TIME WARNER INC.
Form 8-K
March 13, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): March 12, 2009

TIME WARNER INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	1-15062	13-4099534
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Time Warner Center, New York, New York 10019
(Address of Principal Executive Offices) (Zip Code)

212-484-8000
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets.

At 8:00 p.m. on March 12, 2009 (the “Distribution Record Date”), Time Warner Inc. (“Time Warner” or the “Company”), disposed of all 300,333,333 shares of Time Warner Cable Inc. (“TWC”) common stock, par value $.01 per share (“TWC Common Stock”), then held by it. The disposition was made pursuant to a separation agreement entered into on May 20, 2008, (previously filed on May 27, 2008) among Time Warner, TWC and certain of their subsidiaries (the “Separation Agreement”) for the purpose of achieving the legal and structural separation of TWC from Time Warner (the “Separation”).

Pursuant to the Separation Agreement, Time Warner announced on February 19, 2009 that it elected to complete the Separation as a pro rata dividend of all shares of TWC Common Stock held by Time Warner in a spin-off (the “Distribution”) to Time Warner stockholders. As previously reported, Time Warner issued a press release on February 26, 2009 announcing that its Board of Directors approved the Distribution to its stockholders of record on the Distribution Record Date (the “Eligible Holders”).

On March 12, 2009 and prior to the Distribution Record Date, TWC, in accordance with the terms of the Separation Agreement, paid a special cash dividend of $10.27 per share to all holders of TWC Class A Common Stock and TWC Class B Common Stock as of the close of business on March 11, 2009 (aggregating $10.855 billion) (the “Special Dividend”) that resulted in the receipt by Time Warner of approximately $9.25 billion. On March 12, 2009, after the receipt by Time Warner of its pro rata share of the Special Dividend and prior to the Distribution Record Date, TWC filed its second amended and restated certificate of incorporation with the Secretary of State of the State of Delaware, pursuant to which, among other things, each outstanding share of TWC Class A Common Stock and TWC Class B Common Stock was automatically converted into one share of TWC Common Stock. In addition, on March 12, 2009, after filing its second amended and restated certificate of incorporation and prior to the Distribution Record Date, TWC filed an amendment to its second amended and restated certificate of incorporation to effect a 1-for-3 reverse stock split of the outstanding and treasury shares of TWC Common Stock.

Pursuant to the terms of the Separation Agreement, concurrently with the receipt of its pro rata share of the Special Dividend on March 12, 2009, Time Warner deposited the shares of TWC Class A Common Stock and TWC Class B Common Stock that it then held with Computershare Inc. to be held (i) for the benefit of Time Warner until the Distribution Record Date and (ii) thereafter, for the benefit of the Eligible Holders until March 27, 2009, at which time the shares of TWC Common Stock will be distributed to the Eligible Holders. As described above, while on deposit with Computershare Inc., the TWC Class A Common Stock and TWC Class B Common Stock were automatically converted into TWC Common Stock, and, as a result of the reverse stock split, Time Warner’s ownership of 901 million shares of TWC Common Stock was proportionally reduced to 300,333,333 shares of TWC Common Stock. Fractional shares of TWC Common Stock will not be distributed to the Eligible Holders. Instead, the fractional shares of TWC Common Stock will be aggregated and sold in the open market, with the net proceeds distributed pro rata in the form of cash payments to Eligible Holders who would otherwise be entitled to fractional shares of TWC Common Stock. Time Warner has received a private letter ruling from the U.S. Internal Revenue Service and an opinion of counsel stating that the Distribution generally qualifies as a tax-free distribution under U.S. Federal income tax law, except with respect to cash received in lieu of fractional shares of TWC Common Stock.

After the Distribution Record Date, Time Warner does not beneficially own any shares of TWC Common Stock and, following such date, will not consolidate TWC’s financial results for the purpose of its own financial reporting. The unaudited pro forma consolidated financial information of Time Warner (reflecting the Separation, among other things) and related notes thereto are filed as Exhibit 99.1 to this Current Report on Form 8-K.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

In order to fund the Special Dividend described in Item 2.01, on March 12, 2009, TWC borrowed (i) the full committed amount of $1.932 billion under the TWC Bridge Facility (as defined below), all of which was used to pay a portion of the Special Dividend, and (ii) $3.7 billion under the TWC Revolving Facility (as defined below), of which approximately $3.3 billion was used to pay a portion of the Special Dividend and approximately $0.4 billion of which TWC intends to use for general corporate purposes. TWC funded the remainder of the Special Dividend by using approximately $5.6 billion of cash on hand.

