TOP TWELVE MOST FREQUENTLY ASKED QUESTIONS BY JUNIOR ASSOCIATES CONDUCTING DUE DILIGENCE

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INTRODUCTION

The purpose of this outline is to provide the uninitiated with an overview of the due diligence process as it applies generally in a number of different contexts. Your overall guiding principle, regardless of the specific nature of the transaction, should always be that the appropriate due diligence review for any given transaction must reflect the related facts and circumstances.

Our unscientific survey of due diligence first-timers resulted in the following most frequently asked questions, each of which we have attempted to answer in some detail in the outline which follows:

1. What is due diligence and why do we do it?

2. Will I be alone?

3. Why use junior associates when more senior associates would seem to have more due diligence experience?

4. How should I prepare for the investigation?

5. How does due diligence impact the transaction?

6. Where is due diligence conducted?

7. Does due diligence consist only of reviewing documents?
8. How are due diligence findings memorialized?

9. What are the risks to my client and me from inadequate due diligence?

10. What are the common mistakes?

11. What does "material" mean anyway?

12. Can I learn anything useful from a due diligence project that will help me as a lawyer generally?

We have also included in the Appendix, examples of various documents used in, and created as part of, some typical due diligence reviews.
1. What is due diligence and why do we do it?

1.1. The term due diligence refers to the investigation into the business, legal and financial affairs of the company concerned in connection with securities offerings or other corporate transactions. A reasonable investigation can provide a future defense in response to securities law claims or common law claims stemming from a transaction or offering that has gone "bad."

1.2. There are several general goals of due diligence:

1.2.1. To evaluate the transaction and ensure that a fair price is paid.

1.2.1.1. What are the strengths of the company being investigated?

1.2.1.2. What are the weaknesses of the company being investigated?

1.2.2. To identify any problem areas, obstacles, or deal breakers as soon as possible so that your client can make an informed investment decision and be well prepared for negotiations. This will
also help you identify what consents or approvals will be required.

1.2.3. To understand the business of the target or issuer, an essential for drafting transaction documents and negotiating the deal.

1.2.4. To ensure that accurate and complete disclosure is made in the relevant documents, including offering documents.

1.2.5. To find support for opinions your firm will be required to give at the conclusion of the transaction. Much of your due diligence work will be the groundwork for these opinions.

1.3. Beyond these general goals, there are specific goals which are determined by the type of transaction contemplated.

1.3.1. Acquisitions.

1.3.1.1. **Representing the buyer:** Your goal is to conduct an investigation so that the buyer may determine whether to acquire the target and on what terms,
including price. You also should identify risks that are not reflected on a target's financial statements by challenging the seller's principal representations and other critical assumptions underlying the investor's decision to proceed. Make sure there are no skeletons in the closet or liabilities you or they do not know about. Also look for obstacles to the transaction. The issues you uncover may kill the transaction or change the material terms and structure of the transaction.

1.3.1.2. **Representing the Seller:** When a seller is being paid in cash, the seller typically requires no due diligence. But when a seller is being paid with other consideration, such as the buyer's stock, a due diligence inquiry becomes very important to the seller. Neverthe-
less, some due diligence will need to be conducted in connection with legal opinions to be given, the drafting of the representations and warranties in the purchase agreement, and the disclosure schedules.

1.3.2. Public offerings: In the context of a public offering, due diligence provides the issuer's and underwriter's counsel the necessary background to draft the prospectus and other transaction documents and give opinions.

1.3.2.1. Representing the issuer:

-- Issuer's counsel will normally have primary responsibility for preparing the registration statement.

-- Issuer's counsel will want to review the registration statement line-by-line to ensure it is materially accurate. The way the information contained in the registration
statement is verified is through due diligence. Before the document is filed, and certainly before it is declared effective, you should have completed sufficient due diligence to verify the disclosures in the filing. The investigation must continue up to the closing.

1.3.2.2. Representing the underwriter:

-- The underwriter should not rely solely on the issuer or its counsel but should verify independently the disclosure contained in the registration statement.

-- Keep in mind that underwriters and their counsel have a due diligence defense under Section 11 of the Securities Act, which gives purchasers of securities the right to sue people involved in drafting the registration statement. Section
11 gives everyone but the issuer a due diligence defense.

2. Will I Be Alone?

2.1. The due diligence investigation is one of the most important aspects of a transaction and thus warrants the attention of the entire team. While you may have the sole responsibility for actually examining documents, you should rely on other members of the team for guidance as to which documents you should be examining and whether particular provisions are significant. Do not be afraid, you are never alone. Team work is essential.

2.2. Team members.

2.2.1. Ultimately, the composition of the team depends on the individual situation and the issues affecting the particular buyer, target or issuer. Typical members are experts in corporate law, and the law affecting the particular industry (e.g., environmental), as well as other professionals in the following areas: operations, investment banking, accounting, tax, MIS, human resources/employee relations and insurance/risk management.
2.2.2. A team leader should be appointed, whose role will be to oversee the entire investigation, act as the conduit for team meetings, inform members of findings and coordinate with the attorney primarily responsible for the transaction, the client and the company that is the subject of the investigation.

2.3. Utilizing your team.

2.3.1. Attorneys from various specializations.

For certain areas of law such as environmental, intellectual property, tax, real estate or employee benefits law, you may want to consult with attorneys who specialize in these areas. The specialties of attorneys on the team will depend on the type of transaction, the type of company and the specific issues raised.

2.3.2. Legal Assistants.

A good legal assistant can be invaluable during a due diligence investigation. Utilize them by asking them to obtain public documents
and assisting you in organizing the documents.

2.3.3. Other Professionals.

2.3.3.1. Accountants.

Typically, all financials are excluded from lawyers' opinions and you rely on the target's or issuer's accountants for the accuracy of the company's financial statements. You may want to speak with the accountants directly regarding certain issues.

2.3.3.2. Investment Bankers.

-- In acquisitions, investment bankers are often the conduit which has brought the purchaser and target together. As part of this process, they often have done a detailed financial analysis and valuation of the target. You probably want to review this document and may want to question them about their assumptions. In
addition, as investment bankers are typically involved in a transaction from the beginning, often earlier than the lawyers, they are a resource for details of the negotiations and background information.

-- Never forget, however, that investment bankers are partisan in that they have been hired by one of the parties and therefore are not objective observers. Often their compensation is tied to closing the deal. Thus, keep in mind that your goals may often not be the same as the investment bankers.

-- In financings, the investment banker will be hired by the issuer and their involvement in the transaction will primarily be in negotiating the terms of the securities to be offered and in helping draft the offering documents.
The investment banker's lawyers will often conduct their own due diligence, but they will also rely heavily on the opinions given by issuer's counsel. The investment banker typically does extensive and significant due diligence prior to an offering. The banker will tend to focus on business and financial aspects, as opposed to legal issues.

