



INITIAL DOCUMENT AND  
INFORMATION REQUEST

A. Corporate Documents and Corporate Matters.

1. The Certificate of Incorporation, the By-Laws and any other organizational/charter documents of the Company and each subsidiary of the Company, if any (each, a “*Subsidiary*”, and collectively, the “*Subsidiaries*”), and any amendments thereof or filings relating thereto.
2. Minutes of the meetings of the Board of Directors, committees of the Board of Directors and stockholders of the Company and each Subsidiary.
3. List of all foreign countries and states in which the Company and each Subsidiary is qualified to do business or any of its trade names are registered, including names and addresses of registered agents.
4. An organization chart of the Company and its Subsidiaries.
5. Each report or other document filed by the Company or any Subsidiary with any governmental authority during the last five years, and all correspondence between the Company or any Subsidiary and any governmental authority during the last five years.
6. List of all officers and directors of the Company and each Subsidiary.
7. Summary of business and personal relationships and affiliations among directors, officers, shareholders, creditors, customers, suppliers and other business affiliates.

B. Securities and Securities Matters.

1. A statement of outstanding and treasury shares of common stock, preferred stock (including a complete description of the rights attaching to such preferred shares), and any other securities of the Company and each Subsidiary.
2. A copy of the form of each outstanding or authorized class or series of securities of the Company or any Subsidiary, as well as a description of any encumbrance created thereby.
3. List of authorized, issued and outstanding securities of the Company and each Subsidiary (by type of security and on an as converted basis, including stockholder names, stockholder tax identification numbers, dates of issuances, consideration received, number of vested and unvested shares and vesting schedules). Indicate if



vesting of any such securities will accelerate on a merger or change in control of the Company or any Subsidiary.

4. A list of holders of any options to purchase any of the securities (including warrants) of the Company and each Subsidiary, giving the name, number of options held, option price, date(s) of grant, position (if any) of the holders in the Company or any Subsidiary, and number of shares owned of the Company and each Subsidiary (excluding those subject to option).
5. All stock option agreements and warrants and forms thereof granting the right to purchase any securities of the Company or any Subsidiary.
6. All stockholder agreements, voting trusts, or other agreements pertaining to, or restricting the sale, transfer, or voting of any securities of the Company or any Subsidiary.
7. Agreements for the purchase of securities from the Company and any private placement memoranda or offering circulars.
8. All agreements under which any person has registration rights, preemptive rights, or rights of first refusal for any securities of the Company or any Subsidiary.
9. Other contracts or agreements relating to the Company's or any Subsidiary's securities, including broker/dealer or selling agent agreements.
10. Title tracing information with respect to the issuance and ownership of all outstanding shares of the Company.
11. All reports and any other communications to stockholders.
12. All articles, brochures, and press releases issued by, or on behalf of, the Company or any Subsidiary relating to their respective businesses or material events.

C. Financing Documents.

1. Debt schedule identifying all short-term and long-term debt and capital lease obligations with principal amounts, interest rates, balances outstanding and maturity dates.
2. All indentures, loan and financing agreements, line of credit agreements, mortgages, or other debt instruments or arrangements (including security agreements, notices, extensions, modifications, amendments, supplements, consents, or waivers) relating to outstanding indebtedness of the Company or any Subsidiary, and other agreements purporting to create material liens or encumbrances on any property of the Company or any Subsidiary.



3. All guarantees or indemnity undertakings given by or to the Company or any Subsidiary.
4. All agreements and financing statements involving the pledge, hypothecation, or giving of any security interest in any assets or equipment leases of the Company or any Subsidiary.
5. Schedule of liens and encumbrances against any of the Company's assets or stock (whether or not of public record).
6. All material leases and related agreements pertaining to equipment or other property of the Company or any Subsidiary.
7. All documentation relating to loans to, or guarantees for the benefit of, any employee (including directors and officers).
8. Correspondence with the Company's lenders regarding any default or alleged default.

