

CONFIDENTIALITY AGREEMENT

Princeton

Target Enterprises, 186 Roydon Street, London SW1

Date:

Dear Sirs

CONFIDENTIALITY UNDERTAKING

1 In consideration of Target Enterprises (hereinafter
'The Company') providing Princeton Limited
(hereinafter 'Princeton' 'us' or 'we') with information
in relation, *inter alia*, to the business of the Company
5 and the possibility of a transaction relating to the
same (collectively, 'Confidential Information'), we
hereby undertake to the Company, always subject to
paragraph 2 below, as follows:

- a) We agree that unless we have obtained your prior
10 written consent, we will not disclose or permit the
disclosure to any third party other than our
Representatives (as defined in paragraph (b)
below), the fact that the Company may be
15 considering a possible transaction with us or with
other parties, the fact that certain information has
been made available to us regarding the Company,
the fact that we and the Company are or may be
engaged in discussions with respect to a possible
20 transaction or the status of such discussions; and
- b) The Confidential Information will be used solely for
the purpose of evaluating, negotiating, advising on
or implementing a proposed transaction and will be
held in confidence by us and will not be disclosed
25 to any person other than such directors, officers,
employees, agents, representatives and advisers of
Princeton group of companies (collectively, our
'Representatives')
- c) We will upon the written request of the Company
30 deliver to the Company or, at our option, destroy, all
written Confidential Information provided to us,
including any copies, extracts or other
reproductions in whole or in part, of such written
material. We will, upon the written request of the
35 Company, use our reasonable endeavours to
destroy all documents, memoranda, notes and
other writings whatsoever prepared by us or any of
our Representatives to the extent containing or
reflecting or derived from any Confidential
40 Information or any negotiations or proposals
relating to any proposed transaction ('Relevant
Material').
- d) In the event that we and/or any of our
45 Representatives are required by law, regulation or
by any requirement of any regulatory body or
other government authority to disclose any
Confidential Information, notice of such fact shall
be given to The Company by telephone or facsimile.

- e) Unless and until a definitive written agreement is
executed and delivered by us and the Company,
neither we nor The Company shall be under any
obligation to complete a transaction contemplated
hereby and either we or The Company may, in its
sole and absolute discretion, discontinue
discussions, negotiations or due diligence related to
any potential transaction; and
- f) The obligations of each of The Company and
Princeton imposed by this letter of undertaking
shall cease upon the earlier of the entering into of a
binding agreement between The Company and
Princeton and the second anniversary of the date
hereof; and
- g) This letter agreement may not be modified or
amended except in the form of a written document
executed by the Company and Princeton; and
- 2 The obligations on us under this letter of undertaking
shall not apply:
 - a) To any information lawfully in the possession of
ourselves prior to the supply of the Confidential
Information; or
 - b) To information which enters the public domain
after the supply of the Confidential Information for
any reason not attributable to any actions of
ourselves or our Representatives; or
 - c) Without prejudice to paragraph 1e above, to
information which is required to be disclosed by
applicable law or order of court of competent
jurisdiction any government department or
recognised stock exchange agency or other
regulatory body or authority whether or not having
the force of law; or
 - d) To information which is independently developed by
us other than in breach of this letter of undertaking.
- 3 The Company agrees that we are not liable for any
costs which the owners of The Company, its directors,
employees or their respective advisers may incur in
relation to the disclosure of the Confidential
Information or any subsequent negotiations.
- 4 Subject to the express obligations herein, we shall be
free to use the Confidential Information free of charge
and without limit as to time, territory or manner of
disclosure. This letter agreement shall be governed by
and construed in accordance with the laws of England.

Yours faithfully,

For and on behalf of Princeton Limited

Agreed and Accepted:

For and on behalf of Target Enterprises
Date:

Reading tasks

A Understanding main points

Read the contract on the opposite page and answer these questions.

- 1 What is this agreement called?
- 2 How many parties are involved in the letter of agreement?
- 3 What do the Company and Princeton have to do to show that they abide by all the conditions?
- 4 How many definitions are there in the agreement?
- 5 What will Princeton use the information for?
- 6 What happens if legal authorities demand to see the confidential information?
- 7 How long does the agreement last, if no other agreement is made?
- 8 How can the agreement be changed?

B Understanding details

Answer these questions.

- 1 Is Target Enterprises the giver or the receiver of the confidential information?
- 2 What does 'your prior consent' allow Princeton to do, in 1a?
- 3 Who do the 'representatives' work for – Princeton or Target Enterprises?
- 4 Which clause mentions the possible destruction of all the written confidential documents?
- 5 Which clause sets out the fact that no firm contract exists to finalise any deal and that Princeton can stop the discussions at any time?
- 6 Which clauses explain when information is not considered to be 'confidential'?
- 7 Is Princeton free to use information that it acquired before signing this agreement?
- 8 Can it use information in the public domain?
- 9 Which four institutions are mentioned as possibly requiring the information to be disclosed?
- 10 How many parties must agree and accept the letter?

Vocabulary tasks

A Legal terms

Match the term to the definition:

- | | |
|------------------------------------|--------------------------------------|
| 1 disclose (line 10) | a) right to act in a case |
| 2 reasonable endeavours (line 34) | b) reveal |
| 3 execute and deliver (line 49) | c) legal authority |
| 4 absolute discretion (line 53) | d) possible business deal |
| 5 potential transaction (line 55) | e) without influence or obligation |
| 6 binding agreement (line 59) | f) do something which causes expense |
| 7 competent jurisdiction (line 76) | g) legally responsible |
| 8 force of law (line 80) | h) make every effort |
| 9 liable (line 83) | i) draw up and send |
| 10 incur (line 85) | j) legal obligation |

B Contract language

Match these terms and their definitions.

- | | |
|--------------------------------|----------------------------------|
| 1 in consideration of (line 1) | a) breaking the agreement |
| 2 hereinafter (line 1) | b) regarding the fact |
| 3 hereby (line 7) | c) not affecting existing rights |
| 4 subject to (line 7) | d) in the absence of |
| 5 at our option (line 29) | e) before |
| 6 unless and until (line 48) | f) from now on in this document |
| 7 prior to (line 68) | g) as a result of this document |
| 8 without prejudice (line 74) | h) on condition that |
| 9 in breach of (line 82) | i) understood and interpreted |
| 10 construed (line 92) | j) according to our choice |

C Complete the sentence

Use an appropriate word from the box to complete each sentence.

hereby hereinafter therefore hereto herewith

- I *hereby* promise that I will not release any further details about the matter.
Signed: Mrs Green.
- The two firms, Brite and Stockdale, referred to as the Holder and the Receiver, agree the following.
- Please find three more pages that belong to the brief.
- This is an urgent matter and I ask you to sign and return these papers as soon as possible.
- Please study the list of prices attached and reply immediately to my clerk.

D Use of *shall* in contracts

Legal English is marked by the more formal use of *shall* in legal documents. Complete the sentences with the appropriate form of *shall* or *will*, and re-write each sentence in a simpler, more everyday style.

- 'Confidential information' *shall* mean all information disclosed.
Confidential information means all information made available to the reader.
- What time you be back this evening?
- Nothing in this document be construed as granting any rights to the Company.
- The Company promptly destroy all materials if so requested.
- If you carry the boxes, I carry the bags.
- Princeton bear no responsibility for the accuracy of the information.
- What do you think he say when he hears the news?
- The Company not make any reference to the materials without the permission of the firm.