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| Ihr Zeichen |  |  |
| Our reference: Project [xxx] |  |
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| **Private and confidential**  Address |
| [Date] | | |
| **Project [xxx] – Process letter phase I** | |
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| Dear [xxx], | | |

On behalf of CLIENT (“Client” or the “Vendor”), we would like to thank you for the interest that you have expressed in the acquisition of the shares of TARGET (“Target” or the “Company”) and for returning the signed confidentiality agreement (“Confidentiality Agreement”).

As you are aware, KPMG AG Wirtschaftsprüfungsgesellschaft Department Deal Advisory (in the following referred to as “KPMG Deal Advisory”) has been retained by and is acting as the exclusive financial adviser to the Vendor in relation to the potential disposal of all shares in Target (the “Proposed Transaction”).

This letter (the “Process Letter I”) sets forth the procedures and requirements for the Proposed Transaction.

**Information Memorandum**

KPMG Deal Advisory has been authorised by the Vendor as his agent to issue the enclosed confidential information memorandum (the ”Information Memorandum“) to potential investors for the sole purpose of assisting them in assessing the investment opportunity.

Please note that as recipient of the Information Memorandum you are strictly bound by the terms of the Confidentiality Agreement, regardless of whether an indicative offer is submitted or, once submitted, is pursued to a subsequent stage of the process.

# Proposed Transaction

The Proposed Transaction will include [the acquisition of 100% of the shares of Target which are currently held by Client].

# Indicative Offer

In order to qualify for further discussions, we would like to ask you for a written indication of your intent regarding the Proposed Transaction in the form of a non-binding indicative offer (the “Indicative Offer”) after which you may be invited to the next stage of the process. Key criteria for selection will include, but are not limited to, the following factors:

* enterprise value of the company and derived equity value
* strategic rationale for the acquisition of Target
* future plans for the Target’s management and employees
* required time and content areas for due diligence
* closing probability, particularly related to financing and regulatory clearance

Please send your Indicative Offer to KPMG Deal Advisory by no later than

**5 p.m. CET on [xxx]**.

Note that your Indicative Offer must be signed by an officer duly authorized by your company and should be sent by facsimile or e-mail with hard copy to follow to:

|  |  |
| --- | --- |
| Attention: [xxx and xxx]  Facsimile: +49 [xxx] Email: [xxx]@kpmg.com and: [xxx]@kpmg.com | KPMG AG Wirtschaftsprüfungsgesellschaft Deal Advisory The SQUAIRE / Am Flughafen 60549 Frankfurt am Main Germany |

Your Indicative Offer should include the information as detailed in Appendix I to this letter.

# Overview of the further process

During the further process, you and your advisors will have the opportunity to conduct a comprehensive due diligence process comprising:

* a presentation held by the management of the Target;
* access to an electronic data room (the “Data Room”);
* the opportunity to discuss questions with the management in a structured questions and answers process (the “Q&A Process”); and
* [access to Vendor initiated financial, tax, commercial and legal Due Diligence Reports;]
* a meeting or telephone conference call for the discussion of the draft sale and purchase agreement (“Draft SPA”) governing the Proposed Transaction.

It is expected that the information provided in the Second Phase will enable you to submit a Final Offer including fully discussed and complete acquisition documentation (the “SPA”) as well as a bank commitment letter and/ or guarantee for the purchase price. Following the receipt of your Final Offer, the Vendor intends to negotiate the SPA with the investor(s) having submitted the most attractive offer as soon as possible. Please note that the Vendor intends to close the transaction before [xxx], to include signing of the SPA and regulatory clearance.

# Information Requests

Other than the information provided in the Information Memorandum, which will include a detailed overview of the Target and a business plan for the business on a stand-alone assumption, the Vendor and KPMG Deal Advisory do not intend to make available at this stage of the process any substantial further information prior to the receipt of the Indicative Offers. However, selected questions on Target or the further process may be addressed at the sole discretion of KPMG Deal Advisory.