As previously reported, on June 30, 2008 in connection with its entry into the Separation Agreement, TWC entered into an unsecured credit agreement (the “Bridge Credit Agreement”) for a $9.0 billion term loan facility with an initial maturity date that is 364 days after the borrowing date (the “TWC Bridge Facility”). As a result of TWC’s issuance of a total of $7.0 billion in aggregate principal amount of senior unsecured notes and debentures in two underwritten public offerings completed on June 19, 2008 and November 18, 2008, the original commitments of the TWC lenders under the TWC Bridge Facility were reduced to $2.070 billion, as described in the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on November 13, 2008. The commitments of the lenders under the TWC Bridge Facility were further reduced to $1.932 billion by an amendment to the Bridge Credit Agreement entered into on March 2, 2009 among TWC, Deutsche Bank AG New York Branch, as Administrative Agent, Lehman Brothers Commercial Bank (“LBCB”) and various lenders that terminated the commitment of LBCB in exchange for a partial refund of fees previously paid by TWC to LBCB.

In addition, as previously reported, on February 15, 2006, TWC entered into a senior unsecured credit agreement (the “Revolving Facility Credit Agreement”) for a $6.0 billion revolving credit facility with a maturity date of February 15, 2011 (the “TWC Revolving Facility”). The commitments of the lenders under the TWC Revolving Facility were reduced to $5.875 billion by an amendment to the Revolving Facility Credit Agreement entered into on March 3, 2009 among TWC, Bank of America, N.A., as Administrative Agent, Lehman Brothers Bank, FSB (“LBB”) and various lenders that terminated the commitment of LBB in exchange for a waiver of certain fees payable by TWC to LBB.

For a brief description of the material terms and conditions of the Bridge Credit Agreement and the Revolving Facility Credit Agreement reference is made to Note 7 to the consolidated financial statements for the year ended December 31, 2008 included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008, which is hereby incorporated by reference into this Item 2.03. Such description is further amended by the disclosure set forth in this Item 2.03.

Caution Concerning Forward-Looking Statements

This Current Report on Form 8-K includes certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, but are not limited to, statements about the plans, objectives, expectations and intentions of Time Warner, including the benefits of the Separation and other related transactions involving Time Warner and TWC and their subsidiaries, and other statements that are not historical facts. These statements are based on the current expectations and beliefs of Time Warner’s management, and are subject to uncertainty and changes in circumstances. Time Warner cautions readers that any forward-looking information is not a guarantee of future performance and that actual results may vary materially from those expressed or implied by the statements herein, due to changes in economic, business, competitive, technological, strategic or other regulatory factors, as well as factors affecting the operation of the businesses of Time Warner and TWC. More detailed information about certain of these and other factors may be found in filings by Time Warner with the SEC, including its most recent Annual Report on Form 10-K in the sections entitled “Caution Concerning Forward-Looking Statements” and “Risk Factors”. Various factors could cause actual results to differ from those set forth in the forward-looking statements including, without limitation, the risk that the anticipated benefits from the transactions may not be fully realized or may take longer to realize than expected. Time Warner is under no obligation to, and expressly disclaims any obligation to, update or alter the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information

The unaudited pro forma consolidated balance sheet dated as of December 31, 2008, and unaudited pro forma consolidated statements of operations of Time Warner for the years ended December 31, 2008, 2007 and 2006 are filed as Exhibit 99.1 to this Current Report on Form 8-K.

(d) Exhibits

Exhibit	Description
99.1	Unaudited pro forma consolidated balance sheet dated as of December 31, 2008, and unaudited pro forma consolidated statements of operations of Time Warner for the years ended December 31, 2008, 2007 and 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TIME WARNER INC.

By:	/s/ Pascal Desroches	
	Name:	Pascal Desroches
	Title:	Senior Vice President and Controller

Date: March 13, 2009

EXHIBIT INDEX

Exhibit	Description
99.1	Unaudited pro forma consolidated balance sheet dated as of December 31, 2008, and unaudited pro forma consolidated statements of operations of Time Warner for the years ended December 31, 2008, 2007 and 2006.

TYLE="white-space:nowrap">10-K for the year ended December 31, 2017 under Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations.