2.3.3.3. Other Consultants.

-- Consultants with various expertise may be pulled into due diligence. A common outside consultant and member of the due diligence team is an environmental consultant, who will conduct environmental testing and complete reports.

-- It is very important to do some due diligence with respect to outside consultants that join the team. Check
references, qualifications, and potential conflicts.

2.3.4. Business People/ Management from client.

3. Why use junior associates when more senior associates would seem to have more due diligence experience?

3.1. You have to start sometime.

3.2. Unless the purpose of the due diligence review is to analyze the viability of a very discreet structuring issue, the due diligence review is generally designed to obtain a complete picture of the target/issuer. A more senior associate's review may be too focused so that if a deal structure changes mid-stream, it is important to have analyzed all aspects of a company so that the team will have a complete road map, rather than just one that is limited in scope.

3.3. Once a bright, committed first year has familiarized him or herself with the business of the target/issuer (see Question No. 4 below) it is generally more cost effective to staff a due diligence review with younger associates.
4. How should I prepare for the investigation?

4.1. There are no official due diligence guidelines. Rather, most of the processes described below are based on common practice, experience and common sense.

4.2. First, review the transaction timetable to determine the time parameters of your investigation (see Schedule 1).

4.3. If an acquisition is contemplated, determine whether a confidentiality agreement or standstill agreement is required as due diligence cannot go forward until this issue is resolved (see Schedule 2).

   4.3.1. In virtually every case, a confidentiality agreement, at a minimum, will be needed.

4.4. Determine whether engagement letters for outside professionals who become members of the team are required (see Schedule 3).

4.5. Prepare a document request list or checklist (see Schedule 4).

   4.5.1. In acquisitions, a document request list is usually sent to target or target's counsel.

   -- On certain occasions, such as an auction, a
request list may not be necessary as the target may have already compiled the documents in a "Data Room." (See Question 6 below). In these cases, it is helpful to keep your own personal checklist modeled after a document request list.

-- You should think about whether all the information you will want to review is in the Data Room. If it is not, then you will have to request additional information.

4.5.2. In public and private offerings, a document request list is sent to the issuer.

4.5.3. The document request list should be tailored to the particular company being investigated and the transaction. Do not rely on boilerplate checklists.

4.5.4. Be aware that checklists are a double-edged sword. If you either (i) do not follow the checklist completely, or (ii) do not list everything that (in hindsight) is important, you may make yourself an easy target for plaintiff's counsel.
4.6. Initial preparation of your client, yourself and other team members. Keep in mind that the nature of this initial preparation will depend on whether your firm has a pre-existing relationship with the seller or issuer.

4.6.1. Learn about the company and the industry. Understanding the business of the target or issuer is extremely important as it will impact the structure of the transaction and the scope of the investigation. Begin with the following documents:

-- The target's or issuer's certificate of incorporation or other governing documents (which can be obtained by a legal assistant from the secretary of the state of the state in which the company is incorporated).

-- Filings with federal and state regulatory authorities (which can be obtained by a legal assistant by contacting the regulatory authority directly).

-- If the target or issuer is a public company, the company's filings with the SEC (such documents can be obtained from the SEC if otherwise not available).
-- Press releases (available on computer databases), brochures, newspaper and magazine articles and other public relations materials.

-- The federal and state administrative regulations, if any, that govern the target or issuer. Many industries will have different laws that you must be aware of in your due diligence investigation. For example, banks, savings and loan associations, insurance companies, and healthcare providers are all heavily regulated entities and you must be aware of the regulations that may affect the proposed transaction.

-- Industry studies, trade publications, disclosure documents of similar companies.

4.6.2. Familiarize yourself with the structure of the transaction.

-- Review the drafts of the transaction documents. For example, in the case of an acquisition, review the asset purchase agreement.

-- Pay particular attention to the representations and warranties to be given by
the seller or issuer in the
transaction documents. In
addition, review the form of
opinion. Both should serve
as the basis for your due
diligence investigation as
ultimately you and your
client will have potential
liability for these
provisions.

4.6.3. Explain to your
client the importance of due
diligence and your client's
disclosure obligations under
the law, including the
federal securities laws.
Also make clear the need for
prompt cooperation and open
communication. Your client
must understand that it must
inform you as soon as
possible of material adverse
changes or inaccuracies or
omissions in the offering
documents.

4.7. Define scope and objectives
of investigation and materiality
standard through (i) discussions
with team members, (ii) client
input, and (iii) weighing the risks
vs. time constraints vs. budget
constraints.

4.7.1. The goal will be to
conduct a reasonable
investigation. Various
factors affect whether an
investigation is reasonable,
including but not limited
to: (i) type of company and
its operating history, (ii) type of transaction or security, (iii) who is conducting the investigation, (iv) the company's industry, and the company's competitive position within such industry, (v) regulatory context of company and transaction, and (vi) management's qualifications and reputation.

4.7.2. The client's business people will provide valuable guidance on the expected business risks of the transaction and the business.

4.8. Choose team members depending on expertise required, organize team, divide responsibilities, prioritize tasks, set deadline and establish nature of final product (e.g., form for final written product) (see Question 8).

4.8.1. This is particularly important for acquisitions as these deals can be very fast moving.

4.9. Begin to review documents. Try to focus on certain types of documents in blocks of time. For example, spend a big block of time reviewing corporate records. When you are finished with corporate records, review material
agreements. You will be more efficient and productive if you review all documents that are similar (e.g., mortgages) at one time. For many types of agreements, abstracts are helpful. (See Schedule 5, and Annexes 2, 3, 4 and 5 of Schedule 7).

5. How does due diligence impact the transaction?

5.1. As stated above, the information learned during due diligence can impact the structure of the transaction, price of a transaction, and the disclosure in offering and transaction documents.

-- For example, in the acquisition context, due diligence affects the crafting and scope of representations, warranties and covenants in the asset purchase or stock purchase agreement, impacts the substance of the disclosure schedule (the exceptions to the representations and warranties), the substance and qualifications in the legal opinions and the scope of the seller's indemnification obligations.

5.2. Due diligence also provides the information supporting the legal opinion your firm will be asked to provide.

5.3. Due diligence will also reveal what third party or governmental consents, approvals or
notices are necessary to consummate the transaction.

6. **Where is due diligence conducted?**

6.1. Typically you will have to travel to the target's or client's offices. Depending on the transaction, especially in an auction situation, a "data room" may be set up containing all documents in an organized fashion. *(See Schedule 6 for sample Index of Data Room Documents.)*

6.1.1. The data room should be neatly organized and usually the files of documents are grouped according to subject matter.

6.2. Typically the target's or seller's counsel coordinates and organizes the data room.

6.3. If a data room is not set up, you will make an initial visit to the target's or issuer's offices to determine which documents you need to examine and/or the target or issuer will generally send the documents to you.

