

# LETTER OF INTENT

**Date:** [Date]

**TO:** [CEO Name], Chief Executive Officer  
[Target Company Name]  
[Address]

**FROM:** [Acquirer Company Name]  
[Address]

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## CONFIDENTIAL AND NON-BINDING LETTER OF INTENT

Dear [CEO Name],

This letter of intent ("LOI") outlines the preliminary terms and conditions upon which **[Acquirer Company Name]** ("Buyer") would be prepared to acquire **[Target Company Name]** ("Company" or "Target").

### 1. TRANSACTION STRUCTURE

- **Type:** Stock Purchase Agreement
- **Acquisition:** 100% of outstanding shares of the Company
- **Structure:** All-cash transaction at closing

### 2. PURCHASE PRICE

- **Total Consideration:** \$6,000,000 USD (Six Million Dollars)
- **Payment Method:** Cash at closing
- **Escrow:** \$600,000 (10% of purchase price) held in escrow for 18 months to secure representations, warranties, and indemnification obligations

### 3. OWNERSHIP STRUCTURE & PROCEEDS DISTRIBUTION

**Current Ownership:**

- CEO/Founder: 70%
- TheEdinorogBlog Capital: 30% (invested \$500,000)

**Proceeds Distribution:**

Shareholder	Ownership	Gross Proceeds	Escrow Amount	Net at Closing
CEO/Founder	70%	\$4,200,000	(\$420,000)	\$3,780,000
TheEdinorogBlog Capital	30%	\$1,800,000	(\$180,000)	\$1,620,000
<b>TOTAL</b>	<b>100%</b>	<b>\$6,000,000</b>	<b>(\$600,000)</b>	<b>\$5,400,000</b>

Escrow amounts will be released to shareholders pro-rata after 18-month period, subject to any claims.

4. KEY FINANCIAL METRICS

- **Annual Recurring Revenue (ARR):** \$2,000,000
- **Revenue Multiple:** 3.0x ARR
- **EBITDA:** [To be confirmed during due diligence]
- **Customer Count:** [To be confirmed]

5. EMPLOYMENT ARRANGEMENTS

- **CEO Transition:** [CEO Name] agrees to remain as CEO/General Manager for a minimum of 6 months post-closing to ensure smooth transition
- **Compensation:** \$15,000/month salary during transition period
- **Key Employees:** Buyer will extend employment offers to all current employees
- **Non-compete:** 2-year non-compete agreement for CEO and key management

6. CONDITIONS PRECEDENT

The completion of this transaction is subject to:

- Satisfactory completion of due diligence by Buyer
- Execution of definitive purchase agreement and related documents
- No material adverse changes in Company's business
- Retention of key customers representing at least 80% of ARR
- Clean legal and IP review
- Standard corporate approvals

7. DUE DILIGENCE

- **Timeline:** 45 days from LOI execution
- **Scope:** Financial, legal, technical, commercial, and operational review
- **Data Room:** Company to provide access to virtual data room within 5 business days
- **Key Areas:** Revenue recognition, customer contracts, IP ownership, code review, security compliance

## 8. TIMELINE

- **LOI Execution:** [Date]
- **Due Diligence Completion:** 45 days from LOI
- **Definitive Agreement:** 60 days from LOI
- **Closing:** 75-90 days from LOI

## 9. EXCLUSIVITY

For a period of 90 days from execution of this LOI, Company agrees not to:

- Solicit or encourage acquisition proposals from third parties
- Provide confidential information to potential acquirers
- Engage in discussions regarding sale of the Company
- This exclusivity provision IS legally binding

## 10. CONFIDENTIALITY

Both parties agree to maintain strict confidentiality regarding this potential transaction and all related discussions. This provision IS legally binding and survives termination of this LOI.

## 11. REPRESENTATIONS & WARRANTIES

Company CEO represents that:

- All financial information provided is accurate and complete
- No material contracts will expire or terminate prior to closing
- No pending litigation or material legal issues
- All IP is properly owned by the Company
- All tax obligations are current

## 12. BREAK-UP CONDITIONS

Either party may terminate this LOI:

- If due diligence reveals material issues
- If definitive agreement cannot be reached within timeline
- Upon mutual written consent
- For material breach of LOI terms

## 13. LEGAL BINDING

This LOI is NON-BINDING except for:

- Exclusivity provisions (Section 8)
- Confidentiality provisions (Section 9)
- Legal fees (each party bears own costs)

## 14. GOVERNING LAW

This LOI shall be governed by the laws of [State/Country] without regard to conflict of law principles.

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## ACCEPTANCE

This LOI expires if not executed by both parties within 5 business days.

### [ACQUIRER COMPANY NAME]

By: \_\_\_\_\_

Name: [Name]

Title: Chief Executive Officer

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

### [TARGET COMPANY NAME]

By: \_\_\_\_\_

Name: [CEO Name]

Title: Chief Executive Officer

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

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*This Letter of Intent represents preliminary discussions only. No binding obligation exists until execution of a definitive purchase agreement.*