D. Properties/Leases/Insurance.

1. (a) A list of all real estate owned or leased by the Company or any Subsidiary (each, a "*Property*"), stating whether owned or leased (whether as lessor or lessee) and including a brief description of such property, structures, lease provisions (including assignment and renewal), all current uses, and location. Please also furnish copies of mortgages, deeds, and leases (and any amendments thereto). In the case of leased properties, name the current owner.
- (b) Title insurance policies or lawyers' abstract reports covering each Property owned by the Company or any Subsidiary.
2. (a) List fixed assets, machinery, and equipment (whether owned, leased, or used by the Company), giving for each material asset or group of assets cost, depreciation reserve, method of depreciation, insured value, estimated remaining useful life, condition, suitability for use, and (if available) appraised value.
- (b) List vehicles, computers, and computer-related equipment and other registered equipment owned, leased, or used by the Company, giving a brief description of equipment and lease provisions (if any), year made, state of registration, registration number, cost, estimated remaining useful life, and insured value.



- (c) Briefly describe portfolio investments of the Company, including cost basis and current value.
3. All material leases, licenses, franchises, equipment purchases, and other agreements and amendments thereto to which the Company or any of its Subsidiaries is a party.
4. A list of all insurance policies maintained by, or for the benefit of, the Company or any Subsidiary (including key man life insurance, directors and officers liability insurance, product liability insurance, general liability insurance, and bonding and suretyship contracts), naming the insurance company, property or risk covered, extent of coverage, and annual premiums therefor. Furnish copies of all such policies.
5. A list of all insurance claims of over \$25,000 made by the Company or any Subsidiary over the past five years.

E. Intellectual Property; Rights and Permits.

1. A list of all United States and foreign patents, trademarks, trade names, copyrights and other proprietary rights owned or used in the business of the Company or any Subsidiary, giving a brief description of use, registration number, and date of issuance of registration, name and address of any person to, or from whom, such patent, trademark, trade name, copyright, or other proprietary right is licensed.
2. All applications, filings, or reports submitted to any federal, state, local or foreign governmental or regulatory agency in connection with obtaining any license or permit for a similar right of the Company or any of its Subsidiaries to operate their respective businesses.
3. A schedule showing the relationship of each identified patent right to the company's products and services (e.g., which products are covered by which company patents).
4. All agreements involving the transfer or right to use intellectual property rights to which the Company is a party, whether as licensor, sublicensor, licensee or sublicensee, including research, product development, software (including open source code), distribution and/or marketing.
5. The Company's and each Subsidiary's written policy and procedures for selecting, clearing, using and protecting trademarks; for selecting patent disclosures for patent protection; for preparing and prosecuting patent applications; enforcing patent rights and avoiding infringement of the rights of others; and protecting copyrighted materials.
6. The Company's and each Subsidiary's written policy and procedures for protecting company confidential and trade secret information.



7. The Company's and each Subsidiary's written policy and procedures for the use of open-source software and a listing of all open source licenses under which open source code is used or incorporated in Company's software.
8. Copies of all notices and correspondence (including to or from Company's counsel) relating to allegations of infringement or misappropriation of: (i) third-party intellectual property rights by the Company; and (ii) the Company's intellectual property rights by third parties.

F. Other Contracts/Agreements.

1. Any material operating agreements, or other contracts, agreements, or authorizations, governmental or otherwise, pursuant to which the Company or any Subsidiary is conducting or will conduct its operations.
2. A schedule of all material transactions during the past five years involving the Company or any Subsidiary and any stockholder, director or officer, or any other affiliate of the Company or such Subsidiary and any agreements pertaining to the foregoing, including any indemnity agreements, and loans to or by any stockholder, officer or director.
3. All marketing, processing, service, accounting, transportation, sales, and distribution agreements currently in effect or under negotiation.
4. All license, research, product development, collaborative, funding, management, service, affiliation, purchase, and other material agreements relating to the business of the Company and its Subsidiaries.
5. Joint venture, partnership, or limited partnership agreements involving the Company or any of its Subsidiaries.
6. All government contracts and any correspondence relating thereto.
7. A warranty claims listing with respect to services and products of the Company or any Subsidiary.
8. A schedule of all licenses, assignments, and agreements to which the Company or any Subsidiary is a party, whether as licensee or licensor, relating to technology, patents, products, trademarks, trade names, and copyrights, and copies of all such agreements.
9. All labor contracts, collective bargaining agreements, and material employment contracts or compensation agreements to which the Company or any Subsidiary is a party.
10. All secrecy, noncompetition, or similar agreements between the Company or any Subsidiary and any of their present or former employees, directors or any other person.



