

[Potential Portfolio Company]

Due Diligence Request List [Date]

The following information should be provided, to the extent possible, on one intranet site, and/or in a loose-leaf format, with sectional tabs, and with individual documents dated (where applicable) and referenced to the item number from this checklist. All items on this list should either be (1) documented, (2) specifically identified as “not applicable,” preferably with reasons, or (3) cross referenced to other provided documents which contain the relevant information. To the extent that it is necessary to do so to fully disclose all information which could be material to a reasonable investor’s investment decision with respect to the [Potential Portfolio Company] and/or its affiliates (collectively, the “Company”), if any such information is contained in the records of the Company and/or relates in part to the businesses of the Company is requested to provide all such information with respect to Company in response to this inquiry.

[Potential Portfolio Company]		Yes	No	N/A	Assigned To	Date Done
1	BASIC CORPORATE DOCUMENTS					
1.1	Articles of Incorporation and All Amendments.					
1.2	Bylaws and All Amendments.					
1.3	Minutes of all board of directors, committee and shareholders meetings, including copies of notices of all such meetings where written notices were given, and all consents to actions without meeting since 2002 or the Company’s formation, if shorter.					
1.4	List of countries where property is owned or leased, where employees are located, in which the company is qualified to do business, or in which sales offices are established, and an indication of what tax filings are made in each such state.					
1.5	Certificates of Qualification or Domestication.					
1.6	Certificate of Good Standing as of a recent date and a Tax Status Report (state of incorporation) as of a recent date.					
1.7	For each current subsidiary of the Company where ownership has ever been in excess of 50%, and for each parent of the Company where ownership has ever been in excess of 50%, both directly and indirectly, the same documents as those listed above.					
1.8	For subsidiaries in which the Company’s ownership interest is 50% or less, a discussion of the relationships between the Company (including its officers, directors, and employees) and such subsidiary, including: Number and percentage of all shares or other securities, Identification of all other debt and equity arrangements or rights held by the company relative to the subsidiary, Acquisition costs and current value,					

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	<p>Voting, control, and board of director involvement,</p> <p>Shareholders, officers, directors, or employees in common,</p> <p>Employment, agency, development, marketing, mutual dependencies, and other relationships,</p> <p>Identification of any potential litigation, liabilities, or other risks discussed in this due diligence list as to which the Company may have any exposure or responsibility due to its ownership or other relationships with the subsidiary.</p>					
2	SECURITIES					
2.1	Copies of all stock books and stock ledgers, including schedules setting forth all issuances or grants of stock, options and warrants, listing the names and addresses of the issues or grantees, the amounts issued or granted, the dates of the issuances or grants, the number of shares presently exercisable (if applicable) and the consideration received (or to be received) by the Company in each case.					
2.2	Samples of stock certificates, warrants, options, debentures and any other outstanding securities for each class of security outstanding.					
2.3	Copies of any voting trust, shareholder or other similar agreement covering any portion of the Company's shares.					
2.4	Copies of all agreements relating to repurchases, redemption's, exchanges, conversions or similar transactions.					
2.5	Copies of all agreements containing registration rights or assigning such rights.					
2.6	Copies of all agreements containing preemptive rights or assigning such rights.					
2.7	All quarterly and annual reports and any other communications to the Company's shareholders within the past 2 years.					
2.8	<p>Description of all changes in corporate group formation within the last 2 years, whether by merger, acquisition, disposition, name change, or other reorganization, including the following information as appropriate:</p> <p>Purpose for the reorganization value of the transaction,</p> <p>Discussion of the form and consideration for the transaction,</p> <p>Tax and accounting treatment,</p>					

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	Filings made and qualifications received, Businesses and products involved.					
2.9	Copies of convertible debt agreements, with a narrative summary of conversion features.					
2.10	Copies of all other bonds, debentures or other debt instruments and related documents including indentures.					
2.11	Copies of stock option or purchase plans and forms of option or purchase agreements which have been or may be used thereunder.					
2.12	Any other agreements relating to sales of securities by the Company including any private placement memoranda or other offering circulars.					
2.13	All other quarterly, annual, or other filings with any state or federal securities regulatory agency.					
2.14	To the extent not already provided above, lists of all current shareholders, including addresses and numbers of shares owned.					
2.15	Finders' fee, broker, or other agreements currently in place regarding any sale, license, or other transfer of the company, its technology, or other assets.					
3	INTELLECTUAL PROPERTY and TECHNOLOGY MATTERS					
3.1	Copies and descriptions of all foreign and domestic patents and patent applications, with a summary as to the current status of all patent applications.					
3.2	Description of technology as to which patents could be, but have not yet been, pursued.					
3.3	All trademarks, trade names or service marks, URL's and registrations thereof.					
3.4	Description of names or marks used by the Company but not yet registered.					
3.5	All copyrights and copyright applications.					
3.6	Copies of all material agreements for licensing of Company technology or other intellectual property to third parties, including a narrative summary of key financial and contractual terms.					
3.7	Copy of form of any invention or secrecy agreement to protect trade secrets or proprietary information.					
3.8	Copies of all material agreements for licensing of technology or other intellectual property from third parties, including a narrative summary of key financial and contractual terms.					
3.9	Any internal or third-party correspondence regarding potential infringement of intellectual property rights of others.					

