Capital Restructuring Perspectives

QUARTERLY UPDATE | FIRST QUARTER 2016

Contents

About SOLIC

SOLIC Capital Advisors, LLC ("SCA") is a leading specialty investment bank providing merger & acquisition, restructuring, capital placement and valuation advisory services to companies, lenders, institutional investors, the legal community and other creditor constituencies. SCA is a subsidiary of SOLIC Holdings, LLC which includes: SOLIC Capital Advisors (financial advisory), SOLIC Capital Partners (principal investing), SOLIC Capital, LLC (FINRA registered Broker/Dealer), and SOLIC Capital Management (asset management services).

May 2016

To the Friends and Clients of SOLIC Capital Advisors ("SCA"):

We are pleased to share with you the SOLIConnect *Capital Restructuring Perspectives* quarterly update which includes perspectives relevant to restructuring and bankruptcy professionals, attorneys, workout groups, distressed debt investors, and other interested parties in the capital restructuring space.

In this edition, we provide perspectives on the restructuring market during the first quarter of 2016 which include:

- Moody's and S&P are expecting year-end default rates to continue to climb from current levels. According to Moody's, defaults during 2016 will likely continue to be concentrated in a select number of industries, led by Metals & Mining and Oil & Gas, and is forecasted to reach 6.2% by year end. S&P reported a 3.8% default rate at the end of Q1 2016, slightly lower than their 2016 year-end forecast of 3.9% and then climbing to 5.3% by the end of Q1 2017, as low commodities prices will continue to plague debt issuers from those sectors.
- The percentage of junk bonds trading at distressed levels in March 2016 dipped for the first month since May 2015 amid a rebound in oil prices and improved unemployment figures. However, the ratio is still relatively high when compared to recent years.
- Fear of a deteriorating credit environment provided investors with some concern, contributing to another uptick in yields in Q1 with defaults in junk-rated corporate bonds on track to reach a two-year high. The number of energy loans labeled as "classified," or in danger of default, is on course to extend above 50% at several major banks.
- Lenders to sponsor-backed companies have the risk of suffering sizable losses. The default rates of private equity-related leveraged loans increased steadily for the first three months of 2016, driven in part by distress in the oil and gas sector.
- A record $947 billion of U.S. high-yield, or "junk," debt, is scheduled to mature in the next five years, and some issuers may struggle to refinance it. Of that total, $400 billion is set to come due in 2020, the highest amount of rated debt to mature in a single year in the history of credit markets.
- Middle-market new issuance was muted again in Q1 as volatility hampered new business, it was the second slowest start to the year in the past 19 years. First-quarter deals witnessed upward flex, and spreads quickly spilled into the L+600 area for difficult syndications. Overall, senior lenders restrained leverage, pulling in senior multiples to 4.4x at the end of March 2016.
- The majority of listed BDCs continue to trade below NAV. The 15 largest BDCs by market capitalization at quarter-end were trading at an average NAV discount of 7%, while the rest were discounted at an average of 21%.
- During Q1 2016, SOLIC served as financial advisor to the unsecured creditors committee of the physician owned hospital system, **University General Health Systems**. As a result of SOLIC's engagement, the hospital was sold to Foundation Healthcare under Section 363 of the U.S. Bankruptcy Code. SOLIC, in working alongside counsel, identified multiple litigation opportunities that are currently being pursued.

We welcome your comments and hope you find our SOLIConnect report informative.

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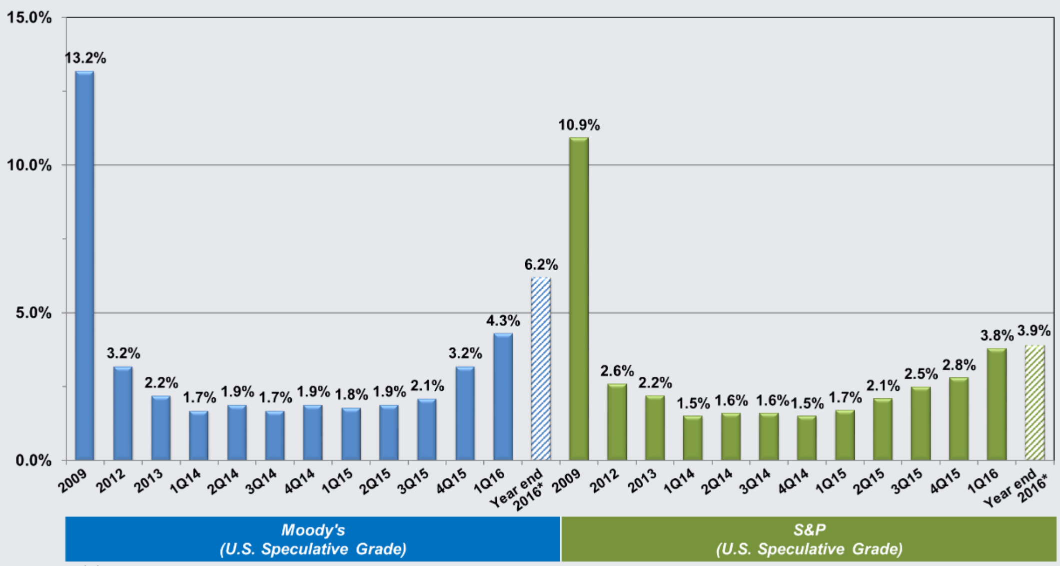
1Q16 Perspectives

