

SIRVA, Inc.
Best Interests Test
January 25, 2008

Liquidation Analysis is based on the consolidated forecasted assets and liabilities of the Debtors as of November 30, 2007 and estimates the net proceeds available for distribution if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and their financial advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis also is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected might not be realized if the Debtors were, in fact, to undergo such liquidation.

The liquidation analysis is based upon SIRVA, Inc., which includes SIRVA Mortgage, SIRVA Settlement and other business units that are non-debtor entities, as assets of these entities will be liquidated with Global Relocation. Other non-debtor entities included in this analysis are the Moving Europe and Asia Pacific businesses.

The chapter 7 liquidation period is assumed to be a period of 12 months, commencing on February 4, 2008, and allowing for, among other things, the sale of assets, sale of some business units, the discontinuation and wind-down of operations, compliance with applicable regulatory requirements and the collection of receivables.

Significant assumptions regarding the liquidation are detailed below:

1) Cash

- Represents cash that is on-hand, in concentration accounts and lockboxes held predominantly in Global Relocation and Corporate.
- Assumes that the Company will not repatriate funds from Europe or Asia Pacific entities as this will be included in the sale of businesses.
- Recovery of 100% is assumed.

2) Investments – Short-Term

- Represents the retained interest of the LaSalle receivables securitization. The retained interest is comprised of the 5% that is not advanced back to SIRVA, certain ineligible receivables and equity advances.
- Based upon the prioritization of collection if the receivables were to be liquidated, all of those held within the securitization would be collected before the retained interest was paid down. Recovery of 29% is assumed for the retained interest.

3) Net Accounts Receivable

- Primarily, consists of Relocation and Moving North America receivables from agents, customers and other third parties.



- Relocation 3rd Party Accounts Receivable represents deferred revenue which has been sold to the securitization facility. No recovery (0%) was assumed in this analysis, as the receivable is offset by a short-term liability for the same amount.
- Relocation Customer Accounts Receivable represents amounts due for services performed that are not subject to the securitization facility. Historic collections rates illustrate high recovery value. A recovery of 65% is assumed in this analysis.
- No recovery is assumed for Moving Agent Receivables as amounts have historically been offset by related liabilities. To ensure an orderly wind-down, all on-going services with agents are to be performed in the normal course to maximize the collection of receivables from large customers.
- Moving Trade Accounts Receivable are assumed to have a recovery of 68%, net of unapplied cash and LND adjustments (accrued Accounts Receivable), as this is in-line with historic collections.
- Reserves were subtracted prior to performing the above calculation of recovery values.

4) Relocation Home Equity Advances

- Represents international equity advances and properties held receivables owed to SIRVA's international operations. These receivables are offset by financing facilities used to fund these advances and home purchases.
- There is no assumed recovery value as these receivables are entirely offset by financing facility liabilities.

5) Mortgage Held for Resale

- SIRVA Mortgage primarily provides mortgage services to corporate transferees for their new home purchase. Before a mortgage is funded, SIRVA Mortgage obtains a commitment from one of various third-party financial institutions to purchase the mortgage.
- Typically, there is a 15 to 20 day processing delay from the time SIRVA Mortgage funds the mortgage to when it is sold. During this time, the mortgages are carried as a Current Asset and are financed through a mortgage warehouse facility (liability). The difference between the accounts represents the cash that SIRVA Mortgage needs to provide at closing. No recovery on the net Asset amount is assumed.

6) Properties Held for Sale

- Represents approximately 840 homes held by SIRVA Relocation as of November 30, 2007. Recovery value of 17% is included in this analysis, and based on the following:
 - To adequately forecast the net home inventory value if the Company is wound down, all associated reserves and liabilities must be netted with the home value. Assuming an orderly wind-down can be done in 60 days, not all of the

homes can be sold in that period of time and all remaining homes are assumed to be transitioned to another provider or the customer.

- Properties held for sale are offset by a 12% loss accrual and an 8.3% accrual estimate for closing costs related to inventory homes.
- Mortgages attached to inventory homes held for sale are netted against total inventory home value as it represents the mortgage payable portion of the SIRVA purchased inventory. SIRVA will generally service mortgages until the property is sold and subsequently pay-off the mortgage upon third-party closing.
- Final equity payouts and a final payoff of the Washington Mutual warehousing line are also netted against total inventory home value that represents the equity that SIRVA owes to a transferee.

7) **Deferred Income Taxes**

- No recovery (0%) is assumed.

8) **Other Current Assets**

- Recovery is assumed at 13%, as some prepaid expenses are assumed to be recoverable during the liquidation process (e.g., rent).

9) **Net PP&E**

- Consists of Relocation, Moving and Corporate net recoverable PP&E assets (net of accumulated depreciation, to estimate recovery on net book value).
 - **Furniture and Fixtures** – Net recovery of 25%
 - **Computer Equipment** – Net recovery of 25%
 - **Software** – Net recovery of 20%
 - **Leasehold Improvement** – No recovery
 - **Trailers** – Net recoverable value assumed of 45%
 - **Buildings** – Net recoverable value of 70% for Ft. Wayne, IN building, including improvements forecasted to be sold.

10) **Intangible and Other Assets**

- The Allied and northAmerican brands were assigned a total value of \$6-\$24 million for liquidation value. A brand valuation has not been conducted, but it is assumed that the agents would buy these when forming a co-op.
- The Pickford's name is not forecasted to be monetized in this analysis, but sold with the UK and Asia-Pacific businesses.
- No recovery of intangible assets is assumed for the Relocation business in this analysis.

