

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:  CJ HOLDING CO., <i>et al.</i> , <sup>1</sup>  <div style="text-align: right;">Debtors.</div>	§ § § § § § §	Chapter 11  Case No. 16-33590 (DRJ)  Jointly Administered
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**NOTICE OF FILING OF AMENDED EXHIBITS TO  
DISCLOSURE STATEMENT RELATING TO THE SECOND  
AMENDED JOINT PLAN OF REORGANIZATION OF CJ HOLDING  
COMPANY, *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

**PLEASE TAKE NOTICE THAT** on August 19, 2016, the debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) filed the *Disclosure Statement Relating to Joint Plan of Reorganization of CJ Holding Company, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 246] (the “Disclosure Statement”) with the United States Bankruptcy Court for the Southern District of Texas (the “Court”).

**PLEASE FURTHER TAKE NOTICE THAT** on September 28, 2016, the Debtors filed the *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Company, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 518] (the “First Amended Disclosure Statement”).

**PLEASE TAKE FURTHER NOTICE THAT** on November 3, 2016, the Debtors filed the *Disclosure Statement Relating to the Second Amended Joint Plan of Reorganization of CJ Holding Company, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 684] (the “Second Amended Disclosure Statement”).

**PLEASE TAKE FURTHER NOTICE** that the Debtors hereby file certain amended exhibits corresponding to the Second Amended Disclosure statement, including: (a) the attached “Liquidation Analysis” as **Exhibit F** to the Disclosure Statement; (b) the attached “Financial

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number (if any), are: CJ Holding Co. (4586); Blue Ribbon Technology Inc. (6338); C&J Corporate Services (Bermuda) Ltd.; C&J Energy Production Services-Canada Ltd.; C&J Energy Services, Inc. (3219); C&J Energy Services Ltd.; C&J Spec-Rent Services, Inc. (0712); C&J VLC, LLC (9989); C&J Well Services Inc. (5684); ESP Completion Technologies LLC (4615); KVS Transportation, Inc. (2415); Mobile Data Technologies Ltd.; Tellus Oilfield Inc. (2657); Tiger Cased Hole Services Inc. (7783); and Total E&S, Inc. (5351). The location of the Debtors’ service address is 3990 Rogerdale, Houston, Texas 77042.

Projections” as **Exhibit G** to the Disclosure Statement; and (c) the attached “Valuation Analysis” as **Exhibit H** to the Disclosure Statement (collectively, the “Disclosure Statement Exhibits”).

**PLEASE TAKE FURTHER NOTICE THAT** the Disclosure Statement, the Disclosure Statement Exhibits, and copies of all other documents filed in these chapter 11 cases are available free of charge by visiting <https://donlinrecano.com/cjenergy> or by calling (866) 296-8019 (toll-free in North America) or (212) 771-1128 (outside North America). You may also obtain copies of any pleadings by visiting the Court’s website at <https://ecf.txsb.uscourts.gov> in accordance with the procedures and fees set forth therein.

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Dated: November 3, 2016

/s/ Chad J. Husnick

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**Certificate of Service**

I certify that on November 3, 2016, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Chad J. Husnick

One of Counsel

**Exhibit F**

**Liquidation Analysis**

## **Exhibit F**

### **Liquidation Analysis**

#### **1) Introduction**

Under the “best interests of creditors” test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of an allowed claim or interest that 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 were liquidated under chapter 7 of the Bankruptcy Code.

To demonstrate that the Plan<sup>1</sup> satisfies the best interests of creditors test, the Debtors, with the assistance of their advisors, have prepared the hypothetical liquidation analysis described herein (the “Liquidation Analysis”). The Liquidation Analysis sets forth an estimated range of recovery values for each Class of Claims and Interests upon disposition of assets pursuant to a hypothetical chapter 7 liquidation. As illustrated by the Liquidation Analysis, holders of Claims in certain Unimpaired Classes that would receive a full recovery under the Plan would receive less than a full recovery in a hypothetical liquidation. Additionally, holders of Claims or Interests in Impaired Classes would receive a lower recovery in a hypothetical liquidation than they would under the Plan. Further, no holder of a Claim or Interest would receive or retain property under the Plan of a value that is less than such holder would receive in a chapter 7 liquidation, as illustrated by the Liquidation Analysis. Accordingly, and as set forth in greater detail below, the Debtors believe that the Plan satisfies the “best interests of creditors” test set forth in section 1129(a)(7) of the Bankruptcy Code.

#### **2) Basis of Presentation**

The Liquidation Analysis represents an estimate of recovery values based upon a hypothetical liquidation of the Debtors’ estates if the Debtors’ current chapter 11 cases were converted to cases under chapter 7 of the Bankruptcy Code on November 30, 2016 (the “Liquidation Date”) and a chapter 7 trustee (the “Trustee”) was appointed to convert all assets into cash. In this hypothetical scenario, the Trustee would satisfy claims by converting all of the assets of the Debtors, the non-Debtor Loan Parties, and all other non-Debtor subsidiaries (together, the “Liquidating Entities”) into cash by: (i) selling certain assets owned by the Liquidating Entities as going concerns in a rapid sale and (ii) ceasing operations and selling or abandoning the individual assets of the Liquidating Entities. The cash amount (the “Gross Proceeds”) that would be available for satisfaction of Allowed Claims and Interests would consist of the net proceeds resulting from the disposition of the assets and properties of the Liquidating Entities, augmented by the cash held by the Liquidating Entities at the time of the commencement of the liquidation activities.

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings set forth in the *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Company, et al Pursuant to Chapter 11 of the Bankruptcy Code*, to which this exhibit is attached as **Exhibit F**.

This Liquidation Analysis assumes that Gross Proceeds would be distributed in accordance with sections 726 and 1129(b) of the Bankruptcy Code. Such cash amount would be distributed, in accordance with, and as required by, applicable law: (i) first, for payment of liquidation and wind down expenses, trustee fees, and professional fees attributable to the liquidation and wind down (together, the “Wind Down Expenses”); (ii) second, in the case of those entities that are Debtor entities, to pay the DIP Claims and in the case of the Liquidating Entities, the costs and expenses of other administrative claims that may arise from the termination of the Debtors operations; (iii) third, to pay the secured portions of all Allowed Secured Claims; and (iv) fourth, to pay amounts on the Allowed Other Priority Claims. Any remaining net cash would be distributed to creditors holding Unsecured Claims, including deficiency Claims that arise to the extent of the unsecured portion of the Allowed Secured Claims.

The Liquidation Analysis has been prepared assuming that the Debtors’ current chapter 11 cases convert to chapter 7 on the Liquidation Date. The Liquidation Analysis is generally based on the book values of the Debtors’ assets and liabilities as of June 30, 2016, or more recent values where available. The Debtors’ management team believes that the June 30, 2016 book value of assets and certain liabilities are a proxy for such book values as of the Liquidation Date. The Debtors have updated balances for cash and equivalents and amounts outstanding under the Credit Agreement and the DIP Facility to reflect estimated values as of the Liquidation Date. This Liquidation Analysis assumes operations of the Liquidating Entities will cease and the related individual assets will be sold in a rapid sale under a three-to-six month liquidation process (the “Liquidation Timeline”) under the direction of the Trustee, utilizing Company resources and third-party advisors, to allow for the orderly wind down of the Debtors’ estates. The Liquidation Analysis is also based on the assumptions that: (i) the Debtors have continued access to cash collateral and the DIP Facility or alternative financing at comparable terms during the course of the Liquidation Timeline to fund Wind Down Expenses and (ii) field security, accounting, treasury, IT, and other management services needed to wind down the estates continue. The Liquidation Analysis does not include estimates for: (i) the tax consequences, either foreign or domestic, that may be triggered upon the liquidation and sale of assets, (ii) recoveries resulting from any potential preference, fraudulent transfer or other litigation or avoidance actions, or (iii) certain claims that may be entitled to priority under the Bankruptcy Code, including administrative priority claims under sections 503(b) and 507(b) of the Bankruptcy Code. More specific assumptions are detailed in the notes below.

