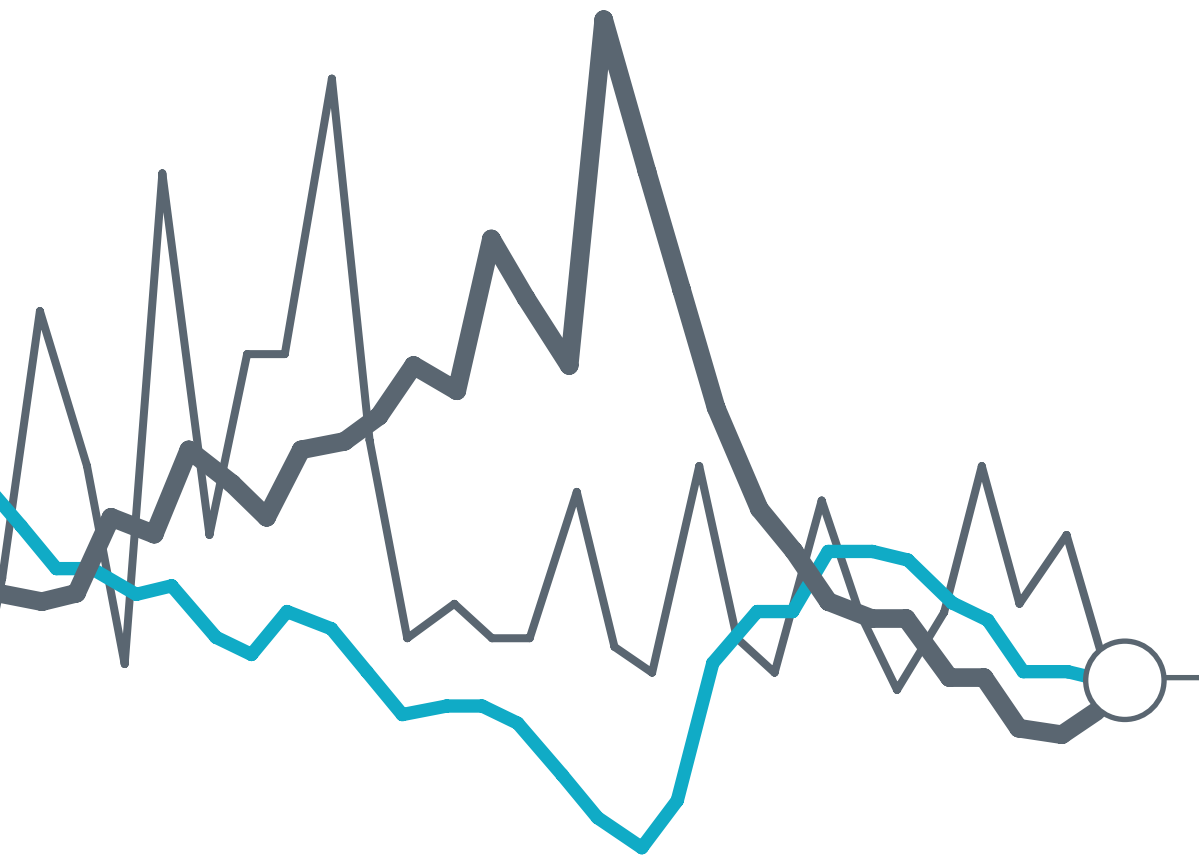


2nd

Quarter 2016
ANALYSIS



POLSINELLI | TrBK

DISTRESS INDICES

The Polsinelli | TrBK Distress Indices are prepared and published quarterly. The indices are likely to be contrarian indicators of economic performance, and are intended to reflect the level of economic distress in the U.S. economy by tracking the increase or decrease in comparative Chapter 11 filings for prior quarters and years, based on a rolling four-quarter average.

The indices reflect relevant Chapter 11 filings with assets more than \$1 million, and exclude individual and involuntary cases.

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or go to www.distressindex.com

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www.trollerbk.com

Detailed publication information is set out at the end of this report.

Welcome to the 2nd Quarter 2016 Report for the **Polsinelli | TrBK Distress Indices**. The indices use filtered Chapter 11 filings as a proxy for distress in the overall U.S. economy and certain subsectors.

2nd Quarter 2016 HIGHLIGHTS

The **Chapter 11 Distress Research Index** was 52.68 for the second quarter of 2016. The index increased by nearly 8 points versus the last period, and has increased for 5 out of the last 6 quarters. Compared with the same period one year ago, the index is nearly 15 points higher or approximately 39%. However, compared to its benchmark period of the fourth quarter of 2010, the index remains down by more than 47%.

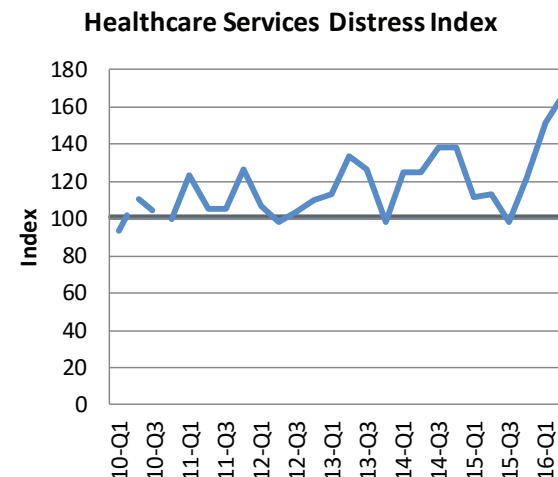
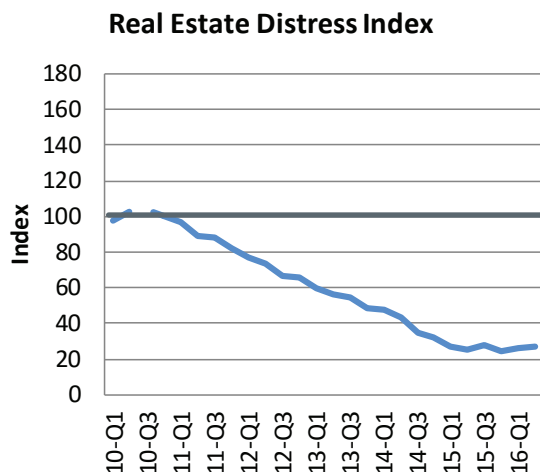
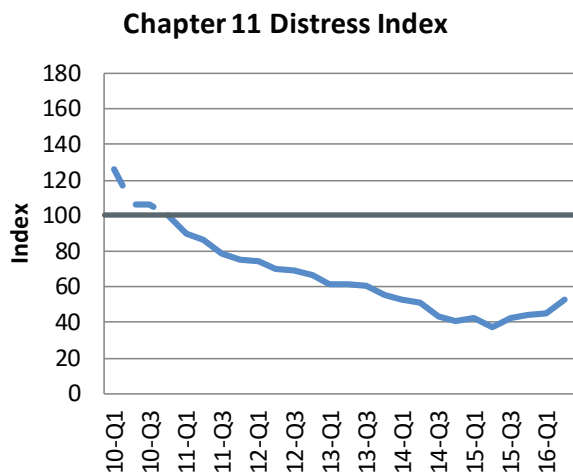
The **Real Estate Distress Research Index** was 27.14 for the second quarter of 2016. This is an increase of over 1 point since the last quarter. This is only the third time since the index's inception that it has moved upward and the first time it has increased in consecutive quarters. Compared with the same period one year ago, the index has increased over 2 points or approximately 8%. Although the index appears to be climbing slightly, it remains down by more than 72% against its benchmark in the fourth quarter of 2010.

