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

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	:
In re	:
	:
FUSION CONNECT, INC., et al.,	:
	:
Debtors.¹	:
	:
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Chapter 11
Case No. 19-[____] (____)
(Joint Administration Pending)

**DECLARATION OF KEITH SOLDAN
PURSUANT TO RULE 1007-2 OF LOCAL BANKRUPTCY
RULES FOR SOUTHERN DISTRICT OF NEW YORK**

I, Keith Soldan, pursuant to 28 U.S.C. § 1746, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the Chief Financial Officer of Fusion Connect, Inc. (“**Fusion**”) and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**” or the “**Company**”). I have served in this role since November 2018,

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Fusion Connect, Inc. (2021); Fusion BCHI Acquisition LLC (7402); Fusion NBS Acquisition Corp. (4332); Fusion LLC (0994); Fusion MPHC Holding Corporation (3066); Fusion MPHC Group, Inc. (1529); Fusion Cloud Company LLC (5568); Fusion Cloud Services, LLC (3012); Fusion CB Holdings, Inc. (6526); Fusion Communications, LLC (8337); Fusion Telecom, LLC (0894); Fusion Texas Holdings, Inc. (2636); Fusion Telecom of Kansas, LLC (0075); Fusion Telecom of Oklahoma, LLC (3260); Fusion Telecom of Missouri, LLC (5329); Fusion Telecom of Texas Ltd., L.L.P. (8531); Bircan Holdings, LLC (2819); Fusion Management Services LLC (5597); and Fusion PM Holdings, Inc. (2478). The principal executive office of the Debtors is located at 420 Lexington Avenue, Suite 1718, New York, New York 10170.

having previously served as a Vice President of the Company. Before joining Fusion, I served as Vice President of Corporate Finance and Accounting at Birch Communications from March 2017 to May 2018. I also served as Vice President, Corporate Controller for Internap from March 2016 to March 2017 and as its Vice President Corporate Finance from March 2014 to March 2016. Prior to joining Internap, I worked at EarthLink from July 2005 through April 2014 where I held various positions including Senior Director and Divisional Chief Financial Officer.

2. On the date hereof (the “**Commencement Date**”), the Debtors commenced with this court (the “**Bankruptcy Court**”) voluntary cases under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). I am knowledgeable and familiar with the Debtors’ day-to-day operations, business and financial affairs, books and records, and the circumstances leading to the commencement of these chapter 11 cases.

3. I submit this Declaration pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”) to assist the Bankruptcy Court and parties in interest in understanding the events and circumstances that led to the commencement of these chapter 11 cases and in support of the motions and applications that the Debtors have filed with the Bankruptcy Court, including the “first day pleadings” (the “**First Day Pleadings**”). I am authorized by each of the Debtors to submit this declaration (this “**Declaration**”) on their behalf. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by the Company or advisors to the Debtors, or my opinion based upon my experience, knowledge, and information concerning the Company and the telecommunications industry. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

4. The Debtors have requested a variety of relief in the First Day Pleadings to promote the uninterrupted operation of the Debtors' business following the commencement of these chapter 11 cases. I am familiar with the contents of each First Day Pleading, and I believe the relief sought therein is necessary to permit the Debtors to have a smooth transition into chapter 11. I further believe that the relief requested in the First Day Pleadings will preserve the value of the Debtors' estates.

5. This Declaration is organized in six sections:

- Section I provides an overview of the Restructuring Support Agreement, including a summary of the terms of a reorganization transaction supported by the First Lien Ad Hoc Group (defined below);
- Section II describes the Company's business, both in terms of its history, as well as its current operations;
- Section III summarizes the Company's organizational and capital structure;
- Section IV describes the circumstances that led to the commencement of these chapter 11 cases;
- Section V provides a summary of the First Day Pleadings, the factual bases for the relief requested therein and other information related to these chapter 11 cases; and
- Section VI identifies the attached schedules of information required by Local Rule 1007-2.

I. Overview of Chapter 11 Cases

6. Fusion is a provider of integrated cloud solutions to small, medium, and large businesses. The Company offers telecommunications services to customers, enabling them to successfully migrate to and efficiently use the increasing power of the cloud. As described below, these services include cloud communications, cloud connectivity, and cloud computing.

7. A significant part of the Company's historical expansion strategy has been to make strategic acquisitions of other providers. In May and June of 2018, the Company closed

a reverse merger transactions with Birch Communications Holdings, Inc. (“**Birch**” and such transaction, the “**Birch Merger**”) and MegaPath Holding Corp. (“**MegaPath**” and such transaction, the “**MegaPath Merger**”), respectively. The Company pursued the Birch Merger with a vision of leveraging its existing processes and structures to create synergies between Fusion’s and Birch’s joined customer bases, combine network infrastructure assets to improve operational efficiencies, and ultimately drive material growth in Fusion’s and Birch’s combined annual revenue. In connection with the Birch Merger and MegaPath Merger, the Company incurred \$680 million in secured debt.

8. Unfortunately, due to underperformance compared to business projections, the Company found itself with limited liquidity and at risk of default under its debt documents by early 2019. Accordingly, in early 2019, the Company began its formal review of strategic alternatives and has engaged in constructive dialogue and communications with its key constituents over the past several months, including an ad hoc group of first lien lenders collectively holding almost 70% of the total amount outstanding under the First Lien Credit Agreement (the “**First Lien Ad Hoc Group**”), an ad hoc group of revolving and term loan A lenders, an ad hoc group of second lien lenders collectively holding 100% of the total amount outstanding under the Second Lien Credit Agreement (the “**Second Lien Ad Hoc Group**”) and the Company’s majority shareholder, Birch Equity Partners (the “**Majority Shareholder**”). Those efforts culminated in the execution of a Restructuring Support Agreement among the Company and the First Lien Ad Hoc Group that provides the Company with a clear path to a confirmable chapter 11 plan of reorganization and a viable recapitalization—in which, among other things, approximately \$300 million in funded debt will be extinguished, leaving a

significantly deleveraged reorganized Company wholly owned by the First Lien Lenders and an appropriately sized exit working capital facility (the “**Reorganization Transaction**”).

9. As described in greater detail in the Bidding Procedures Declaration,² the Company began a robust marketing and sale process in May 2019 (the “**Prepetition Marketing Process**”), pursuant to which the Company’s advisors contacted over forty (40) potential investors to gauge interest in either a new capital investment in the Company or an acquisition of the Company’s business. Several of these parties have indicated interest, and the Company and its advisors have continued to engage in discussions with these parties, coordinate discussions with the Company’s management team, and provide access to the electronic dataroom. The Restructuring Support Agreement contemplates the continuation of the Company’s Prepetition Marketing Process (together with the postpetition sale and marketing process, the “**Sale Process**”). Pursuant to the Sale Process, any and all bids for all or some portion of the Company’s business will be evaluated as a precursor to confirmation of the chapter 11 plan. The Sale Process will provide a public and competitive forum in which the Debtors will seek bids or proposals for potential transactions that, if representing higher or otherwise better value for the Debtors’ creditor constituencies than the Reorganization Transaction, will be pursued under a plan of reorganization as an alternative to the Reorganization Transaction.

10. The Restructuring Support Agreement provides the Company with a baseline restructuring proposal that ensures the business will be able to continue as a going concern during and after these chapter 11 cases. Nonetheless, the Company is open to considering other potential transaction structures to the extent any such transaction reflects a higher or better offer

² See Declaration of John Singh in Support of Debtors’ Motion for Entry of an Order (I) Approving (A) Bidding Procedures and (B) Assumption and Assignment Procedures and (II) Granting Related Relief, to be filed.

than those contemplated by the Restructuring Support Agreement. Indeed, the Company and First Lien Ad Hoc Group intend to constructively engage with the Second Lien Ad Hoc Group and the Majority Shareholder on a potential reorganization transaction that could be supported by all of the Company's major debt and equity constituents.

A. Super Senior Financing and DIP Financing

11. Leading up to the Commencement Date, as discussions toward a consensual restructuring transaction were in their early stages, the Company and its advisors determined that absent a new capital injection, the Company would exhaust its working capital by early to mid-May of 2019. Accordingly, by the end of March of 2019, to avoid a potentially value-destructive free-fall bankruptcy and support ongoing discussions regarding a potential sale or reorganization transaction to continue, certain members of the First Lien Ad Hoc Group agreed to provide short term emergency financing to the Company. Ultimately, on May 9, 2019, the Company closed the Super Senior Loan Agreement (defined below) with members of the First Lien Ad Hoc Group, securing \$15.0 million in working capital. On May 28, 2019, the Super Senior Lenders (defined below) provided the Company with an additional \$5.0 million under the Super Senior Loan Agreement (such collective outstanding amounts, the “**Super Senior Loans**”). The Super Senior Loans mature on June 3, 2019. As contemplated by the Restructuring Support Agreement, the \$20.0 million of the Super Senior Loans are proposed to be rolled up into the proposed DIP Financing (defined below).

12. In further support of the Company's restructuring, the First Lien Ad Hoc Group has committed to provide an incremental \$39.5 million that—together with a \$20 million Super Senior Loans provided by the First Lien Ad Hoc Group—will provide the Company with an aggregate of \$59.5 million of debtor-in-possession financing (the “**DIP Financing**”). It is critical that the Company have access to the DIP Financing so that it will have the necessary

liquidity to continue operating its business in the ordinary course to maximize value. The DIP Financing has a 120-day maturity with the potential for 3 one-month extensions.

13. The Company and its advisors undertook an extensive marketing effort to ensure that the DIP Financing was the best available postpetition financing option under the circumstances. As described in greater detail in the DIP Declaration,³ the Company and its advisors first analyzed the Company's liquidity needs in a chapter 11 scenario, and then PJT Partners LP ("PJT"), as the Company's retained investment banker, contacted numerous potential third-party financing sources—both traditional bank lenders and alternative financing lenders—to solicit offers for postpetition financing that would adequately satisfy the Company's liquidity needs. Due to the Company's financial position and existing capital structure, the Company and PJT did not receive any financing proposals. While the Company received a non-binding financing proposal from the Second Lien Ad Hoc Group, that proposal was tied to a broader proposal that the Debtors determined was not actionable.

14. Importantly, under the proposed DIP Financing, each holder of First Lien Claims (defined below) will be offered the opportunity to subscribe for up to its pro rata share of the DIP Financing, subject to its execution of a joinder to the Restructuring Support Agreement. The DIP Financing is fully backstopped by the members of the First Lien Ad Hoc Group and will be syndicated upon expiration of the subscription period.

B. Proposed Timeline for Chapter 11 Cases

15. While the DIP Financing provides the Company with a necessary infusion of capital, accomplishing an expeditious resolution of these chapter 11 cases is crucial to

³ See Declaration of John Singh in Support of Debtors' Motion for (I) Authorization to (A) Obtain Postpetition Financing and (B) Use Cash Collateral; (II) to Grant Liens and Provide Superpriority Administrative Expense Status; (III) to Grant Adequate Protection; (IV) to Modify the Automatic Stay; (V) Scheduling a Final Hearing and (VI) for Related Relief, filed contemporaneously herewith.

preserving and maximizing the value of the Company for the benefit of all its stakeholders. Particularly within the telecommunications industry, where sales are driven by a company's ability to provide consistency and certainty to customers, a prolonged chapter 11 process may imperil the Company's ability to reorganize effectively. Accordingly, the Company has agreed to certain chapter 11 milestones, memorialized in the Restructuring Support Agreement and the DIP Financing documents. Specifically, the Restructuring Support Agreement and the DIP Financing require that, among other things, the following key milestones are met:

Event	Key Milestone
File motion seeking approval of bidding procedures (the " Bidding Procedures Motion ")	June 4, 2019
Entry of order approving DIP Financing on an interim basis	June 8, 2019
File Plan and Disclosure Statement	June 24, 2019
Entry of order approving DIP Financing on an final basis	July 8, 2019
Entry of order approving Bidding Procedures Motion	21 days from filing of Bidding Procedures Motion
Entry of Disclosure Statement Order	August 2, 2019
Entry of Confirmation Order	October 1, 2019
Plan Effective Date	20 days from entry of Confirmation Order

II. Company's Background

A. History and Formation

16. Fusion was initially founded in Delaware by Marvin S. Rosen and Philip D. Turits in September 1997. Since then, the Company has expanded through a combination of organic growth and strategic acquisitions and is now a provider of solutions for small, medium,

and large businesses in the United States and residential customers in Canada. On February 25, 2005, the Company commenced its Initial Public Offering, becoming a publicly listed company on the NASDAQ Stock Market (“NASDAQ”). As described in Section IV below, the Company was delisted from NASDAQ effective May 13, 2019.

B. Current Business Operations

17. Fusion’s broad operational goal is to provide companies with a unified platform to leverage cloud and other communications technology, and to serve as the single point of contact for related troubleshooting. To fill this role, the Company offers a variety of products, including Unified Communications-as-a-Service (“UCaaS”), dedicated internet access and private networks, and cloud storage and security, all on a single platform that is supported by dedicated “Contact Customer” services. For its larger customers, Fusion also offers Infrastructure-as-a-Service (“IaaS”) solutions that allow businesses to layer additional cloud services onto its platform.

18. The Company categorizes its suite of services into three broad categories: (a) Cloud Communications, (b) Cloud Connectivity, and (c) Cloud Computing. Depending on the needs and sizes of individual customers, Fusion offers different product bundles and service packages. In each case, the Company’s goal is to provide companies with reduced secure data storage costs, as well as an advanced and consistent communications network, all on a unified platform. Fusion is able to achieve this goal, in part, through its extensive North American network, illustrated below:



1. Cloud Communications

19. Fusion's Cloud Communications service consists primarily of its "Cloud Voice," UCaaS, and SIP trunking offerings. The Company's Cloud Voice service allows customers to replace land-based office telephone systems with a cloud-based digital telephone system, reducing upfront capital costs and simplifying operations for office telephone systems. Cloud Voice provides efficiencies for companies with multiple offices or a highly mobile workforce, and for companies that are opening a new office or need to expand or replace existing legacy telephone systems. Fusion supports its Cloud Voice service through its UCaaS solutions, which integrate audio, video, messaging, and web services together, enhancing customers' ability to convey information and communicate effectively. The Company's SIP trunking service allows customers to retain their existing business telephone systems while operating those systems using an internet connection.

2. Cloud Connectivity

20. Fusion's Cloud Connectivity service provides businesses with dedicated circuits to high-speed broadband internet access, private networks, and other network-related services such as Multiprotocol Label Switching ("MPLS")⁴ services, and SD-WAN.⁵ The goal of the Cloud Connectivity service is to facilitate optimized access to cloud services, private data centers, and enterprise applications over the Internet or by private links.

3. Cloud Computing

21. Fusion's Cloud Computing service provides customers with private and hybrid cloud computing (IaaS) to centralize information management, hardware, network, and infrastructure in an off-premise hosted location. In connection with its Cloud Computing services, the Company also supports secure file sharing, backup and recovery services, and a unified threat management system to help detect, deter, and defeat cyber-attacks to mitigate against business disruptions.

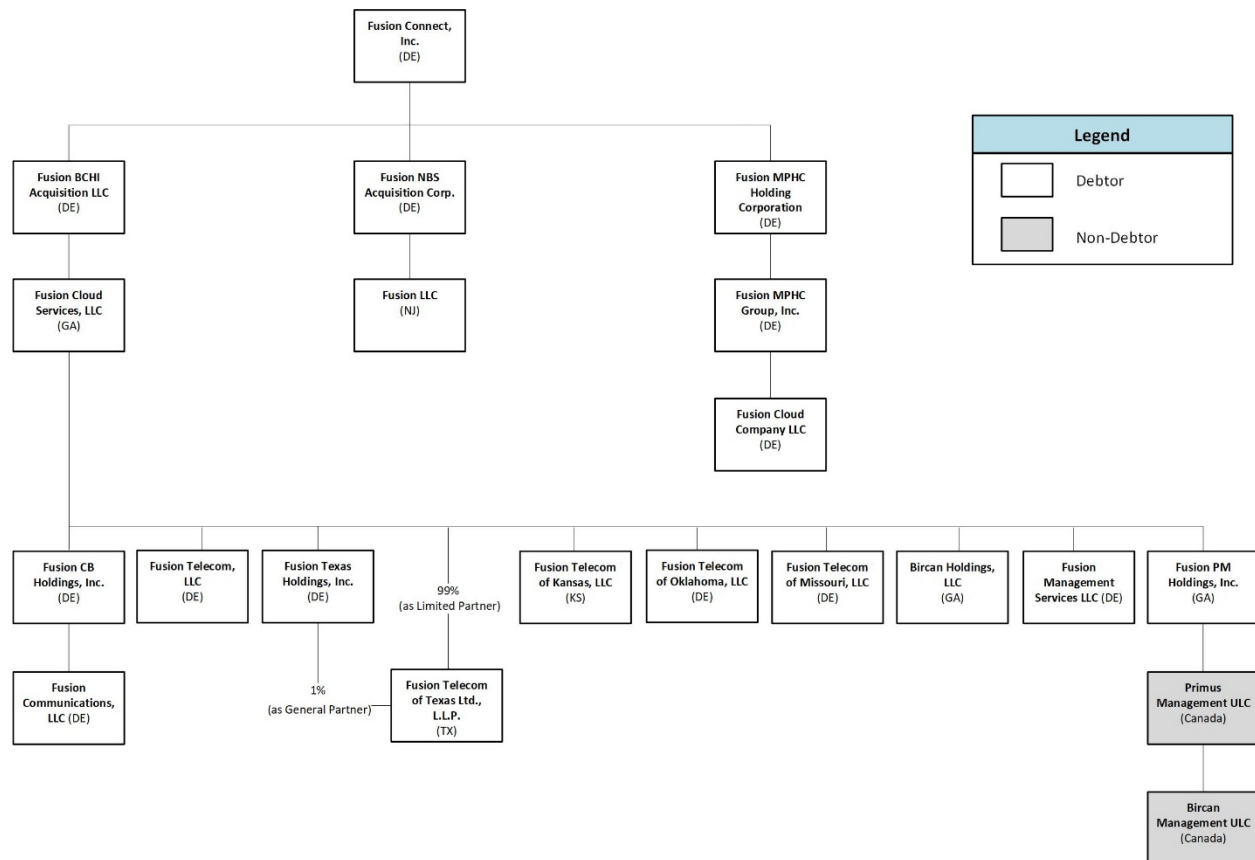
III. Organizational and Capital Structure

A. Organizational Structure

22. Fusion is a public company with the majority of its shares held by BCHI Holdings, LLC. The below chart illustrates the Company's current organizational structure:

⁴ MPLS is a routing technique in telecommunications networks that directs data from one node to the next based on short path labels rather than long network addresses, thus avoiding complex lookups in a routing table and speeding traffic flows.

⁵ Software-Defined Wide-Area Networks.



23. The Company's current corporate structure is the product of its recent acquisition of MegaPath and the reverse acquisition with Birch. Specifically, Fusion MPHC Holding Corporation and its two subsidiaries reflect the MegaPath portion of the Company's business. Fusion BCHI Acquisition LLC and its subsidiaries represent the Company's business that Fusion acquired as part of the Birch Merger. Fusion NBS Acquisition Corp. and Fusion LLC operate the remainder of the Company's business.

24. The two non-Debtor entities included in the organizational structure chart—Primus Management ULC and Bircan Management ULC—operate the Company’s Canadian business (the “**Primus Business**”), which provides residential telecommunications services to customers in Canada. As described below, the Debtors provide certain direct and indirect financial support to the Primus Business in the ordinary course. Preserving value of the Primus Business

will be critical during the Debtors' chapter 11 cases, particularly since a sale of that business to a third party may occur in connection with a restructuring.

25. The following table sets forth the names of the members of Fusion's current directors:

Name	Position
Matthew D. Rosen	Director (Chairman)
Holcombe T. Green, Jr.	Director (Vice Chairman)
Marvin S. Rosen	Director
Holcombe T. Green, III	Director
Michael J. Del Giudice	Director
Lewis Dickey, Jr.	Director
Rafe de la Gueronniere	Director
Neal P. Goldman	Director

26. The following table sets forth the names of the members of Fusion's current executive officers:

Name	Position
Matthew D. Rosen	Chief Executive Officer
Russell P. Markman	Chief Operating Officer
Keith Soldan	Chief Financial Officer
Dan Foster	Chief Revenue Officer
Brian George	Chief Technology Officer
James P. Prenetta Jr.	Executive VP and General Counsel

B. Capital Structure

27. The following table provides a summary of the Company's prepetition funded debt capital structure as of the Commencement Date:⁶

	Interest Rate	Maturity Date	Outstanding Principal
Super Senior Loan Agreement	L + 10.0%	June 2019	\$20.0mm
Total Super Senior Debt			\$20.0mm
<hr/>			
First Lien Credit Agreement			

⁶ The Company is also party to several capital leases, on which an aggregate of approximately \$18.7 million remained outstanding and owing to lessors as of the Commencement Date.

	Interest Rate	Maturity Date	Outstanding Principal
Tranche A Term Loans	L + 6.0%	May 2022	\$43.3mm
Tranche B Term Loans	L + 8.5%	May 2023	\$490.9mm
Revolving Loans	L + 6.0%	May 2022	\$39.0mm
Total First Lien Debt			\$573.7mm
Second Lien Credit Agreement	L + 10.5%	Nov. 2023	\$85.0mm
Total Secured Debt			\$658.7mm
Green Unsecured Note	13.0%	Feb. 2024	\$10.0mm
Bircan Unsecured Notes	12.0%	Mar. 2019	\$3.3mm
Total Funded Debt			\$691.5mm

1. Super Senior Loan Agreement

28. As described below, to obtain additional working capital during the weeks leading to the Commencement Date, the Debtors entered into that certain Super Senior Secured Credit Agreement, dated as of May 9, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Super Senior Loan Agreement**” and such obligations thereunder, the “**Super Senior Loan Claims**”), among Fusion, as borrower, the other Debtors, as guarantors, Wilmington Trust, National Association (“**Wilmington Trust**”), as administrative agent and collateral agent, and the lenders party thereto (the “**Super Senior Lenders**”).⁷ As of the Commencement Date, the aggregate principal amount outstanding under the Super Senior Loan Agreement is \$20.0 million. Obligations under the Super Senior Loan Agreement are secured by a lien on substantially all of the Debtors’ assets, including 100% of the equity of non-Debtor Primus Management ULC.

2. First Lien Credit Agreement

29. The Debtors have outstanding first lien secured debt obligations under that certain First Lien Credit and Guaranty Agreement, dated as of May 4, 2018 (as amended,

⁷ The Super Senior Lenders are a subset of lenders under the First Lien Credit Agreement (defined below).

supplemented, amended and restated or modified from time to time, the “**First Lien Credit Agreement**” and such obligations thereunder, the “**First Lien Claims**”), among Fusion, as borrower, the other Debtors, as guarantors, Wilmington Trust, as administrative agent and collateral agent, and the lenders party thereto (the “**First Lien Lenders**”). As of the Commencement Date, the aggregate principal amount outstanding under the First Lien Credit Agreement is approximately \$573.7 million, which amount consists of the following tranches of debt, each secured by the same collateral with *pari passu* lien priority: (a) approximately \$43.3 million in “Tranche A” term loans (the “**Tranche A Term Loans**”), (b) approximately \$490.9 million in “Tranche B” term loans (the “**Tranche B Term Loans**”), and (c) \$39.5 million in loans under a revolving facility (the “**Revolver Loans**”). Obligations under the First Lien Credit Agreement are secured by a lien on substantially all of the Debtors’ assets, with a junior priority to the Super Senior Loan Claims.

30. In connection with the closing of the First Lien Credit Agreement, Vector Fusion Holdings (Cayman), Ltd. issued to Fusion a Subordinated Note, dated as of May 4, 2018, in the aggregate principal amount of \$25,000,000 (the “**Vector Subordinated Note**”). The Vector Subordinated Note and the proceeds thereof are pledged to the collateral agent under the First Lien Credit Agreement for the benefit of the secured parties thereunder. Under the first lien credit documents, any value received by such collateral agent or secured parties in respect of the Vector Subordinated Note must be deposited into a controlled account and applied first toward the repayment of the obligations owing to holders of the Revolver Loans prior to repayment of the obligations owing to holders of the Tranche A Term Loans and Tranche B Term Loans.

3. Second Lien Credit Agreement

31. The Debtors have outstanding second lien term loan obligations under that certain Second Lien Credit and Guaranty Agreement, dated as of May 4, 2018 (as amended,

supplemented, amended and restated or otherwise modified from time to time, the “**Second Lien Credit Agreement**” and such obligations thereunder, the “**Second Lien Claims**”), among Fusion, as borrower, the other Debtors, as guarantors, Wilmington Trust, as administrative agent and collateral agent, and the lenders party thereto. As of the Commencement Date, the aggregate principal amount outstanding under the Second Lien Credit Agreement is \$85.0 million. Obligations under the Second Lien Credit Agreement are secured by a lien on substantially all of the Debtors’ assets, with a junior priority to the Super Senior Loan Claims and First Lien Claims.

4. Intercreditor Agreements

32. The secured parties under the Super Senior Loan Agreement and the First Lien Credit Agreement are subject to that certain Super Senior Intercreditor Agreement, dated as of May 9, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Super Senior Intercreditor Agreement**”), among Wilmington Trust, in its capacities as super senior representative and first lien obligations representative. The secured parties under the Super Senior Loan Agreement, the First Lien Credit Agreement and the Second Lien Credit Agreement are subject to that certain Intercreditor Agreement, dated as of May 4, 2018 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**1L/2L Intercreditor Agreement**”), among Wilmington Trust, in its capacities as additional first lien obligations representative, first lien obligations representative and second lien obligations representative.

5. Green Note

33. Fusion has an outstanding note obligation under that certain Subordinated Promissory Note, dated as of May 4, 2018 (the “**Green Note**”), between Fusion and Holcombe T. Green, Jr. As of the Commencement Date, the aggregate principal amount outstanding under the Green Note is \$10.0 million. Obligations under the Green Note are unsecured.

6. Bircan Notes

34. Fusion BCHI Acquisition LLC is party to three (3) outstanding notes (collectively, the “**Bircan Notes**”): (a) that certain Amended and Restated Subordinated Promissory Note, dated as of May 4, 2018, with a principal outstanding amount of approximately \$1.5 million; (b) that certain Amended and Restated Subordinated Promissory Note, dated as of May 4, 2018, with a principal outstanding amount of \$1.3 million; and (c) that certain Amended and Restated Subordinated Promissory Note, dated as of May 4, 2018, with a principal outstanding amount of \$0.5 million. As of the Commencement Date, the aggregate principal amount outstanding under the Bircan Notes is approximately \$3.3 million. Obligations under each of the Bircan Notes are unsecured.

7. General Unsecured Claims

35. In the ordinary course of business, the Debtors incur trade credit on varying terms. As of the Commencement date, the Debtors estimate that there is approximately \$114 million in general unsecured claims, excluding lease rejection claims.

8. Intercompany Note

36. Each of the Debtors, as well as non-Debtors Primus Management ULC and Bircan Management ULC, are party to that certain Global Intercompany Note, dated as of May 9, 2019 (the “**Intercompany Note**”). All parties to the Intercompany Note are both “payors” and “payees,” and the Intercompany Note does not contemplate any static principal amount owing. Rather, the Intercompany Note governs the fluctuating balance of intercompany receivables and payables between each of the Company’s entities. All obligations under the Intercompany Note are unsecured as between payors and payees. As assets of the Debtors, obligations under the Intercompany Note are pledged as security for all tranches of the Company’s secured debt.

9. Equity Ownership

37. The Company is a public company that files annual reports with, and furnishes other information to, the Securities and Exchange Commission (the “SEC”). As of December 31, 2018, 150,000,000 shares of Fusion \$0.01 par value common stock had been authorized with 81,967,263 shares of common stock issued and outstanding. As of March 18, 2019, there were 213 record holders of the common stock, with approximately 60.7% held by BCHI Holdings, LLC (“**BCHI**”).⁸ As of December 31, 2018, 10,000,000 shares of preferred stock had been authorized, with 5,045 shares of Series A-1, A-2 and A-4 preferred stock issued and outstanding, and 9,171 shares of Series B-2 preferred stock issued and outstanding, all of which are held by BCHI.

IV. Circumstances Leading to these Chapter 11 Cases

A. **Birch Merger**

38. As described above, the Company has historically driven its growth in part through strategic acquisitions. On August 26, 2017, in furtherance of that strategy, Fusion and Fusion BCHI Acquisition LLC (“**Fusion BCHI**”) entered into a merger agreement with Birch, which underlying transaction closed on May 4, 2018. Because Birch was the larger entity, the transaction was structured as a reverse merger whereby Birch merged with and into Fusion BCHI, and the previous Birch shareholders acquired 65.2% of the outstanding common stock in the Company, held indirectly through BCHI Holdings, LLC. In connection with the Birch Merger, the Company also spun-off Lingo Management, LLC (“**Lingo**”),⁹ along with certain related subsidiaries, to the previous Birch shareholders.

⁸ Holcombe T. Green, Jr. is the managing member of BCHI and has voting and dispositive power over BCHI’s shares of Fusion common stock.

⁹ Lingo operated Birch’s business relating to its U.S.-based consumer customers, wireless customers, and small business customer-base.

39. To finance the Birch Merger, the Company entered into the First Lien Credit Agreement and the Second Lien Credit Agreement.¹⁰ The Company used proceeds from the foregoing to: (a) refinance the Company's and its subsidiaries' existing indebtedness, (b) pay expenses related to the Birch Merger and associated transactions, and (c) pay down certain subordinated notes owed by Birch to Holcombe T. Green, Jr., R. Kirby Godsey, and Holcombe T. Green, III. The Company also applied a portion of the proceeds from the First Lien Credit Agreement toward its acquisition of MegaPath.

