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**ASSET PURCHASE AGREEMENT
BETWEEN
XXX AVIATION GROUP, LLC
AND
XYZ INTERNATIONAL, INCORPORATED**

This ASSET PURCHASE AGREEMENT ("Agreement") dated as of _____, 20__, by and among XXX Aviation Group, LLC, a _____ corporation ("Seller"), Adam Adams ("Seller's Shareholder"), XYA International Incorporated., a _____ corporation ("Purchaser"), and Jacob Jacobs ("Purchaser's Shareholder").

WHEREAS, Seller sells, and distributes pilot and aviation products;

WHEREAS, Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller certain property and assets of Seller related to the sale, and distribution of such pilot and aviation products, on the terms and conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants, and agreements contained herein, the parties hereto agree as follows:

1. Definitions.

1.1. "Agreement" -- This Asset Purchase Agreement dated _____, 20__, by and among Seller and Purchaser.

1.2. "Assets" or "Sale Assets" -- The various properties and assets of Seller to be sold hereunder, as described more specifically in Section 2 hereof.

1.3. "Assumed Liabilities" -- Those liabilities and obligations of Seller to be assumed by Purchaser hereunder, as described in Section 3, hereof.

1.4. "Claims Period" -- The two-year period beginning on the Closing Date and ending on the second anniversary thereof, within which any assertable claim to be made by either party with regard to the breach of any representation, warranty, covenant, agreement, or indemnity set forth herein must be so asserted.

1.5. "Closing" -- The consummation of the transactions contemplated hereby as set forth in Section 6 hereof.

1.6. "Closing Date" -- The date of Closing as set forth in Section 6.1, hereof.

1.7. "ERISA" -- Employee Retirement Income Security Act of 1974, as amended.

1.8. "Purchaser's Shareholder" -- James Irwin the shareholder of Purchaser, with respect to the transactions contemplated by this Agreement.

1.9. "Seller's Member" -- Adam Adams, the sole member of Seller.

1.10. "Inventory" -- The inventory of Seller to be sold to Purchaser hereunder, which consists of all of Seller's inventory of Products existing as of the Closing Date, including raw materials, work in process and completed products, including any inventory stored in locations other than the Leased Premises.

1.11. "Material Contracts" -- Those contracts, loan agreements, notes, leases, and commitments entered into by Seller and listed on Exhibit 3.

1.12. "Patents" -- The patents of Seller to be assigned to Purchaser at Closing as set forth in Exhibit 8.

1.13. "Products" -- The pilot and aviation products, sold, and distributed by Seller.

1.14. "Purchaser" -- XYZ International Incorporated., a _____ corporation.

1.15. "Leased Premises" -- The leasehold interests as a sublessee of ZZZ Avionics, Inc., located at _____, on _____ Airport, and all structures, and improvements of every nature located thereon, owned or held by Seller and used or usable in the conduct of Seller's business, together with any additions or improvements made thereto.

1.16. "Seller" -- XXX Aviation Group, LLC, a _____ corporation.

1.17. "Trademarks" -- The trademarks of Seller to be assigned to Purchaser at Closing as set forth in Exhibit 8.

1.18. "Trade Name" -- "The Aviator Shop", the assumed name under which Seller sells and distributes Products and conducts its business.

1.19. "Aviator Shop Business" -- The business conducted by Seller on the leased premises, including all going concern value and goodwill associated therewith.

2.. Basic Transaction

2.1 Sale Assets. On the terms and subject to the conditions herein set forth, at the Closing, Seller shall sell, assign, transfer and convey to Purchaser, and Purchaser shall purchase and acquire, all of the assets, leases, permits, and interests of every kind, tangible and intangible, owned by Seller, and used in all facets of Seller's business currently being conducted on the Leasehold Premises, and all of Seller's business as a going concern, together with any goodwill associated therewith. Without limiting the generality of the foregoing, the Sale Assets shall include the following:

2.1.1 Inventory, including raw materials, work-in-process, and completed products, and including any inventory stored in locations other than the Leased Premises;

2.1.2 Customer Lists. All lists, information, and records of Seller relating to past, present, and prospective customers; all phone lists, prospect lists, mailing lists, and all other lists used by Seller in the Aviator Shop Business.

2.1.3 All accounts receivable and prepaid expenses.

2.1.4 All fixed assets, including, without limitation, trade fixtures, shelving, racks, leasehold improvements, office furniture and equipment, computers and computer equipment, and fixtures.

2.1.5 All owned, licensed, or leased computer hardware, software, and systems, telephone and copier equipment, and agreements with respect thereto; all orders for Products to be fulfilled subsequent to the Closing Date; all files, correspondence, internal reports, and contractual documents relating to Seller, including, but not limited to, data bases and records on magnetic tape, floppy disk, or other form of media; and all production, advertising, license, distribution, sales representation, and other contracts and agreements of Seller relating to the sale and distribution of Products, whether fully executed or wholly or partially executory as of the Closing Date;

2.1.6 All forms, office supplies, catalogs.

2.1.7 All books, records, computer tapes and discs, computer software, files and other papers and documents of Seller, including without limitation all price lists, sales records, sales correspondence, ledgers, statements, bills, invoices, customer and supplier lists, files and records, data processing records and payroll and employment records.

2.1.8 All tradenames and trademarks, brand names, and the goodwill symbolized thereby, and all rights to recover for any past infringement thereof, and all right, title and interest of Seller in and to the name "The Aviator Shop" or

"Aviator Shop" and all variants thereof, and the right to use Seller's telephone numbers, and the fax number, and all URLs, the website and website address, including, but not limited to:

2.1.9. The Leased Premises;

2.1.10. All Advertising plans, programs, materials and rights.

2.1.11 The Assets listed on Exhibit 1.

2.1.12 Any other assets used in the Aviator Shop Business of Seller.

2.2 Transfer and Assignment of Sale Assets. Good and marketable title to the Sale Assets shall be sold, assigned, transferred and conveyed to Purchaser by Seller at the Closing, free and clear of all claims, liabilities, taxes, liens, security interests, encumbrances, restrictions and adverse rights of use or ownership, of any kind.

