
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported):
November 4, 2016



Nuverra Environmental Solutions, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-33816
(Commission
File Number)

26-0287117
(IRS Employer
Identification No.)

14624 N. Scottsdale Road, Suite #300, Scottsdale, Arizona 85254
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code:
(602) 903-7802

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2.):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On November 4, 2016, Nuverra Environmental Solutions, Inc. (the "Company") entered into a Twelfth Amendment to Amended and Restated Credit Agreement (the "ABL Facility Amendment") by and among Wells Fargo Bank, National Association, as agent (the "Agent"), the lenders named therein (the "Lenders"), and the Company, which further amends the Company's Amended and Restated Credit Agreement, dated as of February 3, 2014, by and among the Agent, the Lenders, and the Company (as amended, the "ABL Facility").

The ABL Facility Amendment amends the ABL Facility by amending the refinancing covenant to extend the date by which the Company is required to refinance the ABL Facility in full from November 4, 2016 to November 14, 2016. In addition, pursuant to ABL Facility Amendment, it will constitute an immediate event of default under the ABL Facility if, on or prior to November 14, 2016, the Company has not received the Additional Term Loan Debt (as defined in the ABL Facility) in an amount not less than \$10,000,000, which proceeds shall be used to pay down the ABL Facility.

The foregoing description of the ABL Facility Amendment is only a summary and does not purport to be a complete description of the terms and conditions under the ABL Facility Amendment, and such description is qualified in its entirety by reference to the full text of the ABL Facility Amendment, a copy of which is attached hereto as Exhibit 10.1.

Item 2.02 Results of Operations and Financial Condition

On November 7, 2016, Nuverra Environmental Solutions, Inc. (the "Company") issued a press release announcing its financial results for the third quarter ended September 30, 2016. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information contained in the press release shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
10.1	Twelfth Amendment to Amended and Restated Credit Agreement, dated as of November 4, 2016, by and among the Agent, the Lenders, and the Company
99.1	Press Release, dated November 7, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NUVERRA ENVIRONMENTAL SOLUTIONS, INC.

Date: November 7, 2016

By: /s/ Joseph M. Crabb

Name: Joseph M. Crabb

Title: *Executive Vice President and Chief Legal Officer*

EXHIBIT INDEX

Exhibit Number	Description
10.1	Twelfth Amendment to Amended and Restated Credit Agreement, dated as of November 4, 2016, by and among the Agent, the Lenders, and the Company
99.1	Press Release, dated November 7, 2016

**TWELFTH AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT**

THIS TWELFTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is entered into as of November 4, 2016, by and among WELLS FARGO BANK, NATIONAL ASSOCIATION, as agent ("Agent") for the Lenders (as defined in the Credit Agreement referred to below), the Lenders party hereto, and NUVERRA ENVIRONMENTAL SOLUTIONS, INC., a Delaware corporation ("Borrower").

WHEREAS, Borrower, Agent, and Lenders are parties to that certain Amended and Restated Credit Agreement dated as of February 3, 2014 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, Agent, Lenders and Borrower have agreed to amend the Credit Agreement in certain respects.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1 . Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2 . Effective Date Amendments to Credit Agreement. In reliance upon the representations and warranties of Borrower set forth in Section 6 below, and subject to the satisfaction of the conditions to effectiveness set forth in Section 5 below, the Credit Agreement is hereby amended as follows:

(a) Section 6.14 of the Credit Agreement is hereby amended to replace the reference to "November 4, 2016" with "November 14, 2016" in lieu thereof.

3 . Effectiveness of the Amendment; Continuing Effect. Except as expressly set forth in Section 2 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby. This Amendment is a Loan Document.

4 . Reaffirmation and Confirmation. Borrower hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents to which it is a party represent the valid, enforceable and collectible obligations of Borrower, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Borrower hereby agrees that this Amendment in no way acts as a release or

relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by Borrower in all respects.

5 . Conditions to Effectiveness of Effective Date Amendments. The Amendments set forth in Section 2 shall become effective upon the satisfaction of each of the following conditions precedent, in each case satisfactory to Agent in all respects (the "Effective Date"):

(a) Agent shall have received a copy of this Amendment executed and delivered by Agent, the Lenders party hereto, and the Loan Parties; and

(b) no Default or Event of Default shall have occurred and be continuing on the date hereof or as of the Effective Date.

6 . Representations and Warranties. In order to induce Agent and Lenders to enter into this Amendment, Borrower hereby represents and warrants to Agent and Lenders that:

(a) after giving effect to this Amendment, all representations and warranties contained in the Loan Documents to which Borrower is a party are true, correct and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Amendment, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true, correct and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date);

(b) no Default or Event of Default has occurred and is continuing; and

(c) this Amendment and the Loan Documents, as amended hereby, constitute legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

7 . Additional Term Loan Debt. Notwithstanding Section 9(a) of that certain Eleventh Amendment to Amended and Restated Credit Agreement, dated as of October 13, 2016, by and among Borrower, Agent, and Lenders party thereto, Borrower's failure to receive the Additional Term Loan Debt in the amount of \$10,000,000 will not constitute an Event of Default unless such failure continues through (and including) November 14, 2016.

8. Miscellaneous.

(a) Expenses. Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of Agent (including reasonable attorneys' fees) incurred in connection with the preparation, negotiation, execution, delivery and administration of this Amendment and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations

provided herein shall survive any termination of this Amendment and the Credit Agreement as amended hereby.

(b) Choice of Law and Venue; Jury Trial Waiver; Reference Provision. Without limiting the applicability of any other provision of the Credit Agreement or any other Loan Document, the terms and provisions set forth in Section 12 of the Credit Agreement are expressly incorporated herein by reference.

(c) Counterparts. This Amendment may be executed in any number of counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally effective as delivery of an original executed counterpart of this Agreement.

(d) Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any specific provision.

9. Release.

(a) In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of Borrower and each Guarantor that executes a Consent and Reaffirmation to this Amendment, on behalf of itself and its successors, assigns, and other legal representatives (Borrower, each Guarantor and all such other Persons being hereinafter referred to collectively as the "Releasors" and individually as a "Releasor"), hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent, Issuing Bank and Lenders, and their successors and assigns, and their present and former shareholders, Affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, Issuing Bank, each Lender and all such other Persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any Releasor may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, in any way related to or in connection with the Credit Agreement, or any of the other Loan Documents or transactions thereunder or related thereto.

(b) Each of Borrower and each Guarantor that executes a Consent and Reaffirmation to this Amendment understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each of Borrower and each Guarantor that executes a Consent and Reaffirmation to this Amendment agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized and delivered as of the date first above written.

**NUVERRA ENVIRONMENTAL SOLUTIONS,
INC.,** as Borrower

By: /s/ Mark Johnsrud

Name: _____ Mark Johnsrud

Title: CEO

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, as Agent and as a Lender

By: /s/ Zachary S. Buchanan

Name: Zachary S. Buchanan

Title: Authorized Signatory

CITIZENS BANK OF PENNSYLVANIA, as a
Lender

By: /s/ John F. Kendrick

Name: John F. Kendrick

Title: Officer

CAPITAL ONE BUSINESS CREDIT CORP., as a
Lender

By: /s/ Edward Behnen

Name: Edward Behnen

Title: Director

ASCRIBE II INVESTMENTS, LLC, as a Lender

By: /s/ Lawrence A. First

Name: Lawrence A. First

Title: Managing Director and CEO

ASCRIBE III INVESTMENTS, LLC, as a Lender

By: /s/ Lawrence A. First

Name: Lawrence A. First

Title: Managing Director and CEO

CONSENT AND REAFFIRMATION

Each of the undersigned (each a "Guarantor") hereby (i) acknowledges receipt of a copy of the foregoing Twelfth Amendment to Amended and Restated Credit Agreement (terms defined therein and used, but not otherwise defined, herein shall have the meanings assigned to them therein); (ii) consents to Borrower's execution and delivery thereof; (iii) agrees to be bound thereby, including Section 9 of the foregoing Twelfth Amendment to Amended and Restated Credit Agreement; and (iv) affirms that nothing contained therein shall modify in any respect whatsoever any Loan Documents to which the undersigned is a party and reaffirms that each such Loan Document is and shall continue to remain in full force and effect. Although each Guarantor has been informed of the matters set forth herein and has acknowledged and agreed to same, each Guarantor understands that Agent and Lenders have no obligation to inform such Guarantor of such matters in the future or to seek such Guarantor's acknowledgment or agreement to future consents, amendments or waivers, and nothing herein shall create such a duty.

HECKMANN WATER RESOURCES CORPORATION

By: /s/ Mark Johnsrud

Name: _____
Mark Johnsrud

Title: CEO

HECKMANN WATER RESOURCES (CVR), INC.

By: /s/ Mark Johnsrud

Name: _____
Mark Johnsrud

Title: CEO

1960 WELL SERVICES, LLC

By: /s/ Mark Johnsrud

Name: _____
Mark Johnsrud

Title: CEO

HEK WATER SOLUTIONS, LLC

By: /s/ Mark Johnsrud

Name: _____
Mark Johnsrud

Title: CEO

APPALACHIAN WATER SERVICES, LLC

By: /s/ Mark Johnsrud

Name: _____
Mark Johnsrud

Title: CEO

BADLANDS POWER FUELS, LLC, a Delaware
limited liability company

By: /s/ Mark Johnsrud

Name: _____
Mark Johnsrud

Title: CEO

BADLANDS POWER FUELS, LLC, a North
Dakota limited liability company

By: /s/ Mark Johnsrud

Name: _____
Mark Johnsrud

Title: CEO

LANDTECH ENTERPRISES, L.L.C.

By: /s/ Mark Johnsrud

Name: _____
Mark Johnsrud

Title: CEO

BADLANDS LEASING, LLC

By: /s/ Mark Johnsrud

Name: Mark Johnsrud

Title: CEO

IDEAL OILFIELD DISPOSAL, LLC

By: /s/ Mark Johnsrud

Name: Mark Johnsrud

Title: CEO

NUVERRA TOTAL SOLUTIONS, LLC

By: /s/ Mark Johnsrud

Name: Mark Johnsrud

Title: CEO

NES WATER SOLUTIONS, LLC

By: /s/ Mark Johnsrud

Name: Mark Johnsrud

Title: CEO

HECKMANN WOODS CROSS, LLC

By: /s/ Mark Johnsrud

Name: Mark Johnsrud

Title: CEO



NUVERRA ANNOUNCES THIRD-QUARTER AND YEAR-TO-DATE 2016 RESULTS

SCOTTSDALE, AZ (November 7, 2016) - Nuverra Environmental Solutions, Inc. (OTCQB: NESC) (“Nuverra” or the “Company”) today announced financial and operating results for the third quarter and nine months ended September 30, 2016.

