

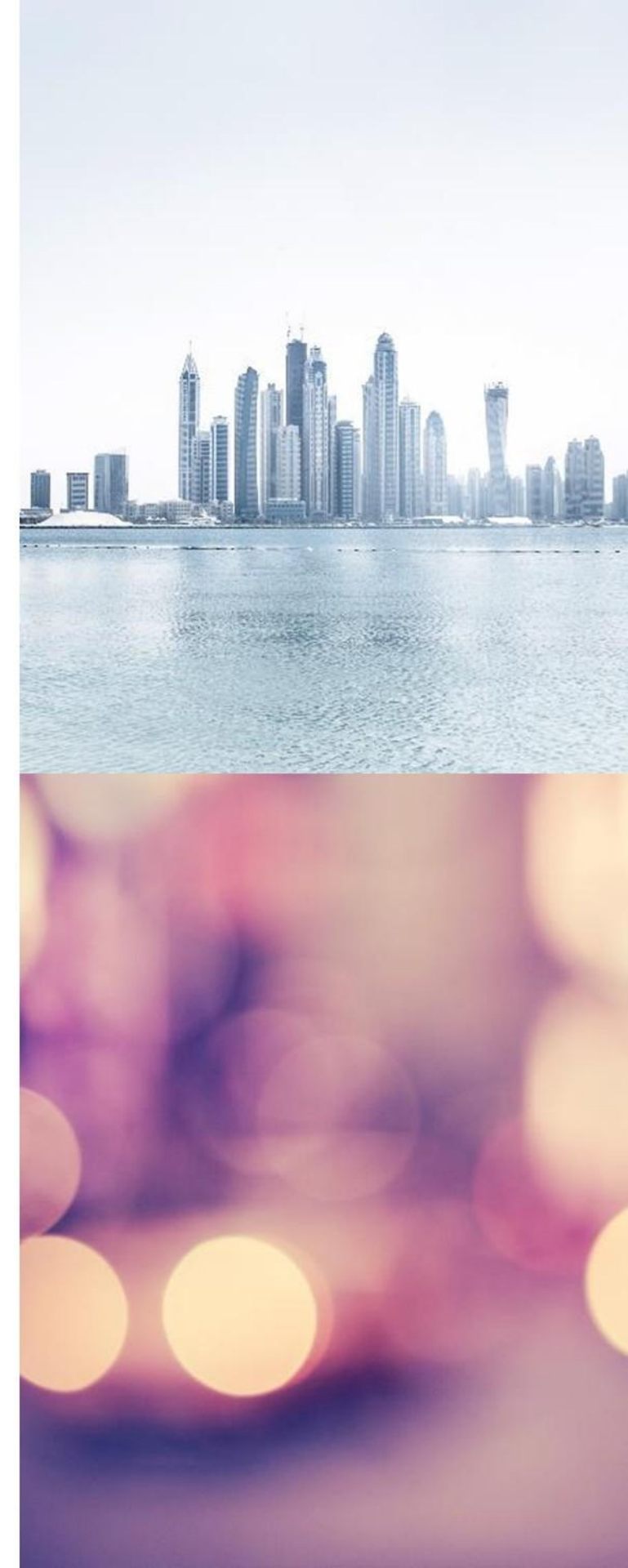


Stock Purchase Agreement Mastery

Pricing, Earnouts, SPA Drafting
to Deal Closing

Section

1. Legal Documentation and Transaction Framework [3 topics]
2. Purchase Price Construction and Payment Architecture [2 topics]
3. Allocating Risk Through Representations and Indemnification [3 topics]
4. Controlling Operations Between Signing and Closing [3 topics]
5. Executing Deals from Negotiation Through Signing [2 topics]
6. Orchestrating Transaction Closing and Post-Closing Integration [3 topics]



What This Course Covers

The Core Problem

- Most deal professionals can describe what an SPA contains.
- Very few write clauses that survive redlines or close without post-signing disputes.
- This course closes that gap.

Course Structure: 6 Sections · 16 Topics · 42 Modules

- Section 1: Legal Documentation and Transaction Framework
 - LOI terms → binding legal provisions · share vs. asset deal selection · SPA development process
- Section 2: Purchase Price Construction and Payment Architecture
 - SPA structure: definitions + disclosure schedules + ancillary documents
 - Price mechanics: working capital peg · completion accounts · net debt · earnout · escrow
- Section 3: Risk Allocation Through Representations and Indemnification
 - R&W: knowledge qualifiers · materiality thresholds · sandbagging · bring-down certificate
 - Disclosure schedules as strategic exception documentation
 - Indemnification: baskets · caps · survival periods · escrow release mechanics

5. Building Purchase Price Mechanisms and Adjustment Frameworks

Locating Purchase Price Provisions

- The purchase price section follows definitions early.
- This section sets total consideration for target shares.
- You find "**purchase price mechanics**" in Articles 2–3.
- Provisions span base price, adjustments, earnouts, and payments.

