



THE TRON GROUP

Providing turnaround consulting and investment capital to underperforming and financially distressed businesses and real estate.



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About Us

The Tron Group, established in 1997, is a Boston-based private equity and consulting firm providing advisory services and investment capital to underperforming and financially distressed companies.

Tron's Advisory Practice provides consulting services and interim management to underperforming businesses, and advisory services to company creditors. Our consulting services include: developing and implementing turnaround plans; refinancing of debt and equity; crisis management; cash flow and liquidity management; divestiture of underperforming assets and business units; management of creditor relationships; operational improvements; and providing interim management for CEO, CFO and Chief Restructuring Officer positions. Creditor services include: assessment of going concern viability; collateral valuation; sale and liquidation of assets; and consulting to Creditor Committees.

Tron Capital, Tron's Private Equity Group, has entered into an investment partnership, TPG/Tron Capital Partners, with The Procaccianti Group ("TPG" at www.procgroupp.com). TPG is a Rhode Island based real estate investment company which has owned or developed over \$4 billion of real estate. TPG/Tron Capital has \$100 million of capital available to invest in the debt and equity securities of (i) stalled or non-performing multi-unit residential and commercial real estate properties, and (ii) distressed or underperforming operating companies primarily in the manufacturing, distribution and services industries. The focus is on businesses and properties in the Eastern United States which are experiencing liquidity problems as well as negative trends in operating and financial metrics. Some are also operating in bankruptcy or under a forbearance agreement with their creditors.

To maintain the independence of its Advisory Practice, Tron does not invest in any companies where it is engaged to provide advisory services.



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Our Approach

Tron's professionals have over 100 years of combined experience in turnaround management. Known for our innovation, responsiveness and hands-on approach to solving client problems, we diligently implement the appropriate measures that ultimately will lead to improved performance and increased shareholder value. Tron works side by side with management through the entire process from the development of a detailed restructuring plan to the successful implementation of the plan.

The need to produce reliable financial information and forecasts is crucial to the success of any restructuring plan. The company's creditors must have confidence that these forecasts are achievable and are capable of being successfully implemented by management. Tron has the expertise and experience to produce reliable financial information and forecasts for the interested parties quickly which, together with our reputation in the lender and investor community, helps to restore credibility to the client company and increase the likelihood of a successful restructuring.

Working with management and shareholders, our objective is not just to solve short-term problems, but also to implement a realistic solution that creates a platform for long-term corporate health and success. We help our clients return to profitability by implementing change. Our goal is to fix the business, not just the numbers.

In addition to our focus on financial operations, Tron develops and implements detailed restructuring programs designed to increase shareholder value through significant improvements in operations, sales and marketing, technology, finance and business strategy.

In many instances, management needs assistance during the implementation of the restructuring plan while they continue to operate the business. Tron can provide a range of interim management services including Chief Executive Officer, Chief Restructuring Officer, Chief Financial Officer and Chief Operating Officer.



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Services

Debtor Advisory Services Tron works directly for the underperforming or distressed company. As a financial advisor to the board and senior executives of the company, Tron formulates a turnaround strategy, designs an action-oriented plan and assists in implementing the turnaround.

Tron focuses on building the confidence and cooperation of the company's lenders, creditors, employees and customers. We work with the various constituents to gain the time and, in some instances, the funding, needed to bring about real changes in the business. A successful turnaround cannot be accomplished without all the stakeholders being part of the plan.

In many cases, rapid mobilization is the key to minimizing the impact of a potential problem. In the event of a crisis situation, Tron has the ability to react quickly to a client's needs and often our team of professionals is on the job within hours of a client's request. Our group of professionals has the background to handle whatever issues they encounter on reaching the client site. Whether the problem is a cash liquidity crisis, a production crisis or some other urgent business problem, Tron has the experience to help a client stabilize the situation and put the company back on track. We provide preliminary reports in days, and begin implementing recommendations as we start to develop the overall restructuring strategy. A complete business review takes weeks, not months.

