



**The McLean Group's
Business Valuation Practice
Silicon Valley Office**

Contents

	Page
I. The McLean Group	3
II. Our Business Valuation Practice	4
III. Why Our Business Valuation Practice?	5
IV. Recent Business Valuation Experience	6
– General Business Valuations	
– ESOP and Stock Option Plan Experience	
– Fairness Opinions	
– Financial Reporting	
– Valuations for Public Companies	
– Litigation Support	
V. Venture Capital and Private Equity Firms	13
VI. Our Silicon Valley Office	14
VII. Business Valuation Practice Leadership	15
VIII. Recent Business Valuation Articles Published	16
IX. Recent Business Valuation Professional Recognition	17
X. Resources	18
XI. TMG Board of Advisors	19

The McLean Group



The McLean Group is a boutique investment bank focused on middle market businesses generating from \$5 million to \$300 million in annual revenues. The firm is headquartered in McLean, Virginia in the Greater Washington, DC metropolitan area and has over 28 offices across the country.

The McLean Group's core service offerings include:

- **Mergers and Acquisitions**
- **Corporate Finance**
- **Business Valuation**
- **Litigation Support**
- **Market Intelligence**
- **Wealth Management**

The McLean Group has built a national M&A practice and has a developed network of relationships with international firms in order to provide a global reach for all of our clients.

FINRA Registered Broker/Dealer

McLean Securities, a wholly-owned affiliate of The McLean Group, is a registered broker/dealer with the Financial Industry Regulatory Authority (FINRA) and a Member, Securities Investor Protection Corporation (SIPC).

Our Business Valuation Practice

As a core competency and complement to its M&A business, The McLean Group provides formal business valuation services for a variety of transaction, financial reporting, and tax purposes, including:

Financial Reporting

- Purchase price allocation (SFAS 141)
- Goodwill impairment tests (SFAS 142)
- Analysis of long-lived assets (SFAS 144)
- Stock option expense (SFAS 123R)

Litigation Support

- Dissenting/oppressed shareholders
- Lost profits and lost asset values
- Business interruption claims

Transaction Opinions

- Fairness opinions
- Capital adequacy opinions

Equity Incentive Plans

- Employee Stock Ownership Plans (ESOPs)
- Private company equity incentive plans
- Section 409A valuations

General Business Valuations

- Buy/sell agreements
- Estate and tax planning
- Exit planning



Why Our Business Valuation Practice?



The combination of our M&A perspective, valuation experience, and technical expertise benefits all of our business valuation clients. Our business valuation practice's primary differentiators include:

Technical Valuation Expertise

The McLean Group's professional team is composed of credentialed valuation professionals with technical valuation expertise, including: certified public accountants who are accredited in business valuation (CPA/ABVs), accredited senior appraisers (ASAs), and certified and accredited valuation analysts (CVAs and AVAs).

M&A Perspective

As a leading middle market investment bank, The McLean Group leverages its merger and acquisition transaction experience in performing formal business valuations. With access to various investment banking transaction databases and our hands-on transaction experience, our business valuations are performed from a market-oriented perspective.

Valuation Experience

The McLean Group has a breadth of experience in performing business valuations. Dennis Roberts, a nationally recognized speaker, business valuation instructor, and expert witness, is the Chairman of the practice. We also utilize The McLean Group's senior investment bankers who can provide specific industry experience.

Recent Business Valuation Experience

Below is a summary of our business valuation experience in terms of the various types of valuations that we have performed. A sample of our business valuation references are also detailed in Appendix A.

■ General Business Valuations

Our firm conducts a variety of general business valuations for tax and estate purposes, buy/sell agreements, strategic purposes, partner buy-outs, stock option plans, employee stock ownership plans, and other purposes. Recent general business valuation engagements include:



Recent Business Valuation Experience, continued

■ ESOP & Stock Option Plan Experience



Western Scrap Processing

ESOP Fairness Opinion

Industrials

As Business Valuers & Financial Advisors



Avtec Systems, Inc.

Business Valuation

Government Contracting Services

As Business Valuers & Financial Advisors



TEOCO CORPORATION

Business Valuation

Telecommunications & IT Services

As Business Valuers & Financial Advisors




Claraview

Business Valuation

Business Intelligence

As Business Valuers & Financial Advisors




Client Network Solutions, Inc.

