Preliminary Due Diligence Checklist
[Date]

In connection with the proposed sale of Series __ Preferred Stock by [Name of Company] (the "Company"), please supply the following materials.

<table>
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<th>Previously Provided</th>
<th>Provided Herewith</th>
<th>To Be Provided</th>
<th>N/A</th>
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(A) Basic corporate documents:

[ ] [ ] [ ] [ ] (1) Articles of Incorporation, including amendments.

[ ] [ ] [ ] [ ] (2) By-laws, including all amendments.

[ ] [ ] [ ] [ ] (3) Minutes of all meetings of directors, committees of directors, and shareholders, including copies of notices of all such meetings where written notices were given, and copies of all Written Consents.

[ ] [ ] [ ] [ ] (4) List of states and foreign countries in which qualified to do business.

[ ] [ ] [ ] [ ] (5) All Business Plans.

(B) Subsidiary corporation documents: Same as those listed under paragraph A above.

(C) Documentation on previous issuances of common stock, preferred stock, warrants, options, debt, or any other securities, including:
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<tbody>
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<td>(1)</td>
<td>Schedules setting forth all issuances or grants of stock and options by the Company, listing the names of the issuees or grantees, the amounts issued or granted, the dates of the issuances or grants, and the consideration received by the Company in each case.</td>
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<td>(2)</td>
<td>Lists of all current record and beneficial owners of shares, including addresses and number of shares owned.</td>
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<td>(3)</td>
<td>Same information as specified in (C)(2) above for holders of any other outstanding securities and warrants.</td>
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<td>(4)</td>
<td>List of all options currently outstanding, including names and addresses of option holder and number of options held by each.</td>
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<td>(5)</td>
<td>Samples of stock certificates, warrants, options and any other outstanding securities.</td>
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<td>(6)</td>
<td>Copies of any voting trust, shareholder or other similar agreement covering any portion of the Company's shares.</td>
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<td>(7)</td>
<td>All communications with shareholders since inception.</td>
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<td>(8)</td>
<td>Stock option plans and forms of option agreements which have been used.</td>
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<td>(9)</td>
<td>Stock purchase agreements which have been used for sales of any equity.</td>
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<td>(10)</td>
<td>Any other agreements relating to sales of securities by the Company, including Buy-Sell and Right of First Refusal agreements.</td>
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</table>
(11) Permits or other state or federal securities law filings for issuance or transfer of Company's securities.

(12) Any other agreements relating to registration rights.

(13) Other employee benefit plans of any sort and related agreements.

(D) Material contracts, agreements, information and literature:

(1) List of major suppliers, distributors and manufacturers.

(2) List of major customers and revenues received from each such customer for the last three fiscal years and forecast for the current fiscal year.

(3) List of major competitors by product.

(4) Percentage of sales contributed by each major product for the last three fiscal years and forecast for the current fiscal year.

(5) License and technology transfer agreements and other agreements regarding technology with founders, corporate partners, or other parties.

(6) New products which are expected to be introduced in the next two years and forecast revenues for these products.

(7) Literature concerning the industry generally, and seasonal or cyclical aspects particularly.

(8) Any studies relating to the Company's products.

(9) Bank lines of credit.
(10) Loan agreements, including those with officers, directors or employees.

(11) Title reports for any real property owned by the Company or to be transferred to the Company prior to the consummation of the offering.

(12) Documentation regarding the purchase or transfer of real property.

(13) Lease agreements for offices, stores and manufacturing facilities.

(14) Lease agreements for significant manufacturing equipment, computer hardware and other equipment, furniture and automobiles.

(15) Contracts with major distributors.

(16) Contracts with major customers.

(17) Sample contracts with other customers.

(18) Contracts with major suppliers or manufacturers.

(19) Sample contracts with other suppliers or manufacturers.

(20) Insurance policies.

(21) Employment contracts for officers and agreements with consultants.

(22) Pension, profit sharing or retirement plans.

(23) Management incentive or bonus plans.

(24) Confidentiality agreements with employees and other service providers.
(25) Information regarding governmental, administrative or regulatory proceedings.

(26) Partnership agreements.

(27) Joint venture agreements.

(28) Research and Development agreements.


(30) Permits and distributorship agreements.

(31) Import/export licenses.

(32) Advertising and marketing literature.

(33) List of patents or pending applications (both domestic and foreign).

(34) Trademarks/servicemarks, trademark/servicemark registrations or pending applications (both domestic and foreign).

