In connection with the proposed acquisition by Purchaser of Company, please answer the following questions in writing or be prepared to answer them in a due diligence meeting. Also, where appropriate, please forward the items listed below to Purchaser so that we may complete our due diligence. All information will be held in complete confidence.

1. **Corporate Records**

   A. Charter Documents or Articles of Incorporation as amended to date
   B. By-laws as amended to date
   C. Stock book and copies of outstanding stock certificates
   D. Minutes of meetings of the Board of Directors (and all written actions in lieu of meetings), all committees thereof, and related materials
   E. List of jurisdictions in which Company and any of its subsidiaries are qualified to do business as a foreign corporation
   F. Copies of all existing contractual provisions, preemptive rights, options, warrants, rights, calls, commitments, conversion plans, or other agreements providing for the issuance of any class of stock
   G. List of shareholders, indicating number of shares held
   H. List of option holders, indicating number of options held
I. Copies of standard option and option plan documentation

J. List of all subsidiaries, identifying the name, jurisdiction of incorporation, and ownership of same

K. Copies of any material agreements relating to these subsidiaries

L. List of all corporate obligations to purchase or subscribe, advance or loan monies to, or make any investment in any other corporation, joint venture, partnership or other entity. Copies of any agreements related thereto

M. Copies of any agreements or letters prohibiting or restricting the sale of stock or securities

N. Description of Company's history from founding to present date

2. References

A. References on all of the officer level members of the management team (minimum 6, ideal 15 per individual). References should be business relationships, e.g. prior managers, co-workers, supervisors

B. Customer or end-user references (minimum 10, ideal 20)

C. Reseller, distributor, or value added dealer references (all relationships that sell for Company)

D. Industry references, industry experts, people who are familiar with the marketplace, etc.

E. Bank references

F. Accountant references

G. Legal references
3. **Financial Statements**

A. Annual financial statements (P&L, balance sheet, cash flow) since inception

B. Quarterly and/or monthly financial statements for the past two years

C. Audited or reviewed statements and the name and telephone number of the audit partner and senior accountant who worked on the account

D. Management letters, if any, which have been prepared by auditors

E. Schedule of all fixed assets

F. Aging of accounts receivable (AR) by account and categorized as: current, 30, 60, 90, 120, written-off

G. Last three years of AR loss experience, and Company's policy on reserving for AR losses

H. Detailed, line item-by-line item breakdown of the income statement for the last 12 months, preferably in comparison to the latest twelve-month operating plan

I. Financial operating plan, including projections with all assumptions

J. Historical AR and inventory turn data

K. History of prior financings or financial sources
4. **Accounting Practices and Policies**

A. Revenue recognition policy and sales return policy
B. Policy on accruals for vacations, audit expenses, AR reserves, inventory reserves, other reserves
C. Policy on inventory valuation
D. Credit policy
E. Capitalization of any expenses, particularly development of software (FASB 86)
F. Description of any other deferred revenue or expenses or accrued revenues or expenses

5. **Product and Service**

A. Description of Company's products or services
B. Description of product/market fit. Where is product/service used?
C. Copies of all product/service literature, marketing materials and advertisements
D. Product/service price list
E. List of introduction dates of different products/services
F. Cost data and gross margins by product/service
G. Detailed breakdown of revenue by product/service for past three years

6. **New Products and Services**

A. What new products or services is Company in the process of developing?
B. What are the intended introduction dates of these products?

7. **Market and Market Share Data**

A. What is total available market for Company's product(s)/service?

B. What rate is this market estimated to be growing at? By whom? Is there any written estimate data?

C. What trends are driving growth?

D. What are other trends in marketplace?

E. What is Company's market share? Relative market share?

F. Who are the industry analysts/experts that we can use to independently verify this data?

8. **Revenue, Customers and Accounts**

A. Description of how products are marketed or how service is provided. Does Company price off of the price list? Are discounts given? How often are prices negotiated? Is work ever bid for? If prices are negotiated, who has the authority to negotiate on behalf of Company?

