



*Summary of Representative
Projects and Our Services*

TRANSACTION ANALYSIS SERVICES

We assist on the buy-side through the initial evaluation of a target to the delivery of a closing statement (and beyond). Our range of services can be helpful throughout this process, from an assessment of proposed deal terms and valuation, to an evaluation of the proposed methodology for any post-closing adjustments, helping to “close the books,” and working with the newly acquired management team as necessary to respond to any financial or accounting challenges.

*Select Recent
Engagements*

- ◆ **\$1.6b transaction price: Financial Buyer and Seller**
Served as consultants to Buyer, an international private equity sponsor and its counsel. Assisted in an arbitration process related to a post-acquisition dispute over the working capital adjustment clause, primarily concerning how to record the reserves on the entity’s aged receivables. We teamed with counsel throughout the preparation of opening and rebuttal submissions, and numerous responses to arbitrator inquiries throughout a lengthy arbitration process.
- ◆ **\$325m transaction price: Financial Buyer and Seller**
Engaged as consultants to Buyer in a post-acquisition dispute regarding the Closing Statement amounts, including specific disputes related to state taxes included in indebtedness and certain working capital items. Following an independent assessment of the strengths and weaknesses of each party’s position on the issues in dispute, we assisted our client and its counsel in the brokering of a settlement and release of escrow accounts. Subsequently engaged to assist in the preparation of a claim against the Representations and Warranties insurance policy for damages incurred by the business due to false representations as to the accuracy of the historical financial statements.
- ◆ **\$425m transaction price: Financial Buyer and Strategic Seller**
Served as consultant to Buyer to assist in a buy process related to the working capital language and post-transaction adjustment construct. The deal as structured was unique as it involved a carve-out of a sub-division that did not have its own set of books and records, and involved significant post-transaction true-ups related to earn-out payments and distribution arrangements. The parties were in negotiation around how to measure a normalized level of working capital for the entity, given the lack of specific identification of assets and liabilities related to the target entity. We partnered with the Big 4 due diligence team to help construct mechanisms to set a “Target Working Capital” and worked to identify the risks and opportunities from Buyer’s perspective, such that its interests were protected in the deal language.
- ◆ **\$95m transaction price: Financial Buyer (re-acquired) and Strategic Seller**
Engaged as consultants to Buyer dealing with a post-transaction dispute regarding a working capital adjustment. Despite some concessions between the parties during good faith negotiations, material disagreements remained over inventory valuation and the assumed warranty liabilities. After assessing the items in dispute between the parties, we prepared an expert declaration in support of Buyer’s positions to the arbitrator, and most prominently, represented Buyer at an in-person hearing in front of the arbitrator to present oral arguments.

Assisting our clients in the sale process starts with readying the target entity for the sale. Working with management, we help anticipate and mitigate the risks of the deal landscape by carefully crafting the language in the sale documents, locking in the standards to be applied to any post-acquisition purchase price adjustments; and create the necessary paper trail for an efficient and faster response if such need arises. As the control will shift to Buyer after the transaction closes, it is important for Seller to have representation with the proper expertise and experience in dealing with various potential post-transaction disputes.

◆ **\$2.7b transaction price: Financial Buyer and Seller**

Engaged as advisors to Seller to assist in the completion of a sale process in which Seller had issued a dispute notice encompassing numerous post-transaction issues, including the working capital adjustment, the amount of closing cash, and assumed indebtedness at close. As the matter proceeded to its dispute resolution proceedings, we supported the production of written affidavits by Seller and its counsel submitted to the neutral arbitrator.

◆ **\$1b transaction price: Financial Buyer and Seller**

Served as part of the sales team, first engaging with the private equity sponsor and its portfolio company prior to the commencement of the sale. We worked closely with management and the owners to prepare the company for sale, including preparing historical financial analyses and crafting the post-transaction adjustment mechanisms to be applied in calculating the closing statement, negotiating terms directly with the representatives of Buyer up to and through the close. By becoming involved in the entire sale process and working closely with management that ultimately transferred to Buyer's control after the sale, we were able to help navigate through a seamless transaction which resulted in no post-acquisition disputes after the delivery of the closing statement.

