

INVERNESS GROUP LLC

P O R T L A N D • S E A T T L E • C H I C A G O

turnaround • transition • transaction advisory
interim crisis management • court-appointed management

established 1983



Firm Overview



Bios



Industry Experience



References



Selected Engagements and Transactions

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INVERNESS GROUP LLC is a leading Pacific Northwest turnaround firm, founded in 1983, providing 'hands-on on-site' services to businesses which find themselves in short-term liquidity problems often residing on more fundamental core business challenges.

INVERNESS, through its professionals and in close coordination with key Company management and other Company resources, provides guidance and direction through the recovery process of the viable client.

Over the past 25 years, **INVERNESS** services to its clients have included:

- Transition Business Planning and Plan Implementation
- Turnaround and Crisis Management
- Interim Management
- Merger & Acquisition
- Receivership • Bankruptcy

INVERNESS professionals work closely with Management, Ownership, and third party "stakeholders" to address the requirements of the business within the context of the Turnaround Plan, and to participate in the direction of the Plan alongside key managers.

Once implementation has begun, open dialogue and proven management tools to involve all parties to the process are essential to success in merging operational, financial and staff resources.

Each of our professionals has direct operating management experience, in addition to the proven financial restructuring skills and extensive deal experience with the firm's network of lenders, investors and other more unique capital sources.

The priorities and needs of the client remain at the center, and all resources are focused on a program which is appropriate for and achievable by the client.

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John L. Davidson

managing partner

Mr. Davidson brings over 30 years of financial and general management experience to his role as a Principal and Managing Partner of Inverness Group LLC.

Mr. Davidson has spent the past 25 years in the area of turnaround management, including interim management positions in selected cases as well as hands-on responsibilities with the firm's larger and more complex advisory engagements.

During 1989-1991, he directed engagements on the West Coast for a national consulting firm specializing in turnaround management and financial/operational restructuring for middle and upper middle market clients. Mr. Davidson received the firm's Consultant of the Year award in 1990.

Among his direct management roles and in addition to his engagements as advisor to management and ownership, Mr. Davidson has served as: President & Chief Executive Officer of Cumetrix Data Systems, a publicly-held (Nasdaq) computer and internet tools development company based in Los Angeles (1999) and as Executive Vice President & Chief Operating Officer of Granite Furniture Co., a major regional multi-location furniture and electronics retailer, based in Salt Lake City (1998). In each case, he developed and initiated implementation of interim and long-term restructuring steps, resolving immediate crisis and management issues and positioning the businesses for recapitalization and transition at the direction of the Boards.

He served as Senior Vice President and Chief Operating Officer of Hind, Inc., a leading California-based manufacturer and retailer of technical apparel products for the performance sports industry. He successfully directed the Company's out-of-court restructuring program and negotiated the 1996 sale of the business to Saucony, Inc., a Boston-based public company and manufacturer of athletic shoes and apparel under the Saucony brand.

He also served as Managing Director under the Court-supervised restructuring and successful turnaround of International Aero, Inc., a Washington-headquartered manufacturer and FAA-authorized repair contractor for commercial aircraft components. Mr. Davidson directed the stabilizing and restructuring of the business prior to and subsequent to the effects of the Sept. 11, 2001 events on the aircraft industry.

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Mr. Davidson has also served as Court-appointed Receiver in numerous operating cases in the Pacific Northwest, including significant involvement in the timber products industry. He is qualified as a Chapter 11 Trustee and Examiner and has directed business reorganization and asset dispositions within formal court processes, including the following:

1. States Industries, Inc. – Eugene, Oregon (2010) Pacific NW wood products manufacturer – Chief Restructuring Officer / Chapter 11
2. Forest Grove Lumber Co. – McMinnville, OR (2010) – Court-appointed Receiver
3. DSH Holdings LLC – Bend, OR (2008 – Present) – Court-appointed Receiver (Industrial properties and land)
4. (Company Name Withheld / 2009) – Mixed Use Washington-based Development company with secured debt in excess of \$130mm among 8 secured lenders
5. (Company Name Withheld / 2008 – Present) – Residential Development company with secured debt in excess of \$75mm among 6 secured lenders
6. Three Rivers Timber, Inc. – Lewiston, ID (2008 – Present) – Court-appointed Receiver (privately-held major regional sawmill and timber operations)
7. (Company Name Withheld / 2009 – 2010) – Idaho Wood Products Manufacturing (Advisor to Debtor in out of court restructuring)
8. (Current Engagement – Company Name Withheld / 2009 – Present) – Pacific NW real estate lender / investment fund management – Advisor to Debtor in out of court restructuring
9. (Current Engagement – Company Name Withheld / 2010 – Present) – Pacific NW Agricultural Equipment Distribution / Multi-Location - Advisor to the Company in restructuring steps
10. North River Marine, Inc. – Oregon, California, Washington (2009) – Lender-side management of wind down / boat inventory dispositions process
11. Thompson & Walters Nursery LLC – Forest Grove, OR (2008 – 2009) – Court-appointed Receiver
12. Trail Wagons / Chinook – Yakima, WA (2005 – 2006) – Court-appointed Receiver (RV manufacturing facilities and real property)
13. Premium Timberland Sales, Inc. – Eugene, OR (2004 - Current) – Court-appointed Receiver (Management / Sales of Wachovia Bank-owned REO holding timberlands and recreational properties in the Pacific Northwest)
14. Gage Industries, Inc. – Portland, OR (2007 – 2008) – Out of Court restructuring and sales of ongoing core businesses of this major regional plastics company.
15. Comet Trailer, Inc. – Yakima, WA (1994-95) – Court-appointed Receiver (Superior Court – Yakima, WA) – Restructuring and Sale of Operating Business / Disposition of Non-core Assets
16. Overland Printers, Inc. – Los Angeles, CA (1994) – Directed out of court creditor composition and sale of subsidiary / managed wind-down of non-core business
17. The Governor Hotel – Portland, OR (2003) – Court-appointed Receiver

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18. Emporium Stores – Eugene, OR (2002 - Current) – Directed the Chapter 11 Bankruptcy - Advisor to the Debtor and Acting Chief Financial Officer
19. International Aero, Inc. – Burlington, WA (2001) – Custodian Pendente Lite (Superior Court-King Co., WA) - Restructuring
20. Gateway Forest Products – Ketchikan, AL (2000-01) – Chapter 11 Bankruptcy – Debtor's Financial Advisor
21. Mirror Software, Inc. – Kirkland, WA (1999) – Receiver (Superior Court-King Co, WA) – Reorganization and Business Sale
22. Cascade Pacific Industries, Inc. – Eugene, OR (2001) – President & CEO (Chapter 11 – Bankruptcy Court – Eugene, OR) – DIP Operations and Sales of Business Units and Assets
23. Babler Brothers, Inc. (PIPE, Inc.) – Portland (2000) – Advisor to the Company in an out-of-court reorganization and sale of the core businesses
24. 800.com – Portland (2002) – Advisor to the Company in an out of court restructuring, sale of core IP, and managed liquidation of remaining assets.
25. Boston Markets (NW) – Seattle, WA (1998-99) – Managing Agent for the Debtor (Ch 11 – Bankruptcy Court – Seattle, WA) – Managed Sales and Liquidations of retail locations
26. Tri-Valley Growers, Inc. – San Ramon, CA (2000)- Financial Advisor to Bank Group (Ch 11 – Bankruptcy Court – Oakland, CA) – Reorganization
27. Vanalco, Inc. – Vancouver, WA (2000-01) – Ch. 11 Financial Consultant (Ch 11 – Bankruptcy Court – Tacoma, WA) – Restructuring and Sale
28. Orange County Nursery, Inc. – Los Angeles / Visalia, CA (1992-94) – Out of Court reorganization
29. Springtime Nursery, Inc. – Hillsboro, OR (1992) – Advisor to the Company in disposition of California non-core operations. Restructuring prior to sale.

