AMERICAN BANKRUPTCY INSTITUTE

2020 Midwestern Virtual Bankruptcy Institute

CONCURRENT SESSION

Financial Expert Presentation: A Virtual Mock Hearing

Sponsored by Williams-Keepers LLC

Mark V. Bossi, Moderator
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Mackinac Partners LLC | Chicago

Paul D. Sinclair
Sandberg Phoenix & von Gontard P.C. | Kansas City, Mo.

Hon. Dale L. Somers
U.S. Bankruptcy Court (D. Kan.) | Topeka

Basic Outline to Qualify an Expert Witness

Prepared by John Cruciani, Husch Blackwell LLP

1. Name.
2. Occupation.
3. Place of employment.
4. Present title.
5. Position currently held.
6. Describe briefly the subject matter of your specialty.
7. Specializations within that field.
8. What academic degrees are held and from where and when obtained.
9. Specialized degrees and training.
10. Licensing in field, and in which state(s).
11. Length of time licensed.
12. Length of time practicing in this field.
13. Board certified as a specialist in this field.
14. Length of time certified as a specialist.
15. Positions held since completion of formal education, and length of time in each position.
16. Duties and function of current position.
17. Length of time at current position.
18. Specific employment, duties, and experiences (optional).
19. Whether conducted personal examination or testing of (subject matter/ person/instrumentality).
20. Number of these tests or examinations conducted by you and when and where were they conducted.
21. Teaching or lecturing by you in your field.
22. When and where your lecture or teach.
23. Publications by you in this field and titles.
24. Membership in professional societies/associations/organizations, and special positions in them.
25. Requirements for membership and advancement within each of these organizations.
26. Honors, acknowledgments, and awards received by you in your field.
27. Number of times testimony has been given in court as an expert witness in this field.
28. Put curriculum vitae or resume into evidence.
29. Your Honor, I am tendering __________________ as a qualified expert witness.

Helpful Resources

Compiled by Paul D. Sinclair, Sandberg Phoenix & Von Gontard P.C., and Melissa S. Kibler, Mackinac Partners, LLC

I. Fraud and Forensics: Piercing Through the Deception in a Commercial Fraud Case, Chapter 10 "How to Write an Effective Expert Report, " American Bankruptcy Institute, 2016

II. AICPA SSVS No. 1 Development Compliance Checklist (attached)

III. A Practical Guide to Bankruptcy Valuation by the American Bankruptcy Institute, 2013

IV. Valuation Cheat Sheet by Hon. Cynthia A. Norton, Chief Bankr. Judge, WDMO, MO Bar Winter 2014.

V. Valuation Issues In Bankruptcy Code.

A. Adequate Protection under § 361.
B. Stay relief under § 362(d)(2)(A.)
C. Sales of Property free and clear of liens under § 363(f)(3).
D. Determination of Secured Status under § 506.
E. Scheduling of Assets/Disclosure of Transfers § 521.
F. Exemptions under § 522(a)(2).
G. Lien Avoidance under § 522(f)(2)(A).
H. Exemptions to Discharge under § 523.
I. Preferential Transfers under § 547.
J. Fraudulent Conveyances under § 548(a)(1)(B)(i).
K. Recovery of a transfer or its value under §550.
L. Abandonment under § 554.
M. Redemption under § 722.
N. Denial of Discharge under § 727(a)(4)(A).
O. Cram down and Strip Offs under §§506(a), 1129, 1225, and 1325(a)(5).
P. Liquidation analysis under §§ 1129(a)(7), 1225(a)(4), 1325(A)(4.)

VI. Two Key Kansas Cases in Valuation.

A. *City of Wichita v. Jennings*, 199 Kan. 621, 433 P.2d 351 (1967).
Under K.S.A. 60-401, expert witness may testify as to the purchase price of specific tracts of neighboring land.

B. *Morgan v. City of Overland Park*, 207 Kan. 188, 483 P.2d 1079 (1971). Once qualified as an expert, court cannot regulate factors expert uses in mental process by which she arrives at her conclusions and such matters can only be challenged by cross-examination; permitting condemnee's value expert to adjust sale price of other lands considered to reflect price increase was not in error.

VII. Federal Rules of Evidence - Experts.

Fed. R. Evid. 104. Preliminary Questions.

(a) IN GENERAL. The court must decide any preliminary question about whether a witness is qualified, a privilege exists, or evidence is admissible. In so deciding, the court is not bound by evidence rules, except those on privilege.

Fed. R. Evid. 702. Testimony by Expert Witnesses.

A witness who is qualified as an expert by knowledge, skill, experience training, or education may testify in the form of an opinion or otherwise if:

(a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
(b) the testimony is based on sufficient facts or data;
(c) the testimony is the product of reliable principles and methods; and
(d) the expert has reliably applied the principles and methods to the facts of the case.

Fed. R. Evid. 703. Bases of an Expert's Opinion Testimony.

An expert may base an opinion on facts or data in the case that the expert has been made aware of or personally observed. If experts in the particular field would reasonable rely on those kinds of facts or data in forming an opinion on the subject, they need not be admissible for the opinion to be admitted. But if the facts or data would otherwise be inadmissible, the, proponent of the opinion may disclose them to the jury only if their probative value in helping the jury evaluate the opinion substantially outweighs their prejudicial effect.

Fed. R. Evid. 704. Opinion on an Ultimate Issue.

(a) IN GENERAL — NOT AUTOMATICALLY OBJECTIONABLE. An opinion is not objectionable just because it embraces an ultimate issue.

(b) EXCEPTION. in a criminal case, an expert witness must not state an opinion about whether the defendant did or did not have a mental state or condition that constitutes an element of the crime charged or of a defense. Those matters are for the trier of fact alone.

Fed. R. Evid. 705. Disclosing the Facts or Data Underlying an Expert's Opinion.

Unless the court orders otherwise, an expert may state an opinion-and give the reasons for it-without first testifying to the underlying facts or data. But the expert may be required to disclose those facts or data on cross-examination.

AICPA SSVS No.1 Development Compliance Checklist

Valuation Engagement Development Compliance Checklist
Business, Business Ownership Interest, or Security

A valuation analyst performs a valuation engagement when (1) the engagement calls for the valuation analyst to estimate the value of a subject interest and (2) the valuation analyst estimates the value (as outlined in *SSVS No. 1* ¶23–¶45) and is free to apply the valuation approaches and methods he or she deems appropriate in the circumstances. The valuation analyst expresses the results of the valuation as a conclusion of value; the conclusion may be either a single amount or a range. This checklist should be used in conjunction with the Development Compliance **Introduction and Scope** document and the **SSVS No. 1 Reporting Compliance Checklists**.

Client Name and Number: ____

Prepared by:________________________________ Date: ____________ Reviewed by: ___________

	Consideration			
	Yes		No	N/A
	Report Section	W/P Reference		
Analysis of the Subject Interest				
1. The analysis of the subject interest will assist the valuation analyst in considering, evaluating, and applying the various valuation approaches and methods to the subject interest. The nature and extent of the information needed to perform the analysis will depend on, at a minimum, the following (see *SSVS No. 1* ¶25):				
a. Nature of the subject interest				
b. Scope of the valuation engagement				
c. Valuation date				
d. Intended use of the valuation				
e. Applicable standard of value				
f. Applicable premise of value				
g. Any assumptions and limiting conditions				
h. Any applicable governmental regulations or other professional standards				
Nonfinancial Information				
2. The type, availability, and significance of the financial and nonfinancial information may vary with the subject interest (see *SSVS No. 1* ¶26). The valuation analyst should, as available and applicable to the valuation engagement, obtain sufficient nonfinancial information to enable the valuation analyst to understand the subject entity, including its ((see *SSVS No. 1* ¶27):				
a. Nature, background, and history				

	Consideration			
	Yes		No	N/A
	Report Section	W/P Reference		
b. Facilities				
c. Organizational structure				
d. Management team (which may include officers, directors, and key employees				
e. Classes of equity ownership interests outstanding and the rights attached thereto				
f. Products or services, or both				
g. Economic environment				
h. Geographical markets				
i. Industry markets				
j. Key customers and key suppliers				
k. Competition				
l. Business risks				
m. Current strategy and future business plans				
n. Governmental or regulatory environment				
Ownership Information				
3. The valuation analyst should obtain, where applicable and available, sufficient ownership information regarding the subject interest to enable the valuation analyst to (see *SSVS No. 1* ¶28):				
a. Determine the type of ownership interest being valued and ascertain whether the subject interest exhibits ownership control characteristics				
b. Analyze the different ownership interests of other owners and assess the potential effect on the value of the subject interest				
c. Understand the classes of equity ownership interests and the rights attached thereto				
d. Understand other matters that may affect the value of the subject interest, such as shareholder agreements, partnership agreements, operating agreements, voting trust agreements, buy-sell agreements, loan covenants, restrictions, and other contractual obligations or restrictions affecting the owners and the subject interest				
Financial Information				
4. The type, availability, and significance of the financial and nonfinancial information may vary with the subject interest (see *SSVS No. 1* ¶26). The valuation analyst should read and evaluate this financial information to determine that it is reasonable for purposes of the engagement (see *SSVS No. 1* ¶30).The valuation analyst should obtain, where applicable and available, financial information regarding the subject entity, such as (see *SSVS No. 1* ¶29):				

	Consideration			
	Yes		No	N/A
	Report Section	W/P Reference		
a. Historical financial information (including annual and interim financial statements and key financial statement ratios and statistics) for an appropriate number of years				
b. Prospective financial information (for example, budgets, plans, forecasts, and projections)				
c. Comparative summaries of financial statements or information covering a relevant time period				
d. Comparative common size financial statements for the subject entity for an appropriate number of years				
e. Comparative common size industry financial information for a relevant time period				
f. Income tax returns for an appropriate number of years				
g. Information on the compensation for owners, including employee benefits and personal expenses				
h. Information on key person or officer's life insurance				
i. Management's response to inquiries regarding:				
i. Advantageous or disadvantageous contracts				
ii. Contingent or off-balance-sheet assets or liabilities				
iii. Information on any prior sales of the subject company stock				
Valuation Approaches and Methods				
5. In developing the valuation, the valuation analyst should consider the three most common valuation approaches identified below (see *SSVS No. 1* ¶31). The valuation analyst should use the valuation approaches and methods that are appropriate for the subject valuation engagement (see *SSVS No. 1* ¶32):				
a. Income (income-based) approach				
b. Asset (asset-based) approach				
c. Market (market-based) approach				
Income Approach				
6. Two frequently used valuation methods under the income approach include the capitalization of benefits (for example, earnings or cash flow) method and the discounted future benefits (for example, earnings or cash flow) method. When applying these methods, the valuation analyst should consider a variety of factors, including, but not limited to, the following (see *SSVS No. 1* ¶33):				
a. The capitalization of benefits method includes:				
i. Normalization adjustments				

	Consideration			
	Yes		No	N/A
	Report Section	W/P Reference		
ii. Nonrecurring revenue and expense items				
iii. Taxes				
iv. Capital structure and financing costs				
v. Appropriate capital investments				
vi. Noncash items				
vii. Qualitative judgments for risks used to compute the discount and/or capitalization rates				
viii. Expected change (increase or decrease) in the future benefits (for example, earnings or cash flow)				
b. The discounted future benefits method includes, in addition to the items listed above:				
i. Forecast/projection assumptions				
ii. Forecast/projected earnings or cash flow				
iii. Terminal value				
Asset Approach				
7. A frequently used method under the asset approach is the adjusted net asset method. When using the adjusted net asset method to value a business, business ownership interest, or security, the valuation analyst should consider, as appropriate, the following information related to the appropriate premise of value (see *SSVS No. 1* ¶34):				
a. Identification of all assets and liabilities				
b. Value of all assets and liabilities (individually or in the aggregate)				
c. Any liquidation costs (if applicable)				
Market Approach				
8. Three frequently used market approach methods for valuing a business, business ownership interest, or security are (see *SSVS No. 1* ¶36):				
a. Guideline public company method				
b. Guideline company transactions method				
c. Guideline sales of interests in the subject entity, such as business ownership interests or securities				
9. In applying market approach valuation methods, the valuation analyst should consider (see *SSVS No. 1* ¶37):				
a. Qualitative and quantitative comparisons				

	Consideration			
	Yes		No	N/A
	Report Section	W/P Reference		
b. Arm's length transactions and prices				
c. Dates and, consequently, the relevance of the market data				
10. The valuation analyst should set forth in the report the rationale and the support for the market approach valuation methods used (see *SSVS No. 1* ¶38).				
Rules of Thumb				
11. Although technically not a valuation method, some valuation analysts use rules of thumb or industry benchmark indicators (in *SSVS No. 1*, collectively referred to as "rules of thumb") in a valuation engagement.				
a. The rule of thumb is typically a reasonableness check against other methods used (see SSVS No. 1 ¶39).				
b. The rule of thumb is generally not used as the only method to estimate the value of the subject interest (see *SSVS No. 1* ¶39).				
Valuation Adjustments				
12. The valuation analyst should consider whether valuation adjustments (i.e., discounts or premiums) should be made to a pre-adjustment value indication (see *SSVS No. 1* ¶40).				
13. Examples of business valuation adjustments to pre-adjustment value indications include (see *SSVS No. 1* ¶40):				
a. Discount for lack of marketability or liquidity and				
b. Discount for lack of control.				
14. When valuing a controlling ownership interest using the income approach[1], the value of any nonoperating assets, nonoperating liabilities, or excess or deficient operating assets should be (see *SSVS No. 1* ¶41):				
a. Excluded from the computation of the value related to the operating assets and				
b. Added to or deleted from the indicated value of the operating entity.				
15. When valuing a noncontrolling ownership interest using the income approach, the value of any nonoperating assets, nonoperating liabilities, or excess or deficient operating assets may or may not be used to adjust the indicated value of the operating entity, depending on the valuation analyst's assessment of the level of influence exercisable by the noncontrolling ownership interest (see *SSVS No. 1* ¶41).				

[1] While not explicitly stated in *SSVS No. 1*, the Task Force believes that nonoperating assets, nonoperating liabilities, or excess or deficient operating assets may be treated similarly in the market approach. When considering such an adjustment in the market approach, the practitioner should take care to note whether or not the selected comparable companies have nonoperating assets, nonoperating liabilities, or excess or deficient operating assets, as any multiples derived from such a comparable may already reflect the impact of nonoperating assets, nonoperating liabilities, or excess or deficient operating assets.

	Consideration			
	Yes		No	N/A
	Report Section	W/P Reference		
16. In the asset-based approach, it may not be necessary to separately consider nonoperating assets, nonoperating liabilities, or excess or deficient operating assets (see *SSVS No. 1* ¶41).				
Conclusion of Value				
17. In arriving at a conclusion of value, the valuation analyst should (see *SSVS No. 1* ¶42):				
a. Correlate and reconcile the results obtained from the different valuation approaches and methods used.				
b. Assess the reliability of the results from the different valuation approaches and methods using the information gathered during the valuation engagement.				
c. Determine, based on items a and b, whether the conclusion of value should reflect:				
i. Result of one valuation approach and method only or				
ii. Combination of the results of more than one valuation approach and method.				
Subsequent Events				
18. A valuation is performed as of a point in time (the valuation date) and events occurring subsequent to the valuation date are not relevant to the value determined as of that date (see *SSVS No. 1* ¶43). The valuation date is the specific date at which the valuation analyst (1) estimates the value of the subject interest and (2) concludes on the estimation of value. Subsequent events are indicative of conditions that were not known or knowable at the valuation date, including conditions that arise subsequent to the valuation date. Generally, the valuation analyst should consider only:				
a. Those circumstances existing at the valuation date, and				
b. Events occurring up to the valuation date.				
19. Note that the valuation should not be updated to reflect subsequent events or conditions.				
20. In situations in which a valuation is meaningful to the intended user beyond the valuation date, the events may be of such nature and significance as to warrant disclosure (at the option of the valuation analyst) in a separate section of the report in order to keep users informed. Such a disclosure should clearly indicate that the information regarding the subsequent event (see *SSVS No. 1* ¶43):				
a. Is provided for informational purposes only, and				
b. Does not affect the estimation of value as of the specified valuation date.				

Line No.	Justification for N/A Responses

Notice to Readers

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THIS HYPOTHETICAL VALUATION REPORT HAS BEEN PREPARED FOR DEMONSTRATIVE PURPOSES ONLY IN CONNECTION WITH THE 2020 ABI MIDWESTERN BANKRUTPCY INSTITUTE AND IS NOT REPRESENTATIVE OF ANY COMPANY OR BANKRUPTCY CASE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS

In re: DALE'S DINER LLC, *et al.*,	)	Case No.: 19-12345
	)	
Debtors.	)	Chapter 11
	)	
	)	(Jointly Administered)
	)	Hon. Amanda B. Corning
	)	

EXPERT REPORT OF MELISSA S. KIBLER

January 15, 2020

Mackinac PARTNERS

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VALUATION REPORT OF:
Dale's Diner LLC, *et al.*

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INTRODUCTION

RETENTION AND SCOPE OF ASSIGNMENT

Mackinac Partners, LLC ("Mackinac" or "We") was retained by Dale's Diner LLC, Dale's Café LLC, Dale's of Redmond LLC, Dale's of Sisters LLC, Dale's of Bend LLC and Dale's of Sunriver LLC (collectively, "Dale's," the "Debtors" or the "Company") to express its opinion as to the enterprise value of the Debtors as of December 31, 2019. This report (the "Report") has been prepared in connection with the confirmation of a plan of reorganization in the above-captioned bankruptcy (the "Case"). The Report was prepared under the direction of senior managing director Melissa S. Kibler.[1]

QUALIFICATIONS

Ms. Kibler is a Senior Managing Director with Mackinac Partners LLC ("Mackinac"). She has over 25 years of experience providing financial advisory, restructuring and turnaround services to Fortune 500 and mid-sized companies and their stakeholders. Ms. Kibler has extensive investigative, litigation and valuation experience, including insolvency-related litigation, avoidance actions, fraud investigations, M&A disputes, director and officer claims, and other commercial litigation support.

She earned a Bachelor of Business Administration from Texas A&M University and a Master of Business Administration from Southern Methodist University. Her certifications include Certified Public Accountant, Certified in Financial Forensics, Certified Insolvency and Restructuring Advisor, Certified Turnaround Professional and Certification in Distressed Business Valuation.

Prior to joining Mackinac, Ms. Kibler was a senior managing director in the Chicago office and an executive committee member of Mesirow Financial Consulting following their 2004 acquisition of the corporate recovery practice of KPMG LLP, where she had served as partner-in-charge of the Midwest Region Corporate Recovery practice and the Pacific Northwest Corporate Recovery and Forensic and Litigation Services practices since 1999. She started her career in financial advisory services at Price Waterhouse LLP.

Ms. Kibler is a Fellow and the President of the American College of Bankruptcy and has held leadership positions in many industry organizations, including President of the American Bankruptcy Institute, Director of INSOL International, and Chair of the American Institute of Certified Public Accountants Bankruptcy Task Force. She has received numerous industry recognitions, including Consulting Magazine's Leadership Award for Women Leaders in Consulting, the AICPA's Women to Watch Award for Experienced Leaders, and the International Women's Insolvency & Restructuring Confederation's Woman of the Year in Restructuring Award.

