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BEST PRACTICES OF THE BEST DEALMAKERS

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~ David A. Fergusson

FRAMING GLOBAL DEALS

THE CEO'S PATH FROM VISION TO DEAL STRUCTURE

David A. Fergusson | Editor

BEST PRACTICES OF THE BEST DEALMAKERS

Drawing on the experience and expertise of the "best in class" M&A professionals, The M&A Advisor, the world's premier financial leadership organization, together with Merrill Corporation, the leading provider of technology-enabled platforms for secure content sharing, regulated communications and disclosure services, publish the quintessential dealmakers guide series – *The Best Practices of the Best Dealmakers*. Profiling the proven strategies and unique experiences of the leading M&A practitioners, this series is distributed in regular installments for industry professionals in both print and interactive electronic media. Previously published features and chapters are also available in the online libraries of Merrill Corporation and The M&A Advisor.

INTRODUCTION

In the second chapter of the 5th edition of the Best Practices series, we explored the growing importance of global M&A as a vehicle to maximize value creation. In this latest installment, "**Framing Global Deals:** The CEO's Path From Vision to Deal Structure", we transition to the art of identifying and qualifying targets, go or no-go decision making, and establishing the definitive agreement.

While the practice of being the best dealmaker is not defined by borders, growth through cross border M&A demands that the Global CEO employs a team, of both internal and external specialists, that can balance the company's interests with the local market nuances of the acquisition targets. In this installment, we have engaged an international CEO who has successfully transformed his traditional Midwestern American company into a global business platform; a leading corporate development executive who is also leading the redefinition of his company simultaneously across new product and service categories, and new country markets; and a cadre of advisors and counselors across the United States and Europe who between them have more than a century of experience involving hundreds of deals worth hundreds of billions of dollars.

Veteran deal advisor Scott A. Wieler, who founded his firm Signal Hill in Baltimore in 2002, calls on his thirty-five years of investment banking experience to provide insight into how the avoidance of an LOI in favor of the definitive agreement has served his clients most effectively. Six time zones to the east, in Frankfurt, Germany, another veteran advisor, Michael Drill of Lincoln International, says he sees a trend, particularly in private equity, of pre-LOI management meetings becoming an important component of M&A decision making. From New York, Frank Aquila, partner at Sullivan & Cromwell, has advised on many of the highest profile corporate deals across the globe in recent times. He too finds less use of the LOI today, particularly in large corporate deals, and he advises negotiators not to be afraid to say "no" for a number of good reasons. Scott George, a longtime Midwestern investment banker who joined Indiana-based manufacturer Hillenbrand recently as its corporate development officer, discusses the execution of his CEO's M&A strategy and shares a cautionary tale about leaving a deal at the last minute—with no regrets. From the seller's perspective, observes leading Silicon Valley M&A lawyer Robert Townsend of Morrison & Foerster in San Francisco, an LOI can be an important leverage tool in a negotiation. But he too is seeing more public company tech deals go straight to a definitive agreement. In Paris, Arnaud Limal, managing partner at Drake Star Partners (a firm combined from LD&A Jupiter and Redwood Capital this year), regards the quality of the advice and the clarity of information provided between the parties and their advisors as critical to whether a deal gets done. And Steve Townes, the CEO of Ranger Aerospace in Greenville, South Carolina, very candidly tells us how he and a small corporate development team at their holding company, have employed simple tried-and-true principals of M&A to grow a global air cargo manufacturing, supply, service, leasing, and repair company.

I am so very grateful for the generosity of our stalwart contributors whose sage advice serves us all well. The experiences shared and outlook offered in this installment of the B*est Practices of the Best Dealmakers* series, will, I believe, resonate with all who read these pages. As always, I welcome your insight and look forward to sharing the knowledge that you have amassed with our global community of M&A professionals who proudly practice their best every day. I hope that you will write to me to share your experiences.

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Framing Global Deals: The CEO's Path From Vision to Deal Structure

Part I: Identifying M&A Targets in the Global Market

A. Perspectives from a Middle-Market CEO in a Unique Space

"We're steadily opening in new cities. Each single new city we go into is a just modest incremental risk—we're not betting on one huge deal. It's a remarkable value play." – Steve Townes, CEO and founder, Ranger Aerospace

The importance of the CEO in formulating an organization's M&A strategy cannot be overstated, according to the professionals who contributed to Chapter 2 in this 5th edition of *Best Practices of the Best Dealmakers*. This installment will explore how global CEOs and their teams of advisors get from vision to transaction framework, using both time-honored and innovative techniques—often including interpersonal skills—to achieve important business objectives such as optimizing global supply chain, expanding market share, satisfying neo-mercantile mandates, and realizing shareholder value.

Capping a career that began in the military and led to the aviation industry, Steve Townes founded Ranger Aerospace in 1997 as an "aerospace services investor company," which he describes as a "hybrid mix between private equity capital and deep aerospace expertise." Over nearly two decades, Ranger Aerospace has been a catalyst and steward for multiple deals involving enterprises that are vitally important to the air cargo business and are located at dozens of airports around the world but are largely out of public view. One of the early companies Townes eyed to invest in—seventeen years ago—was ACL Airshop, which manufactures, leases, and services equipment used in loading and off-loading cargo at many international airports. It was targeted as an add-on acquisition to "ASIG" (Aircraft Service International Group, Inc.), a rapidly growing airport services firm which Ranger owned at that time. "It looked like a great fit at the time, but we did not have the financial wherewithal to take it forward," Townes said. "It was a collegial atmosphere when we first talked, and seventeen years later we talked again with the owner's son-in-law, who was now running the company. And now we had the strongest capitalization that we have had in our twenty-year history. We had solid certainty of closing." The ACL acquisition closed in February 2016. "In the seven fast months since we bought the company we've opened operations in four more international hub airports and expanded in others. Our aim is to double the business within five years," Townes said.

In previous ventures, Ranger has employed as many as 4,250 people at up to 56 airports around the globe. ACL Airshop, though smaller with roughly 200 people at 34 major hubs worldwide, commands a strong niche. Townes' holding company, based in Greenville, South Carolina, remains extremely lean—when they had thousands of employees, Ranger was just 5 executives and 4 staff support. Today with two consolidation platforms percolating simultaneously, Ranger Aerospace is just three people: Townes, the CFO, and one Marketing Support assistant. "We want to keep our holding team small, always," he said. "But we also want to be a good employer to all of those who work at our holdings. We are highly principled in our employment practices, making our numbers through strong marketing and continuous operational improvements, not slashing and burning." The small corporate footprint also means that Townes is intimately involved in every step of every deal process–from formulating strategy with his board to negotiating with potential acquisitions and selling off business units when his investments have been maximized.

