The Lebanese American University announces its program on:

Valuation of Family Companies: Preparing for exit; implications for buyers, sellers and wealth planners.

led by Mr. Gary Brooks

On Wednesday May 2, and Thursday May 3, 2007
SCHEDULE

Sessions are scheduled daily from 9:00 a.m to 4:00 p.m, with short coffee breaks and a one-hour lunch break between lectures.

SUMMARY:

Valuation of private enterprises, most often family held businesses, is a critical tool used to help buyers, sellers, taxing authorities and family planners make sound decisions when faced with the potential of an equity transaction. The process estimates the equity value that shareholders would receive in the transaction. A key element in most family business cases is the personal involvement of the owner(s) in the operation of the business and the impact this has on perceived value.

Multiple methods are used to arrive at an equity estimate. The valuation process often yields different results depending upon how the result is to be used. Legal statutes and precedents also affect the valuation result. The most widely recognized standard of value is *fair market value* (FMV). This value of an enterprise or any property is that which a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts.

Shariah compliant finance systems add another variable in more global transactions. This is particularly pertinent in Mudaraba methods where both the value of expertise and of risk must be included in the valuation process for Islamic financial transactions.

Case examples will be provided to demonstrate methodology and to facilitate discussion.

PROGRAM OUTLINE

INTRODUCTION:

- Definitions
- Valuation methods
- Who validates practices
- Restructuring the balance sheet
- Adjusting income statements
- Defining the purpose of the valuation.

KEY ELEMENTS AFFECTING FMV AND DEAL STRUCTURE:

- Market position/strategies
- Barriers to entry
- Non-cash assets & liabilities: e.g. intellectual property, contingent liabilities
- Buyer’s perspectives (strategic vs. financial)
- Seller’s perspectives (sweat equity; post transaction objectives).

VALUATION METHODS:
• Balance sheet value
• Multiples of income
• Multiples of cash flow
• Discounted cash flow
• Returns on investment
• Comparable market values.

DEFINING THE PROPERTY TO BE VALUED:

Standards of value.

• Fair market value (FMV)
• Book value
• Strategic value
• Fundamental value (value of underlying assets).

Business interests being valued:

• Stock: controlling vs. proportional interest
• Assets and liabilities
• Intangible components of sale (e.g. intellectual property; contracts).

Valuation circumstances:

• Going concern
• Liquidation
• Control vs. minority interest
• Degree of marketability.

Uses of the valuation (examples):

• Collateral for financing
• Public offering
• Taxable value
• Estate planning.

LARGE VS. SMALL BUSINESS VALUATIONS

• Reporting methods (cash vs. accrual)
• Data integrity
• Organizational structure
• Accounting policies in use (e.g. tax vs. management accounting)
• Asset vs. stock transaction.

ANALYZING THE COMPANY:

Balance sheet adjustments:
• Accounts receivable
• Inventory
• Depreciated assets.
• Liabilities
• Contingent assets & liabilities.

Adjusting the income statement (examples):

• Recognition of revenue
• Cost of goods sold
• Depreciation & amortization rates
• Non-recurring costs
• Non operating income & expenses

Comparisons with industry performance

• Implications of financial ratios
• Identification of risks
• Impact of qualitative factors.

CASE EXAMPLES

REACHING THE VALUATION CONCLUSION:

Buyer’s Perspective-Cash demands

• Working capital requirements
• Capital asset demands
• Credit policy impact
• Estimating using working capital ratios
• Restructuring liabilities.
• Forecasting future performance
  o Projecting impacts of operating changes
  o Risk forecasting; sensitivity analysis.

Selecting valuation methods

• Developing capitalization and discount rates
• Discounting future returns
• Capitalized earnings
• Returns on invested capital
• Excess earnings method
• Multiple of gross revenue
• Asset based methods
• Direct market comparisons
• Discounts of enterprise value; premiums for:
  o Risk;
  o Illiquidity;
  o Control.
Converting value to transaction terms

- Equivalent cash value
- Contingent payments

Adjusting valuations for intangible factors

- Intellectual property
- Management
- Product/market life cycle
- Pricing practices
- Customer concentration
- Employment pool

