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

In re:	:	Chapter 11
	:	
HI-CRUSH INC., *et al.*,[1]	:	Case No. 20-33495 (DRJ)
	:	
Debtors.	:	(Jointly Administered)
	:	

DECLARATION OF ARI N. LEFKOVITS IN SUPPORT OF CONFIRMATION OF THE JOINT PLAN OF REORGANIZATION FOR HI-CRUSH INC. AND ITS AFFILIATE DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

I, Ari N. Lefkovits, hereby declare that the following is true to the best of my knowledge, information and belief:[2]

1. I am a Managing Director in the Restructuring Group of Lazard Frères & Co. LLC ("**Lazard**"), a financial advisory and investment banking firm with its principal office located at 30 Rockefeller Plaza, New York, New York 10112. Together with my team from Lazard, I have served as investment banker to each of the debtors and debtors-in-possession (the "**Debtors**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**") since April 1, 2020.

2. Through my role as an advisor to the Debtors, I am familiar with the Debtors' financial affairs and current capital structure. I am also familiar with the terms of the Debtors'

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, if any, are: Hi-Crush Inc. (0530), OnCore Processing LLC (9403), Hi-Crush Augusta LLC (0668), Hi-Crush Whitehall LLC (5562), PDQ Properties LLC (9169), Hi-Crush Wyeville Operating LLC (5797), D & I Silica, LLC (9957), Hi-Crush Blair LLC (7094), Hi-Crush LMS LLC, Hi-Crush Investments Inc. (6547), Hi-Crush Permian Sand LLC, Hi-Crush Proppants LLC (0770), Hi-Crush PODS LLC, Hi-Crush Canada Inc. (9195), Hi-Crush Holdings LLC, Hi-Crush Services LLC (6206), BulkTracer Holdings LLC (4085), Pronghorn Logistics Holdings, LLC (5223), FB Industries USA Inc. (8208), PropDispatch LLC, Pronghorn Logistics, LLC (4547), and FB Logistics, LLC (8641). The Debtors' address is 1330 Post Oak Blvd, Suite 600, Houston, Texas 77056.

[2] Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan or the Confirmation Memorandum (as such terms are defined below), as applicable.

Joint Plan of Reorganization for Hi-Crush Inc. and its Affiliate Debtors under Chapter 11 of the Bankruptcy Code, dated as of August 15, 2020 [Docket No. 289] (as amended, modified, or supplemented, the "**Plan**"). I submit this declaration (the "**Declaration**") in support of the Debtors' request for entry of the proposed order confirming the Plan.

3. Except as otherwise indicated, all matters set forth in this Declaration are based upon: (a) my personal knowledge, belief or opinion; (b) my review of relevant documents; and/or (c) information I have received from the Debtors' employees or advisors and/or employees of Lazard working directly with me or under my supervision, direction, or control. If I were called upon to testify, I would testify competently to the facts set forth herein. I am authorized to submit this Declaration on behalf of the Debtors.

Professional Qualifications

4. I hold an A.B. in History from Dartmouth College, where I graduated magna cum laude, and a J.D. from Stanford University, where I graduated with distinction. I have worked at Lazard since 1999. Lazard, together with its predecessors and affiliates, has been advising clients around the world for over 150 years. Lazard and its professionals, including myself, have extensive experience providing investment banking and financial advisory services to financially troubled companies in complex financial restructurings, both out-of-court and in chapter 11 proceedings. Since 1990, Lazard and its affiliates have been involved in over 250 restructurings, representing over $1 trillion in debtor assets.

5. I have over 18 years of experience advising companies and other constituents in restructuring transactions and chapter 11 cases. I have advised companies, creditors, and other interested parties on in- and out-of-court restructurings, recapitalizations and reorganizations, as well as on equity and debt financings, mergers, acquisitions, debtor-in-possession financings, and

other related matters. I have advised numerous clients through the restructuring process across a range of industries, including companies within the oil and gas industry.

