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

In re:	§	Chapter 11
SHALE SUPPORT GLOBAL HOLDINGS, LLC, *et al.*,[1]	§	Case No. 19-33884 (DRJ)
	§	(Jointly Administered)
Debtors.	§	

NOTICE OF FILING OF EXHIBITS D, E, AND F TO DISCLOSURE STATEMENT FOR THE JOINT PLAN OF REORGANIZATION OF SHALE SUPPORT GLOBAL HOLDINGS, LLC, *ET AL*. AND BSP AGENCY, LLC PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE
(Relates to Docket No. 198)

PLEASE TAKE NOTICE that, on August 19, 2019, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed their *Disclosure Statement for the Joint Plan of Reorganization of Shale Support Global Holdings, LLC, et al. and BSP Agency, LLC Pursuant to Chapter 11 of the Bankruptcy Code* **[Docket No. 198]** (the "Disclosure Statement").

PLEASE TAKE FURTHER NOTICE that attached to this Notice are each of the following exhibits to the Disclosure Statement:

- **Exhibit D** – Liquidation Analysis
- **Exhibit E** – Financial Projections; and
- **Exhibit F** – Valuation Analysis.

PLEASE TAKE FURTHER NOTICE that the hearing to approve the Disclosure Statement is set for **Wednesday, September 18, 2019 at 10:00 a.m. (CDT)** before the Honorable

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Shale Support Global Holdings, LLC (5328); Shale Support Holdings, LLC (7814); Stanton Rail Yard, LLC (5976); Southton Rail Yard, LLC (8704); Drying Facility Assets Holding, LLC (6424); Shale Energy Support, LLC (8523); Mine Assets Holding, LLC (4401); and Wet Mine Assets Holding, LLC (2879). The service address for Debtor Stanton Rail Yard, LLC is 32731 Egypt Lane, Magnolia, Texas 77354. For the remainder of the Debtors, it is 600 Jefferson Street, Suite 602, Lafayette, Louisiana 70501.

David R. Jones, Bob Casey United States Courthouse, 515 Rusk Street, Courtroom 400, Houston, Texas 77002.

PLEASE TAKE FURTHER NOTICE that you may obtain copies of the Disclosure Statement and all other filings in these chapter 11 cases free of charge at the following website: https://donlinrecano.com/ssgh.

Dated: September 16, 2019.

GREENBERG TRAURIG, LLP

By: */s/ David R. Eastlake*

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COUNSEL FOR THE DEBTORS

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on September 16, 2019, I caused a copy of the foregoing to be served on all parties eligible to receive service through the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas by electronic mail.

By: */s/ David R. Eastlake*
David R. Eastlake

Exhibit D

Liquidation Analysis

LIQUIDATION ANALYSIS

I. Issues and Qualifying Factors

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired allowed claim or interest either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the effective date, that is not less than the value such holder would receive or retain if the Debtor was liquidated under chapter 7 of the Bankruptcy Code ("**chapter 7**") on the effective date. The Debtors believe, based on the following hypothetical analysis (the "**Liquidation Analysis**"), that the Plan meets the "best interests of creditors" test as set forth in section 1129(a)(7) of the Bankruptcy Code. There are multiple Impaired Classes of Claims contemplated to receive recoveries under the Plan. Further, each holder of an Impaired Claim will receive under the Plan value on the Effective Date that is not less than the value such holder would receive if the Debtors were to be liquidated under chapter 7. The Debtors believe the Liquidation Analysis and the conclusions set forth herein are fair and accurate, and represent the Debtors' best judgment with regard to the results of a chapter 7 liquidation of the Debtors. **The analysis was prepared solely to assist the Bankruptcy Court in making this determination, and should not be used for any other purpose. Nothing contained in the Liquidation Analysis is intended to or may be asserted to constitute a concession or admission of the Debtors.** The Liquidation Analysis was prepared by the Debtors, in consultation with its professionals, and unless otherwise noted, is based on the Debtors' unaudited balance sheet as of July 31, 2019.

NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN, OR A CHAPTER 7 TRUSTEE'S ABILITY TO ACHIEVE FORECASTED RESULTS. IN THE EVENT THAT THESE CHAPTER 11 CASES ARE CONVERTED TO A CHAPTER 7 LIQUIDATION, ACTUAL RESULTS COULD VARY MATERIALLY FROM THE ESTIMATES AND PROJECTIONS SET FORTH IN THIS LIQUIDATION ANALYSIS.

