

DUE DILIGENCE & DOCUMENT REQUEST

In connection with the proposed transaction between the _____ Employees' Stock Ownership Plan and _____, we request that _____ ("Company") supply the following material. The information should be provided with respect to the Company, as well as with respect to any subsidiary of the Company. Unless otherwise noted, requested information should be provided for all periods since the inception of the Company and should include current forms of agreements or reports as well as drafts of any pending agreements, amendments or updates thereto.

Please arrange the material in the order requested and separate the material with tab numbers and letters corresponding to the request identified below to which the material is responsive.

<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
1. <u>Company Records and Charter Documents</u>		
a. All minutes of directors', shareholders' and Executive Committee meetings and all written consents of directors, shareholders and Executive Committee.		
b. List of committees of directors.		
c. Articles of Incorporation, Certificates of Designation, Rights, etc., Bylaws, Partnership Agreements, Joint Venture affiliations (whether presently in effect or terminated) and Certificates of Partnership, as well as all amendments to the foregoing documents.		
d. List of states and foreign countries in which qualified to do business, and names, other than company name, qualified to do business as, if any, and countries, states and countries where so qualified.		
e. All press releases regarding material developments since the Company's inception.		
f. List of all domestic and foreign subsidiaries, including jurisdiction of incorporation or organization.		
g. List of any meetings for which no written minutes are available.		
h. Any purchase options or buyout obligations with respect to subsidiaries, as well as other entities.		
i. Good standing certificates for each location.		
j. Agreements relating to preemptive or other preferential rights to acquire the Company securities and any waiver thereof.		
2. <u>Corporate Organization</u>		

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
a. Company organization chart.			
b. Officers organization chart. Please include age, education, experience and health. Include officers that are key.			
c. List of current directors, current officers and offices each hold.			
d. Voting agreements of shareholders and directors and agreements relating to voting of the Company's securities and restrictive share transfers or any other stockholder voting agreements.			
e. Agreements, oral or written, regarding election of directors, officers and committees.			
f. List of shareholders and number of shares of the respective shareholders.			
g. List and copies of material relationships existing between directors and officers, or any of their affiliates.			
3. <u>Shareholder Agreement</u>			
a. Agreements relating to stock purchase agreements.			
b. Agreements relating to stock options, restrictive stock agreements and shareholder agreements.			
c. Agreements relating to any mergers, acquisitions, sale or license of material assets or rights of the Company, or acquisition of the shares or assets of any other business by the Company.			
d. Agreements restricting stock owners and committing to the sale, exchange, tender or otherwise to transfer shares of stock to another party, shareholder and the Company.			
f. Stock ledger, stockholders, and other list setting forth all shares, options, warranties and other rights to acquire shares of stock of the Company, listing the names and addresses, amounts, the dates of grants and the exercise price and vesting in each case.			
g. Discuss the company's dividend history.			
4. <u>Business Plan.</u>			
a. Current business plan, annual and strategic, as well as all financial projections.			
b. Information relating to any public offering or contemplation of going public.			
c. List of all locations in which the Company is qualified to do business or is doing business and description of activities which occur at each such location.			
d. Discuss any plans to sell all or part of the company or hold a public offering.			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
e. Discuss plans for major capital expenditures, how they will be financed, and how much represents expansion versus replacement of existing assets.			
f. Describe any nonoperating assets, such as aircraft, boats, and real estate investments, and any intangible assets of the business that are not reflected in the company's balance sheet.			
5. <u>Products or Services.</u>			
a. Description of the company's products or services.			
b. How are the products or services used?			
c. Which product line is growing fastest? The slowest?			
d. How diverse are the product lines? Do all sales depend on the same factors?			
e. What are the products' advantages and disadvantages versus its competitors?			
f. What other products compete with the company's products?			
g. Are sales cyclical? What economic factors (inflation, interest rates, etc.) affect sales?			
h. Discuss any industry technology trends.			
i. Discuss the company's research and development efforts, the importance of new products, and the annual cost of research and development activities.			
6. <u>Marketing and Distribution.</u>			
a. What is the size (in dollars) of the market in the industry?			
b. What is the company's market share? How fragmented is the market? Is the market growing or shrinking?			
c. What distribution channels does the company use (direct sales, distributors, retailers, etc.)? How successful are they?.			
d. What is the market area and what determines its size? How important are freight costs?.			
e. What percent of sales are obtained from bids? Is price the only factor considered by the potential customer in awarding the job? If not, what other factors are considered?			
f. Does the company sell to the federal, state, or local government or government agencies? Are those sales likely to increase or decrease?			
g. What is the key selling feature—product, price, service, brand name, packaging, etc.?.			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
h. How are pricing policies determined? To what degree do competitors' prices affect company policy?.			
i. What are normal sales and credit terms? Describe a typical customer contract.			
j. What types of promotion and advertising methods does the company use?			
