The World of Mergers & Acquisitions

Presentation By: Debbie Weinstein, LaBarge Weinstein LLP

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Open Doors.
Close Deals.

The Current Landscape

- **Structure: over 90% of deals are share purchases through merger, amalgamation, or otherwise. Less than 10% are asset deals**
- **25% involve earn outs**
- **Timing of proceeds: 80% paid on closing, 10% escrow, 10% earn out**
- **Some stats…**
  - **Average years to exit: 9 years; median: 7 years**
  - **Average financing rounds: 3**
  - **Average equity raised: $36m; median: $28m**
- **Cash deals vs. stock or a combination continues to dominate**

Other Interesting Points…

- 97% of sellers have revenue and 38% of sellers have positive EBITDA
- 19% of deals had carve outs for management
- 9% carve out as a percentage of transaction value
- 50% of deals have full acceleration of options

Term Sheet Basics

- Binding or not binding
- Exclusive or non-exclusive
- Confidentiality, non-solicit, no hire
- Timing for LOI and definitive agreement
- Process and timeline generally

Structure Options

- Shares vs. assets
- Cash vs. stock or a combination
- Escrow
- Earn out
- Minimizing tax

Employee Issues

- Positions
- Options
- Severance succession
- Non-compete, non-solicitation, non-hire

Conditions to Signing a Definitive Agreement and Close

- Due diligence
- No MAC
- Key contract consents

Representations, Warranties and Indemnity

- Period of indemnity for breach
- Access to escrow only or other amounts
- IP and other key reps that survive escrow

About LaBarge Weinstein LLP

- **A business law firm established in 1997**
- **Recognized as the leading national firm for technology and knowledge-based companies**
- **40+ professionals serving clients across Canada and abroad from offices in Ottawa, Toronto, Waterloo and Vancouver**
- **Full service business law practice, including:**
  - Corporate/Commercial
  - Securities, Corporate Finance & Debt Financing
  - Intellectual Property and Licensing
  - Taxation & Tax Planning
  - Real Estate

Some Recent M&A and Financing Deals

Closed over $6.5 billion in M&A transactions and $5.5B in VC and venture debt transactions since founding in 1997

About Debbie

- **Over 25 years of broad-based experience acting on behalf of emerging growth companies**
- **Has represented numerous tech and knowledge-based issuers in Canadian and U.S. public offerings**
- **Has taken the lead role in well over 160 M&A's including the sale of companies to Cisco, Ericsson, Microsoft, RIM, Salesforce.com, Google, and Alcatel Lucent**
- **Industry Awards:**
  - **Lexpert® Leading US/Canada Cross-border Corporate Lawyers**
  - ***The Best Lawyers in Canada***
  - **Canada's Top Mergers & Acquisitions Lawyer**


Q&A

Thank You!

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