The preparation of a liquidation analysis, such as the Liquidation Analysis, is an uncertain process involving the use of estimates and assumptions that, although considered reasonable by management as and when made based on management’s current expectations and beliefs, are inherently subject to business, economic and competitive risks, uncertainties and contingencies, most of which are difficult to predict and many of which are beyond the control of the Debtors or the Trustee. The values stated herein have not been subject to any review, compilation or audit by any independent accounting firm. In addition, various liquidation decisions upon which certain assumptions are based are subject to change. As a result, the actual amount of claims against the Debtors’ estates could vary significantly from the estimates stated herein, depending on the nature and amount of claims asserted during the pendency of the chapter 7 case. Similarly, the value of the Debtors’ assets in a liquidation scenario is uncertain and could vary significantly from the values set forth in the Liquidation analysis.

ACCORDINGLY, NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS OF A LIQUIDATION OF THE DEBTORS WOULD OR WOULD NOT, IN WHOLE OR IN PART, APPROXIMATE THE ASSUMPTIONS REPRESENTED HEREIN. THE ACTUAL LIQUIDATION VALUE OF THE DEBTORS IS SPECULATIVE AND RESULTS COULD VARY MATERIALLY FROM ESTIMATES PROVIDED HEREIN.

### 3) Liquidation Analysis

The Liquidation Analysis was prepared on a by-entity basis for all Liquidating Entities. Asset recoveries accrue first to satisfy creditor claims at the legal entity level. To the extent any remaining value exists, it flows to each individual entity's parent organization. For the Lender Claims, the Liquidation Analysis assumes that claims have been filed against each of the Debtor and non-Debtor Loan party entities. The Liquidation Analysis also assumes that intercompany receivables and payables are neither paid nor collected.

Asset book values and unsecured trade claims shown below are as of June 30, 2016 unless otherwise noted. Although the Debtors performed the liquidation analysis on an entity-by-entity basis, Table 1 below is presented, for illustrative purposes, on a consolidated basis for Debtor and non-Debtor Loan Parties only and excludes all other non-Debtor subsidiaries. Tables 2 and 3 reflect the results on a by-entity basis for both the low and high recovery scenarios. The following Liquidation Analysis should be reviewed in conjunction with the associated notes:

Liquidation Analysis Summary - November 30, 2016 Excluding Non-Debtor, Non-Guarantors						
	Note:	Book Value	Recovery %		Proceeds	
			Low	High	Low	High
Cash	[A]	\$ 16,576,746	100.00%	100.00%	\$ 16,576,746	\$ 16,576,746
Accounts Receivable, net	[B]	138,963,313	60.00%	75.00%	83,377,988	104,222,485
Inventory	[C]	91,035,183	40.00%	60.00%	36,414,073	54,621,110
Prepaid Expenses	[D]	31,891,307	42.46%	56.48%	13,542,039	18,013,631
Fixed Assets - Machinery, Equipment and Rolling Stock	[E]	890,638,573	31.88%	46.83%	283,903,990	417,106,056
Land, Real Property and Leasehold Improvements	[F]	218,927,774	26.60%	38.48%	58,225,192	84,243,663
Intangibles and Intellectual Property	[G]	104,786,710	8.63%	21.93%	9,045,899	22,980,212
Other Assets	[H]	23,559,918	17.46%	27.66%	4,112,797	6,517,530
Equity Value in Non-Debtor, Non-Guarantor Subsidiaries	[I]				2,004,808	2,974,582
<b>Gross Proceeds from Liquidation</b>		<b>\$ 1,516,379,525</b>	<b>33.45%</b>	<b>47.96%</b>	<b>\$ 507,203,532</b>	<b>\$ 727,256,015</b>
<b><u>Administrative Wind-Down Expenses</u></b>	[J]					
Administrative and Wind-Down Claims					42,835,931	47,217,585
Recovery \$					42,835,931	47,217,585
Recovery %					100.00%	100.00%
<b><u>Secured Debt - Revolver and Term Loan</u></b>	[K]					
Secured Claims - Revolver and Term Loan					1,387,983,297	1,387,983,297
Secured Recovery from Pledged Assets					369,490,558	558,973,887
Secured Recovery from Deficiency Claims					92,122,860	117,223,307
Total Secured Recovery \$					461,613,419	676,197,194
Total Secured Recovery %					33.26%	48.72%
<b><u>General Unsecured and Priority</u></b>	[L]					
General Unsecured and Priority Claims (excluding deficiency)					197,969,934	197,969,934
Recovery \$	[M]				2,754,183	3,841,236
Recovery %	[N]				1.39%	1.94%
<b>Total Distributions</b>					<b>\$ 507,203,532</b>	<b>\$ 727,256,015</b>



				LOW RECOVERY SCENARIO													
				RECOVERY %					RECOVERY \$								
Entity Name	Unencumbered Value	Encumbered Value	Total Value	Administrative	Secured	Secured Deficiency	Total Secured	Recovery Value to GUC	Administrative	Secured	Secured Deficiency	Total Secured	Recovery Value to GUC	Total Recovery	GUC Claim	Deficiency Claim	
C&J Energy Services, Ltd	-	17	17	100.00%	0.00%	0.00%	0.00%	0.00%	0	17	-	17	-	17	32,025	1,387,966	
C&J Corporate Services, Ltd	792	54	846	100.00%	0.00%	0.06%	0.06%	0.06%	25	54	767	821	0	846	83	1,387,929	
C&J Holding Co.	-	14,904	14,904	100.00%	1.06%	0.00%	1.06%	0.00%	146	14,758	-	14,758	-	14,904	400	1,373,225	
C&J Energy Services, Inc.	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	10,111	1,387,983	
C&J Spec-Rent Services, Inc.	31,796	221,768	253,564	100.00%	15.98%	0.23%	16.17%	0.23%	28,851	221,768	2,716	224,484	229	253,564	98,425	1,166,215	
Tiger Casedhole Services	219	2,779	2,998	100.00%	0.20%	0.01%	0.21%	0.01%	122	2,779	97	2,876	0	2,998	509	1,385,204	
C&J Well Services	94,121	75,903	170,024	100.00%	5.47%	6.25%	11.37%	6.25%	9,639	75,903	81,973	157,876	2,509	170,024	40,157	1,312,080	
KVS Transportation, Inc.	-	10,298	10,298	100.00%	0.67%	0.00%	0.67%	0.00%	942	9,356	-	9,356	-	10,298	1,340	1,378,628	
C&J Energy Production Services - Canada Ltd.	4,795	13,793	18,588	100.00%	0.99%	0.26%	1.25%	0.26%	1,217	13,793	3,572	17,365	6	18,588	2,332	1,374,190	
Total E&S Inc.	3,202	16,194	19,396	100.00%	1.17%	0.20%	1.37%	0.20%	418	16,194	2,775	18,968	10	19,396	4,926	1,371,789	
ESP Completion Technologies, LLC (Texas)	767	3,022	3,788	100.00%	0.24%	0.00%	0.24%	0.00%	399	3,389	-	3,389	-	3,788	1,483	1,384,594	
Blue Ribbon Technology, Inc.	-	255	255	100.00%	0.00%	0.00%	0.00%	0.00%	247	7	-	7	-	255	5,359	1,387,976	
Tellus Oilfield, Inc.	-	143	143	100.00%	0.00%	0.00%	0.00%	0.00%	110	33	-	33	-	143	79	1,387,950	
C&J VLC, LLC	-	2	2	0.00%	0.00%	0.00%	0.00%	0.00%	-	2	-	2	-	2	13	1,387,981	
Mobile Data Technologies Ltd.	94	626	720	100.00%	0.05%	0.00%	0.05%	0.00%	47	626	46	673	0	720	493	1,387,357	
TOTAL DEBTORS:	135,786	359,758	495,544	100.00%	25.84%	7.01%	32.47%	1.39%	42,163	358,680	91,946	450,626	2,754	495,544	197,734		
CJ Lux Holdings	-	28	28	0.00%	0.00%	0.00%	0.00%	0.00%	-	28	-	28	-	28	-	1,387,956	
Penny Global Leasing S.a.r.l.	-	6	6	0.00%	0.00%	0.00%	0.00%	0.00%	-	6	-	6	-	6	-	1,387,978	
Penny Technologies S.a.r.l.	-	9,048	9,048	100.00%	0.64%	0.00%	0.64%	0.00%	181	8,868	-	8,868	-	9,048	-	1,379,116	
Copper Ireland Financing II Ltd.	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	1,387,983	
Penny Luxembourg Financing S.a.r.l.	-	5	5	0.00%	0.00%	0.00%	0.00%	0.00%	-	5	-	5	-	5	-	1,387,978	
Copper Ireland Financing I Ltd.	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	1,387,983	
Penny Global Holdings S.a.r.l.	-	2	2	0.00%	0.00%	0.00%	0.00%	0.00%	-	2	-	2	-	2	-	1,387,981	
C&J International B.V.	446	483	928	100.00%	0.03%	0.01%	0.05%	0.01%	269	483	177	660	0	928	115	1,387,501	
C&J International - Free Zone Co.	-	1,642	1,642	100.00%	0.10%	0.00%	0.10%	0.00%	223	1,419	-	1,419	-	1,642	121	1,386,564	
TOTAL NON-DEBTOR GUARANTORS:	446	11,214	11,660	100.00%	0.78%	0.01%	0.79%	0.01%	673	10,810	177	10,987	0	11,660	236		
TOTAL DEBTOR / NON-DEBTOR GUARANTORS:	136,231	370,972	507,204	100.00%	26.62%	7.02%	33.26%	1.39%	42,836	369,491	92,123	461,613	2,754	507,204	197,970		

