

**FORM U-7
DISCLOSURE DOCUMENT**

(Exact name of Company as set forth in Articles of Incorporation or Charter)

Type of securities offered: _____
 Maximum number of securities offered: _____
 Minimum number of securities offered: _____
 Price per security: \$ _____
 Total proceeds: If maximum sold: \$ _____
 If minimum sold: \$ _____

(For use of proceeds and offering expenses, see Questions 9 and 10.)

Is a commissioned selling agent selling the securities
 in this offering? [] Yes [] No
 If yes, what percent is commission of price to public? _____%
 Is there other compensation to selling agent(s)? [] Yes [] No
 Is there a finder's fee or similar payment to any person? [] Yes [] No (See Question 22)
 Is there an escrow of proceeds until minimum is obtained? [] Yes [] No (See Question 26)
 Is this offering limited to members of a special group,
 such as employees of the Company or individuals? [] Yes [] No (See Question 25)
 Is transfer of the securities restricted? [] Yes [] No (See Question 25)

INVESTMENT IN SMALL BUSINESSES INVOLVES A HIGH DEGREE OF RISK, AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR INVESTMENT IN ITS ENTIRETY. SEE QUESTION 2 FOR THE RISK FACTORS THAT MANAGEMENT BELIEVES PRESENT THE MOST SUBSTANTIAL RISKS TO AN INVESTOR IN THIS OFFERING.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Company:

- Has never conducted operations.
- Is in the development stage.
- Is currently conducting operations.
- Has shown a profit in the last fiscal year.
- Other (Specify): _____
 (Check at least one, as appropriate)

This offering has been registered for offer and sale in the following states:

<u>State</u>	<u>State File No.</u>	<u>Effective Date</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

TABLE OF CONTENTS

	<u>Page</u>
THE COMPANY	3
RISK FACTORS	3
BUSINESS AND PROPERTIES	5
OFFERING PRICE FACTORS	10
USE OF PROCEEDS	12
CAPITALIZATION	14
DESCRIPTION OF SECURITIES	15
PLAN OF DISTRIBUTION	17
DIVIDENDS, DISTRIBUTIONS AND REDEMPTIONS	19
OFFICERS AND KEY PERSONNEL OF THE COMPANY	19
DIRECTORS OF THE COMPANY	22
PRINCIPAL STOCKHOLDERS	25
MANAGEMENT RELATIONSHIPS, TRANSACTIONS AND REMUNERATION	27
LITIGATION	29
FEDERAL TAX ASPECTS	29
MISCELLANEOUS FACTORS	29
FINANCIAL STATEMENTS	30
MANAGEMENT'S DISCUSSION AND ANALYSIS OF CERTAIN RELEVANT FACTORS	30
SIGNATURES	31

THIS DISCLOSURE DOCUMENT CONTAINS ALL OF THE REPRESENTATIONS BY THE COMPANY CONCERNING THIS OFFERING, AND NO PERSON SHALL MAKE DIFFERENT OR BROADER STATEMENTS THAN THOSE CONTAINED HEREIN. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS DISCLOSURE DOCUMENT.

This Disclosure Document, together with Financial Statements and other Attachments, consists of a total of _____ pages.

THE COMPANY

1. Exact corporate name: _____

State and date of incorporation: _____

Street address of principal office: _____

Company Telephone Number: (_____) _____

Fiscal year: _____
(month) (day)

Person(s) to contact at Company with respect to offering: _____

Telephone Number (if different from above): (_____) _____

RISK FACTORS

2. List in the order of importance the factors which the Company considers to be the most substantial risks to an investor in this offering in view of all facts and circumstances or which otherwise make the offering one of high risk or speculative (i.e., those factors which constitute the greatest threat that the investment will be lost in whole or in part, or not provide an adequate return).

- (1) _____

- (2) _____

- (3) _____

- (4) _____

- (5) _____

- (6) _____

- (7) _____

- (8) _____

- (9) _____

- (10) _____

- (11) _____

- (12) _____

- (13) _____

- (14) _____

(15)

(16)

Note: In addition to the above risks, businesses are often subject to risks not foreseen or fully appreciated by management. In reviewing this Disclosure Document potential investors should keep in mind other possible risks that could be important.

BUSINESS AND PROPERTIES

3. With respect to the business of the Company and its properties:

(a) Describe in detail what business the Company does and proposes to do, including what products or goods are or will be produced or services that are or will be rendered.

(b) Describe how these products or services are to be produced or rendered and how and when the Company intends to carry out its activities. If the Company plans to offer a new product(s), state the present stage of development, including whether or not a working prototype(s) is in existence. Indicate if completion of development of the product would require a material amount of the resources of the Company, and the estimated amount. If the Company is or is expected to be dependent upon one or a limited number of suppliers for essential raw materials, energy or other items, describe. Describe any major existing supply contracts.

- (c) Describe the industry in which the Company is selling or expects to sell its products or services and, where applicable, any recognized trends within that industry. Describe that part of the industry and the geographic area in which the business competes or will compete.

Indicate whether competition is or is expected to be by price, service, or other basis. Indicate (by attached table if appropriate) the current or anticipated prices or price ranges for the Company's products or services, or the formula for determining prices, and how these prices compare with those of competitors' products or services, including a description of any variations in product or service features. Name the principal competitors that the Company has or expects to have in its area of competition. Indicate the relative size and financial and market strengths of the Company's competitors in the area of competition in which the Company is or will be operating. State why the Company believes that it can effectively compete with these and other companies in its area of competition.

Note: Because this Disclosure Document focuses primarily on details concerning the Company rather than the industry in which the Company operates or will operate, potential investors may wish to conduct their own separate investigation of the Company's industry to obtain broader insight in assessing the Company's prospects.

- (d) Describe specifically the marketing strategies the Company is employing or will employ in penetrating its market or in developing a new market. Set forth in response to Question 4 below the timing and size of the results of this effort which will be necessary in order for the Company to be profitable. Indicate how and by whom its products or services are or will be marketed (such as by advertising, personal contact by sales representatives, etc.), how its marketing structure operates or will operate and the basis of its marketing approach, including any market studies. Name any customers that account for, or based upon existing orders will account for, a major portion (20% or more) of the Company's sales. Describe any major existing sales contracts.

(e) State the backlog of written firm orders for products and/or services as of a recent date (within the last 90 days) and compare it with the backlog of a year ago from that date.

As of: _____/_____/_____ \$ _____
(a recent date)

As of: _____/_____/_____ \$ _____
(one year earlier)

Explain the reason for significant variations between the two figures, if any. Indicate what types and amounts of orders are included in the backlog figures. State the size of typical orders. If the Company's sales are seasonal or cyclical, explain.

(f) State the number of the Company's present employees and the number of employees it anticipates it will have within the next 12 months. Also, indicate the number by type of employee (i.e., clerical, operations, administrative, etc.) the Company will use, whether or not any of them are subject to collective bargaining agreements, and the expiration date(s) of any collective bargaining agreement(s). If the Company's employees are on strike, or have been in the past three years, or are threatening to strike, describe the dispute. Indicate any supplemental benefits or incentive arrangements the Company has or will have with its employees.