11. All documentation with respect to any acquisitions, divestitures, or reorganizations.
12. Any stock appreciation, stock option, pension, savings, retirement, profit-sharing, subscription, voting trust, or other incentive or deferred compensation plans of the Company or any Subsidiary.
13. Copies of any qualified defined benefit or defined contribution retirement plan documents and related trusts, including foreign plans, as well as copies of the following of each plan:
  - (a) Summary plan descriptions and summaries of material modifications;
  - (b) Determination letters;
  - (c) Forms 5500 for the three most recent plan years, including all applicable schedules and audit reports;
  - (d) Communications to employees regarding the plan (including summary annual reports, sample notices and election forms, etc.);
  - (e) Demonstrations of nondiscrimination compliance;
  - (f) Demonstrations of Internal Revenue Code Section 415 compliance, if applicable; and
  - (g) Description of any inconsistencies between the plan's operation and the terms of the plan document(s).
14. Copies of all employee welfare benefit plan documents and related trusts, including foreign plans, as well as copies of the following for each plan:
  - (a) Summary plan descriptions, including insurance policies, administration contracts etc.;
  - (b) Form 5500 for three most recent plan years, including all applicable schedules;
  - (c) Post-retirement/post termination medical or life insurance coverage other than COBRA; and
  - (d) COBRA sample notice and election forms.
15. Copies of any non-qualified executive compensation plans.
16. Copies of any bonus, commission, or similar plan arrangement covering non-executives.



17. Copies of Cafeteria Plans/Flexible Spending Accounts.
18. Copies of any plans relating to severance or termination pay, vacation, sick leave, loans, or other extensions of credit, loan guarantees, relocation assistance, educational assistance, tuition payments, employee benefits, workers' compensation, executive compensation, or fringe benefits (including any plan exempted from ERISA by virtue of Section 4(b) of ERISA, if applicable).
19. For each pension plan which is a "multi-employer plan," furnish a statement of the employer's "withdrawal liability" within the meaning of ERISA Section 4211. For each defined benefit pension plan, furnish a recent actuarial valuation and copies of Forms 5500 and Schedule B.
20. Any contracts restricting the ability of the Company or any Subsidiary to compete in any line of business with any person or committing the Company or any Subsidiary to continue in any line of business.
21. Please advise if there are any facts or circumstances which may give rise to the cancellation or termination of, or claim for damages or loss under, or renegotiation of the price of, any of the agreements, arrangements, or understandings referred to herein.
22. Any agreements granting to the Company or any Subsidiary any right of first refusal to acquire any business or assets, or pursuant to which the Company or any Subsidiary has granted any such rights.
23. Please advise if there have been any appraisals of significant assets or classes of assets owned by the Company or any Subsidiary, or any environmental audits, and provide copies.
24. All agreements with finders, brokers, placement agents, or underwriters.
25. Any provision of any contract, arrangement, or statute under which any director or officer of the Company or any Subsidiary is insured or indemnified in any manner against liability which he or she may incur in his or her capacity as such.
26. All consulting agreements in connection with the development of any services or proposed services of the Company or any Subsidiary.
27. All management, marketing, sales, and market size reports or memoranda relating to future business plans or projections which have been prepared by or for the Company or any Subsidiary.
28. A list of all contracts and commitments under which a default has occurred or is claimed to have occurred setting forth (i) the nature of the default, (ii) the name of the party in default, (iii) the monetary amount claimed, and (iv) the current status of the contract or claim.