The Liquidation Analysis is based on a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies that are beyond the control of the Debtors. There can be no assurances that the values assumed in this analysis would be realized if the Debtors were, in fact, liquidated under chapter 7. Accordingly, actual recovery values and recovery percentages could vary from the amounts set forth herein and such variances could be material.

The estimated net recovery values presented herein consist of the net proceeds from the hypothetical disposition of the Debtors' assets (the "**Assets**"), reduced by certain costs and claims that may arise under a chapter 7 liquidation. Asset recoveries presented herein are net of estimated direct costs of a chapter 7 liquidation. Discounts have been applied to the recovery values of certain Assets to account for the nature and timing of the chapter 7 liquidation process. The Liquidation Analysis assumes that an orderly shutdown would be substantially completed within approximately three months. The Debtors believe that three months is an appropriate estimate of the time needed to complete the liquidation, after taking into account the time required to market, sell, and dispose of the Assets. There can be no assurances that the liquidation activities could be completed within the above timeframes. It is possible that the disposition of the Assets and wind-

down of the business could take longer than the assumed liquidation period, which could materially reduce the hypothetical recoveries.

The Liquidation Analysis also assumes that the chapter 7 liquidation process will be uncontested and free of litigation. To the extent this is not the case, the recoveries on the Assets may be lower than assumed in this Liquidation Analysis.

The outcome of an orderly liquidation process could be materially different from the estimated recoveries as indicated herein if the Debtors expedited the liquidation of the Assets on a forced liquidation basis (*i.e.*, the chapter 7 trustee disposes of the Assets in less than three months). In addition, the timing for an orderly liquidation of the Assets could be affected by the Debtors' obligations to comply with various regulatory requirements.

The Liquidation Analysis necessarily contains an estimate of the quantum of Claims that will ultimately become Allowed Claims. Estimates for various Classes of Claims are based solely upon the Debtors' continuing review of the Debtors' books and records. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected levels set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, except as otherwise stated herein, the Debtors have projected a quantum of Claims that is consistent with the estimated Claims reflected in the Disclosure Statement.

The Liquidation Analysis assumes that there are no recoveries from the pursuit of any potential fraudulent conveyances or preference claims that could be asserted against affiliated and non-affiliated entities (which the Debtors believe even if pursued would not be material to the analysis) and does not include the estimated costs of pursuing those actions.

II. General Assumptions

The following is a list of key assumptions that were utilized in the Liquidation Analysis:

1. The Liquidation Analysis assumes that this chapter 11 case is converted to a chapter 7 case on November 4, 2019 (the "**Conversion Date**") under the direction of a court-appointed chapter 7 trustee.

2. The Liquidation Analysis assumes a three-month shutdown period (the "**Liquidation Period**") resulting in the liquidation of all the Assets. Liquidation proceeds, net of (a) chapter 7 trustee fees, (b) chapter 7 professional fees, and (c) the pre-conversion professional fee carve-out, which would be distributed to satisfy Claims.

3. The Liquidation Analysis is based on: (a) the Asset values in the Debtors' unaudited balance sheet as of July 31, 2019, unless otherwise noted herein.

4. The Liquidation Analysis assumes that net proceeds from the sale of the Assets will be distributed under the absolute priority rule provided in section 1129(b)(2) of the Bankruptcy Code.

5. While the Liquidation Analysis assumes that Assets are liquidated over the Liquidation Period commencing November 4, 2019, it is possible that the disposition of certain Assets could take longer to realize. The potential impact of litigation and actions by other creditors could increase the amount of time required to realize the recoveries assumed in this Liquidation Analysis. Such events could also add additional costs to the liquidation in the form of higher legal and professional fees as well as incremental operating costs.

III. Liquidation Analysis for the Debtors

The schedule shown below summarizes the net estimated liquidation proceeds available for distribution in a hypothetical chapter 7 case and liquidation recoveries under two scenarios: "high," which assumes higher asset recoveries but in most cases less than 100% of their book value as a result of the distressed nature of liquidation, which typically depresses anticipated recoveries; and "low," which assumes even lower asset recoveries as a result of a more distressed scenario in which an asset sale takes longer and the purchaser does not fully utilize the assets.

