



Pennsylvania Department of Banking and Securities  
Corporation Finance Office

**THIS SCHEDULE SHOULD BE TREATED AS A GUIDE FOR THE PREPARATION OF A PROSPECTUS AND NOT AS A FORM TO BE COMPLETED OR COPIED. ALTHOUGH THE ORDER LISTED HEREIN SHOULD BE FOLLOWED AS FAR AS POSSIBLE, THE TEXT SHOULD BE THAT OF THE APPLICANT. ITEMS WHICH ARE INAPPLICABLE SHOULD BE OMITTED. ADDITIONAL ITEMS SHOULD BE INCLUDED WHERE NECESSARY TO PERMIT OFFEREES TO UNDERSTAND FULLY ALL MATERIAL FACTS AND CIRCUMSTANCES SURROUNDING THE OFFERING.**

INFORMATION REQUIRED IN PROSPECTUS

1. COVER PAGE

The cover page should contain the name, address and telephone number of the issuer of the securities being offered, the name, address and telephone number of the underwriter (if any), a statement of the number of shares or other units being offered and the price per share or unit. Information regarding the underwriting expenses should be provided in tabular form as follows:

	<u>Price to Offerees</u>	<u>Underwriting Discounts and Commissions</u>	<u>Proceeds to Applicant or others</u>
Per Unit			
Total			

A footnote to the table should indicate the expected aggregate additional expenses of the offering. Any non-cash underwriting compensation should be described in the section entitled "Plan of Distribution," with a reference to the section and page number of the Prospectus in a footnote to the above table.

If appropriate, a legend should appear prominently on the cover page relating to the high risk features involved in the offering with a reference to the section entitled "Risk Factors." An additional legend indicating that the offering is being made to Pennsylvania residents only may appear in the upper corner of the cover page. The date on which the Prospectus was filed with the Department should be indicated at the bottom of the page.

If appropriate, indicate that the offering will terminate and all subscriptions returned if \_\_\_\_\_ shares or units are not sold by \_\_\_\_\_ (date).

The following legend should also be placed on the cover page:

"This Prospectus contains essential information about the issuer and the securities being offered hereby. Persons are advised to read this Prospectus carefully prior to making any decision to purchase



these securities. Purchasers should also be aware of the two-day right to rescind their purchases as described in "Withdrawal of Acceptance," p.\_\_\_\_."

- A. Table of Contents. A table of contents may be included either on the inside of the cover page or on the rear cover of the Prospectus.

## 2. SUMMARY INFORMATION

This section may be from one to three pages long and should summarize briefly certain of the information contained in the remainder of the Prospectus under a series of subheadings as follows:

- A. The Company. Outline the nature of the issuer's business, stating the date when organized and when it commenced operations, whether it is in the developmental or operational stage, the location of its principal plants or offices, and such other information as may be deemed appropriate to indicate the material aspects thereof.
- B. Use of Proceeds. List succinctly the intended uses of the proceeds from the offering.
- C. Management. List the names, positions held and principal occupations during the past five years of each executive officer. List also the names of the directors. Also summarize any material transaction between the issuer and any officer, director, or controlling person within the past three years. State the total remuneration, as described in Item 8.B. of these Guidelines to management during the past year and the proposed remuneration during the current year.
- D. Description of Securities. State the type, class or other designation and amount of securities being offered in this State and their principal features.
- E. Summary Income Statement. Indicate: net sales, net after-tax income not including extraordinary items, earnings per share, net after-tax income from extraordinary items and total earnings per share taking into account extraordinary items for the most recent fiscal year and for the period from the end of the most recent fiscal year to the date of the most recent balance sheet included in the Prospectus. Notes should be provided where necessary for a clear understanding of the information given.

The items in this Section should contain appropriate cross references to information included elsewhere in the Prospectus - both the title of the section and the page number. A concluding paragraph should state that the remainder of the Prospectus contains substantial additional information about the issuer, its business and financial condition and certain risk factors associated with the offering and should be reviewed carefully by prospective investors.

