

Compensation Consulting Services for Mergers & Acquisitions

The Current M&A Environment

Record levels of M&A activity over the last several years continue to transform industries such as technology, life sciences, financial services, and telecom, among others, while venture-backed companies continue to see acquisition as an attractive option to an IPO. Yet despite the high volume and value of so many transactions, studies have shown that 50 percent or more of M&As fail to unlock the potential value of the deal.

While every transaction faces unique challenges based on the businesses involved, the characteristics of the buyers and sellers, and the strategic goals, executive compensation issues frequently come to the forefront. When carefully planned, compensation can play a key role in optimizing changes, driving successful outcomes, and providing the new entity with a competitive advantage.

Pearl Meyer’s experienced consultants anticipate the compensation challenges that can emerge in all phases of a transaction—from the planning stage through post-closing integration—and help companies undergoing these major transitions to set the stage for long-term value creation.

Our Approach: Tailored Solutions from Leading Experts

Each engagement is staffed by our senior M&A specialists, including executive compensation advisors, actuaries, attorneys, communications experts and certified public accountants. With over 200 deals completed, the team has decades of collective experience advising boards and senior management across industries on the smallest transactions to deals as large as \$40 billion.



Our focus is on aligning compensation programs with the strategic intent of the transaction and our recommendations are informed—but not dictated—by comprehensive and sophisticated market analytics, and we also help ensure technical compliance and clear communication and disclosures.

The result is a tailored solution designed to position the new entity for success.

Our M&A Services

Change-in-Control (CIC) Planning – When assisting companies with the design, modeling, and implementation of their CIC programs, our technical yet practical analysis helps clients with:

- Evaluation of program competitiveness
- Outlining unique tax, accounting, and SEC disclosure issues
- Quantifying potential payouts
- Estimation of golden parachute excise tax liabilities and lost tax deductions
- Developing annual proxy disclosures

For more information and to find out how Pearl Meyer can help you navigate the maze of CIC and M&A-related issues, visit www.pearlmeier.com/mergers-and-acquisitions or contact the Pearl Meyer office nearest you.

Pre-Merger Planning – As a transaction approaches, a multitude of compensation-related matters must be addressed by both buyers and sellers including:

- Design and costing of severance and retention plans
- Development of key employee transaction bonus plans
- Establishing proposed replacement compensation structures and modeling costs
- Structuring new employment contracts for management
- Due-diligence reviews, including identifying and quantifying deal-related executive compensation liabilities and payouts
- IRC 280G “golden parachute” analyses and planning
- RC 280G “reasonable compensation” analyses

Post-Merger Integration – After close, we help clients finalize tailored, competitive compensation plans that support the strategic vision:

- Evaluating the competitiveness of existing programs
- Comparing target and buyer compensation philosophies
- Assisting compensation committees in developing a new entity philosophy
- Designing new compensation structures for base salary and annual and long-term incentives
- Revising or implementing new severance and CIC plans

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer’s global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in New York, Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, and San Jose.

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