In the case of ACL Airshop, Townes said he and his team first looked at the overall market. "We saw it has a potential for five percent real annual growth over the next twenty years, and it could become even stronger because of the burgeoning impact of just-in-time inventory and overnight shipments. We asked, 'Where does this company sit competitively?' The answer was a very narrow but defensible niche. We're almost invisible–we operate on the edge of the airport. We don't touch any cargo or load planes. What we do is manufacture, lease, sell, and repair all the things you need to load your airplanes—pallets, containers, nets, and other "cargo control" products. It sounds mundane, but everything has to be engineered to Federal Aviation Administration (FAA) specs. And there are logistical surprises every day in the air cargo world—a carrier in Singapore needs ten more pallets tonight to fulfill a big Amazon shipment. So they go down to ACL Airshop at the end of the runway and lease ten pallets for a few dollars each a day. Yet each one of those pallets might hold a stack of cargo worth $100,000 for the end-customer. It's a small but essential incremental decision to use ACL Airshop for such time-critical and flight-critical support apparatus. ACL Airshop solves problems for airlines cargo customers. We're really the only worldwide company of this kind, and there's a big barrier to entry. If someone wanted to replicate us they would have to invest about $50 million in assets and then get into about thirty-five of the top fifty airports around the world….very tough to do."

All of Ranger's acquisitions or joint ventures over the past two decades have involved cross-border transactions, Townes said. "Even though we're not Fortune 500, we've had some pretty adventurous experiences. We operate in China, in Brazil, Japan . . . we have operations in air cargo on six continents. Aviation is a very strictly regulated business, so you have to know the rules and regulations wherever you operate. So it's a very high hurdle if you don't understand the international complexities of aviation. You have FAA rules, local airport rules. You have to be cognizant that every airline has its own operating manual and unique expectations." In addition, Ranger has to deal with issues common to cross-border operations, such as currency fluctuations, taxes and tariffs, and local employment laws. "We've become pretty good at it over the years," he said. "We're steadily opening in new cities. Each single new city we go into is a just modest incremental risk—we're not betting on one huge deal. It's a remarkable value play."

Unlike large corporations, which have corporate development teams and multiple outside advisors, Townes said his approach to M&A stays mostly in-house. "The board is comprised of the operating company President, me, and our partners in multiple private equity institutional funds. Ranger stays especially tight with its institutional partners, always led by a Lead Investor. We take a look at various deals but we stick with what we know—aerospace services. I do M&A largely myself along with our CFO and the operating company presidents, plus several board members. They're constantly talking with intermediaries. Once people find out that Ranger is involved, interest goes up especially among middle market-sized companies who know our track record. We don't use external intermediaries if we can avoid it." The exception is when it comes time to sell a holding. "We always engage professional help on the sell side. We have a very short list of intermediaries who we know really well. We are not your typical private equity model that does three or more sales a year. It's more like every four to six years before we have a sale and by then we typically will have doubled or tripled the businesses." When he needs outside advisors on a deal, particularly in a foreign locale, he says he calls on a small network that he has worked with before. This is his advice for hiring outside advisors: "Don't go cheap. Always go with the best."

Deal-making Principles from Ranger Aerospace CEO Steve Townes

These are just a few tried-and-true principles we've followed in nearly twenty years of successful Ranger Aerospace deal-making:

1. Stay in our industry where we've become bona fide experts.
2. Remain very lean at the top.
3. Never overpay for an acquisition, but be fair.
4. Be a principled, genuinely caring employer.
5. Never compromise on quality, safety, and aviation regulations compliance.
6. The whole management team of the acquired company must become co-authors of the growth plans with us.
7. Aggressively sell and grow the Top Line, while achieving deep operational improvements to enhance the Bottom Line.
8. Achieve critical mass with the consolidation and strong "profit velocity," then sell to a motivated strategic buyer for a premium someday.
9. Always use the very best advisors that you can afford. In my opinion the single best middle-market aviation/aerospace investment banking firm is Houlihan Lokey.

B. How a Corporate Development Executive Helps Transform a Business Through M&A

"The CEO's key role is challenging the assumptions underlying the investment rationale and financial forecast of an acquisition. That's probably the most critical role that our CEO plays in the M&A process – challenging the strategic thinking." – Scott George, Senior VP for Corporate Development, Hillenbrand, Inc.

Prior to transforming into a public global diversified industrial company, Hillenbrand Industries, Inc. was faced with the fact that it was in a dying business. At the time, the Indiana-based company owned, among other assets, the world's largest burial casket manufacturing company. The decline of consumers purchasing caskets is primarily driven by people increasingly choosing cremation as an alternative to a traditional burial, causing the death care industry's revenues to flatten out in recent years. So, in 2008, Hillenbrand Industries, Inc. split itself into two separate publicly-traded companies – Hill-Rom Holdings, Inc. (a maker of hospital beds and other medical products) and Hillenbrand, Inc. (the entity that continued to own the casket business). Hillenbrand then embarked upon an aggressive diversification program that resulted in the creation of a new "Process Equipment Group" that makes a broad range of processing equipment used in various end markets (e.g., plastic processing, food, pharmaceuticals, coal, chemicals, water & wastewater treatment). The Process Equipment Group has used M&A as a strategic tool to accelerate its growth and diversification strategy and is now a nearly $1 billion business for Hillenbrand. Playing a vital role in fulfilling this diversification strategy is Scott George, Hillenbrand's Senior Vice President for Corporate Development.

As a Chicago-based investment banker for three decades, George advised Hillenbrand through their first three acquisitions, and in 2012 he came in-house to execute the intensification of its dealmaking. In less than a decade, Hillenbrand spent $1.2 billion buying six companies in the process equipment space—including a $540 million cross-border acquisition of a German company called Coperion and, more recently, two pump and valve manufacturer companies costing about $240 million. Today, the Process Equipment Group accounts for approximately two-thirds of Hillenbrand's revenues and half of its EBITDA. "Hillenbrand viewed diversification as a strategic mandate," George said. "The casket business could not provide us with the level of growth we are looking for from our portfolio. We did not believe the government would allow us to make meaningful enough acquisitions in the death care space to allow us to utilize the substantial cash flow being generated by our current businesses. The only thing we could do, if we wanted to be a growth company, was dramatically transform Hillenbrand."

