

Buyout Related Questions

What happens to pre-buyout goodwill on Company's book? It stays.

What happens to the equity on the pre-buyout Company book? Gets wiped out.

What happens to the debt borrowed to finance the buyout? Gets booked on the Co.

How does the debt borrowed end up on the Co's book? The investor forms a new special purpose company, which is used to acquire the target. Thus the target becomes a subsidiary of the special purpose co. The bank lends money to the special purpose co. and the investor is not tied to the debt.

How is goodwill calculated? Market cap of the equity minus the book value.

Why would the acquirer refinance, or payoff the debt on the pre-buyout Co's book? We don't know. Maybe its part of the deal, but why would the sellers care anymore?

	Historical		Adjustments		Pro Forma
	Year 0 2007	Mar 31 2008	Financing	GAAP/ Other	Closing 7/31/2008
Assets					
Cash & Equivalents	\$132.8	\$146.6	(\$116.6)		\$30.0
Accounts Receivable	120.2	131.4			131.4
Inventories	0.0	0.0			0.0
Deferred Income Taxes	10.7	8.8			8.8
Prepaid Expenses & Other	8.5	8.2			8.2
Total Current Assets	\$272.2	\$295.1			\$178.5
PP&E, gross	\$168.9	\$175.4		\$15.0	\$190.4
(Accumulated Depreciation)	(136.2)	(142.4)			(142.4)
PP&E, net	\$32.7	\$33.0			\$48.0
Equity Investments	0.0	0.0			0.0
Capitalized Financing Costs	0.0	0.0	6.4		6.4
Goodwill, net	60.7	61.1		379.8	440.9
Intangible Assets, net	40.2	37.5		116.3	153.8
Operating Rights, net	0.0	0.0			0.0
Other Long-Term Assets	16.6	14.3			14.3
Total Assets	\$422.4	\$440.9			\$841.9
Liabilities					
Short-Term Debt	\$0.0	\$0.0	\$0.0		\$0.0
Accounts Payable	18.4	20.7			20.7
Accrued Liabilities	21.0	15.4			15.4
Client Deposits	26.7	0.0			0.0
Other Current Liabilities	25.1	59.1			59.1
Total Current Liabilities	\$91.2	\$95.2			\$95.2
Deferred Income Taxes	\$0.0	\$0.0		45.9	\$45.9
Capital Leases	0.0	0.0			0.0
Other Long-Term Liabilities	18.7	17.9			17.9
Revolver	0.0	0.0	0.0		0.0
Existing LT Debt (excl. current portion)	230.0	230.0	0.0		230.0
Term Loan - A	0.0	0.0	150.0		150.0
Term Loan - B	0.0	0.0	0.0		0.0
Senior Note	0.0	0.0	75.0		75.0
Subordinated Note	0.0	0.0	0.0		0.0
Mezzanine	0.0	0.0	0.0		0.0
Seller Note	0.0	0.0	0.0		0.0
Total Liabilities	\$339.9	\$343.1			\$614.0
Shareholders' Equity					
Existing Shareholders' Equity	\$82.5	\$97.9		(\$97.9)	\$0.0
Noncontrolling (Minority) Interest	0.0	0.0	0.0		0.0
Preferred Stock - A	0.0	0.0	10.0		10.0
Preferred Stock - B	0.0	0.0	0.0		0.0
Common - Sponsor	0.0	0.0	233.6		233.6
Management Rollover	0.0	0.0	0.0		0.0
Investor Rollover	0.0	0.0	0.0		0.0
Other	0.0	0.0	0.0		0.0
Additional Paid-In Capital	0.0	0.0			0.0
Retained Earnings	0.0	0.0		(15.8)	(15.8)
Total Shareholders' Equity	\$82.5	\$97.9			\$227.8
Liabilities & S/H Equity	\$422.4	\$440.9			\$841.9