

KLPH, INC

CHECKLIST OF INFORMATION TO BE PROVIDED TO KLPH BEFORE ARRIVAL

- _____ 1. Historical Financial Statements: Provide historical financial statements for the past _____ years and for the past _____ months. Please ensure that depreciation expense and amortization expense are separately detailed within the statements. If your historical and/or interim balance sheets do not break out the dollar amounts outstanding under your line of credit, then please provide this information separately. For each time period, also provide supporting schedules that break out the individual line items of the company's Cost of Goods Sold and Operating Expenses.
- _____ 2. Parts Produced and Sold To Original Equipment Manufacturers: Please provide a report that lists each part which your company sells to General Motors, Delphi or to _____. For each part please indicated the OEM part number, the part description and the name of the OEM car or truck lines which use the part.
- _____ 3. Aged Trade Accounts Receivable: For the most recent date for which complete data are available, please provide a report that shows the aged dollar amounts outstanding of trade accounts receivable for each customer as of close of business on that date.
- _____ 4. Aged Trade Accounts Payable: For the most recent date on which complete data available, please provide an aged listing of the total dollar amount of accounts payable owed to each supplier as of that date.
- _____ 5. Liquidity Data: For the date _____, please provide the actual ending balances of the following accounts: (a) cash and cash equivalents; (b) accounts receivable; (c) finished goods inventory; (d) work-in-process inventory; (e) raw material inventory; (f) trade accounts payable, and; (g) the line of credit.
- _____ 6. Key Suppliers: List the names of each of your key suppliers and indicate which products you buy from each key supplier. If one or more of your key suppliers provide a product and/or a service that you cannot obtain from an alternative source, then please identify each such supplier as a "Sole Supplier". Ideally, also provide an estimate the annual dollar value of products and/or services your company buys from each of its key suppliers.
- _____ 7. Customer Releases: If one or more of your customers provide your company with a schedule of unit volumes to be shipped by your company in the future ("Releases"), then provide a report that quantifies those unit volumes for each such customer and each product for each of the next _____ weeks and the next _____ months.
- _____ 8. Loan Details: For each loan outstanding in your last published balance sheet, provide the following information: (a) the name of the lender or bank; (b) the year in which the loan matures; (c) the dollar amount outstanding (consistent with the last published balance sheet); (d) the rate of interest, including disclosure the number of points above the prime rate that the lender is charging if the rate of interest is variable; (e) the frequency of payments of principal and the dollar amount of such payments; (f) the frequency of payments of interest and the dollar amount of such payments; (g) a brief description of collateral (if any) that has been pledged by the company as security to the lender, and; (h) the priority of the lender's lien (e.g. a 1st lien, a 2nd lien, etc.). If the company has obtained one or more new loans since the time the last balance sheet was published, then provide the requested data on each such new loan.
- _____ 9. Debt Obligations to GM or Delphi: If the company has any debt obligations to General Motors or to Delphi Automotive (e.g. loans outstanding, payables outstanding, etc.), then

please list each such obligation, the amount owed to GM or Delphi and the repayment terms.

- _____ 10. Historical Sales Revenue Summary For "Key" Customers: Provide a report which breaks down sales revenue dollars for the "Key" customers of the company during the past _____ years and for the past _____ months. "Key" customers are those customers that accounted for at least 80% of your company's sales during the past year. Ideally, the sales to each of the "Key" customers should also be broken out among the various products and/or services offered by your company and the number of units of product sold to each of the "Key" customers.
- _____ 11. Inventory Data: For the most recent date for which data are available, please breakdown the total gross inventory as of close of business on that date among the following categories: (1) raw materials; (2) work in process, and; (3) finished goods. If your company has inventory at more than one geographic location, then provide such a breakdown for each location. Also please indicate the date the last physical inventory was taken and the frequency of physical inventories planned in the future.
- _____ 12. Advance Rates on Line of Credit: Please indicate what the advance rates are on the following categories of eligible assets: (a) trade accounts receivable; (b) other receivables; (c) finished goods inventory; (d) work-in-process inventory, and; (e) finished goods inventory. If the line of credit also provides borrowing capacity based on advances related to other assets such as land, buildings, M & E, etc., then please indicate the dollar amounts of borrowing that are available under the line of credit on each of those other assets. If the lender is reducing one or more of the advance rates, then please quantify the amount and the timing of any such reductions.
- _____ 13. Ineligible Assets Under The Line of Credit: Please indicate which types of assets are ineligible under the line of credit lending formula (e.g., receivables that are 90 days old and older, etc). Also quantify the dollar amount of each type of ineligible asset as of the date of the most recent borrowing base certificate.
- _____ 14. Caps on the Line of Credit: Please indicate the dollar amount of the overall cap on the line of credit including any sub-caps on receivables, inventory and/or sub-caps on other assets. If the lender is reducing one or more of the caps, then please indicate the amount and the timing of any such reductions.
- _____ 15. Borrowing Base Certificates: Provide a copy of the borrowing base certificates for the line of credit which you provided your lender for each of the past _____ filing periods.
- _____ 16. Appraisals of Assets: Provide a copy of executive summaries from the most recent appraisals done on the company's assets including: (a) land; (b) buildings; (c) machinery and equipment; (d) furniture and fixtures; and/or (e) other assets.
- _____ 17. Historical Staffing Levels: Provide a report which breaks down the number of persons employed by your company at the end of the past _____ years and the past _____ months. Ideally, we would like to see the number of persons employed in each of the following major functional areas: (a) direct manufacturing employees; (b) manufacturing supervision; (c) quality; (d) purchasing; (e) process engineering; (f) manufacturing engineering; (g) production scheduling and control; (h) other indirect manufacturing; (i) sales; (j) marketing; (k) customer service; (l) product engineering; (m) application engineering; (n) research and development; (o) accounting/finance; (p) human resources, and; (q) other general administrative.
- _____ 18. Facility Descriptions: List the location of each company facility. For each facility, indicate the approximate number of square feet, whether the facility is owned by the company or leased and indicate the purpose for which each facility is used (e.g. for manufacturing, engineering, administration, etc.). If more than 5% of the floor space that is set aside for operations/manufacturing is not in use, then also indicate the approximate number of square feet of any such space.