Liquidation Analysis	Book Value	Pro-Forma Value [1]	Hypothetical Recovery %		Hypothetical Recovery $		Hypothetical Midpoint Recovery	
($ in Thousands)	**7/31/2019**		**Low**	**High**	**Low**	**High**	**%**	**$**
Assets								
Cash & Equivalents	$3,031	$0	100%	100%	$0	$0	100%	$0
Restricted Cash	2,354	0	100%	100%	0	0	100%	0
Accounts Receivable, Net [2]	12,776	12,776	Var.	Var.	6,677	7,980	Var.	7,328
Inventory	14,483	14,483	Var.	Var.	5,309	7,148	Var.	6,229
Prepaids	3,065	3,065	0%	10%	0	306	5%	153
Current Assets	$35,709	$30,324			$11,986	$15,435	38%	$13,710
Property, Plant & Equipment								
Land			Var.	Var.				
Site Development			Var.	Var.				
Operating Equipment			Var.	Var.				
Leasehold Improvements			Var.	Var.				
Construction in Progress			Var.	Var.				
Mineral Reserves			Var.	Var.				
Property, Plant & Equipment	$103,975	$103,975			$26,909	$47,955	36%	$37,432
Other Assets								
Other Receivables [3]	$415	$0	0%	0%	$0	$0	0%	$0
Intangible Asset	81	81	0%	0%	0	0	0%	0
Deposits	1,899	1,899	0%	10%	0	190	5%	95
Loan Costs	4,967	4,967	0%	0%	0	0	0%	0
Other Assets [4]	2,471	2,471	15%	40%	371	988	28%	680
Total Assets	**$146,862**	**$143,590**			**$39,265**	**$64,568**	**35%**	**$51,917**
Administrative and Priority Claims								
Trustee Fees					$785	$1,937		
Professional Fees					1,000	2,000		
Pre-Conversion Professional Fee Carve Out [5]					1,000	1,000		
Total Administrative and Priority Claims					**$2,785**	**$4,937**	**100%**	**$3,861**
Net Proceeds Available for Distribution					**$36,480**	**$59,631**		**$48,056**
Distribution of Proceeds								
Payment of Secured Claims								
Aministrative Claims and DIP Facility	$16,600		100%	100%	$16,600	$16,600	100%	$16,600
Revolving Credit Facility [6]	9,111		100%	100%	9,111	9,111	100%	9,111
Term Loan	109,401		10%	31%	10,769	33,920	20%	22,345
Total Secured Claims	**$135,112**						**35.6%**	**$48,056**
Total Proceeds Available for Payment of General Unsecured Claims					**$0**	**$0**		
Total Unsecured Claims & Deficiency Claims	**$107,057**				**$0**	**$0**	**0%**	**$0**

(1) Pro-Forma Value column represents approximate balances as of 11/4/19
(2) Accounts Receivable Balance as of September 6, 2019
(3) Other receivables include dredge claims that have since been paid
(4) Other assets include the expected proceeds from litigation
(5) The Pre-Conversion Professional Fee Carve Out is $1M per the Final DIP Order, excluding retainers
(6) The Revolving Credit Facility balance is displayed net of Cash Collateral

IV. Notes to Liquidation Analysis

A. Asset Recoveries

(1) Cash and Marketable Securities

The Debtors' aggregate cash and marketable securities balance as of July 31, 2019 was approximately $5.4 million, including approximately $2.4 million of restricted cash. All cash and cash equivalents are assumed to be fully recoverable (including restricted cash). The DIP Budget assumes that all aggregate cash and marketable securities, including the restricted cash amounts, would be fully spent by the Conversion Date.

(2) Accounts Receivable

The Debtors had an accounts receivable balance of approximately $12.8 million as of September 6, 2019. The debtors expect to recover variable percentages of accounts receivable in a liquidation scenario. For amounts owed less than 30 days, the Debtors expect a recovery range of 70% to 90%. For amounts owed less than 60 days but more than 30 days, the Debtors expect a recovery range of 50% and 60%. For amounts owed less than 90 days and more than 60 days, the Debtors expect a recovery range of 10% and 25%. For amounts owed over 90 days, the Debtors expect a *de minimis* recovery.

(3) Inventory

Inventory consists of wet frac sand, dry frac sand, spare parts, diesel and unleaded fuel, and sand material that is onsite or in transit. The Debtors expect wet frac sand could be sold in a liquidation scenario at values ranging from approximately $5 per ton to $8 per ton. The Debtors believe dry sand product can be sold at values ranging from approximately $15 per ton to $20 per ton. Associated spare parts are assumed to be liquidated with assumed *de minimis* recoveries. Onsite or in transit product is assumed to be sold at values ranging from approximately $19 per ton to $22 per ton.

(4) Prepaid Expenses

Prepaid expenses, for which the Debtors had a balance of approximately $3.1 million as of July 31, 2019, consist of miscellaneous prepaid expenses, prepaid rent, prepaid insurance, and prepaid railcar transport. Prepaid expenses are expected to generate a *de minimis* recovery.

(5) Property, Plant and Equipment, Net

The Debtors' property, plant and equipment primarily consists of land, site development, operating equipment, leasehold improvements, construction in progress, and other fixed assets. The Debtors assume variable recoveries across its property, plant and equipment due to the unique nature of each asset. Recoveries ranged from no recovery for certain asset classes and up to 60% for others.

(6) Deposits and Other Assets

Deposits and other assets consist of deposits held by landlords, utilities, and other vendors. The Liquidation Analysis assumes that such deposits would be applied to final invoices with no net recovery realized.

(7) Intangible Assets

No recovery is expected for intangible assets.

(8) Loan Costs

No recovery is expected for capitalized loan costs.

(9) Other Assets

Other assets include potential litigation proceeds. This cause of action is estimated, net of litigation costs, to be approximately $3.5 million. The proceeds of such causes of action are ranged at a hypothetical recovery of 15% to 40% due to the lack of expected funding to pursue such claims during a liquidation scenario and the uncertain nature.

B. Costs Associated with Liquidation

(1) Chapter 7 Trustee Fees and Commissions

The chapter 7 trustee fees include fees associated with the appointment of a chapter 7 trustee in accordance with section 326 of the Bankruptcy Code. The Debtors have assumed that the chapter 7 trustee will earn fees between approximately 2% and 3% of the total asset recovery amount in both the high and low recovery scenarios.

(2) Chapter 7 Trustee's Professional Fees

The Liquidation Analysis assumes that the chapter 7 trustee will hire financial and legal advisors to assist in the administration of the chapter 7 liquidation. The Debtors have assumed $1 million to $2 million would be needed to run a three-month liquidation process.

(3) Pre-Conversion Professional Fee Carve-Out

The Liquidation Analysis assumes that the Debtors' professionals will be paid $1 million after the Conversion Date pursuant to the carve-out reflected in the Final DIP Order.

C. Claims

The Claims set forth in the Liquidation Analysis are based on the Debtors' estimate of such Claims and do not reflect the actual number and amount of Claims filed on or before the applicable Bar Dates. Further reconciliation and analysis of the Claims is required. Classes that have Claims that

were reasonably estimable are included in the Liquidation Analysis distribution of proceeds estimate.

(1) DIP Credit Facility

At the Conversion Date, the Liquidation Analysis assumes $16.6 million in DIP Claims, as approved by the Bankruptcy Court and reflected in the Final DIP Order. The DIP Credit Facility would receive a full recovery in the both the hypothetical high and low scenarios.

(2) Revolving Credit Facility

As of September 12, 2019, the Revolving Credit Facility had a total balance of approximately $9.1 million. The Revolving Credit Facility would receive a full recovery in both the hypothetical high and low scenarios.

(3) BSP Term Loan

As of the petition date, the principal and accrued balance on the Debtors' Term Loan was approximately $109.4 million, which excludes the $6.6 million rolled up into the DIP Credit Facility. At the Conversion Date, the Liquidation Analysis reflects a recovery range between approximately 10% and 33% with an approximate midpoint of 21%.

(4) General Unsecured Claims

At the Conversion Date, the Liquidation Analysis assumes there would be approximately $20.0 million in General Unsecured Claims, representing the midpoint of an estimated range of $15 million to $25 million. The amount of General Unsecured Claims are based on the Debtors' estimates; the actual amount of such Claims could vary materially from this estimate. The General Unsecured Claims would receive no recovery in either of the high scenario and the low scenario.

(5) Deficiency Claims

The residual amount of the Term Loan that is not paid from the net proceeds available for distribution, as measured by the hypothetical midpoint recovery, is approximately $87.1 million.

Exhibit E

Financial Projections

Exhibit E

($ in thousands)	Forecast FY-20	Forecast FY-21	Forecast FY-22	Forecast FY-23
Total Sales	**$138,282**	**$143,919**	**$143,919**	**$143,919**
Gross Profit	**22,399**	**26,741**	**26,741**	**26,741**
% of Total Sales	*16.2%*	*18.6%*	*18.6%*	*18.6%*
Total Selling and G&A	(6,010)	(6,010)	(6,010)	(6,010)
EBITDA	**16,389**	**20,731**	**20,731**	**20,731**
EBITDA Margin - %	*11.9%*	*14.4%*	*14.4%*	*14.4%*
Net Income	**($9,597)**	**($4,309)**	**($3,565)**	**($2,342)**
Free Cash Flow				
Interest	(10,746)	(10,997)	(11,035)	(10,927)
Long-Term Debt (Principal/Proceeds/PIK)	9,729	-	-	-
Capital Leases Obligations	(2,873)	(2,833)	(2,876)	(2,856)
Capital Expenditures	(632)	(632)	(632)	(632)
Change in Working Capital	(4,304)	(1,865)	(1,410)	(1,410)
Adjusted Free Cash Flow	**$7,561**	**$4,404**	**$4,777**	**$4,906**

Exhibit F

Valuation Analysis

VALUATION ANALYSIS OF THE REORGANIZED DEBTORS

OVERVIEW

The Debtors have been advised by Piper Jaffray & Co ("**Piper Jaffray**"), its investment banking financial advisor, with respect to the estimated reorganization value of the Reorganized Debtors on a going concern basis. Piper Jaffray has determined the estimated range of reorganization enterprise value of the Reorganized Debtors to be approximately $82 million to $102 million (with a mid-point estimate of approximately $92 million) as of an assumed valuation date of January 1, 2020. Assuming outstanding net debt upon emergence of approximately $75 million, the Reorganized Debtors' equity value would be approximately $7 million to $26 million (with a mid-point estimate of approximately $17 million).

The estimated range for the reorganization value of the Reorganized Debtors reflects work performed by Piper Jaffray on the basis of information in respect of the business and assets of the Debtors provided to Piper Jaffray. Changes in facts and circumstances between such date and the Effective Date may result in changes to the reorganization value of the Reorganized Debtors. Piper Jaffray will consider any such changes in facts and circumstances and may modify its estimate of the reorganization value prior to the Effective Date.

The foregoing estimates of the reorganization value of the Reorganized Debtors is based on a number of assumptions, including a successful reorganization of the Debtors' business and finances in a timely manner, the implementation of the Reorganized Debtors' Business Plan (the "**Business Plan**"), the achievement of the forecasts reflected in the Business Plan, continuity of a qualified management team, normal market conditions through the period covered by the Projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed below.

With respect to the Debtor's projected financial information (the "**Financial Projections**"), which were prepared by the management of the Debtors, and are included as Exhibit E to this Disclosure Statement, Piper Jaffray has assumed that the Financial Projections have been reasonably prepared in good faith and on a basis reflecting the best currently available estimates and judgments of the management of the Debtors as to the future operating and financial performance of the Reorganized Debtors. Piper Jaffray's estimate of a range of reorganization values assumes that operating results projected by the Debtors will be achieved by the Reorganized Debtors in all material respects, including revenue growthand improvements in operating margins, earnings and cash flow. We note that certain of the results forecasted by the management of the Debtors are materially better than the recent historical results of operations of the Debtors. If the business performs at levels above or below those set forth in the Financial Projections, such performance may have a material impact on the Financial Projections and on the estimated range of values derived therefrom.

In estimating the range of the reorganization value of the Reorganized Debtors, Piper Jaffray: (1) reviewed certain historical financial information of the Debtors for recent years and interim periods; (2) reviewed certain internal financial and operating data of the Debtors, including the Financial Projections; (3) met with certain members of management of the Debtors to discuss the Financial Projections and the Debtors' operations and future prospects; (4) reviewed publicly available financial data and considered the market value of public companies that Piper Jaffray deemed generally comparable to the operating businesses of the Debtors; (5) considered certain economic and industry information relevant to the operating businesses; and (6) conducted such other studies, analyses, inquiries, and investigations as it deemed appropriate. Piper Jaffray assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors, as well as publicly available information.

