

SELLING A BUSINESS

BY

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LIST OF DISCUSSION MATERIALS

Mutual Confidentiality Agreement

Letter of Intent

Asset Purchase Agreement

NOTE: The attached documents are SAMPLE forms. They should not be used without appropriate revisions and edits by competent legal counsel to conform them to the requirements and needs of clients in specific transactions.

MUTUAL CONFIDENTIALITY AGREEMENT

This Agreement, made this ____ day of _____, 200____, by and between _____, an _____ corporation ("Seller") and _____, a _____ corporation ("Potential Buyer").

RECITALS:

- A. The parties intend to enter into discussions concerning a possible acquisition by the Potential Buyer of the assets of Seller associated with _____ (the "Business").
- B. In the process of such discussions, the parties may disclose confidential and proprietary information to each other to enable each other to evaluate and analyze the business transaction being discussed.
- C. Each party is willing to disclose confidential and proprietary information to the other only if the restrictions of this Agreement apply.
- D. The party disclosing information is referred to herein as the "Discloser", and the party to whom such information is disclosed is referred to herein as the "Recipient".

AGREEMENTS:

In consideration of the foregoing recitals and the promises herein contained, the parties agree as follows:

1. Confidential Information. For purposes of this Agreement, "Confidential Information" means information concerning the business or affairs of the Discloser, presented or disclosed to the Recipient in tangible or electronic form and clearly marked "Confidential", [*or if orally disclosed, is reduced to a written summary similarly marked and delivered to Recipient within five (5) days after the disclosure*], including without limitation, all financial statements, tax returns, marketing strategies, advertiser lists, subscriber lists, pricing and rate information, databases, reports, trade secrets, correspondence, contracts, procedures, technology, know how, ideas, and concepts pertaining to the Discloser. Notwithstanding the foregoing, Confidential Information shall not include information (regardless of how it may be marked) which (a) is already rightfully known to Recipient, (b) was or becomes publicly known without disclosure by Recipient, (c) was or is acquired by Recipient from a third Person, provided that the third party providing such information has not thereby breached any agreement with, or acted in derogation of, any confidential relationship with the Discloser, (d) has been or is independently developed by Recipient, or (e) is used or disclosed _____ (____) years after the date of this Agreement. The burden shall be on the Recipient to establish that information is not Confidential Information.

2. Confidentiality. Recipient covenants and agrees as follows:

(a) to receive and hold in confidence all Confidential Information revealed to Recipient by Discloser pursuant to this Agreement,

(b) to restrict disclosure of Confidential Information to employees, agents, attorneys, consultants and lenders of Recipient who have a reasonable need-to-know, and to assume full responsibility for the compliance of such employees, agents, attorneys, consultants and lenders with the restrictions of this Agreement regarding Confidential Information;

(c) to protect and safeguard all Confidential Information against unauthorized publication or disclosure utilizing at least the same care and procedures utilized by Recipient in regard to its own proprietary confidential information;

(d) not to use any Confidential Information except for analysis and evaluation of the transaction being considered and for such other purposes as are authorized by the Discloser in writing; and

(e) at any time, upon the written request of the Discloser, (1) immediately return to the Discloser all copies of all documents within Recipient's possession, custody or control containing or reflecting any Confidential Information, (2) irretrievably delete or erase all Confidential Information from any electronic storage medium (i.e., computers, computer disks, zip drives etc...) within Recipient's possession, custody or control and provide Discloser with a written statement confirming that such deletions have occurred, and (3) make no further use of Confidential Information.

3. Nondisclosure of Possible Transaction. In addition, except as otherwise permitted herein or as mutually agreed by the parties, (a) the Potential Buyer shall not disclose to any person the knowledge that Seller may be considering a sale of the assets of the Business, (b) Seller shall not disclose to any person the knowledge that the Potential Buyer is discussing with Seller a possible acquisition of the assets of the Business, and (c) neither party shall disclose to any Person the existence or content of any discussions and negotiations between the parties concerning the Business, including, without limitation, the content of any and all communications, proposals, counter-proposals or letters of intent between the parties.

4. Company Contacts. All communications between the parties concerning the Possible Transaction shall be limited to and must be made directly between or with the designated company contacts for each party. The company contacts for __[Seller]__ shall be _____, _____, _____ and legal counsel and financial advisors designated in writing by __[Seller]__ (“__[Seller]__’s Contacts”). The company contacts for __[Potential Buyer]__ shall be _____, _____, _____ and legal counsel and financial advisors designated in writing by __[Potential Buyer]__ (“__[Potential Buyer]__’s Contacts”). Either party may change its company contacts by written notice to the then serving company contacts of the other party.

5. Required Disclosures. Notwithstanding any provision in this Agreement to the contrary, information subject to the restrictions of this Agreement may be disclosed by the Recipient to the extent such disclosure is compelled or required by law, in the opinion of legal counsel for the Recipient, provided that the Recipient shall promptly notify the Discloser as soon as possible in advance of such proposed disclosure, disclose only such information as Recipient is legally compelled to disclose, and undertake reasonable efforts to obtain a protective order or otherwise assure the confidential treatment of such information subsequent to the legally required disclosure.

6. Ownership of Confidential Information. Except as specifically provided herein, Recipient agrees that it shall acquire no right, title, or interest in, or license to use, any Confidential Information because of its disclosure by Discloser to Recipient hereunder.

7. General Understandings of the Parties.

(a) Either party may discontinue disclosure of Confidential Information at any time.

(b) No party has any obligation under or by virtue of this Agreement to enter into any binding agreement with any other party hereto as to any proposed sale, acquisition or business transaction which may be the subject of discussions pursuant to this Agreement.

(c) No representations or warranties are being made by the Discloser as to the completeness or accuracy of any Confidential Information provided to Recipient hereunder.

(d) Each party acknowledges its responsibility to perform a due diligence review to its own satisfaction and at its own expense prior to the consummation of any transaction between the parties.

[8. Residuals. Notwithstanding anything herein to the contrary, either party may use Residuals for any purpose, including without limitation use in development, manufacture, promotion, sale and maintenance of its products and services provided that this right to Residuals does not represent a license under any patents, copyrights or other intellectual property rights of the Discloser. The term "Residuals" means any information retained in the unaided memories of the employees of the Recipient who have had access to the Confidential Information of the Discloser pursuant to the terms of this Agreement. An employee's memory is unaided if the employee has not intentionally memorized the Confidential Information for the purpose of retaining and subsequently using or disclosing it.]

9. Remedies. Due to the unique subject matter of this Agreement and the difficulty of measuring damages which would result to Discloser from violations by Recipient of the various agreements and covenants set forth herein, Recipient hereby agrees that, in addition to any other remedies which Discloser may have at law or in equity, the Discloser shall have the right (without the necessity of posting bond) to have all agreements and covenants of this Agreement specifically performed by Recipient, and to obtain preliminary and permanent injunctive relief to secure specific performance, and to prevent a breach or contemplated breach, of this Agreement. Recipient shall indemnify and hold harmless Discloser from and against all costs and expenses (including attorneys' fees and other charges) incurred by Discloser in enforcing this Agreement.

10. Waiver, Modification or Cancellation. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge, or waiver is sought. No delay or failure at any time on the part of any party in exercising any right, power or privilege under this Agreement, or in enforcing any provision of this Agreement, shall impair any such right, power or privilege, or be construed as a waiver of such provision, or be construed as a waiver of any breach or as any acquiescence therein, or shall affect the right of the party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

11. Severability. If any part of this Agreement, or any part of any provision hereof, is adjudicated to be invalid or void, then the remaining provisions shall be executed insofar as the remaining provisions are capable of execution.

12. Miscellaneous. This Agreement (a) constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and it supersedes all prior oral or written agreements, commitments, or understandings with respect to such matters, (b) shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, (c) shall be governed by the laws of the State of Iowa (excluding the choice of law rules

thereof), (d) may be signed in counterparts, none of which need contain the signature of all the parties hereto and each of which shall be deemed to be an original. *[Any legal action between the parties concerning or involving this Agreement shall be instituted only in the Iowa District Court for Linn County or in the U.S. District Court for the Northern District of Iowa (Cedar Rapids Division). The parties shall promptly and voluntarily submit to the jurisdiction of such courts.]* The paragraph headings contained herein are for the convenience of reference only and shall not be construed so as to affect the interpretation or construction of any substantive provision of the Agreement.

Executed effective as of the day and year first above written.

By: _____

By: _____

LETTER OF INTENT FORM

_____, 200__

CONFIDENTIAL

Dear _____:

Subject: Letter of Intent

Based on our recent discussions and the information you have furnished us to date, this Letter of Intent sets forth a proposal pursuant to which the undersigned [or its designee], or [an entity to be formed by them] ("Buyer"), would purchase substantially all of the assets of _____, an _____ corporation ("Seller").

1. **Structure of Transaction:** The transaction would be structured as a purchase by Buyer of substantially all of the assets of Seller pursuant to a definitive Asset Purchase Agreement (the "Asset Purchase Agreement").

2. **Assets Included in the Sale:** Except for the assets of Seller specifically excluded below, Buyer would acquire [all of the assets of Seller ("the Assets"), including without limitation, the following:] [the following assets of Seller (the "Assets"):]

() **Accounts Receivable.** All accounts receivable of the as of the close of business on the Closing Date "Accounts Receivable";

() **Inventory.** All of the inventory as of the close of business on the Closing Date, including raw materials, work in process on manufactured or assembled goods, and finished goods, spare parts, replacement and component parts, product labels and packaging materials, and supplies, as determined pursuant to a physical inventory of such assets ("Inventory");

() **Furniture, Fixtures, Tooling and Equipment.** All of the furniture, fixtures, furnishings, office equipment, computers and computer equipment, production, packaging and shipping equipment and machinery, conveyor and storage systems, shelving, supplies, tools, tooling, dies, jigs and molds, motor vehicles, leasehold improvements, and all other fixed and tangible personal property of the Seller (collectively, the "Equipment");

() **Contracts.** All rights of Seller under all contracts of Seller (including, without limitation, Seller's interest in all real property leases to which Seller is a party, Seller's interest in all personal property leases to which Seller is a party, all unfilled or uncompleted customer contracts, commitments or purchase or sales orders, all of Seller's contracts with vendors or suppliers, covenants not to compete running in favor of Seller, [the collective bargaining agreement with local union _____, _____ ("Union Contract")], and technology and intellectual property agreements and licenses, including software licenses), in each case that Buyer affirmatively elects to purchase and assume by notice to Seller given at or prior to Closing (collectively, the "Contracts");

() **Licenses and Permits.** All governmental licenses, permits, variances, waivers and approvals of Seller, to the extent assignable;

Prepays. All prepaid expenses and deposits of Seller, including prepaid insurance, utilities, rent and security deposits;

Business Records. All of Seller's books, records and other documents (or copies thereof where Seller needs to retain the originals) and information relating to the business and assets of Seller, including, without limitation, all customer, prospect, dealer and distributor lists, sales literature, inventory records, purchase orders and invoices, sales orders and sales order log books, customer information, commission records, correspondence, employee payroll and personnel records, product data, equipment manuals, material safety data sheets, price lists, product demonstrations, quotes and bids, product catalogs and brochures, engineering and design drawings, photos, diagrams, schematics, and other documents relating to Seller's production facilities, products or services;

Restrictive Covenants. The restrictive covenants of Seller and others as hereafter provided;

Intangibles and Intellectual Property. All of Seller's right, title and interest in, to and under all trade names, including Seller's rights in and to the trade names _____ or any variations thereof, (Seller to change its name at or prior to Closing to a name approved by Buyer); computer software; any World Wide Web site under construction, owned or maintained by Seller on the Internet, if any, including any associated Uniform Resource Locator ("URL") domain names (and all registrations and applications related thereto) and related computer software programming; all patents, copyrights, trademarks, service marks and other intellectual property, if any (and all registrations and applications related thereto, all causes of action for infringements thereof, and all goodwill associated therewith); trade secrets (including customer and supplier lists and histories, production techniques, and bid formulas); all telephone numbers, including without limitation the telephone numbers _____, any toll free number(s), and the facsimile number _____; U.S. Post Office Box _____ in _____, _____, and all other goodwill; and

Real Estate. The real estate described as follows: _____
_____ ("Real Estate").]

Other Assets. All other assets of Seller of every nature, kind and description, tangible or intangible, wherever located, except as specifically excluded from the sale.

3. **Excluded Assets**: [All assets of the Seller except for those expressly set forth in paragraph __ above would be excluded from the sale.] [The following assets would be expressly excluded from the sale:

- Seller's cash on hand and in bank as of the close of business on the Closing Date;
- Seller's real estate, if any, and any leasehold interest of Seller in real estate;
- Seller's corporate minute book and stock records; and all business records pertaining to income, sales, property and other taxation of Seller;
- receivables other than trade accounts receivable and other than unbilled services (or work-in-process);
- contracts of Seller which Buyer elects not to purchase; and

() rights to receive refunds with respect to any taxes paid by Seller, including interest payable with respect thereto.

4. **Purchase Price:** The purchase price for the Assets (the "Purchase Price") would be the determined as follows: _____

5. **Payment of Purchase Price:** [The purchase price for the Assets shall be paid [in cash at Closing.] [The Purchase Price for the Assets would be paid by Seller as follows:

() _____ (\$ _____) by delivery of a Promissory Note providing for payments of \$ _____ per _____, including interest at the rate of _____% per annum. Payment of the Promissory Note shall be secured by:

- () security agreement granting Seller a security interest in _____;
- () personal guaranty of _____;
- () irrevocable standby letter of credit in an amount of \$ _____ issued by _____ Bank and having an expiry date not sooner than _____, 20____;
- () life insurance in the face amount of \$ _____ on the life of _____ collaterally assigned to the Seller

[Until the Promissory Note is paid, the following restrictive covenants shall apply: purchases; dividends; distributions; borrowings; salaries; capital expenditures.....]

() assumption by Buyer of _____ as of the close of business on the Closing Date which were incurred in the ordinary course of business, recorded on the books of the Seller, disclosed to Buyer, and do not exceed \$ _____ in the aggregate ("Trade Payables");

() _____ to be paid to _____ as an the Escrow Agent pursuant to the terms of an Escrow and Indemnity Agreement providing Buyer with security for indemnity claims for a period of _____ months following Closing;

() the balance of the Purchase Price by wire transfer or other immediately available funds at Closing.

6. **Assumption of Liabilities:** Buyer would assume at Closing only the liabilities of Seller first arising after the Closing Date under Contracts which Buyer elects to purchase, and _____ of the Seller (collectively, the "Assumed Liabilities"). [Except as otherwise agreed, Buyer would not purchase or assume any written employment contracts with individual employees of Seller or any employee benefit plans, policies or arrangements of Seller for its employees (e.g., retirement plans, health plans, severance policies, etc...), provided however, that if its terms are acceptable to Buyer, Buyer may assume the Union Contract.] Except for the Assumed Liabilities, Buyer would assume no other debts or liabilities of the Seller whatsoever and Seller would indemnify and hold Buyer harmless from any other liabilities of Seller.

7. **Marketable Title:** At Closing, Seller would furnish to the Buyer appropriate instruments of conveyance transferring and warranting good and marketable title to the Assets, free and clear of all liens and encumbrances (except for the Assumed Liabilities").

8. **Asset Purchase Agreement:** The Asset Purchase Agreement will contain, among other things, usual and customary:

(a) representations and warranties by Seller, including, without limitation, those relating to (i) marketable title and good condition of the Assets, (ii) existence and good standing of Seller, (iii) absence of pending or threatened litigation, (iv) the validity and enforceability of all intellectual property rights, (v) appropriate corporate authorization of the sale, (vi) absence of transactions not in the ordinary course of business, (vii) the accuracy of financial information provided to Buyer, (viii) reporting and payment of tax obligations, (ix) compliance with environmental and other laws, (x) absence of undisclosed liabilities, (xi) attaining all required governmental consents, (xii) enforceability and due performance by the parties under all contracts of Seller and (xiii) other customary matters.

(b) indemnification of Buyer by Seller and its shareholders with respect to any breaches by Seller of representations, warranties or covenants.

(c) closing conditions, including conditions with respect to (i) receipt of all appropriate instruments of conveyance, (ii) absence of adverse change in the financial position or business and operations of the Seller or in the Assets, (iii) receipt of all required governmental approvals, (iv) receipt of all required approvals of assignments of contracts, leases, licenses, franchise rights, and intellectual property, (v) accuracy of Seller's warranties and representations and performance of all pre-Closing covenants, (vi) Buyer obtaining financing for the transaction on terms acceptable to Buyer, (vii) Seller obtaining at its cost liability insurance tail coverage from such insurance carrier, for such limits, and covering such claims as are approved by Buyer (viii) any other condition set forth in this Letter of Intent, and (ix) other customary closing conditions.

9. **Restrictive Covenants:** At the Closing, Seller, _____ and such other key employees or shareholders of Seller as Buyer specifies would enter into agreements providing that they will not, directly or indirectly, (a) except for the benefit of Buyer, disclose or utilize, at any time or in any fashion, any trade secrets or confidential or proprietary information acquired by Buyer from Seller, or (b) for a period of _____ () years subsequent to the Closing (i) engage in any business, or assist any other person, firm or entity engaged in a business, which is competitive with the business of Buyer as such business is conducted after the Closing, or (ii) interfere with, disrupt or attempt to disrupt relationships, contractual or otherwise, between the Buyer and its employees, clients, vendors and others who are in any way related to the operation of the business of Buyer.

10. **Employment and Consulting Agreements:** At the Closing, such employees of Seller as shall be determined by Buyer would enter into employment agreements with Buyer on terms acceptable to such parties. In addition, at the Closing, _____, would enter into a Consulting Agreement with Buyer pursuant to which _____ would agree to be available at least _____ hours per week for the first six months following Closing, to assist Buyer in the smooth transition of the business from Seller to Buyer, and to consult with Buyer concerning existing and potential customers, production and processing issues, pricing for products, and other issues affecting the business being acquired. In exchange for such availability and consulting when needed, Seller shall pay _____ consulting fees as follows:

[11. **Real Estate Lease.** Buyer as Tenant, and the owners of the real estate at _____, _____, _____, which houses the operations of the business of Seller (the "Real Estate"), as Landlord, would enter into a written _____ () year lease with

annual rent not to exceed \$_____ (\$_____ per month), exclusive of routine maintenance, taxes and insurance, such lease to provide Buyer with one year renewal options, a right of first refusal to buy the Real Estate during the lease term, and an option to buy the premises at its fair market value at the end of the lease term.]

[11. **Real Estate Contract.**

(a) **Real Estate Contract:** At the Closing, the owners of the real estate at _____, which houses the operations of the business of the Seller (the "Real Estate") would enter into a written real estate contract ("**Real Estate Contract**") with Buyers pursuant to which Buyers would agree to buy, and such owners would agree to sell and convey to Buyers, marketable title to the Real Estate. The purchase price for the Real Estate would be _____ Dollars (\$_____) ("**Real Estate Purchase Price**"), and would be payable in equal monthly installments of principal and interest, such installments to commence on the first day of the month following the Closing Date and to be computed on the basis of a _____ year amortization with interest at the rate of _____% per annum. At their cost, prior to the Closing, the owners of the real Estate would deliver to Buyers an abstract of title to the Real Estate extended through a current date and reflecting marketable title to the Real Estate in such owners. The amortization period for any unpaid balance of the Real Estate Purchase Price will be renegotiated on the _____ anniversary of the Closing Date. The Real Estate Contract would be based on the Iowa State Bar Association "Real Estate Contract- Installments" form and would contain such other terms and conditions as are mutually agreed to by the parties thereto.

(b) **Environmental Survey.** Seller will, at its cost, engage an engineering firm, reasonably acceptable to Buyers, to conduct a Phase I, and to the extent indicated by the Phase I, a Phase II, Environmental Study of the Real Estate, with the final reports to be delivered to Buyers within thirty (30) days from this date. The Real Estate Contract will provide that, as a condition precedent to Buyers' obligation to close the Stock Purchase Agreement or the Real Estate Contract, the Real Estate and the operations of the Seller must comply in all material respects with all applicable Federal and State environmental laws and regulations. If the Phase I or Phase II Environmental Studies reflect that, for some reason, the Real Estate is contaminated and would require environmental remediation, Seller would retain at its cost, a mutually agreed upon engineering firm to determine the cost of such remediation. Within 15 days after receipt of such a cost estimate, Buyers, at their option by written notice to the Seller and the owners of the Real Estate, may elect to (1) proceed with consummation of the Real Estate Contract with the cost of the remediation to be offset against the Real Estate Purchase Price, or (2) terminate the Real Estate Contract and Stock Purchase Agreement, without further obligation to the Seller, Shareholders or the owners of the Real Estate; provided, however, that in the event Buyers elect to proceed with the consummation of the Real Estate Contract and the estimated cost of the remediation exceeds \$_____, the owners of the real estate and the Shareholders may by written notice to Buyers, terminate the Real Estate Contract and Stock Purchase Agreement, without further obligation to the Buyers.]

12. **Exclusive Dealing Agreement – No Shop Clause:** During the term of this Letter of Intent, and thereafter as provided in any supplement to this Letter or in the Asset Purchase Agreement, Seller will not, directly or indirectly, through any officer, director, employee, agent, member, manager, or otherwise:

(a) authorize, accept, solicit, initiate or encourage, in any manner, inquires, proposals, or offers from any potential buyer (other than Buyer) relating to (1) the disposition, assignment or

transfer of all or any portion of the Assets, (2) any business combination or merger of Seller, (3) the sale of the outstanding stock of Seller, (4) the issuance of additional stock of Seller, or (5) the issuance of options to acquire stock, or securities convertible into stock of Seller, or

(b) participate in any discussion with, or furnish or cause to be furnished any information to, any person other than Buyer, with respect to the foregoing.

Seller will promptly inform Buyer of any such inquiries or proposals. In the event the agreements of this paragraph are violated by Seller or its officers, employees, agents, shareholders or agents, in addition to any other remedies available to it, Buyer shall be entitled to receive from Seller all out-of-pocket expenses (including attorney and accountants fees) which Buyer has incurred in connection with this proposed transaction. Seller acknowledges that Buyer willingness to expend the time and funds necessary to conduct its due diligence regarding the transaction described in this Letter of Intent is strictly contingent upon the understanding set forth in this paragraph 12.

13. **Conduct of Business - Stand Still Agreement:** From and after the expiration hereof and until (a) the expiration of this Letter of Intent without the Asset Purchase Agreement being signed, or (b) the Closing under, or earlier termination of, the Asset Purchase Agreement, Seller will continue to operate the business of Seller as presently operated, it will take no action which would be adverse to the business of Seller, it will use its best efforts to preserve its present clients and customers, business reputation, contracts with dealers and suppliers, intellectual property and licenses, and it will not undertake, without the consent of the Buyer, any actions not in the ordinary course of business.

14. **Access to Books, Records, Etc.:** During the term of this Letter of Intent, Seller agrees to permit the Buyer reasonable access to Seller's books, records, facilities and employees in order to permit the Buyer to conduct its due diligence review of the business of Seller. [Buyers shall not visit the Seller's facilities or disclose to or discuss this proposed transaction with any employees, customers or suppliers of the Seller (other than _____) without the prior consent of _____.]

15. **Confidentiality:** [Seller and Buyer are subject to the terms of a Confidentiality Agreement dated _____, and pursuant to such agreement, the terms of which are hereby ratified and confirmed, the existence and terms of this Letter of Intent are confidential. Without limiting the terms of the said Confidentiality Agreement,] Seller and Buyer further agree not to disclose this proposal, nor discussions regarding it, to any other person without the consent of the other party, and that all information obtained in the course of negotiations and due diligence relative to the other parties will be held confidential and will not be disclosed to any other person, or utilized for purposes other than the evaluation of the proposed transaction, without the disclosing party's prior written consent, provided, however, that the foregoing restrictions shall not apply to (a) information that is already in the public domain without violation of this paragraph 15, (b) information that is required to be disclosed by law, (c) disclosures deemed reasonably necessary by either party in order to accomplish this transaction, and (d) disclosures to directors, officers, attorneys, accountants and financial consultants of the parties

16. **Expenses:** Except as provided in this Letter of Intent, each party agrees to bear its own costs in connection with this transaction, including legal and accounting fees.

17. **Brokers Fees:** Each party warrants that no brokerage or finders fees are due or will be paid to third parties as a result of the consummation of the transaction proposed herein.

18. **Closing:** Buyer will proceed with its due diligence review of Seller and with the preparation of the Asset Purchase Agreement, with a view to signing the Asset Purchase Agreement by _____, _____, and closing this proposed acquisition by _____, _____. This Letter of Intent will expire automatically if the Asset Purchase Agreement has not been executed by the parties by _____, _____.