				HIGH RECOVERY SCENARIO													
				RECOVERY %					RECOVERY \$								
Entity Name	Unencumbered Value	Encumbered Value	Total Value	Administrative	Secured	Secured Deficiency	Total Secured	Recovery Value to GUC	Administrative	Secured	Secured Deficiency	Total Secured	Recovery Value to GUC	Total Recovery	GUC Claim	Deficiency Claim	
C&J Energy Services, Ltd	-	28	28	100.00%	0.00%	0.00%	0.00%	0.00%	1	28	-	28	-	28	32,025	1,387,956	
C&J Corporate Services, Ltd	1,189	59	1,248	100.00%	0.00%	0.08%	0.09%	0.08%	25	59	1,164	1,223	0	1,248	83	1,387,925	
C&J Holding Co.	-	16,885	16,885	100.00%	1.20%	0.00%	1.20%	0.00%	185	16,700	-	16,700	-	16,885	400	1,371,283	
C&J Energy Services, Inc.	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	10,111	1,387,983	
C&J Spec-Rent Services, Inc.	38,862	342,484	381,346	100.00%	24.67%	0.65%	25.17%	0.65%	31,407	342,484	6,814	349,298	641	381,346	98,425	1,045,500	
Tiger Casedhole Services	268	5,138	5,406	100.00%	0.37%	0.01%	0.38%	0.01%	170	5,138	98	5,236	0	5,406	509	1,382,845	
C&J Well Services	115,037	111,462	226,499	100.00%	8.03%	7.92%	15.31%	7.92%	10,769	111,462	101,088	212,550	3,180	226,499	40,157	1,276,521	
KVS Transportation, Inc.	-	16,477	16,477	100.00%	1.11%	0.00%	1.11%	0.00%	1,066	15,411	-	15,411	-	16,477	1,340	1,372,572	
C&J Energy Production Services - Canada Ltd.	5,861	20,690	26,551	100.00%	1.49%	0.33%	1.81%	0.33%	1,376	20,690	4,477	25,167	8	26,551	2,332	1,367,293	
Total E&S Inc.	3,914	25,052	28,965	100.00%	1.80%	0.24%	2.04%	0.24%	609	25,052	3,293	28,344	12	28,965	4,926	1,362,932	
ESP Completion Technologies, LLC (Texas)	1,332	4,033	5,365	100.00%	0.35%	0.00%	0.36%	0.00%	419	4,899	47	4,946	0	5,365	1,483	1,383,085	
Blue Ribbon Technology, Inc.	-	369	369	100.00%	0.01%	0.00%	0.01%	0.00%	250	119	-	119	-	369	5,359	1,387,864	
Tellus Oilfield, Inc.	-	213	213	100.00%	0.01%	0.00%	0.01%	0.00%	111	102	-	102	-	213	79	1,387,881	
C&J VLC, LLC	-	2	2	0.00%	0.00%	0.00%	0.00%	0.00%	-	2	-	2	-	2	13	1,387,981	
Mobile Data Technologies Ltd.	114	901	1,016	100.00%	0.06%	0.00%	0.07%	0.00%	53	901	61	962	0	1,016	493	1,387,082	
TOTAL DEBTORS:	166,576	543,793	710,369	100.00%	39.12%	9.24%	47.56%	1.94%	46,440	543,046	117,041	660,087	3,841	710,369	197,734		
CJ Lux Holdings	-	28	28	0.00%	0.00%	0.00%	0.00%	0.00%	-	28	-	28	-	28	-	1,387,956	
Penny Global Leasing S.a.r.l.	-	6	6	0.00%	0.00%	0.00%	0.00%	0.00%	-	6	-	6	-	6	-	1,387,978	
Penny Technologies S.a.r.l.	-	13,571	13,571	100.00%	0.96%	0.00%	0.96%	0.00%	271	13,300	-	13,300	-	13,571	-	1,374,683	
Copper Ireland Financing II Ltd.	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	1,387,983	
Penny Luxembourg Financing S.a.r.l.	-	5	5	0.00%	0.00%	0.00%	0.00%	0.00%	-	5	-	5	-	5	-	1,387,978	
Copper Ireland Financing I Ltd.	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	1,387,983	
Penny Global Holdings S.a.r.l.	-	2	2	0.00%	0.00%	0.00%	0.00%	0.00%	-	2	-	2	-	2	-	1,387,981	
C&J International B.V.	453	594	1,047	100.00%	0.04%	0.01%	0.06%	0.01%	271	594	182	776	0	1,047	115	1,387,390	
C&J International - Free Zone Co.	-	2,228	2,228	100.00%	0.14%	0.00%	0.14%	0.00%	235	1,993	-	1,993	-	2,228	121	1,385,990	
TOTAL NON-DEBTOR GUARANTORS:	453	16,434	16,887	100.00%	1.15%	0.01%	1.16%	0.01%	777	15,927	182	16,110	0	16,887	236		
TOTAL DEBTOR / NON-DEBTOR GUARANTORS:	167,029	560,227	727,256	100.00%	40.27%	9.25%	48.72%	1.94%	47,218	558,974	117,223	676,197	3,841	727,256	197,970		

#### 4) Notes to the Liquidation Analysis

**A. Cash:** The Debtors' estimated cash balance of \$17 million as of November 30, 2016 after satisfying outstanding balances under the DIP Facility does not include approximately \$18 million in cash held at non-Debtor, non-guarantor entities, which cash is used to satisfy claims at those entities. All other cash is assumed to be encumbered. The Debtors estimate a 100% recovery for cash.

