

**PRIVATE EQUITY IN  
TRANSPORTATION & LOGISTICS**

BUSINESS ADVISORY COUNCIL

Spring 2013 Meeting  
April 25, 2013  
Evanston, Illinois

**SCUDDER LAW FIRM**

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P.C., L.L.O.

UNDERSTANDING ACTUAL/PERCEIVED STRENGTHS AND WEAKNESSES OF PE VERSUS INDUSTRY/OTHER BUYERS

PE Firm

Comfort with leverage may allow higher valuation with adequate returns

Possible confidentiality/non-competitor advantage when platform is not fully developed

Diligence scope and process may concern sellers

More likely to have experienced M&A team

Generally perceived as slower to close

Industry Buyer

Internal capital may facilitate speed/certainty

Existing operations may offer greater opportunity for synergy

Understanding of operations, markets, or other issues may streamline diligence

M&A team may have "day jobs"

Generally perceived as faster to close

## M&A LEGAL ISSUES UNIQUE TO TRANSPORTATION AND LOGISTICS

- Operating authority
  - Transfer issues
  - Authority held vs. operations and contracts
- Asset-based
  - CSA scores/H-O-S
  - Condition of assets (owned and leased)
  - Driver retention
  - Environmental
  - Titling, licensing, decals
  - Customer contracts
  - Accident claims
- Non-asset-based
  - Carrier selection, engagement, and contracts
  - Information technology
  - Customer contracts
  - Highway bill changes in broker requirements

## DEAL EXECUTION PLAN

- Talk early with advisors to identify key points
- Provide deal timeline
- Scope diligence and documentation to address deal philosophy
- Allocate and stage resources efficiently to
  - Screen go/no go issues
  - Disclose value-changing facts
  - Plan for post-transaction execution
  - Establish and enforce transaction phases
- Facilitate reasonable seller process
  - Condition seller expectations
  - Reputation
  - Relationship after close
  - Costs imposed on both parties

# It's Simple

Focus | Service | Value

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