- (g) Describe generally the principal properties (such as real estate, plant and equipment, patents, etc.) that the Company owns, indicating also what properties it leases and a summary of the terms under those leases, including the amount of payments, expiration dates and the terms of any renewal options. Indicate what properties the Company intends to acquire in the immediate future, the cost of such acquisitions and the sources of financing it expects to use in obtaining these properties, whether by purchase, lease or otherwise.

- (h) Indicate the extent to which the Company's operations depend or are expected to depend upon patents, copyrights, trade secrets, know-how or other proprietary information and the steps undertaken to secure and protect this intellectual property, including any use of confidentiality agreements, covenants-not-to-compete and the like. Summarize the principal terms and expiration dates of any significant license agreements. Indicate the amounts expended by the Company for research and development during the last fiscal year, the amount expected to be spent this year and what percentage of revenues research and development expenditures were for the last fiscal year.

- (i) If the Company's business, products, or properties are subject to material regulation (including environmental regulation) by federal, state, or local governmental agencies, indicate the nature and extent of regulation and its effects or potential effects upon the Company.

- (j) State the names of any subsidiaries of the Company, their business purposes and ownership, and

(Assume exercise of outstanding options, warrants or rights and conversion of convertible securities, if the respective exercise or conversion prices are at or less than the offering price. Also assume exercise of any options, warrants or rights and conversions of any convertible securities offered in this offering.)

If the maximum is sold: _____%

If the minimum is sold: _____%

- (b) What post-offering value is management implicitly attributing to the entire Company by establishing the price per security set forth on the cover page (or exercise or conversion price if common stock is not offered)? (Total outstanding shares after offering times offering price, or exercise or conversion price if common stock is not offered.)

If maximum is sold: \$_____*

If minimum is sold: \$_____*

(For above purposes, assume outstanding options are exercised in determining "shares" if the exercise prices are at or less than the offering price. All convertible securities, including outstanding convertible securities, shall be assumed converted and any options, warrants or rights in this offering shall be assumed exercised.)

* These values assume that the Company's capital structure would be changed to reflect any conversions of outstanding convertible securities and any use of outstanding securities as payment in the exercise of outstanding options, warrants or rights included in the calculation. The type and amount of convertible or other securities thus eliminated would be: _____. These values also assume an increase in cash in the Company by the amount of any cash payments that would be made upon cash exercise of options, warrants or rights included in the calculations. The amount of such cash would be: \$_____.

Note: After reviewing the above, potential investors should consider whether or not the offering price (or exercise or conversion price, if applicable) for the securities is appropriate at the present stage of the Company's development.

USE OF PROCEEDS

9. (a) The following table sets forth the use of the proceeds from this offering:

	<u>If Minimum Sold</u>		<u>If Maximum Sold</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Total Proceeds	\$ _____	100%	\$ _____	100%
Less: Offering Expenses	_____	—	_____	—
Commissions & Finders Fees	_____	—	_____	—
Legal & Accounting	_____	—	_____	—
Copying & Advertising	_____	—	_____	—

Other (Specify): _____	_____	—	_____	—
Net Proceeds from Offering	\$ <u>_____</u>	<u>==</u>	\$ <u>_____</u>	<u>==</u>
Use of Net Proceeds				
_____	\$ _____	___%	\$ _____	___%
_____	_____	—	_____	—
_____	_____	—	_____	—
_____	_____	—	_____	—
_____	_____	—	_____	—
Total Use of Net Proceeds	\$ <u>_____</u>	<u>100%</u>	\$ <u>_____</u>	<u>100%</u>

(b) If there is no minimum amount of proceeds that must be raised before the Company may use the proceeds of the offering, describe the order of priority in which the proceeds set forth above in the column "If Maximum Sold" will be used.

Note: After reviewing the portion of the offering allocated to the payment of offering expenses, and to the immediate payment to management and promoters of any fees, reimbursements, past salaries or similar payments, a potential investor should consider whether the remaining portion of his investment, which would be that part available for future development of the Company's business and operations, would be adequate.

10. (a) If material amounts of funds from sources other than this offering are to be used in conjunction with the proceeds from this offering, state the amounts and sources of such other funds, and whether funds are firm or contingent. If contingent, explain.

(b) If any material part of the proceeds is to be used to discharge indebtedness, describe the terms of such indebtedness, including interest rates. If the indebtedness to be discharged was incurred within the current or previous fiscal year, describe the use of the proceeds of such indebtedness.

(c) If any material amount of the proceeds is to be used to acquire assets, other than in the ordinary course of business, briefly describe and state the cost of the assets and other material terms of the

acquisitions. If the assets are to be acquired from officers, directors, employees or principal stockholders of the Company or their associates, give the names of the persons from whom the assets are to be acquired and set forth the cost to the Company, the method followed in determining the cost, and any profit to such persons.

(d) If any amount of the proceeds is to be used to reimburse any officer, director, employee or stockholder for services already rendered, assets previously transferred, or monies loaned or advanced, or otherwise, explain:

11. Indicate whether the Company is having or anticipates having within the next 12 months any cash flow or liquidity problems and whether or not it is in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments. Indicate if a significant amount of the Company's trade payables have not been paid within the stated tradeterm. State whether the Company is subject to any unsatisfied judgments, liens or settlement obligations and the amounts thereof. Indicate the Company's plans to resolve any such problems.

12. Indicate whether proceeds from this offering will satisfy the Company's cash requirements for the next 12 months, and whether it will be necessary to raise additional funds. State the source of additional funds, if known.

CAPITALIZATION

13. Indicate the capitalization of the Company as of the most recent balance sheet date (adjusted to reflect any subsequent stock splits, stock dividends, recapitalizations or refinancings) and as adjusted to reflect the sale of the minimum and maximum amount of securities in this offering and the use of the net proceeds therefrom:

	Amount Outstanding		
	As of: / /	As Adjusted	
		Minimum	Maximum
Debt:			
Short-term debt (average interest rate ____%)	\$ _____	\$ _____	\$ _____
Long-term debt (average interest rate ____%)	\$ _____	\$ _____	\$ _____
Total debt	\$ _____	\$ _____	\$ _____
Stockholders equity (deficit):			
Preferred stock - par or stated value (by class of preferred in order of preferences)			
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
Common stock - par or stated value	\$ _____	\$ _____	\$ _____
Additional paid in capital	\$ _____	\$ _____	\$ _____
Retained earnings (deficit)	\$ _____	\$ _____	\$ _____
Total stockholders equity (deficit)	\$ _____	\$ _____	\$ _____
Total Capitalization	\$ _____	\$ _____	\$ _____

Number of preferred shares authorized to be outstanding:

<u>Class of Preferred</u>	<u>Number of Shares Authorized</u>	<u>Par Value Per Share</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Number of common shares authorized: _____ shares.

Par or stated value per share, if any: \$ _____

Number of common shares reserved to meet conversion requirements or for the issuance upon exercise of options, warrants or rights: _____ shares.

