

STANDARD DUE DILIGENCE LIST

I.	BASIC CORPORATE DOCUMENTS	III.	FINANCIAL INFORMATION AND ACCOUNTANTS' AND AUDITORS' REPORTS
1.1	Charter documents and by-laws and related documents, as amended, of the Company.	3.1	Reports ("management letters" and "audit letters") of the independent auditors employed by the Company, relating to management and accounting procedures for the Company, and matters which arose during the course of audits.
1.2	Minutes of meetings of the stockholders and Board of Directors and each Committee of the Board of Directors of the Company, including any specific authorizing resolutions.	3.2	Management replies to accountants' management and audit letters.
1.3	Summary of the equity structure of the Company 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 or other equity interests and the holders thereof, together with information regarding all related options, warrants and other rights to acquire capital stock, including phantom stock and conversion rights.	3.3	Letters to the independent auditors from lawyers with respect to the lawyers' work on matters for the Company ("audit response letters") for the last 3 fiscal years.
1.4	A list of states in which the Company is qualified as a foreign corporation.	3.4	Audited or reviewed financial statements for the last 3 fiscal years for the Company.
1.5	Corporate management organization chart including title, of all officers.	3.5	Quarterly income statements since the date of the most recent audited financial statements.
1.6	Biographies of all officers and other members of senior management.	3.6	Internal financial projections and all supporting information.
1.7	Materials (including financial projections), to the extent available, distributed to Board of Directors of the Company, or any committees thereof, in connection with meetings of such Board or such committees.	3.7	Copies of all current budgets, forecasts and business plans.
		3.8	Summary of sales volume for most recent year.
		3.9	Current project/pipeline report.
		3.10	List of any off-balance sheet liabilities not appearing in the most recent financial statements (including the notes thereto).
		3.11	Summary of accounting policies to the extent not disclosed in the financial statements.
II.	STOCKHOLDERS	IV.	LITIGATION
2.1	All stockholder or similar agreements with respect to the Company.	4.1	Summaries or memoranda regarding all threatened, outstanding and concluded litigation and arbitration proceedings to which the Company is or was a party during the last three years 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.
2.2	Any stock purchase or subscription agreements with stockholders or prospective stockholders.	4.2	Summaries or memoranda regarding all governmental and administrative investigations, proceedings and arbitrations, whether pending, threatened or concluded during the last three years involving the Company, any officer or any director in his or her capacity as such.
2.3	Any agreements relating to preemptive rights or other preferential rights of stockholders.	4.3	All consent decrees, court or administrative judgments or orders, settlements, etc., requiring or prohibiting future activities of the Company.
2.4	Any agreements restricting the sale or other disposition of capital stock.		
2.5	Any agreements or plans concerning outstanding or proposed stock options, warrants or similar rights.	V.	MATERIAL CONTRACTS AND AGREEMENTS
2.6	Any agreements relating to registration rights of stockholders.	5.1	Contracts relating to the acquisition or sale of any properties or equipment (excluding sales of inventory) during the last 3 years for consideration exceeding \$____,____ in value.
2.7	Any claims, liens, encumbrances, security interests, options, charges or restrictions related to capital stock.	5.2	Contracts contemplating an aggregate exchange of value of \$____,____ or more.
2.8	Any other agreements that define or limit the rights of stockholders, including restrictions on voting rights and all outstanding proxies.		
2.9	Applicable trust agreements and other similar documents, if any shares of capital stock of the Company are held on behalf of stockholders in a fiduciary capacity.		

