

Situation

- In late 1999 ARC Associates identified KKF.net AG ("KKF.net") in Germany as a potential partner for companies looking for ISP and DSL expertise in Germany
- At the same time ARC Associates was also giving assistance to Kohlberg Kravis and Roberts & Co. L.P. ("KKR") in searching for a European DSL strategic partner for Tenovis GmbH & Co. KG ("Tenovis"). ARC Associates introduced KKF.net to KKR and Tenovis


Approach

- ARC Associates pursued both KKF.net and KKR to convince them of the strategic logic of a deal and arranged the initial meetings between both parties, and reviewed KKF.net's business model and growth plans with management
- Following valuation and other review sessions, ARC Associates assisted KKR in preparing the investment offer letter to KKF.net management. As a follow-up to this letter ARC Associates negotiated with KKF.net management on behalf of KKR to reach an agreeable deal structure
- Beyond these initial negotiations, ARC Associates assisted KKR in the final negotiations and participated in the due diligence reviews, including introducing technical consultants

The Transaction

- On 17 August 2000 KKR completed an investment in KKF.net for EUR 50 million, while KKF.net and Tenovis simultaneously signed a distribution and co-operation agreement. As a result of this transaction both KKR and Tenovis became significant shareholders in KKF.net

August 2000




Affiliates of

Kohlberg Kravis Roberts & Co. L.P.

have invested


€50,000,000

in



KKF.net AG

The undersigned acted as financial adviser to
Kohlberg Kravis Roberts & Co. L.P. in this transaction



ARC ASSOCIATES
London, New York

Transaction Value: \$46m