



CHAPMAN ASSOCIATES®
Mergers & Acquisitions

MAKING A MARKET



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AGENDA

- Brief Introduction
- Team and Roles
- Process, Timeline, Resources
- Private Equity vs. Strategic
- Fee Structure



YOUR GOALS

- Personal, Family, Employees, Customers
- Maximize your proceeds
- Minimize your effort
- Eliminate disruptions, focus on business
- Maintain confidentiality



OUR PHILOSOPHY

- Pay for performance
- Market driven approach
- Industry specialists
- Fiduciary responsibility



ABOUT CHAPMAN

- Founded in 1954
- Focus on manufacturing, distribution, and other select industries
- Senior level professionals:
CEOs, Business Owners, Founders,
MBA's, CPA's, Engineers & Attorneys



CHAPMAN MEANS PERFORMANCE

- No up-front fees or retainers
- No expensive seminars or costly appraisals
- Personal involvement end-to-end
- Focus on privately, family owned, single owner businesses
- Our fee is based on the price we get for you - this gives us the right incentive



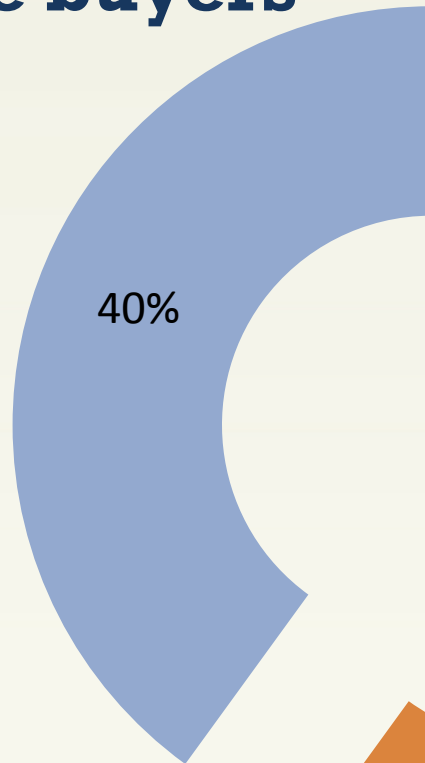
CHAPMAN MEANS RESOURCES

- The exclusive BizMart service to match buyers and sellers
- A proprietary database with over 9,000 registered buyers
- An operations center with the resources to get the job done

