

In connection with the proposed acquisition of TARGET, set forth below is an initial list of due diligence items which we wish to review as part of our due diligence investigation and as an aid to the preparation of the documentation for this transaction. As used herein, “Company” shall mean, individually and collectively, TARGET and its subsidiaries, and shall include any predecessor entities or businesses, whether or not incorporated, and any business or entity engaged in business related to that of the Company that controls, is controlled by, or is under common control with, the Company. Please provide or make available copies of the indicated documents or the information requested. If an item referred to on this checklist is not applicable to the Company, please so indicate by stating “Not Applicable.”

The Company should indicate to which item number from the list below each response or document relates. If information or documents provided are responsive to multiple request numbers, mark and provide the information or documentation as responsive to the most directly applicable category while also providing a cross-reference in the list below under any other categories to which the information or documentation is also responsive. All requests for information are deemed to include requests for both “written” and “unwritten” information and documents. In addition, as our review proceeds, we may determine that there are additional items that will need to be reviewed.

NO.	ITEM DESCRIPTION	RECEIVED (X)	DATE	NOTES/COMMENTS
1	CORPORATE RECORDS			
1.1	List of all majority-owned subsidiaries directly or indirectly owned by the Company.			
1.2	List of all subsidiaries or entities in which the Company has an equity or debt interest.			
1.3	Schedule and copies of Articles of Organization or other charter documents currently in effect and all amendments thereto.			
1.4	Schedule and copies of operating agreement of the Company, and other agreements among the members and the managers, currently in effect and all amendments thereto.			
1.5	Schedule and copies of all minutes of, and resolutions/actions taken by, the members/managers.			
1.6	Organizational chart showing subsidiaries, affiliates, divisions and branches of the Company, including locations, jurisdictions of incorporation and descriptions of operations.			
1.7	Schedule of all countries and U.S. cities and states in which the Company owns or leases property or assets, has employees, regularly engages independent contractors or has material contractual relationships. For each jurisdiction, describe property/asset(s) (and indicate whether owned or leased), identify number of employees and independent contractors, and describe contractual relationship(s).			
1.8	Schedule of all countries and U.S. states where the Company is qualified to do business.			

NO.	ITEM DESCRIPTION	RECEIVED (X)	DATE	NOTES/COMMENTS
1.9	Schedule and describe any acquisitions, mergers, dispositions and restructurings since inception of the Company and describe the tax treatment of such transactions, including any opinions, analyses or memoranda regarding the same.			
1.10	Schedule of officers, directors, managing members, etc. for the current fiscal year and each of the prior two (2) fiscal years for the Company and its subsidiaries.			
2	MEMBER INFORMATION			
2.1	Schedule of all <u>current</u> members of the Company and number of units/percentages held by each.			
2.2	An equity ledger showing the date of and recipient of each grant, transfer or cancellation of membership or other equity interests of the Company.			
2.3	Schedule and copies of any outstanding options and warrants, including date of grant, exercise price and number of shares subject to option or warrant.			
2.4	Schedule and copies of any promise to issue/grant options, warrants or any other form of equity or debt interest in the Company.			
2.5	Schedule and copies of all communications with members for the current fiscal year and each of the prior two (2) fiscal years.			
2.6	Schedule and copies of all member agreements, voting trusts or other agreements between or among the members.			
2.7	Schedule of any person(s) whose consent to the proposed transaction will be required and copies of all relevant documents.			
3	SECURITIES ISSUANCES			
3.1	Schedule of all security holders of the Company (including option and warrant holders and others entitled to purchase the securities of the company) <u>since inception</u> of the Company.			
3.2	Schedule and copies of all stock option or purchase plans in effect for the current fiscal year and each of the prior three (3) fiscal years and all forms of grant award, option and/or purchase agreements that have been or may be used thereunder.			
3.3	Schedule and copies of all other agreements relating to the purchase, issuance, sale, transfer, redemption, exchange or conversion of securities of the Company not previously requested.			

