



## HANOVER PARTNERS, INC.

*A Private Investment Company*

SAN FRANCISCO • PORTLAND

### Buy-Side Intermediary Fee Agreement

This letter sets forth the agreement between the undersigned intermediary (herein referred to as "Intermediary") and Hanover Partners, Inc. (herein referred to as "Buyer") regarding a possible transaction involving \_\_\_\_\_ (the "Acquisition Candidate") as follows:

1. Terms of Agreement - Intermediary has identified to Buyer the Acquisition Candidate, all or part of the assets (tangible or intangible) or stock of which may be acquired by Buyer or an entity created by Buyer.

Intermediary will use its reasonable efforts to provide Buyer with information useful to Buyer in its evaluation of the Acquisition Candidate. Except in the case of its advisors or other representatives, Buyer agrees to keep confidential and not disclose to others (a) any such information that is not in the public domain, (b) the fact that the Acquisition Candidate is or may be interested in a Transaction, or that the seller thereof is or may be interested in a transaction, and (c) the identity of the Acquisition Candidate or such seller. Buyer agrees to execute any confidentiality agreement reasonably required by Intermediary or the Acquisition Candidate.

2. Contingent Fees - Buyer will pay to Intermediary on the date of closing (except as expressly provided in paragraph 3 below) of any Transaction, as compensation for its services, an amount, payable by wire transfer, as provided below:

5% of any Proceeds (as hereinafter defined) up to and including \$1 million, plus 4% of any Proceeds greater than \$1 million and less than and including \$2 million, plus 3% of any Proceeds greater than \$2 million and less than and including \$3 million, plus 2% of any Proceeds greater than \$3 million and less than and including \$4 million, plus 1% of any Proceeds in excess of \$4 million. Total compensation, with respect to an Acquisition Transaction, shall not be less than \$100,000 (provided that such Acquisition Transaction in fact occurs) regardless of the nature of the Acquisition Transaction or the total amount of Proceeds. Buyer shall cause the existence of this fee agreement to be listed in all purchase/sale agreements. Buyer shall inform Intermediary of the date and terms of closing. Intermediary shall have the right, and Buyer will assist Intermediary, to verify this information.

"Proceeds", with respect to an Acquisition Transaction, means the sum of:

- (a) the total of the following amounts received at or in connection with the closing, or to be received at any time after the closing, directly or indirectly, by the seller or sellers (or its or their Affiliates) of the Acquisition Candidate: (i) any cash payments, (ii) the face value of any debt or similar securities, (iii) any contingent or other deferred purchase price payments contingent on an earnout (herein referred to as earnout fees), shall be due when such payments are made, plus
- (b) the total amount of indebtedness for money borrowed and capitalized lease obligations of the Acquisition Candidate assumed, directly or indirectly, by Buyer or any of its Affiliates at or in connection with the closing, or to be so assumed at any time after the closing, including, but not limited to, the amount of any and all such indebtedness and capitalized lease obligations of the Acquisition Candidate if the Transaction takes the form of the acquisition of the equity securities of such Acquisition Candidate.



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Fees relating to Proceeds payable, or the amount of which are determinable, at closing shall be paid at closing. To the extent that any Proceeds are to be paid after the closing and the amount thereof cannot be determined at or prior to closing, then the fees applicable to such Proceeds shall be paid at the earlier of the date such Proceeds are in fact paid, or the date that the amount thereof is determined.

- 3. Exceptions on Fee Liability: 1) No fee shall be payable under this Agreement if, within 5 business days of identification of the date hereof, Buyer notifies Intermediary and, upon request, provides to Intermediary verifiable evidence of prior discussions with Acquisition Candidate concerning a possible Transaction; and 2) If Acquisition Candidate is represented by another intermediary to whom a fee is due by Acquisition Candidate (a sell-side broker or intermediary), as of the date of this agreement, and this seller representation is not disclosed to Buyer, the fee liable by Buyer shall be reduced by 50% unless waived by Buyer in writing.
- 4. Information - Intermediary has or will endeavor to provide information or materials to Buyer which Intermediary believes to be accurate and relevant for the purpose of Buyer's investigation and evaluation of Acquisition Candidate; however, intermediary does not make any representation or warranty as to the accuracy or completeness of the information or materials provided hereunder or in connection herewith.
- 5. Duration - Intermediary shall be entitled to the Contingent Fees outlined in Section 2 in the event a definitive agreement in respect of a Transaction is executed or entered into on or prior to the second anniversary of the date hereof.

This Agreement, plus all prior agreements relating to specific companies previously executed by the parties hereto, contains the entire agreement between Intermediary and Buyer with respect to the subject matter hereof and thereof.

This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Oregon as if such Agreement was entered into and concluded within such State and the parties hereto agree that any and all controversy respecting this Agreement shall be subject to the jurisdiction of court located within the State of Oregon. This Agreement is legally binding with FAX signatures and may be executed in counterparts (each of which shall be deemed an original, and both of which shall constitute one and the same instrument). The persons signing this letter are duly authorized to execute and deliver this letter on behalf of their party to the agreement.

Agreed and Accepted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**Intermediary:**

**Buyer:**

\_\_\_\_\_

Hanover Partners, Inc.

By:

By:

\_\_\_\_\_

\_\_\_\_\_

[www.hanoverpartners.com](http://www.hanoverpartners.com)

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