

PERSONAL AND CONFIDENTIAL

December 20, 2024

Ladies and Gentlemen:

On behalf of Company ABC (“ABC” or the “Company”), thank you for your continued interest in a possible transaction involving the Company (a “Transaction”). At this time, Investment Bank 123 (“IB123”) invites you to submit a final offer (a “Final Offer”) in the form of a Letter of Intent to acquire the Company. This letter outlines the procedures for submitting your Final Offer, which we ask that you submit via email to IB123 no later than **12:00pm ET on Friday, February 2, 2024**.

In order for the Company and IB123 to fully evaluate your Final Offer, we ask that you be as detailed as possible in providing the following information:

1. Purchase Price: Your Final Offer should specify the dollar valuation (and not a range) that you intend to pay for 100% of the equity interests of the Company on a cash-free, debt-free basis, and assuming a normalized level of working capital, along with the methodology used to arrive at the valuation.
2. Financing: Your Final Offer should identify the acquiring entity, and the sources from which you would finance the Transaction. If external financing is required, please indicate the intended amount and form of security to be issued to each external financing source, the level of review and approval received to date, and the timeframe needed to complete such financing and provide letters of commitment from each prospective financing source.
3. Transaction Structure: Company ABC is a Pennsylvania professional corporation that has elected to be taxed as an S corporation. ABC anticipates the transaction to be structured for both legal and tax purposes as a sale of equity interests of the Company. ABC may entertain an alternative tax structure proposed by a potential investor or buyer.
4. RWI Policy: The Company expects that (i) the acquiror will obtain a representations and warranties insurance policy (the “RWI Policy”) in connection with the Transaction, the premium costs and underwriting fees of which will be paid by for by the acquiror, (ii) the RWI Policy will serve as the acquiror’s sole and exclusive monetary remedy for breaches of representations and warranties under the definitive purchase agreement governing the Transaction, and (iii) the acquiror will be responsible for any and all retention obligation under the RWI Policy. To the extent you are not agreeable to these terms related to the RWI Policy, please indicate as much, and specify how you propose to adjust such term(s).
5. Diligence: Your Final Offer should identify each of your due diligence work streams, any third parties you would like to assist you with your due diligence review of the Company and to what degree each of those work streams have been completed. To the extent that you have requests for additional information that has not been made available to date, please submit such requests to IB123, and we will endeavor to obtain responses to such requests either in document form or through conference calls or meetings with management of the Company.

6. Treatment of Employees; Rollover: Your Final Offer should include a detailed description of your overall plan related to treatment of employees, including compensation and benefit plans. Please describe the specific terms of any proposed management equity incentive plans, including the size of the equity pool, who is eligible, and the vesting schedule. Your Final Offer should also include a detailed description of the specific terms of the anticipated equity rollover.
7. Working Group: Please provide the names and contact information for the members of your team (including external advisors) who will be actively evaluating and assisting with the Transaction.
8. Approval Process & Timing: Please specify the level of review and approval that your Final Offer has received and describe any approvals or conditions required for you to consummate the Transaction. Please also provide a proposed timeline for completing the Transaction, including completion of each of your due diligence workstreams, execution of a purchase agreement and closing.
9. Other: Any other information you feel may be important to the Company and its owners in considering your Final Offer.

Your Final Offer should represent your best and final offer. While IB123 may contact you if necessary to clarify your Final Offer, you should not assume that you will be given the opportunity to rebid or revise the terms of or increase the amount of your Final Offer.

In order to maintain the Company's flexibility, we reserve the right to modify the process outlined above in any manner without notice and to terminate discussions at any time. Further, the Company expressly reserves the right, in its sole and absolute discretion, to (i) evaluate the terms and conditions of any offers; (ii) reject any or all offers without assigning any reasons; (iii) negotiate with one or more prospective buyers; (iv) terminate at any time further participation in the process by any party; and (v) enter into a definitive Purchase Agreement, and in each of the foregoing cases, at any time without prior notice to other prospective buyers. By participating in this process, you acknowledge that you are relying solely upon your own independent investigation and evaluation of the Company and that neither the Company nor any of its representatives are making, and you are not relying on, any representation or warranty (whether express or implied) regarding the manner in which the sale process is conducted. In no event will the Company, its affiliates or subsidiaries or any of its or their directors, officers, employees, representatives (including IB123) or shareholders have any liability to any prospective buyer as a result of any of the foregoing actions, including the rejection of any Final Offers or modification of the procedures described herein.

The existence and content of this letter are subject to the previously executed non-disclosure agreement. None of the Company, its shareholders, management, employees, customers, suppliers, or advisors (other than IB123, as indicated above) may be contacted directly. Each party hereto will be solely responsible for any costs or expenses it incurs in connection with the Transaction, except as may be set forth in a binding definitive agreement.

We appreciate your interest in the Company and look forward to working with you on this Transaction. Please do not hesitate to contact any member of the IB123 team with questions as you evaluate this opportunity.