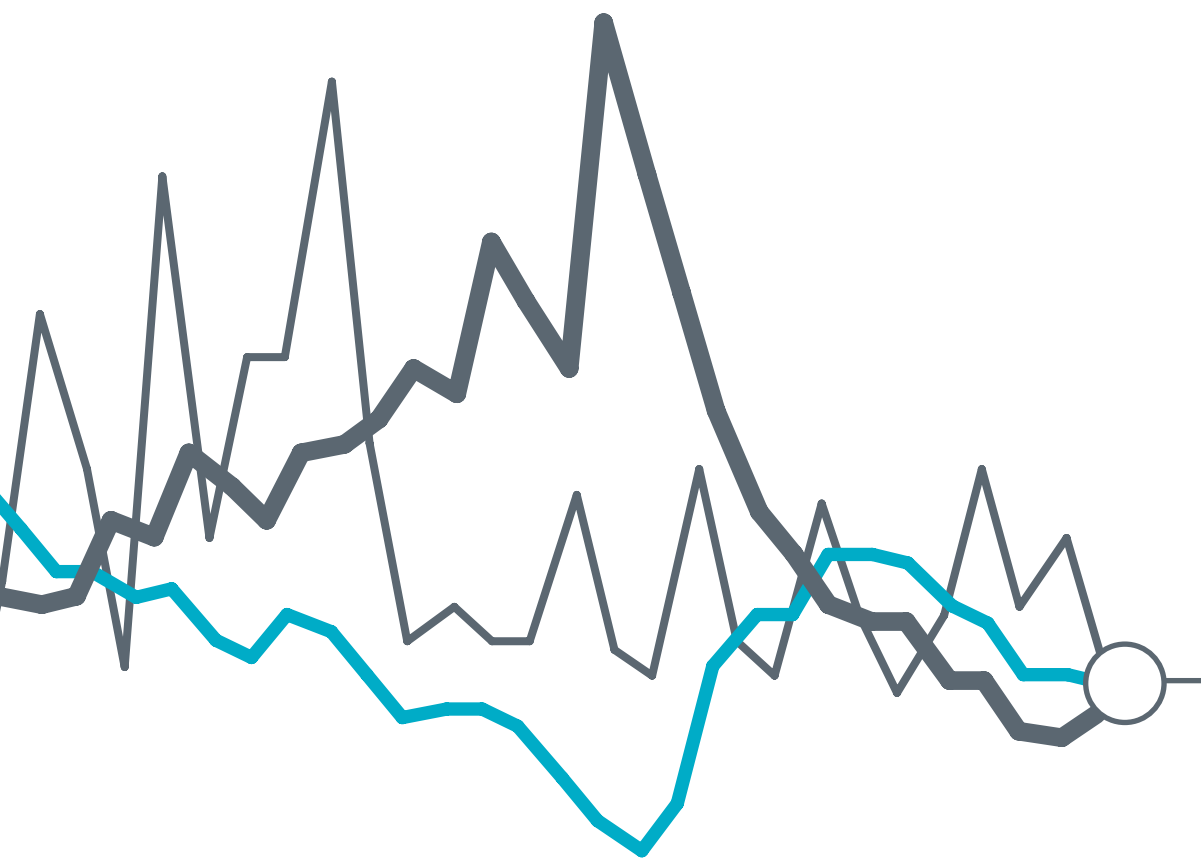


3rd

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

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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 3rd Quarter 2015 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.

3rd Quarter 2015 HIGHLIGHTS

The **Chapter 11 Distress Research Index** was 42.89 for the third 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. The index has increased by almost 5 points versus the last period. Compared to the same period one year ago, the index is less than one point off of its prior value.

The **Real Estate Distress Research Index** was 27.71 for the third quarter of 2015. This represents an increase of approximately 2.5 points from the second quarter index, although a decline of approximately 72% since the fourth quarter of 2010. Compared to the same period one year ago, the index has dropped by just under 21%.

The **Healthcare Services Distress Research Index** was 98.33 for the third quarter of 2015. This represents a decrease of 15 points since the second quarter of 2015. Since the benchmark period of the fourth quarter of 2010, the index is now down by just under 2%. Compared to the same period one year ago, the index has decreased by almost 29%.

