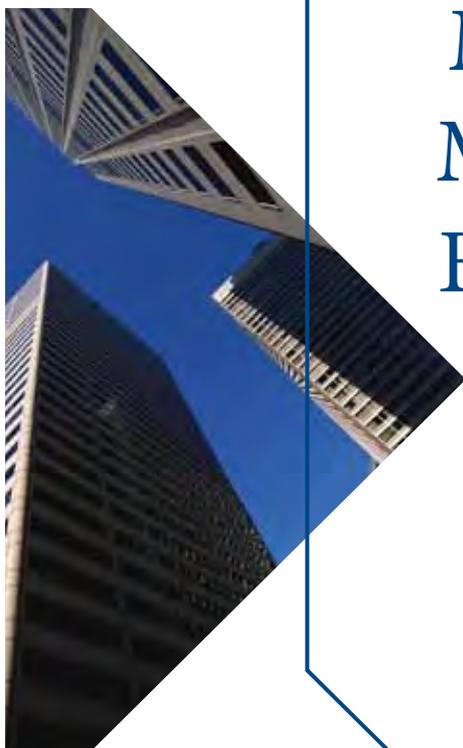


# GLOBAL MIDDLE MARKET EXPERTS



IMAP, the proven experts  
in the **M&A middle market**.  
We work where the power  
of finance intersects  
with the values of local  
business. IMAP represents  
the global middle market;  
the bedrock and strength  
of every local economy.



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With unsurpassed global coverage and expertise, IMAP is the premier organisation for corporate finance firms.

WE UNITE ALMOST 60 MEMBER FIRMS IN 40 COUNTRIES ACROSS 5 CONTINENTS



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The International Network of M&A Partners, or IMAP, is highly regarded by its clients as an unparalleled organisation that provides integrated support and service in each of its locations. Its reputation is well deserved, having been founded in 1973 and has evolved into one of the world's oldest middle market M&A advisory organisations.

Throughout its history, IMAP has enjoyed a tradition of positive progression with 2007 to 2008 being no exception. Mark Esbeck, IMAP president, explained that during this period "much has been done to improve the fundamentals of IMAP", resulting in "stronger local offices, improved collaboration between transaction advisers, more refined business development practices throughout the IMAP organisation and increased interest in expanding the organisation with prospective new partners."

The developments build upon IMAP's inherent "ability to demonstrate global coverage for each of their client assignments", according to Mr Esbeck, with IMAP's 60 member firms in 40 countries much more than simply "spots on the map."

"The client wants to be assured that their project will be handled with the same care and given the same level of attention by each IMAP member as is provided by the local adviser. IMAP's efforts to continue to refine collaborative protocols, strengthen communications techniques and sharing of best practices develops a teaming approach that can best result in the superior client service that IMAP strives to deliver."

The effect has been tangible for IMAP's global competitiveness. In January, the Thomson Financial League released tables ranking the organisation fourth among the global middle market advisory organisations for 2007. IMAP was particularly prominent in the Nordic region, having notched up the most completed transactions up to \$100 million, but also excelled in Europe, the US and Eastern Europe, ranking sixth, seventh and sixth respectively. The high transaction value capped off an impressive year for IMAP and 2008 looks to continue the trend, with the organisation short listed for the European Private Equity Award's 2008 Financial Adviser of the Year. While a win would be outstanding, Mr Esbeck believes simply being nominated indicates IMAP's quality and "a nice recognition of IMAP's ability to demonstrate its integrated support to the M&A market and private equity."

Plans are already in place to continue IMAP's success next year. In particular, IMAP expansion in various areas with a need for greater geographical presence is being targeted, whilst Mr Esbeck also stated "systems development will also be a high priority, as it has always been in IMAP, to improve information and communication flows." Promoting IMAP's services will also be emphasised through stronger marketing and PR efforts.

