

DUE DILIGENCE CHECKLIST

Prepared by

Douglas Bagwell Corporation

In Reference To:

For purposes of our due diligence review of _____
(the "Company"), the following categories of information will be analyzed. Please provide the relevant information or, if inapplicable, please indicate as such.

Please direct any questions to Doug Bagwell at (417) 881-0445 or by email dbagwell@douglasbagwell.com.

DUE DILIGENCE CHECKLIST

I. FINANCIAL DILIGENCE

Corporate Documents/Agreements

_____ Any agreements or documents relating to the sale or proposed sale of securities by the Business including any private placement memoranda or other offering circulars.

_____ Listing of/Copies of all investment/joint venture agreements, entity budgets, entity strategic plans, and correspondence surrounding actual and proposed funding obligations.

_____ Brief outline of the history of the Business including major restructurings, acquisitions, mergers or divestitures, and their financial/tax/accounting treatment.

Customer Agreements

_____ A summary of the standard contract terms (e.g., pricing, standard payment terms, discounts offered, etc.) and the underlying revenue recognition policy for each major product family.

_____ Access to all customer contract files, including all royalty, licensing, maintenance, support and service and reseller agreements.

_____ Summary of all royalty, licensing, maintenance, support and service and reseller agreements and the key terms thereof, including minimum payment obligations and duration.

_____ Summary of all contracts with price re-determination or liquidated damages clauses.

Audit Work papers

_____ Access to audit work papers of the Business's independent public accountants.

_____ Internal and external auditors' management reports (internal control recommendation letters) and management responses.

General Financial Information

_____ Most recently available year-to-date (YTD) financial reporting package to include income statement, balance sheet, cash flow statement and key performance metrics. Measurements should reflect year to year performance, performance to plan and full year plan. Include any variance analysis explanation, backlog data, and all supporting information.

_____ Copies of audited financial statements and public filings for last three years.

____ Description of key accounting policies, any changes to such over past 3 years, and any anticipated changes. Particular emphasis on:

____ Revenue / cost recognition (by revenue stream, e.g., license fees, recurring royalties, maintenance, services, sales returns reserve)

____ Software development capitalization;

____ Long-term investments.

____ Foreign currency accounting.

____ Detailed description of the services provided by and to the corporate entity, any corporate allocations and the underlying methodology, and any studies performed of the cost of such services if the subsidiary were operated as an independent entity.

Cash, Marketable Securities, and Investments

____ Schedule of cash, marketable securities and investments. Documentation supporting current market value.

____ A description of all treasury management activities and policies, particularly those relating to the cash management system, inter-company funding relationships, and foreign currency exchange risk management.

____ Information surrounding any compensating balance arrangements or other restrictions on cash.

Accounts Receivable

____ Schedule of accounts receivable aging, and allowances for returns and doubtful accounts by class of customer.

____ Summary of write-off and return experience over the most recent three years.

____ A summary of all product returns, credits and concessions by customer by product during the most recent 12 months.

____ Listing and description of indebtedness of employees to/from the Business.

Other Current Assets

____ Schedule breaking out components of other current assets. Include supporting detail for all significant components.

____ Summary of all deferred costs and their period of amortization.

____ Description of other receivables. Include detail of balance (past 3 years) and underlying agreements (where applicable).

Property, Plant & Equipment

____ Schedule of property, plant and equipment by category including gross asset value, accumulated depreciation, range of depreciable lives, depreciation methods.

____ List of all material leases, including descriptions, terms of leases, options, annual costs, etc.

____ List of all leases of property to others, a description of the activities conducted by these tenants and sublessees, and the applicable terms and conditions.

____ Schedule of additions and retirements over the past three years.

____ Summary of all outstanding capital purchase commitments.

____ A copy of the Business's capital budget including a breakout between repair/upgrade and expansion activities.

Long Term Investments

____ Nature/description and supporting detail of long term investments.

____ Analysis of recoverability/impairment of balance.

Investments in Affiliates / Joint Ventures / Partnerships/ Goodwill

____ Schedule of all investments in other entities (excluding marketable securities) including a rollforward of the Business's investment in each entity since inception of the investment.