### 3. INTRODUCTORY STATEMENT

- A. The Company and Significant Subsidiaries. State the address of the principal office of the issuer and each significant subsidiary. State also the general nature of their businesses; their forms of organization; the years in which they were organized and the jurisdictions where organized. If the issuer succeeded to the business of another company within the past three years, state the name of such predecessor and the circumstances under which the succession took place.
- B. History of the Issuer. If the issuer has been organized within the past three years, state the names and addresses and principal occupations for the past five years of each promoter (as such term is defined in Section 102(o) of the Act), the nature and amount of anything of value (including money, property, contracts, securities, options or rights of any kind) received within the past three years or to be received by each promoter directly or indirectly from the issuer and the nature, source and method of payment of the consideration received therefor or to be received by the issuer. Indicate whether the issuer has been inactive during any period since its formation.

With respect to any assets received or to be received by the issuer from any promoter, state the method by which such assets were or are to be valued, the persons making such valuation, their relationship to such promoter or to the issuer and the manner used to determine the amount of such assets to be received by the issuer. If any of such assets were acquired by the promoter within four years prior to their transfer to the issuer or the issuer's first obtaining the right to receive such assets, state the date of acquisition and consideration paid by the promoter therefor and, if such payment by the promoter was not made in cash, the method by which the consideration given by the promoter was valued.

- C. Risk Factors. State in a series of concise paragraphs, with subcaptions, the principal factors which make the offering speculative. Each risk factor should relate specifically to a problem faced by the issuer or arising on account of the offering. Mere negative statements without explanation should not be used. Also include necessary disclosure concerning the conditions precedent to the issuer's engaging actively and successfully in its chosen line of business and the consequences of its failure to satisfy such conditions. Risk factors may include, without limitation: the absence of an operating history; failure to operate profitably during recent periods; absence of a market for the issuer's securities and unlikelihood of a market at any time in the future; inexperience of management or any underwriter; factors relating to the business or intended business of the issuer; contracts or dealings between the issuer and its management or promoters; the existence of substantial dilution; the existence or proposed issuance of substantial amounts of rights to purchase additional securities of the issuer at prices which would have a dilutive effect on the interest of public investors; the dependency of the issuer on retaining a particular customer or group of customers or the services of one or more particular members of



management or employees; small or limited contribution of the promoter group, as compared to the public investors; the extent of the issuer's dependency on the proceeds of

the offering and/or additional financing to permit it to engage in its current or proposed business activities; competitive factors in the issuer's lines of business; problems involving patents, licenses, marketing, advertising and franchises; dividend policy of the issuer; voting control by management; and subordination provisions (if a debt instrument). Include appropriate cross references to more detailed discussions of these problems in the Prospectus. Risk factors which deal with similar or related problems should be included consecutively.

- D. Dilution. State the cash prices paid and approximate dates of purchase by the officers, directors, promoters and affiliated persons for presently outstanding securities of the issuer which are the same as or convertible into the securities offered or into which the securities offered are convertible and the average price paid by all such persons. Also, if the offering is being made on a "best efforts" basis, complete the following chart, showing the results if 25%, 50%, 75% or the entire offering is sold. "Net tangible book value", as used below, shall mean the book value per share of the issuer's equity securities, and their equivalents, excluding goodwill, pre-operating, deferred or development expenses, the value of patents, trademarks or licenses or other similar items. The pro-rata amount of the net proceeds (after all commissions and expenses) of the offering should be considered in column 2.

<u>Prior to Offering</u>	<u>Net Tangible Book Value</u> (per share)		<u>Dilution</u> (per share)		<u>Percentage of the Equity of the Issuer to be owned by the Public</u>
	<u>Offering</u>	<u>After the Increase In Dollar Book Value</u>	<u>Percent</u>	<u>Amount</u>	

If all securities offered are being purchased directly by the underwriters, the information listed in the above table may be supplied in the text. If the exercise price for outstanding options, rights or conversions is less than the book value per share, assuming each number of shares is sold as shown in the foregoing table, so state and show the effect of such exercise in each instance.

4. USE OF PROCEEDS

Describe in tabular form the intended use of the proceeds from the offering. In case of a "best efforts" offering, list the order of priority, taking into account the possibility that all securities offered on a



"best efforts" basis may not be sold. Where the use of proceeds allocation will be different depending on the amount of securities sold, prepare another table or otherwise indicate. Where the use of proceeds allocation will not be sufficient to fund a particular activity fully, indicate the sources for the remaining

monies. Make reference to information provided under "Business of the Company" where appropriate. Also, where proceeds are to be used in connection with a transaction described under "Certain Transactions", a specific reference should be made thereto. If it is contemplated that proceeds will be used to acquire a particular business or property otherwise than in the ordinary course of business, state the names and addresses of vendors, purchase price, and the names of all persons who have or will receive commissions and other expenses incurred or to be incurred.