2.3 Excluded Asset. Seller shall not transfer to Purchaser the cash on hand in the Aviator Shop Business on the Closing Date. The cash on hand shall remain the property of Seller.

3. Assumption of Specific Liabilities by Purchaser

3.1 Assumed Liabilities. Subject to the terms of this Agreement, Purchaser shall assume the following liabilities as of Closing:

3.1.1 All gift certificates outstanding on the books of Seller at Closing.

3.2 Liabilities Not Assumed by Purchaser. Except for the Assumed Liabilities, Purchaser will not assume any debt, liability or obligation of Seller of any character whatsoever (whether accrued, absolute, contingent, known or unknown, due or to become due, or otherwise), all of which are being retained by Seller.

3.3 Seller to Pay Liabilities Not Assumed. Seller shall pay and discharge, as they become due and payable, and perform in accordance with their respective terms all liabilities and obligations of Seller not being assumed by Purchaser hereunder.

3.4 Compliance with Bulk Sales Laws. The parties shall comply with all applicable laws relating to or affecting bulk transfers and sales, including without limitation notifying the _____ Department of Revenue pursuant to Section _____ of the _____ Income Tax Act and Section _____ of the _____ Retailers Occupation Tax Act, and notifying the Department of Labor with respect

to unemployment insurance pursuant to Section 405/2600 of the Unemployment Insurance Act, and Seller agrees that Purchaser shall comply with all applicable withholding or holdback requirements imposed in connection therewith or, pending receipt of any such holdback request or clearance letter, Purchaser may withhold from the Purchase Price at Closing all such sums as it reasonably believes may be required to comply therewith.

4. Purchase Price

4.1 In consideration of the sale, conveyance, assignment, and transfer of the Assets by Seller to Purchaser and in reliance on the representations and warranties made herein by Seller, Purchaser agrees to pay Seller the sum of _____ Dollars (\$_____), in cash or by certified or bank check payable to the order of Seller, less (1) and any amounts required to be set aside pursuant to requirements of the _____ Department of Revenue and the Department of Labor pursuant to Section 3.4, (2) any amount necessary to pay off any then existing liens or encumbrances on the Sale Assets, and (3) credit for outstanding gift certificates.

4.2 Seller has committed to delivering Inventory to Purchaser having a cost value of \$_____, and accounts receivable in the amount of \$_____. If the cost value of the Inventory actually delivered on Closing to Purchaser is greater than or less than \$_____ or if the accounts receivable is greater or less than \$_____, the Purchase Price shall be adjusted dollar-for-dollar to reflect the greater or lesser value of the Inventory delivered and the amount of accounts receivable.

4.3 Rents, premiums under assignable insurance policies, water and other utility charges, fuels, prepaid service contracts, and other similar items shall be adjusted ratably as of the time of Closing. All prorations are final unless provided otherwise herein.

4.4 Purchaser shall pay any amounts required to be set aside pursuant to requirements of the _____ Department of Revenue and the Department of Labor under Section 3.4 to _____, as Escrowee, to be paid to Seller when the _____ Department of Revenue and the Department of Labor release all claims under the provisions of the tax and unemployment insurance laws cited in Section 3.4. Payment shall be made by Escrowee when such release is received.

5. Consultation.

5.1 Seller's Shareholder shall be available to telephonic consultation for a period of 120 days following the Closing to assist in the business transition.

6. Closing

6.1 Closing Date. Providing the parties have received notification from

the _____ Department of Revenue and the Department of Labor as to how much needs to be escrowed, the Closing shall take place on ____, 20__, at the offices of _____, at 10:00 a.m., local time, or at such other date, time and place as shall be fixed in writing by the mutual consent of Seller and Purchaser. The Closing shall be deemed to be effective as of the beginning of business on the Closing Date.

6.2 Each of the obligations of the Seller, Seller's Shareholder, Purchaser and Purchaser's Shareholder, respectively, to be performed hereunder shall be subject to the satisfaction or waiver by the Purchaser and Seller, respectively, at or prior to the Closing Date as provided herein. Further, the following shall be conditions precedent to the respective parties' obligation to close:

6.2.1 The representations and warranties of the Seller, Seller's Shareholder, Purchaser and Purchaser's Shareholder contained in this Agreement shall be true in all material respects on and as of the Closing Date with the same force and effect as though made on and as of such date;

6.2.2 The Seller, Seller's Shareholder, Purchaser, and Purchaser's Shareholder respectively, shall have complied in all material respects with the covenants and agreements set forth herein to be performed by such parties on or before the Closing Date;

6.2.3 The Conditions Precedent to Obligations of Purchaser as defined in Section 7 are satisfied.

6.3 Purchaser's Deliveries. At the Closing, Purchaser shall execute and deliver, or cause to be executed and delivered, the following:

6.3.1 Certified or bank check(s) payable to the order of Seller in the amount of _____ Dollars (\$_____), reduced to be reduced or adjusted as provided in Section 4, including a reduction for any amount required to be set aside pursuant to the requirements of the _____ Department of Revenue and the Department of Labor under Section 3.4, which amount shall be paid by certified check to Escrowee to be held as Escrow Agent pursuant to Section 4.4 above.

6.3.2 Such other documents as Seller's counsel may reasonably request to more effectively carry out the terms and provisions of this Agreement.

6.3.3. Written approval and authorization by Purchaser's Board of Directors and Shareholders of the purchase of the Sale Assets.

6.3.4. A certificate of good standing for Purchaser issued by the _____ Secretary of State within ten (10) days of the Closing.

6.3.5 All other previously undelivered documents required to be delivered by Purchaser to Seller at or prior to the Closing pursuant to this Agreement.

6.4 Seller's Deliveries. At the Closing, Seller shall execute and deliver, or cause to be executed and delivered, the following:

6.4.1 Bills of Sale, assignments, title documents and other instruments of conveyance as may be necessary or appropriate to transfer, assign and convey to Purchaser as of the Closing Date good and marketable title to all of the Sale Assets, and to effect such other assignments and conveyances, as provided in this Agreement, in form and substance reasonably satisfactory to counsel for Purchaser.

6.4.2 Possession of all of the Sale Assets and all of Seller's leased real and personal property being assigned to Purchaser hereunder shall be delivered to Purchaser.

6.4.3 Except for financial, tax and accounting records that Seller reasonably deems necessary to retain for the purpose of preparing its tax returns, Seller shall deliver to Purchaser possession of the Records related to the Aviator Shop Business and the Sale Assets.

6.4.4. Written approval and authorization by Seller's Board of Directors and Shareholders of the sale of the Assets.

6.4.5. A certificate of good standing for Seller issued by the Illinois Secretary of State within ten (10) days of the Closing.

6.4.6. Keys to and possession of Seller's business premises and of the Assets.

6.4.7. Duly executed assignments to Purchaser of the lease of premises occupied by Seller.

6.4.8. All other previously undelivered documents required to be delivered by Seller to Purchaser at or prior to the Closing pursuant to this Agreement.

7. Conditions Precedent to Obligations to Purchaser

All of the obligations of Purchaser hereunder are subject to the following express conditions precedent (all or any of which may be waived in whole or in part by Purchaser), having been fulfilled on or before the Closing Date. Purchaser may waive any or all of these conditions in whole or in part without prior notice; provided, however, that no such waiver of a condition shall constitute a waiver by Purchaser of any of its other rights or remedies, at law or in equity, if Seller or Seller's Shareholder shall be in default of any of their representations, warranties, or covenants under this Agreement:

7.1 Representations and Warranties. The representations and warranties of Seller and Seller's Shareholder contained herein shall be true and correct on and as of the Closing Date.

7.2 Seller's Performance. Seller shall have performed and complied with all covenants contained in this Agreement to be performed by it and satisfied all conditions that Seller is required by this Agreement to perform, comply with, or satisfy before or at the Closing.

7.3 Adverse Changes. Since the Contract Date to the Closing, there shall not have been any material adverse change in the financial condition or the results of operations of Seller and Seller shall not have sustained any material loss or damage to its assets, whether or not insured, that materially affects its ability to conduct its business.

7.4 No Litigation. No claim, proceeding, investigation or litigation, either administrative or judicial, shall be threatened or pending against any of the parties hereto which, in the reasonable opinion of counsel for Purchaser, presents a reasonable possibility that the transactions contemplated by this Agreement would be enjoined or prevented, or that the right of Purchaser to acquire, retain or use the Sale Assets or continue in the same manner the operations and business of Seller, if and when the same are acquired, without additional costs, would be materially and adversely affected.

7.5 Leases. Purchaser shall have entered into a new sublease with the Lessee of the Leased Premises that is satisfactory to Purchaser, in the exclusive determination of the Purchaser.

7.6 Judgment and Lien Search. Purchaser shall have obtained judgment and lien searches that are satisfactory to Purchaser, in the exclusive determination of Purchaser.

7.7 Employees Purchaser shall be satisfied, in Purchaser's exclusive determination, that the employees listed on Exhibit 7 will remain as Employees of the business.

7.8 Holdback. The amount required to be held back by has been received from the _____ Department of Revenue and the _____ Department of Labor.

7.9 Sourcing Agreement. Purchaser shall deliver an executed copy of the Sourcing Agreement attached as Exhibit 10.

7.10. Financing. Purchaser shall have received financing in the amount of \$_____ at an interest rate of prime +2.25%, payable over a 10 year term with respect to this transaction.

7.11. Document Approval. The form and substance of all certificates, instruments, opinions, and other documents including, without limitation, the leases referred to hereinafter, delivered to Purchaser under this Agreement shall be satisfactory in all reasonable respects to Purchaser and its counsel.

8. Conditions Precedent to Seller's Performance.

Conditions Precedent. The obligations of Seller to sell and transfer the Sale Assets under this Agreement are subject to the satisfaction, at or before the Closing, of all the following conditions. Seller may waive any or all of these conditions in whole or in part without prior notice; provided, however, that no such waiver of a condition shall constitute a waiver by Seller of any of its other rights or remedies, at law or in equity, if Buyer should be in default of any of Buyer's representations, warranties, or covenants under this Agreement.

8.1. Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement shall be true and correct as of the Closing with the same effect as though made on the date of the Closing.

8.2. Purchaser's Performance. Purchaser shall have performed and complied with all covenants contained in this Agreement to be performed by it and satisfied all conditions that Purchaser is required by this Agreement to perform, comply with, or satisfy before or at the Closing.

8.3. Document Approval. The form and substance of all certificates, instruments, opinions, and other documents including, without limitation, the leases referred to hereinafter, delivered to Seller under this Agreement shall be satisfactory in all reasonable respects to Seller and its counsel.

8.4. Sourcing Agreement. Seller shall deliver an executed copy of the Sourcing Agreement attached as Exhibit 10.

9. Covenants and Agreements

9.1 Conduct of Business. Seller agrees that from and after the Contract Date and through the Closing Date, Seller will conduct its business in a manner not materially different from its past practices and only in the usual and ordinary course, and consistent therewith Seller will:

9.1.1 Use its best efforts to preserve intact the present business organization, keep available the services of its present employees, and preserve its

relationships with its customers and suppliers.

9.1.2 Maintain all of its assets and properties in customary repair, order and condition, reasonable wear and use and damage by fire or unavoidable casualties excepted, and will also continue to carry and keep in effect its existing insurance policies or substitute policies providing substantially equivalent coverage, subject to variation in amount required by the ordinary operation of its business.

9.1.3 Seller shall not dispose of, encumber, assign, or mortgage any of the Assets.

9.1.4 Maintain its books, accounts and records in the usual and regular manner on a basis consistent with prior years.

9.1.5 Duly comply with all laws and regulations applicable to its business.

9.1.6 Use its best efforts to preserve and maintain in force all Permits, Proprietary Rights and other similar rights.

9.2. Access to and Preservation of Books and Records. Seller shall deliver prior to or at the Closing all items, books, records, files, agreements, purchase orders, internal reports, and materials in Seller's possession relating to the Assets but excluding therefrom any corporation books, tax returns, and similar items of Seller.

9.3. Performance of Material Contracts and Other Commitments. The Seller shall perform all of its obligations under contracts relating to the Assets or its business, including but not limited to the Material Contracts and other commitments in regard thereto.

9.4. Liabilities. Seller agrees to pay and discharge when due all liabilities and obligations of Seller relating to the Assets including, until Closing, the Liabilities Being Assumed. Upon Closing, Purchaser agrees to pay and discharge when due the Liabilities Being Assumed under Section 3.1.

9.6. Payment of Taxes. Seller will be responsible for and pay all federal, state, and local taxes, including, but not limited to, all income, earnings, and property taxes, relating to Seller and the Assets prior to the Closing Date. Purchaser will be responsible for and pay all such taxes relating to the Assets payable for any period from and subsequent to Closing Date.

9.7. Sales, Use and Transfer Taxes. Seller shall bear sales, use, and transfer taxes, if any, payable to the State of Illinois, any county, or municipality located therein, or any other governmental entity in connection with the transactions contemplated by this Agreement or the other agreements or instruments referred to

in this Agreement except as otherwise specifically provided herein.

9.8. Rights Against Third Parties. For any rights or remedies relating to the Assets that may be enforced after the Closing Date against third parties and the Purchaser, Purchaser will notify Seller in writing of any such enforcement that should properly be instituted in the name of Seller, and Seller will join with Purchaser in enforcing such rights and remedies or enforce such rights or remedies in Seller's own name at Purchaser's sole cost.

9.9. Canceled Orders and Returns. Seller shall be responsible for any refunds for canceled orders (or portions thereof) if the order was placed prior to the Closing Date provided that Seller has been paid for such order (or a portion thereof) prior to the Closing Date and replacements or refunds in accordance with Seller's replacement or refund policy for undelivered Products that should have been delivered prior to the Closing Date; provided, however, that Seller shall have no liability to Purchaser under this Section 9.9, unless and until the total amount of all such refunds and replacements exceeds \$300, it being the intention of the parties that such sum constitutes a deductible amount. If the total amount of all such refunds and replacements exceeds \$____, Seller shall pay such amount within 30 days after Purchaser notifies Seller of the refund or replacement. However, any and all claims for reimbursement for refunds and replacement must be made within sixty (60) days.

9.11. Seller's Employees.

9.11.1. Seller shall be solely responsible, and Purchaser shall have no obligations whatsoever, for any compensation or other amounts payable to any employee of Seller, including, but not limited to, accrued bonus, accrued salary, accrued commission, accrued vacation, fringe, pension or profit sharing benefits, or severance pay payable to any employee of Seller for any period or relating to service with Seller at any time prior to the Closing Date.

9.11.2. Purchaser agrees to hire on the Closing Date those employees listed on Exhibit 7 at their individual pay rates in effect on ____, 20__. Purchaser shall be responsible for all expenses accruing after the Closing Date for such employees, including, without limitation, severance pay.

9.12. Employee Benefit Plans. Seller shall properly terminate any and all "employee benefit plans," as that term is defined in ERISA, immediately upon Closing and shall be responsible for paying for all required contributions to any such employee benefit plans prior to termination.

9.13. Mail and Remittances. All mail addressed to Seller or Purchaser relating to the Assets that is delivered to Seller after the Closing Date shall forthwith be delivered to Purchaser. Seller will remit to Purchaser promptly, after the receipt

thereof, all amounts relating to the Products received after the Closing Date.

9.14. Covenant Not To Compete and Confidential Information

9.14.1. Covenant Not To Compete. Seller, Seller's Member and Purchaser acknowledge that Purchaser is a new entrant into Seller's business of the sale and distribution of pilot and aviation products. Seller, Seller's Member and Purchaser acknowledge that in addition to the consultation that Seller is to give Purchaser pursuant to Section 5.1, that it is necessary that Seller and Seller's Member agree not to compete with Purchaser's business so that Purchaser will have a reasonable chance of succeeding in the business that Purchaser will be engaged in as a result of this Agreement. Accordingly, Seller and Seller's Member agree that neither Seller nor Seller's Member will for a period of two (2) years within a 75 mile radius of the Leased Premises, establish any competing business or work for a competing business; nor will Seller or Seller's Member provide any training for any competing business. For this purpose, a competing business shall be any business that sells at retail, including internet commerce, pilot and aviation products to the general public. Seller and Seller's Member further agree that during this two (2) year period, neither Seller nor Seller's Member will solicit or endeavor to entice away from Purchaser (whether for its own benefit or on behalf of another person or entity) any current customers or suppliers of Purchaser to terminate its business relationship with Purchaser, or any employees of Purchaser to terminate his or her employment with Purchaser or to work for any competitor of Purchaser.