(35) List of trade names.

(36) Copyrights, copyright registrations or pending applications.

(37) Product warranties.

(38) Product literature distributed or to be distributed to the public.

(39) Acquisition agreements.

(40) Agreements regarding divestiture of divisions.

(41) Asset purchase agreements.
(42) Documentation of merger with any predecessor corporation.

(43) Agreements regarding sales to government entities.

(44) Franchise documents.

(45) Settlement documents.

(46) Other material contracts outstanding.

(E) Documentation relating to pending or threatened litigation, assessments or claims, including:

(1) Copies of documentation and pleadings relating to any lawsuit (including names and addresses of all law firms handling litigation [including regular intellectual property counsel] for the Company).

(2) Correspondence, memoranda and notes concerning any dispute with any employees, suppliers, competitors, or customers regarding any claim, or any claim or potential claim as to the licensing or use of technology.

(3) Correspondence with auditors regarding threatened or pending litigation, assessments or claims.

(4) Correspondence, memoranda or notes concerning United States government contract violations.

(5) Correspondence, memoranda or notes concerning inquiries from federal or state tax authorities.

(6) Correspondence, memoranda or notes concerning inquiries from federal or state tax authorities.
state occupational safety and hazard officials.

(7) Correspondence, memoranda or notes concerning any claim or potential claim involving the prior employment or inventions of any employee or consultant of the Company.

(8) Correspondence, memoranda or notes concerning inquiries from federal or state authorities regarding equal opportunities violations.

(9) Correspondence, memoranda or notes concerning warranty claims.

(10) Correspondence, memoranda or notes concerning inquiries from federal or state officials regarding consumer product safety violations.

(11) Correspondence, memoranda or notes concerning inquiries from federal or state environmental officials.

(12) Correspondence, memoranda or notes concerning inquiries from federal authorities regarding anti-trust violations.

(13) Correspondence, memoranda or notes concerning inquiries from federal or state agencies regarding compliance with of any other law, rule or regulation.

(14) Correspondence, memoranda or notes concerning any litigation or potential litigation involving a key supplier, distributor or customer that may have a material impact on the Company.

(15) Correspondence, memoranda or notes concerning any litigation or claims
involving the import or export of the Company's products.

(16) Attorneys' opinion letters to auditors in connection with audits.

(17) Attorneys' opinion letters to Company concerning the potential effects of any significant proposed or pending changes in any state or federal law, rule or regulation.

(18) Attorneys' letters to management on status of lawsuits.

(F) Audit documentation:

(1) Management letters from accountants concerning internal accounting controls in connection with all audits since the Company's inception (including predecessor companies).

(2) All letters that have been sent to the Company in connection with all audits since the Company's inception (including predecessor companies).

(G) Employee documentation:

(1) Correspondence, memoranda or notes concerning labor or employment disputes.

(2) Correspondence, memoranda or notes concerning any pending or threatened work stoppage(s).

(3) Collective bargaining agreements.

(4) Employment, non-competition or any similar agreements with employees including non-competition or any similar agreements between any key
employee and an employee other than
the Company.

(H) Financial documentation:

[ ] [ ] [ ] [ ] (1) Balance sheet, income statement and
statement of changes in financial
position since inception.

[ ] [ ] [ ] [ ] (2) Tax returns since inception.

[ ] [ ] [ ] [ ] (3) List of banks or other lenders with
whom Company has a financial
relationship (briefly describe nature of
relationship–lines of credit, etc.).

[ ] [ ] [ ] [ ] (4) Most recent projected financial and
cash flow statements.

(I) Miscellaneous:

[ ] [ ] [ ] [ ] (1) Analyses of the Company or its
industries prepared by investment
bankers, management consultants,
accountants or others, including
marketing studies, credit reports and
other types of reports, financial or
otherwise.

[ ] [ ] [ ] [ ] (2) All significant recent management,
marketing, sales or similar reports or
memoranda relating to broad aspects of
the business, operations or products of
the Company.

[ ] [ ] [ ] [ ] (3) All press releases issued by the
Company.

[ ] [ ] [ ] [ ] (4) Any other documents or information
which, in your judgment, are significant
with respect to any portion of the
business of the Company or which
should be considered and reviewed in
making disclosures regarding the
For more information on Due Diligence, see Christine Comaford-Lynch’s book *Rules for Renegades* (McGraw-Hill, Summer 2007).