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3.10	Any correspondence or other determination, whether internal or external, that licensing of third party patents or technologies—other than such licenses as may already be in place—may be necessary to accomplish the Company’s product delivery plans.					
3.11	List of proprietary processes controlled by the Company.					
3.12	The law firm that handles patent and trademark matters for the Company and the contact there.					
3.13	All confidentiality agreements with employees.					
3.14	Technical and formulation documentation					
3.15	End user requirements and design documents					
3.16	Explanations for product roadmap tied into company strategy					
3.17	Third-party products and technologies employed, reasons for their use, dependency and availability of substitutes					
3.18	Manufacturing specification documents					
3.19	Competitive testing documents, technical competitive analysis					
3.20	Usability studies and tests, results					
3.21	Hardware and software architecture					
3.22	Design whitepapers					
3.23	Procedures					
3.24	Design and Development process workflow chart					
3.25	Development program book					
3.26	Quality control procedures, stats					
3.27	Technical personnel, reporting matrix and respective responsibilities					
3.28	List of suppliers, nature of relationships, terms, activity to date					
3.29	Work for hire agreements with all employees.					
3.30	Any work for hire agreements or assignment of inventions agreements with any third party employers.					
4	OTHER MATERIAL CONTRACTS					
4.1	List of banks or other lenders (including suppliers) having a financial relationship (briefly describe nature of relationship - lines of credit, equipment lessor, etc.).					
4.1b	List of any distribution agreements					
4.2	Guarantees or indemnification’s between the Company and any other party, or between officers or directors (acting in their capacity as officers or directors) and any other party.					
4.3	Partnership and joint venture agreements.					

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4.4	Powers of attorney on any matter.					
4.5	Technical services or other support contracts with suppliers.					
4.6	Copies of all UCC-1 (or equivalent NZ) financing statements, as may be amended or extended, or other security or guarantee agreements, statements, or filings.					
4.7	Model (sample) sales contracts, purchase orders, and manufacturing contracts.					
4.8	Summary of transactions, contracts or commitments involving payments in excess of \$10,000.					
4.9	A schedule of all policies or binders of insurance or self-insurance arrangements, including medical, workers compensation, disability, automobile, general liability, fire and casualty, products liability, professional liability, officers' and directors' liability and key-man life insurance, with deductibles, coverage limits, and other significant terms. Please indicate the name and address of all insurance agents, brokers, and companies.					
5	LITIGATION, GOVERNMENTAL PROCEEDINGS, ASSESSMENTS OR CLAIMS					
5.1	Summary and copies of any pleadings for lawsuits including all product liability lawsuits and any pending suits.					
5.2	Active litigation files, including letters asserting claims, complaints, answers, etc.					
5.3	Any litigation settlement documents.					
5.4	Summary of disputes with suppliers, competitors, or customers regarding any claims.					
5.5	Summary of inquiries from federal or state occupational safety and hazard officials.					
5.6	Summary description of any individual indemnity claims.					
5.7	Description of any warranty or product liability claims and the resolution of such claims.					
5.8	Description of insurance claims in excess of \$50,000 over the last 2 years, and summary of loss history for that period.					
5.9	Decrees, orders or judgments of courts or governmental agencies.					
5.10	Settlement documentation related to any litigation, governmental proceedings, assessments or claims.					
5.11	Summary of any other proceeding or inquiry involving the Company or any of its directors, officers, agents or other persons that was pending or threatened during the past 2 years by and before any state or federal regulatory authority (EPA, Department of Labor, etc.).					
6	FINANCIAL MATTERS					