Non-Disclosure of Confidential Information. Seller and Seller's Shareholder further agree that they will not at any time, use, or reveal to any person, entity, firm, corporation or any other third party, in any form or manner, directly or indirectly, any secret or confidential information relating to the business of Purchaser.

For the purposes of this Agreement, the term "Confidential Information" shall mean, but shall not be limited to, certain proprietary techniques and confidential information which have great value to its business which have been developed or will be developed by the Purchaser. Confidential Information includes all information that has or could have commercial value or other utility in the business in which Purchaser is engaged or contemplates engaging in any business in which Seller is aware that the Purchaser is contemplating engaging and all information of which the unauthorized disclosure could be detrimental to the interests of the Purchaser, whether or not such information is specifically labeled as Confidential Information by the Purchaser. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Purchaser concerning trade secrets, techniques, know-how, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, budgets, lists of actual

or potential customers, lists of employees, products, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information and any information regarding the Purchaser's or that of any affiliate of Purchaser which is not generally known to the public. In the event that any part of the Confidential Information becomes generally known to the public through legitimate origins (other than by the breach of this Agreement by Seller or Seller's Shareholder or by other misappropriation of the Confidential Information), that part of the Confidential Information shall no longer be deemed Confidential Information for the purposes of this Agreement, but Seller and Seller's Shareholder continue to be bound by the terms of this Agreement as to all other Confidential Information.

It is the desire and intent of the parties that the terms and provisions of this Section 9.14 be enforced to the fullest extent permissible under the law and public policy applied by any jurisdiction in which enforcement is sought. Accordingly, if and to the extent that any portion of this Section 9.14 shall be adjudicated to be invalid or unenforceable because it covers too extensive a geographical area or too long a period of time, then said portion shall be deemed reformed to the least extent necessary to make such portion valid and enforceable.

10. Representations, Warranties and Covenants of Seller and Seller's Member.

Seller and Seller's Member jointly and severally represent, warrant and covenant to Purchaser that the following statements are true and correct as of the Contract Date, and will be true and correct on the Closing Date:

10.1 Good Standing. The corporation Seller is a corporation duly formed and validly existing under the laws of the State of Illinois and has the power and authority to carry on its business as now conducted, to own and operate the Sale Assets, to execute this Agreement and the other agreements and instruments referred to in this Agreement that it is executing and delivering, and to carry out the transactions contemplated hereby and thereby.

10.2. Enforceability. The execution and delivery by Seller of this Agreement and the other agreements and instruments referred to in this Agreement have been duly authorized and constitute legal, valid, binding, and enforceable agreements and instruments of Seller, except as the enforceability thereof may be affected by the laws of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally.

10.3. No Violation. Neither the execution, delivery, nor performance of this Agreement or any other agreement or instrument executed and delivered by or on behalf of Seller in connection herewith, nor the consummation of the transactions herein or therein contemplated, nor compliance with the terms and provisions hereof or thereof, contravenes the Articles of Incorporation or By-Laws of Seller or any

provision of law, statute, rule, regulation, or order of any court or governmental authority to which Seller is subject, or any judgment, decree, franchise, order, or permit applicable to Seller, or conflicts or is inconsistent with or will result in any breach of or constitute a default under any contract, commitment, agreement, understanding, arrangement, or instrument, or result in the creation of or imposition of (or the obligation to create or impose) any lien, encumbrance, or liability on any of the property or assets of Seller, or will increase any such lien, encumbrance, or liability.

10.4 Compliance with Laws. The business and operations of the Seller have been and are being conducted in compliance with all applicable laws, rules and regulations, orders, ordinances, judgments and decrees of all governmental authorities.

10.5 Financial Statements. Seller has delivered to Purchaser true and correct copies of its Form 1120S Tax Returns for the years ending December 31, 20__ through 20__. Seller represents and warrants that such Tax Returns are true and accurate and fairly present the assets and liabilities and results of operations of Seller as of those dates and for those periods, all in accordance with generally accepted accounting principles consistently applied.

10.6 Taxes. Seller will pay or cause to be paid all federal, state, local and foreign income taxes and other taxes of Seller which are then due or become due from Seller with respect to any period ending before or after the Closing Date. There are no tax liens on the Sale Assets; there are no obligations relating to, or claims asserted for, taxes or assessments against Sale Assets. The Sale Assets are not subject to any obligation or liability for any taxes whatsoever that may be payable by Seller.

10.7 Title to Transferred Assets. Seller has good and marketable title, free and clear of any claim, liability, tax lien, security interest, encumbrance, restriction, or adverse right of use or ownership to all of the Sale Assets.

10.8. Litigation. There are no actions, suits, or proceedings pending, or, to Seller's knowledge, threatened or anticipated before any court or governmental or administrative body or agency affecting Seller or the Sale Assets, except as set forth on Exhibit 9 hereto.

10.9 Absence of Certain Changes. Except as and to the extent set forth herein Seller has not since December 31, 2003:

(a) Suffered any change that could have a material adverse effect on its financial condition, assets, liabilities, business, or prospects, experienced any labor difficulty, suffered any casualty loss, whether or not insured, or otherwise operated in any manner not in the ordinary course.

(b) Except in the ordinary course of business and consistent with past practice, paid any claim, or discharged or satisfied any lien or encumbrance, or paid or satisfied any liability, whether absolute, accrued, contingent, or otherwise, and whether due or to become due.

(c) Except in the ordinary course of business consistent with past practice, sold or transferred any of its properties or assets, real, personal, or mixed, tangible or intangible, related to the Seller.

10.10 Leases. Seller, and to the best of Seller's knowledge, the lessor (or sublessor) thereof, have performed its respective obligations; there are no violations of the lease or the rules and regulations that apply under the lease or to the use of the Leased Premises and there is no default thereunder under the Lease, attached as Exhibit 6. Seller and Seller's Member warrant that Seller, its beneficiaries, or agents of Seller or of its beneficiaries have received no notices from any city, village, or other governmental authority of zoning, building, fire, or health code violations in respect to the Leased Premises that have not been heretofore corrected.

