

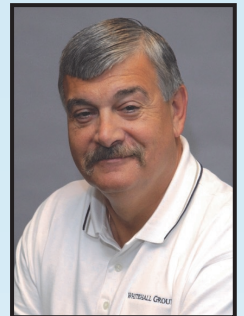
WHITEHALL GROUP

focus

PROVIDING SERVICES TO COMPANIES IN TRANSITION

An update from Joe Bione...

“THE WORST SEEMS TO BE OVER NOW WHAT DO WE DO?”



It has been six long months since our last newsletter, and in many ways, these past six months have felt like six years.

- The economy hit record lows of 6440 on the DJIA.
- General Motors and Chrysler filed Chapter 11, as well as many other long established institutions.
- Michigan’s economy has been declared one of the worst in the nation with unemployment at double digits.
- Lending has been all but nonexistent and cash reserves have dried up.

No one could have predicted this turmoil, yet somehow we have survived and are starting to see that the economy might have finally bottomed out. No one is predicting a quick recovery, but like the aftermath of a terrible hurricane or disaster, there is always the hope which says the worst is over. But as reality begins to set in, we realize it’s time to rebuild, but also recognize that it won’t be easy. For those who have survived, it’s now time to take the important steps to move forward.

Here at Whitehall, we have seen our clients go through some very trying times. We have provided assistance to them in many different ways. We see the key issues facing businesses today as the following:

- Evaluate cash and cash projections from 13 to 26 weeks out to understand the extent of the damage. More importantly, does the business have the liquidity to survive the duration of the recovery process?
- Re-evaluate the business model, from the customer base to the products or services an organization provides. Is it time to restructure and to reorganize to meet the future needs of the current base, or is it time to re-invent the business?
- Be realistic with projections and forecasts. Don’t try to fix the situation with top line expectations. Continue to trim wherever possible. Be as lean as possible, yet flexible enough to adjust to the changes the new economy may bring.
- Do not allow recidivism to set in and learn from this storm. Be agile, get competitive, and stay flexible.

Whitehall has traditionally been viewed as an automotive/manufacturing operational improvement firm. Yet, we have always been a firm with strong financial skill-sets capable of assisting companies in many different industries. We have the ability to assist any company in any industry in today’s complex economic climate. Our financial capabilities, coupled with a strong operations background, provides us with a unique differentiator in this marketplace.

On the next page are several examples of the industries we are currently engaged in and the types of work we are doing. Let us know where we can help you or your clients....

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RECENT CLIENT ENGAGEMENTS

Financial and Operational Viability for a Candy Company



The Whitehall Group is providing assistance to a 100+ year old candy company which met resistance from their lender due to declining business volumes not offset with cost reductions, as well excessive working capital investments not supportable under current or contemplated advance rate formulas.

Whitehall developed a 26 week cash flow supported by a validated operating plan that reduces lender risk while allowing the company to undertake an appropriate financial and operational turnaround plan.

Result: A revised planning process integrating customer orders, payment terms, product/distribution mix, and vendor lead time /payment requirements have improved their ability to evaluate customers, purchasing strategies and headcount requirements in line with working capital and cash flow ramifications. Additional efforts are under way to restructure management, rationalize facilities, and improve manufacturing scheduling that will support bridging loss operations to a potentially profitable footprint within the next three to six months.

Operational Improvement and Cost Reduction at Automotive Tier 2

Working with a large Tier 1 automotive supplier, Whitehall was engaged to develop and implement a plan to improve quality and delivery from a primary supplier. Performance was such that current and future business was at risk. Whitehall developed and implemented initiatives which resulted in quality being built in-station versus more costly and less effective internal containment. A robust process-focused audit and continuous improvement management process were also instituted to monitor ongoing action plans and measure effectiveness.



Result: Internal costs were reduced by eliminating the dependency on internal containment and reducing scrap and rework. New business was awarded based on significant improvement in quality and delivery.

Multiple Supplier Assessments for a Publicly Traded Aerospace Corporation

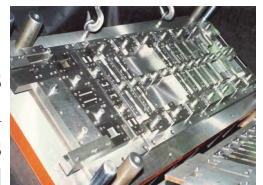


The Whitehall Group provided services by conducting strategic assessments of at-risks suppliers for a publicly traded, world leading aerospace company. Whitehall's client had a need to determine if their suppliers were experiencing isolated problems or if there may be potential systemic issues causing a significant risk to the OEM and their production targets. The engagement included on-site assessments of four distinct suppliers, each with a different set of symptoms. The Whitehall services incorporated the use of a standardized operational "scorecard" which compared the suppliers to an ideal set of operational practices.

Result: The benefit for Whitehall's client was to gain better visibility to key weaknesses in their supply base and develop action plans to address the issues. The supplier's benefit of the third party assessment process allowed them to create action plans that improved their overall cost and profitability, as well as mitigate risk to their customer.