NO.	ITEM DESCRIPTION	RECEIVED (X)	DATE	NOTES/COMMENTS
3.4	Schedule and copies of governmental permits, notices of exemption and consents for issuance or transfer of the Company's securities and evidence of qualification or exemption under applicable blue-sky laws.			
3.5	Schedule and copies of all agreements containing preemptive rights or assigning such rights.			
4	CORPORATE FINANCE			
4.1	Schedule and copies of all documents related to any equity financings or convertible debt financings.			
4.2	Schedule and copies of all notes payable and all other documents and agreements evidencing borrowings by or debt of the Company, whether secured or unsecured, documented or undocumented, including all amendments, renewals, notices, waivers, etc.			
4.3	Schedule and copies of all bank letters or agreements confirming lines of credit, including any amendments, renewal letters, notices, waivers, etc.			
4.4	Schedule and copies of all documents and agreements relating to guarantees by the Company.			
4.5	Schedule and copies of all documents and agreements evidencing other material financing arrangements such as capital leases, sale and leaseback arrangements, installment purchases, etc.			
4.6	Schedule and copies of all documents purporting to create a lien, mortgage, security agreement, pledge, or other encumbrance on any Company's ownership interests, any real or personal property of the Company or in favor of the Company.			
4.7	Schedule of all bank/financial accounts maintained by or on behalf of the Company. Provide institution name, address, account number, currency, etc.			
5	FINANCIAL INFORMATION			
	<u>Legal will defer to accounting firm for this category.</u>			
6	TAXES			
	<u>Legal will defer to accounting firm for this category.</u>			
7	INFRASTRUCTURE AND OPERATIONS			
7.1	Organizational chart showing job titles, job descriptions, and locations.			

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7.2	Schedule of ALL customers for last three (3) fiscal years showing annual and total sales for each customer. Provide copies of all agreements for customers for which the Company has/had annual sales of \$200,000 or more for each of the last 3 fiscal years.			
7.3	A copy of all standard forms of Master service agreements and SOW's.			
7.4	Schedule of top five (5) accounts payable for each of the last three (3) fiscal years showing, for each provider for each year, the total amount paid or payable. Provide copies of all agreements for accounts payable/suppliers for which the Company has/had an annual spend of \$50,000 or more for each of those years. Identify any contracts that cannot be terminated by the Company on thirty (30) days' notice without penalty.			
7.5	Schedule of all owned and leased systems (hardware and software), networks, databases and applications. Provide copies of all related licenses and purchase/lease agreements.			
7.6	Schedule and copies of all material agreements above \$50,000 annually related to the operations of the Company not previously requested hereunder.			
8	SALES AND MARKETING			
8.1	Schedule and descriptions of all Company services and products and geographic area for each service and product, including a breakdown of sales/revenue and coverage in each such area.			
8.2	Schedule and copies of all distribution, agency, marketing and sales, consulting, franchise or commission Agreements.			
8.3	Schedule and copies of forms of warranties and guarantees provided to customers. Include a claims history for each of the past five (5) fiscal years.			
8.4	Schedule and copies of current pricing policies. Include a detailed description of any price changes over the past three (3) calendar years.			
8.5	Schedule of all retainers, deposits and prepayments received by the Company but not yet fully earned by performance.			
9	EMPLOYEES			
9.1	Schedule of all employees of the Company by location, by department and by functional area.			

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9.2	Schedule of all employees including: name, age, date of hire, job title, compensation (in any form) for the current calendar year and each of the last two (2) completed calendar years (including bonuses, commissions, expense allowances, etc.) and other compensation perquisites.			
9.3	Schedule and copies of all standard forms of employment agreements, consulting agreements and independent contractor agreements used by the Company.			
9.4	Schedule and copies of each employment, consulting, confidentiality, non-competition, indemnification or similar agreement for all directors, officers, managers and key employees of the Company.			
9.5	Schedule and copies of any employment agreements, consulting agreements and independent contractor agreements (current or within the past three (3) calendar years) that differ in any material respect from the standard forms listed in 9.3 above.			
9.6	Schedule and copies of any severance or special termination agreements to which the Company or and director, officer, manager, or key employee is a party.			
9.7	Provide a detailed description of the terms of employment/engagement for all employees/consultants/independent contractors without written employment/consulting, independent contractor agreements.			
9.8	Schedule and copies of collective bargaining agreements or other material labor contracts and descriptions of all significant labor disputes, problems or union activities.			
9.9	Schedule and copies of all consulting and independent contractor agreements above \$50,000 annually in the past two (2) fiscal years.			
9.10	Schedule and description of commissions paid to third parties for the past three (3) fiscal years if not included in 9.2.			
9.11	Schedules and copies of all exclusivity, non-competition, non-solicitation, confidentiality and non-disclosure agreements that are in force to which the Company is a party and/or under which the Company retains an obligation.			