Business Valuation

Business Intelligence

As Business Valuers & Financial Advisors



ROYAL4 SYSTEMS

Business Valuation

Logistics Software

As Business Valuers & Financial Advisors



CollabraSpace
Revolutionary Collaboration

Business Valuation

Government Contracting
IT Services & Software

As Business Valuers & Financial Advisors




intercom
consulting & federal systems

Business Valuation

Government Contracting
IT Services

As Business Valuers & Financial Advisors




CARNEY

Business Valuation

Government Contracting
IT Services

As Business Valuers & Financial Advisors



JB&A, INC.
James Benvenuto & Associates

Business Valuation

Government Contracting

As Business Valuers & Financial Advisors



Recent Business Valuation Experience, continued

■ Fairness Opinions

Ever since the Delaware Supreme Court ruling in 1985 which held a company's directors personally liable for relying on the company's internal valuation of a transaction and not seeking third party valuation guidance, fairness opinions have become customary for significant transactions. Fairness opinions provide an analysis of the fairness of a transaction from a financial point of view. Recent fairness opinion engagements include:



Recent Business Valuation Experience, continued

■ Financial Reporting Valuations

In the last five years, U.S. generally accepted accounting principles (“U.S. GAAP”) have undergone a significant transformation to a fair value reporting standard. Acquisitions are accounted for under purchase accounting rules where acquired intangible assets are separately identified and valued. U.S. GAAP outlines five general categories of intangible assets. Intangible assets with an indefinite life and any remaining goodwill are not amortized, but rather subject to periodic impairment testing. Goodwill impairment testing often requires the valuation of a company’s reporting units. Recent financial reporting valuation engagements include:



Recent Business Valuation Experience, continued

■ Public Company Experience

The McLean Group also provides extensive business valuation support to a variety of public companies. We have assisted with Purchase Price Allocations, Goodwill Impairment Test, Cheap Stock Analyses, and the drafting of SEC Filings. Our experience with public companies includes:



Recent Business Valuation Experience, continued

■ Option Valuations

SFAS 123R requires the valuation and expense of share-based payments. We utilize state-of-the-art software, including FinTools, DecisionPro, and proprietary spreadsheets. We have the ability to apply Black-Scholes-Merton, Lattice (binomial and trinomial) and Monte Carlo models to estimate the Fair Value of options. Our analysis can also include a detailed report of the expected volatility and expected term assumptions. The option valuations we have engaged in include:



Recent Business Valuation Experience, continued

■ Litigation Support

The McLean Group also applies its business valuation skills to support a variety of litigation and arbitration cases. From quantifying economic damages to valuing a minority interest in a business, we have the business valuation experience and credentials to support cases involving a variety of legal issues. In addition, the firm has acted as formal arbitrators as well as mediators on valuation related disputes, including the following:



Venture Capital and Private Equity Firms

■ Venture Capital and Private Equity Firms

The McLean Group has provided valuation services to companies owned by the following venture capital and private equity firms.



One Equity Partners



Our Silicon Valley Office

Brian A. Sullivan is the leader of our Silicon Valley office.

Brian A. Sullivan, CPA/ABV, CVA, CBA, CFE

Brian A. Sullivan is the Managing Director of The McLean Group's Silicon Valley office. He specializes in providing advice and planning solutions regarding alternative wealth transfer strategies to owners of closely-held businesses. He has more than 25 years of experience implementing sophisticated wealth transfer techniques to privately-held middle market companies.

Mr. Sullivan earned his BA in Business Economics at the University of California in 1978 and his MS Taxation from Golden Gate University in 1981. He has specialized training and credentials in valuation, forensic accounting, fraud investigation, insurance and real estate. He also is a Licensed Registered Investment Advisors (RIA) holding a Series 7 license and applicable state securities licenses.



Business Valuation Practice Leadership

Dennis Roberts, CPA*/ABV, CVA

Dennis Roberts is Chairman and co-founder of The McLean Group, LLC. He has more than 35 years of accounting and investment banking experience involving a multitude of transactions across a wide variety of industries and markets. Mr. Roberts is a Certified Valuation Analyst (“CVA”) and is Accredited in Business Valuation (“ABV”) by the American Institute of Certified Public Accountants. He teaches nationally for NACVA, lectures at various MBA programs, and writes on M&A, business valuation, and corporate finance to national audiences. He is a National Association of Securities Dealers (NASD) registered representative and firm principal (Series 7, 24, 28 and 63).