7. **Does due diligence consist only of reviewing documents?**

7.1. Due diligence is an interactive process.
7.2. In addition to reviewing documents, an integral part of the process are interviews with various members of the target or issuer (e.g., various levels of managers, employees, etc.). (See Schedule 7 for Directors' and Officers' Questionnaire.)

7.2.1. Who is interviewed depends on the facts and circumstances of the particular transaction. Be careful of the hidden agendas of the people you will interview. Some people may want the transaction to go through at any cost and will paint a rosy picture because they do not want you to find any problems.

7.2.2. The thrust of these interviews should be to obtain a deeper understanding of the seller's or issuer's business and prospects, particularly any problems that it may face in the future.

7.2.3. Advance preparation, including drafting a questionnaire, is important. Think about what the purpose of the interview will be. A questionnaire can provide structure and organization to the process. Expect that you will be faced with time
constraints and various degrees of cooperation.

7.2.4. It may be appropriate to ask the same questions of different corporate officials in order to evaluate the answers received and to obtain different perspectives on potential problems.

7.3. Interviews with accountants and auditors.

7.4. Site visits. Depending on the business of the target or issuer, you should visit the company's plants, factories, stores or relevant properties. You never want to find yourself in the situation of representing a buyer who purchases nonexistent properties or properties whose condition is not as represented by the seller.

7.5. Interviews with third parties. Depending on the circumstances you may wish to interview banks, creditors, customers, suppliers, others in industry, trade associations, and major stockholders. This may be necessary to investigate the reputation and financial stability of the company being investigated and certain aspects of its business.
8. How are due diligence findings memorialised?

8.1. Policies with respect to documenting due diligence vary. Some firms keep detailed memoranda. Other firms do not maintain detailed findings of the investigation. Most firms follow a policy somewhere in the middle of these two extremes. In some cases, the approach taken on memorializing due diligence may depend on the particular transaction. The same holds true for retention of documents reviewed. Maintaining detailed records is a double-edged sword in a litigation setting. Although they may be useful to show that a reasonable investigation was conducted, they may reveal the opposite.

8.1.1. Whatever the approach, the policy for the particular offering or transaction should be determined at the beginning of the investigation.

8.1.2. Appoint a team member to maintain the files of written work product and documents in an orderly fashion.

8.2. Assuming you will be documenting the due diligence investigation, the following documents could be used:
8.2.1. "Building Block" Memoranda: During the investigation, use "building block" memoranda to keep track of documents you have and have not examined and any questions or issues that are raised as a result of such examination. As you develop the list, it is important to keep the other members of the team continuously informed of your concerns, including the attorneys and business people responsible for drafting and negotiating the transaction documents. This is important because it highlights issues for other members of the team that may influence the transaction and negotiations.

8.2.2. Final Memorandum (see samples at Schedules 8 and 9). There are many different forms that the final memorandum can take. Some address the material issues raised by the due diligence investigation and the Building Block Memoranda, how such issues impacted the transaction, and, perhaps, how such issues were resolved. Others, provide a collection of the document request list, responses to the document request list,
summaries of the relevant
documents, without
highlighting particular
issues and discussing their
resolution. Others
highlight key issues (such
as obstacles to the
transaction) in an executive
summary.

-- Remember that your
client will be reviewing the
memorandum. The form of the
final memorandum will likely
be dictated by your client's
needs. Try to be clear and
concise.

8.2.3. Legal Opinion Back-up
Memorandum. This document
supports the legal opinions
given by your firm. Consult
your firm for a sample.

9. What are the risks to my client and
me from inadequate due diligence?

9.1. Failure to address material
issues. The following are a few
examples of problems that might
first turn up after a deal due to
inadequate due diligence:

-- Material customer relationships
are shaky, have been destroyed or
never existed in the first place.

-- The target's management has
been engaged in continuous
fraudulent schemes.
-- The transaction required consent of lenders, bondholders, landlord, among others, that were not obtained.

-- The target's bank determines that the transaction constitutes a default under the current working capital facility and will accelerate the loan leaving no available financing for the target's business.

-- There are major litigation, tax, or environmental exposures and liabilities of which the buyer was not aware.

-- The cash flow is not adequate to pay off the debt incurred in connection with the transaction.

9.2. Your client's failure to pay or receive a fair price.

9.3. Liability to investors and other related parties.

10. What are the common mistakes?

10.1. Being bashful. Ask questions and raise any concerns you have. If you really think you have a "dumb" question and are embarrassed to go to the team leader or partner, go to the next senior person on the team and ask them what they think. Remember, you are probably the only one who is looking at these documents and the rest of the team will never
learn of many issues unless you raise them.

10.2. Losing interest. Due diligence can be very monotonous. Try not to lose interest in what you are doing because you may miss a significant issue. You may be the only person with the opportunity to spot a particular red flag.

10.3. Not understanding business of client. You will miss key issues and the entire process will be pointless.

10.4. Failing to communicate material information among members of team and to your client (downstream, cross-stream and upstream).

10.5. Being intimidated by a client. Clients often have mixed feelings about due diligence. On the one hand, they recognize its importance in understanding their transaction. On the other hand, they have a hard time rationalizing the expense. Thus, on occasion, they may attempt to discourage you from looking at certain areas. If this happens, discuss it with other members of your team and see what they think. This is particularly difficult when you are investigating your own client in connection with a securities offering. Ultimately, however, your client will never be happy with a poor job. You will have to
balance these factors and maintain good client relations. Many times due diligence is your first opportunity for client contact.

10.6. Duplicating Work. Dividing up responsibilities and sticking to it is crucial. You should not lose your focus from the issues that have been delegated to you. Also watch for work that has already been done by others, for example, the client's business people or in-house attorneys (e.g., summaries of documents, litigation, etc.).

10.7. Not keeping current with the negotiations and structure of the transaction. This will help you spot problems. Also the transaction can change. What started as a spin-off can become an asset sale. This can have consequences for the due diligence process and for what are considered important issues.

10.8. Not being organized. You must keep a careful record of what you have received, reviewed and what has not been delivered.

10.9. Taking shortcuts. A thorough investigation is one aspect of a reasonable investigation.

10.10. Losing objectivity. Do not become overly influenced by your client's desire to get the deal done. Try to keep your client objective. A bad deal should not
be dressed up. The risks to you and your client are too great.

11. **What does "material" mean anyway?**

11.1. The "materiality standard" is how attorney's typically determine whether something should be brought to the attention of a client or publicly disclosed.

11.2. Unfortunately, this standard is not easily defined.

11.3. Materiality will depend on the type of transaction, the size of the transaction and the facts and circumstances surrounding the transaction, including the particular risks involved.

11.4. The due diligence team with input from the client will set the materiality standard for the transaction.

11.5. On close calls regarding materiality, consult the team leader or the attorney in charge of the transaction or offering.