The **Healthcare Services Distress Research Index** was 163.33 for the second quarter of 2016. This represents an increase of almost 12 points since the last quarter, or approximately 8%. This is the highest the index has registered during its measurement period and exceeds the prior record high from last quarter. Compared with the same period one year ago, the index has increased by 50 points, or approximately 44%. The index is 66% above its benchmark in the fourth quarter of 2010.

The current quarter marks the second time, and the second consecutive quarter, that all three indices have increased. With several quarters of increase for the Chapter 11 Index, a significant increase in the Healthcare Service Index to its highest point since The Great Recession, and the Real Estate Index having stabilized with a slight increase, the second quarter results suggest that distress continues to increase across the U.S. economy.

On a trailing four-quarter average, the percentage of real estate filings among all index-measured Chapter 11 filings has decreased from 19.61% in 2010 to 10.29% now, having stayed relatively flat since the last quarter. Healthcare services filings have increased from 1.11% in 2010 to 3.50%, but remain relatively stable compared with the prior quarter.

For a look at the underlying causes that led the Healthcare Index to its previous highs, see the 2015 Polsinelli | TrBK Distress Indices Special Report: Causes of Healthcare Distress in 2014, released on August 13, 2015 and available at www.distressindex.com.



Polsinelli | TrBK Distress Indices: 2nd Quarter 2016

Chapter 11 Distress Index

52.68

Max: 100.00 in 10-Q4
Min: 37.81 in 15-Q2

Real Estate Distress Index

27.14

Max: 100.00 in 10-Q4
Min: 24.88 in 15-Q4

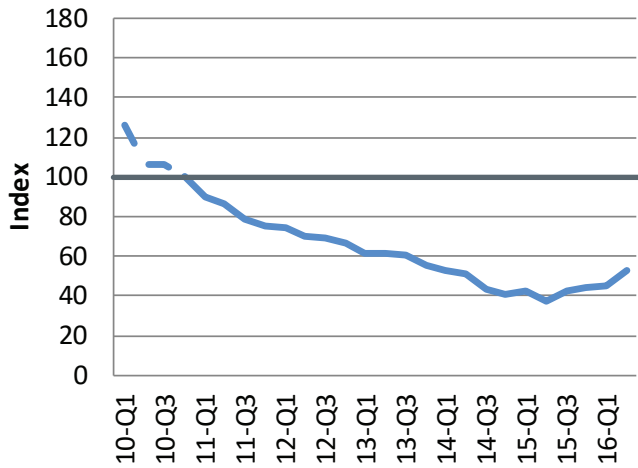
Healthcare Services Distress Index

166.33

Max: 166.33 in 16-Q2
Min: 98.33 in 12-Q2, 13-Q4, and 15-Q3

Indices based on trailing four quarter average, with trailing four quarters ending 10-Q4 equaling 100 as index baseline;
minimum and maximum values based on 10-Q4 index value and forward.

Chapter 11 Distress Index



For the second quarter of 2016, the Polsinelli|TrBK Chapter 11 Distress Research Index was 52.68. This represents an increase of nearly 8 points from the last quarter and is the highest the index has been since the fourth quarter of 2013.

| Current | Last | 1 Year |
|---------|-------|--------|
| 52.68 | 44.98 | 37.81 |

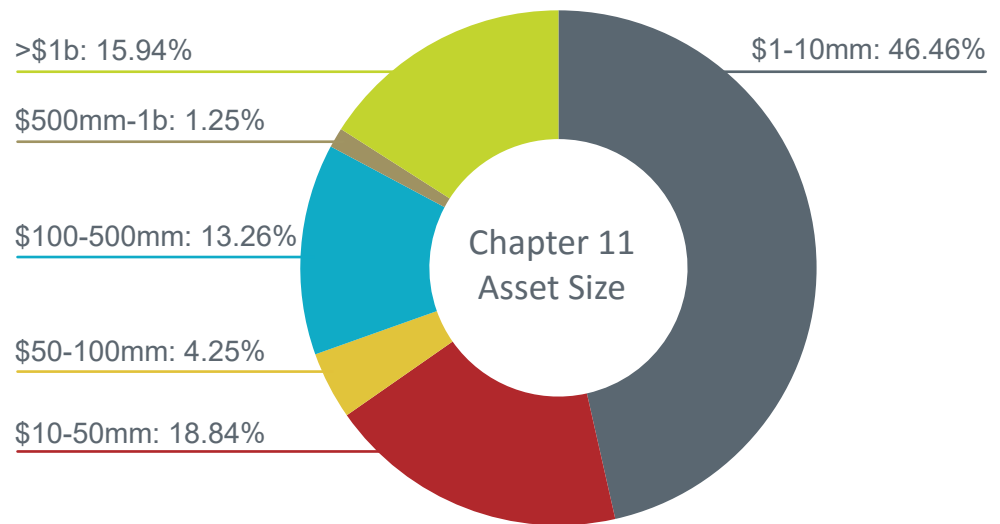
Although the Chapter 11 Distress Index has declined significantly from the 2010 benchmark, it has increased five out of the last six quarters, and appears to indicate increasing distress in the US economy. The index hit its low of 37.81 in the second quarter of 2015, and has increased by almost 39% since that time.

Volatility

Case filing numbers measured in the Polsinelli|TrBK Chapter 11 Distress Research Index have shown significant volatility since the benchmark period of the fourth quarter of 2014. During that period, the number of filings declined 11 quarters compared to the prior quarter, and increased 11 quarters compared to the prior quarter. The volume of declines far exceeded any increases in filings, however. The index is measured on a trailing four-quarter basis to smooth out this quarterly volatility and provide a better picture of long-term trends. The Chapter 11 Distress Research Index has declined 16 quarters compared to the prior quarter, and increased 6 times, reflecting the significant downward trend in general filing levels since 2010. However, the Chapter 11 Distress Research Index has increased 5 quarters in 2015 and 2016, suggesting that overall distress is now trending upward again.

