



EDWARD HOSTMANN, INC.

Crisis Management and Financial Advisory Services by Edward Hostmann, Inc.

In a business crisis, there's no room for sentimentality, wishful thinking, or indecisiveness and delay. Creditors want to be reassured that any assets posted as collateral will be protected, or their value preserved or recovered. They may call into question the management team and business strategies of their portfolio companies.

Debtors — the businesses and their management — face multiple, equally daunting scenarios: Can the business survive and move into profitability? Or is it necessary to re-focus by breaking up the business or selling off some of its operations? If more cash is needed to fund the business and move it toward stability, what can be done to encourage the creditors to extend additional credit?

Creditors and debtors alike often turn to business-crisis managers for assistance. However, finding a consultant with the skills and experience needed to manage a business through a major crisis is very difficult.

Consultants having the necessary mix of operational experience, a solid sense of strategy, decisiveness, and the ability to quickly put strategy into practice are rare indeed.

DEBTOR QUESTIONS:

How can I reassure my creditors that their loans are not in jeopardy?
Can we get our business healthy and profitable again? Can this business be preserved, or does it need to be broken up?
How quickly can we resolve the crisis?

CREDITOR QUESTIONS:

Is my loan at risk?
What needs to be done to protect it?
How quickly can this crisis be resolved?
How much will it cost?

What's more, those considering and searching for a crisis-management consultant often confront a dilemma: should they choose someone with extensive experience in the industry or business category of the company in question? Or, should they select someone with broad and deep experience in managing business crises? Ideally, they'd like both. Realistically speaking, they are often forced to choose.

But by selecting and working with Edward Hostmann, the dilemma disappears. His record of success shows, that being expert in managing crises is far more important than having business experience in a particular industry. What counts is making an accurate assessment, establishing the right priorities, and taking quick, decisive action. Edward Hostmann is a business-crisis manager, serving as a turnaround consultant and asset recovery expert for firms in financial difficulty. He represents debtors and creditors alike, in and out of bankruptcy. Since 1996, Hostmann has focused his practice upon representing financial institutions that face the prospect of losses on their loans. These loans typically range from \$10 million to well beyond \$100 million. Hostmann has more than 30 years of business experience — in management, operations and consulting.

Hostmann is a member of the Turnaround Management Association, an organization for professionals involved in the management of corporate turnarounds.

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Practical, objective counsel

Edward Hostmann begins every assignment with these principles in mind: commit to the assignment, act decisively, and resolve the situation quickly. The term that describes his approach most effectively is *practical*. Clients can be sure that the assessments he makes are accurate and well-reasoned, and his recommendations will be fully implementable — based upon clear-cut strategy. This practicality informs every decision and recommendation that Hostmann makes.

As a client, you want to know whether the crisis can be resolved, and how quickly. Hostmann begins every assignment with an objective, well-reasoned answer to these questions. If there is hope he says so. If not, he says so. This candor enables clients to take the first step to rapid recovery of the business, or of its assets if a turnaround is not likely. This objectivity is rare among consultants, a few of whom have been known to hold out false hope to the prospect in order to win an assignment.

Hostmann's practicality provides additional benefits. Most important, he remains focused upon achieving the best possible financial outcome for the client. His more than 30 years' experience in business give him the savvy to determine what is doable, what is not — within the context of the portfolio company's operational and political realities and the client's objectives.

Business-crisis managers must be able to deal with the politics of an organization, its financial and operational circumstances, and the sometimes-conflicting roles of employees and management or of consultant and management team. Hostmann maintains his effectiveness in these situations by focusing upon one goal: the needs of his client.

Winning results through definitive action

Delivering results in a crisis requires much more than theory or stellar strategy. Edward Hostmann begins every assignment with a clear plan for stabilizing the business or recovering assets, along with realistic counsel on the likelihood of recovery. This plan is based upon Hostmann's solid understanding of business finance, economics, business strategy, operational management, and business realities.

Working from the recovery plan, Hostmann frequently serves as a mediator between the factions that can develop in a business crisis. These may include creditors' committees, boards of directors, management teams, shareholders and even employees





or labor groups. The danger is that the crisis manager can be pre-empted by one or more factions and lose his effectiveness. Hostmann's focus upon the needs of his clients enables him to remain objective, proactive and effective in a crisis.

In his crisis-consulting practice, Hostmann has controlled cash, stabilized operations, and restructured companies. He has held positions as president, vice president, chief financial officer and general manager for companies in a variety of industries. He has considerable experience in negotiating with financial institutions and with federal and state taxing authorities. He has been retained as a financial consultant in workouts by creditor committees in Chapter 11 bankruptcy, turnarounds and liquidations.

Trustees, creditors' committees and attorneys frequently acknowledge his credibility and integrity. Objective and able to work with different vested interests in a crisis, he is an excellent motivator of people. This is especially helpful in eliciting the support of employees and mid-level management in resolving operational or morale issues.

Maximum recovery

Edward Hostmann takes on every assignment with the intention of making sure that his results exceed his client's expectations. He gets in, acts, and gets out quickly. This allows him to maximize recovery or restore a business to health while minimizing costs to the client.

Like most business-crisis managers, Edward Hostmann works with his clients on a confidential basis while the crisis is being resolved, and often long after.

Hostmann has earned the respect of local, regional and national lenders such as Wells Fargo Foothill, Wachovia Capital Markets, LaSalle Business Credit and others. Portfolio companies he has served include such nation-wide companies as Nationsway, Silver Screen Cinemas, Astro Container Corporation, the McGraw Group, and Flying O. Pacific Northwest regional companies served include: Sprouse-Reitz Stores, Tom Peterson, Portland Meadows, Tollycraft Yachts, Willamette Western, Beaver Coaches, West State, Oregon Potato, Atlas Telecom, and Summit Timber Company.





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“Managing a business in crisis is like appraising a diamond in the rough: you have to examine all sides, assess its fundamental qualities, determine a value for it, and then decide the best way to maximize value.

Do you keep it whole?

Or do you break it into pieces and sell them individually?

Is the value of the individual parts greater than the sum of the whole?”



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