Financing Services If required for the restructuring, Tron has extensive contacts for refinancing the debt of the business or for locating alternative equity sources. We work with the company to determine the appropriate capital structure and negotiate with lenders and investors to implement the structure under the best possible terms. In addition, Tron has experience in divesting underperforming assets and selling business units. Our firm will source and qualify potential buyers and investors and then manage the process as part of a re-capitalization or restructuring plan.

Interim Management Services

When such a need arises, Tron's professionals have the management experience and expertise to act, on an interim basis, as the Chief Executive Officer, Chief Restructuring Officer, Crisis Manager, Chief Operating Officer or Chief Financial Officer of a company. These interim management services provide continuity and oversight until the company is able to hire one or more individuals to assume any of these executive positions on a permanent basis.

Insolvency Services

Tron's professionals, working with a client company's attorneys, are able to guide a client through a successful Chapter 11 bankruptcy reorganization. Our bankruptcy services include: preparation of schedules and statement of affairs; negotiation of cash collateral and DIP financing requirements; preparation of disclosure statements and plan of reorganization; and procurement of exit financing. In addition, Tron's professionals have assumed various management and consulting roles to assist management through the bankruptcy process.

The majority of reorganizations in which Tron has been an advisor have been effectuated in an out-of-court environment. We work closely with all the stakeholders to convince them that an assignment for the benefit of the creditors, a receivership or an out-of-court reorganization will result in a more successful outcome, while also reducing both the cost and time associated with a bankruptcy.

Creditor Services

Tron assists individual creditors and creditor committees in both out-of-court workouts and bankruptcy proceedings. As the financial advisor to a creditor, we can provide the following types of services: assessments of the debtor's going concern viability; analysis of collateral values; review of the feasibility of the debtor's plan of reorganization; sale and liquidation of assets; and reporting. In some cases, our professionals have assumed the role of Creditor Trustee to take control and manage the debtor's assets.

Creditors will often engage Tron to provide an independent assessment of the borrower's viability and its ability to ultimately repay its obligations. In these instances, we will analyze the business, monitor the collateral, review debt reduction plans and develop liquidation and wind-down scenarios. Our firm has been successful in maximizing the creditors' returns while working cooperatively with all the stakeholders.



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Advisory Clients

Tron provides services to a company's board of directors, senior management, secured and unsecured lenders, unsecured creditor committees, subordinated equity interests and shareholders.

Applying our extensive operational and financial experience, we assist companies in a wide variety of industries, including manufacturing, retailing, distribution, and services.

Tron's professionals work with companies with some or all of the following characteristics or issues:

- Declining performance as a result of the industry undergoing significant transition
- Negative trends in operating and financial metrics
- In default on obligations to creditors
- Liquidity problems
- Operating in bankruptcy or under a forbearance agreement
- Under utilized assets or business units
- Management team in need of interim management
- Under pressure from, and having operations hampered by, trade creditors



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Sample Advisory and Interim Management Assignments

Manufacturer of Gauges: Advisor to a \$13 million manufacturer of gauges on financial matters, banking relationships and strategic planning. Worked with the company on a plan to roll out a new product line including review of financing alternatives and preparation of a find-raising memorandum.

Software Engineering Design Services: Chief Restructuring Officer for a firm providing engineers on a contract basis for client software engineering projects. Substantially reduced costs, restructured operations, obtained new financing and returned the company to profitability.

Service Franchise Operation: Chief Restructuring Officer for national franchise operation in Chapter 11 with 180 locations throughout the United States, Canada and Europe. Maintained the integrity of the company thru crisis caused by an NBC spotlight team report, re-focused the organization and implemented a new business strategy.

Musical Instrument Company: Interim CEO of a \$15 million company selling and renting musical instruments from 5 locations in the Northeast. Reorganized the operations and instituted new financial information systems, procedures and reporting. Restructured \$8 million of debt and raised \$4 million of senior, mezzanine and equity capital.

Franchise Insurance Company: Interim CEO for an e-commerce business-to-business technology company, providing an end-to-end solution for issuing property and casualty insurance policies nationally. At its peak, the company had 500 employees operating in 14 states with three operating divisions. Reduced burn rate, reorganized operations and negotiated sales, alliances and mergers for portions of the company.

