LEGAL DUE DILIGENCE AND INFORMATION CHECKLIST

Acquisition of “Target”, Inc. (and subsidiaries)

I. Organizational documents
   A. Articles of incorporation (with all amendments)
   B. Bylaws, as amended
   C. List of states in which company is qualified to do business or has significant operations
   D. Good-standing certificates or qualification to do business from state of incorporation and states where qualified
   E. Certificates of change of registered agent
   F. Michigan annual reports
   G. List of assumed names and division names and copies of assumed name certificates on file
   H. List of all subsidiaries and affiliates
   I. List of current directors and officers
   J. Minute books
      a. Minutes of shareholders' meetings
      b. Minutes of board of directors' meetings
      c. Minutes of meetings of board of directors' committees

II. Capitalization and shareholders
   A. List of current shareholders and shares owned
   B. Stock transfer records
   C. Shareholders' agreements, buy-sell agreements, voting trust arrangements, irrevocable proxies and similar agreements
   D. Trust agreements or other documents (if shares are held in fiduciary or entity capacity)
   E. Description of stock options or option plans, warrants and convertible debt or securities
   F. Evidence that outstanding shares are fully paid
   G. Copies of legends required on share certificates
   H. Description of any liens or pledges of the stock.
   I. Subscription or purchase agreements relating to the offer or sale of stock
   J. Private placement memoranda, offering circulars, prospectuses and other subscription materials relating to the offer or sale of securities (whether or not such securities were sold)
   K. Underwriting or brokerage agreements relating to the offer or sale of securities or assets
III. Financial condition

A. Audited financial statements, with access to auditors and work papers
B. Recent unaudited statements, with comparable statements for prior year
C. Projections and budgets for current fiscal year
D. Auditors’ letters to management
E. Auditors’ inquiry letters and attorneys’ responses
F. Retention agreements with auditors
G. Audit committee reports
H. Accounts receivable and accounts payable aging
I. Inventory description
J. Sales backlog and order records
K. List of major customers by product line
L. List of major suppliers and dollar volume of purchases
M. Bank accounts and safe deposit boxes and authorized signers

IV. Tax matters

A. Federal, state and local tax returns (income, SBT, gross receipts, sales or use, property, employment or other taxes)
B. Audit and revenue agents' (federal, state and local) reports and settlement agreements and related correspondence
C. Agreements waiving statute of limitations or extending time for filing
D. Deficiency assessments
E. Material tax opinions
F. Evidence that all payroll, withholding, and real and personal property taxes are paid
G. All tax elections filed (and related correspondence)
H. MESC rate and payment status (MESC Form 1027)
I. Information and accountants' work papers with respect to the tax basis of assets
J. Tax-sharing or tax-indemnification agreements

V. Assets

A. Real property

1. Title insurance policies and abstracts
2. Deeds
3. Land contracts (and assignments)
4. Mortgages
5. Leases and subleases
6. Surveys
7. List of security deposits
8. All easements and rights-of-way required for operation of business
9. Most recent real estate appraisals  
10. Outstanding contracts to purchase or lease real estate  
11. Options and rights of first refusal to and from company  
12. Zoning status and variances  
13. Copies of applicable contracts for construction, architectural or engineering services for any buildings or improvements  
14. Certificates of occupancy  
15. Description of the energy and utility sources for each facility and related contracts

B. Personal property

1. UCC searches (state and county) for Michigan and states and counties in which company has material operations  
2. Fixed-asset list  
3. Available appraisals  
5. Equipment leases  
5. Installment purchase, conditional sale or other title-retention financing arrangements  
6. Maintenance contracts  
7. Service records  
8. Documents of title  
9. Inventory list  
10. Certificates of title  
11. Description of property on premises owned by third parties

C. Intellectual property

1. Patents held or applied for  
2. Trademarks, trade-names and service marks held or applied for  
3. Copyrights held or applied for  
4. License, assignment or other agreements whereby patents, trademarks or copyrights are provided to or by the company by or to another person  
5. Brief description of material trade secrets or know-how of the company and procedures for protection  
6. Description of any outstanding suits or claims for infringement of any patents, trademarks or copyrights (whether by or against the company)  
7. Description of any patents, trademarks and copyrights owned or otherwise held by a shareholder, director or employee and used by the company
VI. Contracts and commitments

