Keeping Equipment on the Road…

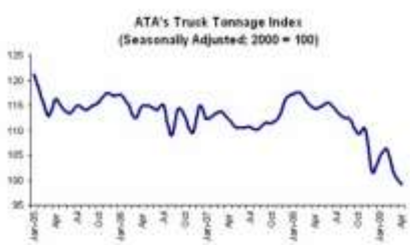
The Company

The company is a flatbed truckload carrier.

The Situation

When the Keystone Group arrived at the client, the company's numerous equipment lenders were close to withdrawing their support for the company. Several of the lenders had already filed notices of defaults with the court.

Despite historically profitable growth, increased leverage and economic slowdown resulted in poor financial performance for the truckload carrier.



For the ten months prior to Keystone's engagement, the client was unable to generate sufficient EBIDTAR to cover debt service.

The lender community initially recommended The Keystone Group to assess the situation and validate the financial forecast. Once engaged, Keystone additionally assisted with cash management, vendor/lender negotiations, and the implementation of a turnaround plan.

The Approach

Cash Management

Keystone performed a financial and operational assessment in order to properly identify the gap in EBITDAR to debt service. Quickly realizing that the EBITDAR/debt service gap would not be closed in the near term, Keystone became heavily engaged in creditor discussions and daily cash management.

- Maintained 13-week cash flow on a daily basis and managed overdraft needs with the bank providing revolving credit.
- Provided frequent, non-biased, and transparent ongoing communication to creditors.
- Determined outstanding balances, deferrals and steady state payment amounts for all of the equipment lenders.

Turnaround Plan

Keystone's turnaround plan revolved around three key work streams:

1. Optimization of the fleet size
2. Ongoing operational performance improvement
3. Exploring cash generation events

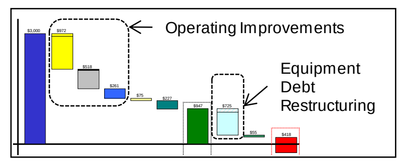
Keystone created buy-in across the lender community to provide continued relief while a turnaround plan was developed and implemented.

Cost reduction initiatives focused on fuel management, headcount reduction, tires, driver pay, parts expenditures, truck washes, other general expense control, and executive pay reduction.

The Results

Despite industry capacity reductions, demand has continued to be a struggle and revenue has yet to rebound. The on-going work has already generated critical benefits for the company, including:

- Various changes through amendments to the credit facility to increase liquidity
- Realized operational cost reductions 25% above expectation



- Within 30 days of the initial engagement, negotiated tremendous equipment lender support, resulting in modifications to most lending agreements

Working closely with management, Keystone is monitoring key performance indicators such as loads per truck, rate per mile, length of haul, fuel mileage, and driver wages, and continues to provide regular updates to the creditor base to support ongoing decision making.

"Without Keystone's involvement, we are fairly certain that this company would have closed its doors 6 months ago, and the bank group would have taken a significant loss on this loan."

- Senior Loan Officer, Agent

The Keystone Group
Attainable Goals, Sustainable Success
www.TheKeystoneGroup.com

311 S. Wacker Drive Suite 5000
Chicago, IL 60606
312.960.3630