MASSON & COMPANY

Committed to Maximizing Our Clients' Return on
Investment in Underperforming and Distressed Companies

Masson & Company's business is improving the operating performance and solving the financial difficulties of underperforming and distressed companies.

Our business is organized to provide:

- interim and crisis management,
- financial restructuring, and
- assessment and turnaround consulting

executed by senior professionals, on behalf of clients who require, but lack the scale to attract, the depth and sophistication of larger firms.

- We provide timely, expert and cost-effective service, with compensation tied to measurable performance when appropriate.
- We want relationships – rather than quick hits – based on quality execution, performance and trust.
- We approach every assignment in a comprehensive and multi-functional manner, combining the insights of our principals' more than 60 years of senior operating management, financial restructuring and investment banking experience.

Improving our clients' return on investment is how we measure success.

CONTENTS

MASSON & COMPANY

A DIFFERENT APPROACH

When we formed Masson & Company, we determined to approach the *way we do business* in a different way – a way we hoped clients would view as a welcome change.

- ***Serving clients' interests without compromise or confused motivations.***
  - *The client's return on investment is paramount*. In making recommendations, Masson & Company is strongly guided by an assessment of the client's risk-adjusted net recovery under likely alternatives. We communicate our findings and recommendations in a straightforward manner.
  - *We reject solution bias*. "Solution bias" means recommending a course of action based, at least in part, on the advisor's frame of reference and self-interest. Often this manifests itself through recommendations to pursue transactions, conduct detailed forensic accounting investigations or engage long-term "interim" management. Instead, Masson & Company will always provide an objective assessment of viable alternatives and recommend those we believe best serve the client's interests.
  - *We do not over-extend our stay*. "Running the meter" is bad for our clients and contrary to our way of doing business.
  - *We do not over-extend our scope*. Masson & Company willingly refers in other qualified professionals when circumstances warrant and the client's interests require.

- ***Providing senior-level attention and access.*** Masson & Company is organized to provide management and advice, executed by senior professionals, to underperforming middle-market businesses that require such attention but, because they lack scale, cannot attract it.
  - *We do not engage in "bait and switch" marketing*. The executives soliciting your business are those who work on it.
  - *We do not bulk up assignments with junior number-crunchers*. The services of such professionals are available on a project-by-project basis to augment our work, but only when appropriate and with client concurrence.

- ***Building long-term relationships with clients based on trust and performance.*** Masson & Company works with clients in a collaborative spirit to structure terms of service appropriate to the circumstances at hand.
  - *We tailor our services and fees to the needs of our clients on an assignment-by-assignment basis*. In some situations it is not clear to what degree the services of a firm such as ours are warranted, if at all. In others the project is simply modest in scope. At no time do we ask for a greater commitment than the circumstances warrant.

MASSON & COMPANY

A DIFFERENT APPROACH (cont'd)

- *We do not require large initial commitments from clients*. Each assignment is evaluated on its own merits; there is no pre-determined, minimum "entry fee" to engage our services.
- *We prefer compensation tied to measurable performance*. Whenever appropriate and practical, Masson & Company advocates incentive-based compensation because we believe both we and the client fare better.

❖ ***Committing to a comprehensive, multi-disciplinary approach to turnarounds.*** We bring to every assignment the insights gained from our principals' combined 60 years of senior operating management, financial restructuring and investment banking experience. Over the years, our principals have built a strong record of business turnarounds, crisis management, corporate transactions and complex financial restructurings. We believe Masson & Company is unique among turnaround firms in being able to bring such diverse expertise. Our principals' experience includes:

  - Repositioning companies in their industries.
  - Strategic planning for long-term value and growth.
  - Organizational restructuring and restaffing.
  - Supply chain re-engineering.
  - Crisis management and radical cost-cutting.
  - Turnaround management and prudent resizing.
  - Acquiring and selling companies.
  - Public and private financing and refinancing.
  - Out-of-court and Chapter 11 restructurings and negotiations.
  - Liquidations.

WHEN CLIENTS SHOULD SEEK OUR ASSISTANCE

Even the most diligent and accomplished executives and investors can be late in seeking outside assistance when faced with deteriorating financial and operating performance. Common reasons for this include lack of time and resources to address the situation, more productive opportunities elsewhere, apprehension about alienating incumbent management, or uncertainty about management's motivation and abilities.