If more than 20% of the proceeds are designated for working capital, indicate the reason therefor. If a material portion of the proceeds are to be used to discharge a loan made to the issuer by an affiliate or any other loan made within the preceding year, indicate the use made of the proceeds from the loan. Also indicate whether any other contractual commitments have been entered into in contemplation of the availability of funds from this offering.

#### 5. CAPITALIZATION AND LONG TERM DEBT

Furnish the following information in tabular form for each class or type of securities of the issuer and for each class of securities, other than securities owned by the issuer or its wholly-owned subsidiaries, of each significant subsidiary of the issuer whose financial statements are filed on a consolidated or individual basis:

<u>Title of Class</u>	<u>Amount authorized or to be authorized</u>	<u>Amount outstanding as of</u>	<u>Amount to be outstanding if all securities registered are sold</u>
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The amount outstanding should be stated as of a specified date within ninety (90) days of the Prospectus date, but which date shall not be earlier than the latest balance sheet included in the Prospectus. Each item of long-term debt should be listed separately with maturity date and interest rate; other significant terms, including whether the loan was made by an affiliate, should be stated in a footnote. Sundry indebtedness may be aggregated. Where the issuer has outstanding short term debt with roll over or renewal provisions, or has engaged in past practices which have, in effect, converted it into long term debt, or where the issuer must maintain compensating balances on account of outstanding debt, the capitalization table should contain entries reflecting such facts. Cross-references to notes to the Financial Statements should be made where appropriate. Where the proceeds of the offering are to be used to retire indebtedness, as indicated in the "Use of Proceeds," the item "Amount to be outstanding. . ." should be adjusted accordingly. Indicate if any default exists in the payment of any principal, interest, dividend or other contractual obligation for a security listed in the above table.

## 6. SUMMARY OF EARNINGS

Furnish a statement of income in comparative form for the latest three (3) fiscal years (or less, if the life of the issuer and its immediate predecessors is less).

Where the latest fiscal year ended more than 91 days prior to the date on which the Registration Statement on Form 206 is filed with the Department, also include statements for income of the interim period from the end of the fiscal year to the date of the latest balance sheet required to be presented and for the same interim period during the prior fiscal year.

Where the issuer has succeeded to the business of another company during that period, the statement of the predecessor should be included.

Consolidation will be necessary where the issuer has control over subsidiaries; businesses unlike that of the issuer should be presented in separate group statements.

This statement should be presented in condensed form, but with specific exposure for provision for losses and interest expense, in addition to other appropriate accounts of revenue and expense. If common stock is being registered, state earnings per share for shares presently outstanding and on a fully-diluted basis, indicating the amount applicable to extraordinary items, if any, and total earnings per share. Also indicate dividends paid per share, if any.

Where long-term debt or preferred stock is being registered, a statement of the annual interest or dividend requirements should be made in the text. In the case of an offering of long-term debt, include the ratio of earnings to fixed charges for the securities presently outstanding and on a pro forma basis assuming all securities offered are sold and the proceeds used as specified.

Indicate in an introductory paragraph to the statement of income: the periods covered by the independent accountant's opinion; unaudited periods; assurance that unaudited periods reflect the adjustments necessary for a fair presentation on a comparative basis; restatement of prior year's net income; changes in the components of a consolidated group; changes in accounting principles; a discussion of the significance of the results for the interim period in forecasting results for the full fiscal period, including the presence or absence of particular factors during any period; and a reference to the other financial statements and their related notes which appear elsewhere in the Prospectus.

Any such adjustments, restatements and changes referred to should be described in full supplementally.

Immediately following the Statement of Income, insert a paragraph, if appropriate for comprehension of the Statement, discussing the significance of any information contained therein,



including, for example, an explanation of any significant variation from year to year of sales, net earnings or any other item.