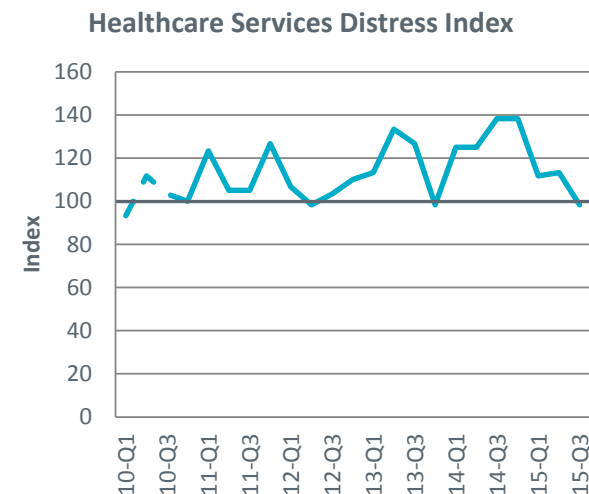
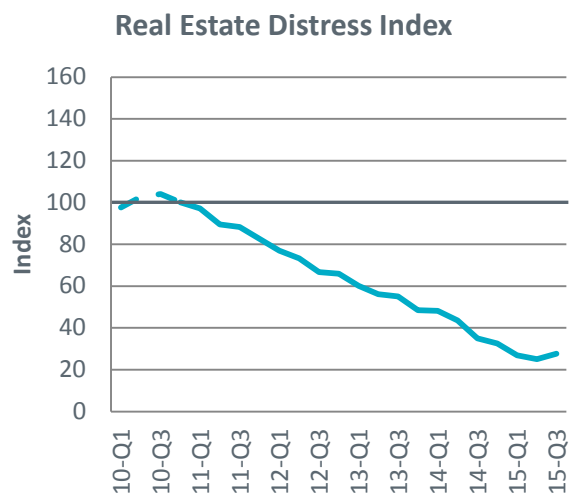
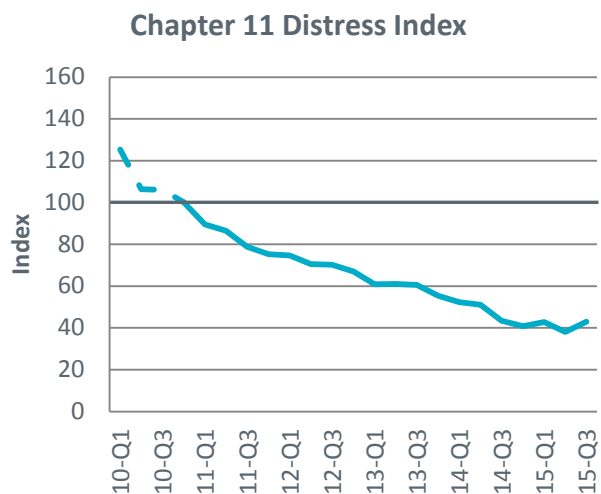
While the Administrative Office of the U.S. Courts released a report last week (available [here](#)) indicating that business bankruptcy filings have fallen by almost 12% year-on-year through September 2015, the Chapter 11 Index suggests the trend is different among the narrower set of mid-market and bulge-bracket Chapter 11 company filings measured by the index.

The Chapter 11 Index appears to have stabilized at pre-recessionary levels. After dramatic declines for four years, the Chapter 11 Index has remained within a range of 5 points for the last year and is within approximately a half-point of one year ago. Thus, mid-market and large company distress does not appear to be declining further like the broader trend reported by the U.S. Courts.

Similarly, the Real Estate Index appears to have stabilized at pre-recessionary levels, and has moved within a range of 7 points for the last year. This quarter registered its first upward movement since the beginning of the index measurement period. The Healthcare Services Index is the only one of the Indices which has fallen in the current quarter. It shows the most continuing volatility, having climbed to reach a high of 138.33 in the last two quarters of 2014 and now having fallen to just under 100.

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 12.67% now, which is comparable with the last two quarters (12.32% in the first quarter 2015 and 12.92% in the second quarter 2015). Healthcare services filings have increased from 1.11% in 2010 to 2.54% now, which is significantly less than the 3.76% represented 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: 3rd Quarter 2015

Chapter 11 Distress Index

42.89

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

Real Estate Distress Index

27.71

Max: 100.00 in 10-Q4
Min: 25.07 in 15-Q2

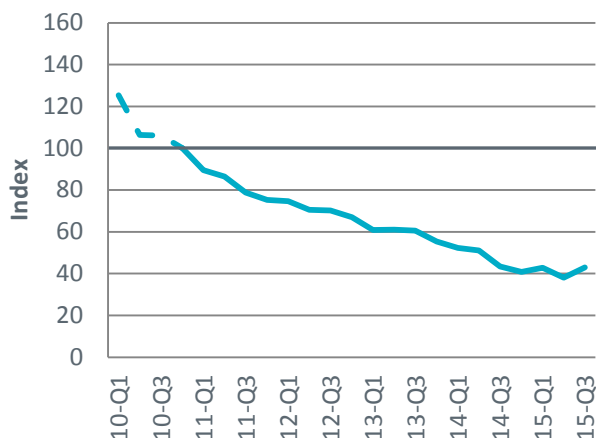
Healthcare Services Distress Index

98.33

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



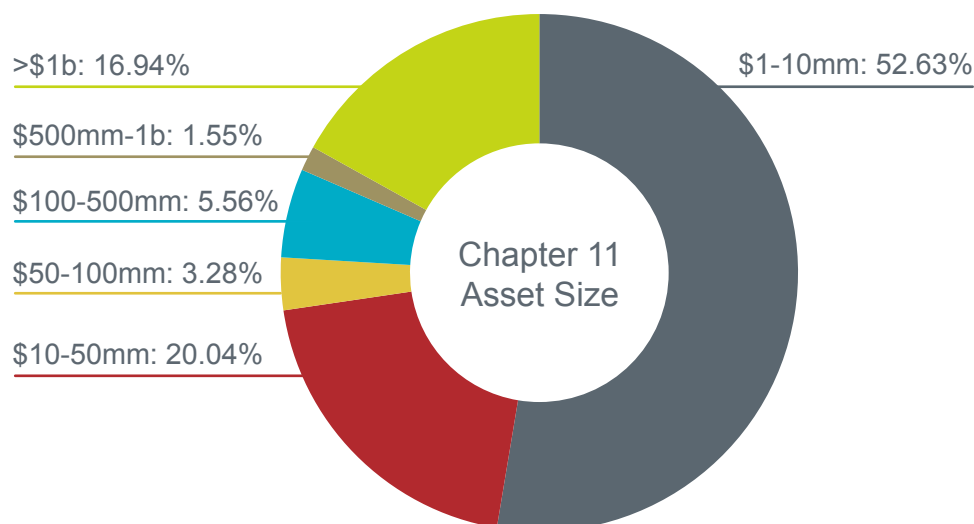
For the third quarter of 2015, the Polsinelli|TrBK Chapter 11 Distress Research Index was 42.89. This represents an increase of almost 5 points from the second quarter index, and is within 1 point of the index for the same period one year ago.

