

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 US 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 over \$1 million, and exclude individual and involuntary cases.

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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 publication of the 4th Quarter 2014 Report for the **Polsinelli/TrBK Distress Indices**. The indices use filtered Chapter 11 filings as a proxy for measuring distress in the overall U.S. economy and certain subsectors.

4th

Quarter 2014
HIGHLIGHTS

The **Chapter 11 Distress Research Index** was 40.78 for the fourth quarter of 2014. This represents a decline of almost 60% in the index from the start of the index measurement period in the fourth quarter of 2010, and a small decline of approximately 2.5 points from the third quarter index. Compared to the same period one year ago, the index has dropped by just over 26%. The Chapter 11 Distress Research Index has shown a decline in every quarter since 2010 except one (2013-Q2).

The **Real Estate Distress Research Index** was 32.61 for the fourth quarter of 2014. This represents a small decline of just over 2 points from the third quarter index, and a decline of over 65% since the fourth quarter of 2010. Compared to the same period one year ago, the index has dropped by almost 33%.

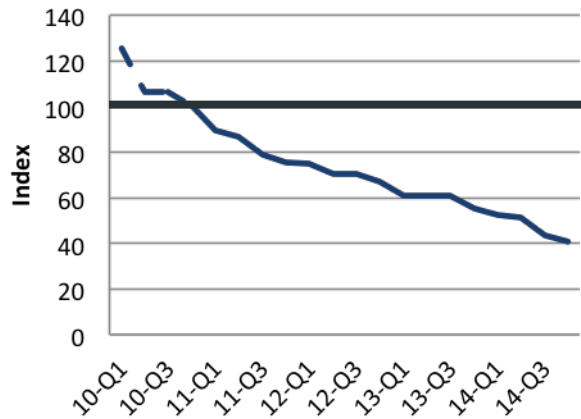
The **Healthcare Services Distress Research Index** held at 138.33 for the fourth quarter of 2014, the same as it registered in the third quarter. Since the benchmark period of the 4th quarter of 2010, the index has increased by more than 38%. Compared to the same period one year ago, the index has increased by almost 41%.

While both the Chapter 11 and Real Estate Indices continue to see significant drops since 2010 back to pre-recessionary levels, the Healthcare Services Index indicates an upward trend. Furthermore, 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 15.68% now, while healthcare services filings have increased from 1.11% in 2010 to 3.76%.

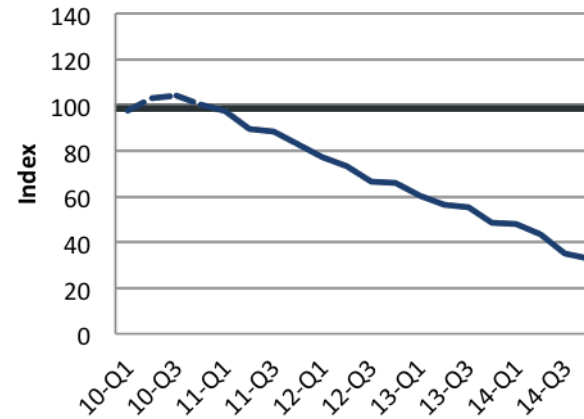
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DISTRESS INDICES

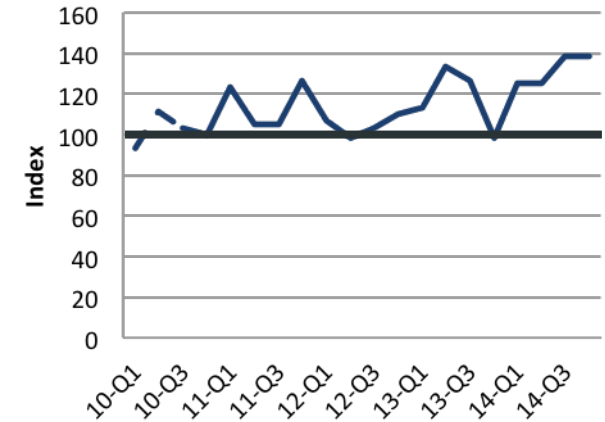
Chapter 11 Distress Index



Real Estate Distress Index



Healthcare Services Distress Index



Polsinelli | TrBK Distress Indices: 4th Quarter 2014

Chapter 11 Distress Research Index

40.78

Max: 100.00 in 10-Q4
Min: 40.78 in 14-Q4

Real Estate Distress Research Index

32.61

Max: 100.00 in 10-Q4
Min: 32.61 in 14-Q4

Healthcare Services Distress Research Index

138.33

Max: 138.33 in 14-Q3 & 14-Q4
Min: 98.33 in 12-Q2 & 13-Q4

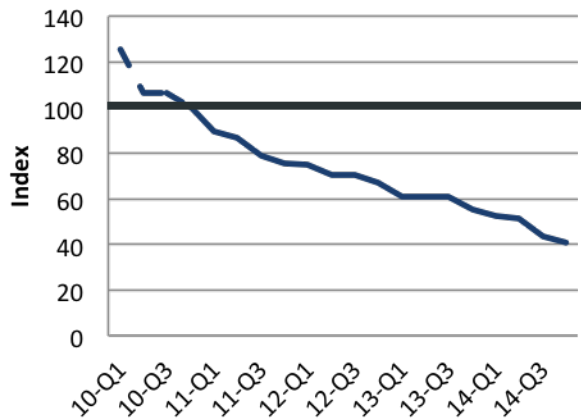
Indices based on trailing four quarter average, with trailing four quarters ending 10-Q4 equaling 100 as index baseline; minimum and maximum values based on 10-Q4 index value and forward



