

November 6, 2017

Mr. Backable Executive
Address
Email

Dear Backable Executive:

A PE Firm (“A”) and B PE Firm (“B”) are very enthusiastic about partnering with you (as the “Platform Leader”) for the purpose of building a large business through acquisitions (the “Platform”, or the “Company”).

A and B (together known as “The Equity Sponsors”) have been working together since YYYY and are leading private equity firms based in XXX, ZZ. The Firms have over \$2.4 billion of capital under management. The Equity Sponsor’s limited partners include pension funds, university endowments, fund of funds, public corporations, and high net worth individuals and family offices. Many of the Firm’s partners have had significant and successful operating experience at the CEO level before joining the private equity industry. We apply the full value of the Firm’s operating experiences, contact network, and financial expertise to grow and develop our portfolio companies through the duration of our ownership.

In consideration of the above, The Equity Sponsors are pleased to provide this letter agreement (this "Agreement") to partner with the Platform Leader in an acquisition strategy to build the Platform. This Agreement sets forth the general terms of our proposal.

1. Managing Transactions and the Platform

The Platform Leader and The Equity Sponsors will work together in the spirit of partnership throughout the course of our relationship and in pursuit of acquisition candidates. The primary sources of acquisition candidates will be the Platform Leader’s network, the Firm’s network and through retention of our many buy-side brokers. The Platform Leader will perform such services customary to the position and such other duties and services as shall from time to time arise that consistent with such position and this Agreement. Platform Leader will use his reasonable best efforts to promote the interests of the Company and will devote sufficient time and energies to the business and affairs of the Company; provided, that Platform Leader may continue to manage his investment portfolio and perform his duties as needed on the advisory boards on which he serves as of the date hereof, solely in an advisory capacity and so long as such activities do not conflict with his duties and responsibilities to the Company or violate any of his agreements with the Company.

2. Compensation

- a) *Consulting Arrangement.* Upon execution of this Agreement and continuing through the time period prior to the consummation of the first acquisition, the Company will pay the Platform Leader a monthly fee of \$12,500 (the “Consulting Fee”) for services provided, payable on the first business day of each month.

During the term of this Agreement, in rendering the services to the Company described in Section 1, the Platform Leader will (a) act as an independent contractor and not as an employee or agent of the Company or The Equity Sponsors, (b) have independent control over the means by which he performs the services described in Section 1 and (c) have no authority to obligate the Company or The Equity Sponsors in any manner, except as specifically authorized from time to time in writing by the Company or The Equity Sponsors. The Platform Leader is responsible for all federal, state and local taxes required to be withheld from the Consulting Fee, and the Company will not withhold any taxes from the Consulting Fee.

- b) *Eligibility for Future Compensation:* Upon close of the first acquisition, The Platform Leader shall execute an employment agreement with the Company to be negotiated and mutually agreed upon at the time by the Platform Leader and the Company (the “Employment Agreement”). The terms of such Employment Agreement shall include, but shall not be limited to, the following concepts.
 - i. Base Salary & Bonus. Pursuant to the Employment Agreement, beginning upon the closing of the first acquisition and thereafter while Platform Leader is employed by the Company, the Company or its designee will pay Platform

Leader a base salary per annum (prorated for partial years and subject to any applicable withholdings) in an amount determined in accordance with the table below based upon the applicable level of EBITDA (defined below) achieved by the Company for the year immediately preceding the fiscal year in which such salary is being paid (“Base Salary”); provided, however, in the event that the Company closes an acquisition during any calendar year, the Base Salary shall be adjusted effective beginning on the first day of the month following the closing of such acquisition to take into account the pro forma trailing twelve month EBITDA of the Company, including the EBITDA acquired in connection with such acquisition. The Base Salary will be paid in accordance with the regular payroll schedule in effect at the Company.

For example purposes only, if in year 2017 the Company achieves EBITDA of Sixteen Million Dollars (\$16,000,000), Platform Leader’s Base Salary for calendar year 2018 would be equal to Four Hundred Fifty Thousand Dollars (\$450,000), determined by reference to the table below.

