

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:

OSG HOLDINGS, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 23-90799 (CML)

(Jointly Administered)

**DECLARATION OF RYAN SANDAHL IN SUPPORT  
OF CONFIRMATION OF THE SECOND AMENDED  
JOINT PREPACKAGED PLAN OF REORGANIZATION OF  
OSG HOLDINGS, INC. AND CERTAIN OF ITS DEBTOR AFFILIATES**

I, Ryan Sandahl hereby declare under penalty of perjury that:

1. I am a Managing Director with Houlihan Lokey Capital, Inc. (“Houlihan Lokey”), based in the firm’s Chicago office at 111 South Wacker Drive, 37th Floor, Chicago, IL 60606. Houlihan Lokey is an internationally recognized investment banking and financial advisory firm, with offices worldwide and more than 1,900 professionals. Houlihan Lokey is a leader in providing such services to debtors, secured and unsecured creditors, acquirers, and other parties in interest involved with financially troubled companies both in and outside of bankruptcy. Houlihan Lokey has been, and is, involved in some of the largest restructurings in the United States, both

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number are: Applied Information Group, Inc. (7381); Diamond Marketing Solutions Group, Inc. (3531); DoublePositive Marketing Group, Inc. (8221); E-statement.com Corp. (1974); Globalex Corporation (5365); JJT Enterprises, Inc. (7792); Mansell Group Holding Company (9354); Mansell Group, Inc. (7898); Metrogroup PD-WI Acquisition, LLC (5979); Microdynamics Corporation (0423); Microdynamics Group Nebraska, Inc. (5711); Microdynamics Transactional Mail, LLC (4060); National Business Systems, Inc. (6946); National Data Services of Chicago, Inc. (9009); NCP Solutions, LLC (5620); OSG Group Holdings, Inc. (0311); OSG Group TopCo, LLC (0904); OSG Holdings, Inc. (2036); OSG Intermediate Holdings, Inc. (1288); Output Services Group, Inc. (8044); Payments Business Corporation (5590); The Pisa Group, Inc. (6299); PPS Business Corporation (6432); SouthData, Inc. (5336); Telereach, Inc. (4444); The Garfield Group, Inc. (9966); WhatCounts, Inc. (9306); and Words, Data and Images, LLC (2248). The debtors’ service address is 900 Kimberly Drive, Carol Stream, Illinois 60188.



out of court and in chapter 11 cases. Houlihan Lokey has been retained to provide investment banking and financial advisory services in, among other cases, *In re Alpine Summit Energy Partners, Inc.*, Case No. 23-90739 (Bankr. S.D. Tex. Jul. 5, 2023); *In re Diamond Sports Group, LLC*, Case No. 23-90116 (Bankr. S.D. Tex. Mar. 14, 2023); *In re Sungard AS New Holdings, LLC*, Case No. 22-90018 (Bankr. S.D. Tex. Apr. 11, 2022); *In re Carlson Travel, Inc.*, Case No. 22-90017 (Bankr. S.D. Tex. Nov. 11, 2021); *In re Washington Prime Group, Inc.*, Case No. 21-31948 (Bankr. S.D. Tex. Jun 13, 2021); *In re Katerra, Inc.*, Case No. 21-31861 (Bankr. S.D. Tex. June 6, 2021); *In re Frontera Holdings LLC*, Case No. 21-30354 (Bankr. S.D. Tex. Feb. 3, 2021); *In re Fieldwood Energy LLC*, Case No. 20-33948 (Bankr. S.D. Tex. Aug. 3, 2020); *In re Noble Corporation plc*, Case No. 20-33826 (Bankr. S.D. Tex. July 31, 2020); *In re Neiman Marcus Group LTD LLC*, Case No. 20-32519 (Bankr. S.D. Tex. May 7, 2020); *In re McDermott International, Inc.*, Case No. 20-30336 (Bankr. S.D. Tex. Jan. 21, 2020); *In re Bristow Group Inc.*, Case No. 19-32713 (Bankr. S.D. Tex. May 11, 2019); *In re EP Energy Corporation*, Case No. 19-35654 (Bankr. S.D. Tex. Oct. 3, 2019); *In re Seadrill Limited*, Case No. 17-60079 (Bankr. S.D. Tex. Sep. 12, 2017); *In re SandRidge Energy, Inc.* Case No. 16-32488 (DRJ) (Bankr. S.D. Tex. May 16, 2016). Houlihan Lokey is the investment banker for the above-captioned debtors and debtors in possession (collectively, the “Debtors”).

