hhgregg, Inc., DIP

3/31/2017 - The Company announced that it executed an agreement with Tiger Capital Group, LLC and Great American Group, LLC to conduct the sale of merchandise at its remaining 132 retail stores and its distribution centers. The Company stated that it executed the agreement as a precautionary measure in the event no acceptable going concern bids are received by the upcoming bid deadline of April 7, 2017. The sales will commence on April 8, 2017, if no acceptable going concern bids are received by April 7, 2017.

Debtor:	**hhgregg, Inc. , DIP**	
Status:	**Chapter 11**	***Actively following case***
U.S. Bankruptcy Court: **Southern District of Indiana (Indianapolis)** Address: **Birch Bayh Federal Building and United States Courthouse, 46 East Ohio Street Room 116 Indianapolis, IN 46204**		
Filing Date: Case No. : Judge	**March 6, 2017** **17-01302** **Judge Robyn L. Moberly**	**Estimated Assets: $0-$50 million** **Estimated liabilities: $0-$50 million**

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U.S. Trustee Office of U.S. Trustee 101 W. Ohio St.. Ste. 1000 Indianapolis, IN 46204 317-226-6101 Email: ustpregion10.in.ecf@usdoj.gov	Represented by **Laura A DuVall** Office of U.S. Trustee 101 West Ohio Street Suite 1000 Indianapolis, IN 46204 317-226-6101 Fax : 317.226.6356 Email: Laura.Duvall@usdoj.gov **Ronald J. Moore** Office of U.S. Trustee 101 W Ohio St Ste 1000 Indianapolis, IN 46204 317-226-6101 Fax : 317-226-6356 Email: Ronald.Moore@usdoj.gov

Key Dates in Chapter 11 Case, Comment and Date	
Chapter 11 filing	March 6, 2017
Interim authorization to access DIP Facility	March 8, 2017
Motion requesting approval of bidding procedures –	March 9, 2017
Appointment of Creditors' Committee	March 13, 2017
Termination of letter of intent	March 16, 2017
Interim approval of DIP Facility	March 16, 2017
Stalking horse bidder chosen for sale of assets	March 20, 2017
Hearing on final approval of DIP Facility	March 31, 2017
Final order approving DIP Facility	April 10, 2017
Submission of bids	April 7, 2017
GOB sales at 132 stores (if no bids received)	April 8, 2017
Auction	April 10, 2017
Section 341 meeting of creditors	April 12, 2017
Sale Hearing	April 12, 2017

20 Largest Unsecured Creditors as Listed by the Company in its Petition
(Note: Items exclude liabilities associated with goods in-transit. Some balances reflect wholesale value of consignment inventory at 2/26/16.)

Creditor	***Amount***	***Creditor***	***Amount***
Quad/Graphics, Inc.	$7,701,459.87	Frigidaire Consignment	$1,525,356.55
Zimmerman Advertising	$6,599,488.29	Florida Department of Revenue	$1,446,947.77
Warrantech CPS, Inc.	$6,550,751.64	Spirit	$1,324,560.40
Rosetta Marketing Group, LLC	$5,674,230.60	Steve Silver Company	$1,321,941.04
Curtis International LTD.	$3,601,398.84	U.S. Transport Corporation	$1,302,570.35
Haier America Trading, LLC	$3,262,863.53	Midea American Corp.	$1,216,419.03
Seiki LLC	$3,022,923.52	Installs Inc, LLC	$1,189,451.83
Ryder Integrated Logistics,	$2,569,999.20	Klipsch	$1,101,338.99
General Electric Co. – MABG	$1,794,695.55	Treasurer of State of Ohio	$957,073.95
Serta	$1,762,866.73	GE Capital	$762,755.86

Creditors' Committee	
DDR Corp.	
Klipsch Group, Inc.	
Quad/Graphics, Inc.	
Ryder Integrated Logistics	
Serta Simmons Bedding, LLC	
Simon Property Group	
Steve Silver Co.	

Pending Bankruptcy Cases	
Gregg Appliances, Inc. HHG Distributing, LLC	

Current Events

3/31/2017 - The Company announced that it executed an agreement with Tiger Capital Group, LLC and Great American Group, LLC to conduct the sale of merchandise at its remaining 132 retail stores and its distribution centers. The Company stated that it executed the agreement as a precautionary measure in the event no acceptable going concern bids are received by the upcoming bid deadline of April 7, 2017. The sales will commence on April 8, 2017, if no acceptable going concern bids are received by April 7, 2017.

3/23/2017 – The Company provided details of its $80 million DIP Facility, with Great American Capital Partners, LLC (GACP), a wholly owned subsidiary of B. Riley Financial Inc., and Wells Fargo Bank. The DIP Facility consists of a $50 million revolving credit facility from Wells Fargo, and a $30 million term loan provided by GACP. The Court previously authorized interim approval of the DIP Facility, with a hearing on final approval scheduled for March 31, 2017. Additionally, the submission date for bids on the Company's assets was changed to April 7 from April 21, with an auction now scheduled for April 10, and a sale hearing on April 12. The bid rules were broadened to state that "a qualified bid may be a going-concern or liquidation bid, or a collection of bids for a portion, or all of the purchased assets."

