

THE STEP-BY-STEP

GUIDE TO SELLING A VETERINARY PRACTICE

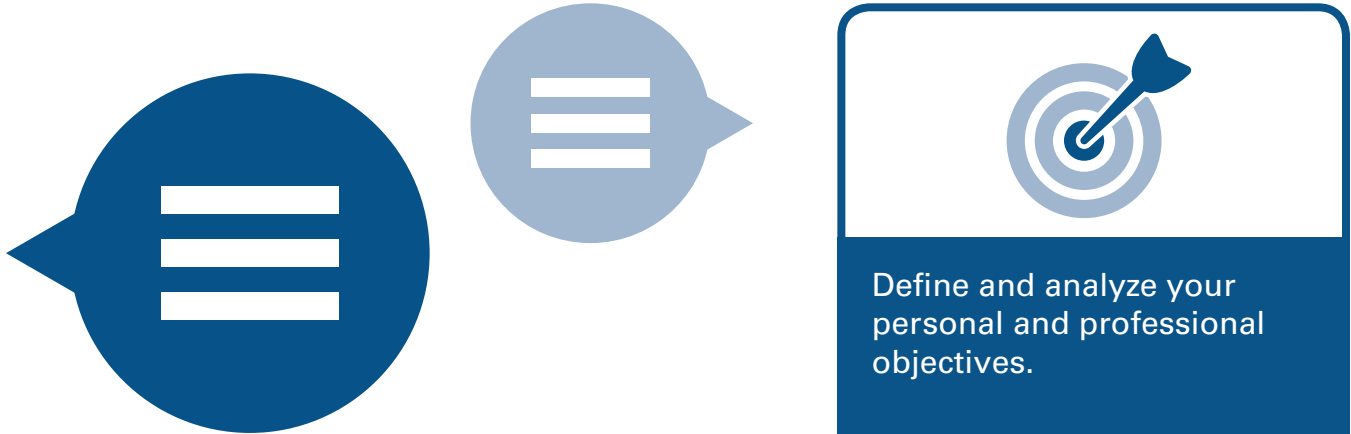


A publication of

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TRANSITION SOLUTIONS

Define Goals

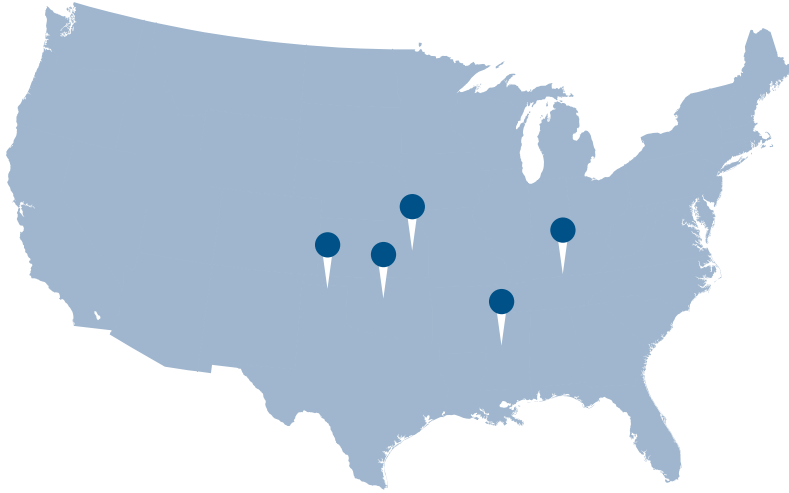


Fill out a Practice Profile that informs us of the details of your practice

Discuss the following with your Praxis advisor:

- Your personal goals
- Your professional objectives
- Your debt and income requirements
- Your family status & plans
- Your risk tolerance
- Your management capabilities and experience
- Your personality type
- Your educational background
- Your desired practice type
- Your desired buying method
- Your desired location(s)
- Your desired city type & size
- Your desired career path
- Your possible options
- What to expect with ownership
- Any other issues you, or your spouse, may have

Locate Purchasers



Locate and screen potential purchasers through confidential advertising.

Your Praxis advisor will:

- Locate and screen purchaser candidates while keeping your identity confidential.
- Confidentially advertise your practice:
- Contact our active national buyer database
- Call, mail, and e-mail prospective buyers
- Contact senior veterinary students across the country
- Place blind ads (without your name) on our Website
- Place blind ads (without your name) in journals & newsletters
- Confidentially screen potential purchaser candidates without disclosing your identity:
- Conduct interviews with purchaser candidates
- Screen resumes and eliminate unqualified applicants
- Schedule after-hour interviews between you and the candidate
- Educate prospective buyers regarding:
- The absolute need for confidentiality- particularly with regard to your staff
- How to value a practice
- Present the right purchaser for your practice

Determine Price



Determine a price that is fair, understood, and approved by all parties involved.

Your Praxis advisor will:

- Value the equipment, furniture, supplies and the intangible value of your practice
- Collect and analyze:
 - The practice's last three years of tax returns
 - The practice's last three years of revenue and expense statements
 - Income by category reports
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Determine:

- The value of procedures currently being referred out of the office
- Production by provider
- Whether any current provider will leave the practice after the sale

- Analyze and innumerate the unadjusted profitability of the practice
- Draft an adjusted cash flow and profitability statement to determine the true amount of benefits and income derived from the practice
- Examine all of the practice's contracts with associates, staff, and others
- Establish the purchase price and a detailed explanation of that price
- Explain the methodology and validity of the price to both parties
- Research the latest tax legislation and the effect on the practice sale
- Allocate the purchase price for maximum tax benefits for both parties

Establish Payment Method



Establish the payment method that works best for both parties.