Andy Smith, CPA/ABV, ASA, CVA, CMA

Andy Smith is a Partner and Senior Managing Director of The McLean Group's business valuation practice. He has a broad background of experience, including public accounting, investment banking, and financial operations management. Mr. Smith is a Certified Public Accountant (“CPA”), Accredited in Business Valuation (“ABV”), Accredited Senior Appraiser (“ASA”), Certified Valuation Analyst (“CVA”), and Certified Management Accountant (“CMA”). He is a National Association of Securities Dealers (NASD) registered representative and financial and operations principal (Series 7, 28, and 63). He has also been an instructor with the National Association of Certified Valuation Analysts.



*Formerly practicing.

Recent Business Valuation Articles Published

The firm's valuation experts have written several articles published in various trade publications. They also regularly provide business valuation seminars to the public and often guest lecture to various schools and other groups.



Insight into the Discount for Lack of Marketability from the Government Contracting Sector

by Andrew C. Smith, CFA, MAI, CPA, CMA

The government sector is a unique market for business valuation. It is characterized by a high degree of regulation, a long history of public ownership, and a complex structure of ownership. This article provides an in-depth analysis of the discount for lack of marketability (DLOM) in the government contracting sector. It discusses the unique characteristics of this market, the challenges of valuation, and the impact of the DLOM on the value of the business. The author provides a detailed analysis of the DLOM and offers practical advice on how to value a business in this sector.



The M&A Impact of SEAS No. 141R

The introduction of Intangible, Asset and Economic Adjustments Impacted Under the New Accounting Rules.

by Andrew C. Smith, CFA, MAI, CPA, CMA

The new public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering the data, reviewing the collected data, reviewing and revising the responses, and reviewing and approving the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Service, Paperwork Project (0158-0001), Washington, DC 20503.

Valuation STRATEGIES

Middle Market M&A DEALS and the Sales-Side Auction

by Andrew C. Smith, CFA, MAI, CPA, CMA

This article explores the impact of middle market M&A deals and the sales-side auction. It discusses the unique characteristics of these deals and the challenges of valuation. The author provides a detailed analysis of the sales-side auction and offers practical advice on how to value a business in this market.

JOURNAL OF ACCOUNTANCY

Allocating Value Among Different Classes of Equity

Valuation models can be tailored to unique financing structures.

by Andrew C. Smith and Jason C. Lamm

This article discusses the challenges of allocating value among different classes of equity. It provides a detailed analysis of the various factors that can impact the value of different classes of equity and offers practical advice on how to allocate value in a way that is fair and equitable to all parties involved.

WASHINGTON BUSINESS JOURNAL

Should I sell now? How Long Will the Current Valuation Bubble for Government Contractors last?

by Andrew C. Smith, CFA, MAI, CPA, CMA

This article discusses the current valuation bubble for government contractors and offers practical advice on whether to sell now or wait. The author provides a detailed analysis of the market and offers practical advice on how to value a business in this sector.

Disclosures

FINANCIAL VALUATION ISSUES AND IPOs

by Andy Smith, CHAIRMAN, ASA, CMA, CPA, and JOHN SMITH, CPA

This article discusses the financial valuation issues and IPOs. It provides a detailed analysis of the various factors that can impact the value of a business and offers practical advice on how to value a business in this market.

Financial Valuation Litigation Expert

by Andrew C. Smith, CFA, MAI, CPA, CMA

This article discusses the challenges of financial valuation litigation. It provides a detailed analysis of the various factors that can impact the value of a business and offers practical advice on how to value a business in this market.

CORPORATE BOARD MEMBER MAGAZINE

Corporate Board Member Magazine

by Andrew C. Smith, CFA, MAI, CPA, CMA

This article discusses the challenges of being a corporate board member. It provides a detailed analysis of the various factors that can impact the value of a business and offers practical advice on how to value a business in this market.