**B. Accounts Receivable, Net:** Accounts receivable balances are not subject to long-term contracts and are assumed to be generally collectible. The Debtors estimate a recovery of 60% to 75% for accounts receivable.

**C. Inventory:** Inventory primarily consists of raw materials and parts with limited work in process and other balances. The Debtors estimate an overall recovery of 40% - 60% for inventory.

**D. Prepaid Expenses:** The Debtors examined prepaid expenses by expense type. The Debtors assigned a comparatively high recovery to items such as insurance, while items such as prepaid rent were assigned a lower recovery. On a blended basis, the Debtors estimate the prepaid expenses recovery at approximately 42% to 56%.

**E. Fixed Assets - Machinery, Equipment and Rolling Stock:** Fixed assets consist of machinery and equipment, such as fracturing pumps, well servicing rigs, heavy transport and passenger vehicles, and items such as computer hardware and equipment. For the rolling stock, Great American Group ("Great American") prepared a recovery estimate by asset class and entity. The Debtors assigned a 10% discount to the Great American estimate for the low recovery scenario and a 10% premium for the high recovery scenario. For the remaining assets, the Debtors assigned comparatively higher recoveries to the field machinery and equipment compared to IT-related equipment. On a blended basis, the Debtors estimate fixed asset recovery at approximately 32% to 47%.

**F. Land, Real Property and Leasehold Improvements:** Land, real property and leasehold improvements consist of land and buildings owned or subject to capital leases and the improvements made thereto. For land and real property, Great American prepared a recovery estimate on a by-property basis. The Debtors assigned a 10% discount to the Great American estimate for the low recovery scenario and a 10% premium for the high recovery scenario. The Debtors assigned a 15% to 30% recovery to leasehold improvements. On a blended basis, the Debtors estimate land, real property, and leasehold improvements recovery at 27% to 38%.

**G. Intangible and Intellectual Property:** Intangible and intellectual property ("IP") includes accounting-related acquired assets such as customer relationships and IP, such as developed technology and patents. The Debtors assigned no recovery to certain accounting related intangible assets; however, the Debtors assigned IP assets a 21% to 32% recovery based on an analysis of the underlying IP. On a blended basis, the Debtors estimate intangible and intellectual property recovery at approximately 9% to 22%.

**H. Other Assets:** Other assets include items such as deferred tax assets that have been assigned no recovery and items such as security deposits that may be recoverable. On a blended basis, the Debtors estimate a recovery of 17% to 28%.

**I. Equity Value in Non-Debtor, Non-Guarantor Subsidiaries:** Equity Claims represents the remaining equity value, after satisfying creditor Claims of non-Loan Party subsidiaries. The Liquidation analysis assumes equity value is unencumbered, except at Black Gold Oilfield Services (Ecuador) where 65% is assumed to be encumbered.

**J. Administrative Wind-Down Expenses:** Conversion of these chapter 11 cases to cases under chapter 7 of the Bankruptcy Code would result in additional costs to the Debtors, including compensation of the Trustee, retained counsel, and other professionals. The conversion to chapter 7 may also result in other contingent administrative claims that are difficult to estimate or forecast. Examples of these kinds of expenses include various potential employee claims (for such items as severance and potential WARN Act claims) and unpaid chapter 11 administrative claims such as post-petition contract termination damages. The value of these contingent administrative claims is not included in the Liquidation Analysis. Further, while the Final DIP Order provides that certain collateral is not subject to surcharge pursuant to section 506(c) of the Bankruptcy Code, and provides for a fixed carve-out for Trustee expenses, the Liquidation Analysis assumes that the Lenders and the DIP Facility Lenders would agree to a modification of the Final DIP Order in connection with the appointment of the Trustee. Therefore, costs specifically related to the liquidation of individual assets and all other costs associated with the liquidation are netted against the recovery value of those assets, except where noted. Further, the Liquidation Analysis assumes that any and all costs related to chapter 7 liquidation would be paid prior to any payments to holders of Lender Claims, DIP Facility Claims, Other Secured Claims, and Administrative Claims.

The Administrative Wind Down Costs include the following:

**1. Trustee Fees** include all fees paid to the Trustee by the Debtors, consistent with the fee structure set forth in the Bankruptcy Code. Trustee fees are estimated at 1% of the gross asset proceeds. This estimate is less than the 3% maximum fee that a trustee may charge under the applicable statute.

**2. Liquidation Costs** contemplate the consensual, rapid orderly wind-down and liquidation of the Liquidating Entities' U.S.-based and foreign operations during the Liquidation Timeline. To maximize recoveries, minimize the amount of Claims, and generally ensure an orderly liquidation, the Trustee will need to retain a limited number of individuals currently employed at the Liquidating Entities. These individuals will primarily be responsible for operating and maintaining assets, collecting outstanding receivables, facilitating the liquidation of assets, providing historical knowledge and insight to the Trustee regarding the Debtors' businesses and the chapter 11 cases, and concluding the administrative wind-down of the business after the disposition of the Liquidating Entities' assets. Liquidation costs, for purposes of the Liquidation Analysis, consist of reduced general and administrative costs required to operate the Debtors' assets during the liquidation process, continuation of employment of key business

operations personnel for two to three months, employment of key administrative and back-office personnel at the Debtors for a three-to-six month period, incentive and/or severance payments to retain necessary personnel, real estate and office costs for retained employees, software-related expenses, and additional interest expense associated with the DIP Facility in connection with the Trustee's financing needs with respect to the liquidation.

The Debtors estimate total liquidation costs to be approximately \$33 million during the Liquidation Timeline period.

**3. Professional Fees** include the cost of financial advisors, attorneys, and other professionals retained by the Trustee in connection with the wind-down of the Liquidating Entities' estates (which professionals would be engaged in work related to claims reconciliation, asset recovery, and necessary tax and accounting work, among other things). For purposes of the Liquidation Analysis, the professional fees are estimated at 1% of gross asset proceeds.

**K. Lender Claims:** Lender Claims is the aggregate amount outstanding pursuant to the Credit Agreement, totaling \$1.388 billion. Recovery amounts include consideration of deficiency claims for undersecured amounts (the "Deficiency Lender Claims").

**L. General Unsecured and Priority Claims:** For purposes of the Liquidation Analysis, General Unsecured Claims also include the Deficiency Lender Claims and the Mineral Contractor Claims and any Claims that may ultimately be entitled to priority status, such as taxes. The table below provides a summary of the General Unsecured Claims, excluding the Deficiency Lender Claims.

**M. General Unsecured and Priority Claims – Recovery \$:** This "Recovery \$" does not account for any potential diminution in value of the Lenders' Collateral resulting from, among other things, (i) the satisfaction of the \$75 million outstanding balance under the DIP Facility or (ii) net expenditures paid on account of administrative expenses incurred during the pendency of the Chapter 11 Cases (collectively, the "Excluded Amounts"), in each case, from the Debtors' encumbered cash. To the extent that the payment of the Excluded Amounts from the Debtors' encumbered cash results in the diminution in value of the Lenders' Collateral, it would further reduce recoveries of general unsecured creditors in a chapter 7 liquidation.

**N. General Unsecured and Priority Claims – Recovery %:** This "Recovery %" does not account for any potential diminution in value of the Lenders' Collateral resulting from, among other things, the satisfaction or payment of the Excluded Amounts from the Debtors' encumbered cash. To the extent that the payment of the Excluded Amounts from the Debtors' encumbered cash results in the diminution in value of the Lenders' Collateral, it would further reduce recoveries of general unsecured creditors in a chapter 7 liquidation.

