

CARVER CROSS SECURITIES CORP.

Merger/Acquisition Services for Private-Company Sellers

Carver Cross is devoted to achieving the financial, investment, and corporate-development objectives of private companies and their shareholders. For many companies, those objectives include a sale of the business at some point. Achieving that goal lies at the core of our competence and experience.

We know that the sale of a private company raises many issues not typically encountered in a merger/acquisition/sale of a public company. We know that the sale of a private company is, for most business owners, a once-in-a-lifetime event involving the owner's most valuable asset. The cost of a mistake can be high. We have decades of experience acting as financial advisor and agent in the sale of private companies. ***Our focus and specialized background position us extraordinarily well to serve as M&A advisor to private companies.***

Every company is unique; every shareholder group has its own objectives and dynamics; every company-sale assignment is unique. In some cases, the sale process involves a single acquirer; in others, a number of potential acquirers are included in the process, which may be an "auction" or modified auction. Thus, long experience tells us that there is not a "one size fits all" solution for a private-company sale project, and we tailor our advice and the design of the sale process to each client's circumstances.

After gaining a thorough understanding of the business and its owners' objectives, we might, in fact, advise our client that their objectives can be achieved without an outright sale of the business. For example, a recapitalization to finance either a special dividend or a buy-out of one or more shareholders can be appropriate if the objective is to have partial liquidity and/or if some shareholders wish to carry on and others want to exit.

Maximizing a client's interests can be summarized in one word: ***process***. A properly designed and well-managed sale process tends to optimize the outcome for the seller. This is true whether the process involves a single potential acquirer that is already known to the seller, or whether it involves multiple interested parties that we and our client bring to the table. In either case, Carver Cross fulfills critical roles:

We assist in analytical areas such as financial analysis, valuation, and the preparation of written information that presents the client in the best light.

We assist our client in articulating its strategic value and investment merits as well as the financial and strategic benefits the acquirer could realize.

We bring market intelligence to the process.

We maintain the integrity and discipline of the sale process, keeping all interested parties "in line" and on schedule or, if the process includes only one potential acquirer, we provide counterbalance to the leverage the buyer might otherwise have.

Our management of the process creates the perception amongst potential acquirers that the seller has alternatives (and hence, leverage), whether or not there are multiple interested bidders.

We control the flow of information and maximize confidentiality, thus preserving the value of the client in the sale process and in the marketplace.

We serve as an intermediary / buffer, which protects the seller and allows us to explore negotiating positions and “test the waters” without committing the seller or limiting its negotiating flexibility.

We bear much of the significant time and effort demanded by the corporate-sale process; our client can remain focused on executing its business strategy.

See page 3 for an expanded list of activities we typically undertake on behalf of a seller.

While the M&A advisor’s role is sometimes associated with identifying and approaching multiple potential acquirers, we view that as just the first step; the advisor’s value derives heavily from the roles described above. In fact, we have often been engaged to assist in a single-acquirer process when, for instance, a highly motivated acquirer makes an approach to a company that is not officially “for sale” or when a seller might wish to limit the breadth of the sale process. In these situations, the roles described above can be particularly important given the one-buyer nature of the process. In the one-buyer situation, our role includes creating “Plan B” (*i.e.*, how to proceed if the buyer fades) or at least giving the potential acquirer the impression that the seller has alternatives, thus imposing discipline on the potential acquirer.



As all of our activities on behalf of a client are conducted within the context of one coordinated process that we, in conjunction with the client, design, orchestrate, and control, we act for the client on an exclusive basis. We believe this is in the best interest of the client and it ensures that our interests and the client’s interests are fully aligned.

Our compensation in a corporate-sale assignment includes a project fee and a cash completion fee that is based on the total value of the sale transaction. The other terms of an engagement include reimbursement of out-of-pocket expenses incurred on the client’s behalf and various boilerplate legal provisions including indemnification.

To discuss your situation in confidence, please contact:

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Our corporate-sales services generally include:

1. preparation of descriptive material for use in marketing the client – whether to only one or multiple potential acquirers – and assisting interested parties in a business and financial evaluation of the client;
2. preparation of analyses of the client’s historical and prospective financial performance and condition, including preparing *pro forma* financial statements to adjust for “private company add-backs” to fairly present the performance of the operating business;
3. advice as to the probable range of proceeds obtainable from the sale;
4. developing a customized, effective strategy for marketing the client and effecting the sale on an advantageous basis;
5. identifying potential acquirers and executing the marketing strategy;
6. managing the process of developing and assessing the interest of each potential acquirer;
7. maintaining the pace of the process to move potential acquirers towards a closing;
8. managing the potential acquirers’ due diligence process;
9. assisting the client’s management in preparing for and engaging in discussions with potential acquirers;
10. assisting in the preparation of supplementary material that potential acquirers request;
11. assisting in the design, presentation, discussion, and evaluation of specific acquisition structures to be proposed to, or discussed with, potential acquirers;
12. advice on the procedures for procuring, evaluating, and responding to definitive offers;
13. participating in negotiations with respect to the financial and non-financial terms of the proposed sale/acquisition transaction;
14. if the purchase consideration is to include a new issue of the acquirer’s securities, assistance in the design and negotiation of such securities, addressing such issues as:
 - the pricing and structure of the securities;
 - non-economic terms, such as those relating to key governance issues to protect the minority shareholders;
 - shareholder agreements, including share-transfer agreements (tag-along rights, rights of first refusal or first offer, etc.);
 - voting agreements (proxies, voting trusts, etc.); and
 - exit strategies, such as buy/sell agreements, a “put”, cash-on-cash exit, corporate-sale or IPO undertaking;
15. if the purchase consideration is to include securities of an outstanding series of the acquirer’s securities, assistance in valuing and assessing risk factors of such securities;
16. advice on the consequences of financial-market-related developments for the timing and success of the proposed sale transaction;
17. assisting in negotiating and reviewing drafts of the definitive transaction documentation;
18. coordinating the activities of other professional firms whose services may be required by the client, including attorneys, accountants, consultants, and others; and
19. together with the client’s attorney, manage the final steps to close the transaction.