Structuring equity compensation plans to drive differentiation*

2008 Private Equity Portfolio Company Stock Compensation Survey

*connectedthinking

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Does your equity compensation plan differentiate your private equity firm? A successful plan lies in the design.

As the competitive market for talent continues to intensify, it is more important than ever that private equity firms continue to attract, retain, and motivate top management talent in their portfolio companies. Given the turmoil in the markets and the planning options introduced with FAS 123(R), many firms are examining their equity compensation strategies.

The PricewaterhouseCoopers (PwC) 2008 Private Equity Portfolio Company Stock Compensation Survey highlights the current practices and trends in equity compensation design among US private equity companies. The survey contains detailed plan design information for 32 portfolio companies across 17 private equity firms.

We hope you find the results of the survey and our insights useful as you evaluate your own equity compensation strategies. We thank you, our private equity clients, for your continued support and interest in our survey.

An in-depth discussion

New accounting standards allow for flexibility in the design of the equity compensation plan

Survey highlights

Nearly all management teams were encouraged to make an investment in NewCo, either through direct investment or rollover of shares/option proceeds. Private equity firms continue to encourage 'skin in the game' for management. The form of investment varies by deal, but generally includes some rollover (or reinvestment of deal proceeds).

There is virtually no change in the preferred form of equity compensation. Stock options continue to be the primary form of equity compensation among PE firms with approximately 80% using stock options as the preferred form of equity compensation.

The percentage of shares reserved for equity compensation ranged from 4% to 20% on a fully diluted basis. The allocation of equity to the top 5 executives as a percentage of the total share pool reserved for the equity compensation ranged from 10% to 85%.

Performance-based vesting conditions have become commonplace. 75% of the companies surveyed provide awards that vest based on time and performance metrics—typically split 50/50 between time and performance vesting.

"Bad leaver" clauses have become increasingly common. Nearly 50% of companies surveyed included a "bad leaver" provision in the shareholders' agreement. A "bad leaver" clause gives the company the right to repurchase an employee's stock for the lower of cost or fair market value upon voluntary resignation prior to an exit event.

Anti-dilution provision. Although nearly all participants agreed that they would likely adjust executives' equity awards in the event of an equity restructuring (to keep executives "whole"), close to 40% continued to leave such adjustments to the discretion of the board.

The majority of private equity backed portfolio companies provide management with an investment opportunity in NewCo through tax-free rollover of shares/options and/or purchase of shares with after-tax funds.

Nearly all investors want key executives to have "skin in the game" as it is generally accepted that this aligns the interests of management with those of the company's shareholders. For portfolio companies of private equity firms this is achieved through the direct investment in NewCo's equity (common, preferred, or a combination of both), either through rollover of existing shares/options or through direct investment with after-tax funds.

Where management acquires NewCo common stock via a direct investment, it is generally through the reinvestment of a percentage of the after-tax proceeds received in connection with the transaction (e.g., a percentage of stock option proceeds). In certain circumstances, it is possible to structure the transaction such that a tax-free rollover of target company shares is possible. For the purposes of the survey, the rollover percentages were generally between 0% and 50% of the proceeds to be received in connection with the transaction.

In certain circumstances, NewCo will permit management to acquire an interest through a company-sponsored loan (e.g., promissory note), but such instances are rare. Of those companies that allow (or require) a direct investment into NewCo common equity, only 8% allowed for direct investment via a promissory note. Part of the reason is because the terms of the employee loan must be fully recourse in order to achieve the desired tax result and avoid adverse financial reporting treatment of such loans. Only one portfolio company allowed for the purchase of company equity via a nonrecourse note.

Figure 1. Management investment opportunity

Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

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Key factors that need to be considered when setting the terms of the rollover amounts include: (1) the amount of consideration received upon consummation of the transaction (through settlement of stock awards, payout of transaction bonuses, direct share holdings, etc.) and (2) the importance of the executive to the ongoing success of the Company.