6. Specifically, my company-side experience includes representing Valaris plc, Pioneer Energy Services Corp., Remington Outdoor Company, Inc., Crescent Resources, LLC, Paragon Offshore plc, Nine West Holdings, Inc., Expro Holdings US Inc., Pacific Energy, PMI Group, Inc., Truvo Acquisition Corp., Extended Stay Inc., IAP Worldwide Services, Inc., Landsource Communities Development LLC, Local Insight Media Holdings, Inc., and Pacific Exploration & Production Corporation, among others. I have also represented potential acquirers, secured lenders and committees in transactions involving, among other companies, C&J Energy Services Ltd., CIBER, Inc., Ambac Financial Group, Inc., Seadrill Limited, Los Angeles Dodgers LLC, FGIC Corp., General Motors Corporation, Chrysler LLC, and Syncora Holdings Ltd. Throughout the course of Lazard's engagement, I have been one of the senior contacts at Lazard responsible for day-to-day discussions with the Debtors relating to general restructuring advice, strategic alternatives and financing efforts.

7. Lazard is familiar with the Debtors' financial condition and business operations. The Debtors engaged Lazard by an engagement letter dated April 1, 2020 (and amended on July 8, 2020), to provide, among other things, advice in connection with the Debtors' restructuring efforts. In providing these services to the Debtors in connection with these matters, Lazard's professionals have worked closely with the Debtors' management and other professionals and have become well-acquainted with the Debtors' businesses, capital structure and related matters, including with respect to the Debtors' negotiations with their lenders and bondholders on the proposed restructuring being pursued in these Chapter 11 Cases.

Plan Background

8. On the effective date of the Plan, the Reorganized Debtors will enter into a new credit agreement providing for a new senior secured asset-based revolving loan facility with an aggregate principal commitment amount of $25 million and a $25 million letter of credit sublimit (the "**Exit Facility Loans**") that will refinance and replace the DIP ABL Facility, which consisted of a $25 million superpriority senior secured asset-based revolving loan financing facility.

9. The Debtors will conduct a $43.3 million Rights Offering to eligible Holders of Allowed Prepetition Notes Claims and Allowed General Unsecured Claims, to be fully backstopped by the Backstop Parties pursuant to the Backstop Purchase Agreement, pursuant to which the rights offering participants will be offered the right to purchase New Secured Convertible Notes. The New Secured Convertible Notes are secured on (i) a second lien basis on all assets of the Issuer and the Guarantors securing any obligations under the Prepetition Credit Agreement (the "**Exit Priority Collateral**"), and (b) a first lien basis on all assets that do not constitute Exit Priority Collateral, subject to certain exceptions agreed to by the Required Backstop Parties. The New Secured Convertible Notes are convertible into 95% (in the aggregate) of the total number of shares of New Equity Interests that are issued on the Effective Date after giving effect to the consummation of the Restructuring Transactions. The claims arising under the DIP Term Loan Facility, which consisted of a $40 million superpriority secured delayed-draw term loan financing facility funded by the members of the Ad Hoc Noteholders Committee and in part financed these Chapter 11 Cases, will be paid in full in cash from the proceeds of the Rights Offering.

10. I believe the terms of the Plan provide a reasonable compromise and the best available alternative for the Debtors given the Debtors' challenging circumstances.

Plan Feasibility

11. I understand from counsel that, to satisfy the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code, a debtor must demonstrate that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor.

12. The Debtors' management team prepared a set of financial projections for fiscal years 2020 through 2025 (the "**Projection Period**"), and filed as Exhibit B to the Disclosure Statement (the "**Financial Projections**"). I am familiar with the Financial Projections and the assumptions set forth herein. I believe that they were prepared in good faith by the Debtors' management. Based on the Financial Projections, and assuming that no additional or contingent liabilities arise, the Debtors project that they will be able to meet their obligations under the Plan and have sufficient remaining liquidity during the Projection Period after honoring their obligations under the Plan to conduct their business operations in their normal course. Accordingly, assuming that the Company performs as forecasted by the Financial Projections and that current monetary, economic, industry, and regulatory conditions persist, I do not expect that confirmation of the Plan will be followed by liquidation or the need for further reorganization during the Projection Period.[3]