CHAPTER 11

DISTRESS RESEARCH INDEX

Chapter 11 Distress Index



For the fourth quarter of 2014, the Polsinelli/TrBK Chapter 11 Distress Research Index was 40.78. This represents a drop of approximately 2.5 points from the third quarter index, and a drop of almost 15 points against the same period one year ago.

Current	Last	1 Year
40.78	43.41	55.33

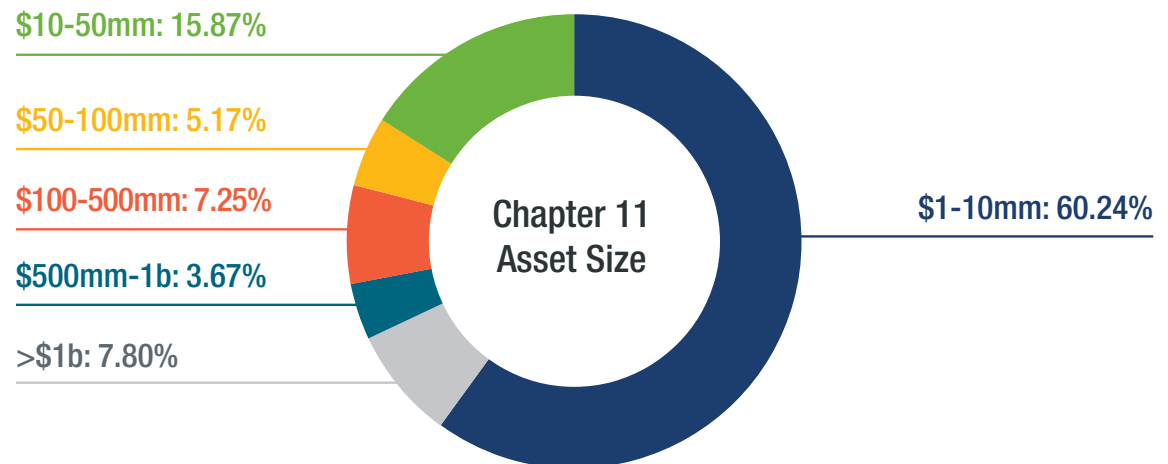
The Chapter 11 Distress Index shows a steady decline against its 2010 benchmark. It has never exceeded the benchmark since 2010, and only in one quarter (2013-Q2) has it been higher than the prior quarter.

Volatility

Case filing numbers measured in the Polsinelli/TrBK Chapter 11 Distress Research Index have shown significant volatility over the seventeen-quarter period from 2010-Q4 until now. During that period, filing numbers declined 9 quarters compared to the prior quarter, and increased 7 quarters compared to the prior quarter. The volume of declines far exceeded any increases, 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 fifteen quarters compared to the prior quarter, and increased only once, thus reflecting the significant downward trend in general filing levels.

Asset Size

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





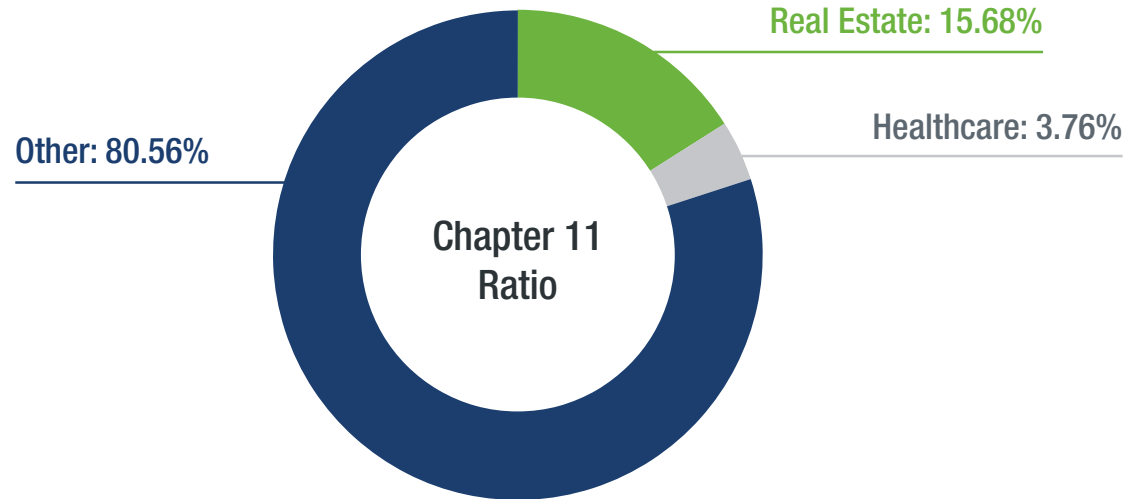
CHAPTER 11

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 for the current quarter made up 15.68% of the total filings counted in the Chapter 11 index. This percentage has fallen for each of the last 3 quarters, and is the lowest ratio of real estate filings to total filings for the index measurement period. The comparison is 19.62% for the benchmark period ending 2010-Q4.