Asset Size

The percentage breakdown of index-filings for the current period by asset size is:





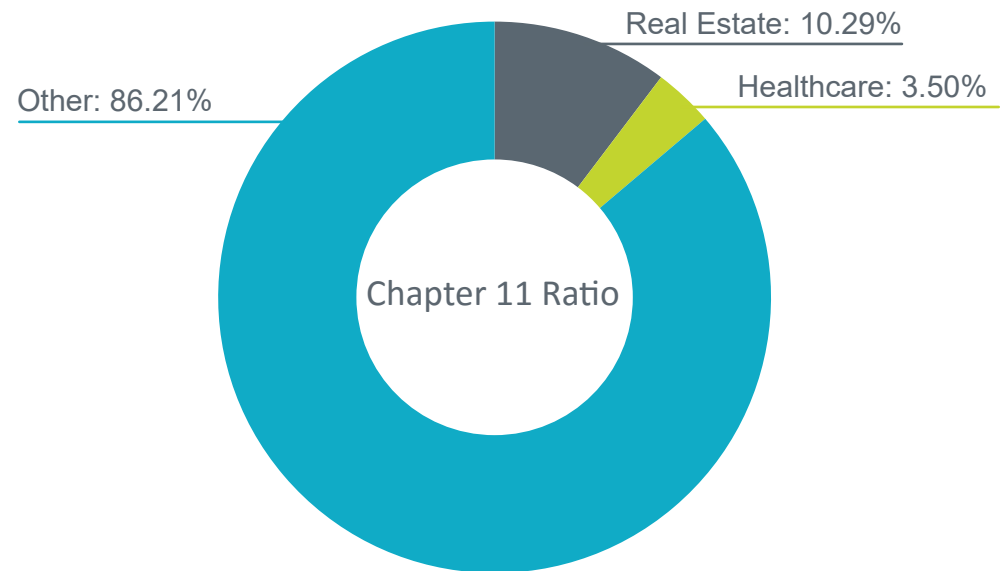
CHAPTER 11

DISTRESS RESEARCH INDEX

Real Estate and Healthcare as Percentages of Total Filings

Real estate filings calculated in the Polsinelli|TrBK Real Estate Distress Research Index represented 10.29% on a rolling four-quarter basis. This is down over a point from last quarter and is the lowest that real estate distress has measured as a component of overall distress since the benchmark period of the fourth quarter of 2010. This is likely because overall distress measured in the indices has increased significantly while real estate distress has increased only slightly.

Healthcare services filings measured in the Polsinelli|TrBK Healthcare Services Distress Research Index represented 3.50% of all distressed filings on a rolling four-quarter basis, down slightly from last quarter's 3.81%. Healthcare filings as a percentage of overall filing have been as low as 1.11% in the benchmark period of the fourth quarter of 2010.

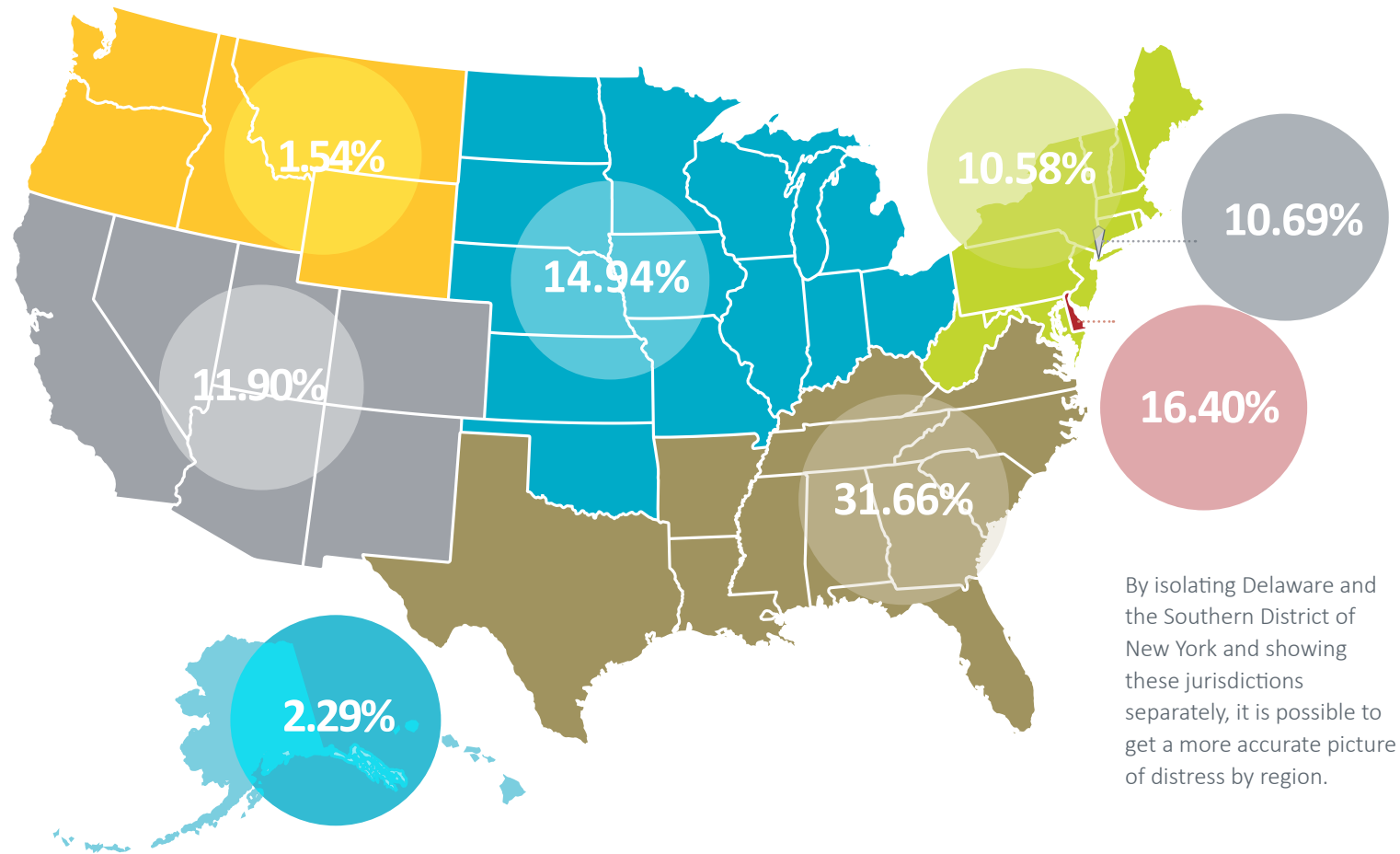


Geography

The percentage breakdown of index-filings for the current period by geographic region is:

GEOGRAPHIC REGIONS

- Midwest
- Non-Continental U.S. & Territories
- Northeast
- Delaware
- Northwest
- Southern District of New York
- Southeast
- Southwest



