

DUE DILIGENCE CHECKLIST

Please provide all of the information requested below. If the information is not available exactly as requested, please provide information that is similar in nature to that requested. All information should be uploaded to the data room established by the Project Specialist.

I. Financial Information:

- A. Annual financial information for last three years (audited, if available):
 - 1. Complete income statement, balance sheet and cash flow statements;
 - 2. Management financial reports;
 - 3. Monthly/quarterly statements;
 - 4. Monthly bank statements for the past 12 months.
- B. Financial projections:
 - 1. Description of revenue streams and underlying assumptions;
 - 2. Financial projections (quarterly and annual);
 - 3. Industry and Company pricing policies, including analysis of future pricing pressures;
 - 4. Detailed assumptions underlying projections;
 - 5. Explanation of projected capital expenditure, depreciation and working capital requirements;
 - 6. External financing arrangement assumptions.
- C. Capital structure:
 - 1. Schedule of financing history for equity, warrants and debt (date, investors, dollar investment, percentage ownership, implied valuation and current basis for each round);
 - 2. Current shares outstanding; list of all shareholders and size of holdings;
 - 3. Schedule of all options, warrants, rights and any other dilutive securities with exercise prices and vesting provisions;
 - 4. Summary of all debt instruments/bank lines with key terms and conditions;
 - 5. Off balance sheet liabilities.

II. General Corporate Information:

- A. Overview of corporate legal structure, subsidiaries, joint ventures and divisions;
- B. Certificates of Incorporation and Bylaws;
- C. Most recent version of the Company's Business Plan;
- D. Minutes of meetings or actions by written consent of – Board of Directors, management, shareholders, Board committees of the Company (since inception);
- E. Copy of all press releases, articles or brochures issued to the financial/trade industry or general public (to the extent not available on Company's website);
- F. Relevant marketing material;
- G. List of Board members and contact information;
- H. List of advisors, including legal counsel, auditors and consultants.

III. Strategic Relationships, Customer Trials and Supplier Information:

- A. Current customer trial information (copies of RFPs, trial status, contact names, position, phone numbers);
- B. Trends of pending customer relationships
- C. List and description of strategic partner relationships (contact name, phone number, copies of strategic agreements/term sheets);
- D. Brief description of any significant relationships severed within the last two years;

- E. Details on any prospective strategic relationships in discussion;
- F. Description of any key suppliers and current status of relationship;

IV. Competition:

- A. Description of the competitive landscape;
- B. Market position and related strengths and weaknesses as perceived in the marketplace;
- C. Any other relevant industry reports or competitive information;

V. Marketing and Sales:

- A. Strategy and implementation:
 - 1. Positioning of Company and its current and future products;
 - 2. Marketing opportunities/marketing risks
 - 3. Description of marketing programs and examples of recent marketing/product/public relations/media information;
 - 4. Prospects for future growth and development
 - 5. Description of any product or design awards

VI. Research and Development:

- A. Description of R&D organization:
 - 1. Strategy and mission;
 - 2. Key personnel;
 - 3. Major activities;
- B. New products:
 - 1. Status and timing;
 - 2. Cost of development;
 - 3. Critical technology necessary for implementation;
 - 4. Risks;
- C. List of material patents, copyrights, licenses and trademarks—issued and pending:
 - 1. Detailed Patent Information (number, status, description, filing documents)
 - 2. Dependence on outside licensing and patents
- D. Relationships with third parties:
 - 1. Joint R&D efforts
 - 2. Participation in industry associations

VII. Operations

- A. Facilities:
 - 1. Current capacity;
 - 2. Lease obligations and terms;
 - 3. Current cap-ex requirements and new facilities planned

VIII. Management and Personnel:

- A. Organization chart; employee distribution by department and manager
- B. Historical and projected headcount by function and location
- C. Summary biographies of senior management, including employment history, years in current position;
- D. References for key senior management, including description of affiliation and phone number
- E. Compensation arrangements:
 - 1. Copies (or summaries) of key employment agreements

2. Benefit plans
- F. Discussion of incentive stock plans;
- G. Significant employee relations problems, past or present;
 1. Personnel turnover data for last two years
 2. Key unfilled vacancies

IX. Legal and Other Matters:

- A. Pending lawsuits—detail on claimant, claimed damages, brief history, status, anticipated outcome, and name of the Company’s counsel
- B. Pending lawsuits initiated by the Company —detail on defendant, claimed damages, brief history, status, anticipated outcome, and name of the Company’s counsel
- C. All material transactions involving Company insiders
- D. Non-compete agreements outstanding
- E. Summary of insurance coverage/any material exposures
- F. Summary of material contracts
- G. Summary of history with government or other regulatory authority

AGREEMENT

I, by signing this Agreement, agree that all information I have provided is accurate and true to the best of my knowledge, and I have not willingly or knowingly withheld any information that would be deemed to be important in evaluating my application. I further acknowledge that paying the application fee does not guarantee that my financing request will be accepted, and that the application fee is non-refundable, but may be applied toward the engagement fee if an engagement is offered and accepted by me.

Applicant

Date