Healthcare services filings measured in the Polsinelli/TrBK Healthcare Services Distress Research Index have moved from 1.11% in the benchmark period to 3.76% of total index-measured filings in the current trailing four-quarters. This percentage has increased for each of the last 3 quarters and is the highest ratio of healthcare filings to total filings for the index measurement period.



4th

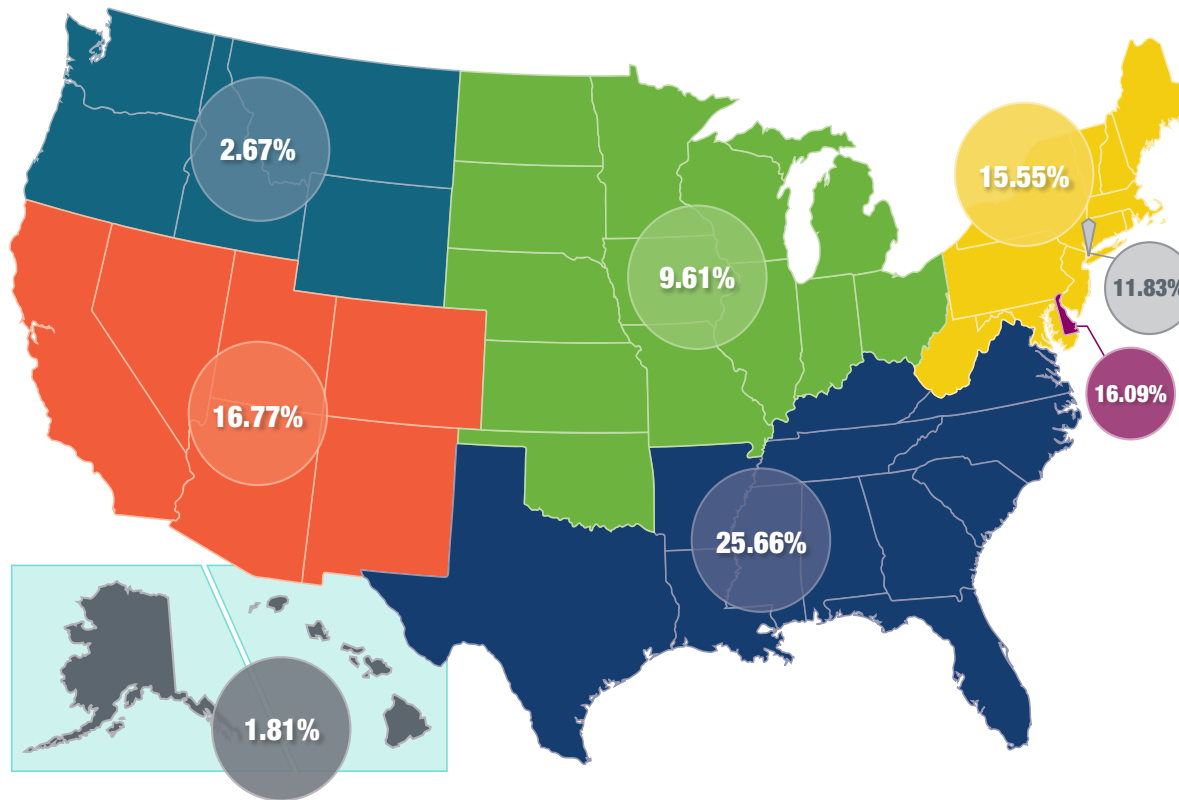
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DISTRESS RESEARCH INDEX

Geography

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



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.