B. List of ten largest customers since inception, indicating dollar volume

C. Complete list of all customers with annual volume indicated

D. List of all independent distributors and copies of all distribution agreements

E. Backlog, if appropriate

F. Copy of Company's standard credit policy
G. Copies of any agreements or contracts which govern the relationship with customers
H. Number of new customers acquired in each of last three years
I. Number of customers lost in each of last three years
J. Service agreements with customer base
K. Description of data on Company's customer base
L. Copies of registration data or customer surveys

9. Competitors

A. List of known competitors of Company, including likely future competitors
B. Additional information on competitors' product/service positioning
C. Basis of competition in the industry
D. Reasons why Company will outperform competition

10. Property, Plant and Equipment

A. Description of all real estate owned or leased by Company
B. Liens and encumbrances on all real estate owned
C. Options or agreements on or for any real property
D. Copies of all leases and subleases pertaining to real estate
E. Copies of any title insurance policies relating to such real estate
F. Complete schedule of all property, plant, and equipment
G. Schedule of all leases related to property, plant, and equipment
H. Explanation of Company's depreciation policy

11. **Contracts and Commitments**

A. Summary description and copy of all OEM agreements, reseller contracts, general contracts, other agreements, or other commitments which are material to the business

B. Copy of any deferred sales contracts or agreements to provide services in the future

C. Verbal or oral material commitments made by officers of Company

D. List of all suppliers to Company, together with copies of any purchasing agreements

12. **Agency**

A. Copies of any agreements with sales agents, distributors, resellers, or individuals who have within the past three years provided services to Company. Any agreements where Company has been an agent, distributor, or reseller for another firm or product

13. **Inventory**

A. Schedule of inventory type, stage, amount, condition, and location as of a recent date. Is any inventory on consignment? Is any inventory pledged as collateral for an obligation? Does Company receive price protection or obsolescence protection on inventory?

B. What has Company's returned goods experience been for the past three years?

C. Description of inventory practices, including:
(i) Costing methods
(ii) Frequency and timing of costing methods
(iii) Standards for obsolescence
(iv) Frequency of physical inventory
(v) Other inventory practices

14. Warranties

A. Copies of standard sales forms, sales acknowledgment forms, warranties and/or the terms of sale
B. Description of damages paid to any third party since inception resulting from an alleged breach of warranty or alleged product problem or defect

15. Officers

A. Resumes of Company officers
B. Home addresses and social security numbers for Company officers
C. Employment agreements and contracts and/or offer letters for all officer-level employees
D. Details of any oral promises, agreements, commitments or pledges to compensate any employee or officer in any way in the future, including promises of stock or ownership in Company
E. Documentation for any loans or borrowings by any officer from Company
F. Schedule of all material transactions between Company's officers (or entity in which an officer has an economic interest) and Company

G. Have any of the officers been involved in a personal or corporate bankruptcy or been charged with, or convicted of, any type of fraud or a felony? Have any of the officers been charged or convicted of possession of an illegal substance, substance abuse, or operating a motor vehicle while intoxicated?

H. Are any officers seriously ill? Has any officer been seriously ill in the last ten years? Have any officers been diagnosed to have any disease or condition that may affect their work performance during the next ten years?

I. Do any officers have significant personal debt obligations apart from debt associated with education, primary housing, automobiles, or standard credit card debt? If so, describe

16. Employees and Organization

A. Organization chart showing all reporting relationships

B. Schedule of all employees showing latest twelve months' salaries, commissions, and bonuses

C. Officer-level employee job descriptions

D. List of all employees who have left Company or have been fired. Provide current phone numbers

E. Description and copies of all existing contracts of employment, collective bargaining agreements, incentive plans, bonus arrangements, and other compensation agreements between Company and its officers, directors and employees
F. Description of any labor disputes or work stoppages since inception, indicating disposition.

G. Copy of form of non-disclosure agreement obtained from employees

H. Copy of form of non-compete agreement obtained from employees

I. Copy of form of assignment of inventions agreement obtained from employees

J. Schedule listing each employee and indicating whether a signed copy of each of the above agreements is on file

K. Description of Company's pension, employee retirement, bonus or profit sharing plans

L. Copy of all employee handbooks or policies and procedures manuals

M. Description of nature and extent of medical and dental care benefits

N. Are any of Company's employees unionized? If so, copies of union agreements

O. List of all employment-related lawsuits which have been filed or threatened in the last five years

P. Has Company been charged by any government agency with any employment related violation? If so, describe?

17. Intellectual Property

A. List of each of Company's software programs or products, description of the functions and features of each, and chronology of their respective development. Description of authorship or ownership of each software product and related technology. If ownership resides with a third party, explanation of royalty arrangement and provisions for buyout, if any. Description of the arrangements regarding product enhancements and upgrades
B. Records maintained by Company documenting the development, authorship or ownership of Company's software programs and related technology. List of all public domain materials incorporated in the software programs. List of all third-party materials incorporated into the software programs.

C. List of all agreements with third parties, whether now in effect or terminated, for the design, development, programming, enhancement or maintenance of software programs. To the extent third parties have designed, developed, programmed, enhanced or maintained such software programs without having executed any agreement, list of all such third parties and description of work performed and the period during which such work was performed by such party.

