

**ASSET PURCHASE AGREEMENT**  
**(Buyer-Oriented Short Form)**

This Asset Purchase Agreement (“Agreement”) is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, by and between \_\_\_\_\_ Acquisition Corp., an Illinois corporation (the “Buyer”), and ABC, Inc., an Illinois corporation (the “Seller”).

**RECITALS**

A. Seller is engaged in the business of publishing magazines which target the national fraternal order industry (the “Business”); and

B. Seller desires to sell substantially all of its assets to Buyer, and Buyer desires to purchase those assets and assume certain specified liabilities, on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the respective warranties, representations, covenants and agreements hereinafter set forth, Seller and Buyer hereby mutually agree as follows:

**1. Purchased Assets.** Seller agrees to sell, assign, transfer and deliver to Buyer, and Buyer agrees to purchase from Seller, on the Closing Date (as defined in section 4 hereof), all of the right, title and interest of Seller in and to all of the following assets (the “Purchased Assets”) which are owned and/or used by Seller in connection with the Business, free and clear of all security interests, liens, claims and other encumbrances:

all cash and marketable securities (equal in amount to the book value of all Assumed Liabilities contemplated in section 2(a) hereof), licenses, accounts receivable, prepaid expenses, inventory, equipment including all phone systems, fixtures and furniture, customer and supplier lists, phone numbers, trademarks, tradenames, corporate names, service marks, trade secrets, proprietary data, and other intellectual property rights, leases and contracts set forth as Assumed Liabilities and contemplated in section 2(b) and Schedule 2(b) attached hereto and made a part hereof, and books and records.

The Purchased Assets shall not include, and Seller shall retain, all of its cash, certificates of deposit and marketable securities which in the aggregate exceed the book value of the amount of Assumed Liabilities contemplated in section 2(a).

**2. Liabilities Assumed by Buyer.** Buyer and Seller agree that Buyer shall not assume, nor shall Buyer in any way be responsible for, any liability, obligation, claim or commitment, contingent, actual or otherwise, known or unknown, of Seller or any of its shareholders, directors, officers, employees or agents, it being expressly understood and agreed that Seller shall continue to be responsible for any and all liabilities, obligations,

claims or commitments of Seller or the Business entered into on or prior to the Closing Date, including but not limited to, any sales, income, payroll or other taxes, obligations to other creditors including vendors, employees and customers or other liabilities, obligations, claims or commitments of the Seller incurred in connection with the transactions contemplated hereby. Notwithstanding the preceding sentence, Buyer agrees that it will, on the Closing Date, assume and agree to perform and discharge solely and only the following liabilities, obligations, claims or commitments of Seller (the "Assumed Liabilities"): (a) trade accounts payable recorded on Seller's balance sheet and set forth on Schedule 2(a), and (b) those leases, licenses, agreements and contracts set forth on Schedule 2(b).

**3. Purchase Price and Payment.** The purchase price (the "Purchase Price") for the Purchased Assets and Assumed Liabilities shall be equal to the sum of One Hundred Thousand Dollars (\$100,000.00). The Purchase Price shall be payable as follows:

(a) \$40,000.00 in cash (the "Cash") at the Closing; and

(b) \$60,000.00 in the form of a promissory note (the "Note") in the form of Exhibit 3(b).

The parties shall agree on or prior to the Closing to allocate the Purchase Price shall be allocated among the Purchased Assets in accordance with section 1060 of the Internal Revenue Code of 1986, as amended, and not to take any inconsistent position on any tax return or filing.

As soon as practicable from the date hereof, Seller shall give a report of sale to (i) the Illinois Department of Revenue ("IDOR") as contemplated under Section 902(d) of the Illinois Income Tax Act and Section 5(j) of the Illinois Retailers' Occupation Tax Act and (ii) the Illinois Department of Employment Security ("IDES") as contemplated under Section 750 of the Illinois Unemployment Compensation Act and other similar laws of the State of Illinois. At the Closing, Seller shall provide to Buyer either (x) evidence of a stop order from the IDOR and a receipt from the IDES evidencing that no amounts are owed by Seller to either or both departments, (y) statements from either or both departments stating the amounts which are owed by Seller (the "Deficiency") or (z) an estimate mutually agreed to by the parties of such liability (the "Estimate"). Buyer shall withhold the Deficiency or Estimate from the Cash and deposit the Cash in an interest-bearing, joint order escrow held by Seller's counsel. Seller's counsel, as escrowee, shall release the Estimate or Deficiency to Seller and/or the IDOR and IDES, as the case may be, in accordance with the various final releases received from said departments. If the Estimate is not sufficient to satisfy the eventual obligation to IDOR and/or IDES, Seller shall make prompt payment thereto of such amount.