Recent Professional Recognition

- Top 50 CPAs in DC Area** - SmartCEO Magazine recognized Andy Smith as one of the Top 50 CPAs in the Washington DC Area. SmartCEO Magazine selected the Top 50 CPAs after canvassing the magazine's readership, the Greater Washington Society of Certified Public Accountants, fellow CPAs, clients and others.
- NACVA Executive Committee** – Dennis Roberts has served on the National Association of Certified Valuation Analysts' Executive Committee.
- ACG Dealmaker of the Year** – Dennis Roberts was awarded the Deal Maker of the Year Award by the National Chapter of the Association for Corporate Growth.

National Capital Chapter
The Organization of Corporate Dealmakers

Association for Corporate Growth

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Shela A. Clark
America Online

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Global Capital Corporation

William C. Fry
Alexandria Surveys International, LLC

Russ E. Hanna
Project Performance Corporation

Harry S. Kattivom
Advanced Technology Systems

Lawrence W. Kohlen, Esq.
Kohlen & King, P.C.

Shirley Krithivas
BDS&S Corporation

Ray Odom
SI International, Inc.

Dale E. Powell
Candy & Partners/Strong Group

Robert Rubin
Avonon Capital Partners LLC

John B. Sanders
JohnSanders.com

Michael Syracuse
Technology Services Corporation

S. Wayne Teague
C-CES&I Corporation

April Weiss

ACG

Dealmaker of the Year Award to Dennis Roberts

McLean, VA, April 24, 2003 - Dealmaker of the Year honors were bestowed upon Dennis Roberts of The McLean Group at the First Annual Corporate Growth Awards Gala sponsored by the National Capital Chapter of the Association for Corporate Growth (ACG). One of a field of six nominees, Roberts was given highest honors for his intermediary dealmaking accomplishments over the past year. He is Managing Director and Principal at The McLean Group LLC, an investment bank that serves the needs of middle-market businesses in the areas of mergers and acquisitions, business valuation, capital formation, executive advisory services and litigation support.

FOR IMMEDIATE RELEASE

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SmartCPAs

The Top CPAs in Greater Washington

Who are the top CPAs in Greater Washington? We asked you answered. The Washington SmartCEO leadership, the Greater Washington Society of Certified Public Accountants, fellow CPAs and clients all responded to the call and all of more than 100 nominations, we selected the Top 50 CPAs. Winners were chosen based on their leadership, their innovation and their impact on the community and profession, their accomplishments and their years of service. As you can see from the list, four business daily news, and following the members names more complicated than ever. It's good to know who you can turn to. This list represents the top 50 top professionals in the field. The following paragraphs are excerpts from nomination forms.

PAUL ARCY
ARCY WELTE & ROBINSON
CPA
Paul has been the President and CEO of Arcy Welte & Robinson since 1994. Paul reports in consulting, merger and acquisition, financial, operational, and other business which he helps a group with approximately 150 employees serving 200 private and non-profit clients.

ARTHUR ABERGAGE
BERNARD COMPANY LLP
Arthur is well recognized in the Washington metropolitan area as one of the "top people" in terms of his professional skills and leadership in serving the Main Business Executive for the District of Columbia.

HARRY C. BALLMAN
Ballman is an 40 year experience financial planning, estate and tax services and management consulting firm. He is the President of the firm's strategic responsibilities. He has been a member of the Institute of Certified Financial Planners and is a past President of the American College of Financial Planners.

DAVID WILSON
Wilson is a National Board of Governors, and past International Treasurer of Alpha Tau Omega Fraternity, Inc. (ATOmega.org)

DAVID WILSON
David Wilson, CEO for the Mid-Atlantic region of BancAmerica, one of the largest privately held, full-service commercial real estate firms in the U.S. He initiated the development of business and financial strategies for the Mid-Atlantic operation. Over a 20 year period of experience in strategic planning, as director of operations and director of Finance of real estate services companies. Prior to BancAmerica, David was a principal in a strategic planning consulting firm. He also served as the executive vice president and chief operating and financial officer for Driscoll & Lamb Company. David is a member of Federal City Council, International Trust, National Rotary Foundation, Greater Club of Trustees and Strategic Group, Inc. He received his degree in Finance from George Washington University, B.S. He is a Certified Public Accountant (CPA) and is a former Trust Estate Officer.