The turmoil in the financial markets during 2008 creates an interesting situation for future acquisitions over the near term. With lenders generally requiring private equity firms to make larger equity contributions (i.e., reduced leverage), some private equity firms may consider looking to management to play a larger role in terms of equity financing (e.g., rollover of shares, options, etc.). However, given the decline in asset values experienced in 2008, private equity firms can anticipate some reluctance among management teams when asked to contribute toward overall equity contribution. We believe some of this reluctance can be addressed through varying approaches to the management equity incentive programs. For example, some use of restricted stock (an equity vehicle generally avoided by private equity firms) may be an attractive form of equity incentive where significant management investment is required, since restricted stock awards provides some downside protection as it reduces the individual's cost-basis for the investment.

Nearly 80% of portfolio companies continue to rely on stock options as the primary form of equity incentive.

Stock options continue to be the primary equity compensation vehicle used by private equity firms to compensate management at their portfolio companies. The prevalence of stock options is essentially unchanged from 2001, when stock options were the primary form of equity-based incentive at roughly 75% of the US-based portfolio companies controlled by private equity firms.

(Please see Figure 2 below.)

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For private equity firms that use stock options, one issue that has received increased scrutiny from both a tax and accounting perspective is how the private equity firm sets the stock option exercise price, especially where the capital structure of NewCo includes both preferred and common shares. In such cases, it is important to consider the terms of the preferred to ensure that the equity allocation between preferred and common is appropriate. If the firm overstates the value of the preferred, the value allocated to the common would be undervalued, which can lead to an understatement of the related compensation expense. Further, any stock options granted over the common using this value will likely be considered "discounted stock options," which can have punitive tax implications to the employee by requiring tax to be levied at the time of vesting and levying an additional 20% penalty tax on the spread at vesting. Further, the portfolio company may understate the related compensation expense.

Figure 2. Primary form of management incentive award

Stock appreciation rights | 0%

Profits interest | 19%

Restricted stock/units | 0%

Stock options | 81%

Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

To illustrate:

XYZ Capital acquires ABC Corp. for $300 million. The acquisition is financed with $200 million in debt and $100 million in sponsor equity. The debt is comprised of $150 million in senior debt and $50 million in mezzanine with interest rates of 5% and 12%, respectively. XYZ Capital structures the equity into two tiers: 'straight' preferred and common. The preferred stock has a liquidation preference to the first $99 million of equity value and pays a coupon rate of 8%. XYZ Capital places an aggregate value of $99 million on the preferred and $1 million to the common. There are an aggregate of 1 million common shares issued, so the per share value is determined to be $1, which is used as the strike price for options issued under the ABC Corp. Management Incentive Plan. However, because the preferred stock should pay a coupon rate that is greater than the interest rate on the company's debt—under the presumption that a third party holder would require a rate of return commensurate with the associated risk—the preferred should be valued using a discount rate that is generally higher than that of the debt. This would discount the value of the preferred, which thereby increases the value of the common.

The use of profits interests, which provides a similar value proposition as stock options (in terms of upside value only) but through a partnership vehicle, has become an increasingly common form of compensation among private equity firms. Profits interests generally provide a better employee tax result than do stock options in that the gain associated with a profits interest may be taxed at capital gains rates as opposed to at the ordinary income tax rate (as is the case with stock options). While corporate structure (i.e., C corporation vs. a partnership) is generally driven by the corporate tax structuring objectives, private equity firms have started to look for ways to "layer in" a partnership (or similar pass-through entity) into their corporate structure in order to gain access to the profits interest vehicle. For example, where the acquisition company is intended to be a C corporation, it may be possible to layer in a partnership (or LLC) so that profits interests may be granted in lieu of granting stock options over the operating entity (in this case the C corporation). This could deliver a more employee-tax efficient benefit to management without compromising the incentivization or accounting impact of the program. Note: since profits interests are taxed at capital gains rates, the issuing company will generally not be entitled to a corporate income tax deduction. Further, utilizing the profits interest approach is not without risk and, accordingly, structuring these programs needs to be carefully considered in order not to run afoul of the related tax legislation.

Another notable observation is that private equity firms have continued to stay away from the use of restricted stock as a primary form of equity incentive. This is particularly interesting because it runs counter to the trend among publicly held companies, where restricted stock grants have become increasingly common. A common reason cited by private equity firms for not using restricted stock as the primary form of equity incentive has been that restricted stock awards can provide value to executives even if the value of the company's equity declines over the investment period (i.e., it is not seen as an "upside-only" award vehicle). While this concern may have been valid under the old accounting rules, under which time-based vesting was required to achieve the desired accounting result, the use of performance-based vesting under FAS 123(R) has all but resolved this concern. However, it is important to consider upfront the fact that the lack of liquidity for the shares can create adverse cash flow implications to the holders at the time of vesting. This is because the company is only able to withhold (through net-share settlement) at the statutory minimum withholding rate (currently 25%), which leaves the executive with the responsibility for funding any shortfalls through estimated quarterly tax payments.