10.11 Contracts. Set forth on Exhibit 3 hereto, is a true and correct list of all contracts, contract rights, and agreements to which Seller is a party as of the Contract Date (herein called "Contracts"), true and correct copies of which have been delivered to Purchaser by Seller. Seller and, to the best of Seller's knowledge, the other parties thereto have performed in all material respects their respective obligations and duties under all such Contracts and there is no breach thereof or default thereunder.

10.12 Permits, Licenses and Consents. Set forth on Exhibit 4 hereto is a true and correct list of all permits, licenses, certificate, consents and other authorizations (herein collectively called "Permits") possessed or used by Seller that relate to and are necessary for the operation of its business as presently conducted or to own the property owned by it or lease the property leased by it. Seller is in compliance with all such Permits, and all such Permits are in full force and effect. At the Closing Seller shall transfer and assign to Purchaser all such Permits that are transferable as indicated by an asterisk on said Exhibit 4.

10.13 Proprietary Rights. Set forth on Exhibit 8 is a true and correct list of trademarks, trademark applications, trade names, service marks, brand names, (pursuant to license agreements or otherwise) by Seller in the conduct of its business (herein called collectively the "Proprietary Rights"), and the validity of such items has not been challenged or questioned in any prior, pending or threatened litigation or claim. With respect to the Proprietary Rights:

10.13.1 Seller has the sole, exclusive and unencumbered right to use the

Proprietary Rights (including applications for any thereof),

10.13.2 Seller has received no notice or claim of infringement, or any claim challenging or questioning the validity or effectiveness, of any of the Proprietary Rights and Seller does not know of any valid basis for any such claim.

10.14. Patents, Trademarks and Tradenames. Exhibit 8 contains an accurate and complete description of all patents, imprints, trademarks, trade names, and assumed names used by Seller or in which Seller has any interest relating to the Assets, all of which are being transferred to Purchaser pursuant to this Agreement. Exhibit 8 also contains a list of all U.S. and foreign patent and trademark registrations filed or obtained for Products through the Closing Date. Seller shall transfer to Purchaser at Closing all of Seller's rights necessary to sell and distribute all Products. To the best of Seller's knowledge, none of the Products or the Assets, nor any processes, know-how, trade secrets, patents, trademarks, trade names, assumed names, designs, styles, copyrights, or designations relating to the Products infringes on any trademarks or patents or any other rights of any person. Seller has not received any claims from any third parties that the use by Seller of "The Aviator Shop" infringes on the trademarks of any such third parties.

10.15 Collective Bargaining Agreement. There is no collective bargaining agreement with employees of Seller, and to the best of Seller's knowledge, no certification question or organizational drive exists or has existed within the past 12 months respecting the employees of Seller.

10.16 Employee Benefit Plans. There are no "employee benefit plans" as that term is defined in sec. 3(3) of ERISA.

10.17 Environmental, Health and Safety Matters

(a) To the best of Sellers knowledge and belief, Seller has duly complied with, and the Seller's existing facility at _____ ("Existing Property"), is in compliance with the provisions of all federal, state, and local environmental, health, and safety laws, codes, and ordinances and all rules and regulations promulgated thereunder.

(b) The Seller has received no notice of, and neither knows of nor suspects, any fact that might constitute violation of any federal, state, or local environmental, health, or safety laws, codes, or ordinances, and any rules or regulations promulgated thereunder that relate to the history, use, ownership, or occupancy of the Existing Property, and is not in violation of any covenants, conditions, easements, rights-of-way, or restrictions affecting the Existing Property or any rights appurtenant thereto.

(c) There are no asbestos-containing materials located at the Existing

Property.

(d) There are no PCB-containing materials located at the Existing Property, including, but not limited to, power transformers or fluorescent light ballasts or fixtures.

(e) The Seller has been issued, and shall maintain until the Closing Date, all required federal, state, and local permits, licenses, certificates, and approvals relating to environmental, health, or safety matters. A true, accurate, and complete list of all such permits, licenses, certificates, or approvals is attached hereto Exhibit 6.

10.18. Advertising. To the best of Seller's knowledge, neither any advertising by Seller for the Products nor any promotional material used by Seller at any time contains any untrue material or misleading statements or claims.

10.19. Restrictions on Assets. Seller is not a party to, subject to, or bound by any judgment or order of any court or governmental authority or any contract, commitment, agreement, undertaking, arrangement, license, or restriction that could prevent the use of any of the Assets or the distribution and sale of, or the right to distribute or sell, the Products.

10.20. Disclosure. Seller has disclosed to Purchaser in this Agreement the material facts relating to the transactions contemplated by this Agreement. No representation or warranty of Seller contained in this Agreement or the other agreements and instruments referred to in this Agreement, and no statement contained in any certificate, schedule, list, or other writing furnished to Purchaser pursuant to the provisions of this Agreement contains any untrue statement of a material fact.

11. Representations, Warranties and Covenants of Purchaser

Purchaser and Purchaser's Shareholder represent, warrant and covenant to Seller and Seller's Member that the following statements are true and correct as of the Contract Date, and will be true and correct on the Closing Date:

11.1. Organization. Purchaser is a _____ corporation, duly organized, validly existing, and in good standing under the laws of the State of _____ and has the power and authority to carry on its business, as now conducted, to own and operate its properties and assets, to execute this Agreement and the other agreements and instruments referred to in this Agreement that it is executing and delivering, and to carry out the transactions contemplated hereby and thereby.