13. Implementation of the Plan will enable the Debtors to de-leverage their balance sheet by more than $450 million of funded debt claims, in addition to the net present value of Railcar Leases and other capitalized liabilities. This should position the Reorganized Debtors'

[3] In reaching this conclusion, I relied upon the Financial Projections, and the accuracy and completeness of the underlying financial and other information furnished by the Company and its advisors. I also relied upon information made available to me as of the date of this Declaration. Events and conditions subsequent to the date hereof, including but not limited to updated financial forecasts, as well as other factors, could have a material impact on the Company's finances.

businesses for stability after emergence from bankruptcy. Under the Financial Projections, the Debtors forecast that, during the Projection Period, the Reorganized Debtors' Adjusted EBITDA will grow from approximately $33 million in 2021 to approximately $41 million in 2025.

14. The Financial Projections take into account, among other things, the loans under the Exit Facility Credit Agreement, which comprise (i) a $25 million Exit Facility and $25 million letter of credit sub-facility and (ii) the issuance of $48.1 million in New Secured Convertible Notes at emergence, at a fixed interest rate of 8.0% payable in cash, or 10.0% payable in kind, at the issuer's option, and convertible into 95% of the pro forma New Equity Interests. The Financial Projections provide that, after payment of their obligations as required under the Plan, the Debtors expect to have approximately $20 million of liquidity as of the assumed Effective Date in mid-October.

15. In sum, the assets and Financial Projections of the Reorganized Debtors (assuming that future performance meets or exceeds the Financial Projections) demonstrate that the Debtors are expected to have and maintain sufficient liquidity and capital resources to pay amounts due under the Plan and to fund their ongoing operations during the Projection Period. Upon the Effective Date, the Debtors expect to have sufficient funds from cash on hand and borrowings under the various exit facilities to make all payments contemplated by the Plan to be made on the Effective Date.

Valuation Analysis

16. At the Debtors' request, and solely for purposes of the Plan and the Disclosure Statement, Lazard estimated a range of Total Enterprise Value (as defined in the Disclosure Statement) for the Reorganized Debtors on a consolidated going-concern basis and pro forma for the transactions contemplated by the Plan (the "**Valuation Analysis**," attached hereto as **Exhibit A**). The Valuation Analysis, which is attached as Exhibit E to the Disclosure Statement,

is based on the Financial Projections, and financial and other information provided by the Debtors and other sources. The valuation estimates set forth in the Valuation Analysis represent valuation analyses of the Reorganized Debtors generally based on the application of customary valuation techniques deemed appropriate by Lazard. In addition, the Valuation Analysis in this Declaration is described in greater detail in, and is subject to all of the assumptions and limitations set forth in, the Disclosure Statement.

17. Based on Lazard's analysis, the estimated potential range of the Reorganized Debtors' Total Enterprise Value is approximately $145 million to $215 million, with a midpoint value of $180 million.

18. In undertaking its Valuation Analysis, Lazard assumed that the Financial Projections were reasonably prepared in good faith by the Debtors and on a basis reflecting the Debtors' most accurate currently available estimates and judgments as to the future operating and financial performance of the Reorganized Debtors. The Valuation Analysis assumes that the actual performance of the Reorganized Debtors will correspond to the Projections in all material respects.

19. In addition to reviewing the Financial Projections, in preparing the Valuation Analysis, Lazard also 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, including the Debtors' reserve report, reviewed publicly available third-party information, and conducted other analyses and inquiries as we deemed appropriate. Lazard assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors' management and other parties as well as publicly available information.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: September 21, 2020

Respectfully submitted,

/s/Ari N. Lefkovits
Ari N. Lefkovits
Lazard Frères & Co. LLC

EXHIBIT A

Valuation Analysis

EXHIBIT E VALUATION OF THE DEBTORS

THE 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. THE INFORMATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION UNDER 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 OR ANY OF THEIR AFFILIATES.[1]

A summary of the valuation analysis is set forth below. The estimates of the enterprise value contained therein do not reflect values that could be attainable in public or private markets, and are 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.