He has significant hands-on involvement, through the management of client engagements, in a number of other industries, including those listed in attached.

His financing background includes administrative and line management responsibilities from 1976 - 1982 with major Lenders in the areas of:

1. Special Assets and Workouts
2. Project Finance / Asset-Based Lending
3. Corporate Finance & Workout Strategies
4. Fortune 500 & Middle Market Financings

Educational Background

Mr. Davidson received his undergraduate degree from UCLA and his Master's degree in International Business from the American Graduate School of International Management (Thunderbird). He is qualified as a Court-appointed Bankruptcy Examiner and Chapter 11 Trustee and has served as Court-appointed Receiver in various operating cases.

Mr. Davidson has been a member of the Turnaround Management Association (TMA) – Chicago and the AIRA.

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Industry Experience

- Commercial / Residential / Mixed Use Real Estate Development and Property Management
- Timber Products, Treating, and Timber Resources
- Unconventional High-Risk Mortgage Investments – Originator Asset Dispositions
- FAA-Certified Private and Commercial Aircraft (Components) Manufacturing
- Manufacturing and Distribution - Transportation
- Oil & Gas Production & Refining
- Hotel, Resort and Hospitality
- Distribution - Transportation
- Metals Production and Extrusion
- Seafood and Beef Processing and Distribution
- Commercial and Specialty Printing
- Multi-Location Retail
- Agricultural Cooperatives – Production, Processing, Dist.
- Computers and Peripheral Equipment Distribution
- Health Care / Hospital Administration
- Apparel Manufacturing and Distribution/Retail
- Consumer Durables/Furniture Mfg. & Distribution
- Production-stage Technology (Mfg & Distribution)
- Retailing/Consumer Products
- Nursery Production and Distribution (Tree / Ornamental)
- Beverage Bottling / Foods Processing & Distribution

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Selected Reference List

Client References (with permissions)

- International Aero, Inc.
- The Lancair Company
- Mirror Software Corporation (CSI)
- Emporium Department Stores
- Morrow Snowboards, Inc.
- 800.com, Inc.
- Cascade Pacific Industries, Inc.
- Coast to Coast Seafoods, Inc.
- Vanalco, Inc.
- Schweitzer Mountain Resort
- Babler Bros., Inc. - PIPE, Inc.
- Gateway Forest Products, Inc.
- Noel Corp. (Pepsi-Cola Bottling)
- Powder River Equipment
- Hind, Inc. (Saucony, Inc.)
- California Prod. Service (Pool Inc.)
- Orange County Nursery, Inc.

Supplier / Committee References

- California Steel Industries
- National Medical Enterprises
- Levi Strauss Corp.
- Burlington Industries, Inc.
- Malden Mills, Inc.

Financial Institution References

- Bank of America / BA Business Credit
- US Bank
- Union Bank
- Wells Fargo Bank
- Wells Capital Finance
- PNC Business Credit
- GE Capital
- Citicorp
- Chase
- Silicon Valley Bank
- Washington Federal

Legal Firm References

- Perkins · Coie LLP
- Schwabe Williamson Wyatt
- Ball Janik LLP
- Sussman Shank
- Crocker Kuno LLC
- Davis Wright Tremaine
- Miller Nash
- KL Gates
- Arnold Gallagher Percell Roberts & Potter
- Hershner Hunter LLP
- Buchalter Nemer Fields & Younger

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Selected Client Engagements

Comet Trailer Corporation 1994-1995

(Yakima, WA)

Manufacturer of transportation equipment and peripherals

- Role: Appointed Receiver under stipulation among Debtor and primary lender (US Bank)
- Directed restart of manufacturing operations and orderly build-out / wind down of materials inventories and selected contracts
- Negotiated Jobs Development and Continuation Programs with Washington State Agencies to Support Outplacement
- Directed managed liquidation of fixed assets (post-build out)
- Sourced and negotiated sale of trademarks and other intellectual property

The Lancair Company 2002

(Bend, OR)