19. **Nonbinding Commitment to Buy or Sell:** This proposal is subject to such due diligence and financial review as is deemed appropriate by the Buyer. It is further understood and agreed that this Letter of Intent constitutes a statement of the mutual intentions of the parties with respect to the proposed acquisition, but does not constitute an agreement for the acquisition binding upon either side, nor does it contain all matters on which agreement must be reached in order for the transaction to be consummated. A BINDING COMMITMENT TO BUY OR SELL WITH RESPECT TO THE PROPOSED ACQUISITION WILL RESULT ONLY FROM THE PREPARATION AND EXECUTION BY THE BUYER AND SELLER OF THE ASSET PURCHASE AGREEMENT. This Letter of Intent is not, and its execution does not, constitute a prior agreement to consummate or enter into the Asset Purchase Agreement.

20. **Binding Obligations:** Notwithstanding anything herein to the contrary, the agreements and understandings set forth in paragraphs 12, 13, 14, 15 and 16 of this Letter of Intent are binding commitments of the parties, and paragraphs 15 and 16 shall remain binding despite the expiration or termination of this Letter of Intent or the failure of the parties to enter into the Asset Purchase Agreement.

If the basic terms of the proposed acquisition as set forth above meet with your approval, please date, sign and return the enclosed copy of this Letter of Intent. In the event we have not received an executed copy of this Letter of Intent by _____, _____, it will expire without further action on our part.

Very truly yours,

Accepted this _____ day of _____, 200_____.

By _____
_____, President

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement"), made and entered into as of the ____ day of _____, 200____, by and between _____, an Iowa corporation, ("Seller"), _____, an Iowa corporation, ("Buyer"), and the parties executing this Agreement as Shareholders of Seller (individually, "Shareholder", collectively "Shareholders").

RECITALS:

A. Seller has been engaged in the business of wholesaling, distributing and selling, _____ equipment, parts, supplies, and accessories to _____, using the trade names _____ and _____, and by maintaining a warehouse outlet store at its principal place of business located at _____ (the "Business Office"), as well as by maintaining an on-line store on the Internet known as "www._____.com" (the "Business"); and

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, all of the assets of Seller (except for cash, real estate and other assets specifically excluded from the sale), on the terms, and subject to the limitations and conditions, set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and considerations contained herein, the parties do hereby agree as follows:

1. SALE AND PURCHASE OF ASSETS

1.1 Acquired Assets. Upon the terms and subject to the limitations and conditions, and in reliance on the representations, warranties and covenants set forth in this Agreement, Seller agrees to sell, assign, transfer and convey to Buyer, and Buyer agrees to purchase and acquire from Seller, on the Closing Date (as hereinafter defined), all of Seller's right, title and interest in and to the property and assets of Seller, excluding the property and assets described in Section 1.2, but including the following property and assets (the assets to be acquired are hereinafter collectively referred to as the "Assets"):

(a) Inventory. All inventory and merchandise on the Closing Date, as determined pursuant to the physical inventory of such assets required below ("Inventory").

(b) Accounts Receivable. All accounts receivable as of the close of business on the Closing Date [which are less than 180 days old on such date] ("Accounts Receivable").

(c) Other Assets: All of the "Other Assets" of the Seller as follows:

(i) Furniture, Fixtures and Equipment. All packing and shipping tables, warehouse and outlet store shelving, tools, office furniture, equipment and decorations, equipment, computers and computer equipment, manufacturer samples, motor vehicles, and all other tangible personal property of the Seller on the Closing Date as generally described in Schedule 1.1 hereto ("Equipment").

[(ii) Prepays. All prepaid expenses of the Seller, such as supplies, utility deposits, insurance and other prepaid items applicable to the operation of the business on the Closing Date as generally described in Schedule 1.1 hereto ("Prepaid Expenses").]

(iii) Contracts. All rights of Seller under all contracts, including, without limitation, all purchase and sales orders, dealer and distributor agreements, licenses, covenants not to compete running in favor of Seller, notes receivable, equipment leases (as lessor or lessee), and technology and intellectual property agreements which Buyer elects to purchase in writing on or before the Closing ("Contracts").

(iv) Intangibles, Intellectual Property and Records. All of Seller's right, title and interest in and to all trade names, including Seller's rights in and to the trade names "_____", "_____" or any variations of such names, which rights shall belong exclusively to Buyer; trademarks, patents, copyrights and other intellectual property, including all registrations or applications for registration thereof and good will associated therewith; all trade secrets, licenses, and permits; all business records, including without limitation, all customer, supplier and dealer lists and histories, engineering and design drawings, photos, diagrams, schematics, or other documents relating to Seller's products, sales and advertising materials, and equipment manuals; all telephone and facsimile numbers, including without limitation the numbers (800) _____, (319) _____ and all other numbers currently utilized by Seller in its day-to-day business operations; all right, title and interest of Seller in and to the e-mail addresses and World Wide Web sites located on the Internet and known as "http:\www._____.com", including without limitation thereto, the Uniform Resource Locator ("URL") domain name "_____.com", and all variations thereof, and all registrations and applications related thereto, including without limitation, the registration of such domain names with InterNIC; the html template pages and software programming associated with the sites (collectively, the "WWW Sites"); all goodwill of the Seller associated with the Business.

(v) Job Service Account: Sellers account and experience rating for unemployment benefits, as required by Chapter 96 of the 2003 Code of Iowa, as amended.

(vi) Restrictive Covenants: The restrictive covenants of Seller, Shareholders and key employees of Seller, as hereafter provided.

(vii) Other Property and Assets. All other property and assets of Seller of every nature, kind and description, tangible or intangible, wherever located, except as specifically excluded from this sale

1.2 Excluded Assets. Seller will retain and not sell or transfer, and Buyer will not buy or acquire the following property and assets, regardless of whether any such property or asset is or may be used in the operation and conduct of the Business, such property and assets to be expressly excluded from the property and assets being bought and sold pursuant to this Agreement ("Excluded Assets):

(a) Cash on hand and in bank as of the close of business on the Closing Date;

(b) Contracts not assumed in writing by Buyer, including all contracts with employees and all employee benefit plans of Seller;

(c) Seller's corporate airplane, and the motor vehicles currently being used by _____ and _____ (i.e., a _____ and a _____, respectively);

(d) Sellers key man life insurance policies;

(e) Seller's corporate minute book and stock records; and all business records pertaining to income, sales, property and other taxation of Seller; and

(f) Accounts receivable of Seller in excess of 180 days old as of the Closing Date.

2. PURCHASE PRICE

2.1 Determination of Purchase Price. The purchase price ("Purchase Price") for the Assets shall be determined at Closing as follows:

(a) Inventory. The purchase price for Inventory shall be an amount equal to the value of the Inventory as of the Closing based upon a physical inventory taken by Buyer and observed by Seller ten (10) days prior to Closing, as hereafter adjusted. The date the physical inventory shall be taken shall be determined by agreement of the parties. The value of each item of Inventory shall be determined utilizing the rolling average cost method as consistently utilized by the Seller in the preparation of Seller's Financials (as defined in Section 5.1(g) below), and verified by the Buyer, provided that (A) the purchase price for Inventory shall be adjusted for Obsolete Inventory and Excess Inventory as hereafter provided, and (B) the purchase price for Inventory shall be appropriately adjusted for sales and purchases of Inventory occurring after the physical inventory and prior to Closing. "Obsolete Inventory" shall mean inventory items that are no longer being manufactured, that are damaged, or that are no longer being carried in the Company's current catalog. "Excess Inventory" shall mean quantities of items in inventory which exceed the sales of said items during 200___, provided that with respect to new items of Inventory first carried by Seller in 200___, the parties shall determine by mutual agreement whether quantities of any such items constitute Excess Inventory. The purchase price for Inventory shall be the sum of: (1) the full rolling average cost value for items of Inventory on hand that do not exceed 200___ sales of such item; (2) 90% of the rolling average cost value for items of Inventory on hand that would be expected to sell 13 to 24 months after the Closing Date (based on 1999 sales); (3) 80% of the rolling average cost value for items of Inventory on hand that would be expected to sell 25 to 36 months after the Closing Date (based on 200___ sales); and (4) \$1,000 for any items of Inventory on hand in excess of 36 months of sales (based on 200___ sales), and for all Obsolete Inventory.

(b) Accounts Receivable.

(i) The purchase price for Accounts Receivable will be an amount equal to ninety percent (90%) of the outstanding accounts receivable (less customer deposits) that are less than ninety (90) days old at Closing ("Current Receivables"), determined ten (10) days prior to Closing but adjusted for sales made and receivables collected after such determination and prior to Closing. In addition, at Closing, the Buyer will pay into escrow pursuant to the terms of an Escrow and Indemnity Agreement in the form of Exhibit "A" hereto (the "Escrow and Indemnity Agreement"), an amount to equal to the sum of the following: (A) ten percent (10%) of the outstanding Current Receivables as of the Closing Date, not to exceed the sum of \$_____ (i.e., 10% of \$_____) and (B) fifty percent (50%) of all outstanding Accounts Receivable in excess of ninety (90) days old but less than one hundred eighty (180) days old as of the Closing Date ("Older Receivables"). Buyer is not purchasing any accounts receivable of Seller in excess of 180 days old as of the Closing Date.

(ii) Buyer shall not be required to institute any litigation for the collection of escrowed receivables, but if litigation is commenced, Seller shall pay all such litigation expenses.

(iii) Final settlement on the escrow shall be made three (3) months after the Closing Date, at which time (A) if Buyer's collections on the Current Receivables exceed the 90% paid for such receivables, Buyer shall instruct the escrow agent to remit an amount equal to such excess collections directly to the Seller from the escrow, together with earnings on any such amount, (B) to the extent Older Receivables have been collected by Buyer, Buyer shall instruct the escrow agent to remit such amount, up to the amount escrowed for such receivables, directly to the Seller from the escrow, together with earnings on any such amount, (C) all Accounts Receivables not collected by Buyer shall be assigned and transferred by Buyer to the Seller, and (D) any balance in the escrow shall be returned by the escrow agent to the Buyer together with any earnings thereon. If Buyer's collections on the Older Receivables exceed the 50% paid for such receivables through the escrow, Buyer shall remit such excess collections directly to the Seller three (3) months after Closing.

(iv) All payments on open accounts received by the Buyer shall be applied to the specific invoices that correspond to the amounts remitted if this can be determined. If such payments do not correspond to specific invoices, they will be applied on a "first in, first out" basis. The Seller shall have the right to inspect Buyer's books during reasonable business hours with respect to receivables to verify amounts due the Seller.

(c) Other Assets. The purchase price for the Assets other than Inventory and Accounts Receivable shall be the sum of _____ Dollars (\$_____).

2.2 Payment of Purchase Price. The Purchase Price shall be paid at Closing in the following manner:

(a) _____ Dollars (\$_____) of the Purchase Price shall be paid by the delivery of two promissory notes payable to the Seller, one in the amount of _____ Dollars (\$_____), and the other in the amount of _____ Dollars (\$_____), and otherwise in the form of Exhibit "B.1" and Exhibit "B.2" hereto respectively (collectively, the "Notes"). The outstanding balance of each of the Notes shall be payable to Seller in equal quarterly installments of principal and interest, with interest from the Closing Date at the rate equal to the prime rate at _____ Bank, _____, Iowa as of the last business day prior to the Closing Date plus 2% per annum (the "Note Rate"), and the quarterly payments being calculated using a 10 year amortization schedule with a balloon payment scheduled on the 36th month after the date of the Notes. The Notes shall be unsecured and subordinate to all other debt incurred by the Buyer to finance this transaction, and Seller shall enter into and deliver to Buyer any subordination agreements requested by Buyer's lenders to evidence such subordination. The Notes may be prepaid in whole or in part at any time without penalty, but all prepayments must be proportional between the Notes based on their relative original principal balances.

(b) Up to \$_____ of the Purchase Price shall be paid by the Buyer through assumption, at the Closing, of trade accounts payable of the Seller, in accordance with Section 3.1(a) and the terms of a "Assignment and Assumption Agreement" to be substantially in the form of Exhibit "C" attached hereto, to be executed by the Buyer at Closing (the "Assignment and Assumption Agreement").

(c) The sums determined under section 2.1(b) to be escrowed shall be paid to the Escrow Agent pursuant to the Escrow and Indemnity Agreement.

(d) The balance of the purchase price shall be paid in cash at Closing.

2.3 Allocation of Purchase Price: The Purchase Price shall be allocated among the Assets in accordance with the provisions of Schedule 2.3 attached hereto. Each party agrees that it will file IRS Form 8594, reporting the allocation of the Purchase Price to the Internal Revenue Service ("IRS") in accordance with Schedule 2.3, and will not take any position that varies from or is inconsistent with such allocation in any other filing made by such party with the IRS or any other Governmental Entity. For purposes of this Agreement, "Governmental Entity" means any Federal, state, county, municipal or other governmental department, commission, board, bureau, agency, court of instrumentality, domestic or foreign.

