

THE MORGAN LEWIS TRANSACTION ADVISORY PRACTICE

Morgan Lewis offers clients one of the largest interdisciplinary dedicated teams of attorneys in the industry with substantial hands-on experience in federal tax, finance and business that enables business owners and corporations (both national and international) to develop and execute strategic plans for transition of ownership and succession, to make acquisitions, to create liquidity (in part or whole) transactions for the owners and management, and to structure exit transactions. This team successfully combines its expertise in corporate finance, transactional structures, employee stock ownership plans (ESOPs), capital raising, acquisitions (both stock and asset purchases), dispositions of noncore and core businesses, taxable recapitalizations, tax-free reorganizations, restructurings, and risk management to strategically advise and manage the entire transaction process for its clients. Morgan Lewis assists business owners and corporations with all their strategic planning needs from conception to completion, including tax planning, design, structuring and staffing, with a focus on the use of the best alternatives to achieve the financial objectives of the client. Given our experience and our business relationships with the financial community, Morgan Lewis is able to assist our clients in identifying the proper financing sources (such as lenders, private equity funds, hedge funds, mezzanine funds, 144A investors, and other sources of capital) and manage the entire process to ensure a successful and timely transaction.

Our clients repeatedly turn to us whenever they need to:

- Provide liquidity and/or exiting alternatives for existing shareholders;
- Raise capital for liquidity and growth through the issuance of debt or equity;
- Obtain merger and acquisition advice;
- Engage in strategic business and tax planning;
- Affect a management buyout;
- Implement a recapitalization; or
- Gain access to senior, mezzanine, private equity, hedge fund, or 144A financing sources.

The Morgan Lewis Transaction Advisory team is committed to delivering solutions by being a transaction driver and assembling the multidiscipline team (lenders, private equity and valuation advisors) necessary to effect a successful transaction. The team works with corporations to identify as many possible solutions to their shareholder and corporate needs and provide alternatives that address both shareholder and corporate desires. The Morgan Lewis team regularly partners with its clients and begins any engagement with an analysis and review of the

overall corporate and capital structure, identifying and formulating short- and long-term goals for both the corporation and its shareholders. This enables the Morgan Lewis team to provide strategic planning to achieve identified goals in the following areas:

Merger and Acquisition Services

1. Identify possible acquisition targets;
2. Identify and assemble the team of advisors, including possible financing sources;
3. Craft the most beneficial acquisition structure through evaluation of a stock purchase, asset purchase, or merger;
4. Analyze the tax implications of the various possible acquisition structures and provide advice thereon so as to maximize tax efficiencies and minimize tax liability to both the acquirer and the target;
5. Perform all legal corporate due diligence;
6. Negotiate all terms of the transaction; and
7. Assist with post-transaction integration.

Recapitalizations

1. Analyze and model the financial impact of a taxable recapitalization;
2. Assist clients in assessing the appropriate financial vehicles to use in funding a recapitalization so as to provide either partial or complete liquidity to the corporate shareholders;
3. Provide clients with access to capital sources in all areas, including senior, mezzanine, private equity and hedge funds; and
4. Structure all aspects of the transaction.

Third-Party Sales

1. Analyze terms of an offer of purchase and model the financial impact of the offer as well as possible alternative structures, i.e. asset purchase, stock purchase or merger, to maximize proceeds to be received by sellers;
2. Negotiate the letter of intent;
3. Identify and analyze fiduciary issues (both from a corporate standpoint and ESOP standpoint) relative to the offer of purchase;
4. Assist with the engagement of an independent fiduciary to serve as the ESOP Trustee (and its advisors) for purposes of the proposed transaction as typically required by third-party purchasers; and
5. Provide advice on all tax aspects of the transaction.

ESOP-Specific Transactions

1. Provide the specialized knowledge and advice required in any corporate transaction where an ESOP is part of the capital structure;
2. Assist with all aspects of any transaction whereby the ESOP moves from a partial shareholder to the majority or sole shareholder of the corporation, including determining the potential benefits achievable by the corporation by electing S corporation status for federal income tax purposes;
3. Assist with the recapitalization of an ESOP-owned corporation as a means to achieve liquidity for non-ESOP shareholders or to provide financing necessary to fund the ESOP corporation's repurchase liability;
4. Provide advice and financial modeling to assist an ESOP-owned corporation in analyzing its alternatives with respect to continuing or terminating the ESOP;
5. Assist in recapitalizing an existing ESOP company.

If you would like further information regarding these services, please contact one of our Morgan Lewis attorneys listed below:

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