2. I submit this declaration (the “Declaration”) in support of approval of the *Disclosure Statement for the Joint Prepackaged Chapter 11 Plan of Reorganization of OSG Holdings, Inc. and Certain of Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 22] (the “Disclosure Statement”) and confirmation of the *Second Amended Joint Prepackaged Chapter 11 Plan of Reorganization of OSG Holdings, Inc. and Certain of Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 152] (as modified,

amended, or supplemented from time to time, the “Plan”),<sup>2</sup> pursuant to sections 1125, 1126, and 1129, respectively, of title 11 of the United States Code (the “Bankruptcy Code”).

3. Except as otherwise indicated, all statements in this Declaration are based on (a) my personal knowledge of the Debtors’ operations and finances, (b) my review of relevant documents, (c) information provided to me by Houlihan Lokey employees working under my supervision, (d) information provided to me by, or discussions with, the members of the Debtors’ management team or their other advisors, and (e) my opinion based upon my experience as a restructuring professional. If called to testify, I could and would testify to each of the facts set forth herein on foregoing bases.

4. I am not being specifically compensated for this testimony other than through payments received by Houlihan Lokey as a professional retained by the Debtors.

#### **Professional Background and Qualifications**

5. I am a Managing Director at Houlihan Lokey. I have approximately 21 years of financial advisory experience, of which 19 years have involved advising debtors, creditors, and equity holders on a wide variety of recapitalization and restructuring transactions. I have been involved in numerous restructurings, including, amongst others: *In re Venator Materials PLC*, Case No. 23-90301 (CML) (Bankr. S.D. Tex. May 14, 2023); *In re Hexion Holdings, LLC*, Case No. 19-10684 (KG) (Bankr. D. Del. May 23, 2019); *In re Heritage Home Group, LLC*, Case No. 18-11736 (BLS) (Bankr. D. Del. Aug. 24, 2018); *In re Gawker Media, LLC*, Case No. 16-11700 (SMB) (Bankr. S.D.N.Y. Jul. 14, 2016); *In re MPM Silicones, LLC*, Case No. 14-22503 (RDD) (Bankr. S.D.N.Y. Apr. 13, 2014); *In re 4 West Holdings, Inc*, Case No. 18-30777 (SWE) (Bankr. N.D. Tex. Apr. 18, 2018); *In re Southern Foods Group, LLC*, Case No. 19-36313 (CML) (Bankr.

---

<sup>2</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Disclosure Statement or in the Plan, as applicable.

S.D. Tex. Nov. 12, 2019); *In re Violin Memory, Inc.*, Case No. 16-12782 (LSS) (Bankr. D. Del. Jan. 17, 2017); *In re Jason Industries, Inc.*, Case No. 20-22766 (RDD) (Bankr. S.D.N.Y. Jun. 24, 2020).

6. Since joining Houlihan Lokey in 2005, I have specialized in assisting companies, lenders, creditors, and investors in distressed situations. My experience includes conducting acquisitions and divestitures of financially troubled assets, raising various forms of capital and negotiations relating to the restructuring of private and public securities, both in chapter 11 and in out-of-court situations. Before joining Houlihan Lokey, I was an Associate in PricewaterhouseCoopers' corporate finance group. Before that, I was an Analyst in Bank of America's portfolio management group. I hold a B.A. in Economics with a second major in Finance from Washington University in St. Louis. I am principally responsible for overseeing the day-to-day activities of the Houlihan Lokey deal team in this engagement.