12. **Can I learn anything useful from a due diligence project that will help me as a lawyer generally?**

12.1. Working on a due diligence project exposes you to lots of documents and business entities which you probably have never seen before.
12.2. Reviewing documents is a good way to learn how different types of transactions get documented and provides a guide and easy introduction to many aspects of a typical business transaction and the types of documentation which are used.

12.3. You will know how to do it the next time.
APPENDIX

Examples of the following due diligence aids are also included:

Schedule 1 -- Transaction Timetable
Schedule 2 -- Confidentiality Agreement
Schedule 3 -- Engagement Letter for Consultant
Schedule 4 -- Document Request List
Schedule 5 -- Abstract for Review of Minute Books
Schedule 6 -- Index of Data Room Documents (Select Pages)
Schedule 7 -- Directors' and Officers' Questionnaire
Schedule 8 -- Final Memorandum No. 1

Annex I -- Due Diligence Summary
Annex II -- Partnership Agreement Abstract
Annex III -- Title Review Abstract
Annex IV -- Loan Agreement Abstract
Annex V -- Mortgage/Deed of Trust Abstract

Schedule 9 -- Final Memorandum No. 2

Annex I -- Document Request List

Annex II -- Response to Document Request List

Annex III -- Memorandum

Annex IV -- Summary of Minutes
# Timetable for an Initial Public Offering of Common Stock

<table>
<thead>
<tr>
<th>Working Group</th>
<th>Key</th>
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<tbody>
<tr>
<td>Company</td>
<td>C</td>
</tr>
<tr>
<td>Representative of the Underwriter</td>
<td>R</td>
</tr>
<tr>
<td>Company Counsel</td>
<td>CC</td>
</tr>
<tr>
<td>Underwriters' Counsel</td>
<td>UC</td>
</tr>
<tr>
<td>Company Accountants</td>
<td>A</td>
</tr>
<tr>
<td>Printer</td>
<td>P</td>
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<table>
<thead>
<tr>
<th>Date and Responsibilities</th>
<th>Event</th>
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<tr>
<td><strong>Week of March 8</strong></td>
<td>Meeting of Company officers and Representative of Underwriters to discuss information, check lists of tasks company must perform before proceeding with the initial public offering, structuring issues, corporate reorganization, audit, etc.</td>
</tr>
<tr>
<td><strong>C, R, CC, UC, A</strong></td>
<td><strong>Weeks of March 15-22</strong></td>
</tr>
<tr>
<td><strong>C, UC, A, CC, R</strong></td>
<td>Company assembles preliminary information and documentation required to proceed with initial public offering. Company retains accountants to begin preparation of historical audited financials. Company retains law firm to assist in corporate reorganization, preparation of prospectus and other documents for public offering.</td>
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55
Preparation of first draft of prospectus.

Distribute draft of Questionnaire for Directors and Officers.

Organizational meeting of Company officers, Independent Accountants, Representative of the Underwriters, Counsel for the Company and Counsel for the Underwriters to commence due diligence and discuss timetable, Accountant’s comfort letter, structure of transaction, listing requirements and initial responsibilities of parties. Also to be discussed are necessity for and form of amendments to the corporate charter and/or by-laws in connection with this financing and proposed public company status.

Underwriters commence documentary due diligence re: Company and Selling Stockholders.

_Week of March 29_
_C, CC, UC, A_

Audited financial results distributed to working group.

Parties responsible distribute initial drafts of documents including Registration Statement and the underwriting documents (e.g., Custody Agreement, Agreement Among Underwriters, Selected Dealers Agreement and Purchase Agreement (include provisions for delivery of shares, if any, by Selling Stockholders)) for distribution to working group.

_Weeks of April 5-12_
_C, R, CC, UC_

Commence drafting sessions on Registration Statement. Commence due diligence meetings with Company's management. Discuss/assess capital needs/bank credit facilities.

Directors and Officers Questionnaires returned.
<table>
<thead>
<tr>
<th><strong>Week of April 19</strong></th>
<th><strong>Corporation, CC, R, UC, A</strong></th>
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<tbody>
<tr>
<td>Registration Statement sent to Printer.</td>
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<tr>
<td>Meeting of working group to review the first printed drafts of the Registration Statement and underwriting documents.</td>
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</tr>
<tr>
<td><strong>UC</strong></td>
<td>Underwriters' Counsel commences preparation of Blue Sky Survey.</td>
</tr>
<tr>
<td><strong>CC</strong></td>
<td>Drafts of Board of Directors and Stockholders' resolutions distributed.</td>
</tr>
<tr>
<td><strong>A</strong></td>
<td>Draft of &quot;comfort letter&quot; distributed by Accountants by this date.</td>
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<tr>
<th><strong>Week of April 26</strong></th>
<th><strong>Corporation, CC</strong></th>
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<tbody>
<tr>
<td>Revised proof of the Registration Statement distributed. Company and Selling Stockholders' Board of Directors meetings to approve filing of RS; Registration Statement filed with SEC.</td>
<td></td>
</tr>
<tr>
<td><strong>C, CC</strong></td>
<td>Meeting of the Board of Directors of the Company to authorize and approve any necessary amendments to the Company's charter and/or by-laws indemnification of the Underwriters by the Company and the Selling Stockholders, the filing of the Registration Statement and the exhibits thereto, Blue Sky filings, payment of expenses of the offering and related matters.</td>
</tr>
<tr>
<td><strong>C, CC</strong></td>
<td>Officers and Directors sign signature pages to Registration Statement or power of attorney to sign Registration Statement. Execute power of attorney to sign amendments to Registration Statement.</td>
</tr>
<tr>
<td><strong>C, CC</strong></td>
<td>File charter amendments (if any) with Secretary of State. (May be delayed until week of Closing.)</td>
</tr>
<tr>
<td><strong>C, CC, R, UC, A</strong></td>
<td>Meeting of working group to finalize Registration Statement and related documents for filing.</td>
</tr>
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(Transmittal letter to the SEC, signature pages for the Registration Statement, checks for SEC and NASD filings and press release should be prepared and finalized by this meeting.)

C, CC
Assemble exhibits to Registration Statement.

C, CC
Complete documentation of arrangements with Transfer Agent and Registrar to act as such.

C, CC, UC
Registration Statement and exhibits filed with the SEC and print preliminary prospectus.

UC
Registration Statement and Underwriting Agreements filed with NASD.

UC
Preliminary Blue Sky survey released. Blue Sky filings in various states begins.

C, R
Requirements for stock certificates reviewed with bank note company.

C, R
Press release distributed. (Unless quiet filing has been made.)

Weeks of May 10-17
C, R
Develop roadshow presentation.

Week of May 24
CC, UC
Comments on Registration Statement received from SEC and copies of the comment letter distributed to working group by this date. Discuss draft of letter from the Company responding to the SEC's comments. Amendment No. 1 to the Registration Statement is filed with the SEC.

