

## EXERCISE

# DEAL STRUCTURES

### *Background*

You've been assigned to a deal team representing Tempo Cycles, a manufacturer of high-performance road bikes, which is considering buying SPI Components, a manufacturer of bike parts and accessories. The senior associate tells you that the client asked for a recommendation on the best deal structure, with particular emphasis on a structure that would be least risky for the business.

You're given the following information:

- Tempo is most interested in acquiring SPI's manufacturing plant and the machinery inside of the plant.
- SPI has 53 shareholders, 30 of which are small minority holders that aren't in favor of a deal.
- A former SPI executive recently filed a multi-million-dollar lawsuit against SPI.

The associate wants to meet at the end of the day to hear your views on the best structure for the transaction.

### *Instructions*

Consider the above information and come prepared to discuss your recommendation for the best structure for the Tempo deal.