A. Credit arrangements

1. Loan, line-of-credit, term loan or revolving loan agreements
2. Letters of credit
3. Promissory notes, bonds, commercial paper or similar instruments
4. Security and pledge agreements; mortgages
5. Guarantees, repurchase obligations, surety contracts and similar arrangements
6. Subordination and inter-creditor agreements
7. Indemnification agreements
8. Balances due and interest rates
9. Description of defaults

B. Contracts with customers or suppliers and which are (a) noncancelable or (b) not fully performed and which call for the sale or purchase of more than $50,000 of goods or services

C. License, sublicense, royalty and franchise agreements

D. Distribution, agency, manufacturer representation and similar contracts

E. Joint venture or partnership agreements

F. Confidentiality or noncompetition agreements

G. Maintenance or service agreements

H. Hold-harmless, indemnification or similar agreements

I. Contracts with related parties (directors, officers, affiliates)

J. Any contract out of the ordinary course of business

K. Brokers or finders agreements

L. Agreements relating to any merger, acquisition, divestiture, consolidation, reorganization, spin-off or disposition of assets

M. Inter-company, tax sharing, expense sharing, management agreements or similar arrangements with affiliates

N. Agreements with the U.S. government, city, state or local government or any agency thereof

O. Any agreements affected by a change in control

P. Any other material contract or long-term commitment not otherwise provided hereunder

Q. Material correspondence relating to any of the foregoing

R. Standard forms of:

1. Warranty
2. Purchase order
3. Invoice

S. Insurance
1. Comprehensive public general liability coverage
2. Unemployment compensation
3. Boiler and machinery
4. Commercial fire and extended coverage
5. Business interruption insurance
6. Comprehensive motor vehicle coverage
7. Health, medical, disability and accident policies
8. Copies of any other insurance policies
9. Correspondence from agents regarding adequacy or denial of coverage
10. Review of product liability claims experience
11. Workers' compensation
12. Key-man insurance
13. Directors' and officers' coverage
14. Self-insurance trust documents
15. Stop-loss or reinsurance agreements
16. Actuarial reports re self insurance programs
17. Insurance claims filed

T. Licenses and permits

1. Automobile registrations
2. Sales tax license
3. Other licenses necessary for operation of business

VII. Environmental matters

A. Environmental reviews or inspection reports relating to any properties
B. Permits (and applications), licenses and agreements relating to air or water use or quality, solid or liquid wastes, hazardous waste storage or disposal or other environmental matters
C. Regulatory notices, complaints, and correspondence
D. Litigation, administrative proceedings, or claims concerning environmental matters
E. Remediation undertaken (past and ongoing)
F. Describe liquid and solid waste generated, and its handling (including list of landfills and disposal sites used)
G. Describe air emissions and wastewater discharge, and its handling
H. Underground storage tanks (registration, condition, removal, etc.)
I. Describe the existence, condition and handling of controlled or hazardous substances at the properties of the Companies, including asbestos, PCBs, petroleum products, herbicides, pesticides or radioactive materials.
J. Applicable insurance policies (past and present)
K. Condition of neighboring areas
L. Employee issues

1. MIOSHA citations
2. Employee health issues
3. Compliance with right-to-know requirements

M. Describe any other adverse environmental or occupational safety or health condition or concerns

VIII. Employees

A. Number of employees
B. Union and collective bargaining agreements
C. Employee turnover, absentee history and distribution (by age, sex, location, etc.)
D. List of all employees who are not U.S. citizens, and a description of the visas or work permits to which such persons are subject.
E. Employment application forms and a description of employment application and hiring policies, practices and procedures
F. Employee manuals or handbooks now or at any time used and a description of drug or alcohol testing programs.
G. Description of exit or termination procedures, including forms of releases or acknowledgements offered or executed at such time
H. Worker's compensation claims and payments
I. Unfair labor practices (pending and potential charges)
J. Labor disputes, requests for arbitration, grievance proceedings, etc. and disposition
K. Civil rights claims (pending and potential)
L. Description of any agreements or notices to employees or others relating to plant or facility relocation, closing, subcontracting or transfer.
M. Employment contracts with management personnel
N. Confidentiality, secrecy or non-disclosure agreements
O. Invention disclosure agreements
P. Rates of compensation for all exempt employees
Q. List of fringe benefits, perquisites, holidays and vacation
R. Policies for nonexempt employees regarding sick and vacation time
S. Salary ranges for nonexempt employees by job classification
T. Independent contractor/consultant agreements
U. Noncompetition agreements
T. Loans and advances to employees out of the ordinary course of business
IX. Employee benefit plans