## 7. BUSINESS OF THE COMPANY

- A. Describe the business done and intended to be done by the issuer and its significant subsidiaries. Also describe any material acquisitions or sales of assets, changes in products handled or services rendered, reorganization or bankruptcy or insolvency proceeding involving the issuer or any significant subsidiary. The business of a predecessor should be considered the business of the issuer for purposes of this item. Where appropriate in this item, include cross-references to items in the "Use of Proceeds".

If the issuer is subject to regulation in the conduct of its business by any governmental entity or authority, discuss the nature and effect of such regulation. Also describe fully any requirements which the issuer must satisfy in obtaining any permit, license or other certificate, or the approval of any zoning or other board, prior to commencing any of its principal projects.

Describe the dates of, parties to and terms of any material contract, license, patent, franchise, or other arrangement. Where a material part of the business of the issuer and its subsidiaries is substantially dependent upon one or a small number of customers or suppliers, the loss of any one of which would have a materially adverse effect on such business, so state and name the customer(s) or supplier(s), describe the business relationship and state the approximate percentage and dollar amounts of business done. Confidential treatment of this information may be afforded where appropriate.

Where the issuer and its subsidiaries are engaged in several lines of business or handle several different products or services, list the (i) total sales and revenues; (ii) percentage of total sales and revenues; and (iii) income (or Loss) before taxes and extraordinary items attributable to each line of business or product or service which, during either of the last two fiscal years, contributed 15% or more to total sales and revenues, or accounted for 15% or more of the total income (or Loss) without taking into account extraordinary items.

Also discuss the backlog of orders and size of inventory held, if relevant, and any material changes from prior years.

If the issuer is a holding company, describe its relationship to the activities of its subsidiaries or investments.

- B. Property and Equipment. State briefly the location and general character of the principal plants, offices, stores or other production facilities of the issuer and its significant subsidiaries. In the case of extractive industries, state information regarding production, reserves and locations, including relevant economic factors.



Include information as to the suitability, adequacy, capacity and extent of utilization of any manufacturing or service facilities. Property not yet acquired should be clearly identified as such.

Outline briefly the principal terms of any material lease, option, encumbrance or lease and option with respect to property and equipment owned or used by the issuer and any significant subsidiaries.

If the issuer is holding or using real property for the generation of income, with respect to each parcel held which constitutes 15 percent or more of its gross assets or generates 15 percent or more of its gross revenues from operations, state: Occupancy rate expressed as a percentage of total facilities available for occupancy for the past two years and the estimated "break-even" occupancy rate; use made of the property (i.e. apartment, shopping center, etc.); provisions of principal leases (including, without limitation, gross rentals, expiration dates, services provided by the issuer, and any other material factors). If any such rental property is not self-supporting, so state, and indicate the fixed charges not being met.

- C. Employees. State the number and types of employees. Describe the method by which employees are paid (i.e. salary, piece work, commission, etc.). If the issuer or any significant subsidiary is a party to any material labor agreement, or arrangements with persons it considers independent contractors, so state, and indicate the date of expiration. State whether, during the past five years, the issuer or any significant subsidiary has been the subject of any strike or other labor dispute which had a material adverse effect on its business.
- D. Marketing and Sales. Describe the methods by which the issuer markets its products or services and indicate the nature and extent of its marketing organization. Take geographic as well as all other factors into account when discussing marketing matters. Also state generally the scope of the market available and any significant trade practices engaged in by the issuer or prevailing generally in the marketplace. If significant, discuss the role of advertising in the marketing of the issuer's products or services and the resources which the issuer has committed to an advertising campaign, as compared to similar by its competitors.
- E. Proposed Business Activities. Describe briefly and generally any proposed business activities in which the issuer, or any significant subsidiary, may engage. The amount of detail given should depend on the imminence of the project and the likelihood of its being undertaken. State all factors (including, if appropriate, the success of the offering) upon which such project is dependent.
- F. Competition. Describe the competitive conditions in each industry or line of business in which the issuer or any significant subsidiary engages or intends to engage. Indicate their competitive positions in each case, the geographical factors affecting competition and, where material to an understanding of the nature of such competitive position, identify

principal competitors. Generalizations of competitive conditions or market structure will not be deemed acceptable disclosure in this section. The discussion of this item in the Prospectus should reflect market studies, if any, made by the issuer and its overall appraisal of competitive conditions. File as supplemental information copies of any such market studies made or contracted for.

