

Business Legal Name: \_\_\_\_\_ DBA: \_\_\_\_\_  
Address: \_\_\_\_\_

The agreement ("Agreement") sets forth the terms and conditions of an exclusive right to sell under which The Reed Group, Inc. (TRGI) shall serve the undersigned owner or authorized representative, its owners, shareholders and affiliates (collectively, "Client") **as consultant, and the sole and exclusive finder**, in an effort to locate a purchaser for, and to complete the sale or other disposition of Client's business. Such disposition may be in the form of a merger, a refunding, a recapitalization or other corporate restructuring of Client, or a transfer of all or any portion of the stock or assets of Client, or assets otherwise used in Client's business, to any person or entity, including existing partners or shareholders or to an employee stock ownership plan (collectively, "Transaction").

1. **Services.** TRGI shall use its commercially reasonable best efforts to identify and/or locate prospective purchasers for Client, to furnish materials describing Client's business to such prospective purchasers based upon information supplied by Client, and to introduce such purchasers to Client.
2. **Right of Refusal.** Client shall have the sole and absolute right to accept or reject any offer received from a prospective purchaser, and the Success Fee (as defined below) shall be payable by Client to TRGI upon the following events: (a) consummation of a Transaction; (b) refusal to consummate a Transaction after executing a Letter of Intent (LOI) to do so, without just cause, or failure to extend the LOI for a reasonable period of time; (c) the failure of a prospective purchaser to consummate a Transaction because of Client's non-compliance with federal, state, or local laws and regulations or misstatement of material facts discovered during due diligence.
3. **Success Fees.** In the event of any Transaction\* during the term of this Agreement or during the carryover period as set forth below in paragraph 5, Client agrees to pay TRGI at the closing of such Transaction a fee ("Success Fee") based upon the total consideration and economic benefits to be received directly or indirectly by Client, *its owners, shareholders and/or affiliates* as a result of the Transaction, including but not limited to: cash, cash equivalents, notes made to Client or successor beneficiaries, all liabilities, whether recorded or unrecorded such as pension liabilities, assumed by buyers (including but not limited to accounts payable, accrued employee wages and benefits), all operating assets retained by Client (except cash) including but not limited to accounts receivable, inventory, equipment, earn outs, royalties, real property sold, leased property (for purposes of determining consideration and calculating the Success Fee, all lease payments receivable during the initial term of the lease will be aggregated,) equipment, and/or intellectual properties sold or leased, the total of aggregate payments for employment agreements, consulting agreements and management agreements to the extent such payments exceed the fair market value of services provided as stipulated in the Valuation as "manager's compensation", non-competition agreements, and stock or other securities or equity (valued on a pro rata basis as that sold or transferred) that are received in exchange for Client stock or assets ("Consideration"). Such Success Fee shall be based on the following schedule:

10% of Consideration up to \$1 million, plus  
8% of Consideration between \$1 million and \$2 million, plus  
6% of Consideration between \$2 million and \$3 million, plus  
4% of Consideration in excess of \$3 million

The Success Fee in any recapitalization transaction shall be based upon the total Consideration, including the economic benefit attributable to any cash, and/or debt, equity and/or equity equivalent securities acquired and/or retained by Client as a result of the Transaction. The value of equity retained or received shall be determined on an equal basis or *pari passu* as that sold or transferred. For purposes of calculating the Success Fee the value of any such equity retained or received shall be included in determining total consideration. The Success Fee as calculated above shall be paid in full at closing by bank wire transfer payable to TRGI only. The portion of the Success Fee attributable to contingent payments including but not limited to earnouts and/or royalties (i.e., financial instruments or agreements whose value at closing cannot be determined due to their being based solely on future performance) may be deferred until the contingent payments are received.

\*For purposes of calculating the Success Fee, it shall be the same irrespective of the form of the Transaction. In effect, a stock sale or exchange shall be treated exactly as if it were an asset sale (i.e., consideration for purposes of calculating the Success Fee shall be deemed as including the total value of the liabilities on the balance sheet at time of sale, the consideration paid shareholders for their stock and all other consideration/economic benefit as delineated above.)

4. **Term.** This Agreement shall be in effect commencing on the date Client executes this Agreement, and shall continue for twelve (12) months following the "Marketing Commencement Date." The Marketing Commencement Date shall be defined as the date on which Client approves all marketing materials. The Agreement shall continue in force after the twelfth month following the Marketing Commencement Date until terminated by Client upon thirty (30) days prior written notice or by TRGI if Client fails to meet or exceed agreed-upon financial projections and year-end balance sheet equity of the most recent valuation; provided, however, that this Agreement shall completely and finally terminate, unless earlier terminated, thirty-six (36) months from the Marketing Commencement Date.