George works closely with Hillenbrand President and CEO Joe A. Raver, an eighteen-year veteran of the company who started on the Batesville Casket side of the business, then ran the rapidly expanding Process Equipment Group, and three years ago became the President and CEO. "Our CEO grew up on the strategy side of the business," George explained. "Given his strong focus on strategic planning, he's very involved in the early phases of any deal. There are eight of us on the executive management team. Our CEO is very actively involved in the initial phase of determining what the strategic objectives are and how M&A can play a role in accomplishing those objectives. When we go into sourcing and engagement, he's less involved. That's the role of our Corporate Development team which I lead. I reach out and contact owners and managers of companies that we believe would be a good fit with our portfolio. The larger and more impactful the deal, the further into our acquisition process our CEO will go. So, on larger transactions, he may play an active role in the target evaluation phase as well. He receives regular reports from my team and continuously challenges our thinking about strategic rationale, potential synergies, operational consolidation opportunities, financial forecasts, etc. That's probably the most critical role that our CEO plays in the M&A process —challenging the strategic thinking of our corporate development team and the rest of our operational management. The board also challenges us, but most of its involvement comes into play a bit later in the process. Once we've submitted an indication of interest (IOI) and advanced into due diligence, we would typically come back and have a more formal meeting with the CEO and executive management team and then prepare materials for presentation to the board."

George says he breaks down the M&A process at Hillenbrand into eight phases:

1. Strategic planning (we view M&A to be a tool to execute strategy and not the strategy itself)
2. Sourcing and engagement
3. Target evaluation
4. Due diligence
5. Deal negotiation
6. Transaction processing
7. Post-deal integration
8. Transaction measurement

"We typically don't utilize an LOI in our acquisitions," he added. "We'll submit an indication of interest (IOI) and then go straight to due diligence unless the seller requires an LOI. Even if we do sign an LOI, it would almost always be non-binding and subject to final due diligence and a definitive agreement satisfactory to us. In most transactions, we go straight from submitting an IOI to performing all due diligence to the execution of a definitive agreement."

As Hillenbrand's focus and M&A strategy has shifted from domestic to cross-border, George recognizes that there are important differences in the acquisition of, or investment in, a foreign company. "The process itself differs from a due diligence and risk assessment standpoint," he said. "One of the most critical factors is the issue of whether a particular target would be a good cultural fit with the rest of our portfolio. When we bought our first company in Germany, we recognized that there were very substantial cultural differences. Everything at the target had, not surprisingly, been done the 'German way.' We spent a lot of time identifying the key cultural differences and even hired an outside firm to train our executives on cultural differences between the U.S. and Germany. It was the same thing in another deal that we did not complete–a potentially large acquisition in China. It would have been one of the largest transactions of its type completed in China that year. During the course of that process, I travelled to China several times in six months. My efforts were partially directed at due diligence but also at the cultural fit between our companies. In the end, the deal did not go through—literally the day that the deal was supposed to close, the seller informed us that they found someone else who was willing to buy their company without the indemnification we had demanded for certain risks, including any potential violations of the Foreign Corrupt Practices Act (FCPA). Since we were unwilling to compromise on those principle issues, we were not able to close the deal. While we were initially very disappointed to see a deal fall apart so late in the process, we later learned that the target was forced to deal with some of the very issues that were of concern to us. So, in the end, we felt like we dodged a bullet by not closing the transaction."

Framing Global Deals

By Marshall Sonenshine

As a young banker at Salomon Brothers in the mid-1980s, one of my first assignments was to spend ten days in Australia with the senior management of transport behemoth TNT Limited, the global player in air, rail, land and sea transportation. Our goal was to finance the company in the rapidly integrating global capital markets, which we would do for TNT first in Europe.

In these days one could sense – and we certainly did sense – the gale force of global financial integration sponsoring global trade and corporate internationalization. There was an EEC then but no EU or Euro. The Eurobond market was just commencing, as were the new securitization and financial derivative instruments, but more esoteric products were still a way off. Foreign equities could be traded as American Depository Receipts, but global listings were just beginning, and stock market exchanges were still mostly regional phenomena as opposed to the giant exchanges later forged by regulatory reforms and exchange mergers.

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While his CEO challenges his dealmaking team's thinking, George also invites Hillenbrand's outside advisors to challenge management's thinking about all acquisitions. "The group that our CEO and I most look to on the outside to challenge our thinking and provide objective guidance is actually a subset of our board." George said. "It's a formal M&A committee of the board. Ironically when I was at Morgan Stanley and Bankers Trust I had a banker working for me who has become a highly successful businessman and is now on our board and the chairman of our M&A Committee. He's a longtime investment banker and knows a lot about dealmaking and business in general. So our CEO first looks to him and the other M&A Committee members for advice and guidance on acquisitions. We also use outside advisors on some deals. I value what investment bankers can offer, although our CEO is more skeptical about the value they bring. That's why he relies so heavily on the M&A Committee. We use Skadden, Arps, Slate, Meagher & Flom LLP as our primary legal advisor; and have used various management consultants like Bain, Boston Consulting Group and AMR for strategic advice and market research. We usually hire a top accounting firm to help us with financial due diligence and an insurance company to help with risk management issues. On cross-border deals we often hire local advisors, but Skadden has offices everywhere and we usually work with their lawyers in Chicago, London and other foreign locations they have."

C. How Advisors Add Value: Unvarnished Views and the Courage to Say No

"I've seen that ultimately the CEO or head of corporate development really needs to have one or two advisors they can count on to give them unvarnished views outside of the rest of the team . . . If you give honest advice, you're going to become a consigliere." – Frank Aquila, Partner, Sullivan & Cromwell

With more than thirty-five years of investment banking experience, Scott A. Wieler has worked with CEOs and corporate development teams on hundreds of deals worth billions of dollars. He founded his advisory firm—Signal Hill, based in Baltimore in 2002. Wieler sees CEOs taking leadership in M&A to "accelerate growth and enhance opportunities" for their companies—whether the objective is buying skills, acquiring products, building market share, expanding supply chains, or other purposes. "It starts with what the CEO wants to do currently to his local or adjacent market," Wieler said. "But pretty rapidly it moves to non-adjacent markets. Oftentimes it's to do a transformative thing. It may be something they just can't do on their own, so they need to buy incremental assets and capabilities. The challenge is: How do you achieve and maintain ownership of your objectives?" CEOs and corporate development teams generally develop trusted relations with advisors "over a long period of time—certainly after two to four engagements," Wieler said. On the value of having a trusted advisor relationship, he observed that "CEOs want to talk with an alter ego. They want to hear what they otherwise might not hear. Our business as advisors is dependent on gaining their trust and confidence. The thing that a CEO will remember most is an advisor saying not to do something, because it's so counterintuitive."