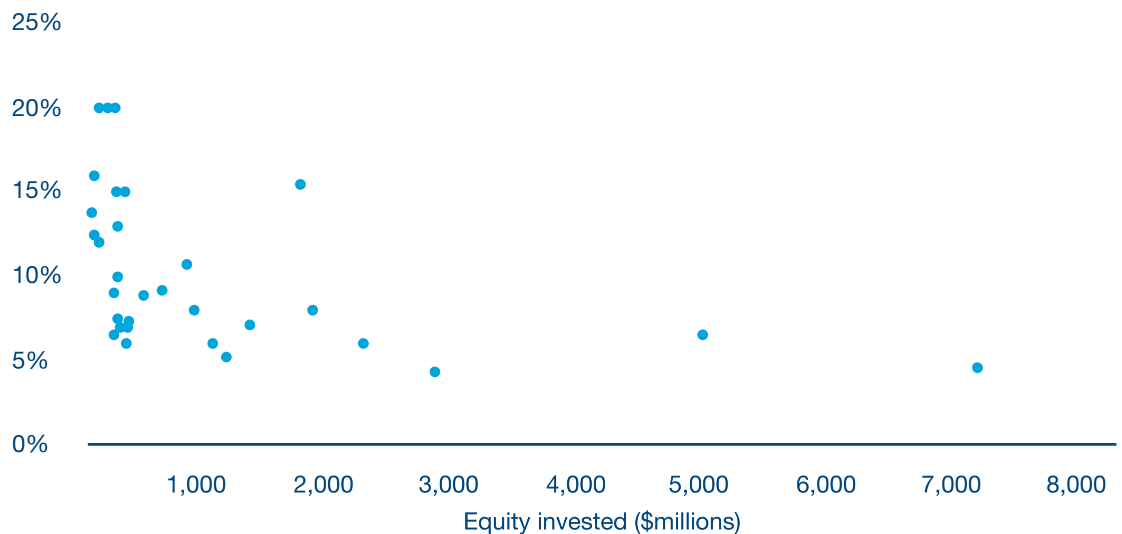
The percentage of shares reserved for equity compensation ranged from 4% to 20% on a fully diluted basis.

What is the “right” percentage of shares to reserve for management equity plans? This is perhaps the most common question heard from private equity clients when structuring equity plans. The answer to this question itself starts with a series of questions, namely:

- What is the amount of equity invested in NewCo?
- What is the projected IRR for the investment?
- Is management also making investments via share/option rollover and/or purchase of shares with after-tax monies? If so, at what levels?
- What are the terms of the preferred stock (if any)?
- What has been the company’s historic practice with respect to equity compensation?

In the case of those companies included in our survey, the percentage of the fully diluted shares reserved for employees ranged from 4.3% to 20%. This reserve of equity for management compensation was generally limited to a relatively small group of senior executives. As one might expect, the total share reserve for management incentive plans (as a percentage of the fully diluted shares) generally decreased with the size of the

Figure 3. Percentage equity reserved for management incentive plans



Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

sponsor’s initial equity investment, although the correlation is not statistically significant. However, while market practice can help provide a litmus test, private equity firms need to perform financial modeling of the distribution of value under a variety of performance scenarios to determine the appropriate percentage of the company to reserve for their management equity plans.

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When setting share reserve for a management incentive plan, it is important to consider that the equity allocated to senior management from direct investment and/or rollover of shares might impact the incremental incentive value of the proposed equity incentive allocation. Accordingly, where significant rollover/investment exists, one should consider whether the proposed leverage ratio between direct investment and equity allocation is appropriate. Also, as discussed above, if a more employee tax-friendly structure can be used (e.g., by layering a partnership and utilizing profits interests instead of stock options), it is possible to reduce the individual equity incentive allocations required to deliver the targeted value at exit.

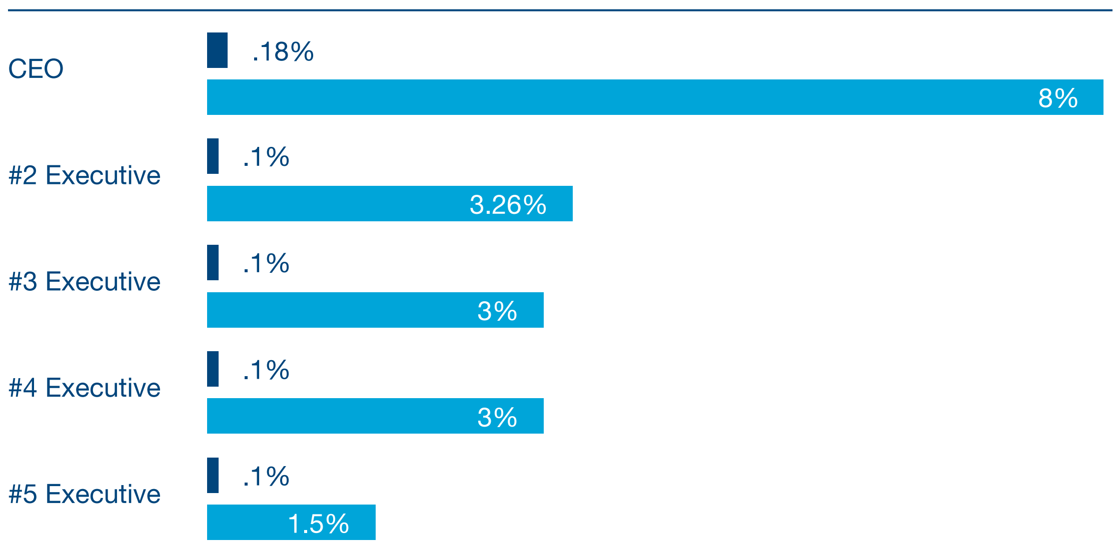
In general, companies that granted higher awards to CEOs provided for less (or no) rollover/direct investment opportunity in NewCo and vice versa.

In general, the absolute percentage allocations to executives decrease with the size of the sponsor's equity investment. And, as one might expect, executives who had lower rollover opportunities (in terms of direct investment) tended to receive larger grants of equity awards and vice versa.

The percentage of equity allocated by the private equity firm to the portfolio company's top 5 executives, expressed as a percentage of the share pool reserved for all grants, ranged from 10% to 85%; median was approximately 50%, as follows:

- CEO: 1% to 55% of equity pool; median is 20% of equity pool
- #2 Executive: 1% to 32% of equity pool; median is 10% of equity pool
- #3 Executive: 1% to 22% of equity pool; median is 5% of equity pool
- #4 Executive: 1% to 15% of equity pool; median is 5% of equity pool
- #5 Executive: 1% to 9% of equity pool; median is 4% of equity pool

Figure 4. Percentage of equity awarded to top 5 executives (as % of FDSO) – all companies



Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

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When setting equity incentive allocations to executives where the target company had historically provided annual grants according to an established “grant guideline” consider value delivered to Management under legacy guidelines vs. that delivered via proposed allocation over the assumed investment period (i.e., holding period for the private equity firm). This could help anticipate employee reaction and can also help communicate the attractiveness of the prospective equity grant.

Commentary/Analysis on Proposed Grant:

A CEO offered proposal 1 may not consider the value offered relative to the status quo to appropriately reflect the extra risk associated with a more leveraged company under private equity ownership. However, the status quo position needs to reflect current outlook based on prevalent market conditions as opposed to historic expectations.

Proposal 1 appears to offer an appropriate premium to the status quo for the CEO and EVP but may need to be sweetened for the SVP levels if those individuals are expected to have a strong impact on future business performance.

