

Securities Exchange Act of 1934
Beneficial Ownership Reporting Requirements Acknowledgement

Shareholder Title: _____

Issuer Name: _____

Shares Owned: _____

Current Percentage of Ownership: _____

Date ownership was greater than 4.99%: _____

Date ownership was greater than 9.99%: _____

Sections 13(d) and 13(g) (15 USCS § 78m) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") mandate that beneficial owners of more than 5 percent of certain equity securities disclose information relating to their beneficial ownership by filing a Schedule 13D (17 CFR 240.13d-101) or Schedule 13G (17 CFR 240.13d-102) with the U.S. Securities and Exchange Commission.

The obligation to file an initial beneficial ownership statement on Schedule 13D is triggered by the person directly or indirectly acquiring beneficial ownership of more than 5 percent of a class of equity securities. The obligation to file a beneficial ownership statement on Schedule 13G is triggered by a person directly or indirectly possessing beneficial ownership of more than 5 percent of a class of equity securities.

Schedule 13D

Schedule 13D is a long-form beneficial ownership disclosure statement. The triggering event for an initial Schedule 13D is an acquisition that results in a beneficial owner exceeding the 5 percent threshold. An acquisition is not limited to a purchase. The formation of a group may result in an acquisition of the securities of other group members even if no purchase occurred. Likewise, donees, trustees or executors may acquire securities without intending or taking any action to purchase securities.

Not every acquisition triggers an initial Schedule 13D reporting obligation. Section 13(d)(6) of the Exchange Act provides that Section 13(d) shall not apply to the following acquisitions:

- acquisitions pursuant to stock-for-stock exchanges registered under the Securities Act of 1933, as amended;
- acquisitions by a beneficial owner of 2 percent or less of a class of securities within the preceding 12 months (determined on a rolling basis rather than calendar basis, and irrespective of any sales that could be netted against acquisitions); and
- acquisitions by an issuer of its securities.

These statutory exclusions are not reiterated in the rules under Regulation 13D-G. Section 13(d)(6)(D) (17 CFR 240.13d-6) of the Exchange Act also grants the SEC authority to exempt other acquisitions that are

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not entered into for the purpose, and do not have the effect, of changing or influencing the control of the issuer.

Pursuant to that authority, Regulation 13D-G contains an exemption in Rule 13d-6 applicable to preemptive subscription rights and a presumption in Rule 13d-5(a) (17 CFR 240.13d-5) applicable to acquisitions by executors and administrators of estates.

The exemptions provided by or pursuant to Section 13(d)(6) relate only to the initial Schedule 13D, and not to any amendment by an existing Schedule 13D filer or any distinct obligation to file an initial or amended Schedule 13G.

Upon a triggering acquisition, Rule 13d-1(a) (17 CFR 240.13d-1) requires that the beneficial owner file a Schedule 13D within 10 days after the acquisition. The 10-day period begins on the date of the acquisition (i.e., the trade date rather than the settlement date).

During the 10-day filing window, the beneficial owner is not prohibited from acquiring additional securities of the same class. On the date of filing, the reporting person should disclose the current holdings as of that day (as well as recent acquisitions and dispositions as required by Schedule 13D).

Schedule 13G

Schedule 13G is an optional short-form beneficial ownership statement for certain persons subject to Section 13(d) and as a mandatory disclosure statement for persons subject to Section 13(g). The categories of persons eligible to file on Schedule 13G are a qualified institutional investor pursuant to Rule 13d-1(b), a passive investor pursuant to Rule 13d-1(c), and an exempt investor pursuant to Rule 13d-1(d).

Qualified institutional investor status reflects two core elements. First, the institution must have acquired the securities in the ordinary course of business and not with the purpose nor with the effect of changing or influencing the control of the issuer. Second, the institution must be among this list of regulated entities:

- A registered broker-dealer;
- A registered investment adviser;
- A registered investment company;
- A church plan excluded from the definition of an investment company;
- A bank;
- A savings association under the Federal Deposit Insurance Act;
- An insurance company;
- An employee benefit plan subject to the Employee Retirement Income Security Act; and
- A non-U.S. institution that is the functional equivalent of any of the above institutions, provided it is subject to a comparable regulatory scheme.

