Dear [Name],

Per our communications and based on the confidential information memorandum (CIM), this letter sets forth the non-binding preliminary indication of interest (IOI) by Reef Point Management LLC (“RPM”) in acquiring [Acquisition Target].

Thank you again for bringing this opportunity to our attention.

Together with you and the seller, I look forward to exploring ways to keep the company in capable hands. Together we can determine if RPM is the right buyer to deliver a bright future for all stakeholders.

For your consideration, the outline of our proposal is as follows:

* *Enterprise Value*: Based on a [time frame] adjusted EBITDA of [$$$], we would value the company at [#]x EBITDA, or [$$$] on a total debt-free, cash-free, and tax liability-free basis. Our valuation assumes that the financial condition of the company is reasonably as presented in the CIM.
* *Form of consideration*: RPM would pursue a [stock/asset] purchase of 100% of the company for cash and other consideration. In our contemplated structure, the purchase price would consist of [$$$] cash at close and [$$$ seller financing].
* *Working capital*: The purchase price would be subject to the company having a mutually agreed upon level of working capital at closing. The target working capital would be determined after a review of the monthly working capital balances over the last year. Working capital would be defined as current assets (excluding cash and tax-related assets) less current liabilities (excluding debt and tax-related liabilities).
* *Financing:* RPM will fund the required equity through [equity sources]. We would introduce our financing sources early in the process in order to establish our capital structure. RPM may also raise senior and subordinate debt through customary financial institutions.
* *Timing and approvals*: We anticipate closing the transaction within [#] to [#] days of signing a letter of intent (LOI). The decision to consummate a transaction will be made solely by RPM. There are no other outside approvals required.
* *Management*: It is the intention of RPM to retain certain employees of the company. However, we have not had any discussions with management to determine if there would be any employees who would not be part of the transaction.
* *Due-diligence requirements:* Our IOI is subject to customary operational, financial, and legal due diligence as well as reaching mutually satisfactory arrangements with key managers of the company and the execution of sale and purchase agreements. At the appropriate time, RPM would also perform due diligence on the company’s major customers and suppliers. To assist us during due diligence, we would expect to engage outside advisors in the areas of legal, accounting, environmental, insurance, and employee benefits.
* *Background*: RPM has significant operational, strategic, and financial experience to lead and grow the company. We encourage the seller to ask any and all questions in order to better understand our qualifications, backgrounds, and objectives.
* *Contact:*

Jeffrey Payne

Founder and Principal

Reef Point Management LLC

(610) 823-2123

[jeff@reefpointmanagement.com](mailto:jeff@reefpointmanagement.com)

Thank you for your consideration. Upon your review of this letter, I look forward to hearing from you to schedule a conference call to discuss our proposal and our mutual availability for an in-person management meeting.

Sincerely yours,

Jeffrey Payne

Founder and Principal