credit against the cost of future travel as high as 20 percent of the price of the trip originally booked, the Debtor has maximized the value to be preserved from its pandemic-damaged business for the benefit of its customers, who would otherwise receive nothing for their claims against the Debtor.

E. Urgent Need for Accelerated Sale Process

23. The circumstances surrounding the Debtor's finances make clear that the Debtor has a limited amount of time to complete the sale of its assets. As noted above, the Debtor is not currently generating material revenue and is consuming cash at a significant rate. At this juncture, the Debtor has exhausted its cash reserves and, without the proceeds of the DIP Financing, the Debtor would be compelled to terminate its remaining workforce and suspend all further operations.

24. The uncertainty surrounding the Debtor's operations and the status of trips booked by its customers has resulted in a growing amount of negative publicity, which could, absent an accelerated sale process, cause further deterioration in the value of the Debtor's brand name and other Intellectual Property. A lengthy sale process would likely lead to the loss of its remaining employees, which would have an adverse impact on the Debtor's ability to maintain operations, business arrangements and financial controls, and could well result in Purchaser's termination of the APA. In addition, although Purchaser has agreed to fund operations prior to the closing of the Proposed Sale, the budget for such funding is appropriately limited, and a delay in the sale process could leave the Debtor without sufficient cash to survive until the closing and potentially administratively insolvent. Accordingly, time is of the essence if the

Debtor is to be able to sustain ongoing operations and consummate the Proposed Sale and thereby realize maximum value for the Assets.

First Day Relief

25. Concurrently with the commencement of the Chapter 11 case, the Debtor has filed several motions seeking orders that the Debtor believes are necessary to enable the Debtor to operate its business with minimal disruption, to effectively administer its bankruptcy estate, and to pursue the planned sale of its Assets. Five of these motions seek immediate relief, as described below (collectively, the "First Day Motions"): (i) the Debtor's motion for authority to procure the DIP Financing from the Purchaser, and to use the Purchaser's and the Prepetition Lender's cash collateral (the "DIP Financing Motion") on an interim basis; (ii) the Debtor's motion seeking the Court's approval of the procedures proposed to be employed by the Debtor in soliciting competing offers for the Assets and approval of the Proposed Sale; (iii) the Debtor's motion to honor its obligations to its remaining employees (including prepetition payroll and fringe benefits, and related tax obligations) in the ordinary course (the "Wage Motion"); (iv) the Debtor's request to maintain its current cash management systems and bank accounts (the "Cash Management Motion"); (v) the Debtor's motion for an order appointing a consumer privacy ombudsman pursuant to Section 332 of the Bankruptcy Code, as required by MLBR 6004-1(f) because the Proposed Sale involves the sale of "personally identifiable information" ("PII") as defined in Section 101(41A) of the Bankruptcy Code (the "CPO Motion"); (vi) the Debtor's motion for authority to file its customers' PII under seal to preserve the confidentiality of such PII (the "PII Motion"); and (vii) the Debtor's motion to employ Stretto Inc. as its claims and noticing agent and administrative advisor (the "Stretto Motion").

26. Immediate consideration of the First Day Motions is essential to the Debtor's smooth entry into Chapter 11 and the uninterrupted flow of its business and financial affairs. Without the DIP Financing, the Debtor lacks funds with which to operate its business. If the Debtor cannot pay its employees in the normal course, they will likely be compelled to seek work elsewhere, to the detriment of the Debtor's business operations. And since the Debtor's remaining employees are essential to the consummation of the Proposed Sale, the failure to keep current in payments to employees would jeopardize the transaction. With respect to the Cash Management Motion, the inability to use its current cash management system would cause unnecessary disruption to the Debtor's cash flow and business operations. The CPO Motion is required by this Court's rules and will promote the prompt and informed consummation of the Proposed Sale. The PII Motion is necessary to protect the confidentiality of the Debtor's customers' PII, including to maintain the value of such PII to the Purchaser and thereby promote the Proposed Sale. The Stretto Motion is necessary to promote the efficient provision of notices to creditors without unduly burdening the Court. Accordingly, I believe that prompt consideration and approval of each of the First Day Motions is necessary to promote the efficient administration of this Chapter 11 case and the Proposed Sale.