NewCo Equity Compensation Plan/Allocations: "Status Quo" Vs. PE Sponsor Proposals

Exit Year 5		5-Year After-Tax Returns: Status Quo vs. PE Proposal		
			PE Sponsor Proposal(s)	
Name	**Title**	**"Status Quo"**	**Proposal 1**	**Proposal 2**
John Doe	CEO	$ 9,664,000	$ 13,000,000	$ 9,880,000
Jane Doe	EVP	$ 1,500,000	$ 4,898,000	$ 2,658,000
Billy John Doe	SVP	$ 650,000	$ 1,859,000	$ 1,539,000
Jannette Doe	SVP	$ 550,000	$ 1,211,000	$ 1,611,000

Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

Notes/Assumptions:

1. Gross/Net values under 'NewCo Current long-term incentive Approach' assumes sale in year 5.
2. Future stock price growth reflects same EBITDA multiple included in Management's EBITDA projections.
3. We have assumed gains recognized under the "status quo" approach would be taxed at ordinary income tax rates of 40% tax rate while gains under the PE sponsor proposals would be taxed at capital gains rates of 20%.
4. LTIP values under PE sponsor's proposals assume all performance-based vesting conditions are met.

Approximately 85% of the companies included in the survey had some performance-based feature in the award's vesting provision.

One of the key benefits to private equity sponsors associated with accounting for stock-based compensation under FAS 123(R) is that performance-based vesting conditions no longer trigger 'mark-to-market' accounting (i.e., "variable" accounting). As a result, the adoption of FAS 123(R) brought with it an unprecedented rise in performance-based vesting conditions, as nearly 85% of the companies surveyed had some portion of the equity award subject to a performance-based vesting condition. This figure has increased from 2001, when only 25% of the private equity firms included in our survey had performance-based vesting conditions. 75% of the companies surveyed made grants, a portion of which were subject to time-based vesting and a portion of which were subject to performance-based vesting. The awards are typically split 50/50 between time-based and performance-based vesting.

Of the companies employing performance-based vesting conditions, 27% used financial-based performance metrics (e.g., EBITDA), 46% used stock-based performance metrics (e.g., IRR, multiple of cash, etc.), and 27% used financial metrics as the primary vesting conditions with an additional vesting opportunity if certain stock-based metrics are realized upon exit (so called, "last bite at the apple" provisions). Of the companies that provided stock-based vesting metrics, 40% of those included a "ratcheting" provision to achieve full vesting at exit. Under a ratcheting provision, a portion of the performance-based vesting awards would vest if certain threshold targets were achieved (e.g., 50% of the awards vest if an IRR target of 20% is achieved, 25% of the awards vest if an IRR target of 25% is achieved, and the remaining awards would vest if an IRR target of 30% is achieved).

Figure 5. Stock compensation vesting conditions

Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

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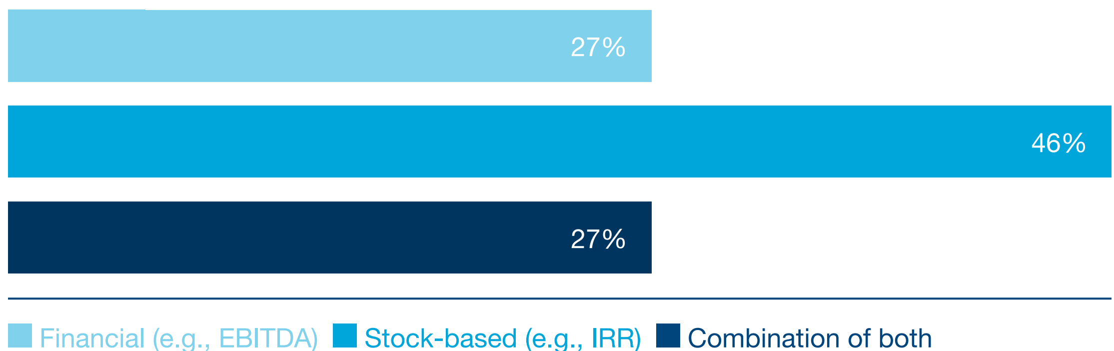
Vesting conditions can impact not only how the expense associated with an award is amortized, it can also impact the way in which the expense is calculated. While companies can use a Black-Scholes model to calculate the fair value of a 'plain vanilla,' time-based vesting award, awards that vest based on an IRR (or multiple of cash) will require a more complex model to determine the award's fair value (such as a binomial model or Monte Carlo simulation). Awards that have both financial and stock-based vesting metrics can pose even more complex accounting implications and should be considered upfront.