Understanding Base Purchase Price

- The base purchase price reflects negotiated headline value.
- This amount represents agreed "**enterprise value**" at signing.
- Enterprise value measures operating value before financing.
- The base price assumes specific closing financial conditions.
- Most deals assume normalized working capital and zero debt.
- You state price currency and payment method clearly.

Working Capital Adjustment Mechanisms

- "**Working capital adjustment**" ensures sufficient operating liquidity at closing.
- You choose between 2 primary adjustment methodologies.
- The "**locked box**" fixes economics at a historical balance sheet date.
- After that date, buyer bears risks and receives benefits.
- The seller cannot extract value after the locked box date.
- Locked box offers certainty but requires leakage protections.

THE PRICE ARCHITECTURE: ARTICLES 2 & 3



Purchase Price Provisions The

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1 / 3 ▶



Governing the Interim Period, Closing, and Post-Closing

Section 4: Controlling Operations Between Signing and Closing

- Ordinary course covenants → prevent value erosion in the interim period
- Conditions precedent: regulatory approvals + third-party consents
- Termination rights: regulatory failure · MAE · specific performance vs. damages · long-stop date

Section 5: Executing Deals from Negotiation Through Signing

- SPA negotiation: first draft strategy · redline markup · negotiation log · fallback positions
- Collaborate with counsel: legal opinions · DD findings · fee accountability

Section 6: Closing Execution and Post-Closing Integration

- Closing prep: condition verification · document preparation · closing rehearsal
- Closing day: funds flow · ownership transfer · required filings
- Post-closing: price true-ups · earnout monitoring · escrow releases · integration handover

5-Stage Learning Cycle

- ① Framework → ② Quiz → ③ Case Analysis → ④ Template → ⑤ AI Drafting
- Real cases from actual reported transactions:
- JPMorgan/First Republic · MS-Activision regulatory maze · Adobe/Figma termination · Kingswood \$87M price dispute
- Each case: apply the SPA framework to a real execution outcome
- Drafting judgment = repeated application on real clause problems, not contract theory

Case Study: Disney Legal Team and Outside Counsel

How In-House Counsel Coordinated Complex Contract Decisions

This well-known Delaware Chancery decision documents how Disney's senior executives and legal leadership handled high-stakes contracting decisions around executive employment and termination. The record shows in-house legal leadership involved in key meetings, while the matter itself features extensive participation by external law firms in the dispute process. It is a practical window into how internal governance, documentation, and expert legal support intersect when agreements become contested.

 Identify who drafted, reviewed, and approved each key document.

[Source: In re Walt Disney Co. Derivative Litigation \(Delaware Chancery, 2005\)](#)

The AI Drafting Capstone and What You Walk Away With

AI Drafting Capstone: Project Vanguard

- Role: Deal Team Lead, Vanguard Capital
- Target: CyberShield Inc.
- Task: Draft SPA Article 2 · purchase price mechanics · 1-2 pages · clean SPA language
- You are tested on drafting judgment, not recall:
- Convert commercial terms → enforceable mechanics with precise formulas + illustrative calculations
- Language must function without ambiguity under real counterparty redlines
- Submit Article 2 draft → instant AI scoring on completeness, clarity, and enforceability

What You Walk Away With

- Draft price mechanics that prevent post-closing disputes
- Structure R&W and indemnification that allocate risk with precision
- Govern the interim period with covenant and CP discipline
- Execute closing with full documentation control
- These skills separate professionals whose SPAs close cleanly from those whose agreements generate arbitration.

[M&A Step 4-2] Stock Purchase Agreement Mastery

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15. Executing Closing Day Procedures and Ownership Transfer

Quiz for 15. Executing Closing Day Procedures and Ownership Transfer

16. Managing Post-Closing Obligations and Integration Handover

Quiz for 16. Managing Post-Closing Obligations and Integration Handover

Real-World Analysis: 16. Kingswood Capital's \$70M Price Adjustment

SECTION 7: Final Stock Purchase Agreement Blueprint

Practical Template: Complete SPA Reference

AI-Powered SPA Writing Practice

Vanguard Capstone: Draft SPA Price Mechanics

< 3 OF 3 >

Project "Vanguard" Capstone:
Draft SPA Article 2 Purchase Price Mechanisms

Download this Word template.

Overview

You are a Deal Team Lead at Vanguard Capital. You have completed full due diligence on CyberShield Inc. and aligned on the key commercial terms.
Your task is to convert those terms into a clean, enforceable short-form draft of SPA Article 2, focusing on purchase price mechanisms that would survive real redlines.

What you are drafting

You will deliver a short-form SPA extract, **1–2 pages total**, covering only the sections below.

ARTICLE 2 – PURCHASE AND SALE OF SHARES

2.1 Purchase and Sale

2.2 Purchase Price

2.3 Purchase Price Adjustments Completion Accounts

2.4 Earnout

2.5 Escrow Arrangements

2.6 Payment at Closing