**4. Closing.**

A. The Closing ("Closing" or "Closing Date") of the transactions contemplated hereby shall take place at the office of Gould & Ratner, at 222 North LaSalle Street, Chicago, Illinois, at 10 a.m. on the 30th day of

June, 20\_\_ , or at such other place, time or date as shall be mutually agreed upon by Seller and Buyer, including an “attorney escrow closing by mail”.

B. At the Closing, Seller shall deliver to Buyer the following:

(i) such bill of sale or other good and sufficient instruments of assignment, transfer and conveyance as Buyer shall reasonably request, to convey and to transfer to Buyer all right, title and interest of Seller in the Purchased Assets to Buyer, free and clear of all security interests, liens, claims and encumbrances;

(ii) all appropriate instruments granting to Buyer the right to the use of the corporate and tradename “ABC” and all other tradenames and trademarks owned or used by Seller in connection with the Business, together with an Articles of Amendment changing Seller’s corporate name to a name not confusingly similar to “ABC”;

(iii) such other instrument or instruments of transfer, if any, as shall be necessary or appropriate to vest in the Buyer good and marketable title to the Purchased Assets;

(iv) delivery of Required Consents (as defined in section 7(b); and

(v) delivery of all UCC-3 termination statements and all other documents and instruments necessary to release and discharge all liens, claims, security interests and other encumbrances on all Purchased Assets.

C. At the Closing, Buyer shall deliver to Seller the following:

(i) the Cash (minus the Deficiency or Estimate, if any, which shall be delivered by Buyer to the escrowee);

(ii) the Note; and

(iii) an assumption agreement to assume the Assumed Liabilities.

**5. Representations, Warranties and Covenants of Seller.** Seller hereby represents and warrants, and from and after this date, covenants to Buyer as follows:

(a) Organization and Authority. Seller is a corporation, duly organized, validly existing, and in good standing under the laws of the State of Illinois and has all requisite corporate power and authority to carry on its business as it is presently being conducted, to enter into this Agreement, and to carry out and perform the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Seller has been duly authorized and approved by its sole shareholder and its Board of Directors, and will not violate its Articles of Incorporation, By-Laws, or any agreement to which it is a party or by which it is bound or any law, rule, regulation or court order. This Agreement, and all other instruments, documents and agreements to be delivered by Seller in

connection therewith, are the legal, valid and binding obligation of Seller enforceable in accordance with its, and their, terms.

(b) Title. Seller has good and marketable title to all of the Purchased Assets, free and clear of any liabilities, obligations, claims, security interest, liens or encumbrances.

(c) Financial Statements. All financial statements (including balance sheets, income and cash flow statements) previously delivered to Buyer by Seller fairly present the financial condition of Seller for the time period presented. All such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied ("GAAP") (except (i) that such statements are on the cash basis method of accounting and (ii) for interim statements which are subject to normal year-end adjustments) and present fairly in all material respects the financial condition and results of operations of the Seller for the respective periods indicated.

(d) No Material Liabilities. Seller is not subject to any material liability (including, without limitation, unasserted claims whether known or unknown), whether absolute, contingent, accrued or otherwise, which is not shown or which is in excess of amounts shown or reserved for in the respective balance sheets, other than (a) liabilities of the same nature as those set forth in such balance sheet and incurred in the ordinary course of Seller's business after the date indicated and (b) those items not required to be accrued, footnoted or otherwise reserved for or disclosed under GAAP.

(e) No Material Adverse Change. Since \_\_\_\_\_, there has been (i) no material adverse change in the Seller or the Business, or its financial condition or prospects except as noted in the financial statements set forth in section 5(c), and (ii) no material damage, destruction, loss or claim, whether or not covered by insurance, or condemnation or other taking adversely affecting in any material respect the assets or properties of the Seller or the Business. Since \_\_\_\_\_, the Seller has conducted its business only in the ordinary course and in conformity with past practice.

(f) Taxes. Seller has timely filed all required federal, state, county and local income, excise, withholding, property, sales, use, franchise and other tax returns, declarations and reports which are required to be filed on or before the date hereof and has paid or reserved for all taxes which have become due pursuant to such returns or pursuant to any assessment which has become payable except for taxes which it has contested in good faith.

(g) Litigation. There is no litigation or proceeding or governmental investigation pending or, to the knowledge of Seller, threatened against Seller or relating to the Purchased Assets or the Business.

(h) Compliance with Laws. Since \_\_\_\_\_, Seller has complied in all material respects with all federal, state and local laws, statutes, rules, regulations, ordinances and codes, and has received no written notice from any governmental agency asserting that a violation has or may have