◆ **\$277m transaction price: Financial Buyer and Seller**

Served as expert consultants to Seller and its counsel to represent its interests in a working capital dispute. Notably, Buyer had control of the records throughout the process, so Seller had to rely on strong accounting theory and well prepared explanations, which Buyer was attempting to circumvent in preparing its closing statement. We prepared submissions presented to the arbitrator and participated in an oral argument session, presenting supporting facts for Seller while the current management team from the target entity presented on Buyer's side.

◆ **\$98m transaction price: Strategic Buyer and Financial Seller**

Engaged as consultants by Seller prior to the consummation of a transaction to sell one of its portfolio companies. As part of the pre-transaction process, we assisted with the preparation of the sale agreement materials, including the standard for which the closing working capital would be calculated in accordance with, setting specific calculation practices to mitigate the risks of a lengthy post-sale dispute. After the completion of the sale, Buyer attempted to change certain calculation methodologies agreed to in the sale agreement in its delivered closing statement. We teamed with Seller to prepare a dispute notice that outlined Buyer's deviations and proposed necessary adjustments, which ultimately was accepted by Buyer.

REPRESENTATIVE TRANSACTION CLIENTS

Private Equity:

- ◇ Apax Partners LLP
- ◇ Bain Capital Private Equity, LP
- ◇ The Carlyle Group, LP
- ◇ Golden Gate Private Equity, Inc.
- ◇ Gryphon Investors, Inc.
- ◇ JH Whitney Capital Partners, LLC
- ◇ Kinderhook Industries, LLC
- ◇ KPS Capital Partners, LP
- ◇ Lindsay Goldberg LLC
- ◇ Odyssey Investment Partners, LLC
- ◇ Thomas H. Lee Partners, LP
- ◇ Vestar Capital Partners LLC
- ◇ Vista Equity Partners, LLC

Law Firms:

- ◇ Akin Gump Strauss Hauer & Feld LLP
- ◇ Bryan Cave LLP
- ◇ Cravath, Swaine & Moore LLP
- ◇ Foley & Lardner LLP
- ◇ Goodwin Procter LLP
- ◇ K&L Gates LLP
- ◇ Kirkland & Ellis LLP
- ◇ Latham & Watkins LLP
- ◇ Lowenstein Sandler LLP
- ◇ Paul, Weiss, Rifkind, Wharton & Garrison LLP
- ◇ Proskauer Rose LLP
- ◇ Ropes & Gray LLP
- ◇ Todd & Weld LLP

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ABOUT FLOYD ADVISORY

Floyd Advisory is a consulting firm providing financial and accounting expertise in Business Strategy, Valuation, SEC Reporting, and Transaction Analysis. Our services offered within our Transaction Analysis practice include:

Pre-deal Transaction Assistance — We perform due diligence in an effort to foresee and avoid potential conflicts arising from financial or accounting matters. These services include the assessment of working capital account risks, reviewing the purchase-and-sale agreement, and assembling support documentation.

Post-sale Support — We provide services to facilitate the close of a transaction, including closing working capital adjustment processes, closing financial statement analysis, and advising in dispute settlement negotiations.

Financial Analysis — We investigate financial statements and accounting practices in portfolio companies to provide financial reporting support and determine accounting irregularities. When in the context of disputes, we deliver expert opinions on complex accounting and financial reporting matters and prepare or rebut damage calculations.

Arbitration Participation — We assist in preparing for arbitration or other dispute resolution proceedings by independently assessing the strengths and weaknesses of a client's position in a mock arbitrator role, assisting in the drafting of briefings and submissions, preparing presentations for hearings, participating in conferences and providing expert testimony as required at hearings.

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