Equity Dental Partners

[or legal name of firm]

Proposed Acquisition of

ABC Dental (“The Seller”)

Summary of Proposed Terms

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| Purchaser | Equity Dental Partners (“EDP” or “Buyer”) |
| **Seller** | ABC Dental (“The Seller”) |
| **Transaction Description** | EDP to purchase substantially all of the assets, which may include patient lists, facilities and related assets, computer software, hardware and related intellectual property and assume certain liabilities of ABC Dental (“The Transaction”) for a Purchase Premium of up to $5 million, which reflects 3.3 times estimated actual revenues earned over the 12 months prior to Closing (and ~6 times EBITDA), payable in cash, as follows:  Payment Mechanisms:   * Closing Payment of $2 million, which reflects 40% of the Purchase Premium, will be paid in cash, at the Closing for 100% ownership in ABC Dental, with subsequent payments as follows:   + The Seller will receive an additional $1.5 million which reflects 30% of the Purchase Premium, [24 or 36] months after the Closing subject to the Seller’s meeting the obligations outlined in the Employee Arrangements section below.   + In addition, the Seller will receive 25% of the firm’s annual revenue, payable based upon each prior 12 months collections and include [five] such payments after Closing, subject to the Seller’s meeting the obligations outlined in the Employee Arrangements section below. * In addition, EDP will pay an amount equal to the mutually agreed net book value of the assets and liabilities purchased.   All consideration will be treated as purchase price, and all applicable income and other taxes related to the gain on the sale will be the obligation of the Sellers and paid by them. |
| **Ongoing Operation of the Business** | Day to day business operations will not be impacted by the Transaction including the following:   * The Buyer will enter into a market-based Real Estate lease agreement with the practice’s current landlord [with an option to purchase the real estate in the future. You can also address the question of changing locations here.] * The Buyer will provide help & support with back-office management and administration which includes any help with accounting, marketing, payroll, IT, hiring, etc. |
| **Employee Arrangements** | It is anticipated that all current employees (non-principals) of ABC Dental will be considered for positions with EDP, based on our due diligence review and subject to their successful completion of EDP’s normal pre-employment screening process (if applicable). They will be offered compensation packages consistent with their current compensation levels.  It is also expected that the current principal [and possibly certain key employees] will sign appropriate employment and non-compete agreements, which will include normal and customary provisions plus a provision regarding future employment with EDP as follows:   * The Seller shall commit to continue to work no less than [\_] days per week for [ ] weeks annually, consistent with current practice, for a period of no less than [ ] months/years. |
| **Due Diligence** | EDP anticipates commencing detailed [on-site] due diligence during the week of \_\_\_\_\_\_\_\_\_, with an expected duration of \_\_\_\_\_\_ weeks. |
| **Conditions to**  **Closing**  **Exclusivity and Confidentiality** | Consummation of the Transaction shall be subject to conditions customary for a transaction of this type, including, without limitation, the following:   * EDP’ s satisfaction with its due diligence findings; * Negotiation and execution of definitive documentation acceptable to EDP and the Sellers; * Receipt of all required regulatory and other approvals; * Execution of employment agreements with key employees as appropriate; * Accuracy of representations and warranties; * No material changes in the Business prior to Closing; and * Receipt of all required third party consents.   The Seller agrees to negotiate exclusively with EDP and to terminate all discussions with other parties regarding the purchase of ABC Dental. Both parties agree to maintain the confidentiality of the Transaction as provided in a separate Confidentiality Agreement. Except as required by law, neither party shall issue any press releases or other public announcement pertaining to the Transaction proposed hereto without the prior consent of the other party. |
| **Expenses** | Each party shall be responsible for its own fees and expenses incurred in connection with the Transaction, including fees and disbursements of its respective counsel, advisors, finders, investment bankers, accountants or other experts. |
| **Governing Law and Jurisdiction** | The laws of the State of \_\_\_\_\_\_\_\_\_ will govern the Purchase Agreement. Any disputes will be brought in courts situated in the State of \_\_\_\_\_\_\_. |
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**The foregoing is not intended to be either a complete description of the transaction or a binding agreement on either of us. The agreement between us would only become binding upon execution of a definitive agreement containing all the terms of the transaction.**