

EXERCISE

TERM SHEETS

Background

You're part of a deal team representing Tempo Cycles, a manufacturer of high-performance road bikes. Tempo wants to acquire SPI Components, a manufacturer of bike parts and accessories.

SPI has told Tempo that they want to do a term sheet before they move forward with a deal. Tempo's general counsel has asked the partner on the deal team whether she thinks Tempo should agree to do the term sheet. The partner asks you to put together an email summarizing the pros and cons of a term sheet in advance of a call with the general counsel to discuss Tempo's response to SPI.

Instructions

Consider the partner's request and come prepared to discuss your thoughts on what to include in the email to Tempo's general counsel.