SUMMARY OF QUARTERLY RESULTS

- Third quarter revenue was \$35.4 million, an increase of approximately 4.3%, or \$1.4 million, when compared with revenue of \$34.0 million in the second quarter of 2016, and a 53.7% decrease, or \$41.1 million, when compared with revenue of \$76.5 million in the third quarter of 2015.
- Total costs and expenses, adjusted for special items, were \$47.5 million, or a 2.8% decrease when compared with \$48.9 million in the second quarter of 2016; 45.3% reduction in total costs and expenses, adjusted for special items, when compared with the third quarter of 2015.
- Loss from continuing operations for the third quarter was \$38.4 million, or a loss of \$0.30 per diluted share, compared with a loss from continuing operations of \$40.6 million, or a loss of \$0.60 per diluted share, in the second quarter of 2016.
- Adjusted EBITDA from continuing operations for the third quarter was \$3.4 million, an increase of \$3.1 million compared with adjusted EBITDA from continuing operations of \$0.3 million in the second quarter of 2016.
- Total liquidity as of September 30, 2016 was \$8.9 million.

THIRD QUARTER 2016 RESULTS

Third quarter revenue was \$35.4 million, an increase of \$1.4 million, or 4.3%, from \$34.0 million in the second quarter of 2016. Revenue increased sequentially across all three operating divisions based upon a mix of pricing and activity improvement as rig counts began to rebound from second quarter lows. In the third quarter of 2015, the Company reported revenue of \$76.5 million.

The Company continued to reduce costs and expenses in the third quarter as a result of proactive cost-management initiatives in response to the prolonged depression in oil and natural gas prices and corresponding impact on our business operations. Total costs and expenses, adjusted for special items, were \$47.5 million, a 2.8% decrease compared with total costs and expenses, adjusted for special items, of \$48.9 million in the second quarter of 2016. The Company reported total costs and expenses, adjusted for special items, of \$87.0 million in the third quarter of 2015.

On a year-over-year comparison with the third quarter of 2015, the \$39.5 million reduction in total costs and expenses, adjusted for special items, included:

- Approximately \$18.8 million in lower payroll and related expenses, reflecting a 43.0% year-over-year reduction in headcount;
- Approximately \$3.5 million in lower fuel expense;
- Approximately \$3.9 million, or 44.7%, in lower general and administrative expenses;
- Approximately \$1.7 million in lower depreciation and amortization expenses; with,
- The balance of \$11.6 million related to reductions in all other direct operating expenses.

For the third quarter of 2016, the Company reported a net loss from continuing operations of \$38.4 million, or a loss of \$0.30 per diluted share. Special items in the third quarter totaled approximately \$12.1 million and primarily included \$7.8 million for asset impairment charges, partially offset by a \$1.6 million gain on the change in fair value of the derivative warrant liability. Additionally, special items included the loss on the sale of underutilized assets, non-recurring legal and professional fees, and stock-based compensation expense. Excluding the impact of these special items, third quarter loss from continuing operations was \$26.3 million, or a loss of \$0.20 per diluted share. This compares with a loss from continuing operations, adjusted for special items, of \$29.4 million, or a loss of \$0.43 per diluted share in the second quarter of 2016. The Company reported a loss from continuing operations, adjusted for special items, of \$22.5 million, or a loss of \$0.81 per diluted share, in the third quarter of 2015.

Adjusted EBITDA from continuing operations for the third quarter was \$3.4 million, an increase of \$3.1 million compared with adjusted EBITDA of \$0.3 million in the second quarter of 2016. Third quarter adjusted EBITDA margin from continuing operations was 9.7%, compared with an adjusted EBITDA margin of 0.9% in the second quarter of 2016. The Company reported adjusted EBITDA from continuing operations of \$6.3 million and an adjusted EBITDA margin of 8.2% in the third quarter of 2015.

YEAR-TO-DATE RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 ("YTD")

YTD revenue was \$116.4 million, a decrease of \$171.7 million, or 59.6%, from \$288.1 million for the same period in 2015. The decrease was attributable to lower overall drilling and completion activities coupled with continued pricing pressures in all divisions.

YTD net loss from continuing operations was \$106.3 million, or a loss of \$1.41 per diluted share, compared with a loss of \$160.8 million, or a loss of \$5.82 per diluted share, for the same period in 2015. Excluding special items, YTD adjusted loss from continuing operations was \$82.1 million, or a loss of \$1.09 per diluted share, compared with adjusted loss from continuing operations of \$52.3 million, or a loss of \$1.89 per diluted share in 2015. The \$24.2 million in YTD special items primarily included \$10.3 million in legal and professional fees associated with the Company's exchange offer and related debt restructuring activities, \$10.5 million for asset impairment charges, partially offset by a \$1.7 million gain on the sale of Underground Solutions, Inc., and a \$2.6 million gain on the change in fair value of the derivative warrant liability. Additionally, special items included the loss on the sale of underutilized assets, severance-related charges, stock-based compensation expense, and the write off of a portion of the unamortized deferred financing costs associated with an amendment to the asset-based revolving credit facility (the "ABL Facility").

YTD adjusted EBITDA from continuing operations was \$5.3 million, a decrease of 85.8% when compared with the same period in 2015. Adjusted EBITDA margin for the 2016 YTD period was 4.6%, compared with 12.9% in the same period of 2015.