40. The Company pursued the Birch Merger with a vision of leveraging its existing processes and structures to create synergies between Fusion's and Birch's joined customer bases, combine network infrastructure assets to improve operational efficiencies, and ultimately drive material growth in Fusion's and Birch's combined annual revenue. While the Company was able to improve operations and use the Birch Merger as a platform for expansion, the Birch business plan proved to be overly aggressive in terms of sustained customer bookings and price increases. Missed revenue projections left the Company with significantly less liquidity than originally anticipated.

B. Amortization and Interest Payments

41. The Company's liquidity position exposed the Company to default risk under both the First Lien Credit Agreement and Second Lien Credit Agreement. By the end of March 2019, the Company faced an upcoming \$6.7 million amortization payment under the First Lien Credit Agreement and a \$300,000 interest payment on the Green Note due on April 1, 2019 and April 2, 2019, respectively (together, the "**Amortization and Interest Payments**"). Given the Company's limited working capital, it determined that it was unlikely to be able to make the

¹⁰ On the same date, Fusion entered into the Green Note, and Fusion BCHI entered into the Bircan Notes.

Amortization and Interest Payments, and such non-payment would likely trigger a cross-default under the Second Lien Credit Agreement.

42. Thus, the Company began liaising with its key stakeholder constituencies to obtain a waiver in connection with the Company's existing defaults, and to engage in negotiations regarding potential restructuring of the Company's long-term capital structure. Meanwhile, due to the Company's failure to timely file its 2018 Form 10-K with the SEC and to pay certain NASDAQ listing fees, NASDAQ delisted Fusion's common stock from its exchange, effective May 13, 2019.

C. Pursuit of Debt Document Amendments and New Equity Investment

43. Weil, Gotshal & Manges LLP and FTI Consulting, Inc. were each retained in March of 2019 to assist the Company in exploring and evaluating potential transactions to improve its financial position. The Company and its advisors began by engaging in discussions with the Company's Majority Shareholder and certain lenders regarding the possibility of a new capital infusion and amendments to the First Lien Credit Agreement and the Second Lien Credit Agreement. By early April of 2019, negotiations had progressed to a point where the Company, the Majority Shareholder, and certain lenders were close to finalizing an agreement in principle. Ultimately, however, the parties were unable to agree on final terms.

D. Vendor Relationships and Lingo Dispute

44. The Company's precarious liquidity position forced the Company to stretch trade terms with its vendors. As a result, the Company's relationships with many of its vendors have become increasingly strained. Several of these vendors are vital to the Company's ongoing operations.

45. The Company also is involved in disputes with Lingo regarding alleged calculation errors made in connection with the Birch Merger and also stemming from Lingo's

failure to remit payments owed to the Company in connection with certain services the Company has provided to Lingo since the Birch Merger pursuant to a transition services agreement and a carrier services agreement. As of the Commencement Date, outstanding amounts remain due and owing to the Company, but Lingo has informed the Company that it does not intend to make any further payments as compensation for past amounts due.

E. Forbearance Agreement

46. In light of the outstanding defaults under the First Lien Credit Agreement and Second Lien Credit Agreement, the Company remained engaged in extensive discussions with the First Lien Ad Hoc Group, certain lenders holding Tranche A Term Loans and Revolver Loans, the lenders under the Second Lien Credit Agreement (the “**Second Lien Lenders**”), and each of their respective advisors. Those discussions culminated in a forbearance agreement, dated April 15, 2019 (the “**Forbearance Agreement**”), among Fusion and almost all of its lenders under the First Lien Credit Agreement (collectively, the “**Forbearing Lenders**”). Pursuant to the Forbearance Agreement, the Forbearing Lenders agreed not to exercise any remedies under the First Lien Credit Agreement with respect to the Company’s existing defaults specified therein until April 29, 2019.

47. Although the Company was unable to reach an agreement with the Second Lien Lenders as to a similar forbearance, the Second Lien Lenders were nonetheless barred from exercising remedies under the Second Lien Credit Agreement due to the 150-day standstill provision set forth in the Intercreditor Agreement.

F. Super Senior Financing

48. As described above, during the forbearance period under the Forbearance Agreement, the Company and the First Lien Ad Hoc Group continued discussions to build a path toward a consensual sale or reorganization transaction. On May 9, 2019, the Company closed the

Super Senior Loan Agreement with the Super Senior Lenders, securing an additional \$15.0 million in liquidity, and on May 28, 2019 obtained an incremental \$5.0 million under the Super Senior Loan Agreement.

G. Formation of Restructuring and Special Committees

49. On May 10, 2019, in connection with the Company's evaluation of strategic alternatives, Neal P. Goldman was appointed to the Company's board of directors (the "**Board**"). Further, on May 28, 2019, the Board established and appointed Mr. Goldman, along with Michael J. Del Giudice, Lewis Dickey, Jr., and Rafe de la Gueronniere (collectively, the "**Independent Directors**") to serve on an independent restructuring committee (the "**Restructuring Committee**") to evaluate and negotiate potential sale and restructuring transactions for the Company, among other things. Separately, the Board established a special committee (the "**Special Committee**") to review, investigate, and determine whether to pursue any claims, remedies, or other appropriate actions with respect to potential claims belonging to the Company, and appointed Mr. Goldman as the sole member of the Special Committee.

H. Other Restructuring Proposals

50. Simultaneously with its negotiations with the First Lien Ad Hoc Group, the Company remained in discussions with other key stakeholders. On May 17, 2019, to spur discussions among key stakeholder groups and set forth a potential framework for a fully consensual restructuring transaction, the Company circulated its own proposal to the First Lien Ad Hoc Group and the Second Lien Ad Hoc Group.

51. Separately, on April 30, 2019, the Company received a restructuring proposal from the Second Lien Lenders together with the Majority Shareholder (the "**2L / Lingo Proposal**"). While the Company remained engaged in discussions with the Second Lien Lenders and the Majority Shareholder regarding the 2L / Lingo Proposal through the Commencement Date,

it was unable to reach agreement on terms of a 2L / Lingo Proposal before the Company commenced these chapter 11 cases. The Company and the First Lien Ad Hoc Group intend to continue discussions with the Second Lien Lenders and the Majority Shareholder during these chapter 11 cases.

V. First Day Pleadings

52. The First Day Pleadings seek relief to allow the Company to meet necessary obligations and fulfill their duties as debtors in possession. I am familiar with the contents of each First Day Pleading and believe that the relief sought in each First Day Pleading is necessary to enable the Debtors to operate in chapter 11 with minimal disruption or loss of productivity and value, constitutes a critical element in achieving a successful reorganization of the Debtors, and best serves the Debtors' estates and creditors' interests. The facts set forth in each First Day Pleading are incorporated herein by reference. Capitalized terms used but not otherwise defined in this section of this Declaration shall have the meanings ascribed to them in the relevant First Day Pleadings. Below is an overview of each of the First Day Pleadings.

A. Administrative Motions and Applications

1. Joint Administration Motion

53. The Debtors request entry of an order directing joint administration of these chapter 11 cases for procedural purposes pursuant to Bankruptcy Rule 1015(b) and that the Court maintain one file and one docket for all of the chapter 11 cases under the lead case, Fusion Connect, Inc. Joint administration of these chapter 11 cases will provide significant administrative efficiencies without harming the substantive rights of any party in interest. The relief requested in the Joint Administration Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest and will enable the Debtors to continue to operate their businesses in chapter 11 with the least disruption.

2. Case Management Motion

54. The Debtors request entry of an order approving and implementing the notice, case management, and administrative procedures therein (collectively, the “**Case Management Procedures**”). Given the size and scope of these cases, the Case Management Procedures will facilitate service of notices, motions, applications, declarations, objections, responses, memoranda, briefs, supporting documents, and other papers filed in these chapter 11 cases that will be less burdensome and costly than servicing such documents on every potentially interested party. This, in turn, will maximize the efficiency and orderly administration of these chapter 11 cases, while at the same time ensuring that appropriate notice is provided.

3. Prime Clerk Retention Application

55. The Debtors request authority to retain and appoint Prime Clerk as Claims and Noticing Agent in accordance with the terms and conditions specified in the Engagement Agreement by and between the Company and Prime Clerk, effective as of the Commencement Date. Prime Clerk’s duties will include responsibility for the distribution of notices and the maintenance, processing, and docketing of proofs of claim, filed in the Debtors’ chapter 11 cases.

56. I believe the Company’s selection of Prime Clerk to serve as its Claims and Noticing Agent has satisfied the Bankruptcy Court’s Protocol for the Employment of Claims and Noticing Agents Under 28 U.S.C. § 156(c). Specifically, the Company solicited and reviewed engagement proposals from at least two other Court-approved claims and noticing agents to ensure selection through a competitive process. I believe that Prime Clerk’s rates are competitive and reasonable given Prime Clerk’s quality of services and expertise. The terms of Prime Clerk’s retention are set forth in the Engagement Agreement attached to, and filed contemporaneously therewith, the Claims and Noticing Agent Retention Application. Appointing Prime Clerk as the Debtors’ Claims and Noticing Agent will maximize the efficiency of the distribution of notices

and the processing of claims, as well as relieve the Office of the Clerk of the Bankruptcy Court of the administrative burden of processing an overwhelming number of claims.

4. Motion to Extend Time to Time to File Schedules and Statements

57. The Debtors request additional time to file their Schedules and Statements and their initial 2015.3 Reports. As a consequence of the size and complexity of the Company's business operations, the number of creditors likely to be involved in these chapter 11 cases, and the numerous critical operational matters that the Company's management and employees must address, a 45-day extension (without prejudice to further extensions) is necessary and appropriate to file the Schedules and Statements. Further, because the Company is not in a position to complete its initial 2015.3 Reports within the time required under Bankruptcy Rule 2015.3, I believe that extending the deadline to thirty-five (35) days after the 341 Meeting will provide the Company with the necessary time to examine the books and records of its non-Debtor subsidiaries that are subject to Bankruptcy Rule 2015.3.

5. Motion to File Creditors List on a Consolidated Basis

58. The Debtors seek authority to file a consolidated Creditor Matrix in lieu of submitting separate mailing matrices for each Debtor, file a consolidated list of the Company's forty (40) largest unsecured claims; redact certain personal identification information for individual creditors and interest holders, and approval of the form and manner of notifying creditors of commencement of these chapter 11 cases.

59. I believe that permitting the Company to maintain one single consolidated list of creditors in lieu of filing a separate creditor matrix for each Debtor entity is warranted under the circumstances of these chapter 11 cases. Specifically, maintaining a single consolidated Creditor Matrix will benefit the Debtors and their estates by allowing the Debtors to more

efficiently provide required notices to parties in interest and reduce the potential for duplicate mailings.

60. Cause exists to authorize the Company to redact address information of individual creditors and interest holders—many of whom are the Company’s employees—from the creditor list because such information is sensitive and could be used to perpetrate identity theft. It is also unnecessary to disclose. The Debtors propose to provide, under seal, an unredacted version of the Creditor Matrix to the Bankruptcy Court, the United States Trustee, and any official committee of unsecured creditors appointed in the chapter 11 cases, upon request.

61. I believe that the Company’s proposed procedures for service of the Notice of Commencement are adequate in light of the requirement to notify creditors of the commencement of these chapter 11 cases and the meeting of creditors. In addition to mailing the Notice of Commencement to its creditors, the Company proposes to publish, as soon as practicable, the Notice of Commencement in two national publications, as well as on Prime Clerk’s website.

B. Operational Motions Requesting Immediate Relief

1. Cash Management Motion

62. The Debtors request authority to continue their existing cash management system, honor certain prepetition obligations related thereto, and implement changes to their cash management system in the ordinary course of business, as well as other related relief. The Cash Management System is an ordinary course, customary, and essential business system which allows for the flow of cash between Bank Accounts and between the Debtors as required or needed, in accordance with the Company’s cash management practices.

63. The Cash Management System provides significant benefits to the Debtors, including the ability to (a) control corporate funds; (b) ensure the maximum availability of funds when and where necessary; (c) reduce costs and administrative expenses by facilitating the

movement of funds; and (d) allow the Company to operate at maximum efficiency. Given the Debtors' corporate and financial structure, it would be extremely difficult and expensive to establish and maintain a separate cash management system for each Debtor. Adopting and implementing a new cash management system at this early and critical stage of these chapter 11 cases would be extraordinarily disruptive, unnecessarily costly, and harmful to business operations. Accordingly, maintaining the existing Cash Management System is in the best interest of all parties in interest.

2. Employees Motion

64. The Debtors request authority to continue certain Employee-related programs and to pay and honor associated prepetition claims and obligations. The relief requested includes compensation for the Company's full-time employees, part-time employees, and independent contractors and consultants that provide services related to various aspects of the Company's operations. I believe that the Employees' experience, technological expertise, and knowledge of the Company's infrastructure and operations, as well as their relationships with customers and other industry contacts, render them invaluable to the Company's ongoing operations, particularly during these chapter 11 cases.

65. As of the Commencement Date, the Company employ approximately 850 individuals. I understand that the majority of the Company's Employees rely exclusively on their compensation, benefits, and reimbursement of expenses to satisfy their daily living expenses. I believe Employees will be exposed to significant financial difficulties and other distractions if the Debtors are not permitted to honor their obligations for unpaid compensation, benefits, and reimbursable expenses. Furthermore, if the Company is unable to honor their various obligations under the Health Care Plans, the Employees will not receive health coverage and, thus, may become obligated to pay certain health care claims in cases where the Company has not paid the

respective insurance providers. The loss of health care coverage will result in considerable anxiety for Employees (and likely attrition) at a time when the Company needs such Employees to perform their jobs at peak efficiency. Additionally, Employee attrition would cause the Debtors to incur additional expenses to find appropriate and experienced replacements, severely disrupting the Company's operations at this critical juncture.

3. Critical Vendors Motion

66. The Debtors seek authority to pay certain prepetition claims of certain Critical Vendors. The Company's business is based in large part on its ability to provide seamless and efficient services to customers. It is, therefore, essential to the success of these chapter 11 cases that the Company's supply chain remain uninterrupted. Even a short-term disruption to the Company's ability to provide services to customers could be catastrophic to the Company's operations and businesses.

67. The success of the Company's business is based, in large part, on ongoing relationships with certain Telecoms whose services and access to whose networks are necessary for the Company to deliver solutions to customers. The ability to leverage the services of certain Telecoms is integral to the Company's operations, and any interruption would cause irreparable harm to the Company's business. Furthermore, each Telecom provides a unique connectivity and service platform that cannot be replicated by other providers. Even if the Company attempted to replace a Telecom, changing vendors would be impracticable due to the cost and lead times required to engineer, install, test, and activate the circuits necessary for operation. It would take years for the Company to formulate a comparable network and migrate their existing customers onto any such platform, and the Company would be unable to operate during any such a transition. Without the guaranteed continuity of the platform provided by the Telecoms, the Company risks losing its ability to provide services to customers. Any interruption by an individual Telecom,

regardless of its brevity or scale, would significantly jeopardize the Company's entire business platform.

68. Additionally, the Company's business requires certain industry supplies and services from Trade Vendors that allow the Company to conduct day-to-day operations. The Trade Vendors provide the Debtors with, among other things, critical professional services, software, office materials, hardware, and logistical goods. These supplies and services are critical to the Company's day-to-day business.

69. The Critical Vendors are either sole- or limited-source suppliers of vital goods and services and/or cannot easily be replaced without significant disruptions to the Company's business. The Company does not have long-term agreements with Critical Vendors covering all of their critical requirements. If the Critical Vendors cease to provide goods and services to the Company, the Company would be unable to operate and continue providing services to customers.

4. Taxes Motion

70. The Debtors seek authority to remit and pay certain taxes, assessments, fees, and other charges in the ordinary course of business, including any taxes, assessments, fees, and charges subsequently determined upon audit, or otherwise, to be owed. The Debtors collect, withhold and incur an assortment of Taxes and Fees that they remit periodically to various federal, state and local taxing, licensing, regulatory and other governmental authorities. Certain of the Taxes and Fees collected prepetition are not property of the Debtors' estates but, rather, are held in trust for the Authorities. The Company also seeks to pay certain Taxes and Fees to, among other things, forestall Authorities from taking actions that may interfere with the Debtors' administration of these chapter 11 cases. I believe allowing the Company to continue remitting

and paying Taxes and Fees in the ordinary course of business is in the best interests of the Debtors' estates, the Debtors' creditors, and all other parties in interest.

5. Insurance and Surety Bond Motion

71. The Debtors request authority to continue to maintain and renew its Insurance Policies and Programs and the Surety Bond Program, continue honoring their Insurance and Surety Obligations on a postpetition basis in the ordinary course of business, and pay accrued and outstanding prepetition amounts due in connection with the Insurance and Surety Obligations. The Company also seeks a modification of the automatic stay to the extent necessary to permit Employees to proceed with any claims they may have under the Workers' Compensation Program.

72. In connection with operating its business, the Company maintain various Insurance Policies and Programs, which help manage and limit various business risks. Pursuant to the Insurance Policies, the Company pays certain Insurance Premiums in addition to various deductibles. The majority of the Insurance Premiums are either paid in full at the time of renewal, or paid in monthly or quarterly installments as part of a premium financing program and remitted to the Broker.

73. Additionally, in the ordinary course of business, the Company is required to provide various types of Surety Bonds to secure obligations owed to various third parties, including municipalities, state and federal governmental units, and public agencies, relating to their operations. As a condition to issuing certain Surety Bonds, the Sureties require the Company to enter into Indemnity Agreements, pursuant to which the Sureties are indemnified from any loss, cost, or expense that the Sureties may incur on account of the issuance of the Surety Bonds on behalf of the Company. The Company directly indemnifies the Sureties for their own policies.

74. I believe the Insurance Policies and Programs, as well as the Surety Bond Program, are essential to the preservation of the value of the Company's business and assets. I

understand the Company is required legally and contractually to maintain these programs, and the failure to do so will prevent the Debtors from undertaking essential functions related to their operations. Moreover, termination or lapse in the programs may result in substantial liability to the Company, including monetary fines, criminal prosecution, and personal liability, among others, to the detriment of all parties in interest.

6. Customer Programs Motion

75. The Debtors request authority, but not direction, to maintain and continue administering its Customer Programs and to honor prepetition Customer Program Obligations in the ordinary course of business.

76. The Debtors' businesses depend upon the continued relationships with their customers. To maintain and increase customer satisfaction, the Debtors have adopted and maintained, in the ordinary course of business, various promotional and subsidy programs to attract new customers and provide rebates and service credits to maintain customer satisfaction. Additionally, the Debtors generate new business through relationships with certain Channel Partners, who operate as independent sales agents. The Channel Partners account for the majority of the Company's new business bookings and are critical to promoting and maintaining customer sales and satisfaction. Without the ability to continue their Customer Programs and to satisfy prepetition obligations in connection therewith, the Company risks losing significant revenue and the value of their business.

7. DIP Motion

77. The Debtors seek, among other things, authority to enter into a superpriority secured DIP Facility in an aggregate principal amount of up to \$59.5 million in DIP Financing, with interim authority to draw up to \$20.0 million under the proposed DIP Financing. The DIP

Financing contemplates a \$20.0 million roll-up of the principal of Super Senior Loans only upon entry of an order approving the DIP Financing on a final basis.

78. The DIP Financing will provide the Company with, among other things, necessary liquidity to continue paying ordinary course expenses, and provide flexibility to consummate the transaction contemplated by the Restructuring Support Agreement. The DIP Financing will also send a positive message to the Company's vendors, customers, and employees, who will likely be highly focused on whether these chapter 11 cases are appropriately funded. Accordingly, I believe that the relief sought with respect to the DIP Financing is critical to ensure uninterrupted operations and to the success of these chapter 11 cases, and is necessary to avoid immediate and potentially irreparable harm to the Debtors' estates.

8. NOL Motion

79. The Debtors seek to establish procedures to protect the potential value of its consolidated NOL carryforwards and other Tax Attributes for use in connection with the Company's reorganization. The Company possesses certain Tax Attributes, including, as of the Commencement Date, estimated available NOL carryforwards of at least approximately \$150 million (subject to certain existing limitations) and disallowed business interest carryforwards of at least approximately \$29 million. The trading procedures seek authority to restrict trading of Fusion Common Stock and any claim of a worthless stock deduction that could result in an ownership change occurring before the effective date of a chapter 11 plan or any applicable bankruptcy court order. Such a restriction would protect the Debtors' ability to use the Tax Attributes during the pendency of these chapter 11 cases.

VI. Information Required by Local Rule 1007

80. In accordance with Local Rule 1007-2, the schedules attached as Exhibit B hereto provide certain information related to the Debtors.

81. Pursuant to Local Rule 1007-2(a)(3), **Schedule 1** hereto lists the names and addresses of the members of, and attorneys for, any official committee organized prior to the Commencement Date and a brief description of the circumstances surrounding the formation of the committee and the date of its formation.

82. Pursuant to Local Rule 1007-2(a)(4), **Schedule 2** hereto lists the holders of the Debtors' forty (40) largest unsecured claims on a consolidated basis, excluding claims of insiders.

83. Pursuant to Local Rule 1007-2(a)(5), **Schedule 3** hereto lists the holders of the five (5) largest secured claims against the Debtors on a consolidated basis.

84. Pursuant to Local Rule 1007-2(a)(6), **Schedule 4** hereto provides a summary of the (unaudited) consolidated assets and liabilities for the Debtors and their non-Debtor affiliates.

85. Pursuant to Local Rule 1007-2(a)(7), **Schedule 5** hereto provides the following information: the number and classes of shares of stock, debentures, and other securities of the Debtors that are publicly held and the number of record holders thereof; and the number and classes of shares of stock, debentures, and other securities of the Debtors that are held by the Debtors' directors and officers, and the amounts so held.

86. Pursuant to Local Rule 1007-2(a)(8), **Schedule 6** hereto provides a list of all of the Debtors' property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor, or agent for any such entity, giving the name, address, and telephone number of each such entity and the location of the court in which any proceeding relating thereto is pending.

87. Pursuant to Local Rule 1007-2(a)(9), **Schedule 7** hereto provides a list of the premises owned, leased, or held under other arrangement from which the Debtors operate their businesses.

88. Pursuant to Local Rule 1007-2(a)(10), **Schedule 8** hereto provides the location of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

89. Pursuant to Local Rule 1007-2(a)(11), **Schedule 9** hereto provides a list of the nature and present status of each action or proceeding, pending or threatened, against the Debtors or their property where a judgment against the Debtors or a seizure of their property may be imminent.

90. Pursuant to Local Rule 1007-2(a)(12), **Schedule 10** hereto provides a list of the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

91. Pursuant to Local Rule 1007-2(b)(1)-(2)(A), **Schedule 11** hereto provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors, stockholders, and partners) and the estimated amount to be paid to officers, stockholders, directors, members of any partnerships, and financial and business consultants retained by the Debtors for the thirty (30) day period following the filing of the Debtors' chapter 11 cases as the Debtors intend to continue to operate their businesses.

92. Pursuant to Local Rule 1007-2(b)(3), **Schedule 12** hereto provides, for the thirty (30) day period following the filing of the chapter 11 cases, a list of estimated cash receipts

and disbursements, net cash gain or loss, obligations, and receivables expected to accrue that remain unpaid, other than professional fees.

Conclusion

93. This declaration illustrates the factors that have precipitated the commencement of the chapter 11 cases and the critical need for the Debtors to obtain the relief requested in the First Day Pleadings.

[Execution Page Follows]

I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed this 3rd day of June, 2019

/s/ Keith Soldan

Keith Soldan
Chief Financial Officer

on behalf of

**FUSION CONNECT, INC.
FUSION BCHI ACQUISITION LLC
FUSION NBS ACQUISITION CORP.
FUSION LLC
FUSION MPHC HOLDING CORPORATION
FUSION MPHC GROUP, INC.
FUSION CLOUD COMPANY LLC
FUSION CLOUD SERVICES, LLC
FUSION CB HOLDINGS, INC.
FUSION COMMUNICATIONS, LLC
FUSION TELECOM, LLC
FUSION TEXAS HOLDINGS, INC.
FUSION TELECOM OF KANSAS, LLC
FUSION TELECOM OF OKLAHOMA, LLC
FUSION TELECOM OF MISSOURI, LLC
FUSION TELECOM OF TEXAS LTD., L.L.P.
BIRCAN HOLDINGS, LLC
FUSION MANAGEMENT SERVICES LLC
FUSION PM HOLDINGS, INC.**

Exhibit A

Restructuring Support Agreement

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (this “*Agreement*”), dated as of June 3, 2019, is entered into by and among:

- (i) Fusion Connect, Inc. (“*Fusion*”) and its direct and indirect U.S. subsidiaries (each, a “*Company Party*” and collectively, including Fusion, the “*Company Parties*”); and
- (ii) each undersigned First Lien Lender (as defined herein, and, together with their respective successors and permitted assigns and any subsequent First Lien Lender that becomes a party hereto in accordance with the terms hereof, the “*Consenting First Lien Lenders*”).

Each Company Party, each Consenting First Lien Lender, and any subsequent Person that becomes a party hereto in accordance with the terms hereof are referred to herein as the “*Parties*” and individually as a “*Party*.”

WHEREAS, the Parties have agreed to the Restructuring Transactions (as defined herein) consistent with the terms and subject to the conditions set forth herein, including in the Term Sheet (as defined herein), which are the product of arms'-length, good faith discussions between the Parties and their respective professionals;

WHEREAS, as of the date hereof, the Consenting First Lien Lenders in the aggregate hold, or act as the nominee, investment adviser, sub-adviser, or investment manager to entities that (x) hold, as of the date hereof, in excess of 66 ²/₃% of the aggregate outstanding principal amount of the First Lien Loans (as defined herein) and (y) constitute the Requisite Lenders (as defined in the Credit Agreement);

WHEREAS, the Parties desire to express to each other their mutual support and commitment in respect of the matters discussed in this Agreement and in the Term Sheet.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. Certain Definitions.

Capitalized terms used but not defined in this Agreement shall have the meaning ascribed to them in the restructuring term sheet attached hereto as **Exhibit A** (together with all schedules, exhibits, and annexes attached thereto, and as may be modified in accordance with Section 9 hereof, the “**Term Sheet**”).

As used in this Agreement, the following terms have the following meanings:

(a) “**Administrative Agent**” means Wilmington Trust, National Association, in its capacity as administrative agent under the Credit Agreement, and its successors and assigns.

(b) “**Alternative Transaction**” means any plan, dissolution, winding up, liquidation, sale or disposition, reorganization, merger or restructuring of the Company Parties or their assets other than the Restructuring Transactions, as set forth in the Term Sheet.

(c) “**Bankruptcy Code**” means title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as amended from time to time.

(d) “**Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of New York having jurisdiction over the Chapter 11 Cases.

(e) “**Bidding Procedures**” means the procedures governing the auction and Sale Process in the form attached to the Term Sheet as **Schedule 3**.

(f) “**Bidding Procedures Motion**” means a motion filed by the Debtors with the Bankruptcy Court for entry of the Bidding Procedures Order.

(g) “**Bidding Procedures Order**” means an order (i) approving the Bidding Procedures, (ii) setting dates for the submission of bids and the auction (if any) in accordance with the Bidding Procedures, and (iii) granting related relief.

(h) “**Claim**” has the meaning set forth in the Bankruptcy Code.

(i) “**Commencement Date**” means the date that the Debtors commence the Chapter 11 Cases.

(j) “**Confirmation Order**” means an order of the Bankruptcy Court confirming the Plan.

(k) “**Credit Agreement**” means that certain First Lien Credit and Guaranty Agreement, dated as of May 4, 2018 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof), by and among Fusion, as the borrower, certain subsidiaries of Fusion, as guarantors, the Administrative Agent, and the lenders party thereto.

(l) **“Definitive Documents”** means the documents (including any related orders, agreements, instruments, schedules or exhibits) that are contemplated by the Term Sheet and that are otherwise necessary or desirable to implement, or otherwise relate to the Restructuring Transactions, including, without limitation: (i) the Plan; (ii) the Bidding Procedures; (iii) the Bidding Procedures Motion; (iv) the Bidding Procedures Order; (v) the Disclosure Statement; (vi) the Disclosure Statement Motion; (vii) the Disclosure Statement Order; (viii) the Plan Solicitation Materials; (ix) the Confirmation Order; (x) the motion seeking approval by the Bankruptcy Court of the DIP Facility and the DIP Orders (including any declarations or affidavits submitted in support thereof) (the **“DIP Motion”**); (xi) the interim and final orders of the Bankruptcy Court approving the DIP Motion (the **“Interim DIP Order”** and the **“Final DIP Order,”** respectively), (xii) those motions and proposed orders that the Company Parties file on or after the Commencement Date and seek to have heard on an expedited basis at the “First Day Hearing”, including for the avoidance of doubt, the first day declaration (the **“First Day Pleadings”**); (xiii) those motions and proposed court orders that the Company Parties file and seek to have heard at the **“Second Day Hearing”**, including final orders in respect of those First Day Pleadings where only interim relief is provided at the “First Day Hearing” (the **“Second Day Pleadings”**); (xiv) all documents or agreements relating to the Sale Transaction; (xv) the New Exit Credit Agreement and material documents related thereto; (xvi) the New First Lien Term Loan Credit Agreement and material documents related thereto; (xvii) the Plan Supplement; (xviii) the organizational documents and all other governing documents and agreements of the reorganized Company Parties, as applicable, including any stockholders’ agreement and/or a registration rights agreement, in each case, with respect to the equity interests in Reorganized FCI; and (xix) any other material (with materiality determined in the reasonable discretion of the Requisite First Lien Lenders’ advisors, in consultation with the Debtors’ advisors) agreements, motions, pleadings, briefs, applications, orders, and other filings with the Bankruptcy Court related to the Restructuring Transactions. Each of the Definitive Documents shall contain terms and conditions consistent with this Agreement and the Term Sheet, and shall otherwise be reasonably acceptable to the Required Parties, including with respect to any modifications, amendments, or supplements to such Definitive Documents at any time during the RSA Support Period; provided, that the terms of the Plan, the Plan Supplement, the Plan Solicitation Materials, the Disclosure Statement, the Disclosure Statement Motion, the Disclosure Statement Order, the Confirmation Order, the Bidding Procedures, the Bidding Procedures Order, the DIP Credit Agreement, the DIP Motion, and the DIP Orders shall be acceptable to the Requisite First Lien Lenders.

