



Prospect Partners, LLC

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FEE AGREEMENT

This agreement will confirm the understanding between _____ (“Finder”) and Prospect Partners, L.L.C. (“Prospect”) in connection with the submission to Prospect or an entity affiliated with or created or controlled by Prospect (“Prospect Affiliate”) of proposals relating to candidates for acquisition (“Candidate”).

1. **FEES.** If Prospect or a Prospect Affiliate acquires Candidate, Prospect or the Prospect Affiliate (as the case may be) shall be liable for a fee to Finder if Finder is not owed a fee by the seller and meets the performance criteria set forth in Section 2, except to the extent previously waived in writing by Prospect or the Prospect Affiliate, and Prospect or the Prospect Affiliate has not had prior contact with the Candidate or Candidate’s advisors as set forth in Section 4.

Such fee shall be the standard Lehman formula applied 5% to the first million of purchase price (or portion thereof), plus 4% of the second million of purchase price (or portion thereof), plus 3% of the third million of purchase price (or portion thereof), plus 2% of the fourth million of purchase price (or portion thereof), plus 1% of the purchase price thereafter.

- (a) **Definition of Purchase Price.** In the event of a purchase of any or all of the assets of Candidate, the purchase price to which the fee shall be applied shall include all cash, stock, notes, securities and/or any other consideration of monetary value received by the seller from Prospect or the Prospect Affiliate (as the case may be) at closing. Post-closing adjustments to purchase price shall not be taken into account. In the event of a purchase of any stock of Candidate, the purchase price shall be the price of such stock plus all institutional indebtedness of Candidate, less the total cash or cash equivalents and publicly traded securities owned by Candidate.
- (b) **Cash Payment.** Fees to be paid hereunder shall be paid in full by wire transfer at the time of closing.
- (c) **Expiration.** It is agreed and understood that Prospect or the Prospect Affiliate shall be under no obligation to acquire Candidate or to pay any fees to Finder if Candidate is not acquired by Prospect or the Prospect Affiliate within twelve months from the date Finder first submitted Candidate to Prospect or the Prospect Affiliate unless the negotiations are continuing at the end of such twelve-month period and such negotiations are successfully concluded as a consequence thereof.

2. PERFORMANCE. All submissions of Candidates to Prospect or the Prospect Affiliate shall be in writing, and shall at a minimum contain the name of the Candidate, the owner(s) of Candidate, any co-broker arrangements, any intermediary to be paid a fee by Candidate, and shall include a brief description of the Candidate and the asking price. Finder shall arrange a meeting between Prospect or the Prospect Affiliate and seller, and shall furnish financial statements, product literature, and/or a memorandum or other information with respect to Candidate as Prospect or the Prospect Affiliate shall deem reasonably necessary to facilitate its investigation of Candidate.
3. NO AGENCY. In connection with the activities hereunder it is agreed and understood that Finder shall not be deemed to be the agent of Prospect or the Prospect Affiliate and is not authorized to make any agreement for Prospect or the Prospect Affiliate or any representation or warranty on behalf of Prospect or the Prospect Affiliate. Finder agrees not to disclose Prospect's or the Prospect Affiliate's name to Candidate unless such disclosure is specifically authorized by Prospect or the Prospect Affiliate.
4. PRIOR CONTACTS. Finder is aware that Prospect, in its ongoing business, maintains active contacts with a large number of companies and financial advisors, and may have established contact with, or been introduced by another intermediary, to Candidate prior to the submission by Finder. In addition, Candidate may have retained an investment banker or advisor to sell the business and Prospect or the Prospect Affiliate is designated by Candidate or Candidate's advisors as a potential acquirer of the business such that Prospect or the Prospect Affiliate is contacted by Candidate or its advisors. Should the foregoing be the case, Prospect or the Prospect Affiliate will not be responsible for any fees for the services of Finder with respect to any acquisition of Candidate by Prospect or the Prospect Affiliate.
5. MISCELLANEOUS. This agreement may be amended only in writing signed by both parties, shall be governed by the internal laws of the State of Illinois and contains all of the provisions, conditions, understandings, and agreements between the parties hereto with respect to the subject matter hereof. Any and all prior agreements between the parties hereto with respect to such matters are hereby superseded by this agreement. This agreement may be cancelled by one month's written notice by either party; however, in the event of such cancellation any Candidate submitted under this agreement shall be governed by this agreement.

Prospect Partners, L.L.C.

[FINDER]

By: _____

By: _____

Date: _____

Date: _____