APPENDIX B – LIQUIDATION ANALYSIS

ASCP Corp., f/k/a AcuSport Corporation

Liquidation Analysis

Liquidation Analysis Amounts in $000s	Notes	Chapter 11 Liquidation Scenario	Chapter 7 Liquidation Scenario	Difference
Distributable Proceeds				
Actual cash as of 11/25/18	[1]	$ 3,986	$ 3,986	$ -
Estimated receipts through 2/15/19	[1]	1,042	1,042	-
Estimated cash consumed through 2/15/19				
Operating expenses	[2]	(183)	(183)	-
Chapter 11 expenses	[2]	(2,450)	(2,450)	-
		(2,633)	(2,633)	-
Net estimated cash as of 2/15/19 conversion date		**2,394**	**2,394**	**-**
Estimated proceeds received after 2/15/19 conversion date				
Low recovery	[1]	1,013	861	152
High recovery	[1]	1,513	1,286	227
Estimated Distributable Proceeds Available for Chapter 7 Trustee				
Low recovery		**3,408**	**3,256**	**152**
High recovery		**3,908**	**3,681**	**227**
Distributions after Conversation Date, including admin claims				
Chapter 11 professional fees and other costs	[3]	(809)	(424)	(385)
KEIP	[3]	(40)	(40)	-
Chapter 7 trustee fees	[3]	-	(104)	104
Chapter 7 trustee - professional fees and other costs	[3]	-	(550)	550
Administrative claims	[3]	(100)	(100)	-
		(949)	(1,218)	269
Net Estimated Proceeds Available for Claims				
Low recovery		2,459	2,037	421
High recovery		2,959	2,462	496
Secured Claims	[4]	-	-	-
Priority Claims	[4]	300	300	-
Amount Available for Distribution to Unsecured Creditors				
Low recovery		**$ 2,159**	**$ 1,737**	**$ 421**
High recovery		**$ 2,659**	**$ 2,162**	**$ 496**
Recovery % by Claim Class				
Class 1: Secured Claims		100.0%	100.0%	0.0%
Class 2: Priority Claims		100.0%	100.0%	0.0%
Class 3: General Unsecured Claims				
Low recovery	[5]	3.0%	2.4%	0.6%
High recovery	[5]	6.0%	4.9%	1.1%
Class 4: Equity Interests		0.0%	0.0%	0.0%

OVERVIEW AND PURPOSES

The "best interests of creditors" test is set forth in section 1129(a)(7) of the Bankruptcy Code, and the Bankruptcy Court may not confirm a plan of liquidation unless the plan provides each holder of a claim or interest who does not otherwise vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code. See 11 U.S.C. § 1129(a)(7).[1] Accordingly, to demonstrate that the Plan satisfies the "best interests of creditors" test, Debtor has prepared a hypothetical liquidation analysis (this "***Liquidation Analysis***") presenting recoveries available assuming a hypothetical liquidation pursuant to a conversion to chapter 7 of the Bankruptcy Code, which is assumed to be as of February 15, 2019 (the "***Conversion Date***"). Debtor has used the Conversion Date of February 15, 2019 for purposes of the Liquidation Analysis as it represents the date by which Debtor expects that its Plan will become effective (based on a Confirmation Hearing date of January 24, 2019). To the extent such confirmation is delayed and the Effective Date is extended, Debtor reserves all rights to modify this analysis.

The Liquidation Analysis presents information based on, among other things, Debtor's books and records, the results of various asset sale transactions described in the Disclosure Statement, and good-faith estimates regarding asset recoveries and claims resulting from a hypothetical liquidation undertaken under chapter 7 of the Bankruptcy Code. The Liquidation Analysis has not been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. Although Debtor considers the estimates and assumptions set forth herein to be reasonable under the circumstances, such estimates and assumptions are inherently subject to significant uncertainties and contingencies beyond Debtor's control. As a result, there can be no assurance that the results set forth by the Liquidation Analysis would be realized if Debtor was actually liquidated, and actual results in such a case could vary materially from those presented herein, and distributions available to members of applicable classes of claims could differ materially from the balances set forth by this Liquidation Analysis in such instance.

THE LIQUIDATION ANALYSIS IS A HYPOTHETICAL EXERCISE THAT HAS BEEN PREPARED FOR THE SOLE PURPOSE OF PRESENTING A REASONABLE GOOD-FAITH ESTIMATE OF THE PROCEEDS THAT WOULD BE REALIZED IF DEBTOR WAS LIQUIDATED IN ACCORDANCE WITH CHAPTER 7 OF THE BANKRUPTCY CODE AS OF THE CONVERSION DATE. THE LIQUIDATION ANALYSIS IS NOT INTENDED TO AND SHOULD NOT BE USED FOR ANY OTHER PURPOSE. THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED OR CLAIMS GENERATED IN AN ACTUAL LIQUIDATION.

[1] Capitalized terms used but not defined herein shall have the meanings set forth in (a) *Debtor's Second Amended Disclosure Statement With Respect To The Agreed First Amended Plan of Liquidation Of Debtor And Official Committee Of Unsecured Creditors* (the "***Disclosure Statement***"), to which this Liquidation Analysis is attached as **Appendix B**, or (b) the *Agreed First Amended Plan Of Liquidation Of Debtor And Official Committee Of Unsecured Creditors* (the *"**Plan**"*), as applicable.

SCOPE AND INTENT OF LIQUIDATION ANALYSIS

NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE, OR CONSTITUTES, A CONCESSION OR ADMISSION OF DEBTOR. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS USED IN THE LIQUIDATION ANALYSIS.

