

[Company Letterhead]

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Engagement Letter for Working Capital Review Due Diligence

Dear [Contact Name],

This letter confirms the terms upon which [Firm Name] ("we" or "us") will provide financial due diligence services to [Client Name] ("you") in connection with the proposed acquisition/transaction involving [Target Company Name].

1. Scope of Services

We will perform a review of the historical working capital of [Target Company Name]. Our procedures will include:

- Analyzing the components of current assets and current liabilities.
- Assessing the quality of accounts receivable and inventory.
- Reviewing the aging of accounts payable and accrued expenses.
- Identifying normalized working capital levels and seasonal fluctuations.
- Identifying potential "debt-like" items or off-balance sheet liabilities.

2. Reporting

Upon completion of our review, we will provide a written report summarizing our findings. This report is intended solely for your internal use in evaluating the transaction and may not be distributed to third parties without our prior written consent.

3. Responsibilities

Our services do not constitute an audit, review, or compilation of financial statements in accordance with professional accounting standards. We will rely on the information provided by [Target Company Name] and will not independently verify the accuracy of such information.

4. Fees and Expenses

Our fees for this engagement are estimated to be \$[Amount], plus out-of-pocket expenses. We will bill you [Monthly/Upon Completion]. Invoices are payable within [Number] days of receipt.

5. Limitation of Liability

To the fullest extent permitted by law, our total liability for any claims arising out of this engagement shall be limited to the total fees paid to us for these services.

6. Governing Law

This agreement shall be governed by the laws of the State of [State Name].

Please sign and return a copy of this letter to indicate your acceptance of these terms.

Sincerely,

[Your Name]

[Your Title]

[Firm Name]

Accepted and Agreed:

[Client Representative Signature]

Date: _____