FAA-Certified Private Airplane (Composite) manufacturer

- Role: Advisor to the Company in its successful out of court reorganization and recapitalization
- Negotiated secured and unsecured creditor composition, including state IRB financings
- Advisor to management and the Board in the interim wind down and restart of 350-employee operation

Granite Furniture Company 1998

(Salt Lake City, UT)

Leading regional furniture, accessories and appliance / electronics retailer operating 5 locations (up to 100,000 sq. ft each) in the InterMountain area

- Role: Appointed Executive VP & Chief Operating Officer
- Directed 1998 Reorganization; Responsible to the Board of Directors
- Positioned the Company for its planned recapitalization program in 1999-2000

International Aero, Inc 2001

(Burlington, WA)

FAA-Authorized and Boeing-Certified Aircraft Component Manufacture and Repair Station

- Role: Interim Restructuring Officer and Director during the Company's pre- and post- September 11 reorganization
- Directed restructuring of core operating units to position the Company for return to profitability and strategic sale
- Directed customer (major and regional airlines), strategic partner and Boeing negotiations to reposition Company and insure market gains during the industry's stabilization post-9/11

Cumetrix Data Systems, Inc. 1999

(Los Angeles, CA)

Publicly-traded (NASDAQ) Manufacturer of computer systems and business to business web-based applications

- Role: President & CEO
- Directed return to compliance with SEC-reporting guidelines and directed senior management team in restructuring steps
- Developed turnaround plan and early implementation of investment and operating restructuring at the Board's request

Coast to Coast Seafood, Inc. 2001

(Seattle, WA)

\$200mm processor and distributor of frozen and fresh seafood

- Role: Advisor to the pre- and post-filing Chapter 11 Debtor
- Assisted management in the disposition of non-core inventories and in the realignment of product marketing
- Negotiation of business segment sales prior to and during the Ch 11 process
- Negotiation of interim forbearance arrangements (pre-Petition) among secured and unsecured creditors

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Seattle Lighting Corporation 1996 (Seattle, WA)
Major Regional Builders' Lighting and Supply
Retailer / Wholesaler – 11 locations

- Represented Debtor in Chapter 11 Reorganization (Perkins Coie – Debtor Counsel)
- Developed, with Management and the Board, Debtor's Plan of Reorganization
- Plan Confirmation, resulting in Sale to Strategic Buyer

Mirror Software Corporation 1999
(Kirkland, WA)

Imaging software and peripherals developer for applications in plastic and reconstructive surgery and cosmetics markets

- Role: Appointed Court Receiver under stipulation between Debtor and primary secured lender (Silicon Valley Bank)
- Sourced, Negotiated, and Secured Court-Approved sale (in competitive bid process) of Technology and other Intellectual Properties to strategic industry Buyer for restart of primary development and sale activities

Gateway Forest Products, Inc. 2000-01
(Ketchikan, Alaska)

Former Louisiana Pacific Mill, Logging, Pulp and Veneer operations.

- Role: Advisor to the Debtor in its development of the Chapter 11 interim operating plan
- Negotiation of asset dispositions prior to and during the Ch 11 process
- Development of interim forbearance arrangements among secured, unsecured (Committee) and log lien creditors

Schweitzer, Inc. 1996 (Idaho / Montana)
Major Regional Ski, Resort and Hospitality Owner-Operator and Developer. Logging and Timberlands Development

- Role: Appointment as EVP & Chief Operating Officer following Advisory Assignment in Out of Court Restructuring Program
- Directed Management of Hospitality and Property development Activities within Plan and Forbearance Program Negotiated among the Board and Secured Creditors
- Developed Creditor Moratorium to Support Restructuring Steps without Disruption of Seasonal and Development Activities
- Directed Timber Sales and Cutting Program

Tri Valley Growers, Inc. 2000
(San Ramon, CA)

Leading (\$1 billion annual sales) national processor of food products under the S&W, Libby's, and other brand names)

- Role: Advisor to the Secured Bank Group (17 lenders) in the pre- and post-petition Chapter 11 process resulting in the reorganization of the business and Plan confirmation
- Interface among the secured lenders (BofA as Agent) and TriValley management and Board
- Negotiation of asset dispositions prior to the reorganization of core business segments during the Ch 11 process
- Development of DIP financing and interim forbearance arrangements

Cascade Pacific Industries, Inc. 2001
(Eugene, OR)

Diversified mill and wood products processing company.