<b>Summary of Unsecured Claims - Excluding Deficiency</b>		
Trade Payables	\$	68,694,979
Contract Rejection Claims		40,674,627
Affiliate Payables (Nabors)		32,000,000
Taxes Payable		17,818,686
Wages Payable		13,291,345
Accrued Insurance		5,359,427
Health Insurance - IBNR		4,223,613
Accrued Closing Costs		4,100,318
Accrued Auto Insurance - IBNR		3,636,523
Accrued Workers' Compensation		2,745,390
Accrued Workers' Comp Insurance - IBNR		1,353,301
All Other		4,071,727
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Total Unsecured Obligations	\$	197,969,934
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**Exhibit G**

**Financial Projections**

## **EXHIBIT G**

### **Financial Projections**

The Debtors believe that the Plan<sup>1</sup> meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor under the Plan. In connection with the planning and development the Plan and for the purposes of determining whether the Plan would satisfy this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

In connection with the Disclosure Statement, the Debtors' management team ("Management") prepared financial projections (the "Projections") for the years 2016 through 2020 (the "Projection Period"). The Projections were prepared by Management and are based on a number of assumptions made by Management with respect to the future performance of the Reorganized Debtors' operations. The Debtors' board of directors was not asked to, and thus did not, approve the Projections or evaluate or endorse the Projections or the assumptions underlying the Projections.

The Debtors have prepared the Projections based on information available to them, including information derived from public sources that have not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness, or reliability of the information, opinions, or conclusions expressed herein.

THESE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH PUBLISHED GUIDELINES OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FOR PREPARATION AND PRESENTATION OF PROSPECTIVE FINANCIAL INFORMATION. THE FOLLOWING DOES NOT REFLECT ADJUSTMENTS WHICH MAY RESULT FROM THE APPLICATION OF "FRESH START" REPORTING WHICH AS REQUIRED BY TOPIC 852, REORGANIZATIONS, OF THE FASB STANDARDS CODIFICATION.

ALTHOUGH MANAGEMENT HAS PREPARED THE PROJECTIONS IN GOOD FAITH AND BELIEVES THE ASSUMPTIONS TO BE REASONABLE, THE DEBTORS AND THE REORGANIZED DEBTORS CAN PROVIDE NO ASSURANCE THAT SUCH ASSUMPTIONS WILL BE REALIZED. AS DESCRIBED IN DETAIL IN THE DISCLOSURE STATEMENT, A VARIETY OF RISK FACTORS COULD AFFECT THE REORGANIZED DEBTORS' FINANCIAL RESULTS AND MUST BE CONSIDERED. ACCORDINGLY, ANY REVIEW OF THE PROJECTIONS SHOULD TAKE INTO

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings set forth in the *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Company, et al Pursuant to Chapter 11 of the Bankruptcy Code*, to which this exhibit is attached as **Exhibit G**.



ACCOUNT THE RISK FACTORS SET FORTH IN THE DISCLOSURE STATEMENT AND THE ASSUMPTIONS DESCRIBED HEREIN, INCLUDING ALL RELEVANT QUALIFICATIONS AND FOOTNOTES.

**EXHIBIT G1**

**5-Year Financial Projections**

**C&J HOLDING CO., et al.,**  
**Consolidated Financial Projections**

**Income Summary**

(US\$ in mm)	2016 <sup>(1)</sup>	2017	2018	2019	2020
<b>Total Revenue</b>	<b>\$ 941</b>	<b>\$ 1,099</b>	<b>\$ 1,474</b>	<b>\$ 1,762</b>	<b>\$ 2,003</b>
Direct Costs	(873)	(912)	(1,154)	(1,345)	(1,512)
Selling, General & Administrative	(165)	(159)	(183)	(198)	(220)
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>(97)</b>	<b>28</b>	<b>137</b>	<b>219</b>	<b>271</b>
Depreciation & Amortization	(224)	(228)	(234)	(240)	(247)
Impairment Expense	(430)	-	-	-	-
Gain / (Loss) on Disposal of Assets	(5)	-	-	-	-
Acquisition / Integration Expense	(12)	(3)	-	-	-
Debt Restructuring Expense	(82)	-	-	-	-
Other One-Time Non-Operating Adjustments <sup>(3)</sup>	(51)	-	-	-	-
<b>Operating Income</b>	<b>(901)</b>	<b>(203)</b>	<b>(97)</b>	<b>(22)</b>	<b>24</b>
Interest Expense, Net	(162)	(1)	(2)	(2)	(1)
Taxes	150	41	20	5	(5)
<b>Net Income</b>	<b>\$ (914)</b>	<b>\$ (163)</b>	<b>\$ (79)</b>	<b>\$ (19)</b>	<b>\$ 18</b>

**Cash Flow Summary**

Net Income	\$ (914)	\$ (163)	\$ (79)	\$ (19)	\$ 18
Plus: Depreciation & Amortization	224	228	234	240	247
Plus: Non-Cash Interest & Stock Based Compensation <sup>(4)</sup>	121	-	-	-	-
Plus: Investment in Net Working Capital & Other <sup>(5)</sup>	423	(101)	(62)	(37)	(27)
Less: Capital Expenditures	(64)	(78)	(122)	(145)	(178)
Cash Flow from Operations	(211)	(115)	(29)	39	60
Cash on Hand	143	28	15	38	99
Plus: Exit Facility Availability <sup>(6)</sup>	85	85	53	85	85
<b>Liquidity</b>	<b>\$ 228</b>	<b>\$ 113</b>	<b>\$ 68</b>	<b>\$ 123</b>	<b>\$ 184</b>

**Revenue Assumptions**

Fracturing Stages Completed	10,404	11,495	15,593	18,942	21,194
Active Fracturing Horsepower ('000s)	400	480	600	680	760
Active Wireline & Pumping Trucks	93	102	111	120	129
Active Coiled Tubing Units	24	27	30	33	36
Active Well Service Rigs	194	200	209	215	221
Well Service Rig Hours	391,811	427,683	509,620	548,239	575,584
Fluid Service Truck Hours	1,527,612	1,761,937	2,036,371	2,226,951	2,347,573

(1) Includes actuals through July-16

(2) Adjusted EBITDA excludes acquisition/integration expense, debt restructuring expense and other one-time non-operating adjustments explained below

(3) One-time non-operating adjustments relate to severance, facility closures and other one-time items

(4) Non-cash interest expense in 2016 relates to actual original issue discount under the Credit Agreement. Management is not forecasting any non-cash interest expense in the forecast period. Also adjusted for stock based compensation expense in 2016 which is a non-cash item

(5) Includes investment in net working capital, capital lease payments, impairment expense, gain / loss on disposal of assets and tax expense

(6) Exit facility assumed to be \$100mm less letters of credit of \$15mm that are expected to be outstanding

## **General Assumptions**

### **A. Emergence Date**

- The Projections assume emergence from Chapter 11 will occur on December 31, 2016

### **B. Methodology**

- Management developed these Projections in accordance with the Debtors' forecasting process, and the Projections for the fiscal years ending December 31, 2016 through December 31, 2020 were revised and finalized in June of 2016. The Debtors undergo a rigorous, bottom-up approach along with extensive review by the management team to ensure organizational alignment. During the forecasting process, the management and sales teams of each operating segment review the current business performance and establish assumptions related to utilization and pricing as well as direct and indirect costs associated with providing services to its customers. The Debtors are not assuming certain aspects of the debt restructuring process such as the consideration related to equitizing the secured debt, cancelling of debt income, and the resulting tax effect.
- The Debtors' services include well construction, well completion and well support services. Operations are geographically diversified across the most active oil and natural gas plays in the onshore United States and Canada, including Permian Basin, Eagle Ford, Bakken, the Rockies, Mid-Continent, Marcellus, and California. The Company operates its business through three operating segments: (1) Completion Services; (2) Well Support Services; and (3) Other Services.

