

## **EMAGIN CORPORATION**

### **PROCEDURES FOR SELLING RESTRICTED AND CONTROL SECURITIES**

#### **What Are Restricted and Control Securities?**

Restricted securities are securities acquired in unregistered, private sales from a company or from an affiliate of a company. Investors typically receive restricted securities through private placement offerings, Regulation D offerings, employee stock benefit plans, as compensation for professional services, or in exchange for providing start-up capital to a company.

Control securities are those held by an affiliate of the issuing company. If you buy securities from a controlling person or “affiliate,” you take restricted securities, even if they were not restricted in the affiliate’s hands.

If you acquire restricted securities, you almost always will receive a certificate stamped with a “restricted” legend. The legend indicates that the securities may not be resold in the marketplace unless they are registered with the SEC or are exempt from the registration requirements.

#### **How Do I Remove a Restricted Legend From My Stock Certificates?**

In order to remove a restrictive legend from a stock certificate, our legal counsel must provide an “Opinion of Counsel.” A broker’s representation letter and the paperwork described below must be sent to our legal counsel before an opinion of counsel can be issued. The opinion of counsel and the restricted stock certificate must be sent to our transfer agent, Continental Stock Transfer & Trust Company, so that new certificates can be issued. This process may take a few weeks so please plan accordingly.

Note that most brokerage firms will help you complete the necessary steps in selling your restricted or control securities. Therefore, you should contact your brokerage firm regarding your proposed sale. If your brokerage firm does not help you complete the necessary steps, you may contact the Restricted Securities Department of Sichenzia Ross Friedman Ference LLP at 212-930-9725.

#### **What Paperwork is Required For Effecting Transactions in Control and Restricted Stocks?**

##### **Rule 144:**

- Applies to affiliates or non-affiliates
- Must be beneficial owner for at least one year
- Affiliates must have an “open window” to sell

- Must comply with volume limitations – 1% of the outstanding shares or the average of the last 4 weeks trading volume, whichever is greater
- Can only clear restrictions from the stock currently being sold

**Required paperwork signed by the shareholder:**

- Form 144
- 144 Seller’s Representation Letter
- Stock power (if certificate is not signed)

**Rule 144(k):**

- Applies to non-affiliates ONLY (or former affiliates that have not been with the company subject to insider information for 3+ months)
- Must be the beneficial owner for at least two years

**Required paperwork signed by the shareholder:**

- 144(K) Seller’s Representation Letter (if shareholder intends to sell)
- Request to remove Legends Letter (if shareholder wants to have restrictions lifted without selling)
- Stock power (if certificate is not signed)

**Prospectus (S-1, SB-2, S-3, or S-8):**

- Applies to affiliates or non-affiliates
- For registration, under the Securities Act of 1933, of securities of certain shareholders of the company

**Required paperwork signed by the shareholder:**

- Current company prospectus must be supplied to “buyer”
- Certification of prospectus delivery
- Stock power (if certificate is not signed)

**Control Stock:**

- Applies to shareholders who directly or indirectly control a corporation
- Shareholders owning 10% or more of the company’s stock

**Required paperwork signed by the shareholder:**

- Form 144
- 144 Seller’s Representation Letter
- Stock power (if certificate is not signed)