DAVID WILSON
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DAVID WILSON

SmartCPA Awards Cocktail Reception

Acknowledging the Efforts of the Top CPAs in Washington, DC, Maryland, and Virginia

These 2003 Top SmartCPAs were chosen from nominations submitted from Washington, DC, Maryland & Virginia. Nominations were sent to SmartCEO Magazine, members of the Greater Washington Association of CPAs. We are proud to recognize the following professionals for their outstanding contributions to the business community and to the profession.

Event Details:
July 27th • 6:00pm-9:00pm
Dandy Dinner Cruise Ship • Tickets: \$100
Zero Prince Street Alexandria, VA 22314

JustInBradley.com

Don't miss out on this event!

SmartCEO

SmartCPAs

The Top CPAs in DC, MD, VA

DAVID WILSON

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SmartCEO



Resources

The McLean Group also maintains an extensive research library, which includes leading business valuation books, recent valuation articles, and business valuation research books, such as Mergerstatt and Ibbotson's SBB&I. We also subscribe to several leading investment banking databases, including:



Owned by Standard & Poors, the database provides extensive public company, industry and private transaction research. Public company performance and valuation data can be automatically downloaded into spreadsheets.



Includes detailed company and industry profiles, executive biographies, financial data, analyst reports and business press coverage. It integrates business content from over 2,500 leading sources worldwide.



IBIS World provides independent, comprehensive and up to date research on over 700 industries, including statistics, analysis and forecasts. It also offers reports on 8,000 companies, as well as risk ratings on every industry.



Includes transaction data of over 5,800 private companies in all industries.



Includes transaction data of over 5,100 private companies in 640 industries. The transactions' median selling price is \$2.9 million.



Includes industry and public company information. It contains selected financial information and ratios for about 10,000 companies, the shares of which are traded on major market exchanges. Information is searchable by the SIC Code.

TMG Board of Advisors



RODNEY B. BUCK
Member, Board of Advisors

- Chief Executive Officer, Columbia Research Group
- Chief Financial Officer, Aleon (2001)
- More than 20 years of corporate financial management experience



VICE ADMIRAL A. BURKHALTER, JR.
Member, Board of Advisors

- Retired Vice Admiral
- Adviser to Senior Intelligence Community Officials
- Founder of Burkhalter Associates (1986)
- U.S. Naval Academy Graduate



EUGENE F. SWANZEY
Chairman, Board of Advisors

- Chase Manhattan's Senior Vice President for Government Affairs
- Chase Manhattan's Corporate Vice President (Chairman's Office)
- Partner in PA Consulting



VICTOR H. FAZIO
Member, Board of Advisors

- California Congressman for 20 years
- Vice Chair of the Democratic Caucus (1989-1994)
- Chairman of the Democratic Congressional Campaign Committee
- Member of the California State Assembly



JOYCE DORIA
Member, Board of Advisors

- Former Senior Partner at Booz Allen Hamilton
- Former elected member of Booz Allen Hamilton's BoD
- Provided consulting for NATO, the former Secretary of State, and the Deputy Attorney General of Justice



DAVID GROOMS
Member, Board of Advisors

- Increased sales from \$286 million to \$625 million (Kyocera America)
- Raised \$7 million in Tokyo (Zucotto Wireless, Inc.)
- Successfully raised financing of \$24.3 million (Shellcase Inc.)



ROBERT C. McFARLANE
Member, Board of Advisors

- National Security Advisor (1985)
- Special Representative in the Middle East (1983)
- Deputy National Security Advisor (1982)
- Counselor to the Department of State (1981)



DENNIS RASMUSSEN
Member, Board of Advisors

- Served two terms as a Maryland State Senator
- 30 years experience in offices of State and local government
- Recipient of Most Valuable State or County Official in America, City & State Magazine



RON SALLUZZO
Member, Board of Advisors

- Executive VP & CFO - Harris Interactive
- Chief Risk Officer - BearingPoint
- Executive VP, State & Local Government & Education - BearingPoint
- Audit Partner & Practice Leader - KPMG

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www.mcleanllc.com

M&A | Corporate Finance | Market Intelligence | Wealth Management

Business Valuation | Exit Planning | Litigation Support