2.4 Prorations. Personal property taxes and similar proratable items such as utilities and real estate taxes under any leases assumed by Buyer hereunder (but not including any prepaid item included in Section 1.1(d), above) shall be apportioned between Buyer and Seller as of the Closing Date. Any such item, to the extent it relates to the period on or prior to the Closing Date, shall be apportioned to Seller, and any such item, to the extent it relates to the period after the Closing Date, shall be apportioned to Buyer. Buyer shall prepare a proration schedule as promptly as practicable prior to Closing and deliver a copy thereof to Seller. Seller will promptly provide Buyer any information reasonably requested by Buyer in the preparation of such proration schedule. If the amounts set forth in the Closing Statement under reimbursements to Seller exceed the reimbursements to Buyer, then the difference between such amounts shall be paid to Seller by Buyer at the Closing by an increase of the amount set forth in Section 2.2(d), above. If the amounts set forth in the Closing Statement under reimbursements to Buyer exceed the reimbursements to Seller, then the difference between such amounts shall be paid to Buyer by Seller at the Closing by a reduction of the amount set forth in Section 2.2(d), above.

3. LIABILITIES AND OBLIGATIONS.

3.1 Liabilities and Obligations Assumed. Buyer agrees, on consummation of the Closing, to assume, in accordance with the Assignment and Assumption Agreement, (a) the regular, current trade accounts payable of the Seller incurred by Seller in the ordinary course of business, reflected on the Seller's financial statements, and disclosed to Buyer, not to exceed \$_____, and (b) those obligations under the Contracts the Buyer elects to purchase in accordance with Section 1.1(c)(iii) which first arise, or by the terms of the Contracts are to be performed, after the Closing (but specifically excluding obligations to cure any defaults under any of the Contracts arising prior to the Closing or based upon events occurring or circumstances existing prior to the Closing) (collectively, the "Assumed Liabilities").

3.2 Liabilities and Obligations Not Assumed. Except as expressly set forth in Section 3.1, Buyer shall not assume or become obligated to pay any liabilities or obligations of Seller or of the Business whatsoever, whether known or unknown, contingent or otherwise ("Excluded Liabilities")., including without limitation: (a) any liability for notes payable to any person or entity or any accrued expenses or liabilities; (b) any liability of Seller for Taxes (as defined in Section 5.1(x)), including any Taxes owed by Seller as a result of the transactions contemplated by this Agreement; (c) any liability in connection with Seller's handling, generation, treatment, storage, transportation or disposal of toxic substances, hazardous wastes or hazardous substances; (d)

any liability of Seller for or relating to assets not purchased by Buyer; (e) any liability of Seller to employees of Seller for salaries, wages, or benefits, or (f) any liability of Seller for products liability relating to goods sold or leased by Seller or any predecessors in interest of Seller.

4. CLOSING.

4.1 Closing Time and Place. The transactions contemplated by this Agreement shall be consummated and closed (the "Closing") on or before _____, 200____, at the law offices of Shuttleworth and Ingersoll P.L.C., 115 Third Street SE, Suite 500, Cedar Rapids, Iowa 52401, or at such other place or time as shall be agreed to by the parties (the date of the Closing, the "Closing Date"). All documents to be delivered at the Closing and acts to be performed thereat shall be deemed to have been taken simultaneously.

4.2 Deliveries at Closing. At the Closing, the following deliveries shall occur in addition to the other documents and actions contemplated by this Agreement:

(a) Tender of Purchase Price. Buyer shall tender to Seller the cash payment and Notes as provided in Section 2.2, and Seller and Buyer shall deliver to each other the Assignment and Assumption Agreement, and the Escrow and Indemnity Agreement, each such Agreement duly executed.

(b) Possession and Instruments of Conveyance. The Seller shall deliver to Buyer (i) possession of the Assets, (ii) a duly executed Bill of Sale in the form attached hereto as Exhibit "D" and such other proper assignments and instruments of conveyance, in addition to the Assignment and Assumption Agreement, sufficient to convey to Buyer title to the Assets as contemplated by Section 4.3, as counsel for Buyer may deem reasonably necessary or desirable to effect or evidence the transfers contemplated by this Agreement, and (iii) a copy of the documents contemplated by Section 7.6, below, regarding Seller's name change.

(d) Certificates, Opinions, Consents, Releases etc. The Seller shall deliver to the Buyer the certificates, opinions, consents, releases, deeds, instruments and other documents and agreements referred to in or contemplated by Section 8.1, and the Buyer shall deliver to the Seller the certificates, opinions, consents, releases, instruments and other documents and agreements referred to in or contemplated by Section 8.2 (such certificates, opinions, consents, releases, deeds, instruments and other documents and agreements, whether deliverable by the Buyer or Seller, together with the Bill of Sale, the Assignment and Assumption Agreement, and the Escrow and Indemnity Agreement, are referred to herein as the "Ancillary Agreements")

4.3 Marketable Title: At Closing, the Bill of Sale, the Assignment and Assumption Agreement and any other instruments of title delivered by Seller to Buyer shall transfer and warrant to Buyer good and marketable title to the Assets, free and clear of any and all security interests, liens, pledges, claims, charges, escrows, encumbrances, options, rights of first refusal, mortgages, indentures, security agreements, or other agreements, contracts, whether consensual or not, relating to or affecting the marketability of the Assets ("Liens").

5. REPRESENTATIONS AND WARRANTIES.

5.1 Representations and Warranties by Seller. Seller represents and warrants to Buyer that the statements contained in this Section 5.1 are correct and complete as of the date of this Agreement, except as set forth in a Schedule attached hereto, and numbered and lettered to

correspond with the applicable number and letter of the Section hereof for which the disclosure is being made by the Seller.

(a) Existence and Powers. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Iowa. Seller has full power and authority to own or use the Assets, to carry on the Business and to execute and deliver this Agreement and each Ancillary Agreement to which it is to be a party and to consummate the transactions contemplated with respect to it hereby and thereby.

(b) Qualification. The Seller is duly qualified or licensed and in good standing as a foreign corporation authorized to do business in each jurisdiction where the Business is doing business or where the nature of the activities conducted by the Business or the location of the assets or properties of the Business requires Seller to be so qualified or licensed, other than any such jurisdiction where the failure to be so qualified or licensed would not have a material adverse effect on the Business. Such jurisdictions in which the Seller is so qualified or licensed are listed on Schedule 5.1(b).

(c) Corporate Authorization. The Seller has taken all corporate action (including obtaining shareholder approval) necessary to authorize the execution and delivery of this Agreement and the Ancillary Agreements to which it is to be a party and the consummation of the transactions contemplated with respect to it hereby and thereby. This Agreement constitutes a valid and binding obligation of the Seller enforceable in accordance with its terms and, when executed and delivered, each Ancillary Agreement to which it is to be a party will constitute a valid and binding obligation of the Seller, enforceable in accordance with its terms.

(d) No Conflict. The execution and delivery by the Seller of this Agreement and the Ancillary Agreements to which it is to be a party, and the consummation by the Seller of the transactions contemplated hereby and thereby (i) will not violate any provisions of any applicable law, (ii) will not conflict with any provision of certificate of incorporation or bylaws of the Seller or result in creation of any lien upon any of the Assets pursuant to any indenture, mortgage, lease, license, agreement or other document or instrument to which the Seller is a party or by which it or any of the Assets are bound, (iii) will not require or make necessary any consent, approval or other action of, or notice to any person other than Governmental Entities, and (iv) will not conflict with, or result in a violation of, or result in a default (or give rise to any right of termination, cancellation or acceleration) under, any indenture, mortgage, lease, or to the extent material to the Business, any license, agreement or other document or instrument to which the Seller is a party or by which it or any of the Assets are bound.

(e) Governmental Entities. No consent, approval or other action of, or notice to, or filing with, any Governmental Entity is necessary or required with respect to the execution and delivery by the Seller of this Agreement or any Ancillary Agreement to which the Seller is to be a party, or the consummation by the Seller of the transactions contemplated hereby or thereby. The Seller is not aware of any proposed change in any law, ordinance, regulation or order which would require the Seller to obtain any licenses or government permission in order to conduct the Business as presently conducted.

(f) Subsidiaries. The Business has not been conducted by Seller through any other direct or indirect subsidiary or affiliate of Seller or of any Shareholder. No part of the property or assets of any Shareholder or any direct or indirect subsidiary or affiliate of the Seller or of any Shareholder is used by Seller in the Business.

(g) Financial Statements and Information. Schedule 5.1(g) contains the following financial information of the Seller relating to the Business:

(i) Corporate income tax returns of the Seller for 200___ and 200___;

(ii) Unaudited financial statements of the Seller for the fiscal years ending on December 31, 200___ and 200___, as compiled by Seller's independent certified public accountants; and

(iii) unaudited financial statements of Seller for the six (6) month period ending June 30, 200___;

all which financial information and all other financial information provided by Seller to Buyer is, and at Closing shall be certified by the President of the Seller, as complete, correct and not misleading in any material respect (the "Seller's Financials"). [The Seller's Financials were prepared in conformity with the Seller's books and records on a consistent basis and reflect all such adjustments as would be required under generally accepted accounting principles applied on a consistent basis to fairly present the information set forth therein.]

(h) Terms of Sale and Product Warranties. Schedule 5.1(h) includes copies of the standard terms and conditions of sale or lease of goods by the Seller in the operation of the Business and any applicable guaranty, warranty, and indemnity against Seller for any such goods. No goods sold, leased, or delivered by the Seller in the operation of the Business are subject to any other guaranty, warranty, or other indemnity. All goods sold, leased, or delivered by the Seller in the operation of the Business have been in conformity with all applicable contractual commitments of Seller and all express and implied warranties, and to Seller's knowledge there is no basis for any present or future Claim against Seller for replacement or repair such goods or other damages in connection therewith, subject only to the Refund Certificate Reserve for returned merchandise, which was determined in accordance with the past custom and practice of the Seller, and is in an amount sufficient to cover the cost of all Claims for credit against the purchase of goods from Seller as of the Closing Date.

(i) Title. Except as set forth on Schedule 5.1(i), Seller has good and marketable title to all of the Assets, free and clear from all Liens, and no option or other legal or equitable or statutory rights are held by any other person to purchase, rent or acquire any interest in any of the Assets, and Seller has full power and authority to convey the Assets to Buyer.

(j) Possession and Location of Assets. Except as indicated on Schedule 5.1(j), Seller has possession of all of the Assets being bought and sold hereunder, and no other person has any right of possession, use or control of any of the Assets, other than the Seller. All of the Assets are located at the Business Office, except as indicated on Schedule 5.1(j).

(k) Condition of Tangible Assets. All of the tangible Assets are in reasonably good condition, and fit for continued use in the Business, reasonable wear and tear excepted.

(l) Product Liability. To the best of Seller's knowledge, Seller has no liability (and there is no basis for any present or future Claim against Seller or Buyer) arising out of any injury to individuals or property as a result of the ownership, possession, or use of any goods sold, leased, or delivered by the Seller. To the best of Seller's knowledge, there are no latent or patent defects in design, with warnings, or otherwise with respect to such goods.

(m) Intellectual Property. The Company owns, is licensed or otherwise has the right to use all Intellectual Property (as defined below), if any, necessary to permit it to carry on the Business as presently conducted. The Seller has not licensed or granted to any person or entity rights of any nature to use any Intellectual Property that is material to the Business of the Seller or pays royalties to any person or entity for use of the Intellectual Property. The Seller has taken reasonable security measures to protect the secrecy, confidentiality and value of trade secrets pertaining to the Business. All trade secrets are presently valid and protectable, and are not part of the public knowledge or literature, nor to the knowledge of the Seller have they been used, divulged, or appropriated for the benefit of any person other than the Seller or to the detriment of the Seller. None of the past or present employees, officers, directors, shareholders, consultants or affiliates of Seller has any rights in any of the Intellectual Property. None of the rights in, to and under any Intellectual Property transferred by Seller pursuant hereto will be adversely affected by the consummation of the transactions contemplated hereby. Use of the Intellectual Property and other Assets in the Business in the manner conducted by Seller prior to the Closing will not, to the best of Seller's knowledge, infringe any copyright, patent, trademark or service mark of any third person or entity, nor constitute a misappropriation of the trade secrets or other proprietary rights of any third person or entity. Seller has no knowledge of any misuse, misappropriation, or infringement by third persons or entities of the Intellectual Property. [*Seller is the sole and exclusive owner, or are licensed or otherwise possess legally enforceable and unencumbered rights as may be appropriate to the subject matter to use all patents, trademarks, logos, service marks, domain names, uniform resource locators ("URL's") established under each domain name, all site content displayed, performed, streamed, recorded, played or otherwise made available to user accessing any site used or developed at such URL (each a "WWW Site"), as digitized or as such WWW Site content may be reformatted in all media now known or hereafter developed, the "look and feel" of a WWW Site, links and linking rights, search engine registration rights, metatags, database rights, copyrights and any application therefore, maskworks, Internet listserves, net lists, customer or data subscriber or user lists, schematics, technology, know-how, trade secrets, designs, procedures, formulas, discoveries, inventions, improvements, concepts and ideas, techniques, methods, algorithms, processes, computer software programs or applications whether in oral, written, graphic, source code, object code or other machine-readable form and tangible or intangible proprietary information or material.*] For purposes of this Agreement, "Intellectual Property" means all trade names, all copyrights, patents, trademarks, and service marks (and applications and registrations therefor), all licenses and other rights relating thereto, and all customer lists, supplier lists, the WWW Sites, trade secrets, know-how, processes and techniques pertaining to the operation of the Business.