CASH FLOW AND LIQUIDITY

Net cash used in operating activities from continuing operations during nine months ended September 30, 2016 was \$19.3 million, while asset sales net of capital expenditures from continuing operations provided proceeds of \$7.3 million. For the nine months ended September 30, 2016, free cash flow was negative at \$12.0 million, compared with positive free cash flow of \$51.4 million in the same period in 2015.

Total liquidity as of September 30, 2016, consisting almost entirely of available borrowings under the ABL Credit Facility, was \$8.9 million.

As of September 30, 2016, total debt outstanding was \$469.9 million, including \$40.4 million of 2018 Notes, \$346.0 million of 2021 Notes, \$25.5 million under a term loan, \$43.9 million under the ABL Facility, and \$14.1 million in capital leases and notes payable. The Company made cumulative payments, net of proceeds received, during the nine months ended September 30, 2016 of \$57.9 million to reduce total debt outstanding under the ABL Facility.

About Nuverra

Nuverra Environmental Solutions is among the largest companies in the United States dedicated to providing comprehensive, full-cycle environmental solutions to customers in the energy market. Nuverra focuses on the delivery, collection, treatment, recycling, and disposal of restricted solids, water, wastewater, waste fluids and hydrocarbons. The Company provides its suite of environmentally compliant and sustainable solutions to customers who demand stricter environmental compliance and accountability from their service providers. Find additional information about Nuverra in documents filed with the U.S. Securities and Exchange Commission (SEC) at <http://www.sec.gov>.

Forward-Looking Statements

This press release contains "forward-looking" statements, including, without limitation, those that involve risks and uncertainties, including statements regarding (i) the expected timing and benefits of any future restructuring transactions and alternatives to improve our long-term capital structure and (ii) the expected timing for completing the refinancing of our asset-based revolving credit facility. These statements relate to our expectations for future events and time periods. All statements other than statements of historical fact are statements that could be deemed to be forward-looking statements. Forward-looking statements may be identified by the use of words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "might," "will," "should," "would," "could," "potential," "future," "continue," "ongoing," "forecast," "project," "target," or similar expressions, and variations or negatives of these words. There can be no assurance

that all or any portion of any future restructuring transactions will be consummated on the terms summarized herein or at all, and any such restructuring transactions may not permit us to meet scheduled debt service obligations, which would cause us to default on our debt obligations. In the event we cannot meet our scheduled debt service obligations or otherwise default on our debt obligations, we may need to seek relief under the United States Bankruptcy Code. The forward-looking statements contained, or incorporated by reference, herein are also subject generally to other risks and uncertainties that are described from time to time in the Company's filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's views as of the filing date. The Company undertakes no obligation to update any such forward-looking statements, whether as a result of new information, future events, changes in expectations or otherwise.

Source: Nuverra Environmental Solutions, Inc.

602-903-7802

ir@nuverra.com

- Tables to Follow -

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Non-rental revenue	\$ 32,143	\$ 71,000	\$ 107,538	\$ 263,540
Rental revenue	3,298	5,528	8,856	24,527
Total revenue	35,441	76,528	116,394	288,067
Costs and expenses:				
Direct operating expenses	32,122	62,482	101,022	222,055
General and administrative expenses	6,323	8,705	27,979	31,102
Depreciation and amortization	15,019	16,687	46,070	52,465
Impairment of long-lived assets	7,788	—	10,452	—
Impairment of goodwill	—	104,721	—	104,721
Other, net	—	2	—	1,114
Total costs and expenses	61,252	192,597	185,523	411,457
Operating loss	(25,811)	(116,069)	(69,129)	(123,390)
Interest expense, net	(14,656)	(12,097)	(40,674)	(37,137)
Other income, net	2,095	22	5,024	743
Loss on extinguishment of debt	—	—	(674)	(1,011)
Loss from continuing operations before income taxes	(38,372)	(128,144)	(105,453)	(160,795)
Income tax (expense) benefit	(24)	31	(852)	40
Loss from continuing operations	(38,396)	(128,113)	(106,305)	(160,755)
Gain (loss) from discontinued operations, net of income taxes	—	350	(1,235)	(818)
Net loss attributable to common shareholders	<u>\$ (38,396)</u>	<u>\$ (127,763)</u>	<u>\$ (107,540)</u>	<u>\$ (161,573)</u>
Net loss per common share attributable to common shareholders:				
Basic and diluted loss from continuing operations	\$ (0.30)	\$ (4.61)	\$ (1.41)	\$ (5.82)
Basic and diluted income (loss) from discontinued operations	—	0.01	(0.02)	(0.03)
Net loss per basic and diluted common share	<u>\$ (0.30)</u>	<u>\$ (4.60)</u>	<u>\$ (1.43)</u>	<u>\$ (5.85)</u>
Weighted average shares outstanding used in computing net loss per basic and diluted common share	129,669	27,807	75,291	27,634

