Price Terms

The Venture Group, Ltd. is a Vermont corporation that operates an investment fund. Venture Group has reached an agreement in principle with Keating Manufacturing Co., a Delaware corporation, pursuant to which Venture Group will acquire all of the outstanding stock of Keating from its three shareholders (John P. Applecart owns 16%, Cindy J. Bristle owns 43%, and Ur F. Hangdlepop owns the rest) in exchange for a total purchase price of $65.23 million in cash.

The purchase price was determined based on an appraisal of Keating. The parties agree that an adjustment should be made for any change in the equity of Keating between signing and closing.

Attached are the price terms drafted by counsel for the Buyer. Please mark these up, and feel free to add other terms directly related to the price terms to the extent you think it advisable -- your form should be from Seller’s perspective. [Any terms that you choose to add that may be controversial to Venture Group should be added in brackets, like this sentence.]

Please bring two (2) copies of your completed assignment to class with you.
Stock Purchase Agreement

This Stock Purchase Agreement (“Agreement”) is made as of February ___, 2001, by The Venture Group, Ltd., a Vermont limited partnership (“Buyer”), [SELLER A], an individual resident of [STATE] (“A”), and [SELLER B], an individual resident of [STATE] (“B” and, collectively with A, “Sellers”).

RECITALS

Sellers desire to sell, and Buyer desires to purchase, all of the issued and outstanding shares (the “Shares”) of capital stock of Karsten Manufacturing Co., a [Missouri] corporation (the “Company”), for the consideration and on the terms set forth in this Agreement.

AGREEMENT

The parties, intending to be legally bound, agree as follows:

* * * * * *

2. SALE AND TRANSFER OF SHARES; CLOSING

2.1 SHARES

Subject to the terms and conditions of this Agreement, at the Closing, Sellers will sell and transfer the Shares to Buyer, and Buyer will purchase the Shares from Sellers.

2.2 PURCHASE PRICE

The purchase price (the “Purchase Price”) for the Shares will be Sixty-Five and NO/100 Dollars ($65,230,000.00) plus the Adjustment Amount (as defined below).
2.3 CLOSING

The purchase and sale (the “Closing”) provided for in this Agreement will take place at the offices of Buyer's counsel at 123 North Main Street, Brattleboro, Vermont, at 10:00 a.m. (local time) on the later of (i) June 30, 2001 or (ii) the date that is two business days following the termination of the applicable waiting period under the HSR Act, or at such other time and place as the parties may agree. Subject to the provisions of Section [9], failure to consummate the purchase and sale provided for in this Agreement on the date and time and at the place determined pursuant to this Section 2.3 will not result in the termination of this Agreement and will not relieve any party of any obligation under this Agreement.

2.4 CLOSING OBLIGATIONS

At the Closing:

(a) Sellers will deliver to Buyer:

(i) certificates representing the Shares, duly endorsed (or accompanied by duly executed stock powers), for transfer to Buyer;

(ii) releases in the form of Exhibit 2.4(a)(ii) executed by Sellers (collectively, “Sellers' Releases”);

(iii) noncompetition agreements in the form of Exhibit 2.4(a)(iii), executed by Sellers (collectively, the “Noncompetition Agreements”); and

(v) a certificate executed by Sellers representing and warranting to Buyer that each of Sellers' representations and warranties in this Agreement was accurate in all respects as of the date of this Agreement and is accurate in all respects as of the Closing Date as if made on the Closing Date (giving full effect to any supplements to the Disclosure Schedules that were delivered by Sellers to Buyer prior to the Closing Date in accordance with Section [5.5]); and
(b) Buyer will deliver to Sellers:

(i) the following amounts by bank cashier's or certified check payable to the order of A and B, respectively: $32 Million Five Hundred Sixteen Thousand, Two Hundred Thirty-Eight and 32/100 Dollars ($32,516,238.32) to A and $Thirty-Two Million Seven Hundred Thirteen Thousand, Five Hundred Sixty-One and 68/100 Dollars ($32,713,561.68) to B;

(ii) a certificate executed by Buyer to the effect that, except as otherwise stated in such certificate, each of Buyer's representations and warranties in this Agreement was accurate in all respects as of the date of this Agreement and is accurate in all respects as of the Closing Date as if made on the Closing Date; and

2.5 ADJUSTMENT AMOUNT

The Adjustment Amount (which may be a positive or negative number) will be equal to (a) the consolidated liabilities of the Acquired Companies as of the Closing Date determined in accordance with GAAP, minus (b) the consolidated liabilities of the Acquired Companies as of the date hereof determined in accordance with GAAP.

2.6 ADJUSTMENT PROCEDURE

(a) Buyer will prepare and will cause Anxious Accountants LLP, Buyer's certified public accountants, to audit consolidated financial statements (“Closing Financial Statements”) of the Company as of the Closing Date and for the period from the date of the Balance Sheet through the Closing Date, including a computation of consolidated liabilities as of the Closing Date. Buyer will deliver the Closing Financial Statements to Seller within sixty days after the Closing Date. If within thirty days following delivery of the Closing Financial Statements, no Seller has given Buyer notice of its objection to the Closing Financial Statements (such notice must contain a statement of the basis of such Seller's objection), then the consolidated liabilities reflected in the Closing Financial Statements will be used in computing the Adjustment Amount. If any Seller gives such notice of objection, then the issues in dispute will be submitted to Anxious Accountants...
 LLP, certified public accountants (the “Accountants”), for resolution. If issues in dispute are submitted to the Accountants for resolution, (i) each party will furnish to the Accountants such workpapers and other documents and information relating to the disputed issues as the Accountants may request and are available to that party or its subsidiaries (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (ii) the determination by the Accountants, as set forth in a notice delivered to both parties by the Accountants, will be binding and conclusive on the parties; and (iii) Buyer and Sellers will each bear 50% of the fees of the Accountants for such determination.

(b) On the tenth business day following the final determination of the Adjustment Amount, if the Purchase Price is greater than the aggregate of the payments made pursuant to Sections 2.4(b)(i) and 2.4(b)(iii), Buyer will pay the difference to Sellers, and if the Purchase Price is less than such aggregate amount, Sellers will pay the difference to Buyer. All payments will be made together with interest at nine and one-half percent (9.5%) compounded daily beginning on the Closing Date and ending on the date of payment. Payments must be made in immediately available funds. Payments to Sellers must be made in the manner and will be allocated in the proportions set forth in Section 2.4(b)(i). Payments to Buyer must be made by wire transfer to such bank account as Buyer will specify.

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