

## Epic Fails and Saves: Due Diligence in Today's M&A Marketplace

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## OVERVIEW

- The M&A Market Today
- Epic Diligence Fails
- Refresher: M&A Due Diligence 101
- Managing the Due Diligence Process: Best Practices
- Diligence Fails in Practice
- Failure to Know It When You See it
- International M&A: Qualifications to Seller's Representations and Warranties
- Q&A

## The M&A Market Today

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### CURRENT M&A MARKET

- Global M&A jumped in 2014
  - Higher stock price levels
  - Abundant cash resources
  - Favorable financing rates
- U.S. activity up from 2013, inbound and outbound
  - Favorable acquisition opportunities
  - Consolidation activities and large divestitures
- Prospects for 2015
  - Favorable environment for M&A

## Epic Diligence Fails

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### CASE STUDY: HP AND AUTONOMY

- “H-P Says It Was Duped, Takes \$8.8 Billion Charge” – WSJ
  - “There appears to have been a willful sustained effort by some Autonomy employees to inflate the underlying financial metrics...with the intent to mislead investors and potential buyers.” – Meg Whitman, H-P CEO
  - “We completely reject the allegations...I can’t understand how you can write down \$9 billion of value and say somehow this was all caused by something you didn’t notice when you did due diligence with 300 people.” – Michael Lynch, Autonomy founder

\* Source: The Wall Street Journal, Nov. 20, 2012 <http://www.wsj.com/articles/SB10001424127887324352004578130712448913412>

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First appeared as part of the conference materials for the  
37<sup>th</sup> Annual Corporate Counsel Institute session

"Epic Fails and Saves: Due Diligence in Today's M&A Marketplace"