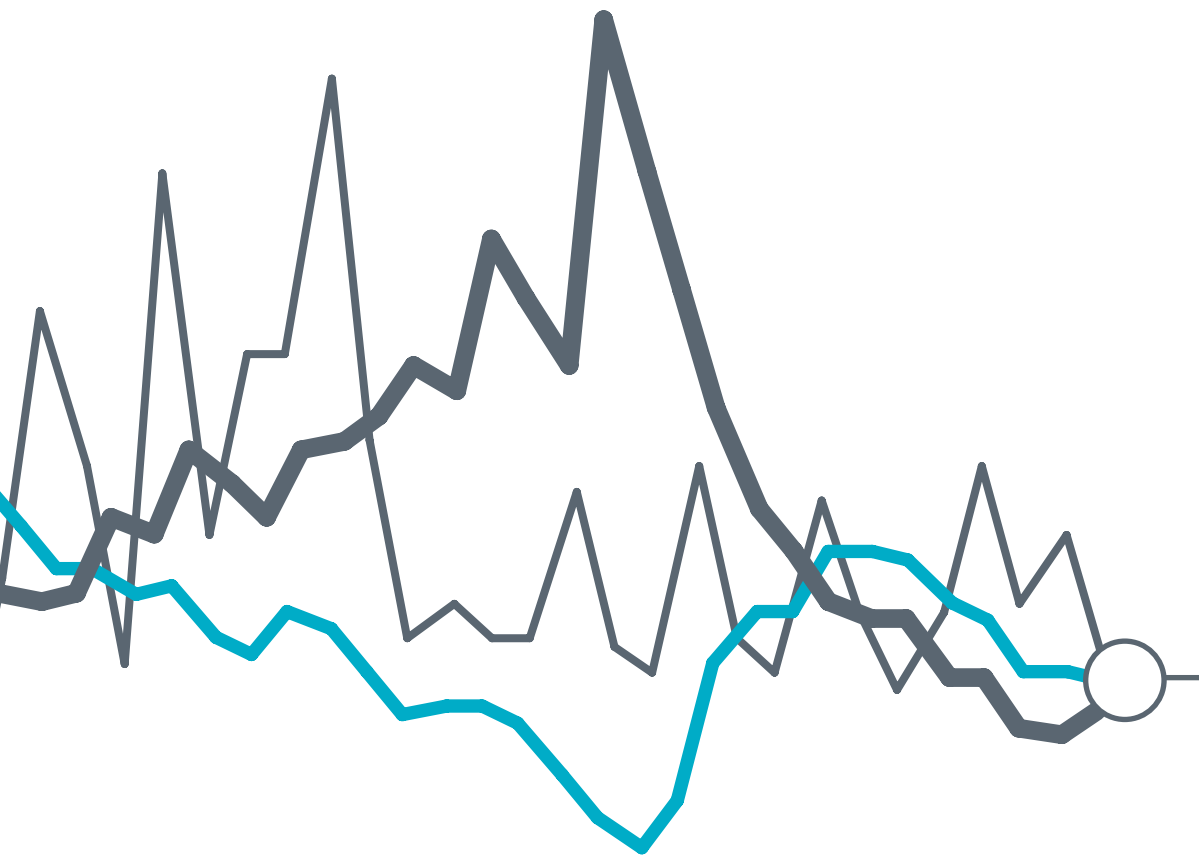


4th

Quarter 2015
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.

For more information on the Polsinelli | TrBK Distress Indices, contact:

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rdempsey@polsinelli.com

or go to www.distressindex.com

Bankruptcy data is provided exclusively by TrollerBk.com.
www.trollerbk.com

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

Welcome to the 4th Quarter 2015 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.

4th Quarter 2015 HIGHLIGHTS

The **Chapter 11 Distress Research Index** was 44.63 for the fourth quarter of 2015. This represents a decline of more than 55% in the index from the start of the index measurement period in the fourth quarter of 2010. However, the index has increased by almost 2 points versus the last period, and 4 points compared to one year ago, or approximately 9.5%.

The **Real Estate Distress Research Index** was 24.88 for the fourth quarter of 2015. This represents a decline of more than 75% in the index from the start of the index measurement period. Compared to the same period one year ago, the index has dropped by almost 8 points, or approximately 24%.

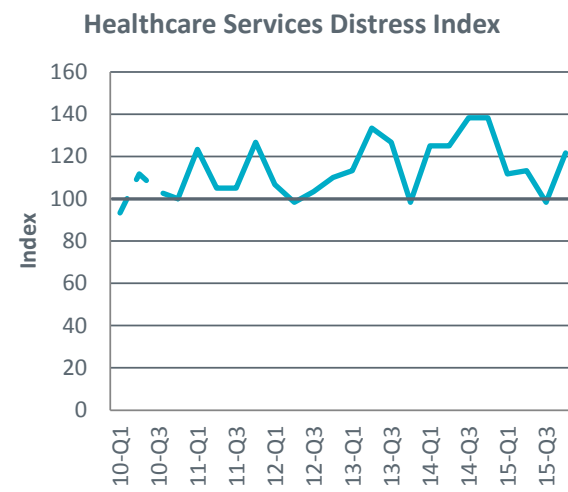
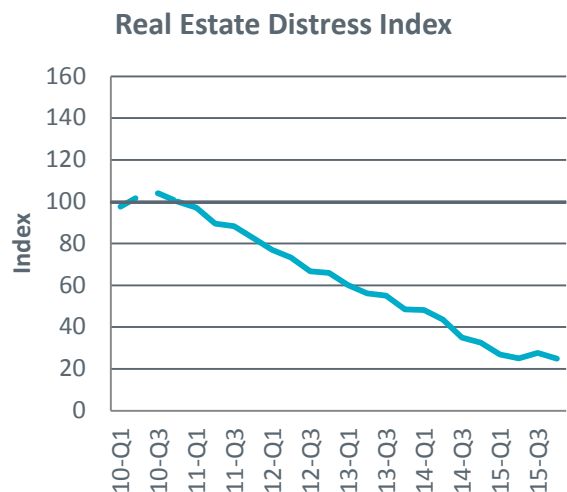
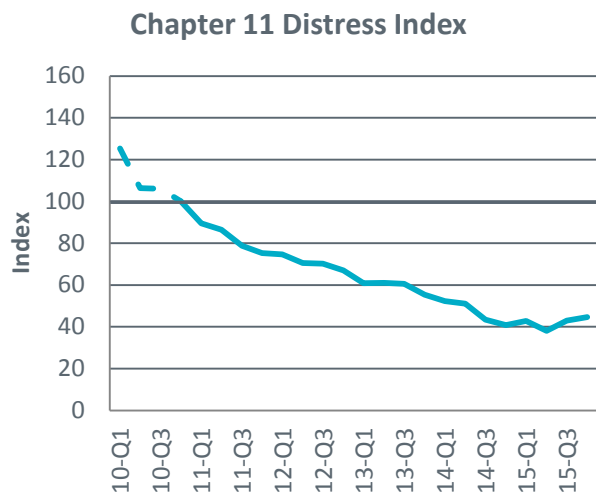
The **Healthcare Services Distress Research Index** was 121.67 for the fourth quarter of 2015. This represents an increase of 23 points since the last period. Since the benchmark period of the fourth quarter of 2010, the index is up by almost 22%. Compared to the same period one year ago, the index has decreased by almost 17 points, or 12%.