Financial Condition

Overview:	March 31, 2018	December 31, 2017	Decrease	% Decrease
Total assets	$ 39,433,555	$ 40,133,913	($700,358)	(1.7%)
Total liabilities	8,035,283	8,215,228	(179,945)	(2.2%)
Net assets	$ 31,398,272	$ 31,918,685	($520,413)	(1.6%)

Net asset value per share (NAV) was $4.97 at March 31, 2018 and $5.05 at December 31, 2017.

Our gross outstanding SBA debentures at March 31, 2018 were $8,000,000 and will mature from 2022 through 2025. Cash approximated 18% of net assets at March 31, 2018 as compared to 20% at December 31, 2017.

Composition of Our Investment Portfolio

Our financial condition is dependent on the success of our portfolio holdings. We have invested substantially all of our assets in small to medium-sized companies. The following summarizes our investment portfolio at the dates indicated.

	March 31, 2018	December 31, 2017	Increase (Decrease)	% Increase (Decrease)
Investments, at cost	$ 37,086,969	$ 36,689,319	$ 397,650	1.1%
Unrealized depreciation, net	(4,856,746)	(4,405,257)	(451,489)	(10.2%)
Investments at fair value	$ 32,230,223	$ 32,284,062	($53,839)	(0.2%)

Our total investments at fair value, as estimated by management and approved by our Board of Directors, approximated 103% of net assets at March 31, 2018 versus 101% of net assets at December 31, 2017.

The change in investments during the three months ended March 31, 2018, at cost, is comprised of the following:

	Cost Increase (Decrease)
New investments:	
SciAps, Inc. (Sciaps)	$ 250,000
Centivo Corporation (Centivo)	200,000
Total of new investments	450,000
Other changes to investments:	
Genicon Inc. (Genicon) OID amortization	9,080
Microcision LLC (Microcision) interest conversion	4,786
GoNoodle, Inc. (GoNoodle) interest conversion	2,573
Centivo interest conversion	1,342
Total of other changes to investments	17,781

Investments repaid, sold or liquidated:		
Knoa Software Inc. (Knoa) repayment		(48,466)
Empire Genomics, LLC (Empire Genomics) repayment		(21,665)
Total of investments repaid, sold or liquidated		(70,131)
Net change in investments, at cost	**$**	**397,650**

36

Results of Operations

Our principal investment objective is to achieve long-term capital appreciation on our equity investments while maintaining a current cash flow from our debenture and pass-through equity instruments to fund expenses. Therefore, we invest in a variety of financial instruments to provide a current return on a portion of the investment portfolio.

Comparison of the three months ended March 31, 2018 to the three months ended March 31, 2017

Investment Income

	Three months ended March 31, 2018	Three months ended March 31, 2017	Increase (Decrease)	% Increase (Decrease)
Interest from portfolio companies	$ 297,348	$ 246,091	$ 51,257	20.8%
Interest from other investments	5,110	10,975	(5,865)	(53.4%)
Dividend and other investment income	54,165	64,885	(10,720)	(16.5%
Fee income	6,186	6,686	(500)	(7.5%)
Total investment income	$ 362,809	$ 328,637	$ 34,172	10.4%

Interest from portfolio companies Interest from portfolio companies was 21% higher during the three months ended March 31, 2018 versus the same period in 2017 due to the fact that we have originated more income-producing debt investments in the last year. These new debt instruments were originated from Genicon Inc. (Genicon) and eHealth Global Technologies, Inc. and several other portfolio companies.

The following investments are on non-accrual status: G-TEC Natural Gas Systems (G-Tec), First Wave Products Group, LLC (First Wave), OnCore Golf Technology, Inc. (Oncore) and a portion of the Empire Genomics, LLC (Empire Genomics) and Mercantile Adjustment Bureau, LLC (Mercantile) outstanding loan balance.

Interest from other investments The decrease in interest from other investments is primarily due to lower average cash balances during the three months ended March 31, 2018 versus the same period in 2017.

