

RSM! McGladrey

Accounting | Tax | Business Consulting

McGladrey & Pullen

Certified Public Accountants



Specialized services for **private equity groups** and their portfolio companies

Responsive. Flexible. Integrated.

A transaction deserves every advantage

Dedicated senior-level team with deep industry knowledge and enterprise-wide experience

Focus on the middle market means we understand how businesses of that size operate, resulting in faster turnaround

Integrated approach to our services allows us to serve clients throughout the **transaction lifecycle**

Nationwide capabilities and resources available for immediate deployment

Global resources provide access to specialized international expertise

Extensive industry experience comes from completing more than **400 transactions** in the past two years

Speed, accuracy and responsiveness as a result of our centralized approach to client service delivery

Integrated audit* and tax services, including deep technical expertise in areas like purchase accounting and complex capital structures

Complete IT due diligence, including systems integrity and scalability, IT security and business continuity

Comprehensive post-closing services, including tax planning, purchase accounting, audit*, valuation and financial analysis



The right pieces at the right time for a successful transaction

It's a big deal to us... because it's a big deal to you

Since a deal has many moving parts, you need a team behind you that fully understands the risks, intricacies and urgency of due diligence—and how to work with middle-market businesses and their owners.

Leverage the power of RSM McGladrey professionals, whose diverse industry and professional backgrounds provide the perfect blend of middle-market focus and transaction expertise. Dedicated teams are the strength of our transaction support services practice. We bring together transaction support specialists, as well as integrate other professional disciplines—including tax, operations, human resources and information technology—and apply a consistent methodology to provide a higher level of service.

At RSM McGladrey, we know that true business value is best illustrated through a track record of proven transaction expertise and timely service. As a leading force in middle-market accounting, tax and business consulting, we are committed to bringing the full scope of resources necessary to provide well-conceived solutions—both pre- and post-closing.

*Audit and attest services delivered by McGladrey & Pullen LLP (a partner-owned CPA firm). RSM McGladrey operates in an alternative practice structure with McGladrey & Pullen LLP. Though separate and independent legal entities, the two firms work together to serve clients' business needs.

Capitalizing on the right opportunities requires sound judgment—the kind that only comes from a depth of experience and astute industry insight. With RSM McGladrey, you have a team of professionals with industry experience in a wide variety of sectors, including:

- Agriculture, forestry and fishing
- Aerospace and defense
- Automotive
- Biotech
- Business services
- Chemical manufacturing and distribution
- Commercial finance
- Construction
- Consumer products
- Electronics manufacturing and distribution
- Energy services
- Engineering services
- Electronics
- Financial services
- Financial institutions
- Food processing
- General contractors
- Government contractors
- Health care
- Industrial machinery and equipment
- Manufacturing
- Media and telecommunications
- Medical equipment
- Metal fabrication
- Mining
- Pharmaceuticals
- Printing and publishing
- Professional services
- Real estate
- Restaurants
- Retail
- Software
- Technology
- Transportation and logistics
- Wholesale distribution



A dedicated and experienced team – with the accomplishments to match

Private equity groups demand a high level of expertise and attentive service. Our most experienced managing directors and directors are involved every step of the way as part of your dedicated team to help you meet deadlines and identify and mitigate risks.

For us, an effective partnership emphasizes personal attention and responsiveness to your needs. We have the necessary experience, technical skills, industry knowledge, international capabilities and benchmarking competencies to serve you and your portfolio companies, and meet requirements for due diligence.

You'll work with highly experienced professionals who ask the right questions at the right time. We focus on issues surrounding quality of earnings, working capital and net assets. Our people are adept at assessing financial and business risks, and calculating and negotiating purchase price adjustments. A transaction is never easy, but we identify and openly discuss the risks and opportunities during due diligence so you can quickly make the most informed decisions.



Private equity fund services

Transaction support services – done right, done fast

Without timely and complete information, your transaction may be in jeopardy. We put a dedicated team on the ground as fast as you need one, with professionals who provide a wide range of integrated services. You'll also have the hands-on leadership and involvement of experienced directors and managing directors who oversee every aspect of the engagement. We perform the following steps to identify the risks and issues that need to be addressed before you make an investment decision:

- Assess the financial condition of the company being acquired, particularly the quality and sustainability of its earnings
- Analyze the quality of assets bought and liabilities assumed
- Bridge key trends in revenues and EBITDA to understand business drivers
- Identify internal control weaknesses, including observations on systems and personnel
- Identify transitional issues
- Continuously communicate areas of risk and concern
- Recommend the optimal deal structure for tax purposes
- Identify tax risks related to state and local tax obligations
- Provide an understanding and evaluation of a target company's IT platforms, including their capacity to support your business plans
- Assess a target company's operational environment, including processes, capabilities and potential integration issues
- Provide a comprehensive and timely report

Working capital services

Working capital can be a significant element of the overall purchase price, but often even a sophisticated buyer or seller doesn't expend the appropriate time and resources on proper working capital due diligence. With our extensive working capital knowledge and our experience helping clients maximize value from their transactions, our services are designed to provide a smooth transaction process.