- **Default and Distressed Activity**
  Moody's and S&P are expecting year-end default rates to continue to climb from current levels. According to Moody's, defaults during 2016 will likely continue to be concentrated in a select number of industries, led by Metals & Mining and Oil & Gas, and is forecasted to reach 6.2% by year end. While the middle market typically lags the broader market in this respect, one might view the trend as a harbinger of things to come. S&P reported a 3.8% default rate at the end of Q1 2016, slightly lower than their 2016 year-end forecast of 3.9%, and then climbing to 5.3% by the end of Q1 2017 as low commodities prices will continue to plague debt issuers from those sectors.

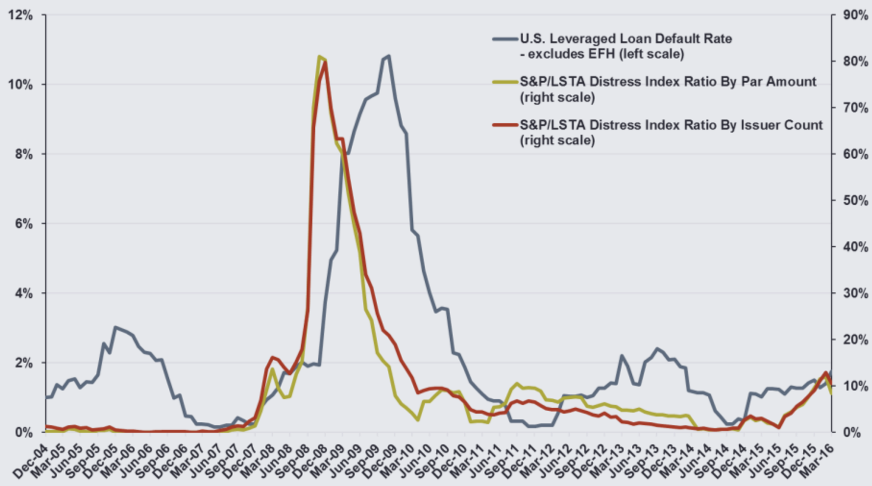
Comparative Default Rates



** forecast*
Note: 2Q14 defaults rates from Moody's and S&P exclude EFH

The percentage of junk bonds trading at distressed levels in March 2016 dipped for the first month since May 2015 amid a rebound in oil prices and improved unemployment figures. Borrowers with debt trading at distressed levels currently have about $200 billion of outstanding bonds scheduled to mature between 2017 and 2023. As can be seen in the following chart, the U.S. distress ratio – a measure of the amount of risk the market has priced into bonds, namely debt trading at or over 1,000 basis points relative to U.S. Treasuries, decreased to 10.5% in March, the first monthly decline since around mid-2015. According to S&P, "an uptick in oil prices, an easing in unemployment rates and market participants looking at the possibility of fewer rate hikes this year were all contributing factors to a hiatus in volatility that tightened spreads, and distress has been pulled in line with that." However, the ratio is still relatively high when compared to recent years, with commodities-related companies being the biggest drivers of distress.

U.S. Speculative Grade Default Rate versus Distressed Credit Ratio



Source: S&P Capital IQ LCD
** Distress ratio is the number of distressed securities divided by the total number of speculative-grade-rated issues. Distressed securities are defined as those securities trading at 1,000 bps or greater over comparable Treasuries.*

Fear of a deteriorating credit environment provided investors with some concern, contributing to another uptick in yields in Q1 with defaults in junk-rated corporate bonds on track to reach a two-year high.
The number of energy loans labeled as "classified," or in danger of default, is on course to extend above 50% at several major banks. In response, several major banks are reducing their exposure to the energy sector by attempting to sell off souring loans, declining to renew them or clamping down on the ability of oil and gas companies to tap credit lines for cash. The labeling of more loans as troubled started late last year with a push by the Office of the Comptroller of the Currency to get banks to be tougher in evaluating which oil and gas loans are likely to pay out.

Default activity over the past 12 months remains concentrated in the troubled energy and metals/mining segments, with some increased activity in retail. A slowdown in U.S. growth may cause a bubble in speculative grade credit to increase, stressing the lower-quality companies that constitute almost half of the universe of speculative-grade bonds and loans.

Lenders to sponsor-backed companies have the risk of suffering sizable losses. The default rates of private equity-related leveraged loans increased steadily for the first three months of 2016, driven in part by distress in the oil and gas sector, according to S&P Capital IQ LCD. Additionally, the number of Chapter 11 cases involving single asset real estate debtors was at its highest level since July 2015, according to data compiled by Bloomberg. In March 2016, 16 single asset real estate debtors filed Chapter 11s involving debt of $1 million or more — up from 15 in each of the first two months of the year. Twelve of these real estate bankruptcies in March involved debt of $1 million to $10 million and four cases involved liabilities of $10 million to $50 million.