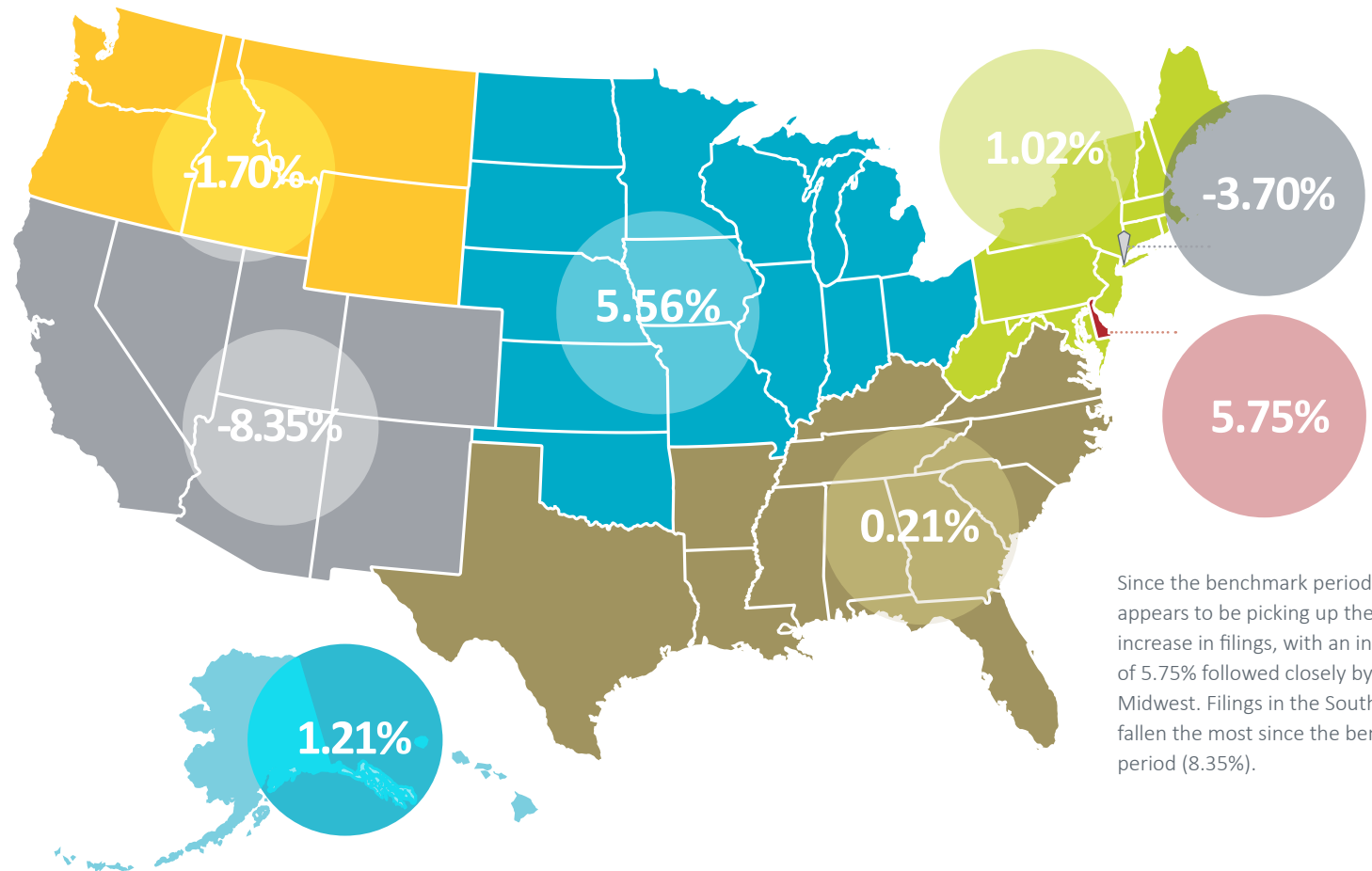
By isolating Delaware and the Southern District of New York and showing these jurisdictions separately, it is possible to get a more accurate picture of distress by region.

Change in Geographic Distribution Since Benchmark Period

Looking at the difference in geographic breakdowns of index filings now versus the benchmark period of fourth quarter 2010, the relative change versus the benchmark is:

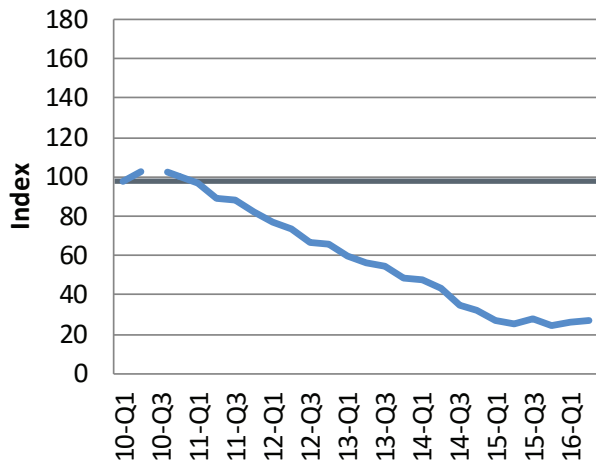
GEOGRAPHIC REGIONS

- Midwest
- Non-Continental U.S. & Territories
- Northeast
- Delaware
- Northwest
- Southern District of New York
- Southeast
- Southwest



Since the benchmark period, Delaware appears to be picking up the greatest increase in filings, with an increase of 5.75% followed closely by the Midwest. Filings in the Southwest have fallen the most since the benchmark period (8.35%).

Real Estate Distress Index



For the second quarter of 2016, the Polsinelli|TrBK Real Estate Distress Research Index was 27.14. This represents an increase of almost one point since the last quarter, and an increase of just over two points in the last year.

| Current | Last | 1 Year |
|---------|-------|--------|
| 27.14 | 25.82 | 25.07 |

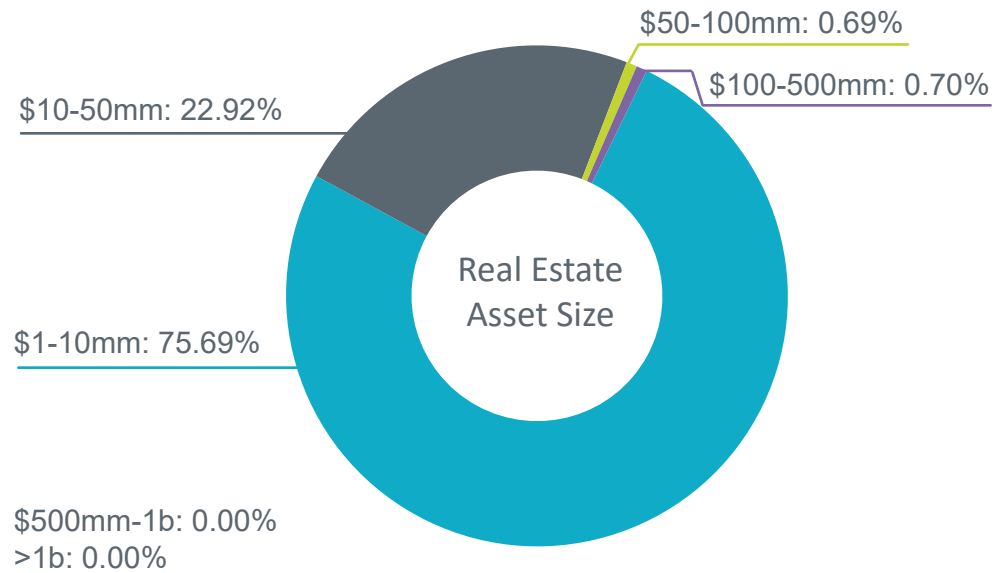
The Real Estate Distress Research Index appears to be climbing slightly. The index has increased in three of the last 4 quarters, and the percentage of real estate filings to total filings has remained relatively stable when the total number of filings in the Chapter 11 Index has increased significantly, suggesting real estate distress is increasing, albeit more slowly than overall distress.

