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

In re:	:	Chapter 11
	:	
SUPERIOR ENERGY SERVICES, INC., *et al.*,[1]	:	Case No. 20-35812 (DRJ)
	:	
Debtors.	:	(Jointly Administered)

DECLARATION OF JOSHUA C. CUMMINGS
IN SUPPORT OF CONFIRMATION
OF FIRST AMENDED JOINT PREPACKAGED PLAN
OF REORGANIZATION FOR SUPERIOR ENERGY SERVICES, INC. AND
ITS AFFILIATE DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

I, Joshua C. Cummings, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am a partner at the energy brokerage and investment banking firm of Johnson Rice & Company L.L.C. ("**Johnson Rice**"), an investment banker to Superior Energy Services, Inc. (together with its debtor-affiliates, "**Superior**" or the "**Debtors**," and together with their non-Debtor affiliates, the "**Company**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**").

2. I have been employed by Johnson Rice since 1997 and I am currently the head of Johnson Rice's Energy Investment Banking Group. I have a broad range of experience in financial advisory assignments and company valuation, including considerable experience with

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[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Superior Energy Services, Inc. (9388), SESI, L.L.C. (4124), Superior Energy Services-North America Services, Inc. (5131), Complete Energy Services, Inc. (9295), Warrior Energy Services Corporation (9424), SPN Well Services, Inc. (2682), Pumpco Energy Services, Inc. (7310), 1105 Peters Road, L.L.C. (4198), Connection Technology, L.L.C. (4128), CSI Technologies, LLC (6936), H.B. Rentals, L.C. (7291), International Snubbing Services, L.L.C. (4134), Stabil Drill Specialties, L.L.C. (4138), Superior Energy Services, L.L.C. (4196), Superior Inspection Services, L.L.C. (4991), Wild Well Control, Inc. (3477), and Workstrings International, L.L.C. (0390). The Debtors' address is 1001 Louisiana Street, Suite 2900, Houston, Texas 77002.

advising companies and other stakeholders in numerous in-court and out-of-court restructurings, recapitalizations, foreclosures, strategic alternatives, and forbearances, including: (a) Freedom Oil & Gas, Inc., (b) Marquis Resources, LLC; (c) Gulf Island Fabrication, Inc.; (d) Great White Energy Services, Inc.; (e) Bronco Drilling Company, Inc.; (f) Atlas Resources Partners, L.P., and (g) Glacier Oil & Gas.

3. The investment banking professionals of Johnson Rice have considerable expertise and experience in providing investment banking and financial advisory services to companies, investors, and other participants in the energy industry, all as described more fully in the *Debtors' Application for Entry of an Order Authorizing the Employment and Retention of Ducera Partners LLC and Johnson Rice & Company L.L.C. as Investment Bankers to the Debtors, Effective as of the Petition Date* [Docket No. 183], filed with this Court on December 21, 2020.

4. Through my role as an advisor to the Debtors, I am familiar with the Debtors' financial affairs and current capital structure. I am also familiar with the terms and contents of the Debtors' *Disclosure Statement for Joint Prepackaged Plan of Reorganization for Superior Energy Services, Inc. and Its Affiliate Debtors Under Chapter 11 of the Bankruptcy Code* [Docket No. 12] (the "**Disclosure Statement**") and the Debtors' *Joint Prepackaged Plan of Reorganization for Superior Energy Services, Inc. and Its Affiliate Debtors Under Chapter 11 of the Bankruptcy Code* [Docket No. 11] (as amended, modified, or supplemented from time to time, the "**Plan**"), including the agreements and other documents set forth in the *First Plan Supplement for the Joint Prepackaged Plan of Reorganization for Superior Energy Services, Inc. and Its Affiliate Debtors Under Chapter 11 of the Bankruptcy Code* [Docket No. 150] and the *Second Plan Supplement for the Joint Prepackaged Plan of Reorganization for Superior Energy Services, Inc. and Its Affiliate Debtors Under Chapter 11 of the Bankruptcy Code* [Docket No. 214] (together, as amended,

modified, or supplemented from time to time, the "**Plan Supplement**"). I am duly authorized to make and submit this declaration (this "**Declaration**") on behalf of Johnson Rice in support of the Debtors' *Memorandum of Law in Support of (I) Approval of Debtors' Disclosure Statement and (II) Confirmation of Joint Prepackaged Plan of Reorganization for Superior Energy Services, Inc. and Its Affiliate Debtors Under Chapter 11 of the Bankruptcy Code* (the "**Confirmation Brief**"), filed substantially contemporaneously herewith.[2]

5. 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 Johnson Rice 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 financial professional. If I were called upon to testify, I could and would competently testify to the facts set forth herein.

BACKGROUND

6. Since its retention as the Debtors' investment banker in the spring of 2020, along with Ducera Partners L.L.C., Johnson Rice has acquired significant knowledge of the Debtors and their businesses and is intimately familiar with the Debtors' financial affairs, debt and capital structure, assets, business operations, key stakeholders, financing documents, and other related material information. Johnson Rice has also worked closely with the Debtors' management and their other advisors, and developed familiarity with the major stakeholders involved in these Chapter 11 Cases. Johnson Rice has had a business relationship with the Debtors since 1993 and

[2] Capitalized terms used but not otherwise defined in this Declaration have the meanings used in the Confirmation Brief or the Plan, as applicable.

has acted as underwriter on numerous equity capital markets transactions and as advisor on numerous mergers and acquisitions since that time. As a result of my understanding of the Debtors' financial history and business operations, as well as my training and experience in the financial affairs of companies in the energy industry, I am qualified to testify regarding the statements made herein.

VALUATION ANALYSIS

7. As described in the Disclosure Statement, Johnson Rice performed an analysis of the estimated range of total enterprise value (defined as market value of equity in the Debtors and non-Debtor affiliates, plus market value of debt and book value of preferred stock and minority interests, less cash) for the Reorganized Debtors attached as Exhibit E to the Disclosure Statement (the "**Valuation Analysis**"). The Valuation Analysis was based on financial information and projections provided by the Debtors' management, including the financial projections attached to the Disclosure Statement as Exhibit D (the "**Financial Projections**"), and information provided by other sources. The Valuation Analysis assumes that the Effective Date will occur on January 31, 2021.

8. Solely for the purposes of the Plan and the Disclosure Statement, the estimated range of total enterprise value of the Reorganized Debtors (which includes all assets of the Debtors and non-Debtors) (the "**Enterprise Value**") was $710 million to $880 million, with a midpoint of $795 million, which reflects the Parent's interests in both the Affiliate Debtors and the non-Debtor affiliates. The Enterprise Value was estimated on a consolidated going-concern basis.

9. Claims at the Parent consist of the $1.3 billion of Prepetition Notes Claims and an undetermined amount of General Unsecured Claims (consisting of contingent and unliquidated Parent guarantee claims). The Plan proposes that $125,000 in cash be distributed to Holders of

General Unsecured Claims at the Parent. The holders of the Prepetition Notes have claims at the Parent entity, but have agreed to waive any distribution.

10. The Parent's only material asset is its 100% ownership in its direct subsidiary SESI L.L.C., which in turn directly or indirectly owns the equity in all other Debtors and non-Debtors. The Holders of Prepetition Notes also have claims against SESI, L.L.C. and the Affiliated Debtors, while the holders of General Unsecured Claims at the Parent do not have claims against SESI, L.L.C or any other Debtors and non-Debtors.

11. Because the $1.3 billion of Prepetition Notes Claims at each Debtor entity, (including the Parent and SESI, L.L.C.) greatly exceed the $795 million enterprise value, there is no residual value available for distribution to General Unsecured Creditors of the Parent (or for Holders of Old Parent Interests or 510(b) Equity Claims).[3]

METHODOLOGY AND ASSUMPTIONS

12. In completing the Valuation Analysis, Johnson Rice assumed that the Financial Projections set forth in the Disclosure Statement were reasonably prepared in good faith and on a basis reflecting the Debtors' best estimates and judgments as to the future operating and financial performance of the Reorganized Debtors. The Valuation Analysis assumes that the actual performance of the Reorganized Debtors will correspond to the Financial Projections in all material respects. Also for purposes of the Valuation Analysis, Johnson Rice assumed that, between the filing date of the Disclosure Statement and the assumed Effective Date, no material changes that would affect the estimated valuation would occur. If the business performs at levels below or above those set forth in the Financial Projections, such performance may have a

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[3] The same result occurs even at the high end of the range of the Reorganized Debtors' estimated Enterprise Value of $880 million.

materially negative or positive impact, respectively, on the Valuation Analysis and estimated potential ranges of Enterprise Value therein.

13. In preparing the Valuation Analysis, Johnson Rice primarily relied on three generally accepted valuation techniques that I believe were appropriate under the circumstances: (a) Discounted Cash Flow ("**DCF**") Analysis; (b) Selected Transaction Analysis; and (c) Selected Public Company Analysis.

