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On Buyer Letterhead

Date

[name]
[address]

Letter of Intent To Purchase The Assets of [Company Name Here]

Dear ____________

This letter of intent sets forth our understanding as to the proposed terms of the sale to ________________ (the "Purchaser") by ___________________ (the "Seller") of the Seller's business (the "Business") located in _______________ and engaged in __________________________. This letter is not a binding or legally enforceable agreement and imposes no obligations upon nor grants any rights with respect to the acquisition of the Business to the parties hereto; the rights and obligations of the parties with respect to the acquisition of the Business will be set forthin a definitive agreement to be executed by the parties. However, the parties intend that the covenants contained in paragraphs 5-11 of this letter of intent be enforceable and binding; the rights and obligations contained in paragraphs 5-11 will inure to the benefit of the parties' successors and assigns.

1. **Purchased Assets and Assumed Liabilities**. At the closing, the Purchaser will purchase substantially all of the **assets** associated with the Business, including all inventories, all accounts and notes receivable, and all contracts and agreements, and will assume as of the closing date only those liabilities and obligations (i) arising in connection with the operation of the Business by the Purchaser after the closing date, and (ii) arising after the closing date in connection with the performance by the Purchaser of the contracts and agreements associated with the Business.

2. **Purchase Price and Purchase Price Adjustment**. The purchase price will be based on the [audited) [unaudited) balance sheet of the Business dated ________________________, and will be subject to a post-closing adjustment to account for any change in the accounts receivable and inventory of the Business from _____________________ to the closing date.

3. **Seller's Covenants**. The Seller will continue to operate the Business consistent with past practice, and will cooperate with the Purchaser in its efforts to obtain third-party financing. 4. Conditions to Obligation. Neither the Purchaser nor the Seller will be obligated to consummate the acquisition of the Business contemplated hereby unless and until the parties have reached a definitive agreement as to all of the essential terms of the acquisition, and Purchaser has obtained financing for the transaction satisfactory to the Purchaser, in its sole discretion. In addition, neither the Purchaser nor the Seller will be obligated to consummate the acquisition of the Business unless the Purchaser has obtained all certificates, permits and approvals that are required in connection with Purchaser's operation of the Business, and has satisfactorily completed its due diligence investigation as described in paragraph 5 of this letter of intent on or prior to ________________.

5. **Due Diligence**. The Seller agrees to cooperate with the Purchaser's due diligence investigation of the Business and to provide the Purchaser and its representatives with prompt and reasonable access to key employees and to books, records, contracts and other information pertaining to the Business (the "Due Diligence Information").

6. **Confidentiality; Non-competition**. The Purchaser will use the Due Diligence Information solely for the purpose of the Purchaser's due diligence investigation of the Business, and unless and until the parties consummate the acquisition of the Business the Purchaser, its affiliates, directors, officers, employees, advisors, and agents (the Purchaser's "Representatives") will keep the Due Diligence Information strictly confidential. The Purchaser will disclose the Due Diligence Information only to those Representatives of

the Purchaser who need to know such information for the purpose of consummating the acquisition of the Business. The Purchaser agrees to be responsible for any breach of this paragraph 6 by any of the Purchaser's Representatives. In the event the acquisition of the Business is not consummated, the Purchaser will return to the Seller any materials containing Due Diligence Information, or will certify in writing that all such materials or copies of such materials have been destroyed. The Purchaser also will not use any Due Diligence Information to compete with the Seller in the event that the acquisition of the Business is not consummated. We also confirm and agree that this and all future negotiations and disclosures between all parties subject to this agreement will be subject to the following confidentiality provisions:

(a) In the course of our discussions we will each have access to and will be entrusted with detailed confidential information relating to the other; and

(b) The right to maintain the confidentiality of this information constitutes a proprietary right which the other party is entitled to protect and which shall be respected and honored; and

(c) Neither party will at any time disclose any confidential information or use same for any purpose which would give it or any competitor or other interested party an advantage over its counterpart in these discussions;

(d) At the end of these discussions, and subject to any other agreement reached, all copies of any documentation or records referring to or containing confidential information belonging to the other party shall be returned or destroyed, to be confirmed by a statutory declaration if so requested; and

(e) The entering into of this letter of intent, and the potential completion of this transaction, will be kept strictly confidential and will not be disclosed to customers, suppliers, employees or other persons without the consent of both parties, such consent not to be unreasonably delayed or withheld; this provision shall not apply to disclosure to professional advisors, potential financiers, or appraisers, provided they agree to maintain the same level of confidentiality required by the parties.