Ms. Kibler's curriculum vitae is attached as **Appendix F** and provides additional detail regarding her qualifications and experience, including the cases in which she has provided testimony at trial or deposition during the previous four years and publications authored during the previous 10 years.

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[1] The work described herein was performed by Ms. Kibler and staff working under her direction and supervision.

APPROACH

Our approach has been to determine an indication of value that would provide a fair and reasonable return on investment to a capital provider or investor, in view of the facts that would have been reasonably available to them at the time. We based our opinion on, among other things, our assessment of the risks facing the Company and the return on investment that would be required on alternative investments with similar levels of risk.

We studied, analyzed and interpreted both internal and external factors that could influence the value of Dale's. Internal factors included the Company's financial position, results of operations, management and improvement initiatives in place and anticipated, as well as the size and marketability of the interest being valued. External factors included the economic environment, the status of the industry and the position of the Company relative to the industry.

The procedures employed in valuing the subject interest in the Company included such steps as we considered necessary, including, but not limited to, the following:

- Inspection and review of documents from this Case, including documents produced by the parties, depositions, and filings, as well as information from external sources including industry studies, data regarding potential guideline public companies and guideline merged and acquired companies, economic data, resources regarding business valuation issues, and various other relevant publicly available information, as listed in **Appendix 4**;
- Analysis of the Company's historical financial performance;
- Analysis of the projected future financial condition of the Company;
- Discussions with management regarding the Company's operations, business plan and improvement initiatives, and historical and projected financial performance;
- Analysis of the industry in which the Company operates;
- Analysis of the general economic environment as of the valuation date;
- Comparative analysis where possible of guideline companies and transactions; and
- Analysis of other pertinent facts and data resulting in our conclusion of value.

This report has been prepared in accordance with the *Statement on Standards for Valuation Services 1* of the American Institute of Certified Public Accountants ("AICPA") and the *Standards for Distressed Business Valuation* of the Association of Insolvency and Restructuring Advisors ("AIRA").

This report has been prepared with reference to the *International Glossary of Business Valuation Terms*, which provides a summary of definitions as adopted by the American Society of Appraisers, Institute of Business Appraisers, American Institute of Certified Public Accountants, Canadian Institute of Chartered Business Valuators, and National Association of Certified Valuation Analysts.

LIMITING CONDITIONS

The opinions and conclusions contained herein are those of Ms. Kibler and are based upon analyses and information available as of the date of this Report. We believe that these procedures form a reasonable basis for our findings. To the extent that additional information or documents become available, we reserve the right to revise the analyses, opinions and conclusions contained herein. We also reserve the right to respond to any issues raised by other parties' experts. Further, we reserve the right to prepare additional exhibits, charts, graphs, tables, demonstratives, and diagrams to summarize or support the opinions and analysis set forth in this Report.

This Report and the accompanying appendices and exhibits are intended solely for use in connection with this Case and may contain confidential information. Any unauthorized use or distribution of this Report is strictly prohibited.

The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted auditing standards ("GAAS"). The objective of a GAAS examination is to express an opinion regarding the fair presentation of historical or prospective financial statements or other financial information presented in accordance with generally accepted accounting principles ("GAAP"). Since we did not perform an examination in accordance with GAAS, we express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation.

In preparing this report, Mackinac evaluated the projections and related assumptions provided by the Company to assess historical performance relative to projected performance and determined that the Company's projections were an appropriate basis for our valuation procedures. Users of this valuation report should be aware that business valuations are based on future earnings potential and/or asset values that may or may not materialize. Therefore, the actual results achieved and/or asset values obtained during the projection period will vary from the projections used in this report, and the variations may be material.

Users of this Report should refer to the *Statement of Assumptions and Limiting Conditions* contained in **Appendix 6** of this report for important conditions, restrictions and assumptions. Additionally, numerous assumptions are included throughout this report. Therefore, users should study the entire report in order to obtain an understanding of the value estimate contained herein.

FEES AND VALUATOR INDEPENDENCE

Mackinac is compensated for the time of Mackinac's professionals expended on this matter at hourly rates ranging from $250 to $800 per hour. Ms. Kibler's hourly rate in this matter is $800 per hour. We have no present or contemplated financial interest in Dale's. The engagement of Mackinac and the compensation paid to the firm are in no way contingent and are not dependent upon any specific findings or results in this matter.

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EXECUTIVE SUMMARY OF OPINIONS

The purpose of this valuation is to establish the enterprise value of the Company on a non-marketable, controlling basis as of December 31, 2019.

The standard of value applied is fair market value. Fair market value is defined by IRS Revenue Ruling 59-60, 1959-1, C.B. 237 as "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts." IRS Revenue Ruling 59-60 also states that, "in addition…the hypothetical buyer and seller are assumed to be able, as well as willing, to trade and to be well informed about the property and the market for such property." The premise of value is going concern, and thus we assume that the character of the Company's present business will remain intact.

Based on our study and analysis, and the assumptions and limiting conditions as described in this report, we have concluded that the enterprise value of Dale's as of December 31, 2019 is $5.7 million to $7.5 million. However, after adding back the present value of the non-recurring cash flows associated with closed locations, the leases for which will be rejected upon consummation of the plan of reorganization, the value contributed by continuing operations is $9.7 million to $11.6 million, as shown below and as further detailed in **Appendix 3a**:

Estimated Enterprise Valuation Conclusion USD$ 000's	Weighting	Low	Mid	High
Enterprise Value Indications:				
Discounted Cash Flow Method	50%	$ 4,260	$ 4,623	$ 5,034
Guideline Public Company Method	40%	7,238	8,744	10,250
Merger and Acquisition Method	10%	6,596	7,924	9,251
Estimated Enterprise Value Conclusion		**$ 5,685**	**$ 6,601**	**$ 7,542**
Plus: Present Value of Non-Recurring Cash Flows		4,032	4,032	4,032
Value Contributed by Continuing Operations		**$ 9,717**	**$ 10,634**	**$ 11,574**

FUNDAMENTAL INFORMATION ON THE SUBJECT COMPANY

ORGANIZATIONAL AND OWNERSHIP STRUCTURE

The Company is a closely held, private company. Dale's Diner LLC ("Dale's) was founded by Dale M. McKinney, Sr. on July 27, 1995 to acquire, develop and operate casual dining restaurants. It owns 100% of the Class A units of its subsidiaries, Dale's of Redmond LLC, Dale's of Sisters LLC, Dale's of Bend LLC and Dale's of Sunriver LLC. Dale's is wholly owned by McKinney Dining Group LLC, whose common units are in turn controlled (83.34%) by Mr. McKinney and a trust for his descendants, with the remainder held by McKinney Family Holdings, LLC. Preferred units and management units are also outstanding. The Company's organizational and ownership structure is shown in **Appendix 1** of this report.

BACKGROUND AND OPERATIONS

Dale's is a multi-unit franchisee company operating 59 Dale's Diners restaurants in the Midwest and Northwest regions, with locations in Kansas, Missouri, Nebraska and Oregon. The Dale's restaurants are operated under franchise agreements with Dale's Services Inc. ("DSI"), which develops, franchises and operates the Dale's restaurant chain. The Dale's concept focuses on casual dining, with mainstream American dishes such as hamburgers, French fries, club sandwiches and other simple fare. There are currently over 1,800 Dale's locations in the U.S. and around the world.

On December 3, 2010, Dale's entered into an asset purchase agreement for 30 Dale's restaurants. Dale's took control of 29 restaurants in February 2011 and the final restaurant in August 2011. On April 30, 2012, Dale's entered into an asset purchase agreement for 39 Dale's restaurants. Dale's took control of these restaurants in October 2012.

Below is a history of store openings and closures:
2015 – closed two locations (Salem-KS and Wichita-KS)
2016 – closed one location (Portland-OR)
2017 – closed five locations (Hays-KS, Great Bend-KS, Grand Island-NE, Lincoln-NE and Topeka-KS) and opened two locations (Lebanon-MO and Springfield-MO)
2018 – closed four locations (Bend-OR, Hays-KS, Hood River-OR, Manhattan-KS)

Dale's employs approximately 3,400 people and is headquartered in Manhattan-KS. There are twenty-one corporate employees, including nine area directors. The Company is expecting to fill two open corporate positions in 2020 (accounting and marketing).

All of the Company's locations are leased.

On September 15, 2019 (the "Petition Date"), the Debtor filed for relief under chapter 11 of 11 U.S.C. § 101 *et seq* (the "Bankruptcy Code"). The Debtor filed its plan of reorganization on December 1, 2019.

MANAGEMENT AND BOARD OF DIRECTORS

The Company's current officers and board members are as follows:

Officers:

Zachary Thomas	President and Chief Operating Officer (assumed role in April 2016 when John Asher was terminated)
Jacob Victor	Chief Financial Officer, Treasurer and Secretary (assumed role in July 2018 when Kristina Mayflower left to pursue other opportunities)

Board Members:

Alex Caddy	Chairman
Cody Fisherman	Board Member
Bailey Lavender	Board Member

COMPANY CAPITAL STRUCTURE

The Company's debt structure as of December 31, 2019 is shown below.

Summary of Debt Outstanding - December 31, 2019		
Term Loan	$	16,362
Subordinated Debt		9,611
Total Debt		**25,973**

HISTORICAL AND PROJECTED FINANCIAL STATEMENTS

Selected historical results of the Company for the years ended December 31, 2015 through December 31, 2019 are included in **Appendix 2** of this report.

Dale's provided Company-prepared projections through December 31, 2028. Mackinac evaluated the projections and related assumptions to assess historical performance relative to projected performance, and to assess the financial impact of the Company's business plan and improvement initiatives. Key assumptions were as follows:

- Same store sales growth is 0.4% in 2020, 0% in 2021, 0.5% in 2022 and 1.0% in 2023 and 2024;
- Hourly labor decreases marginally and management labor increases marginally as a percent of sales;
- Food costs as a percent of sales remain unchanged throughout the projections;
- Rent on a cash basis is unchanged in 2020, increases 0.5% in 2021 and 2022, increases 2.2% in 2023 and increases 3.1% in 2024, excluding any changes for closed locations and rejected leases;
- Insurance expenses increase 4.8% in 2020, and 5.0% in 2021 through 2024;
- Other expenses are held constant as a percent of sales;
- Annual capital expenditures ("capex") are approximately $20,000 per unit, which is expected to cover only minimum maintenance capex.[2]
- Depreciation calculated assuming the above capital expenditures based on the Company's 2019 depreciation as a percentage of property, plant and equipment; and
- Non-recurring expenses related to rent, common area maintenance, utilities and other expenses for six closed locations is included separately through the projection period.

The Company-prepared projected financial statements for the five years ending December 31, 2020 through December 31, 2024 are included in **Appendix 2.**

VALUATION METHODS

OVERVIEW

The standard of value applied is fair market value. Fair market value is defined by IRS Revenue Ruling 59-60, 1959-1, C.B. 237 as "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts." IRS Revenue Ruling 59-60 also states that, "in addition…the hypothetical buyer and seller

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[2] Mackinac estimates that a more appropriate level of capex would be as much as $35,000 to $40,000 per unit. As such, Mackinac included a valuation scenario incorporating a higher level of capex to provide for deferred maintenance capex and renovations to maintain sales and support growth. Specifically, Mackinac utilized capex projections of $20,000 per unit in 2020 and 2021, $24,000 per unit in 2022, $26,000 per unit in 2023 and $30,000 per unit in 2024.

are assumed to be able, as well as willing, to trade and to be well informed about the property and the market for such property."

The premise of value is going concern, which reflects the highest and best use of the Company's assets. Thus, we assume that the character of the Company's present business will remain intact.

The appropriate application of a particular method of valuation in a given case is dependent upon the facts and circumstances surrounding the case. The factors applicable to a particular case that will impact the selection of the most appropriate methods of valuation may include, but are not limited to, the following:

- The purpose of the valuation;
- The existence or lack of adequate guideline public companies and guideline transactions;
- The relative stability or irregularity of the historical earnings of the subject company; and
- The applicable premise of value (*i.e.*, liquidation versus going concern).

We considered the use of the income and market approaches and corresponding methods in determining fair market value. We selected the Discounted Cash Flow ("DCF") Method, the Guideline Public Company Method, and the Merger and Acquisition Method. Following is a general overview of these approaches and methods and a description of our valuation analyses. Detail of our valuation calculations is contained in **Appendix 3**.

INCOME APPROACH

The income approach is based upon the economic principle of anticipation or expectation. In this approach, the value of the subject investment (*i.e.*, the subject business interest) is the present value of the economic income expected to be generated by the investment. As the name of this economic principle implies, the investor anticipates the expected economic income to be earned from the investment. This expectation of prospective economic income is converted to a present worth – that is, the indicated value of the subject business interest.

There are numerous methods within the income approach, including capitalization of earnings, capitalization of dividends, capitalization of excess earnings, discounted future earnings and discounted cash flow. We selected and applied the Discounted Cash Flow Method.

Discounted Future Income Methods

Discounted future income methods involve projecting possible future income streams (*e.g.*, earnings, cash flow) on a year-by-year basis, usually for five or more years. Future income streams are then discounted at an appropriate discount rate (required rate of return on investment based on perceived investment risk) to a present value today. At the final projection year, a terminal value is determined, representing an estimated value for all income streams occurring after the terminal period. The terminal value is then discounted (at the discount rate) to its present value today. The summation of the present value of the projected income streams and the terminal value yields a value estimate of the business enterprise.

When an invested capital approach is employed, the income streams are discounted to present value at a weighted average cost of capital ("WACC"), a measure incorporating the costs of debt and equity. The resulting value represents the value of the total capitalization of the company, including debt and equity, and is called "enterprise value." The total present value of debt would be subtracted from this value in order to obtain the fair market value of equity in the company.

Shown below is the generalized formula for the discounted future income method. The formula shows the indicated value to be the sum of the present values of the annual income streams and the terminal value of the company:

The Discounted Future Income Method Formula

$$PV = \frac{E_1}{(1+k)} + \frac{E_2}{(1+k)^2} + \dots + \frac{E_n}{(1+k)^n} + \frac{\frac{E_n\,(1+G)}{k-g}}{(1+k)^n}$$

Where:

$E_1 \dots E_n$ = Expected amounts of economic income in each period E_1 through E_n
k = Discount rate
n = Number of periods in the discrete projection period
g = Annually compounded growth rate in perpetuity for prospective economic income, beyond the discrete projection period

If a company's earnings or cash flows are growing at a constant rate into perpetuity, the formula is then mathematically equivalent to the results achieved by using a single period capitalization method. However, when a company is experiencing a near-term rate of growth that is above or below a sustainable long-term trend, or where there are cyclical or unusual near-term factors that are influencing results (which can be reasonably predicted), this method can more reliably capture the valuation impacts of the fluctuations than a capitalization method. We believe this method is an appropriate valuation method under the circumstances for the purpose of valuing Dale's.

Indication of Value Using the Discounted Cash Flow Method

We used the DCF Method to arrive at an opinion of value. The following sections detail how we used this method to value the Company, including the development of the discount rates used and their application to the expected future cash flows.

Discount Rate

The WACC is calculated by weighting the required returns on interest-bearing debt and common equity capital in proportion to their estimated percentages in an expected capital structure. The WACC can then be used as the rate of return at which to discount projected invested capital net cash flows to obtain an enterprise value. The formula for WACC is shown below:

WACC Formula
$WACC = COD * (\text{Wd}) + \text{COE} * (\text{We})$
Where:
WACC = Weighted average cost of capital
COD = After-tax rate of return on debt capital
Wd = Debt capital as a percentage of the sum of debt and equity capital ("total capital")
COE = Rate of return on common equity capital
We = Common equity as a percentage of total capital

Cost of Debt

The rate of return on debt capital is the rate a likely investor would require on interest-bearing debt of the subject company based on the assumed capital structure. Since the interest on debt capital is deductible for income tax purposes, we used an after-tax interest rate. We selected an income tax rate of 25.8% based on the estimates of corporate tax rates by The Tax Foundation. The formula for cost of debt is shown below:

After-Tax Cost of Debt Formula
$COD = \text{K} * (1 - \text{T})$
Where:
COD = After-tax rate of return on debt capital
K = Pre-tax cost of debt capital
T = Marginal corporate tax rate

To estimate the Company's pre-tax cost of debt, we considered the Company's restructured senior debt facility, which bears interest at rates ranging from prime plus 1.25% to 2.5% (6.00% to 7.25%). We also the considered yields from the S&P High Yield Corporate Bond CCC Index and other market indicators. Based on the foregoing, we selected a pre-tax cost of debt of 8.0%. This is generally consistent with capital structure weightings in our WACC calculation described below.

Cost of Equity

We used the Modified Capital Asset Pricing Model ("MCAPM") to determine the required return on equity. Under MCAPM, the rate of return required by an investor for investing in a particular company is the sum of the risk-free rate, a risk premium required by the market in general, a risk premium for size, and a risk premium for any additional risks inherent to the specific company. The greater the risk, the greater the rate of return required to compensate an investor for incurring the risk. The result is an investor-required rate of return, a measure of the cost of equity. The MCAPM formula for the required return on equity can be summarized as follows:

Modified CAPM Required Return on Equity Formula
$$COE = Rf + B * (Rm - Rf) + Sp + A$$
Where:
COE = Rate of return on equity capital
Rf = Risk-free rate of return
B = Beta or systematic risk for this type of investment
Rm - Rf = Market risk premium: the expected return on a broad portfolio of stock in the market (Rm) less the risk-free rate (Rf)
Sp = Size premium
A = Alpha: company specific risk adjustments to the required rate of return based on factors specific to the subject company

Risk-Free Rate

Rates for U.S. Treasury bills, notes and bonds are often used as proxies for the risk-free rate. As of the valuation date, the yield on actively traded long-term (20-year) U.S. Treasury securities was 2.3%.

Beta

Beta is a statistical measure of risk based on the covariance of a specific stock relative to the overall market index. Generally, beta is considered to be indicative of the market's perception of the relative risk of the specific stock. Practical application of the MCAPM is dependent upon the ability to identify publicly traded companies that have similar risk characteristics as the subject company to derive meaningful measures of beta.

Our analysis made use of historical five-year weekly betas published by S&P Capital IQ, adjusted using the following formula: B = (2/3 x reported beta) + (1/3 x 1). Betas reported in public sources are leveraged, which incorporates the added risk to a stockholder due to the debt financing of the company. To analyze betas applicable to the Company based on the guideline companies,[3] the reported betas were unlevered.

Our WACC uses an unlevered beta of .68 based on the median of all guideline companies identified.

[3] The guideline companies were selected from publicly traded restaurant operators. The selection of guideline companies is discussed in greater detail in the Guideline Public Company Method section.

Market Risk Premium

Practical application of the MCAPM also relies on an estimate of the market risk premium. Since the expectations of the average investor are not directly observable, the market risk premium must be inferred using one of several methods. One approach is to use premiums that investors have historically earned over and above the returns on long-term Treasury bonds. The premium obtained using the historical approach is sensitive to the time period over which one calculates the average. Another approach is to look at projected rates of return obtained from analysts who follow the stock market. Again, this approach will lead to differing estimates depending on the source.

A commonly cited source for historical evidence is the *Valuation Handbook*, now published by Duff & Phelps through the online *Cost of Capital Navigator*. In 2019, Duff & Phelps reported a historical supply-side average premium over the period from 1926 to 2018 of 6.14%. This premium is calculated by examining the compound annual growth in price to-earnings ratios from 1926 to the current year, where the current year's price-to-earnings ratio is calculated using a three-year average of earnings. Using the three-year average allows the adjustment to smooth out the volatility of extraordinary events and allows earnings to better reflect a normalized trend.

Based on *Risk Premium Report Study*, we selected an equity risk premium of 6.14%.

Size Premium

Historical evidence indicates that the rates of return vary with the size of the company. The MCAPM rate of return is adjusted by a premium that reflects the extra risk for an investment in a company that is of similar size to the subject company. This premium is derived from the historical differences in the returns between small companies and large companies using data from the *CRSP Deciles Size Study*, published by Duff & Phelps. Based on the *CRSP Deciles Size Study* data, over the period from 1926 to 2018, investors in a company with similar size characteristics to Dale's could expect incremental equity returns of 11.1%.

Company Specific Risk Premium

In some cases, it may be appropriate to add or subtract an additional risk premium for company specific risk, representing the positive or negative risk of a company as compared to guideline companies used in the analysis, and also to the risks of the companies that comprise the general market indices used in the analysis of the discount rate. We considered whether Dale's operations and cash flows were more or less risky than the selected guideline companies. We also considered the assumptions made in management's projections in assessing the risk associated with achieving the forecast cash flows. For purposes of this analysis, we assumed no company specific adjustment.

Estimation of Capital Structure

Our estimate of the optimal capital structure for Dale's was based on observing the proportions of interest-bearing debt and common equity of the selected guideline companies, as well as our experience with the capital structure of similar enterprises. The net debt to total capital ratio of the guideline companies ranged from -2.5% to 70.6%. In view of these metrics, and based on Dale's coverage ratios and likely debt capacity, we selected a capital structure of 50% net debt to total capital.

WACC Conclusion

Based on our analysis, the WACC for Dale's was estimated to be 13.5% as of the valuation date. See **Appendix 3b** for the detailed WACC calculations.

Present Value of Future Cash Flows

We utilized the adjusted projections prepared by the Company as the basis for calculating projected after-tax available cash flow, with the following adjustments to earnings before interest and taxes ("EBIT"), to calculate invested capital net cash flow for the six months ended December 31, 2018 and the years ended December 31, 2020 through December 31, 2023:

- Income taxes were deducted based on an estimated tax rate of 25.8%.[4]
- Depreciation and amortization expense were added back, because this expense does not require a cash outflow.
- Capital expenditures were subtracted. Mackinac analyzed two cash flow scenarios utilizing different projections of capital expenditures. Scenario 1 incorporates the Company's projection of $20,000 per unit (approximately 1.0% of revenue) in each of year of the projection period. Scenario 2 assumes that capex increases over the projection period from $20,000 to $30,000 per unit. By comparison, the sector guideline companies identified in **Appendix 3d** spent a median of 4.3% of revenues on total maintenance and growth capital expenditures. Were higher estimates of capital expenditures to be utilized in the Company's projections, the resulting valuation could be significantly lower than the amounts shown herein.
- Non-operating expenses were added back and separately valued.
- Changes in working capital requirements were incorporated, based on the December 2019 efficiency ratios.

We applied the relevant discount factors for each period derived from the discount rate calculated above, using mid-year discounting, to the invested capital net cash flows to determine their present value.

Present Value of Terminal Year Cash Flows

It is impractical to estimate future cash flows into perpetuity, and the longer the time period of the estimates, the more difficult it becomes to estimate cash flows accurately. For these reasons, the DCF method estimates cash flows for a finite number of years and then capitalizes the subsequent period cash flow. The capitalization of the subsequent period cash flow is called the terminal value.

[4] The Company is a limited liability corporation that is treated as a partnership for tax purposes. The federal and relevant state corporate tax rates were used to tax-effect EBIT for purposes of this valuation.

The present value of the terminal year cash flows represents the amount an investor would pay today for the rights to the cash flows of the business for the years subsequent to the discrete projection period. Using a method commonly known as the Gordon Growth Model, normalized invested capital net cash flow was capitalized using a rate calculated by subtracting the residual growth rate from the overall WACC previously estimated. The present value factor from the final projection year in 2023 was then applied to estimate the present value of the terminal year cash flows.

We used a perpetual growth rate of 2.0%. We placed primary emphasis on the expected long-term rate of inflation as measured by the International Monetary Fund as an indication of a reasonable estimate for the long-term sustainable growth rate. The long-term growth set to the rate of inflation is consistent with the assumption that the business stabilizes after the forecast horizon but experiences no real growth. A higher growth rate would require higher capital expenditures, resulting in lower cash flow.

To arrive at an estimate of normalized invested capital net cash flow in the terminal year, we assumed that sales continued to increase at 2.0% and EBITDA margins were equal to those in the final year of the projection period (2.3%). For the terminal period, depreciation and amortization were assumed to equal the Company's projected capital expenditures (1.0% to 1.5% of revenue).

DCF Method Conclusion

In Scenario 1, the present value of the terminal year cash flows and the sum of the present value of available cash flows for the discrete projection period were totaled to arrive at the preliminary enterprise value before adjustments of $10.6 million to $11.7 million on a marketable, controlling basis, based on a range of discount rates and perpetual growth rates. The terminal value comprised 49.7% of the preliminary enterprise value, which is an expected result given the Company's ongoing turnaround. After considering adjustments, the DCF indication of enterprise value on a non-marketable, controlling basis was $5.5 million to $6.5 million.

In Scenario 2, the present value of the terminal year cash flows and the sum of the present value of available cash flows for the discrete projection period were totaled to arrive at the preliminary enterprise value before adjustments of $7.8 million to $8.4 million on a marketable, controlling basis, based on a range of discount rates and perpetual growth rates. The terminal value comprised 40.0% of the preliminary enterprise value. After considering adjustments, the DCF indication of enterprise value on a non-marketable, controlling basis was $3.0 million to $3.6 million.

Mackinac equally weighted Scenario 1 and Scenario 2 to arrive at preliminary enterprise value before adjustments of $4.3 million to $5.0 million.

These calculations are summarized in **Appendix 3c.**

MARKET APPROACH

The market approach is based on the economic principle of efficient markets. The market approach estimates value by comparing the subject business interest to comparative business interests that have been sold in an established market place.

There are numerous methods within the market approach, including the identification and analysis of comparable publicly traded companies whose securities sell on a free and open market, definitive and verifiable transaction data available on actual sales of similar privately held or public concerns, actual or potential markets for a security such as buy/sell or shareholder agreements, and past transactions in the shares of the subject company itself.

Guideline Public Company Method

When valuing the shares of a closely held company, since no market exists, an alternative is to seek guidance from the prices investors are willing to pay for securities of similar companies that are publicly traded. IRS Revenue Ruling 59-60 suggests that the valuation of an investment interest in a closely held security should be based on, or at least considered to be based on, trading prices of public traded securities of "comparable" companies that are engaged in the same or similar lines of business.

There is an inherent difference between closely held companies and publicly traded companies. Closely held companies are often managed directly by their shareholders, whereas publicly traded companies usually are not. A primary goal of management of a public company is to maximize the wealth of the company's shareholders through the payment of dividends or through capital appreciation. Earnings per share is a commonly used standard by which to evaluate the success of a public company's management. The owner/operators of private companies, however, can often maximize their benefits through salaries and other perquisites without regard to earnings, although earnings are still important to bankers, outside shareholders and other third parties.

While IRS Revenue Ruling 59-60 suggests the consideration of comparable companies, it does not clearly define "comparable." However, over the years, the valuation profession has defined several aspects of a publicly traded security that bear on the level of comparability to the closely held security. These factors include similarity of the following:

- Lines of business and product lines;
- Competitive positions within the industry;
- Historical and projected rates of growth;
- Historical and current levels of profitability;
- Historical and current levels of liquidity;
- Capital structures; and
- Size, relative to sales volume and total assets.

Confidential

Selection of Guideline Companies

We searched S&P Capital IQ for possible guideline public companies in the same or similar lines of business as the Company. The purpose of this analysis was to determine their comparability along the following criteria:

- Companies traded on major U.S. exchanges;
- Restaurant industry, with a sector focus on the mass casual segment; and
- Franchisees, or restaurant operators with less than 50% of revenue from franchising.

We identified twelve public companies as being comparable for valuation purposes, with six operating in the mass casual sector and six operating in other sectors of the industry, including quick service, specialty casual and polished casual. The guideline companies are all involved in a similar line of business and affected by many of the same market forces. A brief summary of the guideline companies that we selected for comparison with Dale's is included in **Appendix 3e**.

Financial Metrics

We analyzed the trading data as of the valuation date for the selected guideline companies and calculated enterprise value as the sum of the market capitalization of equity based on total outstanding common shares and market price per share, and net debt based on the market value of interest bearing debt less cash.

ASC 842 went into effect for all public companies by the end of 2019. The central premise of ASC 842 is that all leases create assets and liabilities for lessees. Previously, only capital leases (now renamed finance leases) were recognized on the balance sheet whereas, under the new standards, both operating and finance leases are recognized. Rent expense will continue to be incurred for operating leases. As a result of ASC 842, enterprise value can also be calculated based on the sum of net debt inclusive of operating leases as they are now recognized on the balance sheet. For purposes of this valuation, enterprise value inclusive of operating leases in net debt will be referred to as gross enterprise value ("Gross EV"). Enterprise value excluding operating leases from net debt will be referred to as net enterprise value ("Net EV"). The implications of this distinction are discussed in the market multiples section below.

We determined the guideline companies' historical revenue, earnings before interest, taxes, depreciation, amortization and rent ("EBITDAR"), earnings before interest, taxes, depreciation and amortization ("EBITDA"), and EBIT. We also reviewed the 2019 and 2020 projections of those metrics published by S&P Capital IQ, based on consensus estimates from analyst research reports. We determined the proportion of franchising revenue; profitability metrics including gross margin and earnings margins; growth rates including 2019 and 2020 projected growth rates and three-year historical compound annual growth rates ("CAGR"); leverage metrics including net debt to EBITDA, net debt to equity and net debt to total capital; asset efficiency and operating metrics such as rent expense and capital expenditures as a percent of revenue; liquidity metrics such as working capital as a percent of revenue, average days sales and payables, current ratio and quick ratio. For each of these metrics, we calculated means and medians for the sector guideline companies, other industry guideline companies and all guideline companies. These metrics are summarized in **Appendix 3d.**

Comparisons of Guideline Companies and Subject Company

We compared each of the guideline companies to the Company based on a variety of criteria for the purpose of ultimately drawing conclusions as to appropriate valuation multiples to be used. Comparison criteria included size, lines of business, financial performance, risks and opportunities. The following table highlights some of the key issues identified:

Metric	Guideline Co. vs. Dale's	Description
Size	Larger	Median revenue for the sector guideline companies is $3.2 billion in comparison to $117 million for Dale's
Growth	Greater	Median 2020E vs. LTM projected revenue growth and three-year historical CAGR for the sector guideline companies are 3.3% and 1.4%, respectively, in comparison to 0.4% and (4.8%), respectively, for Dale's
Profitability	Greater	Median LTM EBITDA margin for the sector guideline companies is 10.4% in comparison to 2.4% for Dale's
Liquidity	Higher	Median quick ratio for the sector guideline companies is 14.8% in comparison to 11.0% for Dale's
Rent Expense	Lower	Median rent as a percent of revenue for the sector guideline companies is 4.7% in comparison to 10.5% for Dale's
Capital Expenditures	Higher	Median capital expenditures as a percent of revenue for the sector guideline companies is 4.2% in comparison to 1.0% - 1.5% projected for Dale's for 2020 - 2023
Leverage	Lower	Median net debt / LTM EBITDA for the sector guideline companies is 2.3x in comparison to 9.3x for Dale's

Market Valuation Multiples

Using the information reported by S&P Capital IQ, we calculated certain potentially relevant valuation multiples for each of the guideline companies. We considered, calculated and adjusted several different multiples, including net EV to revenue, EBITDA and EBIT. We also considered, calculated and adjusted a multiple of gross EV to EBITDAR. Because operating leases are included as debt in the calculation of gross enterprise value, it is necessary to add back the associated rent expense. As part of our analysis, we adjusted the guideline multiples for extraordinary and non-recurring items.

We also calculated both historical and projected multiples. Historical multiples were calculated based on the last twelve months ("LTM") as of December 31, 2019 for Dale's and September 30, 2019 for the guideline companies. Projected multiples were calculated based on 2020 projections for the Company and consensus estimates of 2020 projected performance from analyst research reports as reported by S&P Capital IQ for the guideline companies.

Consistent with the previous discussion of the small stock premium, numerous studies of public equity performance have documented a significant discount in price/earnings and other trading multiples for smaller companies. While there are many possible reasons for the differences in returns (market clout, market share, quality and depth of management, greater access to debt and equity capital, greater public awareness, etc.), the studies suggest that size alone is an important factor in determining returns required by investors. Investors perceive the risks associated with small stocks to be greater and, hence, require greater returns.

To account for differences in the size of the guideline companies relative to Dale's, we made adjustments to the valuation multiples using empirical market evidence contained in the *Risk Premium Report Study* published by Duff & Phelps. The *Risk Premium Report Study* quantifies the differences in historical returns of publicly traded companies based on several size measures. In the case of the Company, we decreased the multiples to reflect the differences in size between the Dale's and the guideline companies. The raw and size adjusted multiples are summarized in **Appendix 3d.**

We based our valuation on the guideline companies' enterprise value to EBITDA multiple. We used this multiple as most indicative of the cash and earnings generation potential of the Company relative to the guideline companies. A revenue multiple would not be appropriate due to Dale's profitability being significantly lower than the guideline companies. While considered due to its potential to account for variations in the proportion of restaurants rented and owned by the guideline companies, the EBITDAR multiple also was determined to be inappropriate for valuation purposes due to the significant discrepancy in rent expense for Dale's relative to the guideline companies. While an EBIT multiple also might account for those differences, we were unable to use that multiple because Dale's EBIT is negative or de minimis.[5]

[5] The guideline companies leased 95% of their restaurant locations on average; as such, accounting for differentials in this factor is less relevant.

We concentrated our selection of relevant EBITDA multiples on the median[6] of the size adjusted mass casual sector guideline companies, which was 6.6x for LTM and 6.1x for 2020E. These multiples were lower than the other industry sector LTM multiples and higher than 2020E, but were determined to be more appropriate due to similarity of product line and competitive marketplace. Additionally, we determined that a downward adjustment to the median multiples was merited due to Dale's lower growth, lower profitability, higher rent expense, and lower capital investment (including both deferred and projected capital expenditures) than the guideline companies. As such, we selected ranges of 4.0x to 5.0x for the historical multiples and 3.5x to 4.5x for the forward multiples.

Guideline Public Company Method Conclusion

Based on the above described multiples, we calculated a preliminary enterprise value before adjustments of $10.9 million to $13.8 million on a marketable, minority basis. This value conclusion incorporates a weighting of 50% to the value indicated by LTM multiples, and 50% to the value indicted by 2020E multiples. These calculations are summarized in **Appendix 3g.**

Merger and Acquisition Method

The Merger and Acquisition Method indicates the fair market value based on exchange prices in actual transactions. This approach examines the correlation of the subject company with similar companies involved in the transactions. The application of the Merger and Acquisition Method is similar to that of the Guideline Public Company Method but instead relies on valuation multiples implied from the acquisition of target businesses in similar lines of business to Dale's. Target companies in the Merger and Acquisition Method may be either public or private prior to the acquisition.

Selection of Guideline Transactions

We searched S&P Capital IQ for possible comparable target companies whose transactions were publicly reported. The purpose of this analysis was to determine their validity as possible guideline companies along the following criteria:

- Transactions in the last three years;
- Restaurant industry, with a sector focus on the mass casual segment;
- Franchisees, or restaurant operators with less than 50% of revenue from franchising; and
- Target companies operating in the U.S. or Canada.

We identified six transactions as being comparable for valuation purposes, with two operating in the mass casual sector and four operating in other sectors of the industry, including quick service, specialty casual and polished casual. The target companies in these guideline transactions are all involved in a similar line of business and affected by many of the same market forces. A brief summary of the guideline transactions and target companies that we selected for comparison with Dale's is included in **Appendix 3f**.

[6] The median was used because it is less susceptible to being skewed by outlying data points.

Transaction Valuation Multiples

Using the information reported by S&P Capital IQ, we calculated certain potentially relevant valuation multiples for each of the guideline transactions. We considered, calculated and adjusted several different multiples, including enterprise value to revenue and EBITDA. As part of our analysis, we adjusted the guideline transaction multiples for extraordinary and non-recurring items.

We calculated only historical multiples, based on LTM December 31, 2019 results for Dale's and the most recent publicly available results as of the transaction date for the guideline transactions. Projections are not typically available for transactions involving private targets, while those projections that are available for public targets often are not representative of the expectations of the acquirer.

Consistent with the Guideline Public Company Method, we made adjustments to the valuation multiples using empirical market evidence contained in the Duff & Phelps *Risk Premium Report Study* to account for differences in the size of the target companies in the guideline transactions relative to Dale's. The raw and size adjusted multiples are summarized in **Appendix 3f.**

We based our valuation on the enterprise value to EBITDA multiple calculated from the guideline transactions. We used this multiple as most indicative of the cash and earnings generation potential of the Company relative to the guideline transactions. As with the Guideline Public Company Method, a revenue multiple would not be appropriate due to Dale's profitability being significantly lower than the guideline companies.

We again concentrated our selection of relevant EBITDA multiples on the median of the size adjusted mass casual sector guideline transactions, which was 5.6x for LTM. This multiple was lower than the other industry sector multiples, but was determined to be more appropriate due to similarity of product line and competitive marketplace. Additionally, we determined that a downward adjustment to these multiples was merited due to Dale's generally lower growth, profitability and capital investment than other companies in the industry. As such, we selected a range of 4.0x to 5.0x for the historical EBITDA multiple.

Merger and Acquisition Method Conclusion

Based on the above described multiples, we calculated a preliminary enterprise value before adjustments of $11.2 million to $14.0 million on a marketable basis. These calculations are summarized in **Appendix 3g.**

ADJUSTMENTS TO PRELIMINARY VALUES

The methods employed provide preliminary value indications prior to certain necessary adjustments. All valuation methods are developed based on a specific set of facts, circumstances and assumptions that result in a particular valuation basis or level (*e.g.*, marketable or non-marketable, minority interest or controlling). Therefore, adjustments are often required, and are typically accomplished through applying discounts or premiums to account for differences in certain ownership characteristics. Additionally, other adjustments may be required to account for non-operating assets or liabilities, or non-market based factors affecting value.

CONTROL PREMIUM

Non-controlling interests in companies are typically less valuable on a per share basis than a controlling interest.[7] A control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise. This premium or upward adjustment in value reflects the rights and powers of control, a property interest. The Guideline Public Company Method derives value indications from trading prices of minority equity interests in a liquid market and indicates value on a marketable, minority basis. A control premium is then applied, when warranted, to estimate the value of equity on a controlling basis. In this case, we are estimating enterprise value, and thus consideration of a control premium would be applicable.

We considered premiums paid for controlling interests in similar companies from 1998 to March 2018 in determining an appropriate control premium. We compiled data on premiums paid in control transactions involving targets primarily operating as restaurants as reported by the *FactSet Mergerstat/BVR Control Premium Study*. These premiums were computed by taking the difference between the transaction offering price and the trading price prior to announcement of the transaction, using increments of one day, one week, one month and two months. We calculated the premiums as a percentage of enterprise value.[8]

The median premium for these companies ranged from 10.9% to 16.8%. We also considered the available control premium information for two of the sector guideline transactions from the Merger and Acquisition Method, which ranged from 2.6% to 19.5%. Consistent with these indicators, we applied a 15% control premium in the Guideline Public Company Method.

DISCOUNT FOR LACK OF MARKETABILITY – PRIVATE COMPANY DISCOUNT

Dale's does not have publicly traded stock and is not an SEC registrant. A controlling interest in a private company may sell at a discount to a controlling interest in a publicly traded company for various reasons. A private company generally has limited access to financial markets, may have less financial transparency, and may incur additional costs to function on a stand-alone basis once separate from its current owner. There may also be less knowledge about the business among potential investors, including a more limited number of potential buyers and an inherently less competitive bidding process.

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[7] Controlling shareholders can, among other things, elect directors, select or remove management, set dividend policies, establish compensation and benefits, set corporate goals and strategies, acquire and liquidate assets, dissolve or recapitalize the company, revise articles of incorporation and bylaws, establish or change buy-sell agreements or clauses, go public, or acquire or merge with another company.

[8] While control premiums are often viewed relative to equity value, premium were converted to be based on enterprise value.

Empirical evidence indicates that controlling interests in stand-alone private companies (and divisions of larger public companies) tend to sell at a discount to the values observed in control transactions involving similar publicly traded companies. Estimated private company discounts range from 0% to in excess of 30%. Evidence suggests that such discounts also are related to size and other characteristics, with smaller and lower growth privately held companies selling for higher discounts. Evidence also suggests that the observed discounts may be exaggerated to the extent that they include depressed prices for businesses sold by financially troubled parent companies. The private company discount is an entity level discount, applied to the value of the overall capital of the subject closely held business to derive a non-marketable level of value.

We considered the facts and circumstances of Dale's, including its profitability, growth, lack of current audited financial statements and use of an accounting firm outside of the "Big Four." We also considered the previously described adjustments for size already incorporated in the calculation of the discount rate and the multiples used in our valuation. On that basis, we determined that a 10% private company discount was appropriate for adjustment of our preliminary enterprise values using the DCF Method and Guideline Public Company Method. Because the guideline transactions used to derive multiples in the Merger and Acquisition Method involved both public and private target companies, we applied a 5% private company discount to those preliminary enterprise values.

NON-OPERATING ASSETS AND LIABILITIES

The enterprise values used in calculating the multiples and discount rates in this valuation were based on net debt, or the market value of debt less cash. The resultant preliminary enterprise value conclusions measure the value of the Company net of cash on hand. Therefore, we incorporated an adjustment to add back the amount of cash on hand to calculate the Company's enterprise value as of the valuation date.

The projections included certain non-recurring expenses related to rent, common area maintenance, utilities and other expenses for the closed locations through the projection period. Upon consummation of the plan of reorganization, Dale's will reject these leases and reduce related operating expenses accordingly. As such, we removed these expenses from the cash flows and EBITDA used in the income and market approaches, because they are not indicative of long-term operating earnings, cash flow and value. We then separately valued these expenditures using the discount rate calculated in the DCF method and incorporated an adjustment to preliminary enterprise values for this amount. These calculations are summarized in **Appendix 4h.**

RECONCILIATION

To arrive at an overall conclusion, we applied a 50% weighting to the DCF Method, a 40% weighting to the Guideline Public Company Method, and a 10% weighting to the Merger and Acquisition Method. We considered the DCF Method to be the most reliable method for valuing Dale's and comprehensively considering the variation in the expected future cash flows of the business and results of turnaround initiatives over time. We considered the Merger and Acquisition Method to be the least indicative due to lower availability, reliability and comparability of transaction data; lack of information on possible synergistic or distressed aspects of transaction values; use of reference points that are not contemporaneous with the valuation date; and the inability to incorporate projected multiples that account for the Company's turnaround. We estimate the enterprise value of Dale's on a controlling, non-marketable basis as of December 31, 2019 to be $5.7 million to $7.5 million with a midpoint of $6.6 million. However, after adding back the present value of the non-recurring cash flows associated with closed locations, the leases for which will be rejected upon consummation of the plan of reorganization, the value contributed by continuing operations is $9.7 million to $11.6 million, as shown below and as further detailed in **Appendix 3a**:

Estimated Enterprise Valuation Conclusion USD$ 000's	Weighting	Low	Mid	High
Enterprise Value Indications:				
Discounted Cash Flow Method	50%	$ 4,260	$ 4,623	$ 5,034
Guideline Public Company Method	40%	7,238	8,744	10,250
Merger and Acquisition Method	10%	6,596	7,924	9,251
Estimated Enterprise Value Conclusion		**$ 5,685**	**$ 6,601**	**$ 7,542**
Plus: Present Value of Non-Recurring Cash Flows		4,032	4,032	4,032
Value Contributed by Continuing Operations		**$ 9,717**	**$ 10,634**	**$ 11,574**

Submitted by:

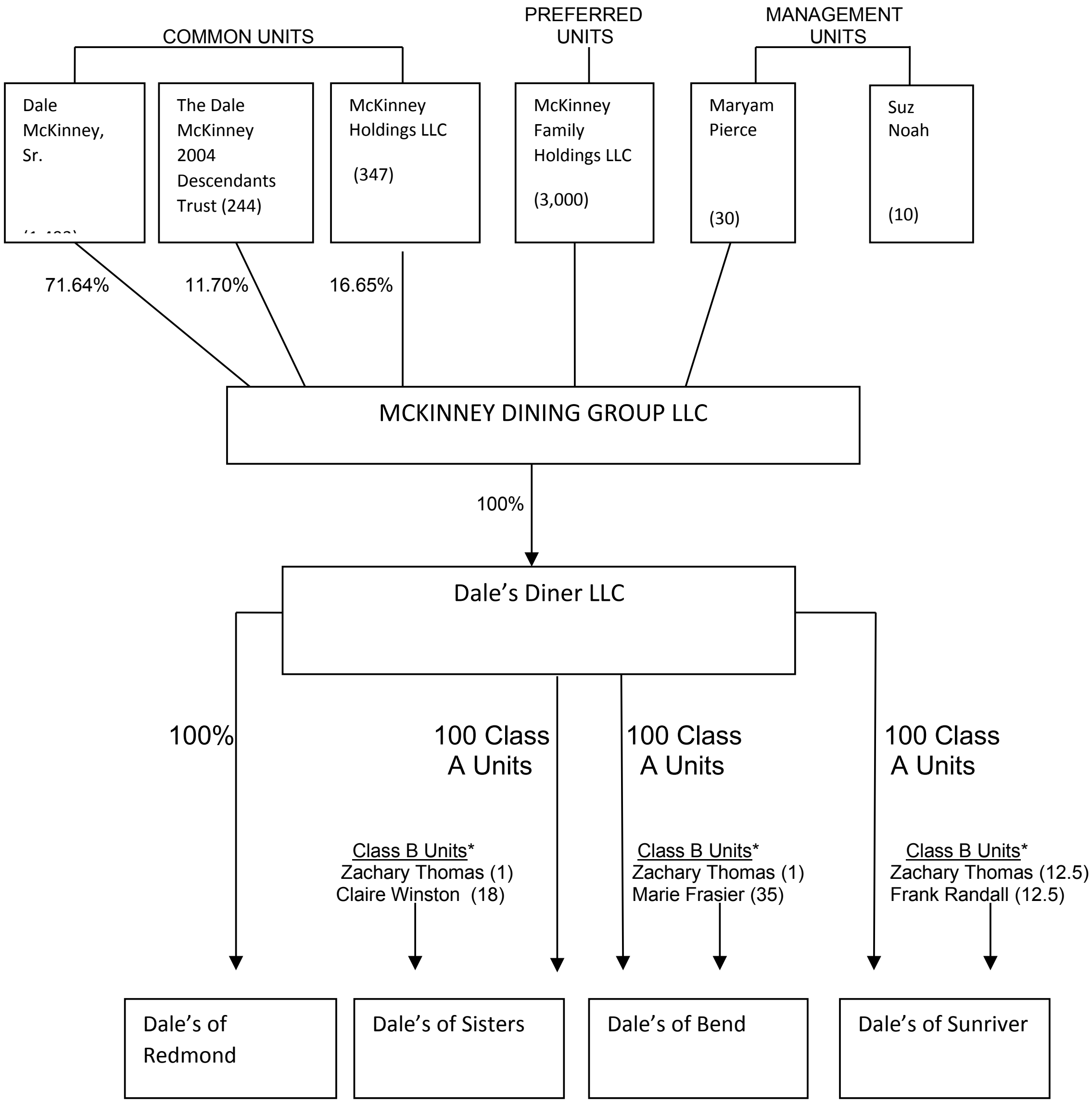
Melissa S. Kibler

Melissa S. Kibler

January 15, 2020

APPENDIX 1

Dale's Diner LLC, *et al.*
Organizational Structure



* Class B Units -- Local ownership required for liquor licenses

APPENDIX 2

Dale's Diner LLC, *et al.*
Summary Financial Statements

Mackinac
PARTNERS

Valuation Report of Dale's Diner LLC, et al.
As of December 31, 2019
Appendix 2
Historical and Projected Financial Statements

Confidential

	Fiscal Year Ended					Projected Year Ending				
USD$ 000's	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Gross Sales	$ 148,851	$ 142,085	$ 126,823	$ 128,371	$ 122,708	$ 123,329	$ 123,301	$ 123,899	$ 125,129	$ 126,371
Discounts and Promotions	(6,591)	(6,840)	(5,895)	(6,220)	(6,197)	(6,306)	(6,304)	(6,335)	(6,398)	(6,461)
Net Sales	**$ 142,260**	**$ 135,245**	**$ 120,928**	**$ 122,151**	**$ 116,511**	**$ 117,024**	**$ 116,997**	**$ 117,565**	**$ 118,731**	**$ 119,910**
% Growth	*n/a*	*(4.9%)*	*(10.6%)*	*1.0%*	*n/a*	*0.4%*	*(0.0%)*	*0.5%*	*1.0%*	*1.0%*
Cost of Goods Sold	$ (37,268)	$ (34,727)	$ (31,012)	$ (32,753)	$ (31,121)	$ (30,726)	$ (30,719)	$ (30,868)	$ (31,175)	$ (31,484)
Hourly Labor	(22,314)	(21,742)	(19,988)	(19,867)	(19,263)	(19,275)	(19,086)	(18,995)	(19,000)	(19,005)
Management Labor	(22,979)	(22,431)	(21,701)	(20,154)	(17,872)	(18,275)	(18,434)	(18,642)	(18,901)	(19,163)
Gross Profit	**$ 59,698**	**$ 56,346**	**$ 48,227**	**$ 49,377**	**$ 48,254**	**$ 48,747**	**$ 48,758**	**$ 49,059**	**$ 49,656**	**$ 50,257**
% Margin	*42.0%*	*41.7%*	*39.9%*	*40.4%*	*41.4%*	*41.7%*	*41.7%*	*41.7%*	*41.8%*	*41.9%*
Controllable Expenses	$ (18,371)	$ (18,930)	$ (17,102)	$ (17,151)	$ (16,669)	$ (16,596)	$ (16,614)	$ (16,706)	$ (16,872)	$ (17,040)
Advertising Expense	(6,830)	(6,892)	(5,691)	(5,985)	(5,860)	(6,167)	(6,165)	(6,195)	(6,257)	(6,319)
Non-Controllable Expenses	(16,013)	(15,830)	(15,136)	(13,218)	(14,078)	(15,121)	(14,840)	(14,963)	(15,274)	(15,685)
Royalty Fees	(5,655)	(5,388)	(4,724)	(4,783)	(4,565)	(4,602)	(4,601)	(4,623)	(4,669)	(4,715)
Restaurant Level EBITDA	**$ 12,830**	**$ 9,305**	**$ 5,574**	**$ 8,240**	**$ 7,082**	**$ 6,261**	**$ 6,537**	**$ 6,570**	**$ 6,584**	**$ 6,498**
% Margin	*9.0%*	*6.9%*	*4.6%*	*6.7%*	*6.1%*	*5.3%*	*5.6%*	*5.6%*	*5.5%*	*5.4%*
Corporate Expenses [1]	$ (9,181)	$ (7,747)	$ (5,771)	$ (11,171)	$ (5,786)	$ (4,256)	$ (4,325)	$ (4,396)	$ (4,469)	$ (4,542)
Depreciation & Amortization Expense	(10,122)	(7,935)	(6,985)	(3,710)	(3,140)	(2,015)	(1,924)	(1,843)	(1,796)	(1,767)
Interest Expense	(1,342)	(900)	(1,668)	(1,477)	(1,888)	(1,737)	(1,737)	(1,737)	(1,737)	(1,737)
Tax Expense	(6)	(21)	(14)	(44)	(13)	(13)	(13)	(13)	(13)	(13)
Net Income	**$ (7,821)**	**$ (7,298)**	**$ (8,864)**	**$ (8,162)**	**$ (3,745)**	**$ (1,759)**	**$ (1,462)**	**$ (1,418)**	**$ (1,430)**	**$ (1,562)**
% Margin	*(5.5%)*	*(5.4%)*	*(7.3%)*	*(6.7%)*	*(3.2%)*	*(1.5%)*	*(1.2%)*	*(1.2%)*	*(1.2%)*	*(1.3%)*

EBITDA Reconciliation	Fiscal Year Ended					Projected Year Ending				
USD$ 000's	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Net Income	**$ (7,821)**	**$ (7,298)**	**$ (8,864)**	**$ (8,162)**	**$ (3,745)**	**$ (1,759)**	**$ (1,462)**	**$ (1,418)**	**$ (1,430)**	**$ (1,562)**
Adjustments to EBITDA										
Interest Expense	$ 1,342	$ 900	$ 1,668	$ 1,477	$ 1,888	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1,737
Tax Expense	6	21	14	44	13	13	13	13	13	13
Depreciation and Amortization Expense	10,122	7,935	6,985	3,710	3,140	2,015	1,924	1,843	1,796	1,767
FASB 13 Adjustment	1,433	1,173	955	(815)	36	-	-	-	-	-
Impairment Charges	2,822	1,624	-	2,991	-	-	-	-	-	-
(Gain) / Loss on Sale of Assets	-	(76)	(72)	2,730	-	-	-	-	-	-
Non-Cash Partner Compensation	297	146	-	-	-	-	-	-	-	-
EBITDA	**$ 8,201**	**$ 4,426**	**$ 686**	**$ 1,975**	**$ 1,331**	**$ 2,005**	**$ 2,211**	**$ 2,174**	**$ 2,115**	**$ 1,955**
% Margin	*5.8%*	*3.3%*	*0.6%*	*1.6%*	*1.1%*	*1.7%*	*1.9%*	*1.8%*	*1.8%*	*1.6%*
Adjustments to Adjusted EBITDA										
Closed Stores	$ -	$ 364	$ 618	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non Recurring - Closures	37	0	643	601	1,449	785	560	560	560	560
Non Recurring - Other	291	(31)	342	430	15	235	60	60	60	60
Interest Forgiveness	-	-	-	(173)	(0)	-	-	-	-	-
Adjusted EBITDA	**$ 8,529**	**$ 4,760**	**$ 2,289**	**$ 2,833**	**$ 2,796**	**$ 3,025**	**$ 2,831**	**$ 2,794**	**$ 2,735**	**$ 2,575**
% Margin	*6.0%*	*3.5%*	*1.9%*	*2.3%*	*2.4%*	*2.6%*	*2.4%*	*2.4%*	*2.3%*	*2.1%*

Source: Dale's internal financial statements, monthly convenant calculation workbook, 2015 and 2018 audited financial statements; Dale's Long-Term Forecast
(1) Includes both controllable and non-controllable expenses

Valuation Report of Dale's Diner LLC, et al.
As of December 31, 2019
Appendix 2
Historical and Projected Financial Statements

Confidential

Common Size Financial Statements	Fiscal Year Ended					Projected Year Ending				
USD$ 000's	**12/31/2015**	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**	**12/31/2022**	**12/31/2023**	**12/31/2024**
Gross Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Discounts and Promotions	-4.4%	-4.8%	-4.6%	-4.8%	-5.1%	-5.1%	-5.1%	-5.1%	-5.1%	-5.1%
Net Sales	**95.6%**	**95.2%**	**95.4%**	**95.2%**	**94.9%**	**94.9%**	**94.9%**	**94.9%**	**94.9%**	**94.9%**
Cost of Goods Sold	-26.2%	-25.7%	-25.6%	-26.8%	-26.7%	-26.3%	-26.3%	-26.3%	-26.3%	-26.3%
Hourly Labor	-15.7%	-16.1%	-16.5%	-16.3%	-16.5%	-16.5%	-16.3%	-16.2%	-16.0%	-15.8%
Management Labor	-16.2%	-16.6%	-17.9%	-16.5%	-15.3%	-15.6%	-15.8%	-15.9%	-15.9%	-16.0%
Gross Profit	**42.0%**	**41.7%**	**39.9%**	**40.4%**	**41.4%**	**41.7%**	**41.7%**	**41.7%**	**41.8%**	**41.9%**
Controllable Expenses	-12.9%	-14.0%	-14.1%	-14.0%	-14.3%	-14.2%	-14.2%	-14.2%	-14.2%	-14.2%
Advertising Expense	-4.8%	-5.1%	-4.7%	-4.9%	-5.0%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%
Non-Controllable Expenses	-11.3%	-11.7%	-12.5%	-10.8%	-12.1%	-12.9%	-12.7%	-12.7%	-12.9%	-13.1%
Royalty Fees	-4.0%	-4.0%	-3.9%	-3.9%	-3.9%	-3.9%	-3.9%	-3.9%	-3.9%	-3.9%
Restaurant Level Profit	**9.0%**	**6.9%**	**4.6%**	**6.7%**	**6.1%**	**5.3%**	**5.6%**	**5.6%**	**5.5%**	**5.4%**
Corporate Controllable Expenses	-6.5%	-5.7%	-4.8%	-9.1%	-5.0%	-3.6%	-3.7%	-3.7%	-3.8%	-3.8%
Interest Expense	-0.9%	-0.7%	-1.4%	-1.2%	-1.6%	-1.5%	-1.5%	-1.5%	-1.5%	-1.4%
Tax Expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate Non-Controllable Expenses	-2.7%	-1.3%	-0.9%	-5.7%	-6.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income	**-5.5%**	**-5.4%**	**-7.3%**	**-6.7%**	**-3.2%**	**-1.5%**	**-1.2%**	**-1.2%**	**-1.2%**	**-1.3%**
EBITDA	**5.8%**	**3.3%**	**0.6%**	**1.6%**	**1.1%**	**1.7%**	**1.9%**	**1.8%**	**1.8%**	**1.6%**
Adjusted EBITDA	**6.0%**	**3.5%**	**1.9%**	**2.3%**	**2.4%**	**2.6%**	**2.4%**	**2.4%**	**2.3%**	**2.1%**