### **C. Revenue**

- ***Completion Services:*** The Completion Services segment is comprised primarily of (1) Fracturing Services; (2) Wireline & Pumping Services; and (3) Coil Tubing Services. Fracturing Services revenues are forecasted based on expected fracturing stage counts and revenue per stage. Wireline & Pumping Services and Coil Tubing Services revenues are forecasted based on expected working units and revenue per unit. Revenue in the Completion Services segment is expected to stabilize in the second half of 2016 and begin to improve over 2017 and beyond in response to improving oil and natural gas prices and higher expected E&P capex budgets.
- ***Well Support Services:*** The Well Support Services segment is comprised of (1) Well Service Rigs; (2) Fluid Services; and (3) Other Well Support Services. Well Service Rigs revenue is forecasted based on expected hourly rig rates, utilization and number of active rigs. Fluid Services revenue is projected based on expected hourly truck

rates and the number of trucking hours. Other Well Support Services includes ancillary well support services, such as production equipment rental and special lease site services. Projected revenues for this segment are primarily based on day rates and utilization estimates. Well Support Services segment revenue is forecasted to improve over the second half of 2016 and beyond in response to an anticipated rise in workover activity.

- ***Other Services:*** The Other Services segment is primarily comprised of C&J's vertical integration initiatives and smaller service lines which include (1) Cementing; (2) Research & Technology; (3) International Operations; and (4) Equipment Manufacturing. Management does not project any revenue contribution from 2017 onwards for the Equipment Manufacturing business and International Operations. The Equipment Manufacturing business is in the midst of being divested or shut down, and any revenues generated from C&J's limited international presence are expected to be minimal. Revenue for the Other Services segment has been forecasted based on monthly growth rates over historical actuals.
- **Overall revenue in 2017 is forecasted to improve by 17% year-over-year versus an expected rig count improvement of over 30%.<sup>2</sup> Total revenue in 2018, 2019 and 2020 is currently expected to improve annually by 34%, 20% and 14% respectively.**

#### **D. Direct Costs**

- The direct cost forecast is based on the Debtors' review of historical operating results, discussions with field personnel regarding planned utilization levels and associated cost impact and an evaluation of opportunities to reduce costs. Direct costs consist primarily of labor costs, materials and supplies necessary to complete forecasted jobs, routine repair and maintenance costs and other direct costs incurred in the normal course of completing a job. Direct costs are expected to increase throughout the forecast period due to an anticipated increase in utilization and overall activity levels.

#### **E. Selling, General & Administrative**

- Selling, general and administrative costs ("SG&A") are comprised primarily of indirect labor costs, research and development and other expenses associated with corporate overhead. The amount of SG&A is based on historical SG&A cost trends, adjusted for cost reduction efforts.

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<sup>2</sup> Rig count forecast based on outside third party estimates.

**F. Depreciation and Amortization**

- Depreciation and amortization reflects the anticipated depreciation and amortization of the Debtors' net property, plant & equipment and intangible assets based on book values. No adjusted has been made for asset value adjustments resulting from the application of "fresh start" reporting as required by Topic 852, Reorganizations, of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification.

**G. Impairment Expense**

- Impairment Expense in 2016 is primarily related to actual write-downs of assets undertaken in the first half of 2016 given the declining market environment. The Debtors are not forecasting any additional impairment-related charges in the forecast period.

**H. Acquisition / Integration Expense**

- Acquisition / Integration Expense is primarily related to the March 2015 merger transaction in order to fully integrate the Debtors business onto the same IT platform and roll-out a fully-integrated SAP system in the first half of 2017.

**I. Debt Restructuring Expense**

- Debt Restructuring Expense includes costs related to the restructuring process, including professional fees, claims administration and other items.

**J. Other One-Time Non-Operating Adjustments**

- Non-Operating Expenses are primarily related to expenses for severance payments, facility closures and other one-time, non-recurring items.

**K. Interest Expense**

- In accordance with the terms of the Forbearance Agreements, the Debtors ceased making interest payments to the Lenders in May 2016. Any forecasted interest payments are primarily related to the capital lease expense and asset based loan contemplated as part of the emergence transaction.

**L. Taxes**

- The Projections assume an effective federal tax rate at a flat 20%.

**M. Capital Expenditures**

- Capital expenditures primarily relate to maintenance-oriented capital necessary to maintain the service capability of the Debtors' existing assets in the normal course of the Debtors' businesses. In addition, the Projections include capital associated with ongoing major refurbishment and overhaul work that may be needed based on historical precedent.

**N. Non-Cash Interest & Stock Based Compensation**

- Non-Cash Interest Expense in 2016 relates to actual original issue discount under the Credit Agreement. Management is not forecasting any non-cash interest expense in the forecast period.
- Stock Based Compensation Expense in 2016 is a non-cash, stock based benefits expense. Management is not forecasting any stock-based compensation expense from 2017 onwards.

**O. Net Working Capital & Other**

- Net Working Capital assumptions are based on historical days' sales outstanding, inventory days cycle, historical days payable and historical levels of prepaid and other current assets and current liabilities as a percent of revenue.
- Other items relate primarily to items that have been expensed to calculate Net Income. Other items relate to actual impairment expense, inventory adjustments, gain / loss on disposal of assets plus actual and projected income tax expense and capital lease payments. Management is not forecasting any impairment-related expenses, inventory adjustments and gain/loss on disposal of assets in the forecast period.

**P. Exit Facility Availability**

- The Projections assume an Exit Facility of \$100 million to be in-place upon emergence less any letter of credit that may be outstanding. The terms of the facility are assumed based upon recent precedence.

**EXHIBIT G2**

**Pro Forma Balance Sheet**



**C&J Energy Services Ltd.**  
**Projected Consolidated Emergence Balance Sheet**

<b>ASSETS</b>	<b>Pre-Restructuring as of 12/31/16 Forecast</b>	<b>Record Effects of Plan</b>		<b>Fresh-Start Adjustments</b>	<b>Post-Restructuring as of 12/31/16 Forecast</b>
Current assets:					
Cash and cash equivalents	\$ 81,063	\$ 62,037	(c)(d)(e)(f)(g)(h)	\$ -	\$ 143,100
Accounts receivable, net	142,500	-		-	142,500
Inventory	78,200	-		-	78,200
Prepaid and other current assets	65,800	-		-	65,800
Total current assets	367,563	62,037		-	429,600
Property and equipment:					
Land, buildings and improvements	100,000	-		(33,524) (i)	66,476
Operating equipment	837,600	-		(280,799) (i)	556,801
Furniture and fixtures	12,000	-		(4,023) (i)	7,977
Total property and equipment	949,600	-		(318,346)	631,254
Less: Accumulated depreciation	-	-		-	-
Property and equipment, net	949,600	-		(318,346)	631,254
Reorganization value in excess of total assets	-	-		-	-
Other intangible assets, net of amortization	82,300	-		(27,591) (i)	54,709
Other assets	37,400	1,000 (h)		-	38,400
<b>TOTAL ASSETS</b>	<b>\$ 1,436,863</b>	<b>\$ 63,037</b>		<b>(345,937)</b>	<b>\$ 1,153,963</b>
<b>LIABILITIES AND EQUITY</b>					
Current liabilities:					
Accounts payable	\$ 82,900	\$ -		\$ -	\$ 82,900
Payroll and related costs	15,300	-		-	15,300
Accrued expenses	36,900	-		-	36,900
Income taxes payable	-	-		-	-
Short term borrowings and current portion of l	75,000	(75,000) (f)		-	-
Other accrued liabilities	700	-		-	700
Total current liabilities	210,800	(75,000)		-	135,800
Deferred tax liabilities	42,500	121,351 (b)(d)		(56,388) (i)	107,463
Other long term liabilities	17,700	-		-	17,700
Liabilities subject to compromise	1,478,983	(1,478,983) (a)(c)(d)		-	-
Shareholders' equity:					
Common stock	1,196	-		(1,196) (j)	-
Additional paid-in capital	937,204	893,000 (a)(g)		(937,204) (j)	893,000
Retained earnings (deficit)	(1,251,520)	602,669 (a)(b)(d)(e)(f)		648,851 (i)(j)	-
Shareholders' equity:	(313,120)	1,495,669		(289,549)	893,000
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,436,863</b>	<b>\$ 63,037</b>		<b>(345,937)</b>	<b>\$ 1,153,963</b>

