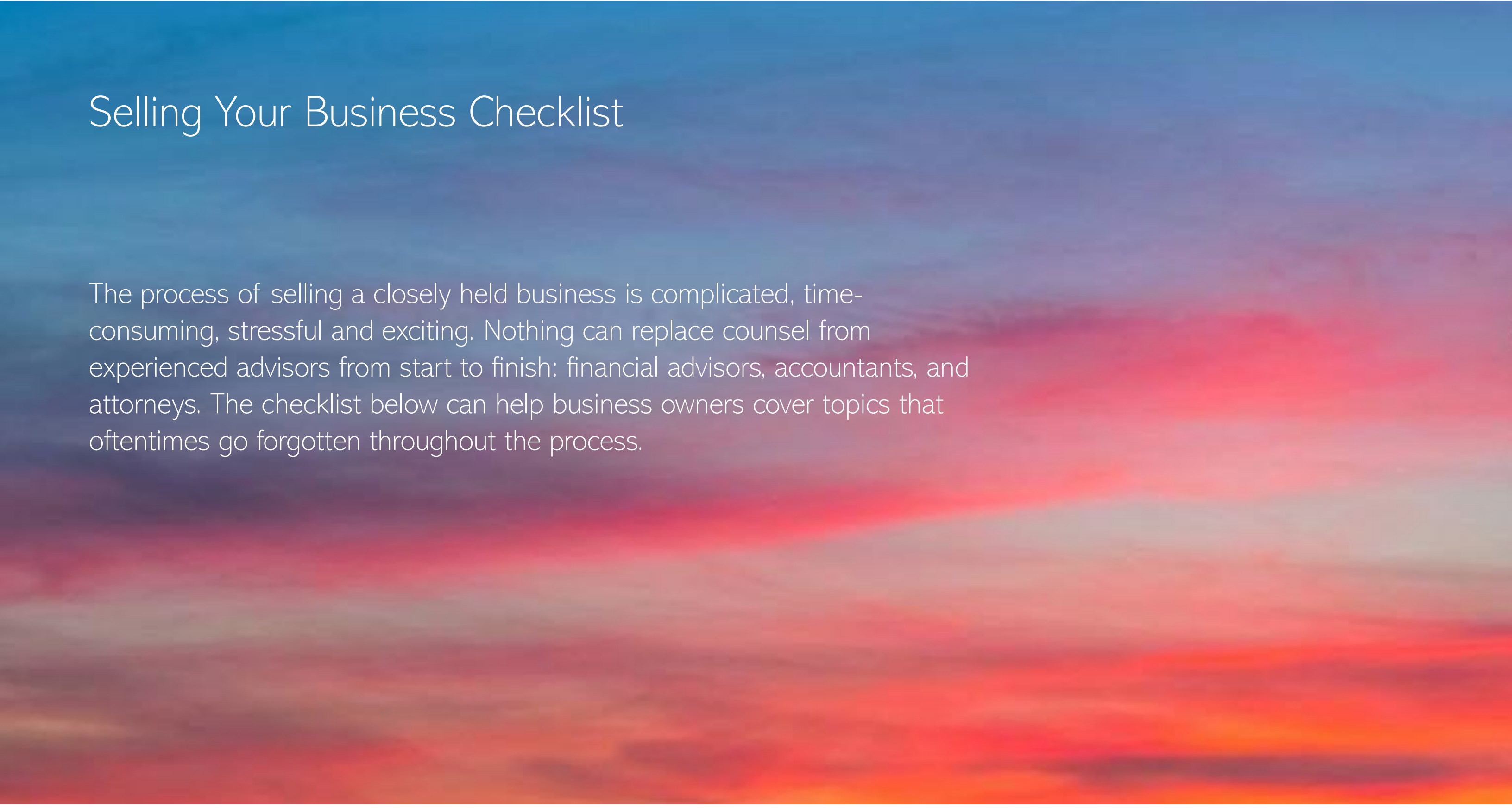

Selling Your Business Checklist

The process of selling a closely held business is complicated, time-consuming, stressful and exciting. Nothing can replace counsel from experienced advisors from start to finish: financial advisors, accountants, and attorneys. The checklist below can help business owners cover topics that oftentimes go forgotten throughout the process.

Stage 0 – Pre-Sale Considerations

If you are ready to consider selling your company, there are several topics you need to consider:

❒ Begin with the end in mind; determine what net sale proceeds you will need to secure your current lifestyle after sale. Your financial advisor can use sophisticated projections to help determine this figure.

❒ Get current market comparable data to set proper price expectations. In addition to the number you and your financial advisor determine, you should consider hiring an outside appraisal firm to give you current market comparable to your business.

❒ Get your books and records in order. Buyers will need accurate information during their due diligence process, and this often means audited financial statements.

❒ Hire a competent advisor to help you market your company. Mid-sized and larger companies should consider an investment banker. Small businesses and sole proprietorships sometimes use business brokers.

❒ Inform your estate planning attorney about the possibility of a sale. Your documents may need to be updated. Also discuss opportunities to gift some or all of your ownership to family partnerships or trusts to optimize your long-term taxable estate.

Stage 1 – Letter of Intent

Once you receive a letter of intent from a serious buyer, explore the following steps:

❒ Have your corporate attorney evaluate the Letter of Intent and Non-Disclosure Agreement. If there is no NDA, work with your attorney to see if it is appropriate to have one signed.

❒ Plan to meet potential buyers and other advisors off-site to avoid early-stage suspicions among your staff.

❒ If you own your real estate, consider carving it out of the sale. It is common for buyers to give little value for the real estate in the acquisition and will often agree to a long-term leaseback at market rates.

❒ Make a list of all personal expenses that are currently run through the business. These often include, but are not limited to: personal vehicles, spousal salaries, travel & entertainment, or cell phone bills. These details will be important for (a) the buyer's due diligence and (b) personal financial planning at later stages.

Stage 2 – Purchase Agreement

The buyer will offer a purchase agreement after completing due diligence. Complete the following steps before and soon after signing the agreement.

❒ Take a deep breath and be patient. This is the longest and most stressful stage of the sale process, and will include multiple negotiated details, delays, and surprises.

❒ Have your corporate attorney evaluate the purchase agreement, keeping in mind key areas like escrow money, holdbacks, employment agreements, working capital adjustments, contingent financing and closing timelines.

❒ Identify potential stakeholders that are not explicit shareholders, and decide if you would like them to benefit from the sale. These can include key long term staff members or working family members.

❒ Open a dedicated account to receive the proceeds from the sale. Title the account in keeping with your ownership structure and estate plan.

Stage 3 – Closing

The week of closing will be extremely busy. Make sure you:

❒ Receive wire transfer instructions and financial advisor contact information. The Meridian Point Group will send this to you the week prior to closing.

❒ Talk to your financial advisor about immediate options for the cash. Look for potentially safer and liquid options that may generate yield. Don't leave proceeds idle before a full investment implementation.

❒ Celebrate! Years of hard work have paid off. You and your family should take some time to enjoy the moment.

Stage 4 – Post Closing

After celebrating the sale, cover the following:

❒ Set appointments with the Meridian Point Group, your estate planning attorney, and your tax accountant.

❒ Work with your accountant to determine estimated taxes from the sale proceeds, as well as the timing of those payments. Your Financial Advisor can then segregate the tax bill into a separate account for safekeeping.

❒ Work with our team on a plan. The plan will include several areas: replicating personal income, lifestyle protection, philanthropy, health care, and even preparing for the next business venture.

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