[Date]

Dear [Seller],

The purpose of this letter (the “Letter”) is to set forth certain nonbinding understandings and certain binding agreements between Reef Point Management LLC, a Pennsylvania limited-liability company (referred to collectively herein as “Prospective Buyer”), and [Seller] (referred to collectively herein as “Prospective Seller”) with respect to the possible acquisition of all of the outstanding [assets/capital stock] of [acquisition target and corporate type], which is owned beneficially and of record by the Prospective Seller, on the terms set forth below.

1. *Basic transaction*: Prospective Buyer will acquire all of the outstanding [assets/capital stock] of [acquisition target] (referred to collectively herein as “Company”), all of which are owned beneficially and of record by the Prospective Seller.
2. *Purchase Price*: Subject to Prospective Buyer’s further due diligence and based on [acquisition target] projected and adjusted EBITDA for [timeframe] of approximately [$ amount], we would value the company at [multiple]x EBITDA, or [$ amount], on a total enterprise debt-free, cash-free, and tax-liability-free basis. The purchase price (the “Purchase Price”) will be [$ amount], assuming that an appropriate level of working capital shall be included with the business at closing.
3. *Form of payment*:
   1. [$ amount] of the Purchase Price shall be paid in cash at closing.
   2. [$ amount] shall be paid in the form of a [payment method. Explain payment method…]
4. *Proposed escrow agreement*: After the closing, the Prospective Buyer and Prospective Seller would enter into an agreement that would [explain escrow provisions]. These escrow provisions would be designed to secure the Prospective Buyer against any undisclosed liabilities, misrepresentations, and breaches of warranties, covenants, and agreements by the Prospective Seller.
5. *Purchase agreement and closing date*: The Prospective buyer and the Prospective Seller shall seek to negotiate a definitive purchase agreement (the “Purchase Agreement”) with the intention of closing [date].
6. *Conditions*: The closing of the transactions contemplated hereby shall be subject to the fulfillment, among other things, of the following conditions:
   1. Completion of a due-diligence review by the Prospective Buyer of the Seller and its business, affairs, condition (financial, commercial, legal, and otherwise) and prospects, and any related matters, the results of which are satisfactory in the sole discretion of the Prospective Buyer.
   2. Execution of a Purchase Agreement that is satisfactory to the Prospective Buyer and includes standard warranties with respect to the business and financial condition of the Company.
   3. The Prospective Buyer shall have entered into a noncompetition agreement with [the Seller] satisfactory to Prospective Buyer.
   4. The Prospective Seller shall have operated the Company until the closing in the ordinary course and consistent with prior practices, and no material adverse change shall have occurred. The Prospective Seller shall not engage in extraordinary transactions without Prospective Buyer’s approval, including but not limited to:
      1. Disposal of assets
      2. Materially increasing the annual levels of compensation of any employee, or increasing, terminating, amending, or otherwise modifying any plan of the benefit of employees
      3. Issuing any equity securities or options, warrants, rights, or convertible securities
      4. Paying any dividends, redeeming any securities, or otherwise causing assets of the Company to be distributed to any of its shareholders
      5. Borrowing any funds, under existing credit lines or otherwise
   5. All required consents of governmental authorities and other third parties shall have been obtained.
   6. The Buyer being satisfied that the Seller is in compliance with all applicable environmental laws and that its facilities are free from environmental liabilities.
7. *Expenses*: The Prospective Seller and the Buyer shall each bear the respective costs and expenses of all attorneys, accountants, and advisors retained by or representing them in connection with this transaction.
8. *Inspection and access to information*: The Prospective Seller will permit full access to, and will make available to the Prospective Buyer’s representatives for inspection and review, all properties, books, records, accounts, and documents of or relating to the Company as may be reasonably requested from time to time. The Prospective Seller will also make the employees, accountants, attorneys, and other advisors of the Company and Prospective Seller available for consultation and permit access to other third parties for confirmation of any information so obtained.
9. *Nondisclosure*: Without the prior approval of the Prospective Buyer, the Prospective Seller will not disclose or discuss this letter of intent, its existence, or its terms and conditions, to or with any persons other than their attorneys, accountants, financial advisors, and such of the Prospective Seller’s executives as may be required to know the same in implementing the provisions of this letter of intent (“Insiders”). The Prospective Seller shall use best efforts to prevent the Insiders from disclosing or discussing this letter of intent, its existence, or its terms and conditions to or with any person that is not an Insider.
10. *Competing offers*: From the date of signing this exclusivity agreement until [close date] (the “Exclusive Period”), the Company, the Prospective Seller, and their representatives and agents shall not, directly or indirectly, (a) solicit any competing offers for the purchase of the Company (whether through a sale of stock, merger, or otherwise) or its assets or (b) negotiate or otherwise respond to any unsolicited offer or indication of interest with respect to any such purchase; provided, however, the Prospective Seller shall be free to respond to other buyers by explaining the terms of this letter. If the Company, the Prospective Seller, or their representatives and agents receive any such offer or indication of interest, the Prospective Seller will immediately forward a copy to the Prospective Buyer. The Exclusive Period shall expire unless extended by mutual agreement of the Prospective Buyer and the Prospective Seller.
11. *Early Termination*: The Prospective Buyer may terminate this agreement at any time with immediate effect by providing written notice to the Prospective Seller. The Prospective Buyer must do so upon making a decision not to pursue the purchase of the Company or its assets.

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

If the foregoing terms and conditions are acceptable, so indicate by signing and dating below and then returning one copy to the undersigned. This letter of intent shall expire if not accepted by you by 5:00 p.m. Eastern Standard Time on [date].

Sincerely yours,

Jeffrey Payne

Founder and Principal

Reef Point Management LLC

cc: [Broker, Firm]

Agreed to and accepted:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[The Seller]

[Title, Company]