(m) **“DIP Backstop Commitment”** has the meaning set forth in Section 4(e) of this Agreement.

(n) **“DIP Backstop Party”** has the meaning set forth in Section 4(e) of this Agreement.

(o) **“DIP Commitment”** has the meaning set forth in Section 4(e) of this Agreement.

(p) “**DIP Commitment Party**” has the meaning set forth in Section 4(e) of this Agreement.

(q) “**DIP Credit Agreement**” means the credit agreement evidencing the DIP Facility.

(r) “**DIP Facility**” means the debtor-in-possession term loan facility to be provided to the Company Parties consistent with the terms set forth in the DIP Term Sheet and in accordance with the terms, and subject in all respects to the conditions, as set forth in the DIP Credit Agreement and pursuant to the terms and conditions of the DIP Orders.

(s) “**DIP Orders**” means, collectively, the Interim DIP Order and the Final DIP Order.

(t) “**DIP Term Sheet**” means the term sheet setting forth the material terms of the DIP Facility attached to the Term Sheet as **Schedule 1**.

(u) “**Disclosure Statement**” means the disclosure statement in respect of the Plan, including all exhibits and schedules thereto.

(v) “**Disclosure Statement Motion**” means the motion seeking approval of the Disclosure Statement.

(w) “**Disclosure Statement Order**” means an order of the Bankruptcy Court approving the Disclosure Statement, the Plan Solicitation Materials, and the solicitation of the Plan.

(x) “**FCC**” means the Federal Communications Commission, including any official bureau or division thereof acting on delegated authority, and any successor governmental agency performing functions similar to those performed by the Federal Communications Commission.

(y) “**FCC Applications**” means collectively, each application, petition, or other request filed with the FCC in connection with the Restructuring Transactions.

(z) “**FCC Approval**” means the FCC’s grant of the FCC Applications, which grant shall have become a FCC Final Order, subject to the right of the Requisite First Lien Lenders to waive the requirement that such grant shall have become a FCC Final Order.

(aa) “**FCC Final Order**” means an FCC action or decision as soon as (i) the time has passed within which any related petition for reconsideration or application for review (including any related requests for stay) must be filed and no such petition or application has been filed, (ii) if any related initial petition for reconsideration or application for review has been filed (including any related requests for stay), the FCC (including through delegated authority) has made a disposition of such filing(s) that does not overturn or nullify the original action or decision, and (iii) the deadline for filing any

appeal that may be designated by statute or rule has passed, and no appeal is pending or in effect.

(bb) “**FCC Pro Forma Applications**” means, collectively, each application, petition or other request required to be filed with the FCC as a result of the Company Parties’ commencement of the Chapter 11 Cases.

(cc) “**First Lien Lender**” means any Lender under the Credit Agreement, each in its capacity as such.

(dd) “**First Lien Loan**” means any outstanding loan issued and other credit extended under the Credit Agreement.

(ee) “**Forbearance Agreement**” means that certain forbearance agreement, dated as of April 15, 2019 (as amended, modified, or otherwise supplemented from time to time) among Fusion, as borrower, the other Company Parties as guarantors, and the Forbearing Lenders (as defined in the Forbearance Agreement).

(ff) “**Governmental Authority**” means any federal, state, local or other governmental regulatory authority having jurisdiction over the Company Parties, including, without limitation, state public service and public utility commissions.

(gg) “**Governmental Approval**” means the approval of any Governmental Authority having jurisdiction over the Company Parties required in connection with the Restructuring Transactions.

(hh) “**Individual Support Period**” means, as to a Consenting First Lien Lender, the period commencing on the later of (x) Support Effective Date and (y) the date upon which such Consenting First Lien Lender became a Party to this Agreement, and ending on the earlier of (i) the date on which this Agreement is terminated in accordance with Section 5, (ii) the date on which this Agreement is terminated with respect to such Consenting First Lien Lender in accordance with Section 5, (iii) the date on which such Consenting First Lien Lender becomes a Non-Consenting First Lien Lender (as defined herein) in accordance with Section 9, and (iv) the Plan Effective Date.

(ii) “**New First Lien Term Loan Term Sheet**” means the term sheet setting forth the material terms of the New First Lien Term Loan attached to the Term Sheet as Schedule 2.

(jj) “**Outside Commencement Date**” means June 3, 2019.

(kk) “**Person**” means any “person” as defined in section 101(41) of the Bankruptcy Code, including, without limitation, any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or other entity.

(ll) “**Plan**” means a chapter 11 plan of reorganization implementing the Restructuring Transactions.

(mm) “**Plan Effective Date**” means the date upon which all conditions precedent to the effectiveness of the Plan have been satisfied or are expressly waived in accordance with the terms thereof, as the case may be.

(nn) “**Plan Solicitation Materials**” means the ballots and other related materials to be distributed in connection with the solicitation of acceptances of the Plan.

(oo) “**Plan Supplement**” means the supplement to the Plan comprised of documents, forms of documents, schedules, and/or exhibits to be filed by the Company Parties with the Bankruptcy Court.

(pp) “**Required Parties**” means each of (i) Fusion and (ii) the Requisite First Lien Lenders.

(qq) “**Requisite DIP Commitment Parties**” means, as of the date of determination, DIP Commitment Parties holding at least a majority in aggregate principal amount of the DIP Commitments held by the DIP Commitment Parties as of such date.

(rr) “**Requisite First Lien Lenders**” means, as of the date of determination, Consenting First Lien Lenders holding at least a majority in aggregate principal amount outstanding of the First Lien Loans held by the Consenting First Lien Lenders as of such date.

(ss) “**Restructuring Transactions**” means all acts, events, and transactions contemplated by, required for, and taken to implement the Restructuring pursuant to the Definitive Documents, and this Agreement, each in the singular and collectively, as applicable.

(tt) “**RSA Support Period**” means the period commencing on the Support Effective Date and ending on the earlier of (i) the date on which this Agreement is terminated in accordance with Section 5 and (ii) the Plan Effective Date.

(uu) “**SEC**” means the Securities and Exchange Commission.

(vv) “**Securities Act**” means the Securities Act of 1933, as amended.

(ww) “**Support Effective Date**” means the date on which the counterpart signature pages to this Agreement have been executed and delivered by the Company Parties and Consenting First Lien Lenders (i) holding at least 66 ²/₃% in aggregate principal amount outstanding of the First Lien Loans and (ii) representing the Requisite First Lien Lenders.

2. Term Sheet.

The Term Sheet is expressly incorporated herein by reference and made part of this Agreement as if fully set forth herein. The Term Sheet, including the schedules, annexes and exhibits thereto, sets forth certain material terms and conditions of the Restructuring Transactions. Notwithstanding anything else in this Agreement to the contrary, in the event of any inconsistency between this Agreement and the Term Sheet (including the attachments thereto, as applicable), the Term Sheet (including the attachments thereto, as applicable) shall control.

3. Agreements of the Consenting First Lien Lenders.

(a) Agreement to Support. During the Individual Support Period with respect to such Consenting First Lien Lender, subject to the terms and conditions hereof, each of the Consenting First Lien Lenders agrees, severally and not jointly, that it shall:

(i) use its commercially reasonable efforts to support the Restructuring and the Restructuring Transactions, to act in good faith and to take any and all reasonable actions necessary to consummate the Restructuring and the Restructuring Transactions, in a manner consistent with this Agreement;

(ii) not direct the Administrative Agent to take any action inconsistent with the Consenting First Lien Lenders' obligations under this Agreement, and, if the Administrative Agent takes any action inconsistent with the Consenting First Lien Lenders' obligations under this Agreement, the Consenting First Lien Lenders shall direct and use their commercially reasonable efforts to cause the Administrative Agent to cease, withdraw, and refrain from taking any such action;

(iii) timely vote (pursuant to the Plan) or cause to be voted all of its Claims (including on account of any claims other than those relating to the Credit Agreement, owned or controlled by such Consenting First Lien Lender) to accept the Plan by delivering its duly executed and completed ballot or ballots, as applicable, accepting the Plan on a timely basis following commencement of the solicitation of acceptances of the Plan in accordance with sections 1125 and 1126 of the Bankruptcy Code;

(iv) negotiate in good faith with the Company Parties the forms of the Definitive Documents and, subject to the consent thresholds specified herein, execute the Definitive Documents (to the extent such Consenting First Lien Lender is a party thereto);

(v) not change or withdraw its votes to accept the Plan (or cause or direct such vote to be changed or withdrawn); provided, however, that such vote shall, without any further action by the applicable Consenting First Lien Lender, be deemed automatically revoked (and, upon such revocation, deemed void *ab initio*) by the applicable Consenting First Lien Lender at any time following the expiration of the Individual Support Period with respect to such Consenting First Lien Lender;

(vi) other than in respect of any such rights preserved under Section 3(d) below, not directly or indirectly, through any Person, take any action, including initiating (or encouraging any other Person to initiate) any legal proceeding, that is inconsistent with or that would reasonably be expected to prevent, interfere with, delay, or impede the consummation of the Restructuring or Restructuring Transactions, including the approval of the DIP Motion, the entry of the DIP Orders, the approval of the Bidding Procedures Motion, the entry of the Bidding Procedures Order, the approval of the Disclosure Statement, or the solicitation of votes on, and confirmation of, the Plan;

(vii) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Restructuring Transactions, negotiate in good faith appropriate additional or alternative provisions to address any such impediment;

(viii) use its commercially reasonable efforts to obtain any and all required regulatory and third-party approvals for such Consenting First Lien Lender to consummate the Restructuring Transactions and to support the Company Parties in connection with the same;

(ix) support and take all reasonable actions necessary or reasonably requested by the Company Parties to confirm such Consenting First Lien Lender's support for the Bankruptcy Court's approval of the Plan and Disclosure Statement, the solicitation of votes on the Plan by the Company Parties, and the confirmation and consummation of the Plan and the Restructuring Transactions; and

(x) prior to the Commencement Date, (A) agree not, and not request or direct the Administrative Agent to, (x) accelerate all of the First Lien Loans and the Obligations (as defined in the Credit Agreement) related thereto or (y) exercise any other rights or remedies available to the Administrative Agent or to such Consenting First Lien Lender pursuant to Section 8.1 of the Credit Agreement or Section 5.01 of the Pledge and Security Agreement (as defined in the Credit Agreement) forbear and (B) direct the Administrative Agent to abstain from taking any of the actions described in clause (A) above.

(b) Transfers.

(i) Each Consenting First Lien Lender agrees that, for the duration of the Individual Support Period, with respect to such Consenting First Lien Lender, it shall not sell, transfer, loan, issue, participate, pledge, hypothecate, assign or otherwise dispose of (other than ordinary course pledges or swaps) (each, a "***Transfer***"), directly or indirectly, in whole or in part, any of its Claims, including any beneficial ownership in any such Claims,¹ or any option thereon or any right or interest therein, unless the transferee thereof either (A) is a Consenting First Lien Lender (with respect to a Transfer

¹ As used herein, the term "***beneficial ownership***" means the direct or indirect economic ownership of, and/or the power, whether by contract or otherwise, to direct the exercise of the voting rights and the disposition of, any Claims subject to this Agreement or the right to acquire such Claims.

by a Consenting First Lien Lender) or (B) prior to such Transfer, agrees in writing for the benefit of the Parties to become a Consenting First Lien Lender and to be bound by all of the terms of this Agreement applicable to Consenting First Lien Lenders (including with respect to any and all Claims it already may hold against or in the Company Parties prior to such Transfer) by executing a joinder agreement, a form of which is attached hereto as **Exhibit B** (a “**Joinder Agreement**”), which shall include making the representations and warranties of the Consenting First Lien Lenders set forth in Section 7 of this Agreement to each other Party to this Agreement, and delivering an executed copy thereof within two (2) business days of such execution, to (1) Weil, Gotshal and Manges LLP (“**Weil**”), as counsel to the Company Parties and (2) Davis Polk & Wardwell LLP (“**Davis Polk**”), as counsel to the Ad Hoc First Lien Lender Group, in which event (x) the transferee shall be deemed to be a Consenting First Lien Lender hereunder to the extent of such Transferred Claims and (y) the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of and solely with respect to such transferred Claims (but not with respect to any other Claims or equity interests acquired or held by such transferor) (such Transfer, a “**Permitted Transfer**” and such party to such Permitted Transfer, a “**Permitted Transferee**”). Each Consenting First Lien Lender agrees that any Transfer of any Claim that does not comply with the terms and procedures set forth herein shall be deemed void *ab initio*, and the Company Parties and each other Consenting First Lien Lender shall have the right to enforce the voiding of such Transfer.

(ii) Notwithstanding anything to the contrary herein, (A) a Qualified Marketmaker² that acquires any Claims subject to this Agreement held by a Consenting First Lien Lender with the purpose and intent of acting as a Qualified Marketmaker for such Claims, shall not be required to become a party to this Agreement as a Consenting First Lien Lender, if such Qualified Marketmaker Transfers such Claims (by purchase, sale, assignment, or other similar means) within the earlier of ten (10) business days of its acquisition and the plan voting deadline to a Permitted Transferee and the Transfer otherwise is a Permitted Transfer; provided, that a Qualified Marketmaker’s failure to comply with this Section 3(b) shall result in the Transfer of such Claims to such Qualified Marketmaker being deemed void *ab initio*, and (B) to the extent any Party is acting solely in its capacity as a Qualified Marketmaker, it may Transfer any ownership interests in the Claims that it acquires from a holder of Claims that is not a Consenting First Lien Lender to a transferee that is not a Consenting First Lien Lender at the time of such Transfer without the requirement that the transferee be or become a signatory to this Agreement or execute a Joinder Agreement.

(iii) This Section 3(b) shall not impose any obligation on the Company Parties to issue any “cleansing letter” or otherwise publicly disclose information for the

² As used herein, the term “**Qualified Marketmaker**” means an entity that (a) holds itself out to the public, the syndicated loan market, or the applicable private markets as standing ready in the ordinary course of business to purchase from customers and sell to customers claims against, or equity interests in, the Company (including First Lien Loans), or enter with customers into long and short positions in claims against the Company, in its capacity as a dealer or market maker in such claims and (b) is, in fact, regularly in the business of making a market in claims against issuers or borrowers (including term, loans, or debt or equity securities).

purpose of enabling a Consenting First Lien Lender to Transfer any Claims. Notwithstanding anything to the contrary herein, to the extent the Company Parties and another Party have entered into a separate agreement with respect to the issuance of a “cleansing letter” or other public disclosure of information, the terms of such confidentiality agreement shall continue to apply and remain in full force and effect according to its terms.

(c) Additional Claims. This Agreement shall in no way be construed to preclude a Consenting First Lien Lenders from acquiring additional Claims; provided that, to the extent any Consenting First Lien Lender (i) acquires additional Claims, (ii) holds or acquires any other claims against the Company Parties entitled to vote on the Plan or (iii) holds or acquires any equity interests in the Company Parties entitled to vote on the Plan, then, in each case, each such Consenting First Lien Lender shall promptly notify Weil and Davis Polk, and each such Consenting First Lien Lender agrees that all such Claims and/or equity interests shall be subject to this Agreement, and agrees that, for the duration of the Individual Support Period with respect to such Consenting First Lien Lender and subject to the terms of this Agreement, it shall vote in favor of the Plan (or cause to be voted) any such additional Claims and/or equity interests entitled to vote on the Plan (to the extent still held by it on or on its behalf at the time of such vote), in a manner consistent with Section 3(a) hereof. For the avoidance of doubt, any obligation to vote for the Plan or any other plan of reorganization shall be subject to sections 1125 and 1126 of the Bankruptcy Code.

(d) Preservation of Rights. Notwithstanding the foregoing, nothing in this Agreement, and neither a vote to accept the Plan by any Consenting First Lien Lender, nor the acceptance of the Plan by any Consenting First Lien Lender, shall: (i) be construed to limit consent and approval rights provided in this Agreement, the Term Sheet, and the Definitive Documents; (ii) be construed to prohibit any Consenting First Lien Lender from contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement; (iii) limit the rights of any Consenting First Lien Lender under any applicable bankruptcy, insolvency, foreclosure or similar proceeding, or be construed to prohibit any Consenting First Lien Lender from appearing as a party-in-interest in any matter to be adjudicated in or arising in connection with the Chapter 11 Cases, so long as such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement or such Consenting First Lien Lenders’ obligations hereunder; (iv) limit the ability of any Consenting First Lien Lender to purchase, sell, or enter into any transaction in connection with its Claims, in compliance with the terms hereof and applicable law; (v) constitute a waiver or amendment of any provision of the Credit Agreement, the Collateral Documents (as defined in the Credit Agreement) or any related documents or any other documents or agreements that give rise to a Consenting First Lien Lender’s Claims; (vi) bar any Consenting First Lien Lender or the Administrative Agent on behalf of the Consenting First Lien Lenders from filing a proof of claim with the Bankruptcy Court, or taking action to establish the amount of such claim; or (vii) limit the ability of any Consenting First Lien Lender to assert any rights, claims, or defenses under the Credit Agreement, the Collateral Documents (as defined in the Credit Agreement), and any related documents or any other documents or agreements that give rise to a Consenting First Lien Lender’s Claims, to the

extent the assertion of such rights, claims, or defenses are not inconsistent with this Agreement or such Consenting First Lien Lenders' obligations hereunder.

(e) Subject to Section 5 of this Agreement, each Consenting First Lien Lender party hereto as of the date of this Agreement that is set forth on Schedule 1 hereto (such Consenting First Lien Lender, a "**DIP Backstop Party**") commits, severally and not jointly, to provide its share of the DIP Facility as set forth on Schedule 1 hereto on the terms and conditions substantially as set forth in the DIP Term Sheet and otherwise subject to relevant Definitive Documents (such commitment, the "**DIP Backstop Commitment**"), provided, that any Consenting First Lien Lender that executes a Joinder to this Agreement by June 10, 2019 (the "**DIP Election Date**") may, by making the appropriate election on such Joinder, commit, severally and not jointly, to provide a share of the DIP Facility in an amount not greater than the pro rata percentage of First Lien Loans held by such Consenting First Lien Lender as of June 3, 2019 (such date, the "**DIP Commitment Record Date**" and such commitment, a "**DIP Commitment**"), and otherwise on the terms and conditions agreed to by the DIP Backstop Parties in the DIP Term Sheet and the DIP Credit Agreement, as applicable (any Consenting First Lien Lender that elects to make such commitment, together with any DIP Backstop Party, a "**DIP Commitment Party**"). Not less than one (1) calendar day after the DIP Election Date, each DIP Backstop Party's DIP Backstop Commitment shall be automatically reduced, pro rata, by the amount of such additional commitments of the Consenting First Lien Lenders, to reflect the share of the DIP Facility to be provided by all DIP Commitment Parties and this Agreement and Schedule 1 hereto shall automatically be deemed amended to reflect such reduction; provided, further, that upon a termination of this Agreement in accordance with the provisions hereof prior to the funding of the DIP Facility, all DIP Backstop Commitments and DIP Commitments shall terminate. The amount of a DIP Commitment Party's share of the DIP Facility shall be reduced, on a dollar-for-dollar basis, by the amount of Super Senior Loans held by such DIP Commitment Party on the DIP Commitment Record Date.

4. Agreements of the Company Parties.

(a) Covenants. Each Company Party agrees that, for the duration of the RSA Support Period, such Company Party shall:

(i) (A) support and use commercially reasonable efforts to consummate and complete the Restructuring Transactions, and all transactions contemplated under this Agreement (including, without limitation, those described in the Term Sheet, and, once filed, the Plan) including, without limitation, (1) take any and all reasonably necessary actions in furtherance of the Restructuring Transactions, and the transactions contemplated under this Agreement, including, without limitation, as set forth in the Term Sheet (including with respect to an exit facility), and, once filed, the Plan, (2) commence the Chapter 11 Cases on or before the Outside Commencement Date and complete and file, within the timeframes contemplated herein, the Plan, the Disclosure Statement, and the other Definitive Documents, (3) use commercially reasonable efforts to obtain orders of the Bankruptcy Court approving the DIP Credit Agreement, the Bidding Procedures Motion, and the Disclosure Statement and

confirming the Plan within the timeframes contemplated by this Agreement; and (4) prosecute and defend any objections or appeals relating to the DIP Orders, the Disclosure Statement Order, the Confirmation Order, and/or the Restructuring Transactions; and (B) not take any action that is inconsistent with, or to alter, delay, impede, or interfere with, approval of the DIP Orders, the Bidding Procedures Order, or the Disclosure Statement, confirmation of the Plan, or consummation of the Plan and the Restructuring Transactions, in the case of each of clauses (A) and (B) to the extent consistent with, upon the advice of counsel, the fiduciary duties of the boards of directors of the Company;

(ii) if the Company Parties receive an unsolicited bona fide proposal or expression of interest in undertaking an Alternative Transaction that the boards of directors, members, or managers (as applicable) of the Company Parties, determine in their good-faith judgment provides a higher or better economic recovery to the Company Parties' stakeholders than that set forth in this Agreement and such Alternative Transaction is from a proponent that the boards of directors, members, or managers (as applicable) of the Company Parties have reasonably determined is capable of timely consummating such Alternative Transaction, the Company Parties will, within 24 hours of the receipt of such proposal or expression of interest, notify Davis Polk and Greenhill (as defined herein) of the receipt thereof, with such notice to include the material terms thereof, including the identity of the Person or group of Persons involved;

(iii) provide draft copies of all material motions or applications and other documents (including the Plan, the Disclosure Statement, the ballots and other solicitation materials in respect of the Plan, and the Confirmation Order) the Debtors intend to file with the Bankruptcy Court to Davis Polk, if reasonably practical, at least three (3) business days prior to the date when the Company Parties intend to file any such pleading or other document (provided that if delivery of such motions, orders or materials (other than the Plan, the Disclosure Statement, the Confirmation Order or the DIP Orders) at least three (3) business days in advance is not reasonably practicable, such motion, order or material shall be delivered as soon as reasonably practicable prior to filing) and shall consult in good faith with such counsel regarding the form and substance of any such proposed filing with the Bankruptcy Court;

(iv) file the First Day Pleadings reasonably determined by the Debtors, in form and substance reasonably acceptable to the Requisite First Lien Lenders, to be necessary, and to seek interim and final (to the extent necessary) orders, in form and substance reasonably acceptable to the Debtors and the Requisite First Lien Lenders, from the Bankruptcy Court approving the relief requested in the First Day Pleadings;

(v) not seek to amend or modify, or file a pleading seeking authority to amend or modify, the Definitive Documents in a manner that is inconsistent with this Agreement;

(vi) not file or seek authority to file any pleading inconsistent with the Restructuring Transactions or the terms of this Agreement; provided, that if a Company Party receives written notice from any Consenting First Lender regarding a breach of this

Section 4(a)(vi), the Company Parties shall have two (2) business days after the receipt of such written notice to cure such breach;

(vii) not, nor encourage any other person or entity to, take any action which would, or would reasonably be expected to, breach or be inconsistent with this Agreement or delay, impede, appeal, or take any other negative action, directly or indirectly, to interfere with the acceptance, confirmation, or consummation of the Plan or implementation of the Restructuring Transactions;

(viii) (x) not file or support any motion, application, or adversary proceeding and (y) timely object to any motion, application, or adversary proceeding filed with the Bankruptcy Court or any other court of competent jurisdiction by any Person seeking the entry of an order (i) directing the appointment of a trustee with authority to operate the Company's business in the Chapter 11 Cases, (ii) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (iii) dismissing the Chapter 11 Cases or (iv) for relief that (x) is inconsistent with this Agreement in any material respect or (y) would, or would reasonably be expected to, frustrate the purposes of this Agreement, including by preventing the consummation of the Restructuring Transactions.

(ix) seek entry of the DIP Orders and, if necessary, timely file a formal written response in opposition to any objection filed with the Bankruptcy Court by any person or entity with respect to entry of the DIP Orders or with respect to any adequate protection proposed to be granted or granted to the Consenting First Lien Lenders pursuant to the DIP Orders;

(x) timely (A) file a motion to extend the period for the Debtors' exclusive right to file and/or solicit acceptances of a plan of reorganization, and (B) file a formal written objection to any motion filed with the Bankruptcy Court by any Person seeking the entry of an order modifying or terminating the Debtors' exclusive right to file and/or solicit acceptances of a plan of reorganization;

(xi) subject to appropriate confidentiality arrangements, provide to the Consenting First Lien Lenders' professionals, upon reasonable advance notice to the Company Parties: (A) reasonable access (without any material disruption to the conduct of the Company Parties' business) during normal business hours to the Company Parties' books, records, and facilities; (B) reasonable access to the respective management and advisors of the Company Parties for the purposes of evaluating the Company Parties' finances and operations and participating in the planning process with respect to the Restructuring Transactions; (C) prompt access to any information provided to any existing or prospective financing sources (including lenders under any debtor-in-possession and/or exit financing); and (D) prompt and reasonable responses to all reasonable diligence requests;

(xii) promptly pay all prepetition and postpetition reasonable and documented fees and expenses of (A) Davis Polk, (B) Greenhill & Co., LLC ("**Greenhill**"), (C) Altman Vilandrie & Company and its sub-agents ("**Altman**

Vilandrie”), (D) one firm acting as local counsel for the Ad Hoc First Lien Lender Group, if any, (E) Wiley Rein LLP, and (F) any other advisors retained by the Ad Hoc First Lien Lender Group, in each case of clauses (A)-(F), in accordance with the terms of their respective engagement letters with the Company, if any (collectively, the “*Restructuring Expenses*”); and unless otherwise agreed by the Company Parties and the applicable firm, the Company Parties shall (i) on the date that is at least one (1) business day prior to the Commencement Date, pay (x) all Restructuring Expenses accrued but unpaid as of such date (to the extent invoiced), whether or not such Restructuring Expenses are then due, outstanding, or otherwise payable in connection with this matter and (y) fund or replenish, as the case may be, any retainers reasonably requested by any of the foregoing professionals, in each case in accordance with the terms of their respective engagement letters with the Company Parties; (ii) after the Commencement Date, pay all accrued but unpaid Restructuring Expenses on a regular and continuing basis and (iii) on the Plan Effective Date, so long as this Agreement has not been terminated as to all Parties, pay all accrued and unpaid Restructuring Expenses incurred up to (and including) the Plan Effective Date by Parties still subject to this Agreement (provided, for the avoidance of doubt, that such Restructuring Expenses have not been satisfied during the Chapter 11 Cases pursuant to the DIP Orders), without any requirement for Bankruptcy Court review or further Bankruptcy Court order; provided that, notwithstanding the foregoing, nothing herein shall affect or limit any obligations of the Company Parties to pay the Restructuring Expenses as provided in the DIP Orders;

(xiii) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Restructuring Transactions, negotiate in good faith appropriate additional or alternative provisions to address any such impediment;

(xiv) subject to applicable laws, use commercially reasonable efforts to, consistent with the pursuit and consummation of the Restructuring Transactions, preserve intact in all material respects the current business operations of the Company Parties (other than as consistent with applicable fiduciary duties), keep available the services of its current officers and material employees (in each case, other than as contemplated by the Company Parties’ current business plan provided to the Consenting First Lien Lenders, voluntary resignations, terminations for cause, or terminations consistent with applicable fiduciary duties) and preserve in all material respects its relationships with customers, sales representatives, suppliers, distributors, and others, in each case, having material business dealings with the Company Parties (other than terminations for cause or consistent with applicable fiduciary duties); and

(xv) provide prompt written notice (in accordance with Section 19 hereof) to the Consenting First Lien Lenders and Davis Polk between the date hereof and the Plan Effective Date of (A) the occurrence, or failure to occur, of any event of which any of the Company Parties has actual knowledge which occurrence or failure would be likely to cause any covenant of the Company Parties contained in this Agreement not to be satisfied in any material respect; (B) receipt of any written notice from any third party alleging that the consent of such party is or may be required in connection with the Restructuring Transactions; (C) receipt of any notice or correspondence (whether written

or oral) from any counterparty to a contract or license that is material to the operation of the business of the Company Parties; (D) receipt of any written notice from any governmental body in connection with this Agreement or the Restructuring Transactions; (E) receipt of any written notice of any proceeding commenced, or, to the actual knowledge of the Company Parties, threatened against the Company Parties, relating to or involving or otherwise affecting in any material respect the Restructuring Transactions; and (F) any failure of any Company Party to comply, in any material respect, with or satisfy any covenant, condition, or agreement to be complied with or satisfied by it hereunder; and

(xvi) use its commercially reasonable efforts to promptly obtain the FCC Approval, any and all required Governmental Approvals, any and all approvals of any foreign regulatory bodies, and any and all third-party approvals for the Restructuring Transactions embodied in the Definitive Documents, including the Plan, within the timeframes contemplated by this Agreement, as applicable.

