**BUSINESS ACQUISTION AND MERGERS**

**PAST PAPERS**

**Problem Questions**

**1.** A (the Purchaser) is negotiating with B (the Seller) the acquisition of 100% of the shares of Company C. C is a construction company specialized in building high technology solar energy plants. In this type of business companies usually encounter claims for construction defects, which may arise many years after the completion of each construction plant. In addition, companies usually encounter substantive bad debts and other delays in payments that they are entitled to receive. Company C has a historical record of continuous financial losses during the past three years, but it has recently signed constructions agreements which provide for huge payments to it during the next two years. You are the legal counsel of the Purchaser (A) in connection to this transaction. Write a short, but concise and comprehensive, executive report, up to two pages, advising A how to negotiate the purchase price and how to manage the risks related to this transaction.

**2.** Company “A” makes consumer electronic equipment. It wants to expand into the growing area of diagnostic medical devices by acquiring Company “B” that is already in that line of business. Medical diagnostic equipment frequently gives rise to law-suits for products liability against the manufacturer of the equipment. These law-suits are brought by patients who allege that a health care condition was not properly diagnosed because of a defect in the equipment’s manufacture or design, or because the manufacturer failed to provide an adequate warning with respect to risks of using the equipment. These law-suits are often brought years after the equipment was used, because it can take years for a misdiagnosis to be discovered. Also, one or two lawsuits, if successful, can easily become a wave of lawsuits as word spreads about the possibility of recovering damages. You are the head of the legal department of Company A. Your field of expertise is business acquisitions. You are requested by the Board of Directors of Company A (the Buyers in this transaction) to draft a repost summarizing how the risk of future product liability litigation can be handled in the context of a business acquisitions agreement.

**ESSAY QUESTIONS**

1. Describe the main clauses of a shareholders agreements and explain their purpose.

2. Describe the main clauses of a shares’ sale and purchase agreement and explain their purpose.

3. Describe the main steps and techniques to carry out a legal due diligence in a business entity.

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