

BINDING LETTER OF INTENT

Date: [Insert Date]

To: [Founding Partner Name(s)]
[Company Name]
[Company Address]

From: [Management Buyer Name(s)]
[Address/Title]

1. Purpose

This Binding Letter of Intent ("Letter") sets forth the terms and conditions under which the Management Team shall acquire 100% of the equity interests of [Company Name] (the "Company") from the Founding Partners in a phased Management Buyout ("MBO").

2. Purchase Price and Valuation

The total enterprise value is agreed to be \$[Amount]. The price per share/unit is calculated based on [Describe Valuation Method, e.g., EBITDA Multiple].

3. Phased Acquisition Schedule

The buyout shall occur in the following tranches:

- **Phase 1:** [Percentage]% to be purchased on [Date] for \$[Amount].
- **Phase 2:** [Percentage]% to be purchased on [Date] for \$[Amount].
- **Phase 3:** Remaining [Percentage]% to be purchased on [Date] for \$[Amount].

4. Payment Terms

The consideration for each phase shall be paid via [e.g., Cash, Seller Financing, or Bank Debt]. [Specify interest rates or terms for seller notes if applicable].

5. Management and Governance

During the transition period, the Founding Partners shall:

- Retain [Number] seats on the Board of Directors until Phase [Number] is complete.
- Transition daily operational control to the Management Team effective [Date].
- Provide consultancy services for a period of [Timeframe] post-final phase.

6. Binding Nature

Unlike a standard memorandum of understanding, this Letter is intended to be a legally binding agreement. Both parties agree to execute a formal Share Purchase Agreement (SPA) reflecting these terms within [Number] days.

7. Exclusivity

The Founding Partners agree to a period of exclusivity for [Number] days, during which they will not negotiate with outside third-party buyers.

8. Governing Law

This agreement shall be governed by the laws of [State/Country].

Agreed and Accepted:

[Founding Partner Signature]

Date:

[Management Buyer Signature]

Date: