

## 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

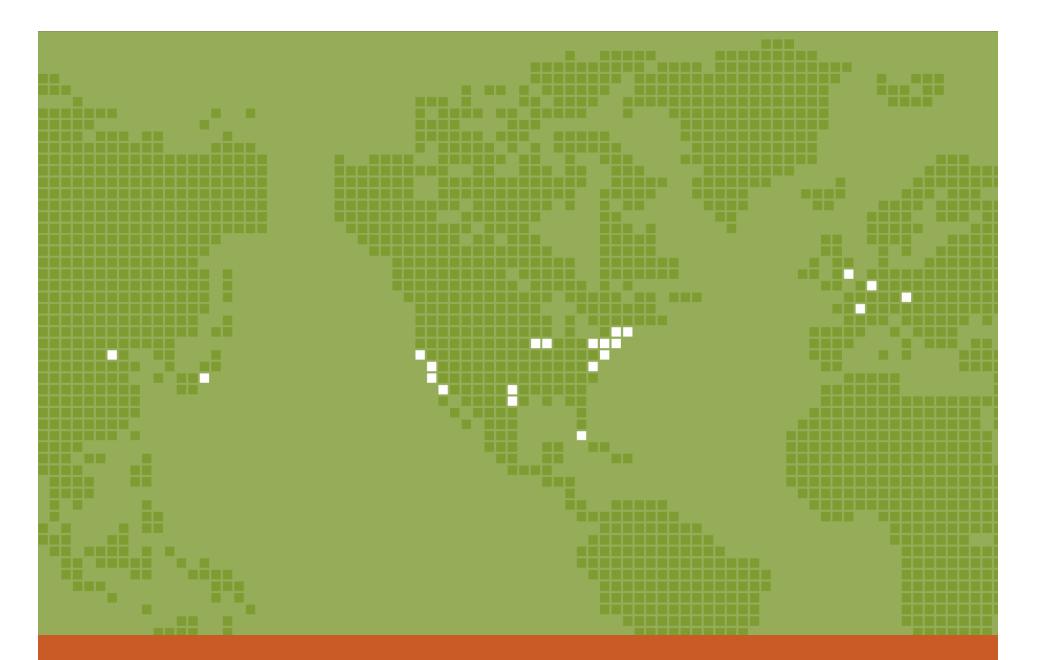
### **Preferred Stock Features (cont.)**

## Voting Rights

- General
- Special

### Antidilution Features

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



#### worldwide

Beijing Boston Brussels Chicago Dallas Frankfurt Harrisburg Houston Irvine London Los Angeles Miami Minneapolis New York Palo Alto Paris Philadelphia Pittsburgh Princeton San Francisco Tokyo Washington