(n) Contracts and Commitments. Schedule 5.1(n) sets forth a description of all agreements, contracts and commitments of Seller presently in effect and relating to or affecting the Business, including, without limitation:

- (i) written employment agreements with any employee of the Seller;
- (ii) collective bargaining agreement or other contract with any labor union;
- (iii) consulting agreements;
- (iv) covenants not to compete or confidentiality agreements;
- (v) agreements or contracts with any Shareholder or affiliate of the Seller, or commitments or arrangements with any Shareholder or affiliate of the Seller which involves future payments or performance by the Seller;

(vi) agreements, contracts, commitments or arrangements relating to the provision of severance or employment termination payments or benefits;

(vii) leases or similar arrangements under which (1) the Seller is a lessee of, or holds or uses, any of the Assets or the Real Estate, or (2) the Seller is a lessor of, or makes available for use by any third person or entity, any of the Assets or the Real Estate;

(viii) any agreements with manufacturers, suppliers, distributors, or wholesalers of equipment, parts, supplies, or accessories sold by Seller in the operation of the Business;

(ix) advertising agreements;

(x) any agreements with any Governmental Entity;

(xi) agreements or arrangements for sale of any of assets used in the Business (other than inventory sales in the ordinary course of business) or the grant of any preferential rights to purchase any such assets;

(xii) agreements with respect to any merger or consolidation of the Seller with another entity;

(xiii) mortgages, pledges, security agreements, deeds of trust, financing statements or other documents granting a Lien on any of the Assets;

(xiv) other agreements, contracts, commitments, understandings or instruments to which the Seller is a party or by the Assets or Business are bound or subject, that is material to the Seller.

All such contracts are valid and in effect and, to the best of Seller's knowledge, no other party thereto is in default. Seller is not in default of any such contract, has received no notice of default thereunder, and no event has occurred or is expected to occur which (after notice and lapse of time or both) would become a breach or default under, or otherwise permit modification, cancellation, acceleration or termination of any such contract. Seller has delivered to Buyer a true and correct copy of each written contract. Subject to Section 6.3 hereof, each such contract is assignable to Buyer without the consent of any third person or entity.

(o) Litigation; Decrees. There are no investigations of which the Seller has received notice or Claims, actions, suits, proceedings or arbitration's by or before any court of law, Governmental Entity or arbitration panel pending or threatened against, relating to or affecting the Seller, or any of the Assets, or the Businesses or the transactions contemplated by this Agreement or any of the Ancillary Agreements, nor does the Seller know of any basis for any of the same. The Seller is not in default under any judgment, order, writ, injunction or decree of any Governmental Entity specifically applicable to the Seller, the Assets, or the operations of the Businesses, and there is no such judgment, order, writ, injunction or decree of any kind in effect enjoining or restraining the Seller or any of its directors or officers (in such capacity) from taking any action of any kind.

(p) Accounts Receivable. Seller has provided Buyer a complete list of all of Seller's Accounts Receivable as of the day prior to the date of this Agreement. All Accounts Receivable

of the Seller have arisen from bona fide transactions in the ordinary course of business and the goods or services involved have been sold and delivered to the account obligor. The Seller is entitled to collect the full amount of each Account Receivable. No Account Receivable has been assigned or pledged to any other person or entity and no defense or set-off to any such account has been asserted by an account obligor. The payment by Buyer of 90% of the face amount of Current Receivables represent a fair and reasonable price therefor, consistent with Seller's historical experience of the collection of accounts receivable of the Business.

(q) Inventory. Except as to Obsolete Inventory, each item of the Inventory of the Seller (including inventories of raw materials, work in process, and finished goods) is in good, merchantable and useful condition, was procured or produced for sale, is reflected in the books and records of the Seller, and is located at the Business Office.

(r) Brokerage and Finder's Fees. Seller has not employed any broker, finder or agent, or agreed to pay or incurred any brokerage fee, finder's fee or commission with respect to the transactions contemplated by this Agreement or the Ancillary Agreements, and has not dealt with anyone purporting to act in the capacity of a broker, finder or agent with respect hereto as a result of which any claim for a fee can or will be made against Buyer.

(s) Suppliers and Customers. Schedule 5.1(s) contains a list of the ten (10) largest suppliers of the Seller (in each case by dollar volume) during the calendar year 200____, and a list of the discount structure for each supplier of Inventory or supplies to the Business. On or prior to the date of this Agreement, Seller has provide Buyer with an accurate, complete and up-to-date customer list, containing the name, address, and to the extent available, telephone number and e-mail address of each customer of the Business. No material disputes exist between the Seller and its suppliers and customers and the Seller has not received or delivered any written or oral notice seeking to terminate or modify any of such relationships. Seller has no knowledge of any fact or information concerning suppliers or customers which would or might adversely affect the Business which Seller has not disclosed to Buyer.

(t) Compliance; Licenses, Governmental Authorizations. The Seller has complied in all material respects with all Federal, state, local and foreign laws, regulations, ordinances, judgments, decrees, injunctions, writs and orders (collectively, "Laws") applicable to the Business and no charges or investigations have been made alleging failure to comply therewith. There are no situations with respect to the Business which involved or involves (i) the use of any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to political activity (ii) the making of any direct or indirect unlawful payments to government officials or others from corporate funds, or (iii) the receipt or payment of any illegal discounts or rebates. The Seller has all material Federal, state, local and foreign governmental licenses and permits necessary in the conduct of the Business. All such licenses and permits are in full force and effect, no material violations are or have been recorded in respect of any thereof, and no proceeding is pending or threatened to revoke or limit any thereof. Schedule 5.1(t) lists all such licenses and permits, and the Seller has furnished to the Buyer correct and complete copies thereof.

(u) Environment. Seller is not in material violation and has not received any notice of any alleged material violation of any Law relating to pollution or protection of the environment, including without limitation, Laws relating to emissions, discharges or releases of industrial, toxic or hazardous substances or wastes into the environment, or underground storage tanks, and Seller is not aware of any basis for any such violation or notice.. Seller is in compliance in all material respects with all Laws relating to such matters.

(v) Employees. The Seller is in compliance in all material respects with all Federal, state, and local laws and regulations respecting labor and employment practices, terms and conditions of employment and wages and hours. Seller has approximately seventy (70) employees and generally enjoys good employer-employee relations. Seller is not delinquent in payments to any of its employees or consultants for any wages, salaries, commissions, bonuses or direct compensation for any services performed by them to the date hereto or amounts required to be reimbursed to such employees. Seller has provided to Buyer true and complete information as to all current directors, officers, employees and consultants of Seller, including in each case, name, current job title, base salary, bonus potential, commission and termination obligations. To Seller's knowledge, each of Seller's employees holds in good standing the license or licenses necessary to enable such employee to perform the work that such employee has performed and currently performs for Seller.

(w) Employee Benefits. Except as set forth on Schedule 5.1(w), neither Seller nor any affiliate of Seller is obligated under or a party to any profit-sharing, deferred compensation, bonus, stock option, stock ownership, stock purchase, pension, employment, consulting, retirement, welfare, or incentive plan, agreement or practice covering, or any plan or agreement or practice providing for "fringe benefits" to any of its employees, including, without limitation, vacation, sock leave, salary continuation, service awards, severance pay, welfare, medical, hospitalization, disability, life insurance, other insurance plans, or related benefits (a "Benefit Plan"). Each employee benefit plan, as said term is defined in Section 3(3) of ERISA (as amended), of Seller covering any such employees is identified as such and included in such Schedule 5.1(w). Each Benefit Plan is in compliance with and has been administered in material accordance with all applicable Laws. Seller has made all payments due to be made to or with respect to any Benefit Plan and is not in default with respect thereto.

(x) Taxes. All taxes, including, without limitation, income, property, sales, use, franchise, added value, excise, employees' income withholding and social security taxes, imposed by the United States or by any foreign country or by any state, municipality, subdivision or instrumentality of the United States or of any foreign country, or by any other taxing authority, which are payable by Seller, and all interest and penalties thereon, whether disputed or not (collectively, "Taxes"), have been paid in full, all tax returns required to be filed in connection therewith have been accurately prepared and duly and timely filed and all deposits required by law to be made by Seller with respect to employees' withholding taxes have been duly made. Seller has not been delinquent in the payment of any Tax and has no Tax deficiency or claim outstanding, proposed or assessed against it, and there is no basis for any such deficiency or claim. There is not now in force any extension of time with respect to the date on which any Tax return of Seller was or is due to be filed by or with respect to Seller, or any waiver or agreement by it for the extension of time for the assessment of any Tax.

(y) No Material Adverse Changes. Since the date of the latest balance sheet contained in Seller's Financials, Seller has not (a) incurred or become subject to, or agreed to incur or become subject to, any obligation or liability, absolute or contingent, relating to any of the Assets or the Business, except current liabilities incurred, and obligations under contracts entered into, in the ordinary course of business, the performance of which will not, individually or in the aggregate, have a material adverse effect on the financial condition or results of operations of the Business, (b) granted any increase in the wages or salaries of employees except in accordance with past practice and custom, (c) paid or accrued any bonus or made any similar payment or accrual to employees except in accordance with past practice and custom or (d) mortgaged, pledged or subjected to, or agreed or permitted to be subjected to, any lien, charge or other encumbrance, any of the Assets. Since such date there has not been any change, event or

condition which, in any case or in the aggregate, has had or may have a materially adverse affect on the Assets or the operations or prospects of the Business, including, without limitation, any material adverse change in the revenues or costs and expenses of the Business or in Seller's relationships with employees, agents, vendors or customers.

(z) Insurance. Seller has in full force and effect fire, general casualty and liability insurance covering the Business and Assets, in such amounts, and against such losses and risks, as are described on Schedule 5.1(z) hereto, and Seller shall maintain such insurance in full force and effect until the Closing Date. On or prior to the date of this Agreement, Seller has provided Buyer with an accurate and complete history of all claims for coverage made during the last three (3) years under any liability insurance policy maintained by Seller.

(aa) Disclosure. The Seller has disclosed to the Buyer herein all facts reasonably deemed to be material to the Assets, the operations of the Business and financial condition of the Seller. Neither this Agreement nor the Ancillary Agreements, nor any other document, certificate or written statement furnished to the Buyer for or on behalf of the Seller in connection with the transactions contemplated hereby or thereby, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading at the time when made and in light of the circumstances in which made. There is no fact known to the Seller which materially adversely affects the value of the Assets or the operations of the Business which has not been set forth in this Agreement or on a Schedule hereto.

[As used in this Agreement, the phrases, "knowledge of the Seller" or "Seller's knowledge" or similar words means the actual knowledge of any of the officers of the Seller, in each case, without specific investigation or inquiry.]

5.2 Representations of Buyer: Buyer represents and warrants to Buyer that the statements contained in this Section 5.2 are correct and complete as of the date of this Agreement.

(a) Existence and Powers. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Iowa. Buyer has all necessary corporate power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it is to be a party and to consummate the transactions contemplated hereby and thereby.

(b) Corporate Authorization. The Buyer has taken all corporate action necessary to authorize the execution and delivery of this Agreement and the Ancillary Agreements to which it is to be a party and the consummation of the transactions contemplated with respect to it hereby and thereby. This Agreement constitutes a valid and binding obligation of the Buyer enforceable in accordance with its terms and, when executed and delivered, each Ancillary Agreement to which it is to be a party will constitute a valid and binding obligation of the Buyer, enforceable in accordance with its terms.

