

[Letterhead]

\_\_\_\_\_, 2009

[Name]  
[Address]

Ladies and Gentlemen:

Based on our recent discussions, this letter of intent will summarize our intentions regarding the acquisition of substantially all of the assets of [\_\_\_\_\_] (the "Seller").

1. Asset Acquisition. \_\_\_\_\_ or its affiliate (the "Buyer") will acquire \_\_\_\_\_ as a going concern through a transaction (the "Transaction") involving the purchase of substantially all of the assets of \_\_\_\_\_ (such assets to be acquired are hereinafter referred to as the "Assets"), free and clear of all liens, security interests and encumbrances of every kind, nature and description. The Assets will include, but not be limited to, finished goods inventory and raw materials inventory, accounts receivable, vehicles, equipment, customer, supplier (including without limitation raw materials suppliers) and prospect lists and related information, computer software and hardware, computer terminals and workstation servers, office furniture, printers, fax machines, telephone equipment and the like, contracts, intellectual property rights and other similar rights (including the \_\_\_\_\_ name), the goodwill of the business and such other assets of \_\_\_\_\_ used in connection with or helpful to the business. [The Assets shall not include \_\_\_\_\_.]

Liabilities. Buyer shall not assume any liabilities or obligations of \_\_\_\_\_ of any kind except [specified trade accounts payable and] obligations of performance under contracts assumed by Buyer (such liabilities to be assumed are hereinafter referred to as the "Assumed Liabilities"). For the avoidance of doubt, Buyer shall not assume, among other things, any liability relating to any release of hazardous substances (a) by \_\_\_\_\_ or its employees agents or independent contractors or (b) from or on to properties owned or leased by \_\_\_\_\_ or otherwise at any time associated with \_\_\_\_\_'s business, nor will Buyer assume any liability relating to any act or omission by or on behalf of \_\_\_\_\_ or its employees, agents or independent contractors in violation of any environmental laws at any time prior to closing, and \_\_\_\_\_ and the shareholders of \_\_\_\_\_ will agree, jointly and severally, to indemnify, defend and hold harmless Buyer and its affiliates from and against all liabilities related to \_\_\_\_\_ and its business that are not explicitly assumed by Buyer.

Assignment of Contracts. \_\_\_\_\_ shall assign to Buyer all Buyer-approved agreements related to \_\_\_\_\_'s business and operations, and, if any such contracts are not assignable, \_\_\_\_\_ shall use its best efforts to ensure that Buyer is able to establish contractual relationships with the other parties to such contracts on terms at least as favorable to Buyer as those applicable to \_\_\_\_\_ under such contracts.

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2. Purchase Price. Subject to Buyer's further due diligence, the purchase price (the "Purchase Price") will be \$\_\_\_\_\_, subject to an adjustment, [on a dollar for dollar basis, (a) up to the extent that Seller's Closing Working Capital exceeds \$\_\_\_\_\_ and (b) down to the extent that Seller's Closing Working Capital is less than \$\_\_\_\_\_]. "Closing Working Capital" means (x) accounts receivable (net of reserves), plus useable and saleable inventory, plus prepaid expenses, minus (y) trade accounts payable, plus current liabilities.]

3. Form of Payment.

- (a) \$\_\_\_\_\_ of the Purchase Price plus or minus any Closing Working Capital adjustments shall be paid in cash at the closing.
- (b) [The balance of the Purchase Price shall be paid in the form of a Note (the "Note"). The Note will bear interest at the rate of \_\_\_\_% per year, with interest and principal payable [quarterly in arrears]. The principal of the Note will amortize over a \_\_\_\_ year period. The Note will be subordinated to senior indebtedness of the Buyer.]

[The terms of the Note shall be subject to acceptance by the Buyer's senior lenders.]

4. Purchase Agreement and Closing Date. The Buyer, the Seller and the stockholders of the Seller (the "Stockholders") shall seek in good faith to negotiate a definitive purchase agreement (the "Purchase Agreement") with the intention of closing the transaction by \_\_\_\_\_, 2009.