Another three-decade veteran of investment banking, Arnaud Limal is now a managing partner at Drake Star Partners in Paris, which is a combination of international advisory firms LD&A Jupiter and Redwood Capital. He sees the CEO as the principal leader and decision maker in M&A, which is often linked to a global expansion strategy. After fixing the strategy and initiating the M&A process, Limal said, "The CEO is under different pressures—from board, employees, bankers—and he needs to have someone who is fully aware of the transaction and the ins and outs. The CEO needs on-time information and on-time advice in operations that are not part of the mainstream business. Acquisition is just a way to fulfill a strategy. The CEO can be most effective if he is connecting the long-term business strategy with the short-term financial decisions." How does an advisor collaborate most effectively with the CEO and corporate development team? Limal said, "Very often the corporate development will be executing the strategy. To be effective advisors, we need to translate and explain the link between the global strategy being pursued and the transaction itself. Sometimes we are far more familiar with the environment than the corporation itself." In his own case, Limal said most CEOs he advises are "looking for us to bridge between their home turf and the French market. So we are a bridge between the target and the acquirer. About three quarters of our business is international. We're working with large groups with acquisition perspectives outside of France, but also with French companies looking for partners abroad."

Attorney Frank Aquila—a partner at Sullivan & Cromwell LLC, New York since 1992—has counseled firms on many of the highest profile corporate deals in recent years, including Kraft in the 2015 Kraft-Heinz merger. "Obviously, given the types and sizes of deals I've done—I've worked with CEOs and chairs of boards—I've seen that ultimately the CEO or head of corporate development really needs to have one or two advisors they can count on to give them unvarnished views outside of the rest of the team," Aquila said. "And sometimes advisors won't do it. Some of the best advisors who have

"It's important for the CEO to be the 'honest broker' in a transaction. The CEO should be the one who all look to for decisions." – Frank Aquila

done the most deals have told CEOs not to do deals. You lose your credibility if you're not giving a honest assessment. If you give honest advice, you're going to become a consigliere." In the case of the Kraft-Heinz merger, Aquila said Kraft CEO John Cahill (whose work on this deal was also noted in Chapter 2 of this edition of *Best Practices of the Best Dealmakers*), faced questions from the board in the early stages of the transaction. "Not everyone on the board believed it was right for the company," he said. "Cahill reflected on the concerns expressed by management and the board and saw the vision and was able to address the questions and provide the right answers. It's important for the CEO to be the 'honest broker' in a transaction. The CEO should be the one who all look to for decisions."

In Frankfurt, Germany, Michael Drill advises middle-market companies on M&A at the investment banking firm Lincoln International, where he is CEO. He has been advising mostly sell-side companies for more than two decades and in about one hundred deals. For cross-border transactions, Drill said, it is particularly important for CEOs to "focus on a strategic fit, not just in terms of business but on regional and cultural fits as well." Once there is consensus on strategy, the CEO can delegate tasks such as deal sourcing and due diligence to the senior management and/or the corporate development team, but when it comes back to the final decision and post-closing integration, the CEO must again take a highly visible leadership role, Drill said. "Strategy, communication and human resources are the most critical aspects of any deal," he said. "The CEO must communicate the strategy and objectives clearly. He must ensure a smooth integration with the acquired company, making sure that management and employees are properly incentivized. It is very important for the CEO to be involved in the post-deal integration phase." Drill added that CEO communications should include "personal meetings and open discussions with open results." Likewise, advisors need to "keep the CEO in the loop all the time so he's informed on the progress of the process. The CEO has only limited time and resources. I think it's a challenge for the advisor. An experienced advisor knows when the CEO needs to involve himself in a call or meeting. It's important for an advisor to know when to make best use of the CEO."

Knowing when to call off a deal because it ultimately does not make sense is an underappreciated attribute of a good CEO, said attorney Robert Townsend who has counseled major Fortune 100 companies in more than 200 public and private deals and is co-chair of Morrison & Foerster's Global M&A Practice Group in San Francisco. "Articulating a clear strategy and set of priorities that can be executed through M&A—acquisitions as well as divestitures—is a very important attribute of a good CEO," Townsend said. Also important are "Managing the board of directors so there are no disconnects, being decisive about what is most important, and being willing to discontinue a transaction when it no longer makes sense. People on the team can often get caught up in the day-to-day of the deal and become completely invested in it." The CEO should also ensure that there are appropriate lines of authority internally and that the appropriate internal sponsors are aligned with the transactions. "No one size fits all. Different companies execute in different ways," Townsend said. As far as working with outside counsel, Townsend firmly recommends that CEOs and corporate development executives seek advice in the initial phases of any deal. "My first recommendation is that we be invited in early. Some companies will negotiate a term sheet or LOI before they bring in outside counsel. That is often a mistake," he said. "They will benefit from outside advice early and often. In addition to substantive expertise, we bring a broad perspective on the market and what other companies are doing, how counterparties are likely to respond, and what countries they are investing in are like."

Part II: Partner Identified – Working out the Deal

A. Presenting a Winning Pitch

"We always attempt to present our offer in a way that differentiates us as a buyer from other competing bidders. We recognize that price is always one of the most important factors to a seller but we also have learned that other factors may be nearly as important as price. We emphasize the strategic and cultural fit between our companies, the long-term career opportunities we will be able to provide to the owners and employees who join us, our commitment to provide the additional resources that will be needed for the business to succeed under Hillenbrand ownership, our conservative balance sheet and easy access to capital and the high certainty of closing behind our offer." – Scott George, SVP Corporate Development, Hillenbrand

As advisors and corporate development executives have noted in this and previous chapters of *Best Practices of the Best Dealmakers*, the CEO's leadership starts any transaction and is critical at the end of the deal and beyond. But the CEO can delegate much of the work to be done in the middle of the transaction—from pitching a target through drafting a letter of intent (LOI) or definitive agreement.

Scott George, the corporate development head at Hillenbrand and longtime investment banker, illustrates how an acquisitive company approaches the next phase of M&A—pitching the target. More often than not in his business, George will be looking at privately-owned companies or private equity (PE) portfolio companies. "What's most important to all PE and even private business owners is selling for the highest possible price," he said. "But that's not the only thing that's important to them. We don't pride ourselves on paying the highest price on deals. We present our pitch while being sensitive to the need to pay a fair price but also attempt to show we provide the seller with the highest certainty of closing. We emphasize that we are a company that will be best positioned to provide the employees and management of the target with enhanced opportunities to succeed and grow their careers within Hillenbrand." One of George's best practices is to provide a target company with references from Hillenbrand's past deals who will attest to the fact that "we don't renegotiate the terms and can be counted on to close on the agreed upon terms as long as no surprises surface in our due diligence." He said that, "certainty of close is very important to sellers and it can be extremely damaging to them and their business if a deal doesn't get closed on time and under the agreed upon terms. In terms of taking care of their people, Hillenbrand previously has entered areas that were new to us, so it was easy for us to make the case that we need their management and will be prepared to entrust them with the capital they need to grow and succeed to a much greater extent than they could without us."