GEOGRAPHIC REGIONS



4th

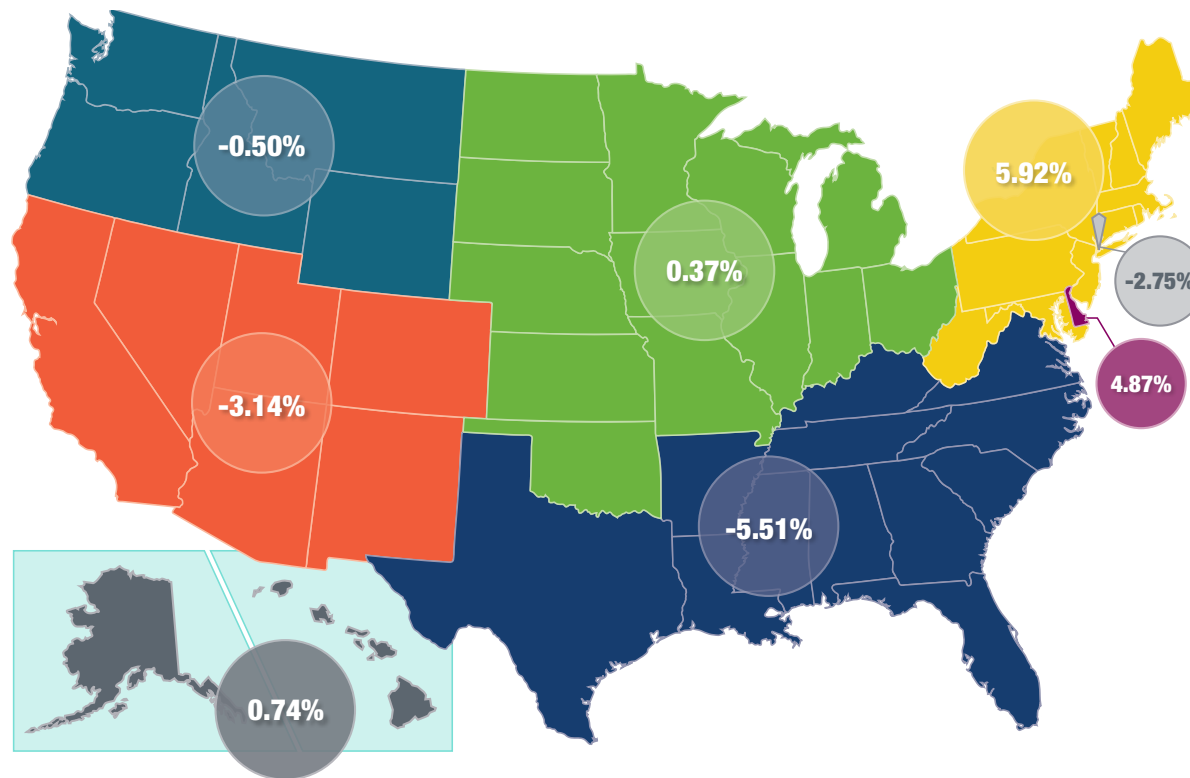
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CHAPTER 11

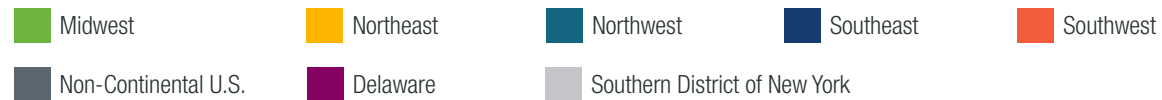
DISTRESS RESEARCH INDEX

Change in Geography 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:



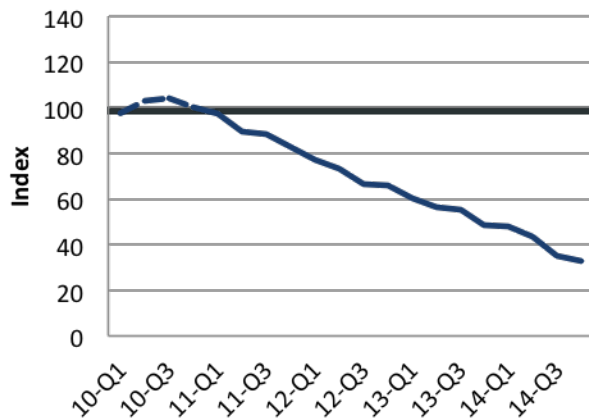
GEOGRAPHIC REGIONS





REAL ESTATE DISTRESS RESEARCH INDEX

Real Estate Distress Index



For fourth quarter of 2014, the Polsinelli/TrBK Real Estate Distress Research Index was 32.61. This represents a decline of just over 2 points from the third quarter index, and a drop almost 16 points from the same period one year ago.

Current	Last	1 Year
32.61	34.97	48.44

The Real Estate Distress Research Index continues as the only one of the Polsinelli/TrBK Distress Indices that has declined in every quarter since inception.