5. **Carryover Period.** TRGI shall be entitled to a Success Fee hereunder for twenty-four (24) months following termination of this Agreement as to a Transaction consummated by a prospective purchaser(s) who signs a Confidentiality Agreement prior to the termination hereof.
6. **Price.** The business shall be marketed without a price, unless mutually agreed upon otherwise.
7. **Indemnity.** If a party to this agreement is held liable to a third person solely by reason of the acts or negligence of the other party or a breach of this Agreement, then the party whose acts or neglects caused the liability shall indemnify and hold harmless the other party to the full extent of such liability, if the party seeking indemnification shall give prompt notice to the other party of such third person's claim and afford to the party from whom indemnity will be sought the opportunity to defend such action.
8. **Governing Law.** This Agreement shall be interpreted under and governed by the laws of Baldwin County, AL.
9. **Representations/Limitations.** TRGI makes no representations, expressed or implied, that it will effect a Transaction as a result of the services furnished under this Agreement. The duties of TRGI shall not include legal or accounting services which shall be procured by Client at its own expense. Client shall fully cooperate with TRGI and shall furnish to TRGI complete and accurate current and historical business information and shall promptly inform TRGI of any changes which may materially affect its business or TRGI services under this Agreement. Client shall ensure all information it gives to TRGI about itself is accurate and complete. Client agrees that in no event shall TRGI be liable to any party for any loss or injury to earnings, profits, or goodwill, or for any special, indirect or consequential, or exemplary or punitive damages in connection with this Agreement. TRGI's liability under this Agreement shall in no event exceed the aggregate Success Fee(s) TRGI has actually received under this Agreement.
10. **Credit.** If a Transaction is consummated, TRGI may, at its option and expense, claim appropriate credit for its services, credit 10% of net Success Fee to Client when attorneys and/or CPA's keep them current with financials and in the loop during due diligence process.
11. **Arbitration.** Any controversy, dispute, or claim between the parties relating to this Agreement shall be resolved by binding arbitration by a single arbitrator in accordance with the commercial arbitration rules of the American Arbitration Association. As to any and all disputes, the prevailing party shall be entitled to recovery of all costs including but not limited to attorney's fees, arbitrators' costs, costs on appeal, interest from day of breach, cost of preparation, and all other costs allowed by the arbitrators.
12. **Authority.** By signing this Agreement the signing party represents that he or she has unconditional authority to enter into this Agreement on behalf of Client and as a beneficiary hereof shall personally guarantee its performance.
13. **Exclusivity.** In order to facilitate TRGI's efforts to effect a transaction satisfactory to Client under this exclusive right to sell agreement, Client, including its owners, shall not attempt to sell, initiate, carry on, or engage in discussions as to the sale of the company or any of its assets except through TRGI. Any and all information regarding Client prepared by or on behalf of TRGI may not be disclosed without the prior written consent of TRGI. All inquiries received by Client shall be promptly referred to TRGI. TRGI shall qualify the purchaser and coordinate any resulting negotiations. Client shall provide TRGI with full copies of all drafts of and final, signed closing documents and shall ensure that TRGI's representatives participate in all closing meetings. When an earnout or other contingent payment is part of the Transaction, Client shall provide TRGI with all future financial statements. TRGI, as the exclusive agent, shall be entitled to a Success Fee in the event of a sale or transaction as herein defined regardless of whether or not is procuring cause.
14. **Confidentiality.** All non-public information provided by Client to TRGI shall be considered confidential by TRGI. No portion of it shall be disclosed to others, except to those prospective purchasers who have signed a Confidentiality Agreement and those employees and agents of TRGI whose knowledge of the information is required to effect a Transaction. Client agrees to provide to TRGI all reasonable information requested or reasonably required by TRGI or a potential investor on a timely basis and to inform TRGI if there are any material changes in the business on a timely basis.
15. **Entire Agreement.** This is the entire Agreement between the parties pertaining to its subject matter and supersedes all prior agreements, representations and understandings of the parties. No modification of this Agreement shall be binding unless agreed in writing by the parties. If any term, condition or provision of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

Please indicate your acceptance of this Agreement by executing and returning the enclosed copy.

Upon signing below, the parties AGREE AND ACCEPT their understanding of this Agreement and the obligations of the parties hereunder. And as to pay the success fee in the event of a sale as defined herein, the equity owner(s) hereby guarantee said payment.

On behalf of (Company Name) \_\_\_\_\_

By (Signature): _____	Title: _____
Printed Name: _____	Date: _____
By (Signature): _____	Title: _____
Printed Name: _____	Date: _____
Phone Number: _____	

On Behalf of The Reed Group, Inc.  
 By (Signature): \_\_\_\_\_ Date: \_\_\_\_\_