A. DIP Financing Motion

27. The Debtor has concurrently herewith filed its Motion for Entry of Interim and Final Orders Authorizing Debtor to Obtain Postpetition Financing Pursuant to 11 U.S.C. § 364(d) And Use of Cash Collateral, and Related Relief (the "DIP Financing Motion"), whereby the Debtor seeks Court approval, on both an interim and final basis, of arrangements for financing the Debtor's business operations pending the Proposed Sale. The Debtor requires immediate funding to ensure that it is able to continue operating its business, which is a

condition to closing under the APA. To that end, prior to filing this Chapter 11 case, the Debtor secured the agreement of the HRL Trust and the Purchaser (together, the "DIP Lenders") to provide the DIP Financing in the amount of $1,000,000, and to permit the Debtor's use of their Cash Collateral (as defined in the DIP Financing Motion), on both an interim and final basis for the Debtor's payment of necessary costs and expenses substantially in accordance with the budget attached as Exhibit A to the DIP Financing Motion (the "Budget"). The DIP Financing Motion also seeks approval of the Debtor's agreement to provide adequate protection to the Prepetition Lender in connection with the priming of the Prepetition Lender's liens in connection with the DIP Financing and the Debtor's use of Cash Collateral.

28. Purchaser has agreed to provide up to $750,000 of postpetition financing, including the first $500,000 to be advanced to the Debtor. The HRL Trust has agreed to provide up to $250,000 of postpetition financing, with its advances to be made in equal amounts to the Purchaser's advances after the Purchaser has advanced its first $500,000 of financing. The proposed financing will be made on the terms and conditions set forth in the Debtor's promissory notes to each of the DIP Lenders, including the note to Purchaser attached as Exhibit C to the DIP Financing Motion (the "Purchaser DIP Note") and the note to the HRL Trust attached as Exhibit D to the DIP Financing Motion (the "Trust DIP Note" and, together with the Purchaser DIP Note, the "DIP Notes"), in each case subject to the terms and conditions set forth in the proposed interim order attached as Exhibit B to the DIP Financing Order (the "Interim Order"). The Interim Order provides, among other terms, as follows:

- Borrowings under the DIP Financing, will be taken down in multiple advances, will total up to $1,000,000, with interim advances totaling $440,895;

- The Debtor's use of DIP Financing advances and Cash Collateral shall be in accordance with the Budget attached to the Proposed DIP Financing Order, with permitted variances totaling up to 10 percent of the total Budget;
- Interest will accrue on the outstanding balance of the DIP Financing at a rate of five percent (5%) per annum;
- Advances under the DIP Financing will be secured by a first-priority lien on all of the Debtor's assets, and will also be entitled to treatment as a super-priority administrative expense under Sections 363 and 364 of the Bankruptcy Code;
- As adequate protection for the Debtor's use of Cash Collateral, the Proposed DIP Financing Order would (a) grant the Purchaser and the Prepetition Lender a postpetition adequate protection lien, to the extent of any actual diminution in the value of their respective interests in their prepetition collateral, on all of the Debtor's postpetition assets of the same types and forms in which each lender holds valid, perfected, enforceable security interest as of the Petition Date, as well as on Avoidance Actions (as defined in the DIP Financing Motion) (the "Adequate Protection Lien"), and (b) a claim pursuant to Section 507(b) of the Bankruptcy Code, to the extent that each lender's Adequate Protection Lien is determined by the Bankruptcy Court to have been inadequate protection;
- Certain "Termination Events" based, in part, on events occurring in the Chapter 11 case, as well as the Debtor's failure to achieve certain milestones in connection with the Proposed Sale;
- The acknowledgement of the amount of the Purchaser's and the Prepetition Lender's respective claims, and the validity, extent and priority of the liens and

security interests securing the same, subject to certain rights of any statutory committee appointed in the Chapter 11 cases to challenge such matters within the period of time set forth in the Proposed Cash Collateral Order; and

- A carve-out for the payment of certain fees and expenses of professionals incurred during the Chapter 11 case.

