

Rhodes Holdings LLC

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SEC Legal Due Diligence Questionnaire

March 19, 2008 Revision

In connection with a proposed sale of securities of your firm ("Company") and its conversion from private to public ownership, the following materials should be supplied or made available to Rhodes Holdings LLC ("RHL"). Except where the context clearly implies otherwise, information should be provided with respect to the Company and each of its direct and indirect, wholly-owned and partially-owned subsidiaries, if any.

1. CORPORATE RECORDS

- a. Copy of the Certificate of Incorporation and By-Laws, as amended and/or restated, of the Company and each of its subsidiaries, if any, each as certified by appropriate authorities.
- b. A list of all jurisdictions in which the Company and each of its subsidiaries, if any, is qualified to do business.
- c. Certificates of authority, good standing certificates and tax status certificates for those states where the Company or any subsidiary, if any, is incorporated or qualified to do business.
- d. Copies or descriptions of all outstanding agreements respecting or involving the capital stock or ownership of the Company, including stock option agreements.
- e. List of names under which business is conducted.
- f. List of all of the predecessors of the Company, including name, state or jurisdiction of incorporation, capitalization and states where such predecessors were qualified to do business and any fictitious names under which the predecessors conducted business.
- g. Certificates of qualification or domestication and list of registered agents and their addresses.
- h. Any acquisition and disposition documents regarding subsidiaries or divisions.
- i. Minutes of all Board of Directors, committee and shareholders meetings and all consents to actions without meeting since inception.

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- j. Any management reports to the Board of Directors.
- k. List of current officers and directors of the Company and subsidiaries.

2. CAPITALIZATION AND ISSUANCE OF SECURITIES

- a. All stock records books of the Company, including stock transfer ledgers and receipts for certificates (including the reverse side of such certificates).
- b. Schedule setting forth the precise holdings of the Company's securities holders, including a description of how the shares are held (jointly, in trust, etc.), copies of any stockholder, voting or other agreements among them and copies of all outstanding stock certificates for the Company.
- c. List of outstanding and treasury shares, including, without limitation, common stock, preferred stock and any other securities.
- d. All stock options, stock purchase and other employee benefit plans and forms of agreements.
- e. List of outstanding stock options and warrants showing dates of issuance or grant, amounts issued or granted, exercise prices, exercise and expiration dates, dates and amounts of exercise and cancellation, and names of option holders.
- f. Any voting trust agreements, buy/sell agreements, shareholder agreements or proxies affecting the right of any shareholder to freely sell or vote shares.
- g. Any registration rights agreements.
- h. Copies of all documents evidencing any phantom stock plans or similar arrangements by or in respect of the Company for any person.
- i. Powers of attorney on any matter.
- j. Convertible debt instruments.
- k. Other contracts, arrangements, or public or private commitments relating to the stock to which any officer or director is a party or which involves more than 5% of the common stock.
- l. A list of all issuances or sales of securities of any class by the Company or any officer, director or affiliate of the Company, including the title of such

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securities, the amount of such securities issued or sold, the date of such issuance or sale, and the unit price of such securities.

- m. All private placement memoranda and other selling documentation, and all amendments, supplements, and exhibits thereto, filed and/or utilized in connection with the issuances or sales of securities referred to above, and all material instruments, documents and agreements relating to such issuances or sales, including a schedule and copies of all relevant blue sky filings
- n. All memoranda and other selling documentation, and all amendments, supplements, and exhibits thereto, filed and/or utilized in connection with the issuances or sales of securities pursuant to Rule 504 of Regulation D, and all material instruments, documents and agreements relating to such issuances or sales, including a schedule and copies of all relevant blue sky filings.

3. ASSETS AND PERSONAL PROPERTY

- a. All leases or other written agreements or arrangements and a description of any unwritten agreements or arrangements relating to any personal property or asset owned or leased by the Company.
- b. A list of automobiles and other vehicles owned or leased by the Company, together with a copy of the certificate of title related thereto.
- c. List of all liens, encumbrances and other restrictions regarding the Company's assets.
- d. Description of computer systems and networks of the Company.
- e. List and describe assets or properties in which an affiliate, any officer, director or employee or any holder of 5% or more of the common stock has any interest.

4. INTELLECTUAL PROPERTY

- a. A list of states in which any research or development efforts have occurred for either software or hardware.
- b. A list (including descriptive title, jurisdiction and serial or application number) and copies of all patents and applications pending, held or otherwise in process by or on behalf of the Company in the United States or any foreign country, together with all correspondence to or from the examining authorities or other agencies regarding such patents or applications.

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- c. Identify each product sold, now or in the past five years, by the Company and for each such product identify the dates during which such product was sold and all patents, patent applications or other intellectual property rights relating to such product.
- d. Identify each product (including designs, standards or concepts) developed or under development, now or in the past five years, by the Company but not included in item 3(c), and for each such product identify the dates during which such product was developed or considered for development and all patents, patent applications or other intellectual property rights relating to such product.
- e. For each product identified in response to either item 3(c) or item 3(d), identify the first public disclosure (as defined by 35 U.S.C. § 102) of such product and the identity of each person involved in the development of such product, including a brief description of their involvement.
- f. A list (including descriptive title, jurisdiction and serial or registration number) and copies of all copyright registrations held by the Company or pending in the United States or elsewhere together with a copy of the deposit materials for each such registration. A list of all copyrightable works of authorship (including software and documentation) material to the Company's actual or contemplated products but as to which there is no copyright registration or application pending, including user's manuals and technical and support documentation.
- g. A list (including mark, description of goods or services, jurisdiction and serial or registration number) of all trademarks, registered or unregistered, used in connection with the business of the Company in the United States or elsewhere, together with copies of all state, federal or foreign registrations of such trademarks and assignments and recordation documents or other certifications pertaining to each (including associated affidavits of use or working).
- h. A list of all technologies (whether or not patented or patentable) that are material to the business of the Company, together with a description of how each such technology was developed or acquired, and copies of all documents evidencing any such acquisition.
- i. Copies of all license agreements and sublicense agreements pursuant to which the Company licenses any technology or intellectual property rights to or from third parties.

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- j. Copies of all agreements pursuant to which the Company has assigned any technology or intellectual property rights to, or obtained any technology or intellectual property rights from, third parties.
- k. Copies of all agreements pursuant to which the Company's products are distributed or marketed to third parties.
- l. Copies of all agreements pursuant to which the Company's products (including software) are manufactured or assembled by, or pursuant to which the Company acquires such products or components from, third parties.
- m. Copies of all research and development or joint development agreements to which the Company is a party or a beneficiary.
- n. Copies of all other agreements relating to technology or intellectual property that are material to the business of the Company.
- o. All documents, correspondence, memos, notes and other papers relating to the Company's written policies on intellectual property or maintenance of confidential, proprietary or trade secret information.
- p. All documents, correspondence, memos, notes and other papers relating to the Company's written copies of all security agreements pursuant to which a lender or creditor has taken a security interest in, and copies of all Uniform Commercial Code filings, or other state and federal filings, that relate in any way to any encumbrance of, any of the Company's technology, intellectual property assets or "general intangibles."
- q. All documents, correspondence, pleadings, memos, notes or other papers or information in tangible or machine readable form relating to any actual, pending, potential, or threatened intellectual property litigation or claim against the Company, or any other actual, pending, potential or threatened assertion, suggestion or inquiry by a third party that the Company is infringing its intellectual property rights, even if no threat has been made against the Company.
- r. All documents, correspondence, memos, notes and other papers analyzing or assessing the validity or scope of any the Company copyright, patent, trademark or other intellectual property right.
- s. List of all material designations and governmental licenses, authorizations, consents and approvals that the Company has obtained in connection with the manufacture, use, sale or export of any product identified in response to items 3(c) or 3(d), above.

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- t. Reports or letters concerning the Company, including letters from or to auditors, relating to any intellectual property right whether owned by the Company or a third party and whether asserted or unasserted.
- u. Marketing literature, users' manuals, and technical and support documentation for each product identified in response to items 3(c) or 3(d).
- v. New releases issued by the Company for each product identified in response to items 3(c) or 3(d).
- w. All other documents and information which, in the Company's judgment, are significant with respect to any portion of its intellectual property rights or obligations or which should be considered and reviewed in analyzing the intellectual property rights and obligations of the Company.

5. REAL PROPERTY

- a. A list of all locations where the Company conducts operations (the "Properties").
- b. Copies of all deeds, title abstracts, surveys, title policies, certificates of occupancy, other evidence of ownership and similar compliance certificates for all Properties owned by the Company.
- c. Copies of all appraisals of all Properties owned by the Company done in the past three years.
- d. Copies of all leases, subleases, option agreements, operating agreements, management agreements and real estate tax bills with respect to the Properties and notices of default, changes or amendments thereto.
- e. Copies of mortgages, pledge agreements, guaranties, liens, easements, encumbrances and other secured agreements with respect to the Properties.
- f. Evidence of zoning restrictions or variances relating to the Properties and a description of any proposed zoning changes or intention to exercise eminent domain for the Properties which are known to the Company.
- g. A description of significant capital improvements being undertaken or contemplated for the Company and copies of any contracts.

6. CUSTOMERS AND SALES

- a. All agreements, arrangements or documents used in connection with the business between the Company and any of its customers or licensees,

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including license agreements, purchase orders, sales contracts, service contracts, distribution agreements, budget payment programs, fixed price contracts and other pricing arrangements, including, without limitation, contracts for the provision of content.

- b. All written agreements and documents, and a description of all unwritten agreements and arrangements, between the Company and any third party relating to the marketing, advertising or sale of the Company's products or services.
- c. Copies of all warranties provided by the Company to its customers during the current fiscal year and each of the previous three fiscal years and a schedule of the total dollar amount of warranty claims made against the Company during the current fiscal year and each of the three previous fiscal years.
- d. A description of all discounts, allowances and other special terms or promotions provided by the Company to its customers or prospective customers.
- e. A description of all unfilled purchase or sale commitments.

7. OTHER MATERIAL CONTRACTS

- a. All debt and financing agreements and documents, including loan agreements, notes, indentures, credit agreements, credit lines, letters of credit, deferred purchase agreements, guarantees, mortgages, pledges, security agreements, liens, encumbrances, Uniform Commercial Code filings and the like and a schedule of maturities of all such indebtedness. List of banks or other lenders (briefly describe nature of relationship - lines of credit, equipment lesser, etc.).
- b. A list of all financing arrangements under which a default has occurred or is claimed to have occurred setting forth the nature of the default.
- c. All material documents relating to any business acquisitions or dispositions by the Company during the past six years, including the acquisition of significant assets or stock of another company and any filings made with any governmental authorities relating to the same.
- d. All partnership or joint venture agreements to which the Company is a party or which relate to its business.
- e. All supply or service agreements to which the Company is a party or which relate to the business of the Company or by the terms of which the

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Company is obligated to purchase or provide products or services in the future.

- f. Any indemnification agreements, guaranties or similar arrangements to which the Company is a party.
- g. Copies of all non-competition agreements, consulting agreements, invention ownership agreements, restrictive covenants, secrecy, confidentiality and nondisclosure agreements between the Company and any third party, including, without limitation, present and former stockholders, officers and directors and employees, potential purchasers of the Company's business or any portion thereof, parties with which the Company has had acquisition discussions, parties with which the Company has concluded acquisitions and any of the Company's customers or suppliers.
- h. Copies of all contracts requiring third party consent to the proposed transaction.
- i. Any other contracts or agreements to which the Company is a party made other than in the ordinary course of business in the past three years, including agreements with brokers, investment bankers or the like.
- j. A list and description of all significant oral contracts and commitments of the Company.
- k. A list of any contract or commitment to which the Company is a party and under which a default has occurred or is claimed to have occurred, setting forth the nature of the default and any other material information.
- l. A list of all property and liability coverage maintained by the Company, including self insurance, which list should include the insurers, type of coverage, insured property or liability, deductibles, coverage limits, premiums, termination dates and the like.
- m. A list of all claims made by the Company under any insurance policy during the past three years.
- n. Any other debt arrangements, guarantees or indemnification with officers, directors or principal (5%) shareholders.
- o. Any agreements, in principle or otherwise, with respect to mergers, acquisitions or sale of material assets, whether or not consummated.

8. EMPLOYEES AND COMPENSATION

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- a. A list of all employees, officers and directors of the Company setting forth the following information:
 - i. Name, date of hire, job title, office location and union membership.
 - ii. Current amount and manner of compensation (i.e., salary, hourly rate, etc.) and employment status (i.e., active, on layoff, disabled, etc.).
 - iii. Total compensation paid during each calendar year since the inception of the Company as set forth in W-2 forms as well as proposed compensation for the current fiscal year.
 - iv. Management organization chart.
- b. Any written, and a description of any unwritten, bonus, incentive or commission plan or policy applicable to any employee of the Company. Description of the Company's policy with respect to unused vacation and/or sick leave, and the provisions for the payment thereof, together with a schedule of all such accruals. Description of any severance or termination programs or plans of the Company for its employees or officers.
- c. Any written, and a description of any unwritten, contracts or agreements with any current or former employee, director, officer, consultant, independent contractor, temporary, person or organization regarding employment, confidentiality, non-disclosure, work-for-hire, assignment of inventions, copyright, restrictions on use and Beta-test agreements. Indicate whether such agreements are standard or non-standard for the Company.
- d. A list of all employees, officers, directors, temporaries, independent contractors, consultants, persons or organizations who have not executed any agreement identified in item 7(c).
- e. All collective bargaining agreements covering any of the Company's employees, the number of such employees covered by each such agreement and the anticipated expiration date thereof. Copies of any written notices or correspondence from any labor union or employee organization that is currently attempting, or that has attempted within the last three years, to organize or represent any of the Company's employees. Description of renewal or renegotiation terms, if any, for any collective bargaining agreements.
- f. Description of any actual or threatened strike, work stoppage, disturbance, unresolved grievance, labor dispute or arbitration proceeding relating to

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the Company within the past three years and a description of the current status of all unfair labor practices, complaints or grievances involving the Company within the past three years.

- g. A list of all people who have power of attorney to act on behalf of the Company and copies of all such powers of attorney.
- h. A description of all benefits provided or committed by the Company to any present or former employees, including without limitation health/medical/ dental insurance, life insurance, disability insurance, pension or retirement plans, employee welfare plans, bonus plans, welfare benefit plans, stock option or ownership plans, profit sharing plans, vacation pay, sick pay, severance pay or other benefits upon termination of employment, holiday pay and tuition assistance.
- i. Copies of all retirement and/or pension plans covering any employee of the Company, as amended and/or restated, as well as copies of the most recent valuation of each such plan or other actuarial statement of plan benefits and assets.
- j. Copies of any personnel policy, manual or handbook distributed by the Company to any of its employees at any time during the current fiscal year or the previous three fiscal years.
- k. A list of all employees whose employment has been terminated – voluntarily or involuntarily – since January 1, 1998, setting forth job description and location for each such employee and their reasons for leaving.
- l. History of workmen's compensation claims.
- m. Outstanding loans to employees or directors individually in excess of \$25,000.

9. GOVERNMENT AND REGULATORY ISSUES

- a. Any orders, notices, decrees, reports, enforcement actions, settlement agreements, correspondence or other documents
 - i. relating to the violation, or alleged violation, by the Company of any applicable law, rule or regulation of any federal, state or local government, or agency thereof, including without limitation laws, rules and regulations relating to the environment, occupational safety and health, employment discrimination, employee benefits, government procurement and antitrust and trade regulation or

- ii. otherwise affecting the Company, the operation of its business, or any of the assets or properties owned or used by it in connection with its business.
- b. Any reports, studies or assessments performed by or for the Company and relating to compliance by the Company with any such law, rule or regulation.
- c. Copies of all licenses, permits, certificates and authorizations (including tax registrations) held by the Company in connection with the operation of its business or the use or ownership of any of its assets or properties as well as any filing made with respect to the same.
- d. Results of all audits by any regulatory authorities since inception of the Company.
- e. All reports and other documents and correspondence regarding foreign payments or compliance with the Foreign Corrupt Practices Act.

10. LITIGATION AND OTHER DISPUTES

- a. A description of all pending and threatened litigation, arbitrations, claims, administrative proceedings, consent decrees, injunctions, governmental investigations or inquiries, regulatory or other proceedings (“Litigation”) relating to or otherwise affecting the Company, the operation of its business, or any of the assets or properties owned or used by it.
- b. A description of any Litigation which was settled, or with respect to which a final judgment, decree or order was entered, within the last three years, including a description of such settlement, judgment, decree or order.
- c. A description of any material dispute with any customer or supplier of the Company, which arose during the current fiscal year or any of the previous three fiscal years, and copies of all written reports, correspondence and other documents relating thereto.

11. ENVIRONMENTAL

- a. Copies of all currently effective licenses, permits, certificates and orders, or applications, issued by any governmental authority or regulatory body applicable or relating to the Company or its properties, assets or business.
- b. A list and summary description of all current material environmental issues, including governmental inquiries and threatened or actual Litigation, together with proposed resolutions, if any, with respect to the Company or its properties, assets or business.

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- c. Copies of all documents evidencing compliance by the Company with all regulatory requirements (OSHA, EPA, FTC, State DEP, etc.).
- d. A list identifying the location, capacity and contents of any underground or above-ground storage tanks or injection wells located on any property of the Company, or otherwise used in connection with its business, whether property is owned or leased by the Company.
- e. A list and summary description of any problems incurred in the field of air, ground or water pollution or safety regulations in connection with the operation of any Property.
- f. A list and summary description of closed environmental disputes and their resolutions with respect to the Company or its properties, assets or business.
- g. Copies of all information relating to hazardous substances (both as identified by the governmental authority and those deemed to be such by management) used, emitted, transported, disposed of or stored by the Company.
- h. Copies of recent environmental audits or other environmental studies with respect to the Company.
- i. A list of all real property owned, leased or used by the Company or in connection with its business at any time.
- j. Descriptions of all past and present operations at each property owned, leased or used by the Company, including to the extent available operations by any former owner or operator of each such property, including, but not limited to, manufacturing and assembly processes, agricultural activities, raw materials, waste streams, emission inventories, water supply and solid and hazardous wastes.
- k. A list of names and telephone numbers of the individuals at each property owned, leased or used by the Company most knowledgeable about environmental matters.

12. FINANCIAL MATTERS

- a. All audited and un-audited annual financial statements of the Company for the last five (5) fiscal years, together with all footnotes, schedules, etc. and the most recent interim financial statements.

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- i. Name of accountants and length of relationship with accountants; indicate whether the accountants own any interest in or hold any position with the Company.
- b. Income tax returns of the Company for the last five (5) fiscal years and sales tax returns of the Company for the last five (5) fiscal years and the fiscal year to date.
- c. Detailed aged accounts receivable schedule at the most recent practicable date.
 - i. List of customer credit limits and payment terms.
 - ii. Detailed aged accounts payable schedule at the most recent practicable date.
- d. Detail of all customer accounts written-off since January 1, 1998 and a list of all recoveries of customer accounts received in the same period.
- e. List of all accounts in litigation.
- f. Description of credit and collection policies and procedures, including samples of credit application forms, order entry forms, customer invoices and statements.
- g. Brief description of any change in accounting policies or procedures during the past five years.
- h. Copies of all correspondence during the past five years with independent auditors regarding accounting, control systems, methods of accounting, or compliance with contract requirements, including cost accounting standards and regulations.
- i. Business plan and other documents describing the current and/or expected business including all material marketing studies, consulting studies or reports.

The foregoing is intended to be illustrative rather than exhaustive and it is expected that the Company will bring to the attention of Rhodes Holdings LLC any other material document relating to the Company or its operations.