____ Analysis of changes in the goodwill account since January 1, 1999.

____ Copies of any goodwill impairment analyses performed.

Software Costs

____ Summary of capitalized software development costs, the Business's policy of capitalization and amortization of those assets, and the anticipated net realizable value of products for which costs have been capitalized.

____ Detail of all capitalized software costs and related amortization period. Include schedule of additions and amortization over past 3 years.

Other Assets

____ Schedule detailing the components of other assets. Include supporting detail of all significant components.

Accounts Payable

____ Accounts payable aging.

____ Summary of any significant vendor disputes within the past 3 years.

Accruals

____ Schedule of accrued expenses by category. Supporting detail for all significant balances.

____ Copies of the Business's bonus, incentive, sales commission, and employee benefit plans, and summaries thereof. Provide detail of compensation accrual.

____ Summary of and access to all severance and employee termination agreements.

____ Detail of employee compensation accrual, including significant components by employee.

____ Summary of activity in restructuring reserve accounts, and any other reserve accounts for which similar information has not been specifically requested, over the most recent three years.

Deferred Revenue/ Customer Advances

____ Copy of the detail supporting deferred revenue (by revenue type).

____ Summary of the remaining obligations surrounding and anticipated timing of recognition of deferred revenue and advances from customers and financial institutions.

____ Provide a description and detail of customer advances (listed by customer/institution) and expected roll-out. Include any underlying agreements.

Debt

____ Copies of all debt covenant calculations within past year. Include any correspondence from financial institutions including waiver letters and no action letters.

_____ All instruments evidencing debt obligations not specifically requested elsewhere, and all agreements and material correspondence relating thereto.

Other Liabilities

_____ List of any off-balance sheet liabilities not appearing in most recent financial statements (including the notes thereto).

_____ List of any material real property mortgages or lease commitments which are not disclosed in most recent financial statements.

Equity

_____ List by person of all options/warrants granted, and number of options/warrants held, date of grant and vesting terms as of most recent available date.

_____ Copies of standard form of stock or option award documents and all documentation surrounding known exceptions to the standard award.

_____ Description of any accelerated vesting of stock options that would apply in the context of the proposed transaction (i.e., assuming an equity investment is made).

Revenue Recognition

_____ Description of all revenue streams (and agreements giving rise to such) and related revenue recognition policies.

_____ Provide a numeric detail of all revenue streams (license fees, recurring royalties, maintenance fees and service/system integration fees). Include a description of any obligations that may preclude the recognition of revenue under any of the types of revenue streams listed in your response.

_____ Copies of licenses and services revenue reports (or monthly/quarterly reporting package) for the past 8 quarters.

_____ Description of all standard contract terms and conditions.

_____ Description of process for approving non-standard terms and conditions and monitoring/accounting for the revenue recognition implications of such terms (particularly in light of disclosure that a disproportionately high % of quarterly sales are booked in last 2 weeks).

_____ Description of process for managing side agreements to ensure that proper provision has been made.

____ Description of significant customer acceptance clauses.

____ Description of discount and/or coupon arrangements and process for allocated to specific parts of multiple-element agreements.

____ Description of barter transactions and related accounting.

____ Customer payment terms. Include a history of extended payment terms and timing in the month of sale.

____ Indirect sales. Include listing of significant distributors, related distributor contracts, amount of sales and specifics of related revenue recognition policy.

____ Access to all customer contracts. Provide contract abstracts where possible.

Income Statement

____ Summary of sales to the top ten customers in each of the last 3 years.

____ Summary of sales by revenue stream, by quarter for past 2 years.

____ Analysis of sales for the most recent three years and the current period broken down by product family, geography, and customer class. Include totals that agree to top-line financial statement line items.

____ Breakdown of selling, distribution, marketing and administrative expenses for the most recent 3 years.

Contingent Liabilities

____ Summary of any contingent liabilities or commitments.

____ A summary of all outstanding obligations to provide product or services which are not in line with existing contracting practices.

____ Letters from lawyers to auditors for most recent 3 years concerning litigation and other legal proceedings.

____ List of any violations of governmental laws or regulations pending and for most recent 3 years.

____ Material reports to governmental agencies for most recent 3 years (e.g., EPA, OSHA).

____ List and describe any product liability or warranty claims made against or paid by the Business.

_____ A summary of all legal costs incurred by the Business during the past year, including those reimbursed by third parties (e.g., insurance carriers), as well as access to legal invoices.