Volatility

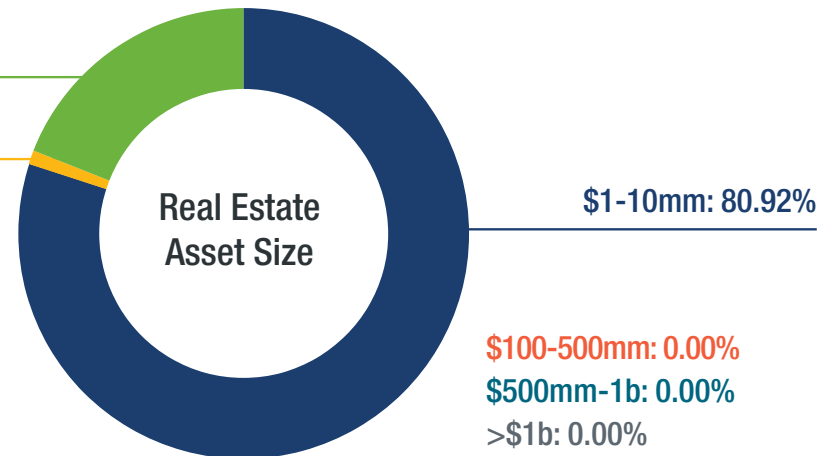
Similar to the Chapter 11 Distress Research Index, case filings measured in the Real Estate Distress Research Index show a high level of volatility quarter-on-quarter. For the seventeen quarter period, filing numbers declined 10 quarters compared to the prior quarter, and climbed 6 quarters compared to the prior quarter. 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:

\$10-50mm: 18.50%

\$50-100mm: 0.58%

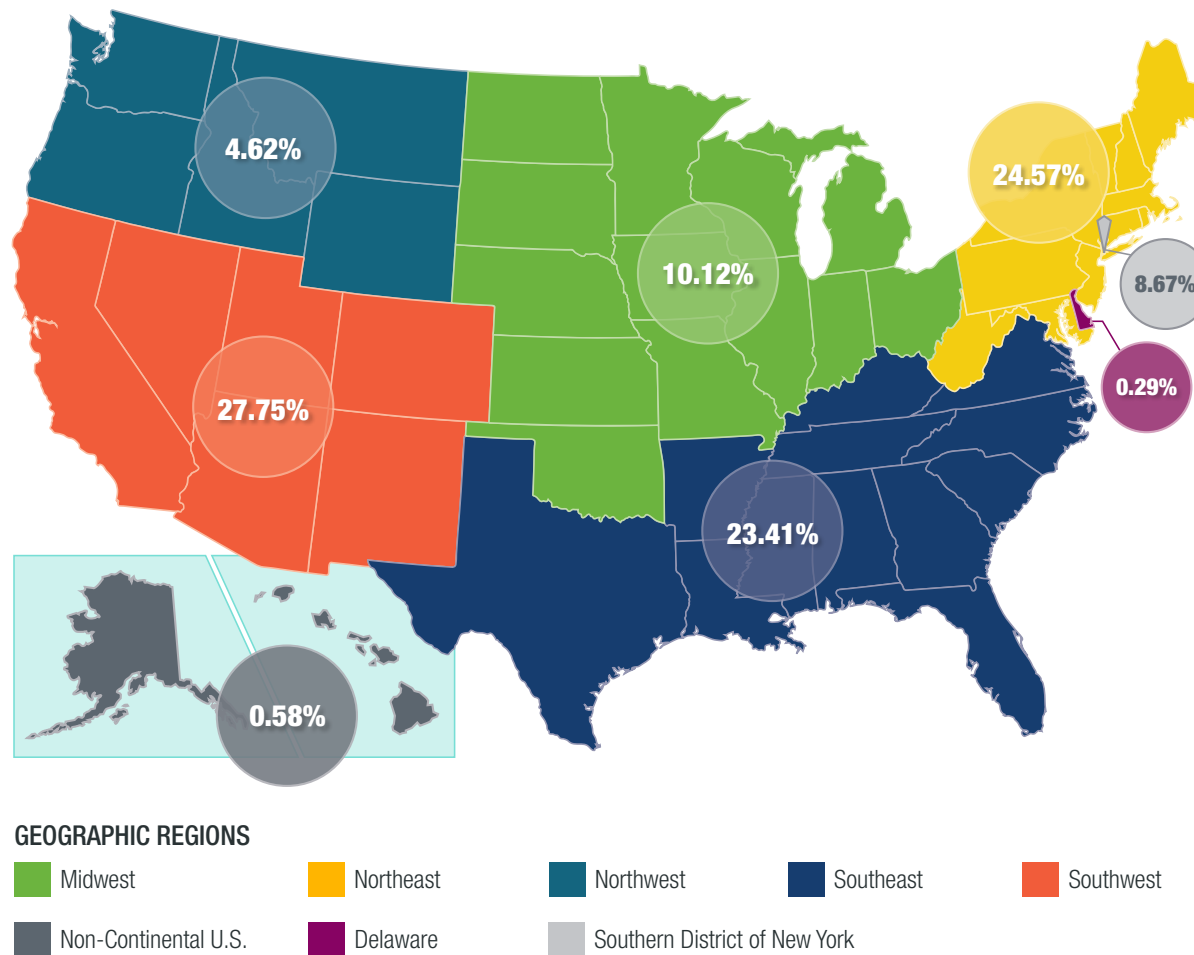


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REAL ESTATE DISTRESS RESEARCH INDEX

Geography

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



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.

