

Legal Documents



Key Legal Documents in the Deal

- Documents reflect the negotiated terms set forth in the approved term sheet
- Documents include:
 - Investment agreement (Preferred Stock Purchase Agreement)
 - Board resolutions (for required amendments to the charter)
 - Stockholder, employment, confidentiality, warrants, legal opinions



Legal Documents - Specifics

- Investment agreement
 - Key/material terms of the financing
 - Reps and warranties
 - Organization in good standing, corporate authority, capitalization, financials
 - Legal, trade secrets, and government approvals
 - No defaults/accuracy of statements
 - Conditions to closing
 - Affirmative and negative covenants
 - Remedies for breach



Legal Documents – Specifics

- Corporate charter amendment
- Stockholder agreement
- Employment agreement
- Confidentiality agreement
- Contingent proxy (rare)
- Registration rights (often included in investment agreement)
- Other



Summary

- Legal documents reflect the agreed upon terms of the financing set forth in the term sheet
- Normally, drafted by investors' lawyers, but can be drafted by company and reviewed by investors' lawyers
- Important to retain legal counsel for review