29. These proposed financing arrangements will ensure that ongoing business operations can continue without disruption. Among other things, DIP Financing proceeds and Cash Collateral will be used to honor employee wages and benefits, make payments to vendors under service contracts integral to the Debtor's ongoing business operations, fund the Debtor's promised retainers to its bankruptcy professionals, and otherwise satisfy the Debtor's working capital needs in the ordinary course. This will allow the Debtor to pay (and to maintain favorable relationships with) its remaining employees, and will enable the Debtor to defray the costs of administration of the bankruptcy estate, including through payments of allowed compensation to estate professionals permitted by the Budget.

30. Absent prompt, interim approval of the proposed financing arrangements, there is a significant risk of further disruption to the Debtor's business operations, which in turn would cause irreparable harm to the bankruptcy estate and the Debtor's sale efforts. Based on my knowledge of the Debtor's finances, business operations, and current circumstances, I believe that the proposed borrowing and cash collateral arrangements are quite reasonable, and are in the best interests of the Debtor and the bankruptcy estate. Any alternative source of financing—if one were available, highly doubtful in light of the Debtor's extensive, 18-month and ultimately unsuccessful search for such financing—would almost certainly be more costly, and any such lender would almost certainly seek a collateral package which is simply not available in light of

the Debtor's current financial condition. For this reason, I do not think that there is any viable alternative financing source at all, much less one that could compete on economic terms with the proposed DIP Financing Order.

31. I therefore believe that the Debtor's decision to agree to the interim and final financing arrangements set forth in the DIP Financing Motion constitutes the exercise of its sound business judgment. I believe that the negotiations between the Debtor and the Purchaser leading to the Interim Order were conducted at arm's length; that those negotiations as well as those with the Prepetition Lender were conducted in good faith; that the proposed financing arrangements are the best available to the Debtor under the circumstances; and that entry of the Court's orders approving the DIP Financing and the use of Cash Collateral both on an interim and a final basis would be in the best interests of the Debtor's bankruptcy estate.

B. Sale Procedures Motion

32. The Debtor has concurrently filed the Motion For an Order (A) Approving Procedures Governing Debtor's Proposed Sale of Substantially All Assets, Including Certain Executory Contracts, Pursuant to Sections 363 and 365 of the Bankruptcy Code, Free and Clear of Liens, Claims, and Interests; (B) Approving Form and Manner of Notice of Sale; (C) Approving Debtor's Assumption of Asset Purchase Agreement Pursuant to Section 365 of the Bankruptcy Code; and (D) Granting Related Relief (the "Sale Procedures Motion"), which seeks the Court's approval of the procedures to be employed by the Debtor in seeking competing bids and, ultimately, approval of the sale of the Assets to the Purchaser or another entity making a higher and better offer for the Assets (the "Sale Procedures"). The proposed Sale Procedures include the solicitation of competing bids in a short period of time – roughly five weeks –a

hearing to approve the Proposed Sale on or shortly after August 7, 2023, and a closing three business days later.

33. For the reasons stated earlier, the Debtor is seeking approval of the Sale Procedures Motion on an expedited basis. The Debtor's cash reserves are virtually exhausted, and it has been compelled to terminate all but five employees. A prolonged sale process would place further downward pressure on the Debtor's operations, and harm the value of the Assets in the hands of the Purchaser, potentially jeopardizing the Proposed Sale. Further, in light of the difficulty that the Debtor has encountered in finding a buyer for the Assets, as described above and in the Herman Declaration, a longer period is highly unlikely to produce a meaningful competing offer for the Assets. Accordingly, I believe that granting the Sale Procedures Motion is critical to achieving a successful outcome in this Chapter 11 case, and in preserving a transaction that provides the best available result for the Debtor's customers and other creditors.

C. Wage Motion

34. As of the Petition Date, the Debtor employs five employees (the "Employees"). The Employees are all full-time employees. All of the Employees work through the Debtor's Boston, Massachusetts headquarters. The Employees oversee and manage the Debtor's business and financial affairs, and their services are critical to the efficient administration of the Debtor's Chapter 11 case and the Debtor's pursuit of the Proposed Sale.

