

*Group II Equity Partners LLC*  
231 Forest Street  
Babson Park, MA 02457-0310

Steven B. Schaepe, Managing Director  
Mark S. Denomme, Managing Director  
Consilium Partners LLC  
399 Boylston Street  
Boston, Massachusetts 02116

Re: Letter of Intent Between Group II Equity Partners LLC and Manchester Tank Equipment Co.

Dear Steven and Mark:

This letter of intent (“Letter Agreement”) sets forth terms and conditions by which Group II Equity Partners LLC (“Group II”) shall purchase all issued and outstanding common stock of Manchester Tank Equipment Co. (“Manchester Tank”) (the two parties being referred to as a “Party” or the “Parties” below). **Part I** of this Letter Agreement summarizes principal terms proposed for a definitive agreement and is not binding upon the Parties. These principal terms are subject to execution and delivery by the Parties of the Definitive Agreement and the Covenant as further defined in Sections 1 and 4, respectively. **Part II** of this Letter Agreement includes a number of covenants by the Parties, which shall be legally binding upon the execution of this Letter Agreement by the Parties. The binding terms of Part II below are enforceable against the Parties, regardless of whether or not the aforementioned agreements are executed and regardless of the reasons for non-execution of such aforementioned agreements.

**Part I: Proposed Terms**

1. Stock Purchase Transaction. The Parties will execute a Stock Purchase Agreement (the “Definitive Agreement”) pursuant to which Group II shall purchase 100% of Manchester Tank’s Common Stock (the “Shares”) from Manchester Tank’s two Shareholders, Reifschneider\_brothers, for the total purchase price described in Section 2 below.
2. Purchase Price. Group II shall compensate Manchester Tank **\$71mm** as full consideration for all of the Shares (the “Purchase Price”), which amount shall comprise: 30% equity financed and rest external ABL and Mezzanine financing
3. Escrow. Group II shall put \$5,000,000 in escrow for the current Manchester Tank Shareholders. Three million (\$3,000,000) of this is to cover any impending or future liabilities and litigation claims which could arise from any period before 3 months after day of purchase. The payout of (\$3,000,000) will after 5 years. Rest 2 million (\$2,000,000) will be an earn out in 5

installments of 400K at end of each financial year which would be credited to Current Manchester Tank Shareholders upon achievement of annual revenue increase of at least 9% for each year from 1996 to 2000. This is also pertinent to meeting the required goal of maintaining and growing existing top 5 OEM clients for at least 3 years.

4. Old Debt. Buyer shall pay out or retire all of Manchester Tank's existing debt. Not the exclusive list but this includes all form of loans, debt, notes etc., including letter of would be cleared by the seller.

5. Covenant Regarding Existing Top Clients. Prior to closing the Definitive Agreement, Reifschneider\_brothers shall execute an agreement with Manchester Tank wherein each brother shall covenant not to engage in any Origination, Securitization, or Distribution work (as those terms are defined on page 12 of the Deal Book) for any of Manchester Tank Customers

5. Reifschneider Brothers Continued Management. Prior to closing the Definitive Agreement, Reifschneider\_brothers shall execute an agreement with Manchester Tank wherein they shall be committed to continue for at least five (5) years and at Manchester Tank's ongoing request to (1) manage Manchester Tank's day-to-day activities and (2) to actively participate in Manchester's management decisions. For this continuing five (5) year commitment, brothers will receive their existing salary and additional performance-based bonuses; we would be willing to offer them up to a 5% equity stake in the Manchester's total equity vested over a period of 5 years. The equity will be given in the form of common stock, no voting rights and priced at half the current equity value. We would also provide bonus incentives for upper management from equity pool of 2%. For this reason total 7% of total equity will be set aside for brothers and management to be vested over a period of 5 years. Any equity awarded will be subject to a prohibition on the transfer for either a period of time following the buyout or until an IPO by the company. In addition, there will be other transfer restrictions (such as rights of first offer or rights of first refusal and forfeiture and call rights if the executive leaves the portfolio company). Bonuses to upper management will be based on following performance parameters:

1. Maintaining revenue increase of at least 8% each year
2. Maintain COGS to be not more than 80% of sales.

6. Closing and Documentation. The Parties intend that a closing of the Definitive Agreement shall occur on or before three (3) months from execution of this Letter Agreement, at a time and place that is mutually acceptable to the Parties. Group II or its representatives shall prepare and revise the initial drafts of the necessary agreements.

