Private Equity in
Transportation & Logistics

BUSINESS ADVISORY COUNCIL

Spring 2013 Meeting
April 25, 2013
Evanston, Illinois
## Understanding Actual/Perceived Strengths and Weaknesses of PE Versus Industry/Other Buyers

<table>
<thead>
<tr>
<th>PE Firm</th>
<th>Industry Buyer</th>
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<tr>
<td>Comfort with leverage may allow higher valuation with adequate returns</td>
<td>Internal capital may facilitate speed/certainty</td>
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<td>Possible confidentiality/non-competitor advantage when platform is not fully developed</td>
<td>Existing operations may offer greater opportunity for synergy</td>
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<td>Diligence scope and process may concern sellers</td>
<td>Understanding of operations, markets, or other issues may streamline diligence</td>
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<td>More likely to have experienced M&amp;A team</td>
<td>M&amp;A team may have “day jobs”</td>
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<td>Generally perceived as slower to close</td>
<td>Generally perceived as faster to close</td>
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M&A Legal Issues Unique to Transportation and Logistics

- Operating authority
  - Transfer issues
  - Authority held vs. operations and contracts
- Asset-based
  - CSA scores/H-O-S
  - Condition of assets (owned and leased)
  - Driver retention
  - Environmental
  - Titling, licensing, decals
  - Customer contracts
  - Accident claims
- Non-asset-based
  - Carrier selection, engagement, and contracts
  - Information technology
  - Customer contracts
  - Highway bill changes in broker requirements
Deal Execution Plan

- Talk early with advisors to identify key points
- Provide deal timeline
- Scope diligence and documentation to address deal philosophy
- Allocate and stage resources efficiently to
  - Screen go/no go issues
  - Disclose value-changing facts
  - Plan for post-transaction execution
  - Establish and enforce transaction phases
- Facilitate reasonable seller process
  - Condition seller expectations
  - Reputation
  - Relationship after close
  - Costs imposed on both parties
It’s Simple
Focus | Service | Value