A discussion of competitive factors should consider the breadth and depth of the applicable market (including whether the issuer's success will be dependent upon its creating a new market for its product or service, increasing the size of an old market or winning customers away from other firms in the same field), capital requirements, the importance of patents and licenses, management training and experience, matters relating to advertising and product identification and other similar concerns.

- G. Patents, Trademarks and Licenses. If the issuer or any significant subsidiary holds any material patents, or trademarks, or has any applications pending therefor, or any material licenses or franchises, so state and describe those so held, including any limitation thereon.

If the business of the issuer is materially dependent upon the acquisition of any such patent, trademark, license or franchise, describe the steps being taken and arrangements made to acquire the same. An opinion of the issuer's patent counsel regarding the validity of any such patent or trademark should be included as supplemental information to the Registration Statement. Also include an opinion of counsel as to the validity of any material license or franchise.

## 8. MANAGEMENT

- A. List the names and addresses of all directors and executive officers of the issuer and all persons chosen to become directors and executive officers. Indicate the position in the issuer's management structure held by each person named. For each director and executive officer and each person chosen to become a director or executive officer, state the approximate percentage of such person's working time devoted, or to be devoted, to the business of the issuer, such person's age and principal occupation during the past five years, including without limitation, title or description of job held, type of business conducted by employer and whether such business is still in operation. "Executive officer" shall include the president, vice-president, secretary and treasurer, and any person occupying a similar position or performing a similar policy-making function on behalf of the issuer. In describing principal occupations, do not include charitable or community activities or degrees or training received unless related to the issuer's business, or unless such activities or pursuits were the principal occupation of such person during any part of the past five years. Also do not include any information regarding advisory boards or other groups established to assist the issuer's management unless the contributions of such persons to the issuer's business will involve significant amounts of time and be made on a continuing basis.



B. (1) Under a subheading entitled "Remuneration", furnish the following information, in substantially the tabular form indicated below as to all direct remuneration (i) paid, directly or indirectly by the issuer and its subsidiaries and affiliates during the current fiscal year and (ii) for which an agreement has been entered into, orally or in writing, or arrangements have been made for the current fiscal year to the following persons for services in all capacities:

(i) Each of the three highest paid officers of the issuer whose aggregate direct remuneration exceeded, or will exceed, \$30,000 (where the issuer has moderate or minimal net worth and/or operating revenues a lesser figure may be required) and each director whose aggregate direct remuneration exceeded, or will exceed, that amount, naming each such person.

(ii) All directors and officers of the issuer as a group without naming them;

(iii) If the issuer and its predecessors were organized within three years prior to the date of filing, each person who falls within the definition of "promoter" contained in Section 102(o) of the Act:

(A) Name of individual or identity of group.	(B) Capacities in which remuneration was received.	(C) Paid during last fiscal year.	(D) To be paid during current fiscal year.
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Remuneration, as used in this item, shall be deemed to include all payments made by the issuer and its subsidiaries for housing, the use of an automobile or other living expenses normally paid for by such person for purposes other than directly incident to the conduct of the issuer's businesses, or such subsidiaries or the fair market value of property provided by the issuer and its subsidiaries for such purpose.

(2) Furnish the following information, in substantially the tabular form indicated below, as to all pension or retirement benefits paid or proposed to be paid directly or indirectly by the issuer or any of its subsidiaries to each director or officer named in answer to paragraph B(1) above at normal retirement date, under any existing plan in the event of retirement:

(A) Name of individual	(B) Amounts set aside or accrued during the issuer's last fiscal year	(C) Estimated annual benefits upon retirement
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Column B need not be answered for a plan providing fixed benefits in the event of retirement at a fixed age or after a fixed number of years if amounts are computed on an actuarial basis. If the issuer has adopted or proposes to adopt a profit-sharing plan or arrangement affecting its management personnel, describe such plan fully.

(3) Describe briefly all remuneration payments (other than payments reported under subparagraphs 1 or 2 of Part B of this item) proposed to be made in the future, directly or indirectly, by the issuer or any of its subsidiaries pursuant to any existing plan, contract, or arrangement to each director or officer named in paragraph B(1) above, naming each such person, and to all directors and officers of the issuer as a group, without naming them. State also the estimated total remuneration to be paid to all directors and officers of the issuer during its next succeeding fiscal year.

