

Report to the Controlling Class of Zohar III from Cottage Capital, LLC

On the Status of Holdings of Dex Media & Certain Restructuring Implications

September 12, 2016

I. Scope of Engagement

Cottage Capital, LLC (“Cottage”) has been retained as the Dex Media Investment Manager (“DMIM”) to undertake the duties and all other collateral management obligations for Dex Media (“Dex”) with regard to the holdings of Zohar III of any Dex credits or securities and Cottage’s recommendations on the actions to be taken with regard to the disposition of these Dex Media holdings.

II. Credentials

Mr. Mackell is the CEO of Cottage Capital, LLC which is a middle-market investment banking advisory firm based in CT and NY, with a focus on restructurings, financings and asset and collateral management for certain clients. See www.cottagecapitalllc.com and Appendix A for full biography.

III. Documents Reviewed and Additional Due Diligence Interviews

I have reviewed and/or considered numerous documents with respect to my analysis. Documents reviewed and/or considered included: Dex Media public filings, Dex Media Bankruptcy filings provided by PACER and Epiq Systems, and documents, amendments, and creditor agreements from previous bankruptcies found from various public and private sources, including a Dex Media data room maintained by J.P. Morgan's Intralinks . A listing of documents reviewed is attached in Appendix B . Additionally, Cottage conducted detailed interviews with Houlihan Lokey (Advisor to the Bank group), Moelis & Co (investment banker to Dex), CRO of Dex and the CEO of Dex.

IV. Summary of Facts and Background

Most Recent Restructuring "RSA" Restructuring Support Agreement

On May 16, 2016 Dex Media Inc, despite its numerous strategic mergers and numerous attempts to restructure its business, filed again for Chapter 11 bankruptcy (for the third time) in the state of Delaware. The Following day, on May 17, 2016, Dex Media issued a joint pre-packaged Chapter 11 plan of reorganization. Then on July 9, 2016, Dex Media issued an amended plan supplement to its joint pre-packaged plan of reorganization. On August 1, 2016, Dex Media again reemerged from Chapter 11 bankruptcy. During the most recent restructuring process, Dex's debt was reduced from approximately \$2.4 billion to \$600 million Loan in Take-Back First Lien Term loan and will receive 100% of the equity (90% after the warrants) and the Sub-debt will receive \$5 million in cash and 10% of the equity in warrants. The restructuring plan was well-received by the company's senior creditors with over 96% of the company's senior secured lenders voting in favor of the plan. It is expected that the Take-Back loan will trade close to par and the new equity will provide a recovery of 40-50% of the balance of the forgiven debt, yielding total returns approximating to the 65-75% range, depending on timing of realizations. A critical element of the equity valuation(s) is a review of the public company and M&A comparables, which generally suggest a 3-5x TEV/EBITDA valuation for mature companies (and a much higher multiples for large dominant players like Alphabet A, Wolters Kluwer and Facebook). Below is a table of Zohar III's estimated holdings of Dex/ SuperMedia:

Obligor	Industry	Asset type	Facility Type	Funded Balance	Purchase Price	Converted to:	
						Take-Back loan	Equity
Dex Media	Printing and Publishing	Senior Secured	Term Loan	7,797,315	55	2,227,804	TBD
SuperMedia	Printing and Publishing	Senior Secured	Term Loan	5,368,110	32	1,533,746	TBD
Dex Media	Printing and Publishing	Equity	Equity	19,960	0	-	0
Dex Media Total				\$ 13,185,385		\$ 3,761,550	TBD

V. Overview of Business

Dex Media is involved in numerous digital and print advertising and marketing solutions and services to over 490,000 business clients throughout the United States. Dex Media's promotional solutions include print directories and print solutions. The digital solutions include DexKnows.com and SuperPages.com, along with social media, digital content creation and management, reputation management, and search engine optimization. Through these websites, Dex Media distributes their clients' business information to drive their internet traffic and extend their clients' digital reach. Dex Media's digital advertising services for businesses include listings, content, social media, and performance. Dex Media's Yellow Page directories business allow businesses to prominently display advertising both in and out of column, as well as on the top of pages and even in other areas such as the White Pages. In the company's 2015 10-K filing, Dex Media Dex Media would go on to note, correctly, that "the local search advertising industry is complex, dynamic, and increasingly fragmented." In fact, the print business has been in a long-term year over-year 20%+ decline and the digital platform is essentially in a start-up mode, yet to have complete and proven traction.