Consumer Goods Manufacturer: Engaged to act as Chief Restructuring Officer for a \$220 million branded consumer product company, in the event a sale of the company was not successfully consummated. Develop employee transition plans and assisted in the sale process.

Food Distribution Business: Managed the successful sale of a \$20 million food distribution business with operations throughout New England.

Energy Service Company: Interim CEO for a publicly owned, energy management company with four operating divisions in five states and Canada. Sold two divisions, reduced operating costs and reorganized and refocused the sales force. Raised capital through merger with a public utility company.

Real Estate Development Company: Creditor Trustee for a \$120 million real estate development company with seven separate Chapter 11 cases. Responsible for the sale of more than 200 assets in 50 partnerships. Managed real estate operations for hotels, apartments, golf resorts, and R&D and warehouse properties during the liquidation of the assets. Creditors received a dividend of approximately 80 cents.

Steel Building Fabrication Company: Chief Restructuring Officer for a \$30 million steel building fabrication company. Restructured the balance sheet, raised working capital, increased sales, improved gross margins and lowered the breakeven point - all resulting in increased profits.

Not-For-Profit: Co-Receiver for a not-for-profit organization with substantial cash and real estate holdings. Worked with the Attorney General's Office concerning improper administration by the Trustees for the non-profit. Sold the assets and re-established the not-for-profit status of the organization.

Charter Airline: Crisis Manager for an insolvent charter airline. Discontinued unprofitable routes, managed cash and vendor relations through period of insolvency.

National Mortgage Company: Interim CFO for a national mortgage company with more than \$100 million in unfunded closing commitments. Determined unhedged/unrealized losses and minimized consumer claims.



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Investment Strategy

TPG/Tron Capital Partners ("TPG/Tron") has \$100 million of capital available to invest in the debt and equity securities of (i) stalled or non-performing multi-unit residential and commercial real estate properties, and (ii) distressed or underperforming operating companies with annual revenues between \$10 and \$100 million in the manufacturing, distribution and services industries. The focus is on businesses and properties located in the Eastern United States which are underperforming, operating in bankruptcy, in default on their obligations to creditors, facing liquidity problems or with a history of recurring operating losses.

TPG/Tron generally will require some level of involvement in the strategic management of the company, often at the board level. In addition to outright purchase, TPG/Tron will consider purchasing secured debt and providing secured bridge financing in order to obtain ownership in the company.

Each investment will include a concrete plan to return the company's operations to profitability through performance improvement, financial restructuring, and capital investment. In the case of real estate investments the turnaround plan may also include completion of unfinished construction or repositioning and remarketing of the project. TPG/Tron focuses on transactions where the success of the investment is dependent primarily on operational and financial changes, not significant revenue growth or the ability to complete subsequent acquisitions.



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Types of Transactions

Operational Turnarounds

TPG/Tron pursues businesses facing the threat of closure, liquidation or with a history of operating losses. We invest our capital based on implementing a turnaround plan and strategy based on achievable objectives, cost-reductions, capital investment and, in some situations, the introduction of new management.

Financial Restructurings

TPG/Tron targets operating businesses in which excessive debt, insufficient liquidity or creditor constraints have negatively impacted the businesses' ability to operate and grow effectively. We invest capital in these types of opportunities only in connection with a comprehensive plan to eliminate, reduce or restructure a company's liabilities.

Stalled Multi-Unit Residential Developments

TPG/Tron principals have extensive experience in developing and executing plans to revitalize stalled multi-unit residential developments. These plans may include financial restructuring, construction completion and property reconfiguration and repositioning.

Non-Performing Commercial Properties TPG/Tron is interested in commercial properties which are experiencing financial difficulties due to insufficient rental income or poor financial management. TPG/Tron will implement the necessary changes in the property's operations and provide the capital to upgrade and reposition the property.

