

MEMORANDUM

January 16, 2003

TO: Clients and Friends
FROM: Holland & Hart LLP Corporate Finance Group
RE: Sarbanes-Oxley Act of 2002 Update

On January 15, 2003 the Securities and Exchange Commission (the "SEC" or "Commission") approved the adoption of rules implementing parts of the Sarbanes-Oxley Act of 2002 on five subjects. These newly adopted rules concern the following and apply to public companies.

1. ***Non-GAAP Financial Information.*** The SEC has adopted Regulation G which applies to public disclosures of non-GAAP financial measures. Untrue statements or misleading omissions in the presentation of non-GAAP financial measures are prohibited, and companies are required to quantitatively reconcile the differences between the non-GAAP financial measure and the comparable GAAP information. There is a limited exception for foreign private issuers.

2. ***Filing Earnings Releases.*** Form 8-K has been amended to require companies to furnish on that form releases or announcements disclosing material non-public financial information about completed annual or quarterly periods.

The new rules described in (1) and (2) relating to the disclosure of financial information are effective 60 days from the date of their publication in the Federal Register.

3. ***Insider Trading During Pension Fund Blackout Periods.*** The SEC has adopted a new Regulation Blackout Trading Restriction. Directors and executive officers are prohibited from purchasing, selling or otherwise transferring certain issuer equity securities during pension plan blackout periods. The new rules regarding restrictions during a pension plan blackout period are effective on January 26, 2003.

4. ***Financial Experts.*** A public company must disclose whether the company has an "audit committee financial expert" serving on its audit committee. The definition of such an expert seems to have been broadened and includes a person with experience actively supervising a principal financial officer, principal accounting officer, public accountant or others.

5. ***Code of Ethics.*** Each public company must disclose whether it has adopted a code of ethics for its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. A copy of an adopted code must be made available to the public.

The new rules regarding the disclosure of the company's "audit committee financial expert" and the code of ethics are effective 30 days from the date of their publication in the Federal Register. Companies will be required to provide these two new disclosures in annual reports for fiscal years ending on or after July 15, 2003. Small business issuers will be required to provide the new audit committee financial expert disclosure in annual reports for fiscal years ending on or after December 15, 2003.

Holland & Hart LLP is prepared to assist your company with drafting a code of ethics or conduct, as well as work with you in complying with SEC regulations implementing the Sarbanes-Oxley Act and with rules of stock exchanges and Nasdaq.

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