(b) Automatic Stay. Each Company Party acknowledges, agrees, and shall not dispute that after the commencement of the Chapter 11 Cases, the giving of notice of termination by any Party pursuant to this Agreement shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and the Company hereby waives, to the extent legally possible, the applicability of the automatic stay to the giving of such notice); provided that nothing herein shall prejudice any Party's rights to argue that the giving of notice of default or termination was not proper under the terms of this Agreement.

5. Termination of Agreement.

(a) This Agreement shall terminate upon the receipt of written notice to the other Parties, delivered in accordance with Section 19 hereof, from, as applicable, (x) the Requisite First Lien Lenders at any time after and during the continuance of any Lender Termination Event or (y) Company Parties at any time after and during the continuance of any Company Termination Event, as applicable. Notwithstanding any provision to the contrary in this Section 5, no Party may exercise any of its respective termination rights as set forth herein if such Party has failed to perform or comply in all material respects with the terms and conditions of this Agreement (unless such failure to perform or comply arises as a result of another Party's actions or inactions), with such failure to perform or comply causing, or resulting in, the occurrence of a Lender Termination Event (as defined below) or Company Termination Event specified herein. This Agreement shall terminate on the Plan Effective Date without any further required action or notice.

(b) A "***Lender Termination Event***" shall mean any of the following:

(i) the breach by any Company Party of (a) any covenant contained in this Agreement or (b) any other obligations of the Company Parties set forth in this Agreement, and, in each case, such breach remains uncured for a period of five (5) business days after receipt of written notice thereof pursuant to Section 19 hereof (as applicable);

(ii) any representation or warranty in this Agreement made by a Company Party shall have been untrue in any material respect when made or shall have become untrue in any material respect;

(iii) the Definitive Documents and any amendments, modifications, or supplements thereto filed by the Company include terms that are inconsistent with the Term Sheet and are not otherwise reasonably acceptable to the Requisite First Lien Lenders, and such event remains unremedied for a period of three (3) business days following the Company Parties' receipt of notice pursuant to Section 19 hereto (as applicable);

(iv) a Definitive Document alters the treatment of the First Lien Lenders specified in the Term Sheet without complying with Section 9 hereof and the Requisite First Lien Lenders have not otherwise consented to such Definitive Document;

(v) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment or order declaring this Agreement to be unenforceable, enjoining the consummation of a material portion of the Restructuring Transactions or rendering illegal this Agreement, the Plan or the Restructuring Transactions, and either (A) such ruling, judgment or order has been issued at the request of or with the acquiescence of a Company Party, or (B) in all other circumstances, such ruling, judgment or order has not been stayed, reversed or vacated within fifteen (15) calendar days after such issuance;

(vi) the Support Effective Date shall not have occurred on or before the Commencement Date;

(vii) the Commencement Date shall not have occurred on or before the Outside Commencement Date;

(viii) if the Debtors fail to meet any milestone or deadline set forth in the Bidding Procedures;

(ix) if, as of 11:59 p.m. prevailing Eastern Time on the date that is one (1) calendar day from the Commencement Date, the Debtors have not filed the Bidding Procedures Motion;

(x) if, as of 11:59 p.m. prevailing Eastern Time on the date that is five (5) calendar days from the Commencement Date, the Interim DIP Order has not been entered by the Bankruptcy Court;

(xi) if, as of 11:59 p.m. prevailing Eastern Time on the date that is five (5) business days after the Commencement Date, the Company Parties have not completed the filing of the FCC Pro Forma Applications, and any material applications, petitions or other requests to be filed with any other Governmental Authority as a result of the commencement of the Chapter 11 Cases;

(xii) if, as of 11:59 p.m. prevailing Eastern Time on the date that is fourteen (14) calendar days from the Commencement Date, the Company Parties have not completed the filing of (x) the FCC Applications, (y) any material applications, petitions or other requests to be filed with any other Governmental Authority that are required to obtain the Governmental Approvals and (z) any other material applications, petitions or other requests to be filed with any foreign regulatory agencies in order to obtain their approvals or otherwise that are necessary to effectuate the Restructuring Transactions;

(xiii) if, as of 11:59 p.m. prevailing Eastern Time on the date that is twenty-one (21) calendar days from the Commencement Date, the Debtors have not filed the Disclosure Statement Motion, the Disclosure Statement, and the Plan;

(xiv) if, as of 11:59 p.m. prevailing Eastern Time on the date that is twenty-one (21) calendar days following the filing of the Bidding Procedures Motion, the Bidding Procedures Order has not been entered by the Bankruptcy Court;

(xv) if, as of 11:59 p.m. prevailing Eastern Time on the date that is thirty (30) calendar days from the Commencement Date, the Debtors have not commenced solicitation of non-binding indications of interest ("***Exit Financing IOIs***") to provide the New Exit Loans in a manner reasonably satisfactory to Greenhill;

(xvi) if, as of 11:59 p.m. prevailing Eastern Time on the date that is thirty-five (35) calendar days from the Commencement Date, the Final DIP Order has not been entered by the Bankruptcy Court;

(xvii) if, as of 11:59 p.m. prevailing Eastern Time on the date that is sixty (60) calendar days from the Commencement Date, the Bankruptcy Court has not entered the Disclosure Statement Order;

(xviii) if, as of 11:59 p.m. prevailing Eastern Time on the date that is fifty (50) calendar days from the Commencement Date, the deadline set by the Debtors to receive Exit Financing IOIs shall not have passed;

(xix) if, as of 11:59 p.m. prevailing Eastern Time on the date that is ninety five (95) calendar days from the Commencement Date, the Debtors have not received at least one, irrevocable and binding commitment letter for the New Exit Credit Agreement acceptable to the Requisite First Lien Lenders;

(xx) if, as of 11:59 p.m. prevailing Eastern Time on the date that is one-hundred and twenty (120) calendar days from the Commencement Date, the Bankruptcy Court has not entered the Confirmation Order;

(xxi) if, as of the earlier of 11:59 p.m. prevailing Eastern Time on the date that is twenty (20) calendar days following entry of the Confirmation Order, the Plan Effective Date has not occurred; provided, that this date shall be extended to thirty-five (35) calendar days following entry of the Confirmation Order if all other conditions to the Plan have been satisfied or waived in accordance with the terms thereof other than a

condition that the Debtors shall have obtained FCC Approval, any and all other required Governmental Approvals, any and all approvals of any foreign regulatory bodies;

(xxii) the Bankruptcy Court enters an order that is not stayed (A) directing the appointment of a trustee with authority to operate the Company's business in the Chapter 11 Cases, (B) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (C) dismissing the Chapter 11 Cases, (D) denying confirmation of the Plan, the effect of which would render the Plan incapable of consummation on the terms set forth herein or (E) granting relief that is inconsistent with, or denies relief sought that is contemplated by this Agreement or the Plan in any materially adverse respect to the Consenting First Lien Lenders, in each case;

(xxiii) the Confirmation Order is reversed or vacated;

(xxiv) if either (A) any Company Party (or any person or entity on behalf of any Company Party or its bankruptcy estate with proper standing) files a motion, application or adversary proceeding (or supports or fails to timely object to such a filing) (1) challenging the validity, enforceability, perfection or priority of, or seeking invalidation, avoidance, disallowance, recharacterization or subordination of any of the obligations or Claims under the Credit Agreement or (2) asserting any other cause of action against and/or with respect or relating to all or any portion of the First Lien Loans or the liens securing the First Lien Loans or (B) the Bankruptcy Court (or any court with jurisdiction over the Chapter 11 Cases) enters an order providing relief against the interests of the First Lien Lenders with respect to any of the foregoing causes of action or proceedings, including, but not limited to, invalidating, avoiding, disallowing, recharacterizing, subordinating, or limiting the enforceability of any of the obligations or Claims arising under or related to the Credit Agreement;

(xxv) any Company Party files or seeks approval of, or supports (or fails to timely object to) another party in filing or seeking approval of an Alternative Transaction;

(xxvi) the commencement of an involuntary bankruptcy case against any Company Party under the Bankruptcy Code, if such involuntary case is not dismissed within forty-five (45) calendar days after the filing thereof, or if a court order grants the relief sought in such involuntary case;

(xxvii) if any Company Party (A) withdraws the Plan, (B) publicly announces its intention not to support the Restructuring Transactions or the Plan, (C) files a motion with the Bankruptcy Court seeking the approval of an Alternative Transaction or (D) agrees to pursue (including, for the avoidance of doubt, as may be evidenced by a term sheet, letter of intent, or similar document) or publicly announces its intent to pursue an Alternative Transaction;

(xxviii) the Bankruptcy Court enters an order modifying or terminating the Company Parties' exclusive right to file and solicit acceptances of a plan of reorganization (including the Plan);

(xxix) a Default or Event of Default (as each is defined in the DIP Credit Agreement) under the DIP Credit Agreement has occurred and is continuing; or

(xxx) the occurrence of a Company Termination Event described in Section 5(c)(ii) of this Agreement.

(c) A “*Company Termination Event*” shall mean any of the following:

(i) the breach in any material respect by one or more of the Consenting First Lien Lenders, of any of the undertakings, representations, warranties, or covenants of the Consenting First Lien Lenders set forth herein in any material respect that remains uncured for a period of five (5) business days after the receipt of written notice of such breach pursuant to Section 19 hereof (as applicable); but only if the non-breaching Consenting First Lien Lenders hold less than 66⅔% of the aggregate principal amount of all First Lien Loans;

(ii) the board of directors, members, or managers (as applicable) of any Company Party reasonably determines in good faith based upon the advice of outside counsel that continued performance under this Agreement or pursuit of the Restructuring Transactions would be inconsistent with the exercise of its fiduciary duties under applicable law; provided, that the Company Parties shall provide notice of such determination to Davis Polk via email within one (1) business day after the date thereof; or

(iii) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment or order declaring this Agreement unenforceable, enjoining the consummation of a material portion of the Restructuring Transactions or rendering illegal this Agreement, the Plan or the Restructuring Transactions, and such ruling, judgment or order has not been not stayed, reversed or vacated within fifteen (15) calendar days after such issuance.

(d) Mutual Termination. This Agreement may be terminated by mutual agreement of the Company and the Requisite First Lien Lenders upon the receipt of written notice delivered in accordance with Section 19 hereof.

(e) Automatic Termination. This Agreement shall terminate automatically, without any further action required by any Party, upon the occurrence of the Plan Effective Date.

(f) Effect of Termination. Upon the termination of this Agreement in accordance with this Section 5 (other than pursuant to Section 5(e)) if the Restructuring Transactions have not been consummated, and except as provided in Section 13 hereof, this Agreement shall forthwith become void and of no further force or effect and each Party shall, except as provided otherwise in this Agreement, be immediately released from its liabilities, obligations, commitments, undertakings and agreements under or related to this Agreement and shall have all the rights and remedies that it would have had and shall be entitled to take all actions, whether with respect to the Restructuring Transactions or otherwise, that it would have been entitled to take had it not entered into

this Agreement, including all rights and remedies available to it under applicable law, the Credit Agreement and any ancillary documents or agreements thereto; provided, however, that in no event shall any such termination relieve a Party from liability for its breach or non-performance of its obligations hereunder prior to the date of such termination; provided, further, however, that in no event shall any such termination affect the obligation of any Company Party to pay within five (5) business days of such termination date all fees and expenses contemplated by Section 4(a)(xii) of this Agreement actually incurred prior to such termination. Upon any such termination of this Agreement as to a Consenting First Lien Lender, each vote or any consents given by such Consenting First Lien Lender prior to such termination shall be deemed, for all purposes, to be null and void *ab initio* and shall not be considered or otherwise used in any manner by the Parties in connection with the Restructuring Transactions and this Agreement, in each case, without further confirmation or other action by such Consenting First Lien Lender. If this Agreement has been terminated as to any Consenting First Lien Lender in accordance with this Section 5 (other than pursuant to Section 5(e) at a time when permission of the Bankruptcy Court shall be required for a Consenting First Lien Lender to change or withdraw (or cause to change or withdraw) its vote to accept the Plan, the Company Parties shall support and not oppose any attempt by such Consenting First Lien Lender to change or withdraw (or cause to change or withdraw) such vote at such time. Such Consenting First Lien Lender shall have no liability to the Company Parties or to any other Consenting First Lien Lender in respect of any termination of this Agreement in accordance with the terms of this Section 5 and Section 19 hereof.

(g) If the Restructuring Transactions has not been consummated prior to the date of termination of this Agreement, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights and the Parties expressly reserve any and all of their respective rights. Pursuant to Federal Rule of Evidence 408 and any other applicable rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

6. Definitive Documents; Good Faith Cooperation; Further Assurances

Subject to the terms and conditions described herein, during the Individual Support Period as to each Consenting First Lien Lender and during the RSA Support Period as to the Company Parties, each Consenting First Lien Lender, severally and not jointly, and each Company Party, severally and jointly, hereby covenant and agree to reasonably cooperate with each other in good faith in connection with, and shall exercise commercially reasonable efforts with respect to the pursuit, approval, implementation, and consummation of the Plan and the Restructuring Transactions, as well as the negotiation, drafting, execution (to the extent such Party is a party thereto), and delivery of the Definitive Documents. Furthermore, subject to the terms and conditions hereof, each Consenting First Lien Lender, severally and not jointly, and each Company Party, severally and jointly, shall take such action as may be reasonably necessary or reasonably requested by the other Parties to carry out the purposes and intent of this Agreement, including making and filing of any required regulatory filings and voting any claims against or securities of the Company Parties in favor of the Restructuring Transactions, and shall refrain from taking any action that would frustrate the purposes and intent of this Agreement;

provided that no Consenting First Lien Lender shall be required to incur any material cost, expense, or liability in connection therewith.

7. Representations and Warranties.

(a) Each Consenting First Lien Lender, severally and not jointly and each Company Party, severally and jointly, represent and warrant to the other Parties that the following statements are true, correct and complete as of the date hereof (or, with respect to a Consenting First Lien Lender that becomes a party hereto after the date hereof, as of the date such Consenting First Lien Lender becomes a party hereto):

(i) such Party is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all requisite corporate, partnership, limited liability company or similar authority to enter into this Agreement and carry out the transactions contemplated hereby and perform its obligations contemplated hereunder, and the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized by all necessary corporate, limited liability company, partnership or other similar action on its part;

(ii) the execution, delivery and performance by such Party of this Agreement does not and will not (A) violate any material provision of law, rule or regulation applicable to it or any of its subsidiaries or its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries or (B) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party other than any default caused by the commencement of the Chapter 11 Cases or as contemplated by the Restructuring Transactions;

(iii) the execution, delivery and performance by such Party of this Agreement does not and will not require any registration or filing with, consent or approval of, or notice to, or other action, with or by, any federal, state or governmental authority or regulatory body, except such filings as may be necessary or required by the SEC, FCC, and/or state public utility commissions; and

(iv) this Agreement is the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court.

(b) Each Consenting First Lien Lender severally (and not jointly), represents and warrants to the Company Parties that, as of the date hereof (or as of the date such Consenting First Lien Lender becomes a party hereto), such Consenting First Lien Lender (i) is the beneficial owner of, or investment advisor or manager of funds that are beneficial owners of, the aggregate principal amount of First Lien Loans set forth below its name on the signature page hereof (or below its name on the signature page of a

Joinder Agreement for any Consenting First Lien Lender that becomes a party hereto after the date hereof) and does not beneficially own, or manager or advisor funds that own, any other First Lien Loans and (ii) has, with respect to the beneficial owners of such First Lien Loans, (A) sole investment or voting discretion with respect to such First Lien Loans, (B) full power and authority to vote on and consent to matters concerning such First Lien Loans or to exchange, assign and transfer such First Lien Loans, and (C) full power and authority to bind or act on the behalf of, such beneficial owners.

(c) Each Consenting First Lien Lender severally and not jointly makes the representations and warranties set forth in this Section 7, in each case, to the other Parties.

8. Disclosure; Publicity.

(a) Subject to the provisions set forth in Section 8(b), Fusion shall disseminate publication on Form 8-K or a press release disclosing the existence of this Agreement and the terms hereof with such redactions as may be reasonably requested by Davis Polk to maintain the confidentiality of the items identified in Section 8(b). In the event that Fusion fails to make the foregoing disclosures in compliance with the terms specified herein, any such Consenting First Lien Lender may publicly disclose the foregoing, including, without limitation, this Agreement and all of its exhibits and schedules (subject to the redactions called for by Section 8 hereof), and each of the Company Parties hereby waives any claims against the Consenting First Lien Lenders arising as a result of such disclosure by a Consenting First Lien Lender in compliance with this Agreement.

(b) The Company Parties shall submit drafts to Davis Polk of any press releases, public documents and any and all filings with the SEC that constitute disclosure of the existence or terms of this Agreement or any amendment to the terms of this Agreement, or any other matter relating to the First Lien Loans, at least one (1) business day prior to making any such disclosure, and any such press releases, public documents, and other SEC filings shall be reasonably acceptable in all material respects to Davis Polk. Except as required by applicable law or otherwise permitted under the terms of any other agreement between the Company Parties and any Consenting First Lien Lender, no Party or its advisors shall disclose to any person (including, for the avoidance of doubt, any other Consenting First Lien Lender), other than advisors to the Company Parties, the principal amount of the First Lien Loans held by the Consenting First Lien Lender or the Consenting First Lien Lender's DIP Backstop Commitment or DIP Commitment, without such Consenting First Lien Lender's prior written consent; provided, however, that (i) if such disclosure is required by law, subpoena, or other legal process or regulation, the disclosing Party shall, to the extent permitted by law, afford the relevant Consenting First Lien Lender a reasonable opportunity to review and comment in advance of such disclosure and shall take all reasonable measures to limit such disclosure (the expense of which, if any, shall be borne by the relevant Consenting First Lien Lender) and (ii) the foregoing shall not prohibit the disclosure of the aggregate percentage or aggregate outstanding principal amount of the First Lien Loans held by all the Consenting First Lien Lenders collectively.

9. Amendments and Waivers.

This Agreement, including any exhibits or schedules hereto, may not be waived, modified, amended or supplemented except with the written consent of the Company Parties and the Requisite First Lien Lenders; provided, however, that any waiver, modification, amendment or supplement to this Section 9 shall require the written consent of all of the Parties; provided, further, that any modification, amendment or change to the definition of Requisite First Lien Lenders shall require the written consent of each Consenting First Lien Lender; provided, further, that any change, waiver, modification or amendment to this Agreement or the Term Sheet that treats or affects any Consenting First Lien Lender in a manner that is disproportionately and materially adverse, on an economic or non-economic basis, to the manner in which any of the other Consenting First Lien Lenders are treated (after taking into account each of the Consenting First Lien Lender's respective Claims and the recoveries contemplated by the Term Sheet (as in effect on the date hereof)) shall require the written consent of such Consenting First Lien Lender. In the event that an adversely affected Consenting First Lien Lender does not consent to a waiver, change, modification or amendment to this Agreement requiring the consent of each Consenting First Lien Lender (such lender, a "***Non-Consenting First Lien Lender***"), but such waiver, change, modification or amendment receives the consent of Consenting First Lien Lenders owning at least 66 ²/₃% of the aggregate outstanding principal amount of the First Lien Loans, this Agreement shall be deemed to have been terminated only as to such Non-Consenting First Lien Lender, but this Agreement shall continue in full force and effect in respect to all other Consenting First Lien Lenders who have so consented, in a way consistent with this Agreement and the Term Sheet as waived, changed, modified, or amended, as applicable. Any waiver, change, modification or amendment to this Agreement and the Term Sheet that adversely affects the right of the DIP Backstop Parties or the DIP Commitment Parties as a class in their capacity as such shall require the consent of the Requisite DIP Commitment Parties, as applicable.

10. Effectiveness.

This Agreement shall become effective and binding upon each Party upon the execution and delivery by such Party of an executed signature page hereto and shall become effective and binding on all Parties on the Support Effective Date; provided that signature pages executed by Consenting First Lien Lenders shall be delivered to (a) the other Consenting First Lien Lenders in a redacted form that removes such Consenting First Lien Lenders' holdings of the First Lien Loans or any other Claims against or interests in the Company Parties and any schedules to such Consenting First Lien Lenders' holdings (if applicable) and (b) the Company Parties, Weil, and Davis Polk in an unredacted form (and to be kept confidential by the Company, Weil, and Davis Polk).

11. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, without giving effect to the conflict of laws principles thereof.

(b) Each of the Parties irrevocably agrees that any legal action, suit or proceeding arising out of or relating to this Agreement brought by any Party or its successors or assigns shall be brought and determined in any federal or state court in the Borough of Manhattan in the State of New York, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such proceeding arising out of or relating to this Agreement or the Restructuring Transactions. Each of the Parties agrees not to commence any proceeding relating hereto or thereto except in the courts described above in the Borough of Manhattan in the State of New York, other than proceedings in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in New York as described herein. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any proceeding arising out of or relating to this Agreement or the Restructuring Transactions, (i) any claim that it is not personally subject to the jurisdiction of the courts in New York as described herein for any reason, (ii) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) that (A) the proceeding in any such court is brought in an inconvenient forum, (B) the venue of such proceeding is improper or (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Notwithstanding the foregoing, during the pendency of the Chapter 11 Cases, all proceedings contemplated by this Section 11(b) shall be brought in the Bankruptcy Court to the extent the Bankruptcy Court has jurisdiction over such proceedings.

(c) EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

12. Specific Performance/Remedies.

It is understood and agreed by the Parties that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (including attorneys' fees and costs) as a remedy of any such breach, without the necessity of proving the inadequacy of money damages as a remedy, including an order of the Bankruptcy Court

requiring any Party to comply promptly with any of its obligations hereunder. Each Party also agrees that it will not seek, and will waive any requirement for, the securing or posting of a bond in connection with any Party seeking or obtaining such relief.

13. Survival.

Notwithstanding the termination of this Agreement pursuant to Section 5 hereof, the agreements and obligations of the Parties in this Section 13, and Sections 4(b), 5(f), 7, 8, 10 (with respect to the redacted information), 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20 (and any defined terms used in any such Sections) shall survive such termination and shall continue in full force and effect in accordance with the terms hereof; provided, however, that any liability of a Party for failure to comply with the terms of this Agreement shall survive such termination.

14. Headings.

The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof or, for any purpose, be deemed a part of this Agreement.

15. Successors and Assigns; Severability; Several Obligations.

This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, permitted assigns, heirs, executors, administrators and representatives; provided, however, that nothing contained in this Section 15 shall be deemed to permit Transfers of the First Lien Loans or claims arising under the First Lien Loans other than in accordance with the express terms of this Agreement. If any provision of this Agreement, or the application of any such provision to any Person or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision hereof and this Agreement shall continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible. The agreements, representations and obligations of the Parties are, in all respects, ratable and several and neither joint nor joint and several.

16. No Third-Party Beneficiaries.

Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties (and their respective successors, permitted assigns, heirs, executors, administrators and representatives) and no other Person shall be a third-party beneficiary hereof.

17. Prior Negotiations; Entire Agreement.

This Agreement, including the exhibits and schedules hereto (including the Term Sheet) constitutes the entire agreement of the Parties, and supersedes all other prior negotiations, with respect to the subject matter hereof and thereof, except that the Parties acknowledge that

any confidentiality agreements (if any) heretofore executed between the Company Parties and each Consenting First Lien Lender shall continue in full force and effect.

18. Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by electronic mail in portable document format (pdf), which shall be deemed to be an original for the purposes of this paragraph.

19. Notices.

All notices hereunder shall be deemed given if in writing and delivered, if contemporaneously sent by electronic mail, by overnight courier or by registered or certified mail (return receipt requested) to the following addresses:

- (1) If to the Company Parties or Debtors, to:

Fusion Connect, Inc.
420 Lexington Avenue, Suite 1718
New York, NY 10170
Attn: James Prenetta, Jr., Executive Vice President and General Counsel
Email: jprenetta@fusionconnect.com
With a copy to (which shall not constitute notice):

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attn: Gary T. Holtzer, Esq.
Email: gary.holtzer@weil.com
Attn: Sunny Singh, Esq.
Email: sunny.singh@weil.com
Attn: Gaby Smith, Esq.
Email: gaby.smith@weil.com

- (2) If to a Consenting First Lien Lender, or a transferee thereof, to the addresses set forth below following the Consenting First Lien Lender's signature (or as directed by any transferee thereof), as the case may be, with copies to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
Attn: Damian S. Schaible
Email: damian.schaible@davispolk.com
Attn: Adam L. Shpeen
Email: adam.shpeen@davispolk.com

Any notice given by delivery, mail or courier shall be effective when received.
Any notice given by electronic mail shall be effective upon transmission.

20. Reservation of Rights; No Admission.

(a) Nothing contained herein shall: limit (A) the ability of any Party to consult with other Parties or (B) the rights of any Party under any applicable bankruptcy, insolvency, foreclosure, or similar proceeding, including the right to appear as a party in interest in any matter to be adjudicated in order to be heard concerning any matter arising in the Chapter 11 Cases, in each case, so long as such consultation or appearance is consistent with such Party's obligations hereunder, or under the terms of the Plan.

(b) Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of each of the Parties to protect and preserve its rights, remedies, and interests, including its claims against any of the other Parties (or their respective affiliates or subsidiaries) or its full participation in any bankruptcy case filed by the Company or any of its affiliates and subsidiaries. This Agreement and the Term Sheet are part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties. Pursuant to Rule 408 of the Federal Rules of Evidence and any other applicable rules of evidence, and any other applicable law, foreign or domestic, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms. This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

21. Relationship Among Consenting First Lien Lenders.

It is understood and agreed that no Consenting First Lien Lender has any duty of trust or confidence of any kind or form with any other Consenting First Lien Lender, and, except as expressly provided in this Agreement, there are no commitments among or between them. No prior history, pattern, or practice of sharing confidences among or between the Consenting First Lien Lender shall in any way affect or negate this understanding and agreement.

22. No Solicitation; Representation by Counsel; Adequate Information.

(a) This Agreement is not and shall not be deemed to be a solicitation for votes in favor of the Plan in the Chapter 11 Cases by the Consenting First Lien Lenders or a solicitation to tender or exchange any of the First Lien Loans. The acceptances of the Consenting First Lien Lenders with respect to the Plan will not be solicited until such Consenting First Lien Lender has received the Disclosure Statement and related ballots and solicitation materials, each as approved or ratified by the Bankruptcy Court.

(b) Each Party acknowledges that it has had an opportunity to receive information from the Company Parties and that it has been, or is part of a group that has been, represented by counsel in connection with this Agreement and the transactions contemplated hereby. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.


(c) Although none of the Parties intends that this Agreement should constitute, and they each believe it does not constitute, a solicitation or acceptance of a chapter 11 plan of reorganization or an offering of securities, each Consenting First Lien Lender acknowledges, agrees and represents to the other Parties that it (i) is an accredited investor (as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act), (ii) understands that the securities to be acquired by it (if any) pursuant to the Restructuring have not been registered under the Securities Act and that such securities are, to the extent not acquired pursuant to section 1145 of the Bankruptcy Code, being offered and sold pursuant to an exemption from registration contained in the Securities Act, based in part upon such Consenting First Lien Lender's representations contained in this Agreement and cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available, and (iii) has such knowledge and experience in financial and business matters that such Consenting First Lien Lender is capable of evaluating the merits and risks of the securities to be acquired by it (if any) pursuant to Restructuring and understands and is able to bear any economic risks with such investment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective duly authorized officers, solely in their respective capacity as officers of the undersigned and not in any other capacity, as of the date first set forth above.

FUSION CONNECT, INC.

On its own behalf and on behalf of its direct and indirect domestic subsidiaries

By: 

Name: James P. Prenetta, Jr.

Title: Executive Vice President
and General Counsel

SIGNATURE PAGE TO RESTRUCTURING SUPPORT AGREEMENT

EXHIBIT A

Restructuring Term Sheet

**FUSION CONNECT, INC.
RESTRUCTURING TERM SHEET**

This term sheet (this “**Term Sheet**”)¹ sets forth the principal terms of a restructuring of the Company Parties to be implemented pursuant to either a sale or investment transaction or a standalone reorganization, consistent with the terms set forth herein, pursuant to a Chapter 11 plan of reorganization (the “**Plan**”) for the Company Parties to be implemented in cases commenced by the Company Parties under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”), or such other transaction acceptable to the Company Parties and the Requisite First Lien Lenders, in their sole discretion (the “**Restructuring**”). As reflected in the Restructuring Support Agreement dated June 3, 2019, by and among the Company Parties and the Consenting First Lien Lenders (the “**RSA**”), to which this Term Sheet is attached as an exhibit, the Restructuring is supported by the Company Parties and the Consenting First Lien Lenders.

THIS TERM SHEET DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS AS TO ANY PLAN OF REORGANIZATION OR LIQUIDATION, IT BEING UNDERSTOOD THAT SUCH A SOLICITATION, IF ANY, MAY ONLY BE MADE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF SECURITIES, BANKRUPTCY AND/OR OTHER APPLICABLE LAWS. THIS TERM SHEET HAS BEEN PRODUCED FOR DISCUSSION AND SETTLEMENT PURPOSES ONLY AND IS SUBJECT TO THE PROVISIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER SIMILAR APPLICABLE STATE AND FEDERAL RULES. THIS TERM SHEET AND THE INFORMATION CONTAINED HEREIN IS STRICTLY CONFIDENTIAL AND SHALL NOT BE SHARED WITH ANY OTHER PARTY ABSENT THE PRIOR WRITTEN CONSENT OF FCI AND THE REQUISITE FIRST LIEN LENDERS, EXCEPT AS REQUIRED BY LAW AND AS CONTEMPLATED BY THE RSA.