Working capital target establishment - assisting in the development of targeted working capital amounts

Analysis of net working capital during due diligence phase - analyzing the components and trends of net working capital and identifying working capital issues

“ We can't afford to make mistakes in our business, so we need to understand everything we can about a company prior to making an investment. RSM McGladrey asks the right questions to bring an objective viewpoint to a situation. ”

Review of draft purchase agreement prior to closing - providing commentary prior to signature on inconsistencies, if any, between net working capital calculations and wording in the agreement

Calculation of closing net working capital - determining the proper closing working capital and any amounts due to or from the buyer or seller

Review of net working capital as initially prepared by the counter party - reviewing the assets and liabilities included in net working capital and verifying their validity and accounting, and identifying items that should be addressed or disputed

Mediation - serving as a mediator when the parties are unable to reach an agreement

Arbitration - serving as an arbitrator when the parties are unable to resolve their differences at the conclusion of the mediation or negotiation process

Sell-side due diligence services

Selling all or part of a company—such as a division or product line—can present many challenges and at the same time, many exciting opportunities. If you're considering a divestiture or spin-off, you need to anticipate the risks and issues that may arise—or risk a broken deal or lower transaction value.

Our sell-side due diligence assistance includes experience with divestitures, carve-outs and spin-offs, and related planning and electronic data room preparation services.

With our approach to sell-side due diligence, we help you:

- Assess the quality of earnings and identify non-recurring items focused on maximizing company value and avoiding surprises during the buyer due diligence
- Reduce the length of the due diligence period and possible delays by presenting buyers with a sell-side due diligence quality of earnings and financial analysis before buyer due diligence begins
- Identify and understand intra-company transactions, allocated costs and shared services
- Evaluate the application of accounting methods and determine impacts on financial information and quality of earnings
- Evaluate the impacts of fixed versus variable costs, capital expenditure requirements, and the relevance of certain general and administrative activities to the carve-out business
- Organize financial information and underlying support to assist the buyer's understanding and due diligence process
- Determine the most efficient tax structure for the transaction and assess the impact on potential buyers

“ We initially considered RSM McGladrey because of a prior relationship with an individual from the firm and their position in the marketplace. On their first transaction with us, we were impressed with how persistent the RSM McGladrey team was in getting good information on the target company. Because the company did not have audited financials, it was necessary for our team to do a much more in-depth review to get a good understanding and confirmation of the numbers. A second opportunity to use RSM McGladrey surfaced fairly quickly, and we were pleased to have the chance to work with them again. ”

- Identify human resources and information technology issues related to the transaction and assist in addressing and quantifying these items
- Assist with working capital provisions, including working capital target establishment, analysis of net working capital during due diligence, review of draft purchase agreement prior to closing and calculation of closing net working capital
- Develop a plan to provide support during the sale process and post-sale as needed, enabling you to stay focused on day-to-day operations during these periods

Audit and tax services for private equity funds – performed by professionals who know the intricacies of this specialized industry

RSM McGladrey and McGladrey & Pullen provide tax and audit services to multiple private equity funds. We have experience with buy-out, venture capital and mezzanine funds. We also provide tax and consulting services for the general partner, management company and fund management.

We can assist fund management with:

- Fund formation
- Tax planning
- Investor reporting
- Distribution planning
- Fund operations

Our financial services practice includes experience with a variety of alternative investment funds, including small business investments companies (SBIC), hedge funds and funds of funds.

A full range of services when you and your portfolio companies are ready

Business consulting – improved results

Our approach to business consulting is born out of a shared mindset we have with the companies we serve. Because we work closely with entrepreneurs, we understand their results-oriented perspective. Our clients live by performance, not abstract theories. They want measurable progress, and usually in a hurry. As a result, we understand the issues you face in acquiring companies with an entrepreneurial style and can provide the services they need to succeed.

