Walkaway Rights

Walkaway rights, also known as termination rights, are provisions in a contract that allow one or both parties to terminate the deal under specific circumstances. It provides an exit option if certain conditions or obligations are not met.

Term Sheet

A term sheet is a non-binding document that outlines the key terms and conditions of an investment or financing deal. It provides a framework for negotiation and serves as a basis for drafting the final agreement.

Revenue Share

Revenue share is an agreement where parties agree to distribute a portion of generated revenue between them. It can be a percentage-based arrangement and is often used in joint ventures, partnerships, or licensing agreements.

Profit Share

Profit share is an arrangement where parties agree to distribute a portion of generated profits between them. It can be based on a percentage or predefined formula and is often used in partnership or profit-sharing agreements.

Price-Earnings Ratio (P/E Ratio)

The price-earnings ratio (P/E ratio) is a valuation metric used to assess the relative value of a company’s stock. It compares the market price per share to the company’s earnings per share, indicating how much investors are willing to pay for each dollar of earnings.

Negotiation Strategy

A negotiation strategy is a planned approach to achieve the desired outcome in a negotiation. It involves setting objectives, identifying priorities, assessing risks, and developing tactics for effective negotiation.

Guarantees

Guarantees are promises made by one party to assume financial responsibility or compensate for specified risks or liabilities in a business transaction. They provide assurance to the other party involved that certain obligations will be fulfilled. Guarantees can take various forms, such as performance guarantees, payment guarantees, or warranty guarantees. They are commonly used to mitigate potential risks and build trust between parties in a deal.

Escrow Agreement

An escrow agreement is a legal contract that involves a third party holding assets, funds, or documents on behalf of two parties involved in a transaction. It provides security and ensures the fulfillment of obligations.

Earnout

An earnout is a provision in an M&A deal that allows the seller to receive additional payments based on the future performance of the acquired company. It helps bridge valuation gaps and aligns the interests of the buyer and seller.

Down Payment

A down payment is an upfront payment made by a buyer to secure a purchase or as part of a larger payment arrangement. It is typically a percentage of the total purchase price and demonstrates the buyer's commitment.