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SARBANES-OXLEY and NASDAQ LISTING STANDARDS
IMPLEMENTATION CHECKLIST

January 2005

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SARBANES-OXLEY and NASDAQ LISTING STANDARDS IMPLEMENTATION CHECKLIST

January 2005

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
1.	Director Independence		
	<p>Majority of directors must be independent.</p> <p>Board of directors must determine that the person has no relationship to the company that will interfere with the exercise of independent judgment in carrying out the responsibilities of a director.</p>	NASD Rule 4350(c)	

Listed companies are required to comply with the new NASD rules relating to director independence, composition of committees and notification of non-compliance (marked herein with an asterisk) by the earlier of (i) the first annual meeting held after January 15, 2004 or (ii) October 31, 2004. However, a listed company having a staggered board of directors will have until its second annual meeting held after January 15, 2004 and no later than December 31, 2005 to implement these rules (except for the audit committee requirements) if the earlier compliance would cause the company to have to replace a director who would not normally stand for election at an earlier meeting.

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	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>A director is not independent if currently or during the past three years:</p> <p>Director is an employee of the company.¹</p> <p>Director has an immediate family member² who is an executive officer of the company.</p> <p>Director (or immediate family member) received payments from the company in excess of \$60,000 per year (subject to certain exceptions).</p> <p>Director (or immediate family member) is a general partner, controlling shareholder or executive officer of any organization (including any charitable organization) that makes payments to, or receives payments from, the company exceeding \$200,000 per year or 5% of recipient's consolidated annual gross revenues (whichever is greater).</p>	NASD Rule 4200(a)(15)*	

¹ For purposes of determining director independence, NASD Rule 4200(a)(15) provides that the term “company” includes any parent or subsidiary of the company.

² The term “immediate family member” includes spouses, parents, children, siblings (whether by blood, marriage or adoption) or anyone residing in the director’s home.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Director (or immediate family member) is an executive officer of another entity where any of the listed company's executive officers served (within past three years) on the other entity's compensation committee.</p> <p>Director (or immediate family member) (i) is a current partner of the company's outside auditor or (ii) was a former partner or employee of the company's outside auditor who worked on the audit during the past three years.</p>		
	<p>Proxy statement or Form 10-K must disclose those directors the board determined to be independent.</p>	NASD Rule 4350(c)*	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
2.	Meetings of Independent Directors		
	Independent directors must have regularly scheduled meetings at which only independent directors are present.	NASD Rule 4350(c)*	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
3.	Communications with Directors		
	<p>Proxy statements must include a statement indicating whether the company has a process for shareholders to communicate with the board.</p> <p>If the company has no such process, the proxy statement must include the directors' specific basis as to why it is appropriate for the company not to have such a process.</p> <p>If the company has a process, proxy statement (or company website, provided the proxy statement includes the website address) must disclose:</p> <p style="padding-left: 40px;">Descriptions of the methods a shareholder can communicate with the board and, if applicable, to specified individual directors.</p> <p style="padding-left: 40px;">If all shareholder communications are not sent directly to board, a description of the process for determining which communications are relayed to board members (including disclosure of the department or group that makes the determination).</p>	Item 7(h) of Schedule 14A (Affecting but not amending Schedule 14C)	
	Proxy statement must also:		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Describe the company's policy, if any, regarding the attendance of board members at annual meetings; and Include a statement of the number of board members who attended the prior year's annual meeting.		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
4.	Audit Committee Composition		
	<p>Audit committee must:</p> <p>Have at least three members, each of whom understand fundamental financial statements, including the company's balance sheet, income statement and cash flow statement; and</p> <p>Be comprised of only independent directors (as defined under <i>1. Director Independence</i>).</p>	<p>Sarbanes-Oxley § 301 NASD Rules 4350(d)(2)(A) and 4200(a)(15)*</p>	
	<p>Audit committee members may not:</p> <p>Accept any consulting, advisory or other compensatory fee from the company other than for board service (excluding retirement or deferred compensation for prior service);</p> <p>Be an "affiliated person" of the company or its subsidiaries. Affiliate status is based on power to direct management and policies of the company, but SEC Rule proposes "safe harbor" for persons who are not executive officers or 10% shareholders; and</p>	<p>Section 10A(m) of '34 Act SEC Rule 10A-3</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Must not have participated in the preparation of the company's (or a subsidiary's) financial statements at any time during the past three years.	NASD Rule 4350(d)(2)(A)(i)-(iv)*	
	<p>If any member ceases to be independent for reasons outside their control or due to a vacancy, the member can remain on committee (i) until the next shareholders meeting or (ii) for one year after the member was no longer independent (whichever occurs first).</p> <p>Company must notify the exchange immediately after any executive officer learns of any material noncompliance of the corporate governance standards of the exchange or SEC.</p> <p>Listed companies have opportunities to cure compliance defects.</p>	NASD Rules 4350(d) and (m)*	
	<p>At least one member of the audit committee must be financially sophisticated as a result of:</p> <p>Past employment experience in finance or accounting; Certification in accounting; or</p>	NASD Rule 4350(d)(2)(A)	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Similar experience or background, including having been or being a CEO, CFO or other senior officer with financial responsibilities.</p> <p>An audit committee financial expert (see 5. <i>Audit Committee Financial Expert</i>) will meet this test, but the reverse is not necessarily true.</p>		
	<p>In Form 10-K or the proxy statement, company must disclose whether it has an audit committee and identify the members.</p>	<p>Item 401(i) of Reg. S-K Item 7(d) of Reg. 14A</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
5.	Audit Committee Financial Expert		
	<p>Company must disclose in its Form 10-K or proxy statement those audit committee members who are “financial experts” and if there are none, explain why. Must also indicate if financial experts are independent.</p> <p>An audit committee “financial expert”³ is a person who has acquired the following attributes:</p> <ul style="list-style-type: none"> Understanding of GAAP and financial statements; Ability to assess the general application of GAAP in connection with estimates, accruals and reserves; 	Sarbanes-Oxley § 407 Item 401(h) to Reg. S-K	
	<p>Experience in (or having supervised persons engaged in) preparing, auditing, analyzing or evaluating financial statements of entities whose financial statements have a level of complexity and extensive accounting issues that are generally comparable to and can expectedly be raised by Company’s financial statements;</p>		

³ The rule provides a safe harbor to make clear that an audit committee financial expert will not be deemed an expert for liability purposes under Section 11 of the Securities Act of 1933. The safe harbor also makes clear that the designation as a financial expert does not impose any special or additional duties, nor does it relieve the other members of the audit committee of any of their duties.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Understanding of internal financial reporting controls and procedures; and Understanding of audit committee functions.</p> <p>Attributes must be acquired through education and experience: As a principal financial or accounting officer, controller, public accountant, auditor or position having similar functions; Supervising an individual in the same or similar positions; Overseeing or assessing performance of companies or public accountants during preparation, auditing or evaluation of financial statements; or</p>		
	<p>Derived from other relevant experience.</p> <p>Full board of directors must determine whether any audit committee members are “audit committee financial experts.”</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
6.	Audit Committee Responsibilities		
	<p>Audit committee must hire and oversee auditors (and have funding to pay auditors and audit committee-related expenses).</p> <p>Audit committee must have authority to hire independent counsel and other advisors (and have funding to pay them).</p> <p>Audit committee must establish procedures for complaints concerning questionable auditing or accounting matters, including anonymous submissions by employees.</p>	<p>Sarbanes-Oxley § 301 Section 10A(m) of '34 Act SEC Rule 10A-3</p> <p>NASD Rule 4350(d)*</p>	
	<p>Audit committee must pre-approve any audit and non-audit services provided by auditing firm, except for non-audit services meeting the following requirements of the de minimis exception:</p> <p>Value of services is less than 5% of the total amount paid to the auditor during the fiscal year services were provided;</p> <p>Company did not recognize the services to be “non-audit services” at the time of engagement; and</p>	<p>Sarbanes-Oxley §§ 201 and 202 Sections 10A(h) and (i) of '34 Act Rule 2-01 of Reg. S-X</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	The services are promptly brought to the attention of the audit committee and approved by the committee prior to completion of the audit.		
	Approved non-audit services must be reported in Form 10-K. Form 10-K must disclose: (i) fees paid to auditors for audit, audit-related, tax and other services; (ii) audit committee's pre-approval policies and procedures; and (iii) percent of fees paid subject to de minimis exception.	Sarbanes-Oxley § 202 Section 10A(i) of '34 Act Item 15 of Form 10-K	
	Audit committee must receive reports from independent accountants regarding: Critical accounting policies and practices. Alternative GAAP treatments (including ramifications of using such treatments and disclosures and treatment preferred by auditor). Material written communications between auditor and management (e.g., management letter, internal control reports, schedule of unadjusted differences, engagement letters, independence letters).	Sarbanes-Oxley § 204 Section 10A(k) of '34 Act Rule 2-07 of Reg. S-X	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Audit committee must have a written charter⁴ setting forth the scope of:</p> <ul style="list-style-type: none"> Audit committee’s responsibilities and how they are carried out; Outside auditor’s accountability to audit committee; and Audit committee’s responsibility to ensure outside auditor’s independence. <p>Charter must also address:</p> <ul style="list-style-type: none"> Audit committee’s purpose of overseeing company’s accounting and financial reporting processes and financial statement audits; Responsibilities relating to registered public accounting firms (e.g., appointment, retention, compensation and oversight); Responsibility to establish procedures for fielding any auditing, internal control and accounting complaints; Authority to engage advisors; and 	NASD Rule 4350(d)*	

⁴ Item 7(d)(3)(ii) and (iii) of Schedule 14A (proxy statement information) requires companies to state whether they have adopted an audit committee charter and, if so, to include a copy of the charter with the annual meeting proxy statement every third year. However, SEC rules do not require a charter to be adopted but NASD rules mandate such a requirement.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Appropriate payments to accounting firms and outside advisors and for other audit committee expenses.		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
7.	Related Party Transactions		
	Company must review all related party transactions for potential conflicts of interest on an ongoing basis. Audit committee (or other committee of independent directors) must approve all such transactions. ⁵	NASD Rule 4350(h)	

⁵ For purposes of this requirement, the term “related party transactions” means those transactions required to be disclosed by Item 404 of Regulation S-K.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
8.	Compensation of Officers		
	All executive officer compensation must be determined by (i) a majority of independent directors or (ii) a compensation committee comprised only of independent directors (subject to certain exceptions).	NASD Rule 4350(c)*	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
9.	Nomination of Directors		
	<p>Selection or recommendation of director nominations must be made by (i) a majority of independent directors or (ii) a nominating committee comprised solely of independent directors (subject to certain exceptions).</p> <p>This rule not applicable when: Right to nominate a director legally belongs to a third party (e.g., preferred stockholders). Company is subject to a binding obligation requiring a director nomination structure inconsistent with the rule and the obligation pre-dates November 4, 2003.</p> <p>Company must certify it has adopted a formal written charter (or board resolution) regarding the nomination process and related matters under federal securities laws.</p>	NASD Rule 4350(c)*	
	<p>Proxy statement must disclose the following regarding the company's nominating committee: Statement whether the company has a nominating or similar committee;</p>	Item 7(d) of Schedule 14A (Affecting but not amending Schedule 14C)	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>If no such committee, (i) a statement of the basis for the view of the board of directors explaining why it is appropriate for the company not to have such a committee and (ii) the names of directors who consider the director nominees;</p> <p>If nominating committee has a charter, whether the current charter is available on the company's website;</p> <ul style="list-style-type: none"> o If the charter is on the website, disclose the website address. o If the charter is not available on the website, a current charter must be included with the proxy statement once every three fiscal years. <p>If no charter, a statement of that fact;</p> <p>Disclosure of whether each committee member is independent under the NASDAQ listing standards;</p> <p>If committee has a policy for considering director candidates, a description of policy's material elements, including a statement as to whether committee considers candidates recommended by shareholders;</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>If no such policy, a statement of that fact and a statement of the board's basis for its view that it is appropriate for the company not to have a nominating committee;</p> <p>If committee considers candidates recommended by shareholders, a description of procedures that shareholders must follow to submit recommendations;</p> <p>Any specific, minimum qualifications that director nominees must satisfy;</p> <p>Any specific qualities or skills the nominating committee believes are necessary for one or more director to possess;</p> <p>Description of committee's process for identifying and evaluating director nominees, including nominees submitted by shareholders;</p> <p>Explanation of any differences in the manner the committee evaluates director nominees based on whether a nominee was recommended by a shareholder;</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Regarding each nominee (other than executive officers or directors up for re-election) approved by the committee for inclusion on the proxy statement, a statement as to which one or more of the following sources recommended such nominee: (i) shareholder; (ii) non-management director; (iii) CEO; (iv) other executive officer; (v) third party search firm; or (vi) other specified source;</p> <p>If the company pays fees to a third party for assisting with identifying director nominees, disclosure of the third party's function; and</p> <p>If a director nominee is submitted by a shareholder to the nominating committee,⁶ the company must disclose:⁷</p> <ul style="list-style-type: none"> o Name of the nominee; and 		

⁶ To be properly submitted, the nomination must (i) be made by a shareholder (or group of shareholders) that beneficially owned more than 5% of the company's voting stock for at least one year and (ii) be submitted not less than 120 days before the proxy statement is marked.

⁷ No disclosure or identification is required without the written consent of the director nominee and the submitting shareholder (or shareholder group).

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<ul style="list-style-type: none"> ○ Whether the nominating committee chose to nominate such individual. 		
	Any material changes to procedures for shareholder nominations must be reported in Form 10-K or 10-Q for period in which the material change occurs. ⁸	Item 7(d) of Schedule 14A Item 401(j) of Reg. S-K Item 5(b) of Form 10-Q	

⁸ The adoption of shareholder nomination procedures, where the company previously disclosed it did not have such procedures in place, will constitute a “material change.”