3/16/2017 – The Company announced that it terminated its previously announced nonbinding letter of intent with an anonymous party to purchase substantially all of its assets. This occurred because the Company was unable to reach a definitive agreement on terms of the transaction. Commenting on the development, CEO Robert J. Riesbeck said, "We have received strong interest from third parties interested in buying some or all of the Company's assets. We and our advisors continue to work with potential acquirers to help them understand our business model for future growth and our value proposition."

The Company also announced it has obtained interim approval of its $80 million DIP Facility to fund operations of the business during the sale process. The Company said it will continue to operate in the ordinary course of business throughout the restructuring process.

The Section 341 meeting of creditors is scheduled for April 12, 2017.

3/13/2017 – The Creditors' Committee was appointed and incudes: DDR Corp., Klipsch Group, Inc., Quad/Graphics, Inc., Ryder Integrated Logistics, Serta Simmons Bedding, LLC, Simon Property Group, and Steve Silver Co.

Cooley LLP was selected as counsel to the Committee.

3/8/2017 – The Court entered an order authorizing the Debtor to access the DIP Facility on an interim basis in an amount up to $80 million (subject to a roll-up of $66.9 million in prepetition obligations to the lender). A hearing on final approval of the DIP Facility is scheduled for March 31, 2017.

3/7/2017 - The Debtors retained Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC to conduct store closing sales at 88 locations which the Company previously announced it will close. Please click here for the addresses of the closing stores. The store closing sales began on March 3, 2017 and will conclude by April 16, 2017. Following completion of the store closing sales, the Debtors intend to reject the leases for the dark stores. They will then evaluate whether to pursue a standalone reorganization or a going concern sale of the business. Therefore, the Debtors intend to implement a competitive bidding and auction process for the sale of substantially all of their remaining assets.

The Debtor filed first day motions to approve:

- Payment of up to $8.0 million in prepetition claims of critical vendors.
- Access to the $80 million DIP Facility on an interim basis. The DIP Facility, provided by Wells Fargo Bank, National Association, includes a $50 million revolver and a $30 million term loan. The DIP Facility is subject to a roll-up of $66.9 million in prepetition obligations to the lender.

Milestones in the Chapter 11 case include:

Motion requesting approval of bidding procedures	March 9, 2017
Stalking horse bidder chosen for sale of assets	March 20, 2017
Final order approving DIP Facility	April 10, 2017
Bid packages forwarded to potential bidders	April 12, 2017
Due date for bids	April 21, 2017
Auction	April 24, 2017
Order approving sale	April 25, 2017

3/6/2017 –hhgregg, Inc., DIP filed a voluntary Chapter 11 petition in the U.S. Bankruptcy Court in the Southern District of Indiana. The Honorable Robyn L. Moberly was assigned to the case. The proceedings have been assigned case number 17- 01302.

According to the Company, it has signed a term sheet with an anonymous party to purchase its assets, as part of a process to allow the Company to exit Chapter 11 debt-free with significant improvement in liquidity for the future stability of the business. Management stated, “The Company expects a quick and smooth process through Chapter 11 with emergence in approximately 60 days.”

The Company has obtained a committed $80 million DIP financing facility underwritten by Wells Fargo Bank, National Association and GACP Finance Co., LLC. Subject to Court approval, the Company expects that this DIP financing, combined with the acquiring party’s investment and the Company’s cash from operations will provide sufficient liquidity during the Chapter 11 case to support its continuing normal business operations and minimize disruption.

Morgan, Lewis and Bockius LLP and Ice Miller LLP are serving as hhgregg’s legal advisors in the restructuring while Stifel, Nicolaus & Company, Incorporated, Miller Buckfire & Co., and Berkeley Research Group, LLC are serving as financial and restructuring advisors.

Commenting on the Chapter 11 filing, Robert J. Riesbeck, hhgregg's President and CEO, stated, “We have conducted an extensive review of alternatives and believe pursuing a restructuring through Chapter 11 is the best path forward to ensure hhgregg's long-term success.... We have streamlined our store footprint and remain fully committed to the 132 remaining stores…. Through these strategic steps, we plan to come out of this debt free and more agile as we serve our valued customers and vendor partners, and continue to be a dominant force in appliances, electronics and home furnishings."

Documents in the filing state that the Debtors believe that after administrative expenses are paid, no funds will be available for distribution to unsecured creditors.

We previously reported the following:

- March 2, 2017 The Company is closing 40% of its stores (88 units).
- February 24, 2017 Credit rating downgraded one notch to F1 from E2, due to reduced trade exposure.
- February 15, 2017 Hires advisors / evaluates strategic options.
- February 10, 2017 Third quarter report notes management's warning that it may require additional debt or equity financing.
- January 30, 2017 Credit rating downgraded to E2 from E1, due to deteriorating operations, cash burn, and an increase in debt.
- January 4, 2017 Third quarter sales fall 24%.
- November 4, 2016 Crystal Insights notes significant overlap with Best Buy units.
- September 15, 2016 Future Outlook Analysis notes unfavorable concentration of merchandise purchases among a few large vendors, and initial deterioration of DPO.

Analyst: Dave Silverman, (800) 789-0123, Ext. 119.