The amount of loans due for repayment begins to rise markedly in 2018. Though loans rarely go full term, some issuers may find it more difficult to refinance debt ahead of maturity given the combinations of potentially slowing economic growth and the scaled-back participation of CLO vehicles. At the very least, financing may well be more expensive, putting pressure on today's coverage ratios.

A record $947 billion of U.S. high-yield, or "junk," debt, is scheduled to mature in the next five years, and some issuers may struggle to refinance it, per Moody's. Of that total, $400 billion is set to come due in 2020, the highest amount of rated debt to mature in a single year in the history of credit markets. A range of macroeconomic factors will make it more difficult for lower-rated companies to tap the debt capital markets in order to refinance their debt obligations. Those factors include rising interest rates, the widening of spreads over Treasuries, the slowdown in China, and oil-price volatility. At the same time, a stricter set of rules on leveraged lending that caps debt levels will also weigh on lower-rated companies.

- **Middle-Market Financing Perspectives**
  Middle market new issuance was muted again in Q1 as volatility hampered new business across the board. In terms of middle-market volume, it was the second slowest start to the year in the past 19 years. Arrangers put up $1.4 billion in leveraged loans to borrowers generating $50 million of EBITDA or less in Q1, the second lowest reading behind the $910 million during Q1 2009 in the wake of financial disruptions across the globe.

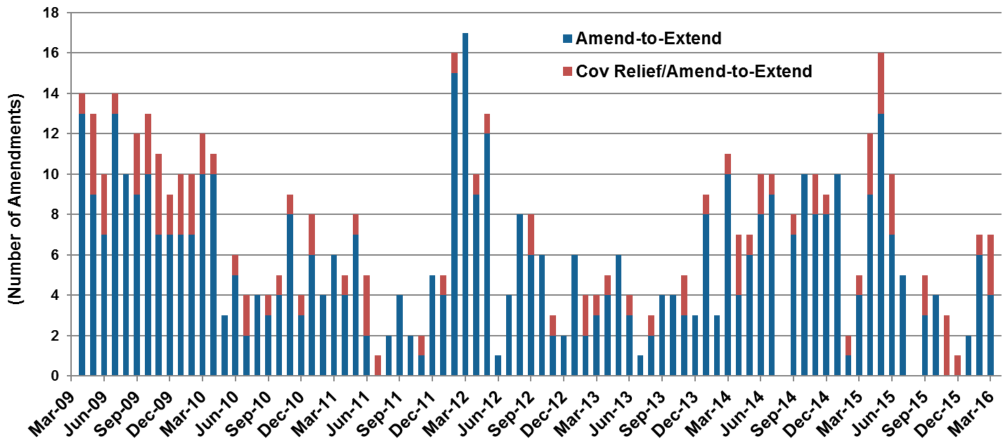
  First-quarter deals witnessed upward flex, and spreads quickly spilled into the L+600 area for difficult syndications. Overall, senior lenders restrained leverage, pulling in senior multiples to 4.4x at the end of March 2016 down from Q4 2015. Most transactions were retooled with tighter terms including covenants.

  The majority of listed BDCs continue to trade below NAV. The 15 largest BDCs by market capitalization at quarter-end were trading at an average NAV discount of 7%, while the rest were discounted at an average of 21%. Q1 2016 BDC valuations become available in early May 2016 and many factors suggest there is further erosion ahead. The share of Oil & Gas BDC debt that dipped below 80 — the yardstick often used to define distressed deals — grew to 64% in the Q4 2015, from 40% in the prior period and 25% in Q2 2015.

- **SOLIC Case Study**
  During 1Q2016, SOLIC served as financial advisor to the unsecured creditors committee of the physician owned hospital system, **University General Health Systems ("UGHS")**. As a result of SOLIC's engagement, the hospital was sold to Foundation Healthcare under Section 363 of the U.S. Bankruptcy Code. SOLIC, in working alongside counsel, identified multiple litigation opportunities (including opportunities to pursue funds from affiliated assisted living facility) that are currently being pursued. ***Please see page 16.***