Volatility

Similar to the Chapter 11 Distress Research Index, case filings measured in the Real Estate Distress Research Index show a high level of volatility quarter-on-quarter. Since the benchmark period of the fourth quarter of 2014, filing numbers declined 11 quarters compared to the prior quarter, and climbed 11 quarters compared to the prior quarter. The volume of declines far exceeded any increases in filings, resulting in the 73% drop in the index since the benchmark period of the fourth quarter of 2010. The index is measured on a trailing four-quarter basis to smooth out this volatility and provide a better picture of long-term trends.

Asset Size

The percentage breakdown of index-filings for the current period by asset size is:

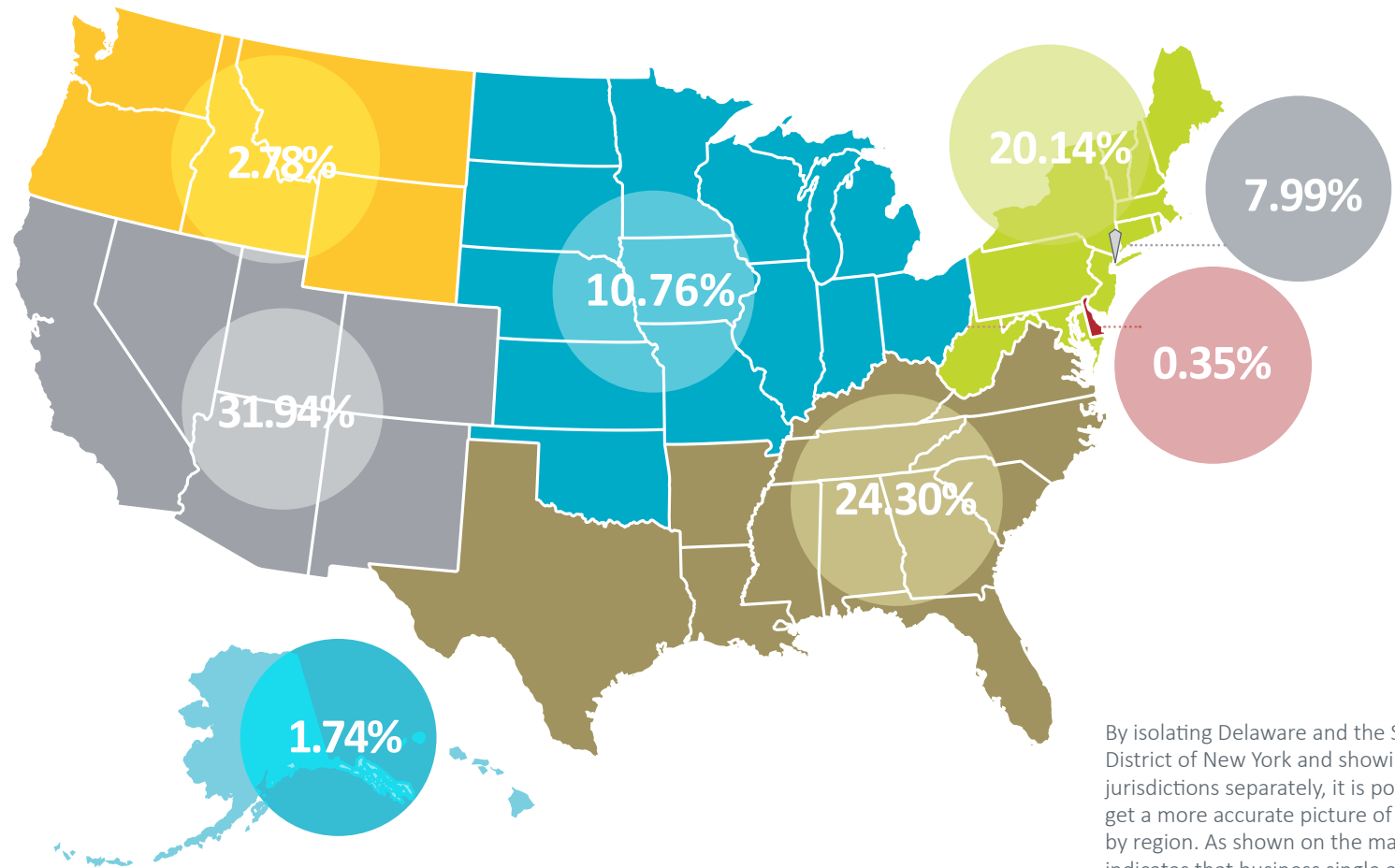


Geography

The percentage breakdown of index-filings for the current period by geographic region is:

GEOGRAPHIC REGIONS

- Midwest
- Non-Continental U.S. & Territories
- Northeast
- Delaware
- Northwest
- Southern District of New York
- Southeast
- Southwest



