[DATE]

Contact name

Address

Address 2

City, State/Province

Zip/Postal Code

**OBJECT: LETTER OF INTENT-ACQUISITION OF BUSINESS**

Dear [CONTACT NAME]:

This letter (“Letter of Intent”) sets forth the basic preliminary terms between the Buyer or his nominee and yourselves regarding the purchase of the [SPECIFY] business (the “Business”) carried on by yourselves. Except as specifically set forth herein, this Letter of Intent shall not constitute an agreement between the parties and no agreement shall be deemed to exist until execution of a definitive purchase agreement.

It is proposed that Buyer will acquire certain assets of the Business which Buyer believes to be necessary to the future of the Business, including the warehouse in [CITY/STATE] in which [COMPANY NAME] the Company has invested [AMOUNT] in cash and which has been financed by a mortgage loan of approximately [AMOUNT] granted by the [SPECIFY COMPANY] [CITY/STATE]. Buyer understands that the said warehouse has no other charges or liabilities affecting it other than the said mortgage loan. Buyer may either purchase the warehouse outright or enter into a lease-purchase or instalment transfer of ownership which is satisfactory to both parties. The gross purchase price for the said warehouse will be [AMOUNT]. Buyer may purchase or lease barrels and other equipment currently owned by the Company which are necessary to operate the Business, on a cash or instalment basis agreeable to both parties. The specific assets to be purchased and the amounts to be paid by Buyer in connection with this transaction remain to be negotiated by the parties.

This Letter of Intent also evidences the intentions of the parties with respect to the following agreements:

1. Buyer will enter into a [NUMBER]-year employment agreement with [COMPANY NAME], providing for the Company will be responsible for the purchase of [SPECIFY] for Buyer. The agreement will contain the customary terms and conditions found in employment agreements in similar transactions and will provide for the usual non-competition and non-solicitation covenants to be entered into by the Company in favour of Buyer.

It is expressly understood that if the contemplated transaction is consummated, the aggregate amount of commission paid or payable to yourselves (net of reasonable expenses acceptable to Buyer) in respect of all purchases of [SPECIFY] made through you from the date of this Letter of Intent to the date of closing, with the exception of commissions earned on the [NUMBER] truckloads of [SPECIFY] to be delivered to Buyer during the week of [DATE] to [DATE], will be applied against remuneration payable to the Company in the first year of his employment agreement. If the contemplated transaction is not consummated, all such commissions paid or payable will be treated as commissions.

1. Buyer will enter into a [NUMBER]-year employment agreement with [EMPLOYEE NAME], providing for the payment of a gross base salary of [ANNUAL SALARY] per year, to be paid weekly, subject to annual review. [EMPLOYEE NAME] will be President of the Business and the employment agreement will provide for health benefits, automobile, expenses and bonus arrangements. The agreement will contain the customary terms and conditions found in employment agreements in similar transactions and will provide for the usual non-competition and non-solicitation covenants to be entered into by [EMPLOYEE NAME] in favour of Buyer.
2. Buyer will enter into a [NUMBER]-year employment agreement with [EMPLOYEE NAME], providing for the payment of a [WEEKLY SALARY] gross weekly salary. The agreement will contain the customary terms and conditions found in employment agreements in similar transactions and will provide for the usual non-competition and non-solicitation covenants to be entered into by [EMPLOYEE NAME] in favour of Buyer.
3. The parties will enter into an agreement which provides Buyer with the option to purchase all of the issued and outstanding shares of the Company for an aggregate purchase price of [AMOUNT]. The agreement will contain the customary terms and conditions found in option to purchase shares agreements in similar transactions.

This transaction is expressly subject to the following conditions:

1. The parties having entered into definitive agreements containing such representations and warranties as are required by Buyer, acting reasonably;
2. There being of no material adverse change in the business or financial condition or operations of the Company and the Business from the date of this Letter of Intent to the date of closing;
3. A due diligence review of the business and assets of the Company and the Business as Buyer deems necessary, including a verification of all encumbrances upon assets and equipment, and complete satisfaction of Buyer with the results thereof;
4. You providing Buyer with a complete list of assets and equipment of the Business;
5. You providing Buyer with a current cost breakdown regarding the purchasing, handling and delivery of [NUMBER] to [NUMBER] [SPECIFY] in [STATE], such analysis, satisfactory to Buyer, to include the costs of operating the warehouse (including utilities, heat, taxes and maintenance charges);
6. Investment [COUNTRY] approval to the transaction.

Upon execution of this Letter of Intent by yourselves, the paragraphs subsequent to this one will constitute legally binding and enforceable agreements of Buyer and yourselves. These agreements shall be in effect for a term of [NUMBER] days from the date set out below and shall continue thereafter until terminated by either party following [NUMBER] days prior written notice.

During the term hereof, none of you will directly or indirectly solicit, initiate, or to participate in discussions or negotiations with any person or company other than the Buyer concerning any sale or similar transaction involving the Company or the Business. During such time, you will conduct the Business in the ordinary course without any material changes in its operations.

During the term hereof, each of the undersigned agree to use its best efforts to negotiate definitive agreements carrying out the intent of this Letter of Intent and to consummate the transactions described above.

Prior to the parties entering into the contemplated definitive agreements, all parties to this Letter of Intent shall use their best efforts to retain the confidentiality of these negotiations and the proposed transaction.

Sincerely,

# BUYER BUSINESS

Authorized Signature Authorized Signature

Print Name and Title Print Name and Title

# YOUR COMPANY NAME

Authorized Signature

Print Name and Title