Distressed Market Indicators

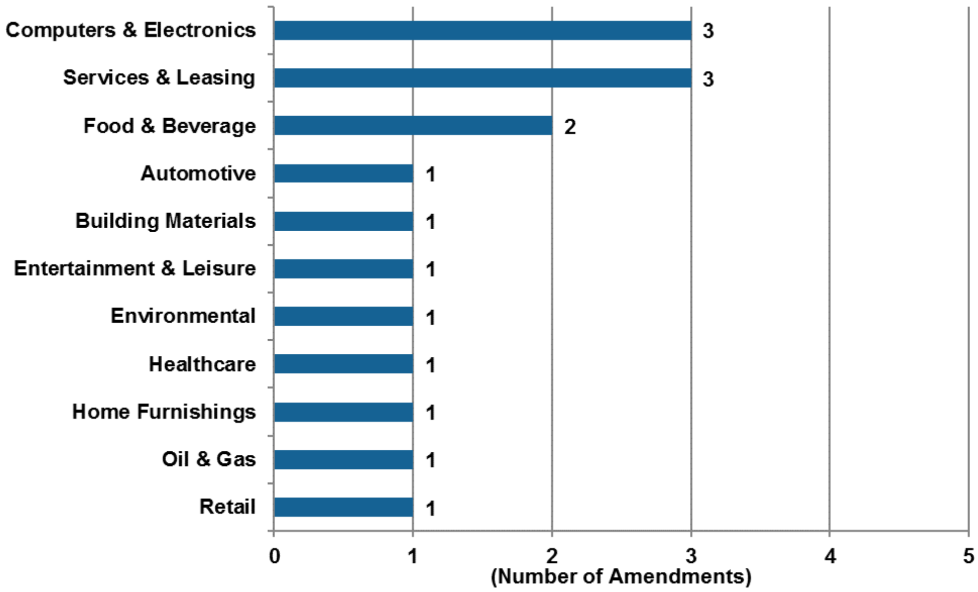
Count of Amend & Extend by Month



Sixteen (16) amend-to-extends were observed during the First Quarter 2016.

Source: S&P Capital IQ LCD

Amend & Extend by Industry – First Quarter 2016

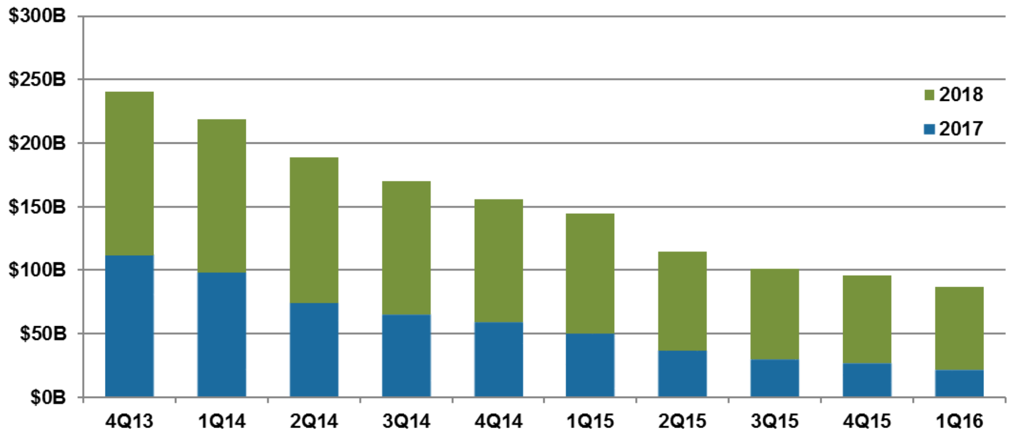


Amend & Extend activity during the First Quarter was spread across a variety of industry sectors including: Computers & Electronics, Services & Leasing, and Food & Beverage.

Source: S&P Capital IQ LCD

Distressed Market Indicators (continued)

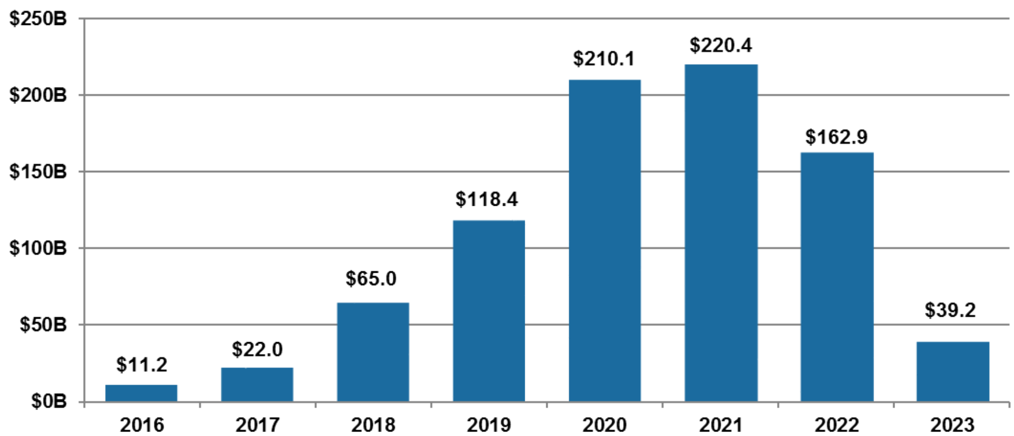
2017 / 2018 Maturity Wall



With regard to longer-term maturities, issuers have reduced the 2017/2018 maturities that make up the next significant repayment wall. The total amount of S&P/LSTA Index loans that come to term in 2017 is $22 billion, or 2.6%, with 2018 maturities at $65 billion, or 7.7%.

Source: S&P Capital IQ LCD
S&P/LSTA Leveraged Loan Index consists of all loans that are in the index, namely Term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans, and senior secured