35. As of the Petition Date, the Debtor has accrued payroll and Employee Benefit obligations to its Employees totaling approximately $65,00, including: (i) approximately $32,800 in Employee compensation accrued for the period June 19 through June 28, 2023 (inclusive of the Debtor's employer payroll tax obligations); (ii) approximately $6,000 owed to third-party vendors of Employee Benefits (including by way of reimbursements to Employees

who paid for the benefits directly); and (iii) approximately $26,000 of accrued vacation. All of the prepetition wages and salary covered by the upcoming payroll has been incurred within the past 180 days. Four of the Employees' accrued compensation and benefits total less than the $15,150 priority claim cap specified in Section 507(a)(4) of the Bankruptcy Code, while one Employee's accrual exceeds that cap by less than $2,500. The Wage Motion seeks authority to pay all these amounts as they come due, beginning with the Debtor's next scheduled payroll processed on July 7, 2023.

36. In addition to receiving competitive wages and salaries, the Employees are eligible to receive a comprehensive package of health and welfare benefits, eligibility for which is based on a number of factors, including hours worked, time employed, and compliance with applicable laws governing employment and paid leave. For eligible employees, these benefits include some or all of paid time off, medical insurance (including dental and vision if desired), life insurance, workers compensation and a 401(k) pension plan (collectively, "Employee Benefits"). The Debtor intends to maintain the Employee Benefits without change throughout the Chapter 11 case; they are described in detail in the Wage Motion.

37. I have reviewed the Wage Motion, and by this Declaration confirm all factual allegations contained therein with respect to the payment of wages due to the Employees and the maintenance of the employee benefit programs described therein. I believe that the Debtor's prompt payment of these amounts is essential to its ability to generate the greatest value from the sale of its business for the benefit of its creditors.

D. Cash Management Motion

38. Almost all of the revenue generated by the Debtor's business operations is received through customer payments made (i) by checks deposited by the Debtor into its existing

deposit account (the "Deposit Account") at JPMorgan Chase Bank, N.A. ("JPM"[6]), (ii) by credit card, with the net proceeds of those charges, once remitted to the Debtor by its credit card processor, being transferred to the Deposit Account, or (iii) through wire transfers and ACH deposits made directly to the Deposit Account. The Debtor utilizes the Deposit Account to fund its other two operating accounts, both also maintained with JPM, including an account used for all disbursements other than payroll (the "Disbursement Account") and a payroll account (the "Payroll Account" and, together with the Deposit Account and the Disbursement Account, the "Bank Accounts"). Funds transferred from the Deposit Account to the Disbursement Account are used to pay the Debtor's expenses (e.g., rent, payments to subcontractors, other administrative and overhead expenses), other than payroll expenses. The Payroll Account is used exclusively to make disbursements in connection with employee payroll expenses. The Debtor funds the Payroll Account every other Thursday for its bi-weekly payroll issued the immediately following Friday.

39. By the Cash Management Motion, the Debtor is seeking an order permitting it to maintain their existing accounts at JPM and to continue to utilize the cash management system described above for the payment of expenses incurred in the operation of its business. Continued use of the Bank Accounts is necessary to avoid disrupting business operations, and could result in a disruption in the Debtor's cash flow, jeopardizing the Debtor's viability and the Proposed Sale. Additionally, if the Debtor's management were required to focus on opening new accounts and coordinating new payment arrangements with customers and vendors, it would be distracted from giving its full attention to maintaining ongoing business operations and pursuing the Proposed Sale, the successful and prompt consummation of which is the *raison d'etre* of this

[6] The Debtor had opened and maintained its accounts with First Republic Bank ("FRB"). FRB's deposit account liabilities have been transferred to and assumed by JPMorgan Chase Bank, N.A., Columbus, Ohio. Consequently, the Debtor's banking relationship is now with JPM.

Chapter 11 case. I believe that maintaining ordinary course operations in an efficient, cost-effective manner is in the best interests of the Debtor, its business operations, its employees, its customers, its creditors, and its estate, and will promote the Proposed Sale. I also believe that the continued use of the Bank Accounts will promote continued, ordinary course operations and revenue without disruption that might prove costly and endanger the Proposed Sale.

