# Indication of Interest (Template)

**[Insert Your Company Logo Here, if Applicable]**

[Date]

**Subject:** Indication of Interest – [Target Company Name]

Dear [Seller's Name],

This letter constitutes a non-binding indication of interest in acquiring [Target Company Name].

We are pleased to submit this Indication of Interest ("IOI") to acquire [Target Company Name]. Based on our preliminary review of the information provided and our understanding of the business, we believe that [Target Company Name] represents a compelling acquisition opportunity.

[Provide a brief introduction of yourself, your company (if applicable), and your experience in the industry.]

Based on the preliminary information provided by Morgan & Westfield, we propose the following terms:

**Legal Transaction Structure**

* **Stock/Asset:** [Option 1] The proposed transaction will be structured as a [Stock Purchase/Asset Purchase/Other].
* **Stock/Asset:** [Option 2] While we prefer to structure the transaction as a [purchase of assets], we are prepared to consider a purchase of [the Company’s stock] if preferred by the Seller.
* **Stock/Asset:** [Option 3] We propose to purchase [100%] of the equity.
* **Cash/Debt:** The transaction would be executed on a [cash-free] and [debt-free] basis.
* **Purchase Agreement:** The transaction will include customary terms and conditions typical for a transaction of this nature.

**Purchase Price**

* **Proposed Purchase Price:** We propose a purchase price between $[\_\_\_\_\_] and $ [\_\_\_\_\_\_].

**Consideration**

We anticipate funding the transaction through a combination of [equity, debt financing, or other sources], with proof of funds to be provided upon request, as follows:

* **Cash/Financing:** \_\_% of the purchase price would be paid in cash at closing
* **Seller Note:** \_\_% of the purchase price in the form of a [number of months] seller note at [\_\_\_%] interest rate, paid in monthly installments.
* **Rollover Equity:** \_\_% of the purchase price on a tax-deferred basis

**Earnout**

* **Earnout:** \_\_% of the purchase price

**Net Working Capital**

* **Calculation:** The transaction would include a normalized amount of net working capital based on an average of the previous [\_\_\_] months.
* **Definition:** Working capital would be defined as current assets (excluding cash and tax-related assets) minus current liabilities (excluding debt and tax-related liabilities).

**Transition**

* **Initial Transition Period:** We propose that [name of seller(s)] assist with the transition of the business to us for a period of [\_\_\_] weeks following the closing, for [\_\_\_] hours per week, which is included in the purchase price. The transition services and training will include operations, marketing, introductions to vendors, introductions to employees and contractors, and other tasks as reasonably requested by the Buyer.
* **Seller’s Continued Employment:** We propose that [name of seller(s)] would remain for a period of [\_\_\_] months as a [role] for a salary of [\_\_\_\_\_\_].

**Employees**

* **Employment Changes:** The offer contemplates retaining all current employees.

**Due Diligence**

* **Customary Due Diligence:** Our indication of interest is subject to customary operational, financial, and legal due diligence.
* **Third Parties:** We expect to engage third parties to perform due diligence in the following areas: [\_\_\_\_\_](legal, accounting, tax, etc.)
* **Key Activities:** The following are key due diligence activities: [\_\_\_\_\_\_\_].

**Timing and Approvals**

We are prepared to move forward expeditiously and propose the following timeline:

* **Due Diligence:** [X] weeks following access to the data room and other relevant materials.
* **Purchase Agreement:** [X] weeks to negotiate the purchase agreement.
* **Closing:** We expect to close the transaction in [X] days after executing a letter of intent.
* **Approvals:** [\_\_\_\_\_\_\_] will decide whether to consummate a transaction.

**Exclusivity**

* **Exclusivity Period:** To proceed with further diligence and negotiation, we request [X] weeks of exclusivity starting upon acceptance of this IOI.

**Conditions**

* This IOI is non-binding and subject to the execution of a definitive agreement, board approval, and other customary conditions.

**Next Steps**

We propose an initial meeting to discuss our interests and outline the process moving forward.

We are enthusiastic about the opportunity to collaborate with [you/your team] and are committed to demonstrating our serious intent to pursue this acquisition. This IOI is non-binding and subject to further discussions, due diligence, and agreement on terms. We’re happy to discuss these points and tailor the process to ensure a smooth path forward.

We look forward to your feedback.

Sincerely,

[Your Name]

[Your Title]

[Your Company]

[Your Contact Information]