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HRO Alert

The Sarbanes-Oxley Act of 2002

FOR YOUR IMMEDIATE ATTENTION

Accelerated Filing Deadline for Forms 4

As we advised you in a Client Alert sent earlier this month, the recently enacted Sarbanes-Oxley Act (the "SO Act") will accelerate the Form 4 filing deadline to the second business day following execution of a transaction in a company's stock, **effective Thursday, August 29, 2002**. The SEC has indicated that it does not plan to continue to allow deferred reporting of transactions — including stock option grants — that previously were eligible for deferred Form 5 reporting under Rule 16b-3. These changes will require directors and officers to file Forms 4 more often and on a much shorter timetable.

EDGAR Filing of Forms 4

Although electronic filing of Forms 4 on the Edgar system is not currently required, Edgar filing will allow the maximum time for directors, officers and 10% holders to complete and file their Forms 4 in a timely manner. **To file Forms 4 electronically, each filing person will be required to obtain his or her own Edgar filing codes. This is done by filing a brief form, called a Form ID, with the SEC.** The filing can be made by fax, and expedited turnaround may be requested. **We encourage all companies to recommend that its directors, officers and 10% holders obtain their own Edgar filing codes as soon as possible.**

Because the SO Act requires the SEC to implement mandatory Edgar filing of Forms 4 by July 30, 2003, obtaining Edgar codes will eventually become necessary. The SO Act's accelerated filing deadline makes voluntary Edgar filing the best option now. In addition, it may be advantageous for filing persons to grant powers of attorney to help ensure that someone is available to sign Forms 4 on a timely basis.

New Section 16 Rules Are Coming

The SEC plans to adopt new Section 16 reporting rules and exemptions on or before August 29, 2002. We will be issuing an additional Client Alert summarizing the new rules once they are adopted.

How HRO Can Help

If you would like to discuss accelerated Form 4 reporting, Edgar filing procedures and how these changes will impact your company and its practices, we encourage you to contact any of the persons listed. We are available to provide and assist in preparing Form IDs for your directors and officers. We will also be happy to draft or review memoranda to your company's directors and officers explaining the new filing requirements, recommending Edgar filing of Section 16 reports and detailing the procedures for Edgar filings.

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