Dividend and other investment income Dividend income is comprised of cash distributions from limited liability companies (LLCs) and corporations in which we have invested. Our investment agreements with certain LLCs require those LLCs to distribute funds to us for payment of income taxes on our allocable share of the LLC s profits. These portfolio companies may also elect to make additional discretionary distributions. Dividend income will fluctuate based upon the profitability of these LLCs and corporations and the timing of the distributions or the impact of new investments or divestitures. The dividend distributions for the respective periods were:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Carolina Skiff LLC (Carolina Skiff)	$ 41,095	$ 57,373
Tilson Technology Management, Inc. (Tilson)	9,688	5,000
Empire Genomics LLC (Empire Genomics)	3,382	2,512

Total dividend and other investment income	$	54,165	$	64,885

Fee income Fee income consists of the revenue associated with the amortization of financing fees charged to the portfolio companies upon successful closing of SBIC financings and income from portfolio company board attendance fees. The financing fees are amortized ratably over the life of the instrument associated with the fees. The unamortized fees are carried on the balance sheet under the line item Deferred revenue.

37

The income associated with the amortization of financing fees was $5,186 and $6,686 for the three months ended March 31, 2018 and 2017, respectively. The income from board fees was $1,000 and $0 for the three months ended March 31, 2018 and 2017, respectively.

Expenses

	Three months ended March 31, 2018	Three months ended March 31, 2017	Increase	% Increase
Total expenses	$ 588,564	$ 516,409	$ 72,155	14.0%

Expenses predominately consist of interest expense on outstanding SBA borrowings, compensation expense, and general and administrative expenses, including stockholder and office operating expenses and professional fees.

The increase in expenses during the three months ended March 31, 2018 versus the same period in 2017 was primarily caused by a 21% increase in professional fees. Professional fees were higher because we incurred additional expenses in connection with implementing our long-term growth strategy. These expenses included external legal, tax consulting and other advisory expenses to support refinement of our strategy, which involved assessing options relative to the complex regulatory environment in which we operate. In addition, for the three months ended March 31, 2018 there was a $45,900 charge to bad debt expense while there was no bad debt expense for the three months ended March 31, 2017.

Decrease in Unrealized Depreciation or Appreciation of Investments

	Three months ended March 31, 2018	Three months ended March 31, 2017	Decrease
Decrease in unrealized depreciation or appreciation before income taxes	($451,489)	($380,644)	($70,845)

The decrease in unrealized depreciation, before income taxes, for the three months ended March 31, 2018 was comprised of the following:

	Three months ended March 31, 2018
First Wave Products Group (First Wave)	($250,000)
Empire Genomics, LLC (Empire Genomics)	(201,489)
Total decrease in net unrealized depreciation of investments before income taxes during the three months ended March 31, 2018	($451,489)

Our valuation of First Wave was decreased to reflect an anticipated round of financing expected to be completed by First Wave in the second quarter of 2018.

The valuation of our investment in Empire Genomics was decreased after we reviewed the portfolio company s operations and current and projected financial condition and determined that a valuation adjustment reflecting prior capitalized interest was necessary.

The decrease in unrealized depreciation, before income taxes, for the three months ended March 31, 2017 was comprised of the following:

	Three months ended March 31, 2017
City Dining Cards, Inc. (Loupe)	($250,000)
Mercantile Adjustment Bureau, LLC (Mercantile)	($250,000)
ACV Auctions, Inc. (ACV)	119,356
Total decrease in net unrealized depreciation of investments before income taxes during the three months ended March 31, 2017	($380,644)

38

The valuation of our investments in Loupe and Mercantile were each decreased after we reviewed each portfolio company and its financial condition and determined that a valuation adjustment was necessary.

In accordance with our valuation policy, we increased the value of our investment in ACV based on a significant equity financing by a new non-strategic outside entity. This new financing used a higher valuation for ACV than had been used for its prior financing rounds.

All of these value adjustments resulted from a review by our management using the guidance set forth by ASC 820 and our established valuation policy.

Net Increase (Decrease) in Net Assets from Operations

We account for our operations under GAAP for investment companies. The principal measure of our financial performance is net increase (decrease) in net assets from operations on our consolidated statements of operations. For the three months ended March 31, 2018 and 2017, the net decrease in net assets from operations was ($520,413) and ($359,481), respectively.

Liquidity and Capital Resources

Our principal long-term objective is to achieve growth in net asset value per share through capital appreciation. Therefore, a significant portion of our investment portfolio is structured to maximize the potential for capital appreciation, and certain portfolio investments may be structured to provide little or no current yield in the form of dividends or interest payments.

As of March 31, 2018, our total liquidity consisted of approximately $5.5 million in cash on hand.

