

**PRIVATE EQUITY IN
TRANSPORTATION & LOGISTICS**

BUSINESS ADVISORY COUNCIL

Spring 2013 Meeting
April 25, 2013
Evanston, Illinois

SCUDDER LAW FIRM

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P.C., L.L.O.

UNDERSTANDING ACTUAL/PERCEIVED STRENGTHS AND WEAKNESSES OF PE VERSUS INDUSTRY/OTHER BUYERS

PE Firm

Comfort with leverage may allow higher valuation with adequate returns

Possible confidentiality/non-competitor advantage when platform is not fully developed

Diligence scope and process may concern sellers

More likely to have experienced M&A team

Generally perceived as slower to close

Industry Buyer

Internal capital may facilitate speed/certainty

Existing operations may offer greater opportunity for synergy

Understanding of operations, markets, or other issues may streamline diligence

M&A team may have "day jobs"

Generally perceived as faster to close

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

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