

State of New York

LETTER OF INTENT TO PURCHASE A BUSINESS

_____, 20____

Dear _____,

This Letter of Intent (this "Letter") sets forth the mutual interest of:

Buyer(s): _____ (collectively "Buyer"), and **Seller(s):**
_____ (collectively "Seller") regarding the possible acquisition by Buyer of
certain assets and liabilities of _____ [Company], a _____
[State]: (Check one)

- Corporation
- Limited liability company
- Partnership
- Limited partnership
- Limited liability partnership

wholly-owned by Seller ("Target"). The Parties agree that their goal and interest herein is to bring about a sale and transfer of Target (the "Transaction"), and thus, each Party promises to negotiate in good faith, for the period set forth below, a definitive purchase agreement (the "Purchase Agreement") to include the terms and conditions set forth in this Letter and such other representations, warranties, conditions, covenants, indemnities and other terms as the Parties may agree upon.

1. Closing Date. The closing of the Transaction (the "Closing") shall occur on or before _____,
20_____.

2. Purchase Price. (Check one)

NO purchase price for the Transaction is listed at this time, pending completion of due diligence.

The purchase price for the Transaction shall be \$_____ ("Purchase Price"). The Purchase Price shall be payable by Buyer as follows: (Fill if applicable)

(A) \$_____ in cash due upon the signing of this Letter, to be held in escrow with a mutually agreeable escrow agent, and applied to the Purchase Price at the Closing.

(B) \$_____ in cash, subject to any adjustments.

(C) \$_____ in debt, represented as a promissory note to be delivered by Buyer to Seller with repayment terms, timetable, security and interest rate to be agreed upon in the Purchase Agreement. (D) \$_____ to be deposited with a mutually agreeable escrow agent, to be held for a period of _____ days after the Closing, in order to secure the performance of Seller's post-closing obligations under the Purchase Agreement.

(E) Other:

3. Adjustments. (Check one)

NO purchase price for the Transaction is listed at this time, pending completion of due diligence.

The Purchase Price assumes that the estimated net working capital at closing shall be \$_____. The Purchase Price shall be adjusted on a dollar-for-dollar basis at or after the Closing based on changes to the estimated net working capital. Other assumptions/adjustments: _____

Adjustments to the Purchase Price, such as working capital adjustments, may be determined and reflected in the Purchase Agreement, after the completion of all due diligence and other investigative provisions under this Letter. Other assumptions/adjustments: _____

4. Conditions. The Transaction shall be subject to the satisfaction of the following conditions prior to the Closing: (Check all that apply)

- Buyer's satisfactory completion of due diligence
- Buyer securing financing in an amount necessary to finance the Transaction
- The approval of the Transaction by Buyer's Board of Directors
- The execution by the Parties of the Purchase Agreement and ancillary agreements There being no material adverse change to the business being purchase by Buyer Certain key employees entering into employment agreements with Buyer
- The receipt of any necessary regulatory or other approvals or third party consents Seller entering into non-compete and non-solicit agreements with Buyer

5. Due Diligence. After the signing of this Letter, Seller will grant Buyer and its duly authorized representatives full access to the facilities, financial, accounting and business books and records, material contracts, legal records, key employees, advisors (customers and suppliers) and any other matters of Target as Buyer's accountants, tax and legal counsel and other advisors deem appropriate, subject to the Confidentiality provision provided below, for the purpose of allowing Buyer to complete its due diligence. The Purchase Agreement shall be contingent upon the satisfactory completion of due diligence by Buyer.

6. Employment Agreements. (Check one)

Buyer will offer employment to substantially all of the employees of Target, and Seller will use its reasonable best efforts to assist Buyer. (Optional) Buyer will enter into an employment agreement, on such terms and conditions as agreed upon by Buyer, with each of the following individuals: _____

[Employees]

Not applicable.

7. Seller's Covenants. During the period this Letter is in effect, Seller will conduct Target's business in the ordinary course and will not undertake any activity or transaction that would significantly reduce the value of Target's business or assets.

8. Exclusivity of this Letter. In consideration of the resources and expenses Buyer has incurred and will incur in connection with the proposed Transaction, Seller agrees that it will not negotiate directly or indirectly with any other party concerning the sale of Target (Check one) for a period of _____ days after the date of this Letter while this Letter is effective. Seller will immediately notify Buyer regarding any indications of interest, requests for information or offers or proposals with respect to Target, and shall furnish to Buyer any written communications relating thereto. Upon the execution of this Letter, Seller shall immediately terminate any and all existing discussions or negotiations with any party other than Buyer regarding the Transaction.

9. Confidentiality. The Parties agree to apply strict confidentiality to the existence and the contents of this Letter, including any information obtained by Buyer during its due diligence or otherwise shared or obtained in accordance with this Letter. Information may only be shared with the respective Parties' affiliates, officers, directors, employees and professional advisors, or to public and governmental agencies if disclosure is necessary to comply with federal and/or state law.

10. Governing Law. This Letter and all matters related thereto shall be governed by and construed in accordance with the laws of the State of _____ without giving effect to its conflict of laws principles.

11. Termination. This Letter will automatically terminate upon the earliest of:

- (A) the execution of the Purchase Agreement by the parties
- (B) the mutual written agreement of Buyer and Seller
- (C) _____, 20_____
- (D) Other: _____

12. Non-binding. This Letter is intended only as a reflection of the intention of the Parties, and neither this Letter nor its acceptance shall constitute or create any legally binding or enforceable obligation on any party, except with regards to paragraphs regarding Confidentiality, Exclusivity of this Letter, Governing Law and Termination hereof. No agreement or obligation regarding Target and/or the Transaction shall be deemed to exist between the parties and any of their respective affiliates, unless and until the Purchase Agreement has been executed and delivered, and then only in accordance with the terms and conditions of such Purchase Agreement.

13. Miscellaneous. This Letter contains the entire understanding between the parties and supersedes all previous agreements, if any, between the parties concerning the same or substantially similar subject matter. This Letter may be amended, supplemented or otherwise modified only in a writing signed by duly authorized representatives of each party. This Letter may be executed in counterparts, each of which shall be deemed an original and all of which together, shall constitute one and the same document. The section headings are for reference purposes only and shall not otherwise affect the meaning, construction or interpretation of any provision in this Letter.

14. Other. _____