<u>Company Parties Overview</u>	
Company Parties:	Fusion Connect, Inc. (f/k/a Fusion Telecommunications International, Inc.) (“ FCI ”); Fusion BCHI Acquisition LLC; Fusion Cloud Services, LLC (f/k/a Birch Communications LLC); Fusion CB Holdings, Inc. (f/k/a Cbeyond, Inc.); Fusion Communications, LLC (f/k/a Cbeyond Communications, LLC); Fusion Telecom LLC (f/k/a Birch Telecom LLC); Fusion Texas Holdings, Inc. (f/k/a Birch Texas Holdings, Inc.); Fusion Telecom of Kansas, LLC (f/k/a Birch Telecom of Kansas, LLC); Fusion Telecom of Oklahoma, LLC (f/k/a Birch Telecom of Oklahoma, LLC); Fusion PM Holdings, Inc. (f/k/a Primus Holdings, Inc.); Fusion Telecom of Missouri, LLC (f/k/a Birch Telecom of Missouri, LLC); Fusion Telecom of Texas Ltd., L.L.P. (f/k/a Birch Telecom of Texas Ltd., L.L.P.); Bircan Holdings, LLC; Fusion Management Services LLC (f/k/a Birch Management LLC); Fusion NBS Acquisition Corp.; Fusion LLC (f/k/a Network Billing Systems, LLC); Fusion MPHC Holding Corporation (f/k/a MegaPath Holding Corporation); Fusion MPHC Group, Inc. (f/k/a MegaPath Group, Inc.); and Fusion Cloud Company LLC (f/k/a Megapath Cloud Company LLC); each such entity a direct or indirect subsidiary of FCI (such entities, together with FCI, collectively referred to as the “ Debtors ” or the “ Company Parties ”).
Claims and Interests to be Restructured:	<u>Super Senior Claims</u> : Consisting of \$20,000,000 in aggregate outstanding principal amount of loans issued under that certain Super Senior Secured Credit Agreement, dated as of May 9, 2019 (as amended, restated, modified or supplemented from time to time, the “ Prepetition Super Senior Credit Agreement ,” and the loans outstanding thereunder, the “ Prepetition Super Senior Term Loans ”), by and among FCI, as borrower, certain subsidiaries of FCI, as guarantor subsidiaries, Wilmington Trust, National Association (“ Wilmington Trust ”), as administrative

¹ Capitalized terms used but not defined herein have the meanings assigned to them in the RSA (as defined below). To the extent of any conflict between this Term Sheet and the RSA, this Term Sheet will govern and control.

agent and collateral agent, and the lenders party thereto (the “**Prepetition Super Senior Lenders**”), plus interest, fees, expenses and other amounts arising under the Prepetition Super Senior Credit Agreement (together with all other Claims arising under or in connection with the Prepetition Super Senior Credit Agreement and related documents, the “**Super Senior Claims**”);

First Lien Claims: Consisting of (i) \$534,187,500 in aggregate outstanding principal amount of term loans, (ii) \$39,000,000 in aggregate outstanding principal amount of revolving loans, and (iii) \$512,047 in aggregate outstanding face amount of letters of credit, in each case issued under that certain First Lien Credit and Guaranty Agreement, dated as of May 4, 2018, by and among FCI, as borrower, certain subsidiaries of FCI, as guarantor subsidiaries, Wilmington Trust, as administrative agent and collateral agent, and the lenders party thereto (the “**Prepetition First Lien Lenders**”) (as amended, restated, modified or supplemented from time to time, the “**Prepetition First Lien Credit Agreement**”), plus interest, fees, expenses and other amounts arising under the Prepetition First Lien Credit Agreement (together with all other Claims arising under or in connection with the Prepetition First Lien Credit Agreement and related documents, the “**First Lien Claims**”);

Second Lien Claims: Consisting of \$85,000,000 in aggregate outstanding principal amount of term loans issued under that certain senior secured second lien term loan facility pursuant to that certain Second Lien Credit and Guaranty Agreement, dated as of May 4, 2018 (as may be amended, restated, modified or supplemented from time to time, the “**Prepetition Second Lien Credit Agreement**”), by and among FCI, as borrower, certain subsidiaries of FCI, as guarantor subsidiaries, Wilmington Trust or its successor, as administrative agent and collateral agent and the lenders party thereto (the “**Prepetition Second Lien Term Lenders**”), plus interest, fees, expenses and other amounts arising under the Prepetition Second Lien Credit Agreement (together with all other Claims arising under or in connection with the Prepetition Second Lien Credit Agreement and related documents, the “**Second Lien Claims**”);

Subordinated Notes Claims: Consisting of (a) \$3,300,000 in aggregate outstanding principal amount of subordinated notes in favor of Holcombe T. Green, Jr., R. Kirby Godsey and the Holcombe T. Green, Jr. 2013 Five-Year Annuity Trust, as evidenced by the Amended and Restated Subordinated Notes, each dated as of May 4, 2018 (collectively, as may be amended, restated, modified or supplemented from time to time, the “**Bircan Notes**”), plus interest, fees, expenses and other amounts arising under the Bircan Notes, and (b) \$10,000,000 in aggregate outstanding principal amount of a subordinated note in favor of Holcombe T. Green, Jr., as evidenced by a subordinated promissory note dated as of May 4, 2018 (as may be amended, restated, modified or supplemented from time to time, the “**Green Subordinated Note**”), plus interest, fees, expenses and other amounts arising under the Green Subordinated Note (together with all other Claims arising under or in connection with the Bircan Notes and the Green Subordinated Note and related documents, the “**Subordinated Notes Claims**”);

General Unsecured Claims: Consisting of any Claim against the Debtors (other than any Intercompany Claims) as of the date of commencement of the Chapter 11 Cases that is neither secured nor entitled to priority under the Bankruptcy Code or any order of the Bankruptcy Court (the “**General Unsecured Claims**”). The General Unsecured Claims shall not include the First Lien Claims or the Second Lien Claims (but shall include any unsecured deficiency claims), but shall include the Subordinated Notes Claims;

Interests: Consisting of any equity security (as defined in section 101(16) of the Bankruptcy Code) of a Debtor, including all ordinary shares, common stock, preferred stock (including, without limitation, FCI’s Series D Cumulative Preferred Stock), membership interest, partnership interest or other instrument evidencing any fixed or contingent ownership interest in any Debtor, whether or not transferable, including any restricted share, option, warrant, or other right, contractual or otherwise, to acquire any such interest in a Debtor, that existed immediately before the Plan Effective Date (the “**Interests**”).

<u>Transaction Overview</u>	
Implementation:	<p>The Debtors will commence the Chapter 11 Cases and implement the Restructuring pursuant to either the Plan as provided in the RSA, or such other transaction acceptable to the Company and the ad hoc group of Consenting First Lien Lenders represented by Davis Polk & Wardwell LLP (“<i>Davis Polk</i>”) and Greenhill & Co. LLC (“<i>Greenhill</i>”) (the “<i>Ad Hoc First Lien Lender Group</i>”) in their sole discretion. Pursuant to the Plan, the Restructuring may be effectuated either (a) as a sale of, or investment in, the Company’s business to or by a third party (the “<i>Sale Transaction</i>”) or (b) a standalone reorganization on the terms set forth herein (the “<i>Reorganization Transaction</i>”).</p>
Sale and Marketing Process:	<p>Following the Commencement Date, the Debtors shall continue their sale and marketing process (the “<i>Sale Process</i>”) and solicit bids for a potential Sale Transaction in accordance with the milestones, Bidding Procedures and other terms set forth in the RSA and in a manner reasonably acceptable to the Requisite First Lien Lenders. The Sale Process may be terminated at any time by the Debtors with the prior written consent of the Requisite First Lien Lenders.</p> <p>Davis Polk and Greenhill shall have the right to review all information, diligence, and materials provided by the Debtors or their advisors to any bidder or prospective bidder in connection with Sale Process and to consult with the Debtors or their advisors with respect to the Sale Process. As set forth in the Bidding Procedures, the Debtors shall provide to Davis Polk and Greenhill all term sheets, letters, proposals, offers, bids and other materials, whether non-binding or not, that are received by the Debtors or their advisors in connection with the Sale Process within one (1) day of receipt by the Debtors or their advisors, as applicable.</p> <p>The Debtors shall solicit bids for any form of sale, investment, acquisition or similar transaction. The Sale Process shall provide that the Debtors may solicit bids to sell certain assets, including, without limitation, the equity interests in or assets of the Company’s Canadian subsidiaries, independently of other assets pursuant to a separate sales and marketing process.</p> <p>The Debtors shall not consummate the Sale Transaction on the Plan Effective Date unless either (a) in the judgment of the Debtors and the Requisite First Lien Lenders, the successful bid or bids (i) provides sufficient cash consideration (the “<i>Cash Consideration Amount</i>”) to satisfy (1) DIP Claims (and any Super Senior Claims that do not become DIP Claims), (2) Administrative, Priority Tax and Other Priority Claims, (3) Other Secured Claims, (4) the First Lien Claims, and (5) the expected costs associated with the wind-down of the Debtors’ estates in accordance with a wind-down budget acceptable to the Requisite First Lien Lenders, and (ii) includes other terms and conditions that the Debtors and the Requisite First Lien Lenders may reasonably require, or (b) the successful bid or bids provides cash consideration that is less than the Cash Consideration Amount (but greater than or equal to the aggregate amount of the DIP Claims, Administrative, Priority Tax and Other Priority Claims, and Other Secured Claims and the expected costs associated with the wind-down of the Debtors’ estates as described above), but is otherwise acceptable to the Requisite First Lien Lenders and the Debtors.</p>
Reorganization Transaction:	<p>In the event that the Reorganization Transaction is consummated, on the Plan Effective Date, pursuant to and in accordance with the Plan, the Reorganized Debtors shall (a) issue the New Equity Interests (as defined below), (b) enter into the New Exit Facility Credit Agreement (as defined below), (c) enter into the New First Lien Credit Agreement (as defined below), (d) execute any new organizational documents as necessary, (e) own and have vested in it all of the Debtors’ assets, (f) distribute any cash or other proceeds from the sale of the Debtors’ Canadian business (the “<i>Canadian Sale Proceeds</i>”), if any, and (g) consummate any other transactions necessary or appropriate in connection with the foregoing.</p>

Exit Facility:	<p>In the event that the Reorganization Transaction is consummated, on the Plan Effective Date, the Reorganized Debtors shall enter into a new credit agreement (the “<i>New Exit Credit Agreement</i>”) in respect of new revolving and/or term loans (collectively, the “<i>New Exit Loans</i>”) in an aggregate principal amount of up to \$125 million, on terms satisfactory to the Requisite First Lien Lenders. The Debtors shall conduct a process to obtain the New Exit Loans that is in accordance with the milestones set forth in the RSA and otherwise satisfactory to the Requisite First Lien Lenders. The Debtors shall consult with Greenhill regarding the status of such process upon request.</p> <p>The proceeds from the New Exit Loans will be used by the Debtors to (1) provide liquidity for working capital and general corporate purposes; (2) pay all reasonable and documented restructuring expenses; (3) repay the DIP Claims in full in cash; and (4) pay all other payments required to be made pursuant to the Plan. The liens securing the New Exit Loans shall be senior in priority to the liens securing the New First Lien Term Loan.</p>
New First Lien Facility:	<p>In the event that the Reorganization Transaction is consummated, on the Plan Effective Date, the Reorganized Debtors shall enter into a new credit agreement (the “<i>New First Lien Credit Agreement</i>”) in respect of a new first lien term loan (the “<i>New First Lien Term Loan</i>”), on terms consistent with the New First Lien Term Sheet attached as <u>Schedule 2</u> to this Term Sheet and otherwise satisfactory to the Requisite First Lien Lenders. The aggregate initial principal amount of the New First Lien Term Loan shall be equal to (i) the total outstanding debt of the Reorganized Debtors upon the Plan Effective Date in the amount of \$400 million <i>less</i> (ii) the amount of the New Exit Loans (the “<i>New First Lien Term Loan Amount</i>”). The New First Lien Term Loan Amount shall be subject to change, with the consent of the Debtors and the Requisite First Lien Lenders, in the event that the Debtors’ Canadian business is sold.</p>
New Equity Interests:	<p>In the event that the Reorganization Transaction is consummated, on the Plan Effective Date, FCI shall issue new equity interests (the “<i>New Equity Interests</i>”) to the holders of First Lien Claims (in each case, subject to dilution from the Management Incentive Plan).</p> <p>The issuance and distribution of New Equity Interests shall be exempt from registration under the Securities Act of 1933 or applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code and any other applicable exemptions.</p>
Charter; Bylaws:	<p>If applicable, the charters, bylaws, limited liability company agreements and other organizational documents of each Reorganized Debtor’s corporate entity will be amended or amended and restated by the Reorganized Debtors with the consent of the Requisite First Lien Lenders consistent with section 1123(a)(6) of the Bankruptcy Code.</p>
Reorganized FCI Board:	<p>In the event that the Reorganization Transaction is consummated, the Board of Directors of Reorganized FCI (the “<i>Reorganized FCI Board</i>”) will consist of seven directors: (i) the Chief Executive Officer of Reorganized FCI and (ii) six directors selected by the Ad Hoc First Lien Lender Group, at least one of which shall be independent.</p>
Management Incentive Plan:	<p>In the event that the Reorganization Transaction is consummated, the Reorganized FCI Board will be authorized to implement a management incentive plan (the “<i>Management Incentive Plan</i>”) that provides for the issuance of options and/or other equity-based compensation to the management and directors of Reorganized FCI. Up to 10% of the equity interests of Reorganized FCI, on a fully diluted basis, shall be reserved for issuance in connection with the Management Incentive Plan.</p> <p>The participants in the Management Incentive Plan, the allocations and form of the options and</p>

	other equity-based compensation to such participants (including the amount of allocations and the timing of the grant of the options and other equity-based compensation), and the terms and conditions of such options and other equity-based compensation (including time and performance based vesting, exercise prices, base values, hurdles, forfeiture, repurchase rights and transferability) shall be determined by the Reorganized FCI Board.
DIP Facility and Use of Cash Collateral:	<p>Certain of the Prepetition First Lien Lenders that execute the RSA prior to the DIP Commitment Deadline (as defined in the RSA) (the “DIP Lenders”) shall provide the Debtors with a secured debtor-in-possession financing, the proceeds of which shall be used for, among other things, general corporate purposes during the pendency of the Chapter 11 Cases on the terms and conditions set forth in the DIP term sheet attached as Schedule 1 to this Term Sheet (the “DIP Facility”). The Super Senior Claims shall roll up into loans under the DIP Facility upon entry of the Final DIP Order.</p> <p>The Debtors will seek authority promptly upon commencement of the Chapter 11 Cases to use cash collateral of the the Prepetition Super Senior Lenders, the Prepetition First Lien Lenders and the Prepetition Second Lien Lenders to fund the administration of the Chapter 11 Cases. In connection with the Debtors’ use of cash collateral and DIP Facility, subject to Bankruptcy Court approval, the Company will agree to provide “adequate protection” (as such term is defined in sections 361 and 363 of the Bankruptcy Code) to the Prepetition Super Senior Lenders, the Prepetition First Lien Lenders and the Prepetition Second Lien Lenders as set forth in the debtor-in-possession financing agreement (the “DIP Credit Agreement”).</p>
<u>Classification and Treatment of Claims and Interests Under the Plan</u>	
DIP Claims	<p>The Claims arising under the DIP Credit Agreement (the “DIP Claims”) shall be allowed.</p> <p>In full satisfaction of each DIP Claim (including each DIP Claim arising from the roll up of the Super Senior Term Claims), each holder thereof shall receive payment in full in cash.</p>
Administrative, Priority Tax, and Other Priority Claims	On or as soon as practicable after the Plan Effective Date, each holder of an administrative, priority tax or other priority claim will be paid in full in Cash or otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.
Other Secured Claims Unimpaired; Deemed to Accept	On the Plan Effective Date, to the extent any other secured claims exist (exclusive of the First Lien Claims and the Second Lien Claims, the “ Other Secured Claims ”), all such Other Secured Claims allowed as of the Plan Effective Date will be satisfied by either (a) payment in full in Cash or (b) such other recovery necessary to satisfy section 1129 of the Bankruptcy Code.
First Lien Claims Impaired; Entitled to Vote	<p>The First Lien Claims shall be allowed.</p> <p>a. If the Debtors consummate the Sale Transaction, on the Plan Effective Date, each holder of a First Lien Claim will receive its <i>pro rata</i> share of the proceeds of the Sale Transaction in an amount or of a value equal to the lesser of (x) all First Lien Claims (including, without limitation, post-petition interest thereon, fees, expenses and other amounts, which in each case shall constitute First Lien Claims) and (y) the proceeds of the Sale Transaction <i>after</i> the amount paid to satisfy all DIP Claims, all Administrative, Priority Tax and Other Priority Claims, and such other Claims and estate costs as determined by the Requisite First Lien Lenders.</p>

	<p>b. If the Debtors consummate the Reorganization Transaction, on the Plan Effective Date, each holder of an First Lien Claim will receive its <i>pro rata</i> share of:</p> <ul style="list-style-type: none"> i. 100% of the New Equity Interests, subject to dilution by the Management Incentive Plan, <i>less</i> any New Equity Interests distributable to other classes of Claims in order for the Bankruptcy Court to determine that the Plan satisfies the best interests test; ii. The New First Lien Term Loans; and iii. The Canadian Sale Proceeds, if any.
<p>Second Lien Claims Impaired; Deemed to Reject</p>	<p>The Second Lien Claims shall be allowed.</p> <p>a. If the Debtors consummate the Sale Transaction, on the Plan Effective Date, each holder of a Second Lien Claim will receive, if anything, its <i>pro rata</i> share of the proceeds of the Sale Transaction in an amount or of a value equal to the lesser of (x) all Second Lien Claims and (y) any positive amount remaining from the proceeds of the Sale Transaction <i>after</i> the amount paid to satisfy all First Lien Claims, all DIP Claims, all Administrative, Priority Tax and Other Priority Claims, and such other Claims and estate costs as determined by the Requisite First Lien Lenders. If all First Lien Claims are not satisfied in full, each holder of a Second Lien Claim will not receive or retain any property or interest in property on account of such Claim.</p> <p>b. If the Debtors consummate the Reorganization Transaction, on the Plan Effective Date, each holder of an Second Lien Claim will either (i) not receive or retain any property or interest in property on account of such Claim or (ii) receive its <i>pro rata</i> share of the percentage of the New Equity Interests determined by the Bankruptcy Court to satisfy the best interests test.</p>
<p>General Unsecured Claims Impaired; Deemed to Reject</p>	<p>On the Plan Effective Date, each holder of an allowed General Unsecured Claim will either (i) not receive or retain any property or interest in property on account of such Claim or (ii) receive its <i>pro rata</i> share of the percentage of the New Equity Interests determined by the Bankruptcy Court to satisfy the best interests test; <u>provided, however</u>, that if the Debtors consummate the Sale Transaction, each holder of an allowed General Unsecured Claim will receive, if anything, its <i>pro rata</i> share of the proceeds of the Sale Transaction in an amount or of a value equal to the lesser of (x) all allowed General Unsecured Claims and (y) any positive amount remaining from the proceeds of the Sale Transaction <i>after</i> the amount paid to satisfy all First Lien Claims, all Second Lien Claims, all DIP Claims, all Administrative, Priority Tax and Other Priority Claims, and such other Claims and estate costs as determined by the Requisite First Lien Lenders.</p>
<p>Intercompany Claims Unimpaired; Deemed to Accept</p>	<p>On the Plan Effective Date, in the case of either the Sale Transaction or the Reorganization Transaction, all Intercompany Claims will be adjusted, reinstated or discharged as determined by the Debtors and the Requisite First Lien Lenders, but not paid in cash.</p>
<p>FCI's Interests Impaired; Deemed to Reject</p>	<p>On the Plan Effective Date, Interests in FCI will be cancelled and discharged and the holders thereof will not receive or retain any property or interest in property on account of such Interests.</p>
<u>General Provisions</u>	

Executory Contracts and Unexpired Leases:	The Debtors reserve the right, with the consent of the Requisite First Lien Lenders, to reject certain executory contracts and unexpired leases. All executory contracts and unexpired leases not expressly rejected will be deemed assumed pursuant to the Plan.
Cancellation of Loans, Interests, Instruments, Certificates and Other Documents:	Except as provided herein, on the Plan Effective Date, pursuant to and in accordance with the Plan, all notes, instruments, certificates evidencing debt of, or equity interests in, the Company, including, without limitation, the DIP Credit Agreement, the Prepetition Super Senior Credit Agreement, the Prepetition First Lien Credit Agreement, the Prepetition Second Lien Credit Agreement, the Bircan Notes and the Green Subordinated Note and each of their related debt documents, will be cancelled, and obligations of the Company thereunder will be discharged. In addition, on the Plan Effective Date, pursuant to and in accordance with the Plan, any registration rights agreements, stockholder agreements, or similar agreements with respect to Interests in FCI will also be cancelled and any obligations of the Company thereunder will be discharged.
Vesting of Assets:	On the Plan Effective Date, and if applicable, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all assets of the Debtors' Estates will vest in the Reorganized Debtors or liquidating trust, as applicable, free and clear of all claims, liens, encumbrances, charges and other interests, except as otherwise provided in the Plan.
Compromise and Settlement:	The Plan will contain customary provisions acceptable to the Requisite First Lien Lenders for the compromise and settlement of claims stating that, notwithstanding anything in the Plan to the contrary, the allowance, classification and treatment of allowed claims and equity interests and their respective distributions take into account and conform to the relative priority and rights of such claims and interests in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code or otherwise.
Releases, Exculpation, Discharge and Injunction:	The Plan will contain release, exculpation, discharge and injunction provisions to be agreed to by the Company and the Ad Hoc First Lien Lender Group.
Definitive Documents:	This Term Sheet is indicative, and any final agreement will be subject to the Definitive Documents.
Tax Structure:	To the extent practicable, the Restructuring contemplated by this Term Sheet will be structured so as to obtain the most beneficial structure for the Reorganized Debtors or liquidating trust, as applicable, which structure shall be acceptable to the Requisite First Lien Lenders.
Avoidance Actions:	Except as otherwise set forth in the Plan, the Reorganized Debtors or liquidating trust, as applicable, will retain all rights to commence and pursue any causes of action that are expressly preserved and not released under the Plan, it being understood that the Reorganized Debtors or liquidating trust, as applicable, will not retain any claims or causes of action against the released parties, subject to the carve-out for any act or omission of a released party that is a criminal act or constitutes fraud, gross negligence or willful misconduct.
Retention of Jurisdiction:	The Plan will provide for a retention of jurisdiction by the Bankruptcy Court for, among other things, (a) resolution of claims, (b) allowance of compensation and expenses for pre-Plan Effective Date services, (c) resolution of motions, adversary proceedings or other contested

	matters, and (d) entering such orders as necessary to implement or consummate the Plan and any related documents or agreements.
Resolution of Disputed Claims:	The Plan will provide procedures for the resolution of disputed Claims, including the ability (but not requirement) to establish a claims bar date pursuant to an order of the Bankruptcy Court. Once resolved, the claimants will receive distributions, if any, in accordance with the provisions of the Plan and the classification of their allowed Claim.

SCHEDULE 1

DIP TERM SHEET

DIP Facility Term Sheet

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Indicative terms and conditions

Borrower:	<ul style="list-style-type: none">■ Fusion Connect, Inc. (the “Borrower” or the “Company”) as a debtor and debtor-in-possession under Chapter 11 of the Bankruptcy Code			
Guarantors:	<ul style="list-style-type: none">■ Each of the Company’s domestic direct or indirect subsidiaries as debtors and debtors-in-possession under Chapter 11 of the Bankruptcy Code (collectively, together with the Company, the “Debtors”)			
DIP Lenders:	<ul style="list-style-type: none">■ Each First Lien Lender will be given the opportunity to provide a ratable portion of the DIP Facility■ DIP Facility to be syndicated to First Lien Lenders after the entry of the Interim Order and prior to the entry of the Final Order			
Backstop Parties:	<ul style="list-style-type: none">■ Certain First Lien Lenders as set forth in the Restructuring Support Agreement			
Administrative / Collateral Agent:	<ul style="list-style-type: none">■ Wilmington Trust, National Association■ Agent or a DIP Lender to season the DIP Facility for a seasoning fee of 50 bps, which will be paid in the form of original issue discount			
Facility Size:	<ul style="list-style-type: none">■ \$39.5 mm of new money term loans (“New Money DIP Loans”) (100% committed by Backstop Parties, as defined above)■ \$20.0 mm of rolled up super senior loans equal to the total amount of the super senior loans (the “Super Senior Facility”) provided by certain of the First Lien Lenders (the “Roll-Up Super Senior Loans” and, together with the New Money DIP Loans, the “DIP Loans”)			
DIP Facility Overview:	Tranche	Amount	Interest Rate	LIBOR Floor
	New Money DIP Loans	\$39.5 mm	L+ 1,000 bps	1%
	Roll-Up Super Senior Loans	\$20.0 mm	L+ 1,000 bps	1%
Prepayment Premium:	<ul style="list-style-type: none">■ 250 bps on the amount of any voluntary prepayments			

DIP Facility Term Sheet

Indicative terms and conditions

Security and Ranking:	<ul style="list-style-type: none"> ■ As set forth in the Bankruptcy Code, and subject to a carve-out for professional fees in an amount TBD, the DIP Loans will: <ul style="list-style-type: none"> ■ Be entitled to joint and several superpriority administrative claim status in the Chapter 11 Cases; ■ Be secured by a priming perfected first priority lien on all Collateral, as defined in the First Lien Credit Facility and all Collateral, as defined in the Super Senior Facility, subject to certain exceptions; ■ Be secured by a perfected first priority lien on all property of the Debtors not subject to (i) valid, perfected and non-avoidable liens in existence as of the commencement of the Chapter 11 Cases or (ii) valid and non-avoidable liens in existence as of the commencement of the Chapter 11 Cases (other than the liens securing the prepetition credit facilities, including the Super Senior Facility) to the extent permitted by Section 546(b) of the Bankruptcy Code and the proceeds thereof; and ■ Be secured by a perfected junior lien on all property of the Debtors that is subject to (i) valid, perfected and non-avoidable liens in existence as of the commencement of the Chapter 11 Cases or (ii) valid and non-avoidable liens in existence as of the commencement of the Chapter 11 Cases (other than the liens securing the prepetition credit facilities, including the Super Senior Facility) to the extent permitted by Section 546(b) of the Bankruptcy Code and the proceeds thereof
Use of Proceeds:	<ul style="list-style-type: none"> ■ For general corporate purposes and to pay expenses incurred and other payments required in connection with the Chapter 11 Cases
Tenor:	<ul style="list-style-type: none"> ■ 4 months with 3 one-month extension options at the election of the majority of the DIP Lenders, in their sole discretion
Availability:	<ul style="list-style-type: none"> ■ \$20.0 mm of the New Money DIP Loans available at the Interim Order, with the remaining commitment to be funded into a controlled account after the entry of the Final Order
Reporting Requirements:	<ul style="list-style-type: none"> ■ Monthly financial reporting ■ Quality of earnings report prepared by a third party firm acceptable to the DIP Lenders to be completed no later than 35 days after the Petition Date ■ Updated cash flow forecast on a monthly basis which becomes new budget for future variance testing to the extent the majority of the DIP Lenders approve such budget ■ Variance report on a weekly basis ■ Critical vendor report on a weekly basis ■ Telco supplier past due payable report on a weekly basis ■ Once-weekly call with management and financial advisors to discuss cash flows and operations
Financial Covenants:	<ul style="list-style-type: none"> ■ Receipts and disbursements test with a to be agreed cushion on a cumulative basis (disbursements to exclude professional fees), tested weekly ■ Minimum EBITDA tested on a monthly basis with a to be agreed cushion ■ Minimum monthly recurring revenue tested on a monthly basis with a to be agreed cushion
Other Covenants:	<ul style="list-style-type: none"> ■ Usual and customary for transactions of this type

Indicative terms and conditions

**Adequate Protection
for First Lien
Lenders:**

- Adequate protection liens on all DIP Collateral (including avoidance action proceeds, subject to entry of a final order)
- Adequate protection 507(b) superpriority claim
- Waiver of marshalling and, subject to entry of a final order, waiver of section 506(c) and section 552(b) equity of the cases exception
- Current cash payment of professional fees and expenses
- Monthly PIK interest payments in an amount equal to the accrued interest on the First Lien Loans at the non-default rate
- Immediate pay down upon receipt of proceeds of the sale of Collateral (such pay down is not subject to prepayment penalties or fees) (subject to prior repayment in full of the DIP Facility)
- All information and reporting rights set forth in the DIP Facility
- All milestones set forth in the DIP Facility
- All milestones set forth in the Bidding Procedures
- All financial covenants in the DIP Facility
- Debtors must provide prior notice of certain actions with respect to any Plan of Reorganization that does not satisfy in cash or such other consideration acceptable to the First Lien Lenders all claims on account of the First Lien Loans, which notice shall trigger the right of the First Lien Lenders to terminate the Debtors' use of cash collateral pursuant to the Interim Order

Milestones:

- Consistent with the Restructuring Support Agreement

SCHEDULE 2

NEW FIRST LIEN TERM SHEET

New First Lien Credit Agreement
Summary of Terms

This term sheet (the “***New First Lien Term Loan Term Sheet***”) is Schedule 2 to the Restructuring Support Agreement Term Sheet (the “***Term Sheet***”). Capitalized terms used but not defined herein have the meanings given to them in the Term Sheet attached to the Restructuring Support Agreement as Exhibit B and the Restructuring Support Agreement, as applicable.

This New First Lien Term Loan Term Sheet sets forth the principal terms of a potential takeback first lien term loan facility (the “***New First Lien Credit Facility***”; the credit agreement evidencing the New First Lien Credit Facility, the “***New First Lien Credit Agreement***” and, together with the other definitive documents governing the New First Lien Credit Facility, the “***New First Lien Credit Documents***,” each of which shall be in form and substance reasonably acceptable to the New First Lien Agent and the Requisite New First Lien Lenders (each as defined herein)) to be entered into with the Loan Parties (as defined herein). The New First Lien Credit Facility will be subject to (a) the approval of the Bankruptcy Court and (b) emergence by the Loan Parties from the Chapter 11 Cases (the date of such emergence, the “***Plan Effective Date***” or the “***Closing Date***”), in accordance with (i) the chapter 11 plan of reorganization (the “***Plan***”), (ii) any order entered by the Bankruptcy Court authorizing the Loan Parties to enter into the New First Lien Credit Facility, which order may be part of the order confirming the Plan, each of which shall be in form and substance reasonably acceptable to the New First Lien Agent and the Requisite New First Lien Lenders, and (iii) the New First Lien Credit Documents to be executed by the Loan Parties, the New First Lien Agent and the New First Lien Lenders (as defined below).

<i>Borrower:</i>	Reorganized FCI (the “ <i>Borrower</i> ” or the “ <i>Company</i> ”).
<i>Guarantors:</i>	All of the obligations of the Borrower under the New First Lien Credit Agreement shall be guaranteed by each of the Reorganized Debtors and each of their non-Debtor subsidiaries (subject, in the case of non-domestic subsidiaries, to limitations as required by legal requirements or fiduciary duties under applicable local law) (collectively, the “ <i>Guarantors</i> ”; and Guarantors, together with the Borrower, the “ <i>Loan Parties</i> ”).
<i>Administrative Agent:</i>	An entity to be selected by the Requisite First Lien Lenders, with the consent of the Borrower (not to be unreasonably withheld or delayed), shall act as administrative agent and collateral agent for the New First Lien Credit Facility (in such capacities, the “ <i>New First Lien Agent</i> ”) on behalf of the New First Lien Lenders.
<i>Lenders:</i>	The Prepetition First Lien Lenders (collectively, the “ <i>New First Lien Lenders</i> ”).
<i>Amount & Type:</i>	A junior secured term loan credit facility in an aggregate principal amount of (i) \$400.0 million (subject to reduction to be reasonably agreed if the Canadian subsidiaries of the Borrower are sold prior to the Plan Effective Date) minus (ii) the aggregate amount of the loans and commitments under the New Exit Credit Agreement on the Plan

Effective Date (the loans made thereunder, the “*New First Lien Term Loans*”).

Maturity Date:

The date that is 4 years after the Closing Date.

Fees and Interest Rate:

Interest shall be paid in cash at the LIBOR Rate plus the Margin. “Margin” means 8.00% per annum. The term “LIBOR Rate” will have a meaning customary for financings of this type (and in no event shall be less than 1.00%), and the basis for calculating accrued interest and the interest periods for loans bearing interest at the LIBOR Rate will be customary for financings of this type.

During the continuance of a payment event of default, any overdue amount under the New First Lien Credit Documents, and during the continuance of a bankruptcy event of default, the New First Lien Term Loans and all other outstanding obligations will bear interest at an additional 2.00% per annum above the otherwise applicable interest rate.

Amortization:

The New First Lien Term Loans will amortize in equal quarterly installments (commencing with the fiscal quarter during which the Closing Date occurs), in aggregate amounts equal to (i) during the first two years after the Closing Date, 0.5% of the original principal amount of the New First Lien Term Loans and (ii) thereafter, 1.25% of the original principal amount of the New First Lien Term Loans.

Collateral:

The New First Lien Term Loans will be secured by a senior priority perfected security interest (junior to the liens securing the New Exit Credit Agreement) in substantially all present and after acquired property (whether tangible, intangible, real, personal or mixed) of the Loan Parties, wherever located, including, without limitation, all accounts, inventory, equipment, capital stock in subsidiaries of the Loan Parties, investment property, instruments, chattel paper, real estate, leasehold interests, contracts, patents, copyrights, trademarks and other general intangibles, and all products and proceeds thereof, subject to certain exceptions and materiality thresholds reasonably acceptable to the Requisite New First Lien Lenders (collectively, the “*Collateral*”).

Representations and Warranties:

Customary for facilities of this type and reasonably acceptable to the Requisite New First Lien Lenders.

Mandatory Prepayments:

Customary for facilities of this type and reasonably acceptable to the Requisite New First Lien Lenders.

Mandatory prepayments will, in any event, be required from 75% of Excess Cash Flow (to be defined), with step downs to 50% if the Leverage Ratio (to be defined as the ratio of total funded indebtedness, including capital leases, to EBITDA) is below 3.00:1.00 and 0% if the Leverage Ratio is below 2.00:1.00.

Voluntary Prepayments:

All voluntary prepayments (regardless of whether before or after the occurrence of an event of default, an acceleration of the New First Lien Term Loans or the commencement of any bankruptcy or insolvency proceeding) of the New First Lien Term Loans shall be subject to a prepayment premium in an amount equal to (a) 103.0% of the New First Lien Term Loans if such prepayment is made on or prior to the first anniversary of the Closing Date, and (b) 102.0% of the New First Lien Term Loans if such prepayment is made after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date (the premium referred to in clauses (a) and (b) above, the “***New First Lien Prepayment Premium***”).

Affirmative Covenants:

Customary for facilities of this type and reasonably acceptable to the Requisite New First Lien Lenders.

Reporting Requirements:

Customary for facilities of this type and reasonably acceptable to the Requisite New First Lien Lenders and to be initially based on the reporting requirements in the Prepetition Super Senior Secured Credit Agreement, but (i) to include a customary covenant to deliver annual audited financial statements within 90 days after the end of each fiscal year, (ii) to include a requirement to deliver a budget within 90 days after the end of each fiscal year to be built on a monthly basis and to include a balance sheet, income statement and cash flow statement and KPIs, (iii) not to include clauses (o) (updated budget), (p) (variance reports), (q) (telecommunications supplier report) and (s) (Lingo report) of Section 5.1 of the Prepetition Super Senior Secured Credit Agreement, and (iv) to provide that the requirement to deliver unaudited monthly financials and associated monthly KPIs will no longer apply if the Leverage Ratio (calculated on a four-quarter basis) for two consecutive fiscal quarters is less than 2.50:1.00.

Negative Covenants:

Customary for facilities of this type with exceptions and baskets reasonably acceptable to the Requisite New First Lien Lenders.

Financial Covenants:

Customary for facilities of this type and reasonably acceptable to the Requisite New First Lien Lenders, but in any event to include a minimum EBITDA covenant, a maximum capital expenditures covenant and a maximum Leverage Ratio covenant, in each case with a 20% cushion to the then approved forecast.

Voting

Amendments and waivers of the New First Lien Credit Agreement will require the approval of at least two (2) New First Lien Lenders (New First Lien Lenders affiliated with each other or under common management being deemed to be one single New First Lien Lender), collectively holding more than 50% in the aggregate of the amount of the New First Lien Term Loans (the “***Requisite New First Lien Lenders***”); provided that, notwithstanding the foregoing, the vote of each affected New First Lien Lender shall be required for, among other things, (i) reductions of interest (or the rate thereon or any increase in the allowed amount of, or acceleration in the allowed or prescribed date with respect to, interest payable in kind) or principal or fees or any postponement of any date for payment for any of the foregoing, (ii) extension of the maturity date, (iii) changes to the payment waterfall, (iv) changes to certain pro rata sharing provisions, (v) releases of all or substantially all of the value of the guarantees of the Guarantors or a release of all or substantially all of the Collateral and (vi) changes in the voting provisions, the definition of required lenders (or similar terms) or voting percentages specified in the definition of required lenders or related terms.

Events of Default:

Substantially consistent with the New Exit Credit Agreement with such changes as may be mutually agreed.

Conditions Precedent to Closing Date:

Customary for facilities of this type and reasonably acceptable to the Requisite New First Lien Lenders.

***Fees and Expenses
Indemnification:***

The facilities documentation will include expense reimbursement, indemnification and other provisions as are usual and customary for facilities of this kind and in the case of expense reimbursement and indemnification provisions, reimbursement for the costs, fees and expenses of the advisors to the New First Lien Lenders.

***Governing Law and
Submission to Jurisdiction:***

New York.

***Counsel to the New First Lien
Lenders:***

Davis Polk & Wardwell LLP.

SCHEDULE 3

BIDDING PROCEDURES

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

-----	X	
	:	
In re	:	Chapter 11
	:	
FUSION CONNECT, INC., et al.,	:	Case No. 19-[____] (____)
	:	
Debtors.¹	:	(Joint Administration Pending)
	:	
-----	X	

BIDDING PROCEDURES

Overview

On June 3, 2019, Fusion Connect, Inc. (“**Fusion**”) and its debtor subsidiaries, as debtors and debtors in possession (collectively, the “**Debtors**”), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”). These chapter 11 cases have been consolidated for procedural purposes under the lead case: *In re Fusion Connect, Inc., et al.*, Case No 19-[____] (____).

On [], 2019, the Bankruptcy Court entered an order (ECF No. ____) (the “**Bidding Procedures Order**”), which, among other things, authorized the Debtors to solicit bids and approved these procedures (the “**Bidding Procedures**”) for the consideration of the highest or otherwise best bid for the Debtors’ business on the terms and conditions set forth herein.²

The Bidding Procedures describe, among other things: (i) the procedures for bidders to submit bids for an investment in, or other acquisition of, the Debtors’ domestic business (the “**U.S. Business**”), Canadian business (the “**Canadian Business**”) or the U.S. Business and the Canadian Business on a consolidated basis, pursuant to a plan of reorganization (or pursuant to an order of the Bankruptcy Court approving such potential Sale Transaction); (ii) the manner in which bidders and bids become Qualified Bidders and Qualified Bids; (iii) the process for negotiating the bids received; (iv) the conduct of the Auction if the Debtors receive Qualified Bids; (v) the procedure for the ultimate selection of any Successful Bidder; and (vi) the process for approval of a potential Sale Transaction at the Confirmation Hearing (each as defined herein).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are Fusion Connect, Inc. (2021); Fusion BCHI Acquisition LLC (7402); Fusion NBS Acquisition Corp. (4332); Fusion LLC (0994); Fusion MPHC Holding Corp. (3066); Fusion MPHC Group, Inc. (1529); Fusion Cloud Company LLC (5568); Fusion Cloud Services, LLC (3012); Fusion CB Holdings, Inc. (6526); Fusion Communications, LLC (8337); Fusion Telecom, LLC (0894); Fusion Texas Holdings, Inc. (2636); Fusion Telecom of Kansas, LLC (0075); Fusion Telecom of Oklahoma , LLC (3260); Fusion Telecom of Missouri, LLC (5329); Fusion Telecom of Texas Ltd., L.L.P. (8531); Bircan Holdings, LLC (2819); Fusion Management Services LLC (5597); and Fusion PM Holdings, Inc. (2478). The Debtors’ principal offices are located at 420 Lexington Avenue, Suite 1718, New York, New York 10170.

² All capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Bidding Procedures Order.

Reservation of Rights

Except as otherwise set forth herein, the Debtors reserve the right to, in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and in consultation with the UCC and the Secured Parties, to modify these Bidding Procedures; waive terms and conditions set forth herein with respect to all Potential Bidders; extend the deadlines set forth herein; announce at the Auction modified or additional procedures for conducting the Auction; alter the assumptions set forth herein; and provide reasonable accommodations to any Stalking Horse Bidder with respect to such terms, conditions, and deadlines of the bidding and Auction process to promote further bids on the Debtors' business, in each case, to the extent not materially inconsistent with these Bidding Procedures and the Bidding Procedures Order. All parties reserve their rights to seek Bankruptcy Court relief with regard to the Auction, the Bidding Procedures, and any related items (including, if necessary, to seek an extension of the Bid Deadline). All Consultation Parties will be permitted to seek relief from the Bankruptcy Court on an expedited basis to assert that the Debtors have violated these Bid Procedures. The rights of all Consultation Parties with respect to the outcome of the Auction are reserved.

Fiduciary Out

Nothing in these Bidding Procedures will require the board of directors, board of managers, or such similar governing body of a Debtor or non-debtor affiliate to take any action, or to refrain from taking any action, with respect to these Bidding Procedures, to the extent such board of directors, board of managers, or such similar governing body reasonably determines in good faith, in consultation with outside counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or its fiduciary obligations under applicable law.

Notwithstanding anything to the contrary or any other provision in these Bidding Procedures, (a) if any Successful Bid provides sufficient cash consideration (the "**Cash Consideration Amount**") to satisfy in full (i) all claims arising under the DIP Credit Agreement ("**DIP Claims**") (and any claims arising under or in connection with the Prepetition Super Senior Credit Agreement to the extent such claims do not become DIP Claims); (ii) all administrative claims, priority tax claims, or other priority claims; (iii) all other secured claims exclusive of the claims arising under or in connection with the Prepetition First Lien Credit Agreement and the Prepetition Second Lien Credit Agreement; (iv) all claims arising under or in connection with the Prepetition First Lien Credit Agreement; (v) the expected costs associated with the wind-down of the Debtors' estates in accordance with a wind-down budget acceptable to the Requisite First Lien Lenders, then the consent rights of the Secured Parties provided for herein shall automatically be deemed consultation rights and (b) the Debtors shall not designate a Stalking Horse Bid or select a Successful Bid or Back-Up Bid without the prior written consent of the Secured Parties unless such Bid provides cash consideration greater than the Cash Consideration Amount.

Summary of Important Dates

Key Event	Deadline
Deadline to Submit Non-Binding Indications of Interest	July 16, 2019 at 4:00 p.m. (prevailing Eastern Time)
Deadline to Submit Bids	September 11, 2019 at 4:00 p.m. (prevailing Eastern Time)
Deadline for Debtors to Notify Bidders of Status as Qualified Bidders	September 12, 2019 at 4:00 p.m. (prevailing Eastern Time)

Auction, if necessary, to be conducted at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153	September 13, 2019 at 10:00 a.m. (prevailing Eastern Time)
Deadline to File Notice of (a) Successful Bid and Back-Up Bid and (b) Identity of Successful Bidder and Back-Up Bidder	1 business day following conclusion of the Auction
Deadline to File Objections to (a) Sale Transaction, (b) Cure Costs, and (c) Adequate Assurance of Future Performance	September 23, 2019 at 4:00 p.m. (prevailing Eastern Time)
Confirmation Hearing	October 1, 2019 at []:00 a/p.m. (prevailing Eastern Time)* *Subject to the Court's availability, on such date the Debtors request

Fusion Segments to be Acquired

The Debtors' operations are comprised of the U.S. Business and the Canadian Business. Parties may submit bids for (i) the U.S. Business only, (ii) the Canadian Business only, or (iii) the U.S. Business and the Canadian Business on a consolidated basis, in accordance with the terms and conditions set forth herein.

Due Diligence

The Debtors have posted copies of all material documents related to the Debtors' assets to the Debtors' confidential electronic data room (the "**Data Room**"). To access the Data Room, a party must submit to the Debtors' advisors:

- (A) an executed confidentiality agreement in form and substance that is customary and reasonably satisfactory to the Debtors (unless such party is already a party to an existing customary confidentiality agreement with the Debtors that is reasonably acceptable to the Debtors for this due diligence process, in which case such agreement shall govern); and
- (B) sufficient information, as reasonably determined by the Debtors, to allow the Debtors to determine, in their reasonable business judgment, that the interested party (i) has the financial wherewithal to consummate a Sale Transaction, and (ii) intends to access the Data Room for a bona fide purpose consistent with these Bidding Procedures.

An interested party that meets the aforementioned requirements to the reasonable satisfaction of the Debtors shall be a "Potential Bidder." As soon as practicable, the Debtors will provide such Potential Bidder access to the Data Room; provided, that such access may be terminated by the Debtors in their reasonable discretion at any time for any reason whatsoever, in consultation with Greenhill (as defined herein), including that a Potential Bidder does not become a Qualified Bidder, these Bidding Procedures are terminated, the Potential Bidder breaches any obligations under its confidentiality agreement or the Debtors become aware that information submitted by the Potential Bidder for requesting access to the Data Room is inaccurate or misleading. The Debtors may restrict or limit access of a Potential Bidder to the Data Room if the Debtors determine, based on their reasonable business judgment and in consultation with the Secured Parties, that certain information in the Data Room is sensitive, proprietary or otherwise not appropriate for disclosure to such Potential Bidder.

Each Potential Bidder shall comply with all reasonable requests for information and due diligence access by the Debtors or their advisors regarding the ability of such Potential Bidder to consummate a Sale Transaction. All such information provided to the Debtors shall be furnished upon receipt to Greenhill and Davis Polk (each as defined herein).

Until the Bid Deadline, and except as otherwise provided herein, the Debtors will provide any Potential Bidder with reasonable access to the Data Room and any additional information requested by Potential Bidders (subject to any restrictions pursuant to applicable law or these Bidding Procedures) that the Debtors believe in their reasonable business judgment to be reasonable and appropriate under the circumstances. All additional due diligence requests shall be directed to the Debtors' investment bankers, PJT Partners, Inc. (Attn: Brent Herlihy (herlihy@pjtpartners.com), Meera Satiani (satiani@pjtpartners.com), and Joel Hanson (hanson@pjtpartners.com)). In the event that any such additional information is in written form and provided to a Potential Bidder, the Debtors shall simultaneously provide such additional information to all other Potential Bidders, as well as the Stalking Horse Bidder, if any, and Greenhill and Davis Polk. Unless prohibited by law or otherwise determined by the Debtors in consultation with the Secured Parties, the availability of additional due diligence to a Potential Bidder will cease if (i) the Potential Bidder does not become a Qualified Bidder, (ii) the Potential Bidder submits a Bid, (iii) these Bidding Procedures are terminated, (iv) the Potential Bidder breaches any obligations under its confidentiality agreement or (v) the Debtors become aware that information submitted by the Potential Bidder for requesting access to the Data Room is inaccurate or misleading.

Neither the Debtors nor any of their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Debtors' assets to any person or entity who (i) is not a Potential Bidder, (ii) does not comply with the participation requirements set forth herein, or (iii) in the case of competitively sensitive information, is a competitor of the Debtors, in the reasonable business judgment of the Debtors after consulting with Greenhill.

Designation of Stalking Horse Bidder

Designation of Stalking Horse Bidder. The Debtors may, with the prior written consent of the Secured Parties (as defined herein), which may be withheld in their sole discretion, and in consultation with the UCC (as defined herein), designate a Stalking Horse Bidder and enter into a Stalking Horse Agreement with such Stalking Horse Bidder. To the extent the Debtors, after receiving the prior written consent of the Secured Parties, designate a Stalking Horse Bidder, the Debtors shall promptly upon execution of a Stalking Horse Agreement, and in no event more than one (1) calendar day following such execution, file with the Bankruptcy Court, serve on the Objection Notice Parties, and cause to be published on the website maintained by the Debtors' claims and noticing agent in these chapter 11 cases, located at Debtors' claims agent's website at <https://cases.primeclerk.com/fusionconnect>, a notice that contains information about the Stalking Horse Bidder, the Stalking Horse Bid, and attaches the proposed Stalking Horse Agreement (the "**Notice of Stalking Horse Bidder**").

Stalking Horse Bid Protections. The Debtors may, in consultation with the Secured Parties and the UCC, (i) establish initial overbid minimum and subsequent bidding increment requirements; (ii) offer the Stalking Horse Bidder a break-up fee in an amount agreed to by the Debtors, with the prior written consent of the Secured Parties, which may be withheld in their sole discretion (a "**Termination Payment**"); (iii) provide that, if the Stalking Horse Bidder bids at the Auction, the Stalking Horse Bidder will be entitled to a credit in the amount of its Termination Payment against the increased purchase price for the assets; and (iv) provide other appropriate and customary protections to a Stalking Horse Bidder that are reasonably acceptable to the Secured Parties (the Termination Payment and the other bid protection described in this paragraph collectively are referred to as the "**Stalking Horse Bid Protections**"). The Stalking Horse Bid

Protections shall be described in detail, including the amount and calculation of such Stalking Horse Bid Protections, in the Notice of Stalking Horse Bidder.

Objections to Designation of Stalking Horse Bidder. Any objections (each, a “**Stalking Horse Objection**”) to the designation of a Stalking Horse Bidder, including any Stalking Horse Bid Protections pursuant to the terms and provisions of a Stalking Horse Agreement, must (i) be in writing; (ii) state the name and address of the objecting party (unless such party is the U.S. Trustee or a Consultation Party); and the amount and nature of the Claim or Interest of such party; (iii) state with particularity the basis and nature of any objection; (iv) conform to the Bankruptcy Rules and the Local Rules; (v) be filed with the Court (a) by registered users of the Court’s case filing system, electronically in accordance with General Order M-399 (which can be found at <http://www.nysb.uscourts.gov>) and (b) by all other parties in interest, on a CD-ROM, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Court and General Order M-399, as applicable; and (vi) be served upon the Objection Notice Parties³ within seven (7) calendar days after the filing of the Notice of Stalking Horse Bidder (the “**Stalking Horse Objection Deadline**”).

If a timely Stalking Horse Objection is filed and served in accordance with the preceding paragraph, the proposed designation of a Stalking Horse Bidder and Stalking Horse Bid Protections will not be deemed approved until either the Stalking Horse Objection is resolved by agreement of the objecting party and the Debtors, with the prior written consent of the Secured Parties, which may be withheld in their sole discretion, or by order of the Bankruptcy Court.

If no timely Stalking Horse Objection is filed and served with respect to a Stalking Horse Agreement in accordance with the Bidding Procedures, the Stalking Horse Bid Protections shall be deemed approved without further order of the Court upon the expiration of the Stalking Horse Objection Deadline.

For all purposes under the Bidding Procedures, a Stalking Horse Bidder approved as such pursuant to this Order shall be considered a Qualified Bidder, and the Stalking Horse Bid shall be considered a Qualified Bid. Subject to the other provisions of these Bidding Procedures, in the event that a Stalking Horse Bid is the only Qualified Bid received by the Debtors by the Bid Deadline, the Stalking Horse Bidder may be deemed the Successful Bidder.

Non-Binding Indications of Interest

Parties interested in purchasing the Debtors’ businesses are encouraged to submit an indication of interest to the Debtors by **July 16, 2019 at 4:00 p.m. (prevailing Eastern Time)** in writing (each a “**Non-Binding Indication of Interest**”). Non-Binding Indications of Interest should be sent to the Debtors’ investment bankers, PJT Partners, Inc. (Attn: Michael O’Hara (ohara@pjtpartners.com), John Singh

³ As defined in the Bidding Procedures Order, the Objection Notice Parties include: (a) The Debtors, Fusion Connect, Inc., 420 Lexington Avenue, Suite 1718, New York, New York 10170 (Attn: James Prenetta); (b) Counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Gary T. Holtzer; Sunny Singh; and Gaby Smith); (c) William K. Harrington, U.S. Department of Justice, Office of the U.S. Trustee, 201 Varick Street, Room 1006, New York, New York 10014 (Attn: Richard Morrissey, Esq. and Susan Arbeit, Esq.); (d) Counsel to Wilmington Trust, N.A., as the DIP Agent, Prepetition Bridge Agent and Prepetition First Lien Agent, Arnold & Porter Kaye Scholer LLP, 70 West Madison Street, Suite 4200, Chicago, Illinois, 60602 (Attn: Michael D. Messersmith); (e) Counsel to the Ad Hoc Group of First Lien Lenders, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Damian S. Schaible and Adam L. Shpeen); and (f) Counsel to an official committee of unsecured creditors appointed in these chapter 11 cases, if any.

(singhj@pjtpartners.com), Brent Herlihy (herlihy@pjtpartners.com), Meera Satiani (satiani@pjtpartners.com), and Joel Hanson (hanson@pjtpartners.com)).

Submitting a Non-Binding Indication of Interest by the deadline listed herein does not obligate the interested party to consummate a transaction, submit a formal bid or to participate in the bidding process, nor does it cause such party to be deemed to be a Potential Bidder. It also does not exempt such party from having to submit a Qualified Bid by the Bid Deadline (as defined below) or comply with these Bidding Procedures to participate in any subsequent Auction, all as described below. For the avoidance of doubt, a party that does not submit a Non-Binding Indication of Interest is not precluded from submitting a Qualified Bid by the Bid Deadline.

Bid Deadline

A Potential Bidder that desires to make a bid shall deliver electronic copies of its bid so as to be received no later than **September 11, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Bid Deadline**”); provided, that the Debtors may, in consultation with the Consultation Parties, extend the Bid Deadline without further order of the Bankruptcy Court subject to providing notice to all Potential Bidders and the Stalking Horse Bidder, if any. **The submission of a bid by the Bid Deadline shall constitute a binding and irrevocable offer to acquire the assets specified in such bid.** Any party that does not submit a bid by the Bid Deadline will not be allowed to (i) submit any offer after the Bid Deadline or (ii) participate in any Auction.

Bids should be submitted by email to the following Debtor representatives:

Weil, Gotshal & Manges LLP
Fusionbids@weil.com
Gary T. Holtzer
(Gary.Holtzer@weil.com)
Howard Chatzinoff
(Howard.Chatzinoff@weil.com)
Sunny Singh
(Sunny.Singh@weil.com)
Naomi Munz
(Naomi.Munz@weil.com)
Gaby Smith
(Gaby.Smith@weil.com)

PJT Partners, Inc.
Michael O’Hara
(Ohara@pjtpartners.com)
John Singh
(Singhj@pjtpartners.com)
Brent Herlihy
(Herlihy@pjtpartners.com)
Meera Satiani
(Satiani@pjtpartners.com)
Joel Hanson
(Hanson@pjtpartners.com)

Consultation Parties

Throughout the bidding process, the Debtors and their advisors will regularly and timely consult with the (i) Davis Polk & Wardwell LLP (“**Davis Polk**”) and Greenhill & Co., LLC (“**Greenhill**”), as advisors to the Ad Hoc Group of First Lien Lenders (the “**Secured Parties**”); and (ii) the advisors to the Official Committee of Unsecured Creditors, if any (the “**UCC**”, together with the Secured Parties, the “**Consultation Parties**”).

The Debtors shall promptly provide copies of all Bids (as defined below) and Non-Binding Indications of Interest received by the Debtors to the Consultation Parties, but in no event later than the next calendar day after such Bid or Non-Binding Indications of Interest is received; provided, that the Consultation Parties must treat such Bids or Non-Binding Indications of Interest and any related information as confidential and shall not publicly disclose such information without the written consent of the Debtors and the applicable Bidder.

For the avoidance of doubt, any consultation rights (but, for the avoidance of doubt, not any consent rights) afforded to the Consultation Parties by these Bidding Procedures shall not limit the Debtors' discretion in any way and shall not include the right to veto any decision made by the Debtors in the exercise of their reasonable business judgment. Further, for the avoidance of doubt, any rights that the Consultation Parties may have pursuant to the terms of other agreements, any orders of the Court, or the Bankruptcy Code are hereby reserved and shall not be affected by these Bidding Procedures or the Bidding Procedures Order. All rights of the Secured Parties with respect to any potential Sale Transaction, the Restructuring Support Agreement, or the DIP Financing are fully reserved.

Form and Content of Qualified Bid

A bid is a signed document from a Potential Bidder received by the Bid Deadline that identifies the purchaser by its legal name and any other party that will be participating in connection with the bid (a "**Bid**"). To constitute a "**Qualified Bid**" a Bid must include, at a minimum, the following:⁴

- i. Proposed Agreement. Each Bid must include an executed agreement (the "**Proposed Agreement**") for the acquisition of all or some of the assets of the Debtors or newly issued equity interests of the reorganized Debtors pursuant to the Debtors' chapter 11 plan (the "**Plan**"), together with a redline comparing the Proposed Agreement to the form agreement distributed by the Debtors to Potential Bidders, which form shall be reasonably acceptable to the Secured Parties.
- ii. Purchase Price; Form of Consideration; Cash Requirements; Assumed Liabilities; Credit Bid. Each Bid must clearly set forth, as applicable:
 - (a) Purchase Price. Each Bid must clearly identify the purchase price to be paid (the "**Purchase Price**"), which Purchase Price shall be paid in cash only or such other form of consideration acceptable to the Requisite First Lien Lenders in their sole discretion, with the exception for any Credit Bid (as defined herein).
 - (b) Cash Requirements. Each Bid must provide cash consideration for the payment of any applicable Termination Payment in cash in full and cash in an amount not less than the Cash Consideration Amount (as defined in the RSA) or shall otherwise provide for an amount of cash or value acceptable to the Secured Parties in their sole discretion. In furtherance of the foregoing requirement, any Credit Bid (as defined herein) must include a cash component sufficient to pay any applicable Termination Payment and all obligations secured by senior liens on the Debtors' assets.
 - (c) Assets / Business Purchased: Each Bid must, in the Proposed Agreement, clearly identify the particular assets/business the Potential Bidder seeks to acquire from the Debtors. With respect to a Bid for acquiring the Debtors' U.S. Business and Canadian

⁴ Except as otherwise set forth herein, the Debtors may, in consultation with the Consultation Parties waive any of the following requirements for a Bid to constitute a Qualified Bid; provided, that any waiver of the requirements set forth in sections ii(a) or ii(b) below shall require the consent of the Secured Parties, which may be withheld in their sole discretion.