Businesses Operating in Bankruptcy

TPG/Tron principals have extensive experience in developing and implementing plans of reorganization for debtors-in-possession and purchasing operating assets out of bankruptcy pursuant to Section 363 sales. The principals have structured complex transactions involving banks, bondholders, unsecured creditors and stockholders in order to successfully emerge from bankruptcy.

Divestitures or Spin-offs

TPG/Tron seeks "orphan" or non-core businesses of larger corporations and buyout investors that would benefit from new ownership, new business strategies, cost reductions, capital investment and in some instances, new management. We invest our capital based on a plan that will result in material improvements in a company's profitability.



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Summary of Investment Criteria

Geographic Locations:

- No geographic preference, however eastern United States preferred

Transaction Size:

- Annual sales for of \$10 million to \$100 million operating companies
- Transaction values of \$5 million to \$50 million

Investment Characteristics:

- Investment amount of \$1 to \$15 million
- Equity securities, mezzanine or bridge loans
- Secured debt purchases

Company Types:

- Industrial or consumer product manufacturers
- Value-added distribution or assembly
- Selected service businesses
- Multi-unit residential properties
- Commercial Real Estate properties

Investment Stage:

- Underperforming companies requiring financial or operational restructuring in or outside of bankruptcy
- Stalled or non-performing real estate developments and properties

Control:

- Direct involvement, but not control, in management required
- Majority ownership interest preferred, but not required



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Tron and TPG Experience

Steel Bridge Manufacturer:

Tron purchased an underperforming steel bridge manufacturing business with \$8 million of secured debt. Sold the equity within nine months to a strategic buyer after increasing sales by 200% and reorganizing all operations.

Building Products Distributor:

Tron principal was responsible for the corporate acquisition program of a privately held holding company in the building product distribution industry. Was instrumental in the acquisition of 19 companies in the industry and the growth in the company from \$90 to \$330 million in sales.

Private Equity Fund:

Tron principal was the Managing Director for a \$100-million private equity fund which made investments in hotels, aquaculture and manufacturing businesses.

Private Investment Firm:

Tron principal was a partner of a private investment company which focused on investments in underperforming middle market companies. While at the firm he led the acquisition of 10 companies in a range of industries.

Condominium Development:

TPG purchased an abandoned condominium project zoned for 128 units on 50 acres of ocean front land. Completed construction and sold 27 units. Reconfigured and redesigned the rest of the property and amenities. Sold the remaining land and permits to a national home builder.

Industrial Building:

TPG purchased the mortgages and obtained control of a portfolio of four industrial mill sites covering a total of 750,000 square feet. Performed extensive renovations and remediation to the properties and site and increased occupancy to 75%. Have since sold two of the mills and retain the other 2 in the TPG portfolio.

Condominium Development:

TPG purchased a 100 unit lakefront condominium development. Completed construction and closed on the sale of 50 units that were either partially completed or under contract. Reconfigured and repositioned the development and built and sold the 50 remaining townhouse units.

Hotel Acquisitions:

TPG has acquired 56 full service hotels and employs over 6,000 people throughout the United States. TPG specializes in renovating, rebranding and restructuring the hotels.

Development Projects:

TPG has recently begun development of several high rise condominium projects adjacent to hotels in order to provide luxury accommodations combined with enhanced services.

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Robert P. Wexler



Robert Wexler has more than 30 years experience in operational turnarounds, corporate reorganizations in and out of bankruptcy, and raising capital. He founded Tron Group in 1997 after seven years as a principal at The Recovery Group (TRG), an international turnaround-consulting firm. Prior to TRG, Robert was a senior executive at Rockport Shoe Company, where he played a key role in the management team responsible for the sale of Rockport to Reebok International, and he was Managing Director of a \$100- million private equity fund. Robert also was owner of a \$50-million construction company and a \$20-million bridge manufacturing company. Robert has performed over \$2 billion in corporate reorganizations, both in and out of Chapter 11. Robert is active in the Association of Corporate Growth, Turnaround Management Association and the American Bankruptcy Institute. Mr. Wexler is a graduate of the University of Vermont and has a BS in engineering from Northeastern University.