RSM McGladrey offers cost-effective business consulting services for you and your portfolio companies in the areas of:

- **Financial management:** business valuations, corporate finance, merger and acquisition services, financial projections and modeling
- **Risk management:** internal audit, IT security and controls
- **Strategy consulting:** strategic planning, annual business planning, corporate governance
- **Human resources:** executive search services, compensation plan design, organizational review and design
- **Information technology:** IT strategic planning, software selection and implementation, application integration, IT assessment and implementation
- **Operations consulting:** business process improvement, operational reviews

We rely on collaboration with the leaders of private equity groups and their companies to actively participate in developing solutions. With RSM McGladrey, you and your companies get the help you need to develop an operating plan, improve organizational effectiveness and implement performance measurements for strategies that are realistic and actionable.



Tax services – the whole picture

Reducing tax liability floats to the top of the list for almost every business owner. But quite often, tax solutions that look good by themselves can be less sensible, even problematic, in the context of your whole business. Our tax advisors constantly search for strategies that are best for a business—ones that consider your total business picture, not just your next return. We help you and your portfolio companies structure operations, transactions and new endeavors in a tax-advantageous manner.

Audit – insightful intelligence

McGladrey & Pullen may already provide audit services to some of your portfolio companies. More than a report card, our audit process serves as a vehicle for continuous improvement in building a business. It can be the springboard for ideas to reduce waste, tighten controls, shorten payment cycles and spot trouble before it occurs. We can leverage the work we do for your companies and provide you the platform for business analytics across your portfolio.

Our thorough audits raise the credibility of your portfolio's financial information and include the added value of an objective perspective for better decision-making. This insight can be particularly beneficial as you prepare to sell companies within your portfolio.

You can be assured our audit processes meet the highest professional standards. Our audit reports help your companies communicate better with banks, investors and partners in joint ventures.

Investment banking – bringing together companies, capital and creativity on a national and international scale

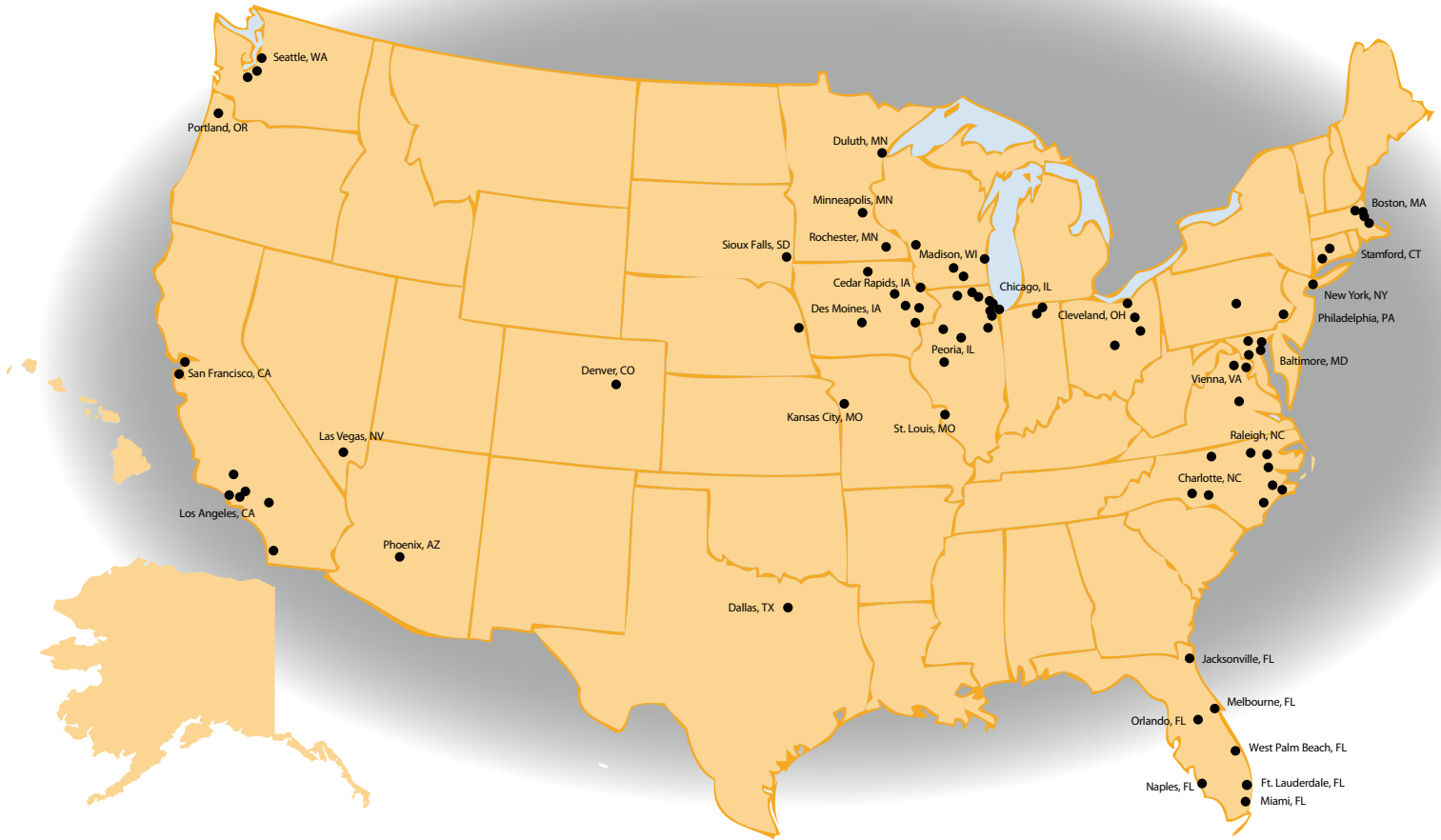
We work closely with McGladrey Capital Markets, a global provider of investment banking services offering particular expertise in many distinct industries. As specialists in facilitating mergers and acquisitions and providing access to capital markets, McGladrey Capital Markets plays a noteworthy role in the North American middle market. Their in-depth industry knowledge, research capabilities, investment banking expertise and international reach are unmatched in this segment of the market.