A. Tax-qualified pension and profit-sharing plans maintained or contributed to by the business or any member of the controlled group, including terminated and frozen plans

1. Plan document and any amendments
2. Trust agreement and any amendments
3. Any annuity contracts, investment management agreements, or other funding arrangements
4. Any related collective bargaining agreements
5. Summary plan descriptions, any summary of material modifications, and all other employee communications related to the plan
6. Most recent IRS determination letter and evidence of any amendments required or fulfillment of conditions specified in letter
7. Full copy of the IRS submission for the most recent determination letter, including Form 5300, 5303, or 5307 and Form 5302, any other attachments, and all related correspondence
8. IRS Form 5500 and all attachments
9. Actuarial reports
10. IRS Form 5310 or 5310-A and attachments, and information relating to any spin-offs or partial or complete termination
11. Any reportable event filings with the PBGC
12. PBGC-1s (annual premium payment form)
13. Any correspondence with the IRS, Department of Labor, or PBGC or any other governmental notice or action related to the plan

B. Welfare plans (including, but not limited to, medical, medical reimbursement, disability, accident, dental, vision, life insurance, financial assistance, substance abuse, counseling, prepaid legal services, and formal or informal severance arrangements) for active or retired employees

1. IRS determination letter for funded welfare plans
2. Insurance contracts, including stop-loss coverage for self-funded plans
3. Administrative service agreements
4. Information regarding premium computations (experience-rated or self-insured); number of covered persons and payments or premiums required for past three years, with estimate for current year and amounts of any reserves
5. COBRA compliance information, including number of qualified beneficiaries and number of participants, copy of notice, and election materials

C. Multiemployer or multiple employer plans
1. Plan documents
2. Required contributions, contribution history, and number covered
3. Withdrawal liability calculations or estimate of potential liability

D. Nonqualified deferred compensation plans

1. All nonqualified deferred compensation plans for employees and directors
2. Any employment contracts providing special retirement, severance, or early retirement benefits
3. Any "golden-parachute" arrangements

E. Stock plans

1. Copies of plans
2. Schedule of employees and number of options, stock appreciation rights (SARs), or similar rights, with exercise price and expiration dates

X. Litigation

A. Complete list of ongoing litigation, litigation settled within the past year, and litigation for which there are ongoing responsibilities
B. Arbitration proceedings
C. Pending or threatened proceedings
D. Regulatory compliance proceedings
E. Company's response to auditors' requests
F. List of orders, decrees, judgments, or rulings to which company is subject
G. Description of bankruptcy proceedings in which the company is a creditor or otherwise interested
H. Any contingent liability not referenced herein or in the financial statements, including those arising from or out of:

1. Price redetermination, renegotiation or escalation clauses
2. Sales subject to warranty or service agreements
3. Sales to foreign buyers
4. Product liability
5. Unfunded pension plan liability
6. Antitrust, Robinson-Patman or other trade regulation matters
7. Equal opportunity/anti-discrimination matters
8. Environmental matters.
XI. Governmental Filings and Matters

A. Governmental licenses, permits and authorizations not otherwise provided hereunder

B. All filings with, and notices to or by, governmental agencies or authorities not otherwise provided hereunder, including those to or in connection with:
   1. Hart-Scott-Rodino
   2. Securities and Exchange Commission
   3. Internal Revenue Service
   4. Equal Employment Opportunity Commission
   5. Food and Drug Administration
   6. Environmental Protection Agency
   7. Occupational Safety and Health Administration
   8. Immigration and Naturalization Service
   9. Federal Trade Commission

C. Description of any complaints, investigations or other informal or formal proceeding by or before a governmental agency or authority, including but not limited to the Federal Trade Commission, the U.S. Department of Justice, Occupational Safety and Health Review Commission, Securities and Exchange Commission, National Labor Relations Board or the Environmental Protection Agency and copies of all material pleadings, filings, correspondence or other papers related thereto

D. All material documents or correspondence relating to the foregoing

XII. Miscellaneous

A. Any business plans of the Companies.
B. Press releases and press clippings
C. Marketing, consumer surveys, focus group or similar studies
D. Memberships held in professional or trade groups or associations, community groups or associations, country clubs, dining or social clubs or similar organizations, together with a description of dues or membership fees due thereunder
E. Description of record retention procedures