Depending on the results of the Reorganized Debtors' operations, changes in the financial markets and/or other economic conditions, including the economic impact of the COVID-19 virus, the value of the Reorganized Debtors may change significantly. In addition, the valuation of newly issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial securities holdings of prepetition creditors, some of which may prefer to liquidate their investments rather than hold them on a long-term basis, the potentially dilutive impact of certain events, including the conversion of convertible debt securities such as the New Secured Convertible Notes and issuance of equity securities pursuant to any management incentive compensation plan, and other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by the Debtors' history in the Chapter 11 Cases, conditions affecting generally the industry in which the Debtors participate and by other factors not capable of accurate prediction. Accordingly, the reorganization enterprise value estimated by Lazard does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets. The estimated reorganization enterprise value depends highly upon achieving the future financial results set forth in the Financial Projections, as well as the realization of certain other assumptions that are not guaranteed. The valuations set forth therein represent estimated reorganization enterprise values and do not necessarily reflect values that could be attainable in public or private markets.

Valuation Analysis of the Reorganized Debtors

A. Estimated Valuation

Solely for the purposes of the Plan and the Disclosure Statement, Lazard Frères & Co. LLC ("Lazard"), as investment banker to the Debtors, has estimated a range of total enterprise

[1] All capitalized terms used but not otherwise defined herein shall have .the meanings ascribed to them in the *Disclosure Statement for the Joint Chapter 11 Plan of Reorganization for Hi-Crush and Its Debtor Affiliates* (the "Disclosure Statement"), to which this Valuation Analysis is attached as **Exhibit E**.

value ("Enterprise Value") for the Reorganized Debtors on a consolidated going-concern basis and pro forma for the transactions contemplated by the Plan (the "Valuation Analysis"). The Valuation Analysis is based on financial information and projections provided by the Debtors' management, including the Financial Projections attached to the Disclosure Statement as **Exhibit B** (collectively the "Projections"), and information that is publicly available or was provided by other sources. The Valuation Analysis assumes that the Effective Date will occur on September 30, 2020. The valuation estimates set forth herein represent valuation analyses of the Reorganized Debtors based on the application of customary valuation techniques to the extent deemed appropriate by Lazard.

Based on the Projections and solely for the purposes of the Plan, the value of the Reorganized Debtors' operations on a going concern basis, the Enterprise Value is estimated to be approximately $145 million to $215 million with a midpoint of $180 million. The Valuation Analysis assumes that, between the date of filing of the Disclosure Statement and the assumed Effective Date, no material changes that would affect the Projections or estimated valuation will occur.

The Valuation Analysis does not constitute an opinion as to fairness from a financial point of view of the consideration to be received or paid under the Plan, of the terms and provisions of the Plan, or with respect to any other matters.

B. Valuation Methodology

The consolidated value of the Reorganized Debtors was estimated by primarily relying on two generally accepted valuation techniques: (i) Discounted Cash Flow ("DCF") Analysis and (ii) Comparable Company Analysis. While Lazard recognizes that the precedent transaction methodology is often used, Lazard believes that this methodology has less relevance for purposes of assessing the Enterprise Value of the Reorganized Debtors due to the lack of recent comparable precedent transactions, among other factors.

(i) Discounted Cash Flow Analysis:

DCF analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the weighted average cost of capital of the business (the "Discount Rate"). The Discount Rate reflects the estimated rate of return that would be required by debt and equity investors to invest in the business based on its capital structure. The Enterprise Value of the firm is determined by calculating the present value of the unlevered after-tax free cash flows based on the Projections plus an estimate for the value of the firm beyond the Projection period, known as the terminal value. The range of potential terminal values was calculated by applying a multiple to earnings before interest, taxes, depreciation and amortization ("EBITDA") and by deriving a value using an assumed perpetuity growth rate applied to the unlevered after-tax free cash flow in the final year of the Projection period. The terminal value was then discounted back to the assumed Effective Date.