International services – worldwide reach

When the scope of your business crosses borders and oceans, we bring you sophisticated international tax and business advice. RSM McGladrey maintains a dedicated international office for management of international client engagements. Partnering with our transaction support services team, our international professionals are ready to assist promptly and provide consistent deliverables. We coordinate the international business services you need through well-established relationships within our membership of RSM International, the seventh-largest worldwide organization of independent accounting and consulting firms.

RSM McGladrey operates in an alternative practice structure with McGladrey & Pullen LLP, a partner-owned CPA firm that delivers audit and attest services. Though separate and independent legal entities, the two firms work together to serve clients' business needs. RSM McGladrey Inc. and McGladrey & Pullen LLP are members of RSM International—an affiliation of separate and independent legal entities.

Delivering specialized services through nearly 100 offices across the U.S.



Time to roll up our sleeves

Find the services, expertise and attention you and your companies deserve with RSM McGladrey and McGladrey & Pullen. We have the dedicated, experienced people ready to meet the demands and urgent deadlines required to get the job done right.

Contact Us

info@rsmi.com | 800.274.3978 | www.rsmmcgladrey.com/PEG

Poised to provide you the right information for timely negotiations

Because issues arise during due diligence that can derail a transaction, we work quickly to identify and resolve them early in the process. Are the company's earnings levels real and sustainable? What is a reasonable working capital threshold? Is the tax accounting method used by the target company sustainable on examination by the IRS and could it be changed to reduce the tax on the transaction or in operating the business? We look closely at a variety of areas that can affect the outcome of your transaction, such as tax structures, people issues, outstanding litigation, multiple businesses and debt. It's not only what you see, but also what you don't see that can make all the difference. We look for unique aspects that can affect your deal.

Huge opportunities for you may exist overseas and we understand your need to know the risks. RSM McGladrey will work with our worldwide network of offices to bring you specialized international tax, audit and business consulting services when needed.

Whatever the areas of concern, we understand that due diligence must be done fast and accurately to make a transaction happen. If you call, you need to know your team will respond to you today. We stand ready to work quickly and provide the level of service you often find missing in other firms.

Our integrated approach allows us to serve clients throughout the transaction lifecycle

Our comprehensive suite of specialized services includes:

- Buy-side due diligence
- Integration assistance
- Working capital services
- Sell-side due diligence
- Transaction structuring
- Financial management
- Operations consulting
- IT consulting
- Human resources
- Tax consulting and structuring
- Audit services (through McGladrey & Pullen)

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About RSM McGladrey and McGladrey & Pullen

RSM McGladrey is a leading professional services firm providing accounting, tax and business consulting. RSM McGladrey operates in an alternative practice structure with McGladrey & Pullen LLP, a partner-owned CPA firm that delivers audit and attest services. Though separate and independent legal entities, they work together to serve clients' business needs. Together, the companies rank as the fifth largest U.S. provider of accounting, tax and business consulting services (source: *Accounting Today*), with 8,000 professionals and associates in nearly 100 offices.

RSM McGladrey and McGladrey & Pullen serve clients' global business needs through their membership in RSM International, the seventh-largest worldwide organization of independent accounting and consulting firms (source: *International Accounting Bulletin*), with 600 offices and 25,000 professionals in more than 60 countries.

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RSM McGladrey is the official accounting, tax and business consulting firm of The PGA of America.