7. <u>Competition.</u>			
a. Who are the company's major competitors? Where are they located? How big are they? What is their market share? How diversified are they? [Identify those competitors (if any) that are publicly held].			
b. How does the company compare in size and market share to its competitors?			
c. How easy is it to enter the industry? What are the barriers to entry?			
d. What are the company's competitive strengths and weaknesses?			
8. <u>Operations.</u>			
a. What is the relative size of the company's divisions in terms of sales and gross profits? How interrelated are the divisions? How much vertical integration is there among the divisions? How easily can a division be eliminated without affecting other operations?			
b. How old are the company's manufacturing facilities? Where are they located relative to the primary markets?			
c. Describe the manufacturing or service process. Are any of the methods or equipment proprietary?			
d. What is plant capacity relative to current operating levels? How many shifts and days per week does the company operate? Might sales be constrained by inadequate capacity? Is there excess capacity or excessive fixed overhead costs?			
e. Are buildings and machinery owned or leased? If leased, are the leases renewable and on what terms?			
f. What is the overall condition of the company's equipment, including its business information systems? Is there any inefficient or obsolete equipment? When is the machinery likely to be replaced? What is the likelihood of major repairs?			
g. How capital intensive is the company? How labor intensive?			
h. Briefly describe past and current employee relations (that is, contentious, harmonious, strikes, etc.). Also discuss employee			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
turnover and indicate whether any of the employees are unionized.			
i. Discuss the current labor market. How easy is it to attract qualified employees?			
j. How extensively are independent contractors used?			
9. <u>Security Issuances and Agreements Concerning Securities.</u>			
a. Schedules setting forth all issuances or grants of stock, derivative securities, partnership interests and options by the Company, listing the names of issues or grantees, the amounts issued or granted, the dates of issuances or grants, and the consideration received by the Company in each case.			
b. List of all current record and beneficial owners of all shares of capital stock or partnership interests, including their addresses and number of shares or percentage of partnership ownership.			
c. The same information as specified in 9.b above for holders of any other outstanding securities or warrants.			
d. Copies of agreements relating to outstanding options, warrants, rights (including stock appreciation rights, rights of first refusal, anti-dilution rights, take-along rights, bring-along rights, conversion or preemptive rights) or agreements for the purchase or acquisition of any of the Company's stock, securities, or partnership interests and agreements relating to the Company's past issuances of stock, securities or partnership interests.			
e. Any documents evidencing registration rights for the Company's securities, or evidencing any agreements among the Company's shareholders or between the Company and its shareholders.			
f. All applications and permits for issuance/transfer of securities.			
g. Any voting agreements, irrevocable proxies or voting trusts.			
h. Powers of attorney on any matter relating to the Company.			
i. Agreements relating to registration rights.			
j. Options - binding.			
k. Any co-sale agreements.			
l. All agreements restricting or annulling rights upon changes in control of the Company.			
m. All agreements restricting the payment of cash dividends.			
n. Certification of state securities laws and similar foreign laws are in compliance.			
10. <u>Material Contracts and Agreements.</u>			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
a. Credit arrangements.			
(i) List of banks or other lenders with which the Company had a financial relationship (briefly describe nature of relationship - lines of credit, equipment lessor, etc.) within the last three fiscal years of the Company and the current fiscal year.			
(ii) Lines of credit agreements, debt instruments, securities agreements, mortgages, financial or performance guaranties, indemnifications, liens and equipment leases to which the Company is a party or was a party within the past three fiscal years of the Company and the current fiscal year.			
(iii) Outstanding loans to or from affiliates, shareholders, partners, employees or other service providers.			
(iv) Any other debt arrangements, guarantees or indemnification among officers, directors, employees, or principal shareholders and the Company.			
b. Arrangements with suppliers, distributors and customers.			
(i) List of the five most significant trade creditors (by outstanding balance) of the Company for the last two fiscal years and the current fiscal year, indicating the type of products or services purchased, and the amounts for each.			
(ii) List the five most significant clients of (purchasers from, lessees of, contracting parties with) the Company for each of the last two fiscal years and the current fiscal year, indicating dollar amount received by the Company from each in each year.			
(iii) All written agreements with parties referred to in response to items 10.b.(i) and 10.b.(ii), and summaries of unwritten agreements with such parties.			
(iv) Sample of any standard form of purchase orders, management contracts and rental agreements with customers and tenants.			
(v) Lease agreements and sublease agreements for all offices and facilities.			
