Rough Lawyer Notes — M&A Deal

Date: 23 May 2025

Client: ABC Corp (Buyer)

Target: XYZ Ltd

Parties

- Buyer: ABC Corp, Delaware Corp, CEO John Smith

- Target: XYZ Ltd, incorporated in CA, main business: SaaS platform

- Contact at target: Sarah Lee (COO)

Deal type

- Stock purchase, all shares acquired

- Estimated price ~$50M, mix cash + equity from buyer

Timeline

- NDA signed 15 May

- LOI expected by end of May

- Due diligence 1 June - 30 June

- Target close by mid-July

Confidentiality

- NDA has 2-year confidentiality term

- Standard non-solicit of employees clause included

Due Diligence Needed

- Financials: last 3 years (audited pls)

- Material contracts: customers + vendors

- IP: patents, licenses, software code ownership

- Employment: key employee contracts, benefits

- Pending lawsuits? None disclosed yet

- Regulatory compliance: check for any pending notices

- Tax records for last 5 years

- Real estate leases: 2 offices, need copies

Key deal points to confirm

- Purchase price adjustments on working capital

- Earn-out possibility? Client unsure but wants option

- Indemnity caps – client wants $5M cap, counterparty pushing for $2M

- Closing conditions: financing approval, no material adverse change

- Termination fee: 2% of deal value if buyer backs out

Risks flagged

- IP ownership clarity – some software developed by contractors, confirm assignment

- Potential key employee departures post-close

- No major lawsuits but check historical litigation files

Client instructions

- Prioritize quick close (within 2 months)

- Avoid lengthy indemnity battles

- Keep escrow minimum if possible

Next steps

- Draft LOI for client review by Friday

- Request preliminary due diligence docs from target

- Setup call with target legal counsel next week

- Inform client on risk areas and update weekly

Miscellaneous

- Discussed choice of governing law — likely Delaware

- Arbitration clause to be included in final SPA