Week of May 31
R
Representative of the Underwriters commences distribution to prospective underwriters of an invitation accompanied by copies of the preliminary Prospectus, proofs of the underwriting documents,
Preliminary Blue Sky Survey, Underwriters' Questionnaire and Underwriters' Power of Attorney.

*Weeks of June 7-14*

*C, R*

Presentation to Underwriter's institutional sales force in New York.

*C, R*

Roadshow meetings with institutional investors to discuss offering.

*UC*

Notification of clearance by the NASD of the underwriting arrangements should be received by this time.

*R, UC, A*

Form of comfort letter should be cleared with the Accountants by this date.

*C, CC*

The following documents delivered to the SEC:

(i) Letter notifying the SEC of clearance by the NASD of the underwriting arrangements.

(ii) Letter from the Representative of the Underwriters as to distribution of preliminary prospectuses.

(iii) Request for acceleration from the company and Underwriters. (The letter from the Representative should state that there has been compliance with 1933 Act Release No. 4968, which requires that Preliminary Prospectuses be delivered to persons who are expected to be purchasers of the securities not less than 48 hours prior to the time it is expected to mail confirmations.)

Arrangements made with Selling Stockholders re: delivery of shares.

*R, UC*

Clear form of tombstone advertisement with all parties.
Week of June 14
C, CC, R, UC
Registration Statement declared effective.
Pricing negotiations and Purchase Agreement signed.
Shares of Selling Stockholders delivered and held in Escrow pending closing.

R, UC, A
Comfort letter delivered to the Representative of the Underwriters.

C, CC
Hold-back agreements executed by Officers and Directors of the Company.

UC
Blue Sky qualifications completed.

C, R
Issue press release with terms of the offering.

P
Final prospectus printed.

R
Tombstone advertisement published.

C, CC
File ten copies of the final prospectus with the SEC.

UC
File documents with the NASD.

R
Underwriters furnish the Company with breakdown on certificates for Common Stock.

C, R
Transfer Agent notified of names and denominations for certificates.

A
Draft of Accountants' final comfort letter distributed.

Week of June 21
C, CC, R, UC
Preliminary closing.

C, CC, R, UC
Closing.
CONFIDENTIALITY AGREEMENT

PERSONAL AND CONFIDENTIAL

Gentlemen:

The purpose of this letter agreement is to set forth our understanding with regard to disclosures of information relating to your consideration of any future transactions between you and/or your affiliates and ________________________, a California corporation, and/or ________________________, a California general partnership (collectively, "_________________"), and/or the affiliates of either of them with regard to the possible acquisition (the "Proposed Acquisition") by you and/or your affiliates of the voting securities of, or other interests in, one or more of the entities listed on Schedule A hereto (collectively, the "Subsidiaries"), each of which is directly or indirectly owned or controlled by ______________________ and has ownership interests in and/or contractual arrangement with one or more of the limited partnerships listed on Schedule B hereto (collectively, the "Programs").

In order to determine the viability of any future transaction, you may need to disclose to you and/or your Permitted Persons (as such term is defined below) certain information relating to its operations and the operations of the Subsidiaries and/or one or more of the Programs. As a condition to your and/or your Permitted Persons being furnished such information, you hereby agree to treat any information relating to ______________________, any of the Subsidiaries
and/or any of the Programs (whether prepared by ______________________, its advisors or otherwise) which is furnished to you and/or your Permitted Persons (whether orally or in writing) in connection with your evaluation of the Proposed Acquisition (herein collectively referred to as the "Evaluation Material") in accordance with the provisions of this letter agreement and to take or abstain from taking certain of the actions herein set forth. The term "Evaluation Material" shall also be deemed to include all notes, analyses, compilations, studies, interpretations or other documents or materials prepared by you or any of your Permitted Persons which contain, reflect or are based upon, in whole or in part, any information furnished to you or your Permitted Persons pursuant hereto. The term "Evaluation Material" does not include information which (i) was in your possession prior to the date first set forth above, provided that such information is not known by you to be subject to another confidentiality agreement with or other obligation of secrecy to ______________________, one of the Subsidiaries or Programs or another party, (ii) is or becomes generally available to the public other than as a result of a disclosure by you or your directors, officers, partners, affiliates, employees, agents or advisors, or (iii) becomes available to you on a non-Confidential basis from a source other than ______________________, one of the Subsidiaries or Programs or any of their respective advisors, agents or affiliates, provided that such source is not known by you to be bound by a confidentiality agreement with or other obligation of secrecy to ______________________ or another party.

You hereby agree that you will use, and you will direct your Permitted Persons to use, the Evaluation Material solely for the purpose of evaluating and/or effecting the Proposed Acquisition and that such information will be kept confidential by you and your Permitted Persons (it being understood and agreed that the efforts you use to keep such information confidential shall not be less than the efforts you currently use to keep non-public information about yourself confidential); provided, however, that (i) any of such information may be disclosed to your directors, officers, partners in ______________________, affiliates, employees, advisors, lenders and representatives of your advisors and lenders (collectively, the "Permitted Persons") who need to know such information for the purpose of evaluating any such possible transaction between ______________________ and you (it being understood that such Permitted Persons shall be informed by you of the confidential nature of such information and the Permitted Persons shall agree, which agreement shall not require a writing, to treat such information confidentially in the manner provided in this letter agreement) and (ii) any disclosure of such information may be made to which ______________________ consents in writing. You hereby agree, at your sole expense, to take all reasonable measures (including but not limited to court proceedings) to restrain your Permitted Persons from disclosing, using, or otherwise dealing with any of the Evaluation Material in a manner which is inconsistent with, or prohibited by, this letter agreement.
You hereby acknowledge that you are aware, and that you will advise the Permitted Persons, that the Federal securities laws prohibit certain persons who have material, non-public information concerning an issuer from purchasing or selling securities of such issuer or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

You agree that without the prior written consent of _______________ you will not, and will direct any Permitted Persons not to, hold any discussions or otherwise communicate in any way, with any person who is not otherwise a Permitted Person (a "Prohibited Person") concerning any proposal for any transaction between or among you and _______________, the Subsidiaries or the Programs, you and any Prohibited Person, any Prohibited Person and _______________, the Subsidiaries or the Programs, or between or among any Prohibited Person with regard to the possible acquisition by any person of the voting securities of, or other interests in, one or more of the Subsidiaries and/or any of the Programs (it being understood and agreed that the efforts you use not to hold, or allow a Permitted Person to hold, discussions with a Prohibited Person shall not be less than the efforts you currently use to keep non-public information about yourself from being communicated to persons outside your organization). In addition, without the prior written consent of _______________, you will not, and will direct the Permitted Persons not to, disclose to any Prohibited Person either the fact that you are considering, or that discussions or negotiations are taking place concerning, a possible transaction between _______________ and/or any of its affiliates and you and/or any of your affiliates or any of the terms, conditions or other facts with respect to any such possible transaction, including the status thereof (it being understood and agreed that the efforts you use not to disclose, or allow a Permitted Person to disclose, such discussions or negotiations shall not be less than the efforts you currently would use to keep non-public information about a possible transaction involving yourself confidential).