- Role: President and CEO during Chapter 11 reorganization and non-operating asset dispositions process
- Direction of operating division restart and sale process, including management of strategic customers through interim processing agreements
- Sale of operating divisions within the Chapter 11 process (Eugene)
- Final dispositions of non-operating assets and distributions to creditors

The Governor Hotel 2003
(Portland, OR)

Landmark downtown hotel in Portland, Oregon

- Role: Court-appointed Receiver responsible for all stabilizing operations and directing management in the operations, marketing and creditor negotiations pending sale of the business
- Completed the sale to a local investment group and national hotel operator in mid-2003

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Premium Timberland Sales, Inc. 2003-05

(Eugene, OR)

Wachovia REO managing timber and ranch properties aggregating 150,000 acres in Oregon / Washington

- Role: Court-appointed Receiver – Direction of all timber deed / fee and other real estate property dispositions
- Reconciliation of timber accounts and scheduled tracking / management of timber properties on behalf of 3 bank group

California Steel Pressure Pipe, Inc. 1991-92

(Los Angeles, CA)

Leading Engineered Pipe Manufacturer with Multi-State Plant Production; former Jim Walter Corp. / KK&R Subsidiary

- Role: Appointed EVP & Chief Operating Officer to Assist Board in Successful Turnaround
- Developed Creditor Moratorium and Support for Out of Court Composition
- Directed Insolvency negotiation with regulatory Agencies and Other Parties in Interest

Emporium Department Stores

(Troutman Investment Co.) 2002-03 (Eugene, OR)

Major regional (34 locations in WA, OR, CA, NV, ID) department store chain.

- Role: Financial Advisor to the Debtor in Possession (employed in the Ch 11 case)
- Interim Chief Financial Officer role, in addition to planning and management support in the managed wind down process and asset dispositions
- Management of sale / creditor processes, and direction of Plan distributions

Boston Markets (BC Northwest, L.P.) 1998-1999

(Seattle, WA)

Specialty restaurants chain – 61 locations in Washington, Idaho and Oregon

- Role: Appointed Managing Agent of the Debtor in Chapter 11 bankruptcy case
- Negotiated leased location exits / settlements
- Directed orderly sales of locations and fixed assets

Babler Brothers, Inc. (PIPE, Inc.) 2000

(Portland, OR)

Leading manufacturer of concrete pipe and products; Market leader in Oregon and Washington markets.

- Role: Advisor to the Board and Management in the 2000 out-of-court reorganization and going concern sale process
- Directed the planning and implementation of creditor forbearance (including out-of-court unsecured creditors' committee) and interim financing and restart of core operations.
- Directed competitive sale process, resulting in sale to Hanson PLC, a major UK manufacturer.
- Consensual process resulted in full payment to all secured and unsecured creditors, as well as low 8 figure return to equity

Microware, Inc. 1994 (Portland, OR)

\$350mm Manufacturer / Distributor of Computers and Peripherals

- Role: Court-Appointed Examiner in Chapter 11 case
- Developed Examiner's Review and Forensic Accounting within Debtor's Administration of Chapter 11 Case.
- Testimony and Presentation of Findings to the Court

Maxim Energy, Inc. 1982-84 (Bakersfield, CA)

Energy Resources Management and Production Company (start-up and contract management)

- Role: Co-Principal, SVP and Chief Financial Officer - Directed Reorganization Advisory Services on behalf of Clients and Acquisition Targets
- Early Involvement in Successful Acquisitions of Resource Properties and Operations out of the Penn Square Bank Insolvency
- Due Diligence Support for Client Acquisitions of Distressed Oilfield and Refining Companies in California and Texas