STANDARD DUE DILIGENCE LIST

5.3	Material equipment leases.
5.4	Material guarantees and similar agreements.
5.5	Material agreements relating to product warranties.
5.6	Material sales representative, marketing, agency or distributorship agreements.
5.7	Material government contracts, including contract number, name of program, product description, backlog, whether sole source or not and period of performance.
5.8	Agreements entered into for future material capital expenditures.
5.9	Agreements relating to restrictions upon competition or restricting or purporting to restrict the ability of the Company to engage in any type of business or to operate in any geographic area.
5.10	Indemnification agreements for directors and officers.
5.11	Agreements relating to the purchase or sale by the Company of securities (equity or debt) of the Company in addition to those under Item 2.2.
5.12	Confidentiality and nondisclosure agreements.
5.13	Partnership, joint venture, co-development, cooperation and similar agreements.
5.14	Contracts (excluding employment agreements and other benefits arrangements but including loan agreements) with officers, directors, employees or any significant stockholder of the Company.
5.15	Samples of all form purchase and sales orders, invoices and other forms of agreements and instruments regularly used by the Company.
5.16	Contracts containing termination or other provisions triggered by a change of control or disposition of assets of the Company, and contracts requiring the consent of any third party in the event of a sale of the Company, or of assets of the Company.
5.17	Material computer (hardware and software) contracts and similar arrangements.
5.18	License, royalty and franchise agreements.
5.19	Contracts with financial advisors for the sale of the Company, or any of their assets.
5.20	Material purchase contracts for raw materials, supplies, services and inventory between the Company and third parties.
5.21	Material sales contracts, all other contracts relating to the supply, storage, service, management, license, research and development or distribution of the Company's products, goods, services, equipment or property, including all open purchase orders.
5.22	Commodity, interest rate and currency exchange agreements and all other derivatives and financial products, and a schedule showing current exposures thereunder.
5.23	All employment agreements and consulting agreements.
5.24	All sale and lease-back arrangements and construction contracts.

VI.	REGULATORY MATTERS
6.1	All regulatory filings, licenses, permits, consents and regulatory approvals required to enable the Company to conduct its business.
6.2	Material correspondence, if any, alleging violation of or demanding compliance by the Company with laws, regulations, etc. or requests for information pursuant to applicable laws, including antitrust laws, securities laws, environmental laws, worker safety laws and employment laws.
6.3	List of any violations of governmental laws or regulations currently pending, as well as all such violations for most recent three years.
6.4	Material reports to governmental agencies for most recent three years (e.g., EPA, OSHA).
6.5	List of all governmental filings and consents required for a purchase of the stock of the Company.
VII.	DEBT ARRANGEMENTS
7.1	A schedule summarizing short-term and long-term debt and capital lease obligations of the Company, (setting forth the obligor, the lender, principal amounts outstanding, interest rates and maturity dates, or, in the case of capital lease obligations, payment schedules, for each such item).
7.2	All principal documentation relating to actual or contingent indebtedness (including all letters of credit, surety bonds, loan guarantees, bankers acceptances, swaps and similar arrangements) of the Company, (including any amendments, waivers or consents relating thereto).
7.3	The results of a lien search recently conducted with respect to the Company.
VIII.	COLLECTIVE BARGAINING AGREEMENTS AND EMPLOYEE BENEFIT PLANS
8.1	Collective bargaining agreements.
8.2	All severance agreements and agreements providing compensation or other consideration upon sale of or change in control of the company.
8.3	Agreement with payroll service provider.
8.4	Schedules of salaried and hourly workforce showing their current compensation rates and breaking out employees by: <ul style="list-style-type: none"> a. Geographic location b. Function c. Age d. Years with the Company e. Participation in employee benefit plans f. Part-time vs. Full-time
8.5	All employee benefit plans (including retirement, pension, supplemental retirement savings, stock option and other health benefit and welfare plans) together with trust agreements and the most recent actuarial report as to funding of the plans, and all annual reports relating to such plans.
8.6	Deferred compensation and similar agreements.
8.7	All notices to the Pension Benefit Guaranty Corporation ("PBGC") concerning reportable events under the Employee Retirement Income Security Act ("ERISA").

