
TABLE OF CONTENTS

Introduction	1
Chapter 1: The Basics of Mergers and Acquisitions	3
Understanding Key Terms	4
What's All the Fuss About?	4
Why Bad Deals Happen to Good People	8
Why Do Buyers Buy, and Why Do Sellers Sell?	8
Chapter 1: Test Your Knowledge	11
Chapter 1: Solutions and Suggested Responses	13
Chapter 2: Preparing for the Dance: The Seller's Perspective	15
Conducting a Thorough EOTB Analysis	18
Preparing for the Sale of the Company	18
Common Preparation Mistakes	28
Other Considerations for the Seller	29
Getting Deal Terms and Structure That Fit the Seller's Objectives, Personal Needs, and Postclosing Plans	30
Chapter 2: Test Your Knowledge	31
Chapter 2: Solutions and Suggested Responses	33
Chapter 3: Initiating the Deal: The Buyer's Perspective	35
Assembling the Team	35
Developing an Acquisition Plan	36
Applying the Criteria: How to Narrow the Field	42
Approaching a Company That Is Not for Sale	43
Dealing with the Seller's Management Team	44
Directory of M&A Resources for Prospective Buyers (and Sellers)	45
Chapter 3: Test Your Knowledge	47
Chapter 3: Solutions and Suggested Responses	49
Chapter 4: The Letter of Intent and Other Preliminary Matters	51
Proposed Terms	53
Binding Terms	57
Common Reasons Why Deals Die at an Early Stage	59
Preparation of the Work Schedule	60
Another Predeal Task: The Growing Debate About the Role and Usefulness of Fairness Opinions	62
Chapter 4: Test Your Knowledge	63
Chapter 4: Solutions and Suggested Responses	65

Chapter 5: Due Diligence	67
Best Practices in Due Diligence in the Era of Accountability 2.0	68
Legal Due Diligence	74
Business and Strategic Due Diligence	81
Conclusion	88
Appendix to Chapter 5: Post-Sarbanes-Oxley Due Diligence Checklist	89
The Disclosure Requirements	89
Checklist of Items Post-Sarbox	92
Chapter 5: Test Your Knowledge	97
Chapter 5: Solutions and Suggested Responses	99
Chapter 6: An Overview of Regulatory Considerations	101
Introduction	101
Environmental Laws	101
Federal Securities Laws	104
Federal Antitrust Laws	104
Waiting Periods	107
Labor and Employment Law	109
Chapter 6: Test Your Knowledge	115
Chapter 6: Solutions and Suggested Responses	117
Chapter 7: Structuring the Deal	119
Stock vs. Asset Purchases	121
Tax and Accounting Issues Affecting the Structure of the Transaction	124
One-Step vs. Staged Transactions	128
Method of Payment	129
Nontraditional Structures and Strategies	131
Chapter 7: Test Your Knowledge	139
Chapter 7: Solutions and Suggested Responses	141
Chapter 8: Valuation and Pricing of the Seller's Company	143
A Quick Introduction to Pricing	144
Valuation Overview	145
Chapter 8: Test Your Knowledge	151
Chapter 8: Solutions and Suggested Responses	153
Chapter 9: Financing the Acquisition	155
An Overview of Financing Sources	156
Understanding the Lender's Perspective	158
Financing Deals in Times of Turmoil	159
Steps in the Loan Process	161
Equity Financing	166
Chapter 9: Test Your Knowledge	181
Chapter 9: Solutions and Suggested Responses	183

Chapter 10: The Purchase Agreement and Related Legal Documents	185
Case Study: GCC Acquires TCI	187
Sample Schedule of Documents to Be Exchanged at a Typical Closing	201
Chapter 10: Test Your Knowledge	231
Chapter 10: Solutions and Suggested Responses	233
Chapter 11: Keeping M&A Deals on Track: Managing the Deal Killers	235
Communication and Leadership	236
Diagnosing the Source of the Problem	237
Understanding the Types of Deal Killers	237
Curing the Transactional Patient	239
Maintaining Order in the M&A Process: Simple Principles for Keeping Deals on Track	239
Conclusion	240
Chapter 11: Test Your Knowledge	241
Chapter 11: Solutions and Suggested Responses	243
Chapter 12: Postclosing Challenges	245
A Time of Transition	247
Staffing Levels and Related Human Resources Challenges	248
Customers	251
Vendors	251
Physical Facilities	252
Problems Involving Attitudes and Corporate Culture	252
Benefit and Compensation Plans	253
Corporate Identity	254
Legal Issues	255
Minimizing the Barriers to the Transition	255
Postmerger Integration Key Lessons and Best Practices	258
Conclusion	260
Chapter 12: Test Your Knowledge	261
Chapter 12: Solutions and Suggested Responses	263
Chapter 13: Alternatives to Mergers and Acquisitions	265
Growth Strategy Alternative 1: Joint Ventures	266
Growth Strategy Alternative 2: Franchising	270
Growth Strategy Alternative 3: Technology and Merchandise Licensing	278
Growth Strategy Alternative 4: Distributorships and Dealerships	283
Chapter 13: Test Your Knowledge	285
Chapter 13: Solutions and Suggested Responses	287
Glossary	289
Index	291
Final Exam Copy	294