



- Specialize in exit strategy planning, business valuations, business acquisitions and business sales
- Issued 110 formal written business valuation reports, which conform to both IRS Rules and Professional Appraisal Standards
- Approximately \$434 million of equity and enterprise values have been appraised
- Purposes: purchase, sale, merger, S-corp conversion, estate, gift, ESOP, Exit Planning
- Business Intermediary involving the sale of manufacturing and construction companies



Darrell V. Arne

- CPA since 1974
McGladrey & Pullen - 5 years
KPMG - 6 years

- Only New Mexican designated as a CPA, Business Appraiser & Business Intermediary
- Authored and presented Nationally and Internationally 117 seminars for Business Owners, CPAs, Financial Planners, Bankers, Business Intermediaries and Attorneys on:
 - Exit and Succession Planning
 - Business Valuation
 - Maximizing Business Value
 - Merger & Acquisition Tax Strategies
 - Buying and Selling Businesses

Fees

Business Valuations

Fees are normally a fixed amount with an up-front retainer

Business Acquisitions & Business Sales

Fees are *Value Based*; normally an up-front retainer and a Success Fee based upon a fixed amount or a % of total transaction consideration

Business Valuations
Business Acquisitions
Business Sales



Financial Advisor
and
Transaction Intermediary

Arne & Co.

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BUSINESS VALUATIONS

Common reasons for a Business Valuation

- Exit Planning in the sale or transfer of the business within the family, or to an inside or outside buyer
- Tax reasons - estate, gift, income
- Business Planning in growing the business in order to maximize its value
- Raising equity capital
- Acquisition or merger of another business
- Dispute resolution - shareholders/partners, tax, transactions, personal divorce



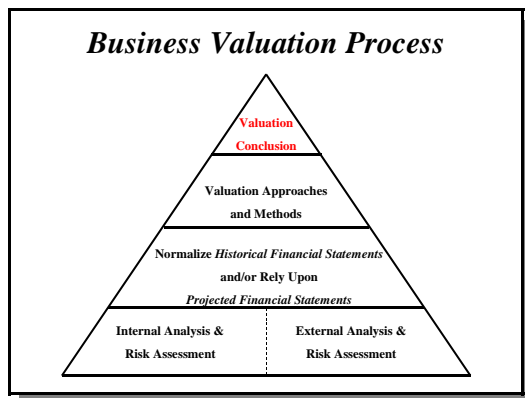
Benefits to obtaining a Business Valuation

- Answering the question regarding the value of the business: "Where are we now?"
- Answering the question about timing: "Do we hold and grow, or sell and go?"
- Satisfying IRS reporting requirements
- Negotiating and securing equity financing
- Negotiating an acquisition to maximize ROI
- Negotiating a sale to maximize net sales proceeds
- Settling disputes with other owners, spouse, etc.



Five things we define at the start of a Business Valuation

- 1) Purpose and Intended Use;
- 2) Type of Entity;
- 3) Property to be Valued;
- 4) Valuation Date;
- 5) Standard of Value



BUSINESS ACQUISITIONS

Common reasons for Buying a Business

- Job security and desire for independence
- Diversification - products, customers, geographic
- Cheaper to *buy* than to *make*
- Needed employee expertise or technology
- Remove a competitor from the marketplace



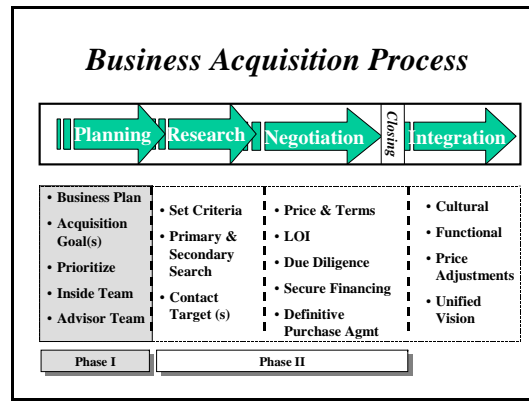
How we represent our Buyer Clients

- Structured search process in locating Targets that meet the Buyer's acquisition criteria
- A "Team Approach" with Buyer's other advisors
- Intermediary between Buyer and Target Seller during negotiations; emotions are kept in check
- Value Target on both a Stand Alone and Add On basis, in determining any acquisition premium
- Provide guidance surrounding the financial and tax aspects of negotiating Letters of Intent, assisting with Financial Due Diligence, and negotiating the Definitive Purchase Agreement



Our strategies to maximize our Buyer's ROI

- Plan for post transaction integration at the start
- Quantify and time realization of synergies
- Identify optional financing sources up front
- Negotiate earn outs to minimize pricing risks
- Negotiate tax structures that maximize deductions



BUSINESS SALES

Common reasons for Selling a Business

- Retirement and desire for liquidity
- Burnout or desire for change
- No family or inside successor
- Lack of capital and/or talent for growth
- "Dismal Ds" - death, disability, dissenting owners



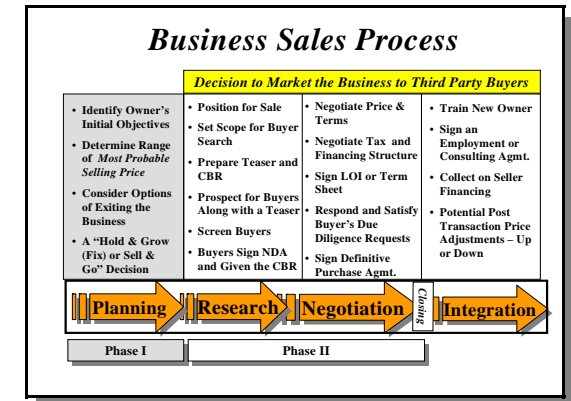
How we represent our Seller Clients

- Selling process is structured and confidential
- A "Team Approach" with Seller's other advisors
- Intermediary between Seller and Target Buyer during negotiations; emotions are kept in check
- Determine most probable selling price based upon current market conditions
- Management (Owners) stay focused on running the business during the selling process
- Potential Buyers are screened for management skills and financial ability to consummate the deal



Our strategies to maximize our Seller's Net Proceeds

- Position the business prior to taking to market
- Take the business to market "without a price"
- Maintain deal momentum and buyer competition
- Uncover synergistic opportunities for the Buyer
- Negotiate tax structures that minimize taxes



A detail description of the **Business Valuation**, **Business Acquisition** and **Business Sales Processes** can be found at www.arne-co.com.