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	September 30, 2016	December 31, 2015
Assets		(Note 1)
Cash and cash equivalents	\$ 587	\$ 39,309
Restricted cash	1,087	4,250
Accounts receivable, net	22,188	42,188
Inventories	2,580	2,985
Prepaid expenses and other receivables	3,468	3,377
Other current assets	958	2,372
Assets held for sale	582	—
Total current assets	31,450	94,481
Property, plant and equipment, net	340,797	406,188
Equity investments	573	3,750
Intangibles, net	14,905	16,867
Other assets	573	1,333
Total assets	\$ 388,298	\$ 522,619
Liabilities and Shareholders' Deficit		
Accounts payable	\$ 4,206	\$ 6,907
Accrued liabilities	18,281	29,843
Current contingent consideration	—	8,628
Current portion of long-term debt	51,315	499,709
Derivative warrant liability	4,426	—
Total current liabilities	78,228	545,087
Deferred income taxes	340	270
Long-term debt	405,461	11,758
Long-term contingent consideration	8,500	—
Other long-term liabilities	3,738	3,775
Total liabilities	496,267	560,890
Commitments and contingencies		
Shareholders' deficit:		
Common stock	152	30
Additional paid-in capital	1,407,650	1,369,921
Treasury stock	(19,809)	(19,800)
Accumulated deficit	(1,495,962)	(1,388,422)
Total shareholders' deficit	(107,969)	(38,271)
Total liabilities and shareholders' deficit	\$ 388,298	\$ 522,619

Note 1: The condensed consolidated balance sheet at December 31, 2015 has been derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (107,540)	\$ (161,573)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Income from discontinued operations, net of income taxes	—	(906)
Loss on the sale of TFI	1,235	1,724
Depreciation and amortization of intangible assets	46,070	52,465
Amortization of debt issuance costs, net	4,329	3,638
Accrued interest added to debt principal	20,240	—
Stock-based compensation	908	1,858
Impairment of long-lived assets	10,452	—
Impairment of goodwill	—	104,721
Gain on sale of UGSI	(1,747)	—
Loss (gain) on disposal of property, plant and equipment	3,298	(1,198)
Bad debt expense	(516)	(695)
Change in fair value of derivative warrant liability	(2,574)	—
Loss on extinguishment of debt	674	1,011
Deferred income taxes	70	21
Other, net	5	364
Changes in operating assets and liabilities:		
Accounts receivable	20,516	58,985
Prepaid expenses and other receivables	(227)	(1,294)
Accounts payable and accrued liabilities	(14,379)	(4,805)
Other assets and liabilities, net	(136)	1,342
Net cash (used in) provided by operating activities from continuing operations	(19,322)	55,658
Net cash used in operating activities from discontinued operations	—	(708)
Net cash (used in) provided by operating activities	(19,322)	54,950
Cash flows from investing activities:		
Proceeds from the sale of TFI	—	78,897
Proceeds from the sale of property, plant and equipment	9,954	12,339
Purchases of property, plant and equipment	(2,613)	(16,564)
Proceeds from the sale of UGSI	5,032	—
Change in restricted cash	3,163	(4,250)
Net cash provided by investing activities from continuing operations	15,536	70,422
Net cash used in investing activities from discontinued operations	—	(181)
Net cash provided by investing activities	15,536	70,241
Cash flows from financing activities:		
Proceeds from revolving credit facility	118,533	—
Payments on revolving credit facility	(176,428)	(81,647)
Proceeds from term loan	24,000	—
Payments for deferred financing costs	(1,084)	—
Issuance of stock	5,000	—
Payments on vehicle financing and other financing activities	(4,957)	(9,468)
Net cash used in financing activities from continuing operations	(34,936)	(91,115)
Net cash used in financing activities from discontinued operations	—	(105)
Net cash used in financing activities	(34,936)	(91,220)
Net (decrease) increase in cash and cash equivalents	(38,722)	33,971
Cash and cash equivalents - beginning of period	39,309	15,416
Cash and cash equivalents - end of period	587	49,387
Less: cash and cash equivalents of discontinued operations - end of period	—	—
Cash and cash equivalents of continuing operations - end of period	\$ 587	\$ 49,387

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS
(In thousands)
(Unaudited)

This press release contains non-GAAP financial measures as defined by the rules and regulations of the United States Securities and Exchange Commission. A non-GAAP financial measure is a numerical measure of a company's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statements of operations or balance sheets of the Company; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Reconciliations of these non-GAAP financial measures to their comparable GAAP financial measures are included in the attached financial tables.

These non-GAAP financial measures are provided because management of the Company uses these financial measures in maintaining and evaluating the Company's ongoing financial results and trends. Management uses this non-GAAP information as an indicator of business results, and evaluates overall performance with respect to such indicators. Management believes that excluding items such as acquisition expenses, amortization of intangible assets, stock-based compensation, asset impairments, restructuring charges, expenses related to litigation and resolution of lawsuits, and other charges, which may or may not be non-recurring, among other items that are inconsistent in amount and frequency (as with acquisition expenses), or determined pursuant to complex formulas that incorporate factors, such as market volatility, that are beyond our control (as with stock-based compensation), for purposes of calculating these non-GAAP financial measures facilitates a more meaningful evaluation of the Company's current operating performance and comparisons to the past and future operating performance. The Company believes that providing non-GAAP financial measures such as EBITDA, adjusted EBITDA, adjusted net income (loss), and adjusted net income (loss) per share, in addition to related GAAP financial measures, provides investors with greater transparency to the information used by the Company's management. These non-GAAP financial measures are not substitutes for measures of performance or liquidity calculated in accordance with GAAP and may not necessarily be indicative of the Company's liquidity or ability to fund cash needs. Not all companies calculate non-GAAP financial measures in the same manner, and our presentation may not be comparable to the presentations of other companies.