Historical Balance Sheets and Projected Working Capital	Balance as of				Projected Balance as of				
USD$ 000's	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Cash	$ 378	$ 346	$ 2,019	$5	n/a	n/a	n/a	n/a	n/a
Accounts Receivable	1,649	1,772	2,056	2,801	2,439	2,439	2,451	2,475	2,499
Inventory	1,229	1,326	1,082	1,100	1,103	1,103	1,108	1,119	1,130
Prepaid Expenses	223	(1)	324	155	155	155	156	157	159
Other Current Assets	987	597	-	-	-	-	-	-	-
Total Current Assets	$ 4,466	$ 4,041	$ 5,482	$ 4,061	$ 3,697	$ 3,696	$ 3,714	$ 3,751	$ 3,788
Net Property, Plant & Equipment	$ 32,219	$ 28,785	$ 20,462	$ 18,470	n/a	n/a	n/a	n/a	n/a
Goodwill and Intangibles	5,422	4,868	3,132	2,727	n/a	n/a	n/a	n/a	n/a
Other Assets	41	45	42	37	n/a	n/a	n/a	n/a	n/a
Total Other Assets	$ 37,682	$ 33,698	$ 23,636	$ 21,234	n/a	n/a	n/a	n/a	n/a
Total Assets	**$ 42,148**	**$ 37,739**	**$ 29,118**	**$ 25,295**	n/a	n/a	n/a	n/a	n/a
Accounts Payable	$ 2,209	$ 4,997	$ 3,461	$3,994	$ 3,680	$ 3,680	$ 3,697	$ 3,734	$ 3,771
Accrued Expenses	2,228	2,057	3,014	3,142	3,142	3,141	3,157	3,188	3,219
Other ST Liabilities (excl Debt)	2,380	6,145	3,553	2,742	2,742	2,741	2,755	2,782	2,810
Total Current Liabilities	$ 6,817	$ 13,200	$ 10,028	$ 9,878	$ 9,564	$ 9,562	$ 9,609	$ 9,704	$ 9,800
Term Loan	$ -	$ -	$ 17,695	$ 16,362	n/a	n/a	n/a	n/a	n/a
Subordinated Debt	-	-	8,494	9,610	n/a	n/a	n/a	n/a	n/a
Consolidated Debt	24,096	21,749	-	-	n/a	n/a	n/a	n/a	n/a
Total Debt	$ 24,096	$ 21,749	$ 26,189	$ 25,972	n/a	n/a	n/a	n/a	n/a
Other Long-term Liabilities	$ 9,218	$ 9,637	$ 10,092	$ 9,821	n/a	n/a	n/a	n/a	n/a
Total Liabilities	$ 40,131	$ 44,586	$ 46,310	$ 45,671	n/a	n/a	n/a	n/a	n/a
Preferred Equity	$ 3,000	$ 3,000	$ 4,000	$ 4,588	n/a	n/a	n/a	n/a	n/a
Common Stock	22,444	22,444	22,001	4,588	n/a	n/a	n/a	n/a	n/a
Retained Earnings	(23,427)	(32,291)	(43,193)	(46,965)	n/a	n/a	n/a	n/a	n/a
Total Equity	$ 2,017	$ (6,847)	$ (17,192)	$ (37,789)	n/a	n/a	n/a	n/a	n/a
Total Liabilities & Equity	**$ 42,148**	**$ 37,739**	**$ 29,118**	**$ 7,882**	n/a	n/a	n/a	n/a	n/a
Working Capital	$ (2,729)	$ (9,505)	$ (6,566)	$ (5,822)	$ (5,867)	$ (5,866)	$ (5,894)	$ (5,953)	$ (6,012)
Working Capital / Revenues	(2.0%)	(7.9%)	(5.4%)	(5.0%)	(5.0%)	(5.0%)	(5.0%)	(5.0%)	(5.0%)
Days Sales Outstanding	n/a	5.2	5.7	7.6	7.6	7.6	7.6	7.6	7.6
Days Payable Outstanding	n/a	42.4	47.1	43.7	43.7	43.7	43.7	43.7	43.7
Inventory Turnover	28.3x	24.3x	27.2x	28.5x	27.9x	27.9x	27.9x	27.9x	27.9x
Current Ratio	65.5%	30.6%	54.7%	41.1%	38.7%	38.7%	38.7%	38.7%	38.7%
Quick Ratio	29.7%	16.0%	40.6%	11.0%	n/a	n/a	n/a	n/a	n/a

Source: Dale's internal financial statements, 2015 & 2018 audited financial statements

APPENDIX 3

Dale's Diner LLC, *et al.*
Valuation Analysis

Valuation Report of Dale's Diner LLC, et al. Confidential
As of December 31, 2019
Appendix 3a
Valuation Reconciliation

Estimated Enterprise Valuation Conclusion USD$ 000's	Weighting	Low	Mid	High
Enterprise Value Indications:				
Discounted Cash Flow Method	50%	$ 4,260	$ 4,623	$ 5,034
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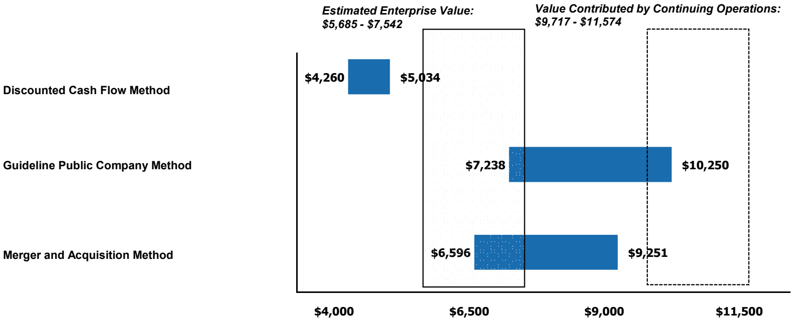
Value Contributed by Continuing Operations		**$ 9,717**	**$ 10,634**	**$ 11,574**

USD$ 000's



USD$ 000,000's Company Name	Net Debt	Preferred Equity	Market Capitalization	Total Capital	Net Debt to Equity	Net Debt to Total Capital (Wd)	Income Tax Rate (T)	5-Yr Weekly Levered Beta	5-Yr Weekly Adj. Levered Beta [1]	5-Yr Weekly Adj. Unlevered Beta (Bu)
Bloomin' Brands, Inc.	$ 1,119	$ -	$ 1,892	$ 3,010	59.1%	37.2%	25.8%	0.75	0.84	0.58
Brinker International, Inc.	1,321	-	1,570	2,890	84.2%	45.7%	25.8%	0.73	0.82	0.51
Cracker Barrel Old Country Store, Inc.	442	-	3,699	4,141	11.9%	10.7%	25.8%	0.51	0.67	0.62
Darden Restaurants, Inc.	763	-	13,365	14,127	5.7%	5.4%	25.8%	0.59	0.73	0.70
Diversified Retaurant Holdings, Inc.	83	-	35	118	237.1%	70.3%	25.8%	0.87	0.91	0.33
Red Robin Gourmet Burgers, Inc.	171	-	427	599	40.1%	28.6%	25.8%	0.80	0.87	0.67
BJ's Restaurants, Inc.	136	-	727	863	18.6%	15.7%	25.8%	0.72	0.81	0.71
Carrols Restaurant Group, Inc.	443	-	366	808	121.1%	54.8%	25.8%	0.66	0.77	0.41
The Cheesecake Factory Incorporated	29	-	1,734	1,763	1.7%	1.6%	25.8%	0.64	0.76	0.75
Chuy's Holdings, Inc.	(10)	-	431	421	(2.3%)	(2.4%)	25.8%	0.66	0.77	0.79
J. Alexander's Holdings, Inc.	-	-	143	143	0.0%	0.0%	25.8%	0.96	0.97	0.97
Texas Roadhouse, Inc.	(99)	-	3,909	3,810	(2.5%)	(2.6%)	25.8%	0.74	0.83	0.84
Mean	$ 366	$ -	$ 2,358	$ 2,725	47.9%	22.1%	25.8%	0.72	0.81	0.66
Median	154	-	1,149	1,313	15.3%	13.2%	25.8%	0.72	0.82	0.68
Selected Metrics					**100.0%**	**50.0%**	**25.8%**			**0.68**

Source: S&P Capital IQ
(1) Adjusted beta calculated as (2/3 x '5-Yr Weekly Beta') + (1/3 x 1)

Weighted Average Cost of Capital Calculation

Cost of Equity		**Notes**
Risk-Free Rate (Rf)	2.3%	*Long-term (20-year) U.S. government debt yield*
Plus Equity Premiums:		
Equity Risk Premium (ERP)	6.14%	*Duff & Phelps Cost of Capital Navigator: Long-horizon expected equity risk premium (supply-side)*
Relevered Equity Beta (Bl)	1.19	*Relevered beta using 0.68 unlevered beta; Bl = Bu x [1 + (Wd / We) x (1 - T)]*
Industry Adjusted Equity Risk Premium	7.3%	*Bl x ERP*
Size Premium (SP)	11.1%	*Duff & Phelps Cost of Capital Navigator: CRSP Decile 10z*
Cost of Equity (COE)	20.7%	*COE = Rf + (Bl x ERP) + SP*
Cost of Debt		
Pre-Tax Cost of Debt	8.0%	*Dale's senior debt interest rate, S&P High Yield Corporate Bond CCC Index, and other market indications*
Estimated Tax Rate (T)	25.8%	*The Tax Foundation (T)*
After-Tax Cost of Debt (COD)	5.9%	*COD = Pre-Tax Cost of Debt x (1-T)*
Weighted Average Cost Of Capital		
Debt % of Capital (Wd)	50.0%	*Wd*
Cost of Debt (COD)	5.9%	*COD*
Weighted Cost of Debt	3.0%	*Wd x COD*
Equity % of Capital (We)	50.0%	*1 - (Wd)*
Cost of Equity (COE)	20.7%	*COE*
Weighted Cost of Equity	10.3%	*We x COE*
	13.5%	

Valuation Report of Dale's Diner LLC, et al.
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Appendix 3c
Discounted Cash Flow Method - Scenario 1

Confidential

USD$ 000's		Projected Year Ending					Terminal
		12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	Period
Revenue		$ 117,024	$ 116,997	$ 117,565	$ 118,731	$ 119,910	$ 122,308
% Growth		*0.4%*	*(0.0%)*	*0.5%*	*1.0%*	*1.0%*	*2.0%*
Adjusted EBITDA		$ 3,025	$ 2,831	$ 2,794	$ 2,735	$ 2,575	$ 2,627
% Growth		*8.2%*	*(6.4%)*	*(1.3%)*	*(2.1%)*	*(5.9%)*	*2.0%*
% Margin		*2.6%*	*2.4%*	*2.4%*	*2.3%*	*2.1%*	*2.1%*
Operating Income		$ (115)	$ 816	$ 870	$ 893	$ 779	$ 1,447
% Margin		*(0.1%)*	*0.7%*	*0.7%*	*0.8%*	*0.6%*	*1.2%*
Less: Taxes at 25.8%		-	(211)	(225)	(230)	(201)	(373)
Tax-effected EBIT (NOPAT)		$ (115)	$ 606	$ 646	$ 662	$ 578	$ 1,073
Plus: Depreciation & Amortization		3,140	2,015	1,924	1,843	1,796	1,180
Gross Cash Flow		$ 3,025	$ 2,621	$ 2,569	$ 2,505	$ 2,374	$ 2,253
Less: Increase in Working Capital		$ 45	$ (1)	$ 28	$ 59	$ 59	$ 50
Less: Capital Expenditures		(1,180)	(1,180)	(1,180)	(1,180)	(1,180)	(1,180)
Invested Capital Net Cash Flow		$ 1,890	$ 1,439	$ 1,418	$ 1,384	$ 1,253	$ 1,123
Invested Capital Net Cash Flow Growth Rate		*n/a*	*n/a*	*(1.5%)*	*(2.4%)*	*(9.4%)*	*(10.4%)*
Partial Period Factor (1)		1.00	1.00	1.00	1.00	1.00	
Discount Period		0.50	1.50	2.50	3.50	4.50	
Discount Factor	*13.5%*	0.9386	0.8267	0.7284	0.6418	0.5656	
Present Value of Invested Capital Net Cash Flows		$ 1,774	$ 1,190	$ 1,033	$ 888	$ 709	

Present Value of Discrete Period Cash Flows	$ 5,593
Present Value of Terminal Cash Flow	5,526
Indicated Enterprise Value	**$ 11,119**

Perpetual Growth Rate	2.0%
Residual Value in Terminal Year	$ 9,769
Discount Factor	0.5656
Present Value of Terminal Cash Flow	$ 5,526

USD$ 000's Perpetual Growth Rate	1.75%			2.00%			2.25%		
Discount Rate	14.00%	13.50%	13.00%	14.00%	13.50%	13.00%	14.00%	13.50%	13.00%
	Low				Mid				High
Present Value of Discrete Cash Flows	**$ 5,543**	$ 5,593	$ 5,645	$ 5,543	**$ 5,593**	$ 5,645	$ 5,543	$ 5,593	**$ 5,645**
Present Value of Terminal Cash Flow	**5,073**	5,395	5,748	5,192	**5,526**	5,893	5,315	5,662	**6,044**
Preliminary Enterprise Value (1)	**$ 10,616**	$ 10,988	$ 11,392	$ 10,735	**$ 11,119**	$ 11,537	$ 10,858	$ 11,256	**$ 11,689**
Less: Private Company Discount at 10.0%	**$ (1,062)**	$ (1,099)	$ (1,139)	$ (1,073)	**$ (1,112)**	$ (1,154)	$ (1,086)	$ (1,126)	**$ (1,169)**
Plus: Cash	**5**	5	5	5	**5**	5	5	5	**5**
Less: Present Value of Non-Recurring Cash Flows	**(4,032)**	(4,032)	(4,032)	(4,032)	**(4,032)**	(4,032)	(4,032)	(4,032)	**(4,032)**
DCF Indication of Enterprise Value (2)	**$ 5,527**	$ 5,862	$ 6,226	$ 5,634	**$ 5,980**	$ 6,356	$ 5,745	$ 6,103	**$ 6,493**
Enterprise Value / LTM Adjusted EBITDA	2.0x	2.1x	2.2x	2.0x	2.1x	2.3x	2.1x	2.2x	2.3x
Terminal Value as a % of Total Value	47.8%	49.1%	50.5%	48.4%	49.7%	51.1%	49.0%	50.3%	51.7%

(1) Marketable, controlling basis
(2) Non-marketable, controlling basis

Valuation Report of Dale's Diner LLC, et al.
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Appendix 3c
Discounted Cash Flow Method - Scenario 2

Confidential

USD$ 000's		Projected Year Ending					Terminal
		12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	Period
Revenue		$ 117,024	$ 116,997	$ 117,565	$ 118,731	$ 119,910	$ 122,308
% Growth		*0.4%*	*(0.0%)*	*0.5%*	*1.0%*	*1.0%*	*2.0%*
Adjusted EBITDA		$ 3,025	$ 2,831	$ 2,794	$ 2,735	$ 2,575	$ 2,627
% Growth		*8.2%*	*(6.4%)*	*(1.3%)*	*(2.1%)*	*(5.9%)*	*2.0%*
% Margin		*2.6%*	*2.4%*	*2.4%*	*2.3%*	*2.1%*	*2.1%*
Operating Income		$ (115)	$ 816	$ 870	$ 893	$ 779	$ 821
% Margin		*(0.1%)*	*0.7%*	*0.7%*	*0.8%*	*0.6%*	*0.7%*
Less: Taxes at 25.8%		-	(211)	(225)	(230)	(201)	(212)
Tax-effected EBIT (NOPAT)		$ (115)	$ 606	$ 646	$ 662	$ 578	$ 609
Plus: Depreciation & Amortization		3,140	2,015	1,924	1,843	1,796	1,805
Gross Cash Flow		$ 3,025	$ 2,621	$ 2,569	$ 2,505	$ 2,374	$ 2,415
Less: Increase in Working Capital		$ 45	$ (1)	$ 28	$ 59	$ 59	$ 50
Less: Capital Expenditures		(1,180)	(1,180)	(1,416)	(1,534)	(1,770)	(1,805)
Invested Capital Net Cash Flow		$ 1,890	$ 1,439	$ 1,182	$ 1,030	$ 663	$ 659
Invested Capital Net Cash Flow Growth Rate		*n/a*	*n/a*	*(17.9%)*	*(12.9%)*	*(35.6%)*	*(0.6%)*
Discount Period		0.50	1.50	2.50	3.50	4.50	
Discount Factor	*13.5%*	0.9386	0.8267	0.7284	0.6418	0.5656	
Present Value of Invested Capital Net Cash Flows		$ 1,774	$ 1,190	$ 861	$ 661	$ 375	

Present Value of Discrete Period Cash Flows	$ 4,861
Present Value of Terminal Cash Flow	3,243
Indicated Enterprise Value	**$ 8,104**

Perpetual Growth Rate	2.0%
Residual Value in Terminal Year	$ 5,734
Discount Factor	0.5656
Present Value of Terminal Cash Flow	$ 3,243

USD$ 000's Perpetual Growth Rate	1.75%			2.00%			2.25%		
Discount Rate	14.00%	13.50%	13.00%	14.00%	13.50%	13.00%	14.00%	13.50%	13.00%
	Low				Mid				High
Present Value of Discrete Cash Flows	**$ 4,822**	$ 4,861	$ 4,900	$ 4,822	**$ 4,861**	$ 4,900	$ 4,822	$ 4,861	**$ 4,900**
Present Value of Terminal Cash Flow	**2,978**	3,166	3,374	3,047	**3,243**	3,459	3,120	3,323	**3,548**
Preliminary Enterprise Value [(1)]	**$ 7,800**	$ 8,027	$ 8,273	$ 7,869	**$ 8,104**	$ 8,358	$ 7,942	$ 8,184	**$ 8,448**
Less: Private Company Discount at 10.0%	**$ (780)**	$ (803)	$ (827)	$ (787)	**$ (810)**	$ (836)	$ (794)	$ (818)	**$ (845)**
Plus: Cash	**5**	5	5	5	**5**	5	5	5	**5**
Less: Present Value of Non-Recurring Cash Flows	**(4,032)**	(4,032)	(4,032)	(4,032)	**(4,032)**	(4,032)	(4,032)	(4,032)	**(4,032)**
DCF Indication of Enterprise Value [(2)]	**$ 2,992**	$ 3,197	$ 3,419	$ 3,055	**$ 3,266**	$ 3,495	$ 3,120	$ 3,338	**$ 3,576**
Enterprise Value / LTM Adjusted EBITDA	1.1x	1.1x	1.2x	1.1x	1.2x	1.3x	1.1x	1.2x	1.3x
Terminal Value as a % of Total Value	38.2%	39.4%	40.8%	38.7%	40.0%	41.4%	39.3%	40.6%	42.0%

(1) Marketable, controlling basis
(2) Non-marketable, controlling basis

($ in 000's)	Weighting	Low	Mid	High
DCF Scenario 1	50%	$ 5,527	$ 5,980	$ 6,493
DCF Scenario 2	50%	$ 2,992	$ 3,266	$ 3,576
DCF Concluded Enterprise Value		**$ 4,260**	**$ 4,623**	**$ 5,034**

Valuation Report of Dale's Diner LLC, et al.
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Appendix 3d
Guideline Public Company Method Analysis