Financial Forecasts

_____ Current Business Plan including three-year financial projections (income statement, balance sheet and cash flow) and a discussion of strategy and assumptions representing management's best assessment of the current outlook.

_____ A description of all product/service offerings included in the financial forecast but not currently being offered.

_____ Any business plans and financial projections (including supporting information) prepared within the last two years including but not limited to annual budgets, long-term plans, marketing plans and competitive analysis.

_____ Analyses of competitive markets in which the Business and its subsidiaries conduct their business.

II. LEGAL INFORMATION

Basic Corporate Documents

_____ Charter documents, by-laws and related documents of the Company and each Subsidiary. Minutes of meetings of the stockholders and Boards of Directors and minutes of each Committee of the Boards of the Company and each Subsidiary.

_____ Summary of the equity structure of the Company and each Subsidiary showing the number of authorized and issued and outstanding shares of each class or series of common and preferred stock and any other capital stock, together with information regarding all related options, warrants and other rights to acquire capital stock, including conversion rights.

_____ A list of states and countries in which the Company and each Subsidiary i.) is qualified to do business, ii.) leases property, or iii.) has employees.

_____ A list of all companies and other entities in which the Company holds a direct or indirect equity interest, showing for each entity the equity percentage owned by the Company.

_____ Copies of corporate policies and procedures with respect to internal controls, disclosure controls and procedures, insider trading and similar matters.

Securities and Exchange Commission Filings

_____ All filings made by or with respect to the Company or any Subsidiary under the Securities Exchange Act of 1934 (e.g., Forms 10-K, 10-Q and 8-K and Schedules 13D, 13E-3, 13E-4, 14D-1 and 14D-9) and the Securities Act of 1933 (e.g., registration statements for public offerings), together with all amendments and exhibits thereto.

_____ All communications with stockholders (including proxy statements and annual and quarterly reports to stockholders) by the Company and the Subsidiaries.

_____ Copies of all communications with the SEC and Nasdaq.

Stockholders

_____ All stockholder agreements, voting trust agreements, registration rights agreements and similar agreements with respect to the Company or any of the Subsidiaries.

_____ Any other agreements that define or limit the rights of stockholders, including restrictions on transfer, pre-emptive rights, co-sale rights, redemption rights, voting rights and all outstanding proxies.

_____ All agreements pursuant to which the Company or any Subsidiary is obligated to issue any interest in the Company or any Subsidiary to any person.

_____ If available to the Company, applicable trust agreements and other similar documents if any shares of Company or Subsidiary capital stock are held on behalf of stockholders in a fiduciary capacity.

Financial and Accounting Matters

_____ All reports and correspondence prepared or received in connection with internal and external investigations of financial irregularities.

Litigation

_____ Summaries or memoranda regarding all threatened, outstanding and concluded litigation and arbitration proceedings to which the Company, any Subsidiary or any officer or director of the

_____ Company or any subsidiary is or was a party during the last five years, including without limitation with respect to the Business Objects litigation and settlement, containing the following information: parties, description of claim or threatened claim, nature of proceeding, date and method commenced, amount of damages or other relief sought and, if applicable, paid or granted.

_____ Summaries or memoranda regarding all governmental and administrative investigations, proceedings and arbitrations, whether pending, threatened or concluded during the last five years in which the Company or any Subsidiary is or was a party, including any investigations being

conducted by the SEC, the NASD or other regulatory authorities.

____ All consent decrees, court or administrative judgments or orders, settlements, etc., requiring or prohibiting future activities of the Company or any Subsidiary.

____ Opinions or other assessments (other than audit response letters) of the Company's or

____ Subsidiaries' counsel as to any pending or threatened litigation against the Company or any Subsidiary.

Contracts and Agreements

____ Copies of all material contracts of the Company and the Subsidiaries, including:

____ All joint venture agreements, partnership agreements, cooperation agreements, strategic alliance agreements, research and development agreements and other similar agreements.

____ All contracts relating to any merger, reorganization, acquisition or other business combination and any investments in other entities.

____ All sales, purchase, lease and other contracts contemplating an aggregate exchange of value of \$[50,000] or more.

____ Material guarantees and similar agreements.

____ Agreements relating to restrictions upon competition or restricting or purporting to restrict the ability of the Company or any Subsidiary to engage in any type of business or to operate in any geographic area.

