

How to Structure and Value an Earnout

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**A KEY ESTATE
PLANNING GUIDE**

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Introduction to Earnouts

- What is an earnout agreement?
- Lemonade stand analogy.
- What are the typical components of an earnout agreement?
 - Metrics and milestones
 - Payoff structure
 - Settlement

Valuation and Methods Used

- Risk measurement
- Valuation methods:
 - Scenario based method
 - Option pricing method

Additional information

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