## 9. PRINCIPAL HOLDERS OF SECURITIES

Furnish the following information as of a specified date within 30 days prior to the date of filing:

- A. As to any class of voting securities of the issuer, provide in the tabular form indicated below, the name and amounts owned by each person who owns of record, or is known by the issuer to own beneficially, more than 10 percent of any class of such securities, and, if the issuer and its predecessors were organized within three years of the date of filing, by each person who falls within the definition of "promoter" contained in Section 102(o) of the Act, showing in column (3) whether the securities are owned by such person both of record and beneficially, of record only, or beneficially only, and showing in columns (4) and (5) the respective amounts and percentages owned in each such manner. Column (6) and the words "prior to offering" in column (5) need only be included in the case of the sale of equity securities. Also provide the information requested in the table for all persons named in response to items 8A and 3B as a group.

(1) Name & Address	(2) Title of class	(3) Type of ownership owned	(4) Amount to offering after offering	(5) % of class prior to offering	(6) % of class
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Indicate supplementally the price(s) paid per share, dates of purchase and, if payment was made in the form of services or property, the method by which such services or property was valued.

- B. As to each class of equity securities (other than directors' qualifying shares) of the issuer, or its parent or any subsidiaries, provide in the following tabular form the number owned



beneficially, directly or indirectly, by all directors and officers of the issuer as a group without naming them.

Title of Class                      Amount Beneficially Owned                      Percent of Class

In making the above computations, do not include as "outstanding" securities owned by or for the benefit of the issuer, but do include any securities for which a person listed or referred to in this item has indicated an intention to subscribe in the offering, and, in a footnote to the table, indicate the amount subscribed for. If any securities are being registered for sale by security holders, list the name of each selling security holder and state the amount of securities owned by him, the amount to be offered for his account and the amount to be owned after the offering. If, to the knowledge of the issuer or any underwriter, more than 10% of any class of voting securities of the issuer are held, or to be held, subject to any voting trust or other similar agreement, state the title of the securities held, the amount so held or to be so held, the duration of the agreement and the names and addresses of the voting trustees. Describe briefly, to the extent reasonably ascertainable, the voting rights of the trustees and their other powers under the agreement. Appropriate cross reference should be made to "Certain Transactions" where securities were issued to a promoter or member of management for nominal price or in exchange for property or services.

#### 10. CERTAIN TRANSACTIONS

Describe, in sufficient detail to present a clear understanding, any material transaction within three years of the filing date, or proposed transaction involving the issuer, its parent, predecessor or any of its or their significant subsidiaries and (i) any current director or executive officer of the issuer or any person who served as such at the time of the transaction described in this item, (ii) any person named in response to item 9(A) of Form 206, (iii) any person affiliated with any of the foregoing persons. Such description should include, where possible, the size of the transaction and the interest of each person listed above.

Where the transaction involves the purchase or sale of assets by or for the issuer, its parent, predecessors or significant subsidiaries otherwise than in the ordinary course of business, state the cost of the assets to the purchaser, and the cost to the seller if acquired within four years prior to the transaction. Where property has undergone a series of purchases and sales among affiliated persons prior to its purchase from or sale to the issuer, trace the history of such transactions among affiliates back to the last previous transaction involving non-affiliated persons. In the case of each such transaction, state the date, consideration paid, other expenses incurred, fees paid, purpose of the transaction and all other surrounding facts and circumstances.

#### 11. ESCROW PROVISIONS

- A. Escrow of Securities Owned by Certain Persons. Describe any terms of an escrow arrangement whereby any director, officer, promoter or controlling person will deposit any securities owned by him or her into an escrow fund, or agree to restrictions on the transfer of such securities, pursuant to any regulation or order of the Department or any other securities administrator, association of securities dealers or other state or Federal agency having jurisdiction over the business affairs of the issuer.
- B. Escrow of Proceeds. Describe the terms of any arrangement made for the escrow of proceeds received in this offering pursuant to an order of the Department or otherwise including the name of the escrow holder and the circumstances under which the escrow may be released. Specific reference should be made to "Use of Proceeds", wherein specific proceed designations are made.