____ Agreements with any government or government agency.

____ Agreements relating to the purchase or sale by the Company or any Subsidiary of securities (equity or debt) of the Company or any Subsidiary.

____ Secrecy, confidentiality and nondisclosure agreements.

____ Contracts (excluding employment agreements and other benefits arrangements but including loan agreements) with officers, directors or any significant stockholder of the Company or any Subsidiary.

____ Forms of purchase and sales orders, invoices and other agreements and instruments regularly used by the Company or any Subsidiary, including, but not limited to, all standard forms of software licenses, maintenance agreements, or other standard form agreements pursuant to which your products or services are provided to customers.

_____ Contracts containing termination or other provisions triggered by a change of control or disposition of assets of the Company or any Subsidiary and contracts requiring the consent of any third party in the event of a sale of the Company or any Subsidiary or of assets of the

_____ Company or any Subsidiary.

_____ License, royalty and franchise agreements.

_____ Contracts with financial advisors for the sale of the Company or any Subsidiary or any of their assets.

_____ Agreements between the Company and any Subsidiary or between any Subsidiaries.

_____ Any agreements under which third parties do or have in the past done product development work for you..

Regulatory Matters

_____ All regulatory filings, licenses, permits, consents and regulatory approvals required to enable the Company and each Subsidiary to conduct their respective businesses.

_____ Material correspondence, if any, alleging violation of or requesting compliance by the Company or any Subsidiary with laws, regulations, etc. or requests for information pursuant to interstate commerce laws, antitrust laws, securities laws, environmental laws, worker safety laws and other laws.

Debt Arrangements

_____ A schedule summarizing short-term and long-term debt and capital lease obligations of the Company and each Subsidiary (setting forth the obligor, the lender, principal amount outstanding, interest rate and maturity date, or, in the case of capital lease obligations, payment schedules, for each such item).

_____ All documentation relating to indebtedness (including all indentures, letters of credit, saleleaseback arrangements, surety bonds and similar arrangements) of the Company and each

_____ Subsidiary (including any amendments, waivers or consents relating thereto).

_____ A schedule summarizing all inter-company indebtedness (setting for the information requested in Item 9.1 above).

_____ The results of any lien search recently conducted with respect to the Company or any Subsidiary.

Intellectual Property

_____ A list of all patents, trademarks, service marks, copyrights and other intellectual property (including all applications therefore) owned or licensed by or to the Company or any Subsidiary.

_____ A list of all know-how, trade secrets, technology, technical information and computer software owned or licensed by or to the Company or the Subsidiaries.

_____ Copies of all agreements and instruments relating to the acquisition, assignment, licensing, ownership and registration of intellectual property rights.

_____ Copies of all agreements under which the Company has licensed or purchased from any third party any code that appears in any of the products it currently sells or maintains, and any summaries or charts that track or list any such agreements, including any documents related to the Company's use of open source.

_____ Copies of all material correspondence relating to claims challenging the ownership, validity or infringement of any intellectual property used in the business of the Company and its Subsidiaries.

_____ Listing and description of all licenses, franchises, royalty agreements, marketing agreements, distributorships, sales, management and other agreements, authorizations, consents or permits relating to the Business's intellectual property granted to third parties by the Business or obtained by the Business from third parties.

_____ A listing of any agreements, options or other commitments giving anyone rights to acquire any right, title or interest in the Business's intellectual property or related technology.

_____ Current research and development plans and budgets, including a distinction between internal and external projects.

_____ A listing of each research and development project which is "in-process", the costs since inception of each such project, and an estimation of the future cash flows arising from each such project.

Employment Matters

_____ All employment, consulting, termination and severance agreements. Also requested in HR section

_____ Employee benefit plans (including, without limitation, deferred compensation, retirement, pension, supplemental retirement savings, stock option and other health benefit and welfare plans), together with trust agreements, forms of stock option agreements, and the most recent actuarial report as to funding of the plans, etc. All annual reports relating to such plans. Also requested in HR section

____ Employee Handbook(s) (Policies and Procedures). Also requested in HR section

____ By employee, a schedule of current outstanding stock options, stock acquisition rights and similar rights showing the date of grant, exercise price (if any), vesting schedule, number of shares subject to grant and period of exercisability. Can be an overview of Corporate Bonus program for HR purposes

____ Information regarding all bonus and incentive plans:

Also requested in HR section

- a) Plan document and amendments;
- b) List of employees entitled to bonus and amount of award;
- c) Form of agreement under plans;
- d) Accounting statements;
- e) Latest registration statement (if any) with the Securities and Exchange Commission (Form S-8).