In addition, Piper Jaffray did not independently verify management's Financial Projections in connection with such estimates of the reorganization value of the Reorganized Debtors, and no other valuations or appraisals of the Debtors were sought or obtained in connection herewith.

Estimates of the reorganization value of the Reorganized Debtors do not purport to be appraisals or necessarily reflect the values that may be realized if assets are sold as a going concern, in liquidation, or otherwise.

In the case of the Reorganized Debtors, the estimates of the reorganization value prepared by Piper Jaffray represent a hypothetical value of the Reorganized Debtors. Such estimates were developed for purposes of the formulation and negotiation of the Plan and the analysis of implied relative recoveries to creditors thereunder. Such estimates reflect computations of the range of the estimated reorganization value of the Reorganized Debtors through the application of various valuation techniques and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through any transaction.

The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimate of the ranges of the reorganization value of the Reorganized Debtors set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, none of the Debtors, Piper Jaffray, the Debtors' other advisors or any other person assumes responsibility for their accuracy.

VALUATION METHODOLOGY

Piper Jaffray performed various analyses and considered a number of factors in preparing the reorganization value of the Reorganized Debtors. Piper Jaffray primarily relied on two widely accepted methodologies: comparable public company analysis and discounted cash flow analysis. Piper Jaffray made judgments as to the relative significance of each analysis in determining the Debtors' indicated reorganization value range. Piper Jaffray's valuation must be considered as a whole, and selecting just one methodology or portions of the analyses, without considering the analyses as a whole, could create a misleading or incomplete conclusion as to the Reorganized Debtors' reorganization value.

The following summary does not purport to be a complete description of the analyses and factors undertaken to support Piper Jaffray's conclusions. The preparation of a valuation is a complex process involving various determinations as to the most appropriate analyses and factors to consider, as well as the application of those analyses and factors under the particular circumstances. As a result, the process involved in preparing a valuation is more complex than the summary provided below.

A. Comparable Public Company Analysis

A comparable public company analysis estimates value based on a comparison of the subject company's financial statistics with the financial statistics of public companies that are similar to the subject company. It establishes a benchmark for asset valuation by deriving the value of "comparable" assets through a standardized approach that uses a common variable such as revenues, earnings, or cash flows. The analysis includes a detailed financial comparison of each company's income statement, balance sheet, and cash flow statement. In addition, each company's performance, profitability, margins, leverage and business trends are also examined. Based on these analyses, a number of financial multiples and ratios are calculated to gauge each company's relative performance and valuation.

A key factor to this approach is the selection of companies with relatively similar business and operational characteristics to the subject company. Criteria for selecting comparable companies include, among other relevant characteristics, similar lines of businesses, business risks, target market segments, growth prospects, maturity of businesses, market presence, size, and scale of operations. The selection of truly comparable companies is often difficult and subject to interpretation. However, the underlying concept is to develop a premise for relative value, which, when coupled with other approaches, presents a foundation for determining reorganization value.

B. Discounted Cash Flow Approach

The discounted cash flow ("**DCF**") valuation methodology relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. The DCF methodology is a "forward-looking" approach that discounts the expected future cash flows by a discount rate determined by calculating the weighted average cost of debt and equity for the Debtors. The weighted average cost of capital calculation relies in part upon the determination of comparable companies for the derivation of a cost of equity, as described above in the discussion of the comparable public company analysis. The expected future cash flows have two components: the present value of the projected cash flows for a determined period and the present value of the terminal value of cash flows (representing firm value beyond the time horizon of the Financial Projections). Piper Jaffray's DCF valuation is based on a projection of the Debtors' operating results from 2020 through 2023. Piper Jaffray discounted the projected cash flows using the Debtors' estimated weighted average cost of capital, and calculated the terminal value of the Debtors using an EBITDA exit multiple approach.

The DCF approach relies on a company's ability to project future cash flows with some degree of accuracy. Because the Financial Projections reflect significant assumptions made by the Debtors' management concerning anticipated results, the assumptions and judgments used in the Financial Projections may or may not prove correct and, therefore, no assurance can be provided that projected results are attainable or will be realized. Piper Jaffray cannot and does not make any representations or warranties as to the accuracy or completeness of the Financial Projections.