



# The Games People Play: Purchase Price Adjustments

**MODERATOR:**

Larry E. Glasgow (Partner, Gardere Wynne Sewell LLP)

**PANELISTS:**

Vincent Biemans (Managing Director, Berkeley Research Group)

Greg S. Brow (Partner, Dentons US LLP)

Robert B. Little (Partner, Gibson Dunn & Crutcher LLP)

---

# Purchase Price Adjustments

Why do private purchase agreements include purchase price adjustments?

- ✓ Ensure target business is delivered with a “normalized” level of working capital
- ✓ Ensure target business has strong enough balance sheet to operate on day one
- ✓ Ensure sellers are compensated for profits of the business through closing
- ✓ Charge sellers for extraordinary expenses in connection with sale
- ✓ Validate buyer’s valuation assumptions
- ✓ Ensure that the transaction is consummated on a cash-free and debt-free basis

# Purchase Price Adjustments

Typical purchase price adjustments include adjustments for:

- ✓ Working Capital
- ✓ Debt
- ✓ Cash
- ✓ Transaction Expenses

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: The Games People Play: Purchase Price Adjustments

Also available as part of the eCourse

[2017 Mergers and Acquisitions eConference](#)

First appeared as part of the conference materials for the

13<sup>th</sup> Annual Mergers and Acquisitions Institute session

"The Games People Play: Purchase Price Adjustments"