



Distressed Projects Analysis Services

OVERVIEW

Long International provides expert engineering and construction claims analysis and expert testimony, project management consulting, and fire/explosion property damage and business interruption claims analysis services to the engineering and construction industry worldwide. Our staff of over 60 professionals has extensive U.S. and international experience on large, complex projects incorporating conventional-phased, fast-track, or EPC turnkey concepts. Long International's consultants include chemical, mining, civil, mechanical, and electrical engineers, and program, project, and construction management professionals. Our experts have earned advanced degrees, professional engineering licenses, and project management professional certifications.

Our senior personnel have on average over 35 years of experience working for major oil and chemical companies, manufacturing companies, power generation companies, public owners, international engineering and construction companies, mechanical and electrical contractors, construction consulting firms, banks, insurance companies, and financial organizations. Our experts have managed, designed and built projects, and managed the cost and schedule control functions of projects. We have analyzed claims involving disputed change orders, schedule delay, acceleration, time extensions, liquidated damages, loss of productivity, defective specifications, procurement problems, deficient project management performance, property damage, and business interruption damages. We assign senior-level consultants with extensive engineering and construction experience to perform these analyses and testify in mediation, arbitration, litigation, or other ADR forums.

Please visit our website at www.long-intl.com for a complete listing of our personnel.

*Long International...Balanced
Experience...Successful Solutions!*

Distressed Projects Undergo Change

During economic downturns, construction capital projects that are planned, or underway, may be altered, delayed or cancelled. In each case, owners, lenders, sellers, buyers, lessors, or lessees can find themselves exposed to large capital risks related to the capital construction project. Decisions about project re-design, financial feasibility, delay, cancellation, and/or new project participants may have to be evaluated. Long International's engineers and financial advisors can work with you to address these critical issues.

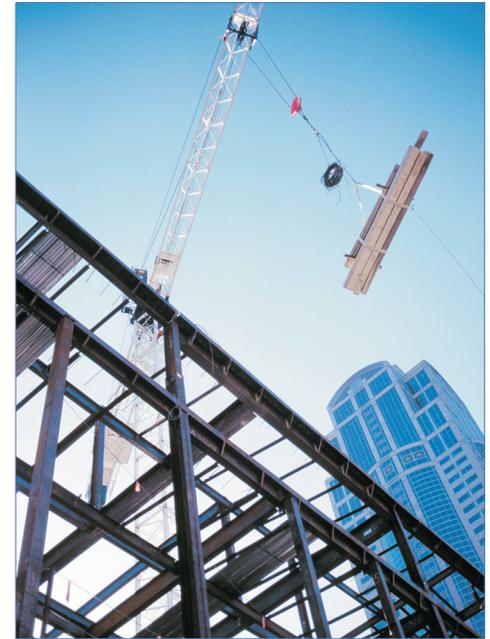
If you are a...

- Land/Property Owner
- Project Owner
- Interim Lender
- Investment/Financial Broker
- Private Capital Investor
- Long-term Lender
- Joint-venture Operator/Owner
- Government Agency
- Partner/Shareholder
- Operator/Manager
- Seller
- or other...

Long International can help you evaluate the status of construction, cost of re-design, and financial feasibility of project cancellation or delay, among many other possible scenarios.

Relative to **LENDERS/CREDITORS**, our team of engineering, construction, and financial advisors can assist with:

- The evaluation or development of Debtor Plans;
- EBITDA and cash flow analyses
- Due diligence reviews
- Competing Creditor Plan alternatives
- Collateral analysis
- Evaluation of the use of loan proceeds; and cash collateral
- Review of construction lien positions;
- Reviews of facility startup plans and cash collateral requirements
- Post-startup facility operations evaluation and net cash flow analysis
- Analysis of the impact of post-startup operations on collateral value, among other analyses



Relative to **SELLERS/DEBTORS**, Long International can:

- Perform due diligence assessments
- Evaluate the project or business for sale, including funding requirements
- Identify value enhancement alternatives
- Develop near-term project disposition solutions
- Evaluate projected financial information
- Assist with the preparation of offering memoranda
- Assist in the development of reorganization/liquidation plans
- Assist with management presentations;
- Prepare project data rooms
- Evaluate bids received
- Assist with buyer negotiations

The above assistance can also be valuable to **OWNERS** who are dealing with financing parties, joint-venture partners, prospective purchasers, and other interested parties.