14. The DCF analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business plus a present value of the estimated terminal value of that asset or business. Johnson Rice's DCF analysis used the Financial Projections' estimated debt-free, after-tax free cash flows from the assumed Effective Date through December 31, 2023. These cash flows were then discounted at a weighted average cost of capital ("**Discount Rate**") for the Reorganized Debtors (methodology behind discount rate described below). The Discount Rate reflects the estimated blended rate of return that would be expected by debt and equity investors to invest in the Reorganized Debtors' respective businesses based on the Reorganized Debtors' target capital structure. The Enterprise Value was determined by calculating the present value of the Reorganized Debtors' unlevered after-tax free cash flows based on the Financial Projections plus an estimate for the value of the Reorganized Debtors beyond the Projection Period known as the terminal value. In determining the estimated terminal value of the Reorganized Debtors, Johnson Rice relied upon the terminal multiple method which estimates a range of values that the Reorganized Debtors will be valued at the end of the Projection Period based on applying a terminal multiple to final projection year EBITDA. Johnson Rice also considered the perpetuity growth method which estimates a range of values for the Reorganized Debtors at the end of the

Projection Period. The range of multiples selected for the terminal multiple method was established using the median of daily historical enterprise value/forward EBITDA multiples for public companies that Johnson Rice deemed relevant from January 2018 through October 2020.

15. To determine the Discount Rate, Johnson Rice used the estimated cost of equity and the estimated cost of debt for the Reorganized Debtors, assuming a targeted, long-term, debt-to-total capitalization ratio (based on debt-to-capitalization ratios of the selected publicly traded companies and the proposed capital structure contemplated by the Plan initially and after giving effect to the projected financial performance of the Reorganized Debtors during the Projection Period). Johnson Rice calculated the cost of equity based on the capital asset pricing model, which assumes that the expected equity return is a function of the risk-free rate, equity risk premium, and the correlation of the stock performance of the selected publicly traded companies to the return on the broader market. Johnson Rice did not make an independent assessment of the go-forward tax environment.

16. The Selected Transaction Analysis is based on the implied enterprise values of companies and assets involved in publicly-disclosed merger and acquisition transactions for which the targets had operating and financial characteristics comparable in certain respects to the Reorganized Debtors. Under this methodology, the enterprise value of each such target is determined by an analysis of the consideration paid and the net debt assumed in the merger or acquisition transaction. The enterprise value and EBITDA of the acquired company is then compared to EBITDA for the Reorganized Debtors in order to determine an enterprise value multiple. Johnson Rice analyzed various merger and acquisition transactions that have occurred in the oilfield services industry deemed relevant by Johnson Rice. In this analysis, the enterprise

value to EBITDA multiples were utilized to determine a range of implied enterprise values for the Reorganized Debtors.

17. The Selected Publicly Traded Company Analysis is based on the enterprise values of selected publicly traded oilfield services companies that have operating and financial characteristics comparable in certain respects to the Reorganized Debtors. For example, such characteristics may include similar size and scale of operations, services mix, operational capabilities and efficiencies, growth rates, and geographical exposure. Under this methodology, certain financial multiples that measure financial performance and value are calculated for each selected company and then applied to the Reorganized Debtors' financials to imply an enterprise value for the Reorganized Debtors. Johnson Rice used, among other measures, enterprise value for each selected company as a multiple of such company's EBITDA.

18. Although the selected companies were used for comparison purposes, no selected publicly traded company is either identical or directly comparable to the business of the Reorganized Debtors. Accordingly, Johnson Rice's comparison of selected publicly traded companies to the business of the Reorganized Debtors and analysis of the results of such comparisons was not purely mathematical, but instead involved considerations and judgments concerning differences in operating and financial characteristics and other factors that could affect the relative values of the selected publicly traded companies and the Reorganized Debtors. The selection of appropriate companies for this analysis is a matter of judgment and subject to limitations due to sample size and the public availability of meaningful market-based information.

19. Further, in preparing the Valuation Analysis, Johnson Rice (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed certain financial and operating data of the Debtors, including the Financial Projections;

(c) discussed the Debtors' operations and future prospects with the Debtors' senior management team and third-party advisors; (d) reviewed certain publicly available financial data for, and considered the market value of, public companies that Johnson Rice deemed generally relevant in analyzing the value of the Reorganized Debtors; (e) considered certain economic and industry information that Johnson Rice deemed generally relevant to the Reorganized Debtors; and (f) conducted such other studies, analyses, inquiries, and investigations as deemed appropriate. Johnson Rice assumed and relied on the accuracy and completeness of all the financial and other information furnished to it by the Debtors' management and other parties as well as publicly available information.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed on: January 15, 2021

/s/ Joshua C. Cummings, CFA
Joshua C. Cummings, CFA
Group Head, Energy Investment Banking
Johnson Rice & Company

Financial Advisor and Investment Banker for Debtors and Debtors-in-Possession