Business on a consolidated basis, the Bid must clearly state the allocation of Purchase Price between the U.S. Business and the Canadian Business.

- (d) Assumed Liabilities: Each Bid must clearly identify, in writing and as applicable, the particular liabilities, if any, the Bidder seeks to assume. For the avoidance of doubt, a Qualified Bid may include a bid for less than all or substantially all of the Debtors' liabilities.
 - (e) Credit Bid. Persons or entities holding a perfected security interest in the Debtors' assets may submit a credit bid (a "**Credit Bid**") on such assets, to the extent permitted by applicable law, any Bankruptcy Court orders and the documentation governing the Debtors' prepetition or postpetition secured credit facilities, and subject to any applicable limitations set forth in the Prepetition Intercreditor Agreements.⁵
- iii. Unconditional Offer / Contingencies. A statement that the Bid is formal, binding, and unconditional, is not subject to any further due diligence or financing contingency, and is irrevocable until the Debtors notify the Potential Bidder that such Bid is not a Successful Bid or a Back-Up Bid, or until the first business day after the close of a Sale Transaction. A Bid may not be materially less favorable than the terms of the Stalking Horse Agreement, if any.
 - iv. Proof of Financial Ability to Perform. Each Bid must contain such financial and other information that allows the Debtors, in consultation with the Consultation Parties, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Sale Transaction including, without limitation, such financial and other information setting forth adequate assurance of future performance in satisfaction of the requirements under section 365(f)(2)(B) of the Bankruptcy Code, and the Potential Bidder's willingness to perform under any contracts that are assumed and assigned to such party. Without limiting the foregoing, such information must include current financial statements or similar financial information certified to be true and correct as of the date thereof, proof of financing commitments if needed to consummate the transaction (not subject to, in the Debtors' discretion in consultation with the Consultation Parties, any unreasonable conditions), contact information for verification of such information, including any financing sources, and any other information reasonably requested by the Debtors or the Consultation Parties necessary to demonstrate adequate assurance of future performance and to demonstrate that such Potential Bidder has the ability to consummate a Sale Transaction in a timely manner.

⁵ "**Prepetition Intercreditor Agreements**" means that certain Super Senior Intercreditor Agreement, dated as of May 9, 2019 among Wilmington Trust, National Association, as super senior representative and Wilmington Trust, National Association, as first lien representative and that certain Intercreditor Agreement, dated as of May 4, 2018 among Wilmington Trust, National Association, as super senior representative and an additional first lien obligations representative, Wilmington Trust, National Association, as first lien representative and Wilmington Trust, National Association, as second lien representative.

- v. Designation of Contracts and Leases. Each Bid must identify with particularity each and every executory contract and unexpired lease, the assumption and assignment of which is a condition to closing a Sale Transaction; provided, that the Bid may allow for the Potential Bidder to remove executory contracts and unexpired leases from the list of contracts to be assumed and assigned any time prior to the closing of a Sale Transaction; provided further, that to the extent the Debtors identify any additional executory contracts or unexpired leases after the Bid is submitted, the Bid may allow for the Potential Bidder to add such executory contracts and unexpired leases to the list of contracts to be assumed and assigned any time from and after the Bid is submitted. As soon as reasonably practicable, the Debtors shall provide notice to the applicable contract counterparties of such removal and/or addition of such counterparty's executory contracts and unexpired leases.
- vi. Required Approvals. A statement or evidence (i) that the Potential Bidder has made or will make in a timely manner all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or other antitrust laws, as applicable, and pay the fees associated with such filings; (ii) of the Potential Bidder's plan and ability to obtain all requisite governmental, regulatory, or other third-party approvals and the proposed timing for the Potential Bidder to undertake the actions required to obtain such approvals; and (iii) that the Bid is reasonably likely (based on antitrust or other regulatory issues, experience, and other considerations) to be consummated, if selected as the Successful Bid or as the Back-Up Bid, within a time frame acceptable to the Debtors and the Secured Parties. A Potential Bidder further agrees that its legal counsel will coordinate in good faith with Debtors' legal counsel and counsel to the Secured Parties to discuss and explain such Potential Bidder's regulatory analysis, strategy, and timeline for securing all such approvals as soon as reasonably practicable.
- vii. Disclosure of Identity and Corporate Authorization. Each Bid must (i) fully disclose the identity of the Potential Bidder of each entity that will be bidding or otherwise participating in such Bid (including any equity owners or sponsors, if the Potential Bidder is an entity formed for the purpose of consummating the Sale Transaction), and the complete terms of any such participation, and (ii) include evidence of corporate authorization and approval from the Potential Bidder's board of directors (or comparable governing body) with respect to the submission, execution, and delivery of a Bid, participation in the Auction, and closing of the transactions contemplated by the Potential Bidder's Proposed Agreement in accordance with the terms of the Bid and these Bidding Procedures.
- viii. No Entitlement to Expense Reimbursement or Other Amounts. With the exception of any Stalking Horse Bid, expressly state that the Bid does not entitle the Potential Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment or reimbursement, and a waiver of any substantial contribution administrative expense claims under section 503(b) of the Bankruptcy Code related to the bidding process.
- ix. Disclosure of Connections. Each Bid must fully disclose any connections or agreements with the Debtors, any other known Potential Bidder and/or any officer or director of the Debtors.

- x. Joint Bids. The Debtors may approve, with the prior written consent of the Secured Parties, which may be withheld in their sole discretion, joint Bids in their reasonable discretion on a case-by-case basis.
- xi. Representations and Warranties. Each Bid must include the following representations and warranties:
 - a. a statement that the Potential Bidder has had an opportunity to conduct any and all due diligence regarding the applicable assets prior to submitting its Bid;
 - b. a statement that the Potential Bidder has relied solely upon its own independent review, investigation, and/or inspection of any relevant documents and the assets in making its Bid and did not rely on any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express or implied, by operation of law or otherwise, regarding the assets or the completeness of any information provided in connection therewith, except as expressly stated in the representations and warranties contained in the Potential Bidder's Proposed Agreement ultimately accepted and executed by the Debtors;
 - c. a statement that the Potential Bidder agrees to serve as Back-Up Bidder, if its Bid is selected as the next highest or next best bid after the Successful Bid with respect to the applicable assets;
 - d. a statement that the Potential Bidder has not engaged in any collusion with respect to the submission of its Bid;
 - e. a statement that all proof of financial ability to consummate a Sale Transaction in a timely manner and all information provided to support adequate assurance of future performance is true and correct; and
 - f. a statement that the Potential Bidder agrees to be bound by the terms of the Bidding Procedures.

A Potential Bidder must also accompany its Bid with:

- xii. a cash deposit in the amount of ten percent (10%) of the enterprise value of the business to be purchased through the Bid, as implied by the Purchase Price (a "**Good Faith Deposit**"), unless otherwise agreed to by the Debtors, in consultation with the Consultation Parties, and a Potential Bidder; provided, that a Potential Bidder submitting a Credit Bid will not be required to accompany its Bid with a Good Faith Deposit for any portion of the Purchase Price that is a Credit Bid;
- xiii. the contact information of the specific person(s) whom the Debtors or their advisors should contact in the event that the Debtors have any questions or wish to discuss the Bid submitted by the Potential Bidder; and
- xiv. a covenant to cooperate with the Debtors and the Consultation Parties to provide pertinent factual information regarding the Potential Bidder's operations reasonably required to analyze issues arising with respect to any applicable antitrust laws and other applicable regulatory requirements.

Good Faith Deposit

A Good Faith Deposit must be deposited, prior to the Bid Deadline, with an escrow agent selected by the Debtors in consultation with the Consultation Parties (the “Escrow Agent”) pursuant to a customary and reasonable escrow agreement to be provided by the Debtors. To the extent a Qualified Bid is modified before, during, or after the Auction, the Debtors reserve the right, in consultation with the Consultation Parties, to require that such Qualified Bidder increase its Good Faith Deposit so that it equals ten percent (10%) of the enterprise value of the business to be purchased through the Bid, as implied by the Purchase Price. If a Qualified Bidder is required to increase its Good Faith Deposit, its status as a Qualified Bidder shall be suspended pending satisfaction of such adjustment.

Review of Bids; Designation of Qualified Bids

The Debtors, in consultation with the Consultation Parties, will evaluate Bids that are timely submitted and may engage in negotiations with Potential Bidders who submitted Bids as the Debtors deem appropriate in the exercise of their reasonable business judgment, based upon the Debtors’ evaluation of the content of each Bid.

A Bid that is reasonably determined by the Debtors, in consultation with the Consultation Parties, to meet the requirements set forth herein will be considered a “**Qualified Bid**” and any bidder that submits a Qualified Bid (including any Stalking Horse Bid) will be considered a “**Qualified Bidder**.”

By no later than **September 12, 2019** (the “**Qualified Bid Deadline**”), the Debtors shall determine, in their reasonable business judgment, and in consultation with the Consultation Parties, which of the Bids received by the Bid Deadline qualifies as a Qualified Bid. The Debtors shall notify each Bidder who submits a Qualified Bid of its status as a Qualified Bidder by the Qualified Bid Deadline.

In evaluating the Bids, the Debtors may take into consideration the following non-exhaustive factors:

1. the amount of the purchase price and Credit Bid, as applicable, set forth in the Bid (provided that for purposes of evaluating competing bids, every dollar of a Credit Bid shall be treated the same as a dollar from a cash or other non-cash Bid, and a Credit Bid shall not be considered inferior to a comparable cash or other non-cash Bid because it is a Credit Bid);
2. the assets and liabilities excluded from the Bid and any executory contracts or leases or other liabilities proposed to be assumed;
3. the value to be provided to the Debtors under the Bid, including the net economic effect upon the Debtors’ estates, taking into account any Stalking Horse Bidder’s rights to any Termination Payment;
4. any benefit to the Debtors’ bankruptcy estates from any assumption of liabilities or waiver of liabilities;
5. the transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments; and required governmental or other approvals;
6. the impact on employees and employee claims against the Debtors;

7. the impact on trade creditors; and
8. any other factors the Debtors may reasonably deem relevant consistent with their fiduciary duties.

The Debtors reserve the right, after consulting with the Consultation Parties, to work with any Potential Bidder in advance of the Auction to cure any deficiencies in a Bid that is not initially deemed a Qualified Bid.

Without the written consent of the Debtors after consultation with the Consultation Parties, a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed amendments to increase the Purchase Price or otherwise improve the terms of the Qualified Bid for the Debtors during the period that such Qualified Bid remains binding as specified herein; provided, that any Qualified Bid may be improved at the Auction as set forth in these Bidding Procedures.

For the avoidance of doubt, in the event of a Bid by or on behalf of the DIP Lenders (as defined in the DIP Order)⁶ or any of them, the DIP Agent (at the direction of the DIP Requisite Lenders (as defined in the DIP Order)) shall be allowed, to the maximum extent permitted by section 363(k) of the Bankruptcy Code, to “credit bid” up to the full amount of all of the Debtors’ DIP Obligations (as defined in the DIP Order). In addition, any Qualified Bidder who has a valid and perfected lien on any assets of the Debtors’ estates and the right under applicable nonbankruptcy law to credit bid claims secured by such liens, which, for the avoidance of doubt, includes the Prepetition Super Senior Lenders and the Prepetition First Lien Lenders (each as defined in the DIP Order), shall have the right to credit bid all or a portion of the value of such Qualified Bidder’s claims pursuant to section 363(k) of the Bankruptcy Code with respect to the collateral by which such Qualified Bidder’s claim is secured.

Failure to Receive Qualified Bids Other Than Stalking Horse Bid

If no Qualified Bid (other than the Stalking Horse Bid, if any, which, for the avoidance of doubt, has been designated by the Debtors with the prior written consent of the Secured Parties and in consultation with the UCC) is received by the Qualified Bid Deadline, the Debtors will not conduct the Auction, and shall file a notice with the Bankruptcy Court indicating that no Auction will be held. The Debtors shall also publish such notice on the website of their claims and noticing agent, Prime Clerk LLC (<https://cases.primeclerk.com/fusionconnect>).

Auction Procedures

If the Debtors receive two or more Qualified Bids, the Debtors shall conduct the Auction on **September 13, 2019, beginning at 10:00 a.m. (prevailing Eastern Time) at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, or such other later date as may be determined by the Debtors in consultation with the Consultation Parties.** Only a Qualified Bidder will be eligible to participate at the Auction, subject to such limitations as the Debtors may impose in good faith and in consultation with the Consultation Parties. In addition, professionals and/or other representatives of the Debtors and the Consultation Parties shall be permitted to attend and observe the Auction. Each

⁶ The “**DIP Order**” means the *Interim Order (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection to the Prepetition Secured Parties, (E) Modifying the Automatic Stay, (F) Scheduling a Final Hearing, and (G) Granting Related Relief* (ECF No.).

Qualified Bidder shall be required to confirm, both before and after the Auction, that it has not engaged in any collusion with respect to the submission of any bid, the bidding, or the Auction.

The Debtors shall adopt rules for the Auction (the “**Auction Rules**”), which shall be reasonably acceptable to the Secured Parties, to promote a spirited and robust auction. The Auction Rules shall provide that all bids in the Auction will be made and received on an open basis, and all other bidders participating in the Auction will be entitled to be present for all bidding with the understanding that the true identity of each bidder placing a bid at the Auction will be fully disclosed to all other bidders participating in the Auction and that all material terms of a bid submitted in response to any successive bids made at the Auction will be disclosed to all other bidders. Each Qualified Bidder will be permitted what the Debtors, in consultation with the Consultation Parties, reasonably determine to be an appropriate amount of time to respond to the previous bid at the Auction. The Auction will be conducted openly and shall be transcribed or recorded.

The Auction Rules adopted by the Debtors, in consultation with the Consultation Parties, shall explicitly prohibit round-skipping as described herein. To remain eligible to participate in the Auction for a particular asset or business, in each round of bidding, (i) each Qualified Bidder must submit a Bid in such round of bidding that is a higher or otherwise better offer than the immediately preceding Bid submitted by a Qualified Bidder in such round of bidding and (ii) to the extent a Qualified Bidder fails to bid in such round of bidding or to submit a Bid in such round of bidding that is a higher or otherwise better offer than the immediately preceding Bid submitted by a Qualified Bidder in such round of bidding, as determined by the Debtors in their reasonable business judgment and in consultation with the Consultation Parties, such Qualified Bidder shall be disqualified from continuing to participate in the Auction for such asset or business; provided, that the Debtors may, in consultation with the Consultation Parties, utilize Auction procedures other than the foregoing procedure for any round of bidding. To the extent the Debtors conduct multiple auctions for different subgroupings of the Debtors’ assets/businesses (each, a “**Sub-Auction**”) at any Auction and a Qualified Bidder declines to participate in any specific Sub-Auction or Sub-Auctions, or any round of bidding for such specific Sub-Auctions, such Qualified Bidder shall still be permitted to offer a Bid in subsequent Sub-Auctions, including bids that include assets/businesses subject to a prior Sub-Auction, which includes the right to bid on groupings of assets/businesses that may include specific assets/businesses which were the subject of an earlier Sub-Auction.

If no Qualified Bid exists for acquiring only the U.S. Business or only the Canadian Business, the Debtors shall conduct an Auction for the Debtors’ U.S. Business and Canadian Business on a consolidated basis pursuant to the Auction Rules. The Debtors may, in the exercise of their reasonable business judgment, in consultation with the UCC and with the prior written consent of the Secured Parties, which may be withheld in their sole discretion, identify the highest or otherwise best Qualified Bid as the successful bid (a “**Successful Bid**” and the bidder submitting such bid, a “**Successful Bidder**”); provided, however, that the Debtors may identify a Successful Bid without the prior written consent of the Secured Parties if the Successful Bid contemplates cash consideration greater than the Cash Consideration Amount. The Debtors may also identify a Qualified Bidder that submitted the next highest or otherwise best Qualified Bid as a back-up bid (a “**Back-Up Bid**” and the bidder submitting such bid, a “**Back-Up Bidder**”).

If one or more Qualified Bid(s) exist for acquiring only the U.S. Business or only the Canadian Business, then the Debtors shall first conduct a Sub-Auction for each of these businesses that has at least one Qualified Bid pursuant to the Auctions Rules. The Debtors may, in the exercise of their reasonable business judgment, in consultation with the UCC and with the prior written consent of the Secured Parties, which may be withheld in their sole discretion, identify the highest or otherwise best Qualified Bid as the reserve bid for each Sub-Auction (each, a “**Reserve Sub-Auction Bid**” and the bidder submitting such bid, a “**Reserve Sub-Auction Bidder**”). The Debtors may also identify a Qualified Bidder that submitted the next highest or otherwise best Qualified Bid in each Sub-Auction as a back-up bid (each, a “**Back-Up Sub-Auction Bid**” and the bidder submitting such bid, a “**Back-Up Sub-Auction Bidder**”). After the designation of any

Reserve Sub-Auction Bid, the Debtors shall conduct an Auction for the Debtors' U.S. Business and Canadian Business on a consolidated basis pursuant to the Auction Rules. If, upon the completion of such Auction, the Debtors, in the exercise of their reasonable business judgment, based on the evaluation metrics provided herein, in consultation with the UCC and with the prior written consent of the Secured Parties, which may be withheld in their sole discretion, determine that pursuing a Sale Transaction pursuant to the Reserve Sub-Auctions Bid(s) will result a higher or otherwise better value of the Debtors' businesses than pursuing a Sale Transaction pursuant to the highest or otherwise best Bid received in the Auction of the Debtors' U.S. Business and Canadian Business on a consolidated basis, then the Debtors may, in the exercise of their reasonable business judgment, in consultation with the UCC and with the prior written consent of the Secured Parties, which may be withheld in their sole discretion, declare the Reserve Sub-Auction Bid(s) as Successful Bid(s) (and the Reserve Sub-Auction Bidder(s) as Successful Bidders) and the Back-Up Sub-Auction Bid(s) as the Back-Up Bid(s) (and the Back-up Sub-Auction Bidder(s) as Back-Up Bidder(s)). In the event that the Debtors, in the exercise of their reasonable business judgment, in consultation with the UCC and with the prior written consent of the Secured Parties, which may be withheld in their sole discretion, pursue a Sale Transaction based on a Reserve Sub-Auction Bid the Debtors declared as the Successful Bid that contemplates the Successful Bidder's purchase of only the Debtors' Canadian Business, then the Debtors may reorganize around the U.S. Business pursuant to a plan of reorganization.

Within one (1) business day after the Auction, each Successful Bidder shall submit to the Debtors and the Secured Parties fully executed documentation memorializing the terms of the Successful Bid such Successful Bidder submitted. A Successful Bid may not be assigned to any party without the consent of the Debtors and in consultation with the Secured Parties.

At any time before the designation of a Successful Bid and Back-Up Bid, if any, the Debtors, in consultation with the Secured Parties, reserve the right to and may reject such Qualified Bid(s) if such Qualified Bid(s), in the Debtors' reasonable business judgment, is/are: (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, these Bidding Procedures, or the terms and conditions of the applicable Sale Transaction; or (iii) contrary to the best interests of the Debtors and their estates.

Post-Auction Process

Within one (1) business day after the conclusion of the Auction, or as soon as reasonably practicable thereafter, the Debtors shall file with the Bankruptcy Court a notice of the Successful Bid(s), Successful Bidder(s), Back-Up Bid(s), and Back-Up Bidder(s).

Within seven (7) business days after the Auction, the Debtors shall direct the Escrow Agent to return the deposit of any bidder, together with interest accrued thereon, who is not declared a Successful Bidder or Back-Up Bidder. Within five (5) business days after the Back-Up Bid Expiration Date, the Debtors shall direct the Escrow Agent to return the deposit of each Back-Up Bidder, together with interest accrued thereon (if any). Upon the authorized return of any such deposit, the bid of such Potential Bidder, Qualified Bidder or Back-Up Bidder, as applicable, shall be deemed revoked and no longer enforceable.

Each Successful Bidder's deposit shall be applied against the cash portion of the purchase price of such bidder's Successful Bid upon the consummation of a Sale Transaction.

In addition to the foregoing, the deposit of a Qualified Bidder will be forfeited to the Debtors if (i) the Qualified Bidder attempts to modify, amend, or withdraw its Qualified Bid, except as permitted herein, during the time the Qualified Bid remains binding and irrevocable or (ii) the Qualified Bidder is selected as a Successful Bidder or Back-Up Bidder and refuses or fails to enter into the required definitive documentation or to consummate a Sale Transaction according to these Bidding Procedures.

Notices Regarding Assumption and Assignment

The Debtors shall provide all notices regarding the proposed assumption and assignment of contracts and leases in accordance with the Assumption and Assignment Procedures included in the Bidding Procedures Order.

Confirmation Hearing

Objections to the Sale Transaction (each, a “**Sale Objection**”), shall (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the Claim or Interest of such party; (iii) state with particularity the basis and nature of any objection, and provide proposed language that, if accepted and incorporated by the Debtors, would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; (v) be filed with the Court (a) by registered users of the Court’s case filing system, electronically in accordance with General Order M-399 (which can be found at <http://www.nysb.uscourts.gov>) and (b) by all other parties in interest, on a CD-ROM, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Court and General Order M-399, as applicable; and (vi) be served upon the Objection Notice Parties (as defined in the in the Bidding Procedures Order) by **September 23, 2019 at 4:00 p.m.** (the “**Sale Objection Deadline**”); provided, that the Debtors may extend the Sale Objection Deadline, as the Debtors deem appropriate in the exercise of their reasonable business judgment and in consultation with the Consultation Parties. If a timely Sale Objection cannot otherwise be resolved by the parties, such objection shall be heard by the Court at the Confirmation Hearing.

Each Successful Bidder shall appear at the Confirmation Hearing and be prepared to have a representative(s) testify in support of its Successful Bid and such Successful Bidder’s ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and/or assigned as part of the proposed transaction.

Any party who fails to file with the Court and serve on the Objection Notice Parties a Sale Objection by the Sale Objection Deadline may be forever barred from asserting, at the Confirmation Hearing or thereafter, any Sale Objection to the relief requested in the Motion with regard to a Successful Bidder, or to the consummation and performance of a Sale Transaction contemplated by a purchase or investment agreement between the Debtors and each Successful Bidder, including the transfer of assets to such Successful Bidder, free and clear of all liens, claims, encumbrances, and other interests pursuant to section 1141(c) of the Bankruptcy Code.

For the avoidance of doubt and notwithstanding anything herein to the contrary, nothing in these Bidding Procedures shall, or shall be construed to, in any way amend, impair, prejudice, alter or otherwise modify the terms of any DIP Document or the rights of the DIP Agent or any DIP Lender thereunder (each as defined in the DIP Order).

Consent to Jurisdiction and Authority as Condition to Bidding

All bidders that participate in the bidding process shall be deemed to have (i) consented to the core jurisdiction of the Bankruptcy Court to enter any order or orders, which shall be binding in all respects, in any way related to these Bidding Procedures, the bid process, the Auction, the Confirmation Hearing, or the construction and enforcement of any agreement or any other document relating to a Sale Transaction; (ii) waived any right to a jury trial in connection with any disputes relating to these Bidding Procedures, the bid process, the Auction, the Confirmation Hearing, or the construction and enforcement of any agreement or any other document relating to a Sale Transaction; and (iii) consented to the entry of a final order or judgment in any way related to these Bidding Procedures, the bid process, the Auction, the

Confirmation Hearing, or the construction and enforcement of any agreement or any other document relating to a Sale Transaction if it is determined that the Bankruptcy Court would lack Article III jurisdiction to enter such a final order or judgment absent the consent of the parties.

EXHIBIT B

FORM OF JOINDER AGREEMENT FOR CONSENTING FIRST LIEN LENDERS

This Joinder Agreement to the Restructuring Support Agreement, dated as of June 3, 2019, by and among Fusion Connect, Inc. and its direct and indirect domestic subsidiaries (collectively, the “*Company*”), and certain holders of the Company’s First Lien Loans (together with their respective successors and permitted assigns, the “*Consenting First Lien Lenders*” and each, a “*Consenting First Lien Lender*”) (as amended, supplemented or otherwise modified from time to time, the “*Agreement*”) is executed and delivered by [●] (the “*Joining Party*”) as of [●], 2019. Each capitalized term used herein but not otherwise defined shall have the meaning set forth in the Agreement.

1. Agreement to be Bound. The Joining Party hereby agrees to be bound by all of the terms of the Agreement, a copy of which is attached to this Joinder Agreement as **Annex I**. The Joining Party shall hereafter be deemed to be a “Consenting First Lien Lender” and a “Party” for all purposes under the Agreement and with respect to any and all Claims held by such Joining Party.

2. Representations and Warranties. With respect to the aggregate principal amount of First Lien Loans set forth below its name on the signature page hereto, the Joining Party hereby makes the representations and warranties of the Consenting First Lien Lenders set forth in Section 7 of the Agreement to each other Party to the Agreement.

3. Governing Law. This Joinder Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to any conflict of laws provisions which would require the application of the law of any other jurisdiction.

DIP Commitment Election:

☐ By checking this box, the Joining Party hereby represents and warrants that as of June 3, 2019 it held First Lien Loans in the amount set forth below, and hereby commits to provide a share of the DIP Facility equal in percentage to the DIP Commitment (as defined below), and otherwise on the terms and conditions in the DIP Facility Term Sheet and/or the DIP Credit Agreement, as applicable.

(A) Principal Amount of First Lien Loans: \$ _____

(B) Principal Amount of First Lien Loans set forth
in (A) above divided by \$[573,699,547], expressed
as a percentage: _____

(C) Percentage of the DIP Facility the Joining
Party hereby agrees to commit to, which shall not
be greater than the percentage set forth in (B)
above (“*DIP Commitment*”): _____

IN WITNESS WHEREOF, the Joining Party has caused this Joinder to be executed as of the date first written above.

CONSENTING FIRST LIEN LENDER

By: _____
Name:
Title:

Notice Address:

Fax:
Attention:
Email:

Acknowledged:

FUSION CONNECT, INC.

on its own behalf and on behalf of its direct and indirect domestic subsidiaries

By: _____

Name: James P. Prenetta, Jr.
Title: Executive Vice President
and General Counsel

Exhibit B

Local Rule 1007-2 Schedules

Schedule 1

Committees

Pursuant to Local Bankruptcy Rule 1007-2(a)(3), prior to the Commencement Date, the Debtors are aware of the following ad hoc groups that were formed to engage with the Debtors in an effort to participate in the Debtors' ongoing restructuring efforts.

Committee Description	Committee Representative
Ad hoc group of Term Loan B holders under the First Lien Credit and Guaranty Agreement	Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Damian S. Schaible, Esq. and Adam L. Shpeen, Esq.)
Ad hoc group of Revolving Loan and Term Loan A holders under the First Lien Credit and Guaranty Agreement	Simpson Thacher & Bartlett, 425 Lexington Avenue, New York, New York 10017 (Attn: Sandeep Qusba, Esq., Soogy Lee, Esq. and Edward R. Linden, Esq.)
Ad hoc group of holders of the Term Loan under the Second Lien Credit and Guaranty Agreement	Proskauer Rose LLP, Eleven Times Square, New York, New York 10036 (Attn: Charles A. Dale, Esq. and Jon M. English, Esq.)

