M&A Deal Process and Timeline

1. Key Players
   a. Owners, CEOs, CFOs
   b. Investment Bankers
   c. Accountants
   d. Lawyers
   e. Corporate Development
   f. Consultants

2. Key Objectives
   a. Maximize Shareholder Value
      i. Determine effective positioning
      ii. Access key decision makers
      iii. Generate competition through controlled auction process
      iv. Design optimal transaction structure
   b. Achieve Strategic Objectives
   c. Maintain Control of Process
      i. Use disciplined approach
      ii. Maintain a level playing field
      iii. Control distribution of information
      iv. Move bidders along parallel paths
      v. Amend process at any time; maintain flexibility
   d. Minimize Management Distractions
   e. Minimize Disruption of Operations
      i. Front-load due diligence/valuation/informal bidding
      ii. Examine merits of pre-emptive offering process
   f. Maintain Corporate Values
   g. Retain and Incentivize Management
   h. Maintain Employees
3. Phase 1: Prepare the Company for Sale (6 - 8 weeks)

a. Information Gathering
   i. Review business, financial and marketing plans & documents
      1. Current and planned business strategies
      2. Financial and market projections
      3. Review and analyze capitalization of the company
   ii. Conduct management/employee interviews (on a confidential basis)
   iii. Collaborate and refine potential buyer list

b. Position Company For Sale – Ideal Metrics
   i. Revenue & EBITDA growth – preferable above 5%
   ii. Revenue above $25 mm
   iii. EBITDA above $2 mm
   iv. Strong management team
   v. Margins consistent or better than industry avg.
   vi. Limited customer/supplier concentration
   vii. Solid balance sheet
   viii. Audited financial statements

c. Preliminary Price Validation
   i. Market Analysis:
      1. Compare financial performance of the company with publically-traded companies, compute & analyze implied valuation based on relevant market valuation multiples as derived from precedent transactions

d. Detailed Price Validation
   i. Income Analysis:
      1. Review and analyze implied valuation based on historical and projected cash flows of the Company and assumed costs of capital, growth and discount rates
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2. Sensitivity Analysis to valuation variables
3. Base, Weak and Strong economic/business performance test
   ii. LBO Analysis

e. Preparation of Offering Memorandum
   i. Executive Summary
   ii. Investment Considerations
   iii. Growth Opportunities
   iv. Bidding Procedures
   v. The Company Overview
   vi. Consumer Trends
   vii. Competition
   viii. Financial Information & Analysis

f. Finalize Buyer List
   i. Strategic fit
   ii. Presumed level of interest
   iii. Financing capabilities
   iv. Likely view of value and potential synergies
   v. Ability to execute a timely transaction
   vi. Confidentiality/competitive issues

4. Phase 2: Market the Company (4 - 6 Weeks)
   a. Initiate Buyer Contact - Confidentiality Agreements
      i. Distribute Executive Summary
   b. Distribute Investment Overview & Offering Memorandum
      i. Gauge buyer interest
         ii. Arrange due diligence & management meetings
   c. Assemble Data Room Materials
      i. Track buyers
5. **Phase 3: Submission of Interim Bids (4 – 6 weeks)**
   a. Receive written or verbal indications of interest, depending on market response
   b. Select “short list”
   c. Schedule management meetings
      i. Buyer and Seller meet face-to-face
      ii. Write Management Presentation
      iii. Coach Management & participating employees
   d. Analyze initial Due Diligence/Information Requests

6. **Phase 4: Due Diligence and Final Bids (2 – 4 weeks)**
   a. Distribute letters requesting final bids
      i. Establish competitive bidding/auction process
   b. Distribution of draft sale agreement
   c. Analyze final offers and sale agreements

7. **Phase 5: Final Negotiations and Closing (6 – 8 weeks)**
   a. Review and evaluate final bids
      i. Obtain and ascertain formal interest and valuation parameters
   b. Negotiate with final bidders
      i. Maintain competitive bidding/auction process
   c. Coordinate all due diligence parties (accountants, lawyers)
   d. Assist during due diligence process
   e. Assist in closing of transaction