

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Engagement Letter for Carve-Out Financial Due Diligence Services

Dear [Contact Name],

This letter confirms the engagement of [Accounting Firm Name] ("we," "us," or "our") by [Client Name] ("you" or the "Client") to provide financial due diligence services in connection with the proposed separation and potential sale of [Target Business/Division Name] (the "Carve-Out Entity") from [Parent Company Name] (the "Transaction").

1. Scope of Services

We will perform the following financial due diligence procedures on the Carve-Out Entity for the period [Start Date] to [End Date]:

- Analyze the historical financial statements and the carve-out methodology used to allocate corporate overhead and shared costs.
- Identify and quantify "standalone" costs required to operate the Carve-Out Entity independently.
- Review the Quality of Earnings (QofE) to identify non-recurring items, pro-forma adjustments, and out-of-period items.
- Analyze working capital requirements and seasonal trends.
- Review the integrity of the data bridge between the Parent Company's consolidated accounts and the Carve-out financial statements.

2. Deliverables

We will provide a written report summarizing our findings and observations. This report is intended solely for the use of the Client's management and will be subject to the restrictions on distribution outlined in our standard terms.

3. Client Responsibilities

The Client and the Parent Company are responsible for providing timely access to management, financial records, and all relevant data necessary for our analysis. We will rely on the accuracy and completeness of the information provided without independent verification.

4. Fees and Expenses

Our fees for this engagement are estimated to be [Currency] [Amount]. This estimate is based on the scope defined above. Out-of-pocket expenses will be billed at cost. We will notify you if any circumstances arise that may significantly increase this estimate.

5. Limitation of Liability

Our liability for any claims arising out of this engagement shall be limited to the total fees paid for the services provided under this letter. In no event shall we be liable for consequential, incidental, or punitive damages.

6. Governing Law

This agreement shall be governed by and construed in accordance with the laws of [Jurisdiction/State].

Please indicate your acceptance of these terms by signing and returning the enclosed copy of this letter.

Sincerely,

[Partner Name]
[Accounting Firm Name]

Accepted and Agreed:

For [Client Name]:

Signature: _____

Name: [Name]

Title: [Title]

Date: [Date]