DESCRIPTION OF SECURITIES

14. The securities being offered hereby are:

- Common Stock
- Preferred or Preference Stock
- Notes or Debentures
- Units of two or more types of securities, composed of:

Other: _____

15. These securities have:

- | Yes | No | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Cumulative voting rights |
| <input type="checkbox"/> | <input type="checkbox"/> | Other special voting rights |
| <input type="checkbox"/> | <input type="checkbox"/> | Preemptive rights to purchase in new issues of shares |
| <input type="checkbox"/> | <input type="checkbox"/> | Preference as to dividends or interest |
| <input type="checkbox"/> | <input type="checkbox"/> | Preference upon liquidation |
| <input type="checkbox"/> | <input type="checkbox"/> | Other special rights or preferences (specify): _____ |

Explain: _____

16. Are the securities convertible? Yes No

If so, state conversion price or formula. _____
Date when conversion becomes effective: ____/____/____
Date when conversion expires: ____/____/____

17. (a) If securities are notes or other types of debt securities:

(1) What is the interest rate? _____%
If interest rate is variable or multiple rates, describe: _____

(2) What is the maturity date? ____/____/____
If serial maturity dates, describe: _____

(3) Is there a mandatory sinking fund? Yes No Describe: _____

(4) Is there a trust indenture? Yes No
Name, address and telephone number of Trustee: _____

(5) Are the securities callable or subject to redemption? Yes No Describe, including

redemption prices: _____

(6) Are the securities collateralized by real or personal property? Yes No
 Describe: _____

(7) If these securities are subordinated in right of payment of interest or principal, explain the terms of such subordination. _____

How much currently outstanding indebtedness of the Company is senior to the securities in right of payment of interest or principal? \$ _____.
 How much indebtedness shares in right of payment on an equivalent (pari passu) basis? \$ _____.
 _____.
 How much indebtedness is junior (subordinated) to the securities?
 \$ _____.

(b) If notes or other types of debt securities are being offered and the Company had earnings during its last fiscal year, show the ratio of earnings to fixed charges on an actual and pro forma basis for that fiscal year. "Earnings" means pretax income from continuing operations plus fixed charges and capitalized interest. "Fixed charges" means interest (including capitalized interest), amortization of debt discount, premium and expense, preferred stock dividend requirements of majority owned subsidiary, and such portion of rental expense as can be demonstrated to be representative of the interest factor in the particular case. The pro forma ratio of earnings to fixed charges should include incremental interest expense as a result of the offering of the notes or other debt securities.

	<u>Last Fiscal Year</u>	
	<u>Actual</u>	<u>Pro Forma</u>
		<u>Minimum</u> <u>Maximum</u>
" <u>Earnings</u> " =	_____	_____
"Fixed Charges	_____	_____
If no earnings, show "Fixed Charges" only	_____	_____

Note: Care should be exercised in interpreting the significance of the ratio of earnings to fixed charges as a measure of the "coverage" of debt service, as the existence of earnings does not necessarily mean that the Company's liquidity at any given time will permit payment of debt service requirements to be timely made. See Questions 11 and 12. See also the Financial Statements and especially the Statement

of Cash Flows.

18. If securities are Preference or Preferred stock:
Are unpaid dividends cumulative? Yes No
Are securities callable? Yes No Explain: _____

Note: Attach to this Disclosure Document copies or a summary of the charter, bylaw or contractual provision or document that gives rise to the rights of holders of Preferred or Preference Stock, notes or other securities being offered.

19. If securities are capital stock of any type, indicate restrictions on dividends under loan or other financing arrangements or otherwise:

20. Current amount of assets available for payment of dividends (if deficit must be first made up, show deficit in parenthesis): \$_____.

PLAN OF DISTRIBUTION

21. The selling agents (that is, the persons selling the securities as agent for the Company for a commission or other compensation) in this offering are:

Name: _____	Name: _____
Address: _____ _____	Address: _____ _____
Telephone: (____) _____	Telephone: (____) _____

22. Describe any compensation to selling agents or finders, including cash, securities, contracts or other consideration, in addition to the cash commission set forth as a percent of the offering price on the cover page of this Disclosure Document. Also indicate whether the Company will indemnify the selling agents or finders against liabilities under the securities laws. ("Finders" are persons who for compensation act as intermediaries in obtaining selling agents or otherwise making introductions in furtherance of this offering.)

23. Describe any material relationships between any of the selling agents or finders and the Company or its

management.

Note: After reviewing the amount of compensation to the selling agents or finders for selling the securities, and the nature of any relationship between the selling agents or finders and the Company, a potential investor should assess the extent to which it may be inappropriate to rely upon any recommendation by the selling agents or finders to buy the securities.

24. If this offering is not being made through selling agents, the names of persons at the Company through which this offering is being made:

Name: _____ Name: _____

Address: _____ Address: _____

Telephone: (____) _____ Telephone: (____) _____

25. If this offering is limited to a special group, such as employees of the Company, or is limited to a certain number of individuals (as required to qualify under Subchapter S of the Internal Revenue Code) or is subject to any other limitations, describe the limitations and any restrictions on resale that apply:

Will the certificates bear a legend notifying holders of such restrictions? Yes No

26. (a) Name, address and telephone number of independent bank or savings and loan association or other similar depository institution acting as escrow agent if proceeds are escrowed until minimum proceeds are raised:

- (b) Date at which funds will be returned by escrow agent if minimum proceeds are not raised:

Will interest on proceeds during escrow period be paid to investors? Yes No

27. Explain the nature of any resale restrictions on presently outstanding shares, and when those restrictions will terminate, if this can be determined:

Note: Equity investors should be aware that unless the Company is able to complete a further public offering or the Company is able to be sold for cash or merged with a public company that their investment in the Company may be illiquid indefinitely.

DIVIDENDS, DISTRIBUTIONS AND REDEMPTIONS

28. If the Company has within the last five years paid dividends, made distributions upon its stock or redeemed any securities, explain how much and when:

OFFICERS AND KEY PERSONNEL OF THE COMPANY

29. Chief Executive Officer: Title: _____

Name: _____ Age: _____

Office Street Address: _____

Telephone: (_____) _____

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Education (degrees, schools, and dates): _____

Also a Director of the Company? Yes No

Indicate amount of time to be spent on Company matters if less than full time:

30. Chief Operating Officer: Title: _____

Name: _____ Age: _____

Office Street Address: _____

Telephone: (_____) _____

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Education (degrees, schools, and dates): _____

Also a Director of the Company? Yes No

Indicate amount of time to be spent on Company matters if less than full time:

31. Chief Financial Officer: Title: _____

Name: _____ Age: _____

Office Street Address: _____

Telephone: (_____) _____

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Education (degrees, schools, and dates): _____

Also a Director of the Company? Yes No

Indicate amount of time to be spent on Company matters if less than full time:

32. Other Key Personnel: _____ Title: _____

(a) Name: _____ Age: _____

Office Street Address: _____

Telephone: (____) _____

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Education (degrees, schools, and dates): _____

Also a Director of the Company? Yes No

Indicate amount of time to be spent on Company matters if less than full time:

(b) Name: _____ Age: _____

Title: _____

Office Street Address: _____

Telephone: (____) _____

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Education (degrees, schools, and dates): _____

Also a Director of the Company? [] Yes [] No

Indicate amount of time to be spent on Company matters if less than full time:

DIRECTORS OF THE COMPANY

33. Number of Directors: _____. If Directors are not elected annually, or are elected under a voting trust or other arrangement, explain:

34. Information concerning outside or other Directors (i.e. those not described above):

(a) Name: _____ Age: _____
Title: _____
Office Street Address: _____

Telephone: (____) _____

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Education (degrees, schools, and dates): _____

(b) Name: _____ Age: _____
Title: _____

Office Street Address: _____

Telephone: (____) _____

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Education (degrees, schools, and dates): _____

(c) Name: _____

Title: _____

Office Street Address: _____

Telephone: (____) _____

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Education (degrees, schools, and dates): _____

35. (a) Have any of the Officers or Directors ever worked for or managed a company (including a separate subsidiary or division of a larger enterprise) in the same business as the Company?

Yes No

Explain: _____

(b) If any of the Officers, Directors or other key personnel have ever worked for or managed a company in the same business or industry as the Company or in a related business or industry, describe what precautions, if any, (including the obtaining of releases or consents from prior employers) have been taken to preclude claims by prior employers for conversion or theft of trade secrets, know-how or other proprietary information.

- (c) If the Company has never conducted operations or is otherwise in the development stage, indicate whether any of the Officers or Directors has ever managed any other company in the start-up or development stage and describe the circumstances, including relevant dates.

- (d) If any of the Company's key personnel are not employees but are consultants or other independent contractors, state the details of their engagement by the Company.

- (e) If the Company has key man life insurance policies on any of its Officers, Directors or key personnel, explain, including the names of the persons insured, the amount of insurance, whether the insurance proceeds are payable to the Company and whether there are arrangements that require the proceeds to be used to redeem securities or pay benefits to the estate of the insured person or to a surviving spouse.

36. If a petition under the Bankruptcy Act or any State insolvency law was filed by or against the Company or its Officers, Directors or other key personnel, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of any such persons, or any partnership in which any of such persons was general partner at or within the past five years, or any corporation or business association of which any such person was an executive officer at or within the past five years, set forth below the name of such persons, and the nature and date of such actions.

Note: After reviewing the information concerning the background of the Company's Officers, Directors and other key personnel, potential investors should consider whether or not these persons have adequate background and experience to develop and operate this Company and to make it successful. In this regard, the experience and ability of management are often considered the most significant factors in the success of a business.

PRINCIPAL STOCKHOLDERS

37. Principal owners of the Company (those who beneficially own directly or indirectly 10% or more of the common and preferred stock presently outstanding) starting with the largest common stockholder. Include separately all common stock issuable upon conversion of convertible securities (identifying them by asterisk) and show average price per share as if conversion has occurred. Indicate by footnote if the price paid was for a consideration other than cash and the nature of any such consideration.

	<u>Class of Shares</u>	<u>Average Price Per Share</u>	<u>No. of Shares Now Held</u>	<u>% of Total</u>	<u>No. of Shares Held After Offering if All Securities Sold</u>	<u>% of Total</u>
Name:	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____

Office Street Address:

Telephone:

(____) _____

Principal occupation:

	<u>Class of Shares</u>	<u>Average Price Per Share</u>	<u>No. of Shares Now Held</u>	<u>% of Total</u>	<u>No. of Shares Held After Offering if All Securities Sold</u>	<u>% of Total</u>
Name:	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____

Office Street Address:

Telephone:

(__) _____

Principal occupation:

	<u>Class of Shares</u>	<u>Average Price Per Share</u>	<u>No. of Shares Now Held</u>	<u>% of Total</u>	<u>No. of Shares Held After Offering if All Securities Sold</u>	<u>% of Total</u>
--	------------------------	--------------------------------	-------------------------------	-------------------	---	-------------------

Name: _____

Office Street Address:

Telephone:

() _____

Principal occupation:

	<u>Class of Shares</u>	<u>Average Price Per Share</u>	<u>No. of Shares Now Held</u>	<u>% of Total</u>	<u>No. of Shares Held After Offering if All Securities Sold</u>	<u>% of Total</u>
--	------------------------	--------------------------------	-------------------------------	-------------------	---	-------------------

Name: _____

Office Street Address:

Telephone:

() _____

Principal occupation:

38. Number of shares beneficially owned by Officers and Directors as a group:

Before offering: shares _____ (_____ % of total outstanding)

After offering: a) Assuming minimum securities sold: _____ shares (_____ % of total outstanding)

b) Assuming maximum securities sold: _____ shares (_____ % of total outstanding)

(Assume all options exercised and all convertible securities converted.)

MANAGEMENT RELATIONSHIPS, TRANSACTIONS AND REMUNERATION

39. (a) If any of the Officers, Directors, key personnel or principal stockholders are related by blood or marriage, please describe.

(b) If the Company has made loans to or is doing business with any of its Officers, Directors, key personnel or 10% stockholders, or any of their relatives (or any entity controlled directly or indirectly by any of such persons) within the last two years, or proposes to do so within the future, explain. (This includes sales or lease of goods, property or services to or from the Company, employment or stock purchase contracts, etc.) State the principal terms of any significant loans, agreements, leases, financing or other arrangements.

(c) If any of the Company's Officers, Directors, key personnel or 10% stockholders has guaranteed or co-signed any of the Company's bank debt or other obligations, including any indebtedness to be retired from the proceeds of this offering, explain and state the amounts involved.

40. (a) List all remuneration by the Company to Officers, Directors and key personnel for the last fiscal year:

	<u>Cash</u>	<u>Other</u>
Chief Executive Officer	\$ _____	\$ _____
Chief Operating Officer	_____	_____
Chief Financial Officer	_____	_____
Key Personnel: _____	_____	_____
_____	_____	_____
_____	_____	_____
Others: _____	_____	_____
_____	_____	_____
_____	_____	_____
Total:	\$ <u>_____</u>	\$ <u>_____</u>
Directors as a group (number of persons _____)	\$ _____	\$ _____

(b) If remuneration is expected to change or has been unpaid in prior years, explain:

(c) If any employment agreements exist or are contemplated, describe:

41. (a) Number of shares subject to issuance under presently outstanding stock purchase agreements, stock options, warrants or rights: _____ shares (_____ % of total shares to be outstanding after the completion of the offering if all securities sold, assuming exercise of options and conversion of convertible securities). Indicate which have been approved by shareholders. State the expiration dates, exercise prices and other basic terms for these securities:

(b) Number of common shares subject to issuance under existing stock purchase or option plans but not yet covered by outstanding purchase agreements, options or warrants: _____ shares.

(c) Describe the extent to which future stock purchase agreements, stock options, warrants or rights must be approved by shareholders.

42. If the business is highly dependent on the services of certain key personnel, describe any arrangements to assure that these persons will remain with the Company and not compete upon any termination:

Note: After reviewing the above, potential investors should consider whether or not the compensation to management and other key personnel directly or indirectly, is reasonable in view of the present stage

of the Company's development.