(vi) All insurance policies for the Company and any insurance policy for any director, employee, officer, shareholder or partner and a list of material insurance claims in the last two fiscal years and the current fiscal year.			
(vii) All agreements of the Company regarding sales			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
representatives and leasing agents or otherwise relating to the marketing of the Company's products or services.			
(viii) All other agreements providing for the Company's payment or receipt of amounts in excess of \$25,000.			
(ix) List of each contract, customer relationship or business having an annual value of \$250,000 or more lost within the last two fiscal years and the current fiscal year, and reasons therefor.			
(x) What are the main discretionary expenses?			
c. Arrangements with employees, consultants and service providers.			
(i) Employment agreements, and form of employee offer letters (whether presently or previously employed by the Company), including sample of any standard forms of employment contract or employee agreement with temporary employees.			
(ii) All incentive compensation, deferred compensation, pension, retirement, stock purchase, stock option, restricted stock, vacation leave of absence, sabbatical, health and dental care, disability, life insurance and other employee benefit plans and their related summary plan descriptions.			
(iii) All agreements with current and past employees, shareholders, partners, consultants or other third parties regarding confidentiality, nonsolicitation, noncompetition, or intellectual property rights, which are currently used or proposed to be used in the Company's business.			
(iv) Other consulting, management or contract service agreements with third parties.			
(v) Description of all membership and other relationships with trade organization, including the obligations imposed and benefits derived thereby.			
(vi) All agreements, commitments or arrangements relating to severance or separation benefits entered into by the Company.			
(vii) Any collective bargaining or similar agreements.			
(viii) Summary of any labor disputes.			
(ix) Correspondence, memorandums or notes concerning pending or threatened labor stoppage, if any.			
(x) List of all current employees and consultants organized by department and setting forth their compensation and fees for the Company's last three fiscal years and their			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
respective current rates of compensation fees.			
(xi) Any guarantees by shareholders or partners of debt of the Company or any guaranty by the Company of any debt of any person.			
d. Other material contracts and intellectual property matters.			
(i) All partnership agreements or joint venture agreements to which the Company is or has been a party.			
(ii) Summary of all trademarks, service marks or pending applications, all copyrights, trade secrets and other intellectual property rights and arrangements, and copies of all registrations and applications for registration of any of the above, foreign and domestic.			
(iii) Description of any prior or pending dispute, claim, litigation or other challenge relating to any item identified in response to 10.d.(ii) above, indicating whether and how resolved.			
(iv) All contracts with (or a summary of all arrangements with) any persons or entities regarding the removal, disposal, release or processing of hazardous substances or hazardous waste.			
(v) Any other material contracts of the Company.			
11. Pending, Threatened or Current Litigation, Governmental Proceedings, Assessments or Claims.			
a. Copies of all pleadings for pending lawsuits or other legal or administrative proceedings to which the Company is a party or anticipates becoming a party.			
b. Description of existing and unsatisfied judgments (including title of proceeding, names of parties, nature of dispute, details of judgment, and any other relevant information).			
c. Summary of pending or threatened disputes regarding any claim for an amount in excess of \$10,000 or for which injunctive relief may be or is sought.			
d. Audit letter responses from counsel and correspondence with auditors regarding threatened or pending litigation and assessments of claims in the last three fiscal years and the current fiscal year.			
e. Correspondence concerning inquiries from foreign, federal or state tax authorities.			
f. All reports, studies or other materials relating to compliance with environmental laws and summary of inquiries and notices of violation from any federal, state or local environmental			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
protection or hazardous waste regulatory agencies.			
g. Summary of inquiries and notices of violation from federal and state occupational safety and hazard agencies or officials.			
h. Summary of inquiries and notices of violation from federal or state or local authorities regarding FDA, USDA, EPA, OSHA, equal opportunity or Americans with Disabilities Act or similar U.S. laws and similar foreign laws compliance.			
i. Listing of all laws, regulations, rules, ordinances, injunctions, franchise or court orders in respect of which the Company is not in compliance or has received notice of a possible violations.			
j. Orders, judgments and decrees applicable to the Company.			
k. Reports from consultants and internally generated reports regarding compliance with the matters referred to in paragraphs 11.f - i. above.			