(c) No Conflict. The execution and delivery by the Buyer of this Agreement and the Ancillary Agreements to which it is to be a party, and the consummation by the Buyer of the transactions contemplated hereby and thereby (i) will not violate any provisions of any applicable law, (ii) will not conflict with any provision of the articles of incorporation or bylaws of the Buyer or result in creation of any lien upon any of the assets of the Buyer pursuant to any indenture, mortgage, lease, license, agreement or other document or instrument to which the Buyer is a party or by which it or any of its assets or properties are bound, (iii) will not require or make necessary any consent, approval or other action of, or notice to any person or entity other than

Governmental Entities, and (iv) will not conflict with, or result in a violation of, or result in a default (or give rise to any right of termination, cancellation or acceleration) under, any indenture, mortgage, lease, or to the extent material to the business of the Buyer, any license, agreement or other document or instrument to which the Buyer is a party or by which it or any of its assets or properties are bound.

(d) Governmental Entities. No consent, approval or other action of, or notice to, or filing with, any Governmental Entity is necessary or required with respect to the execution and delivery by the Buyer of this Agreement or any Ancillary Agreement to which the Buyer is to be a party, or the consummation by the Buyer of the transactions contemplated hereby or thereby.

(e) Brokerage or Finder's Fees. Except as set forth in Section 9.4, Buyer has not employed any broker, finder or agent, or agreed to pay, or incurred any brokerage fee, finder's fee or commission with respect to the transactions contemplated by this Agreement, or any Ancillary Agreement, and has not dealt with anyone purporting to act in the capacity of a broker, finder or agent with respect hereto as a result of which any claim for a fee can or will be made against Seller.

6. COVENANTS OF SELLER. Seller covenants and agrees with Buyer as follows:

6.1 Conduct of Business Prior to Closing.

(a) Carry on Business in Normal Manner. From the date hereof to the Closing Date, Seller will carry on the Business only in the ordinary course consistent with the past practices of Seller. Seller agrees to use all commercially reasonable efforts to keep the Business intact and to preserve the goodwill of its customers, dealers, suppliers and others having business relations with the Business. Without limiting the generality of the foregoing, without the written consent of Buyer, Seller will not, pending the Closing, engage in any transaction which would be inconsistent with any representation or warranty of Seller set forth herein or which would cause a breach of any such representation or warranty.

(b) Written Notice of Change. Seller shall give Buyer prompt written notice of any change in any of the information contained in the representations and warranties made in Section 5.1 or elsewhere in this Agreement, in any Ancillary Agreement or the Schedules referred to herein which occurs prior to the Closing.

(c) Consultation. Seller shall consult with Buyer with respect to the following matters, if and to the extent that they relate to the Business or the Assets:

(i) the cancellation of contracts arrangements to which Seller is a party, including, without limitation, purchase orders for any item of Inventory;

(ii) the publication or distribution of new marketing materials, the purchasing, pricing, selling or warranting of inventory (including without limitation, selling merchandise at discounts);

provided, however, that nothing contained in this Section 6.1(c) shall require Seller to take or fail to take any action that, in Seller's reasonable judgment, is likely to give rise to a substantial penalty or a claim for damages by any third person or entity against Seller, or is likely to result in Losses to Seller, or is otherwise likely to prejudice in any material respect or unduly interfere with the conduct of the Business in the ordinary course consistent with prior practice, or is likely to

result in a breach by Seller of any of its representations, warranties or covenants contained in this Agreement (unless any such breach is first waived in writing by Buyer).

6.2 Access to Information. From the date hereof to the Closing Date, Seller will afford to the representatives of Buyer, including its counsel and auditors, during normal business hours, access to any and all of the Assets and information with respect to the Business to the end that Buyer may have a reasonable opportunity to make such a full investigation of the Assets and of the Business in advance of the Closing Date as it shall reasonably desire, and the officers of Seller will confer with representatives of Buyer and will furnish to Buyer, either orally or by means of such records, documents, and memoranda as are available or reasonably capable of preparation, such information as Buyer may reasonably request, and Seller will furnish to Buyer's auditors all consents and authority that they may reasonably request in connection with any examination of Buyer.

6.3 Consents and Release of Liens.

(a) Consent of Third Parties. Seller shall use its best commercially reasonable effort to obtain, as soon as practicable after the date hereof, but in any event prior to the Closing Date, the consent in writing from all persons and entities to (i) the assignment of the Contracts to the extent that such consent may, in the opinion of Buyer's counsel, be required for such assignment, and (ii) to the transaction contemplated by this Agreement as may be required, in the opinion of Buyer's counsel, to consummate the purchase of the Assets as contemplated herein, including without limitation the consents of Governmental Entities identified on Schedule 5.1(e), if any. Upon the request of Buyer, Seller shall also use its best commercially reasonable efforts to obtain from each such third person or entity an estoppel certificate, dated as of a recent date, confirming that no default exists under any such Contract. The consents and approvals referred to in this Section 6.2(a) shall be referred to herein as the "Third Party Consents". In the event that (i) prior to the Closing, Seller does not obtain and deliver to Seller the Third Party Consent applicable to any Contract of Seller, and (ii) Buyer waives in writing the delivery of such consent as a closing condition under Section 8.1, below, Seller shall continue, upon the request of Buyer, to use its best efforts to obtain at Seller's expense, as soon as practicable, such Third Party Consent. Such continuing obligation shall apply notwithstanding any power of attorney granted to Buyer by Seller pursuant to the Assignment and Assumption Agreement.

(b) Release of Liens. Without limiting the generality of Section 6.1(a), prior to or at the Closing, Seller shall obtain a termination or release of all Liens on any of the Assets as disclosed in Schedule 5.1(i), with each such termination or release being in a form reasonably satisfactory to Buyer's counsel.

6.4 Employees and Employee Benefit Matters. Seller shall be solely responsible for any compensation or other amounts payable to any current, former or future employee of the Seller or to, or with respect to, any employee benefit plan of Seller, including, but not limited to, bonus, salary, accrued vacation, accrued sick pay, fringe benefits, pension or profit sharing benefits, unemployment compensation contributions, health insurance or benefits, compliance or the failure to comply with Section 4980B of the Internal Revenue Code of 1986, as amended ("Code"), or severance pay payable to any current, former or future employee of Seller for any period or relating to service with Seller at any time prior to, on or after the Closing Date.

6.5 Exclusive Dealing Agreement: At all times prior to the earlier of the (i) the Closing, and (ii) the termination of this Agreement pursuant to Section 13, below (other than due to a breach by Seller of any provision of this Agreement), Seller and each Shareholder agrees not to solicit or

encourage, directly or indirectly, in any manner, any discussion with, or furnish or cause to be furnished any information to, any person other than Buyer in connection with, or to negotiate for or otherwise pursue, the sale of all or any portion of the Assets (other than sales of inventory in the ordinary course of business), or any business combination or merger of Seller, or the sale of the outstanding stock of Seller, with any other person except Buyer. Seller will promptly inform Buyer in writing of any inquiries or proposals with respect to the foregoing. Seller understands and agrees that the Buyer's willingness to expend the time and funds necessary to conduct its due diligence regarding the transaction described in this Agreement is strictly contingent upon the understanding set forth in this Section.

6.6 Real Estate Purchase Agreement. Concurrently with the execution of this Agreement, the Seller and Shareholder shall cause the owners of the real estate and improvements at the location of the Business Office (the "Real Estate") to enter into a Real Estate Purchase Agreement with Buyer or a designee or Buyer pursuant to which Buyer may acquire the real estate concurrent with the Closing, such Real Estate Purchase Agreement to be in the form of Exhibit "E" attached hereto (the "Real Estate Purchase Agreement").

7. COVENANTS OF BUYER AND SELLER

7.1 Risk of Loss: The risk of damage to the Assets by fire or any act of God until the delivery of the Bill of Sale, and other instruments of conveyance, if any, upon the Closing is assumed by Seller.

7.2 Publicity. Neither of the parties shall issue, or permit any of its representatives to issue, any report, statement or release or otherwise publicly disclose any information concerning this Agreement and the transactions contemplated hereby or by any Ancillary Agreement, or consummated pursuant hereto or thereto, without the prior written consent of the other party. Nothing contained herein shall prevent any party to this Agreement from furnishing any required information to any Governmental Entity or complying with its legal or contractual obligations, in each case in the opinion of counsel to such party. Buyer and Seller shall, as soon as practicable following the execution hereof, prepare a joint press release regarding this transaction to be delivered to the news media.

7.3 Further Assurances. Subject to the terms and conditions herein provided, the parties hereto shall take or cause to be taken all action and do or cause to be done all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby, including, but not limited to, the obtaining of all consents, authorizations, orders and approvals of any third person or entity and the making of all filings and the giving of all notices, whether private or governmental, required in connection with the consummation of the transactions contemplated hereby.

7.4 Expenses. Except as otherwise provided herein, each party shall be responsible and liable for all expenses which it has incurred with regard to the transactions governed by this Agreement and the Ancillary Agreements, including all attorney's and accountant's fees, provided, however, that (a) if this proposed transaction shall not be consummated by reason of Seller's default after all of the conditions set forth in Section 8.2 of this Agreement have been satisfied, Seller shall reimburse Buyer for all of Buyer's expenses reasonably incurred in connection with the transaction, including, but not limited to, Buyer's reasonable attorney fees, or (b) if this proposed transaction shall not be consummated by reason of Buyer's default after all of the conditions set forth in Section 8.1 of this Agreement have been satisfied, Seller for all of Seller's expenses reasonably incurred in connection with the transaction, including, but not

limited to, Seller's reasonable attorney's fees. This remedy shall be in addition to such other remedies as shall be available to Buyer at law.

7.5 Products Liability Insurance. At or prior to Closing, Seller agrees to obtain products liability insurance coverage pertaining to the goods manufactured, sold, leased or delivered by Seller in the operation of the Business from a reputable insurance carrier approved by Buyer for such limits, for such Claims, and upon such terms as are described in Schedule 7.5 hereto. The cost of such insurance shall be paid by Seller. Seller agrees to provide Buyer at Closing, and thereafter upon request, with a copy of all binders, commitments, and policies relating to such insurance coverage, to promptly submit covered Claims, to advise Buyer of all Claims made by Seller under such coverage, to comply with the terms of such coverage and to maintain such coverage in force for the term specified in Schedule 7.5.

7.6 Corporate Name. Prior to Closing Seller shall take all corporate action necessary to - change its corporate name from " _____ " to a name approved in writing by Buyer as not being confusingly similar to Seller's present name, subject only to consummating the Closing, and immediately upon Closing shall file appropriate documents with the Secretary of State of the state of Sellers incorporation, and take all other action required to officially change its name. At the request of Buyer, Seller, at Closing shall provide Buyer with a written consent to use the name " _____ " in a form reasonably acceptable to Buyer's counsel.

8. CONDITIONS PRECEDENT TO CLOSING

8.1 Conditions Precedent to Buyer's Obligations. All obligations of Buyer at the Closing are subject, at the option of Buyer, to the fulfillment of each of the following conditions at or prior to the Closing, and Seller and Buyer shall exert all commercially reasonable efforts to cause each such condition to be so fulfilled:

(a) Representations and Warranties. All representations and warranties of Seller contained in Section 5.1 shall be true and correct in all material respects as of the Closing Date, and the Buyer shall have received a certificate from the President of the Seller to that effect.

(b) Covenants. All covenants and obligations required by the terms of this Agreement to be performed by Seller at or before the Closing shall have been duly and properly performed in all material respects, and the Buyer shall have received a certificate from the President of the Seller to that effect.

(c) Consents. Seller shall have obtained (i) all Third Party Consents, and (ii) all terminations or partial releases of all Liens against the Assets listed on Schedule 5.1(i), in a form acceptable to Buyer's counsel.

(d) Delivery of Conveyance Documents. Seller shall have tendered the Bill of Sale, the Assignment and Assumption Agreement, and any other instruments of conveyance required in accordance with Section 4.2.

(e) No Governmental Action. There shall be no governmental action or proceeding, pending or threatened, or court injunction, which seeks to prevent or restrain the consummation of the transactions contemplated by this Agreement.

(f) Accounts Receivable. Seller shall have provided Buyer a complete list of all Accounts Receivable of the Business outstanding as of the Closing Date.

(g) Legal Opinion of Seller's Counsel. Buyer shall have received a legal opinion addressed to it and dated the Closing Date in the form attached hereto as Exhibit "F".

(h) Financing. Buyer shall have obtained financing on terms acceptable to Buyer for this transaction.

(i) Real Estate Purchase Agreement. The owners of the Real Estate shall have entered into the Real Estate Purchase Agreement with Buyer or a designee of Buyer, and all of the contingencies and conditions precedent to the obligations of the purchaser under such agreement shall have been satisfied or waived.