(ii) <u>Comparable Public Company Analysis:</u>

Comparable Public Company Analysis estimates the value of a company relative to other publicly traded companies with similar operating and financial characteristics. A set of publicly traded companies was selected based on similar business and financial characteristics to the Reorganized Debtors. Criteria for the selected reference group included, among other relevant characteristics, similarity in business, business risks, growth prospects, product mix, customer base, margins, geography, market presence, size and scale of operations. The selected reference group may not be comparable to the Reorganized Debtors in all aspects, and may differ materially in others.

In deriving Enterprise Value ranges under the Comparable Public Company Analysis methodology, EBITDA multiples were the primary valuation metric. Based on 2022, 2023 and "cycle"[2] multiples of the selected reference group and certain qualitative judgments based on differences between the characteristics of the Reorganized Debtors and the selected reference group, a range of multiples was then applied to the Reorganized Debtors' implied 2022, 2023 and "cycle" EBITDA. While the analysis considered implied enterprise values based on both the book and market values of debt, Lazard focused and relied on enterprise values calculated based on the market value debt.

THE VALUATION ANALYSIS REFLECTS WORK PERFORMED BY LAZARD ON THE BASIS OF INFORMATION IN RESPECT OF THE BUSINESSES AND ASSETS OF THE DEBTORS AVAILABLE TO LAZARD AS OF JULY 2, 2020. IT SHOULD BE UNDERSTOOD THAT, ALTHOUGH SUBSEQUENT DEVELOPMENTS MAY HAVE AFFECTED OR AFFECT LAZARD'S CONCLUSIONS, LAZARD DOES NOT HAVE ANY OBLIGATION TO UPDATE, REVISE, OR REAFFIRM ITS VALUATION ANALYSIS AND DOES NOT INTEND TO DO SO. LAZARD IS NOT MAKING ANY ASSESSMENT REGARDING IMPACT OR THE ECONOMIC EFFECTS OF THE COVID-19 VIRUS, INCLUDING WITH RESPECT TO THE POTENTIAL IMPACT OR EFFECTS ON THE FUTURE FINANCIAL PERFORMANCE OF THE REORGANIZED DEBTORS. SUBSEQUENT DEVELOPMENTS, INCLUDING, WITHOUT LIMITATION, IN RELATION TO COVID-19, MAY AFFECT THE PROJECTIONS AND OTHER INFORMATION THAT LAZARD UTILIZED IN THE VALUATION ANALYSIS. LAZARD ASSUMES NO RESPONSIBILITY FOR UPDATING OR REVISING THE VALUATION ANALYSIS BASED ON CIRCUMSTANCES OR EVENTS AFTER THE DATE HEREOF.

LAZARD DID NOT INDEPENDENTLY VERIFY THE PROJECTIONS OR OTHER INFORMATION THAT LAZARD USED IN THE VALUATION ANALYSIS, AND NO INDEPENDENT VALUATIONS OR APPRAISALS OF THE DEBTORS WERE SOUGHT OR OBTAINED IN CONNECTION THEREWITH.

THE VALUATION ANALYSIS WAS DEVELOPED SOLELY FOR PURPOSES OF THE PLAN AND THE ANALYSIS OF POTENTIAL RELATIVE RECOVERIES TO CREDITORS THEREUNDER. THE VALUATION ANALYSIS REFLECTS THE

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[2] Defined as the average of 2018 reported EBITDA through 2023 estimated EBITDA.

APPLICATION OF VARIOUS VALUATION TECHNIQUES, DOES NOT PURPORT TO BE AN OPINION AND DOES NOT PURPORT TO REFLECT OR CONSTITUTE AN APPRAISAL, LIQUIDATION VALUE, OR ESTIMATE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED OR ASSETS TO BE SOLD PURSUANT TO THE PLAN, WHICH MAY BE SIGNIFICANTLY DIFFERENT THAN THE AMOUNTS SET FORTH IN THE VALUATION ANALYSIS.

