

# FINANCIAL DUE DILIGENCE AGREEMENT

## MERGERS AND ACQUISITIONS

This Financial Due Diligence Agreement (the "Agreement") is entered into as of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and between:

**Investigating Party:** \_\_\_\_\_, a corporation organized under the laws of \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as the "Acquirer"),

and

**Target Company:** \_\_\_\_\_, a corporation organized under the laws of \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as the "Target").

The Acquirer and the Target may collectively be referred to as the "Parties" or individually as a "Party."

### RECITALS

WHEREAS, the Parties are contemplating a potential business combination, merger, acquisition, or other transaction involving the Target (the "Proposed Transaction"); and

WHEREAS, to evaluate the feasibility and terms of the Proposed Transaction, the Acquirer requires a comprehensive investigation of the financial records, books, tax history, liabilities, and overall financial condition of the Target (the "Financial Due Diligence"); and

WHEREAS, the Target agrees to provide access to its financial information under the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

### 1. SCOPE OF INVESTIGATION

The Target shall grant the Acquirer and its authorized representatives (including but not limited to financial advisors, accountants, auditors, and legal counsel) access to all necessary financial records, documents, systems, and personnel. The scope of the Financial Due Diligence shall include, but is not limited to:

- Audited and unaudited financial statements for the fiscal years \_\_\_\_\_ through \_\_\_\_\_;
- General ledgers, trial balances, and journals;
- Federal, state, local, and foreign tax returns and filings;
- Schedule of outstanding debts, liabilities, and contingent obligations;
- Accounts receivable and accounts payable aging schedules;
- Material contracts, lease agreements, and banking/credit arrangements;
- Employee payroll, benefits, and pension liabilities information.

### 2. ACCESS AND COOPERATION

The Target shall facilitate reasonable access to the requested documents via a secure physical or electronic data room (the "Data Room"). The Target shall designate a primary point of contact to coordinate requests and shall ensure that senior financial management is available for interviews and inquiries during normal business hours, upon reasonable prior notice.

### 3. CONFIDENTIALITY

All information, documents, analysis, and data disclosed by the Target to the Acquirer during the course of the Financial Due Diligence shall be treated as strictly confidential. The Acquirer agrees to use such information solely for the purpose of evaluating the Proposed Transaction. Confidential information shall not be disclosed to any third party without the prior written consent of the Target, except to the Acquirer's representatives who need to know such information for the evaluation and who are bound by confidentiality obligations.

no less restrictive than those herein.

**4. PERIOD OF INVESTIGATION**

The Financial Due Diligence period shall commence on \_\_\_\_\_, 20\_\_\_\_, and shall terminate on \_\_\_\_\_, 20\_\_\_\_, unless extended in writing by mutual agreement of the Parties.

**5. ACCURACY OF INFORMATION**

The Target represents and warrants that, to the best of its knowledge, the information provided in the Data Room is complete, authentic, and accurately reflects the financial position of the Target. However, the Target does not make any express representation or warranty as to the accuracy or completeness of the information, except as may be specifically set forth in a definitive agreement executing the Proposed Transaction.

**6. COSTS AND EXPENSES**

Unless otherwise agreed in writing, each Party shall bear its own costs, expenses, and professional fees incurred in connection with the Financial Due Diligence process, including fees paid to auditors, accountants, advisors, and legal counsel.

**7. GOVERNING LAW AND DISPUTE RESOLUTION**

This Agreement shall be governed by, and construed in accordance with, the laws of the State of \_\_\_\_\_, without giving effect to any principles of conflicts of law. Any dispute arising out of or in connection with this Agreement shall be resolved exclusively in the courts of \_\_\_\_\_.

**8. TERMINATION**

Either Party may terminate this Agreement and the investigation at any time upon written notice to the other Party. Upon termination, the Acquirer shall immediately return to the Target or destroy all confidential financial documents received, and certify such destruction in writing.

IN WITNESS WHEREOF, the Parties hereto have executed this Financial Due Diligence Agreement as of the Effective Date.

**For the Acquirer:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

**For the Target:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_