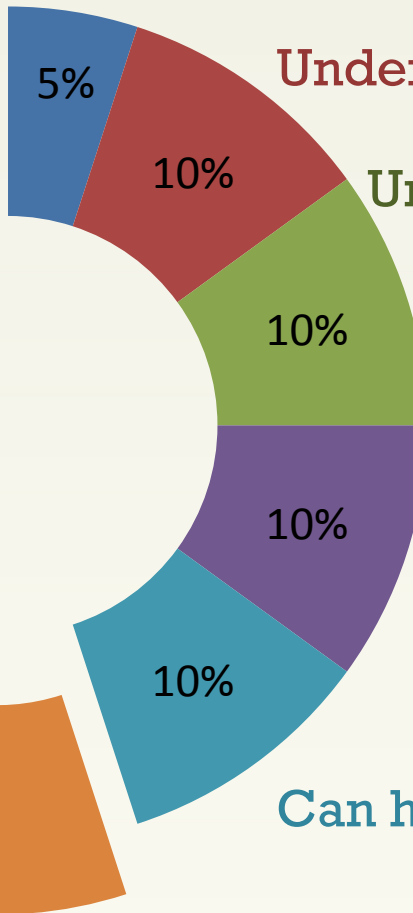


SUCCESS FACTORS

Knows the buyers



Seller's Revenues



Understands Client

10%

Understands industry

10%

Has done deals recently

10%

10%

Can handle complexity

15%

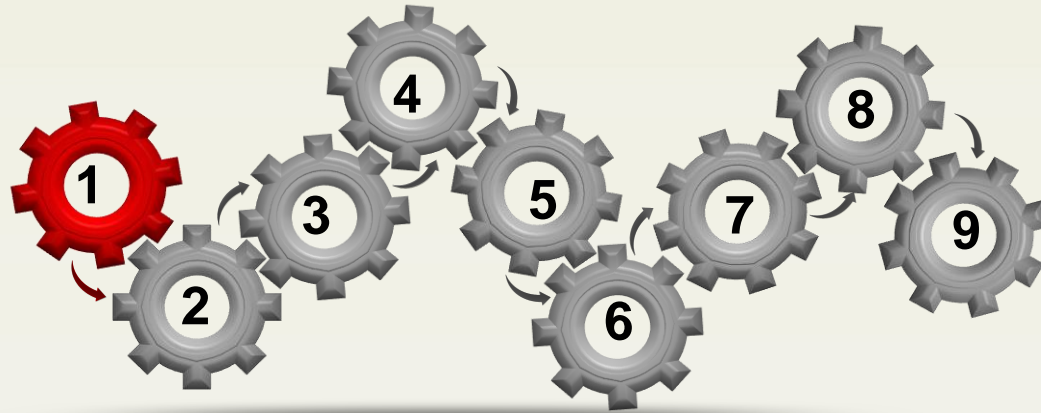
**Values, fit,
business model**



PROCESS



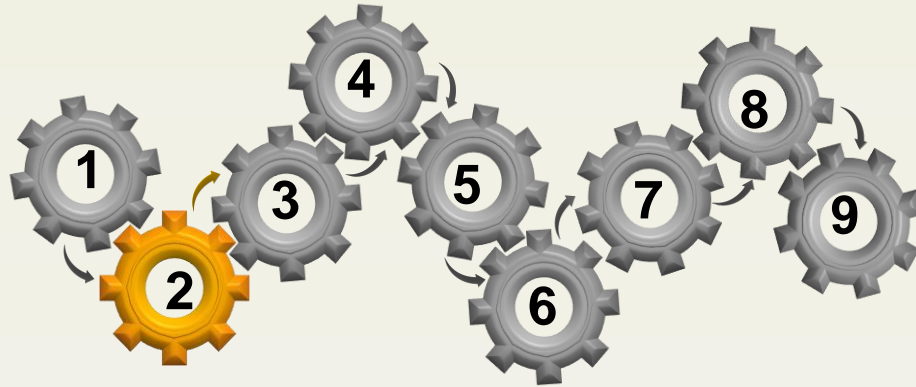
PROCESS: ANALYSIS



- Analyze and document personal objectives
- Analyze financials, strengths, synergy potentials, etc.
- Advice about appropriate market pricing and structure
- Reconfirm personal objectives and decision making process
- Develop a structure that meets your financial and non financial goals



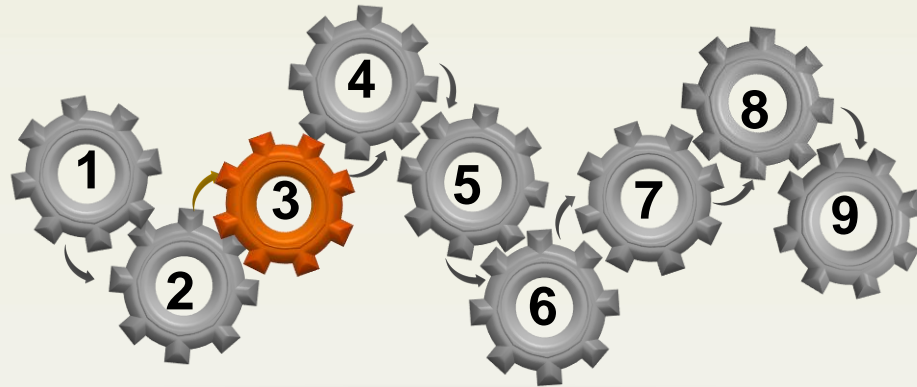
PROCESS: PLANNING



- Create Memorandum (CDR); Seller Profile; Script; Offering Letters; Client's approval
- Seller's due diligence
- Anticipate buyer questions, concerns, objections
- Create list of target acquirers
- Timing: 30 – 60 days, dependent on management availability