11.2. Enforceability. The execution and delivery by Purchaser of this Agreement and the other agreements and instruments referred to in this Agreement

have been duly authorized by the board of directors and shareholders of Purchaser and constitute legal, valid, binding, and enforceable agreements and instruments of Purchaser, except as the enforceability thereof may be affected by the laws of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally.

11.3. No Violation. Neither the execution, delivery, or performance of this Agreement or any other agreement or instrument executed and delivered by or on behalf of Purchaser in connection herewith, nor the consummation of the transactions herein or therein contemplated, nor compliance with the terms and provisions hereof or thereof contravenes the Certificate of Incorporation, Articles of Incorporation, or bylaws of Purchaser or any provision of law, statute, rule, regulation, or order of any court or governmental authority to which Purchaser is subject, or any judgment, decree, franchise, order, or permit applicable to Purchaser, or conflicts or is inconsistent with, or will result in any breach of or constitute a default under, any contract, commitment, agreement, understanding, arrangement, or instrument, or result in the creation of or imposition of, or the obligation to create or impose, any lien, encumbrance, or liability on any of the property or assets of Purchaser, or will increase any such lien, encumbrance, or liability.

11.4. Legal Actions. There are no pending or current legal actions against Purchaser or Purchaser's Shareholder on the Closing Date.

12. Indemnifications.

12.1. Survival of Representations and Warranties. All representations, warranties, covenants, and agreements made by either party to this Agreement shall survive the Closing and any investigation at any time made by or on behalf of the other party, but only if a claim initiated by any of the parties hereto with respect thereto is made during the Claims Period.

12.2. Indemnification by Seller. Seller and Seller's Member jointly and severally agree to indemnify and to hold Purchaser harmless from, against and in respect of the following:

(a) Any and all debts, liabilities, or obligations of Seller, direct or indirect, fixed, contingent, or otherwise existing before the Closing Date, including, but not limited to, any liabilities arising out of any act, transaction, circumstance, state of facts, or violation of law that occurred or existed before the Closing Date, whether or not then known, due, or payable and irrespective of whether the existence thereof is disclosed to Purchaser in this Agreement or any schedule hereto, except with regard to the liabilities assumed under Section 3.1;

(b) Any and all loss, liability, deficiency, or damage suffered or incurred

by Purchaser as a result of any default by Seller existing on the Closing Date or any event of default occurring prior to the Closing Date that with the passage of time would constitute a default, under any Material Contract or other agreement assumed by Purchaser under this Agreement;

(c) Any and all loss, liability, deficiency, or damage suffered or incurred by Purchaser by reason of any untrue representation, breach of warranty, or nonfulfillment of any covenant or agreement by Seller contained in this Agreement or in any certificate, document, or instrument delivered to Purchaser hereunder or in connection herewith;

(d) Any claim for a finder's fee or brokerage or other commission by any person or entity for services alleged to have been rendered at the instance of Seller with respect to this Agreement or any of the transactions contemplated hereby; and

(e) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, incident to any of the foregoing or incurred in enforcing this indemnity.

12.3. Indemnification by Purchaser. Purchaser and Purchaser's Shareholder jointly and severally agree to indemnify and hold Seller harmless from, against, and in respect of:

(a) Any and all debts, liabilities, or obligations of Purchaser, direct or indirect, fixed, contingent, or otherwise accruing after the Closing Date;

(b) Any and all loss, liability, deficiency, or damage suffered or incurred by Seller resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant or agreement by Purchaser contained in this Agreement or in any certificate, document, or instrument delivered to Seller pursuant hereto or in connection herewith;

(c) Any and all loss, liability, deficiency, or damage suffered or incurred by Seller as a result of Purchaser's failure to discharge the liabilities assumed under Section 3.1;

(d) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, incident to any of the foregoing or incurred in enforcing this indemnity.

12.4. Third-Party Claims

(a) In order for Purchaser or Seller, as the case may be, to be entitled to any indemnification provided for under Section 12 hereof, in respect of, arising out of, or involving a claim made by any person, firm, governmental authority, or

corporation other than the Purchaser or Seller, or their respective successors, assigns, or affiliates, against the indemnified party, the indemnified party must notify the indemnifying party in writing of this third-party claim promptly after receipt by the indemnified party of written notice of the third-party claim within the Claims Period. Thereafter, the indemnified party shall deliver to the indemnifying party, within 10 days after receipt by the indemnified party, copies of all notices relating to the third-party claim.

(b) If a third-party claim as set forth in subsection (a) hereof is made against an indemnified party, the indemnifying party will be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the indemnifying party, provided such counsel is not reasonably objected to by the indemnified party. Should the indemnifying party elect to assume the defense of such a third-party claim, the indemnifying party will not be liable to the indemnified party for any legal expenses subsequently incurred by the indemnified party in connection with the defense thereof. If the indemnifying party elects to assume the defense of such a third-party claim, the indemnified party will cooperate fully with the indemnifying party in connection with such defense.

(c) If the indemnifying party assumes the defense of a third-party claim, then in no event will the indemnified party admit any liability with respect to, or settle, compromise, or discharge, any third-party claim without the indemnifying party's prior written consent, and the indemnified party will agree to any settlement, compromise, or discharge of a third-party claim that the indemnifying party may recommend that releases the indemnified party completely in connection with the third-party claim.

(d) In the event the indemnifying party shall assume the defense of any third-party claim, the indemnified party shall be entitled to participate in, but not control, the defense with its own counsel at its own expense. If the indemnifying party does not assume the defense of any such third-party claim, the indemnified party may defend the claim in a manner as it may deem appropriate, including, but not limited to, settling the claim or litigation after giving notice of it to the indemnifying party on such terms as the indemnified party may deem appropriate, and the indemnifying party will reimburse the indemnified party promptly in accordance with the provisions of this Section 12.4.