Current	Last	1 Year
42.89	38.07	43.41

While the Chapter 11 Distress Index has declined significantly against its 2010 benchmark, it appears to have stabilized in the last year around approximately 40. It has never exceeded the benchmark since 2010, but it has been higher than the prior quarter on three occasions.

Volatility

Case filing numbers measured in the Polsinelli|TrBK Chapter 11 Distress Research Index have shown significant volatility over the twenty-quarter period from 2010-Q4 until now. During that period, filing numbers declined 10 quarters compared to the prior quarter, and increased 9 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 three 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 second increase was almost 2 points in the first quarter of 2015, and the third increase is almost 5 points in the current quarter, suggesting that the index has hit a shelf and may be trending back upwards.





CHAPTER 11

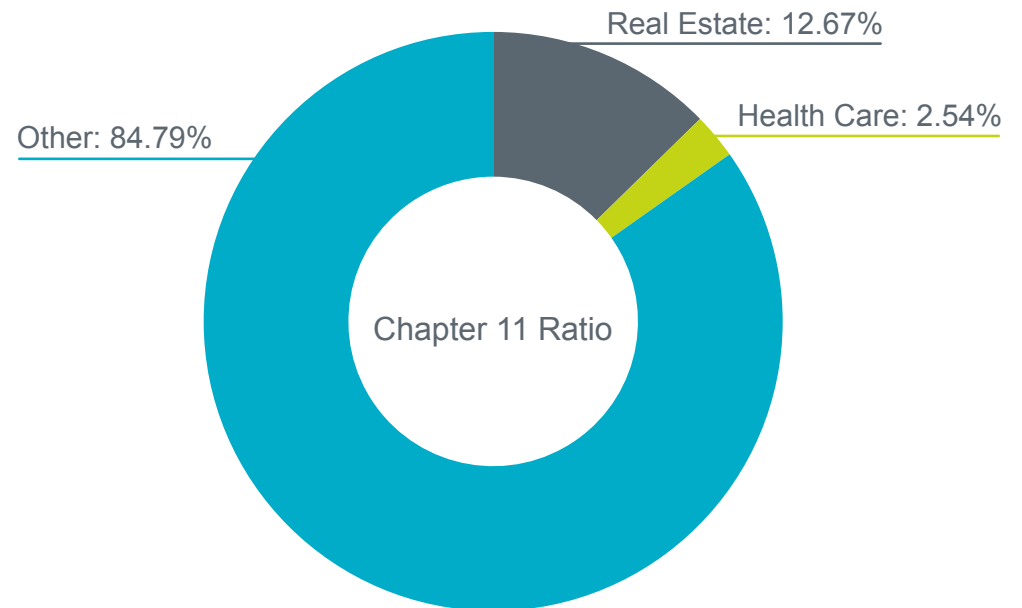
DISTRESS RESEARCH INDEX

November 2015

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 12.67% of the total filings counted in the Chapter 11 index. This percentage is consistent with the prior two quarters, which registered 12.32% and 12.92% respectively. The current quarter represents the first increase in the Index since the index measurement period in the fourth quarter of 2010.

Healthcare services filings measured in the Polsinelli|TrBK Healthcare Services Distress Research Index made up 2.54% of filings in the current period, down from 2.90% 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.