- _____ 19. Operating Patterns: Provide a report for each manufacturing line within each of your company's facilities that contains the following information for work performed Monday through Friday, Saturday and Sunday: (a) the number of shifts worked; (b) the number of hours scheduled for each shift; (c) the number of direct labor employees on each shift; (d) the average percentage of unscheduled downtime, and (e) the dollar value of sales produced during an average week assuming these operating patterns. If one or more of your lines are completely idle, then please indicate the number of such lines.
- _____ 20. Efficiency and Scrap Data: Provide a report for each manufacturing line within each of your company's facilities that measures the percentage efficiency of each line during the past _____ months and the past _____ years. Also provide a report that indicates the percentage of scrap produced by each manufacturing line during the past _____ months and the past _____ years.
- _____ 21. Quality and Delivery Performance Data: If you and/or one or more of your customers measure the quality of your company's products (e.g. Parts Per Million, etc.), then please provide those quality metrics for the past _____ months and the past _____ years. Also provide statistics that measure the delivery performance that your company has achieved during the past _____ months and the past _____ years.
- _____ 22. Profit Improvement and Cost Reduction Plans: If your company has developed and/or is implementing one or more profit improvement and/or cost reduction plans, then please briefly summarize the highlights of each initiative together with your estimate of the profit effect and the forecasted timing. Include the estimated cost to implement the initiative and the approximate payback period.
- _____ 23. Capital Expenditure Plans: If your company has developed and/or is implementing one or more capital expenditure plans, then please briefly summarize the highlights of each initiative together with your estimate of the required capital expenditures and the forecasted timing.
- _____ 24. Budgets, Plans and/or Financial Forecasts: If your company has prepared a financial forecast, plan, forecast and/or projection which covers any time periods in the future, then provide us with a copy including any supporting workpapers, backup, etc. which would be helpful. In addition, please provide one copy of any financial plans, budgets, business plans and strategic plan you prepared during each of the past _____ years.
- _____ 25. Product-Line Gross Margin Analysis: If your company has prepared an analysis of the gross margins of the company's products and/or services, then please provide a copy of that analysis. If such an analysis does not exist, then please provide the source information on selling prices and direct variable costs for each product.
- _____ 26. Legal, Banking and CPA Relationships: Please provide the name and telephone number of the company's outside corporate attorney, its bankruptcy attorney (if any), the senior loan officer of the company's primary senior lender and the company's outside accounting firm.
- _____ 27. Current Backlog of Open Customer Orders: If item #4 of this list (Customer Releases) did not apply to your company but your company has received firm orders from one or more customer to purchase products and/or services from your company, then please provide a report that lists each such open customer order, the dollar sales value of each such order, and your estimate of the date when your company expects to ship each order. If one or more of your customers have awarded your company long-term contracts and/or preferred supplier contracts, then please briefly describe the major terms and conditions of each such contract.