Confidential

USD$ 000,000's	Market	Gross Enterprise	Net Enterprise	LTM				2020E Projection			
Company Name	**Capitalization**	**Value [1]**	**Value [1]**	**Revenue**	**EBITDAR**	**EBITDA**	**EBIT**	**Revenue**	**EBITDAR [2]**	**EBITDA**	**EBIT**
Sector Guideline Companies											
Bloomin' Brands, Inc.	$ 1,892	$ 4,454	$ 3,010	$ 4,130	$ 575	$ 390	$ 201	$ 4,232	$ 599	$ 414	$ 212
Brinker International, Inc.	1,570	4,199	2,890	3,329	535	377	225	3,701	565	406	246
Cracker Barrel Old Country Store, Inc.	3,699	4,659	4,141	3,087	476	397	286	3,213	484	406	287
Darden Restaurants, Inc.	13,365	18,541	14,127	8,666	1,589	1,195	873	9,528	1,781	1,387	1,018
Diversified Restaurant Holdings, Inc.	35	170	118	157	22	13	3	151	26	17	3
Red Robin Gourmet Burgers, Inc.	427	1,121	599	1,319	180	100	7	1,285	184	103	12
Other Industry Guideline Companies											
BJ's Restaurants, Inc.	$ 727	$ 1,327	$ 863	$ 1,151	$ 171	$ 123	$ 52	$ 1,233	$ 172	$ 124	$ 47
Carrols Restaurant Group, Inc.	366	1,628	808	1,369	152	71	3	1,712	205	124	32
The Cheesecake Factory Incorporated	1,734	2,813	1,763	2,374	365	221	135	2,950	396	251	143
Chuy's Holdings, Inc.	431	646	421	421	62	37	17	455	67	42	19
J. Alexander's Holdings, Inc.	143	227	143	247	33	24	12	262	38	30	12
Texas Roadhouse, Inc.	3,909	4,361	3,810	2,637	359	304	194	2,950	393	338	214
Mean - Sector Guideline Companies		**$ 3,498**	**$ 4,148**	**$ 3,448**	**$ 563**	**$ 412**	**$ 266**	**$ 3,685**	**$ 607**	**$ 456**	**$ 296**
Median - Sector Guideline Companies		**1,731**	**2,950**	**3,208**	**506**	**383**	**213**	**3,457**	**525**	**406**	**229**
Mean - Other Industry Guideline Companies		**$ 1,834**	**$ 1,301**	**$ 1,367**	**$ 190**	**$ 130**	**$ 69**	**$ 1,594**	**$ 212**	**$ 152**	**$ 78**
Median - Other Industry Guideline Companies		**1,477**	**836**	**1,260**	**162**	**97**	**35**	**1,473**	**189**	**124**	**40**
Mean - All Guideline Companies		**$ 3,679**	**$ 2,725**	**$ 2,407**	**$ 377**	**$ 271**	**$ 167**	**$ 2,639**	**$ 409**	**$ 304**	**$ 187**
Median - All Guideline Companies		**2,220**	**1,313**	**1,872**	**270**	**172**	**94**	**2,331**	**299**	**188**	**95**
Dale's				**$ 117**	**$ 15**	**$ 3**	**$ (0)**	**$ 117**	**$ 16**	**$ 3**	**$ 1**

(1) Gross enterprise value includes operating leases in the calculation of net debt; net enterprise value excludes operating leases in the calculation of net debt
(2) Forward rent projections unavailable; EBITDAR projection calculated as projected EBITDA plus LTM rent expense

Profitability and Growth Metrics	%	LTM Margin %			2020E vs. LTM Projected Growth				3 Year CAGR	
Company Name	**Franchised**	**EBITDAR**	**EBITDA**	**EBIT**	**Revenue**	**EBITDAR**	**EBITDA**	**EBIT**	**Revenue**	**EBITDA**
Sector Guideline Companies										
Bloomin' Brands, Inc.	20%	13.9%	9.4%	4.9%	2.5%	4.2%	6.2%	5.5%	(1.3)%	(3.3)%
Brinker International, Inc.	40%	16.1%	11.3%	6.8%	11.2%	5.6%	7.8%	9.3%	0.9%	(6.8)%
Cracker Barrel Old Country Store, Inc.	0%	15.4%	12.9%	9.3%	4.1%	1.7%	2.2%	0.3%	1.9%	2.3%
Darden Restaurants, Inc.	4%	18.3%	13.8%	10.1%	9.9%	12.1%	16.1%	16.6%	7.4%	8.7%
Diversified Restaurant Holdings, Inc.	0%	14.0%	8.3%	1.9%	(3.7)%	18.2%	30.8%	15.7%	2.1%	(23.7)%
Red Robin Gourmet Burgers, Inc.	16%	13.6%	7.6%	0.5%	(2.6)%	2.2%	3.0%	71.4%	0.7%	(10.3)%
Other Industry Guideline Companies										
BJ's Restaurants, Inc.	0%	14.9%	10.7%	4.5%	7.1%	0.6%	0.8%	(9.6)%	6.2%	(1.4)%
Carrols Restaurant Group, Inc.	0%	11.1%	5.2%	0.2%	25.1%	34.9%	74.6%	966.7%	13.7%	(7.6)%
The Cheesecake Factory Incorporated	9%	15.4%	9.3%	5.7%	24.3%	8.5%	13.6%	5.9%	2.6%	(7.5)%
Chuy's Holdings, Inc.	0%	14.7%	8.8%	4.0%	8.1%	8.1%	13.5%	11.8%	9.3%	(2.9)%
J. Alexander's Holdings, Inc.	0%	13.4%	9.7%	4.9%	6.1%	15.7%	25.0%	0.0%	3.7%	4.8%
Texas Roadhouse, Inc.	16%	13.6%	11.5%	7.4%	11.9%	9.5%	11.2%	10.3%	10.4%	5.1%
Mean - Sector Guideline Companies	**13.3%**	**15.2%**	**10.5%**	**5.6%**	**3.6%**	**7.3%**	**11.0%**	**19.8%**	**2.0%**	**(5.5%)**
Median - Sector Guideline Companies	**9.9%**	**14.7%**	**10.4%**	**5.8%**	**3.3%**	**4.9%**	**7.0%**	**12.5%**	**1.4%**	**(5.1%)**
Mean - Other Industry Guideline Companies	**4.1%**	**13.8%**	**9.2%**	**4.4%**	**13.7%**	**12.9%**	**23.1%**	**164.2%**	**7.7%**	**(1.6%)**
Median - Other Industry Guideline Companies	**0.0%**	**14.2%**	**9.5%**	**4.7%**	**10.0%**	**9.0%**	**13.5%**	**8.1%**	**7.8%**	**(2.2%)**
Mean - All Guideline Companies	**8.7%**	**14.5%**	**9.9%**	**5.0%**	**8.7%**	**10.1%**	**17.1%**	**92.0%**	**4.8%**	**(3.6%)**
Median - All Guideline Companies	**1.9%**	**14.4%**	**9.6%**	**4.9%**	**7.6%**	**8.3%**	**12.3%**	**9.8%**	**3.2%**	**(3.1%)**
Dale's	**0.0%**	**12.9%**	**2.4%**	**(0.3%)**	**0.4%**	**7.7%**	**1.3%**	**(363.5%)**	**(4.8%)**	**(16.3%)**

Note: Security price information as of December 31, 2019; financial information as of September 30, 2019 for the guideline companies and December 31, 2019 for Dale's
Note: Diversified Restaurant Holdings, Inc. and Carrols Restaurant Group, Inc. are franchisee companies
Source: S&P Capital IQ

Raw Valuation Multiples	EV / LTM (1)				EV / 2020E (1)			
Company Name	**Revenue**	**EBITDAR**	**EBITDA**	**EBIT**	**Revenue**	**EBITDAR**	**EBITDA**	**EBIT**
Sector Guideline Companies								
Bloomin' Brands, Inc.	0.7x	7.7x	7.7x	15.0x	0.7x	7.4x	7.3x	14.2x
Brinker International, Inc.	0.9x	7.8x	7.7x	12.8x	0.8x	7.4x	7.1x	11.7x
Cracker Barrel Old Country Store, Inc.	1.3x	9.8x	10.4x	14.5x	1.3x	9.6x	10.2x	14.4x
Darden Restaurants, Inc.	1.6x	11.7x	11.8x	16.2x	1.5x	10.4x	10.2x	13.9x
Diversified Restaurant Holdings, Inc.	0.8x	7.7x	9.1x	39.3x	0.8x	6.5x	6.9x	34.0x
Red Robin Gourmet Burgers, Inc.	0.5x	6.2x	6.0x	85.5x	0.5x	6.1x	5.8x	49.9x
Other Industry Guideline Companies								
BJ's Restaurants, Inc.	0.7x	7.8x	7.0x	16.6x	0.7x	7.7x	7.0x	18.4x
Carrols Restaurant Group, Inc.	0.6x	10.7x	11.4x	269.4x	0.5x	7.9x	6.5x	25.3x
The Cheesecake Factory Incorporated	0.7x	7.7x	8.0x	13.1x	0.6x	7.1x	7.0x	12.3x
Chuy's Holdings, Inc.	1.0x	10.4x	11.4x	24.7x	0.9x	9.6x	10.0x	22.1x
J. Alexander's Holdings, Inc.	0.6x	6.9x	6.0x	11.9x	0.5x	6.0x	4.8x	11.9x
Texas Roadhouse, Inc.	1.4x	12.1x	12.5x	19.6x	1.3x	11.1x	11.3x	17.8x
Mean - Sector Guideline Companies	**1.1x**	**9.0x**	**9.3x**	**19.6x**	**1.0x**	**8.3x**	**8.3x**	**17.7x**
Median - Sector Guideline Companies	**0.9x**	**7.8x**	**9.1x**	**15.0x**	**0.8x**	**7.4x**	**7.3x**	**14.2x**
Mean - Other Industry Guideline Companies	**0.9x**	**9.3x**	**9.4x**	**59.2x**	**0.8x**	**8.2x**	**7.8x**	**18.0x**
Median - Other Industry Guideline Companies	**0.7x**	**9.1x**	**9.7x**	**18.1x**	**0.6x**	**7.8x**	**7.0x**	**18.1x**
Mean - All Guideline Companies	**0.9x**	**8.9x**	**9.1x**	**44.9x**	**0.8x**	**8.1x**	**7.8x**	**20.5x**
Median - All Guideline Companies	**0.8x**	**7.8x**	**8.5x**	**16.4x**	**0.7x**	**7.6x**	**7.1x**	**16.1x**

Size Adjusted Valuation Multiples	EV / LTM (1)				EV / 2020E (1)			
Company Name	**Revenue**	**EBITDAR**	**EBITDA**	**EBIT**	**Revenue**	**EBITDAR**	**EBITDA**	**EBIT**
Sector Guideline Companies								
Bloomin' Brands, Inc.	0.7x	6.0x	6.0x	9.5x	0.7x	5.8x	5.7x	9.2x
Brinker International, Inc.	0.8x	6.0x	5.9x	8.5x	0.8x	5.7x	5.6x	8.0x
Cracker Barrel Old Country Store, Inc.	1.3x	7.0x	7.3x	9.1x	1.2x	6.9x	7.2x	9.1x
Darden Restaurants, Inc.	1.5x	7.2x	7.3x	8.7x	1.4x	6.7x	6.6x	8.0x
Diversified Restaurant Holdings, Inc.	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Red Robin Gourmet Burgers, Inc.	0.4x	5.3x	5.2x	25.9x	0.5x	5.2x	5.0x	21.3x
Other Industry Guideline Companies								
BJ's Restaurants, Inc.	0.7x	6.3x	5.8x	11.2x	0.7x	6.3x	5.8x	12.0x
Carrols Restaurant Group, Inc.	0.6x	8.4x	8.8x	33.5x	0.5x	6.6x	5.6x	15.2x
The Cheesecake Factory Incorporated	0.7x	6.0x	6.2x	8.8x	0.6x	5.6x	5.6x	8.5x
Chuy's Holdings, Inc.	1.0x	8.6x	9.2x	16.4x	0.9x	8.0x	8.3x	15.2x
J. Alexander's Holdings, Inc.	0.6x	6.3x	5.5x	10.3x	0.5x	5.5x	4.5x	10.3x
Texas Roadhouse, Inc.	1.4x	8.2x	8.4x	11.0x	1.2x	7.7x	7.8x	10.4x
Mean - Sector Guideline Companies	**1.0x**	**6.3x**	**6.3x**	**12.4x**	**0.9x**	**6.1x**	**6.0x**	**11.1x**
Median - Sector Guideline Companies	**0.8x**	**6.0x**	**6.0x**	**9.1x**	**0.8x**	**5.8x**	**5.7x**	**9.1x**
Mean - Other Industry Guideline Companies	**0.8x**	**7.3x**	**7.3x**	**15.2x**	**0.7x**	**6.6x**	**6.2x**	**11.9x**
Median - Other Industry Guideline Companies	**0.7x**	**7.3x**	**7.3x**	**11.1x**	**0.6x**	**6.4x**	**5.7x**	**11.2x**
Mean - All Guideline Companies	**0.9x**	**6.8x**	**6.9x**	**13.9x**	**0.8x**	**6.4x**	**6.1x**	**11.6x**
Median - All Guideline Companies	**0.7x**	**6.3x**	**6.2x**	**10.3x**	**0.7x**	**6.3x**	**5.7x**	**10.3x**

Note: Multiple size adjustment methodology based on the Risk Premium Report Study, published by Duff & Phelps
Note: Security price information as of December 31, 2019; financial information as of September 30, 2019 for the guideline companies and December 31, 2019 for Dale's
Note: Diversified Restaurant Holdings, Inc. and Carrols Restaurant Group, Inc. are franchisee companies
(1) Revenue, EBITDA and EBIT calculated as multiples of net enterprise value; EBITDAR calculated as multiples of gross enterprise value
Source: S&P Capital IQ

Valuation Report of Dale's Diner LLC, et al.
As of December 31, 2019
Appendix 3d
Guideline Public Company Method Analysis

Confidential

Company Name	Net Debt / EBITDA	Gross Margin [1]	Leased Location %	Rent as % of Revenue	Capex as % of Revenue	WC as % of Revenue	Avg. Days Sales Outs.	Avg. Days Payables Outs.	Current Ratio	Quick Ratio
Sector Guideline Companies										
Bloomin' Brands, Inc.	2.9x	39.9%	74.0%	4.5%	4.3%	(10.3)%	1.2	16.9	26.8%	12.2%
Brinker International, Inc.	3.5x	40.5%	83.5%	4.8%	4.2%	(6.3)%	10.1	13.2	40.6%	22.6%
Cracker Barrel Old Country Store, Inc.	1.1x	34.8%	37.0%	2.5%	4.2%	(4.6)%	2.6	25.0	66.3%	17.3%
Darden Restaurants, Inc.	0.6x	39.1%	96.1%	4.5%	5.5%	(11.8)%	2.8	17.2	34.4%	13.6%
Diversified Restaurant Holdings, Inc.	6.4x	44.2%	100.0%	5.7%	1.5%	(6.2)%	0.7	11.4	5.5%	3.9%
Red Robin Gourmet Burgers, Inc.	1.7x	42.0%	92.4%	6.1%	3.3%	(7.5)%	3.4	11.2	38.0%	16.0%
Other Industry Guideline Companies										
BJ's Restaurants, Inc.	1.4x	38.4%	99.5%	4.1%	7.3%	(7.6)%	4.9	9.6	38.2%	27.8%
Carrols Restaurant Group, Inc.	1.9x	37.6%	99.3%	5.9%	8.0%	(4.6)%	3.9	9.8	28.9%	12.7%
The Cheesecake Factory Incorporated	2.0x	41.4%	100.0%	6.1%	3.0%	(8.5)%	2.5	9.7	103.5%	83.6%
Chuy's Holdings, Inc.	0.8x	38.4%	100.0%	5.9%	7.3%	(4.1)%	1.4	4.6	55.3%	32.5%
J. Alexander's Holdings, Inc.	(0.4x)	36.9%	60.9%	3.3%	4.3%	(4.5)%	2.7	15.0	48.3%	33.3%
Texas Roadhouse, Inc.	0.0x	35.0%	70.9%	2.1%	7.2%	(9.5)%	4.7	9.7	49.6%	40.2%
Mean - Sector Guideline Companies	**2.7x**	**40.1%**	**80.5%**	**4.7%**	**3.8%**	**(7.8)%**	**3.5**	**15.8**	**35.3%**	**14.3%**
Median - Sector Guideline Companies	**2.3x**	**40.2%**	**87.9%**	**4.7%**	**4.2%**	**(6.9)%**	**2.7**	**15.1**	**36.2%**	**14.8%**
Other Industry Guideline Companies	**0.9x**	**37.9%**	**88.4%**	**4.6%**	**6.2%**	**(6.5)%**	**3.4**	**9.7**	**54.0%**	**38.4%**
Other Industry Guideline Companies	**1.1x**	**38.0%**	**99.4%**	**5.0%**	**7.3%**	**(6.1)%**	**3.3**	**9.7**	**49.0%**	**32.9%**
Mean - All Guideline Companies	**1.8x**	**39.0%**	**84.5%**	**4.6%**	**5.0%**	**(7.1)%**	**3.4**	**12.8**	**44.6%**	**26.3%**
Median - All Guideline Companies	**1.6x**	**38.8%**	**94.2%**	**4.7%**	**4.3%**	**(6.9)%**	**2.8**	**11.3**	**39.4%**	**20.0%**
Dale's	**9.3x**	**41.4%**	**100.0%**	**10.5%**	**1.0%**	**(5.0)%**	**7.6**	**43.7**	**41.1%**	**11.0%**

Note: Security price information as of December 31, 2019; financial information as of September 30, 2019 for the guideline companies and December 31, 2019 for Dale's
Note: Diversified Restaurant Holdings, Inc. and Carrols Restaurant Group, Inc. are franchisee companies
Source: S&P Capital IQ
(1) Gross margin calculated after food and labor costs

Description of Sector Guideline Companies

Ticker	Company Name	Description
NasdaqGS:BLMN	Bloomin' Brands, Inc.	Bloomin' Brands, Inc., through its subsidiaries, owns and operates casual, upscale casual, and fine dining restaurants in the United States and internationally. The company operates through two segments, U.S. and International. Its restaurant portfolio has four concepts, including Outback Steakhouse, a casual steakhouse restaurant; Carrabba's Italian Grill, a casual Italian restaurant; Bonefish Grill, an upscale casual seafood restaurant; and Fleming's Prime Steakhouse & Wine Bar, a contemporary steakhouse. As of December 30, 2018, the company owned and operated 1,068 restaurants and franchised 164 restaurants across 48 states; and owned and operated 125 restaurants and franchised 131 restaurants across 20 countries, Puerto Rico and Guam. Bloomin' Brands, Inc. was incorporated in 2006 and is headquartered in Tampa, Florida.
NYSE:EAT	Brinker International, Inc.	Brinker International, Inc., together with its subsidiaries, owns, develops, operates, and franchises casual dining restaurants in the United States and internationally. As of September 25, 2019, it owned, operated, or franchised 1,672 restaurants comprising 1,619 restaurants under the Chili's Grill & Bar name and 53 restaurants under the Maggiano's Little Italy brand name. The company was founded in 1975 and is based in Dallas, Texas.
NasdaqGS:CBRL	Cracker Barrel Old Country Store, Inc.	Cracker Barrel Old Country Store, Inc. develops and operates the Cracker Barrel Old Country Store concept in the United States. Its Cracker Barrel stores consist of a restaurant with a gift shop. The company's restaurants serve breakfast, lunch, and dinner. Its gift shops offer various decorative and functional items, such as rocking chairs, holiday and seasonal gifts, toys, apparel, music CDs, cookware, and various other gift items, as well as pies, cornbread mixes, coffee, syrups, pancake mixes, candies, preserves, and other food items. As of September 18, 2019, the company operated 660 Cracker Barrel stores in 45 states. Cracker Barrel Old Country Store, Inc. was founded in 1969 and is headquartered in Lebanon, Tennessee.
NYSE:DRI	Darden Restaurants, Inc.	Darden Restaurants, Inc., through its subsidiaries, owns and operates full-service restaurants in the United States and Canada. As of November 24, 2019, it owned and operated approximately 1,799 restaurants, which included 867 under the Olive Garden, 518 under the LongHorn Steakhouse, 166 under the Cheddar's Scratch Kitchen, 79 under the Yard House, 59 under The Capital Grille, 45 under the Seasons 52, 42 under the Bahama Breeze, and 23 under the Eddie V's Prime Seafood brands. Darden Restaurants, Inc. was founded in 1968 and is based in Orlando, Florida.
NasdaqCM:SAUC	Diversified Restaurant Holdings, Inc.	Diversified Restaurant Holdings, Inc., a restaurant company, owns and operates Buffalo Wild Wings franchised restaurants in the United States. Its primary food products include fresh bone-in chicken wings, frozen boneless chicken, and potatoes. As of June 30, 2019, the company operated 64 restaurants in Florida, Illinois, Indiana, Michigan, and Missouri. Diversified Restaurant Holdings, Inc. was founded in 1999 and is based in Troy, Michigan.
NasdaqGS:RRGB	Red Robin Gourmet Burgers, Inc.	Red Robin Gourmet Burgers, Inc., together with its subsidiaries, develops, operates, and franchises full-service and casual-dining restaurants. The company's restaurants primarily offer burgers; various appetizers, salads, soups, seafood, and other entrees; and desserts, milkshakes, alcoholic and non-alcoholic specialty drinks, cocktails, wine, and beers. As of June 13, 2019, it operated approximately 560 Red Robin restaurants across the United States and Canada, including locations operating under franchise agreements. The company was founded in 1969 and is headquartered in Greenwood Village, Colorado.