11) **Other Long Term Assets**

- The majority of the other long term net asset recovery value relates to the sale proceeds from the sale of the Asia Pacific moving business. Forecasted proceeds are based upon

the current valuation of the business, net of costs and other adjustments to reflect the value of the business in a wind-down scenario.

- Other long-term assets include the Debtor's CSV Officer's life insurance premiums and Transguard insurance receivable. No recovery for deferred income taxes and contract costs was assumed.
 - A recovery of 90% was assumed for the CSV Officer's life insurance premium.
 - Recovery related to the Transguard insurance receivable (related to the sale of the business in 2005 by the Debtor) was assumed to be 90%, and is consistent with the current valuation.

12) Goodwill

- No recovery is assumed for goodwill assets in the liquidation / wind-down.

13) Wind-Down Expenses

- Miscellaneous expenses were estimated at \$1.5 million for necessary support of the wind-down process, inclusive of severance expense and stay bonuses.

14) Trustee and Professional Fees

- Trustee fees are assumed to be 3% of Gross Liquidation Value, net of Cash.
- Professional fees are assumed to be approximately \$8 million to wind-down the Debtors' estates. The analysis assumes professional services for a twelve-month period.

15) Chapter 7 Administrative and Priority Claims

- **Post-Petition Transactions:**
 - Some Relocation transactions were assumed to be serviced the week after filing, to facilitate an orderly wind-down of the business.
 - Critical disbursements for services to be performed for one more week, to cover remaining closings and transactions, offset by receipts. No new transactions will be initiated post filing.
- **Post-Petition Salaries, Wages and Benefits:** Forecast amounts to reflect wind-down by the Debtors as follows:
 - Relocation – Minimal head count reductions in February as business is assumed to be wound-down and transitioned to other providers. For March, it is assumed that the majority of the Corporate Finance (collections and treasury), Accounting and Risk Management (inventory homes) remain with the estates, but all other employees are terminated as business is fully wound-down. A small number of employees remain with the estates in April and May.
 - Moving and Corporate – Payroll assumes a small amount of Moving and Corporate payroll as the Moving business is wound down in February. Some Corporate staff is assumed to remain through the end of May 2008.
- **Post-Petition Lease Obligations:** Amount of monthly rent paid for all SIRVA sites is approximately \$925,000 and is included for the month of February as the businesses are

wound-down. Amount of rent in March and April is for the Cleveland and Westmont facilities as the Debtor will need access to its systems and records. It should be noted that the facility in Fort Wayne, IN is an owned property.

- **Post-Petition Utilities:** The analysis includes \$300K in utilities, assumed to be paid while winding down the estates.

Chapter 7 Liquidation Analysis Summary

(Dollars in Thousands)

	Nov-07 Net Asset	Recovery	
		%	\$'s
Current Assets			
Cash & Equivalents	\$ 20,358	100%	\$ 20,358
Investments - ST	38,120	29%	11,210
Net A/R			
Relocation A/R	54,905	52%	28,354
Moving A/R	155,333	39%	59,816
Corporate & Other A/R	(339)	0%	-
	<u>210,238</u>	<u>42%</u>	<u>88,170</u>
Relo Properties Receivables	103	0%	-
Relo Mortgages Held For Sale	2,758	0%	-
Relo Properties Held For Resale	36,522	17%	6,152
Deferred Income Tax - ST	509	0%	-
DO - Assets Held For Sale	219	60%	131
Other Current Assets	<u>27,552</u>	<u>13%</u>	<u>3,554</u>
Total Current Assets	<u>\$ 336,379</u>	<u>39%</u>	<u>\$ 129,575</u>
Long Term Assets			
Property Plant & Equipment			
Relocation	\$ 9,970	10%	\$ 1,002
Moving NA	17,562	24%	4,239
Corporate	<u>15,052</u>	<u>31%</u>	<u>4,721</u>
	<u>\$ 42,585</u>	<u>23%</u>	<u>\$ 9,963</u>
Intangible Assets	153,558	9%	14,334
Other Long-Term Assets	52,916	85%	45,140
Goodwill	<u>227,193</u>	<u>0%</u>	<u>-</u>
Total Long Term Assets	<u>476,252</u>	<u>15%</u>	<u>69,436</u>
Gross Liquidation Proceeds	<u>\$ 812,631</u>	<u>24%</u>	<u>\$ 199,011</u>
Liquidation Costs			
Wind-Down/Liquidation Expense			\$ 1,500
Trustee Fees			5,360
Professional Fees and Commissions			<u>8,000</u>
Total Liquidation Costs			<u>14,860</u>
Net Liquidation Proceeds			<u>\$ 184,152</u>
Chapter 7 Administrative & Priority Claims			
Post- Petition Transactions			2,340
Post-Petition Salaries, Wages & Benefits			14,784
Post-Petition Lease Obligations			2,824
Post-Petition Other Executory Contracts			-
Post-Petition Taxes and Other			<u>300</u>
Total Chapter 7 Admin & Priority			<u>20,248</u>
Proceeds Available for Distribution to Senior Lenders			<u>\$ 163,904</u>
Total Senior Bank Debt			<u>\$ 487,000</u>
Net Recovery to Senior Lenders			<u>34%</u>