## **Part II: Binding Terms**

In consideration of the costs incurred by the Parties in undertaking actions toward the negotiation and consummation of the Definitive Agreement, of the Covenant and of related agreements, the Parties hereby agree to the following binding terms ("Binding Terms").

6. Due Diligence. The Shareholders, employees and other representatives (collectively, the “Representatives”) of Manchester Tank shall (1) grant Group II and its Representatives full and complete access to inspect and appraise Manchester Tank’s offices, properties, books and records, financial and operating data, contracts, existing loan and other documents, and (2) furnish books and records, financial and operating data, contracts and other documents as Group II shall reasonably request.

7. No Material Changes. Manchester Tank agrees that, from and after the execution of this Letter Agreement until the closing of the Definitive Agreement, the Manchester Tank’s businesses and operations will be conducted in the ordinary course and in the substantially the same manner as such business and operations have been conducted in the past and Manchester Tank will notify Group II of any extraordinary transactions, financing or business involving Manchester Tank.

8. Employees. In order to insure continuity of Manchester Tank’s operations, Group II intends to retain all of Manchester Tank’s current employees as of the closing of the Definitive Agreement. Compensation and benefits for those employees will be consistent with those currently offered to such employees. After the closing, Group II shall retain that number of employees as shall be necessary to avoid liability of Manchester Tank under the Workers Adjustment Retraining and Notification Act. Group II shall honor prior service credit under current Manchester Tank welfare plans for purposes of satisfying pre-existing condition limitations in Group II’s welfare benefit plans. Where Manchester Tank has qualified retirement programs, Group II shall honor prior length of service for purposes of eligibility and vesting in Group II’s retirement benefit plans, but shall not make contributions to such plans with respect to prior service. Group II intends to assume the accrued liability for paid time off, vacation and sick time benefits related to such employees as well as the COBRA obligations to former employees.

9. Liabilities. Except as set forth in this Letter Agreement or in the Definitive Agreement, Group II does not and will not assume any of liabilities, indebtedness, commitments or obligations of any kind whatsoever relating to Manchester Tank’s operations prior to the closing of the Definitive Agreement and Manchester Tank shall and hereby does indemnify Group II from any and all liabilities incurred by Manchester Tank’s actions prior to closing of the Definitive Agreement, including but not limited to civil monetary penalties or litigations brought by the EPA, other government trade agencies or civilians.

10. Confidentiality. From the execution of this Letter Agreement until the closing of the Definitive Agreement, neither Manchester Tank nor any of its Representatives shall make any public disclosures regarding any of the agreements or discussions, or any terms described in any agreements or discussions between the Parties, unless such disclosure is required by law.

If such disclosure is required by law, Manchester Tank shall notify Group II in advance and furnish Group II with a copy of the proposed disclosure.

11. Deal Costs. Each of the Parties shall pay its own costs incurred by the review, negotiation and/or consummation of the transaction(s) contemplated in this Letter Agreement, including but not limited to any costs associated with (i) any finder's fees, (ii) any consultant fees and (ii) any fees for legal or other professional services.

12. Regulatory Filings. Each of Manchester Tank and Group II shall make all necessary filings with government agencies, including if required, filings pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as soon as possible after the date hereof based upon the terms of this Letter Agreement. Each of Group II and Manchester Tank shall obtain as soon as practicable all other applicable governmental approvals (or exemptions therefrom) relating to the transactions described herein. Group II shall coordinate the certificate of need and change of ownership licensure process.

12. Term. The foregoing obligations under Part II of this Letter Agreement shall be effective as of the date of Manchester Tank's execution of this Letter Agreement and shall terminate upon the completion of the transactions contemplated in this Letter Agreement, or, if such transactions are not completed, then at such time as the obligation under each Section of Part II of this Letter Agreement have been satisfied, unless extended by the Parties by mutual agreement.

Please indicate your approval of the terms and conditions of this Letter Agreement and your good faith intention to enter into these negotiations by executing it in the space provided below and returning one executed copy to Group II, whereupon we shall proceed promptly with the preparation and negotiation of the Definitive Agreement.

Please be advised that this proposal shall expire unless there has been delivered to Group II a fully executed copy of this letter no later than 5:00 p.m. on July 10th.

We look forward to a successful and mutually rewarding relationship in respect of the transactions contemplated herein.

Sincerely,

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Group II Equity Partners LLC

Acknowledged and Agreed to:

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Manchester Tank