The Chapter 11 Index has increased for two consecutive quarters for the first time since inception, and is currently at its highest point since June 2014. While the Administrative Office of the U.S. Courts released a report in November 2015 (available [here](#)) indicating that business bankruptcy filings have fallen by almost 12% year-on-year through the third quarter of 2015, the Chapter 11 Index continues to show that the trend is significantly different among the narrower set of mid-market and bulge-bracket Chapter 11 company filings measured by the index. In the third quarter, the Chapter 11 Index suggested that distress was stabilizing post-Great Recession, with the index having stayed within a range of 5 points for four consecutive periods and having ended almost where it started. The fourth quarter results suggest that not only is distress no longer falling, but instead, it is now increasing for the first time post-Great Recession.

While the Real Estate Index fell in the current quarter, the index increased for the first time in its history in the last quarter, suggesting greater volatility and that the index may be nearing a bottom. The Healthcare Services Index is the only one of the Indices to be above its benchmark and shows the most continuing volatility, having moved up and down within a range of approximately 40 points over the last year.

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 10.94% now, the lowest during the index measurement period. Healthcare services filings have increased from 1.11% in 2010 to 3.02% now, including an increase since the last quarter of almost half of percent, but remain below the high of 3.76% of filings in the fourth quarter of 2014.

For a look at the underlying causes that led the Healthcare Index to its high in fourth quarter 2014, see the 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: 4th Quarter 2015

Chapter 11 Distress Index

44.63

Max: 100.00 in 10-Q4
 Min: 38.07 in 15-Q2

Real Estate Distress Index

24.88

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

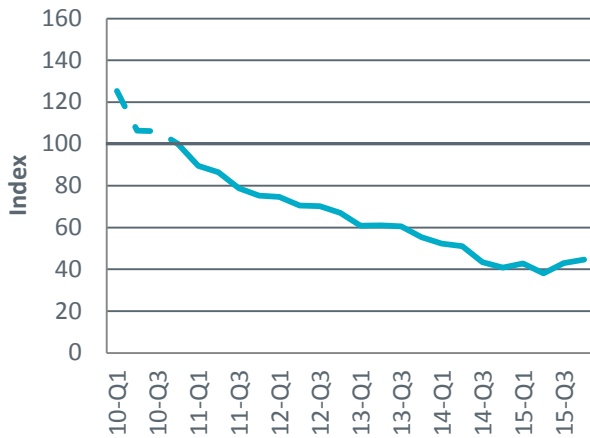
Healthcare Services Distress Index

121.67

Max: 138.33 in 14-Q3 & Q4
 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



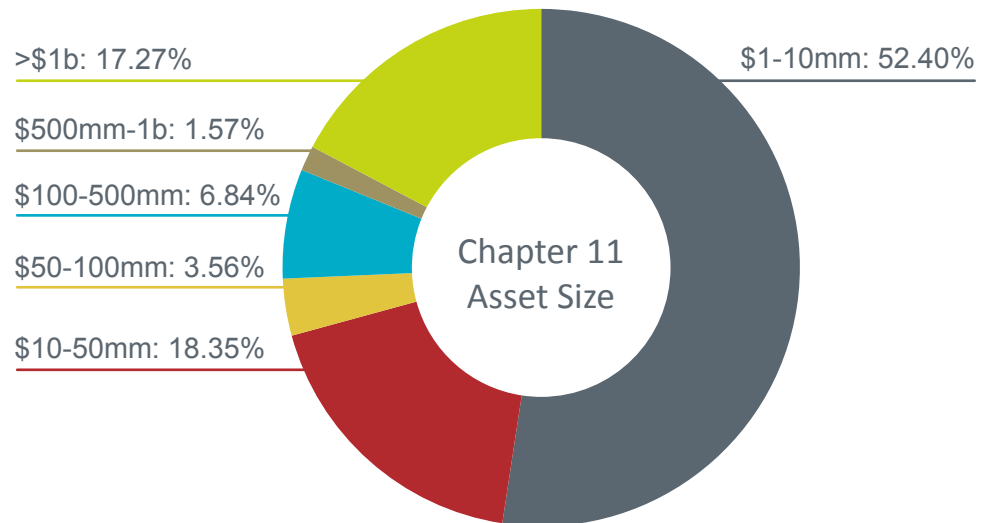
For the fourth quarter of 2015, the Polsinelli|TrBK Chapter 11 Distress Research Index was 44.63. This represents an increase of almost 2 points from the third quarter index, and is the highest the index has been since June 2014.

| Current | Last | 1 Year |
|---------|-------|--------|
| 44.63 | 42.89 | 40.78 |

While the Chapter 11 Distress Index has declined significantly against its 2010 benchmark, it appeared to have stabilized in 2015-Q3 and now appears to be moving upward reflecting increasing distress.