STANDARD DUE DILIGENCE LIST

8.8	List of any "reportable events," "prohibited transactions," "complete withdrawals," and "partial withdrawals" with respect to all pension plans.
8.9	Documentation of any audits, investigations or reviews being conducted by the IRS, Department of Labor or PBGC with respect to any plan and any administrative proceedings in connection therewith.
8.10	Employee Handbook(s) (Policies and Procedures)
8.11	All bonus and incentive plans, including: a. Plan document and amendments; b. List of employees entitled to bonus and amount of award; and c. Form of agreement under plans.
8.12	A description of any and all strikes, lockouts, slowdowns and other labor disruptions at any of the Company's 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 in the last 3 years.
8.13	A list of all employment-related claims brought against the Company within the past three years (e.g., wrongful termination, unlawful discrimination, sexual harassment, etc).
IX. TAX MATTERS	
9.1	All federal, state, local and foreign tax returns for the last three years.
9.2	Schedule of unused loss and credit and carry forwards for the Company, by taxing jurisdiction, including date of expiration and any applicable restrictions on use.
9.3	Copy of any tax indemnities given by the Company, in connection with a sale of stock or assets which remain in effect; copy of any indemnities received by the Company, in connection with a purchase of stock or assets; and list of any claims made or, to the knowledge of the Company proposed to be made under any such indemnities.
9.4	Brief description of all tax issues involving the Company for which a reserve has been established on the financial statements, including the amount of the potential exposure and the amount of the reserve.
9.5	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, as a result of the last completed audit, indicating which issues are recurring (and in addition any such adjustment involving a recurring issue which was required as the result of the most recent audit prior to such last audit). For each taxing jurisdiction, schedule of proposed adjustments raised orally or in writing for which the amount involved exceeds \$____.
9.6	Copies of IRS Forms 941 (Company's Quarterly Federal Tax Return) and 940 (Company's Annual Federal Unemployment (FUTA) Tax Return).
9.7	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 that involves one or more issues relevant to the Company, and that has not been terminated or, if terminated, pertains to a potentially recurring issue. Schedule of any tax litigation pending or proposed, including issues and amounts involved.

9.8	For each taxing jurisdiction, copies of memoranda, reports and other documents, if any, relating to any administrative proceeding or tax litigation involving an issue relevant to the Company (excluding documents clearly protected by the litigation work-product privilege and involving an ongoing dispute).
9.9	Copies of any agreements of the Company that, if a change of control of the Company would give rise to disallowance of a deduction under § 280G of the Internal Revenue Code (the "IRC").
9.10	All tax-sharing agreements affecting the Company.
9.11	Quarterly Statements of Deposit and Filings for the last 3 years.
9.12	Payments to contractors [1099's].
X. REAL PROPERTY	
10.1	List of all other facilities with locations thereof (including age, size and whether owned or leased) and a description of the business purpose of each such facility (e.g., manufacturing, warehousing, office space).
10.2	Leases and rental agreements, including subleases and concession agreements, brokerage agreements, non-disturbance and attornment agreements and related assignments, letters of credit, if any, consents granted, estoppel letters, list of security deposits and all amendments, in respect of real property owned or leased by the Company.
10.3	Deeds related to all real property owned or used by the Company.
10.4	Surveys, legal descriptions, title insurance policies (including copies of all documents of record), and appraisals with respect to all real property owned by the Company.
10.5	Copies of all notices of municipal violations affecting any property owned by the Company.
10.6	Evidence as to the zoning status of the properties and subdivision compliance for any property owned by the Company.
10.7	To the extent not provided in response to Item 7.2, copies of all loan agreements, mortgages, assignments, security agreements, and UCC-1's, if any, encumbering any property owned by the Company.
10.8	Itemized list of all easements, liens, restrictions, violations, covenants and agreements of any kind affecting any property owned by the Company.
10.9	Copies of all certificates of occupancy, fire underwriters' certificates and other licenses and permits affecting any property owned by the Company.
XI. PERSONAL PROPERTY	
11.1	List of all machinery and equipment material to the operations of the Company including computers and other data processing equipment.
11.2	All material leases and rental agreements, including subleases, concession agreements, assignments, letters of credit, if any, consents granted and all amendments, in respect of personal property.
11.3	Warranties and guarantees still in effect with respect to material personal property owned by the Company.