<u>EBITDA Level</u>	<u>Base Salary Increment</u>	<u>Base Salary Amount</u>
\$2,500,000 - \$5,000,000	N/A	\$300,000
\$5,000,001 - \$10,000,000	\$50,000	\$350,000
\$10,000,001 - \$15,000,000	\$50,000	\$400,000
\$15,000,001 - \$20,000,000	\$50,000	\$450,000
> \$20,000,000	\$50,000	\$500,000

In addition to the Base Salary, while Platform Leader is employed by the Company pursuant to the Employment Agreement, Platform Leader shall be eligible for discretionary (in the sole and absolute discretion of the Board) annual bonus compensation (prorated for partial years and subject to any applicable withholdings) based upon the achievement by Platform Leader and the Company of targets and goals set by the Board (the “Bonus”). Platform Leader’s annual “Target Bonus” shall be fifty percent (50%) of Base Salary. Platform Leader and the Company acknowledge and agree that each annual Bonus may be more or less than the Target Bonus amount based on factors including Platform Leader’s individual performance and the performance of the Company in any particular bonus period. Platform Leader’s Bonus shall be paid no later than 15 days after the close of the company’s audit, subject to the Platform Leader’s continued employment on the Bonus payment date.

- ii. **Benefits.** Upon consummation of the first acquisition and the Platform Leader’s employment by the Company, the Company or its designee will provide for the Platform Leader’s eligibility to participate in benefit programs on a consistent basis with the policies of the Company, which shall in any event be substantially similar to those benefit programs provided to other senior executives at the Company. During the term of this Agreement while Platform Leader acts as an independent contractor hereunder, the Platform Leader shall not be eligible for, participate in, nor receive benefits under any employee benefit plan of the Company.
- iii. **Incentive Equity.** Upon the consummation of the first acquisition by the Company, (i) the Company shall provide for an employee equity incentive pool of up to twelve and one-half percent (12.5%) of the total common equity of the Company for purchase by employees of the Company at a nominal purchase price; and (ii) Platform Leader and the Company shall enter into a Management Subscription and Equity Holder Agreement (the “Management Subscription Agreement”) pursuant to which Executive shall be allowed to purchase up to six-and-one-half percent (6.5%) of the total common equity of the Company available in such employee equity incentive pool for nominal consideration. The common equity will be subject to standard time and performance-based vesting requirements, including time based-vesting of twenty percent (20%) per annum over a five (5) year period with a two (2) year initial cliff period, pursuant to the terms of a management subscription agreement to be entered into with the Company. Such common units shall be subject to certain buy back rights in the event in the event of termination of the Platform Leader’s employment by the Company. The repurchase price to be paid by the Company on such buy back shall be (i) the original cost in the event of the Platform Leader’s voluntary resignation prior to the three (3) year anniversary of the commencement of the Platform Leader’s employment or the

Company's termination of the Platform Leader's employment for cause at any time, or (ii) in the event of the Platform Leader's voluntary resignation after three (3) years or the Company's termination of the Platform Leader's employment without cause at any time, a blend of original cost and fair market value based on the applicable vesting schedules.

- iv. **Restrictive Covenants.** As a condition to and consideration of the Platform Leader's employment, the Platform Leader will be required to sign a noncompetition, nonsolicitation and nondisparagement agreement pursuant to which the Platform Leader will agree to certain restrictive covenants with at least a two (2) year term.
- v. **Co-Investments.** In addition to the common equity purchased pursuant to Section 2(b)(iii), The Platform Leader shall be provided the opportunity to co-invest in any additional equity investments in the Company on the same terms and at the same purchase price as the current equity holders of the Company. Platform Leader's investment in such additional equity is not subject to the Management Subscription Agreement, and Executive is entitled to retain such additional equity regardless of his termination of employment, subject to any pertinent stock or asset purchase agreement, provided, however, in the event Platform Leader's termination of employment is for "Cause", the Company or other stockholders will have the option to repurchase such equity at fair market value.

3. Expense Reimbursement

Over the term of this Agreement, The Company agrees to cover Deal Pursuit Costs (as defined below) incurred in connection with our joint pursuit of acquisitions. "Deal Pursuit Costs" means reasonable and documented out-of-pocket expenses incurred by the Company and any of the parties hereto in connection with identifying possible acquisitions, investigation of investment opportunities, due diligence costs, legal expenses, travel and other typical out-of-pocket expenses related thereto.