12. <u>Accounting and Tax Matters.</u>			
a. Accountants' reports and correspondence and management letters to the Company for the last three fiscal years and, if any, for the current fiscal year.			
b. Summary of all audits to which the Company has been subjected conducted by any local, state or federal taxing authority and initiated during the last three fiscal years or the current fiscal year.			
c. All letters which have been sent to the Company in connection with all audits for the last three fiscal years and, if any, for the current fiscal year, including reports from consultants regarding matters identified in response to 12.b. above.			
d. Financial statements for each of the last three fiscal years, financial statements for each quarter of the last two fiscal years and the current fiscal year, and any reports (audit, review, compilation or otherwise) of any accountants or accounting firm with respect thereto.			
e. Aging of outstanding receivables and any relevant reports or correspondence regarding delinquent payments or disputed amount.			
f. Detailed list of all accrued liabilities.			
g. Internal financial plans, budgets, and projections and review of or comparison with actual results for evaluation of current projections for each of the last two fiscal years, by quarter, and for the current fiscal year.			
h. Any documents relating to material write-downs or write-offs of notes or accounts receivable other than in the ordinary course of			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
business for the last two fiscal years and the current fiscal year.			
i. Statement of the Company's accounting policies relating to revenue recognition, reserves, capitalization expense, depreciation, amortization, and/or inventory valuation.			
j. State, federal and foreign tax returns, together with copies of any elections filed with respect to state, federal or foreign taxation.			
k. All stock valuation reports issued and drafts of stock valuation reports not issued.			
13. <u>Government Permits, Licenses, or Approvals.</u>			
a. Any correspondence or documents relating to permits, licenses, or approvals from federal, state, and local governments, including without limitation, those involving applicable occupational health and safety laws.			
b. All permits and business licenses required in order for the Company to conduct business as presently conducted.			
c. Tax status certificates for each such location.			
14. <u>Operating Procedures and Assets.</u>			
a. All documents relating to operating procedures of the Company, including any employee manuals.			
b. Summary of all promotional deals, discounts and merchandising programs and similar efforts employed in the marketing of the Company's properties or services.			
c. Summary of the Company's pricing or leasing policies, including any special arrangements concerning particular properties or customers.			
d. List of all equipment and other assets of the Company, other than real estate and improvement thereon, indicating whether such equipment or assets are leased or owned by the Company and listing all encumbrances thereon.			
15. <u>Facilities.</u>			
a. List of facilities (including address, square footage, use, status of title (<i>i.e.</i> , fee simple or leasehold), and any other relevant information.)			
b. List of all deeds, lease and sublease agreements, any other tenancy agreements or arrangements, easements, licenses and any other documents pertaining to the Company's title to facilities (including legal description of real property).			
c. Title commitments and title insurance policies for all real property and copies of exceptions referenced thereon.			
d. Agreements providing for options or other rights to purchase, lease or sell facilities.			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
e. Environmental.			
f. Zoning.			
16. Retirement Plans.			
a. List all current and prior qualified retirement plans.			
b. Review all termination applications and the manner in which the plans terminated.			
c. List any reversions/underfunding situations.			
d. List all IRS audits and final determinations.			
e. List all DOL audits and final determinations.			
f. List all IRS and DOL reports properly filed.			
g. Are all allocation and participant statements completed?			
h. All copies of recent IRS favorable determination letters.			
i. Have any plans been audited and, if so, type of opinions.			
j. List participant complaints.			
k. Employee Benefits and Pensions			
(i) Companies of qualified defined benefit or defined contribution retirement plans, related trusts and summary plan descriptions of the same.			
(ii) Copies of all employee welfare benefit plans, related trusts and summary plan descriptions of the same.			
(iii) Copies of any non-qualified executive compensation plans.			
(iv) Copies of any bonus, commission or similar plan or arrangement covering non-executives.			
(v) Copies of any Voluntary Employee Benefit Associations ("VEBAs") or any related plans.			
(vi) Copies of any plans relating to severance or termination pay, vacation, sick leave, loans or other extension of credit, loan guarantees, relocation assistance, educational assistance, tuition payments, employee benefits, workers' compensation, executive compensation or fringe benefits (including any exempted from ERISA by virtue of section 4(b) of ERISA).			
(vii) Copies of actuarial reports for past three years.			
(viii) Copies of all governmental filings relating to the above for each of the last three years.			
(ix) Copies of any investment management agreements.			
(x) Copies of other documents, such as, notices of ERISA Title IV terminations or withdrawal liability, pending or			

	<i>STATUS</i>	<i>RESP. PARTY</i>	<i>DUE DATE</i>
threatened litigation, attorneys' replies to auditors' requests for information, employee handbooks and other written or oral communications with employees.			
(xi) All personnel policies and employee handbooks and, to the extent not contained therein, a description of existing vacation, sick leave, severance and other employee policies.			
17. <u>List welfare benefits plans.</u>			
18. <u>List medical and Section 125 plans.</u>			
19. <u>List when, who and whether the Company has been previously valued and any offers made to purchase the Company.</u>			
20. <u>Labor issues.</u>			
21. <u>Union v. Non-union issues.</u>			