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS (continued)
(In thousands)
(Unaudited)

Reconciliation of Loss from Continuing Operations to EBITDA, Adjusted EBITDA from Continuing Operations and Total Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Loss from continuing operations	\$ (38,396)	\$ (128,113)	\$ (106,305)	\$ (160,755)
Depreciation and amortization	15,019	16,687	46,070	52,465
Interest expense, net	14,656	12,097	40,674	37,137
Income tax expense (benefit)	24	(31)	852	(40)
EBITDA	(8,697)	(99,360)	(18,709)	(71,193)
Adjustments:				
Transaction-related costs, including earnout adjustments, net	—	(13)	(117)	(145)
Stock-based compensation	252	342	908	1,858
Change in fair value of derivative warrant liability	(1,551)	—	(2,574)	—
Legal and environmental costs, net	3,387	134	13,504	538
Impairment of long-lived assets	7,788	—	10,452	—
Impairment of goodwill	—	104,721	—	104,721
Restructuring, exit and other costs	(266)	326	(379)	1,661
Loss on extinguishment of debt	—	—	674	1,011
Gain on sale of UGSI	(53)	—	(1,747)	—
Loss (gain) on disposal of assets	2,566	114	3,293	(1,198)
Adjusted EBITDA from continuing operations	3,426	6,264	5,305	37,253
Adjusted EBITDA from discontinued operations	—	—	—	1,197
Total Adjusted EBITDA	\$ 3,426	\$ 6,264	\$ 5,305	\$ 38,450

Reconciliation of Loss from Discontinued Operations to EBITDA from Discontinued Operations and Adjusted EBITDA from Discontinued Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Loss from discontinued operations	\$ —	\$ 350	\$ (1,235)	\$ (818)
Income tax expense	—	—	—	265
EBITDA from discontinued operations	—	350	(1,235)	(553)
Adjustments:				
Transaction-related costs	—	—	—	26
Loss on sale of TFI	—	(350)	1,235	1,724
Adjusted EBITDA from discontinued operations	\$ —	\$ —	\$ —	\$ 1,197

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS (continued)
(In thousands)
(Unaudited)

Reconciliation of QTD Segment Performance to Adjusted EBITDA

Three months ended September 30, 2016	Rocky Mountain	Northeast	Southern	Corporate	Total
Revenue	\$ 19,166	\$ 7,877	\$ 8,398	\$ —	\$ 35,441
Direct operating expenses	13,890	9,311	8,921	—	32,122
General and administrative expenses	1,211	346	455	4,311	6,323
Depreciation and amortization	7,554	3,281	4,121	63	15,019
Operating loss	(3,489)	(10,733)	(7,215)	(4,374)	(25,811)
<i>Operating margin %</i>	<i>(18.2)%</i>	<i>(136.3)%</i>	<i>(85.9)%</i>	<i>NA</i>	<i>(72.8)%</i>
Loss from continuing operations before income taxes	(3,618)	(10,384)	(7,265)	(17,105)	(38,372)
Loss from continuing operations	(3,618)	(10,384)	(7,311)	(17,083)	(38,396)
Depreciation and amortization	7,554	3,281	4,121	63	15,019
Interest expense, net	150	118	53	14,335	14,656
Income tax expense (benefit)	—	—	46	(22)	24
EBITDA	\$ 4,086	\$ (6,985)	\$ (3,091)	\$ (2,707)	\$ (8,697)
Adjustments, net	(206)	7,094	4,746	489	12,123
Adjusted EBITDA from continuing operations	\$ 3,880	\$ 109	\$ 1,655	\$ (2,218)	\$ 3,426
<i>Adjusted EBITDA margin %</i>	<i>20.2 %</i>	<i>1.4 %</i>	<i>19.7 %</i>	<i>NA</i>	<i>9.7 %</i>

Three months ended September 30, 2015	Rocky Mountain	Northeast	Southern	Corporate	Total
Revenue	\$ 41,325	\$ 19,825	\$ 15,378	\$ —	\$ 76,528
Direct operating expenses	30,938	16,414	15,130	—	62,482
General and administrative expenses	1,823	791	703	5,388	8,705
Depreciation and amortization	8,553	4,041	3,985	108	16,687
Operating loss	(104,710)	(1,421)	(4,441)	(5,497)	(116,069)
<i>Operating margin %</i>	<i>(253.4)%</i>	<i>(7.2)%</i>	<i>(28.9)%</i>	<i>NA</i>	<i>(151.7)%</i>
Loss from continuing operations before income taxes	(104,811)	(1,569)	(4,474)	(17,290)	(128,144)
Loss from continuing operations	(104,811)	(1,563)	(4,470)	(17,269)	(128,113)
Depreciation and amortization	8,553	4,041	3,985	108	16,687
Interest expense, net	110	146	48	11,793	12,097
Income tax benefit	—	(6)	(4)	(21)	(31)
EBITDA	\$ (96,148)	\$ 2,618	\$ (441)	\$ (5,389)	\$ (99,360)
Adjustments, net	104,590	(12)	1,181	(135)	105,624
Adjusted EBITDA from continuing operations	\$ 8,442	\$ 2,606	\$ 740	\$ (5,524)	\$ 6,264
<i>Adjusted EBITDA margin %</i>	<i>20.4 %</i>	<i>13.1 %</i>	<i>4.8 %</i>	<i>NA</i>	<i>8.2 %</i>

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS (continued)
(In thousands)
(Unaudited)