Your Praxis advisor will:

- Discuss with you the various methods of payment
- All cash
- Seller financing
- Part cash and part seller financing
- Earned equity and cash
- Earned equity and seller financing
- All earned equity
- Confirm your preferred method
- Discuss with the buyer their preferred payment method
- Find a payment method that works for both parties

Structure Post-Sale Plan



Decide how the practice will be structured after the sale takes place.

Work with your Praxis advisor to:

- Determine whether the practice can support both parties if you stay
- Determine whether you would like to remain with the practice after the sale
- Determine how long you would like remain with the practice after the sale
- Determine how many days per week you would like to work
- Determine how many hours per week you would like to work
- Determine how you are going to get paid for your work
- Determine your projected post sale production
- Determine what staff will be made available to you after the sale
- Determine what benefits the practice will provide you after the sale
- Determine how many rooms will be made available to you after the sale

Secure Financing



Collect, complete, and present the necessary documents required for financing.

Your Praxis advisor will:

- Serve as a coordinator between both parties and the bank to insure that the buyer's loan is approved.
- Provide both parties with a note and security agreement, if the seller is to finance part of the purchase.
- Handle seller loan subordination requests from the bank
- Assist the seller with collecting information required by the bank to approve the purchaser's loan
- Analyze and present the seller's documents required by the bank
- Landlord waivers
- Wiring instructions
- Release of funds approval
- Assist the seller with filling out the bank questionnaires regarding the seller's practice
- Coordinate the bank loan closing with the practice closing

Draft Contract

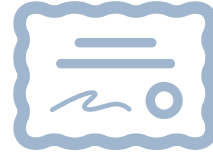


Produce a non-adversarial, time tested, comprehensive, customized agreement.

Praxis will provide all parties a non-adversarial, time tested, comprehensive, agreement based on a win-win philosophy. We will, among many other things, address in our contracts:

- Sale of assets and description of categories
- Purchase price and method of payment
- Allocation of the purchase price for tax purposes
- Title considerations
- Date of possession
- Cash and accounts receivable
- Prepaid fees, extended treatment and work in progress
- Outstanding patient contracts, prepaid fees, work in progress, etc
- Assumption of patient care by the purchaser and patient refund
- Announcements of the transaction to the public
- Taxes on the sale and transfer of assets
- Prorated expenses including staff employment considerations
- Restrictive covenant considerations
- Post-sale non-solicitation of patients
- Use of seller's name after the sale
- Patient records responsibilities
- Mutual Indemnification
- Lease and/or lease assignment
- Arbitration of disputes
- Personal guaranty
- Post-sale provider agreement
- Maintenance of the assets and insurance
- The office lease
- Events of default
- Rights and remedies on default
- Right of first refusal in the event of a sale by the purchaser

Close Sale

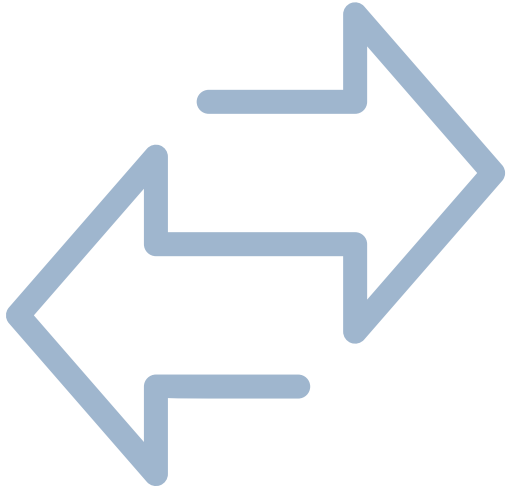


Form all necessary accounts for proceeds, address last minute changes, and obtain signatures.

Your Praxis advisor will:

- Arrange a bank-required inspection of the premises without alerting the staff
- Assist you in understanding and executing documents needed by the bank to close
- Help you determine into what account your proceeds should be placed -personal account, business account, or both
- Send the bank any documents needed to close the transition
- Address last minute changes to the contract.
- Obtain signatures on all documents by all parties
- Provide executed agreements to the bank in order to facilitate funding
- Provide landlord waiver and assumption agreement, if needed, to the bank
- Schedule the closing with both parties and any advisors
- Obtain pertinent information to have the sales proceeds wired into your selected account

Transition Efficiently



Efficiently transition into your post-sale role.

Your Praxis advisor will:

- Provide you with a checklist of items that need to be completed after the sale
- Provide sample letters to mail to the patients notifying them of the transition
- Provide your accountant with an allocation form to assist with the filing of your post-sale income tax
- Counsel both parties regarding the most beneficial way of introducing the buyer to the staff
- Counsel both parties on post sale relationships and equitable treatment of all staff
- Counsel the buyer regarding minimizing changes after the sale until he/she becomes very familiar with the practice
- Work with both parties to familiarize the buyer with the standard operating procedures of the practice
- Assist both parties with the proration of expenses
- Assist both parties with determining who is responsible for the staff's accumulated vacation pay
- Address any questions that may occur post-sale regarding the contract or the relationship between the you and the buyer