### **Valuation of the Debtors**

#### **I. Disclosure Statement Valuation Analysis.**

7. At the Debtors' request, Houlihan Lokey reviewed the Rights Offering Documents and the Backstop Commitment Letter executed by the Backstop Parties, who are sophisticated financial institutions that are familiar with the Debtors' operations and the print and mail industry. The Rights Offering is the culmination of extensive good-faith, arm's length negotiations among the Debtors and the Ad Hoc Group and their respective financial and legal advisors based on in depth due diligence in the months leading up to the Petition Date.

8. The Plan contemplates, among other things, the Debtors raising \$50 million of capital through the Rights Offering and Direct Allocation and additional capital via the Optional ABL Facility. These capital raises would be highly unlikely without the material deleveraging and equityization contemplated by the Plan.

9. As set forth in the Financial Projections, which are attached to the Disclosure Statement as Exhibit D and were prepared as of October 5, 2023, the Reorganized Debtors project having approximately \$329 million of total liabilities, including approximately \$20 million of capital leases and approximately \$208 million of funded debt, and \$10 million of excess cash (net of minimum cash of \$10 million) at emergence.

10. At the Debtors' request, Houlihan Lokey prepared the Valuation Analysis, which is attached to the Disclosure Statement as Exhibit E. Based on the Valuation Analysis, the Reorganized Debtors will have a total enterprise value within the range of approximately \$260 million and \$360 million, with a mid-point of approximately \$310 million. The equity value implied by the mid-point total enterprise value is approximately \$93 million.

11. The range of the reorganization values presented assumes that the effective date of the Plan is November 30, 2023 and reflects work performed by Houlihan Lokey on the basis of information with respect to the business and assets of the Debtors available to Houlihan Lokey as of the date of the Disclosure Statement.

## **II. Projections and Supporting Materials**

12. In preparing the total enterprise value range for the Reorganized Debtors, Houlihan Lokey, among other things, performed: (a) comparable companies analysis; (b) discounted cash flow analysis; and (c) precedent transaction analysis. Houlihan also: (a) conducted a "sum-of-the-parts" analysis that applied certain of the financial analyses above to the Debtors' business segments; (b) reviewed certain historical financial information of the Debtors for recent years and interim periods; (c) reviewed certain financial and operating data of the Debtors, including the Financial Projections; (d) discussed the Debtors' operations and future prospects with the Debtors' senior management team and third-party advisors; (e) reviewed certain publicly available financial data for, and considered the market value of, public companies that Houlihan Lokey deemed

generally relevant in analyzing the value of the Reorganized Debtors; and (f) considered certain economic and industry information that Houlihan deemed generally relevant to the Reorganized Debtors. In connection with Houlihan Lokey's work providing investment banking and valuation services to companies, Houlihan Lokey frequently relies on the types of information provided and prepared by company management or other advisors, and it is common for experts in its field to rely on such information.

13. Although Houlihan Lokey conducted a review and analysis of the Debtors' businesses, operating assets and liabilities, and business plans, Houlihan Lokey relied on the accuracy and completeness of all financial and other information provided by the Debtors and other firms retained by the Debtors in addition to certain publicly available information as to which Houlihan Lokey does not have independent knowledge.

14. Houlihan Lokey has relied on the Debtors' representation and warranty that the Financial Projections (a) were prepared in good faith, (b) were based on fully disclosed assumptions that are reasonable in light of the circumstances under which they were made, (c) reflect the Debtors' best currently available estimates, and (d) reflect the good faith judgments of the Debtors. Houlihan Lokey does not offer an opinion as to the attainability of the Financial Projections. The future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors, and consequently, are inherently difficult to project. The Reorganized Debtors' actual future results may differ materially (positively or negatively) from the Financial Projections and, as a result, the actual total enterprise value of the Reorganized Debtors may be significantly higher or lower than the estimated ranges considered herein.

Dated: November 18, 2023

By:

*/s/ Ryan Sandahl*

---

Ryan Sandahl

Managing Director

Houlihan Lokey Capital, Inc.