## 12. DESCRIPTION OF SECURITIES

- A. If capital stock is being offered, state the title of the class and furnish the following information to the extent applicable:
- (1) Dividend rights.
  - (2) Voting rights.
  - (3) Liquidation rights.
  - (4) Pre-emptive rights.
  - (5) Conversion rights.
  - (6) Redemption provisions.
  - (7) Sinking fund provisions.
  - (8) Liability to further calls or to assessment by the issuer.

If the rights of holders of such stock may be modified otherwise than by a vote of the majority or more of the shares outstanding, voting as a class, so state and explain briefly.

Outline briefly any restriction on the repurchase or redemption of shares by the issuer while there is any arrearage in the payment of dividends or sinking fund installments. If there is no such restriction, so state.

- B. If long-term debt is being registered, outline briefly such of the following as are relevant:
- (1) Provisions with respect to interest, subordination, conversion, maturity, call or redemption privileges, amortization, sinking fund or retirement.
  - (2) Provisions with respect to the kind or priority of any lien securing the issue, together with a brief description of the properties subject to such lien. (An opinion of counsel as to the priority of any such lien should be included as part of exhibit 5(e) to the Registration Statement.)



(3) Provisions restricting the declaration of dividends or requiring the maintenance of any ratio of assets or the creation or maintenance of reserves.

(4) Provisions permitting or restricting the issuance of additional securities, the withdrawal of cash deposited against such issuance, the incurring of additional debt, the release or substitution of assets securing the issue, the modification of terms of the security and similar provisions.

(5) The name and address of the trustee and the nature of any material relationship with the issuer or any of its affiliates; the percentage of securities of the class necessary to require the trustee to take action and what indemnification the trustee may require before proceeding to enforce any lien described in item B(2) above.

(6) The general type of event which constitutes a default, and whether or not any periodic evidence is required to be furnished as to the absence of default or as to compliance with the form of indenture. In the event of a default where the trustee is not required to take action, or where there is no trustee, the issuer should undertake to notify all security holders of such default within ten days thereof and to inform them as to available remedies. Where action must be taken by the holders of a certain percentage of the outstanding securities in the event of a default or otherwise, the issuer should undertake to cooperate with all holders to make available to them the list of names and addresses of all other holders and the amounts held to permit the exercise of such rights as may be provided in the security or any governing instrument.

- C. If securities other than capital stock or long-term debt are being offered, outline briefly the rights evidenced thereby. If subscription warrants or rights are being offered, state the title and amount of securities called for, the period during which, and the price at which, the warrants or rights are exercisable.
- D. Describe any restrictions on transferability of the securities being offered, including restrictions imposed by the Federal Securities Laws.

### 13. OPTIONS TO PURCHASE SECURITIES

Furnish the following information as to options, warrants or other rights ("Options") to purchase securities from the issuer or any of its subsidiaries, which Options are, or are to be outstanding as of the date of filing.

- A. Describe the Options, stating the material provisions, including the consideration received and to be received for such Options by the grantor thereof, dates granted and the market value of the securities called for on the granting date. If, however, the Options are "qualified stock options" as defined in Section 422 of the Internal Revenue Code of 1954,



as amended, only the following is required: (i) a statement to that effect, (ii) a brief description of the terms and conditions of the Options or of the plan, and (iii) a statement of the provisions of the plan or Options with respect to the relationship between the option price and the market price of the securities at the date when the Options were granted.

- B. State (i) the title and amount of the securities called for by such Options; (ii) the purchase prices of the securities called for and the expiration dates of such options; and (iii) the market value of the securities called for by such Options as of the latest practicable date.
- C. Furnish separately the information requested in (B) above for all Options held by each director, executive officer of the issuer, promoter, other persons listed in response to item 9A, any selling shareholder, underwriter, or finder, naming each such person, and for all directors and officers as a group.

#### 14. PLAN OF DISTRIBUTION

- A. If the securities being offered are to be offered through underwriters, state the name and address of the underwriters and the respective amounts underwritten and the method by which the price was determined. Identify each such underwriter which had within the past three years or has as of the date of filing, a material relationship with the issuer and state the nature of the relationship. State briefly the nature of the underwriter's obligation to purchase the securities.
- B. State briefly the discounts and commissions to be allowed or paid to dealers, including all cash, securities, contracts, options or other consideration to be received by any dealer in connection with the sale of the securities.
- C. Outline briefly the plan of distribution for any securities being offered which are offered other than through underwriters. If the securities are being offered directly by the issuer, state the sales commissions to be paid, any arrangements entered into regarding expense, and any fees or commissions to be paid for supervising agents or employees of the issuer in the offering.
- D. Indicate the number of shares to which all persons named in response to items 3B, 8A and 9A have indicated their intention to subscribe.
- E. State the total anticipated expenses of the offering including legal, accounting and printing costs, fees of experts, finders' fees and other anticipated expenses. State the relationship between the total anticipated expenses and the gross proceeds of the offering on a percentage basis.