Schedule 2

Consolidated List of 40 Largest Unsecured Claims (Excluding Insiders)¹

Pursuant to Local Rule 1007-2(a)(4), the following is a list of creditors holding, as of June 3, 2019, the forty (40) largest, unsecured claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in 11 U.S.C. § 101.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
1	AT&T Corporation Attn.: April Mullins 722 N Broadway, 9th Floor Milwaukee, Wisconsin 53202	Attn.: April Mullins Phone: (414) 274-7110 Email: am1986@att.com	Telco				\$24,742,775.00
2	Abante Rooter and Plumbing et al. c/o Broderick & Paronich, P.C. Attn.: Matthew P. McCue 99 High Street, Suite 304 Boston, Massachusetts 02110	Attn.: Matthew P. McCue Phone: (617) 738-7080 Email: mmccue@massattorneys.net	Settlement				\$5,000,000.00
3	Verizon Communications Attn.: Curtis Baker 6929 North Lakewood Avenue Tulsa, Oklahoma 74117	Attn.: Curtis Baker Phone: (918) 590-9027 Email: Curtis.Baker@verizon.com	Telco				\$4,163,922.00
4	ZAYO Group LLC Attn.: Chad Lehman 414 West 14th Street, 2nd Floor New York, New York 10014	Attn.: Chad Lehman Phone: (412) 841-2539 Email: chad.lehman@zayo.com	Telco				\$3,090,335.00
5	XO Communications Attn.: Curtis Baker 6929 North Lakewood Avenue Tulsa, Oklahoma 74117	Attn.: Curtis Baker Phone: (918) 590-9027 Email: Curtis.Baker@verizon.com	Telco				\$2,375,266.00
6	Federal Communications Commission Attn.: Lisa Williford 445 12 Street SW, Room 4C-224 Washington, District of Columbia 20554	Attn.: Lisa Williford Phone: (202) 418-0930 Email: Lisa.Williford@fcc.gov	Settlement				\$2,310,000.00
7	Global Capacity Group, Inc. Attn.: Shane McDonald 265 Winter Street Waltham, Massachusetts 02451	Attn.: Shane McDonald Phone: +44 115 896 1799 Email: Shane.Mcdonald@gtt.net	Telco				\$1,606,001.00

¹ The information herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. All claims are subject to customary offsets, rebates, discounts, reconciliations, credits, and adjustments, which are not reflected on this Schedule.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
8	Frontier Communications Corporation Attn.: Lynne Hladik 401 Merritt 7 Norwalk, Connecticut 06851	Attn.: Lynne Hladik Phone: (919) 941-6520 Email: lynne.hladik@ftr.com	Telco				\$1,436,315.00
9	Broadsoft, Inc. Attn.: Dave Mulhern 9737 Washingtonian Blvd., Suite 350 Gaithersburg, Maryland 20878	Attn.: Dave Mulhern Phone: (240) 364-5342 Email: dmulhern@cisco.com	Trade				\$1,374,120.00
10	CenturyLink, Inc. Attn.: Barry Horne 100 CenturyLink Dr. Monroe, Louisiana 71203	Attn.: Barry Horne Phone: (801) 238-0453 Email: Barry.Horne@CenturyLink.com	Telco				\$1,051,126.00
11	Level 3 Communications Attn.: Barry Horne 100 CenturyLink Drive Monroe, Louisiana 71203	Attn.: Barry Horne Phone: (801) 238-0453 Email: Barry.Horne@CenturyLink.com	Telco				\$834,568.00
12	Greenberg Traurig, LLP Attn.: Dennis J. Block MetLife Building 200 Park Avenue New York, New York 10166	Attn.: Dennis J. Block Phone: (212) 801-2222 Email: blockd@gtlaw.com	Professional Services				\$802,579.00
13	Windstream Communications Attn.: Laura Landry 4001 Rodney Parham Road Little Rock, Arkansas 72212	Attn.: Laura Landry Phone: (501) 748-3574 Email: laura.landry@windstream.com	Telco				\$768,763.00
14	Time Warner Cable Attn.: Janice Caldwell 7815 Crescent Executive Drive Suite 200 Charlotte, North Carolina 28217	Attn.: Janice Caldwell Phone: (704) 945-8312 Email: janice.caldwell@charter.com	Telco				\$587,649.00
15	Jones Day Attn.: William B. Rowland 1420 Peachtree Street, Suite 800 Atlanta, Georgia 30309	Attn.: William B. Rowland Phone: (404) 521-3939 Email: troach@JonesDay.com	Professional Services				\$556,231.00
16	Universal Service Administrative Co. Attn.: Chang-Hua Chen Customer Operations/Gen. Inquires 700 12th Street NW, Suite 900 Washington, District of Columbia 20005	Attn.: Chang-Hua Chen Phone: (202) 772-5221 Email: cchen@usac.org	Regulatory Agency				\$531,389.00
17	Infinet Technology Solutions Attn.: Tom Cusumano 7037 Fly Road East Syracuse, New York 13057	Attn.: Tom Cusumano Phone: (877) 825-8340 Ext. 4223 Email: cusumanot@infinet-tech.com	Trade				\$496,922.00

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
18	SoftwareONE Inc. Attn.: Katrina Strong 20875 Crossroads Circle, Suite 1 Waukesha, Wisconsin 53186	Attn.: Katrina Strong Phone: (262) 439-7819 Email: katrina.strong@softwareone.com	Trade				\$484,649.00
19	Symantec Corporation Attn.: Mayur Doshi 350 Ellis Street Mountain View, California 94043	Attn.: Mayur Doshi Phone: (541) 335-7443 Email: mayur_doshi@symantec.com	Telco				\$426,959.00
20	Dell, Inc. Attn.: David Halley Jr. 1 Dell Way Round Rock, Texas 78682	Attn.: David Halley Jr. Phone: (512) 728-6298 Email: david_halley@dell.com	Trade				\$401,275.00
21	Salesforce.com Inc. Attn.: Aman Alagh 415 Mission Street, 3rd Floor San Francisco, California 94105	Attn.: Aman Alagh Phone: (347) 735-0551 Email: aalagh@salesforce.com	Trade				\$393,803.00
22	Equinix Inc. Attn.: James Westbrook 1950 N Stemmons Freeway Dallas, Texas 75207	Attn.: James Westbrook Phone: (214) 743-8933 Email: jwestbrook@equinix.com	Telco				\$366,070.00
23	GTT Communications, Inc. Attn.: Shane McDonald 3379 Peachtree Rd NE, #925 Atlanta, Georgia 30326	Attn.: Shane McDonald Phone: +44 115 896 1799 Email: Shane.Mcdonald@gtt.net	Telco				\$356,505.00
24	Microsoft Corporation Attn.: Lucky Lidhar 8000 Avalon Boulevard, Suite 800 Alpharetta, Georgia 30009	Attn.: Lucky Lidhar Phone: (770) 862-9015 Email: Lucky.Lidhar@microsoft.com	Trade				\$344,148.00
25	Metaswitch Networks Ltd. Attn.: Patrick Hally 399 Main Street Los Altos, California 94022	Attn.: Patrick Hally Phone: (703) 480-0509 Email: Patrick.Hally@egaswitch.com	Trade				\$304,803.00
26	Persistent Systems Inc. Attn.: Shekhar V. Patankar 2055 Laurelwood Road, Suite 210 Santa Clara, California 95054	Attn.: Shekhar V. Patankar Phone: 91-712-6761583 Email: shekhar_patankar@persistent.com	Trade				\$280,690.00
27	Comcast Corporation Attn.: Samuel Scott Comcast Center 1701 JFK Blvd. Philadelphia, Pennsylvania 19103	Attn.: Samuel Scott Phone: (855) 871-4366 Email: Samuel_Scott2@comcast.com	Telco				\$269,383.00
28	TelePacific Attn.: Gina Alarid 515 S Flower Street, 4th Floor Los Angeles, California 90071	Attn.: Gina Alarid Phone: (303) 268-5422 Email: galarid@tpx.com	Telco				\$258,549.00

Name of creditor and complete mailing address, including zip code		Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
29	Veristor Systems, Inc. Attn.: Laurie Montemurro 4850 River Green Parkway Duluth, Georgia 30096	Attn.: Laurie Montemurro Phone: (678) 990-1593 Email: montemurro@veristor.com	Trade				\$249,985.00
30	ScanSource Communications Inc. Attn.: Seth Drugatz 250 Scientific Drive NW Norcross, Georgia 30092	Attn.: Seth Drugatz Phone: (864) 286-4736 Email: seth.drugatz@scansource.com	Trade				\$244,336.00
31	Inseego North America LLC Attn.: Heidi Siebenlist 180 West 8th Avenue, Suite 300 Eugene, Oregon 97401	Attn.: Heidi Siebenlist Phone: (858) 812-3425 Email: heidi.siebenlist@inseego.com	Trade				\$243,023.00
32	Park Place Technologies LLC Attn.: Evan Gormley 5910 Landerbrook Drive Cleveland, Ohio 44124	Attn.: Evan Gormley Phone: (440) 683-9457 Email: egormley@parkplacetechn.com	Trade				\$240,999.00
33	CounterPath Corporation Attn.: Todd Carothers Suite 300, One Bentall Center 505 Burrard Street, Box 95 Vancouver, British Columbia V7X 1M3 Canada	Attn.: Todd Carothers Phone: (312) 873-6102 Email: tcarothers@counterpath.com	Trade				\$222,832.00
34	Safari Micro Inc. Attn.: Todd Erickson 2185 W Pecos Road, #9 Chandler, Arizona 85224	Attn.: Todd Erickson Phone: (888) 446-4770 Ext. 1028 Email: todd@safarimicro.com	Trade				\$220,758.00
35	NETXUSA Inc. Attn.: Crystal Adamson 231 Beverly Road Greenville, South Carolina 29609	Attn.: Crystal Adamson Phone: (864) 271-9868 Email: crystal.adamson@ingrammicro.com	Trade				\$214,009.00
36	Quest Technology Management Attn.: Justin Trammell 5 Polaris Way Aliso Viejo, California 92656	Attn.: Justin Trammell Phone: (925) 286-3467 Email: Justin_Trammell@questsys.com	Trade				\$213,861.00
37	Object Frontier Inc. Attn.: Sunil Thatta 3025 Windward Plaza, Suite 525 Alpharetta, Georgia 30005	Attn.: Sunil Thatta Phone: (770) 685-3400 Email: sunil.thatta@objectfrontier.com	Trade				\$208,200.00
38	FPL Fibernet LLC Attn.: Thomas Barents 80 Central Street Boxborough, Massachusetts 01719	Attn.: Thomas Barents Phone: (508) 621-1913 Email: Thomas.Barents@crowncastle.com	Telco				\$203,684.00
39	Empirix Inc. Attn.: Allen K. Anderson 3355 Lenox Road NE Atlanta, Georgia 30326	Attn.: Allen K. Anderson Phone: (704) 620-2120 Email: aanderson@empirix.com	Trade				\$192,673.00

Name of creditor and complete mailing address, including zip code		Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
40	Sonian, Inc. Attn.: Sarah Federici 3175 S. Winchester Boulevard Campbell, California 95008	Attn.: Sarah Federici Phone: (408) 342-5506 Email sfederici@barracuda.com	Telco				\$191,206.00

Schedule 3

Consolidated List of the Holders of 5 Largest Secured Claims

Pursuant to Local Bankruptcy Rule 1007-2(a)(5), the following is a list of creditors holding the five largest undisputed, secured claims against the Debtors, on a consolidated basis, as of the Commencement Date.

#	Creditor	Contact, Mailing Address & Telephone Number	Nature of Claim	Amount of Claim ¹	Collateral Description	Estimated Value of Collateral
1	Wilmington Trust, National Association	Jeffery Rose Vice President Wilmington Trust, National Association 50 South Sixth Street, Suite 1290 Minneapolis, MN 55402 Ph: 612-217-5630	First Lien Term Loan/Revolver	\$573,187,500	Substantially all assets, other than limited exclusions, including leasehold property and real estate assets less than \$1 million and commercial tort claims less than \$250,000	Not yet determined
2	Wilmington Trust, National Association	Jeffery Rose Vice President Wilmington Trust, National Association 50 South Sixth Street, Suite 1290 Minneapolis, MN 55402 Ph: 612-217-5630	Second Lien Term Loan	\$85,000,000	Substantially all assets, other than limited exclusions, including leasehold property and real estate assets less than or equal to \$5 million and commercial tort claims less than or equal to \$2 million	Not yet determined
3	Wilmington Trust, National Association	Jeffery Rose Vice President Wilmington Trust, National Association	Bridge Loan	\$20,000,000	Substantially all assets, other than limited exclusions, including leasehold property and real estate assets less than \$1 million and commercial tort	Not yet determined

¹ All amounts as of May 31, 2019 except Capital Leases, which are as of April 30, 2019.

#	Creditor	Contact, Mailing Address & Telephone Number	Nature of Claim	Amount of Claim ¹	Collateral Description	Estimated Value of Collateral
		50 South Sixth Street, Suite 1290 Minneapolis, MN 55402 Ph: 612-217-5630			claims less than \$250,000	
4	Zayo Group LLC	Kevin Mammel CFO, Zayo Physical Infrastructure Zayo Group LLC 1621 18th St., Suite 100 Boulder, CO 80220 Ph: 720-590-6901	Capital Lease	\$9,274,815	Fiber optic networks and facilities	Not yet determined
5	Varilease Finance, Inc.	Christina Athas Vice President - Risk & Portfolio Management Varilease Finance, Inc. 2800 E Cottonwood Pkwy, 2nd Floor Salt Lake City, UT 84121 Ph: 801-438-0764	Capital Lease	\$3,564,084	Telecommunications network and customer premises equipment	Not yet determined

Schedule 4

Pursuant to Local Bankruptcy Rule 1007-2(a)(6), the following are estimates of the Debtors' total assets and liabilities on a consolidated basis, as consolidated with their affiliated non-Debtors as of April 30, 2019.¹

FUSION CONNECT, INC. CONSOLIDATED BALANCE SHEET (excl. Canadian Entities)	
LEDGER ACCOUNTS	4/30/2019
Current Assets	
Cash and Cash Equivalents	\$ 6,314,702
Accounts Receivable, Net of Allowance for Doubtful Accounts	52,726,477
Prepaid Expenses	9,393,417
Inventory, Net	1,479,632
Current Deferred Tax Assets	-
Other Assets	2,569,565
Current Assets of Discontinued Operations	-
Total Current Assets	72,483,793
Non-Current Assets	
Fixed Assets, Net	103,769,013
Goodwill	218,396,702
Intangible Assets, Net	143,148,306
Non-Current Deferred Tax Assets	-
Other Non-Current Other Assets	32,634,523
Non-Current Assets of Discontinued Operations	-
Total Non-Current Assets	497,948,544
Total Assets	\$ 570,432,338
LIABILITIES AND STOCKHOLDERS EQUITY	
Current Liabilities	
Accounts Payable	71,885,009
Accrued Telecommunications Costs	505,752
Deferred Customer Revenue	13,313,065
Other Accrued Liabilities	21,309,151
Current Portion of Capital Leases	5,641,356
Current Portion of Long-Term Debt	31,377,424
Current Liabilities of Discontinued Operations	-
Total Current Liabilities	144,031,757
Non-Current Liabilities	
Non-Current Portion of Long-Term Debt	601,303,522
Non-Current Portion of Long-Term Capital Lease	10,195,584
Other Non-Current Liabilities	5,189,849
Non-Current Portion of Long-Term Capital Lease	10,195,584
Total Non-Current Liabilities	616,688,956
STOCKHOLDERS' EQUITY:	
Common Stock	846,403
Treasury Stock	-
Additional Paid-In Capital	147,647,527
Accumulated Distributions and Dividends	(129,370,069)
Current Year Tax Distributions	-
Subordinated Shareholders Notes	-
Accumulated Other Comprehensive Income	(1,204,491)
Accumulated Earnings	(208,207,745)
Total Stockholders' Equity	(190,288,374)
Total Liabilities and Stockholders' Equity	\$ 570,432,338

¹ The balance sheet reflects the Debtors' United States entities and affiliates only, and does not reflect their Canadian entities.

Schedule 5

Publicly Held Securities

Pursuant to Local Bankruptcy Rule 1007-2(a)(7), the following lists the number and classes of shares of stock, debentures, and other securities of the Debtors that are publicly held (“Securities”) and the number of holders thereof. The Securities held by the Debtors’ directors and officers are listed separately.

Fusion Connect, Inc.’s Common and Preferred Stock

Type of Security	Approximate Number of Shares	Approximate Number of Record Holders ¹	As of
Common Stock	81,967,263	213	May 29, 2019
Preferred Series D Stock	15,000	1	N/A ²

Fusion Connect Inc.’s Common Stock Held by the Debtors’ Non-Employee Directors

Name of Director	Approximate Number of Shares	As of
Holcombe T. Green, Jr.	49,776,310	March 1, 2019
Marvin S. Rosen	1,195,796	March 1, 2019
Holcombe Green III	3,835,155	March 1, 2019
Michael J. Del Giudice	61,249	March 1, 2019
Lewis Dickey, Jr.	3,500	March 1, 2019
Rafe de la Gueronniere	N/A	March 1, 2019
Neal P. Goldman	N/A	N/A

Fusion Connect, Inc.’s Common Stock Held by the Debtors’ Executive Officers

Name of Executive Officer	Approximate Number of Shares	As of
Matthew D. Rosen	528,692	March 1, 2019
Russell P. Markman	N/A	March 1, 2019
James Prenetta	96,667	March 1, 2019
John Kaufman	26,061	August 16, 2018
Dan Foster	24,153	November 16, 2018
Keith Soldan	N/A	November 7, 2018
Brian George	11,018	March 18, 2019
Jan Sarro	N/A	N/A
Kevin Brand	N/A	May 3, 2019
Joseph Haines	N/A	May 3, 2019

¹ The approximate number of record holders listed does not reflect the number of beneficial holders. The information is provided to the best of the Debtors’ knowledge and belief as of the Commencement Date.

² Preferred Series D Stock is not traded.

Name of Executive Officer	Approximate Number of Shares	As of
Philip D. Turits	61,534	November 16, 2018
Tadashi Egami	N/A	May 3, 2019
Kelly Beckner	N/A	May 3, 2019
Derek Heins	N/A	May 3, 2019
Brian Coyne	N/A	May 3, 2019
Doug Gillespie	9,092	May 3, 2019
Rod Brownridge	500	May 6, 2019
Tim Gallagher	N/A	May 3, 2019
Katia Goforth	250	May 3, 2019
Shane Smith	N/A	May 7, 2019
Wendy Astudillo	N/A	May 3, 2019
Kelli Pruet	N/A	May 6, 2019
Pamela Hintz	N/A	May 3, 2019
Birch Blair	N/A	May 3, 2019
Bryan Balog	N/A	May 7, 2019
Tosha Cornali	N/A	May 7, 2019
Scott Smith	N/A	May 7, 2019

Schedule 6

Debtors' Property Held by Third Parties

Pursuant to Local Bankruptcy Rule 1007-2(a)(8) the following lists the Debtors' property that is in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor, or agent for any such entity.

In the ordinary course of business, the Debtors' deployed equipment is located in individual customers' premises and in data center and co-location facilities held under tenancy and hosting agreements and tariffs. The majority of the debtors' inventory of network and customer premises equipment awaiting deployment is located in the storage facility of its logistics manager, Complete Communication Services, Inc., at 114 Chesser Crane Rd., Chelsea, AL 35043. Because of the constant movement of this property and multitude of locations, identification of all of their addresses, telephone numbers, and the location of any court proceeding affecting the property would be impractical.

Schedule 7

Listing of Leased and Owned Properties

Pursuant to Local Bankruptcy Rule 1007-2(a)(9), the following lists the property or premises owned, leased, or held under other arrangement from which the Debtors operates their business.

Owned Property

Current Tenant/Subtenant Entity	Guarantor	Address	City	State	Postal Code
Fusion Cloud Services, LLC		1301 Chestnut Street	Emporia	KS	66801

Leased Property¹

Current Tenant/Subtenant Entity	Guarantor	Address	City	State	Postal Code
Fusion Connect, Inc. (f/k/a Fusion Telecommunications International, Inc.)		420 Lexington Ave, Suite 1718	New York	NY	10170
Fusion Cloud Services, LLC (f/k/a Birch Communications, Inc)		320 Interstate North Parkway	Atlanta	GA	30339
Fusion Cloud Services, LLC (f/k/a Birch Communications, LLC)		210 Interstate North Parkway, Suite 300	Atlanta	GA	30339
Fusion Connect, Inc. (assigned by Broadvox, Inc.)		3565 Piedmont Rd, Suite 450	Atlanta	GA	30305
Fusion Connect, Inc.		3565 Piedmont Rd, Suite 340	Atlanta	GA	30305
Fusion LLC (successor by merger to Aptix, Inc.)		14205 Burnet Road	Austin	TX	78728

¹ In addition to the properties listed within this schedule, the Debtors also maintain approximately 1,171 data and colocation centers. Certain of the properties listed on this schedule may be subleased by the Debtors.

Current Tenant/Subtenant Entity	Guarantor	Address	City	State	Postal Code
Fusion LLC (successor by merger to Fidelity Access Networks, LLC)		23250 Chargin Blvd, Suite 250	Beachwood	OH	44122
Fusion LLC (f/k/a Network Billing Systems LLC d/b/a Fusion)		695 Route 46 West, Suite 200	Fairfield	NJ	07004
Fusion LLC (successor by merger to Pingtone Communications)		13921 Park Center Rd, Suite 200	Herndon	VA	20171
Fusion Cloud Company LLC (f/k/a MegaPath Cloud Company, LLC and DIECA Communications, Inc.)		2300 Corporate Park Drive, Suite 300	Herndon	VA	20171
Fusion Connect, Inc (f/k/a Fusion Telecommunications International, Inc.)		115 Gateway Dr.	Macon	GA	31210
Fusion Cloud Company LLC (f/k/a MegaPath Cloud Company, LLC)	MegaPath Holding Corporation (legacy MegaPath)	538 Preston Ave, Suite 301	Meridan	CT	06450
Fusion LLC (as successor to Solutions Express, Ltd.)		254 South Main Street, Suite 410	New York	NY	10956
Fusion Cloud Company LLC (f/k/a MegaPath Cloud Company, LLC)	CCGI Holding Corporation (legacy MegaPath)	6800 Koll Center Pkwy, Suite 200	Pleasanton	CA	94566
Fusion LLC (f/k/a Network Billing Systems d/b/a Fusion)		811 North Catalina	Redondo Beach	CA	90277
Fusion Connect, Inc.		1411 Fourth Ave	Seattle	WA	98101
Fusion Cloud Services, LLC (f/k/a Birch Communications, Inc.)		8480 E Orchard Rd, Suite 1200	Greenwood Village	CO	80111

Current Tenant/Subtenant Entity	Guarantor	Address	City	State	Postal Code
Fusion Communications, LLC (f/k/a Cbeyond Communications, LLC)		4835 LBJ Fwy, Suite 900	Dallas	TX	75244
Fusion Cloud Services, LLC (f/k/a Birch Communications, Inc. as successor in interest to Cbeyond Communications, LLC)		5001 LBJ Fwy, Suite 830	Dallas	TX	75244
Fusion Cloud Services, LLC (as successor to Cbeyond Communications, LLC)		11125 Equity Drive, Suite 200	Houston	TX	77041
Fusion Cloud Services, LLC (as successor to Cbeyond Communications, LLC)		879 West 190th St, Suite 1200	Gardena	CA	90248
Fusion Cloud Services, LLC (f/k/a Birch Communications, Inc.)		9410 Busnon Pkwy, Suite 250	Louisville	KY	40220
Fusion Cloud Services, LLC (f/k/a Birch Communications, Inc.)		4000 Hollywood Blvd, Suite 520-N	Hollywood	FL	33021
Fusion Cloud Services, LLC (f/k/a Birch Communications, Inc.)		1921 Gallows Rd, Suite 800	Vienna	VA	22182
Fusion Cloud Services, LLC (f/k/a Birch Communications, Inc.)		805 Wright Brothers Blvd SW, Suite 1	Cedar Rapids	IA	52404
Fusion Cloud Services, LLC as successor in interest to Daystar Communications		102 Revere Street	Port Charlotte	FL	33952
Fusion Cloud Services, LLC as successor in		23180 Harborview Road	Port Charlotte	FL	33980

Current Tenant/Subtenant Entity	Guarantor	Address	City	State	Postal Code
interest to Daystar Communications					
Fusion Cloud Services, LLC as successor to Daystar Communications		23900 Veterans Boulevard	Port Charlotte	FL	33954

Schedule 8

Pursuant to Local Bankruptcy Rule 1007-2(a)(10), the following lists the locations of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

Location of Debtors' Substantial Assets

Street	City	State	Zip Code
60 Hudson Street	New York	New York	10013
165 Halsey Street, 5th Floor/Suite C-03	Newark	New Jersey	07102
282 Main Street	Little Ferry	New Jersey	07643
56 Marietta Street	Atlanta	Georgia	30303
2323 Bryan Street, 11th Floor	Dallas	Texas	75201
4100 Smith School Road	Austin	Texas	78744
14205 Burnett Road, Suite 300	Austin	Texas	78728
7401 East Ben White, Blvd., Suite 1000 Building One	Austin	Texas	78741
401 N. Broad Street, Suite 990	Philadelphia	Pennsylvania	19108
1621 Euclid Avenue	Cleveland	Ohio	44115
13921 Park Center Road	Herndon	Virginia	20171
21551 Beaumeade Circle	Ashburn	Virginia	20147
210 Interstate North Parkway, Suite 300	Atlanta	Georgia	30339
6620 Bay Circle, Ste. 200	Norcross	Georgia	30071
1001 Chestnut Street	Emporia	Kansas	66801
2101 Nelson Miller Parkway	Louisville	Kentucky	40223
2010 Nelson Miller Parkway	Louisville	Kentucky	40223
2300 Corporate Park Dr., Suite 300	Herndon	Virginia	20171
6800 Koll Center Parkway, Ste. 200	Pleasanton	California	94566
695 Route 46 West, Suite 200	Fairfield	New Jersey	07004

13461 Sunrise Valley Drive, Suite 300	Herndon	Virginia	20171
4000 Hollywood Boulevard, Ste. 520-N	Hollywood	Florida	33021
7185 Pollock Drive	Las Vegas	Nevada	89119
1150 White Street SW	Atlanta	Georgia	30310
1950 North Stemmons Freeway #1034	Dallas	Texas	75207
1411 Fourth Ave	Seattle	Washington	98101
538 Preston Avenue, Suite 301	Meriden	Connecticut	06450
114 Chesser Crane Road	Chelsea	Alabama	35043

Books and Records

Street	City	State	Zip Code
420 Lexington Ave, Suite 1718	New York	New York	10170
210 Interstate North Parkway, Suite 300	Atlanta	Georgia	30339
695 Route 46 West, Suite 200	Fairfield	New Jersey	07004
23250 Chagrin Boulevard, Suite 250	Beechwood	Ohio	44122
6800 Koll Center Parkway, Ste. 200	Pleasanton	California	94566

Debtors' Assets Outside the United States

The Debtors do not have significant assets located outside of the territorial limits of the United States.

Schedule 9

Summary of Legal Actions Against the Debtors

Pursuant to Local Bankruptcy Rule 1007-2(a)(11), to the best of the Debtors' knowledge, belief, and understanding, as of the Commencement Date, there are no actions or proceedings pending or threatened against the Debtors or their property where a judgment against the Debtors or a seizure of their property may be imminent.

Schedule 10

Executive Management

Pursuant to Local Rule 1007-2(a)(12), the following provides the names of the individuals who comprise the Debtors' existing executive management, a description of their tenure with the Debtors and certain of their non-Debtor affiliates, and a brief summary of their relevant responsibilities and experience.

Name & Position	Responsibilities & Experience
Matthew D. Rosen – Chief Executive Officer	Prior to leading Fusion, Mr. Rosen held various executive leadership positions, including President of the Northwest and New England Operations for Expanets, an integrated network communications service provider that grew from \$150 million to \$1.3 billion during his tenure. Prior to that, he was Corporate Director of Operations for Oxford Health Plans, a \$4 billion health care company, where he worked on developing and executing turnaround strategies.
Russell P. Markman – President and Chief Operating Officer	Mr. Markman has more than 35 years of executive leadership experience in the management, control and oversight of all operations, systems, engineering, infrastructure, IT, distribution and business development functions for both public and privately held technology companies. Mr. Markman came to Fusion through Fusion's acquisition of Network Billing Systems in 2012. Previously Mr. Markman worked at RCN Corporation, a communications company with more than 3,500 employees where he established an alternate channel distribution program for commercial sales.
John (Dan) Foster – Chief Revenue Officer	Mr. Foster has over twenty years of experience in technology companies, driving revenue, go-to-market strategies, and building strategic business partnerships. Prior to joining Fusion, Mr. Foster served as MegaPath's President and Chief Operating Officer.
Keith A. Soldan – Chief Financial Officer	Mr. Soldan has served as Chief Financial Officer of the Company since November 2018 and acting Chief Financial Officer from August 2018 to November 2018. He joined the Company in May 2018 as Vice President, Finance through the acquisition of Birch where he served as Vice President, Corporate Finance and Accounting since March 2017. Prior to joining Birch Communications, Mr. Soldan served as Vice President, Corporate Controller for Internap from March 2016 to March 2017 and as its Vice President, Corporate Finance from March 2014 to March 2016. Prior to joining Internap, Mr. Soldan worked at EarthLink from July 2005 through April 2014 where he held various positions including Senior Director/Divisional Chief Financial Officer. Mr. Soldan is a Certified Public Accountant.

Brian George – Chief Technology Officer	Mr. George has served as Chief Technology Officer of the Company since November 2018 and is responsible for Fusion's multi-disciplinary teams in Technology, Engineering, IT and Development, Network and Infrastructure. Mr. George joined Fusion through the Company's acquisition of Network Billing Systems in 2012. Mr. George has been in the communications industry for over 14 years. Prior to joining Network Billing Systems, Mr. George held leadership positions in engineering and operations for several New York metro area ISPs, AT&T Wireless, and Unilever.
James P. Prenetta, Jr. – Executive Vice President and General Counsel	Prior to joining Fusion, Mr. Prenetta served as General Counsel and Secretary at Hibernia Networks, a provider of global capacity solutions. At Hibernia Networks he was responsible for its legal and regulatory matters, including mergers and acquisitions, intellectual property and litigation. Prior to Hibernia Networks, Mr. Prenetta was Senior Vice President, General Counsel and Secretary for One Communications Corp. and its successor CTC Communications Corp. Prior to that, Mr. Prenetta was Senior Vice President and General Counsel for Viatel, Inc.

Schedule 11

Payroll

Pursuant to Local Bankruptcy Rule 1007-2(b)(1), the following provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors and stockholders).

Estimated amount of weekly payroll to Employees (Not Including Officers, Directors and Stockholders)	\$(1.1)MM
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Pursuant to Local Bankruptcy Rule 1007-2(b)(2)(A) and (C), the following provides the estimated amount to be paid to officers, stockholders, directors and financial and business consultants retained by the Debtors for the 30-day period following the filing of the chapter 11 petitions.

Payments to Officers, Stockholders, Directors, and Members of Partnerships	\$(0.8)MM
Payments to Financial and Business Consultants	\$(0.3)MM

Schedule 12

Cash Receipts and Disbursements, Net Cash Gain or Loss, Unpaid Obligations and Receivables

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the filing of the chapter 11 petition, the estimated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

Cash Receipts	\$48.5MM
Cash Disbursements	\$(22.3)MM
Net Cash Gain / (Loss)	\$26.1MM
Unpaid Obligations	\$(25.9)MM
Unpaid Receivables	\$28.8MM