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The cross border capability on offer at IMAP is unparalleled in the corporate finance world, and as such is a key reason for membership uptake in the organisation. John L. Graaff of IMAP US member Core Capital Group affirms the statement, commenting that "we were attracted to IMAP because of the opportunities for cross border activity." Scott Eisenberg agrees: "We joined in order to increase our international contacts and reach as well as to be able to have global partners who we can share and exchange best practices and ideas." His firm and IMAP US member Amherst Partners joined the network in 2000 and has since enjoyed substantially increased deal flow of an international flavour. For other members, the affiliation with IMAP has helped augment existing strengths, Canadian IMAP member Crosbie & Co. being a case in point. Managing Director Ian Macdonell revealed the firm's M&A practice already enjoyed a high proportion of cross border transactions and strong internal capability to access international buyers and sellers for its clients. The decision to join IMAP was prompted by "an opportunity to take our international reach to a whole new level through working with other highly professional mid market firms with extensive local market knowledge," he states.

IMAP's global abilities may be impressive but it is not just this aspect that makes the organisation so compelling. The network prides itself on its professionalism and personality, with members encouraged to formulate relationships beyond the scope of business. Advice between members is given freely, promoting trust and confidence amongst the network's partners. "The benefits we receive include the willingness of the other IMAP partners to provide assistance, to share their expertise and their contacts," explains Mr Graaff. Michael Drury of IMAP US member United Mergers & Acquisitions concurs, commenting that post IMAP entry, his firm has benefited from international English speaking contacts in dozens of countries around the world. Such extensive support is increasingly pertinent as business takes on a global dimension. Buyers and investors are no longer solely concentrated in the US and Western Europe as was the case 20 years ago. The Middle East and Asia are now brimming with newly minted acquirers seeking to enter new marketplaces by way of established companies. Serving these types of clients would normally be beyond the scope of most medium sized firms but entry into IMAP allows firms to engage these clients. "On our sell side mandates, our IMAP partners have added many high quality international buyers to those that we identified based on our own efforts," details Mr Macdonell.

Having joined in April this year, IMAP Austria associate Level 5 has "gained the brand and the standing with M&A identity of a global independent market leader," according to Heinz Brasic.

"Our Austrian clients benefit from the global reach and get professionally profiled acquisition opportunities on their desks for review now; a cross border opportunity we never had to offer to our clients before." The identity and reputation of IMAP amongst corporate circles is well known: affiliated firms immediately derive the advantages this exposure brings. Often, IMAP membership can be the deal breaking characteristic which separates otherwise identical firms. "Outside of IMAP, no other US based investment banker can claim the coverage, alliances and cooperation that IMAP provides. In addition, United has focused on a true consulting based practice that provides full service strategic M&A consulting to companies prior to going to market to experience the premium multiples that are read about in other industries," reveals Mr Drury. Similar feelings are evoked by Andy Moore, partner at Clearwater Corporate Finance LLP. Having evaluated other alternative networks for the purposes of international representation, Mr Moore was impressed by "the culture of the IMAP members" who demonstrated "a very entrepreneurial spirit" with a "can do attitude in terms of helping each other." "There's a lot of cooperation between members," he confirms.

As previously active markets now slide into recession, a proactive approach to identifying new clientele in unfamiliar territories is necessary. IMAP's geographical coverage helps ensure there are a multitude of opportunities for affiliates to pursue, as it now encompasses over 40 countries across five continents. The advantages manifest themselves into advantages for the clients as well.

"We've completed transactions for clients which we would not have done otherwise," states Mr Moore. "IMAP has helped identify buyers for businesses that we have been mandated to sell. Without the organisation, this would not have been possible. Additionally, when working with large corporations on acquisitions outside the UK, Clearwater has been able to offer its clients the benefits of people with local expertise on the ground in the countries which are relevant to the transactions." Besides successful transactions, Mr Moore also states that Clearwater's clients are reaping the immense benefits of global contacts that IMAP provides. "The clients gain local expertise on the ground in jurisdictions relevant to them." He concludes that they get the best of a global organisation but with the benefits of a local and independent UK based corporate finance firm.

Perhaps the best thing about IMAP is the rich level of detailed interaction between members. For example US members have expressed a number of different concerns for corporate finance in the US. In the US for example, the single most important business issue according





to Mr Drury is taxation. "At United, our job is to execute a premium price while at the same time negotiating the deal and tax structure which includes the very complex US tax code including its many allowable deductions and tax credits for each qualified transaction." Conversely, Mr Eisenberg believes it is cultural, citing "there are many differences in how we communicate and operate." He explains that "not that one is better or worse, just different. Also, many countries have a lower wage structures than we have in the US. An overseas executive may have an issue with a US subordinate making more than them."