Tool Move Assistance for Automotive Tier 1

The Whitehall Group provided assistance to an Automotive Tier 1 that was suffering from one of its vendors involved in an orderly liquidation. The Tier 1 had production targets that needed to be made in order to avoid shutdown of a major OEM production line. The vendor, in process of Chapter 11, was closing in a matter of two weeks when Whitehall became engaged. Whitehall organized, facilitated and managed the tool move of 40+ tools to the Tier 1's new suppliers.



Result: The third party assistance provided by Whitehall allowed the Tier 1's employees responsible for this supplier to remain focused on their day-to-day objectives, but still accomplishing putting out a fire that could have lead to extreme production loss and down-time at the OEM's assembly plants.

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“DON'T TAKE IT PERSONAL, IT'S ONLY BUSINESS”

Bill Wiechec



Unfortunately, in today's economic environment, with significantly lower volumes and excess capacity, larger businesses such as OEM's and large Tier 1's are simply resourcing their business. They are not interested in listening to reasons or excuses, and would rather resource than take the risk of working with a financially distressed supplier. There always seems to be someone who is more than willing to take a bigger share of the business!

Similarly, the banks and lending institutions are not interested in providing loans, re-financing, or extending credit lines. Their attitude is similar to the OEM's and Tier 1's, and don't feel they have the obligation to work towards a solution, regardless of the number of years working together.

Businesses are truly caught between a rock and a hard place. But if the supply base is in trouble, then the customers, OEM's, and Tier 1's are also in trouble, often without knowledge or forewarning.

Given customers and banks are not in the position to help, businesses need to take a hard look in the mirror and ask themselves if they are capable of making it on their own, without any external assistance or support.

- Do we have the necessary experience to manage the situation?
- Do we have the right resources?
- Are we capable of assessing our position in an objective manner?
- How have we validated the actions being taken are robust or sufficient to improve performance?

Although these questions pertain primarily to the troubled businesses, they also have significant relevance to the customers, banks, lending institutions, accounting firms and attorneys who need to ask themselves the same questions regarding their processes for managing suppliers or clients. For all, now is not the time to be cavalier, conservative, or defensive of their positions.

Typically, in organizations such as OEM's, Tier 1's, banks, and lending institutions the solution to a supplier or client problem (cost, quality, delivery, viability) is often managed through functional silos, each having their own view of the situation as well as the potential solution. Too often, this leads to sub-optimization due to lack of breadth in evaluating the troubled business's situation. In many cases, the solutions are point solutions, often associated with either the operations or the financials, and not the supplier or clients processes or total business situation.

In the past, customers and the banks felt an obligation to pay for third party services who act on their behalf with problem businesses. But those days are gone; budgets can no longer absorb those expenses to the degree they have in the past. More than ever, businesses are being held accountable for fixing their problems, and not at the expense of their customer or lending institution. But equally as daunting for the OEM's, Tier 1's and the financial community is the challenge of managing a deteriorating supply base situation with fewer and / or less experienced resources. Whether the situation warrants bringing other internal resources into the business, or identifying the need for the use of external resources, the key is to be proactive and get the help as soon as possible. Don't wait for the troubled business to ask themselves the right questions and make the right decision. Customers, banks, accounting firms, and attorneys need to ask their suppliers or clients, as well as themselves, whether they have the capability to address the current situation. Being proactive always results in less cost for all involved.

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UPCOMING SPONSORED EVENTS

MACPA'S 2009 CPE Select Conference September 30, 2009 - Rock Financial Showplace, Novi, MI

Keynote Presentations include "The Economy and YOU" by Dana Johnson - Senior VP and Chief Economist, Comerica Bank, and "Creating Competitive Advantage: Developing a Roadmap for Sustainable Performance" by John L. Daly - President, Executive Education, Inc. Whitehall Group is also a featured speaker and will be addressing how to manage cash in today's economy. Register online at www.michcpa.org.



Automotive Supplier Finance Summit October 28, 2009 - Hyatt Regency Dearborn, Detroit, MI

Keynote Presentations include "The New Supplier Footprint" by John DiDonato - Managing Director, Huron Consulting Group and "Supplier Opportunities Looking Forward" by Joe Bione - President and Managing Partner, Whitehall Group, LLC.



OESA 2009 Outlook Conference and 11th Annual Meeting of Members November 9, 2009 - Detroit Marriot Renaissance Center, Detroit, MI

Some keynote speakers include Mike Jackson - Chairman and CEO, AutoNation, Inc., Barb Samardzich - Vice President, Powertrain Engineering, Ford Motor Company, and Steve St. Angelo - Executive Vice President, Toyota Motor Engineering & Manufacturing North

OESA "A New Chapter: Restructuring the Automotive Industry" June 3, 2009 - Dearborn Inn, Dearborn, MI

At this recently sponsored event, Whitehall focused on how businesses could finance their company during these challenging times. The presentation "Managing Cash to the Nth Degree (A Survivors Guide)" identified six key items for management.



To obtain more information on any of these events or to schedule an on-site discussion or presentation with you or your staff please contact :

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