Groups of qualified institutions and parents or control persons of qualified institutions also may themselves be qualified institutional investors.

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Passive investor status also mandates that the beneficial owner acquired the securities in the ordinary course of business and not with the purpose nor with the effect of changing or influencing the control of the issuer. An issuer's officers and directors, by their nature, most likely are not passive investors.

Further, by definition, a passive investor must hold less than 20 percent of a class of equity securities. Passive investors typically include natural persons as well as institutions and other entities that are not qualified institutional investors.

Exempt investor status generally captures two types of beneficial owners required to file on Schedule 13G. Persons exempt pursuant to Section 13(d)(6) and persons who otherwise are not required to file a Schedule 13D (e.g., a person who acquired beneficial ownership of more than 5 percent of a class of equity securities that were not registered at the time of the acquisition but subsequently were registered).

The due date for filing for the beneficial ownership statement depends on the category of initial Schedule 13G filer:

| | | |
|----------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Qualified Institutional Investor | 13d-1(b) | within 45 days of the end of the calendar year in which the beneficial owner acquired more than 5 percent and within 10 days of the end of the calendar month in which the beneficial owner acquired more than 10 percent |
| Passive Investor | 13d-1(c) | within 10 days of the acquisition of more than 5 percent but less than 20 percent |
| Exempt Investor | 13d-1(d) | within 45 days of the end of the calendar year in which the beneficial owner acquired more than 5 percent |

The 45th day after the end of the calendar year corresponds to February 14. As with other reporting regimes under the Exchange Act, if the due date of a Schedule 13G (or Schedule 13D) falls on a weekend or federal holiday, the filing still is timely if made on the next business day.

In application, although a qualified institutional investor (beneficially owning no more than 10 percent of a class of equity securities) or an exempt investor may hold more than 5 percent of a class of equity securities throughout a calendar year, a Schedule 13G is due only if that person owned more than 5 percent on the last day of the calendar year.

Doing so minimizes the administrative burden of compliance with beneficial ownership reporting. Most qualified institutional investors can test their securities ownership for purposes of Schedule 13G as of calendar-year end, rather than on a real-time basis.

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Schedule 13G is available only to a person who maintains beneficial ownership consistent with the circumstances, purpose and effect of the Schedule 13G filer's category. Disqualifying events may cause the loss of Schedule 13G eligibility.

If an exempt investor who previously reported on Schedule 13G later becomes subject to Rule 13d-1(a) due to a nonexempt acquisition, then a Schedule 13D should be filed within 10 days of the acquisition in accordance with Rule 13d-1(a).

For instance, if a group of exempt investors reporting on Schedule 13G adds a new member who owns more than 2 percent of the same class of equity securities, then each member of the group loses their exempt investor status as a result of acquiring the equity securities owned by the new group member, and a Schedule 13D must be filed within 10 days of the acquisition.

A passive investor or qualified institutional investor loses that status upon acquiring or holding a class of equity securities with a purpose or effect of changing or influencing control of the issuer. Similarly, a passive investor also loses that status upon acquiring 20 percent or more of a class of equity securities.

Accordingly, in each case, the reporting person must file a Schedule 13D within 10 days of that change. Further, as a cooling off period, until the expiration of the 10th day after the Schedule 13D filing, the reporting person may not vote the shares of the class of equity securities nor acquire additional equity securities of the issuer.

A qualified institutional investor that ceases to fall within the list of regulated entities or ceases to hold its securities in the ordinary course of business must file within 10 days a Schedule 13D (or an amendment on Schedule 13G if otherwise eligible). However, there is no cooling off period.

As an investor that has a substantial percentage of ownership I have read the text above and I understand my obligations to report pursuant to the Securities Exchange Act of 1934. I understand that Glendale Securities, Inc. does not offer legal advice and the text above is for informational purposes only. I understand that I should consult with an attorney if I am unclear about my reporting obligations pursuant to the Securities Exchange Act of 1934.

Signature of Shareholder

Date

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