____ A description of any and all strikes, lockouts, slow downs and other labor disruptions at any of the Company's or the Subsidiaries' facilities in the last five years and any claim of unfair labor practices or petitions filed with the National Labor Relations Board with respect to workers at the Company's or the Subsidiaries' facilities in the last five years.

____ Any collective bargaining agreements.

____ All reports and filings to, and correspondence with, and documentation of any audits or investigations being conducted by, the Internal Revenue Service ("IRS"), the Pension Benefit Guaranty Corporation ("PBGC") or the Department of Labor with respect to any employment plan.

Real Property

____ List of all plants, offices, storage centers and other facilities with locations thereof (including age, size and whether owned or leased).

____ Leases and rental agreements in respect of real property owned or leased by the Company or any Subsidiary.

____ Deeds related to all real property owned by the Company or any Subsidiary.

____ Surveys, legal descriptions, title policies (including copies of all documents of record), and appraisals with respect to all real property owned or leased by the Company or any Subsidiary.

Personal Property

_____ List of all fixtures, machinery and equipment material to the operations of the Company or any Subsidiary.

_____ Leases and rental agreements in respect of material personal property.

Environmental Matters

_____ All environmental assessment, audit or compliance reports concerning any aspect of the operations of the Company or any Subsidiary or in connection with any real property currently or formerly owned or leased or occupied by the Company or any Subsidiary.

_____ All documents relating to any releases, discharges or disposal of any material on any real property currently or formerly owned, operated or occupied by the Company or any Subsidiary.

_____ All notifications received from any federal, state, local or foreign governmental agency of violations of any environmental laws by the Company or any Subsidiary.

_____ A summary of all other claims or proceedings against, or investigations of, the Company or any Subsidiary by any governmental agency or any other person relating to the release or discharge of any material into the environment or in connection with environmental protection.

_____ All environmental permits relating to the operations of the Company or any Subsidiary and documents and other information relating to compliance with such permits.

Insurance; Risk Management

_____ All insurance policies of the Company and each Subsidiary.

_____ All correspondence relating to cancellation or nonrenewal of any policy during the last five years.

_____ Loss runs and information relating to insurance claims experience for the last five years. A description of each self-insurance, fronting, risk retention and captive insurance program of the Company and each Subsidiary and actuarial studies relating to each such program.

_____ Information regarding the warranties made by the Company and each Subsidiary in the conduct of their respective businesses.

Miscellaneous

_____ All press releases issued by the Company or any of the Subsidiaries.

_____ Studies and reports regarding the Company or any Subsidiary and any industry in which the Company and the Subsidiaries operate prepared by investment banking firms, securities analysts, management consultants or other consultants.

____ Internal reports and studies concerning matters which are material to the ongoing business of the Company and the Subsidiaries.

____ Copies of sales brochures and other brochures prepared by the Company or any Subsidiary about the Company, any Subsidiary or any of their businesses.

____ Any additional documents that are material to the Company or any Subsidiary.

III. HR DILIGENCE

Management and Employees

____ Detailed organization matrix - org chart, title, department, manager, function, responsibility, location, salary (base and variable), etc.

____ List of and biographies for senior management and any outside directors of the Company and all Subsidiaries, including length of service, business affiliations, and compensation (salary, bonus, profit sharing, stock, fringes, etc.).

____ All employment contracts for officers and any special deals with employees, (ie. retention bonuses, golden parachutes, etc.)