Indeed, before the proliferation of the internet, and the bottom-up access which it provides consumers and businesses, it was very reasonable to centrally advertise one's business in the Yellow Pages. With the proliferation of the internet, there has been a complete and total revolution in how consumers and businesses find one another. Google's search engine has allowed individuals for over a decade now to specifically search the internet for very precise

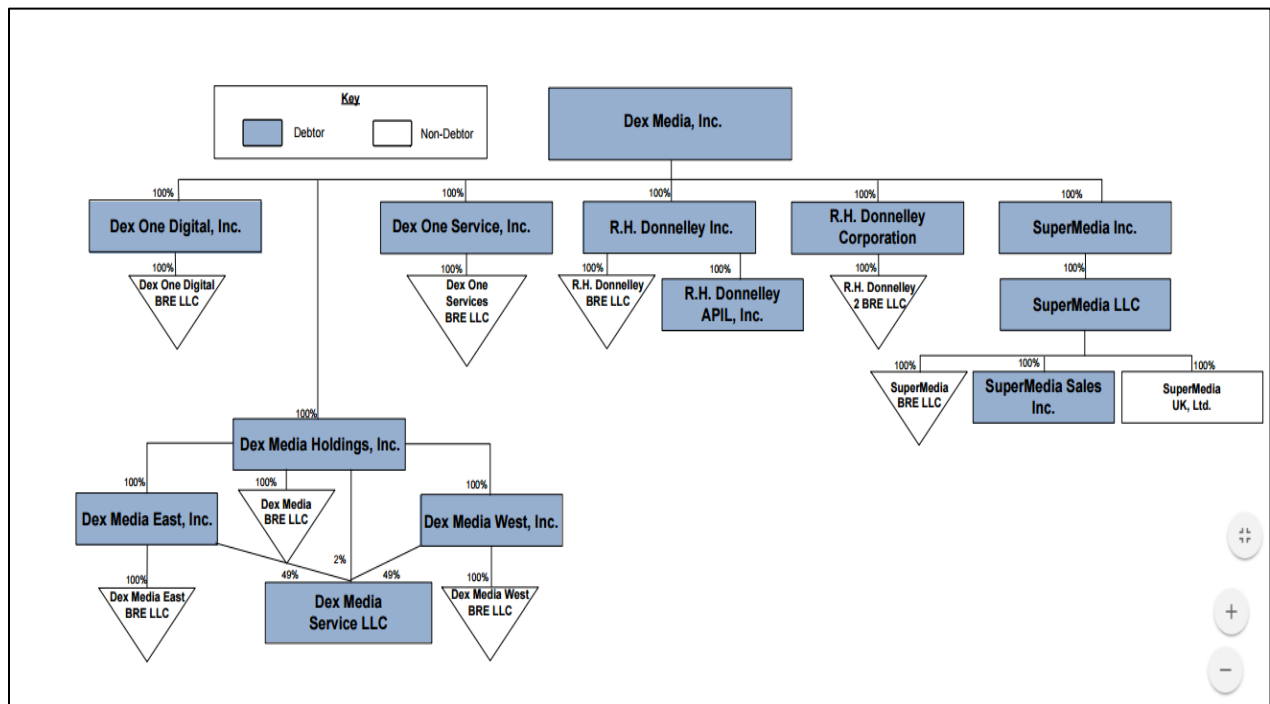
products, questions, and services. The idea that Dex Media will be able to stabilize its business simply by pivoting, or having pivoted, away from physical print media and into digital media is, we believe, is likely optimistic in the short-term. A chronology of Dex financial restructuring history is outlined below

