



**LETTER OF INTEREST**  
**Private Equity Minority Investment 1**

[Date]

Mr. [\_\_\_\_\_]

[Title]

[XYZ]

[\_\_\_\_\_]

[\_\_\_\_\_]

Dear Mr. [\_\_\_\_\_]:

It has been a pleasure for us to get to know you and other senior staff at XYZ. As our understanding of ZZZ (the “Company”) has increased, so has our enthusiasm about the Company’s future. We are excited about participating with you in the [\_\_\_\_\_] market and helping you and the ZZZ management team increase product quality and operational efficiency leading to increased value for the shareholders. We feel that a financial investment by ABC (“ABC”) combined with our contribution to the Company’s strategic direction and management, will significantly enable ZZZ to take full advantage of the opportunities for creating value. ABC’s proven role as a value added partner will provide ZZZ with the resources and market access to ensure maximizing value for all ZZZ shareholders.

1. ABC is pleased to submit the following non-binding indication of interest pursuant to which ABC proposes to acquire approximately [\_\_\_\_]% of the fully-diluted share capital of ZZZ (the “Company”) with the expressed intent of assisting XYZ in improving the operation and value of ZZZ.
2. Based on the financial model received on [date] and information we received during our visit with you [date], we have developed a preliminary non-binding valuation for [\_\_\_\_]% of ZZZ of \$[\_\_\_\_] million to \$[\_\_\_\_] million.
3. In consideration of ABC’s investment, we would propose a Shareholders Agreement that would afford ABC a sufficient level of shared control in conjunction with XYZ’s continued operational leadership. It is ABC’s policy to work with quality management teams in order to maximize shareholder value and to allow existing management teams to be fully responsible for day-to-day operations as long as they are meeting the projected financial performance targets and business plan timelines as determined by the shareholders, including XYZ and ABC. ABC’s special shareholder rights would include those previously discussed with you, in particular including ABC’s right to sell its shares in ZZZ to any third party along with the rights associated with such shares per the Shareholders Agreement. As we have discussed however, we are sympathetic to your strategic objectives and are willing to work with you to develop mutually satisfactory terms.
4. Consummation of this proposal will be subject to ABC’s completion of, and satisfaction with, a customary business, financial and legal due diligence review of ZZZ, the negotiation and execution of a

definitive Purchase and Shareholders Agreements and the receipt of all necessary approvals, including investment committee and third party approvals. Upon XYZ's acceptance of the terms of this preliminary non-binding price indication, we and our advisors are prepared to commence our due diligence review promptly.

5. Accordingly, XYZ hereby grants ABC the exclusive right to purchase the above-described shares of ZZZ until the earlier of [date], or until such time as the parties mutually agree not to proceed with any transaction (the "Exclusive Period"). During the Exclusive Period, neither XYZ nor any person or entity acting on its behalf, shall enter into any discussions or negotiations with, or make any offers or proposals to, any third party with respect to any shares of ZZZ. Should XYZ not be successful in obtaining shares sufficient for ABC to purchase [\_\_\_]% of the shareholding in ZZZ, XYZ agrees to reimburse ABC, within thirty (30) business days of its written request to XYZ, for expenses incurred by ABC with respect to its due diligence and negotiation of the proposed transaction from [date] to such date as ABC determines XYZ will not be able to obtain shares in a timely manner.

6. This letter represents only a preliminary indication of interest and does not constitute a contract, commitment, undertaking or other binding obligation or limitation on the part of any person in any respect, except that XYZ's obligations contained in numbered paragraph 5, above, constitute the binding and enforceable obligations of XYZ. In addition, except as specifically provided in the immediately preceding sentence, this letter does not constitute an offer or proposal capable of acceptance. Any obligation of ABC or its affiliates with respect to an investment in ZZZ will be only as set forth in a definitive written agreement executed by ABC. This letter and the matters set forth herein are confidential and may not be disclosed to any third party without the written consent of ABC. This preliminary indication expires the earlier of (i) the signing of any term sheet or memorandum or understanding, or (ii) [date].

The following can be contacted for any additional information or in case it is necessary to clarify this letter:

Mr. [\_\_\_\_\_] (212-xxx-xxxx) or Mr. [\_\_\_\_\_] (212-xxx-xxxx).

Sincerely,

**ABC**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Agreed and Accepted as of the date first written above:

**XYZ**

By: \_\_\_\_\_  
Title: \_\_\_\_\_