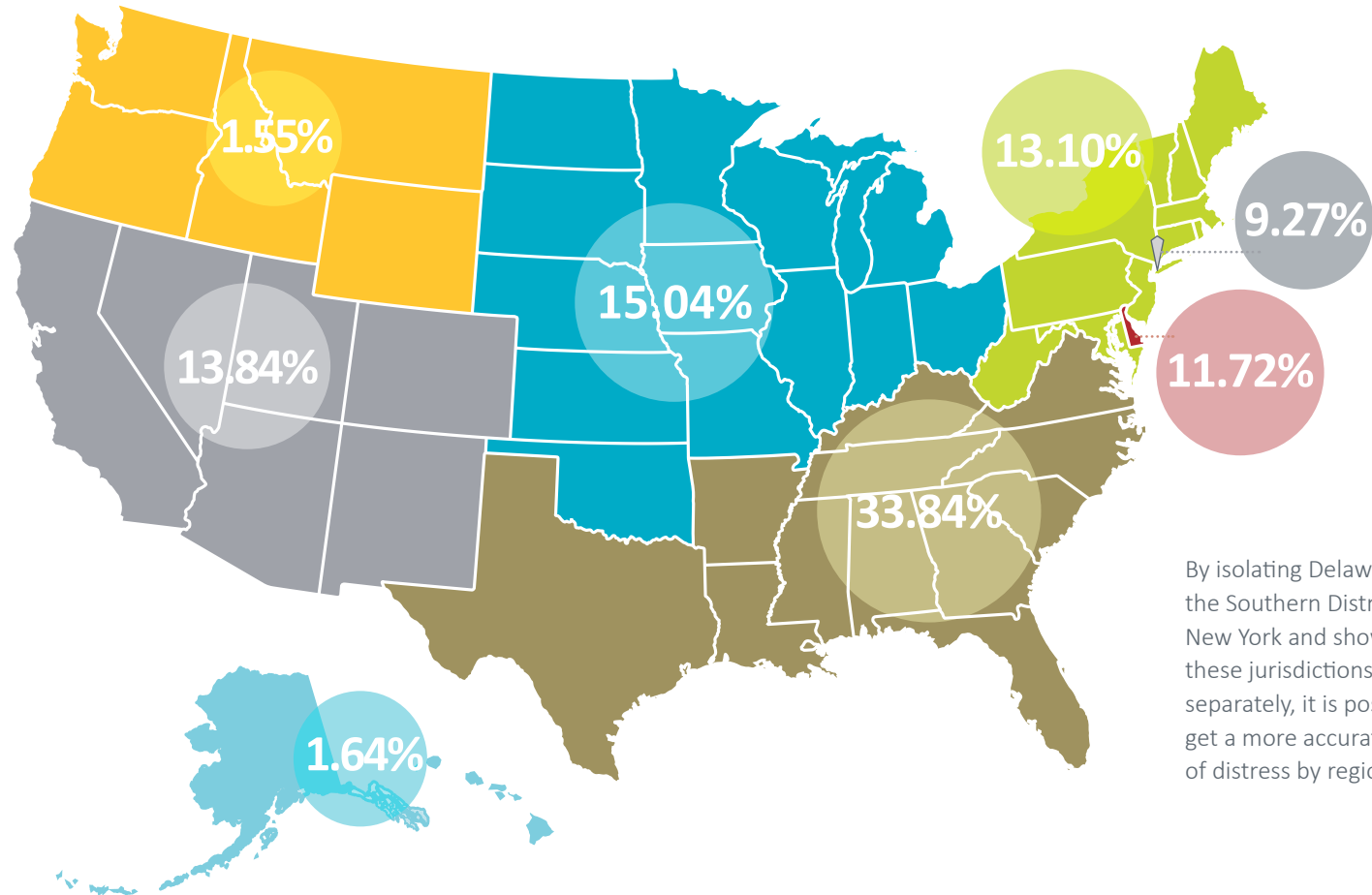


Geography

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



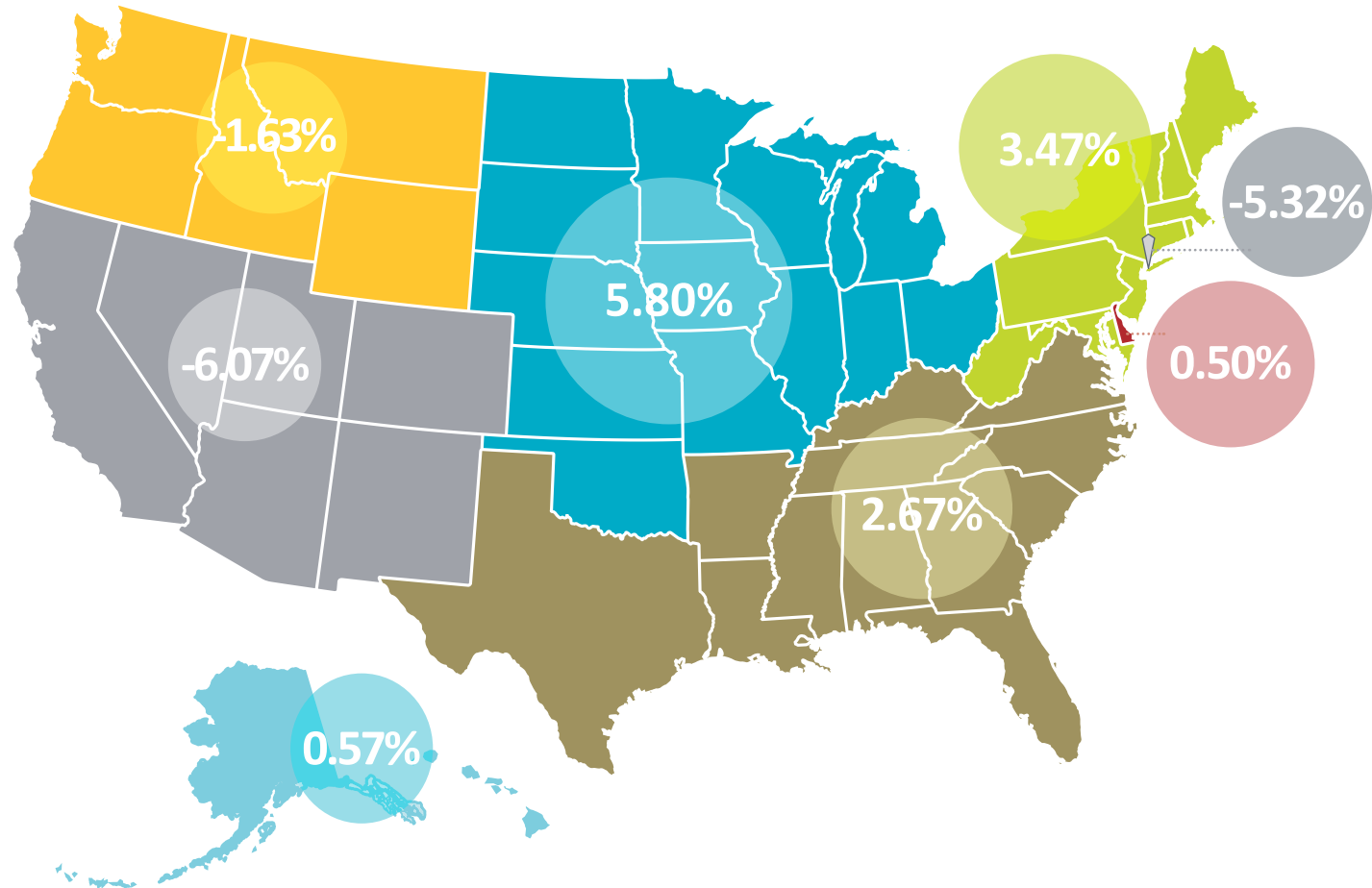
By isolating Delaware and the Southern District of New York and showing these jurisdictions separately, it is possible to get a more accurate picture of distress by region.