You agree that until the date which is three years from the date of this Agreement, neither you nor any person who is an Affiliate (as that term is defined under Rule 405 under the Securities Act of 1933, as amended) will, without the written consent of _______________ (which consent can be withheld by _______________ in its sole discretion for any reason or for no reason), (i) in any manner, acquire, attempt to acquire or make a proposal to acquire, directly or indirectly, any securities, partnership interests or other equity interests or property of any of the Subsidiaries and/or any of the Programs, (ii) propose to enter into, directly or indirectly, any merger or business combination involving any of the Subsidiaries and/or any of the Programs or to purchase, directly or indirectly, any of the assets of any of the Subsidiaries and/or any of the Programs, (iii) make, or in any way participate, directly or indirectly, in any "solicitation" of "proxies" (as such terms are used in the proxy rules of
the Securities and Exchange Commission) to vote, or seek to advise or influence any person with respect to the voting of any voting securities of any of the Subsidiaries and/or any of the Programs, (iv) form, join or otherwise participate in a "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) with respect to any Voting Securities of any of the Subsidiaries and/or any of the Programs, (v) otherwise act, alone or in concert with others, to seek to control or influence the management, Board of Directors, general partners, or policies of any of the Subsidiaries and/or any of the Programs or take any action to prevent or challenge _________________'s sale of any of the Subsidiaries or any direct or indirect interests therein (including, without limitation, proposing to alter in any way the provisions of the partnership agreements or other similar agreements relating to the management of any of the Programs or asserting a claim that _________________'s sale of any of the Subsidiaries represents the violation of a duty or is unauthorized), (vi) disclose any intention, plan or arrangement inconsistent with the foregoing, or (vii) advise, assist or encourage any person in connection with any of the actions described in this sentence (collectively, the "Standstill Restrictions"). You also agree during any period in which you are prohibited from taking certain actions pursuant to this paragraph to take commercially reasonable precautions to avoid taking any action, unless required by law, which might reasonably be expected to require _________________, any of the Subsidiaries, and/or any of the Programs, to make a public announcement regarding the possibility of a business combination, merger, acquisition or other transaction of any nature.

Although _________________, the Subsidiaries and the Programs, as the case may be, will endeavor to include in the Evaluation Material information known to each of them which each of them believes to be relevant for the purpose of your consideration of the Proposed Acquisition, you understand that none of _________________, the Subsidiaries, the Programs, nor any of their respective affiliates, representatives or advisors have made or make any representation or warranty as to the accuracy or completeness of the Evaluation Material. You understand that any estimates or projections with respect to future performance included in the Evaluation Material are provided to assist you in your evaluation but should not be relied upon as an accurate representation or assurance of future results. You agree that none of _________________, the Subsidiaries, the Programs or their respective affiliates, representatives or advisors shall have any liability to you or any of your affiliates, representatives or advisors resulting from the use of the Evaluation Material.

In the event that you or your Permitted Persons are requested or required (by oral questions, interrogatories, requests for information or documents, subpoena or similar process) to disclose any information supplied to you or your Permitted Persons in the course of your dealings with _________________, the Subsidiaries and/or the Programs or their respective affiliates, representatives or advisors, it is agreed that you will provide _________________ with prompt notice of such request or
requirements so that ______________ and/or its affiliates may seek an appropriate protective order and/or by mutual agreements waive your compliance with the provisions of this letter agreement. It is further agreed that, if in the absence of a protective order or the receipt of a waiver hereunder you or any of your Permitted Persons are nonetheless, in the opinion of your counsel, compelled to disclose any Evaluation Material to any tribunal or else stand liable for contempt or suffer other censure or penalty, you or such Permitted Persons may disclose that portion of the Evaluation Material which such counsel advises you is legally required to be disclosed to such tribunal without liability hereunder, unless such disclosure to such tribunal was caused by or resulted from a previous disclosure by you or any of your Permitted Persons which constituted a breach of this letter agreement.

If you determine that you do not wish to proceed with the Proposed Acquisition, you will promptly advise us of that decision.

In the event the Proposed Acquisition is not consummated by you or, if a Definitive Agreement (as such term is defined below) relating to the Proposed Acquisition is not otherwise in effect, at any other time prior to such consummation as ______________ may determine and specify in a written notice to you, you shall, and you shall direct your Permitted Persons to, promptly deliver to ______________ all written Evaluation Material and any other written material containing or reflecting any information in the Evaluation Material (whether prepared by ______________, its advisors or otherwise), and will not retain any copies, extracts or other reproductions in whole or in part of such written material. All documents, memoranda, notes and other writings whatsoever prepared by you or your Permitted Persons based on the information in the Evaluation Material shall be destroyed, and such destruction shall be certified in writing to ______________ by an authorized officer supervising such destruction.

You also understand and agree that no contract or agreement providing for any transaction involving ______________, any of the Subsidiaries and/or any of the Programs shall be deemed to exist unless and until a Definitive Agreement (as hereinafter described) has been executed and delivered, and you hereby waive, except as provided herein, in advance, any claims (including, without limitation, breach of contract) in connection with the Proposed Transaction unless and until you shall have entered into a Definitive Agreement. You also agree that unless and until a Definitive Agreement between ______________ and you with respect to any transaction involving ______________, any of the Subsidiaries and/or any of the Programs has been executed and delivered, none of ______________, the Subsidiaries nor the Programs has any legal obligation of any kind whatsoever with respect to any such transaction by virtue of this letter agreement or any other written or oral expression with respect to such transaction except, in the case of this letter agreement, for the matters
specifically agreed to herein. For purposes of this paragraph, the term "Definitive Agreement" does not include an executed letter of intent or any other preliminary written agreement, nor does it include any written or verbal agreement in principle or acceptance of an offer or bid on your part. Neither this paragraph nor any other provision in this letter agreement can be waived or amended except by written consent of ________________, which consent (i) can be withheld by ________________ in its sole discretion for any reason or for no reason and (ii) shall specifically refer to this paragraph (or such other provision) and explicitly make such waiver or amendment.

You agree that ________________ and/or its Subsidiaries and/or the Programs, or the affiliates of any of them, as the case may be, shall be entitled to equitable relief, including injunction and specific performance, in the event of any breach of the provisions of this letter agreement, in addition to all other remedies available at law or in equity.

It is further understood and agreed that no failure or delay by ________________ and/or its Subsidiaries and/or the Programs, or the affiliates of any of them, as the case may be, in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

This letter agreement is for the benefit of ________________, the Subsidiaries, the Programs and each of their respective directors, officers, stockholders, owners, affiliates, agents, successors and assigns and will be binding upon your successors and assigns. This letter agreement will be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law principles thereof. You also agree to cause your Affiliates to comply with the provisions hereof.

You hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the courts of the State of California for any actions, suits or proceedings arising out of or relating to this letter agreement (and you agree not to commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by U.S. Registered Mail to your address set forth above (or any other address which you provide to us in writing) shall be effective service of process for any action, suit or proceeding brought against you in any such court. You hereby irrevocably and unconditionally waive any objection to the lack of venue of any action, suit or proceedings arising out of this letter agreement, in the courts of the State of California or the United States of America located in the State of California, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any
such court has been brought in an inconvenient forum.

Notwithstanding anything to the contrary herein, if discloses to any third party, prior to entering into a definitive agreement with such third party for the acquisition of the voting securities or assets of, or other interests in, one or more of the Subsidiaries and/or the Programs, any non-public information relating to the operations of the Subsidiaries and/or one or more of the Programs in connection with a possible acquisition by such third party and/or its affiliates of the voting securities or assets of, or other interests in, one or more of the Subsidiaries and/or the Programs and such disclosure is made without the recipient of such information and its Affiliates agreeing (in writing) to restrictions (as they relate to both term and scope) which are similar in all material respects to the restrictions included in the Standstill Restrictions as set forth in this letter agreement, then (a) you shall automatically receive the benefit of such reduced or eliminated restrictions by reducing and/or eliminating the term and/or scope of the Standstill Restrictions as though the Standstill Restrictions as set forth herein included only those restrictions, if any, which were agreed to in writing by such third party in connection with its receipt of non-public information from and (b) shall notify you promptly of the reduction (in term and/or scope) or elimination of the Standstill Restrictions; provided that nothing contained in any agreement between and any third party shall reduce or eliminate any right or power granted to you hereunder.

If you agree with the foregoing, please sign and return two copies of this letter agreement, which will constitute our agreement with respect to the subject matter of this letter agreement.
This letter agreement may be executed in two or more counterparts, each of which, shall be deemed an original, but all of which together constitute one and the same instrument.

Very truly yours,

________________________

By: __________________________
    Name: ______________________
    Title: _______________________

________________________

By: __________________________
    Name: ______________________
    Title: _______________________

CONFIRMED AND AGREED TO
AS OF THE DATE FIRST
ABOVE WRITTEN:

________________________

By: __________________________ its general partner

________________________

By: __________________________
    Name: ______________________
    Title: _______________________

68
ENGAGEMENT LETTER FOR CONSULTANT

[Date]

PRIVILEGED & CONFIDENTIAL
ATTORNEY'S WORK PRODUCT

Re: Consulting Agreement With DEF Law Firm Regarding XYZ, Inc.
Transaction

Dear [ ]:

The purpose of this letter is to confirm our discussion that, effective [ ], Consultant has been retained by DEF Law Firm ("DEF") to provide scientific consultation in connection with the XYZ transaction.

As we discussed, the details of the consulting agreement are set forth below:

1. Consultant will bill at the rate of [_____] per hour for the time of other Consultant professionals assigned to this matter, plus expenses, including travel. Consultant invoices shall be provided on a monthly basis to the following address:

[ ]
DEF
1122 Main Street
USA

DEF will forward the monthly invoices to XYZ for payment. You agree to look solely to XYZ, and not to DEF for the payments of amounts due.

2. During the course of this engagement, you agree to accept no work from [ ] in the anticipated transaction and you agree not to accept any other engagement which would require an evaluation of the environmental conditions present at the Site or surrounding area. In the event that this engagement terminates prior to the conclusion of the anticipated transaction, you agree that you will not accept any engagement at any time from [ ] in the anticipated transaction relating in any way to the anticipated transaction.
3. The scope of your engagement shall include, but may not be limited to, the following:

   a. Consult with DEF and provide expert advice as may be necessary regarding issues in the anticipated transaction; and

   b. Consult with DEF and provide expert advice as may be necessary analyzing the findings of other consultants regarding issues in the anticipated transaction.

4. In Consultant's capacity as a provider of consulting services, Consultant may receive or generate materials subject to the attorney-client and attorney work product privileges. Any such materials you may receive from DEF are to be regarded as confidential and privileged and should not be disclosed to any third party without our consent. Since it will be necessary as part of this engagement for us to share our mental impressions, opinions, conclusions and legal theories, your work and work product are to be regarded as confidential and privileged. Any communications, reports, and related documents that you generate therefore must be disclosed only to our firm and should bear the legend "Subject to Attorney-Client and Work Product Privileges."

5. During the course of this engagement, Consultant agrees to perform only such work as Consultant is directed by DEF.

   If these terms meet with your approval, please sign, date and return one copy of this letter to us by fax and first class mail, retaining one copy for your files. We appreciate Consultant's assistance and look forward to working with DEF.

   Sincerely,

   

   Agreed To and Accepted:

   

   Consultant

   Dated: __________, 1994
ALL REFERENCES IN THE FOLLOWING LIST TO THE "COMPANY" INCLUDE [NAME OF COMPANY] AND EACH OF ITS SUBSIDIARIES OR DIVISIONS.

I. CORPORATE RECORDS

1. Charter documents and By-Laws of the Company, as amended to date.

2. Minute books of the Company for the last five years (including copies of reports to directors or committee members not set forth in the minutes).

3. Stock books, stock ledgers and other records of the issuance of stock by the Company.

4. A copy of the most current organizational chart available for the Company, including all entities or investments in which the Company owns less than a 100% interest.

5. Schedule showing for the Company and each of its subsidiaries: name, jurisdictions where qualified to do business, and jurisdictions where it owns or leases real property.

II. PUBLIC FILINGS AND FINANCIAL INFORMATION

1. Audited consolidated financial statements and the notes thereto for the past five years (or the earliest date available) for the Company.

2. Interim financial statements for quarters since the last audit for the Company.

3. Most recent internal financial statements for the Company, i.e., for the period since the last quarterly financial statements.

4. Audited financial statements for any enterprises merged with, or acquired by, the Company in the last five years.
5. Current internal budget, operating and financial plans and projections and any reports or papers relating to any long-term budget, capital development, restructuring program or strategic plan, including any plans regarding systems and operations, of the Company.

6. Any private placement memoranda or offering circulars prepared and used by the Company in the last five years.

7. All annual or other letters or reports from the Company's independent public accountants or internal auditors to management during the last five years regarding accounting control systems, methods of accounting and other procedures. Any other reports prepared by the Company, its internal auditors, counsel or others regarding similar accounting matters.

8. List of tax returns of the Company and the years thereof which have been audited by state or federal tax authorities, and copies of the determination letters related thereto. List of tax years open. Specify whether the Internal Revenue Service or similar authorities have indicated that there may be a claim relating to open tax years.

III. Corporate Agreements

1. All agreements or documents evidencing borrowings (including bank lines of credit) or guarantees by the Company or any partnership in which the Company hold interests, or security related to borrowings or guarantees of the Company.

2. All documents and agreements evidencing other financial arrangements of the Company, including sale and repurchase or leaseback arrangements, capitalized leases, real estate and other installment purchases, equipment leases, etc.

3. Any agreement to loan funds or provide working capital to non-wholly-owned subsidiaries, partnerships in which the Company owns an interest or other third parties.

4. Material correspondence of the Company with lenders during the past five years, including any compliance reports prepared by the Company or their auditors and any waivers provided by the lenders.

5. Any agreements (other than those described above) that restrict additional indebtedness or the sale, lease or transfer (by dividend or otherwise) of the assets or capital stock of the Company.

6. All contracts relating to the Company's securities to which the Company is a party, or among shareholders of the Company, or between shareholders and the Company, including (i) any agreements relating to the purchase, issuance, transfer or voting of securities of the Company (e.g., stock option plans, forms of stock option agreements, private placement agreements, registration rights agreements or subscription agreements), (ii) all stockholders' agreements, voting trusts or other restrictive agreements relating to the sale or voting of shares
of the Company and (iii) all agreements under which any person has any rights concerning issued or unissued securities of the Company (e.g., rights of purchase or sale, preemptive rights, rights of first refusal, registration rights, options, warrants or convertible securities).

7. Any joint venture, shareholders‘, partnership or other management, operating or consulting agreements to which the Company is a party.

8. All divestiture or acquisition agreements and related documents entered into by the Company in the last five years (or earlier if the Company has any material ongoing commitments in respect of any divestiture or acquisition), including all documents relating to any proposed material divestiture or acquisition by the Company.

9. List of material customers of the Company, giving annual dollar amounts purchased during the last three years, and copies of contracts with such persons.

10. List of all distribution agreements and copies of material distribution contracts (or any form contracts) to which the Company is a party.

11. List of material suppliers and volume of purchases made from each listed source in the last two fiscal years. Copies of material supply contracts of the Company and any correspondence with material suppliers, including the agreements and correspondence with sole source suppliers. Copies of any reports or internal memoranda relating to potential supply or inventory problems.

12. List of all principal properties owned or leased by the Company. Copies of all material leases of real property and personal property to which the Company is a party either as lessee or lessor. Copies of all mortgages and related agreements or other security agreements concerning properties owned or leased by the Company.

13. List of all patents, trademarks, trade names, copyrights, etc. (‘‘Intellectual Property‘‘) owned or used in the business of the Company, giving brief descriptions of the use, registration numbers and dates of issuance of registration, names of any persons to or from whom such Intellectual Property is licensed, and brief descriptions of such arrangements. Description of any claims asserted or threatened by any third party with respect to any Intellectual Property.

14. Copies of all material agreements relating to competition, non-competition, non-solicitation, licensing, territorial arrangements, distributorships or franchises to which the Company is a party, and any Hart-Scott-Rodino filings.

15. Copies of tax sharing agreements among the Company and any of its affiliates or subsidiaries.

16. Schedule of material insurance policies of the Company.
17. Form of product warranties of the Company.

18. Records relating to customer complaints during the last two years.

19. Material research and development reports prepared by the Company in the last three years.

20. All material contracts and agreements, not otherwise described above, to which the Company is a party.

IV. Employees

1. All material employment agreements, consulting agreements, retention agreements, agency agreements, non-compete agreements, collective bargaining agreements and similar agreements to which the Company is a party, including employment contracts of executive officers.

2. All bonus, retirement, profit sharing, stock option, incentive compensation, pension, and other employee benefit plans or agreements of the Company. Provide a schedule of all outstanding options and warrants, identifying the holders thereof, issue dates, exercise price, expiration date, price of underlying shares at time of issue and other material terms.

3. List of any strikes, unusual labor relationships, work stoppages, or employment-related proceedings during the last five years.

4. All contracts or agreements with or pertaining to the Company and to which directors, officers or beneficial owners of more than 5% of the common shares of the Company are parties. All documents relating to any other transaction between the Company and any director, officer or beneficial owner of more than 5% of the common shares of the Company.

5. Indemnification arrangements with officers and directors of the Company, including a description of any pertinent insurance policies.

V. Governmental Regulation and Environmental Compliance

1. List of all material government permits, licenses, etc., of the Company (obtained or pending).

2. Any correspondence with, reports filed with or other communications between the Company and regulatory authorities within the last five years with respect to significant regulatory matters, including any correspondence, memoranda or other communication relating to [specific regulatory authority].
3. Any correspondence, memoranda or other communications relating to existing or pending governmental regulations affecting the Company's businesses, including any correspondence, memoranda or other communications relating to any proposed legislation.

4. Any information concerning environmental matters and compliance with environmental laws and governmental regulations, including descriptions of any contaminated properties, spills, liabilities to third parties, current or prospective environmental remediation efforts, "potentially responsible party" letters and administrative orders.

5. Copies of waste generation records including generation registration, hazardous waste manifests and any correspondence, directions or orders relating to waste disposal sites, including PCB waste disposal sites.

6. Copies of all environmental audits, inspections, surveys, questionnaires and similar reports (internal or external) relating to the Company including any commissioned by legal counsel to the Company.

VI. Legal Matters

1. A schedule and status report of any material litigation, administrative proceedings or governmental investigation or inquiry, pending or threatened, affecting the Company or any of its respective officers or directors, including a brief description (amount in controversy and name of attorney handling matter, etc.) of all such pending or threatened matters.

2. Any memoranda of or correspondence with counsel with respect to pending or threatened litigation or litigation settled or otherwise terminated within the last three years.

3. Any material consent decrees, judgments, other decrees or orders, settlement agreements or other agreements to which the Company or any of its officers or directors is a party or is presently bound, requiring or prohibiting any future activities.

4. All letters from the Company or from counsel for the Company to the Company's independent public accountants or to any regulatory authority in the last three years regarding material litigation in which the Company or any of its respective officers or directors may be involved, including updates thereof to the most recent practicable date.

VII. Other Material Information

1. Any recent analyses of the Company prepared by the Company, investment bankers, commercial bankers, engineers, management consultants, accountants, federal or state regulatory authorities or others, including appraisals, marketing studies, future plans, credit reports and other types of reports, financial or otherwise.
2. Copies of customer profile studies and any other major research projects conducted, undertaken or completed in the last three years.

3. Press releases issued during the last three years.

4. Any reports or communications to shareholders for the last three years.

5. Responses to the directors and officers questionnaires.

6. Product brochures and other marketing material.

7. Backlog and order summary records for the last fiscal year.

8. Copies of accident reports for the Company for the last three years.

9. Any other documents or information which, in the judgment of the officers of the Company, are significant with respect to the business of the Company or which should be considered and reviewed in making disclosures regarding the business and financial condition of the Company.

NOTE: Add additional specific requests according to the type of company involved in the transaction.