Current Loan Maturities by Year

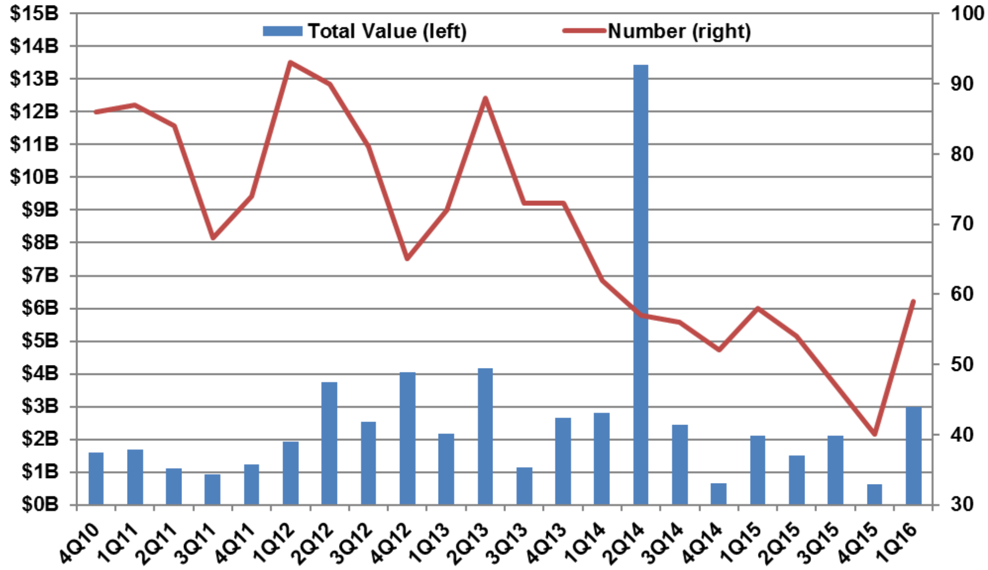


This chart represents a snapshot of current loan maturities by year per the S&P/LSTA Leveraged Loan Index. Loan maturities across the Index are limited over the next several years. The amount of loans due through year end 2016 is $11.2 billion, or 1.3% of loans outstanding.

Source: S&P Capital IQ LCD
S&P/LSTA Leveraged Loan Index consists of all loans that are in the index, namely Term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans, and senior secured

Distressed Market Indicators (continued)

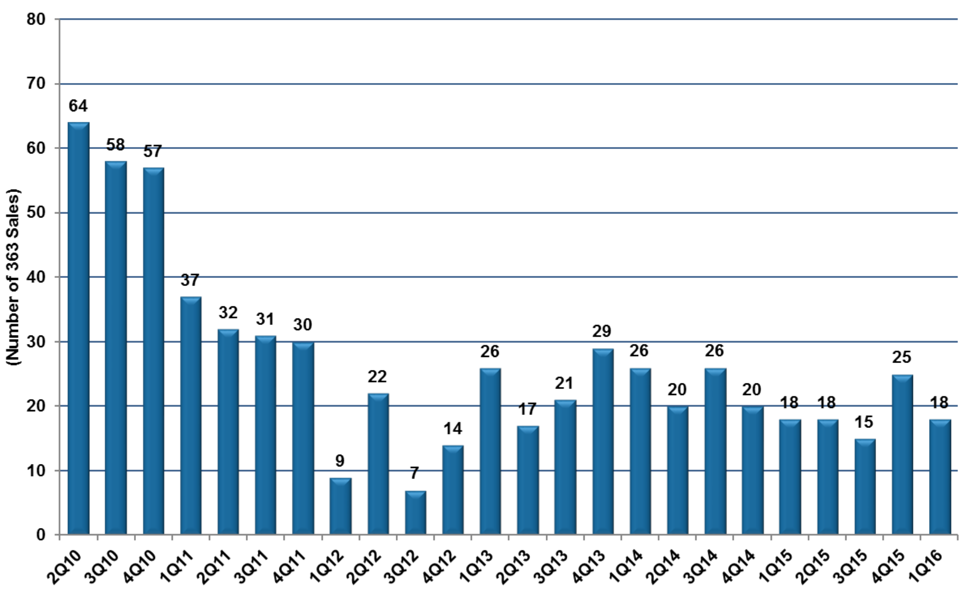
DIP Financings



The number of DIP financings rose to 59 during the First Quarter 2016, with quarterly aggregate DIP dollar volume at almost $3 B.

Note: 2Q14 surge due to Energy Future Holdings' DIP issuance
Source: The Deal

Section 363 Sales



Section 363 asset sale activity fell slightly to 18 transactions during Q1 2016, remaining in the quarterly range of what was observed during the past three years. Aggregate volume is well south of what was witnessed in the years immediately post-Lehman.

Source: The Deal

Select Bankruptcies

459 companies (including their affiliates) with over $10 million of aggregate debt filed for bankruptcy during the First Quarter, 2016 across a variety of sectors. Several large bankruptcies with affiliates accounted for a substantial number of these including Arch Coal and Paragon Offshore. Filings included:

Debtor Name	Petition Date	Liabilities	Assets	Industry	Jurisdiction
Pioneer Health Services, Inc.	3/30/2016	10,000,000 to 100,000,000	10,000,000 to 100,000,000	Health	Southern District of Mississippi
Quantum Fuel Systems Technologies Worldwide, Inc.	3/22/2016	10,000,000 to 100,000,000	10,000,000 to 100,000,000	Oil/Gas, Manufacturing	Central District of California
Liberty Asset Management Corporation	3/21/2016	10,000,000 to 100,000,000	100,000,001 to 500,000,000	Real Estate	Central District of California
American Hospice Management, LLC	3/20/2016	10,000,000 to 100,000,000	10,000,000 to 100,000,000	Health	District of Delaware
Palmaz Scientific Inc.	3/4/2016	10,000,000 to 100,000,000	10,000,000 to 100,000,000	Health, Medical Device	Western District of Texas
GreenHunter Resources, Inc.	3/1/2016	10,000,000 to 100,000,000	10,000,000 to 100,000,000	Oil/Gas, Environmental Services	Northern District of Texas
Forest Park Medical Center, LLC	2/21/2016	10,000,000 to 100,000,000	10,000,000 to 100,000,000	Health	Eastern District of Texas
Emerald Oil, Inc.	3/22/2016	100,000,001 to 500,000,000	100,000,001 to 500,000,000	Oil/Gas	District of Delaware
Seaboard Hotel Associates, LLC	2/3/2016	100,000,001 to 500,000,000	100,000,001 to 500,000,000	Real Estate	District of Delaware
SFX Entertainment, Inc.	2/1/2016	100,000,001 to 500,000,000	500,000,001 to 1 Billion	Entertainment/Recreation, Media	District of Delaware
Cetera Financial Group, Inc.	3/26/2016	500,000,001 to 1 Billion	100,000,001 to 500,000,000	Financial Services	District of Delaware
Venoco, Inc.	3/18/2016	500,000,001 to 1 Billion	100,000,001 to 500,000,000	Oil/Gas, Energy	District of Delaware
Horsehead Metal Products, LLC	2/2/2016	500,000,001 to 1 Billion	Over 1 Billion, but less than 5 Billion	Manufacturing, Metals/Mining	District of Delaware
Aspect Software, Inc.	3/9/2016	Over 1 Billion, but less than 5 Billion	500,000,001 to 1 Billion	Software, Telecommunications/Cable	District of Delaware
The Sports Authority, Inc.	3/2/2016	Over 1 Billion, but less than 5 Billion	Less than 10,000,000	Entertainment/Recreation, Retail	District of Delaware
Republic Airways Holdings Inc.	2/25/2016	Over 1 Billion, but less than 5 Billion	Over 1 Billion, but less than 5 Billion	Airline/Airline Parts/Services, Transportation	Southern District of New York
Paragon Offshore plc	2/14/2016	Over 1 Billion, but less than 5 Billion	Over 1 Billion, but less than 5 Billion	Oil/Gas	District of Delaware
RCS Capital Corporation	1/31/2016	Over 1 Billion, but less than 5 Billion	Over 1 Billion, but less than 5 Billion	Financial Services	District of Delaware
Verso Corporation	1/26/2016	Over 1 Billion, but less than 5 Billion	Over 1 Billion, but less than 5 Billion	Manufacturing	District of Delaware
Arch Coal, Inc.	1/11/2016	Over 5 Billion	Over 5 Billion	Metals/Mining	Eastern District of Missouri

Source: Federal Judiciary

Select Bankruptcies (continued)

Summary (incl. affiliated entities)

Liabilities	Number of Filings (1Q16)
Less than $10,000,000	898
$10,000,000 to $100,000,000	165
$100,000,001 to $500,000,000	45
$500,000,001 to $1 Billion	75
Over $1 Billion, but less than $5 Billion	102
Over $5 Billion	72
Total Filings	**1,357**

Source: Federal Judiciary

Select DIP Financings

Nineteen (19) DIP financings over $25 million were announced during the First Quarter, 2016 across a variety of sectors.

Debtor	Industry	DIP Date	Amount ($ millions)	Margin Over LIBOR	Term/Length of Agreement (months)	Upfront Fee
Southcross Holdings LP[1]	Energy	3/28/2016	85	937	6	2.0%
Republic Airways Holdings Inc.[1]	Transportation	3/24/2016	75	512	12	1.0%
Emerald Oil Inc.	Energy	3/23/2016	130	900	6	2.0%
Venoco Inc.	Energy	3/18/2016	35	1,000	10	1.0%
Aspect Software Parent Inc.	Technology	3/9/2016	30	975	7	3.0%
Sports Authority Holdings Inc.	Retail	3/2/2016	595	790	4	1.3%
Abengoa Bioenergy US Holding, LLC	Energy	2/24/2016	41	1,338	6	3.7%
Arch Coal Inc.	Energy	2/16/2016	100	700	12	3.0%
Sundevil Power Holdings, LLC	Energy	2/11/2016	45	750	5	3.0%
Noranda Aluminum Holding Corp.	Manufacturing	2/8/2016	165	430[2]	9	0.8%[3]
Ryckman Creek Resources, LLC	Energy	2/2/2016	30	750	4	2.0%
SFX Entertainment Inc.[1]	Media	2/2/2016	88	1006[4]	12	4.0%
Horsehead Holding Corp.[1]	Manufacturing	2/2/2016	90	1,138	12	2.0%
Hancock Fabrics Inc.	Textiles	2/2/2016	100	1,200	6	0.5%
RCS Capital Corp.[1]	Financial Services	2/1/2016	100	738	6	1.0%
Verso Corp.	Manufacturing	1/26/2016	775	476[5]	18	1.5%
Walter Energy Inc.[1]	Energy	1/14/2016	50	1,138	3	7.5%
Arch Coal Inc.	Energy	1/11/2016	275	738	13	5.0%
Sherwin Alumina Co., LLC[1]	Manufacturing	1/11/2016	40	900	4	-

[1] Implied margin over 3-month LIBOR as a result of fixed rate pricing
[2] Weighted average rate of a $130M ABL RC at L+250 and a $35M TLA at L+1100
[3] Weighted average rate of .5% commitment fee on $130M ABL RC and 4% commitment fee on $35M TLA
[4] Implied margin over 3-month LIBOR as a result of the weighted average of the fixed rate pricing of a $30M TLA at 10% in cash and a $57.6M TLB at 12% in kind
[5] Weighted average rate of a $100M RC at L+250, $325M RC at L+250, and a $350M TLA at L+750
Sources: S&P Capital IQ LCD, The Deal, and PACER

Select DIP Financings (continued)

Summary Comparison

	Margin over LIBOR	Term / Length of agreement (months)	Upfront Fee
First Quarter 2016:			
Mean ($100MM+)	844	9	2.00%
Median ($100MM+)	764	9	1.50%
Mean ($25-$100MM)	944	7	2.90%
Median ($25-$100MM)	956	6	2.50%
First Quarter 2015:			
Mean ($100MM+)	744	11	2.43%
Median ($100MM+)	725	11	2.56%
Mean ($25-$100MM)	1015	8	0.74%
Median ($25-$100MM)	997	9	0.74%

Sources: S&P Capital IQ LCD, The Deal, and PACER

Pricing was slightly higher in the current quarter for DIPs over $100 mil when compared to the prior year. Fees were higher during the period on smaller DIPs.

Section 363 Sales

Eighteen (18) Section 363 sales were completed during the First Quarter, 2016.

Target	Buyer	Industry	Deal Value ($ in millions)	Date Completed	Deal Description
Vadium Technology Inc.	AlphaCipher Acquisition Corp.	Technology - Computer hardware and software	$0.26	3/30/2016	AlphaCipher Acquisition Corp. agrees to acquire Vadium Technology Inc. with a bid of $255,000.
NYC Constructors Inc.	Banker Steel Co. LLC	Construction	$7.20	3/28/2016	Banker Steel Co. LLC agrees to acquire NYC Constructors Inc. with a bid of $7.2 million.
Boomerang Systems Inc.	Game Over Technology Investors LLC	Technology	---	3/24/2016	Game Over Technology Investors LLC agrees to acquire Boomerang Systems Inc. for an undisclosed credit-bid amount.
Peek, Aren't You Curious Inc.	Charlotte Russe Holding Inc.	Retail	$0.90	3/24/2016	Charlotte Russe Holding Inc. agrees to acquire Peek, Aren't You Curious Inc.'s 12 retail stores and inventory with a bid of nearly $900,000.
Worldwide Transportation Services Inc.	MTG Florida LLC	Transportation	$1.25	3/23/2016	MTG Florida LLC agrees to acquire Worldwide Transportation Services Inc. with a bid of $1.25 million.
Primera Energy LLC	Felderhoff Brothers Drilling	Energy	$0.50	3/2/2016	Felderhoff Brothers Drilling agrees to acquire Primera Energy LLC's 10 leases with a bid of $497,000.
Wyndham Garden Manhattan Chelsea West	Fortuna 37 West 24th Street MT LLC	Leisure	$60.00	2/29/2016	Fortuna 37 West 24th Street MT LLC agrees to acquire Wyndham Garden Manhattan Chelsea West with a bid of $60 million.
Roseville Senior Living Properties LLC	DiNapoli Capital Partners LLC	Real Estate; Healthcare	$39.00	2/26/2016	DiNapoli Capital Partners LLC agrees to acquire Roseville Senior Living Properties LLC with a bid of $39 million.
Raam Global Energy Co.	Highbridge Capital Management LLC; Lincoln Investment Solutions Inc.; American United Life Insurance Co.	Energy - Natural Gas Exploration	$64.94	2/22/2016	Secured lenders American United Life Insurance Co., Highbridge Capital Management LLC and Lincoln Investment Solutions Inc. are the stalking-horse bidders to acquire Raam Global Energy Co. with a $64.94 million offer.
Walter Energy Inc. - Gauley Eagle, Maple, Taft and Walter Coke assets	ERP Compliant Coke LLC; ERP Environmental Fund Inc.; Seminole Coal Resources LLC	Metals	---	2/12/2016	Seminole Coal Resources LLC, ERP Compliant Coke LLC and ERP Environmental Fund Inc. acquired Walter Energy Inc.'s Gauley Eagle, Maple, Taft and Walter Coke assets with a bid of $1 in cash plus assumed liabilities.
Diverse Energy Systems LLC	Cimarron Energy Inc.	Energy	$5.45	2/1/2016	Cimarron Energy Inc. agrees to acquire Diverse Energy Systems LLC with a bid of $5.45 million.
New Horizons Health Systems Inc.	HealthPoint Family Care Inc.; St. Elizabeth Healthcare	Healthcare	$0.65	2/1/2016	St. Elizabeth Healthcare and HealthPoint Family Care Inc. agree to acquire New Horizons Health Systems Inc. with a bid of $650,000.
MediaShift Inc.	MediaShift Holdings Inc.	Advertising/ Marketing	$11.77	1/29/2016	MediaShift Holdings Inc. agrees to acquire Mediashift Inc. with a bid of $11.77 million
Parallel Energy LP	Scout Energy Partners	Energy - Natural Gas Exploration	$110.00	1/28/2016	Private equity firm Scout Energy Partners is the stalking-horse bidder to acquire Parallel Energy LP with a $110 million offer.
Cardiac Science Corp.	CFS 915 LLC	Healthcare	$65.00	1/27/2016	CFS 915 LLC agrees to acquire Cardiac Science Corp. with a credit bid of $65 million and any amount outstanding under a debtor-in-possession loan.
Archdiocese of Saint Paul and Minneapolis - Hayden Center building	Minnesota Historical Society	Real Estate	$4.50	1/7/2016	Minnesota Historical Society agrees to acquire Archdiocese of Saint Paul and Minneapolis' Hayden Center building with a bid of $4.5 million

