

STATE AND LOCAL TAX (SALT) INDEMNIFICATION AGREEMENT

This State and Local Tax Indemnification Agreement (the "Agreement") is entered into as of _____, 20____ (the "Effective Date"), by and between:

Indemnitor: _____, a _____ organized under the laws of the State of _____, with its principal place of business at _____ (hereinafter referred to as the "Indemnitor");

and

Indemnitee: _____, a _____ organized under the laws of the State of _____, with its principal place of business at _____ (hereinafter referred to as the "Indemnitee").

The Indemnitor and the Indemnitee may collectively be referred to herein as the "Parties," and individually as a "Party."

RECITALS

WHEREAS, the Parties have entered into that certain _____ Agreement dated as of _____, 20____ (the "Underlying Agreement"); and

WHEREAS, in connection with the transactions contemplated by the Underlying Agreement, certain state and local tax liabilities, including but not limited to corporate income, franchise, sales, use, gross receipts, excise, and personal property taxes, may arise or have arisen; and

WHEREAS, the Indemnitor has agreed to indemnify and hold harmless the Indemnitee from and against certain state and local tax liabilities under the terms and conditions set forth herein.

NOW, THEREFORE in consideration of the mutual covenants, promises, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS

1.1. "SALT Liabilities" means any and all liabilities, losses, damages, claims, costs, and expenses (including, without limitation, reasonable attorneys' fees, accountant fees, and court costs) arising out of or related to any state or local taxes, including income, franchise, sales, use, gross receipts, excise, transfer, or property taxes, together with any interest, penalties, or additions to tax imposed by any state, local, or municipal taxing authority.

1.2. "Taxable Period" means any taxable year or portion thereof ending on or before _____, 20____, or any taxable period that includes but does not end on such date.

1.3. "Taxing Authority" means any state, local, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality responsible for the assessment, determination, collection, or imposition of any Tax.

2. INDEMNIFICATION OBLIGATIONS

2.1. The Indemnitor hereby agrees to indemnify, defend, and hold harmless the Indemnitee, its affiliates, officers, directors, employees, and agents from and against any and all SALT Liabilities arising out of, resulting from, or relating to:

- (a) Any unpaid state or local taxes of the Indemnitor for any Taxable Period ending on or before the Effective Date;
- (b) Any breach of any representation, warranty, or covenant made by the Indemnitor in this Agreement or the Underlying Agreement regarding state and local tax matters;
- (c) The operation of the business of the Indemnitor or ownership of its assets in the jurisdictions of _____ for all periods prior to and including the Effective Date.

3. CLAIMS AND PROCEDURES

3.1. **Notice of Claim:** If the Indemnitee receives notice of any audit, assessment, demand, or other assertion of SALT Liability by a Taxing Authority for which it intends to seek indemnification under this Agreement (a "Tax Claim"), the Indemnitee shall notify the Indemnitor in writing within _____ days of receipt of such notice. Failure to give timely notice shall not relieve the Indemnitor of its obligations hereunder, except to the extent that the Indemnitor is actually and materially prejudiced by such failure.

3.2. **Defense of Tax Claims:** The Indemnitor shall have the right, at its own expense, to participate in or, if it acknowledges its full liability for the Tax Claim under this Agreement, to assume the defense, control, settlement, or compromise of such Tax Claim with counsel of its choosing, subject to the prior written consent of the Indemnitee, which consent shall not be unreasonably withheld, conditioned, or delayed.

4. PAYMENT OF INDEMNIFICATION

4.1. Any payment required to be made by the Indemnitor to the Indemnitee pursuant to this Agreement shall be made within _____ business days after written demand therefor by the Indemnitee, which demand shall be accompanied by reasonable documentation verifying the amount of the SALT Liability and the payment obligation.

5. TERM AND SURVIVAL

5.1. The representations, warranties, covenants, and indemnification obligations contained in this Agreement shall survive the closing of the transactions contemplated by the Underlying Agreement and shall remain in full force and effect until _____ calendar days after the expiration of the applicable statute of limitations for the assessment of the relevant state and local taxes.

6. GOVERNING LAW AND JURISDICTION

6.1. This Agreement 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 rules.

6.2. Any legal action, suit, or proceeding arising out of or relating to this Agreement shall be brought exclusively in the federal or state courts located in _____.

7. MISCELLANEOUS

7.1. **Entire Agreement:** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written.

7.2. **Amendments:** This Agreement may not be amended, modified, or supplemented except by a written instrument signed by both Parties.

7.3. **Severability:** If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the Parties hereto have executed this State and Local Tax Indemnification Agreement as of the Effective Date first written above.

INDEMNITOR:

By: _____

Name: _____

Title: _____

Date: _____

INDEMNITEE:

By: _____

Name: _____

Title: _____

Date: _____