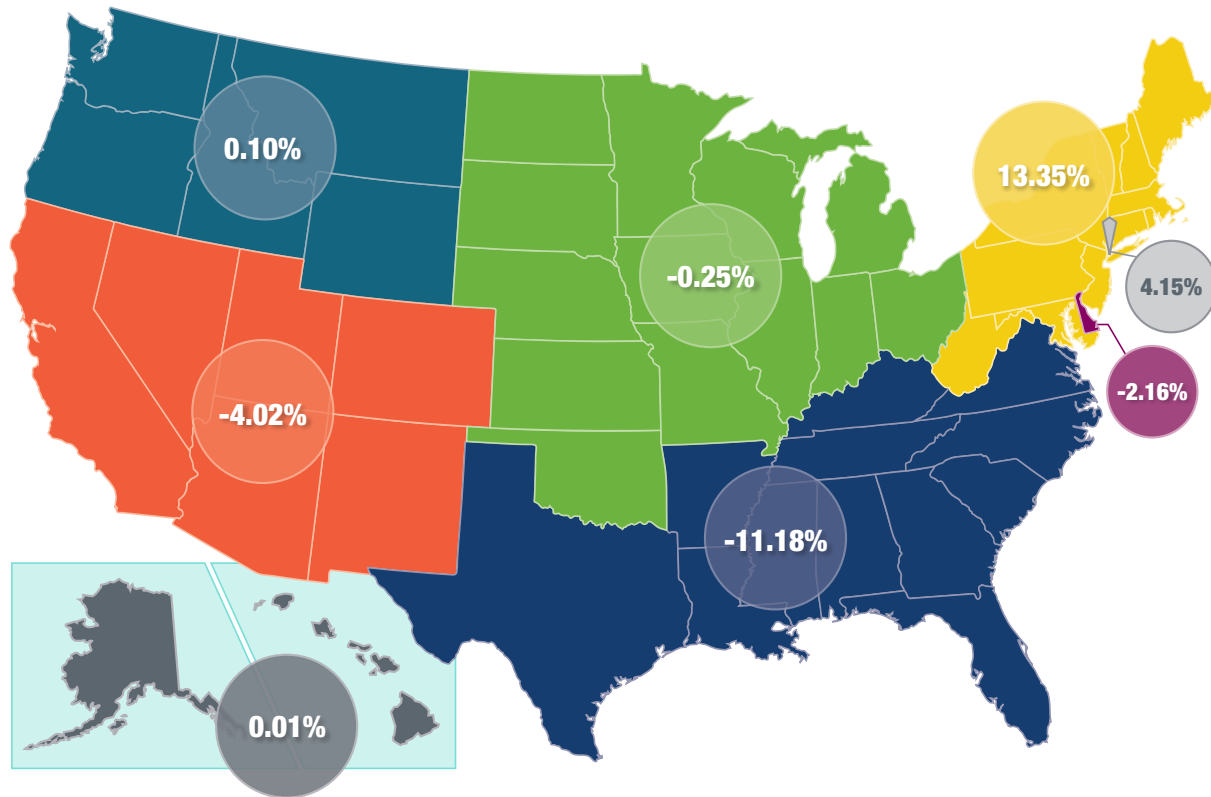
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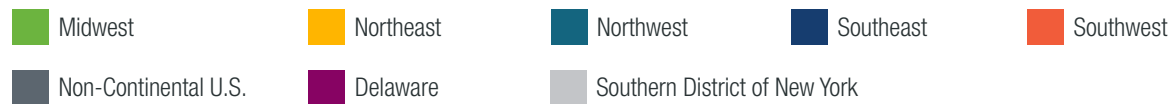
REAL ESTATE DISTRESS RESEARCH INDEX

Change in Geography Since Benchmark Period

Looking at the difference in geographic breakdowns of index filings now versus the benchmark period of fourth quarter 2010 shows the following:



GEOGRAPHIC REGIONS

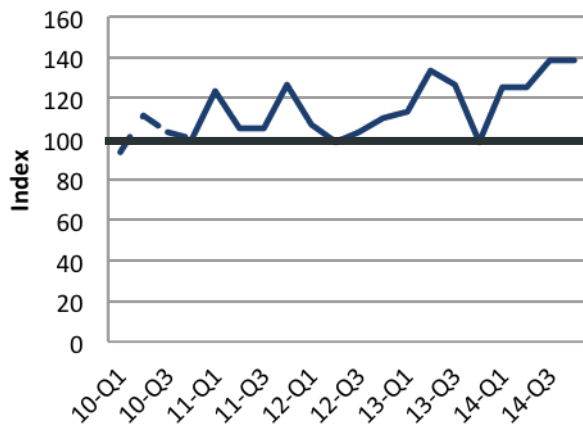




HEALTHCARE SERVICES

DISTRESS RESEARCH INDEX

Healthcare Services Distress Index



For the fourth quarter of 2014, the Polsinelli/TrBK Healthcare Services Distress Research Index held at 138.33. This is the same as the prior quarter. In contrast to a general decline in bankruptcy filings since 2010, the trend line since the fourth quarter of 2010 continues upward, although flat for the current quarter.