Section 363 Sales (continued)

Target	Buyer	Industry	Deal Value ($ in millions)	Date Completed	Deal Description
DigitalSound Production Services Inc.	Production Resource Group LLC; Full Throttle Films LLC	Technology; Media	$6.40	1/7/2016	Production Resource Group LLC and Full Throttle Films LLC agree to acquire DigitalSound Production Services Inc. with a bid of $6.4 million of cash and assumed liabilities.
University General Hospital - Houston	Foundation Healthcare Inc.	Healthcare	$33.00	1/4/2016	Foundation HealthCare Inc. won the auction to acquire University General Hospital in Houston from University General Health System Inc. for $33 million.

Source: The Deal

Amend & Extend Deals

Sixteen (16) Amend & Extend deals were announced during the First Quarter, 2016, continuing a recent trend with a majority of extensions for a period in excess of 24 months.

Name	Amend Deal Date	S&P Loan Rating	Moody's Loan Rating	Extension
Griffon Corp.	3/23/2016	BB+	NR	12 months
Capsugel Inc.	3/22/2016	B+	Ba3	35 months
First Data Corp.	3/22/2016	BB	B1	36 months
Murphy Oil USA Inc.	3/17/2016	NR	NR	60 months
AWAS Aviation Capital Ltd.	3/8/2016	BBB	Ba2	24 months
Suburban Propane LP	3/4/2016	NR	NR	50 months
Neff Rental Inc.	3/2/2016	NR	NR	27 months
Aspect Software Inc.	2/19/2016	CCC	B3	1 months
Churchill Downs Inc.	2/19/2016	NR	NR	33 months
Carriage Services Inc.	2/12/2016	NR	NR	23 months
Supervalu Inc.	2/4/2016	NR	NR	24 months
LKQ Corp.	2/3/2016	BB+	NR	20 months
TreeHouse Foods Inc.	2/2/2016	BBB-	NR	21 months
Ixia	2/1/2016	NR	NR	24 months
ADS Waste Holdings Inc.	1/20/2016	B+	B2	24 months
Mattress Firm	1/15/2016	BB	NR	24 months

Source: S&P Capital IQ LCD

Notes

- Sources: S&P, Moody's, The Deal, and others as indicated.
- The charts and graphs used in this report have been compiled by SOLIC Capital Advisors solely for purposes of illustration.

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$33,000,000

UNIVERSITY GENERAL HEALTH SYSTEM

has been acquired by

Foundation HealthCare

pursuant to Section 363 of the U.S. Bankruptcy Code

Financial Advisor to Official Committee of Unsecured Creditors

As a physician owned hospital system, **University General Health Systems (“UGHS”)** and its subsidiaries provided inpatient, outpatient, and ancillary services including inpatient/outpatient surgery, heart catheterization procedures, physical therapy, diagnostic imaging, and respiratory therapy, sleep lab, speech therapy, bariatrics, orthopedics, lab, and wound care across various locations within the greater Houston, Texas metro area.

UGHS filed for Chapter 11 bankruptcy protection as a result of numerous operational challenges such as unfavorable payor contracts, reduced government reimbursements, and reduced surgical volumes due to physician defections. In addition, UGHS experienced multiple failed acquisitions that led to large financial losses that the hospital could not overcome. Ultimately, the hospital ran out of cash and was forced to file bankruptcy to preserve its core asset, the Houston hospital.

SOLIC was engaged as financial advisor to UGHS Unsecured Creditors Committee to provide the following services:

- Review and analyze Debtors’ financial statements, analyses, and bankruptcy filings
- Monitor hospitals financial performance and continuously assess Debtors’ cash flow liquidity and ability to meet its payment obligations
- Prepare preliminary valuation of Debtors’ assets to determine potential range of recovery to UCC
- Review Debtors’ DIP financing agreement and various competing bids
- Advise the Committee of any strategic alternatives contemplated by the Debtors

As a result of SOLIC’s engagement, the hospital was sold to Foundation Healthcare under Section 363 of the U.S. Bankruptcy Code. The SOLIC team also negotiated various terms of the DIP financing agreement with its senior lender. SOLIC, in working alongside counsel, identified multiple litigation opportunities (including opportunities to pursue funds from affiliated assisted living facility) that are currently being pursued.