VI. Summary Dex Media Historical Restructuring Chronology

Date	Proposed Action	Result
08/01/2016	Dex Media re-emerges from bankruptcy as a privately held company.	Leading creditors prior to bankruptcy—Paulson & Co, Ares, Mudrick—are now the leading equity holders. The executive team remains in place with the board of directors having changed. Outstanding senior secured debt reduced from \$2.4 billion to \$600 million
07/09/2016	Dex Media issues amended joint prepackaged plan	
05/17/2016	Dex Media issues a joint prepackaged plan of reorganization	96% of creditors vote in favor
05/16/2016	Dex Media files for Chapter 11 Bankruptcy protection	Court grants Chapter 11 Protection
11/29/2015	Dex Media enters third amendment forbearance agreement	
11/23/2015	Dex Media enters into forbearance agreement	Stock delisted (unrelated)
07/06/2015	Dex Media's financial woes continue	Company retains Moelis & Co, Alvarez & Marsal, and Kirkland Ellis
06/30/2015	NASDAQ sends Dex Media a deficiency notice of its stock price	Dex Media has six months to get its market cap back above \$15 million
03/30/2015	Dex Media Inc and subsidiaries buy back debt below par for cash considerations	\$7.9 million retired for \$6.5 million in cash considerations
12/11/2014	Dex Media Inc's core business experiences fundamental problems	The Company launches a restructuring plan to "reorganize and strategically refocus" business.
09/09/2014	Dex Media Inc and subsidiaries buy back debt below par for cash considerations	\$35.2 million retired for \$29.0 million of cash considerations
06/05/2014	Dex Media Inc and subsidiaries buy back debt below par for cash considerations	\$53.7 million retired for \$46.0 million of cash considerations
04/30/2013	Merger of Dex One and SuperMedia – from Ch 11 process	Dex Media formed
12/05/2012	Dex One enters an Amended and Restated Agreed Plan of Merger ("The Merger Agreement") with SuperMedia, NewDex Inc., and Spruce Acquisition Subsidiary	Dex One and SuperMedia set to become Dex Media
01/29/2010	R.H. Donnelly Corporation (RHDC) declares Chapter 11 Bankruptcy	Dex One Emerges as successor company
12/31/2009	Idearc enters Chapter 11 Bankruptcy	SuperMedia Inc. Emerges as successor company
11/2006	Verizon spins-off its directory business	Idearc is created
01/2006	RHDC acquires Qwest Communications Inc.'s directories	In theory had a stronger directory base

09/2004	RHDC acquires AT&T's directory business	In theory had a stronger directory base.
01/2003	RHDC acquires Sprint's directory business (Sprint then known as Sprint Nextel Corporation)	In theory had a stronger directory base
06/1998	Dun & Bradstreet separated into two companies, RHDC and a new Dun & Bradstreet	
11/1996	The Dun & Bradstreet Corporation separated through spin-off into Dun & Bradstreet, ACNielsen, and Cognizant Corp.	
02/06/1973	RHDC created and incorporated in Delaware	A new company created to help small businesses advertise in their communities.

Additionally, the graph below provides a concise visual representation of Dex Media's corporate structure and genealogy.



VII. **Recent Restructuring, Company and Investment Banking Projections versus Historical Performance**

The historical forecasts for the performance of Dex Media and its successor companies have all been generally overly optimistic. Morgan Stanley and Houlihan Lokey were retained by Dex One and SuperMedia during their respective bankruptcies in order to provide advisory services for what the pro forma company would generate in revenue, EBITDA, and other profitability metrics. Additionally, the digital platform, while growing, has lower margins given start-up costs and a highly competitive environment and the equity returns will clearly be dependent on the traction and success of this part of the business. The projections from the previous bankruptcy are listed below.

Dex Media Projected Financials versus Historical Performance

<u>PROJECTED</u>	<u>Prior Restructuring Projections thru 2016 Estimated</u>					<u>Current Projections from the RSA</u>			
	<u>2012E</u>	<u>2013E</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>	<u>2018E</u>	<u>2019E</u>	<u>2020E</u>
Revenue	2,657.0	2,333.0	2,169.0	2,077.0	2,065.0	1,140.2	1,109.3	1,114.5	1,139.2
Adjusted EBITDA	1,094.0	865.0	836.0	782.0	719.0	316.2	287.9	271.6	274.8
Debt (Ending)	3,467.0	3,072.0	2,616.0	2,196.0	1,805.0	315.0	159.6	28.6	-
Cash (Ending)	249.0	190.0	191.0	192.0	192.0	35.0	35.0	35.0	146.8
Net Debt	3,217.0	2,881.0	2,424.0	2,004.0	1,613.0	280.0	124.6	(6.4)	146.8
Net Debt/Adjusted EBITDA	2.9x	3.3x	2.9x	2.6x	2.2x	1.0x	.55x	.10x	-
<u>ACTUAL</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>					
Actual Revenue	1,278.0	1,444.0	1,815.0	1,590.0					
Actual EBITDA	522.0	(85.0)	639.0	501.0					
Actual Rev as % of Est	48.1%	61.9%	83.7%	76.6%					
Actual EBITDA as % of Est	47.7%	-9.83%	76.4%	64.1%					