4. Confidentiality; Public Announcements

At all times, each of the parties shall maintain the confidentiality of and shall not disclose any of the specific terms of this Agreement or any confidential, proprietary, trade secret and other non-public information related to The Equity Sponsors or its representatives or affiliates except (a) to persons or entities who need to know such information in connection with an acquisition and who agree to maintain the confidentiality thereof, (b) for purposes of enforcement of this Agreement and (c) to the extent required by law (provided that the applicable party shall provide the other parties with the contents of such disclosure as soon as reasonably practicable prior to making such disclosure). Any press release or other public disclosure or announcement issues or made by any party to this Agreement (including by their respective affiliates, subsidiaries, officers, directors, employees, attorney, accountants and other agents) relating to this Agreement or an acquisition as described herein shall be approved first by The Equity Sponsors and the Platform Leader.

5. Exclusivity; Non-Circumvention

During the term of this Agreement, the Platform Leader may provide services to other businesses or organizations; provided, however, that (a) the provision of such services does not interfere or conflict with the services provided by the Platform Leader hereunder and (b) the Platform Leader does not provide services of the type provided hereunder to or consummate an acquisition with or on behalf of any private equity funds, investment advisors or substantially similar financial services entities without the prior written consent of The Equity Sponsor.

During the term of this Agreement and for twelve (12) months following the date of termination of this Agreement, the Platform Leader agrees not to, directly or indirectly, own, manage, operate, control, invest in, be employed by or otherwise provide services to any of the acquisition candidates which the Platform Leader was first made aware of or had any contact with during the term of this Agreement without the prior written consent of The Equity Sponsors.

The Platform Leader specifically agrees that (a) such time, scope, and other provisions as described in this Section 5 are reasonable under these circumstances and (b) that any breach or threatened breach of the provisions of this Section 5 shall entitle The Equity Sponsors, in addition to any other legal remedies available to them, to obtain injunctive relief to prevent any violation of this Section 5 without the necessity of The Equity Sponsors proving special damages or irreparable injury or posting bond.

6. Term

This Agreement shall terminate on the 12-month anniversary of the date of this Agreement, unless earlier terminated as provided herein by either party at any time by written notice to the non-terminating party. If at the end of this 12-month period the parties are working in good faith to close an acquisition for the Company, the term shall automatically extend and remain in effect until terminated by written notice by either party. Any termination pursuant to the preceding sentences shall become

effective one week after receipt of written notice by the non-terminating party. This Agreement shall automatically terminate upon the execution of the Employment Agreement by both parties. In the event this Agreement is terminated by either party, and such termination results in the Agreement ending on a date that is prior to the end of a month, the Consulting Fee shall be prorated based on the number of calendar days remaining in such month.

7. Miscellaneous

- a) This Agreement will be governed by, and interpreted, construed and enforced in accordance with, the laws of the State of Illinois with regards to its conflicts of law principles.
- b) This Agreement constitutes the entire understanding between the parties relating to the services provided hereunder and supersedes and, except as provided herein, cancels all prior written and oral understandings and agreements with respect to such matters. Except as otherwise provided herein, the provisions of this Agreement may be modified only by a writing executed by each of the parties.
- c) If, despite the express agreement of the parties to this Agreement, a court or arbitrator should hold any portion of this Agreement void, invalid or otherwise unenforceable, in whole or in part, for any reason, the remaining portions of this Agreement shall remain in effect, and in respect of Section 5, the parties agree that the maximum restrictions of time, scope and geographic area reasonable under the circumstances, as determined by the court or arbitrator, will be substituted for any restrictions held unenforceable.
- d) The headings of the sections of this Agreement are for reference purposes only and do not define or limit, and will not be used to interpret or construe, the contents of this Agreement. This Agreement may be executed in one or more counterparts, which shall together constitute a valid and binding agreement.

Signature Page Follows

If you are in agreement with the foregoing, please so indicate by signing and returning one copy of this Agreement, whereupon it will constitute our agreement with respect to the subject matter hereof.

Very truly yours,

A PE Firm

By: _____

Name:

Title:

B PE Firm

By: _____

Name:

Title:

Agreed and Accepted on this _____ day of
November, 2017

Mr. Backable Executive