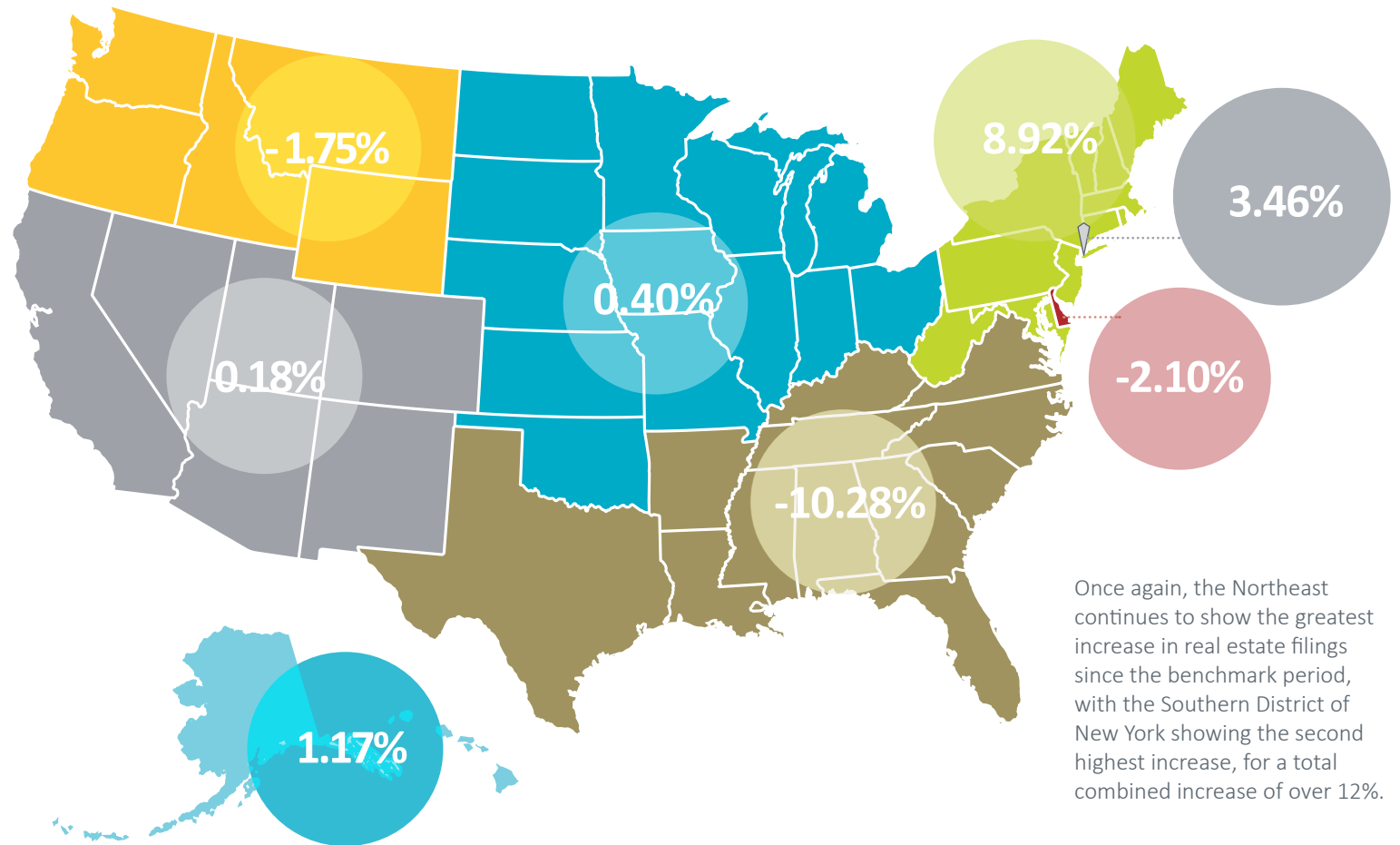
By isolating Delaware and the Southern District of New York and showing these jurisdictions separately, it is possible to get a more accurate picture of distress by region. As shown on the map, data indicates that business single asset real estate filings are much more localized than Chapter 11 filings overall.

Change in Geographic Distribution Since Benchmark Period

Looking at the difference in geographic breakdowns of index filings now versus the benchmark period of fourth quarter 2010, the relative change versus the benchmark is:

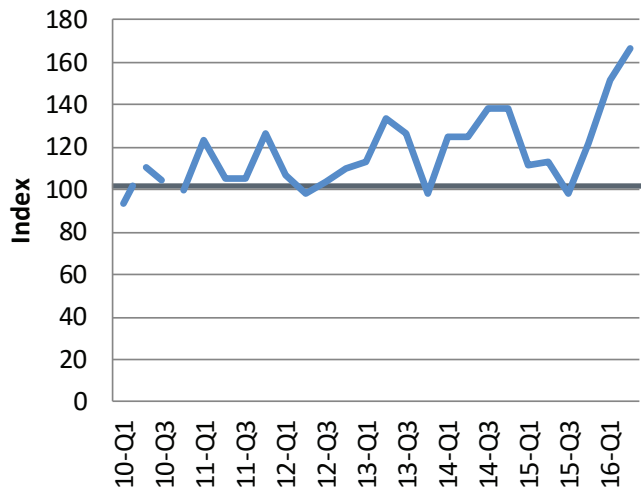
GEOGRAPHIC REGIONS

- Midwest
- Non-Continental U.S. & Territories
- Northeast
- Delaware
- Northwest
- Southern District of New York
- Southeast
- Southwest



Once again, the Northeast continues to show the greatest increase in real estate filings since the benchmark period, with the Southern District of New York showing the second highest increase, for a total combined increase of over 12%.

Healthcare Services Distress Index



For the second quarter of 2016, the Polsinelli|TrBK Healthcare Services Distress Research Index increased to 166.33. This is a significant increase since the last quarter and is the highest the index has measured since the benchmark period of the fourth quarter of 2010. The Healthcare Index remains much higher than the both the Chapter 11 Index representing the broader US economy, and the Real Estate Index, although all three indices are now showing an upward trend for the first time since 2010 and for the second consecutive quarter. The Healthcare Index tends to show more quarter-on-quarter volatility than the other indices.

| Current | Last | 1 Year |
|---------|--------|--------|
| 166.33 | 151.67 | 113.33 |

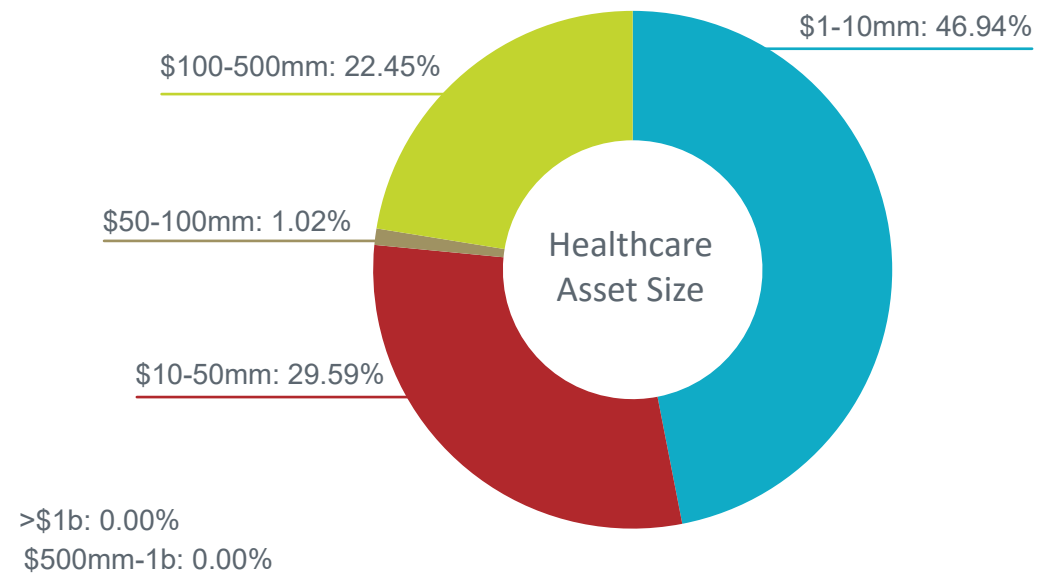
For a look at the underlying causes that are creating financial distress in the healthcare services industry from previous high levels, see the 2015 Polsinelli|TrBK Distress Indices Special Report: Causes of Healthcare Distress in 2014, released on August 13, 2015 and available at www.distressindex.com.