Reconciliation of YTD Segment Performance to Adjusted EBITDA

Nine months ended September 30, 2016	Rocky Mountain	Northeast	Southern	Corporate	Total
Revenue	\$ 63,023	\$ 28,342	\$ 25,029	\$ —	\$ 116,394
Direct operating expenses	49,680	29,005	22,337	—	101,022
General and administrative expenses	4,758	1,875	2,348	18,998	27,979
Depreciation and amortization	23,425	10,590	11,854	201	46,070
Operating loss	(14,840)	(21,153)	(13,937)	(19,199)	(69,129)
<i>Operating margin %</i>	<i>(23.5)%</i>	<i>(74.6)%</i>	<i>(55.7)%</i>	<i>NA</i>	<i>(59.4)%</i>
Loss from continuing operations before income taxes	(15,088)	(20,984)	(14,016)	(55,365)	(105,453)
Loss from continuing operations	(15,088)	(20,984)	(14,062)	(56,171)	(106,305)
Depreciation and amortization	23,425	10,590	11,854	201	46,070
Interest expense, net	354	368	139	39,813	40,674
Income tax expense	—	—	46	806	852
EBITDA	\$ 8,691	\$ (10,026)	\$ (2,023)	\$ (15,351)	\$ (18,709)
Adjustments, net	2,508	8,820	4,548	8,138	24,014
Adjusted EBITDA from continuing operations	\$ 11,199	\$ (1,206)	\$ 2,525	\$ (7,213)	\$ 5,305
<i>Adjusted EBITDA margin %</i>	<i>17.8 %</i>	<i>(4.3)%</i>	<i>10.1 %</i>	<i>NA</i>	<i>4.6 %</i>

Nine months ended September 30, 2015	Rocky Mountain	Northeast	Southern	Corporate	Total
Revenue	\$ 158,336	\$ 74,549	\$ 55,182	\$ —	\$ 288,067
Direct operating expenses	115,470	59,906	46,679	—	222,055
General and administrative expenses	5,201	3,716	4,000	18,185	31,102
Depreciation and amortization	26,091	12,028	13,828	518	52,465
Operating loss	(93,147)	(1,224)	(9,923)	(19,096)	(123,390)
<i>Operating margin %</i>	<i>(58.8)%</i>	<i>(1.6)%</i>	<i>(18.0)%</i>	<i>NA</i>	<i>(42.8)%</i>
Loss from continuing operations before income taxes	(92,909)	(1,756)	(10,037)	(56,093)	(160,795)
Loss from continuing operations	(92,909)	(1,756)	(10,037)	(56,053)	(160,755)
Depreciation and amortization	26,091	12,028	13,828	518	52,465
Interest expense, net	363	646	142	35,986	37,137
Income tax benefit	—	—	—	(40)	(40)
EBITDA	\$ (66,455)	\$ 10,918	\$ 3,933	\$ (19,589)	\$ (71,193)
Adjustments, net	104,015	134	1,050	3,247	108,446
Adjusted EBITDA from continuing operations	\$ 37,560	\$ 11,052	\$ 4,983	\$ (16,342)	\$ 37,253
<i>Adjusted EBITDA margin %</i>	<i>23.7 %</i>	<i>14.8 %</i>	<i>9.0 %</i>	<i>NA</i>	<i>12.9 %</i>

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS (continued)
(In thousands)
(Unaudited)

Reconciliation of Special Items to Adjusted Loss from Continuing Operations and to EBITDA and Adjusted EBITDA from Continuing Operations

	Three months ended September 30, 2016		
	As Reported	Special Items	As Adjusted
Revenue	\$ 35,441	\$ —	\$ 35,441
Direct operating expenses	32,122	(4,394) [A]	27,728
General and administrative expenses	6,323	(1,545) [B]	4,778
Total costs and expenses	61,252	(13,727) [C]	47,525
Operating loss	(25,811)	13,727 [C]	(12,084)
Loss from continuing operations	(38,396)	12,131 [D]	(26,265)
Basic and diluted loss from continuing operations	\$ (0.30)		\$ (0.20)
Loss from continuing operations	\$ (38,396)		\$ (26,265)
Depreciation and amortization	15,019		15,019
Interest expense, net	14,656		14,656
Income tax expense	24		16
EBITDA and Adjusted EBITDA from continuing operations	<u>\$ (8,697)</u>		<u>\$ 3,426</u>

Description of 2016 Special Items:

[A] Special items primarily includes the loss on sale of underutilized assets, offset by severance and environmental clean-up charges.

[B] Primarily attributable to stock-based compensation, non-routine legal and professional fees offset by a settlement for the Rocky Mountain division.

[C] Primarily includes the aforementioned adjustments along with long-lived asset impairment charges of \$2.1 million for assets classified as assets-held-for-sale in the Southern division and \$5.7 million for assets determined to be impaired in the Northeast division.

[D] Primarily includes the aforementioned adjustments along with a gain of \$1.6 million associated with the change in fair value of the derivative warrant liability. Additionally, our effective tax rate for the three months ended September 30, 2016 was 0.06% and has been applied to the special items accordingly.

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS (continued)
(In thousands)
(Unaudited)

Reconciliation of Special Items to Adjusted Loss from Continuing Operations and to EBITDA and Adjusted EBITDA from Continuing Operations

	Three months ended September 30, 2015		
	As Reported	Special Items	As Adjusted
Revenue	\$ 76,528	\$ —	\$ 76,528
Direct operating expenses	62,482	(846) [E]	61,636
General and administrative expenses	8,705	(68) [F]	8,637
Total costs and expenses	192,597	(105,637) [G]	86,960
Operating loss	(116,069)	105,637 [G]	(10,432)
Loss from continuing operations	(128,113)	105,624 [H]	(22,489)
Basic and diluted loss from continuing operations	\$ (4.61)		\$ (0.81)
Loss from continuing operations	\$ (128,113)		\$ (22,489)
Depreciation and amortization	16,687		16,687
Interest expense, net	12,097		12,097
Income tax benefit	(31)		(31)
EBITDA and Adjusted EBITDA from continuing operations	<u>\$ (99,360)</u>		<u>\$ 6,264</u>

Description of 2015 Special Items:

[E] Special items include a gain on sale related to the disposal of certain transportation related assets.