### **Notes on Reorganized Debtors' Pro Forma Balance Sheet**

The projected consolidated emergence balance sheet includes certain of the basic principles of “fresh start” reporting, which will be required for financial reporting following confirmation of the Plan. Under “fresh start” reporting, which is required by Topic 852, *Reorganizations*, of the FASB Accounting Standards Codification, the reorganization value is assigned to assets and liabilities based upon their fair values. For purposes of the projected balance sheet at the time of emergence and subsequent to a \$200.0 million rights offering, the Projections assume that equity value is approximately \$893.0 million. The reported values of specific assets and liabilities are based on assumptions that are subject to material change pending the completion of the valuation of such individual assets and liabilities. The determination of specific asset and liability fair values will be completed post-emergence, and each asset and liability will be stated at their respective fair values. If the fair value of all identifiable assets exceeds the reorganization value, the excess will be recognized as a gain in earnings. If the reorganization value exceeds the fair value of all identifiable assets, a goodwill intangible asset will be established for the excess.

#### Emergence transactions:

- (a) Reflects the conversion of \$1.4 billion of prepetition indebtedness to a 100% equity ownership for the Lenders based on a pre-money equity valuation of \$693.0 million.
- (b) Reflects the tax effect on the gain from cancellation of debt income.
- (c) The Plan assumes approximately \$8.5 million of cash payments to creditors related to contract cures.
- (d) Reflects the estimated recovery for holders of General Unsecured Claims and the subsequent elimination of the remainder of liabilities subject to compromise and the resulting tax effect.
- (e) Reflects \$19.9 million of estimated accrued professional fees upon emergence.
- (f) Reflects the estimated \$75.0 million repayment of amounts outstanding under the DIP Facility and \$0.6 million of associated interest expense payments.
- (g) Reflects the \$200.0 million Rights Offering.
- (h) Reflects \$1.0 million of deferred loan costs in connection with the Exit Facility expected to close upon emergence.
- (i) Reflects adjustments to specific assets, including the resulting tax effect, based on assumptions that are subject to material change pending the determination of specific asset and liability fair values to be completed post-emergence under “fresh start” reporting.

- (j) Reflects the elimination of historical equity accounts in accordance with Topic 852, *Reorganizations*.

**EXHIBIT G3**

**Sources and Uses of Funds**

## C&J Holding Co., et al

### Sources and Uses of Cash at Emergence

(\$ in millions)

SOURCES AND USES OF CASH			
CASH SOURCES		CASH USES	
Debtor Cash - Pre Emergence (1)	\$ 81.1	<u>DIP Facility Claims</u>	
Exit Facility - ABL	TBD	Repay DIP Facility	\$ 75.0
Rights Offering	200.0	Accrued Interest (2)	0.6
<b>TOTAL CASH SOURCES</b>	<b>\$ 281.1</b>	Total DIP Facility Claims	\$ 75.6
		<u>Other Claims</u>	
		Lienholder, 503(b)(9) & Cure Claims	8.5
		Secured/Administrative/Priority Claims (3)	TBD
		General Unsecured Claims (4)	33.0
		Total Other Claims	\$ 41.5
		<u>Emergence Cash Outlays</u>	
		Accrued Professional Fees	19.9
		Transaction Fee - Exit Facility (5)	1.0
		Total Emergence Cash Outlays	\$ 20.9
		Captive Insurance Cash	16.6
		Debtor Cash Balance - Post Emergence	126.5
		Total Cash Balance Including Captives	\$ 143.1
		<b>TOTAL CASH USES</b>	<b>\$ 281.1</b>

#### NOTES

- 1 - Projected cash balance as of emergence from corporate model.
- 2 - Accrued interest on DIP Facility based on 6 month LIBOR contract.
- 3 - Secured / Administrative / Priority claims assumed to be paid in the ordinary course during pendency of the case and post confirmation and emergence.
- 4 - The Plan contemplates payment of an aggregate of \$33 million to holders of General Unsecured Claims.
- 5 - Assumes 1% fee on Exit Facility.

**Exhibit H**

**Valuation Analysis**

## **Exhibit H**

### **Valuation Analysis**

THE VALUATION INFORMATION CONTAINED HEREIN IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN OR OF THE PRICES AT WHICH ANY SUCH SECURITIES MAY TRADE AFTER GIVING EFFECT TO THE TRANSACTIONS CONTEMPLATED BY THE PLAN. THIS VALUATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF CLAIMS AGAINST THE DEBTORS.

Solely for purposes of the Plan<sup>1</sup> and the Disclosure Statement, Evercore, as investment banker to the Debtors and at their request, has estimated the total enterprise value (the “Total Enterprise Value”) of the Reorganized Debtors on a going concern basis as of the assumed Effective Date of December 31, 2016 (the “Assumed Effective Date”). The valuation analysis is based on projections provided by the Debtors’ management (the “Financial Projections”) for the years 2017 through 2020 (the “Projection Period”).

In estimating the Total Enterprise Value of the Debtors, Evercore met with the Debtors’ senior management team to discuss the Debtors’ assets, operations and future prospects, reviewed the Debtors’ historical financial information, reviewed certain of the Debtors’ internal financial and operating data, reviewed the Financial Projections, reviewed publicly available third-party information and conducted such other studies, analyses, and inquiries we deemed appropriate. Further, with the consent of the Debtors, Evercore has relied upon the accuracy, completeness, and fairness of such financial and other information furnished by the Debtors. At the direction of the Debtors, Evercore did not attempt to independently audit or verify such information, nor did it seek or perform an independent appraisal of the assets or liabilities of the Reorganized Debtors. Evercore did not conduct an independent investigation into any of the legal, tax, pension or accounting matters affecting the Debtors, and therefore takes no responsibility for and makes no representation as to their impact on the Debtors or the Reorganized Debtors from a financial point of view.

The valuation information set forth in this **Exhibit H** to the Disclosure Statement represents a valuation of the Reorganized Debtors based on the application of standard valuation techniques, subject to the assumptions and qualifications set forth herein. The estimated values set forth in this section: (i) do not purport to constitute an appraisal of the assets of the Reorganized Debtors; (ii) do not constitute an opinion on the terms and provisions or fairness from a financial point of view to any person of the consideration to be received by

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings set forth in the *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Company, et al Pursuant to Chapter 11 of the Bankruptcy Code*, to which this exhibit is attached as **Exhibit H**.

such person under the Plan; (iii) do not constitute a recommendation to any holder of Allowed Claims as to how such person should vote or otherwise act with respect to the Plan; and (iv) do not necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors. The actual value of an operating business such as the Reorganized Debtors' is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial conditions and prospects of such a business.