- _____ 28. Historical Backlog Of Open Customer Orders: For each of the past _____ months and each of the past _____ years, indicate the total dollar value of the company's backlog of unfilled customer orders at the end of each time period.
- _____ 29. Corporate Brochure, Product Literature, etc.: If your company has a corporate brochure and/or any product literature, then please provide one set of any such information.
- _____ 30. Offering Memorandum, Private Placement Memorandum, etc.: If your company has prepared or has arranged with a third party to prepare any of these documents, then please provide us with a copy.
- _____ 31. Organization Chart: If your company has an organization chart, then please provide us a copy. If you do not have such a chart, then please be prepared to guide BBK in the preparation of a rough, hand written sketch of such a chart that will show the major Divisions, Subsidiaries, Departments as well as the names of the persons heading each area.
- _____ 32. Biographical Data on Management Team: For each member of the company's management team, please provide a biographical sketch that very briefly provides the following information: (a) the companies and positions held prior to joining your company, and; (b) educational background.
- _____ 33. Current Selling Prices, Discounts and Returns Per Unit: Please provide a report with the current list selling price per unit of each product and/or service. If appropriate, then also indicate the average discount off the list price that your company typically provides as well as the average returns as a percentage of the selling price.
- _____ 34. Product Development Projects: Briefly list each major product development project which is currently in progress at your company. For each major project, estimate the approximate cost to complete the project, briefly describe the major objectives of each major project, estimate the timing of major milestones (e.g. when the initial prototype should be completed, when the first beta test should start, when the first beta test should end and when the new product should be ready for general introduction. If your company is an automotive supplier, then also provide a copy of the Advanced Quality Product Plans that for each program that is in process.
- _____ 35. Operating Lease Data: For each operating lease, provide the name of the lessor, a brief description of the asset, the monthly lease payment, the expiration date of the lease and the length and terms of any option periods.
- _____ 36. Depreciation LAPSE Schedules for Plant, Property and Equipment: Provide depreciation lapse schedules for the company's Plant, Property and Equipment.
- _____ 37. Valuations of The Company: If an analysis of the going-concern value of the company has been done any time during the past five years, then please provide a copy of that analysis (e.g. a valuation of the company for an ESOP plan, etc.)
- _____ 38. Accrued Liabilities: For the last published interim financial statement please break out the dollar amount of each major accrued liability (e.g. accrued real estate taxes, accrued property taxes, accrued single business tax, etc). Indicate in which months the payments for each item are due and estimate the approximate dollar amount of the payments during the next 12 months.
- _____ 39. Collection Pattern Data: Please indicate the selling terms that presently exist for each of your major customers (e.g. net immediate payment, net 30 days, etc.). Also please indicate what is the typical percentage of sales revenue that is collected in the same month in which the revenue is recognized, in the first month following the month in which the revenue is recognized, and so on for the next six months.

- _____ 40. Tooling Work-in-Process Data: For each tool program that your company is in the process of completing the design and/or build (i.e. tooling work-in-process), provide the following data: (a) the customer part number; (b) the name of the customer's product program; (c) the part description; (d) the name of the customer's division or subsidiary that is in charge of the product program; (e) the customer's purchase order number; (f) the dollar amount of the customer's purchase order; (g) the dollar amount of all payments made to your company by the customer; (h) the dollar amount of all of your company's invoices on the tool that are still open; (i) the dollar value of any additional customer purchase orders that your company has requested of its customers for tooling; (j) the dollar value of all purchase orders that your company has issued to vendors of your company related to the tooling; (k) the dollar amount of all payments that your company has made to its vendors related to the tooling; (l) the approximately percentage of work that has already been completed on each tool, and; (m) the location of each tool.
- _____ 41. Tooling Data for Completed Tools: For each tool program that your company has already completed, provide the following data: (a) the customer part number; (b) the name of the customer's product program; (c) the part description; (d) the name of the customer's division or subsidiary that is in charge of the product program; (e) the location of each tool, and; (f) if applicable, the number of cavities in each tool.
- _____ 42. Manufacturing Process Flow Data: For each production line, provide the following information: (a) identify the production line; (b) list each operation beginning with the receiving raw materials, components, etc. and ending with shipment to your customer (c) the approximate number of good parts produced per hour, and if possible; (c) indicate the approximate cycle time of each operation; (d) the percentage of scrap produced at each operation; (e) provide a pictorial view diagram of the manufacturing operations (Operational Description Sheets); (f) system layouts, and; (g) Production Assembly Documents.
- _____ 43. Proprietary Position of the Company: Please briefly describe any proprietary aspects of the company including but not limited to: (a) patents; (b) trade secrets; (c) trademarks; (d) copyrights, and; (e) any other features of the company that provide the company a substantial competitive advantage.
- _____ 44. Target Markets/Niches: Please briefly describe what markets and/or market niches the company targets.
- _____ 45. Strengths and Weaknesses of Your Company: Please briefly describe the major strengths and weaknesses of your company.
- _____ 46. Main Competitors: Please identify the companies that are your main competitors and, if appropriate, indicate the major strengths and weaknesses of each of your major competitors.
- _____ 47. Sales and Marketing Data: Please briefly describe the main methods your company uses to attract new business and retain existing business and the extent to which you sell through one or more outside sales organizations.
- _____ 48. Design Responsibility Data: Please describe the extent to which your company builds parts that are designed by one or more other companies (i.e. you "build to print") and the extent to which your company produces parts that are mainly designed by your company.
- _____ 49. Other: (list each item)

April 2, 2009

KLPH/NewChecklist