

## EXERCISE

# PREFERRED STOCK PURCHASE AGREEMENTS

### *Background*

Your client has recently signed a term sheet with a VC for a Series A financing. The partner has asked you to work with the company's co-founders on the first draft of the Schedule of Exceptions to the Preferred Stock Purchase Agreement. The founders have never raised venture capital before and aren't familiar with the legal documents.

The partner wants you to meet with the client to explain what the Schedule of Exceptions is and how it relates to the Purchase Agreement. He'd also like you walk the client through the reps and warranties that they'll have to make in the agreement and the type of disclosures or documents they may need to include on the Schedule of Exceptions.

The partner would like to meet with you to hear what you plan to say to the founders.

### *Instructions*

Be prepared to discuss what you plan to say to the partner in advance of your client meeting, being sure to at least cover:

- The purpose of the company's representations and warranties.
- The role of the Schedule of Exceptions.
- A few examples of common representations or warranties that the company will probably have to make.