[F] Primarily attributable to stock-based compensation, non-routine litigation expenses, and a gain related to the sale of assets.

[G] Primarily includes the aforementioned adjustments, and approximately \$104.7 million associated with a goodwill impairment charge recorded for the Rocky Mountain division.

[H] Primarily includes the aforementioned adjustments. Additionally, our effective tax rate for the three months ended September 30, 2015 was near zero percent and has been applied to the special items accordingly.

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS (continued)
(In thousands)
(Unaudited)

Reconciliation of Special Items to Adjusted Loss from Continuing Operations and to EBITDA and Adjusted EBITDA from Continuing Operations

	Nine months ended September 30, 2016		
	As Reported	Special Items	As Adjusted
Revenue	\$ 116,394	\$ —	\$ 116,394
Direct operating expenses	101,022	(5,633) [A]	95,389
General and administrative expenses	27,979	(11,704) [B]	16,275
Total costs and expenses	185,523	(27,789) [C]	157,734
Operating loss	(69,129)	27,789 [C]	(41,340)
Loss from continuing operations	(106,305)	24,208 [D]	(82,097)
Basic and diluted loss from continuing operations	\$ (1.41)		\$ (1.09)
Loss from continuing operations	\$ (106,305)		\$ (82,097)
Depreciation and amortization	46,070		46,070
Interest expense, net	40,674		40,674
Income tax expense	852		658
EBITDA and Adjusted EBITDA from continuing operations	<u>\$ (18,709)</u>		<u>\$ 5,305</u>

Description of 2016 Special Items:

- [A] Special items primarily includes the loss on sale of underutilized assets, offset by severance and environmental clean-up charges.
- [B] Primarily attributable to stock-based compensation and non-routine legal and professional fees incurred in connection with the execution of management's plan to restructure our indebtedness.
- [C] Primarily includes the aforementioned adjustments along with long-lived asset impairment charges of \$4.8 million for assets classified as assets-held-for-sale in the Northeast and Southern divisions and \$5.7 million for assets determined to be impaired in the Northeast division.
- [D] Primarily includes the aforementioned adjustments along with a charge of \$0.7 million in connection with the write-off of a portion of the unamortized deferred financing costs as a result of amendments to the ABL Facility, a gain of \$2.6 million associated with the change in fair value of the derivative warrant liability, and a gain on the sale of Underground Solutions, Inc. of \$1.7 million. Additionally, our effective tax rate for the nine months ended September 30, 2016 was 0.8% and has been applied to the special items accordingly.

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS (continued)
(In thousands)
(Unaudited)

Reconciliation of Special Items to Adjusted Loss from Continuing Operations and to EBITDA and Adjusted EBITDA from Continuing Operations

	Nine months ended September 30, 2015		
	As Reported	Special Items	As Adjusted
Revenue	\$ 288,067	\$ —	\$ 288,067
Direct operating expenses	222,055	469 [E]	222,524
General and administrative expenses	31,102	(2,214) [F]	28,888
Total costs and expenses	411,457	(107,580) [G]	303,877
Operating loss	(123,390)	107,580 [G]	(15,810)
Loss from continuing operations	(160,755)	108,446 [H]	(52,309)
Basic and diluted loss from continuing operations	\$ (5.82)		\$ (1.89)
Loss from continuing operations	\$ (160,755)		\$ (52,309)
Depreciation and amortization	52,465		52,465
Interest expense, net	37,137		37,137
Income tax benefit	(40)		(40)
EBITDA and Adjusted EBITDA from continuing operations	<u>\$ (71,193)</u>		<u>\$ 37,253</u>

Description of 2015 Special Items:

- [E] Special items include a gain on sale related to the disposal of certain transportation related assets.
- [F] Primarily attributable to stock-based compensation, non-routine litigation expenses, certain refinancing costs associated with our ABL Facility and a gain related to the sale of assets.
- [G] Primarily includes the aforementioned adjustments, along with a charge of approximately \$1.1 million associated our restructuring initiative and other exit related costs from certain shale basins, and approximately \$104.7 million associated with a goodwill impairment charge recorded for the Rocky Mountain division.
- [H] Primarily includes the aforementioned adjustments, along with a charge of \$1.0 million in connection with the write-off of a portion of the unamortized deferred financing costs as a result of an amendment to our ABL Facility, and a net reduction related to a prior acquisition earnout reserve of \$0.1 million. Additionally, our effective tax rate for the nine months ended September 30, 2015 was near zero percent and has been applied to the special items accordingly.

NUVERRA ENVIRONMENTAL SOLUTIONS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATIONS (continued)
(In thousands)
(Unaudited)

Reconciliation of Free Cash Flow from Continuing Operations

	Nine Months Ended September 30,	
	2016	2015
Net cash (used in) provided by operating activities from continuing operations	\$ (19,322)	\$ 55,658
Less: net cash capital expenditures [1]	7,341	(4,225)
Free Cash Flow	<u>\$ (11,981)</u>	<u>\$ 51,433</u>

[1] Purchases of property, plant and equipment, net of proceeds received from sales of property, plant and equipment