Current	Last	1 Year
138.33	138.33	98.33

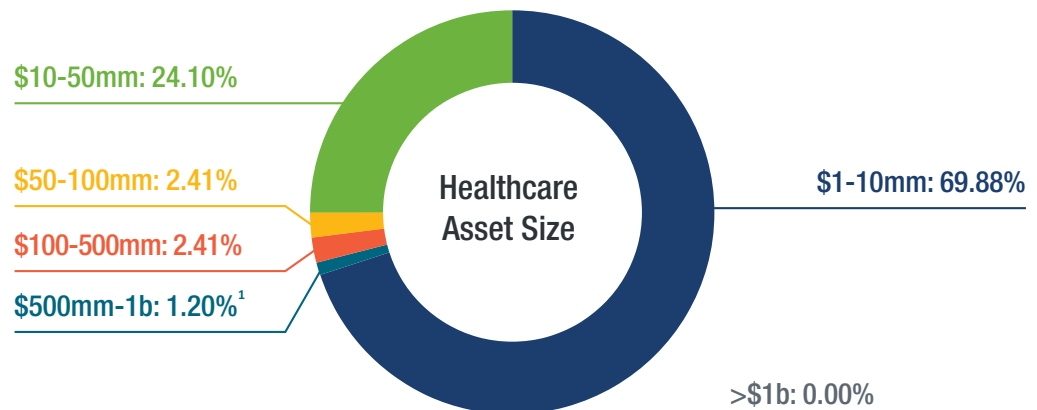
Only twice since 2010 has the index fallen below 100, and each time it was in the high 90's (2012-Q2 and 2013-Q4).

Volatility

Case filing numbers measured in the Healthcare Services Distress Research Index show the same volatility as the other Polsinelli/TrBK Distress Indices: filing numbers declined 10 quarters compared to the prior quarter, and increased 6 quarters compared to the prior quarter, from 2010-Q4 until now. For the Healthcare Services Index, however, the volume of increased filings has outstripped declines. 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:



¹ One Index Company listed its assets in the \$500mm-1b range; a review of the filing indicates that its assets were actually closer to the \$1-10mm range.

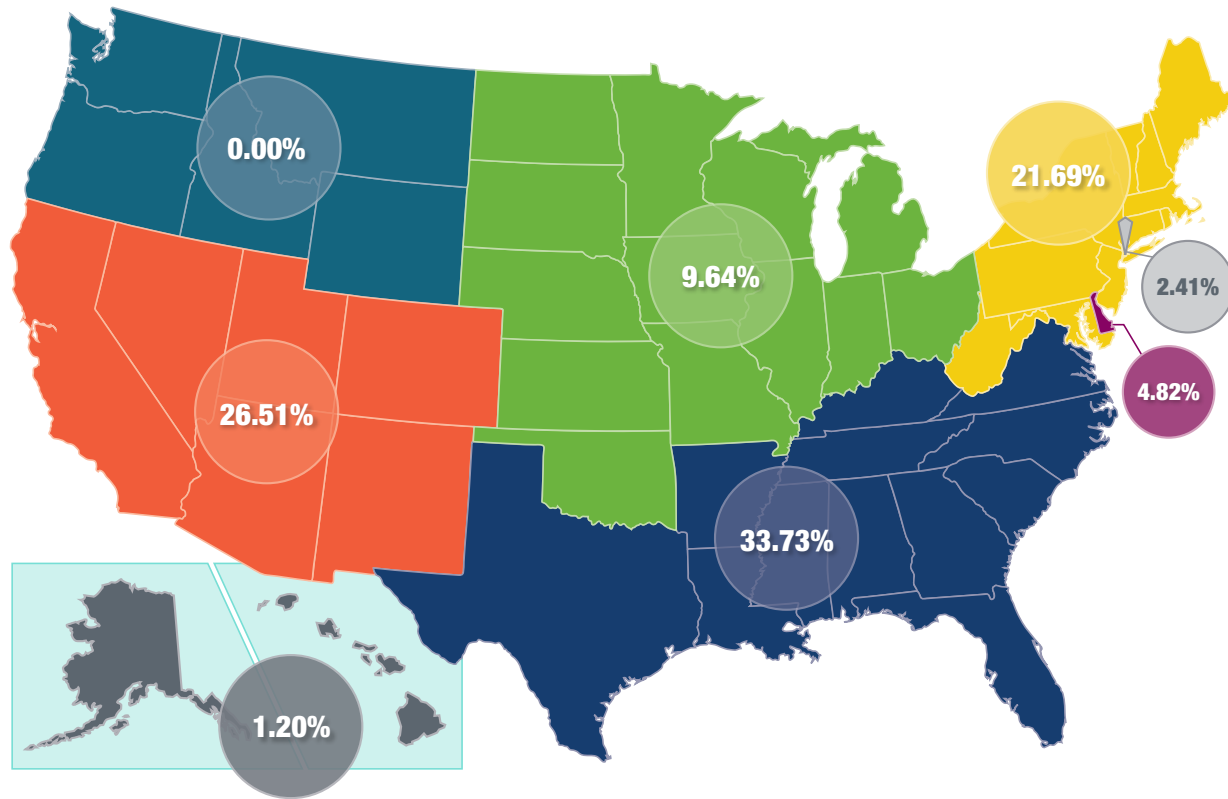
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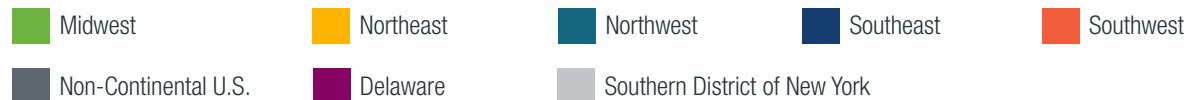
Geography