Volatility

Case filing numbers measured in the Healthcare Services Distress Research Index show similar volatility as the other Polsinelli|TrBK Distress Indices. Since the benchmark period of the fourth quarter of 2010, filing numbers declined 12 quarters compared to the prior quarter, and increased 10 quarters compared to the prior quarter. For the Healthcare Services Index the volume of increased filings has generally outstripped declines, resulting in an index value that is 66% higher than the benchmark period of the fourth quarter of 2010. The index is measured on a trailing four-quarter basis to smooth out volatility and provide a better picture of long-term trends.

Asset Size

The percentage breakdown of index-filings for the current period by asset size is:

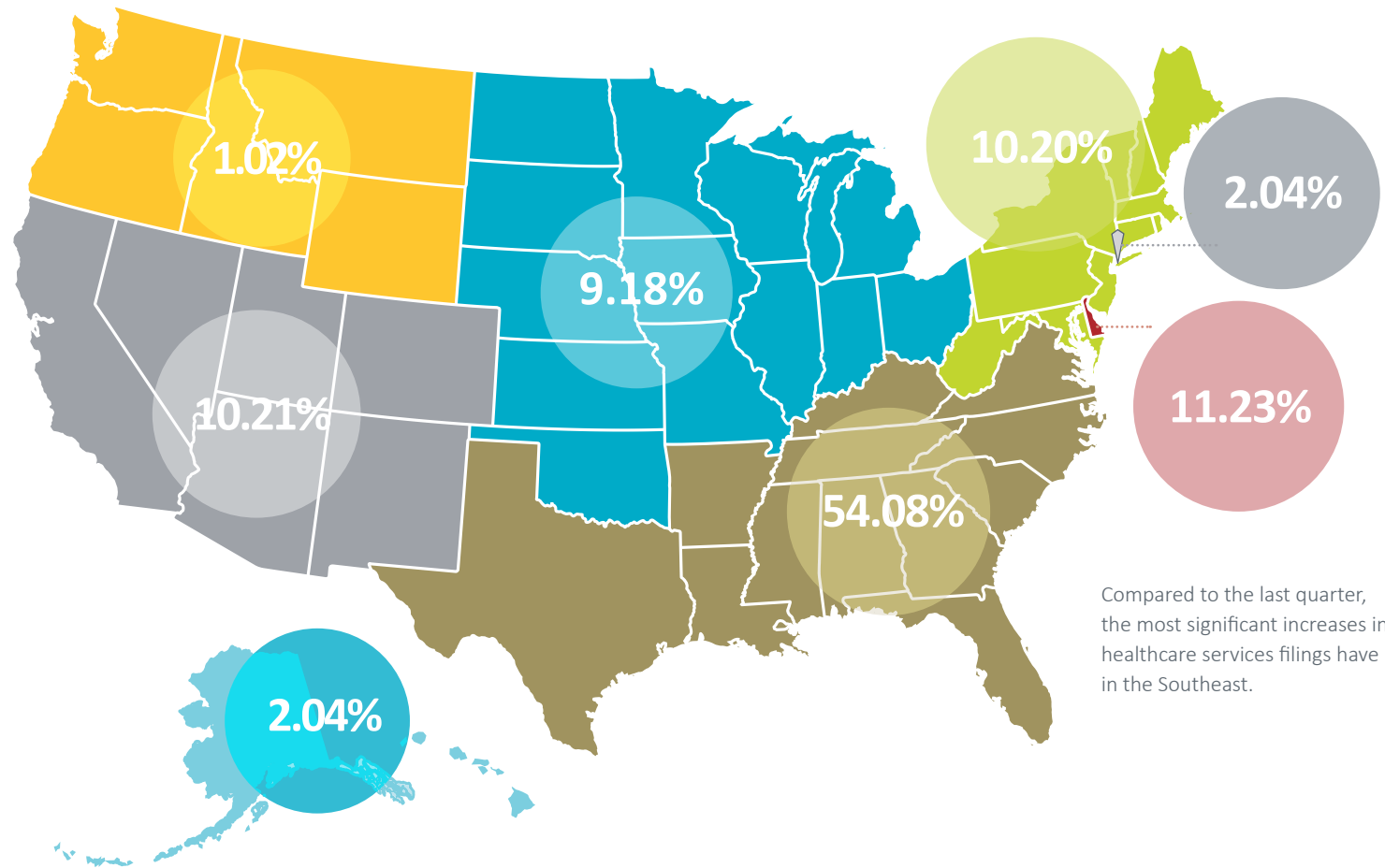


Geography

The percentage breakdown of index-filings for the current period by geographic region is:

GEOGRAPHIC REGIONS

- Midwest
- Non-Continental U.S. & Territories
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- Northwest
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- Southwest



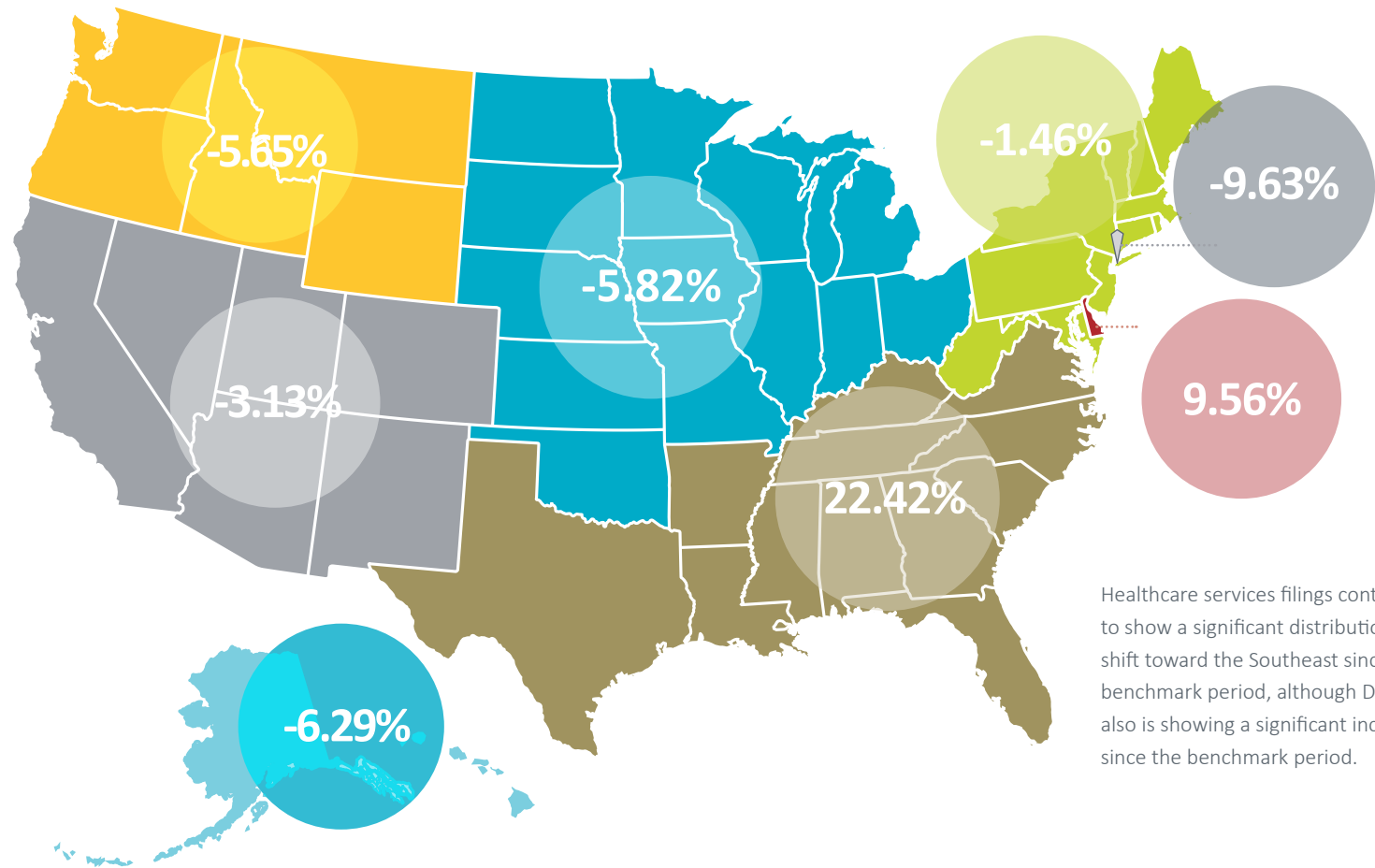
Compared to the last quarter, the most significant increases in healthcare services filings have been in the Southeast.