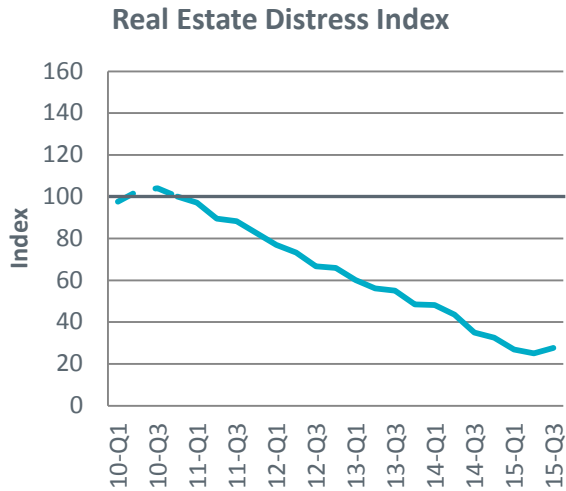
Change in Geographic Distribution Since Benchmark Period

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





For the third quarter of 2015, the Polsinelli | TrBK Real Estate Distress Research Index was 27.71. This represents the first increase in the Index since the measurement period in 2010-Q4, and an increase of just over 2.5 points since the last quarter.

Current	Last	1 Year
27.71	25.07	34.97

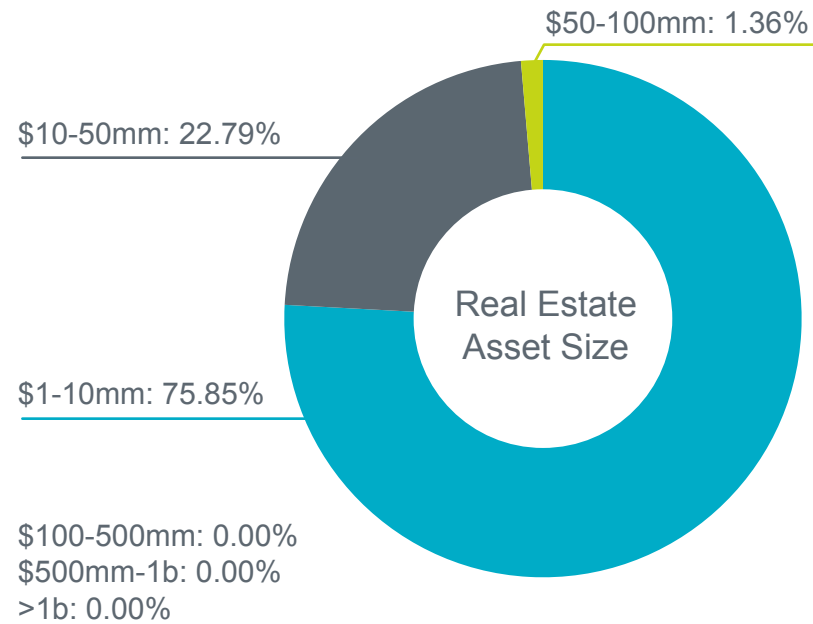
Until this quarter, the Real Estate Distress Research Index held the distinction of being the only one of the Polsinelli | TrBK Distress Indices that has declined in every quarter since inception. It now appears to be stabilizing around a value in the high 20's.

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 quarter period, filing numbers declined 10 quarters compared to the prior quarter, and climbed 9 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:

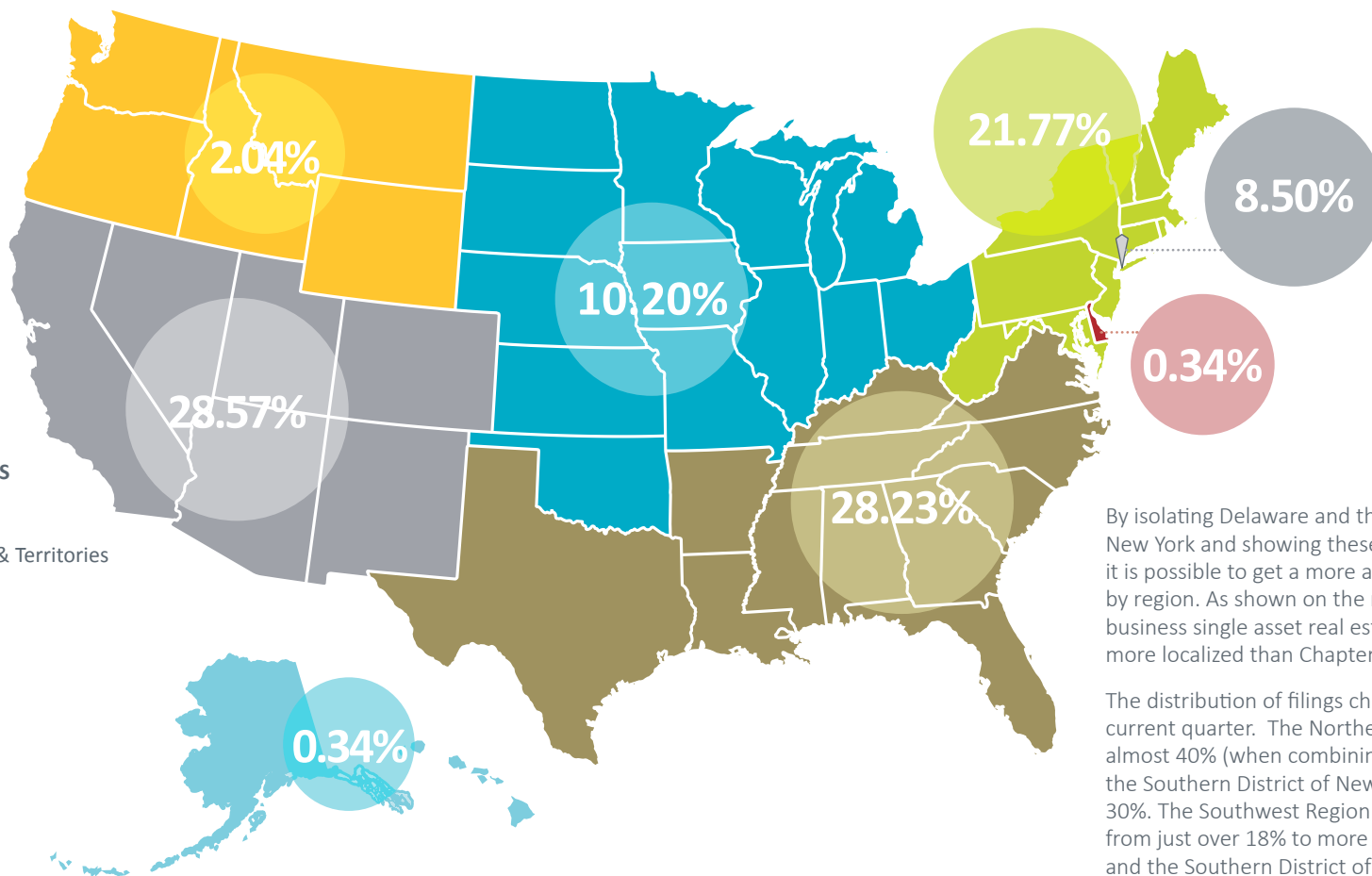


Geography

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.

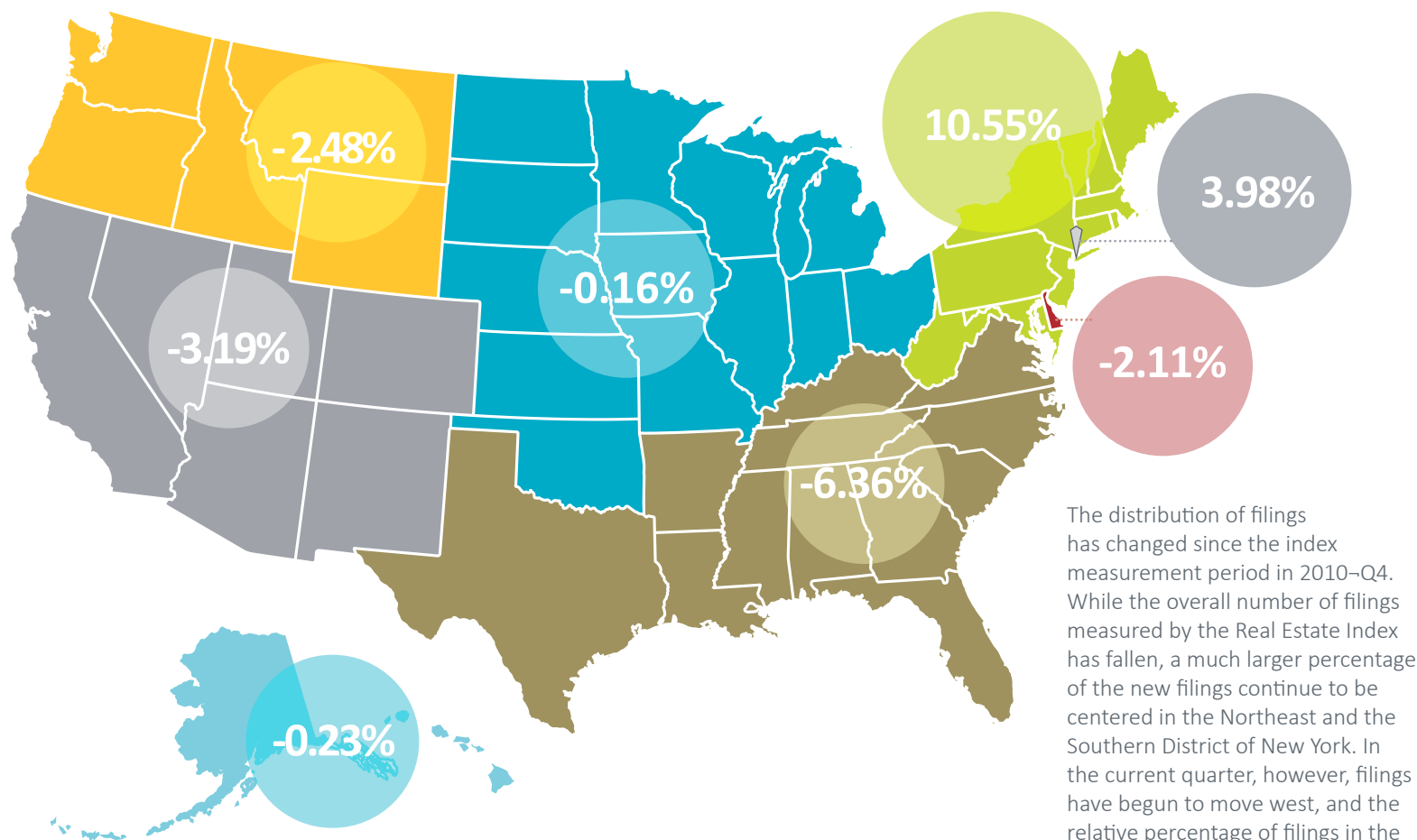
The distribution of filings changed significantly in the current quarter. The Northeast Region dropped from almost 40% (when combining the Northeast and the Southern District of New York) to approximately 30%. The Southwest Region showed an increase from just over 18% to more than 28%. The Northeast and the Southern District of New York are the only regions which show percentage increases since the benchmark period in 2010-Q4, but the distribution appears to be shifting west.

