

Preliminary Due Diligence Request

Please provide the following information and copies of the indicated documents as soon as possible. If the information or documents requested are not applicable to the business or have been previously provided, so indicate. If documents previously provided have been amended or superseded by new documents, please provide the new documents or amendments. If certain items are too voluminous to copy, or cannot be copied due to the need to maintain confidentiality, please notify us and arrangements will be made to review them at your premises or another convenient location. Additional information or documents may be requested. If you have any questions regarding what information or material is being requested, please call _____.

A. Financial Information

1. Financial statements by business line for 1991-1995
2. Interim financial statements
3. Description of long and short-term debt
4. Accountants' reports
5. Description of accounting methods and chart of accounts
6. Most recent financial projections and budgets
7. Tax returns and related workpapers (federal, state, local & foreign) (payroll, personal prop. Highway use (Form 2290), gross receipts, fuel) 1991-1995
8. Any financial reports delivered to any regulatory or governmental agencies
9. Bank/Lender information and relationships
10. Name, number and address of accountant
11. Copies of most recent bank statements
12. A/R, A/P verification and again
13. Trial balances for 1993 to present
14. Sales backlog information for 1993 to present
15. List of non-recurring or extraordinary expenses
16. Compensation and bonuses paid to key personnel
17. Customer credit policies
18. List of any personal assets currently used in and/or required by the operation of the business

B. Corporate Information

1. Exact corporate name, address, date and state of incorporation, fiscal year
2. Copy of certificate of incorporation, as amended
3. Copy of By-Laws
4. Copies of (or access to) corporate minute books including stock ledgers with canceled shares and list of registered stockholders
5. Description of history of business activities, including predecessor organizations and affiliates
6. Description of corporate organization, lists of names of officers and directors (current and last 5 years)
7. Capitalization - authorized and issued capital stock
 - a) rights of each class of stock or other securities
 - b) stockholder agreements (buy/sell, voting trusts, proxies, etc.).
 - c) names of all stockholders
 - d) stock options and warrants
8. Copies of all acquisition agreements and related documents since the organization of the Company
9. Description of any proposed acquisitions or dispositions contemplated within the ensuing year with a summary of the status
10. Copies of documents establishing and/or providing for the governance of any trusts or similar entities holding corporate stock.

C. Personal Property (Corporate and/or Personal)

1. List of tangible personal property, valuation, age, condition, depreciation reserves, methods and appraisals (inventory, equipment, vehicles, furniture, accounts receivable aging)
2. Leases of personal property
3. List and describe any trademarks, trade names, patents, copyrights or servicemarks
4. Manuals, Vehicle & equipment Manuals, Policies & Procedures
5. Customer Lists - to be transmitted in electronic format
6. Licenses/Permits held (includes employee driver license categories)
7. Maintenance records
8. Title to personal property (copies of Purchase Contracts and Bills of Sale)
9. Vehicles Titles/Registrations
10. Copies of agreements relating to investments or assets not relating to the Company's principal operations
11. Rights of first refusal, options, etc., relating to corporate opportunities

Real Property

1. Location and acreage of real property owned or leased; proof of clear title, copy of deed(s), leases, assessed values, copy of property tax bills, copy of past title policies, copies of any appraisals (from refinancing activities)
2. Mortgages or other liens.
3. Easements, rights of way
4. Options to buy or first rights of refusal
5. Leases and estoppel certificates
6. Fixtures, descriptions of buildings, floor plans, age and condition, assessed value.
7. Zoning matters and approvals
8. Construction contracts
9. Surveys
10. Copies or documents establishing and/or providing for the governance of any trusts or similar entities holding real property

E. Operating Contract

1. Supplier contracts (e.g. inventory, equipment, OEM)
2. Service contracts (e.g. telephone, security, equipment service)
3. Sales/Purchaser contracts (with Customers)
4. Operating leases (with Customers)
5. Non-competes given or received
6. Any other operating contracts related to business
7. Copies of all form contracts used by Company in business
8. Outstanding bids

F. Financing Contracts

1. Bank credit agreements, lines of credit, letters of credit, cross guarantees, etc.
2. Security agreements
3. Loan agreements
4. Notes
5. Guarantees
6. Sale/Leaseback arrangements
7. Assignments of assets as collateral
8. Surety agreement/Bonding arrangements
9. Commitments for financing
10. UCC-1 financing statements - UCC (county and state; personal property and fixture) and Judgment lien searches
11. Correspondence during the last three years with respect to any of the above.

G. Employee Information

1. Organization chart of management, employees and directors
2. List of employees by category (full-time, hourly) salary, benefits date of hire, etc.
3. Employee contracts
4. Consulting agreements or other retainer agreements with professionals
5. Employment and benefit manuals (other written employee communications)
6. Medical plans
7. Bonuses or profit-sharing arrangements
8. Pension/retirement plans
9. Other fringe benefits (e.g. company-paid vacation)
10. Severance plans
11. Related party transactions (employee or director)
12. Proof of employee citizenship. Forms 1-9
13. List of employee terminations over the last 12 months.
14. Work force composition and history
 - a) EEOC compliance
 - b) absenteeism
 - c) labor market conditions
 - d) employee morale
15. Employee personnel files (history)
16. Copies of employee professional licensing
17. Meetings with key employees as appropriate

H. Litigation

1. List of all pending or threatened litigation
2. Audit letters regarding pending and unasserted claims including attorney audit letters to company/accountants.
3. Description of past litigation
4. Defaults in contracts by company
5. Defaults in contracts by others (e.g. customers, suppliers, sub-contractors)
6. Collection actions (by or against Company)
7. Warranties by Company
8. Governmental agency actions or investigations (e.g. OSHA, EPA, IRSS< DOL, DNREC, MDE)
9. Copies of all consent and other decrees, judgments, orders and settlement to which Company is a party

I. Insurance

1. List and description of all policies (title, building, loss, casualty, life, theft, etc.) where Company is the insured or loss payee
2. Pre-paid insurance
3. Claims history

J. Operating Information

1. Description of service territory (e.g. routes, hazards, weather cycles)
2. Customer lists including customers not under service agreement
3. Customer/Vendor references/relationships
4. Sales and marketing arrangements, pricing and credit policies, business reputation
5. Copies of all appraisers' reports relating to business assets, other consultant reports, outside expert reports
6. Operating reports/records
7. Computer system configuration by type of equipment and location
8. Listing and description of operations and financial computer software
9. Selected invoices need to be verified

K. Governmental Approvals and Reports

1. FCC
2. Licensing authorities

L. Environmental Concerns

1. Environmental audits conducted for Company
2. Pending, past & current state, federal, public or private environmental permits (i.e. waste handler)
3. Correspondence with all environmental regulatory agencies, including reports
4. Copies of all design and construction drawings and permits
5. All past and present environmental plans (e.g. Spill Prevention Control and Countermeasure Plan (SPCC), Contingency Plans, Preparedness and Prevention Plans)
6. Any past and current aerial photographs
7. Records or written description of knowledge (not recorded) on past and current discharges of sanitary and/or industrial wastes or spilled materials, including information on discharge recipients (e.g. underground tanks)

8. Description and information on storage vessels, surface impoundments or other types of storage/treatment facilities (e.g. underground tanks)
9. Building asbestos, hazardous materials stored on site (unused chemicals) Provide MSOS sheets. Are they subject to SARA 313 reporting requirements.
10. Describe how refrigerant chemicals are collected, stored, and disposed of
11. Describe any PCB or PCB-contaminated transformers or equipment on site
12. List any known past uses of the property (manufacturing plants, gas stations, rendering facilities, dry cleaning facilities, etc.)

M. Safety Items

1. OSHA reports
2. Accident history
3. Workers' compensation claims
4. Safety audit

N. Public Relations

1. Newspaper articles
2. Correspondence
3. Press releases
4. Advertising information

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