Confidential Information does not include the following information that:

(a) is developed by the receiving party independently and without use of or concerning the disclosing party's Confidential Information;

(b) is obtained by the receiving party from a third party without restriction on disclosure and without breach of a nondisclosure obligation;

(c) is in or enters the public domain other than through the fault or negligence of the receiving party and without breach of this Agreement;

(d) the receiving party possesses before first receiving it from the disclosing party; or

(e) as legally required to be disclosed, at which point the disclosing party will notify the other party.

The provisions of this paragraph 6 will survive the termination of this letter of intent.

7. **Employees of the Business**. Until the consummation of the acquisition of the Business, or in the event that the parties do not consummate the acquisition of the Business, the Purchaser will not solicit or recruit the employees of the Business.

8. **Exclusive Dealing**. Until ________________, or the termination of this letter of intent as provided for in paragraph 12, the Seller will not enter into any agreement, discussion, or negotiation with, or provide information to, any other corporation, firm or other person, or solicit, encourage, entertain or consider any

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inquiries or proposals, with respect to (a) the possible disposition of a material portion of the Business, or (b) any business combination involving the Business, whether by way of merger, consolidation, share exchange or other transaction.

9. **Conditions**. The transactions contemplated by this letter are conditioned upon the execution of a mutually acceptable Definitive Agreement by and among Buyer, Sellers and the Company. Such Definitive Agreement shall contain representations, warranties and indemnification provisions which are customary for transactions of the type proposed in this letter.

(a) The parties shall promptly begin negotiations concerning the provisions of the Definitive Agreement. Buyer shall instruct its attorneys to prepare the initial draft of the Definitive Agreement and related documents. The Definitive Agreement shall contain schedules, representations, covenants, indemnities and other provisions consistent with the terms of this letter, and consistent with normal commercial practice for similar transactions, as shall be mutually satisfactory to Company, the Sellers and Buyer. It is contemplated that the Definitive Agreement shall be executed upon completion of the period of time for Buyer's due diligence investigation, which shall be completed at close of business on the later of ___________ __, 200_ or thirty (30) days following the countersignature to this letter by Company and the Sellers, unless extended by mutual agreement of the parties ("Due Diligence Period").

(b) In addition, the consummation of the transactions contemplated by this letter are conditioned upon the following: (i) obtaining all required regulatory and governmental approvals and the expiration of all applicable governmental waiting periods with respect to the transactions contemplated by this letter; (ii) the accuracy as of the Closing of all representations, warranties or covenants made by the Company and the Sellers in the Definitive Agreement; (iii) obtaining all consents, waivers and estoppels which are necessary or prudent to obtain in order to assign complete ownership and use of the Purchased Assets to Buyer and in order to assure the continued operations of the Stores and the Distribution Business as currently conducted; (iv) the determination by Purchaser that the results of its business, financial and legal due diligence of Company are satisfactory, provided that such due diligence investigation shall be completed prior to the execution of the Definitive Agreement; (v) the absence of any adverse material change in Company' business, assets, financial condition, business prospects, customer and employee relations; (vi) the absence of any pending or threatened litigation or claims relating to the Stores, their operation or the Distribution Business; and (vii) the delivery and execution of all documents required at Closing by the provisions of the Definitive Agreement.

(c). The Definitive Agreement shall provide that Buyer, Company and the Sellers will fully cooperate and do all things reasonably necessary in order to obtain the third party consents and regulatory approvals necessary to consummate the transactions contemplated by this letter.

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