



# Orchard Partners, Inc.

## Intangible Assets Information Request

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Client:

Request Date:

Please state whether the transaction will be treated as a business combination (goodwill is recognized) or as a purchase of assets (no goodwill).

*Please provide the following information to the extent that it is available.*

### Overview of the acquired company

- Historical financial statements, including five year history and year-to-date financials
  - o Identify non-recurring expenses
  - o Identify expected cost savings or revenue improvements as a result of the acquisition
  - o Identify any expected benefits that are unique to the acquirer
- Forecasts for the acquired company
  - o Prepared by the acquirer
  - o Prepared by the target company
  - o Prepared by advisors to either side
  - o Prepared by lenders
- Industry forecast and market surveys
- Sale memorandum, business plan or private placement memorandum
- Sales and marketing materials
- Identification of competitors

### Overview of the transaction

- Letter of intent
- Purchase and sale agreement, including exhibits listing intellectual property, patents, customer contracts, payroll schedule, trade marks, domain names and trade names.
- Press releases
- Presentations made to the board of directors, investors or lenders
- Due diligence reports (non-legal)
- What was the purchase price

Provide an opening balance sheet before allocation between intangible assets and goodwill.

#### Marketing related intangible assets

- List of trademarks, trade names, service marks, internet domain names, etc.
  - o Identify products or services associated with each mark or name
  - o Provide sales by trademarked product for last five years
  - o Provide forecast of sales by trademarked product
  - o Identify any licensed trademarks or names
- Non-competition agreements
  - o Will the person be employed by the acquirer?
  - o Will the person own equity in the acquirer?
  - o How would the person be expected to compete (such as, by taking customers, soliciting employees or developing competitive technology)
  - o What is the likelihood of competition?
  - o What is the term of the non-competition agreement?
  - o What is the expected loss in revenues that would be attributable to competition?

#### Customer related intangible assets

- Customer list
- Backlog
- Customer contracts
- Forecast of contract revenues and expenses
- Sales by customer for past five years
- Breakdown sales and marketing expenses between support for existing customers and soliciting new customers
- Schedule of new customers gained in each of the last five years
- Schedule of customers who purchased in one year but not in the next
- What is the expected life of a customer relationships?

#### Contract based intangible assets

- Licensing, royalty, standstill agreements
- Advertising, manufacturing, management, service or supply contracts
- Lease agreements
- Employment contracts
- Distribution agreements

#### Technology based assets

- Describe the target's proprietary technology
  - o Identify competitive strengths and weaknesses
  - o Industry & competitive trends affecting useful life
  - o What is the expected life of the technology?

- Provide sales by technology for the past five years
  - Provide projected sales by technology
- Technical analyses prepared by the acquirer, the acquired company, or third party
- Description of patents held or applied for
  - Identify which patents have commercial applications
  - Describe any arrangements licensing in or licensing out patents
  - Which patents does management believe are most valuable and why?
- Technology licensing agreements in or out
- Description of databases
- Description of trade secrets
- Forecast of revenues and expenses by product
- Estimate of useful life

#### In process research & development

- Acquired company's budget or analyses of its research and development projects
- Historical research and development expenditures by the acquired company
- Identify products that will use the technology
- Product road map for the expected evolution of current projects and technologies
- Forecast of revenues and expenses by product
- Estimate of useful life
- Identify alternative uses, if any
- Estimate of percent completed in terms of cost, time and technical difficulty
- Identify competitive advantages & disadvantages of technology under development

#### Workforce

- Number of employees by salary level
- Provide an estimate of benefits as a percentage of salary
- Annual spending for recruitment, including executive search & advertising
- Annual spending for employee training
- Estimate of the number of personnel or manhours dedicated to hiring and training.

#### Deferred revenues

- Book value of acquired deferred revenues
- Sample contract represented in deferred revenues
- List of customers included in deferred revenues
- Estimated cost to fulfill the service obligation of a contract
- Is the acquirer required to provide product upgrades?

#### Contingent Consideration

- Did the transaction include contingent consideration?
- If so, provide a copy of the related agreements.

- Who are the parties to the agreement? Will they continue as employees of the Company?
- What is the consideration formula?
- What other contingent liabilities (such as litigation) were acquired?