UT LAW CLE

Heading for the Exit

PRE-SALE CONSIDERATIONS TO MAXIMIZE SELLER LEVERAGE

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Private and Confidential

Why Preparing for an Exit is Critical

- Best outcomes arise from good preparation
- Premium buyers do not like to deal with issues requiring fixing
- Deal fatigue makes cowards of us all (especially clients)
- Cost to fix increases as you approach closing
- Waiting to fix problems can eliminate otherwise attractive solutions
- Fixing problems early can increase sale proceeds received and reduce holdbacks/escrows/special indemnities
- Unresolved problems hand negotiating leverage to the buyer

Typical Problems in Sales

- Cap Table Cleanup
- Employee misclassification
- Tax issues
- IP issues
- Onerous contracts or nearly expired favorable contracts
- Liabilities
- Minority Owners, management, and key personnel not on board
- Immigration issues
- Environmental issues
- Failure to tightly control the sale process

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