**Change in Geographic
 Distribution Since
 Benchmark Period**

Looking at the difference in geographic breakdowns of index filings now versus the benchmark period of fourth quarter 2010, the relative change versus the benchmark is:

GEOGRAPHIC REGIONS

- Midwest
- Non-Continental U.S. & Territories
- Northeast
- Delaware
- Northwest
- Southern District of New York
- Southeast
- Southwest



Healthcare services filings continue to show a significant distribution shift toward the Southeast since the benchmark period, although Delaware also is showing a significant increase since the benchmark period.

Understanding The Polsinelli | TrBK Distress Indices

The Polsinelli|TrBK Distress Indices© are research indices based on Chapter 11 bankruptcy filing data. The Chapter 11 Distress Research Index serves as the primary index, and is based on filings by entities with assets scheduled at greater than \$1 million dollars as represented on initial Chapter 11 petitions. Individuals and involuntary filings are excluded from the calculation.

The Real Estate Distress Research Index and the Healthcare Services Distress Research Index are subsets of the Chapter 11 Distress Research Index, with each requiring the presence of one additional, and different, criterion. The Real Estate Distress Research Index requires that a filing be classified as a “single asset real estate” case as indicated on the Chapter 11 petition. These filings typically involve companies that are solely in the business of owning and leasing a single property such as an office building, healthcare facility, retail outlet, or multifamily apartment building. The Healthcare Services Distress Research Index requires that the debtor be classified as a “healthcare business” as indicated on the Chapter 11 petition in order to be counted; based on this definition, non-service healthcare businesses are generally excluded from the Healthcare Services Distress Research Index.

The Polsinelli|TrBK Distress Indices also include in their calculation business filings under Chapter 9 (municipalities) that meet the \$1 million threshold criteria, but these are generally a very small number of filings by comparison to Chapter 11. The Indices previously tracked business filings under Chapter 15 (international) as well, but in order to remain consistent with their criteria, the Indices now exclude Chapter 15 because recent government changes mean that Chapter 15 petitions no longer show asset size. The Chapter 11 Index was restated as a result in the first quarter of 2016, with the effect being less than one point in any quarter since the benchmark period, and there was no effect on the Real Estate and Healthcare Services Indices. Chapter 15's comprise a small number of overall filings.

The indices are likely to be contrarian indicators of economic performance, so that a low index value is likely to occur in a strong economy, and a higher index value is likely to occur when financial distress is escalating. Thus, the indices are one indicator intended to suggest potential health or trouble in the economy. The indices track the increase or decrease in comparative Chapter 11 filings for prior quarters and years. The indices provide economic information that may not be reflected by the broader stock market averages, because the indices include both public and private company information.

The indices are calculated from 2010 through the present, and are benchmarked based on filing numbers in 2010. The indices are based on independent data collected and provided exclusively by the TrollerBk.com bankruptcy service, and not U.S. government statistical information (although that information is likely to be consistent within a margin of error).

While information for each individual quarter is available from 2010 forward, the indices are calculated on a rolling four-quarter basis in order to control for volatility, and to provide a more relevant picture of existing and long-term trends.

The historical filing information from which the Polsinelli|TrBK Distress Indices are calculated is available for purchase to the public from the TrollerBk.com bankruptcy service. In addition, weekly reports of newly filed cases anticipated to meet the criteria for the indices are also available for purchase from the TrollerBk.com bankruptcy service on a subscription basis.

Publication Information

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The Indices are published quarterly, generally within 45 days after the end of each calendar quarter, and are overseen by an Index Advisory Committee consisting of Bobby Guy (Polsinelli), Robert Dempsey (Polsinelli), Jeremy Johnson (Polsinelli), Richard Romero (CBIZ Valuation Group, LLC), Prof. Matthew S. Shotwell, Ph.D (Vanderbilt University*), and a representative from TrollerBk.com. All publications are subject to copyright and legal protections. Permission to reprint the indices themselves is granted to recipients so long as appropriate attribution is given to Polsinelli|TrBK and the indices are presented in their original formats with their appropriate names.

The indices are edited by Bobby Guy and Robert Dempsey, with assistance from contributing authors Jeremy Johnson (Chapter 11 Distress Research Index), Shanti Katona (Real Estate Distress Research Index), and members of the Mergers & Acquisitions, Real Estate, and Bankruptcy & Restructuring teams at Polsinelli. For more information on the Polsinelli|TrBK Distress Indices, and for media inquiries, please contact Jeremy Johnson at [646.289.6507](tel:646.289.6507) or jeremy.johnson@polsinelli.com or Bobby Guy at [615.259.1511](tel:615.259.1511) or bguy@polsinelli.com.

To purchase the historical data from which the indices are computed, or for weekly notices regarding all new cases likely to meet the criteria for the indices, contact third party data provider TrollerBk.com, at [210.816.3103](tel:210.816.3103) or info@TrollerBk.com.

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*Matthew S. Shotwell, Ph.D., is Assistant Professor, Department of Biostatistics, Vanderbilt University, and acts as an independent consultant in connection with the Polsinelli|TrBK Distress Indices. No affiliation between the indices and Vanderbilt University is expressed or implied.