

SELLING A BUSINESS

ENTERPRISE LAW GROUP, INC. represents emerging businesses and their founders and investors. Our practice emphasizes company formation, financing, operations, strategic relationships, technology transfers, trade secret protection, general business transactions, mergers and acquisitions, and dispute resolution.

Selling is normally the most important decision that stakeholders will ever make with respect to a business. ENTERPRISE LAW GROUP has prepared a comprehensive informational paper to help its clients understand the process of selling a business and turn that process to their advantage. This document is an extract of the white paper. A complete copy is available on request from any of the ENTERPRISE LAW GROUP attorneys listed on the last page.

In sale transactions, ENTERPRISE LAW GROUP may represent the business to be sold as an entity or we may represent the business's owners, management, or other stakeholders, all of whom we refer to as "sellers" in this summary. Many of the sellers we represent are clients whom we have represented for a long time. Others are new clients who bring us into transactions at the time of sale, either because they do not have existing counsel or they want to augment their legal team with more experience.

We have handled all varieties of sale transactions, including those involving public, private, foreign, and/or domestic buyers and sellers in mergers, stock sales, asset sales, and reorganizations.

The following is list of the topics the paper discusses:

| | |
|---|---|
| MANAGING THE PROCESS | 2 |
| A CRUCIAL TIME: THE LETTER OF INTENT | 3 |
| USING PROFESSIONALS TO HELP PACKAGE THE SALE..... | 4 |
| LEGAL COUNSEL..... | 4 |
| Education About the Process..... | 4 |
| Recommendation of Other Professionals..... | 4 |
| Preserving Confidentiality..... | 4 |
| Head Start on Disclosure and Problem Solving..... | 4 |
| Structuring the Letter of Intent and Final Documents..... | 5 |
| INVESTMENT BANKERS, FINDERS, AND VALUATION EXPERTS..... | 5 |
| Investment Bankers vs. Finders vs. Valuation Experts..... | 5 |
| Knowledge of the Seller's Industry..... | 5 |
| Knowledge Beyond the Seller's Industry..... | 6 |
| Valuation Expertise..... | 6 |
| Salesmanship..... | 6 |
| Compensation..... | 6 |

Enterprise

LAW GROUP, INC.

| | |
|---|----|
| ACCOUNTANTS | 7 |
| Tax Planning..... | 7 |
| Audit Issues..... | 7 |
| Post-Closing Adjustments..... | 7 |
| Approval Issues..... | 8 |
| Evaluation of Representations and Warranties..... | 8 |
| Earn-outs..... | 8 |
| OTHER KEY PERSONS | 8 |
| ISSUES COVERED IN A LETTER OF INTENT | 8 |
| STRUCTURING THE LETTER OF INTENT | 8 |
| PUBLICITY | 9 |
| THIRD PARTY CONSENTS..... | 9 |
| Shareholder Consents | 9 |
| Government and Private Parties | 10 |
| Hart-Scott-Rodino | 10 |
| DEAL STRUCTURE..... | 10 |
| EARNEST MONEY | 10 |
| PURCHASE PRICE ISSUES | 10 |
| Holdback..... | 10 |
| Earn-Outs..... | 11 |
| Allocation of Purchase Price to Non-Competition Covenant..... | 11 |
| Post-Closing Adjustments..... | 11 |
| Receiving the Buyer's Stock (Rather Than Cash) as Payment | 12 |
| Employment/Consulting/Non-Compete Agreements..... | 12 |
| SIMULTANEOUS SIGN AND CLOSE..... | 12 |
| REPRESENTATIONS AND WARRANTIES | 13 |

* * *

ENTERPRISE LAW GROUP, INC. actively represents buyers and sellers on transactions involving both public and private and foreign and domestic parties. We welcome your inquiries. Please contact Wayland Brill (wbrill@enterpriselaw.com) or Nelson Crandall (ncrandall@enterpriselaw.com).