#### 15. WITHDRAWAL OF ACCEPTANCE



Describe briefly the provisions of Section 207(m) of the Act and the procedure to be followed by any investor who wishes to avail himself or herself of the right provided for therein.

#### 16. PENDING LEGAL PROCEEDINGS

Briefly describe any material pending legal proceedings other than ordinary routine litigation incidental to its business, to which the issuer or any of its significant subsidiaries is a party or of which any of their property is the subject. Include similar information as to any such proceedings known to be threatened or contemplated by governmental authorities.

#### 17. ANNUAL MEETING AND REPORTS

State the date and location as provided in the issuer's by-laws, of its annual meeting. Indicate whether audited annual and quarterly reports regarding the financial condition of the issuer will be sent to security holders. (Reference is made to undertaking 9(b) of the Registration Statement.)

#### 18. LEGAL OPINIONS

State the names of counsel for the issuer and principal underwriter in connection with the offering. State whether any such person, including any other member of a firm serving as counsel, has any direct or indirect ownership interest in any securities of the issuer, its parent, or any significant subsidiary. Also, where counsel may be deemed a promoter of the issuer, so state.

#### 19. EXPERTS

State the names and addresses of all persons relied upon as experts and so labeled with respect to the inclusion of any statement or information in the Prospectus.

#### 20. ADDITIONAL INFORMATION

State: (i) that a Registration Statement with respect to the securities offered by the Prospectus has been filed with the Department of Banking and Securities in Harrisburg, Pennsylvania; (ii) that such Registration Statement included certain exhibits only summarized or alluded to in the Prospectus; and (iii) that such additional documents are available for inspection at the Department during regular business hours.

Include the following legend under this Section or on the inside front cover of the Prospectus:

"THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, NOR HAS THE OFFICE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE."

#### 21. FINANCIAL STATEMENTS



Financial Statements for commercial and industrial companies must be presented in generally accepted form as an inclusion in the Prospectus. The following statements should be included for the periods indicated:

Balance Sheet -	As of the end of the latest fiscal year
Stockholders' Equity and Retained Earnings	
Changes in Financial Position	Last three fiscal years (or less, if the life of the issuer and its predecessors is less).
Income (detailed)	

Where the fiscal year end was more than 91 days prior to the date on which the Registration Statement was filed with the Department, interim financial statements, for the period from the end of the latest fiscal year to a date within 91 days of the filing date, are required in addition to the foregoing.

The opinion of an independent accountant as to conformity with generally accepted accounting principles and fairness of presentation is necessary with respect to the statements included for the latest fiscal year, as a minimum requirement.

Reference is also made to the Department's Guide to Requirements for Financial Statements as to methods of presentation and applicable principles.

#### GENERAL INSTRUCTIONS

1. Where used herein, the terms "material" and "significant" depend upon their application to the facts involving the issuer. In each instance the question of whether to include a fact as "material" or "significant" in the initial submission to the Department depends upon the judgment of counsel, acting in good faith. A significant subsidiary is any subsidiary which meets any of the following tests:
  - A. The assets of the subsidiary, or the investments in and advances to the subsidiary by its parent and the parent's other subsidiaries, if any, exceed 15 percent of the assets of the parent and its subsidiaries on a consolidated basis.
  - B. The sales and operating revenues of the subsidiary exceed 15 percent of the sales and operating revenues of its parent and the parent's subsidiaries on a consolidated basis.
  - C. The subsidiary is the parent of one or more subsidiaries and together with such subsidiaries would, if considered in the aggregate, constitute a significant subsidiary.
2. Each page must be numbered.
3. Each draft after the first draft should contain the Draft Number on the cover as well as the date of the draft.



4. Each subsequent draft must be appropriately "red-lined".