When deciding whether an award with financial-based vesting metrics should include a "last bite at the apple" provision, one should consider how accountable management should be for performance against their financial objectives. In many cases this will be as much a philosophical decision (that is, do we want to reward the "rising tides" results) as a point of negotiation.

Note: while performance vesting conditions no longer trigger "mark-to-market" accounting, care should be given when structuring other award provisions (e.g., company call right) to avoid a negative accounting consequence.

Figure 6. Performance vesting metrics



Financial (e.g., EBITDA) | Stock-based (e.g., IRR) | Combination of both

Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

Nearly 50% of respondents include “bad leaver” provisions for employees who voluntarily terminate prior to a liquidity event (other than for “good reason”).

Approximately 20% of the companies included in the survey provided added liquidity for company shares through the inclusion of employee put rights upon certain termination events. This is often a highly negotiated term and not one that private equity sponsors are inclined to include.

Where an employee voluntarily terminates without good reason, nearly 50% of the respondents set the repurchase price at the lower of cost or FMV. This provision is often referred to as a “bad leaver” clause and represents a significant recent change in practice among PE firms, one that can largely be attributed to the introduction of FAS 123(R).

In most cases the company call right (or employee put right) expires upon IPO.

(Please see Figure 7 below.)

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The company’s right to buy back shares at the lower of cost or the current fair value upon voluntary resignation is generally not viewed as a share repurchase feature under the applicable tax or accounting rules; rather, it is viewed as a forfeiture. This is because even after the award’s stated vesting date, the award recipient has not earned the right to benefit from any increase in the stock value until the repurchase right lapses, generally upon an IPO or sale to a third party. This can impact both the accounting and tax treatment of the award.

Figure 7. Leaver provisions

Repurchase provisions	% of Respondents
Company call rights	100%
Employee put rights	19%

Company call right	FMV	Lower of cost or FMV
Termination by company for cause	3%	97%
Termination by company without cause or voluntary resignation with good reason	94%	6%
Voluntary resignation without good reason	48%	52%

Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

From an accounting perspective, the bad leaver clause is generally treated as a performance condition. However, since the performance condition is tied to an IPO or third party sale, both of which events are generally not deemed "probable," the company would measure the fair value of the award at the grant date, but defer recognition of the expense until the performance condition was probable of being achieved.

From a tax perspective, any shares acquired (either through option exercise or rollover) that are subject to a bad leaver provision will be deemed to be unvested for tax purposes. Accordingly, unless a valid Section 83(b) election is filed at the time the shares are transferred, any incremental gains in share value could be subject to ordinary income tax (as opposed to capital gains tax).

While the above should not discourage firms from utilizing a bad leaver provision, the implications of including such a provision should be considered as part of the design process to avoid any negative surprises upon subsequent sale of the business.

63% of respondents automatically adjust management equity upon an equity restructuring while the remaining 37% leave adjustments to the discretion of the company.

Anti-dilution provisions govern if (and how) the existing/outstanding equity awards will be adjusted upon the occurrence of an equity restructuring event, such as payment of an extraordinary dividend. The anti-dilution provision either requires the company to make certain adjustments to employees' outstanding equity awards so that employees are not adversely impacted by the economics of the restructuring, or, the provision provides the Board the discretion as to whether to make any adjustments it deems necessary. It is important to note that such discretion can create incremental income statement expense if the company subsequently utilizes this discretion in connection with any future equity restructurings whereas nondiscretionary (i.e., automatic) adjustments would generally not result in additional expense.

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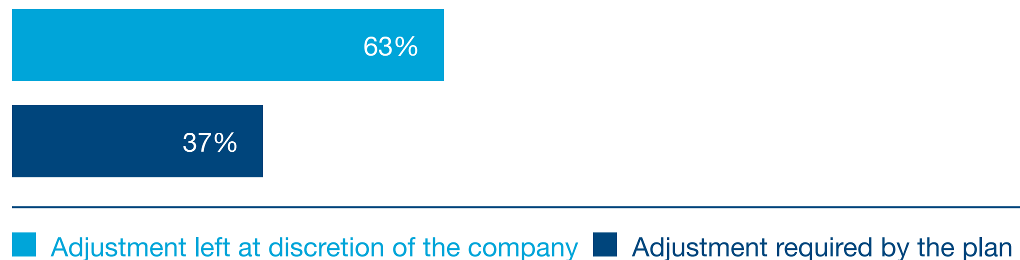
Private equity firms generally concede they would adjust the terms of an employee equity award so that the employee is not negatively impacted as a result of an equity restructuring. However, as indicated by the survey findings, firms still would like to retain flexibility with respect to whether (and how) to adjust management's equity awards. One reason often cited in support of retaining discretion has been that adjustments typically increased the diluted impact of the award and sponsors did not want to automatically commit to this increase.