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6.1	Balance sheet, income statement, statements of stockholders' equity and changes in financial position, and all "notes" thereto since inception.					
6.2	Interim financial statements and notes for the current fiscal year and each of the last 6 fiscal quarters, a quarter-to-date income statement as of the most recent month end, and an updated forecast for the current fiscal year.					
6.3	Income statements for each principal product or service for each of the last 6 fiscal quarters, a quarter-to-date income statement as of the most recent month end, and an updated forecast for the current fiscal year, including a narrative description regarding overhead allocation methodology.					
6.4	All management letters and auditors' letters, and work papers relating thereto, regarding accounting procedures and controls.					
6.5	Accountant's annual letters to management since 2002 or the Company's formation, whichever is shorter.					
6.6	All other correspondence with auditors regarding any area of concern raised by or discussed with auditors, and related work papers thereto.					
6.7	Descriptions of, and reasons for, any change in accounting methods.					
6.8	Correspondence with auditors regarding threatened or pending litigation, assessments or claims including attorneys' opinion letters to auditors.					
6.9	All operating forecasts and budgets prepared during the last 2 years.					
6.10	Listing of the 20 largest accounts payable, with contact names and phone numbers.					
6.12	Summary and aged lists of accounts receivable including discussion of anticipated collection problems.					
6.13	Summary and detailed lists of all other personal property and intangible assets, including information as to acquisition date, historical cost, accumulated depreciation or amortization, and current appraised value.					
6.14	Schedule of real property owned, including full description, address, area, historical cost, accumulated depreciation, current appraised value, and any other relevant information.					
6.15	Documents of title, mortgages, deeds of trust and security agreements.					
6.16	Any environmental reports or test results related to real property owned or leased.					
6.17	List of any security interests in personal property, including any UCC or similar filings.					
6.18	Documentation of significant acquisitions or					

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	dispositions of assets.					
6.19	Any agreements relating to the sale or lease of material capital equipment.					
6.20	Federal and State (equivalent) income tax returns for prior 2 years.					
6.21	Summary and copies of all material correspondence with state, federal, or foreign tax authorities for prior 3 years regarding any material issues, including listing of all audits which have been completed, are in process, or are planned or expected.					
6.22	Narrative of all material outstanding issues regarding any form of tax, including notice or other concerns as to tax audits, non-filings, or potential exposure areas.					
6.23	Copy of the current 3 year revenue model and the underlying assumptions. Model should be on monthly basis for the first 18 months and quarterly thereafter.					
6.24	Other Documents sent – in line with request from attorney or accountant					
7	ORGANIZATION OF COMPANY AND MANAGEMENT; EMPLOYMENT ISSUES					
7.1	Organization chart.					
7.2	Description of key officers and employees and their role in the organization, and the number of employees broken down by major types of employees. Indicate any key employees upon whom the Company's success is particularly dependent.					
7.3	Detailed resumes of directors and top management personnel.					
7.4	Founders' Agreements, Management Employment Agreements, Indemnification Agreements, and "Golden Parachute" Agreements.					
7.5	Schedule of all compensation paid in the most recent fiscal year to officers, directors and key employees showing separately salary, bonuses and non-cash compensation (e.g., use of cars, property, etc.). Identify any significant current year changes to such scheduled information, whether in personnel or in compensation level.					
7.6	Bonus plans and policies, retirement plans, pension plans, deferred compensation plans, profit sharing and management incentive agreements.					
7.7	Employment, consulting, loan, and any other agreements in force currently or at any time during the prior 2 years, with employees, officers, directors, consultants, or other independent contractors.					
7.8	Description of unusual turnover among employees.					
7.9	Description of any significant labor problems or union activities.					

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7.10	Description of any material transactions with any "insider" (i.e., any officer, director, or owner of a substantial amount of the Company's securities) or any associate of an insider.					
7.11	Collective Bargaining Agreements.					
7.12	Summary of Employees' Compensation.					
7.13	Summary and copy of all policies, guidelines, and handbooks relating to employment, hiring, non-discrimination, ADA compliance, compensation, benefits, performance evaluation and measurement criteria, etc.					
8	SALES, MARKETING, COMPETITION, OPERATIONS. Please provide a breakdown by quarters for 2005, 2006 (where available)					
8.1	Who are Company's largest competitors? Please list them and provide any relevant stats about them. Who poses a potential future threat and why?					
8.2	What is Company's current customer profile?					
8.3	What data is kept for each customer?					
8.4	Copies of market research, marketing studies, analyst reports, or other internal or external studies and sources of positioning, market sizing and similar information (primary and secondary research, consultants' reports, etc.).					
8.5	List of all vendors: (addresses, names, relationship history, outstanding balances, is it a direct relationship, contracts etc.)					
8.6	Software vendors' names and versions of all software packages in use, including all analytical software. Please name the distributor, year of purchase, price and purpose of usage. Also any consulting engagements.					
8.7	What market research analysis or tracking methods currently are in use?					
9	MISCELLANEOUS					
9.1	Any other documents, information, or data that are significant with respect to the business of the Company					

More Questions?
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