Frank Aquila of Sullivan & Cromwell, who has counseled many clients in high profile deals, explained that "very often potential buyers will come in and simply offer a big premium, thinking someone will be wowed." But he said most companies are wedded to their own strategy and value to their shareholders and want to see a lot more than what the buyer may think of as a generous offer. "So what you really need is to put together a comprehensive proposal that shows why it's a compelling combination," Aquila said. "Show

"The advisor needs to demonstrate that he has privileged access to decision makers in the target company as well as industry expertise. But more important is having an angle—for example having good access to the owner's family, knowing what their interests are, what minimum price would be." – Michael Drill

why the combined company is going to be proverbial two plus two equals five. Show that you're not going to just buy a company and then close down its operations for cost savings." The Kraft-Heinz merger, he noted, was compelling to both companies from both a shareholder standpoint and a broader corporate standpoint: "Essentially you had Heinz which was very large internationally, and Kraft which was very large domestically, but had brands that could certainly be marketed globally. They didn't really compete. So they were able to take the Kraft US domestic platform and combine that with Heinz's global distribution network. Thus both boards could foresee significant innovation going ahead."

As an advisor mostly on sell-side deals, Lincoln International's Michael Drill said the first thing a seller should do when approached about a deal is to gain a good understanding of the buyer and what kind of industry expertise the selling company could provide through the deal. "You need to create a better picture for the strategic buyer," he said. "You need to understand the buyer and the buyer's universe and how you will fit into it. If a client wants to sell a company, it is important to come up with a compelling, accurate list of potential strategic buyers. It will be important to show to the CEO that the advisor has a good understanding of these potential buyers. Ideally the M&A advisor has a global network like our company to demonstrate that we know these players." When working with a buyer, Drill said advisors need to come up with a good, compelling angle to present to the target—beyond just the offering price. "The advisor needs to demonstrate that he has privileged access to decision makers in the target company as well as industry expertise. But more important is having an angle—for example, having good access to the owner's family, knowing what their interests are, what minimum price would be."

Effective communication is key to pitching a target in today's global M&A market, added Robert Townsend of Morrison & Foerster. "It's having the right person from the acquirer approach the right person at the target, and that will vary depending on size and nature of transaction," Townsend advised. "Next, ensure that you're offering the right value, or articulate a path by which you can get to the right value. Communicate deal certainty and ability to close so the target believes it's worth their time to engage because you can deliver a price that will reward their invested time and effort." Other concerns from both the seller's and buyer's standpoint that should be anticipated and where necessary addressed in the early stages include possible anti-trust issues that could result in a review by the Justice Department, and national security issues, including a possible Committee on Foreign Investment in the United States (CFIUS) review at the Treasury Department. "You should also anticipate the seller's likely concerns about integration—the treatment of its personnel. And you need to have the financing in place or a stock offer that will be attractive enough to convince the other party that you can make the deal."

An acquiring company should demonstrate an interest in and understanding of its target's corporate strategy when it makes its pitch, said veteran advisor Arnaud Limal of Drake Star in Paris. "Once you understand the business model, you must provide a comprehensive proposal for achieving your objectives. In other words—demonstrate that you've taken hold of the key elements and the risks. As advisors, we help companies assess and identify those points," Limal said. Pitches from strategic buyers must explain how the deal will benefit the seller and maximize value on both sides. "Show what's best for the seller—earn outs, structure, financing." Sometime the expectation gap between buyer and seller can be enormous. As an example, he cited a deal on which he advised where the seller was expecting twice the price being offered by the buyer. "But by demonstrating earn-outs, et cetera, we bridged the gap. Most of the time, sellers tend to have basic ideas about what their business is worth. The buyer has to explain that if something is not going to be met by the market today, the seller could lose value if he sticks with that. The fact is there is imperfect information—we need to get close to reconciling both views by emphasizing a structure that meets needs and expectations."

Understanding motivations of both buyers and sellers is key in presenting a winning pitch, added Signal Hill's Scott Wieler. He advises a "pre-pitch" before the actual pitch. "Really try and listen to the objectives. Get beyond the buying and selling. Understand the motivation," Wieler said. "And nothing is one size fits all. It's got to be customized to the situation." Additionally, advisors can help all parties—especially neophytes in the M&A process—understand the orchestration of the deal process. For sellers, Wieler advised preparing a description that clearly demonstrates how the company's assets will add value to the acquisition. "You need to identify who are the best buyers—not pulling names out of the yellow pages. Determine who is a potential acquirer and why this asset really moves the needle for them. You always have to think creatively about wild-card bidders—people who don't show up on the top 10 list. But because of something that's happening somewhere else, you can sometimes identify one or three people who have the ability to do something different." Wieler said he believes sellers should "pre-market" a business to the three to five most likely buyers and give them an hour-long meeting with the CEO "to gauge their appetite or whet their appetite. Offer two or three bits of information that they think are critical. Last but not least, the CEO should always ask the advisor 'Who do you know at that company and how do you want to deal with them? What's your angle? What's the best way to bring that party to the table?'"

B. Management Meetings and the Question of an LOI

"My general advice to CEOs is to avoid an LOI if you can. You, as a seller, have all the leverage in a negotiation. Anyone who wants to buy you has no idea of all that's involved. If you have a strong hand, you push for a definitive agreement. After you sign and LOI exclusivity, you've lost leverage and you hang on for dear life. It can be death by a thousand cuts." – Scott Wieler, CEO, Signal Hill

The importance of interpersonal skills in M&A cannot be overstated. A pitch may look great on paper or in a PowerPoint deck. But when it comes to developing the comfort level needed to move a deal forward, the advisors and corporate executives interviewed for this chapter of *Best Practices of the Best Dealmakers* agree that there's no substitute for a management-to-management meeting.

"Management meetings can be a critical step in our acquisition process," said Scott George of Hillenbrand, "those meetings provide us with the opportunity to spend several hours with target management. We typically request dinner with the senior management the night before our meeting and spend most of that time getting to know the team, their personal interests and motivations, career histories, etcetera. Through those discussions we are able to gauge whether they are aggressive or conservative, easy to work with or difficult, a good cultural fit with our management team or not, etc. We talk about families, what they like about their company, what they find challenging.

That's how you set the stage for substantive business discussions the next day." Typically, the face-to-face meeting will include a plant tour, then two to four hours of discussions over due diligence information and other issues." The dinner, he said, helps facilitate the formal meeting because "by the time we're actually talking business we've gotten to know them, and we know what questions to ask and what they will likely ask." Likewise, he acknowledged, on a few occasions the dinner talk gave his team pause. "We've never decided to cancel a meeting after the dinner but there have been times when we decided after dinner that we were not going to be interested in moving forward. This minimized the time we spent in the formal meeting the following day."

Scott Wieler of Signal Hill says he generally encourages clients to offer a "walkabout—a short, scripted presentation prepared to show how those people will be involved in the combination." He added that an indication of interest (IOI) is a precondition—"then you can determine how many meetings you want. Then you want to think about a letter of intent (LOI). My general advice to sellers is to avoid an LOI if you can. Sellers have the leverage in a negotiation. Anyone who wants to buy you has no idea of all that's involved. If you have a strong hand and a great company, you should always try to push for a definitive agreement. After you sign an LOI, you've lost leverage and you hang on for dear life. It can be death by a thousand cuts. Today, probably forty percent of deals go directly to a definitive agreement, sixty percent to LOI. Every LOI is fraught with peril, though knowledge of counter party style may mitigate the risk to some extent."

"As much as you can draw conclusions in best practices," mused Frank Aquila of Sullivan & Cromwell, "at the end of the day the reality is you can't overgeneralize. Every transaction is going to be different. What is important for dealmakers to recognize—What are the important objectives? What are the other side's objectives? Often you find that while deal teams understand what they and their side want to in the deal, how fast they want it done, and what they need to achieve it; they don't always consider what the drivers are on the other side of the table. If you think that's important, then you should do a dinner the night before. But if the other side is not comfortable, then wait until later in the process. Consider what is going to work best for the other side. The savviest dealmakers think: 'If I were in the other person's shoes, what would I be thinking about?' So determine what are the other side's objectives—How can we accommodate their objectives and still achieve what we want to achieve?"

Management meetings are even more essential in private equity deals than in corporate M&A, according to Arnaud Limal of Drake Star Partners. “They are crucial because private equity is going to be relying on the management of the company being acquired,” he said. “So they need to form a view of the way they behave and function together. On the corporate side it’s also true because there will be more resources thrown at them. Management meetings are a time of trust-building. And the project leaders will come out with a decision.”

“They are often most important as part of valuation diligence,” Morrison & Foerster’s Robert Townsend said of management meetings. “They help give an understanding of the basis for which the target company has put together its projections. They can be legally important in restructurings and in understanding the liabilities of target companies. It’s an important way to enhance communication and for the purchaser to begin assessing the management of the target company.”

“The quality of management, agendas, and hidden agendas are crucial to the success or failure of a deal,” added Michael Drill of Lincoln International; and management meetings present the opportunity to discover many of these. “In the past, LOIs were often done without the bidder meeting the seller’s management. Now more and more are meeting prior to LOI. It’s only when they meet personally with the other management team that they can have the full picture of the company. Does it complement the existing view? We see a trend where potential buyers want to meet beforehand—especially private equity. That’s because private equity depends much more on the management and that it will stay on board. Private equity often has less understanding of a business than would a strategic buyer, who is less dependent on the management team.”

Part III: The Letter of Intent: Good Faith but Intense Diligence Ahead

"As a seller, you can benefit from a detailed LOI. For a buyer, you want to avoid losing momentum and to get into exclusivity where possible. For public companies, do you do an LOI at all? Or do you just shake hands and get to work? We see a lot of that in the tech world." – Robert Townsend, partner, Morrison & Foerster law firm, San Francisco

The dance is ending; and while (as we have seen) not all deals involve a letter of intent (LOI), most do—despite the inherent risks of a non-binding agreement. Frank Aquila of Sullivan & Cromwell finds few LOIs today in large corporate transactions, which generally proceed directly to a definitive agreement. And advisor Scott Wieler of Signal Hill strongly advised against LOIs in the previous section of this chapter. But coming to agreement on an LOI is often a requirement for one or both parties; in those cases, what is the go or no-go decision for signing the papers?

According to Aquila, "With the due diligence and the work we've done, is this really going to satisfy our strategic objectives? Will it work for the company and our shareholders? Will it pass antitrust? Do we have to make too many concessions? You can't know everything, but in assessing risk you must make a determination: Are these people we can work with? Can we get to a definitive agreement, closing, and deal with them post-closing? Nine times out of ten, deals fall apart because the two sides can't work with each other even if you meet all the other criteria." Aquila advises clients, "Don't be afraid to say 'no' to the other side. No one comes into a negotiation expecting you to hear 'yes' to every request. The best negotiators and dealmakers understand it's a give-and-take. What happens is that sometimes dealmakers are so anxious to establish a relationship or do a deal that they want to say 'yes' to everything. Ultimately, you have to say 'no' to something. If you've agreed to everything from the start of the negotiation and then suddenly have to say 'no,' it becomes a more difficult negotiation. If you've continued to shave off value from the deal by saying 'yes,' on issue after issue, you may not have any value left to give away for that final ask. By being overly agreeable, you may make what could have been a good deal into a marginal deal at best."

One advantage of an LOI, from the seller's perspective, is to set an important threshold toward committing extensive resources to engaging with the buyer, said Robert Townsend of Morrison & Foerster. "Once you cross that threshold, you will increasingly lose leverage and will be diverting resources on a day to day basis. As a seller you want to be sure that you have resolved to your satisfaction the critical issues of your valuation, that before you commit resources you are reasonably confident that you can arrive at a successful transaction." And from the buyer's perspective, Townsend said, the LOI can serve as an assessment of whether the parties can get to a deal on reasonable terms. You are trying to increase your leverage, obtain exclusivity, and then do a deeper dive into the company to determine the attractiveness and terms of the deal. As a seller, you can benefit from a detailed LOI. For a buyer, you want to avoid losing momentum and to get into exclusivity where possible. For public companies, do you do an LOI at all? Or do you just shake hands and get to work? We see a lot of that in the tech world."

