**Letter of Intent**

[DATE]

[CEO NAME]

[COMPANY]

[COMPANY ADDRESS]

Subject: Letter of Intent for the Acquisition of [COMPANY] by [ACQUIRER]

Dear [CEO NAME]:

This letter confirms your and our mutual intent with respect to the potential transactions described herein between [ACQUIRER] (“Buyer”, “us”, “our”) and [COMPANY] (“Seller”, “you”, or “your”), including its shareholders.  This document, in and of itself, does not represent an enforceable legal contract.

WHEREAS, Buyer is interested in acquiring all of the outstanding stock (“Shares”) of [COMPANY] / Seller, and will be performing certain due diligence with respect to Seller’s corporation; and

WHEREAS, Buyer and Seller intend to negotiate the substantive terms of such acquisition, including the terms of Buyer’s employment agreements with certain key employees and executives of Seller;

NOW, THEREFORE, the parties enter into this Letter of Intent as follows:

1. Terms.  The principal terms of the proposed transaction would be substantially as follows:
   1. Real and Effective Acquisition.  Subject to the successful due diligence, and the successful negotiation of a purchase price for the Shares, Buyer would acquire the Shares.
   2. Consideration.  The aggregate purchase price for the Shares is to be negotiated between the parties in good faith, provided that the Purchase Agreement (as defined below) and employment agreements can be successfully negotiated concurrently with each other.
   3. Due Diligence Review.  Promptly following the execution of this Letter of Intent, you will allow us to complete our examination of your financial, accounting and business records and the contracts and other legal documents and generally to complete due diligence.  Any information obtained by us as a result thereof will be maintained by us in confidence subject to the terms of the Non-Disclosure Agreement executed by the parties and dated as of [DATE] (the “NDA”).  The parties will cooperate to complete due diligence as expeditiously as possible.
   4. Definitive Purchase Agreement.  All of the terms and conditions of the proposed transactions would be stated in the Purchase Agreement and employment agreements, to be negotiated in good faith concurrently with each other, and if agreed, executed by you and us.  Neither party intends to be bound by any oral or written statements or correspondence concerning the Purchase Agreement or employment agreements arising during the course of negotiations, notwithstanding that the same may be expressed in terms signifying a partial, preliminary or interim agreement between the parties.
   5. Conduct in Ordinary Course.  In addition to the conditions discussed herein and any others to be contained in a definitive written stock purchase agreement (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.  Seller shall not be liable in the event of any Buyer determination that Seller did not conduct its business in the ordinary course, or for any adverse changes Buyer may deem to have occurred.
   6. Contract of Employment.  Simultaneously with the execution of the Purchase Agreement, we would offer employment to the following individuals currently employed by Seller and you hereby agree to accept such employment, subject to the negotiation of mutually acceptable employment agreements, it being understood that the term of such employment agreements will be for a period of not less than three (3) years.

2. Expenses & Limitation of Liability.  You and we will pay our respective expenses incident to this Letter of Intent, the Purchase Agreement, the employment agreements and the transactions contemplated hereby and thereby, and NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY CAUSE WHATSOEVER ARISING UNDER THIS LETTER OF INTENT.

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 and employment agreements 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. Broker’s Fees.  All parties have represented to each other that no brokers or finders have been employed who would be entitled to a fee by reason of the transaction contemplated by this Letter of Intent.

5. 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 outstanding capital stock and business described above, and to negotiate the terms of, and consummate, the transactions contemplated hereby, including the employment agreements, you agree that for a period of ninety (90) 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 your employment and/or the possible acquisition of substantially all outstanding capital stock of [COMPANY] by any person other than us, including, without limitation, by way of a purchase of majority shares, purchase of substantially all 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 your and our representatives, without our prior written consent.

6. Miscellaneous.  This letter shall be governed by the substantive laws of the State of [STATE] without regard to conflict of law principles.  This letter, together with the aforementioned NDA, 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. Evidence shall be inadmissible to show agreement by and between such parties to any term or condition contrary to or in addition to the terms and conditions contained in this letter.  This letter shall be construed according to its fair meaning and not strictly for or against either party.

7. No Binding Obligation.  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 AND EMPLOYMENT AGREEMENTS CONTAINING SUCH TERMS AND CONDITIONS OF THE PROPOSED TRANSACTIONS AS SHALL BE AGREED UPON BY THE PARTIES, AND THEN ONLY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF SUCH PURCHASE AGREEMENT AND EMPLOYMENT AGREEMENTS.  The NDA 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 signing this letter where indicated below and returning it to the attention of the undersigned.

Sincerely,

[ACQUIRER]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[ACQUIRER REP NAME]

[TITLE]

ACCEPTED AND AGREED:

[COMPANY]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[COMPANY CEO NAME]

[TITLE]