Source: S&P Capital IQ

Description of Other Industry Guideline Companies

Ticker	Company Name	Description
NasdaqGS:BJRI	BJ's Restaurants, Inc.	BJ's Restaurants, Inc. owns and operates casual dining restaurants in the United States. Its restaurants offer pizzas, craft and other beers, appetizers, entrées, pastas, sandwiches, specialty salads, and desserts. As of November 4, 2019, the company owned and operated 208 casual dining restaurants that offer dine-in, take-out, delivery, and party catering services in 28 states. BJ's Restaurants, Inc. was founded in 1978 and is based in Huntington Beach, California.
NasdaqGS:TAST	Carrols Restaurant Group, Inc.	Carrols Restaurant Group, Inc., through its subsidiaries, operates franchisee restaurants of Burger King in the United States. As of June 30, 2019, it operated, as franchisee, 1,023 Burger King restaurants in 23 Northeastern, Midwestern, and Southeastern states; and operated, as franchisee, 58 Popeyes restaurants in 7 Southeastern states. The company was founded in 1960 and is headquartered in Syracuse, New York.
NasdaqGS:CAKE	The Cheesecake Factory Incorporated	The Cheesecake Factory Incorporated engages in the operation of restaurants. The company produces cheesecakes and other baked products for own restaurants and international licensees, as well as external foodservice operators, retailers, and distributors. As of December 10, 2019, it owned and operated 294 restaurants throughout the United States and Canada under brands, including The Cheesecake Factory and North Italia; and a collection of Fox Restaurant Concepts, as well as 24 The Cheesecake Factory restaurants operated under licensing agreements internationally. The company was founded in 1972 and is headquartered in Calabasas, California.
NasdaqGS:CHUY	Chuy's Holdings, Inc.	Chuy's Holdings, Inc., through its subsidiaries, owns and operates full-service restaurants under the Chuy's name in Texas and 19 states in the Southeastern and Midwestern United States. As of December 30, 2018, it operated 100 restaurants. The company was founded in 1982 and is headquartered in Austin, Texas.
NYSE:JAX	J. Alexander's Holdings, Inc.	J. Alexander's Holdings, Inc., through its subsidiaries, owns and operates complementary upscale dining restaurants in the United States. It operates restaurants under various concepts, including J. Alexander's, Redlands Grill, Lyndhurst Grill, Overland Park Grill, and River Steakhouse and Grill. The company's restaurants offer American menu. As of April 29, 2019, it operated 46 restaurants in 16 states. J. Alexander's Holdings, Inc. was founded in 1970 and is headquartered in Nashville, Tennessee.
NasdaqGS:TXRH	Texas Roadhouse, Inc.	Texas Roadhouse, Inc., together with its subsidiaries, operates casual dining restaurants in the United States and internationally. The company operates and franchises Texas Roadhouse and Bubba's 33 restaurants. As of June 25, 2019, it owned and operated approximately 498 restaurants and franchised an additional 93 restaurants. Texas Roadhouse, Inc. was founded in 1993 and is based in Louisville, Kentucky.

Source: S&P Capital IQ

Valuation Report of Dale's Diner LLC, et al.
As of December 31, 2019
Appendix 3f
Merger and Acquisition Method Analysis

Confidential

USD$ 000,000's Closed Date	Target	Acquirer	Target Description	Public vs. Private	Enterprise Value	Enterprise Value / LTM Revenue	Enterprise Value / LTM EBITDA	EBITDA Margin	Size Adjusted EV / LTM Revenue	Size Adjusted EV / LTM EBITDA
Sector Transactions										
May-18	Bravo Brio Restaurant Group, Inc.	Spice Private Equity AG	Bravo Brio Restaurant Group, Inc. owns and operates Italian restaurants in the United States.	Public	$ 104	0.3x	4.1x	6.4%	0.3x	4.0x
Dec-17	Ruby Tuesday, Inc.	NRD Capital Management, LLC; Nrd Partners II, L.P.	Ruby Tuesday, Inc., together with its subsidiaries, engages in the ownership, development, operation, and franchise of casual dining restaurants under the Ruby Tuesday name in the United States and internationally.	Public	315	0.3x	8.5x	4.1%	0.3x	7.3x
Other Industry Transactions										
Jun-18	Barteca Restaurant Group, LLC	Del Frisco's Restaurant Group, Inc.	Barteca Restaurant Group, LLC operates a chain of restaurants.	Private	$ 325	2.5x	10.3x	24.8%	2.4x	9.1x
Apr-18	Fogo de Chão, Inc.	Rhone Capital, L.L.C.; Rhone Capital V L.P.	Pacific Island Restaurants, Inc. owns and operates a chain of restaurants. It operates franchisees of Pizza Hut, Taco Bell, A&W, and Long John Silver's restaurants in Hawaii and Guam.	Public	560	1.8x	10.6x	16.8%	1.7x	8.3x
Nov-17	Bento Inc.	YO! Sushi Group Ltd.	Bento Inc. owns and operates quick service restaurants (QSRs) in Canada and the United States.	Private	78	1.3x	9.5x	13.2%	1.3x	9.3x
Mar-17	Pacific Island Restaurants, Inc.	Restaurant Brands New Zealand Limited	Pacific Island Restaurants, Inc. owns and operates a chain of restaurants.	Private	105	*n/a*	7.6x	*n/a*	*n/a*	7.2x
Mean - Sector Transactions					**$ 209**	**0.3x**	**6.3x**	**5.2%**	**0.3x**	**5.6x**
Median - Sector Transactions					**209**	**0.3x**	**6.3x**	**5.2%**	**0.3x**	**5.6x**
Mean - Other Industry Transactions					**$ 267**	**1.8x**	**9.5x**	**18.3%**	**1.8x**	**8.5x**
Median - Other Industry Transactions					**215**	**1.8x**	**9.9x**	**16.8%**	**1.7x**	**8.7x**
Mean - All Transactions					**$ 248**	**1.2x**	**8.4x**	**13.1%**	**1.2x**	**7.5x**
Median - All Transactions					**210**	**1.3x**	**9.0x**	**13.2%**	**1.3x**	**7.8x**

Note: Multiple size adjustment methodology based on the Risk Premium Report Study, published by Duff & Phelps
Source: S&P Capital IQ

Guideline Public Company Valuation Conclusion			Selected Multiples		Enterprise Value		
USD$ 000's	Weight	Metric	Low	High	Low	Mid	High
LTM EBITDA	50%	$ 2,796	4.0x	5.0x	$ 11,182	$ 12,580	$ 13,978
2020E EBITDA	50%	3,025	3.5x	4.5x	10,586	12,098	13,611
Guideline Public Company Method Preliminary Enterprise Value (Marketable, Minority Basis)					**$ 10,884**	**$ 12,339**	**$ 13,794**
Plus: Control Premium at 15.0%					$ 1,633	$ 1,851	$ 2,069
Guideline Public Company Method Preliminary Enterprise Value (Marketable, Controlling Basis)					**$ 12,517**	**$ 14,190**	**$ 15,863**
Less: Private Company Discount at 10.0%					$ (1,252)	$ (1,419)	$ (1,586)
Plus: Cash					5	5	5
Less: Present Value of Non-Recurring Cash Flows					(4,032)	(4,032)	(4,032)
Guideline Public Company Method Indication of Enterprise Value (Non-Marketable, Controlling Basis)					**$ 7,238**	**$ 8,744**	**$ 10,250**

Merger and Acquisition Method Valuation Conclusion			Selected Multiples		Enterprise Value		
USD$ 000's	Weight	Metric	Low	High	Low	Mid	High
LTM EBITDA	100%	$ 2,796	4.0x	5.0x	$ 11,182	$ 12,580	$ 13,978
Merger and Acquisition Method Preliminary Enterprise Value (Marketable, Controlling Basis)					**$ 11,182**	**$ 12,580**	**$ 13,978**
Less: Private Company Discount at 5.0%					$ (559)	$ (629)	$ (699)
Plus: Cash					5	5	5
Less: Present Value of Non-Recurring Cash Flows					(4,032)	(4,032)	(4,032)
Merger and Acquisition Method Indication of Enterprise Value (Non-Marketable, Controlling Basis)					**$ 6,596**	**$ 7,924**	**$ 9,251**

		Projected Year Ending								
		12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
Non-Recurring Expenses [1]		$ 1,020	$ 620	$ 620	$ 620	$ 620	$ 620	$ 620	$ 620	$ 620
Discount Period		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50
Discount Factor	*13.5%*	0.9386	0.8267	0.7284	0.6418	0.5656	0.4983	0.4391	0.3868	0.3408
Present Value of Unlevered Cash Flows		$ 957	$ 843	$ 452	$ 398	$ 351	$ 309	$ 272	$ 240	$ 211
Present Value of Non-Recurring Cash Flows	**$ 4,032**									

(1) Rent, common area maintenance, utilities and other expenses for five locations
Source: Dale's Long-Term Forecast

APPENDIX 4

Dale's Diner LLC, *et al.*
Information Received, Reviewed or Relied Upon

In performing our work, we were provided with, considered and/or relied upon various sources of information including, but not limited to, the following:

- Dale's internal financial statements for the years ended December 31, 2015 through 2018 and for the year-to-date periods ended October 31, 2018 and 2019;
- Dale's audited financial statements for the years ended December 31, 2014 and 2015, and December 31, 2017 and 2018, prepared by KPMG, LLP;
- Dale's budgeted financial statements for the year ended December 31, 2019, prepared by management;
- Dale's income tax returns for the years ended December 31, 2016 and December 30, 2018, prepared by KPMG, LLP;
- Projections for 2019 to 2028, prepared by Dale's;
- Dale's Compliance Certificates for Q2 2017 through Q1 2018, and Q1 2019 through Q3 2019 and supporting calculation workbook;
- Dale's capital expenditure detail for the years ended December 31, 2015 through 2017;
- Dale's schedule of fixed assets as of October 2019;
- Dale's accounts payable aging schedule as of October 2019;
- Dale's trailing twelve-month same store sales and traffic trends as of August 2019;
- Audit response letter regarding pending litigation matters for the period from January 1, 2019 to September 30, 2019, prepared by Jenner & Block LLP;
- Dale's organization and ownership chart;
- Public company filings with the Securities and Exchange Commission, including company annual reports and Forms 10-K and 10-Q for potential and selected guideline companies;
- Public company, private company and industry financial and other information from S&P Capital IQ for potential and selected guideline companies and transactions;

- Debtors' Plan of Reorganization and other filings in the chapter 11 cases;
- Rates of returns on various U.S. Treasury and corporate securities from S&P Capital IQ;
- Database searches and reviews of various articles, forecasts and abstracts;
- Information regarding the economic outlook for the region, as well as the overall U.S. economy;
- Estimates of corporate tax rates by The Tax Foundation; and
- Resources regarding business valuation issues including, but not limited to, the following:
  - *Statement on Standards for Valuation Services 1*, issued by the AICPA Consulting Services Executive Committee;
  - *Standards for Distressed Business Valuation* of the Association of Insolvency and Restructuring Advisors;
  - *Valuing A Business: The Analysis and Appraisal of Closely Held Companies,* Fifth Edition, by Shannon P. Pratt;
  - *Cost of Capital: Applications and Examples*, Fifth Edition, by Shannon P. Pratt & Roger J. Grabowski;
  - *Risk Premium Report Study*, published through the Duff & Phelps Cost of Capital Navigator online platform;
  - *CRSP Deciles Size Study*, published through the Duff & Phelps Cost of Capital Navigator online platform;
  - *Restaurant Research Journal Finance & Valuations Report*, 2019.

APPENDIX 5

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this valuation report are true and correct.

2. The reported analyses, opinions and conclusions are limited by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions.

3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.

4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this valuation.

7. The economic and industry data included in the valuation report have been obtained from various printed or electronic reference sources that the valuation analysts believe to be reliable. The valuation analysts have not performed any corroborating procedures to substantiate that data.

8. Our analyses, opinions, conclusions and this report have been prepared in conformity with the *Statement on Standards for Valuation Services 1* of the American Institute of Certified Public Accountants ("AICPA") and the *Standards for Distressed Business Valuation* of the Association of Insolvency and Restructuring Advisors ("AIRA").

9. The parties for which the information and use of the valuation report are restricted are identified; the valuation report is not intended to be and should not be used by anyone other than such parties.

10. This report and the valuation were prepared under the direction of Melissa S. Kibler, with the assistance of Patrick Waite. Ms. Kibler is a Certified Public Accountant licensed in the states of Illinois, Texas and Oregon and holds the Certified in Financial Forensics credential issued by the AICPA and the Certification in Distressed Business Valuation issued by the AIRA. Mr. Waite is a Certified Public Accountant licensed in the state of New York.

Mackinac PARTNERS

Melissa S. Kibler

Melissa S. Kibler
Senior Managing Director
Mackinac Partners, LLC

APPENDIX 6

STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS

During the course of the valuation, we considered information provided by management and other third parties. We believe these sources to be reliable but assume no further responsibility for their accuracy.

We assume that the financial and other information provided by Dale's Diner LLC, *et al.* ("Dale's" or the "Company") or its representatives is accurate and complete, and we have relied without verification upon this information in performing our valuation. The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles. We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by the Company or others.

For purposes of this report, we have, of necessity, accepted as accurate the accounting records produced in this matter, except as stated herein. Our findings and conclusions stated in this report are subject to revision upon further investigation and document discovery. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

We have obtained public information and industry and statistical information from sources we believe to be reliable, which are disclosed in our report. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

We have used financial projections provided by management. We have not examined, reviewed or compiled the forecast data or the underlying assumptions in accordance with the standards prescribed by the American Institute of Certified Public Accountants and do not express an audit opinion or any other form of assurance on the forecast data and related assumptions.

Any projections of future events described in this report represent the general expectancy concerning such events as of the valuation date. We have generally assessed the reasonableness of key information used in arriving at the valuation results, such as projected financial information. However, we do not provide assurance on the achievability of the results forecasted by Dale's. Events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management. In the case that the forecast data differ from the actual future events, our recommendations as to the indication of value may be materially affected.

The value conclusion stated in this report is predicated on the financial, economic and physical conditions prevailing as of the date of this report, unless otherwise noted. We take no responsibility for changes in market or other conditions and assume no obligation to revise this report to reflect events or conditions which may occur subsequent to the date hereof.

The financial information presented herein includes normalization adjustments made solely to assist in the development of the value conclusions presented in this report. Normalization adjustments are hypothetical in nature and are not intended to present restated historical results or forecasts of the future. This information should not be used for any purpose other than to assist in understanding this valuation, and we express no opinion or any other assurances on this presentation.

We have conducted interviews with the current management of Dale's concerning the past, present and prospective operating results of the company. We have relied on the representations of the owners, management and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report.

We have made no investigation of, and assume no responsibility for, legal matters, including titles and encumbrances. We have not attempted to confirm whether all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets. Title to the property is assumed to be good and marketable, unless otherwise stated. The property is further assumed to be free and clear of any or all liens, easements or encumbrances that might affect value, unless otherwise stated.

Unless otherwise stated herein, we have assumed that the operations and businesses are and have been conducted in compliance with all applicable federal, state and local laws and regulations. We have made no effort to determine the possible effect, if any, on the subject business due to future federal, state or local legislation or regulation, including any environmental or ecological matters.

The report assumes all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any federal, state or local government, or private entity or organization, have been or can be obtained or reviewed for any uses on which the opinions contained in this report are based.

Unless otherwise stated in this report, we express no opinion as to tax matters, including, but not limited to: 1) the tax consequences of any transaction; 2) the effect of the tax consequences of any net value received or to be received as a result of a transaction; and 3) the possible impact on the market value resulting from any need to undertake a transaction to pay taxes.

Unless otherwise stated in this report, the valuation of the business has not considered or incorporated the potential economic gain or loss resulting from contingent assets, liabilities or events existing as of the valuation date.

The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange or diminution of the owners' participation would not be materially or significantly changed.

Mackinac PARTNERS

For the purposes of this report, fair market value is defined by IRS Revenue Ruling 59-60, 1959-1, C.B. 237 as "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts." IRS Revenue Ruling 59-60 also states that, "in addition…the hypothetical buyer and seller are assumed to be able, as well as willing, to trade and to be well informed about the property and the market for such property." The absence of any such assumptions or the presence of fraud or undisclosed material facts may affect the conclusions in this report.

The estimate of fair market value assumes that the Company is a going concern, based on an all cash purchase, or equivalent terms thereof. The Company would have a materially different value in liquidation. No estimate of the value that could be achieved in liquidation is included in this report.

This valuation report is based on the unique facts and circumstances of Dale's analyzed under the limiting conditions specified herein for the purposes stated herein, including assumptions about Dale's that are unique to this situation as a turnaround or workout. Modification of any of these factors may have a material effect on the conclusion in this report.

The conclusion of value arrived at herein is valid only for the stated purpose as of the valuation date. An engagement for a different purpose, or under a different standard or basis of value, or for a different valuation date, could result in a materially different opinion of value.

This report and the conclusion of value arrived at herein are for the use of our client(s) for the sole and specific purposes as noted herein, and not for the benefit of any third party. They may not be used for any other purpose or by any other party for any purpose. The conclusion of value represents the opinion of Mackinac based on information furnished by the Company and other sources.