29. A list of the primary competitors of the Company and any Subsidiary.
30. A list of the ten largest customers of the Company and any Subsidiary during each of the last three fiscal years.
31. A list of the ten largest suppliers of the Company and each Subsidiary during each of the last three fiscal years.
32. Any and all long term or material contracts between the Company or any Subsidiary and any manufacturer, supplier, advertising agency, shipping company, and other material supplier or contractor.

G. Products and Inventories.

1. List all products and services (or, in each case, if not practical, the classes thereof) currently sold by the Company and its Subsidiaries, together with applicable prices and discounts and how long they have been available.
2. Provide a brief description of the inventory pricing procedures utilized by the Company and its Subsidiaries.
3. List all major sources of supply for material and dollar purchases for the Company and for its Subsidiaries in the last fiscal year, and a brief description of the available alternative supply sources for material items.
4. Provide a brief description of sales order backlog by product line as of a recent date, and as of the same date last year, for the Company and for its Subsidiaries.
5. Provide a brief description of purchase order backlog as of a recent date, and as of the same date last year, for the Company and for its Subsidiaries.
6. Provide detailed product documentation that includes feature descriptions, architecture and design, technical performance specifications and other relevant detail. Where applicable, give specific attention to demonstrated capability of the product(s) or solution(s) – describe the characteristics of the largest product deployment.
7. List all products that have been de-emphasized or discontinued in each of the past 3 years and explain the rationale for the action. Indicate if the former product was replaced by a newer product.
8. Provide strengths/weaknesses table for each product from a technology and competitive viewpoint and indicate plans and timelines to address shortcomings where appropriate.





9. List of all 3rd party and open source dependencies and indicate IP right to use status.
10. List all product CE compliance status and other regulatory agencies that are appropriate.
11. Provide the previous 12 months of product defect and trouble ticket history by product, including arrival rate, closure rate, backlog 1 year ago, current backlog.
12. Provide current product development roadmap that also identifies in-process versus future efforts.
13. Provide view of current development status versus planned status, identify delayed efforts and provide explanation and countermeasures.
14. Indicate if any product development effort has been capitalized, if so what is the resulting P&L impact.

H. Regulatory Documents/Litigation.

1. Summary of any regulatory and/or audit proceedings or threatened proceedings involving or affecting the Company or any of its Subsidiaries, including copies of documents and correspondence relating thereto.
2. All letters from counsel to the Company or any of its Subsidiaries (including those addressed to the Company's accountants) with respect to litigation, contingent liabilities, and other matters.
3. A list summarizing all outstanding litigation and copies of all documents relating to any material litigation.
4. All correspondence relating to actual or alleged infringement by the Company or any of its Subsidiaries of intellectual property rights of others.
5. A description of all "labor unrest" situations and any pending or threatened labor strikes or other labor trouble experienced by the Company or any of its Subsidiaries.
6. A list, prepared by counsel, summarizing the current status of all unfair labor practices, complaints, or grievances lodged against the Company or any Subsidiary.
7. A list, prepared by counsel, summarizing any pending or threatened requests for arbitration, grievance proceedings, labor disputes, strikes, or disturbances affecting the Company or any of its Subsidiaries.



8. All reports and memoranda with respect to any internal audits performed by the Company or any of its Subsidiaries.
  9. A list, prepared by counsel, summarizing any civil or criminal indictments, investigations, convictions, or other proceedings against the Company or any Subsidiary or any individual involved in the management of the Company or any Subsidiary, or who has been so involved in management during the past five years.
  10. A list, prepared by counsel, summarizing all outstanding judgments, decrees or orders affecting the Company or any of its Subsidiaries.
  11. A description of any bankruptcy, criminal, or other judicial proceeding pending, expected or completed within the past six years involving the Company or any of the Company's officers or directors, or any of its Subsidiaries or any of the Subsidiary's officers or directors.
- I. Employees and Consultants.
1. A list of officers, key employees, and consultants of the Company and each of the Subsidiaries, indicating their salaries and bonuses for the previous fiscal year and their scheduled compensation for the current fiscal year.
  2. All employment agreements and consulting agreements to which the Company and each of the Subsidiaries is or proposes to become a party, including a description of any current negotiations related to such proposed agreements.
  3. All confidentiality or non-competition agreements to which officers, key employees, and consultants of the Company and each of the Subsidiaries are bound as a result of prior employment.
- J. Financial Information.
1. Financial Statements and Related Matters
    - (a) All audited financial statements of the Company and the Subsidiaries and reports of accountants thereon for all periods for the last five years.
    - (b) All unaudited interim financial statements of the Company and the Subsidiaries prepared since the date of the most recent audited financial statements.
    - (c) Name of accountants and length of relationship with accountants.
    - (d) Brief description of any change in accounting policies or procedures during the past five years.