(j) Employment Agreements. Buyer and such employees of Seller as determined by Buyer shall have entered into employment agreements on terms acceptable to Buyer.

(k) Escrow and Indemnity Agreement. The Seller and the Escrow Agent shall have delivered the Escrow and Indemnity Agreement.

(l) No Adverse Change in the Business. From the date of this Agreement to the Closing Date, no adverse change in the financial position or business and operations of Seller or in the Assets.

(m) Ancillary Agreements. All other Ancillary Agreements required to be delivered to Seller at or prior to the Closing shall have been so delivered or tendered.

8.2 Conditions Precedent to Seller's Obligations. All obligations of Seller at the Closing are subject, at the option of Seller, to the fulfillment of each of the following conditions at or prior to the Closing, and Seller and Buyer shall exert all commercially reasonable efforts to cause each such condition to be so fulfilled:

(a) Representations and Warranties. All representations and warranties of Buyer contained in Section 5.2 shall be true and correct in all material respects as of the Closing Date, and the Seller shall have received a certificate from the President of the Buyer to that effect.

(b) Covenants. All covenants and obligations required by the terms of this Agreement to be performed by Buyer at or before the Closing shall have been duly and properly performed in all material respects, and the Seller shall have received a certificate from the President of the Buyer to that effect.

(c) Purchase Price. The Notes, the Assignment and Assumption Agreement, and the cash portion of the Purchase Price as provided in Section 2 above shall have been tendered by Buyer.

(d) No Governmental Action. There shall be no governmental action or proceeding, pending or threatened, or court injunction, which seeks to prevent or restrain the consummation of the transactions contemplated by this Agreement.

(e) Escrow and Indemnity Agreement. The Seller and the Escrow Agent shall have delivered the Escrow and Indemnity Agreement.

(f) Legal Opinion of Buyer's Counsel. Seller shall have received a legal opinion addressed to it and dated the Closing Date in the form attached hereto as Exhibit "G".

(g) Real Estate Purchase Agreement. The owners of the Real Estate shall have entered into the Real Estate Purchase Agreement with Buyer or a designee of Buyer, and all of the contingencies and conditions precedent to the obligations of the sellers under such agreement shall have been satisfied or waived.

(h) Ancillary Agreements. All other Ancillary Agreements required to be delivered to Seller at or prior to the Closing shall have been so delivered or tendered.

9. POST-CLOSING COVENANTS.

9.1 Access to Books and Records. Buyer (only as to books and records acquired from Seller) and Seller shall retain for a period of six (6) years from the Closing Date, or such longer period as may be required by applicable Federal, State or Local laws or regulations or good business practice, all of their books and records (including such records as may be stored in computer databases) relating to the Assets or the Business. During such period, each party shall have reasonable access to such books and records for the purpose of completing tax returns, determining or disputing liability for Taxes, or addressing disputes with Governmental Entities, provided that neither party shall be required to make available to the other party any records which in its reasonable opinion would constitute a waiver of the attorney-client privilege. Seller shall also have the right during reasonable business hours to inspect Buyer's books and records solely with respect to accounts receivable and inventory to verify amounts due Seller hereunder for Aged Receivables and Obsolete Inventory.

9.2 Mail and Communications. After the Closing, each party will promptly deliver to the other party the original of any mail or other communication received by that party but pertaining to the business of the other party.

9.3 Noncompete. Each of Seller and the Shareholders covenants and agrees that it or he shall not, directly or indirectly, for a period of five (5) years following the Closing Date, (a) whether alone, on behalf of another person, or as a partner, member, officer, director, employee, manager, agent, representative, shareholder, trustee, fiduciary, investor (or in any other capacity) of an entity, directly or indirectly engage in a business or enterprise competitive with and adverse to the business of Buyer where and as such business is conducted after the Closing; (b) solicit any person, proprietorship, partnership, limited liability company, corporation, trust, firm or other entity who is a client or customer of Buyer to do business with, or to obtain photography equipment, accessories, parts or supplies from, a person or entity other than Buyer; (c) interfere with, disrupt or attempt to disrupt the business of Buyer (as such business is conducted after the Closing) or the relationships, contractual or otherwise, between Buyer and its employees, agents, lenders, shareholders, customers and vendors; or (d) solicit for employment or employ any employee of Buyer, or aid or assist any other person or entity in any attempt to hire or employ any person who is an employee of Buyer. The foregoing restrictions shall not be construed as preventing Seller or the Shareholders from investing its or his assets in such form or manner as will not require any services on the part of such investing person or entity in the operation of the affairs of the companies in which such investments are made. The parties agree that the scope of the geographical area, the duration and the restricted activities set forth in the covenants contained in this Section 9.3 are fair and reasonable. Notwithstanding anything to the contrary in this Agreement, and if, and only if, any one or more of the provisions contained in this Section 9.3 shall for any reason be held to be excessively broad as to time, duration, geographical scope, activity or subject, such provisions shall be construed or reformed by a court of competent

jurisdiction by limiting and reducing them so as to be enforceable to the extent compatible with the applicable law as it should then be determined. Each of Seller and the Shareholders agrees that in the event of a breach or a threatened breach of the covenants contained in this Section 9.3, the Buyer will not have an adequate remedy at law and shall be entitled, in addition to other remedies it may have, to such equitable and injunctive relief as may be available to prevent or restrain violations of the provisions hereof.

9.4 Brokerage Commission. No brokerage commissions will be paid by either the Buyer or Seller relative to this transaction.

9.5 Use of Seller's Tradename. From and after the Closing, Seller shall cease to use the trade name "_____ " or any similar name or variant thereof.

9.6 Transition. Seller agrees to use its best efforts to retain and transfer to Buyer its relationship with all customers and suppliers and to facilitate the smooth transition of the Business to Buyer after Closing.

9.7 Liabilities of Seller. Seller shall pay, perform and discharge as and when due, and shall indemnify Buyer with respect to, all the Excluded Liabilities and shall make all other payments required hereunder. Seller, however, shall have the right to contest in good faith obligations and liabilities constituting the Excluded Liabilities, and Buyer shall cooperate fully with Seller in connection with any such contest of Excluded Liabilities related to or affecting the Business or the Assets. In the event that Seller so contests such obligations and liabilities, Buyer shall cooperate fully with Seller in connection with any such contest. In the event that Seller so contests such obligations and liabilities, Seller will bear the cost, expense and liability reasonably incurred by Buyer in connection therewith, including but not limited to reasonable attorneys' fees.

9.8 Taxes. Seller shall pay all taxes (federal, state and local) (including, but not limited to, payroll tax, income tax, sales tax and use tax and any withholding taxes, but excluding federal income tax and state income tax) related to the operation of Seller's business through the Closing Date and shall have provided copies of the related tax returns (or, in the case of estimated tax payments, documents to be filed with such payments) and checks to Buyer (which copies shall be certified as true and correct by the chief financial officer of Seller) or, with respect to any particular type of tax, Seller shall have provided information to Buyer that establishes no such tax is owed and no return with respect to such tax needs to be filed. Seller shall pay all transfer, sales and similar taxes and recording and filing fees with respect to the transfer of the Assets and shall provide evidence of payment of such taxes to Buyer on or prior to sixty days from the Closing Date. If Seller owes taxes related to the operation of the Business through the Closing Date (related to the transfer of the Assets to Buyer) which have not been timely paid, Buyer shall withhold an amount equal to the amount of such taxes from any amount Buyer may otherwise be required to pay to Seller on the Notes. Any amount so withheld by Buyer as provided in the previous sentence shall be paid to Seller promptly upon delivery by Seller to Buyer of copies of the tax returns (or, in the case of estimated tax payments, documents to be filed with such payment) and checks for such taxes (which copies shall be certified as true and correct by the chief financial officer of Seller).

9.9 Payment/Satisfaction of Assumed Liabilities. Buyer agrees to pay or satisfy the Assumed Liabilities in accordance with the terms of the Assignment and Assumption Agreement.

10. SURVIVAL OF WARRANTIES AND INDEMNIFICATION.

10.1 Survival of Warranties and Representations. All representations and warranties made by Seller and Buyer herein shall be deemed to have been relied upon by the respective party to whom they are addressed notwithstanding any investigation heretofore made or omitted by such party, and shall survive the Closing and continue in full force and effect forever thereafter *[as hereafter provided.] [subject only to applicable statutes of limitations.]*

10.2 Definitions. For the purpose of this Section 10 and when used elsewhere in this Agreement:

(a) "Claims" means any pending or threatened cause of action, suit, proceeding, charge, appeal, demand, assessment, judgment, or asserted liability.

(b) "Losses" means all out-of-pocket loss, liability, assessments, tax deficiency (including fines, interest and penalties), damages (including without limitation, consequential damages), court costs, fines, interest, fees and expenses (including without limitation, disbursements and reasonable attorneys' fees incurred in connection with the investigation or defense of any Claim or the enforcement of any indemnification rights), judgment or settlement.

10.3 Indemnification by Seller and Shareholders. The Seller, and each Shareholder, jointly and severally, agree to indemnify, defend and hold harmless Buyer against and in respect of any Losses incurred by Buyer which arise out of or result from:

(a) any breach of any representation or warranty of the Seller contained in this Agreement or any Ancillary Agreement;

(b) any breach of any covenant of the Seller contained in this Agreement or in any Ancillary Agreement;

(c) any liability to any employee of Seller with respect to any wages or benefits due an employee of Seller, including without limitation, any liability for employee severance or termination payments or benefits, including COBRA benefits, arising out of or otherwise in connection with the operation of the Business by Seller, or the consummation of the transactions contemplated by this Agreement, and whether the employment of any such employee of the Seller is terminated prior to, on or after the Closing;

(d) any liability suffered or incurred by Buyer in respect of or in connections with any liabilities of Seller to the extent not expressly assumed by Buyer hereunder;

(e) any and all Taxes of Seller, direct or indirect, fixed, contingent or otherwise, which exist at or as of the Closing Date or which arise after the Closing Date, but which are based upon or arise from any act, omission, transaction, circumstance, sale of goods or services, state of facts or other condition which occurred or existed on or before the Closing Date, whether or not then known, due or payable;

(f) any Loss based upon, arising out of or otherwise in connection with the ownership of the Assets or operation of the Business on or prior to the Closing;

(g) any liability based upon, arising out of or otherwise in connection with any product liability Claim relative to goods sold, leased or delivered by the Seller prior to, on or after the Closing Date other than to Buyer;

(h) any liability based upon, arising out of or otherwise in connection with any environmental matters relative to any activities or properties of Seller.

(i) any liability for warranty Claims relative to goods sold, leased or delivered by the Seller prior to, on or after the Closing Date in excess of the Product Warranty Reserve.

In lieu of and in addition to the rights set forth above, Buyer shall have the right to offset proportionately against the principal amount of the Notes any Losses covered by the above Section 10.2.

10.4 Indemnification by Buyer. Buyer agrees to indemnify, defend and hold harmless Seller against and in respect of any Losses incurred by Seller which arise out of or result from:

(a) any breach of any representation or warranty of the Buyer contained in this Agreement or any Ancillary Agreement;

(b) any breach of any covenant of the Buyer contained in this Agreement or in any Ancillary Agreement, including any liability or damage suffered or incurred by Seller in respect of or in connection with any failure by Buyer to timely pay and discharge and perform any of the Assumed Liabilities;

(c) any Loss based upon, arising out of or otherwise in connection with any product liability Claim or warranty Claim related to goods sold, leased or delivered by the Buyer after the Closing Date.

[10.5 Limitation on Indemnification Liability of Shareholders. Notwithstanding anything contained in this Agreement to the contrary, the indemnification liability of each Shareholder under this Agreement shall be limited to the value of each Shareholder's stock in the Seller as of the Closing Date. The obligations of Shareholders shall be joint with respect to losses, damages, or liabilities and the costs and expenses incurred in connection therewith, provided that each individual Shareholder's liability shall be limited to the value of their stock in the Seller as of the Closing Date. Each Shareholder agrees that in the event any Shareholder incurs any liability hereunder and pays any amounts to Buyer by reason of such liability, each Shareholder shall be responsible for and shall pay to the Shareholder who incurred such liability upon demand his or her prorata share of such liability based on the number of shares of stock of the Seller held by each respective Shareholder on the Closing Date.]

OR

[10.5 Limitation on Indemnification Liability.