Experience has convinced us, however, that it is important to engage outside assistance as early as possible. Opportunities and alternatives are greatest – and resolution almost always cheapest – at the outset. Prospects dim and value is lost with the passage of time. Following are common circumstances when it is prudent to consider outside assistance.

- ***When more time and on-site attention is required than the investment manager can reasonably devote.*** Time and attention devoted to a troubled investment keep the investment manager from working with existing healthy investments or developing new opportunities.

- ***When a company's troubles become so demanding that operating management is distracted from attending to the basic business.*** Assistance from professionals who specialize in dealing with troubled situations allows management to focus on the needs of the business.

- ***When a fresh perspective is warranted.*** Clients have told us, "We aren't even sure if anything is wrong. But we are sure we need a fresh view of the situation."

- ***When full-time interim executive management is needed to replace departing management.***

- ***When faced with major restructuring decisions without having enough time or experienced resources to develop adequate information about the company, its alternatives and its potential.*** Examples of such restructuring decisions might include:
  - Committing to a newly-developed operating and financial plan without the time to confirm that such plan is realistic and has been developed with proper consideration of alternatives.
  - Negotiating agreements with banks, vendors and other creditors.
  - Supporting or replacing management.
  - Considering or committing to additional financing; designing a new capital structure.
  - Selling the company or divesting an operating division.
  - Filing for bankruptcy or planning for liquidation.

- ***When clients anticipate the above circumstances and wish to act proactively.***

OUR SERVICES

- ***Interim and Crisis Management.*** Masson & Company principals have acted in the capacity of Chairman, Board Member, CEO, COO, CFO and Chief Restructuring Officer in manufacturing, distribution and service businesses across a variety of industries.
  - Drawing on this experience, Masson & Company principals can step into one or more of these operating roles if a situation warrants re-staffing senior management, or incumbent management chooses to exit unexpectedly.
  - Masson & Company executives work expeditiously on-site to diagnose operating problems with an emphasis on cash generation and long-term value retention. We are not "scorched earth" types. Rather, we serve to implement cash controls, protect asset values and rebuild frayed relations with customers, vendors, lenders and employees with the aim of preserving and enhancing a sustainable business, if possible.
  - We work to restore leadership, stability and direction by communicating clearly and acting thoughtfully and decisively.
  - Once a situation is stabilized, we pride ourselves on locating permanent management with the talent to continue the job of improving our clients' return on investment.

- ***Financial Restructuring.*** One consequence of poor business performance is the need to restructure the business' capital structure in order that it meet its obligations and take advantage of future opportunities. Restructuring is a difficult and contentious process, fraying relations with management, employees, investors and creditors. Our principals have managed over 70 such restructurings – as external advisor, as management, on behalf of debtors and on behalf of creditors. We can offer either a truncated analysis of restructuring options or a complete range of advisory services, in each case as the client's needs dictate.
  - *Strategic Alternatives Analysis*. Masson & Company will conduct a review of the subject company analyzing industry, market, capital structure, valuation and other relevant factors in order to provide the client with a prompt, cost-effective and independent recommendation of strategic alternatives for maximizing value.
    - Masson & Company typically requires three to four weeks on-site to complete a Strategic Alternatives Analysis, normally on a fixed-fee basis. We do not ask clients to commit to any follow-on assignment beyond the Strategic Alternatives Analysis.
    - The deliverable includes the following:
      - Analysis and confirmation of management business plan.
      - Analysis of liabilities, claims and interests.
      - Valuation and recovery analysis under specified scenarios, including bankruptcy reorganization and liquidation.

OUR SERVICES (cont'd)

- <u>*Full Restructuring Advisory*</u>. Masson & Company will guide clients through the difficult and confrontational process of debt restructuring. Our principals have extensive experience in all aspects of restructuring and are expert in helping clients navigate through all components of the process.
    - Valuation and Recovery Analysis.
    - Restructuring Plan Development.
    - Strategic and Tactical Negotiations.
    - Third-Party Due Diligence.
    - Refinancing.
    - Testimony in Legal Proceedings.
    - Documentation and Closing.
- <u>*Buy-side and Sell-side Advisory for Distressed Businesses*</u>. Masson & Company principals are experienced in acquiring and divesting troubled companies, as well the related financing requirements. Though we often prefer to recommend a qualified investment bank, we are available to assist clients when an investment bank is uneconomic or where Masson & Company has a special capability. The firm also provides assistance and recommendations to clients prior to making an investment as part of the due diligence process.