NO.	ITEM DESCRIPTION	RECEIVED (X)	DATE	NOTES/COMMENTS
9.12	Schedule and copies of all benefit plan documents, IRS communications, summary plan descriptions, the adoption agreements, plan amendments, insurance/trust agreements, administrative service or other service agreements with vendors, and summary of material modifications. Include copies of the disclosures provided by the plan sponsor to the participants regarding fees, diversification of investments and similar matters.			
9.13	Schedule and copies of Form 5500 for the past three (3) years.			
9.14	Schedule and copies of IRS determination letters.			
9.15	Schedule and copies of any National Labor Relations Board or U.S. Department of Labor communications and filings.			
9.16	Schedule and description of all equal employment, age and occupational safety and health matters affecting the Company, including copies of all documentation relating to any material disputes, complaints, audits, investigations and other proceedings.			
9.17	Schedule and copies of any management/accountant annual reports and/or audits relating to the plan(s).			
9.18	Schedule and copies of all personnel manuals, policies and handbooks and explanation of policies regarding vacation, severance, disability benefits, supplemental unemployment benefits, retirement, medical and other material personnel matters.			
9.19	Schedule and status of all non-resident alien employees and confirmation of compliance with applicable law.			
9.20	Schedule and explanation of any employment arrangements and/or compensation plans where any benefits or rights are triggered by a change in control of the Company.			
10	OFFICERS, DIRECTORS AND KEY EMPLOYEES			
10.1	Schedule of directors, officers, managers and other key personnel. Include name, age, date of hire, job title and description, compensation (in any form) for the past two (2) fiscal years (including bonuses, expenses allowances, etc.) and other compensation prerequisites.			
10.2	Schedule and copies of all agreements with directors, officers, managers and key employees (current and former), including employment agreements, indemnification agreements, management prerequisites, loans, termination or severance agreements, and other material agreements.			

NO.	ITEM DESCRIPTION	RECEIVED (X)	DATE	NOTES/COMMENTS
10.3	Schedule and copies of all bonus plans, deferred compensation plans, profit sharing and management incentive agreements.			
10.4	Schedule and description of any related party transactions. Indicate relationship and business purpose of such transaction.			
11	INTELLECTUAL PROPERTY			
11.1	Names of all law firms that handle intellectual property matters for the Company and contact names and numbers.			
11.2	Schedule and copies of all issued patents, patent applications, copyright registrations, trademark registrations, trademark applications, service mark registrations and service mark applications. Schedule should include jurisdiction in which registered, dates of registration/application and registration numbers.			
11.3	Schedule of all proprietary rights, trademarks, service marks, copyrights or information of the Company not protected by registration, including without limitation, trade secrets, know-how, processes, programs and confidential information relating to operations of the Company. For each item, provide a list of persons to whom rights in the relevant intellectual property have been assigned, sold, licensed, leased, or otherwise provided, and the extent of rights granted and retained with respect to each such item and person. Provide copies of all such documents.			
11.4	Schedule and copies of all research and development agreements, including without limitation, joint development agreements and development agreements with contractors.			
11.5	Schedule and description of exclusive rights and other material rights relating to products and intellectual property granted by the Company to any third party.			
11.6	Schedule of all material software, databases or proprietary processes used by the Company and copies of all agreements granting the Company the right to use such software, databases or proprietary processes.			
11.7	Schedule and copies of all confidentiality, nondisclosure and/or proprietary rights assignment agreements with employees, contractors, and other parties.			
11.8	Schedule and copies of all proprietary rights notices used by the Company, dates such notices were first used and, if changed, date or dates of changes.			

