

LETTER OF INTENT

[SELLER FOUNDER NAME]
[COMPANY]
[COMPANY ADDRESS]

[YOUR NAME]
[COMPANY]
[COMPANY ADDRESS]

[TODAY'S DATE]

Dear [SELLER FOUNDER NAME],

This letter confirms your and our mutual intentions with respect to the potential transaction described herein between [YOUR COMPANY] ("Investor" or "we") and your [SELLER COMPANY] business ("Seller" or "you").

1. **Terms.** The principal terms of the proposed transaction would be substantially as follows:
 - (a) **Consideration.** The aggregate consideration for the assets and business to be purchased would be \$[XXX] for 100% ownership.
 - (b) **Due Diligence Review.** Promptly following the execution of this letter of intent, you will allow us to conduct our due diligence review of the Business, including (i) examine your financial, accounting and business records and the contracts and other legal documents, and (ii) review your intellectual property. The parties will cooperate to complete due diligence expeditiously.
 - (c) **Definitive Purchase Agreement.** All of the terms and conditions of the proposed transaction would be stated in a purchase agreement, to be negotiated, agreed and executed by you and us (the "Purchase Agreement"). Neither party intends to be bound by any oral or written statements or correspondence concerning the Purchase Agreement arising during the course of negotiations prior to the execution thereof, notwithstanding that the same may be expressed in terms signifying a partial, preliminary or interim agreement between the parties.
 - (d) **Conduct in Ordinary Course.** In addition to the conditions discussed herein and any others to be contained in the Purchase Agreement, consummation of the acquisition would be subject to having conducted your business in the ordinary course during the period between the date hereof and the date of closing and there having been no material adverse change in your business, financial condition or prospects.
 - (e) **Expediency.** All parties will negotiate the Purchase Agreement in good faith and use reasonable efforts to complete and sign the Purchase Agreement on or before [DATE] and to close the transaction as promptly as practicable thereafter.

- (f) **Indemnification.** The Purchase Agreement will contain representations and warranties and indemnity obligations that are customary for a transaction of similar type, size, nature and scope.
- (g) **Liabilities.** Investor shall not assume any of Seller's liabilities other than ongoing liabilities arising under any assumed contracts. Seller shall indemnify, defend, and hold Investor free and harmless from and against all claims, costs, damages and expenses arising from or relating to the Business prior to the closing date. Investor shall indemnify, defend, and hold Seller free and harmless from and against all claims, costs, damages and expenses arising from or relating to the Business following the closing date.
2. **Expenses.** You and we will pay our respective expenses incident to this letter of intent, the Purchase Agreement and the transactions contemplated hereby and thereby.
3. **Public Announcements.** Neither you nor we will make any announcement of the proposed transaction contemplated by this letter of intent prior to the execution of the Purchase Agreement without the prior written approval of the other, which approval will not be unreasonably withheld or delayed. The foregoing shall not restrict in any respect your or our ability to communicate information concerning this letter of intent and the transactions contemplated hereby to your and our, and your and our respective affiliates', officers, directors, employees and professional advisers, and, to the extent relevant, to third parties whose consent is required in connection with the transaction contemplated by this letter of intent.
4. **Exclusive Negotiating Rights.** In order to induce us to commit the resources, forego other potential opportunities, and incur the legal, accounting and incidental expenses necessary properly to evaluate the possibility of acquiring the assets and Business described above, and to negotiate the terms of, and consummate, the transaction contemplated hereby, you agree that for a period of **[DILIGENCE DAYS]** days after the date hereof, you, your affiliates and your and their respective officers, directors, employees and agents shall not initiate, solicit, encourage, directly or indirectly, or accept any offer or proposal, regarding the possible acquisition by any person other than us, including, without limitation, by way of a purchase of shares, purchase of assets or merger, of all or any substantial part of your equity securities or assets, and shall not (other than in the ordinary course of business as heretofore conducted) provide any confidential information regarding your assets or business to any person other than us and our representatives.
5. **Miscellaneous.** This letter shall be governed by the substantive laws of the State of Delaware without regard to conflict of law principles. This letter constitutes the entire understanding and agreement between the parties hereto and their affiliates with respect to its subject matter and supersedes all prior or contemporaneous agreements, representations, warranties and understandings of such parties (whether oral or written). No promise, inducement, representation or agreement, other than as expressly set forth herein, has been made to or by the parties hereto. This letter may be amended only by written agreement, signed by the parties to be bound by the amendment. This letter shall be construed according to its fair meaning and not strictly for or against either party.

6. **No Binding Obligation.** Except for Sections 1(c) and 2 through 6, **THIS LETTER OF INTENT DOES NOT CONSTITUTE OR CREATE, AND SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE, ANY LEGALLY BINDING OR ENFORCEABLE OBLIGATION ON THE PART OF EITHER PARTY TO THIS LETTER OF INTENT. NO SUCH OBLIGATION SHALL BE CREATED, EXCEPT BY THE EXECUTION AND DELIVERY OF THE PURCHASE AGREEMENT CONTAINING SUCH TERMS AND CONDITIONS OF THE PROPOSED TRANSACTION AS SHALL BE AGREED UPON BY THE PARTIES, AND THEN ONLY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF SUCH PURCHASE AGREEMENT.** The Confidentiality Agreement is hereby ratified and confirmed as a separate agreement between the parties thereto.

If the foregoing terms and conditions are acceptable to you, please so indicate by initialing each page and signing the enclosed copy of this letter and returning it to the attention of the undersigned.

Sincerely,

[YOUR COMPANY]

By: _____

[YOUR NAME]

ACCEPTED AND AGREED:

[SELLER COMPANY]

By: _____

[SELLER FOUNDER NAME]