The decision to proceed to the LOI (or definitive agreement) depends, from the buyer's perspective, on whether the combination will be a good strategic fit, said advisor Michael Drill of Lincoln International in Germany. "A strategic buyer won't proceed unless he sees the strategic fit and the cultural fit. If he thinks that it will not create additional value, or it will destroy value, then he won't proceed. From the point of view of the private equity buyer, he will not pursue the deal if he finds he's not the ideal owner for the business, or is lacking the specific skills and resources for success." A seller, likewise, will not proceed "if he sees a potential bidder will not meet his minimum price, or will not have financing power, or is unable to demonstrate transaction security." If neither party can find comfort in a strategic/cultural fit early in the process, "it's a complete waste of time to move forward," Drill said. "Nobody wants to waste their time."

Arnaud Limal of Drake Star advisors in Paris added: "It's our clients' decision, not ours. But we want to give them the all of the views that we have assessed about whether to go forward or not. Here are the conditions: If you meet them, will you do a deal or not? And if the conditions are insufficient, that's when some will say 'stop.' If you have not been able to get enough comfort, the risks are too great."

Despite his recommendations against signing LOIs, Signal Hill's Scott Wieler said that "desire" is the bottom line for parties to getting a deal done. "Do you sense and know they're going to do it? Do they have to do it? Do they want to do it? When you see desire and intent you have an ability to push further for what you want, but you also have the modest ability to take the risk of an LOI earlier," Wieler said. "One of the things we do is try to make sure all partners of the firm know how they will act in an LOI situation. That gets back to being able to provide good advice from good or bad experiences. It's part of knowing whether it's really too good to be true, or whether you've got a reasonable probability."

Scott George of Hillenbrand talked about the final soul searching that takes place before they agree to sign a definitive agreement: "In the end we must feel that we have proven to ourselves that there's a strong strategic fit. We want the acquisition to make Hillenbrand stronger, that we have identified and addressed all the material risks, and that the financial metrics are appropriate given what we are buying."

CONCLUSION

Today's CEOs are using M&A as a tool for strategic growth—and, increasingly, across borders. More than half of the value of M&A activity in 2016 was global. CEOs are critical to leading the strategy that leads to deal making, but corporate development teams and advisors fill the crucial role of taking the strategy to the marketplace—identifying targets for acquisition, investments, or buyouts, and then putting together a winning pitch that combines all elements emphasizing the strategic/cultural fit, the financial wherewithal of the combination, and the plan for a successful integration once the deal is done. In this chapter, executives and advisors have discussed best practices in conducting management meetings and negotiations and how to come to a go or no-go decision on proceeding to an LOI or definitive agreement. The next chapter of *Best Practices of the Best Dealmakers 5th Edition* will explore best practices in due diligence and the art of closing the deal, with particular emphasis on the CEO's role and influence. As always, we invite you to share your views and experiences on these topics.

AN ESSAY BY MARSHALL SONENSHINE

Framing Global Deals

As a young banker at Salomon Brothers in the mid-1980s, one of my first assignments was to spend ten days in Australia with the senior management of transport behemoth TNT Limited, the global player in air, rail, land and sea transportation. Our goal was to finance the company in the rapidly integrating global capital markets, which we would do for TNT first in Europe.

In these days one could sense – and we certainly did sense – the gale force of global financial integration sponsoring global trade and corporate internationalization. There was an EEC then but no EU or Euro. The Eurobond market was just commencing, as were the new securitization and financial derivative instruments, but more esoteric products were still a way off. Foreign equities could be traded as American Depository Receipts, but global listings were just beginning, and stock market exchanges were still mostly regional phenomena as opposed to the giant exchanges later forged by regulatory reforms and exchange mergers. Leveraged finance was at best an adolescent market. The global merger market was less than a third its current size, and the cross-border portion far less than the 40 percent that portion constitutes of today's $3.5 trillion marketplace.

Looking back at the 1980s, one marvels at the sense of dramatic inflection and possibilities, unspoiled by recent booms or busts or crises. The paralyzing inflation, oil crises and skyrocketing interest rates of the prior decade seemed to us young bankers a distant past in the new era of global growth that one sensed each day walking into top investment banks like Salomon Brothers. An older guard from the legacy partnerships of these firms seemed vigilant about financial dangers; the younger army they employed seemed mostly focused on great possibilities.

For young bankers of this era, an assignment like TNT's was a plum because both the company and its financing opportunities were quintessentially international, and international was the great accelerant of financial market growth.

In the three decades since then, global integration continues, with an EU and its flawed currency regrouping post-Brexit, too many emerging markets back in bust territory, and Japan long eclipsed by China as the Asian engine – and

China now showing signs of sputter after a decade of gargantuan growth. Indeed, “international” today is not a separate department but an ingrained feature of all practicing industry groups of finance. Today, global business and finance pounds on reasonably well despite the era of low growth or stagnation that has taken root within the long shadow of the 2008 crisis.

In this context, “international” is an integrated tool of deal making. The vast majority of our clients require advisers to know their inherently strategic, financial and global counterparties, competitors and markets. We frame global deals regularly, in workmanlike fashion, because that is always in the frame of business.

Just as we know the unique components of leveraged finance as opposed to strategic mergers, we know the unique elements of cross border versus domestic deal making. One can summarize those elements in three categories: Strategic, Financial and Legal. First, global business strategy frames cross border deals. We recently represented Walgreens Alliance Boots, itself a global healthcare and consumer conglomerate, in selling a US eCommerce platform to Hut Group plc, a U.K. ecommerce group. As companies respond to consumer demands, their platforms change (and change hands) as seamlessly as their customers’ purchasing habits.

Second, global finance frames cross border deals. The buyer of a company in an emerging market will encounter far fewer local financing options than might be available in a comparable deal in North America or Europe. On the other hand, for larger deals, today’s global capital markets may facilitate global equity or debt offerings that finance global mergers.

Third, legal complexity frames global deals. These can include wide variances in merger agreements, accounting and disclosure conventions, regulatory requirements, anti-trust and national security or other unique regulatory approvals, and governance and communications strategies. The global deal maker knows all these issues are just around the corner when he first picks up the phone to call a foreign counterparty.

Today deal makers work off a global grid. We divide our contact lists by country or region almost automatically. Today we do not call the international department at all, for today we are all globalists.