# Confidentiality

The disclosure of any Confidential Information (as defined in the Confidentiality Agreement) to prospective purchasers is subject to the terms of the Confidentiality Agreement signed by you. This Confidential Information includes the information provided in the Company Overview enclosed with this letter.

# Other Provisions

The Vendor and KPMG Deal Advisory reserve the right, at their sole discretion and without providing any reasons, at any time and in any respect, to alter these procedures, to terminate discussions, to reject any proposal and to enter into discussions with any party with respect to the Potential Transaction. The exercise of any such rights does not entitle you to raise any claims, legal or otherwise, for compensation of damages and/or expenses incurred.

It is understood that prospective purchasers will bear all of their costs and expenses in connection with their investigation and evaluation, including the fees and disbursement of their own counsel, advisors and investment bankers.

Pursuant to their undertakings in the Confidentiality Agreement, prospective purchasers may not disclose to any third party the fact that they are engaged in the evaluation of the Company.

All communications, inquiries, requests for information should be addressed in writing, by e-mail or by facsimile to KPMG Deal Advisory attention to one of the following representatives:

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| --- | --- |
| [xxx]  *Partner*  Tel: +49 69 9587-[xxx]  Mob: +49 [xxx] Fax: +49 1802 11991 [xxx]  [xxx]@kpmg.com | [xxx]  *Manager*  Tel: +49 69 9587-[xxx]  Mob: +49 [xxx] Fax: +49 1802 11991 [xxx]  [xxx]@kpmg.com |

We would like to explicitly point out that any communication in connection with a possible Transaction **must be exclusively addressed to KPMG Deal Advisory**. Under no circumstances should you establish direct contact with the management, employees or parties involved with the Vendor or the Company. To assist you in the delivery of a full and complete offer, the KPMG Deal Advisory team is looking forward to answering any question you might have.

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| Kind regards, |  |
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| [xxx] | [xxx] |

**Appendix I**

**Key information to be provided in the Indicative Offer:**

1. *Price –* The price, denominated in Euro, that you are prepared to pay for the Company on a debt-free and cash-free basis (“Offer Price”). Price ranges for the Offer Price will not be accepted. Your Indicative Offer should include an explanation of how you arrived at the Offer Price, including key assumptions, e.g. financial, tax, legal or structural assumptions, applicable conditions, value drivers and other factors as appropriate;
2. *Availability of Financing* – Assurance and proof of the necessary financing for the Offer Price and the Transaction. Please note that the strength of your financing arrangements will be of key importance to allow participation in the process. *[Therefore, indicative offers contingent on securing third party financing will not be accepted for the next phase]*;
3. *Transaction structure –* The transaction structure envisaged by you, including the acquiring entity, its ultimate shareholders, and any other aspects of the transaction structure that are relevant at this stage. Please also include any deviations you request to the scope of the Proposed Transaction as proposed in this Process Letter;
4. *Description of the prospective purchaser –* A summary description of the prospective purchaser and disclosure of your interests in companies which either compete directly or indirectly with the Company or participate in related industries;
5. *Acting as principal* – Confirmation that you are acting as principal for your account and not as a broker or agent for an undisclosed third party;
6. *Acquisition rationale* – An explanation of the business rationale for the Proposed Transaction and demonstration of a clear plan for the business under your prospective ownership;
7. *Regulatory implications and necessary approvals* – Confirmation that your Indicative Offer has received the necessary internal approvals including any board, shareholders, or other approvals as well as details, where relevant, of your assessment of any regulatory implications of the Proposed Transaction, e.g., potential merger control issues. If there is any material merger control issue, your Offer should propose a solution addressing such issues. Please outline in detail the timeframe for satisfying all final regulatory conditions;
8. *Due Diligence* – A description of key due diligence items that you wish to investigate in order to reconfirm your Indicative Offer. Your offer should also include the advisers as well as an elaboration of anticipated duration to complete due diligence;
9. *Contacts* – The identity and details of your advisors, if any, and the name(s) of the principal contacts with whom KPMG Deal Advisory may clarify any issues with respect to the Indicative Offer;
10. *Other information –* Any other information which you deem to be material to the Vendor in the decision to select a purchaser for the Proposed Transaction.

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