    All of Masson & Company's Financial Restructuring services are tempered by the operating experiences of our principals. Because <u>all</u> of our principals have acted either as Chairman, Board Member, CEO, CFO or Chief Restructuring Officer, our advice and representation is credible in practice, not just on paper.

- ***Assessments and Turnaround Consulting.*** Acting in support of and along side of management, Masson & Company can provide a number of services to improve the operating performance of underperforming businesses.
    - <u>*Situation Assessment*</u>. Masson & Company conducts a broad, on-site review of the subject company. We then report to the client on our findings and recommendations. The Situation Assessment emphasizes breadth over depth -- its goal is to provide the client with a prompt, cost-effective, and independent review of the subject company.
        - Masson & Company typically requires four to six weeks on-site to complete a Situation Assessment, normally on a fixed-fee basis. We do not ask clients to commit to any follow-on assignment beyond the Situation Assessment.

OUR SERVICES (cont'd)

- The Situation Assessment typically includes:
  - Consideration of the industry.
  - Analysis of management.
  - Evaluation of operating systems and internal controls.
  - Asset sufficiency.
  - Revenue, expense and working capital improvements.
  - Transactional alternatives such as acquisitions, divestitures, refinancing and debt-restructuring.
- The deliverable typically includes a presentation of Masson & Company's findings, including highlighting any circumstances which could precipitate a crisis; preliminary estimates of cash flow potential and divestiture or liquidation proceeds; recommended future course(s) of action; and, suggested areas for further inquiry.
- The Situation Assessment can be offered as a resource to the company's management or as a candid report to the client investor.

➢ *Planning and Budgeting*. Following the Situation Assessment and the client's approved course of action, Masson & Company can create the detailed action plans and financial budgets necessary to execute the client's objectives. These plans are generally developed over three to six weeks in conjunction with the company's management and operating employees. Examples of this type of planning include creating a program to boost revenue, detailing an expense reduction initiative or deciding how best to sell or liquidate a company. We can also translate management plans into sophisticated monthly and annual financial models sufficient for investor monitoring, budget-to-actual variance reporting and long-term planning.

➢ *Board of Directors Appointments*. Principals of Masson & Company presently sit on the Boards of public and private companies in various stages of transition. From time to time, we are able to consider additional directorships.

The operating experience of Masson & Company's principals provides flexibility to clients who are not yet certain if replacing management is called for. As well, Masson & Company can serve as an "insurance policy" against a management that chooses to wield its leverage inappropriately.

REPRESENTATIVE PROJECTS

The following are representative assignments accomplished by Masson & Company's principals. We are proud to provide references as requested.

❖ ***Interim and Crisis Management.***

- Integrated Steel Producer. Chairman of the Board. Strategic reassessment and planning; sales and marketing reorientation; recruiting supplementary and replacement senior management.
- *Intimate Apparel Manufacturer*. Interim CEO. Operational turnaround and refinancing.
- *Specialty Steel Fabricator*. Functioned as interim CEO of behalf of private equity owner following termination and resignation of top management. Responsible for crisis stabilization with employees, vendors, lenders and customers; 61% reduction in operating expenses; closure of unprofitable line of business; restoration of sales initiatives; renegotiation of bank line; identification of strategic buyers; and, conduct of sale process. Successfully initiated financial restructuring.
- *Software Development Company*. Functioned as interim CEO on behalf of Creditor's Committee with voting control. Responsible for significant reduction in cash operating costs, initiation of first product sales and preparing company for sale.
- *Commercial Real Estate Company*. Interim Chairman of the Board. Led this Canadian real estate company through a ten-month process of restructuring more than C$7 billion debt via CCAA (Canadian Chapter 11). Process culminated in significant new equity by investor group.