____ Special or non-standard confidentiality, noncompetition or inventions agreements and standard confidentiality agreements (with list of employees/consultants subject thereto)

____ Agreements or insurance policies providing for the indemnification of any officers or directors of the Company.

- ☐ Employee Handbook
- ☐ New hire orientation
- ☐ Employee communication schedule
- ☐ Mission, Vision, Values
- ☐ Employee development programs
- ☐ Employee plans and ratings
- ☐ Performance management – systems, guidelines, policies, etc.
- ☐ Salary guidelines and scales
- ☐ Variable compensation
- ☐ Commission plans, targets, and schedule
- ☐ I-9s
- ☐ W-2 Reports FY 02 and FY 03
- ☐ Salary increase methodology and administration
- ☐ HRIS system overview
- ☐ Copies of officer and director questionnaires.

Employee Benefits and Pensions

____ Verification as to whether the health plan is insured or self-funded.

Management and Employees

____ Verification as to whether the employer maintains retiree health benefits.

Facilities

____ Facility capacity and occupancy by location

____ Employees by facility location – roles, departments, etc.

____ Locations, numbers, and roles of employees working at home/telecommuting

IV. MARKETING DILIGENCE

Market Information

____ Market size analyses – by product, by geo, etc.

____ Analyst contacts/references

____ Competitive analysis

____ Target customer description/Sales prospect analysis – “zebra analysis”

Product Roadmap

____ Current product roadmap and roadmap timeline

____ Key functional additions and enhancements over next 12 months

____ Current product architecture future roadmap deliverables mapping analysis

Customer Information

____ Customer references (names & contact info.)

____ Complete Customer Segmentation (dollar amts, by product, by vertical, by geo, etc.)

____ Sales pipeline and pipeline analysis

____ Customer concentration analysis

____ Customer contracts and Deal terms

____ Prospect list

____ Customer satisfaction data

____ Support request analysis

____ Customer wins – most recent quarter, and TTM

____ Top 3 Wins, Top 3 Losses – most recent quarter and TTM

Product Marketing Information

____ Product description and primary applications, including product introduction timeliness (historical and projected)

____ Packaging and pricing information – price list and price point breakdown, discounting policies

Market Information

____ Positioning, defensibility, and value proposition statements

____ Product collateral/information – sales kits, marketing collateral, product literature

____ Current and future product release schedule

____ MRDs/PRDs – for each product, current and previous versions

____ Customer use case scenarios

Partners and Channels

____ Complete partner list

____ Partner agreements – joint marketing agreements, go to market commitments, product development alliances

____ Documented Partner Integration

____ Partner and Solution Maps

____ Partner revenue – by partner and split out into quartiles (bottom 25%, 50%, 75%, etc.) by quarter

____ Partners by tenure... ie. Length of time in the Partner program

Marketing Organization

____ Org Chart – including location, etc.

____ Roles, Job Descriptions, and Resumes

____ Management Bios

____ Salary, Promotion, and Options Grants

____ Key People / “Go To List”

Product Performance Marketing

____ Usability Testing

____ Testimonials

____ ROI/TCO Case Studies

Market Information

____ Whitepapers

____ Benchmarking – scalability, performance, etc.

____ Showcase References – for major products

V. SALES AND SERVICES DILIGENCE

Sales and Operational Model Review – Last 8 Quarters, Forward 4 Quarters

____ Sales headcount, salespeople tenures, and number of months to first deal closed

____ Salespersons’ resumes and backgrounds

____ Pipeline by salesperson

____ Number of deals, number of new deals

____ Lead Gen processes and systems

____ Sales productivity – ie, license revenue/full time equivalents/Quarter

____ License rev growth rate (Q/Q and Y/Y)

____ Publicly reported Application Service Providers by Geo by Quarter

____ Application Service Providers by Rep by Quarter

____ Telesales # of full time equivalents

____ Telesales productivity – license revenue/full time equivalent/Quarter

____ Telesales Application Service Providers/Quarter/Geo

____ License and Total Revenue by Product

Compensation and Quota

____ Sales Rep Performance – with quartile breakdown, % on target, % exceeding, % below, etc.

____ Sales compensation Model and Analytics.

Professional Services

____ Services headcount and utilization rates

____ Backgrounds, resumes, tenure, by services professional

____ Description of services offerings

____ Pricing and packaging of services

VI. SUPPORT DILIGENCE

Product Support Overview

____ Product Support Organization Structure

____ Resumes and/or bios of key support organization team members

____ Skills Set Matrix/Gap Analysis

____ Support Call Statistics

____ Customer Defect statistics

- _____ Frequency distribution of Technical Support requests
- _____ Problem resolution people and process description
- _____ Tracking methodology
- _____ Integration of Technical support with Development and QA teams.