Marshall Sonenshine
Chairman, Sonenshine Partners
Lecturer on Law, Harvard Law School

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Frank Aquila is a partner at Sullivan & Cromwell LLC, New York since 1992. He has a broad multidisciplinary practice that includes extensive experience in mergers and acquisitions and corporate governance. He has been engaged in many high-profile matters that include activism, cross-border transactions, leveraged buyouts, proxy contests, and unsolicited bids as an advisor to global leaders. Mr. Aquila also regularly counsels boards of directors and board committees on corporate governance, crisis management, and matters affecting corporate policy and strategy. He has been consistently recognized as one of the world's leading mergers and acquisitions lawyers. In 2015 The Financial Times recognized his representation of Kraft in its merger with Heinz to form The Kraft Heinz Company as one of the most innovative in North America, a transaction that The American Lawyer selected as Deal of the Year. He is a member of the Firm's management committee. Previously, Mr. Aquila was the co-managing partner of Sullivan & Cromwell's General Practice Group, where he was responsible for almost 500 lawyers in twelve offices around the world.

Michael Drill is CEO in Germany for Lincoln International, a global middle-market investment bank. He provides overall strategic and operational leadership for the company's activities in German-speaking countries. His main activities include the acquisition and management of key clients, the leadership of important deal teams, and the recruitment of qualified personnel. Mr. Drill joined Lincoln International in 2006. Prior to that he spent six years as head of M&A at Europe's largest private bank, Sal. Oppenheim, in Frankfurt. Mr. Drill spent another six years (1994–2000) in the Investment Banking division of Citigroup Global Markets in London and Frankfurt. As a director within the Global Financial Institutions Team, he led Citigroup's coverage of the financial services sector in Germany and advised clients on cross-border M&A transactions. He began his career within the M&A group of E&Y Switzerland in 1991. He has completed over eighty M&A transactions in a variety of industries. Mr. Drill earned a PhD in corporate finance with distinction (summa cum laude) from Fribourg University in Switzerland. He speaks German, English, French, Dutch, and Italian. Mr. Drill is a lecturer in M&A at the Frankfurt School of Finance & Management.

Scott P. George is senior vice president for corporate development at Hillenbrand, Inc., a global diversified industrial company headquartered in Batesville, Indiana. Mr. George joined the Hillenbrand Executive Management Team in early 2012 after spending more than 30 years as a Chicago-based investment banker. He has played an integral role over the last four years in the execution of Hillenbrand's growth strategy—first as its outside advisor and, more recently, as a key member of management. Prior to joining Hillenbrand, Mr. George served as managing director and head of the Illinois practice for P&M Corporate Finance LLC (PMCF), a middle-market investment bank. While at PMCF, he originated and executed more than a dozen transactions with a total value of more than $1 billion, including two Hillenbrand acquisitions valued at nearly $700 million. Prior to joining PMCF, he played a similar role at Salomon Brothers Inc., Morgan Stanley, and Ernst & Young, where he completed a total of more than 250 transactions. A graduate of Northwestern University with a bachelor's degree in economics, Mr. George also earned his MBA from the University of Chicago's Booth School of Business.

Arnaud Limal is a managing partner at Drake Star Partners in Paris. He leverages more than thirty years of experience in investment banking in the United States, the United Kingdom, Asia, and France in various fields and capacities. He currently focuses on the hardware and software verticals as well as the business services. Prior to joining Drake Star Partners, Mr. Limal was an investment banker Morgan Grenfell & Co., Ltd. in London and continued to executive positions at Goldman Sachs; he founded the corporate finance arm of Schroders in France, and was managing partner at Crédit Agricole Global Investment Banking Division (Calyon), holding a position on the bank's Investment Banking Executive Committee. Mr. Limal is a Harvard MBA graduate on a Fulbright scholarship, and holds a master's degree from ESCP in France. He has served on various boards throughout his career, including J. Henry Schroder Wagg & Co., Compagnie Lebon, Dura Automotive, SES, and Culture Espaces.

Steve Townes is an aerospace entrepreneur with thirty-six years' experience running large-scale aviation services operations in both the military and commercial aircraft arenas. As CEO and founder of Ranger Aerospace, based in Greenville, South Carolina, Mr. Townes has led Ranger's efforts since its 1997 inception in the successful acquisition and growth of various companies in the aerospace/defense sector. Ranger has deployed over $490 million in various buy/sell events so far and created at least 2,600 new permanent jobs over the years as a principled capital steward and responsible employer. Mr. Townes is also the inaugural chairman of SC Aerospace, a public/private partnership in South Carolina that unites the aerospace growth objectives of industry, academia, and government. Prior to starting Ranger, he was a C-level leader in aviation companies such as Stevens Aviation, Dee Howard/ALENIA Aerospace, and Sabreliner. He started his post-military industry career as senior manager of corporate development at LTV Aerospace & Defense (now known as Vought Aircraft). Mr. Townes is a West Point graduate. He earned an MBA at Long Island University and is a Program for Management Development (PMD) alumnus of Harvard Business School.

Robert Townsend is co-chair of Morrison & Foerster's Global M&A Practice Group in San Francisco. He has extensive transactional experience in the fields of M&A, securities law, technology and intellectual property matters, leveraged buyouts, and venture capital. Mr. Townsend has represented leading corporations like Visa, VMware, SoftBank, McKesson Intel and Infineon in more than 200 public and private company acquisitions, strategic alliances, and financings, valued in excess of $200 billion. He has advised clients on many of the largest technology M&A deals in history and represents companies in the telecommunications, media, consumer products, health care, life sciences, clean tech, energy, and wine industries. Mr. Townsend has experience in all aspects of M&A, including hostile and friendly public company transactions, public and private tender offers, 13e-3 transactions, carve-outs, divestitures, and private company acquisitions. He often advises on complex cross-border transactions, particularly those involving Japan, where he practiced for a number of years. In addition to co-chairing the Morrison & Foerster's Global M&A Practice Group, Mr. Townsend is a member of the firm's executive committee, board of directors, and chairs the firm's compensation committee. He holds a bachelor's degree from the University of California and a Juris Doctor degree from Stanford Law School.

Scott A. Wieler is chairman and founder (in 2002) of the M&A advisory firm Signal Hill, based in Baltimore. Mr. Wieler has more than thirty-five years of investment banking experience with buy-side and sell-side clients. He has orchestrated hundreds of processes extracting billions in transaction value for clients through M&A: divestitures, corporate restructurings, fairness opinions, and private placements. Prior to founding Signal Hill, Mr. Wieler co-led one of the premier media and communication practices on Wall Street in the 1990s at Alex. Brown, BT Alex. Brown, and Deutsche Bank Alex. Brown. Prior to joining Alex. Brown and its predecessor companies, Mr. Wieler was managing director of BT Securities Corporation. He serves as president of the board of the Gilman School and trustee of the Committee for Economic Development (CED). Mr. Wieler earned a BA degree from Boston College and an MBA from the Wharton School of the University of Pennsylvania.

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