Figure 8. Anti-dilution provisions



Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

Starting in 2005, IRC §409A governs adjustments made to any nonqualified stock options in connection with an equity restructuring (IRC §422 still governs adjustments made to qualified options (i.e., incentive stock options)). §409A provides a unique opportunity to actually reduce the dilutive impact of the management equity plans in connection with an equity restructuring. This is because §409A modified one of the conditions necessary to avoid an adverse tax consequence: the exercise price to the fair market value ratio of the adjusted options can now be no greater than the ratio immediately prior to the event that gave rise to the adjustment. This allows companies to potentially increase the spread per option, thereby reducing the number of options needed to preserve the aggregate intrinsic value. To illustrate:

Assume Company A has granted 100 stock options to its executives on January 1, 2005, all with an exercise price of $5. On January 1, 2008 Company A decides to pay an extraordinary dividend of $2/share that has the effect of reducing the fair market value of Company A's common stock with a value of $10/share immediately prior to the payment to $8/share immediately after the payment. In connection with this event, Company A adjusts the outstanding awards so that option holders will be economically indifferent to the dividend. According to §409A Company A decides to reduce the exercise price from $5 to $2 (i.e., the pre-adjustment ratio was 1:2, the post-adjustment ratio is approximately 1:4). This allows Company A to reduce the number of outstanding options needed to preserve the $500 aggregate intrinsic value from 100 to approximately 83.

Note: Companies still need to consider the constructive receipt rules when setting the exercise price. Setting the exercise price too low can risk taxation at the time of vesting (similar to restricted stock). A general rule of thumb used by market practitioners has been to set the exercise price to a level no less than 20% of the FMV of the underlying award. The proposed regulations for §409A included an example of an equity restructuring in which the exercise price to FMV ratio of the substitute stock option decreased from 40% immediately prior to the substitution to 25% immediately after the substitution.

What this means for your business

Now is the time to review your equity compensation strategy.

Until recently, equity plan design among private equity firms was fairly consistent since “creative’ designs generally resulted in adverse accounting results under APB 25. However, the changes to equity compensation accounting introduced with FAS 123(R) mean that being creative in design to ensure a stronger fit with business needs is no longer penalized, and the survey results reflect increasing variation in the design and utilization of equity compensation plans. This provides an opportunity to adjust historic approaches to achieve a better fit with business objectives.

Private equity firms face new challenges that limit the effectiveness of current equity compensation plans to attract and retain the caliber of talent necessary to lead portfolio companies through the downturn. As with the public marketplace, equity values of portfolio companies (especially those acquired in 2007/2008) have fallen and many employee stock options are well below the initial strike price, reducing (or eliminating) their effectiveness as a retention/performance tool. Activity around the adjustment of underwater equity (e.g., repricing) is expected to ramp up significantly in 2009, so it may be appropriate for private equity sponsors to consider alternatives available to address underwater equity.

There are many more considerations that go into the design of an effective equity compensation plan such as the investment exit plans and the importance of key executives to the portfolio company success. If it is considered as a part of the overall investment strategy, a firm’s plan can be a strong retention/performance tool.