VIII. Moving Forward and Conclusions

Any considerations made regarding Dex Media must be made under the premise that the underlying business is almost certainly going to continue to deteriorate, and that, historically, estimates for Dex Media and its predecessor companies have been generally far too optimistic. Absent a dramatically different outcome than in the past, in our opinion, monetizing Dex Media's business operations is only going to become increasingly more difficult given the current industry competitive environment.

PRELIMINARY RECOMMENDATION: SELL

FOLLOW-UP ACTIONS: Verify the equity holdings from the exchange and recommend timing of monetizing certain (or all) positions in the Dex Media credit.

Appendix A

Mr. Mackell is the CEO of Cottage Capital, LLC which is a middle-market investment banking advisory firm based in CT and NY, with a focus on restructurings, financings and asset and collateral management for certain clients.

Prior to Cottage, he was a Managing Director responsible for Direct Principal Finance & Origination of transactions at Marathon Asset Management. He worked directly with Chief Executive Officers, Chief Financial Officers and Treasurers of corporations to propose and consummate capital market transactions. He joined Marathon Asset Management in 2004, having spent most of my career at Donaldson, Lufkin & Jenrette as an Investment Banker in their Corporate Finance Department and was Head of the Building Products Group advising companies on M&A transactions, capital market financing transactions, and numerous restructurings. He earned a Bachelor of Arts degree in Economics from Georgetown University, a Master's Degree in Economics from New York University, and a M.B.A. in Finance from the Wharton School at the University of Pennsylvania (1987). During Mr. Mackell's 25-year finance career he has completed over \$4 billion of refinancings and cross-border related financings and advisory assignments as well.

Appendix B

Documents from the J.P. Morgan Intralinks Data-room, SEC filings, and Epiq System's website reviewed by Cottage Capital, LLC

