# Issues and Pitfalls in Joint Ventures

## Objectives, Structure, Economics, and Control

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## Basics

- A joint venture is a cooperative venture between two or more companies, often with different constituencies and different objectives.
- Fundamentally different from other M&A transactions because the parties continue to share economic risk and will still be "tied together" after closing.
- Parties often contribute different assets to the venture – some combination of contractual obligations, hard assets, 'soft assets' and cash – and often have different goals with respect to the venture.

## Typical Joint Venture Objectives

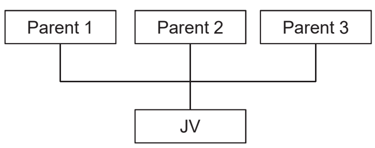
- Strategic alliances / synergies
- Risk apportionment
- Regulatory benefits
- Access to management or assets
- Access to technology or know-how



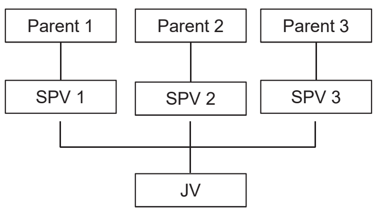


## Typical Joint Venture Structures

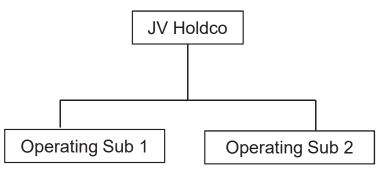
"Plain Vanilla"




"Ownership through SPVs"




"Holding Company / Operating Company"



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