

[Date]

[Name of Management Team/Lead Contact]

[Company Name]

[Address Line 1]

[Address Line 2]

**RE: Advisory Services for Proposed Management Buyout (MBO) of [Target Company Name]**

Dear [Name of Management Team],

Following our recent discussions, [Advisory Firm Name] is pleased to present this financial strategy advisory letter regarding your proposed acquisition of [Target Company Name]. Our objective is to assist the management team in structuring a competitive bid and securing the necessary capital to complete the transaction.

**1. Strategic Valuation and Pricing**

We will perform a detailed valuation analysis using Discounted Cash Flow (DCF), comparable company analysis, and precedent transactions. This will establish a fair purchase price range that balances shareholder expectations with the post-acquisition financial health of the company.

**2. Financing Structure**

We recommend a multi-tiered capital structure to optimize the weighted average cost of capital (WACC). This strategy will evaluate the following components:

- **Management Equity:** Defining the "skin in the game" required from the management group.
- **Senior Debt:** Sourcing traditional bank financing secured by company assets.
- **Mezzanine/Subordinated Debt:** Bridging the gap between senior debt and equity.
- **Private Equity Partnership:** Identifying financial sponsors to provide the remaining equity requirement.

**3. Transaction Execution and Due Diligence**

Our team will manage the financial due diligence process, ensuring that all historical data and future projections are robust. We will also assist in the preparation of an Investment Memorandum to be presented to potential lenders and investors.

**4. Governance and Post-MBO Planning**

We will advise on the creation of a NewCo corporate structure and the development of an equity incentive plan (EIP) to align the interests of the management team with the new capital providers.

**5. Next Steps**

To proceed, we require access to the data room and a formal engagement agreement. We look forward to supporting the management team in this transition.

Sincerely,

[Your Name]

[Your Title]

[Advisory Firm Name]