STANDARD DUE DILIGENCE LIST

XII.	ENVIRONMENTAL MATTERS
12.1	All environmental assessment, audit or compliance reports (including internally generated reports and memoranda, as well as those of outside consultants) concerning any aspect of the operations of the Company, or in connection with any real property currently or formerly owned or leased or occupied by the Company.
12.2	Environmental budget information, including anticipated capital and operating expenses over the next three years, and a schedule of any material environmental matters identified or anticipated beyond that time frame for the Company.
12.3	A schedule of reserves recorded by the Company, for loss contingencies in connection with environmental matters, including remediation projects and litigation.
12.4	All documents relating to any releases, discharges or disposal of any material on or from any real property currently or formerly owned, operated or occupied by the Company.
12.5	All notifications received from any federal, state, local or foreign governmental agency of violations of any environmental laws by the Company.
12.6	All notifications received by the Company, from any federal, state, or local governmental agency or any other person of any potential liability of the Company, under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund"), the Resource Conservation and Recovery Act ("RCRA") or similar federal or state statutes, and any documents relating thereto.
12.7	A summary of all other claims or proceedings against, or investigations of, the Company 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.
12.8	A schedule identifying all underground and aboveground storage tanks currently or formerly owned or operated by the Company or located on any of the property owned or operated by the Company.
12.9	All documents and other information regarding equipment and fixtures containing polychlorinated biphenyls ("PCBs") (e.g., electrical transformers, light ballasts) located at any of the property owned or operated by the Company.
12.10	Documents and other information regarding asbestos-containing materials, the condition of any such materials, and any abatement, removal or renovation activities recently completed or currently being conducted or planned at any of the property owned or operated by the Company.
12.11	All environmental permits relating to the operations of the Company and documents and other information relating to compliance with such permits.

XIII.	INSURANCE; RISK MANAGEMENT
13.1	All insurance policies (and all binders and certificates related thereto) of the Company (including, without limitation, all casualty, general and products liability, property, workers compensation, directors and officers liability, key man and excess policies) for the current policy year and for the four previous years (property policies for the current year only).
13.2	All correspondence relating to cancellation or nonrenewal of any policy during the last three years.
13.3	Information relating to insurance claims experience for the last three years.
13.4	All correspondence relating to an insurer's declination of coverage or reservation of rights with respect to a pending claim, or aggregate of claims arising from the same circumstances, of over \$____.
13.5	A description of each self-insurance, fronting, risk retention and captive insurance program of the Company, and actuarial studies relating to each such program.

XIV.	INTELLECTUAL PROPERTY
14.1	A list of all registered copyrights, trademarks, service marks, logos, patents and other material intellectual property (including all prior or pending applications therefore) owned or licensed by or to the Company, and copies of all agreements and instruments relating to the acquisition, assignment, licensing, ownership and registration thereof.
14.2	List and description of material pending or threatened claims for infringement or other violations of proprietary rights.
14.3	Agreements, policies or other arrangements relating to proprietary rights of employees in products of the Company, (including royalty or other fee arrangements).
14.4	A list of all Internet domain names held, assigned to or used by the Company.
14.5	A list of all software (including open source software) owned, licensed or used by the Company.

XV.	MARKET INFORMATION
15.1	A list of the top ten suppliers or vendors of raw materials, packaging or other materials (including a description of the types and quantities of items purchased from such suppliers and vendors) for the past three years.
15.2	Copies of sales brochures and other marketing materials prepared by the Company about the Company or any of its businesses.
15.3	All press releases issued by the Company within the past three years.
15.4	Documentation relating to the Company's ISO 9000 status.

Mirus Capital Advisors, Inc. is a middle-market investment bank that specializes in advising companies on strategic mergers and acquisitions. By combining a proven process, industry and transactional expertise, creative thought, and personalized service, Mirus has completed hundreds of transactions for both public and private companies. Mirus is a registered broker-dealer and NASD/SIPC Member. For more information, visit www.merger.com.