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:

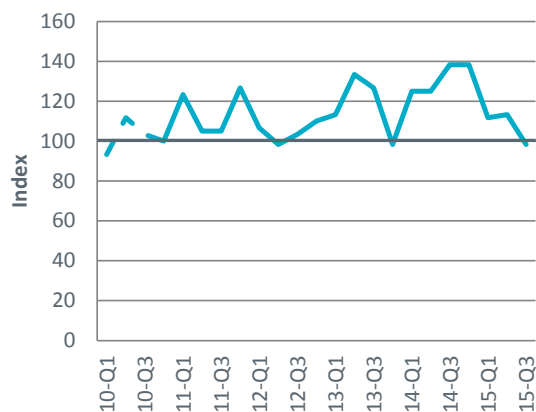
GEOGRAPHIC REGIONS

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



The distribution of filings has changed since the index measurement period in 2010–Q4. While the overall number of filings measured by the Real Estate Index has fallen, a much larger percentage of the new filings continue to be centered in the Northeast and the Southern District of New York. In the current quarter, however, filings have begun to move west, and the relative percentage of filings in the Northeast was greater in the last quarter than it is in this quarter.

Healthcare Services Distress Index



For the third quarter of 2015, the Polsinelli|TrBK Healthcare Services Distress Research Index fell to 98.33. This is a significant decline since the fourth quarter of 2014 when the Index was at a high of 138.33. The Healthcare Index remains much higher than the both the Chapter 11 Index representing the broader US economy, and the Real Estate Index, but the curves appear to be changing direction in the current quarter. Healthcare distress is now trending downward, while overall distress and real estate distress have stabilized and begun to trend back upward.

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
98.33	113.33	138.33

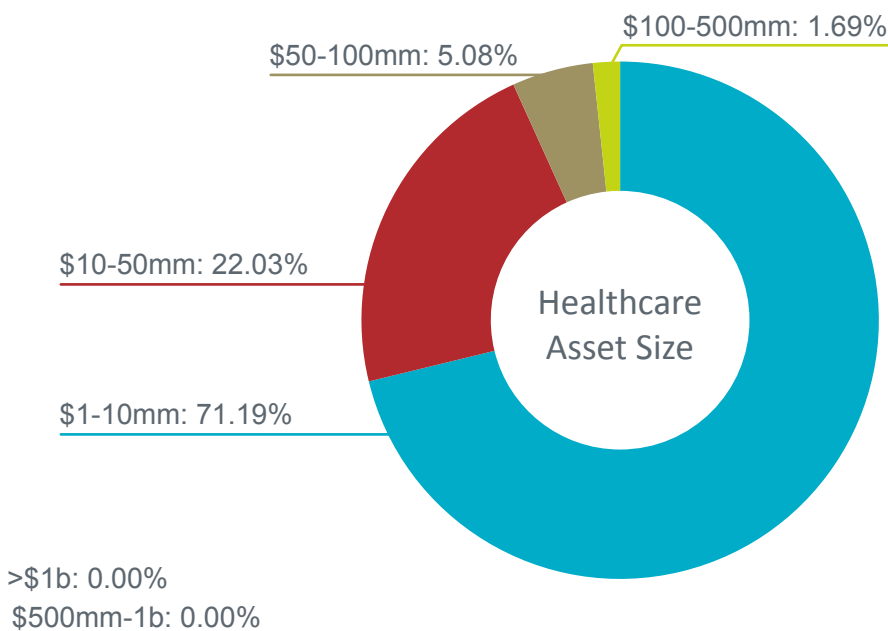
The Index has now fallen below 100 three times, including the most recent quarter.

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 8 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; in the current quarter, however, the Index is below its baseline. 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:

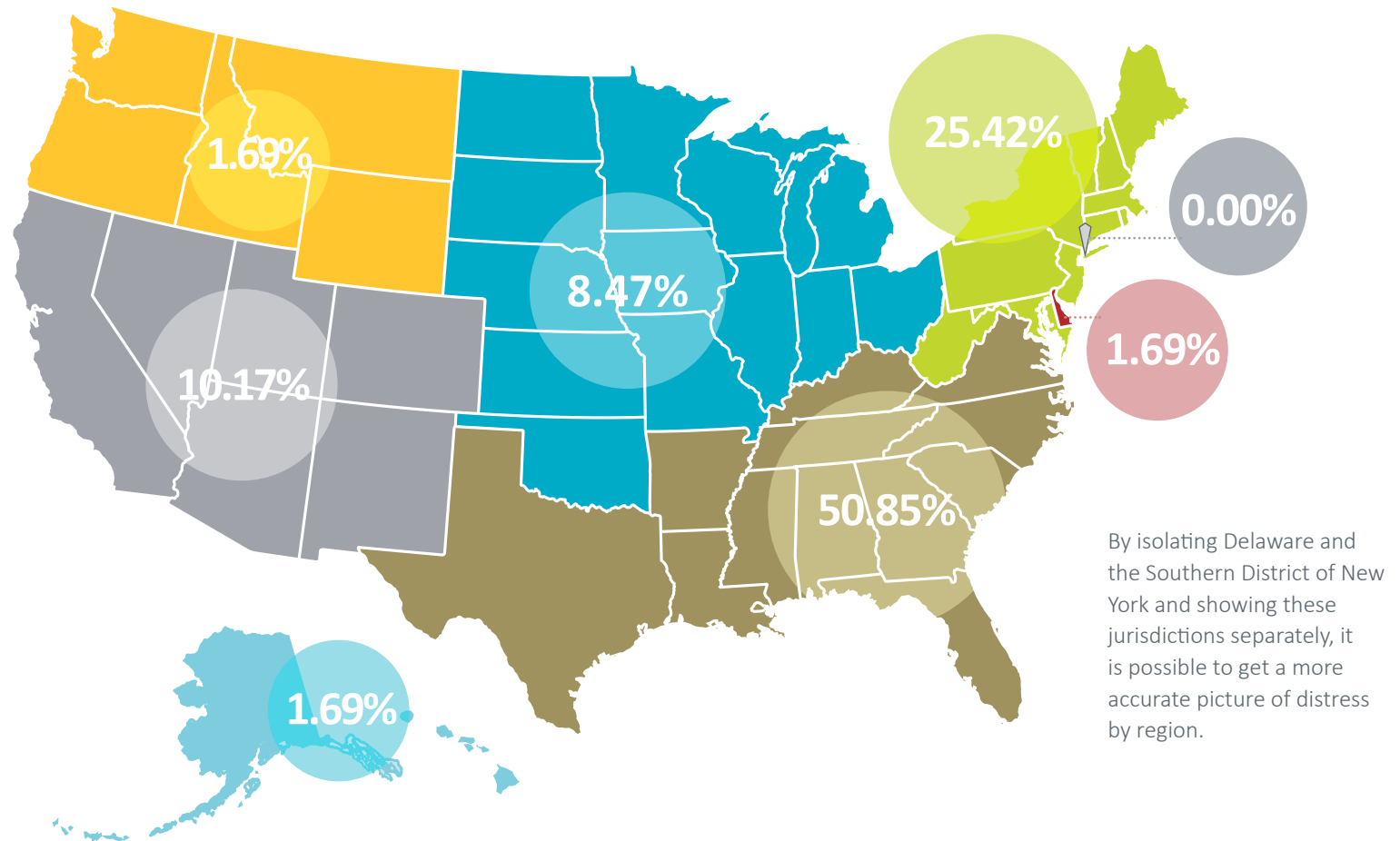


Geography

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

GEOGRAPHIC REGIONS

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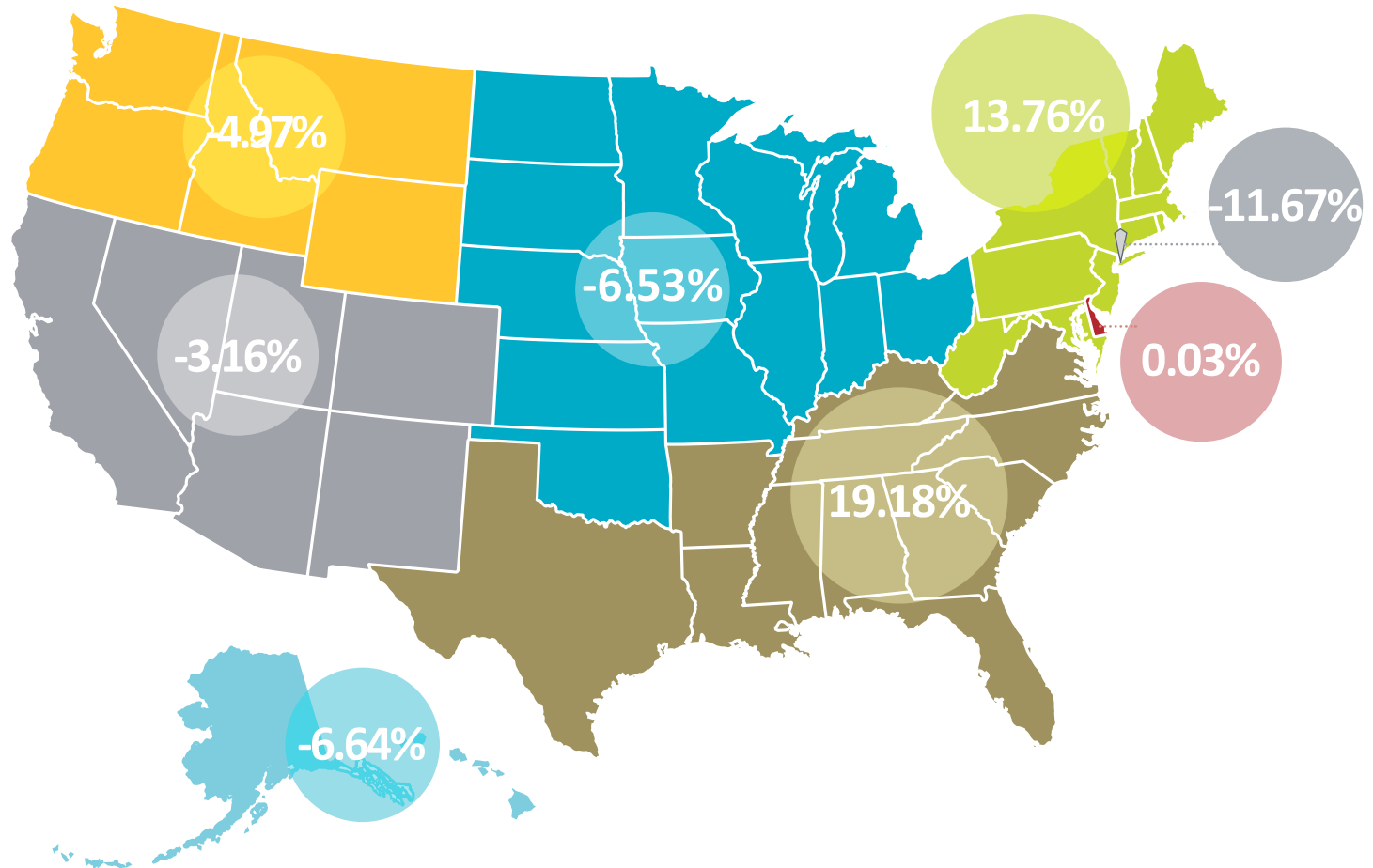


Change in Geographic Distribution Since Benchmark Period

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

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



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 [615.259.1511](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.