SuperMedia Third Amendment to Credit Agreement	04/10/2012
Merger Agreement (Company 8-K/Amended)	08/23/2012
Dex One Debtors' Joint Prepackaged Chapter 11 Plan	12/06/2012
SuperMedia Debtors' Joint Prepackaged Chapter 11 Plan	12/06/2012
Dex Media West Credit Agreement Amendment Term Sheet	12/06/2012
Dex East Credit Agreement Amendment Term Sheet	12/06/2012
SuperMedia Credit Agreement Amendment Term Sheet	12/06/2012
R.H. Donnelly Credit Agreement Amendment Term Sheet	12/06/2012
Consenting Lender Signature Page	12/16/2012
SuperMedia Debtors' Joint Prepackaged Chapter 11 Plan	01/30/2013
Dex One Debtors' Joint Prepackaged Chapter 11 Plan	01/30/2013
New Dex Inc. Quarterly Report (Company 10-Q)	04/29/2013
Dex Media Current Report (Company 8-K)	05/03/2013
Dex Media Current Report (Company 8-K)	05/07/2013
Dex Media Current Report (Company 8-K)	05/13/2013
Dex Media Current Report (Company 8-K)	05/20/2013
Dex Media Amended Current Report (Company 8-K/A)	07/08/2013
Dex Media Current Report (Company 8-K)	08/07/2013
Dex Media Quarterly Report (Company 10-Q)	11/06/2013
Dex Media Current Report (Company 8-K)	11/15/2013
Dex Media Current Report (Company 8-K)	11/25/2013
Dex Media Annual Report (Company 10-K)	03/14/2014
Dex Media Quarterly Report (Company 10-Q)	05/07/2014
Dex Media Current Report (Company 8-K)	06/05/2014
Dex Media Current Report (Company 8-K)	06/16/2014
Dex Media Quarterly Report (Company 10-Q)	08/11/2014
Dex Media Current Report (Company 8-K)	09/09/2014
Dex Media Current Report (Company 8-K)	09/18/2014
Dex Media Quarterly Report (Company 10-Q)	11/05/2014
Dex Media Current Report (Company 8-K)	12/12/2014
Dex Media Current Report (Company 8-K)	03/03/2015
Dex Media Current Report (Company 8-K)	03/10/2015
Dex Media Annual Report (Company 10-K)	03/16/2015
Dex Media Current Report (Company 8-K)	04/08/2015
Dex Media Quarterly Report (Company 10-Q)	05/08/2015
Dex Media Current Report (Company 8-K)	07/10/2015
Dex Media Quarterly Report (Company 10-Q)	08/07/2015
Dex Media Current Report (Company 8-K)	09/30/2015
Posting of Forbearance Agreement; Company 8-K	11/05/2015
Dex Media Quarterly Report (Company 10-Q)	11/06/2015
Posting of Second Amendment Forbearance Agreement; Company 8-K	12/15/2015
Third Amendment to the Forbearance Agreement	01/04/2016
Fifth Amendment to the Forbearance Agreement	05/04/2016
Debtors' Motion for Entry of an Order Directing Joint Administration of Related Chapter 11 Cases, and Granting Related Relief	05/16/2016
Disclosure Statement for Joint Pre-packaged Chapter 11 Plan of Reorganization of Dex Media and Its Debtor Affiliates	05/17/2016
Joint Pre-packaged Chapter 11 Plan of Reorganization of Dex Media, Inc and its Debtor Affiliates	05/17/2016

Declaration of Andrew Hede in Support of First Day Motions	05/17/2016
Notice of Technical Modifications of Joint Pre-Packaged Chapter 11 Plan of Reorganization of Dex Media and Its Debtor Affiliates	05/18/2016
Notice of Commencement	05/19/2016
Notice of Commencement of Pre-packaged Chapter 11 Bankruptcy Cases, Combined Hearings on the Disclosure Statement, Confirmation of the Joint Prepackaged Chapter 11 Plan, and Related Matters, and Objection Deadlines, and Summary of the Debtors' Joint Prepackaged Chapter 11 Plan.	05/19/2016
Notice of Disclosure Procedures Applicable to Substantial Holders of Equity Securities, Disclosure Procedures for Certain Transfer of the Equity Securities, and Final Hearing on the Application Thereof	05/19/2016
Order of Setting Bar Dates for Filing Proofs of Claim, Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, Approving the Form of and Manner for Filing Proof of Claim, Approving Notice of Bar Dates, and Granting Related Relief	06/08/2016
Notice of Disclosure Procedures Applicable to Substantial Holders of Equity Securities Disclosure Procedures for Certain Transfers of the Equity Securities, and Final Hearing on the Application Thereof	06/08/2016
Notice of Deadlines for the Filing of Proofs of Claim	06/09/2016
Notice of Further Technical Modifications to Joint Prepackaged Chapter 11 Plan of Reorganization of Dex Media, Inc. and Its Debtor Affiliates	07/08/2016
Plan Supplement for the Joint Prepackaged Chapter 11 Plan of Reorganization of Dex Media, Inc. and Its Debtor Affiliates	07/08/2016
First Amended Plan Supplement for the Joint Prepackaged Chapter 11 Plan of Reorganization of Dex Media, Inc. and Its Debtor Affiliates	07/09/2016
Notice of Filing of Second Amended Plan Supplement for the Joint Prepackaged Chapter 11 Plan of Reorganization of Dex Media, Inc. and its Debtor Affiliates	07/14/2016
Order Approving the Debtors' Disclosure Statement for, and Confirming, the Debtors' Amended Joint Prepackaged Chapter 11 Plan	07/15/2016
Notice of (I) Entry of Order Approving the Debtors' Disclosure Statement for, and Confirming, the Debtors' Amended Joint Prepackaged Chapter 11 Plan and (II) Occurrence of Effective Date	07/29/2016
Dex – Exit Facility Credit Agreement	08/23/2016