LITIGATION

43. Describe any past, pending or threatened litigation or administrative action which has had or may have a material effect upon the Company's business, financial condition, or operations, including any litigation or action involving the Company's Officers, Directors or other key personnel. State the names of the principal parties, the nature and current status of the matters, and amounts involved. Give an evaluation by management or counsel, to the extent feasible, of the merits of the proceedings or litigation and the potential impact on the Company's business, financial condition, or operations.

FEDERAL TAX ASPECTS

44. If the Company is an S corporation under the Internal Revenue Code of 1986, and it is anticipated that any significant tax benefits will be available to investors in this offering, indicate the nature and amount of such anticipated tax benefits and the material risks of their disallowance. Also, state the name, address and telephone number of any tax advisor that has passed upon these tax benefits. Attach any opinion or any description of the tax consequences of an investment in the securities by the tax advisor.

Name of Tax Advisor: _____

Address: _____

Telephone:(____)_____

Note: Potential investors are encouraged to have their own personal tax consultant contact the tax advisor to review details of the tax benefits and the extent that the benefits would be available and advantageous to the particular investor.

MISCELLANEOUS FACTORS

45. Describe any other material factors, either adverse or favorable, that will or could affect the Company or its

business (for example, discuss any defaults under major contracts, any breach of bylaw provisions, etc.) or which are necessary to make any other information in this Disclosure Document not misleading or incomplete.

FINANCIAL STATEMENTS

- 46. Attach reviewed or audited financial statements for the last fiscal year and unaudited financial statements for any interim periods thereafter. If since the beginning of the last fiscal year the Company has acquired another business the assets or net income of which were in excess of 20% of those for the Company, show pro forma combined financial statements as if the acquisition had occurred at the beginning of the Company's last fiscal year.

The Company does hereby agree to provide to investors in this offering for five years (or such longer period as required by law) hereafter annual financial reports containing a balance sheet as of the end of the Company's fiscal year and a statement of income for said fiscal year, all prepared in accordance with generally accepted accounting principles and accompanied by an independent accountant's report. If the Company has more than 100 security holders at the end of the fiscal year, the financial statements shall be audited.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CERTAIN RELEVANT FACTORS

- 47. If the Company's financial statements show losses from operations, explain the causes underlying these losses and what steps the Company has taken or is taking to address these causes.

- 48. Describe any trends in the Company's historical operating results. Indicate any changes now occurring in the underlying economics of the industry or the Company's business which, in the opinion of Management, will have a significant impact (either favorable or adverse) upon the Company's results of operations within the next 12 months, and give a rough estimate of the probable extent of the impact, if possible.

- 49. If the Company sells a product or products and has had significant sales during its last fiscal year, state the existing gross margin (net sales less cost of such sales as presented in accordance with generally accepted accounting principles) as a percentage of sales for the last fiscal year: _____%.
What is the anticipated gross margin for next year of operations? Approximately _____%. If this is expected to change, explain. Also, if reasonably current gross margin figures are available for the industry, indicate these

figures and the source or sources from which they are obtained.

50. Foreign sales as a percent of total sales for last fiscal year: _____%. Domestic government sales as a percent of total domestic sales for last fiscal year: _____%.
Explain the nature of these sales, including any anticipated changes:

SIGNATURES:

A majority of the Directors and the Chief Executive and Financial Officers of the Company shall sign this Disclosure Document on behalf of the Company and by so doing thereby certify that each has made diligent efforts to verify the material accuracy and completeness of the information herein contained. By signing this Disclosure Document, the Chief Executive and Chief Financial Officers agree to make themselves, the Company's books and records, copies of any contract, lease or other document referred to in the Disclosure Document, or any other material contract or lease (including stock options and employee benefit plans), except any proprietary or confidential portions thereof, and a set of the exhibits to this Disclosure Document, available to each investor prior to the time of investment, and to respond to questions and otherwise confirm the information contained herein prior to the making of any investment by such investor.

The Chief Financial Officer signing this form is hereby certifying that the financial statements submitted fairly state the Company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated, all in accordance with generally accepted accounting principles consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Chief Executive Officer:

Directors:

Title: _____

Chief Financial Officer: _____

Title: _____

**SMALL CORPORATE OFFERING
REGISTRATION FORM (Form U-7)
as adopted by NASAA on April 29, 1989**

Instructions For Use of Form U-7
(Not Part of Disclosure Document)

I. Introduction

Form U-7 has been developed pursuant to the Small Business Investment Incentive Act of 1980 (now contained in Section 19 of the Securities Act of 1933) which prescribes State and Federal cooperation in furtherance of the policies expressed in that Act of a substantial reduction in costs and paperwork to diminish the burden of raising investment capital, particularly by small business, and a minimum interference with the business of capital formation.

Form U-7 is the general registration form for corporations registering under state securities laws securities that are exempt from registration with the Securities and Exchange Commission (the "SEC") under Rule 504 of Regulation D. It is designed to be used by Companies, the attorneys and accountants for which are not necessarily specialists in securities regulation.

Historically, state legislatures have generally followed two approaches to the regulation of public offerings of securities such as those made under Form U-7. Some states deal solely with the disclosure made to investors. In addition to disclosure, other states also apply substantive fairness standards to public offerings in order to assure that the terms and structure of the offerings are fair to investors. In particular, those standards are designed to require the promoters of enterprises to share the potential risks and rewards fairly with the public investors. Those standards vary from state to state and as a general rule must be complied with by a Company in order to register its securities in those states.

You may anticipate receiving comments from examiners in many of the states in which Form U-7 registration is sought. Depending upon the regulatory approach taken by the state, those comments may be limited to requests for disclosure of additional information or may also require that certain terms of the offering be modified to comply with the state's substantive fairness criteria. Failure to resolve outstanding comments can lead to denial of an application for registration.

A Company, prior to using Form U-7, may wish to contact the staff of the securities administrator of each state in which the offering is to be filed to review applicable substantive fairness standards. It may be possible to arrange a prefiling conference with the administrator's staff. The states that apply such standards may identify those standards in an appendix to these instructions or may use other means to make them available.

II. Qualification for Use of Form

To be eligible to use Form U-7, a Company must comply with each of the following requirements.

A. The Company must be a corporation organized under the laws of one of the states or possessions of the United States which engages in or proposes to engage in a business other than petroleum exploration or production or mining or other extractive industries. "Blind pool" offerings and other offerings for which the specific business or properties cannot now be described are ineligible to use Form U-7.

B. The securities may be offered and sold only on behalf of the Company, and Form U-7 may not be used by any selling security-holder (including purchasing underwriters in a firm commitment underwriting) to register his securities for resale.

C. The offering price for common stock (and the exercise price, if the securities are options, warrants or rights for, and the conversion price if the securities are convertible into, common stock) must be equal to or greater than

\$5.00 per share. By execution of the application and filing of the U-7 in any state, the Company thereby agrees with the Administrator that the Company will not split its common stock, or declare a stock dividend, for two years after effectiveness of the registration statement; provided, however, that in connection with a subsequent registered public offering, the Company may upon application and consent of the administrator take such action.