VII. TAX DILIGENCE

Tax Items

_____ Copies of all tax returns, domestic or foreign, and all information returns filed by any subsidiary for the preceding five years, including, but not limited to, federal income, state income, state franchise, sales and use, property, payroll (940/941, W-3), unemployment, federal excise, county, and local, foreign transaction taxes (VAT, consumption, etc.) and the equivalent foreign returns.

_____ All correspondence, reports, and other documents or information sent to or received from any taxing authority during the past five years, including, but not limited to, revenue agents' reports (incl. Work papers), revenue agents' requests for information, protests, briefs, or memoranda submitted to the agent by the taxpayer; decisions in litigated cases; and a list of all issues that have been raised by revenue agents.

_____ All tax-sharing agreements potentially affecting the Company or any Subsidiary. Summary tax history of the Company and each Subsidiary (income, losses, tax liabilities) by entity and by taxing jurisdiction for the previous five years.

_____ All federal, state, local or foreign tax rulings relating to the Company or any Subsidiary (and any predecessor thereof).

_____ Supporting detail for the tax provision calculation under FAS 109, including, but not limited to a schedule supporting tax contingencies recorded in the financial statements as well as a schedule of income taxes payable, and other taxes payable.

_____ Reconciliation of financial statement income to taxable income for the preceding five years, including detailed work papers for all book to tax differences.

_____ Depreciation roll forward for book, tax, and AMT/ACE; copy of depreciation and capitalization policy for book and tax.

_____ Copy of asset valuations, if any, in the past three years

_____ Copies of tax planning memoranda, if any.

____ Form 5500 for the past two years, latest IRS determination letter relative to the plans, copies of summary plan descriptions.

____ Computation of tax basis and earnings and profits, and the tax basis the earnings and profits of each subsidiaries.

____ A copy of the corporate structure (in diagram form), including jurisdiction of formation, date of formation, tax nature of entity (corporation, partnership, check the box, etc.) and indication of all changes within last three years.

____ A list of states in which business is conducted (including states in which mail order sales are made).

____ A list of states in which no state income or state franchise tax returns are filed, and the basis therefore.

____ A list of states in which no sales or use tax returns are filed, and the basis therefore.

____ Computation of overall foreign tax credit position.

____ A listing of all historic changes in accounting periods.

____ A listing of all general accounting methods, including but not limited to all tax elections currently in effect, the economic performance rules, inventory capitalization and LIFO matters.

____ A listing of all corporate acquisitions and/or dispositions made by Company or any subsidiary.

____ Copies of all inter-company agreements.

____ Copies of all documentation supporting the inter-company pricing arrangements between and among Company and its related entities.

____ Summary of payroll tax withholding policy for work performed away from state of domicile.

____ Schedule of unused loss and credit carryovers (including foreign tax credit and alternative minimum tax credit) for the Company and each Subsidiary by entity and by taxing jurisdiction, including date of expiration and any applicable restrictions on use.

____ Schedule of tax basis of all subsidiaries and material assets of the Company.

____ Brief description of material transactions involving the Company or any Subsidiary outside of the ordinary course of business that occurred in all open tax years (such as internal restructurings, acquisitions and dispositions) and the reported tax treatment thereof (including allocation of purchase price). Copy of any IRS rulings obtained with respect to such

transactions.

_____ Brief description of all tax issues involving the Company or any Subsidiary for which a reserve (including a general "cushion") has been established on the financial statements, including the amount of the potential exposure and the amount of the reserve.

_____ For each taxing jurisdiction, schedule of last tax year for which an audit was completed, all open tax years and all open tax years that presently are under audit if the audit concerned or concerns issues relating to the Company or any Subsidiary (or any predecessor thereof).

_____ Copies of Information Document Requests, Notices of Proposed Adjustments, Revenue Agent's Reports and other written materials (and any such documents or materials relating to any state, local or foreign tax inquiry) received from any tax authority in connection with disputed items and proposed adjustments for any governmental tax audit.

_____ Schedule of any tax litigation pending or proposed, including issues and amounts involved.

_____ Description of any foreign tax related concerns.