(e) Anything contained in this Section 12.4, to the contrary notwithstanding, Seller shall not be entitled to assume the defense of, but shall be entitled to notice of and to participate in, any third-party claim against Purchaser if the third-party claim seeks an order, injunction, or other equitable relief against Purchaser that, if successful, might materially interfere with the purchased Assets or their operation or the sale or distribution of any of the Products.

12.5. Threshold Amount. Notwithstanding any provision of this

Agreement to the contrary, Seller shall have no liability to Purchaser and Purchaser shall have no liability to Seller under this Section 12 unless the aggregate of all claims against such party exceeds \$_____ and only to the extent that such liability exceeds \$_____; provided, however, that this Section 12.5, shall not apply to any claim under Section 12.4.

13. Termination

13.1 This Agreement may be terminated any time prior to the Closing Date: (i) by the mutual written consent of the parties; or (ii) by Seller if any of the conditions provided for in Article 8 hereof shall not have been satisfied, complied with or performed, and Seller shall not have waived such failure of satisfaction, noncompliance or nonperformance; or (iii) by Purchaser if any of the conditions provided for in Article 7 hereof shall not have been satisfied, complied with or performed, and Purchaser shall not have waived such failure of satisfaction, noncompliance or nonperformance; or (iv) otherwise as expressly provided in this Agreement.

14. MISCELLANEOUS

14.1. Expenses. Except as specifically set forth in this Agreement to the contrary, all fees and expenses incurred by Seller in connection with this Agreement will be borne by Seller and all fees and expenses incurred by Purchaser in connection with this Agreement will be borne by Purchaser.

14.2. Parties in Interest. This Agreement will be binding on, inure to the benefit of, and be enforceable by and against the respective successors and assigns of the parties hereto and shall not be assigned by Purchaser without express written consent of Seller and shall not be assigned by Seller without express written consent of Purchaser.

14.3. Entire Agreement; Amendments. This Agreement and the agreements, instruments, schedules, and other writings referred to in this Agreement contain the entire understanding of the parties with respect to the subject matter of this Agreement. There are no restrictions, agreements, promises, warranties, covenants, or undertakings other than those expressly set forth herein or therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Agreement may be amended only by a written instrument duly executed by all of the parties or their successors or assigns.

14.4. No Waiver. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or a similar nature.

14.5. Headings. The section and paragraph headings contained herein are for the convenience of the parties only and are not intended to define or limit the contents of their sections and paragraphs.

14.6. Applicable Law. This Agreement and all amendments thereof shall be governed by and construed in accordance with the laws of the State of Illinois applicable to contracts made and to be performed therein.

14.7. Notices. All notices, claims, certificates, requests, demands, and other communications under this Agreement will be in writing and notices will be deemed to have been duly given if delivered or mailed, registered or certified mail, postage prepaid, return receipt requested, or for overnight delivery, by a nationally recognized overnight mail service, as follows:

If to Purchaser, to:

Jacob Jacobs
President
XYZ International Incorporated.
Main Street
Anytown, USA

With a copy to:

If to Seller, to:

Adam Adams
President
XXX Aviation Group, LLC
Main Street
Anytown, USA

With a copy to:

or to such other address as the party to whom notice is to be given previously may have furnished to the other party in writing in the manner set forth in this section.

14.8. Public Notice. The Seller and Purchaser shall agree on the form and substance of a joint press release or other public announcement of matters, including but not limited to form letters to customers, related to this Agreement or any of the transactions contemplated thereby that shall be released on or after the Closing; provided, however, that nothing in this Section 14.8, shall be deemed to prohibit any party hereto from making any disclosure that its counsel deems necessary or advisable in order to fulfill that party's disclosure obligations imposed by law or

contract.

14.9. Severability. If any term, condition, or provision of this Agreement shall be declared invalid or unenforceable, the remainder of the Agreement, other than such term, condition, or provision, shall not be affected thereby and shall remain in full force and effect and shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

XXX AVIATION GROUP, LLC

Attest: _____

By: _____

Its: _____

Its: _____

XYZ INTERNATIONAL INCORPORATED

Attest: _____

By: _____

Its: _____

Jacob Jacobs
Purchaser's Shareholder

Adam Adams
Seller's Shareholder

EXHIBIT 1

ASSETS BEING SOLD

Inventory
Accounts Receivable
All Customer and Other Business Lists
Furniture and all equipment located on leased premises
All computer hardware, software and systems
All business documents
Office Supplies
All business records
Trade Names, Business Name and Goodwill
All phone and fax numbers
All URLs
All Advertising rights and materials
All assets listed in Section 2.1 of this Asset Purchase Agreement

Excluded Assets:

Cash

EXHIBIT 2

LIABILITIES BEING ASSUMED

GIFT CERTIFICATES

LAWYERS' MENTOR

EXHIBIT 3

MATERIAL CONTRACTS

NONE

LAWYERS' MENTOR

EXHIBIT 4

PERMITS, LICENSES, AND CONSENTS

NONE

LAWYERS' MENTOR

EXHIBIT 5

TAX RETURNS

ATTACHED

LAWYERS' MENTOR

EXHIBIT 6

ENVIRONMENTAL, HEALTH, SAFETY DOCUMENTS

NONE

LAWYERS' MENTOR

EXHIBIT 7

EMPLOYEES AND KEY EMPLOYEES

| <u>Name</u> | Last | <u>Rate</u> |
|-------------|------|-------------|
|-------------|------|-------------|

LAWYERS' MENTOR

EXHIBIT 8

PATENTS, TRADENAMES, AND TRADEMARKS

The Aviator Shop with related logo

LAWYERS' MENTOR

EXHIBIT 9
LITIGATION

NONE

LAWYERS' MENTOR

EXHIBIT 10
SOURCING AGREEMENT

ATTACHED

LAWYERS' MENTOR