D. The Company may engage selling agents to sell the securities. Commissions, fees, or other remuneration for soliciting any prospective purchaser in this state in connection with this offering may only be paid to persons who, if required to be licensed, the Company believes, and has reason to believe, are appropriately licensed in this state.

E. This form shall not be available for the securities of any Company if the Company or any of its Officers, Directors, 10% stockholders, promoters or any selling agents of the securities to be offered, or any officer, director, or partner of such selling agent: (i) has filed a registration statement which is the subject of a currently effective registration stop order entered pursuant to any state's securities law within five years prior to the filing of the application for registration hereunder; (ii) has been convicted within five years prior to the filing of the application for registration hereunder of any felony or misdemeanor in connection with the offer, purchase or sale of any security or any felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud; (iii) is currently subject to any state administrative enforcement order or judgment entered by that state's securities administrator within five years prior to the filing of the application for registration hereunder or is subject to any state's administrative enforcement order or judgment in which fraud or deceit, including but not limited to making untrue statements of material facts and omitting to state material facts, was found and the order or judgment was entered within five years prior to the filing of the application for registration hereunder; (iv) is subject to any state's administrative enforcement order or judgment which prohibits, denies, or revokes the use of any exemption from registration in connection with this offer, purchase, or sale of securities; (v) is currently subject to any order, judgment, or decree of any court of competent jurisdiction temporarily or preliminarily restricting or enjoining, or is subject to any order, judgment or decree of any court of competent jurisdiction, permanently restraining or enjoining, such party from engaging in or continuing any conduct of practice in connection with the purchase or sale of any security or involving the making of any false filing with the state entered within five years prior to the filing of the application for registration hereunder; (vi) the prohibitions of paragraphs (i) - (iii) and (v) above shall not apply if the person subject to the disqualification is duly licensed or registered to conduct securities related business in the state in which the administrative order or judgment was entered against such person or if the broker-dealer employing such party is licensed or registered in this state and the Form B-D filed with this state discloses the order, conviction, judgment, or decree relating to such person. No person disqualified under this subsection may act in a capacity other than that for which the person is licensed or registered; and (vii) any disqualification caused by this section is automatically waived if the state securities administrator or agency of the state which created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances that registration be denied.

If any of the circumstances in clauses (ii), (iii) or (v) of the preceding paragraph has occurred more than five years from the date of the application for registration hereunder, these circumstances should be described in response to Question 45 as a Miscellaneous Factor.

F. Use of the Form is available to any offering of securities by a Company, the aggregate offering price of which within or outside this state shall not exceed \$1,000,000, less the aggregate offering price for all securities sold within the twelve months before the start of, and during the offering of, the securities under SEC Rule 504 in reliance on any exemption under section 3(b) of the Securities Act of 1933 or in violation of section 5(a) of that act. The Form is not available to a Company that is an investment company (including mutual funds) or is subject to the reporting requirements of § 13 or §15(d) of the Securities Exchange Act of 1934.

G. The Company shall file with the SEC a Form D of Regulation D under the Securities Act of 1933 claiming exemption of the offering from registration under such act pursuant to Rule 504. A copy of the Form D with appropriate state signature pages shall be filed with the administrator at the same time as filed with the SEC.

III. General Requirements For Use of Form

A. The Form U-7 when properly filled in, signed and submitted, together with the exhibits scheduled below and a Form U-1 Uniform Application to Register Securities, constitutes an application for registration for the states listed at the bottom of the cover page of the Form. There should be filed with each state there listed a signed original of the Form, together with an executed Form U-1 and a signed original of the consent to service of process constituting Exhibit 7. Any references in the Form U-1 to SEC registration and effectiveness should be disregarded and Questions 6 and 8(a) of the Form U-1 are inapplicable. The Form U-1 should set forth the amount of securities being registered in that state and the method of calculating the filing fee, and there should be enclosed a check for the amount of the filing fee. Each state must separately declare the registration effective by an order to that effect unless that state has some other procedure applicable to registration on Form U-7. Once registration is effective as to a given state, the effective date should be noted at the bottom of the cover page of the Form. Any changed or revised Disclosure Document must also be signed.

B. Each question in each paragraph of the Form should be responded to. If the question or series of questions is inapplicable, so indicate. Each answer should be clearly and concisely stated and in the space provided; however, notwithstanding the specificity of the questions, responses should not involve nominal, immaterial or insignificant information.

C. If the provided space is insufficient, additional space should be created by cutting and pasting the Form to add more lines or by putting the Form on a word processor and adding more lines in this or a similar manner. Irrespective of which method is used, care should be taken to assure that the Form is accurately and completely reproduced. Smaller type size should not be used, and script or italic type styles should be avoided.

D. There must be submitted to the administrator an opinion of an attorney licensed to practice in a state or territory of the United States that the securities to be sold in the offering have been duly authorized and when issued upon payment of the offering price will be legally and validly issued, fully paid and nonassessable and binding on the Company in accordance with their terms.

E. The Disclosure Document on Form U-7 constitutes the offering circular or prospectus and the Form once filled out, filed and declared effective may be reproduced by the Company by copy machine or otherwise for dissemination to potential investors. (The Company is cautioned to control the copying and distribution to preclude inaccurate or unreadable copies from being used and to prevent other unauthorized uses for which the Company may nevertheless be deemed responsible.) These Instructions are not part of the Disclosure Document and should not be included. Reproduced copies should be on white paper and should be stapled or secured in the left margin without a cover of any type.

F. The Company should expect that the office of the administrator may have comments and questions concerning the answers set forth on the Form and that changes may be required to be made to the answers before the registration is declared effective. Comments and questions may either be included in a letter or made by telephone communication initiated by the office of the administrator in response to the filing.

G. No offers or sales may be made in this state until the registration has been declared effective by the administrator. To make offers or sales before the registration is effective could lead to a stop order or other proceeding which would preclude use of the Form in this or any other state and could give rise to a right of rescission by investors enforceable against management, principal stockholders and the selling agents as well as the Company. When the registration has been declared effective in this state, offers and sales may be made in this state even though registration in other states has not been declared effective. This Disclosure Document must be delivered to each investor before the sale is made, e.g. (a) before any order is entered; (b) any subscription agreement is signed; or (c) any part of the purchase price is received. The registration statement will be effective only for the same time period specified in the order of the administrator, which may be different for different states; however, no registration statement shall remain effective in a particular state for a period greater than one year.

H. After the registration has been declared effective, and while the offering is still in progress, if any

portion of the Form should need to be changed or revised because of a material event concerning the Company or the offering to make it accurate and complete, it shall be so changed, revised, or supplemented. If changed, revised or supplemented, (including an addition on the cover page of another state in which the offering has been registered) the Forms so changed, revised or supplemented, clearly marked to show changes from the previously filed version, should be filed and cleared with the administrator of this state before use. If any of the changes or revisions are of such significance that they are material to the making of an investment decision by an investor, and if the minimum proceeds have not been raised, after filing with and clearance by the administrator, the Disclosure Document on this Form as so changed, revised or supplemented should be recirculated to persons in this state that have previously subscribed, and they should be given the opportunity to rescind or reconfirm their investment.

