

CORPORATE STATE AND LOCAL TAX INDEMNIFICATION DEED

This STATE AND LOCAL TAX INDEMNIFICATION DEED (this "Deed") is entered into as of this _____ day of _____, 20_____, by and between:

INDEMNIFYING PARTY: _____, a corporation organized and existing under the laws of the State of _____, with its principal place of business at _____ (hereinafter referred to as the "Indemnifying Party");

AND

INDEMNIFIED PARTY: _____, a corporation organized and existing under the laws of the State of _____, with its principal place of business at _____ (hereinafter referred to as the "Indemnified Party").

RECITALS

WHEREAS, the Indemnifying Party and the Indemnified Party have entered into that certain _____ Agreement dated as of _____, 20_____ (the "Transaction Agreement");

WHEREAS, in connection with the transactions contemplated by the Transaction Agreement, the parties desire to allocate the risks and liabilities associated with State and Local Taxes (as defined herein) and to provide for the indemnification of the Indemnified Party for certain State and Local Tax matters.

NOW, THEREFORE, in consideration of the mutual covenants, premises, and representation contained herein, the parties agree as follows:

1. DEFINITIONS

- "State and Local Taxes" (or "SALT")** means any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind imposed by any state, local, municipal, or other regional government or taxing authority, including, without limitation, income, franchise, gross receipts, sales, use, ad valorem, transfer, franchise, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, real property, personal property, or windfall profits taxes, together with any interest, penalties, additions to tax, or additional amounts imposed with respect thereto.
- "Pre-Closing Tax Period"** means any taxable period ending on or before the Closing Date, and, with respect to any Straddle Period, the portion of such Straddle Period ending on and including the Closing Date.
- "Straddle Period"** means any taxable period that begins on or before the Closing Date and ends after the Closing Date.
- "Closing Date"** has the meaning set forth in the Transaction Agreement, or if not defined therein, shall mean _____, 20_____.

2. INDEMNIFICATION COVENANT

- Indemnification by Indemnifying Party.** The Indemnifying Party hereby covenants and agrees to defend, indemnify, and hold harmless the Indemnified Party (and its affiliates, officers, directors, employees, and agents) from and against any and all losses, liabilities, claims, damages, deficiencies, costs, and expenses (including, without limitation, reasonable attorneys' and accountants' fees and expenses) arising out of, resulting from, or relating to:
 - Any and all State and Local Taxes of the Indemnified Party, or for which the Indemnified Party is held liable, attributable to any Pre-Closing Tax Period.
 - Any and all State and Local Taxes resulting from a breach of any representation, warranty, or covenant made by the Indemnifying Party in this Deed or in the Transaction Agreement regarding tax matters.
 - Any transfer, sales, use, stamp, registration, or other similar State and Local Taxes arising from the transactions contemplated

under the Transaction Agreement.

2. **Apportionment of Straddle Period Taxes.** For purposes of determining the portion of any State and Local Taxes that are attributable to a Pre-Closing Tax Period within a Straddle Period:
 - a. In the case of property taxes, ad valorem taxes, or flat-rate franchise taxes, the amount attributable to the Pre-Closing Tax Period shall be deemed to be the amount of such tax for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the Straddle Period ending on and including the Closing Date, and the denominator of which is the total number of days in such Straddle Period.
 - b. In the case of all other State and Local Taxes (including income, gross receipts, sales, and use taxes), the amount attributable to the Pre-Closing Tax Period shall be determined on the basis of an interim closing of the books as of the close of business on the Closing Date.

3. CLAIMS AND CONTEST PROCEDURES

1. **Notice of Claim.** The Indemnified Party shall promptly notify the Indemnifying Party in writing upon receipt of any notice of audit, assessment, pending audit, or assessment of State and Local Taxes, or any judicial or administrative proceeding relating to State and Local Taxes for which indemnification may be sought under this Deed. Such notice shall describe the claim in reasonable detail and include copies of any written correspondence from the relevant taxing authority.
2. **Control of Contests.** The Indemnifying Party shall have the right, at its own expense, to control, defend, compromise, or settle any audit, examination, or proceeding (a "Tax Contest") that relates solely to State and Local Taxes for a Pre-Closing Tax Period; provided, however, that:
 - a. The Indemnified Party shall have the right to participate in such Tax Contest at its own expense.
 - b. The Indemnifying Party shall keep the Indemnified Party reasonably informed of the progress of such Tax Contest.
 - c. The Indemnifying Party shall not settle or compromise any such Tax Contest without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned, or delayed) if such settlement or compromise would have a material adverse effect on the tax liability of the Indemnified Party for any period ending after the Closing Date.

4. PAYMENT AND GROSS-UP

1. **Timing of Payments.** Any indemnification payments required to be made under this Deed shall be paid by the Indemnifying Party to the Indemnified Party within _____ days after written demand therefor, accompanied by reasonable documentation setting forth the basis for and calculation of the amount of such payment, but in no event later than _____ business days before the payment of the underlying State and Local Taxes is due to the applicable taxing authority.
2. **Tax Gross-Up.** All indemnification payments made pursuant to this Deed shall be made on an after-tax basis, such that if any payment received by the Indemnified Party is subject to tax, the Indemnifying Party shall pay an additional amount necessary to ensure that the net amount received and retained by the Indemnified Party, after the payment of all taxes on such receipt, is equal to the amount that would have been received and retained had no such tax been imposed.

5. MISCELLANEOUS PROVISIONS

1. **Survival.** The indemnification obligations under this Deed shall survive the Closing Date until the expiration of the applicable statute of limitations for the assessment of the underlying State and Local Taxes, plus a period of _____ days.
2. **Governing Law.** This Deed shall be governed by, and construed in accordance with, the laws of the State of _____, without giving effect to any choice of law or conflict of law provision or rule.
3. **Entire Agreement.** This Deed, together with the Transaction Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to such subject matter.
4. **Amendment and Waiver.** No amendment, modification, or waiver of any provision of this Deed shall be effective unless in writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this State and Local Tax Indemnification Deed as of the date first above written.

INDEMNIFYING PARTY:

By: _____

Name: _____

Title: _____

INDEMNIFIED PARTY:

By: _____

Name: _____

Title: _____