Distressed Projects Analysis Services

Examples of Services for Distressed Projects

Evaluated the redesign of petrochemical and industrial facilities to produce different products such that the project could be made financially viable.

Evaluated the redesign to cut costs in the FEED or pre-FEED stages of refineries and petrochemical plants so that the plants could be operated profitably under different operating assumptions/situations.

Evaluated alternative cost estimates to either mothball a facility or change the specifications and modify the facility to operate under different requirements that would result in profitable operations.

Evaluated the recommissioning specifications for a mothballed plant to evaluate the efforts to recommission the plant and the cost to do so as compared to the financial benefit.

Evaluated the reconfiguration and design of portions of existing and new plants to determine the cost-benefit of the reconfiguration/design efforts.

Negotiated a wrongful termination counterclaim and a US \$2.5 million line of credit based on the counterclaim settlement pending collection of the claim settlement.

Engaged by a multi-bank secured lender group to determine the use of loan proceeds, address adequate security coverage, and debtor-in-possession financing needs on a US \$130 million office complex of a developer in bankruptcy.

Retained to evaluate the adequacy and accuracy of credit file information on which secured/unsecured project development loans were obtained.

Assistance was provided to evaluate the information needs and the adequacy of information provided to lenders on an ongoing basis during the life of a commercial loan.

SAMPLE DISTRESSED PROJECT ACTION MATRIX

Parties	Refinance	Additional Lenders	Sell/Hold	Delay	Cancel	New Partners
Land/Property Owners	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lenders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment Bankers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Investor/Owners	<input checked="" type="checkbox"/>					
Tenant/Operators	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Potential options for distressed project

Alternatives

Distressed projects require action. Action requires evaluating alternatives and determining the range of options. The challenge in these situations is to get a clear perspective and evaluate dispassionately what alternatives are available after understanding the specific agreements and objectives of each party.

The professionals at Long International have been there. We gather the facts, perform the analyses, and array the possibilities of different options. The *Distressed Project Action Matrix* above presents an approach to evaluating some of the alternatives that different parties in interest may consider from their respective positions. Depending on the facts surrounding the distressed project, each party can consider different courses of action.

As engineers, we can evaluate questions such as:

- What is the true status of project completion?
- Why is the project behind schedule; what is required to complete the project; and how much will it cost to do so?
- Can the project be delayed or accelerated and what are the performance and cost considerations of these actions?
- Can the scope of the project be reduced or expanded, and what are the costs to do so within the projected time frame?

While the above assessments deal with the physical project alternatives, the financial and economic consequences that flow from these considerations can be evaluated by Long International's financial professionals.

For example...

- Is refinancing required if the project timeframe to completion is lengthened?
- What is there to sell, given the current stage of the project, and is it better to complete the project to the next phase?

- Is it possible to stop the project and re-start at a later date, given the current stage of completion, and what is the cost to do so?
- Are there other Partners/Joint-ventures that could change the scope of the project?
- What are the financial consequences of contractual changes or breaches?

The *Distressed Projects Action Matrix* presents examples of Long International's approach to organizing the alternatives and assessing the financial consequences associated with each alternative.

Why Long International?

Long International focuses on projects that are designed, engineered and constructed or assembled over time. We are not "all things to all people." We are engineers, financial professionals, and accountants. We do "hard analysis" that is rooted in engineering, financial, and accounting principles and methods. But we understand the business impact of our efforts and advise Senior Management using our breadth of experience.

The professionals at Long International have worked for engineering and construction firms, and financial and accounting consulting firms. We have been senior executives in significant organizations, owners of professional service firms, and active owners/investors in business entities.

The highly experienced professionals at Long International work hands-on with our clients. We assist our clients to develop and evaluate alternatives and options. Long International has the balanced experience required to develop successful solutions.

Long International... Balanced

Experience... Successful Solutions!

