**TERM SHEET**

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| --- | --- |
| **Company:** | Insert the name of the selling company including the mailing address here.  Describe the business in a short statement. |
| **Seller:** | Insert the name of the selling company (same as above) and the principal point of contact for the transaction together with snail mail address, email address and cell phone number. |
| **Buyer:** | Insert the name of the buying company and the principal point of contact for the transaction together with snail mail address, email address and  cell phone number. |
| **Authority:** | The Seller and the Buyer have full authority, subject to the provisions of this Letter of Intent, to enter into these negotiations and to execute this Letter of  Intent. |
| **Purchase price:** | The Purchase Price shall be $x00,000,000 together  with the cash on hand plus the difference between  net receivables and net payables at the time of the  closing of the transaction. |
| **Payment terms:** | The Purchase Price shall be paid in accordance with  the following schedule. |
| **Cash downpayment** | $x00,000,000 |
| **Promissory note** | The delivery of a Promissory Note in the initial balance of the Purchase Price minus he Cash Down payment. |
| **Term of the Promissory**  **Note:** | X years |
| **Interest rate** | X% per annum |
| **Amortization period** | X years |
| **Payment frequency** | Monthly/Quarterly/Annually |
| **Payment** | $X |
| **Collateral, guaranty** | Describe the collateral or guaranty of the Promissory Note here. |
| **Asset Sale and Purchase Agreement:** | The parties will enter into a binding Asset Sale and  Purchase Agreement incorporating the terms of this  Letter of Intent.  Nothing in this Letter of Intent shall be binding  except for the Confidentiality provision. |
| **Due diligence materials** | The Seller will deliver to the Buyer a complete  package of due diligence materials as enumerated in  the Asset Sale and Purchase Agreement within seven (7) days of the effective date of the agreement |
| **Due diligence period** | 30 days from the receipt of the last due diligence  materials |
| **Closing date** | 30 days after the conclusion of the due diligence  period |
| **Earnest money deposit** | 5% of the Purchase Price |
| **Employment agreements:** | As a condition to closing, the Buyer will enter into  Employment Agreements with critical personnel  including, but not limited to, the CEO, COO, CFO  of the Seller.  The terms of these Employment Agreements will be  as summarized on Exhibit A --- Employment  Agreement terms. |
| **Contingency:** | This Letter of Intent is an offer to sell by the Seller  and shall be accepted, if desired, by the Buyer. This  Letter of Intent is intended only to outline the  business terms of the Asset Sale and Purchase  Agreement referred to in this document.  Other than the Confidentiality provision, nothing in  this Letter of Intent is binding upon the parties. |
| **Confidentiality:** | The parties agree to maintain the strict  confidentiality of this Letter of Intent including its  very existence except that its existence and content  may be revealed to the Board of Directors, legal  advisers, financial advisers and senior management  of their respective companies.  This provision of this Letter of Intent shall be  binding upon the parties for one year from the date  of its offering by the Seller. |
| **Expiration:** | This Letter of Intent expires seven (7) calendar days  from the date entered by the Seller on the execution  page; and, if accepted by the Buyer, shall expire  automatically if no binding Asset Sale and Purchase  Agreement is entered into by the parties within  thirty (30) calendar days of the date upon which the  Seller signed this Letter of Intent. |
| **Termination:** | Either party may terminate this Agreement by  simple written notice, including email notice, before  a binding Asset Sale and Purchase Agreement is  entered into between the parties. |
| **Governing law:** | This Letter of Intent shall be governed by the laws  of the State of |
| **Dispute resolution:** | In the event that any dispute should arise during the  pendency of this Letter of Intent, the sole and  exclusive remedy to the parties shall be to terminate  the Letter of Intent. |

**AGREED:**

**Seller:** **Buyer:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Name** **Name**

**Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **Date:** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Exhibit A**

**Employment Agreements**

As part of the Asset Sale and Purchase Agreement, the Buyer desires to procure the services of the following individual on the following terms. This is an outline only and the Employment Agreement shall be drafted by the Buyer subject to these terms.

**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Position: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Description of the position: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Term: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Compensation:**

**Salary \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Benefits \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Short term incentive compensation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Long term incentive compensation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Special considerations \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Severance package: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Binding effect: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**