William Ash



William Ash has more than 20 years experience working with distressed or underperforming companies as a lender, consultant and investor. Prior to Tron he worked for five years at the Hollis Meddings Group, a Rhode Island based turnaround and business advisory firm. During that period, in addition to providing consulting and interim CFO services he was also appointed as the Principal Agent for the Receiver of two non-performing SBIC mezzanine funds and was responsible for the management and ultimate sale of 27 investments in a wide range of industries. Bill was also the Venture Capital Manager for RI Economic Development Corporation where he assisted companies in their strategic and financial planning and in raising equity and debt capital. Earlier in his career, Bill worked in the banking industry in business development, portfolio management and workouts.

Bill graduated from the New York Merchant Marine Academy with a degree in transportation management and completed graduate studies in Finance and Business Administration from Harvard and the University of Rhode Island. Bill is a member of the Turnaround Management Association and is certified in LEAN Enterprise.

Phyllis A. Lengle



Phyllis Lengle has 20 years experience in re-organizations, re-engineering, financial reporting, accounting, and operational analysis. Phyllis was the Controller of a 500-person technology company and during her ten years at Digital Equipment, she held Finance Manager positions at the corporate and business unit levels specializing in systems implementation, process re-design and cost controls. Prior to Digital, Phyllis was an audit manager with KPMG in Philadelphia, concentrating in financial services, health care and pharmaceuticals. Ms. Lengle holds an MBA in finance from the University of Pennsylvania's Wharton School, and a BA in economics from Millersville University. Phyllis has her CPA certification and is a member of the Turnaround Management Association.

Michael T. Cullinane



Michael Cullinane has 15 years experience working with distressed companies and has performed numerous financial restructurings for creditors. Michael's operational roles have included assignments as COO, CFO and Crisis Manager across a wide variety of manufacturing and service industries. Recently, Michael oversaw the operations of five machine tool companies and a chemical company for a \$250-million parent company in financial distress. Previous experience includes more than ten years as a consultant specializing in turnarounds and crisis management with Coopers and Lybrand, and The Recovery Group, where he spent two years in Eastern Europe as the leader of the firm's turnaround practice in Slovakia. Under his management, the Slovakian practice grew from three to more than 20 professionals and assisted more than 30 state-owned enterprises undergoing privatization. Michael holds an MBA in finance from the University of Pennsylvania's Wharton School and a BA in economics from Cornell University. Michael is a member of the Turnaround Management Association.



Alex Koppenheffer has over nine years experience performing due diligence, analyzing transactions, and developing post investment strategies particularly in the real estate industry. Alex's experience includes six years at Starwood Hotels & Resorts Worldwide, Inc. most recently as the Director of Real Estate Portfolio Management where he was responsible for the real estate strategy and product development for Starwood's owned and joint venture assets. Prior to that he was a Director in the Corporate Investments and Development Group where he was responsible for the evaluation and execution of corporate acquisitions, partnerships, investments, the leasing program and new business development for Starwood. Earlier in his career, Alex spent two years as an investment banking analyst at Bears Stearns & Co. Inc. in New York.

Alex has a BA with honors in Economics from Williams College and is a CFA level three candidate. Alex is a member of the Association for Corporate Growth.



Gayle Slattery has been in the financial services industry for over 20 years. In 1987 she co-founded Marlborough Capital Advisors, a firm which manages institutional partnerships investing in mezzanine securities of small to middle sized companies. Since 1987, Gayle raised three funds and invested over \$180 million in 40 companies. The third and final fund was fully invested at the end of 2002. Gayle manages the monitoring and reporting for the two remaining investments in the third fund, in addition to her responsibilities in the private equity practice of The Tron Group. Prior to Marlborough, she worked at New England Mutual Life Insurance Company, Bank of Montreal and Bank of Boston, and spent more than eight years with Wm. M. Mercer, a division of Marsh McLennan, as a consulting actuary.

Gayle has a B.Sc. from Queens University (Kingston, Canada) and an MBA from Harvard Business School. Gayle is also a Fellow of the Society of Actuaries, a Chartered Financial Analyst and is a member of the Association for Corporate Growth.



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