(a) Time Period for Bringing Claims. Notwithstanding any investigation made by or on behalf of any of the parties hereto or the results of any such investigation and notwithstanding the participation of such party in the Closing, (i) the representations and warranties contained in this Agreement, except for the representations and warranties contained in Sections 5.1(i) [title], 5.1(u) [environment], 5.1(w) [employee benefits], 5.1(x) [taxes], shall survive the Closing for _____[15]_____ months from the Closing Date, (ii) the representations and warranties contained in Section 5.1(i) [title] shall survive indefinitely, (iii) the representations and warranties contained in Sections 5.1(w) [employee benefits], 5.1(x) [taxes] shall survive the Closing for a period of six months after all applicable statutes of limitations with respect to any claims governing the respective matters set forth therein have expired, and (iv) the representations and

warranties contained in Section 5.1(u) [environment] shall survive the Closing for _____ five _____ years from the Closing Date; provided, however, that notwithstanding any provision in this Agreement or the Ancillary Agreements to the contrary, with respect to any specific representation or warranty under which any Buyer Indemnified Party shall have made a claim for indemnification hereunder prior to the expiration date of the applicable survival term specified above and as to which such claim has not been completely and finally resolved prior to such expiration date, such representation or warranty shall survive for the period of time beyond such expiration date sufficient to resolve, completely and finally, the claim relating to such representation or warranty.

(b) Seller's Basket. Seller and the Shareholders shall have no obligation to provide indemnification pursuant to Section 10.3(a), except to the extent that the aggregate amount of indemnification to which the Buyer, but for this Section 10.5(b), otherwise shall have become entitled hereunder shall exceed \$_____ (the "Seller's Basket"), [in which event Seller and the Shareholders, jointly and severally, shall be obligated to provide indemnification only with respect to the amounts in excess of the Seller's Basket.] [provided that in the event Buyer's indemnification exceeds the Seller's Basket, Buyer shall be entitled to indemnification for all of its claims including those up to and exceeding the Buyer's basket.]

(c) Seller Indemnification Cap. Notwithstanding any other provision contained in this Agreement or the Ancillary Agreements to the contrary, in no event shall Seller and the Shareholders have any liability for indemnification pursuant to Section 10.3(a) [breach of warranty or representation] in an aggregate amount in excess of \$_____.

(d) Buyer's Basket. Buyer shall have no obligation to provide indemnification pursuant to Section 10.4(a) except to the extent that the aggregate amount of indemnification to which the Seller, but for this Section 10.5(d), otherwise shall have become entitled hereunder shall exceed \$_____ (the "Buyer's Basket"), [in which event Buyer shall be obligated to provide indemnification only with respect to all amounts in excess of the Buyer's Basket.] [provided that in the event Seller's indemnification exceeds the Buyer's Basket, Seller shall be entitled to indemnification for all of its claims including those up to and exceeding the Buyer's basket.]

(e) Buyer Indemnification Cap. Notwithstanding any other provision contained in this Agreement or the Ancillary Agreements to the contrary, in no event shall Buyer have any liability for indemnification pursuant to Section 10.4, the other terms of this Agreement or the other Buyer Related Documents in an aggregate amount in excess of \$_____.

(f) Effect of Tax Benefits and Insurance. Any indemnification payable under this Section 10 shall be, to the extent permitted by law, an adjustment to the Purchase Price. The amount of any indemnification to be paid under this Section 10 shall be computed after giving effect to any tax benefits actually realized by the Indemnified Person and any insurance proceeds actually received by the Indemnified Person, after taking into account the tax consequences of the receipt of any indemnity payment hereunder.

10.6 Third Party Claims. The obligations and liabilities of a party from whom indemnification is sought (the "Indemnifying Person") by another party (the "Indemnified Person") under Section 10.3 or 10.4 with respect to claims resulting from the assertion of liability by a person or entity not a party to this Agreement ("Third Party"), shall be subject to the following terms and conditions:

(a) Notice of Third Party Claims. The Indemnified Person shall give prompt written notice to the Indemnifying Person of any assertion of liability by a Third Party which might give

rise to a claim by the Indemnified Person against the Indemnifying Person based upon the indemnity agreement contained in Sections 10.3 or 10.4, stating the nature and basis of said assertion and the amount thereof, to the extent known.

(b) Defense of Third Party Claims. If any action, suit or proceeding is brought against the Indemnified Person with respect to which the Indemnifying Person may have liability to indemnify hereunder, the action, suit or proceeding shall, upon the written agreement of the Indemnifying Person, be defended (including all proceedings on appeal) by the Indemnifying Person. The Indemnified Person shall have the right to employ its own counsel in any such case, with the fees and expenses of such shall be at the expense of such Indemnified Person unless (i) the employment of such counsel shall have been authorized in writing by the Indemnifying Person in connection with the defense of such action, suit or proceeding, (ii) the Indemnifying Person shall not have agreed, within ten (10) days after the notice to it provided in Section 10.6(a) above, that it is obligated to indemnify under the Indemnity agreements contained in Sections 10.3 or 10.4, (iii) the Indemnified Person shall have reasonably concluded that such action, suit or proceeding involves to a significant extent matters beyond the scope of the indemnity agreement contained in Sections 10.3 or 10.4, or that there may be defenses available to it which are different from or additional to those available to the Indemnifying Person, in any of which events the Indemnifying Person shall not have the right to direct the defense of such action, suit or proceeding on behalf of the Indemnified Person and that portion of such fees and expenses reasonably related to matters covered by the indemnity agreement contained in Sections 10.3 or 10.4 shall be borne by the Indemnifying Person. The Indemnified Person shall be kept fully informed of such action, suit or proceeding at all stages thereof, whether or not they are so represented. The Indemnifying Person shall make available to the Indemnified Person and its attorneys and accountants all books and records of the Indemnifying Person relating to such proceedings or litigation and the parties shall render to each other such other assistance as they may reasonably require of each other in order to assure the proper and adequate defense of any such action, suit or proceeding.

10.7 Notice of Indemnified Claims. No cause of action shall be commenced against Indemnifying Person under this Section 10 unless the Indemnified Person shall have given the Indemnifying Person ten (10) days prior written notice, with reasonable specificity, of the existence of any such claim, demand, suit or cause of action under this Section 10.

[10.8 Remedies Exclusive. After the Closing, the rights set forth in this Section 10 shall be each party's sole and exclusive remedies against the other parties hereto for misrepresentations or breaches of covenants contained in this Agreement and the Ancillary Agreements. Notwithstanding the foregoing, nothing herein shall prevent any Indemnified Person from bringing an action based upon allegations of fraud with respect to any party in connection with this Agreement and the Ancillary Agreements. In the event such action is brought, the prevailing party's attorneys' fees and costs shall be paid by the nonprevailing party.]

OR

[10.8 Remedies Cumulative. The remedies provided for in this Section 10 shall be cumulative, shall not preclude assertion by the Indemnified Person of any other rights or the seeking of any other remedies against the Indemnifying Person. No right of indemnification hereunder shall be affected by any delay in giving notice to the indemnifying party unless, and then only to the extent that, the rights and remedies of the indemnifying party shall have been prejudiced as a result of the delay in giving such notice. No Indemnified Party may settle or otherwise compromise a

claim for which indemnity is being sought under this Section 10 without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld. No right or remedy conferred in this Section 10 is intended to be exclusive of any other right or remedy available, nor or hereafter, at law, in equity or otherwise.]

[10.9 Materiality. Notwithstanding any provision in this Agreement to the contrary, the Indemnifying Person's obligation to indemnify the Indemnified Person in connection with a breach of any representation, warranty, covenant or other agreement included in this Agreement or any of the Closing Agreements, and the amount of Losses to be indemnified, shall be determined without regard to any "materiality" (or correlative meanings) or "material adverse effect" qualifications, provisions or exceptions set forth in such representation, warranty, covenant or other agreement, each of which shall be deemed to be given for the purposes of this Section 10 as though there were no such qualifications, provisions or exceptions.]

11. MISCELLANEOUS

11.01 Severability. If any part of this Agreement, or any part of any provision hereof, shall be adjudicated to be void or invalid, then the remaining provisions not specifically so adjudicated to be invalid shall be executed without reference to the part or portion so adjudicated insofar as the remaining provisions are capable of execution.

11.02 Entire Agreement. All understandings and agreements heretofore had between the parties, including the Letter of Intent between the parties dated _____, 200____, are merged in this Agreement and the Ancillary Agreements, which alone fully and completely express their agreement. The Exhibits and Schedules attached hereto are an integral part of this Agreement and are incorporated herein by this reference.

11.03 Notices. Unless otherwise required by law, all notices or communications which are required or permitted hereunder shall be given in writing by U.S. certified mail, postage prepaid and properly addressed, or delivered personally to the Buyer, Shareholders and Seller as follows:

To Buyer:

To Seller and
Shareholders:

or to such other address as shall be so communicated to the other party. Notices shall be deemed given on the date when personally delivered or placed in the mail in accordance with this Section.

11.04 Amendments and Waivers. This Agreement may not be changed or terminated and no covenant, condition or agreement may be waived, except in writing signed by the parties.

11.05 Binding Effect and Assignability. The stipulations in this Agreement are to apply to and bind the heirs, executors, administrators, successors and permitted assigns of the respective parties.

11.06 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties executed a single instrument.

11.07 Paragraph Headings. The paragraph headings contained herein are for the convenience of reference only and shall not be construed so as to affect the interpretation or construction of any substantive provision of this Agreement.

11.08 Construction. This Agreement shall be construed under the laws of the State of Iowa. The terms of the Ancillary Agreements, as executed by the parties, are incorporated herein by this reference. The terms of this Agreement shall control over any inconsistent terms(s) in the Ancillary Agreements.

11.09 Agreement Not Assignable. This Agreement and the rights hereunder shall not be assignable or transferable by operation of law or otherwise by any party without the prior written consent of the other parties, which consent may not unreasonably be withheld.

11.10 No Third-party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and nothing herein, express or implied, shall give or be construed to give any person or entity, other than the parties hereto, any legal or equitable rights hereunder.

11.11 Good Faith. The parties hereto agree to act in good faith in connection with the consummation of this transaction.

12. TERMINATION.

12.1 Termination Events. Certain of the parties may terminate this Agreement as provided below:

(a) Buyer and Seller may terminate this Agreement by mutual written consent at any time prior to the Closing;

(b) Buyer may terminate this Agreement by giving written notice to Seller at any time prior to the Closing (A) in the event Seller has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, Buyer has notified Seller of the breach, and the breach has continued without cure for a period of five (5) days after the notice of breach or (B) if the Closing shall not have occurred on or before _____, 200___ by reason of the failure of any condition precedent under Section 8.1 hereof (unless the failure results primarily from Buyer itself breaching any representation, warranty, or covenant contained in this Agreement); and

(c) Seller may terminate this Agreement by giving written notice to Buyer at any time prior to the Closing (A) in the event Buyer has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, Seller has notified Buyer of the breach, and the breach has continued without cure for a period of five (5) days after the notice of breach or (B) if the Closing shall not have occurred on or before _____, 200___, by reason of the failure of any condition precedent under Section 8.2 hereof (unless the failure results primarily from Seller itself breaching any representation, warranty, or covenant contained in this Agreement).

12.2 Effect of Termination. If any Party terminates this Agreement pursuant to Section 12.1, above, all rights and obligations of the parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any party then in breach and except that this Section 12.2 shall not relieve any party of its obligations (a) under this Agreement while such party is then in breach, or (b) under Section 7.4 above..

IN WITNESS WHEREOF, the parties to this Sale Agreement have hereunto set their hands and seals as of the day first above written.

BUYER:

SELLER:

By _____

By _____

SHAREHOLDERS:

LIST OF EXHIBITS AND SCHEDULES

Exhibits:

Exhibit A	Escrow and Indemnity Agreement
Exhibit B.1	Promissory Note of Buyer
Exhibit B.2	Promissory Note of Buyer
Exhibit C	Assignment and Assumption Agreement
Exhibit D	Bill of Sale
Exhibit E	Real Estate Purchase Agreement
Exhibit F	Legal Opinion of Seller's Counsel
Exhibit G	Legal Opinion of Buyer's Counsel

Schedules:

Schedule 1.1	List of Assets
Schedule 2.3	Allocation of Purchase Price
Schedule 5.1(b)	Jurisdictions in Which Licensed to Do Business
Schedule 5.1(g)	Seller's Financials
Schedule 5.1(h)	Standard Terms of Sale
Schedule 5.1(i)	List of Liens
Schedule 5.1(j)	Location of Assets
Schedule 5.1(n)	List of Contracts
Schedule 5.1(s)	List of Suppliers
Schedule 5.1(w)	Employee Benefit Plans
Schedule 5.1(z)	List of Insurance
Schedule 7.5	Products Liability Insurance