18 January 2019

[Addressee Name

Addressee Address / email address]

Dear [Name]

**Re [Business Proposal]**

**Letter of Intent**

**Subject to Contract**

**[Confidential]**

**[Without Prejudice [save as to costs] ]**

Further to our recent meetings and discussions, we have prepared this letter of intent to set out where we have reached in our discussions regarding [describe envisaged end agreement, such as purchase of shares or intellectual property licence] as we understand them.

This is a summary of our discussions to date, and not intended to conclude our agreement or any contract.

Once we have agreed these terms we will make arrangements to prepare the formal documentation for your consideration to conclude the contract between us.

[Please do not provide us with any goods or services until we have concluded our final agreement. If you do so before we have concluded our contract, they will not be accepted. | We will not be able to start working together until we have signed the final contracts.]

1. **Background to Business Venture**
   1. […]
   2. […]
2. **[As appropriate]**
   1. […]
   2. […]
3. […]

**[What should be covered in letters of intent?**

**Here’s a checklist of headings for subjects which might be appropriate for your business venture:**

* Background to set the context
* If a joint venture company is to be formed
  + name (“NewCo” if not decided)
  + shares of ownership
  + internal control of company:
    - appointment of directors
    - management structure
  + limitations on incurring expenditure
* Proposed:
  + roles / responsibilities of participants (operations / admin / software development / product supplier / service provider)
  + third party participation required
  + steps to get to get to a position to trade
* Resources to be contributed:
  + Money
  + Staff
  + Intellectual Property licensed
  + Services to be supplied
* Exclusivity of:
  + Services
  + Software
  + Business activities
* Ownership of intellectual property:
  + Contributions of IP assets: owners retain ownership?
  + IP assets created during contract
* Terms of Restrictive Covenants
  + non-compete
  + non-dealing and
  + non-solicitation
* Intended service levels / applicability to different services
  + availability
  + response times, resolution times
* Profit Sharing Arrangements
* Payment Structure
* Warranties
* Termination
* Indemnities, such as intellectual property indemnities
* Confidentiality
* Limitations of Liability
* anything else a party relies on to enter the contract in due course
* Applicable law: needs to be the law of a country
* Jurisdiction for disputes: such as English Courts

**Specific Business Ventures:**

**Software, Data / Intellectual Property Licences**

* Terms of licences to be granted
  + exclusive, non-exclusive
  + term of licence = term of contract? An additional period required for wind down?
* Code bases to be contributed
* Associated services to be provided:
  + help desk / code support
  + data fixes
  + help desk hours,
  + proposed service levels

**Share Purchase / Acquisition of a Business**

* Name of the target business
  + Purchase of shares, or purchase of discrete assets
* Main elements of the purchase:
  + price, and the structure of payment; earn outs
  + property
* Underlying assumptions to value of Shares
* Steps envisaged prior to completion
  + Timings for due diligence
  + Expectations of availability of documentation
  + Disclosure Letter
  + Preparation of stock transfer forms in draft
  + Resignation letters in draft
* Extent of due diligence
* Documents to be exchanged for completion of the transaction
* General description of warranties and indemnities to be given
* Proposed warranties and indemnities of the seller

**Settlement Agreements:** Exit from a company

* Price to be paid for shares
* Structure of payments
* Procedure up to completion
* Handover procedure and time commitments
* Statements of service of individuals
* Full and final settlement
* Mutual releases from all historical claims

**]**

If the foregoing is not in keeping with your understanding, please let us know.

Otherwise, please sign in the space provided below and send us a copy of this entire letter. We’ll start putting together the legal documentation for the final contract.

Look forward to hearing from you.

Yours sincerely

**[Representative name]**

**[Director]**

**[Company Name]**

Agreed in principle for and on behalf of )

**[ADDRESSEE COMPANY NAME]** )

**LIMITED** )

………………………………………

[Name of Authorised Signatory]

[Role in Addressee Company]

………………………………………

Date