Common valuation errors

CASE EXAMPLE: ESTIMATING VALUE; STRUCTURING THE TERMS OF SALE

FACULTY

Gary Brooks,

CMC, CTP is nationally recognized as a turnaround and crisis management professional. He has over 35 years of diversified executive management and consulting experience. Currently, he serves as Chairman and Chief Executive Officer of Allomet Partners, Ltd. He has counseled and provided interim management services to more than 200 companies. Clients are referred principally by those who may be at financial risk (e.g. lenders, investors, directors, etc.) if an enterprise fails to meet performance expectations and by members of the professional community. In addition to restructuring and interim crisis management services, Allomet offers extensive pre-transaction due diligence services to facilitate loan and investment decisions and post transaction integration and performance enhancement support.
Mr. Brooks was a founding member of the Turnaround Management Association (TMA), and a member of its Board of Directors for eight (8) years. He also served as Director and as national Chair of the Institute of Management Consultants (IMC). He was graduated from the Massachusetts Institute of Technology having majored in Biochemical Engineering and Industrial Management and received an MS degree from the University of Rochester (NY) in Chemical Engineering and Operations Research. Credentials include election as a Certified Management Consultant (CMC) and as a Certified Turnaround Professional (CTP). He is also listed in Who’s Who in America.

His career affiliations include the General Electric Company, Eastman Kodak Co., Vice President of Operations for a U.S. subsidiary of Agfa, and as Division Executive managing a subsidiary of the Scott Paper Company. Prior to the formation of Allomet Partners, he managed the New York office of an international firm specializing in strategic planning and technological forecasting and for 8 years served as Managing Principal of a major New England based turnaround consulting firm. Currently, he sits on the Board of Directors of Diomed Holdings, Inc. (AMEX) and on the investment committee of the Community Development Venture Capital Alliance. He also served as a Director of Boundless Technologies, Inc. (AMEX).

Mr. Brooks writes frequently for publication in Journals serving the profession and lectures often, having spoken to the Family Firm Institute, Bankruptcy Section of the Connecticut Bar Association, Regional Conference of Robert Morris Associates (bank loan and credit officers), Financial Management Association, and at numerous Chapter and National meetings of TMA. He has also served as Visiting Professor at Schools of Business Administration of the University of Massachusetts-Amherst, Long Island University, Pace University and the University of Rochester.

**COST**

The cost per participant for the two days program will be:

- Enrollment in the Seminar: $550 U.S. Dollars
- Enrollment in the two seminars = $1000 U.S. Dollars

**Seminar 1: Family Financial Success: Privilege with Responsibility**
led by Dr. James Lea

On Tuesday March 27, and Wednesday March 28, 2007

10% discount for members of the same family.

Each amount covers seminar reading material, tuition, stationery, lunches and coffee breaks.
Participants are asked to complete the enclosed Program Registration Form and return it to the Institute, as soon as possible, by fax or by e-mail. Kindly enclose the course fee with your application, payable by:

1. Check to the order of the "Lebanese American University - IFEB"

2. Bank transfer to Byblos Bank - Byblos Branch, (USD) Account number: 30.02.252.373689.0
   Ref: Lebanese American University - IFEB

3. Bank transfer to Audi Bank - New York Branch, Account number: 613976-422-01-002
   Ref: Lebanese American University - IFEB

4. Credit card facilities are available at the Business Offices.

Please make sure that the reference "IFEB" is mentioned on all kinds of payment modes.

Applications are accepted subject to place availability.

ACCOMODATION

Hotel Accommodation is available for the participants and their spouses for the duration of the workshop, conference and seminar at discounted rates including breakfast. Contact directly the Byblos sur Mer Hotel at :961-9-54 12 17 or 961-9-54 03 56 for reservation, and mention LAU- IFEB program for discounted rates. Fax them at: 961 9 54 80 00 or E-mail them at: byblos.mer@inco.com.lb or consult: www.byblossurmer.com.lb.

CERTIFICATE OF ATTENDANCE

Each participant will receive a certificate of attendance.

VENUE

The Lebanese American University, will host the event on the Byblos Campus, Science Building, Conference Room 607.
POTENTIAL PROGRAM PARTICIPANTS

Participation in this program is open to family members and executives of family owned businesses. More than one member in the family is encouraged to participate.

APPLICATION AND REGISTRATION

For more information regarding applications and registration, please contact:

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