The valuation may not be used in conjunction with any other appraisal or study. The value conclusion(s) stated in this report are based on the facts and conditions described in this report, and may not be separated into parts. The valuation was prepared solely for the purpose, function and parties so identified in the report.

No change of any item in this report shall be made by anyone other than Mackinac, and we shall have no responsibility for any such unauthorized change.

Mackinac will make Ms. Kibler available for testimony in connection with this Report.

APPENDIX 7

Curriculum Vitae

Mackinac
PARTNERS

Melissa S. Kibler

Senior Managing Director

Contact Information:

Office: 312-726-3558

mkibler@mackinacpartners.com

Professional Experience:

- Melissa has approximately 30 years of experience providing financial advisory, restructuring and turnaround services to Fortune 500 and mid-sized companies and their stakeholders. She also heads the Litigation Support & Dispute Advisory practice at Mackinac Partners and has extensive investigative, litigation and valuation experience, including insolvency-related litigation, avoidance actions, fraud investigations, M&A disputes, director and officer claims, and other commercial litigation support.
- Melissa has led or played a senior role in teams delivering exceptional solutions in restructuring and/or related litigation matters for clients such as the examiner in Residential Capital (ResCap), where she investigated potential claims against parent Ally Financial and related parties, leading to a $2.1 billion global settlement; represented debtors/companies in matters such as Sprint, North Pacific Group, Havens Steel, and Iridium; advised creditors or official committees in cases such as Energy Future Holdings, Savient, Engineered Plastic Products, Kmart, Bethlehem Steel, Warnaco Group, Singer and numerous out of court matters; and provided litigation support, investigatory services or expert testimony in restructuring and other matters such as Tronox, Enron, Chrysler, Neff, Tribune, Quebecor, Amaranth, ASARCO, Sentinel Management Group, Kmart, Singer, Capital Consultants, American Commercial Lines, Keywell, International Offshore Services, Calumet and FirstMed EMS.
- Melissa recently served as Chief Restructuring Officer in the bankruptcy of Juno, previously the third-largest ride-hailing company in New York, and as the Chief Financial Officer of Edmentum, a leading provider of K-12 online learning solutions.
- Melissa is a Fellow and currently serves as President of the American College of Bankruptcy, and has held other leadership positions including President of the American Bankruptcy Institute, Director of INSOL International, and Chair of the American Institute of Certified Public Accountants (AICPA) Bankruptcy Task Force. She has received many industry recognitions, including Consulting Magazine's Leadership Award for Women Leaders in Consulting, the AICPA's Women to Watch Award for Experienced Leaders, and the International Women's Insolvency & Restructuring Confederation's Woman of the Year in Restructuring Award.
- Melissa joined Mackinac in 2016 and was most recently a senior managing director in the Chicago office and an executive committee member of Mesirow Financial Consulting following their 2004 acquisition of the corporate recovery practice of KPMG LLP, where she had served as partner-in-charge of the Midwest Region Corporate Recovery practice and the Pacific Northwest Corporate Recovery and Forensic and Litigation Services practices since 1999. She started her career in financial advisory services at Price Waterhouse LLP.

Education & Certifications:

- BBA in accounting, Texas A&M University *summa cum laude*. MBA, Southern Methodist University (first in class).
- Certified Public Accountant, Certified Insolvency and Restructuring Advisor, Certified Turnaround Professional, and holds the Certified in Financial Forensics and Certification in Distressed Business Valuation credentials.

Melissa S. Kibler – Select Restructuring Experience

- **Confidential Restaurant Operator (Company) -** Advising an operator and franchisor of limited service restaurants serving coastal Mexican cuisine focusing on grilled seafood, with approximately 170 locations on the West Coast, regarding restructuring options.

- **Confidential Consumer Products and Publishing Company (Lenders)** – Advised the senior lender group on the amendment of a $110 million credit facility for a licensed consumer products design and publishing company with customers including big box, discount, club, grocery, drug, convenience and other stores/retailers. Executed a comprehensive business plan review, prepared a preliminary valuation analysis, and developed a liquidity forecasting model to advise on factoring and proposed covenant thresholds. Identified numerous areas of risk and opportunity in the company's initiatives to improve performance and their overall business plan.

- **Multiple valuation engagements (Lenders)** – Subject companies include franchisees of Applebee's and Jack in the Box, independent restaurant chains, providers of fresh food products, and others.

- **Confidential Office Products Distributor (Supplier)** – Served as financial advisor to a Fortune 500 national distributor of workplace items including janitorial and breakroom supplies, technology products, traditional office products, industrial supplies, cut sheet paper products, automotive products and office furniture. Advised in connection with the recapitalization of a troubled supplier and the restructuring of related obligations and agreements.

- **Energy Future Holdings (Indenture Trustee) -** Served as Financial Advisor to American Stock Transfer, the Indenture Trustee for unsecured notes issued by parent company Energy Future Holdings Corp. ("EFH"). Advised the Trustee on complex valuation and tax issues, and performed a detailed assessment of intercompany transactions to identify potential claims. EFH is comprised of a portfolio of competitive and regulated energy companies that includes TXU Energy, Luminant, and Oncor and includes the largest generator, distributor and certified retail provider of electricity in Texas.

- **Savient Pharmaceuticals (Unsecured Creditors' Committee)–** Served as financial advisor to the Official Committee of Unsecured Creditors of Savient, a single-drug pharmaceutical company. Monitored and advised on successful auction of assets; investigated and negotiated settlement of potential lien challenges, fraudulent conveyance and other causes of action.

- **Project Patriot (Company) -** Served as financial advisors to a company that developed, manufactured and distributed products for the commercial and hospital based anatomic pathology laboratory market. Assisted with analyzing restructuring and transaction alternatives and advising regarding cash management. Company ultimately executed an assignment for the benefit of creditors.

- **North Pacific Group (Company) -** Served as financial advisor to a privately held manufacturer and wholesale distributor of building materials, industrial and hardwood products, utility poles, crane mats, agricultural and food products, and other specialty products. The Company was one of the largest distributors in the U.S. and served building product retailers and distributors around the world. NPG also operated hardwood flooring mills and had an active trading operation. Assisted in preparing 13-week cash flow forecasts and business plans. Assessed various business restructuring scenarios, including business unit sales, closures of certain locations and cost reductions. Analyzed potential bankruptcy issues and prepared liquidation analysis. Assisted the client in negotiating forbearance agreements and waivers with its lenders.

- **Engineered Plastic Products, Inc. (Unsecured Creditors' Committee) -** Served as financial advisors to the Official Committee of Unsecured Creditors of Engineered Plastic Products, Inc., a manufacturer of injection-molded plastic interiors and exterior automotive parts used for light truck and passenger vehicle programs. Services included monitoring cash collateral and liquidity; evaluating reorganization strategies and alternatives available to the creditors; analyzing valuation and distribution scenarios; monitoring the sales process and negotiations; and analyzing tooling program issues.

Melissa S. Kibler – Select Restructuring Experience

- **Kmart Corporation (Unsecured Creditors' Committee) -** Acted as financial advisors to the Unsecured Creditors' Committee of Kmart Corporation, the nation's third largest general merchandise retailer. Services performed include analyzing debtor-in-possession financing and liquidity; evaluating potential employee retention and severance plans; analyzing assumption and rejection issues regarding store leases, licenses and executory contracts; monitoring financial results; reviewing business plans; assisting with GOB and lease sales; investigating alleged accounting and stewardship issues, analyzing valuation and distribution scenarios; and evaluating reorganization operating and financial strategies and alternatives available to the creditors. Kmart exited Chapter 11 after less than sixteen months, and the 10% return estimated for unsecured creditors was significantly exceeded due to stock price increases after exit.

- **Bethlehem Steel Corporation (Unsecured Creditors' Committee) -** Acted as accountant and financial advisor to the Committee in the bankruptcy of the second largest US integrated steel manufacturer, with revenue exceeding $4 billion. Assistance included analyzing debtor-in-possession financing and liquidity issues, analyzing and monitoring operations, analyzing the Company's business plan and projections, evaluating pension and other post retirement benefit plans and related liabilities, assessing proposed employee retention and severance plans, advising in regard to potential restructuring alternatives, analyzing potential preference recoveries, and providing other financial advisory assistance. Bethlehem was sold to International Steel Group and a liquidating plan was confirmed.

- **Havens Steel Company (Debtor) -** Retained to assist the company, which provided steel fabrication, erection and design services in commercial construction. Services included assistance with preparing financial proformas and cashflow projections, assessing alternatives for restructuring and refinancing debt obligations, evaluating strategic and business operations alternatives, analyzing DIP financing and covenants, identifying expense reduction and asset disposition initiatives, formulating a key employee retention plan, and preparing required bankruptcy reporting.

- **Assisted Living Concepts, Inc. (Debtor) -** Advised this assisted living company operating approximately 180 facilities in implementing a pre-negotiated Chapter 11 filing, including assistance with preparing a liquidation analysis, implementing fresh start accounting, preparing Schedules and Statements, bankruptcy planning, and analyzing the tax implications of the restructuring.

- **Physician Partners, Inc. (Company) -** Assisted this physician management company with an out-of court wind-down, sale and/or restructuring of three multi-specialty groups with over 300 physicians and medical providers. Prepared cash flow model to secure continued financing, coordinated medical equipment and other asset sales, negotiated lease/contract terminations, valued assets/operations, and otherwise assisted in stabilizing operations and addressing wind-down issues. The company anticipated achieving a 100% recovery for creditors and a significant recovery for the preferred shareholders, representing a significant improvement from initial estimates.

- **Distributor of Non-Food Products (Company) -** Assisted this $500 million distributor of non-food products to grocery stores and other retail outlets with preparation of weekly cash flows, financial projections and other information requested by the bank group, analysis of underlying financial and operational issues, communication with the bank group, and evaluation of restructuring alternatives.

- **Wyatt's Cafeterias (Debtor)** - Acted as Chapter 11 financial advisor to this company operating over 40 cafeteria-style restaurants. Assisted in preparing weekly cash flows and negotiating cash collateral, advised on bankruptcy planning/accounting/reporting, analyzed lease/contract rejections, assessed store profitability, implemented claims process and assisted with developing a business plan and plan of reorganization confirmed in only five months. The subsequent sale of the restaurants delivered considerable shareholder value.

Melissa S. Kibler – Select Litigation and Valuation Experience

- **FirstMed EMS LLC** - Analyzed actions taken by the sponsor, D&O and other defendants in the operation, turnaround, financing and restructuring of this medical transportation provider in connection with the trustee's breach of fiduciary duty and related allegations. Issued expert report; case settled.
- **Calumet Photographic, Inc. –** Evaluated transfers and affirmative defenses to preference liability on behalf of the trustee of this multi-channel specialty retailer of high-end photography and video equipment. Issued expert report and testified in deposition and trial..
- **Confidential -** Advising counsel to the defendants, former officers and owners of a management company for multi-family residential properties, in connection with fraudulent transfer claims by the trustee. Areas of assistance include assessing the tests of financial condition and the reasonably equivalent value of compensation and other alleged transfers.
- **Residential Capital, LLC ("ResCap") –** Acted as financial advisor to the Examiner of ResCap to investigate potential causes of action and activities of the officers and directors in connection with pre-petition or post-petition transactions, agreements, transfers, loans, claims, releases, settlements and corporate relationships between ResCap its parent, Ally Financial Inc. ("AFI") f/k/a GMAC LLC, Ally Bank f/k/a GMAC Bank, Cerberus Capital Management and their affiliates. Causes of action included preference and fraudulent transfer claims (including assessments of reasonably equivalent value, solvency, capital adequacy and ability to pay debts as due), equitable subordination claims, alter ego and veil piercing claims, debt recharacterization claims, constructive trust and unjust enrichment claims, breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, securities law claims, and claims held by third parties against AFI and any officers, directors and shareholders of ResCap or AFI, including but not limited to representation and warranty claims by purchasers or insurers of residential mortgage backed securities. Issued over 2,200 page report leading to a $2.1 billion settlement.
- **Tronox Inc. –** Advised counsel to the litigation trust on solvency, reasonably equivalent value and damages in fraudulent conveyance claims being pursued by Tronox Inc., a multinational manufacturer and marketer of titanium dioxide and electrolytic and other specialty chemicals, in connection with its spin-off from oil and gas exploration and production company Kerr-McGee Corp. Prepared expert reports and supported deposition and trial testimony. Bankruptcy court verdict in favor of the trust found damages of $5.15 to $14.17 billion, and the parties subsequently settled for $5.15 billion.
- **ASARCO Incorporated –** Assessed damages on behalf of Sterlite, the defendant in a breach of contract action involving the purchase of ASARCO, a copper mining company, through a Chapter 11 plan of reorganization. Prepared expert reports and supported deposition and trial testimony.
- **APG, Inc. –** Engaged by counsel to a law firm in a legal malpractice case brought by the sellers of a packaging company that manufactured aerosol and liquid-fill products in the United States and Canada. Areas of analysis included working capital adjustments, indemnification claims related to breaches of representations and warranties, and damages related to the valuation of the business under alternate scenarios. Issued expert rebuttal report and testified in deposition and a state court jury trial in which client prevailed.
- **American Commercial Lines Inc. ("ACLI") –** Hired to provide analysis and expert witness testimony on behalf of ACLI, a large and diversified inland marine transportation and service company. Determined the value of ACLI's equity for a Delaware appraisal rights litigation matter. Issued expert reports and testified in deposition and trial.
- **Neff Corporation –** Served as expert on solvency in connection with the Unsecured Creditors' Committee's motion for standing to pursue fraudulent conveyance claims related to a leveraged buy-out transaction involving Neff Corporation, a construction and earth moving equipment rental company. Testified in deposition, and case settled during trial.
- **Tribune Company –** Analyzed solvency in connection with fraudulent conveyance claims related to the leveraged ESOP transaction in the bankruptcy of The Tribune Company.

Melissa S. Kibler – Select Litigation and Valuation Experience

- **International Offshore Services –** Analyzed damages and valuation issues in litigation between a company providing marine transportation and construction services for the oil & gas industry in the shallow water Gulf of Mexico and its former CEO. Testified in deposition and AAA arbitration.
- **International Offshore Services –** Analyzed damages and valuation issues in a breach of contract action related to a private equity firm's purchase of a company providing marine transportation and construction services for the oil & gas industry in the shallow water Gulf of Mexico. Issued expert report, testified in deposition, and case settled during trial.
- **Quebecor World USA, Inc. –** Analyzed solvency and other financial aspects of preference and fraudulent conveyance claims being pursued by the Unsecured Creditors' Committee and creditor trust of Quebecor World USA, Inc., the second largest commercial printer in the United States. Supported issuance of expert reports and deposition testimony.
- **Confidential Retail Company –** Analyzed alleged fraudulent transfers and solvency in the bankruptcy of a major discount department store retailer.
- **Chrysler, LLC –** Investigated potential fraudulent conveyances, breaches of fiduciary duty and other causes of action against Daimler in connection with Cerberus's acquisition of Chrysler on behalf of the Unsecured Creditors' Committee of Chrysler. Assisted counsel in preparation of complaint in support of motion for standing.
- **Confidential Metal Parts Fabrication Company –** Evaluated solvency in a fraudulent conveyance matter in connection with the leveraged buyout of a company that fabricated metal parts for large, industrial original equipment manufacturers.
- **Enron Creditor Recovery Corp. –** Engaged by counsel to Citibank and a group of major financial institutions defending claims in the Enron "Mega Complaint" litigation, including fraudulent conveyance and other avoidance actions, disallowance or subordination of claims and damages in excess of $30 billion for alleged knowing participation or aiding and abetting in the insider fraud. Analyzed the valuation and solvency of Enron; assessed the accounting impact of various structured finance transactions; analyzed liquidity and capitalization; supported issuance of expert report on solvency; and assisted with expert depositions. Case settled prior to trial.
- **Kmart Corporation –** Provided litigation support to the litigation trust in connection with several arbitration matters alleging misconduct and other causes of action against certain former officers Kmart Corporation. Work included assessing the financial condition of Kmart, damages and related issues; assisting in the development of case theory; preparing expert reports and rebuttal reports; and assisting with preparation for testimony at arbitration hearing, including developing demonstratives. Disclosed as testifying expert and issued expert report; case settled prior to depositions.
- **The Singer Company N.V. –** Investigated fraud, negligence, fraudulent transfer, breach of fiduciary duty and other claims for the Unsecured Creditors' Committee and the Creditor Trust of Singer, a global sewing and consumer products manufacturing, distribution and retail company.
- **Power Marketing of America –** Hired to provide litigation support services to counsel for Pacificorp in connection with the defense of fraudulent conveyance and preference claims by the trustee of PMA Company, a power marketing company. Assisted in mediation.
- **Capital Consultants LLC (Receiver)** – Employed as forensic accountants and financial advisors to the Receiver of this investment management company appointed upon motions of the Securities and Exchange Commission and the Department of Labor. Projects included analysis of historical loan portfolio activity, preparation of loan data summaries, analysis of certain other private investments, investigation of alleged fraudulent activity, transaction analysis and asset tracing, analysis of Capital Consultants' financial position, specific collateral testing, credit risk reviews, evaluation of methodologies for the distribution of available proceeds to investors and creditors, and preparation of information for use in the Receiver's reports to the court.
- **John W. Stoller Inc. –** Evaluated solvency in connection with preference actions, issued expert report and testified in arbitration on behalf of the Chapter 7 trustee of this turkey farm.

Melissa S. Kibler – Testimony and Publications

Testimony (prior 4 years):

- Catherine Steege, as Trustee for Calumet Photographic, Inc., v. Canon U.S.A., Inc.
  Subject: Preference defenses
  United States Bankruptcy Court for the Northern District of Illinois, Eastern Division
  Deposition, June 2018; Trial, August 2019

Publications (prior 10 years):

- Forensic & Valuation Services Practice Aid, American Institute of Certified Public Accountants, Volume 1 - Litigation and Dispute Resolution in Bankruptcy, Providing Bankruptcy and Reorganization Services, 2nd Edition, 2016.
- How to Write an Effective Expert Report. *Fraud and Forensics: Piercing through the Deception in a Commercial Fraud Case*, American Bankruptcy Institute, August 2015.
- The Quid Pro Quo of Chapter 22 - Do the Benefits Outweigh the Costs? *TMA's Journal of Corporate Renewal,* June 2012.
- The US Economy and Credit Markets: Heralding a Turnaround for Turnarounds? *Financier Worldwide Global Reference Guide 2011: Bankruptcy and Restructuring*, May 2011.
- A Look Back at a Great Year. *American Bankruptcy Institute Journal*, April 2011.
- Back to the Future – Seeking Redress for Today's Losses by Changing the Past. *Financier Worldwide,* January 2011.
- Stay Up-to-Date as Fall Begins with ABI Conferences and Programs. *American Bankruptcy Institute Journal,* October 2010.
- Get Involved! Harness the Benefits of ABI Membership. *American Bankruptcy Institute Journal,* July/August 2010.
- Legislative Symposium Roundtable: Chapter 11 at the Crossroads: Does Reorganization Need Reform? *American Bankruptcy Institute Law Review,* Spring 2010.
- When Cash is King: Understanding Cash Requirements for Distressed Companies and Maintaining Effective Management and Reporting Systems. *Navigating Today's Environment – The Directors' and Officers' Guide to Restructuring,* 2010.