Net cash provided by operating activities has averaged approximately $3,200,000 over the last three years. The average cash used for investment in portfolio companies over the last three years was $850,000. Our cash flow from operations may fluctuate based on the timing of the receipt of dividend income and realized gains and the associated income taxes paid. We will generally use cash to fund our operating expenses and also to invest in companies, as we seek to build our portfolio utilizing our available cash and proceeds from liquidations of portfolio investments. We anticipate that we will continue to exit investments. However, the timing of liquidation events within the portfolio is difficult to project with any certainty. As of March 31, 2018, we did not have any outstanding commitments to borrow funds from the SBA. Starting in 2022, our SBA debt begins to reach maturity, and this will require us to identify sources of future funding if liquidation of investments is not sufficient to fund operations and repay the SBA debt obligation.

We believe that the cash on hand at March 31, 2018, the scheduled interest payments on our portfolio investments and the anticipated additional SBA leverage will be sufficient to meet our cash needs for the next twelve months. We continue to seek potential exits from portfolio companies to increase the amount of liquidity available for new investments, operating activities and future SBA debenture repayment obligations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our investment activities contain elements of risk. Our investment portfolio consists of equity and debt securities in private companies and is subject to valuation risk. Because there is typically no public market for the equity and debt securities in which we invest, the valuation of the equity interests in the portfolio is stated at fair value as determined in good faith by our management and approved by our Board of Directors. This is in accordance with our investment valuation policy (see the discussion of valuation policy contained in Note 3. Investments in the consolidated financial statements contained in Item 1 of this report, which is hereby incorporated herein by reference.) In the absence of readily ascertainable market values, the estimated

39

value of the portfolio may differ significantly from the values that would be placed on the portfolio if a ready market for the investments existed. Any changes in valuation are recorded on the consolidated statement of operations as Net change in unrealized depreciation on investments.

At times, a portion of our portfolio may include marketable securities traded in the over-the-counter market. In addition, there may be a portion of the portfolio for which no regular trading market exists. In order to realize the full value of a security, the market must trade in an orderly fashion or a willing purchaser must be available when a sale is to be made. Should an economic or other event occur that would not allow markets to trade in an orderly fashion, we may not be able to realize the fair value of our marketable investments or other investments in a timely manner.

As of March 31, 2018 we did not have any off-balance sheet arrangements or hedging or similar derivative financial instrument investments.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. The Corporation maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC s rules and forms, and that this information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Chief Executive Officer and the Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of the Corporation s disclosure controls and procedures as March 31, 2018. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation s controls and procedures were effective as of March 31, 2018.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during the Corporation s most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Corporation s internal control over financial reporting.

PART II.

OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

See Part I, Item 1A, Risk Factors, of the Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total number of shares purchased (1)	Average price paid per share (2)	Total number of shares purchased as part of publicly announced plan (3)	Maximum number of shares that may yet be purchased under the share repurchase program
1/1/2018 1/31/2018				458,954
2/1/2018 2/28/18				458,954
3/1/2018 3/31/2018				458,954

(1) There were no shares repurchased during the first quarter of 2018.
(2) The average price paid per share is calculated on a settlement basis and includes commission.
(3) On October 26, 2017, the Board of Directors extended the repurchase authorization of up to 1,000,000 shares of the Corporation s common stock on the open market at prices no greater than the then current net asset value through October 26, 2018.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a)	**Exhibits**
	The following exhibits are filed with this report or are incorporated herein by reference to a prior filing, in accordance with Rule 12b-32 under the Securities Exchange Act of 1934.
(3.1)(i)	Certificate of Incorporation of the Corporation, incorporated by reference to Exhibit (a)(1) of Form N-2 filed with the Securities Exchange Commission on April 22, 1997. (File No. 333-25617).
(3.1)(ii)	By-laws of the Corporation, incorporated by reference to Exhibit 3(ii) to the Corporation s Quarterly Report on Form 10-Q for the period ended September 30, 2016 filed with the Securities Exchange Commission on November 2, 2016. (File No. 814-00235).
(4)	Specimen certificate of common stock certificate, incorporated by reference to Exhibit (b) of Form N-2 filed with the Securities Exchange Commission on April 22, 1997. (File No. 333-25617).
(31.1)	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended filed herewith.
(31.2)	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended filed herewith.
(32.1)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Rand Capital Corporation filed herewith.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 2, 2018

RAND CAPITAL CORPORATION

By: /s/ Allen F. Grum
Allen F. Grum, President

By: /s/ Daniel P. Penberthy
Daniel P. Penberthy, Treasurer