THE VALUE OF AN OPERATING BUSINESS IS SUBJECT TO NUMEROUS UNCERTAINTIES AND CONTINGENCIES THAT 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 VALUATION ANALYSIS 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, NEITHER THE DEBTORS, LAZARD, NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THEIR ACCURACY. IN ADDITION, THE POTENTIAL VALUATION OF NEWLY ISSUED SECURITIES IS SUBJECT TO ADDITIONAL UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT. ACTUAL MARKET PRICES OF SUCH SECURITIES AT ISSUANCE WILL DEPEND UPON, AMONG OTHER THINGS, PREVAILING INTEREST RATES, CONDITIONS IN THE FINANCIAL AND COMMODITY MARKETS, THE ANTICIPATED INITIAL SECURITIES HOLDINGS OF PREPETITION CREDITORS, SOME OF WHICH MAY PREFER TO LIQUIDATE THEIR INVESTMENTS RATHER THAN HOLD THEM ON A LONG-TERM BASIS, THE POTENTIALLY DILUTIVE IMPACT OF CERTAIN EVENTS, INCLUDING THE CONVERSION OF CONVERTIBLE DEBT SECURITIES SUCH AS THE NEW SECURED CONVERTIBLE NOTES AND THE ISSUANCE OF EQUITY SECURITIES PURSUANT TO ANY MANAGEMENT INCENTIVE COMPENSATION PLAN, AND OTHER FACTORS THAT GENERALLY INFLUENCE THE PRICES OF SECURITIES.

Management of the Debtors advised Lazard, and Lazard assumed, that the Projections were reasonably prepared in good faith and on a basis reflecting the Debtors' best estimates and judgments as to the future operating and financial performance of the Reorganized Debtors. The Valuation Analysis assumes that the actual performance of the Reorganized Debtors will correspond to the Projections in all material respects. If the business performs at levels below or above those set forth in the Projections, such performance may have a materially negative or positive impact, respectively, on the Valuation Analysis and estimated potential ranges of Enterprise Value therein.

In preparing the Valuation Analysis, Lazard: (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed certain financial and operating data of the Debtors, including the Projections; (c) discussed the Debtors' operations and future prospects with the Debtors' senior management team and third-party advisors; (d) reviewed certain publicly available financial data for, and considered the market value of, public companies that Lazard deemed generally relevant in analyzing the value of the Reorganized Debtors; (e) considered certain economic and industry information that Lazard deemed generally relevant to the Reorganized Debtors; and (f) conducted such other studies, analyses, inquiries, and investigations as Lazard deemed appropriate. Lazard assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors' management and other parties as well as publicly available information.

The Valuation Analysis does not constitute a recommendation to any Holder of Allowed Claims or any other person as to how such person should vote or otherwise act with respect to the Plan. Lazard has not been requested to, and does not express any view as to, the potential value of the Reorganized Debtors' securities on issuance or at any other time.

Lazard did not estimate the value of any tax attributes nor did it estimate the impact of any cancellation of indebtedness income on the Reorganized Debtors' Projections. Such matters are subject to many uncertainties and contingencies that are difficult to predict. Any changes to the assumptions on the availability of tax attributes or the impact of cancellation of indebtedness income on the Reorganized Debtors' Projections could materially impact Lazard's valuation analysis.

THE SUMMARY SET FORTH ABOVE DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE VALUATION ANALYSIS PERFORMED BY LAZARD. THE PREPARATION OF A VALUATION ANALYSIS INVOLVES VARIOUS DETERMINATIONS AS TO THE MOST APPROPRIATE AND RELEVANT METHODS OF FINANCIAL ANALYSIS AND THE APPLICATION OF THESE METHODS IN THE PARTICULAR CIRCUMSTANCES AND, THEREFORE, SUCH AN ANALYSIS IS NOT READILY SUITABLE TO SUMMARY DESCRIPTION. THE VALUATION ANALYSIS PERFORMED BY LAZARD IS NOT NECESSARILY INDICATIVE OF ACTUAL VALUES OR FUTURE RESULTS, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN THOSE DESCRIBED HEREIN.

LAZARD IS ACTING AS INVESTMENT BANKER TO THE DEBTORS, AND HAS NOT BEEN, WILL NOT BE RESPONSIBLE FOR, AND WILL NOT PROVIDE ANY TAX, ACCOUNTING, ACTUARIAL, LEGAL, OR OTHER SPECIALIST ADVICE.