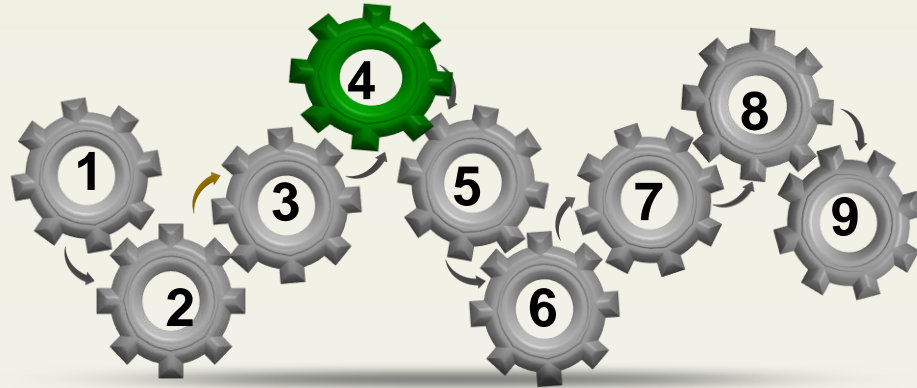
PROCESS: MARKETING



- Make a market for your company
- Chapman confidentially approaches targets
- Buyer screening
- NDA / Approval by management
- Staged delivery of information up to offering memorandum
- Timing: 30 – 90 days



PROCESS: INITIAL DISCUSSIONS



- Targeted presentations to buyers
- Buyer visits
- Exchange of information with buyers
- Indications of Interest
- Screen, review and analyze offers
- Timing: 30 – 60 days



PROCESS: OFFERS



- Negotiate multiple offers
- Represent you in pre-negotiation discussions
- Serve as a buffer between the parties
- Act as a creative problem solver