Volatility

Case filing numbers measured in the Polsinelli|TrBK Chapter 11 Distress Research Index have shown significant volatility over the twenty-one quarter period from 2010-Q4 until now. During that period, filing numbers declined 11 quarters compared to the prior quarter, and increased nine 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 sixteen quarters compared to the prior quarter, and increased four times, thus reflecting the significant downward trend in general filing levels since 2010. The first increase was nominal at .03 points in 2013-Q2, and so the index was essentially flat for two quarters. The other three increases have all been in 2015, with two in consecutive quarters, suggesting that overall distress is now trending upward again.





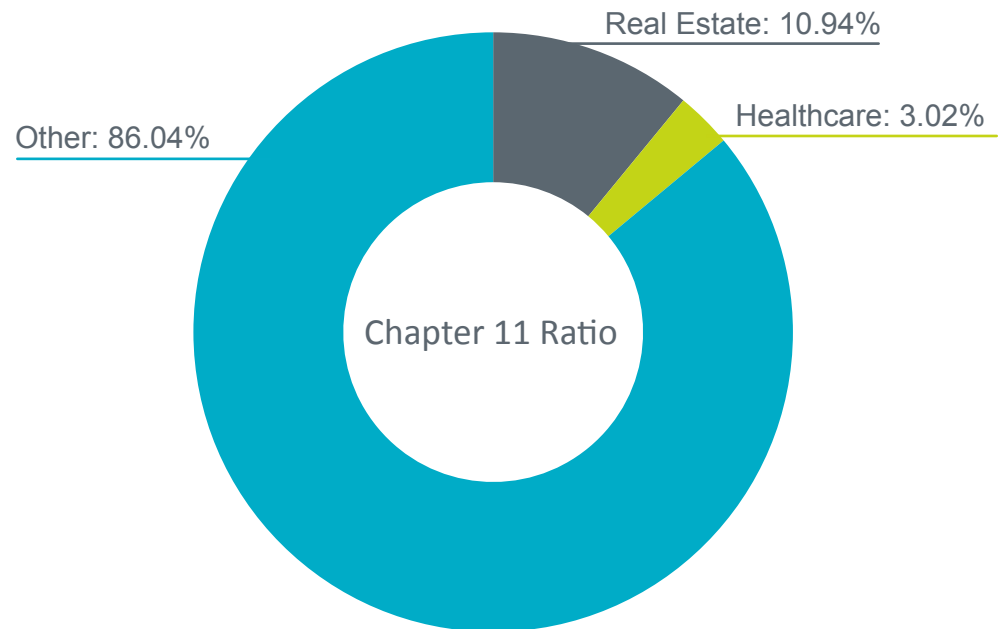
CHAPTER 11

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 for the current quarter made up 10.94% of the total filings counted in the Chapter 11 index. This percentage is the lowest that real estate distress has measured as a component of overall distress. For the prior three quarters through 2015-Q3, however, the percentage in the index remained reasonably steady at between 12% and 13%.

Healthcare services filings measured in the Polsinelli|TrBK Healthcare Services Distress Research Index made up 3.02% of filings in the current period, up from 2.54% in the last period. Healthcare filings as a percentage of overall filings have been as low as 1.11% at the beginning of the measurement period, and as high as 3.76% in the fourth quarter of 2014.

