

Strategic Investments and Acquisitions



Overview of Transactional Issues for Corporate Investors

- Governance Issues/Risks
 Board Membership vs Observer Rights, Confidentiality Obligations
- Strategic Considerations
 Exclusivity

Customer Relationship/Supply Terms

Acquisition/Change of Control

Financing Terms
 Minority Shareholder Issues
 Transfer Restrictions

Due Diligence Issues
 Intellectual Property/Patent Issues

Corporate Reputation/Publicity

Mechanics Of How A Deal Is Done

- Term Sheet
- Purchase Agreement
- Financing, Time and Responsibilities Checklist

Mechanics Of How A Deal Is Done (cont.)

<u>Closings</u>

- Single Closing

Review Purchase Agreement

– Multiple Closings

- Review applicable portions of Purchase Agreement
- Addendum Agreement

Basic Deal Structure

• Equity

- Common Stock
- Preferred Stock
- Debt
 - Convertible
 - Other
- Warrants
 - Simple Warrant Coverage
 - Staged Financing (with milestones)

Preferred Stock Features

Liquidation Preferences

- Participation Features
- Preference Features
- Dividend Preference
- Redemption Features
 - Mandatory
 - Optional

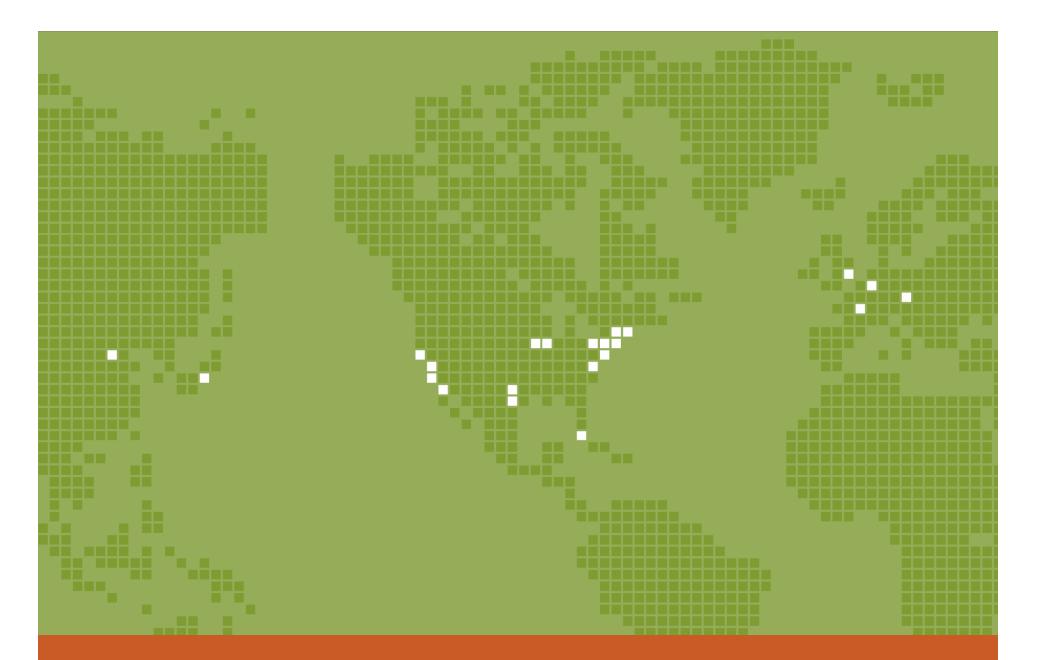
Preferred Stock Features (cont.)

Voting Rights

- General
- Special

Antidilution Features

- General
- Price-Based
 - Weighted Average
 - Pay to Play



worldwide

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