The Financial Projections are attached as **Exhibit G** to the Disclosure Statement. The estimated values set forth herein assume that the Reorganized Debtors will achieve the results set forth in their Financial Projections in all material respects and will continue as an operating business. Evercore has relied on the Debtors' representation and warranty that the Financial Projections: (i) have been prepared in good faith; (ii) are based on fully disclosed assumptions, which, in light of the circumstances under which they were made, are reasonable; (iii) reflect the Debtors' best currently available estimates; and (iv) reflect the Debtors' good faith judgments. Evercore does not offer an opinion as to the attainability of the Financial Projections. As disclosed in the Disclosure Statement, the future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors and Evercore, and consequently are inherently difficult to project. The Reorganized Debtors' actual future results may differ materially (positively or negatively) from the Financial Projections, and as a result, the actual total enterprise value of the Reorganized Debtors may be significantly higher or lower than the range estimated herein.

This valuation report contemplates facts and conditions known and existing as of September 21, 2016. Events and conditions subsequent to this date, including updated projections, as well as other factors, could have a substantial effect upon the Total Enterprise Value. Among other things, failure to consummate the Plan in a timely manner may have a materially negative effect on the Total Enterprise Value. For purposes of this valuation, Evercore has assumed that no material changes that would affect the Total Enterprise Value will occur between September 22, 2016 and the Assumed Effective Date. Neither Evercore nor the Debtors has any obligation to update, revise or reaffirm this valuation.

The following is a brief summary of analyses performed by Evercore to arrive at its recommended range of estimated Total Enterprise Value for the Reorganized Debtors and does not purport to be a complete description of all of the analyses and factors undertaken to support Evercore's conclusions. The preparation of a valuation is a complex process involving various determinations as to the most appropriate analyses and factors to consider, and the application of those analyses and factors under the particular circumstances. As a result, the process involved in preparing a valuation report is not readily summarized.

In arriving at its valuation estimate, Evercore did not consider any one analysis or factor to the exclusion of any other analyses or factors. Accordingly, Evercore believes that its analysis and views must be considered as a whole and that selecting portions of its analysis and factors could create a misleading or incomplete view of the processes underlying the preparation of the valuation. Reliance on only one of the methodologies used or portions of the analysis performed could create a misleading or incomplete conclusion as to the estimated Total Enterprise Value.



In performing its analysis, Evercore applied the following valuation methodologies as applicable to the operations of the Debtors: (i) a discounted cash flow analysis; and (ii) a peer group trading analysis.

## **1) Discounted Cash Flow Analysis**

The discounted cash flow (“DCF”) analysis estimates the value of the Debtors’ business by calculating the present value of expected future cash flows to be generated by that asset or business assuming that the Financial Projections are realized and as of the Assumed Effective Date. Under this methodology, projected future cash flows are discounted by a range of discount rates above and below the Debtor’s weighted average cost of capital (the “Discount Rate”), as estimated by Evercore based on the capital asset pricing model as of September 20, 2016. The Total Enterprise Value of the Reorganized Debtors is determined by calculating the present value of the Reorganized Debtors’ unlevered after-tax free cash flows over the course of the projection period plus an estimate for the value of the Reorganized Debtors beyond the projection period, known as the terminal value. The terminal value is calculated using a range of estimated earnings before interest, taxes and depreciation and amortization expense (“EBITDA”) multiples and perpetuity growth rates.

Although formulaic methods are used to derive the key estimates for the DCF methodology, their application and interpretation still involve complex considerations and judgments concerning potential variances in the projected financial and operating characteristics of the Reorganized Debtors, which in turn affect its cost of capital and terminal multiples.

## **2) Peer Group Trading Analysis**

The peer group trading analysis estimates the value of a company based on a relative comparison with other publicly traded entities with generally similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public entity is determined by examining the trading prices for the equity securities of such entity in the public markets and adding the aggregate amount of outstanding net debt for such entity. Evercore also examined the aggregate amount of outstanding net debt of such entities using the market prices of such securities, as available. Such enterprise values are commonly expressed as multiples of various measures of financial and operating statistics, such as EBITDA. The Total Enterprise Value is then calculated by applying these multiples to the Reorganized Debtors’ actual and projected financial and operational metrics. Although the peer group was compared to the Reorganized Debtors for purposes of this analysis, no entity used in the peer group trading analysis is identical or directly comparable to the Reorganized Debtors. In order to calculate peer group trading multiples, Evercore relied on publicly available filings with the SEC and equity research analyst consensus estimates. The selection of public comparable entities for this purpose was based upon characteristics that were deemed relevant based on Evercore’s professional judgment.

The selection of appropriate comparable entities is often difficult, a matter of judgment and subject to limitations due to sample size and the availability of meaningful market-based information. Accordingly, Evercore’s comparison of the selected entities to the business of the

Reorganized Debtors and analysis of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Reorganized Debtors.

### 3) **Total Enterprise Value**

As a result of the analysis described herein, Evercore estimates the Total Enterprise Value of the Reorganized Debtors to be approximately \$600 million to \$900 million, with a mid-point of \$750 million, as of the Assumed Effective Date. After deducting an estimated funded debtor-in-possession (“DIP”) financing of \$75 million and adding pre-emergence Cash (net of cash payment of professional and transaction fees and certain estimated claims) of \$18 million projected as of the Assumed Effective Date, Evercore’s mid-point estimate of Total Enterprise Value of \$750 million implies a value for the New Common Stock of the Reorganized Debtors, prior to any equity investment on account of the Rights Offering, of approximately \$693 million (the “Pre-Money Equity Value”). The Rights Offering contemplates a 20% discount to total settled Plan enterprise value, and based on a 20% discount to the mid-point Total Enterprise Value, the discounted Total Enterprise Value is \$600 million and the discounted Pre-Money Equity Value for the New Common Stock of the Reorganized Debtors is approximately \$543 million after deducting for an estimated funded DIP financing of \$75 million and adding pre-emergence Cash (net of cash payment of professional and transaction fees and certain estimated claims) of \$18 million. Other restructuring costs and professional fees were also taken into account when estimating the pre-emergence Cash balance of the Reorganized Debtors. These values do not give effect to the potentially dilutive impact of, among other things, any shares issued upon exercise of any warrants granted to prior shareholders, including the New Warrants, or any shares issued upon exercise of options that may be granted under a long-term incentive plan which the Board of Directors of the Reorganized Debtors may authorize for management of the Reorganized Debtors, including the Management Incentive Plan.

The preceding analysis estimates a valuation range that is significantly different from the accounting book value of the Debtors’ assets. The accounting book value of the Debtors’ assets as of June 30, 2016 was approximately \$1,541.4 million, as disclosed in the Debtors’ unaudited financial statements for the period ended on June 30, 2016. Such accounting book value is an accounting balance prepared in accordance with GAAP and is based upon historical costs adjusted for depreciation and amortization. Book values of assets prepared in accordance with GAAP generally do not reflect the current performance of the assets in the current market environment and may be materially different from actual value of the underlying assets.

Depending on the actual financial results of the Debtors or changes in the financial markets, and due to the assumptions and other uncertainties described above, the enterprise value of the Debtors may differ from the estimated Total Enterprise Value as of the Assumed Effective Date set forth herein. Accordingly, none of the Debtors, Evercore, or any other person assumes responsibility for the accuracy of the estimated Total Enterprise Value. In addition, the market prices, to the extent there is a market, of the Reorganized Debtors’ securities will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the investment decisions of the prepetition creditors receiving such

securities under the Plan (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), and other factors that generally influence the prices of securities.