❖ ***Financial Restructuring.***

Allegro Resorts
AM International
Avalon Marketing
Barber Greene
Chrysler Corporation
Continental Airlines
Days Inns
Dynax Solutions
Evans Products Company
Grupo Visa, S.A. de C.V.
HBJ
International Harvester
John Blair & Company
Lone Star Industries
LTV Aerospace & Defense
Lykes Brothers Steamship
Mayo Yarns
Midway Airlines
New York Daily News
Pinnacle West
Public Service New Hampshire
Reading & Bates
Safeguard Business Systems
Smith International
The Columbia Gas System
USG Corporation
Western Fuels Association
Wheeling-Pittsburgh Steel
Alto Parana, SA
America West Airlines
BAESA-PepsiCo.
Charter Medical
Circle K Corporation
Crown Crafts
Domino's Pizza
Envirodyne Industries
Federated Stores
Gulf States Utilities
Industrias, C.M.
Jacor Communications
Lionel Corporation
LILCO
LTV Corporation
Massey Ferguson Limited
Mercury Stainless
Nat'l Convenience Stores
Olympia & York
Ponderosa Industries
Radice Corporation
Resorts International
Seatrain Lines
Tele-Media Co. of Hershey
US Home
Wang Laboratories
Western Union Corp.
Wilson Foods Corporation

REPRESENTATIVE PROJECTS (cont'd)

- ***Assessments and Turnaround Consulting.***
  - *Hotel / Casino*. On behalf of the owner, coordinated brokerage, legal and accounting professionals involved in the sale of this company.
  - *In-Home Frozen Food Service*. Situation Assessment. Developed, tested and implemented new approach to sales.
  - *Contract Food Service Company*. Management advisory services. Responsible for stabilization and cash flow improvement at this $1.5 billion company.
  - *Diversified Consumer Products Company*. Management advisory services. Cash flow turnaround of retail chain on behalf of parent company desiring its sale.
  - *Specialty Food Manufacturer*. Situation Assessment. Preparation of annual budget, complete with detailed monthly income statements, balance sheets and cash flow statements.

- ***Multiple Services.***
  - *Business Forms Manufacturer*. Situation Assessment and financial restructuring advisory on behalf of Creditors' Committee.
  - *Salmon Aquaculture Business*. Situation Assessment, management advisory services and interim management.

REPRESENTATIVE INDUSTRIES

- The principals of Masson & Company have more than 60 years combined management, financial restructuring and turnaround advisory experience. We have worked in a wide variety of industries, including the following:
  - Apparel.
  - Basic Manufacturing.
  - Commercial Printing and Office Products.
  - Construction Products.
  - Consumer Products.
  - Food Processing and Distribution.
  - Gaming / Entertainment / Hospitality.
  - Gas and Electric Utilities.
  - Oilfield Services.
  - Outdoor Recreation Products.
  - Real Estate.
  - Retail.
  - Software Development.
  - Steel.
  - Wireless Telecommunications.

BACKGROUND AND EXPERIENCE OF OUR PRINCIPALS

❖ ***Charles M. Masson***

Since founding Masson & Company in late 1998, Charles has worked on a number of important hands-on and advisory projects in the following industries: casino gaming, business forms, temporary employment, in-home food delivery, recreational products, power conditioning and testing, integrated steel production, specialty steel fabrication, metal extrusion, precision machining, intimate apparel and wireless communications.

Charles' latest operating role was serving as interim CEO of Maidenform, Inc., the women's intimate apparel manufacturer. During his eight months at Maidenform, Charles turned an operating loss to an operating profit, refinanced the Company's asset-based lender, negotiated terms with key suppliers, restructured a number of the Company's functional areas and systems, reorganized the Company's compensation scheme, and recruited a permanent CEO. Charles has also served as crisis CEO of a specialty steel fabricator. In this crisis assignment, Charles developed a revised business plan, down-sized approximately one-half of the Company's workforce to stem cash hemorrhaging, negotiated temporary relief from the Company's asset-based lender, developed a financial restructuring plan for unsecured debentures and trade creditors, and arranged the sale of the Company as an implementing transaction.

Charles serves or has served on the Boards of Algoma Steel, Maidenform, Grand Union, Players International, Global Aqua – USA, ColorTile, Cadillac-Fairview and Griffin Gaming & Entertainment. Charles serves or has served on the Executive, Audit, Corporate Governance, Compensation, and/or Strategic Planning Committees of the foregoing.