NO.	ITEM DESCRIPTION	RECEIVED (X)	DATE	NOTES/COMMENTS
11.9	Schedule and copies of all documents and correspondence relating to current, past or potential claims or disputes related to intellectual property or other proprietary rights owned or used by the Company. Include a list and description of any suspected or alleged infringement by third parties of intellectual property rights owned by the Company.			
11.10	Schedule and copies of all counsel opinion letters relating to the Company's intellectual property.			
12	REAL AND TANGIBLE PROPERTY			
12.1	Schedule of real property owned or leased by the Company. Include location and brief description of facilities and land, use in operations, and any restrictions on the use of such property.			
12.2	Schedule of all personal property owned or leased by the Company and the location of such property.			
12.3	Schedules and copies of documents of title, mortgages, deeds of trust, purchase agreements, leases and security agreements pertaining to the property listed in 12.1 and 12.2 above.			
12.4	Schedule and copies of all liens or encumbrances on property listed in 12.1 and 12.2 above, including all security interests in personal property and copies of related UCC filings.			
13	LITIGATION			
13.1	Schedule and copies of all letters from counsel sent to auditors for year-end and current interim audits or "litigation letters."			
13.2	Schedule of all outstanding, pending or threatened litigation, claims, actions, arbitrations, administrative proceedings and/or investigations of any nature concerning the Company and/or its, directors, officers, or members, identifying all parties involved, the nature of the claim, and the amount at issue. Provide copies of all complaints, orders, filings and other significant documents in pending or threatened matters involving claims of \$25,000 or more or seeking injunctive or other equitable relief.			
13.3	Schedule and copies of all consent decrees or other decrees, judgments or orders, settlement agreements, injunctions or similar matters (continuing or contingent) to which the Company is a party or by which the Company or any of its assets is bound or involving any person in his/her capacity as a director, officer, employee or shareholder/member/partner of the Company.			

NO.	ITEM DESCRIPTION	RECEIVED (X)	DATE	NOTES/COMMENTS
13.4	Schedule and description of any pending or threatened product liability or warranty claims against or involving the Company and the resolution or status of such claim.			
13.5	If not provided elsewhere, provide description and copies of all information regarding all material pending or threatened matters to which the Company is a party or in which it may become involved, including but not limited to any investigations or proceedings involving foreign, federal, state or local: (i) environmental law, (ii) export control law, (iii) information secrecy laws, (iv) occupational safety law, (iv) anti-trust or competition law, (v) securities law, (vi) employment discrimination or harassment law, or (vii) unfair trade practices law.			
14	INSURANCE			
14.1	Schedule and copies of all material insurance policies of the Company, including, without limitation, property, liabilities, worker's compensation, operations, director indemnification, product liability and "key person" policies.			
14.2	Insured loss detail for last three (3) years for all material insurance policies of the Company.			
15	PARTNERSHIP, JOINT VENTURE, AND OTHER STRATEGIC AGREEMENTS			
15.1	Schedule and copies of all partnership, joint venture, teaming or other strategic relationship agreements.			
15.2	Schedule and copies of all agreements, plans and documents relating to consolidations, reorganizations or dispositions of any assets or lines of business of the Company within the last five (5) years.			
15.3	Schedule and copies of all agreements, plans and documents relating to the Company's acquisition of any other businesses, any business line or part thereof (whether by merger, purchase of assets, purchase of stock or otherwise) within the last five (5) years.			
15.4	Schedule and copies of all agreements and documents relating to the Company's acquisition of intellectual property within the last five (5) years.			
15.5	Schedule and copies of any contracts or agreements which contain termination or other provisions that are triggered by a change in control.			
16	GOVERNMENTAL REGULATIONS AND FILINGS			
16.1	Schedule and summary of all material inquiries, audits or investigations by any foreign, federal, state or local governmental agency.			

NO.	ITEM DESCRIPTION	RECEIVED (X)	DATE	NOTES/COMMENTS
16.2	Schedule, copies and status of all permits, licenses and authorizations required for the conduct of the Company's business.			
16.3	Schedule and copies of all filings, registrations, reports and related correspondence with local, state or federal governmental agencies not requested elsewhere herein (such as DOL, EEOC, IRS, PBGC, NLRB, OSHA, FCC, BXA, FDA, EPA, HSR filings, etc.) and copies of any reports issued by such agencies and all documentation and correspondence (including approvals or permits) relating thereto.			
16.4	Description of any toxic chemicals used in the business of the Company. Provide summaries of any EPA inquiries or claims. Copies of any environmental audit or inspection reports and related correspondence, spill reports, manifests and other documents relating to hazardous waste management. Copies of documents relating to any audits, inquiries or investigations by, or proceedings or threatened proceedings with, any governmental authorities.			
17	OTHER CONTRACTS/CHANGE OF CONTROL			
17.1	Schedule and copies of all other material contracts, instruments, commitments, plans, arrangements and/or documents not otherwise requested or provided pursuant hereto.			
17.2	Schedule and copies of all contracts to which the Company is a party or by which the Company and/or any of its assets are bound that have assignment/change of control provisions and/or non-compete/exclusivity provisions and/or other provisions that require notice to and/or consent of the other party prior to or following consummation of the proposed transaction.			