E. CPO Motion

40. As is discussed in greater detail in the Sale Motion, the principal asset being purchased by the Purchaser is the Customer and Prospect List, which contains the name, physical address, email address and telephone number for approximately 3,780,000 customers and prospective customers of the Debtor. As the Customer and Prospect List contains personally identifiable information, MLBR 6004-1(f) requires that the Debtor seek the appointment of a consumer privacy ombudsman to report his or her recommendations respecting the Proposed Sale no later than seven (7) days prior to the hearing to approve the Proposed Sale. In order to comply with that requirement, the Debtor seeks the Court's approval of the PCO Motion and the appointment of a consumer privacy ombudsman on an expedited basis. Given the importance of the Customer and Prospect List to the contemplated transaction, it is critical that the Court act on the PCO Motion on (or very shortly after) the hearings on "first day" relief.

F. PII Motion

41. As noted above, a substantial number of the Debtor's creditors are customers who have paid some or all of the price for trips that have not yet occurred. The PII Motion seeks to have information related to these creditors, whether contained in the Debtor's matrix, Schedules or other documents, filed under seal, for several reasons. First, the names and addresses of the customers constitute personally identifiable information, which the Debtor does not believe is

appropriate for public disclosure. Second, the names of these customers, comprising a portion of the Customer and Prospect List, is proprietary business information, the public disclosure of which would damage the value of the List.

G. Stretto Motion

42. To avoid unduly burdening the Court and the Clerk with noticing and claims administration matters involving such a large creditor body, the Debtor seeks appointment of Stretto Inc. pursuant to 28 U.S.C. § 156(c) as claims and noticing agent with primary responsibility for the administration of noticing and claims administration matters in this case. I believe that allowance of the Stretto Motion will promote the efficient administration of the Chapter 11 case and help to alleviate an otherwise significant administrative burden upon the Court.

H. Other Motions

43. In addition to the First Day Motions, the Debtor is today filing the following motions, for which it is not requesting "first day" emergency relief:

- Application for Order Authorizing Retention and Employment of Casner & Edwards, LLP as Counsel for the Debtor;
- Debtor's Application for Order Authorizing Retention and Employment of Argus Management Corp. as Financial Advisor to the Debtor; and
- Debtor's Motion for Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals.

The Debtor's continued access to the professionals to be retained and compensated pursuant to these motions will be vital to its ability to continue its business operations in the Chapter 11 case and consummate the Proposed Sale. I therefore believe that the relief sought therein is

appropriate, and request that it be granted by the Court in due course.

Conclusion

44. The Debtor has filed the Chapter 11 case to facilitate the sale of the assets of its business, having determined that such sale is in the best interests of its creditors, customers and employees. To preserve the value of its business pending completion of the sale process, the Debtor requires the DIP Financing, and the continued use of Cash Collateral to which the Purchaser and the Prepetition Lender have agreed.

45. Allowance of the Sale Procedures Motion will allow the Debtor to facilitate a competitive process while minimizing the damage to its Assets, and to preserve the Proposed Sale as the only realistic option to maximize the potential value of a transaction to its customers.

46. Allowance of the Wage Motion will promote the seamless transition of the Debtor's business operations into Chapter 11, by minimizing the disruption to operations and employee morale that would undoubtedly ensue were the Debtor unable to pay its remaining workforce in the normal course. Authorizing the Debtor to maintain its existing cash management system will likewise promote undisrupted business operations, to the benefit of all interested parties.

47. Accordingly, for the reasons stated herein and in each of the DIP Financing Motion, the Sale Procedures Motion, the Wage Motion, the Cash Management Motion and the PCO Motion, I believe that the relief requested in such motions is instrumental to the success of the Debtor's Chapter 11 case, and that prompt approval of such motions is in the best interests of the Debtor and its bankruptcy estate.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed at Boston, Massachusetts this 29th day of June, 2023.

Gregory DelGreco, Chief Operating Officer and
Chief Financial Officer of Vantage Travel
Service, Inc.