Ducera Overview

Firm Overview

Ducera Partners is an independent investment bank commonly relied on by decision makers to advise on the most complex and transformative transactions.

How is Ducera Differentiated?

Client-Centricity. We are structured to provide direct senior-level advice that is in our clients' best interests and is built upon a foundation of trust and confidentiality.

Depth of Expertise. Having advised on some of the most relevant corporate finance transactions of the past two decades, we have an unrivaled track record in large and complex deals.

Creativity and Versatility. We look to all possible solutions – including those without precedent – to arrive at the optimal result for our clients.

Connectivity. We have unparalleled ability to gather information, access decision makers, and efficiently utilize these resources to successfully deliver on our clients' ultimate objectives.

Collaborative. Our team has worked together for the majority of our careers bringing diverse skills and expertise to the table thus allowing Ducera and our partners to function like a natural extension of our clients' teams.

The Team

At Ducera, we believe that our greatest differentiator is the depth, scale, cohesiveness, and commitment of our team to each other, to our clients, and to other professionals.

- Our senior team has worked together for over two decades.
- Ducera is 100% owned by its partners and is conflict free.
- Ducera is led by Michael Kramer, a 25 year veteran of the investment banking industry.
- Ducera has advised on some of the most relevant and complex transactions of the last 25 years.

Contact Us

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Early Warning Signs of Distress

Industry Early Warning Signs

- Technological (Paging)
- Input pricing (Energy)
- Regulatory (Coal)
- Foreign competition (Autos)
- Currency (Paper)
- Law suits / judgements (Asbestos)
- Consumer preferences (Food)
- Government budgets (Defense)

Company Early Warning Signs

- Declining performance
- Reduced cash flow generation
- Cash below minimum operating levels
- Failed investments / projects
- Leadership attrition
- Customer concerns
- Change in relationship and terms with vendors
- Union / pension issues
- Competitor activity
- Fraud

Capital Markets Early Warning Signs

- Declining equity capitalization
- Declining loan and bond prices
- Lenders trying to reduce exposure or implement dominion
- Transition of ownership in debt from traditional lenders to hedge funds
- Failed debt syndication or equity offering
- Negative research coverage
- Rating agency activity
- Short selling
- CDS activity
- Restricted availability of capital markets
### Key Triggers that Precipitate Distress

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<tr>
<th>Covenants</th>
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<td>▪ Non-compliance with covenants</td>
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<td>▪ Maintenance covenants typically tested on a quarterly basis</td>
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<tr>
<td>▪ Common covenants include:</td>
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<tr>
<td>▪ Financial maintenance: maximum leverage, minimum coverage ratios, maximum capital expenditures, minimum cash</td>
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<tr>
<td>▪ Incurrence-based: Limitation on debt, liens, restricted payments, transactions with affiliates</td>
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<th>Liquidity</th>
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<td>▪ Insufficient proceeds from cash and revolver availability to fund minimum operating needs</td>
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<td>▪ Insufficient liquidity can result not only from deteriorating operating performance but also from a tightening of trade terms</td>
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<td>▪ A company’s required minimum liquidity levels are typically well in excess of cash balances or revolver availability of zero</td>
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<th>Debt Maturities</th>
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<td>▪ Inability to refinance debts as they come due through internally generated cash or access to the capital markets</td>
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<td>▪ “Stacked” or multiple debt maturities in a short time period often impact the ability to access capital markets efficiently</td>
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<th>Other Exogenous Factors</th>
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<tr>
<td>▪ Qualified audit opinions</td>
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<td>▪ Capital markets conditions</td>
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<td>▪ Unfavorable lawsuits / judgements</td>
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Strategic Alternatives to Address Distress

### Increased degree of financial distress

**Stressed**

**Operational Alternatives**
- Status Quo
- Operational Restructuring
- Sale of Discrete Assets

**Capital Markets Alternatives**
- Covenant Amendments
- Maturity Extensions
- Capital Markets Solutions
- Cash Tender at a Discount

**M&A Alternatives**
- Purchase of Discrete Assets
- Sale of the Company

### Increased pre-planning required and more complexity

**Distressed**

- Debt for Debt Exchange Offer
- Debt for Equity Exchange Offer

### Decreasing strategic alternatives available

**Restructuring**

- Pre-Packaged Bankruptcy
- Pre-Arranged Bankruptcy
  - Sale in Bankruptcy
  - Free Fall Bankruptcy
  - Liquidation