I. Options, warrants and similar rights to purchase securities constitute a continuous offering of the underlying securities during the exercise period and require the securities to be registered and the Disclosure Document to be kept continuously current throughout the exercise period through the use of the above amendment procedure or by means of a supplement, as appropriate. Upon any change, revision or supplement to the Disclosure Document, a copy must be promptly furnished to the holders of options, warrants and similar rights.

J. Any and all supplemental selling literature or advertisements announcing the offering should be filed by the Company and cleared with the securities administrator of each state prior to publication or circulation within that state. An announcement should not be a sales motivation device and should normally contain no more than the following: (1) the name of the Company, (2) characterization of the Company as indicated on the Cover Page of the Disclosure Document, (3) address and telephone number of the Company, (4) a brief indication in ten words or less of the Company's business or proposed business, (5) the number and type of securities offered and the offering price per security, (6) the name, address and telephone number of any selling agent authorized to sell the securities, (7) a statement that the announcement does not constitute an offer to sell or solicitation of an offer to purchase and that any such offer must be made by official Disclosure Document, (8) how a copy of the Disclosure Document may be obtained, and (9) the Company's corporate logo. Clip and return coupons requesting a copy of the Disclosure Document are permitted in printed announcements. (For example, an announcement in "tombstone" format with a black-lined border and using the following language would ordinarily be acceptable: "50,000 shares, common stock; \$5 per share; (Logo) XYZ Corporation, a development stage database computer software company now conducting operations; Midtown, Ohio; Selling agent: ABC Securities, 1234 Main Street, Midtown, Ohio, (321) 123-4567; This announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities, which offer may be made only by means of an official Disclosure Document; A copy of the Disclosure Document may be obtained by contacting the selling agent at the above address and telephone number." Similarly, a classified advertisement using the following language would ordinarily be acceptable: "Common stock of XYZ Corporation, a development stage database computer software company now conducting operations, Midtown, Ohio. Price \$5 per share. Total offering 50,000 shares. This announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities, which offer may be made only by means of an official Disclosure Document. A copy of the Disclosure Document may be obtained by contacting the Company, Industrial Park, Suite 12B, 456 Mill Road, Midtown, Ohio, (321) 321-4321.")

The issuance of any but routine press releases or the granting of interviews to news media during, or at about the same time of, an offering could constitute indirect advertising, which if not precleared with the securities administrator would be prohibited. Any unusual news article or news program featuring the Company during this period, particularly if present or future earnings, or the pending offering, are mentioned, could delay or cause suspension of the effectiveness of the registration and disrupt the offering. Consequently any such news article or news program, no matter by whom it may be initiated, should generally be discouraged during this period.

IV. Instructions as to Specific Captions and Questions

BE VERY CAREFUL AND PRECISE IN ANSWERING ALL QUESTIONS. GIVE FULL AND COMPLETE ANSWERS SO THAT THEY ARE NOT MISLEADING UNDER THE CIRCUMSTANCES INVOLVED. DO NOT DISCUSS ANY FUTURE PERFORMANCE OR OTHER ANTICIPATED EVENT UNLESS YOU HAVE A REASONABLE BASIS TO BELIEVE THAT IT WILL ACTUALLY OCCUR WITHIN THE FORESEEABLE FUTURE. IF ANY ANSWER REQUIRING SIGNIFICANT INFORMATION IS MATERIALLY INACCURATE, INCOMPLETE OR MISLEADING, THE COMPANY,

ITS MANAGEMENT AND PRINCIPAL STOCKHOLDERS MAY HAVE LIABILITY TO INVESTORS. THE SELLING AGENTS SHOULD EXERCISE APPROPRIATE DILIGENCE TO DETERMINE THAT NO SUCH INACCURACY OR INCOMPLETENESS HAS OCCURRED, OR THEY ALSO MAY BE LIABLE.

A. CoverPage. The Cover Page of the Disclosure Document is a summary of certain essential information and should be kept on one page if at all possible. For purposes of characterizing the Company on the cover page, the term "development stage" has the same meaning as that set forth in Statement of Financial Accounting Standards No. 7 (June 1, 1975).

B. RiskFactors. The Company should avoid generalized statements and include only those factors which are unique to the Company. No specific number of risk factors is required to be identified. If more than 16 significant risk factors exist, add additional lines and number as appropriate. Risk factors may be due to such matters as cash flow and liquidity problems, inexperience of management in managing a business in the particular industry, dependence of the Company on an unproven product, absence of an existing market for the product (even though management may believe a need exists), absence of an operating history of the Company, absence of profitable operations in recent periods, an erratic financial history, the financial position of the Company, the nature of the business in which the Company is engaged or proposes to engage, conflicts of interest with management, arbitrary establishment of offering price, reliance on the efforts of a single individual, or absence of a trading market if a trading market is not expected to develop. Cross references should be made to the Questions where details of the risks are described.

C. Business and Properties. The inquiries under Business and Properties elicit information concerning the nature of the business of the Company and its properties. Make clear what aspects of the business are presently in operation and what aspects are planned to be in operation in the future. The description of principal properties should provide information which will reasonably inform investors as to the suitability, adequacy, productive capacity and extent of utilization of the facilities used in the enterprise. Detailed descriptions of the physical characteristics of the individual properties or legal descriptions by metes and bounds are not required and should not be given.

As to Question 4, if more than five events or milestones exist, add additional lines as necessary. A "milestone" is a significant point in the Company's development or an obstacle which the company must overcome in order to become profitable.

D. Offering Price Factors. Financial information in response to Questions 5, 6 and 7 should be consistent with the Financial Statements. Earnings per share for purposes of Question 5 should be calculated by dividing earnings for the last fiscal year by the weighted average of outstanding shares during that year. No calculations should be shown for periods of less than one year or if earnings are negative or nominal. For purposes of Question 8, the "offering price" of any options, warrants or rights or convertible securities in the offering is the respective exercise or conversion price.

E. Use of Proceeds. Use of net proceeds should be stated with a high degree of specificity. Suggested (but not mandatory) categories are: leases, rent, utilities, payroll (by position or type), purchase or lease of specific items of equipment or inventory, payment of notes, accounts payable, etc., marketing or advertising costs, taxes, consulting fees, permits, professional fees, insurance and supplies. Categories will vary depending on the Company's plans. Use of footnotes or other explanation is recommended where appropriate. Footnotes should be used to indicate those items of offering expenses that are estimates. Set forth in separate categories all payments which will be made immediately to the Company's executive officers, directors and promoters, indicating by footnote that these payments will be so made to such persons. If a substantial amount is allocated to working capital, set forth separate sub-categories for use of the funds in the Company's business.

If any substantial portion of the proceeds has not been allocated for particular purposes, a statement to that effect as one of the Use of Net Proceeds categories should be included together with a statement of the amount of proceeds not so allocated and a footnote explaining how the Company expects to employ such funds not so allocated.