Glossary

Bad Leaver Provisions: Repurchase provisions in equity plans that allow the company to buy back equity at the lower of cost or fair market value from employees who voluntarily terminate prior to a liquidity event (other than for "good reason")

Direct Investment: The ability for management to buy into NewCo shares at time of transaction

EBITDA: Earnings Before Interest Taxes Depreciation and Amortizations

FMV: Fair Market Value

IRR: Internal Rate of Return, typically a cash-on-cash calculation

Nonrecourse Loan: Loan obligation where the borrower is not personally liable for payment of the remaining balance of the loan if the collateral value is less than the remaining balance

Profits Interest: Right to receive a percentage of profits from a partnership without any obligation to contribute capital to the partnership or Limited Liability Company (LLC) or without any interest in the existing capital of the partnership or LLC

Ratcheting Provision: Provision to vesting in equity awards whereby more awards are vested if the IRR realized at sale is greater than the minimum hurdle

Recourse Loan: Loan obligation where the borrower/employee is liable for the full amount of the remaining balance of the loan even if the collateral value (i.e. underlying company stock) is less than the remaining balance

Rollover: Conversion of existing shares/options held by company management pre-transaction to equity in NewCo post-transaction

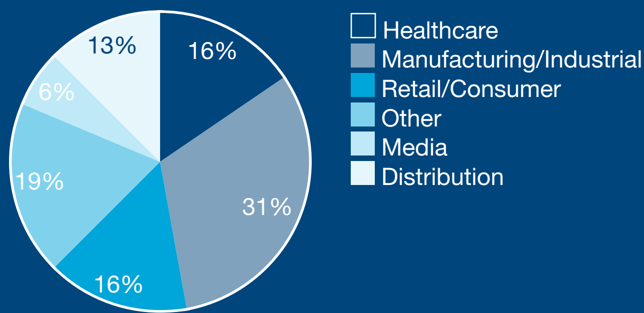
Appendix

Private Equity Participants

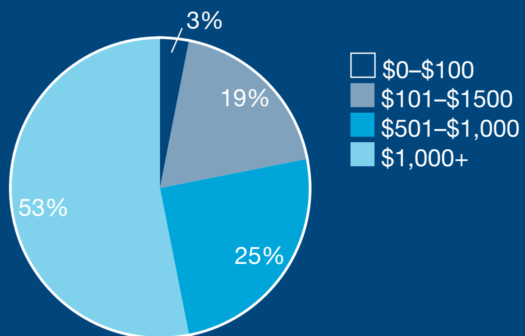
17 private equity firms participated in the 2008 survey.

Portfolio Company Participants

By Industry



By Deal Size—Enterprise Value ($ millions)



Source: 2008 Private Equity Portfolio Company Stock Compensation Survey

Methodology

In the 2008 survey, PricewaterhouseCoopers looked at the equity strategies of 17 private equity firms and reviewed the practices at 32 portfolio companies.

PwC used a questionnaire to gather information on the practices at each participating portfolio company. The questionnaire was designed to be completed either by the private equity firm or by the PwC team online or by inputting individual responses in an Excel document. Where necessary, the team obtained further clarification directly from the private equity firm.

The survey data was collected from April 2007 through June 2008. The portfolio companies in our sample were acquired between January 1, 2006 and April 30, 2008, and therefore reflect the footprint of FAS 123(R).

Human Resource Services

The PricewaterhouseCoopers Human Resource Transaction Services (HRTS) advises private equity firms and corporations on the HR-related issues that arise in acquisitions, divestitures, equity restructurings and joint ventures. Our HR Transaction Services practitioners work with companies through the due diligence of an M&A or spin-off transaction and address the specific benefits, compensation, and equity issues that surround the transaction. As part of the largest professional services firm in the world, we bring together our experience in HR strategy, plan design, compliance, and communication to help companies address and resolve the issues of change. By identifying the impact of people issues, we help bridge the gap between the HR function and the transaction team.

Transaction Services

The PwC Transaction Services practice provides a broad spectrum of advice to complex businesses, wherever they are in their business cycle. We go beyond M&A advice and diligence to also advise on valuations, accounting and financial reporting throughout the business lifecycle. No other firm has the service model capabilities, technical depth and extensive national and international footprint to address the full-breadth of advisory needs of complex businesses across their lifecycle. Our integrated business approach, paired with our dedicated industry and technical teams, sets us apart from our competitors. With over 6,000 deal professionals in over 40 countries, we can deploy an experienced team with technical experience tailored to the client along with deep industry knowledge and local market expertise.

Quantifiable benefits to our clients

Our clients may benefit from minimal disruption to their business by using a single adviser across many different business functions. Our diligence in uncovering the realities of a deal and involvement from strategy to post-deal integration, may make it easier for companies to do the right deals, avoid the wrong ones, and capture value after the deal closes.

www.pwc.com/ustransactionservices

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