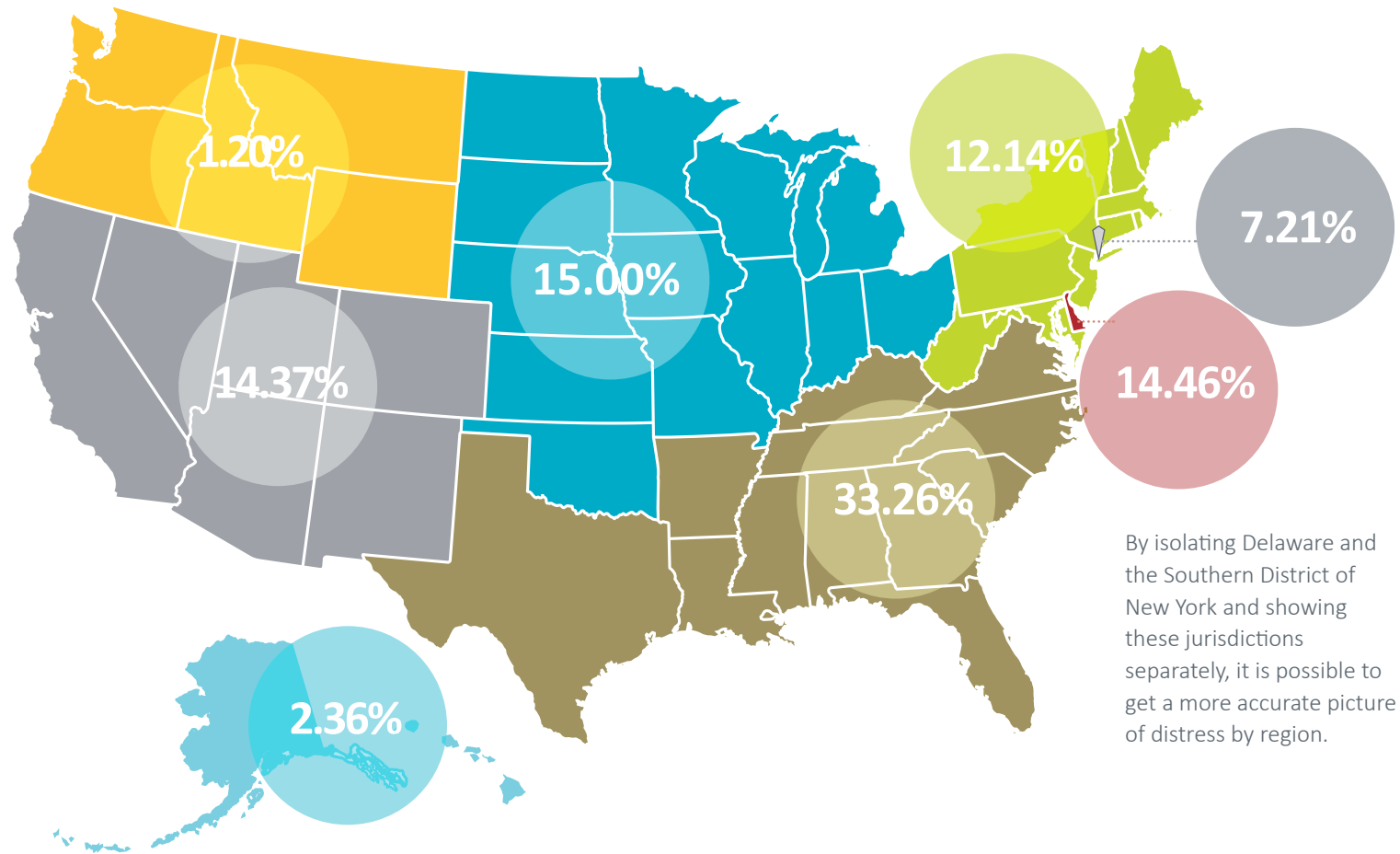


Geography

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



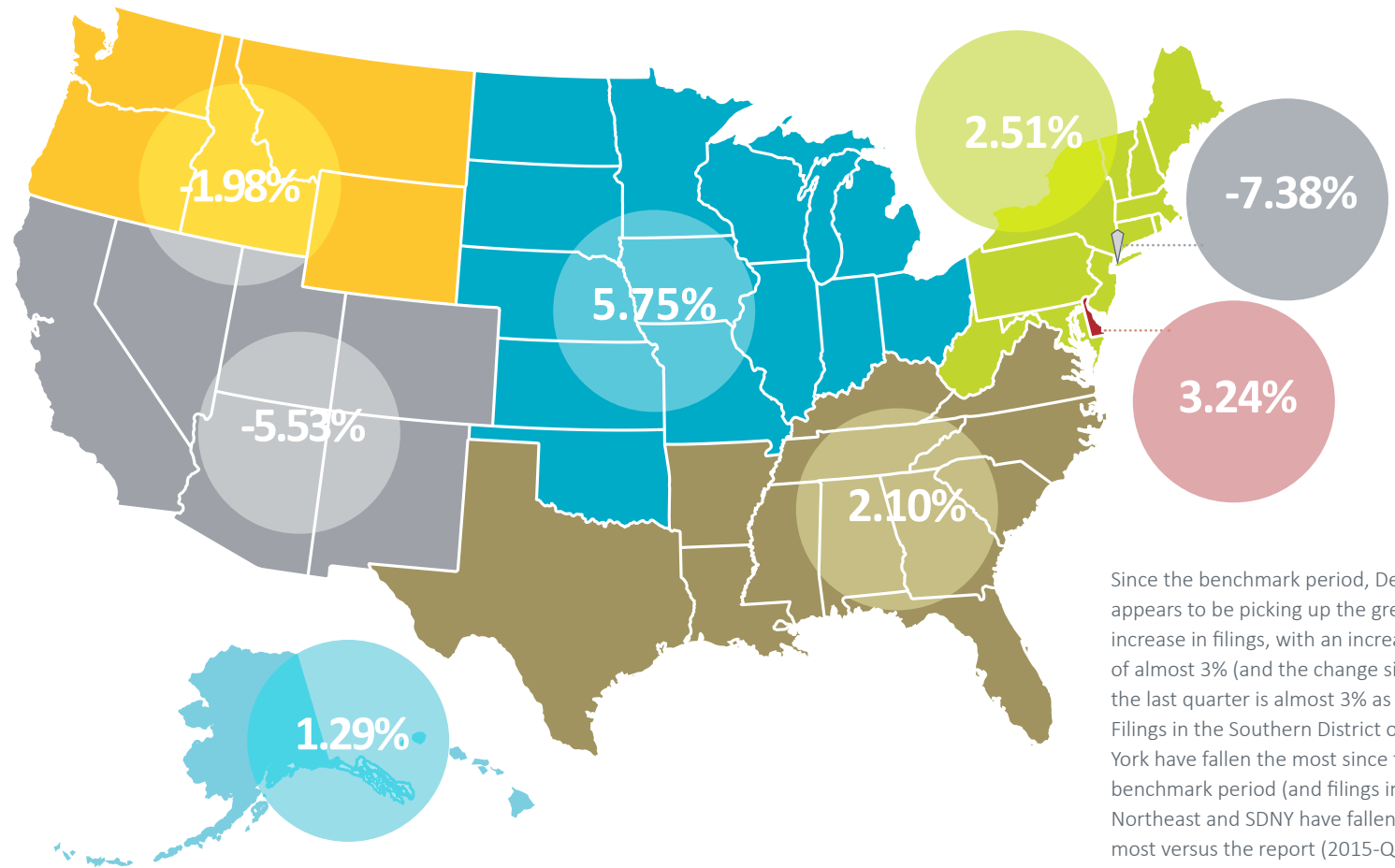
By isolating Delaware and the Southern District of New York and showing these jurisdictions separately, it is possible to get a more accurate picture of distress by region.

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:

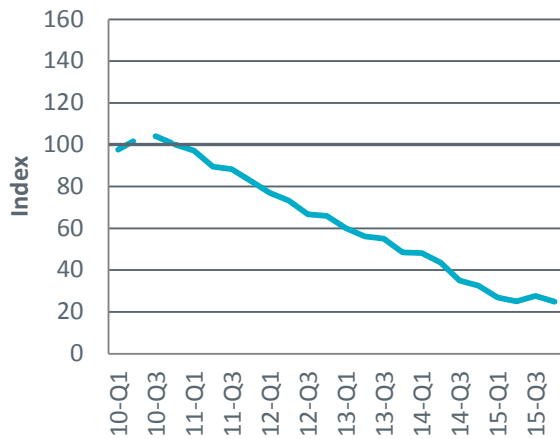
GEOGRAPHIC REGIONS

- 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 almost 3% (and the change since the last quarter is almost 3% as well). Filings in the Southern District of New York have fallen the most since the benchmark period (and filings in the Northeast and SDNY have fallen the most versus the report (2015-Q3) as well). Filings in the non-continental U.S., territories, and protectorates have increased by almost a point since the last period.