5. Inspection and Access to Information. The Seller will permit full access to, and will make available to the Buyer's representatives for inspection and review, all properties, books, records, accounts, and documents of or relating to the Seller as may be reasonably requested from time to time; and make the employees, accountants, attorneys and other advisors of the Seller available for consultation and permit access to other third parties reasonably requested for confirmation of any information so obtained.

6. Conditions. The closing of the transactions contemplated hereby shall be subject to fulfillment, among other things, of the following conditions:

- (a) Execution of a Purchase Agreement satisfactory to the Buyer, the Seller and the Stockholders. The Purchase Agreement will contain customary representations, covenants, Stockholder indemnification provisions up to the full Purchase Price, and warranties with respect to the business and financial condition of the Seller.
- (b) Completion of a due diligence review by the Buyer of the Seller and its business, affairs, condition (financial and otherwise) and prospects, and any related matters, the results of which are satisfactory to the Buyer.

- (c) The Buyer being satisfied that the Seller is in compliance with all applicable environmental laws and that its facilities are free from environmental liabilities. To this end, the Buyer may commission an environmental study.
- (d) The transaction shall have been approved by Buyer's Board of Managers, shareholders, if required, and all third parties, including lenders, from whom such approval is required.
- (e) Buyer, at its discretion, shall have entered into an employment and non-competition agreement with \_\_\_\_\_ satisfactory to Buyer.
- (f) Seller shall have operated its business until the closing in the ordinary course and consistent with prior practices and no material adverse change shall have occurred.
- (g) All debt of Seller, other than trade payables, will be paid off at, or prior to, closing and all Seller's assets are to be free and clear of all liens and encumbrances and Seller is to have good and marketable title to all the assets.
- (h) All required consents of governmental authorities and other third parties shall have been obtained.
- (i) Buyer shall have received debt and equity financing on commercially reasonable terms to consummate the purchase of Seller.

7. Expenses. The Seller and the Buyer shall each bear the respective costs and expenses of all attorneys, accountants and advisors retained by or representing them in connection with this transaction.

8. Non-Disclosure. Without the prior approval of the Buyer, neither the Seller nor any Stockholder will disclose or discuss this letter of intent, its existence or its terms and conditions, to or with any persons other than their attorneys, accountants, financial advisors and such of the Seller's executives as may be required to know the same in implementing the provisions of this letter of intent ("Insiders"). The Seller shall use best efforts to prevent the Insiders from disclosing or discussing this letter of intent, its existence or its terms and conditions, to or with any person that is not an Insider.

9. Competing Offers. From the date of signing this letter of intent until written notice from the Buyer of termination of negotiations or for a period of [120] days, the Seller, the Stockholders and their representatives and agents shall not, directly or indirectly, (a) solicit any competing offers for the purchase of the Seller (whether through a sale of stock, merger or otherwise) or its assets or (b) negotiate or otherwise respond to any unsolicited offer or indication of interest with respect to any such purchase. If the Seller or any Stockholder receives any such offer or indication of interest, such Seller or Stockholder will immediately forward a copy to the Buyer.

By signing this letter of intent, the parties agree to be legally bound only by paragraphs 5, 7, 8 and 9. The other provisions of this letter of intent are intended as a statement of intent only, and no party shall be legally bound to proceed with the transaction contemplated hereby unless and until a definitive Purchase Agreement has been negotiated and signed by such party, and then only upon the terms and conditions set forth in such definitive Purchase Agreement.

If the foregoing terms and conditions are acceptable, so indicate by signing and dating both of the enclosed copies of this letter of intent, and then returning one to the undersigned. This letter of intent shall expire if not accepted by you by 5:00 P.M., \_\_\_\_\_, 2009.

Very truly yours,

[\_\_\_\_\_]

By \_\_\_\_\_  
(Title)

Agreed to and Accepted:

[\_\_\_\_\_]

By \_\_\_\_\_  
(Title)

STOCKHOLDERS:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name: