**STRICTLY CONFIDENTIAL**

April [●], 2019

[Target Company Information]

***Via Email***

Dear [●]:

The acquisition contemplated in the enclosed term sheet (the “**Term Sheet**”) is subject to the legal, financial and business due diligence of [Buyer Name] (“**Acquirer**”) and to the preparation, execution and delivery of definitive purchase documents. *Except for the Binding Provisions (which are intended to bind the parties as provided therein), the Term Sheet is non-binding and does not constitute or give rise to any legally binding commitment, nor does it constitute an offer to enter into a legally binding commitment or any commitment to continue discussions regarding the proposed transaction*. Acquirer and [Target] (the “**Company**”) understand that the Term Sheet is intended to set forth the fundamentals of the proposed transaction, but that the foregoing intentions may be revised and are, in all respects, subject to Acquirer’s due diligence investigation.

This letter agreement and the attached Term Sheet are strictly confidential and subject to the confidentiality provisions contained in the Term Sheet.

Regards,

**[Buyer Name]**

By:

Name:

Title:

**[SELLER NAME]**

**Acknowledged and agreed as of april \_\_\_, 2019**

By:

Name:

Title:

**STRICTLY CONFIDENTIAL**

**PRELIMINARY TERM SHEET**

**April [●], 2019**

This Term Sheet sets forth the principal terms and conditions of the proposed acquisition (the “**Transaction**”) of certain assets of [Target Name] (the “**Company**”) by [Buyer Name] (“**Acquirer**”), each a “**Party**” and collectively the “**Parties**.”

1. **Total Consideration and Allocation**

Acquirer is prepared to purchase, subject to the completion of its due diligence, certain assets of the Company as set forth on Exhibit A hereto for the aggregate consideration of $[Purchase Price] in cash (the “**Total Consideration**”) to be paid to the Company. Acquirer will not assume any obligations or other liabilities of the Company. [The Total Consideration will not be subject to any escrow or holdback.]

Following the closing of the proposed Transaction (the “**Closing**”), the Company shall continue to be liable for all of its debts, obligations and other liabilities, including, without limitation: (a) any outstanding indebtedness of the Company, (b) all obligations under existing contracts of the Company, (c) all transaction expenses incurred by the Company at any time prior to or following Closing relating to the preparation, negotiation and effectuation of a definitive agreement and the transactions contemplated thereby, (d) any change-of-control, transaction bonus, severance or similar payments, and (e) any tax liabilities, including any payroll taxes, of the Company (including arising out of the proposed transaction).

***Transaction structure***: It is currently contemplated that the transaction will be structured as an asset purchase of certain assets of the Company.

1. **Representations, Warranties, Indemnification and Release**

The definitive agreements will also contain representations, warranties and covenants of the Parties customary for Acquirer in a transaction of this nature, including, without limitation, representations and warranties regarding ownership of transferred assets, solvency of the Company and fraudulent conveyance laws. Further, completion of definitive agreements shall be subject to Acquirer's due diligence.

In addition, all equity holders of the Company will provide a full release of claims in favor of Acquirer and its affiliates and provide indemnification customary for a transaction of this nature.

1. **Exclusivity**

Commencing upon the date of the countersignature by the Company of the letter to which this Term Sheet is attached (the “**Signing Date**”) and continuing until the date that is the 30th day after the Signing Date (the date of such notice, the “**Termination Date**”), the Company will not, and the Company will cause each of its directors, officers and other employees, stockholders, affiliates, representatives and other agents (together, “**Representatives**”) to not, directly or indirectly: (i) solicit, initiate, seek, encourage, consider for approval, promote or support any inquiry, proposal or offer from; (ii) furnish any information to; or (iii) participate in any discussions or negotiations, or enter into any agreement (whether binding or non-binding) with, any entity, person or group (other than Acquirer and its representatives) (each, a “**Third Party**”) regarding (each, an “**Alternative Transaction**”):

* 1. any acquisition of the Company or any of its businesses, assets, subsidiaries or controlled affiliates;
	2. any merger or consolidation with or involving the Company or any of its subsidiaries;
	3. any acquisition or sale of any of the securities or material amount of assets of the Company or any of its subsidiaries;
	4. any strategic or financial investment in or involving the Company or any of its businesses, assets or subsidiaries (including, without limitation, any new investment or debt round or recapitalization of the company); or
	5. any exclusive license or any extraordinary transaction involving the Company or any of its businesses, assets or subsidiaries which is not in the ordinary course of business.

The Company will immediately terminate and otherwise discontinue all discussions or negotiations with any Third Parties regarding any Alternative Transactions that are pending as of the date hereof. Until the Termination Date, the Company will immediately notify Acquirer in writing of any contact (whether oral or in writing) with, or receipt by the Company or any of its representatives from, any Third Party regarding (i) any offer, proposal or inquiry regarding an Alternative Transaction and (ii) any request from a Third Party for information or access to the properties, books or records of the Company under circumstances that would be reasonably likely to lead to an offer, proposal or inquiry regarding an Alternative Transaction, which notice will include the identity of the Third Party making, and a summary of all of the terms and conditions of, such offer, proposal or inquiry, request for information or access.

1. **Confidentiality/Public Disclosure**

Except as required by law, each of the Company and Acquirer agrees that, under no circumstances will either Party, or any of its Representatives, discuss or disclose the existence or the terms of this Term Sheet (or that such Parties hereto are holding discussions with each other with respect to a Transaction) with or to any Third Party other than (i) any significant equity holder or the board of directors (or equivalent governing body) of such Party and (ii) the legal accounting, financial and other advisors of such Party, in each case, who have a need to know such information solely for purposes of assisting such Party in connection with the Transaction; provided that all such Third Party’s shall be subject to the confidentiality terms hereof. For the avoidance of doubt, each of this Term Sheet and the letter agreement to which this Term Sheet is attached shall be subject to the confidentiality restrictions set forth in this Section 4. The proposal contained in this Term Sheet (other than the Binding Provisions, as defined below) will become null and void if discussed or disclosed by the Company or its Representatives in a manner prohibited by the foregoing sentence.

Except as required by law, neither party will issue any public statement or communication (including to any Third Party) regarding the Transaction, this Term Sheet or the letter agreement to which this Term Sheet is attached, including if applicable, the termination of any of the foregoing and the reasons therefor, without the consent of the other Party. Notwithstanding the foregoing, (i) Acquirer is permitted to conduct reference and background checks as part of its due diligence efforts and (ii) if either Party is required by applicable law, rule, regulation or listing standard to make any disclosures contemplated by the foregoing, the Party seeking to make such disclosure will promptly notify the other Party of this and cooperate with such other Party to the extent practicable so as to seek to limit the information disclosed to the information it is advised by counsel is required by law to be disclosed and will, to the extent practicable and at the other Party’s expense, seek to obtain a protective order or confidential treatment for such information.

1. **Fees and Expenses**

Each of Acquirer and the Company will pay its own costs and expenses incurred in connection with the Transaction, including but not limited to, all legal, accounting, financial advisory, tax advisory, or other fees.

1. **Timing**

This proposal expires at 5:00 p.m. Eastern Time on [●], 2019, unless the Company has countersigned the letter to which this Term Sheet is attached. Promptly following the Signing Date, Acquirer will commence its due diligence review in earnest, as well as commence drafting all related Transaction documents. The Parties will work in good faith to execute all Transaction documents as soon as practicable.

1. **Non-Binding Nature/Governing Law/Equitable Relief**

This Term Sheet is intended to be non-binding, except for those provisions contained in paragraphs 3 (Exclusivity), 4 (Confidentiality/Public Disclosures) and 5 (Fees and Expenses) and the provisions contained in this paragraph 7 of this Term Sheet (the “**Binding Provisions**”) which are intended to be binding on the Company and Acquirer and will be governed by the internal laws of the State of North Carolina applicable to contracts wholly executed and performed within the State of California.

Each of the Company and Acquirer hereby irrevocably and unconditionally consents to submit to personal jurisdiction and venue in any federal or state court within Raleigh, North Carolina having subject matter jurisdiction for the purposes of any action, suit or proceeding arising out of or relating to this Term Sheet, and each such party hereby irrevocably and unconditionally waives any objection to the laying of venue of any such action, suit or proceeding in such federal or state courts, and hereby further irrevocably and unconditionally waives its right and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

The parties hereto agree that irreparable harm would occur and that monetary damages would not be a sufficient remedy, in the event that the Binding Provisions were not performed in accordance with their specific terms or were otherwise breached, and agrees that the non-breaching Party will be entitled to injunctive relief, including an injunction to prevent any continuing breach or violation of the Binding Provisions without the need to post a bond or any similar monetary surety. The foregoing remedies shall not be deemed to be the exclusive remedy for any breach or violation of the Binding Provisions.

[Remainder of Page Intentionally Left Blank]

**Exhibit A**

Assets

* [List assets]; and
* Other assets identified during the course of due diligence.