Real Estate Distress Index



For the fourth quarter of 2015, the Polsinelli|TrBK Real Estate Distress Research Index was 24.88. This represents a decline of approximately 3 points since the last quarter, and a decline of approximately 24% over the last year.

| Current | Last | 1 Year |
|---------|-------|--------|
| 24.88 | 27.71 | 32.61 |

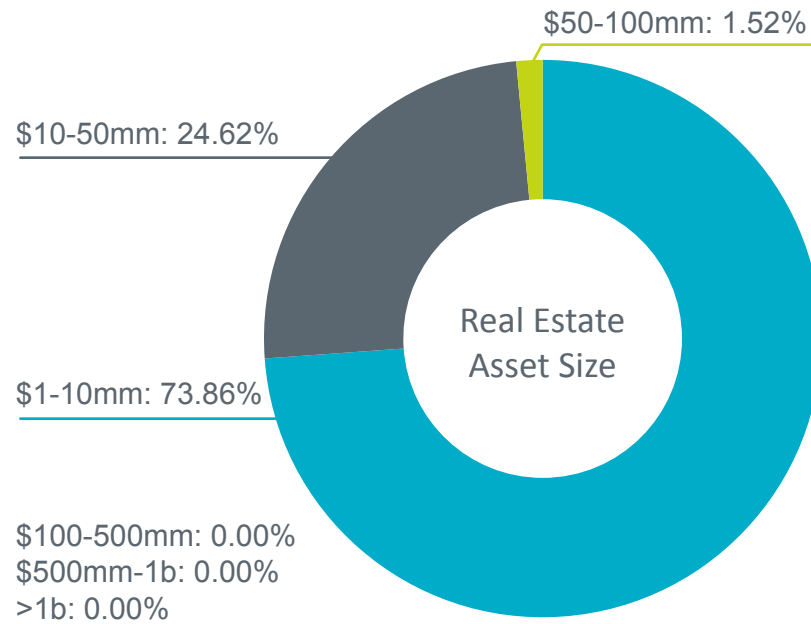
Until the last quarter, the Real Estate Distress Research Index held the distinction of being the only one of the Polsinelli|TrBK Distress Indices that has declined in every quarter since inception. While the current quarter indicates a significant decrease, the increase in 2015-3Q suggests distress may have stabilized in recent periods.

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. For the twenty-one quarter period, filing numbers declined 11 quarters compared to the prior quarter, and climbed nine 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 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:

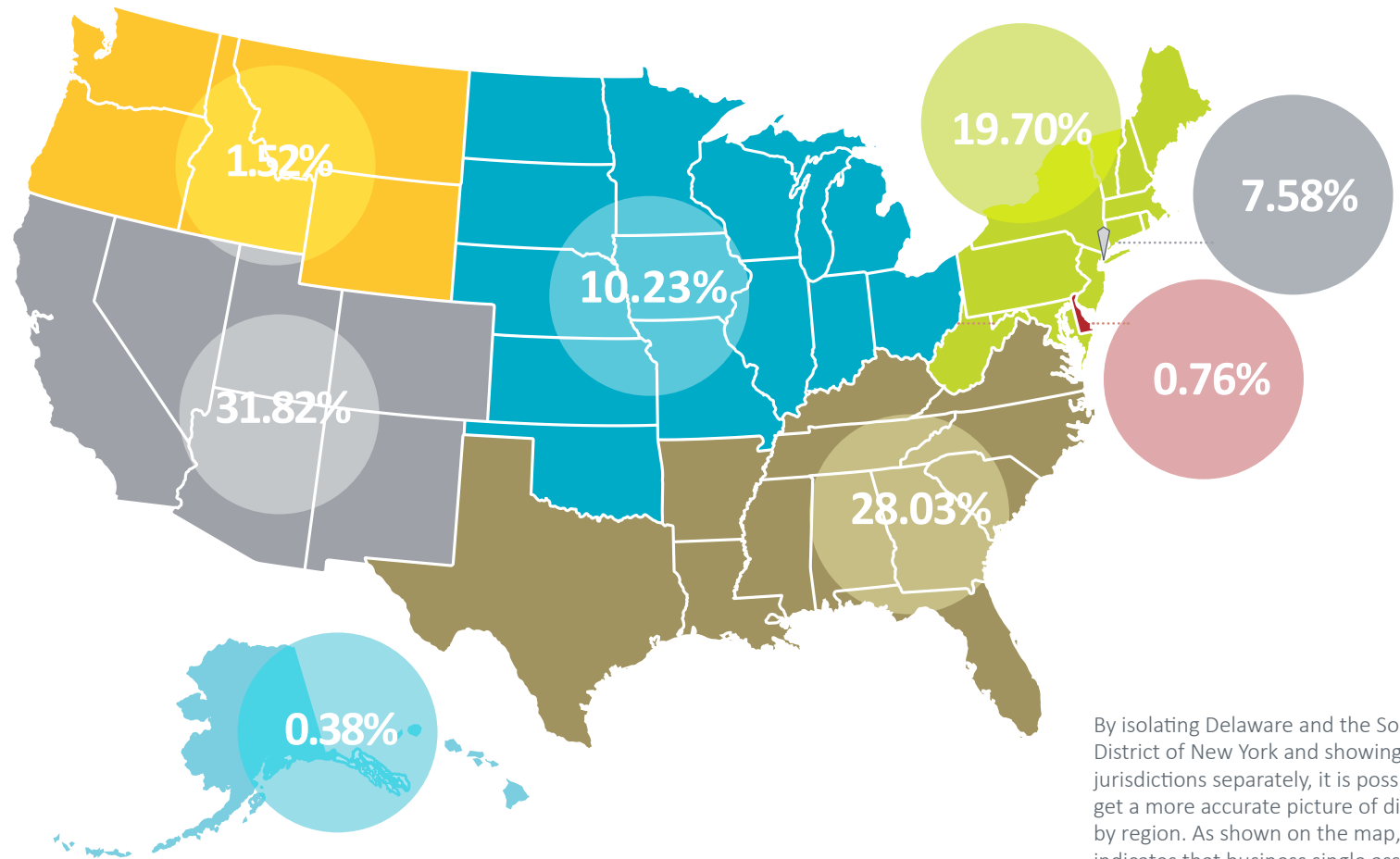


Geography

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



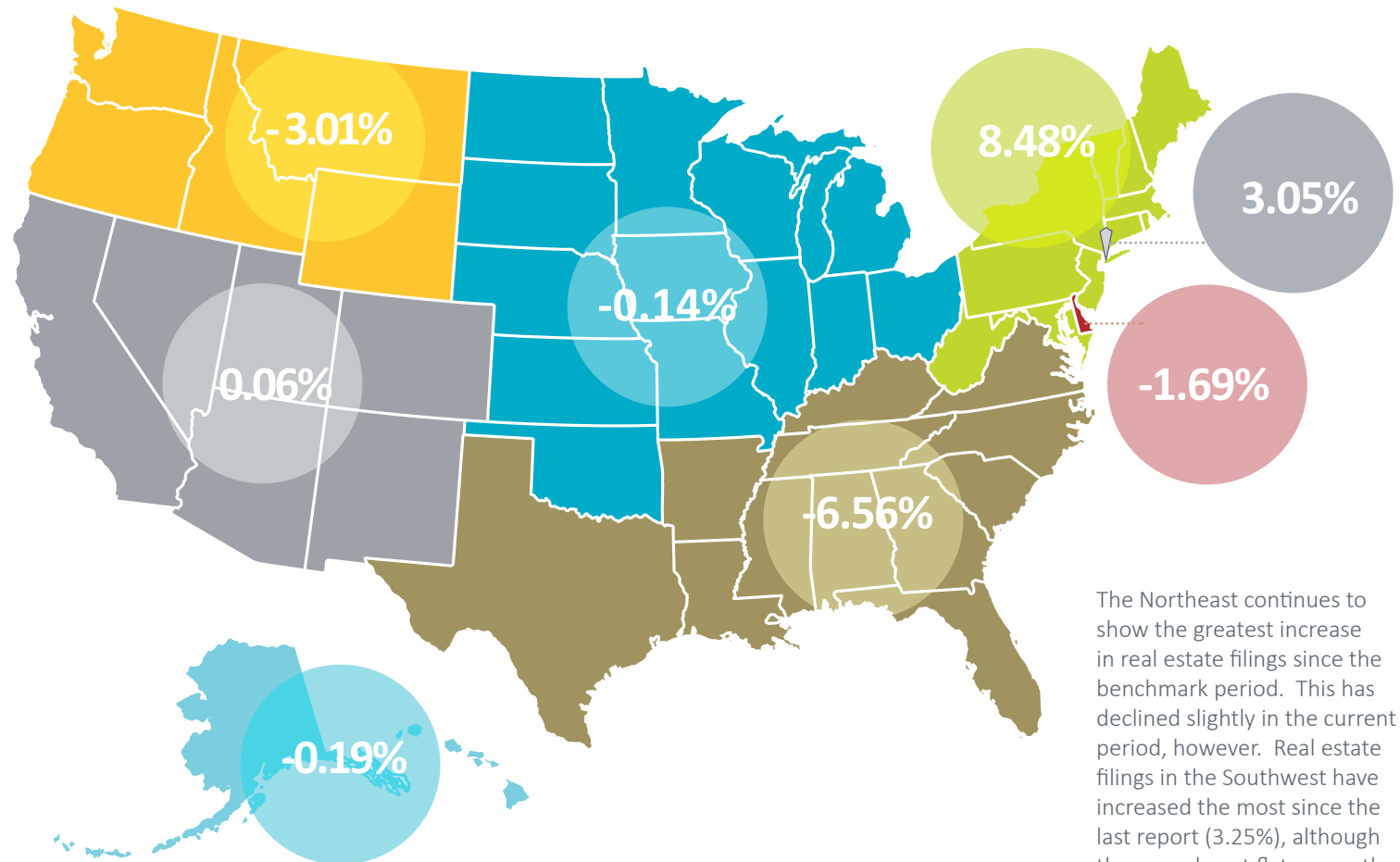
By isolating Delaware and the Southern District of New York and showing these jurisdictions separately, it is possible to get a more accurate picture of distress by region. As shown on the map, data indicates that business single asset real estate filings are much more localized than Chapter 11 filings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

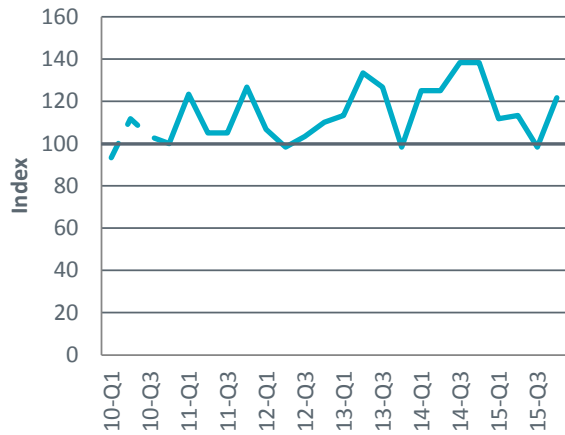
GEOGRAPHIC REGIONS

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



The Northeast continues to show the greatest increase in real estate filings since the benchmark period. This has declined slightly in the current period, however. Real estate filings in the Southwest have increased the most since the last report (3.25%), although they are almost flat versus the benchmark period.

Healthcare Services Distress Index



For the fourth quarter of 2015, the Polsinelli|TrBK Healthcare Services Distress Research Index increased to 121.67. This is a significant increase since the last quarter, and is the highest the index has measured in 2015. The Healthcare Index remains much higher than the both the Chapter 11 Index representing the broader U.S. economy, and the Real Estate Index.

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

| Current | Last | 1 Year |
|---------|-------|--------|
| 121.67 | 98.33 | 138.33 |

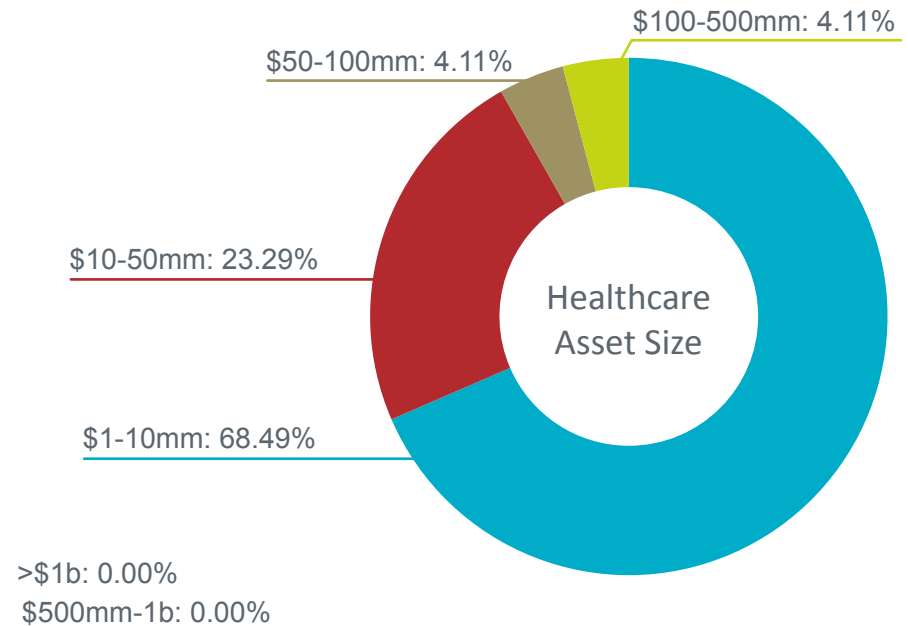
The Index has fallen below 100 three times, including in the last quarter, but shows a significant increase in the current quarter. The Healthcare Index continues to show more quarter-on-quarter volatility than the other indices.

Volatility

Case filing numbers measured in the Healthcare Services Distress Research Index show similar volatility as the other Polsinelli|TrBK Distress Indices: filing numbers declined 11 quarters compared to the prior quarter, and increased nine quarters compared to the prior quarter, from 2010-Q4 until now. For the Healthcare Services Index the volume of increased filings has generally outstripped declines. 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:

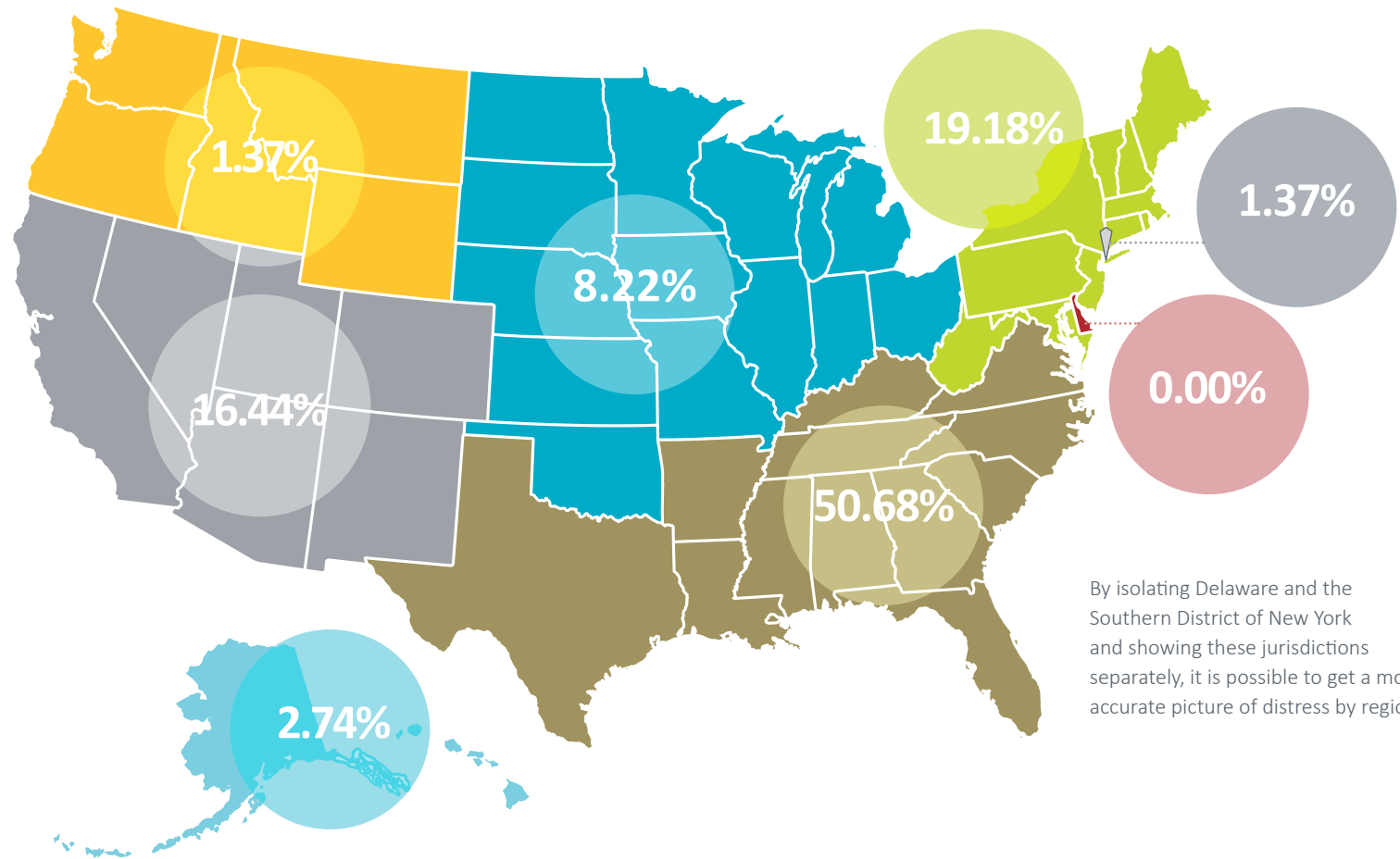


Geography

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

GEOGRAPHIC REGIONS

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



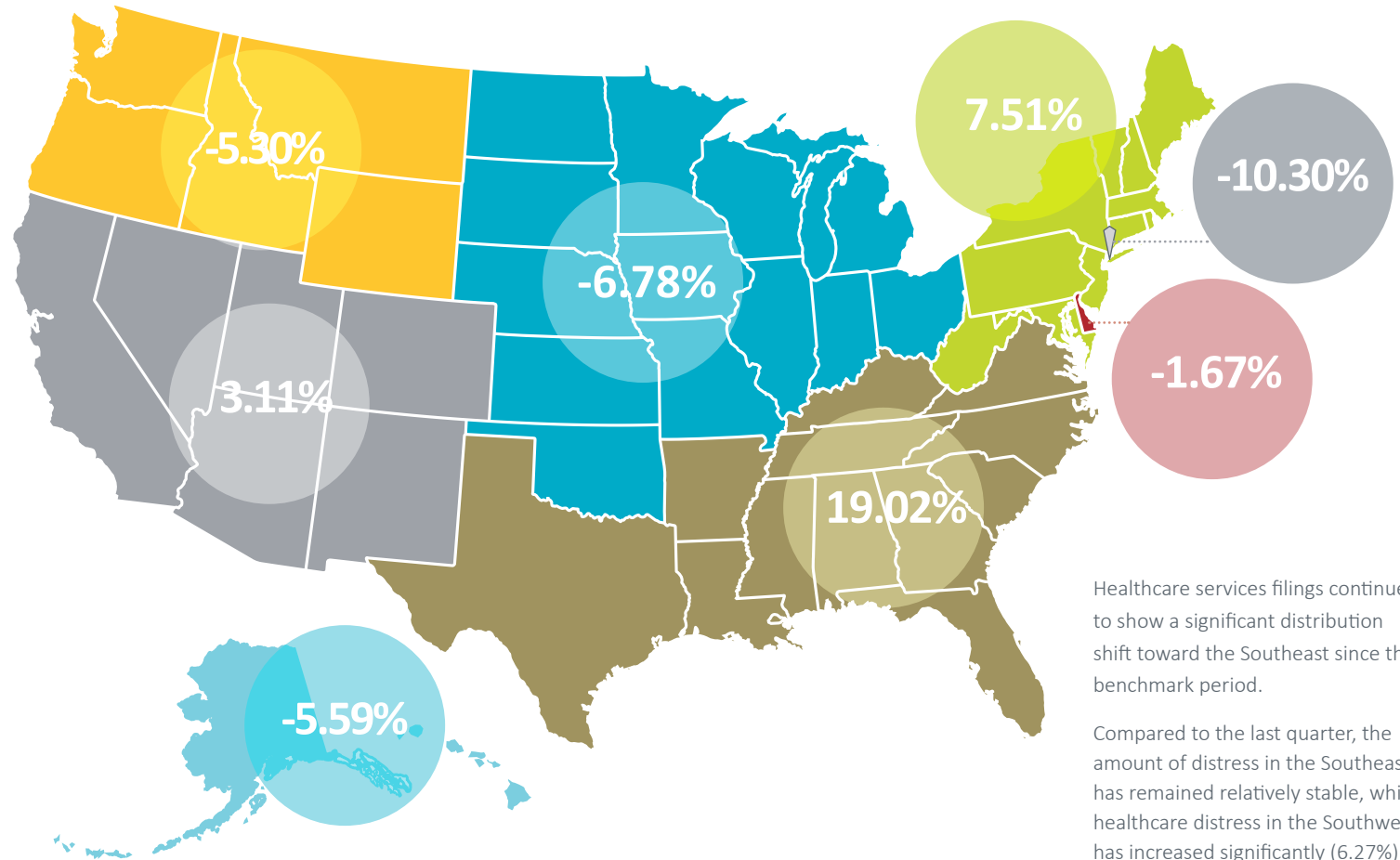
By isolating Delaware and the Southern District of New York and showing these jurisdictions separately, it is possible to get a more accurate picture of distress by region.

**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



Healthcare services filings continue to show a significant distribution shift toward the Southeast since the benchmark period.

Compared to the last quarter, the amount of distress in the Southeast has remained relatively stable, while healthcare distress in the Southwest has increased significantly (6.27%) and in the Northeast has decreased significantly (-6.25%).

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) and Chapter 15 (international) that meet the \$1 million threshold criteria, but these are generally a very small number of filings by comparison to Chapter 11.

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

The Polsinelli|TrBK Distress Indices are licensed to Polsinelli PC for publication purposes. Summaries of any annual reports are also licensed to Polsinelli PC by a Polsinelli affiliate. Sales of bankruptcy filing data are handled solely by TrollerBK.com.

The indices are research indices intended for informational and educational use only. Data is provided exclusively by the TrollerBk.com bankruptcy service, and the Indices are prepared with assistance from CBIZ Valuation Group, LLC. As research indices, the Polsinelli|TrBK Distress Indices are subject to restatement for up to two years. Pursuant to statistical precision analysis, the bankruptcy data used to generate the indices is calculated to be accurate to at least a +/- 6% margin of error at a 95% confidence level.

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), 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 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.