Mr Eisenberg also details the current M&A situation in the US. "It is declining and will continue to decline through the end of 2009," he says. "Year over year, deals are down approximately 30%. Financing has recently become and will remain a problem for the next 12-24 months due to the financial market crisis." Mr Drury concurs and takes into account how the concluded presidential race could affect the country's marketplace. "With the potential political landscape change, the US's M&A environment could change drastically," he reveals, going on to state "the 'A' in M&A could come to a slow pace while the need for the 'M' could accelerate." He adds that while most activity in the US marketplace is based on acquisitions, mergers could help midsize businesses gain a competitive advantage to grow until the potential changing long term capital gains rate are readjusted to a palatable level. He concludes that smaller transactions in the \$1 million to \$5 million will become prevalent with the large number of displaced corporate executives and general managers as a result of the corporate downsizing based on the slowing economy. However, according to Mr Graaff, there are also industries that have emerged relatively unscathed. "The technology sector, which we operate in, has been less

affected by the current down turn in the US marketplace and we believe it will lead the US in its recovery."

Elsewhere, Mr Brasic states that while Austria's large cap M&A market has been shaken by the global finance crisis, strategic investors are still "quite active" in the middle market. In fact, he is bullish on the long term prospects and future of the midsize M&A market as it is substantially growing. "M&A is more and more adopted by families and founders to divest and buy companies locally and globally," he explains. "Post merger integration and a smooth migration is the most important issue" for Austrian M&A, he concludes. However, other than the placement of strategies to manage the buy in of the acquired staff and changing corporate culture, he explains that there are no other significant obstacles. "Austria is a very intercultural marketplace, which provides all the ingredients for cross border M&A deals around the globe. Austria with its extensive history in Middle Europe and as part of the EU with all the various nations around makes Vienna a perfect location for well structured and best managed East-West M&A deals." As a result the IMAP member is poised to capitalise on this with significant changes planned for next year. "Our goal is to communicate the IMAP brand across the country and to push for independent M&A services in the middle market," reveals Mr Brasic, adding that "we will move into new offices in Vienna and have the plan to hire additional M&A experts."

Returning to the North America jurisdiction, Mr Macdonell says that as a result of the access provided under NAFTA (North American Free Trade Agreement), many international companies have looked to Canadian acquisitions as an attractive way to enter the North American market. "The Canadian market is generally quite user friendly from an acquirers' perspective and is generally quite open to foreign investment,"

he reveals. "A few industries such as financial institutions, media and telecommunications are fairly highly regulated and have limits on foreign ownership although we can assist acquirers in developing structures that meet the various regulations as well as the acquirer's needs. We have found that companies entering the Canadian market through acquisition need to familiarise themselves with the local tax system, labour laws, and in the case of public takeovers, Canadian securities regulations."

For future developments, the Canadian IMAP member Crosbie & Co. expects to see its business mix shift in 2009 to include more transactions involving underperforming businesses and financial restructuring which are areas the firm has enjoyed extensive experience in. Mr Macdonell also expects more financing work with clients who face liquidity challenges and problems with their current lenders, adding that "an important part of completing M&A transactions in the mid market will be buyer financing and we expect to see situations where we need to assist the buyer in sourcing financing in order to complete our sell side mandates." He concludes that in the current environment, "Crosbie & Co's independence from banks and other lenders, and our expertise in raising capital will be important elements in closing M&A transactions." Meanwhile, Mr Graaff explains how IMAP member Core Capital Group will be expanding its services geographically. "First, we're opening two new offices in 2009 to give us greater coverage on the East Coast and in the Midwest. We will be providing additional, stronger valuation services, corporate finance services, SEC licensing services, and corporate positioning services." Mr Moore concludes IMAP is going from strength to strength in all territories, adding "we will continue to strengthen our position to ensure we can give our clients a truly global service."