- (e) Audited financial statements (if available) and management letters issued by auditors in respect of the audits.

## 2. Revenue/Sales and Customer Matters

- (a) Orders, sales (in both \$ & units) and gross margin by major product group, customer type and by geographic region for the last three years and the current YTD period.
- (b) Description of non-recurring revenue (including large one-time orders), non-product revenue (royalty, licensing, trademark or patent revenues), and unusual and extraordinary items for the last three years and the current YTD period.
- (c) Schedule showing firm order backlog, by product line as of the most current date and as of the comparable date in the preceding year (include estimated gross margin and expected sales timing of orders in backlog).
- (d) Top 10 customers ranked by sales for each of the last three years and current YTD period.
- (e) Listing of significant new customers and lost customers in the last three years.

## 3. Balance Sheet Matters

For the last three years and the current YTD period, provide the following:

- (a) Cash
  - i. Bank reconciliations including bank statements for the current YTD period and previous three year end periods.
  - ii. Provide a listing of any restrictions on cash.
- (b) Accounts receivable
  - i. Accounts receivable aging analysis and trends for last three years and the most recent available month.
  - ii. History of allowance for doubtful accounts balance, bad debt expense and write-offs, and reserves for sales returns, discounts, rebates, refunds, and credit memos in the last three years and the current available month.
- (c) Inventory



- i. Inventory balances by location, major product group and type (raw materials, work in process, finished goods).
  - ii. Summary of inventory write-offs and basis used to develop obsolete and slow-moving inventory reserves, including any history of sales and write-offs of obsolete/overstock inventory.
- (d) Manufacturing and Purchasing
  - i. Summary of locations and descriptions of subcontracted manufacturing facilities.
  - ii. List of top 10 significant suppliers by purchase \$ and detail of purchased supplies from each.
  - iii. List of any production/sales made under license or royalty agreements.
- (e) Prepaid Expenses and Other Assets
  - i. Schedule of prepaid expenses and other long and short-term assets (including goodwill and intangibles and amortization criteria) including assessment of potential recovery.
- (f) Property & Equipment
  - i. Schedule of fixed assets including date acquired, original cost, accumulated depreciation, net book value, and recent appraised value.
  - ii. List of capital expenditures (historical, current, planned for the next 3 years) separated by major category (e.g. machinery, MIS, buildings etc.)
- (g) Accounts Payable and Accrued Liabilities
  - i. Accounts payable aging schedule and significant accrued expense accounts for the last three years and the most recent available month.
  - ii. Details of customer deposits and any deferred revenues by type and customer for the last three years and the current YTD period.
  - iii. Warranty expense and sales returns history (expense and reserves) for the last three years and a description of how the warranty and sales returns reserves were developed.
- (h) Sales and Marketing



- i. Detailed sales organizational views by resources, territories and accounts.
- ii. Orders and sales by customer in each of last 3 years.
- iii. Orders and sales by product in each of last 3 years.
- iv. Orders and sales by geographical region in each of last 3 years.
- v. Orders and sales by vertical industry segment in each of last 3 years.
- vi. Orders and sales in each of last 3 years by incumbent customers versus new customers.
- vii. Orders and sales in each of last 3 years for existing products versus new products.
- viii. Top 20 customers (by sales \$) in each of the past 3 years, indicating per year sales and what products and services composed the \$ amount.
- ix. Most current sales operations report, inclusive of activities, forecasts and performance metrics.
- x. Most current sales funnel and composition, today and 1 year ago by product, region and industry segment.
- xi. Past 12 month won/loss analysis by region, product and customer.
- xii. Discounting trend over past 3 years.
- xiii. Currently pending POs.
- xiv. Currently open bids.
- xv. Top 10 forecasted opportunities for next 12 months.
- xvi. Detailed explanation of sales compensation plan.
- xvii. Outbound marketing budget and expenditures for past 3 years.
- xviii. Most current marketing operations report, inclusive of activities, forecasts and performance metrics.