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GEOGRAPHIC REGIONS



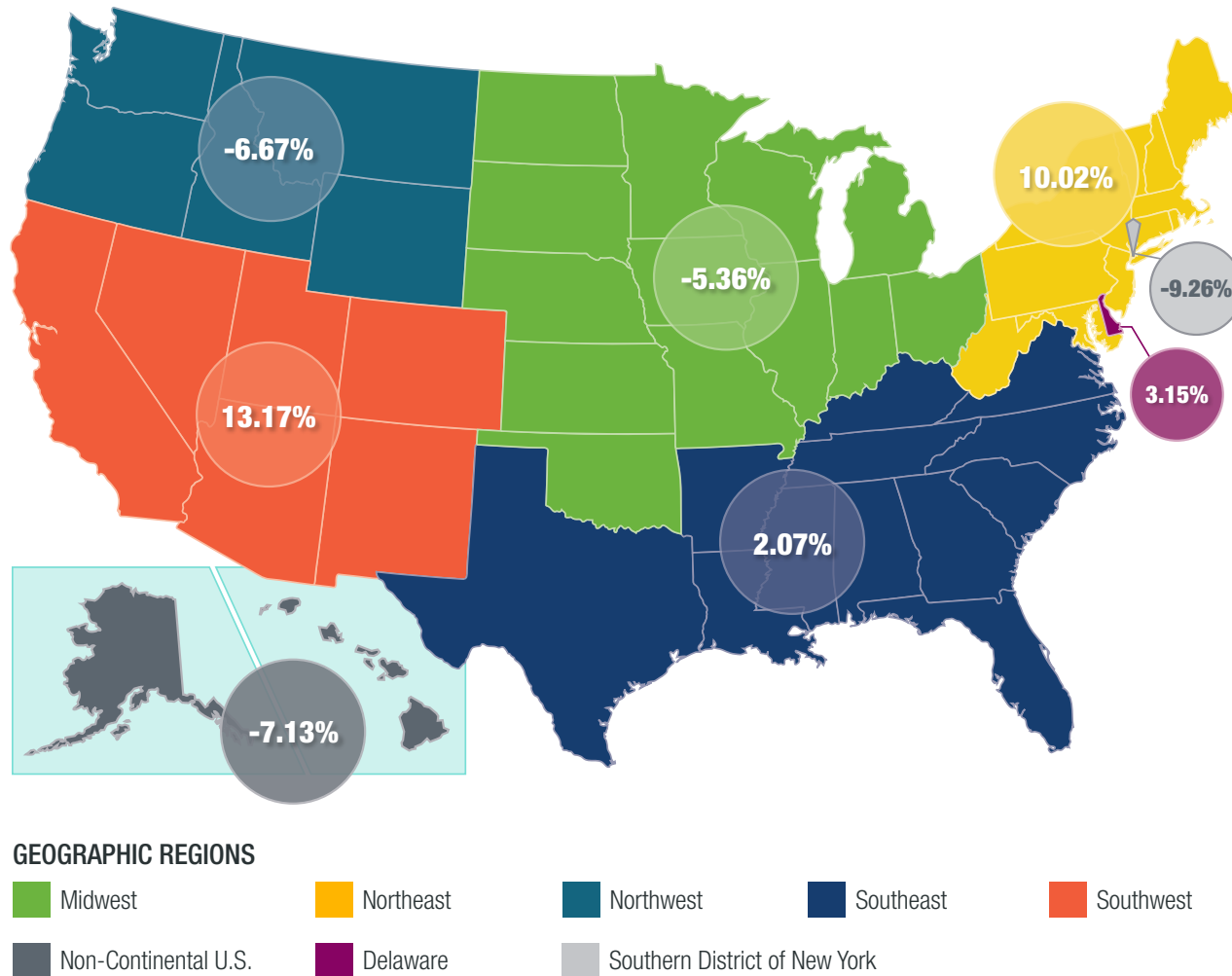
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HEALTHCARE SERVICES

DISTRESS RESEARCH INDEX

Change in Geography Since Benchmark Period

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DISTRESS INDICES

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

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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, including patent pending. 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 [615.259.1151](tel:615.259.1151) 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.