Prior to founding Masson & Company, Charles was a principal of McCloud Partners from 1993 through 1998. At McCloud Partners, Charles conducted private advisory work on behalf of a distressed investor client base. Charles' most notable assignment while at McCloud was serving as Chairman of the Board and CRO of Cadillac-Fairview from 1994 through 1995. As Chairman, he guided Cadillac through a CCAA proceeding in Ontario which resulted in the restructuring of Cadillac's C$7 billion debt and sale to an investor group. Cadillac's restructuring featured the simultaneous involvement of six distinct groups of financial interests, the Governments of Canada and Ontario, and litigation in Illinois.

From 1979 through 1993, Charles was at Salomon Brothers Inc where he ran the firm's the Financial Restructuring Group. He was involved in more than 60 out-of-court and Chapter 11 restructurings of public and private companies in a wide variety of industries.

Charles has an MBA from Wharton.

❖ ***Benjamin C. Duster, IV***

Ben joined Masson & Company in 2001 to head up the firm's Financial Restructuring Group. As such he specializes in leading clients through the complicated and fractious process of balance sheet restructuring. Since joining Masson & Company and prior thereto, Ben has led the restructuring of a number of public and private companies in a variety of industries including textiles, pulp and paper manufacturing, radio broadcasting, and retail. Affected liabilities have ranged from several million to several billion. Ben is currently serving as Chairman of the Board of Algoma Steel, a Canadian integrated steel producer with revenues exceeding $1 billion.

Prior to joining Masson & Company, Ben was a Managing Director at Wachovia Securities from 1997 through 2001. While at Wachovia, Ben headed the Mergers & Acquisitions advisory business, focusing on middle-market companies, and was one of the founding members of Wachovia's investment banking business. He managed over 30 M&A transactions including, divestitures and controlled sales and various M&A-related advisory projects.

From 1980 through 1997, Ben was at Salomon Brothers Inc. During his tenure there, Ben was an Associate in Salomon's proprietary Venture Capital Group and, later, a Vice President in the Mergers & Acquisitions Group. In the Venture Capital Group Ben focused on technology and emerging growth companies. In the M&A Group he specialized in bankruptcy reorganizations, financial restructurings and acquisitions of distressed companies.

Ben has a JD/MBA form Harvard.

❖ ***Hugh R. Rovit***

Hugh joined Masson & Company in late 2001 to continue his career of operational improvements at middle-market companies. His clients have included a wholesale baking operation, an electronic equipment manufacturer and the owner-manager of an extruded metals business, and a multi-location process manufacturer owned by a private equity firm. These engagements have focused on intra-company and external management reporting systems, organizational restructuring, supply chain reengineering including working capital forecasting and on-site management assistance with underperforming manufacturing facilities.

Prior to joining Masson & Company, Hugh was COO/CFO at Best Manufacturing from 1998 through 2001. Best is a $155 million manufacturer and distributor of institutional service apparel and textiles. While at Best, Hugh was responsible for the day-to-day finance, administrative, operations and supply chain management functions including, in the latter case, foreign and domestic manufacturing, purchasing, production planning, warehousing and logistics. He consolidated selling divisions, domestic warehouses and manufacturing facilities, centralized purchasing and inventory management functions, converted a make-to-stock business to make-to-order, reduced working capital line usage to a seven-year low, reduced inventory by 15% and improved turns by 20%.

From 1991 through 1998, Hugh was CFO of Royce Hosiery Mills, a $50 million manufacturer, marketer and distributor of men's and women's hosiery.

From 1988 through 1991, he was Assistant to the Chairman of The Natori Company, a $25 million manufacturer and marketer of intimate apparel and accessories.

From 1983 to 1985 and 1987 to 1988, Hugh was at Lehman Brothers where he divided his time between the Mergers & Acquisitions Department and the Financial Restructuring Group.

Hugh has an MBA from Harvard.

CONTACT INFORMATION

Masson & Company
200 East 84th Street, 8th Floor
New York, New York 10028-2916
Tel: 212-717-4447
Fax: 212-794-4425
www.massonco.com

Charles M. Masson
Office Tel: 212-717-4447 xt. 203
E-Mail: cmasson@massonco.com
Home Tel: 212-734-0384

Benjamin C. Duster, IV
Office Tel: 212-717-4447 xt. 204
E-Mail: bduster@massonco.com
GA Tel: 404-668-3400
GA Fax: 404-691-8839

Hugh R. Rovit
Office Tel: 212-717-4447 xt. 205
Cell Tel: 917-873-2040
E-Mail: hrovit@massonco.com
Home Office Tel: 212-289-0020