#### 4. Other Financial Data



- (a) Copies of all federal, state, local, and foreign income and franchise tax returns filed by the Company and its Subsidiaries for the past five years.
- (b) List and describe all pending or threatened disputes with regard to tax matters involving the Company and its Subsidiaries.
- (c) Copy of the most recent business plan and/or budget.
- (d) Analysis of operating and general and administration expenses (and as a percentage of revenues) by significant category for the last three years and the current YTD period.
- (e) Monthly financial reporting packages distributed to senior management.

K. Environmental Matters.

1. A description of any instance in which a Hazardous Substance (as hereinafter defined) has been released, discharged, deposited, emitted, leaked, spilled, poured, emptied, injected, dumped, disposed of or otherwise stored, placed or located on, in or under any Property. To the extent known, provide similar information with respect to prior owners and tenants of the Properties and owners and tenants of properties which are adjacent to the Properties. For purposes of this request “*Hazardous Substance*” means any material regulated under any environmental law, statute, regulation, rule, or any state, or any other governing body, authority or agency (collectively, “*Environmental Laws*”).
2. A description of any instance in which the existing or prior uses of the Properties by a current or former owner or tenant have in fact been, or have been alleged to have been, in violation of any Environmental Law. Describe any instance in which Hazardous Substances have been removed from and disposed of off the Properties other than in compliance with all Environmental Laws.
3. A description of any obligations, liabilities, claims, judgments, orders, settlements, permits, licenses, authorizations, resolutions of disputes, writs, injunctions, or decrees to which the Company is subject, relating to the use, generation, treatment, storage, disposal, transportation, presence, release, discharge, or emission of any Hazardous Substance. In addition, describe any threatened or pending investigations, citations, suits, actions, or other legal proceedings, or notices of violation resulting from or connected with the Properties relating to the use, generation, treatment, storage, disposal, transportation, presence, release, discharge, or emission of any Hazardous Substance.
4. A description of any facts or circumstances in existence which may give rise to any litigation, proceedings, investigations, orders, citations, violations, notices of violations, or liability resulting from, or connected with, the Properties relating to the use,



generation, treatment, storage, disposal, transportation, presence, release, discharge, or emission of any Hazardous Substance (including the transportation or disposal, whether or not authorized, of any such Hazardous Substance by any employee of the Company).

5. A list of all permits, licenses, consents, and authorizations necessary for compliance by the Company with all applicable Environmental Laws. Indicate which of such permits, licenses, consents, and authorizations have and have not been obtained.
6. Any environmental studies conducted, or reports or surveys rendered, with respect to the Properties.
7. A description of any instance in which a current or former owner or tenant of any of the Properties made, or has been required to make, any filing or report with any federal, state, or local government or governmental agency with respect to Hazardous Substances on, in, or relating to the Properties (including the date and location of filing). Furnish a copy of any such filing (if available).
8. A description of any instance in which any governmental agency (or their representatives) inspected the Properties to ascertain whether the Properties and the operations conducted thereon are in compliance with Environmental Laws.
9. A description of any instance in which lead paint or asbestos insulation has ever been used on the Properties, or in which there has been any storage tank containing petroleum products (such as oil, gasoline or kerosene) located on the Properties.

L. Miscellaneous.

1. All other documents viewed by the Company or any Subsidiary as material to its respective operations.

The foregoing list is intended to be illustrative rather than exhaustive. The Company, during the course of the proposed transaction, should bring to ClearThink's attention any information or documents that might be deemed material. To the extent that there are no documents responsive to any of the above-numbered items, ClearThink should be notified to that effect.