The proofs of claim filed against Debtor have not been fully evaluated by Debtor or adjudicated by the Bankruptcy Court and, accordingly, the amount of the final allowed claims against Debtor's estate may differ from the claim amounts used in this Liquidation Analysis.

COMPONENTS OF WATERFALL LIQUIDATION MODEL

1. **Gross Transaction Proceeds** – As described in the Disclosure Statement, Debtor consummated various assets sales that, in all material respects, have monetized the business operations of Debtor. The primary remaining assets of the estate include the current cash balance ($3.986 million as of 11/25/18), an accounts receivable portfolio (book value of $4.785 million as of 11/25/18), longer-term notes receivable (book value of $0.958 million as of 11/25/18), certain retainer / deposits balances ("other assets") and various causes of action under chapter 5 of the Bankruptcy Code.

   The estimated monetization value of the remaining assets under the chapter 11 scenario (i.e., assets monetized subsequent to 11/25/18) – estimated to range from $2.055 to $2.555 million – is based on a detailed review of the remaining assets with management.

   The estimated monetization value of the remaining assets under a chapter 7 scenario incorporates a 15% discount to assets estimated to be monetized after the assumed Conversation Date of 2/15/19. This discount is attributable to the additional uncertainty that would be reasonably introduced from a chapter 7 conversion, including potentially augmenting the monetization strategy, elongating the process, certain delays in execution timing as the chapter 7 trustee and newly retained professionals get up to speed and potential unfavorable responses from accounts receivable counterparties.

   This analysis **does not** capture potential proceeds from chapter 5 causes of action or the ongoing dispute with Smith & Wesson. However, to the extent this analysis did capture such analysis, we believe that the combination of Debtor and Creditor Trust professionals under a chapter 11 liquidation would be better positioned to prosecute such claims rather than a chapter 7 trustee due to their close familiarity with specific suppliers and related actions leading up to the filing.

2. **Estimated cash consumed from through 2/15/19 –** Operating budget to administer the case based on most recent estimates pursuant to correspondence with management, current professionals and status of accrued, unpaid professionals. Estimated operating expenses are offset by the anticipated monetization of certain deposits and miscellaneous assets which is captured in the analysis.

3. **Distributions after Conversion Date –**

   Chapter 11 professional fees and other costs - Represents estimated accrued, unpaid professional fees as of the Conversion Date (e.g., holdbacks and delays in payments due to fee application process). The chapter 7 scenario incorporates a $0.386 million reduction due to

$0.350 million budgeted to fund the Creditor Trust that will not be incurred and a $35,000 reduction in quarterly fees owed to the United States Trustee Program for disbursements assumed to be made after the Conversion Date in the chapter 11 scenario.

KEIP – Pursuant to final KEIP Order, this amount represents the estimated award payments under the KEIP based on the final estimated Distributable Value as defined in the KEIP Order. Distributions under the KEIP are assumed to be made in both the chapter 7 and chapter 11 scenarios pursuant to the terms of the order.

Chapter 7 trustee fees – Estimated to be 3% of distributable proceeds based upon the statutory cap on the compensation of a chapter 7 trustee as set forth in Section 326 of the Bankruptcy Code.

Chapter 7 trustee - professional fees and other costs – Includes provision for professionals retained by the chapter 7 trustee, claims agent fees, and other costs of liquidating the estate. These fees could be higher if there is significant litigation over potential issues such as collection of transaction proceeds, claims disputes, or allocations of value or costs.

Administrative claims – Current estimate of accrued, unpaid post-petition expenses as of the Conversion Date. The Liquidation Analysis assumes that all significant operational costs required under the Transition Services Agreements and Debtor's related performance obligations under these agreements have been completed as of the Conversion Date. As a result, the analysis assumes Debtor is not in breach of any post-petition obligations (and related potential administrative claims) under the Transition Services Agreements, or otherwise, because of the hypothetical chapter 7 conversion. This Liquidation Analysis was prepared prior to the deadline for filing all claims against the estates of the Debtor and the actual allowed amount of administrative claims, if any, may differ from the claim amounts used in this Liquidation Analysis.

4. **Secured and Priority claims** – Debtor believes there should not be any allowed secured claims or priority claims after the claims objection process and the elimination of duplicate claims, late filed claims, superseded claims, disputed claims, and other claims deemed not allowable, based on Debtor's current books and records, and Debtor disputes any proofs of claim asserting a secured claim or priority claim. However, certain proofs of claim have been filed that assert secured or priority claims. As set forth in more detail in the Disclosure Statement, filed claims asserting priority treatment include Claim Number 284 filed by the Ohio Department of Taxation, which asserts an unsecured claim in the total amount of $354,386.74 arising from alleged unpaid use taxes during the period from July 1, 2013 to September 30, 2016 (the "Ohio Tax Claim"). The Ohio Tax Claim includes a component alleged to be entitled to priority under section 507(a)(8) of the Bankruptcy Code amounting to $311,824.09. Debtor has not reviewed in detail the facts underlying claims asserting priority status, including Claim 284, as of the time of the filing of this Disclosure Statement. Nevertheless (and in an abundance of caution), Debtor has included a placeholder for the potential allowance of priority claims in its Liquidation Analysis. Debtor, the Committee and the Creditor Trustee reserve all rights to object to any claim asserting secured or priority status, including Claim 284, on all available grounds, including, without limitation, any objections as to the validity, amount, and/or priority of such claims.

5. **General Unsecured claims** – Analysis is based on preliminary review of claims filed to date and a comparison against scheduled claims liability. The prepetition claims bar date was July 27, 2018; however, this bar date does not apply to additional pre-petition contracts to be rejected. We believe the range used herein to estimate unsecured claims recovery reasonably captures potential risk of additional claims that may be filed in the case.