D. Description of all policies followed by Company to protect the copyright and trade secret rights in its software programs and related technology, including any legends used, how they are used, whether they are uniformly used, and the manner in which the software is physically protected (regardless of the media on which it is stored).

E. Description of the instances in which source code relating to Company's software programs has been disclosed to persons outside Company, and any agreements involving disclosure of source code relating to the software programs (e.g., source code escrow agreements).

F. List of all licenses, franchises, royalty agreements, marketing agreements, distributorships, sales representative agreements or similar commitments or arrangements relating to software programs or related technology granted to third parties by Company or by any third party to Company.
G. Agreements, options or other commitments giving anyone rights to acquire any right, title
or interest in the software programs or related technology of Company

H. List of all domain names, trademarks and trade names owned or used in Company’s
business, showing registration number, date of registration, registrant and copy of
certification of registration, if any. Samples of any recent or current advertisements or
promotional literature relating to software programs

I. List of all patents used in the business of, or owned by, Company

J. Copyright registrations (if any) issued or pending relating to Company's software
programs

K. Description of Company’s information system, data processing, computer and Internet
functions. Describe equipment and technology

18. Litigation

A. Description and copies of any outstanding order, injunction, decree or judgment of any
court or any other administrative or regulatory body or any arbitration tribunal binding
upon Company or any of its property

B. Description and current status of all actions, suits, investigations or proceedings by or
before any court, arbitration tribunal or administrative or regulatory body to which
Company is a party

C. To the best knowledge of Company and its officers, description and status of any
threatened or possible suits
D. Auditor inquiry letters to attorneys retained by Company concerning litigation and
   attorney responses thereto since inception

E. Chronological history of all suits, actions or threatened actions that have led to
   settlements either in or out of court, with a description of each dispute and the resolution
   of the same

19. Insurance

A. Schedule of insurance presently carried by Company indicating the carriers, risks insured
   against, amounts of self-insurance or coinsurance, persons or entities or properties
   insured, and amount of the insurance

B. Description of any pending claims

20. Regulatory Compliance

A. List of all regulatory permits and licenses possessed by Company or any subsidiary and
   the date of expiration of each

B. Description of any known noncompliance with any zoning or building codes,
   environmental laws or regulations or occupational safety laws or regulations, and what
   action Company has taken or is taking with respect thereto

C. Reports to, correspondence with, and notices from national, federal, state, and local
   regulatory and enforcement agencies (including FTC, OSHA, EEOC, EPA, NLRB,
   Justice, and their counterparts).
21. **Financing Agreements**

A. Agreements, memoranda and offering materials pursuant to which any person has purchased or has the right to purchase Company's securities

B. List and copies of all mortgages, indentures, loan agreements, credit facilities, capitalized leases, letter of credit reimbursement agreements, bank loans and other indebtedness to which Company is a party

C. Correspondence with lending institutions concerning defaults, requests for waivers, extensions, modifications, collateral and other matters in connection with loan agreements identified above

D. List and copy of all agreements pursuant to which Company or a subsidiary has guaranteed or provided a surety or letter of credit for the obligations of any person or entity

E. Calculation as of a recent date indicating compliance with the financial covenants contained in the financing agreements and guarantees referred to above, if any

22. **Taxes**

A. Indication of whether Company or any subsidiary is or has been included in a consolidated group for tax purposes with any other person or entity, naming such person or entity
B. Copies of the national, federal and state income tax returns for each of the past three years

C. Current status of any national, federal or state tax audits

D. Description of any tax issue raised by examination of the national, federal or state income tax returns either by a taxing authority or by your outside auditor

E. Description of any taxes likely to arise as a result of the contemplated transaction, other than those based on Purchaser’s income

23. Bank Accounts

A. List of all bank accounts and safe deposit boxes maintained by Company and the names of all persons authorized to draw thereon or have access thereto

B. List of all credit cards and who are authorized to use them.

24. Other

A. Copies of any management or consultants' reports prepared for Company or any subsidiary since inception with respect to its business or products

B. Descriptive material relating to the present or proposed products of Company or any subsidiary, including background material in periodicals or reports regarding the industry, competitive and related products, press releases, etc. since inception

C. Other document or information which, in your judgment, is significant to Company or its business
As an officer of Company, I hereby certify that I have provided the information requested above or truthfully answered the questions presented above; or that where appropriate I have stated that such information is not available. To the best of my knowledge all of the answers presented above are complete, accurate and not misleading.

_________________________________

By:______________________________

Title:____________________________

Date:____________________________