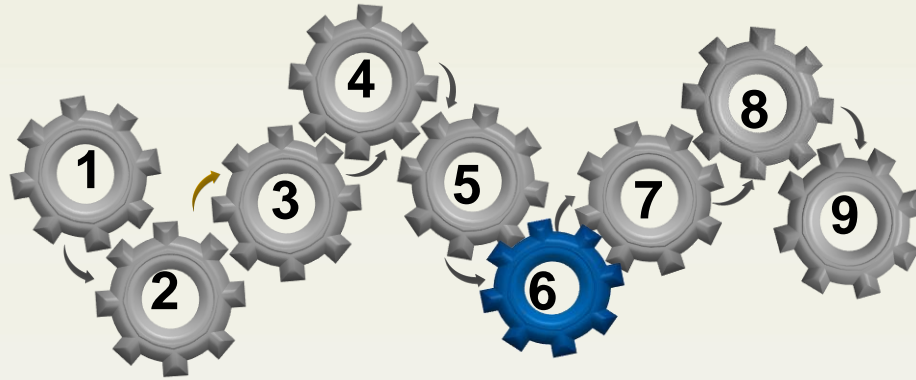
PROCESS: LETTER of INTENT



- Competitive Environment
- Market
- Auction
- LOI - MOU



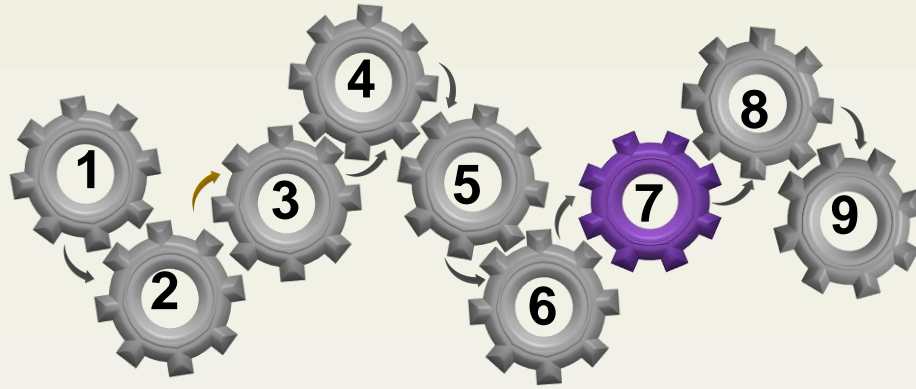
PROCESS: DUE DILLIGENCE



- Somewhat intrusive
- We set the rules
- We coordinate the process to minimize impact
- Financial, legal and operations due diligence
- Involves attorneys, accountants, other experts
- Timing: 30 – 120 days



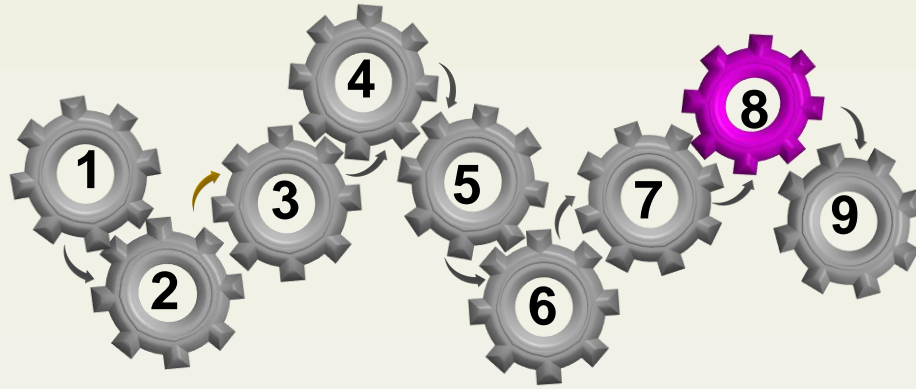
PROCESS: CLOSING CHECK LIST



- Help you analyze trade-offs and concessions
- Serve as a buffer
- Act as a creative problem solver



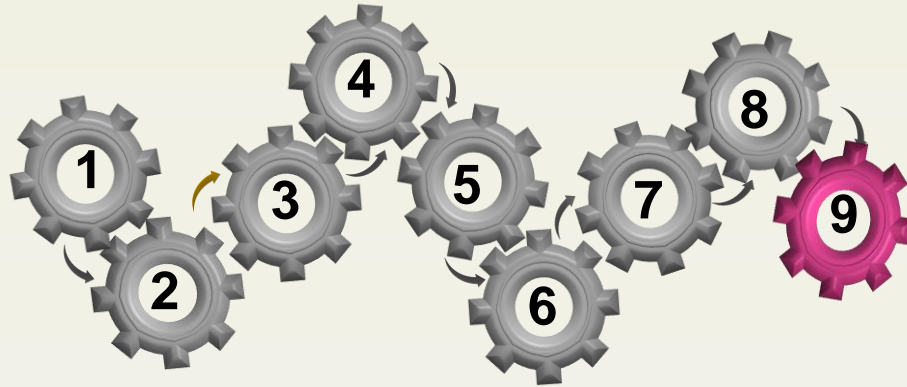
PROCESS: CLOSING



- Keep the buyer committed and on schedule
- Purchase agreement finalized
- Coordinate the closing with the lawyers and accountants on both sides
- Analyze any last minute changes
- Total timing: 6-12 months



PROCESS: POST-CLOSING



- Post-closing follow ups



PRIVATE EQUITY VS. STRATEGIC

Structure

Valuation



Culture, Legacy

Post-closing Commitment



FEE STRUCTURE

- Contingency based
 - 6% of the first \$5,000,000 in Total Consideration, and
 - 4% of the next \$5,000,000 in Total Consideration, and
 - 2% of the balance over \$10,000,000 in Total Consideration.
- Minimum Commission of \$180,000.