F. Plan of Distribution. In Question 26 if the proposed business of the Company requires a minimum amount of proceeds to commence, or to proceed with, the business in the manner proposed, there shall be established an escrow with a bank or savings and loan association or other similar depository institution acting as independent

escrow agent with which shall be immediately deposited all proceeds received from investors until the minimum amount of proceeds has been raised. Any failure to deposit funds promptly into the escrow shall be grounds for enforcement proceedings against the persons involved. The date at which the funds will be returned by the escrow agent if the minimum proceeds are not raised shall not be later than one year from the date of effectiveness of the registration in this state.

G. Capitalization. Capitalization should be shown as of a date no earlier than that of the most recent Financial Statements provided pursuant to Question 46. If the Company has mandatory redeemable preferred stock, include the amount thereof in "long term debt" and so indicate by footnote to that category in the capitalization table.

H. Officers and Key Personnel of the Company. The term "Chief Executive Officer" means the officer of the Company who has been delegated final authority by the board of directors to direct all aspects of the Company's affairs. The term "Chief Operating Officer" means the officer in charge of the actual day-to-day operations of the Company's business. The term "Chief Financial Officer" means the officer having accounting skills who is primarily in charge of assuring that the Company's financial books and records are properly kept and maintained and financial statements prepared.

The term "key personnel" means persons such as vice presidents, production managers, sales managers, or research scientists and similar persons, who are not included above, but who make or are expected to make significant contributions to the business of the Company, whether as employees, independent contractors, consultants or otherwise.

I. Principal Stockholders. If shares are held by family members, through corporations or partnerships, or otherwise in a manner that would allow a person to direct or control the voting of the shares (or share in such direction or control - as, for example, a co-trustee) they should be included as being "beneficially owned." An explanation of these circumstances should be set forth in a footnote to the "Number of Shares Now Held."

J. Management Relationships, Transactions and Remuneration. For purposes of Question 39(b), a person directly or indirectly controls an entity if he is part of the group that directs or is able to direct the entity's activities or affairs. A person is presumptively a member of a control group if he is an officer, director, general partner, trustee or beneficial owner of a 10% or greater interest in the entity. In Question 40, the term "Cash" should indicate salary, bonus, consulting fees, non-accountable expense accounts and the like. The column captioned "Other" should include the value of any options or securities given, any annuity, pension or retirement benefits, bonus or profit-sharing plans, and personal benefits (club memberships, company cars, insurance benefits not generally available to employees, etc.). The nature of these benefits should be explained in a footnote to this column.

K. Financial Statements. Attach to the Disclosure Document for the Company and its consolidated subsidiaries, a balance sheet as of the end of the most recent fiscal year. If the Company has been in existence for less than one fiscal year, attach a balance sheet as of the date within 135 days of the date of filing the registration statement. If the first effective date of state registration, as set forth on the Cover Page of this Disclosure Document, is within 45 days after the end of the Company's fiscal year and financial statements for the most recent fiscal year are not available, the balance sheet may be as of the end of the preceding fiscal year and there shall be included an additional balance sheet as of an interim date at least as current as the end of the Company's third fiscal quarter of the most recently completed fiscal year. Also attach, for the Company and its consolidated subsidiaries and for its predecessors, statements of income and cash flows and statements of changes in stockholders' equity for the last fiscal year preceding the date of the most recent balance sheet being attached, or such shorter period as the Company (including predecessors) has been in existence. In addition, for any interim period between the latest reviewed or audited balance sheet and the date of the most recent interim balance sheet being attached, provide statements of income and cash flows. Financial statements shall be prepared in accordance with generally accepted accounting principles. If the Company has not conducted significant operations, statements of receipts and disbursements shall be included in lieu of statements of income. Interim financial statements may be unaudited. All other financial statements shall be audited by independent certified public accountants; provided, however, that if each of the following four conditions are met, such financial statements in lieu of being audited may be reviewed by independent certified public accountants in accordance with the Accounting and Review Service Standards promulgated by the American Institute of Certified Public Accountants: (a)

the Company shall not have previously sold securities by means of an offering involving the general solicitation of prospective investors by means of advertising, mass mailings, public meetings, "cold call" telephone solicitation or any other method directed toward the public, (b) the Company has not been previously required under federal or state securities laws to provide audited financial statements in connection with any sale of its securities, (c) the aggregate amount of all previous sales of securities by the Company (exclusive of debt financings with banks and similar commercial lenders) shall not exceed \$1,000,000, and (d) the amount of the present offering does not exceed \$500,000.

If since the beginning of its last fiscal year the Company has acquired another business, provide a pro forma combined balance sheet as of the end of the fiscal year, and a pro forma combined statement of income as if the acquisition had occurred at the beginning of the Company's last fiscal year, if any of the following exists: (a) the investments in and advances to the acquired business by the Company and its subsidiaries' (other than the acquired business) exceeds 20% of the Company's assets on its consolidated balance sheet at the end of the Company's last fiscal year, (b) the Company's and its subsidiaries (other than the acquired business') proportionate share of the total assets (after intercompany eliminations) of the acquired business exceeds 20% of the assets on the consolidated balance sheet, or (c) the Company's and its subsidiaries' (other than the acquired business') equity in income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle, of the acquired business exceeds 20% of such income of the Company and its consolidated subsidiaries for the Company's last fiscal year.

The financial statements should reflect all stock splits (including reverse stock splits), stock dividends and recapitalizations even if they have occurred since the date of the financial statements.

V. **Exhibits**

There shall be filed with the Administrator at the same time as the filing of the Form U-7 copies of each of the following documents to the extent applicable as exhibits to which the Administrator may refer in reviewing the Form U-7 and which will be available for public inspection by any person upon request.

1. Form of Selling Agency Agreement.
 2. Company's Articles of Incorporation or other Charter documents and all amendments thereto.
 3. Company's By-Laws, as amended to date.
 4. Copy of any resolutions by directors setting forth terms and provisions of capital stock to be issued.
 5. Any indenture, form of note or other contractual provision containing terms of notes or other debt, of options, warrants or rights to be offered.
- or
6. Specimen of security to be offered (including any legend restricting resale).
 7. Consent to service of process (Form U-2) accompanied by appropriate corporate resolution (Form U-2A).
 8. Copy of all advertising or other materials directed to or to be furnished investors in the offering.
 9. Form of escrow agreement for escrow of proceeds.
 10. Consent to inclusion in Disclosure Document of Accountant's report.
 11. Consent to inclusion in Disclosure Document of Tax Advisor's opinion or description of tax consequences.

12. Consent to inclusion in Disclosure Document of any evaluation of litigation or administrative action by counsel.
13. Form of any Subscription Agreement for the purchase of securities in this offering.
14. Opinion of Counsel required in paragraph III. D. of these Instructions.
15. Schedule of residence street addresses of Officers, Directors and principal stockholders.
16. Work Sheets showing computations of responses to Questions 6, 7(a), 8(a), 8(b) and 17(b), using forms attached to these Instructions.