

Sell-Side Engagements

SALES PROCESS OVERVIEW

In a sell-side engagement where the client is selling a company, Grand Avenue Capital conducts a comprehensive transaction process for the Company, which will include the steps below. The time required to conduct the sales of a corporate entity will vary, but can be 4-12 months, depending on the complexity of the assignment.

Phase 1: Preliminary Due Diligence, Research, Long Range Plan Development and Valuation

In this first critical phase, Grand Avenue Capital will develop a thorough understanding of the Company, its current and future business opportunities, competitive strengths and weaknesses, and specific factors that an acquirer would find valuable. As part of its due diligence, Grand Avenue Capital will:

- Conduct in-depth interviews with senior management
- Identify valuable attributes the client offers to potential acquirers
- Assist the owners define the elements and financial results of the Company's long range plan (3 - 5 years out)
- Quantify the synergies, cost savings, etc., potentially achievable by strategic acquirers
- Assess deal structures: asset/stock sale with the client's financial advisers
- Determine a range of valuations and compare to the expectations of the shareholders.

Phase 2: Preparation of the Offering Memorandum and Marketing Planning

Grand Avenue Capital will prepare concise and compelling presentation materials of the highest quality to introduce the client company to key contacts. During this phase, Grand Avenue Capital will draft the Offering Memorandum.

- Start developing a prospect list of strategic and financial buyers
- Highlight competitive advantages and key attributes of the client company without compromising trade secrets or competitive advantages
- Develop an anonymous Corporate Profile from the Executive Summary that will be sent with Confidentiality Agreements (NDAs) to prospective acquirers.
- Grand Avenue clients should be prepared for due diligence by the potential acquirer that will augment the materials already provided by us.

Phase 3: Marketing

Grand Avenue Capital will conduct a multi-tiered marketing campaign on behalf of the Company with direct, personal contact with strategic buyers, direct personal contact with financial buyers and private equity groups, confidential internet M&A services, family offices, search funds and often confidential trade and business opportunities advertising.

Grand Avenue Capital will create a competitive marketing environment and will:

- Obtain non-disclosures from all interested parties **before** disseminating the Offering Memorandum
- Effectively communicate the Company's vision, operating and financial capabilities, and answers to questions to key decision makers
- Screens serious buyers and coordinates facility visits with the client company management
- Following facility visits, the interested parties will be asked to submit letters of intent.

Phase 4: Buyer/Seller Contacts, Negotiation and Structuring

Grand Avenue Capital will lead the negotiations with serious bidders, and assist in the negotiation of the letter of intent. Grand Avenue Capital will advise on the following:

- Structure of the proposed transaction
- Consideration and proposed terms
- Form and timing of any type of proposed deferred compensation
- Coordination of employment contract issues with key Company executives, if appropriate
- Negotiate all other relevant terms in the letter of intent
- Coordination with appropriate legal and tax counsel
- In the event of multiple bids, negotiate strict time-dependent milestones in order to obtain the optimum transaction value. At all times, Grand Avenue Capital shall maintain momentum with prospects to minimize delays prior to standstill the marketing of the Company.

Phase 5: Oversee/Manage Buyer's Due Diligence, continued Negotiation

Grand Avenue Capital will coordinate and participate in all substantive due diligence meetings with the selected acquirer. The key role is to maintain momentum, solve problems that invariably arise during the due diligence process. During this time, Definitive Agreements are being drafted, reviewed, and additional negotiation occurs with respect to legal details, indemnifications, representations and warranties, etc. Grand Avenue Capital will remain involved during these negotiations working with legal counsel from both sides, and with financial advisers of the acquirer. Grand Avenue Capital shall manage this process to ensure adherence to a strict timetable in order to keep all parties focused on closing the transaction.

Closing the transaction

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