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
10.	Auditors		
	Auditors cannot prepare, issue or participate in preparation of the company’s audit report unless auditor is registered as a “public accounting firm” by the Public Company Accounting Oversight Board (the “PCAOB”). ⁹	Sarbanes-Oxley § 102	
	Auditors may not provide specified non-audit services for the company, such as: Auditing the bookkeeping work or providing other services related to accounting records and financial statements performed by the accounting firm for the company. Providing services related to company’s financial information systems design and implementation. ¹⁰ Appraisal or valuation services, fairness opinions or contribution-in-kind reports. ¹¹	Sarbanes-Oxley § 201 Sections 10A(g) and 10A(h) of ’34 Act Rule 2-01 of Reg. S-X	

⁹ Section 2(a)(11) of Sarbanes-Oxley defines a “public accounting firm” as a “proprietorship, partnership, incorporated association, corporation, limited liability company, limited liability partnership, or other legal entity that is engaged in the practice of public accounting or preparing or issuing audit reports” and any person associated with any one type of those entities.

¹⁰ Auditors may work on the company’s hardware or software systems that are unrelated to the company’s financial statements or accounting records provided the auditor’s services are pre-approved by audit committee.

¹¹ Services may be provided if it is reasonable to conclude the results of such services will not be subject to the audit procedures of an audit of the company’s financial statements.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Actuarial services. ¹² Internal audit services relating to company's internal accounting controls and financial statements or systems. ¹³ Management functions or human resources. ¹⁴ Broker-dealer, promoter, underwriter, investment advisor or investment banking services.		
	Legal services, expert opinions or other expert services for the company (or legal representative of the company) for purpose of advocating company's interests in litigation, regulatory or administrative proceedings or investigations. ¹⁵		

¹² Actuarial services may be provided if it is reasonable to conclude the results of such services will not be subject to the audit procedures of an audit of the company's financial statements. Accountants may, however, assist the company in understanding models, methods, assumptions and inputs applied in computing amounts.

¹³ If the auditor and company reasonably conclude the results of this service will not be subject to the audit procedures of an audit of the company's financial statements, such service may be provided. Auditors may make recommendations to the company for improvements to internal controls when, during the audit or when providing attest services related to internal controls, the auditor evaluates the company's internal controls. Doing so falls within an accountant's responsibilities under GAAS and applicable attestation standards and is therefore not a prohibited service.

¹⁴ Auditors may not act, temporarily or permanently, as a director, officer or employee of the company or perform any decision-making, supervisory or ongoing monitoring function of the company. Auditors may not (i) seek or perform reference checks for prospective candidates for managerial, executive or director positions, (ii) act as a negotiator on the company's behalf, (iii) engage in psychological or formal testing or evaluation programs or (iv) advise or recommend that the company hire particular job candidates.

¹⁵ Auditors may provide, without impairing their independence, factual accounts, testimony or explanations of positions taken or conclusions reached during the performance of any service by the auditor.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Any other service deemed impermissible by the PCAOB.</p> <p>Auditors may provide certain tax services (regarding tax compliance, planning and advice) if audit committee pre-approves and auditor’s services do not impair auditor’s independence (i.e., representing company in tax court or public advocacy situations).</p>		
	<p>Lead and reviewing audit partner¹⁶ must be rotated off account every 5 years and subject to 5-year time out period after rotation. Other significant audit partners subject to 7-year rotation requirement and 2-year time-out period.</p>	<p>Sarbanes-Oxley § 203 Section 10A(j) of '34 Act Rule 2-01(c) of Reg. S-X</p>	
	<p>Auditor not independent if audit partner, during audit and engagement period, earns or receives compensation based on partner procuring engagements with company to provide services other than audit, review or attest services.</p>		

¹⁶ An “audit partner” is defined as a partner who is a member of the audit engagement team who has decision-making responsibility on significant auditing, accounting and reporting matters that affect financial statements or who maintains regular contact with the management and audit committee. The definition also includes the lead and concurring partners and partners who serve the company at the company level (other than a partner who consults with others on the audit engagement team regarding technical or industry-specific issues) and the lead partner on subsidiaries of the issuer whose assets or revenues constitute 20% or more of the consolidated assets or revenues of the company.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Auditors cannot audit for a company if the company’s CEO, CFO, Controller, Chief Accounting Officer or persons serving in similar positions were employed by the auditor and participated (in any capacity) in the company’s audit within one year of commencement of audit of current year’s financial statements.	Sarbanes-Oxley § 206 Section 10A(l) Rule 2-01 of Reg. S-X	
	Accounting firms required to retain for seven years all records and documentation regarding company’s audit or review. Examples of documentation include the following: Workpapers. ¹⁷	Sarbanes-Oxley § 802 Rule 2-06 of Reg. S-X	
	Memoranda. Electronic records. Documents and records documenting consultations on, or resolutions of, differences in professional judgment. Any records or documents that were created, sent or received in connection with the audit or review.		

¹⁷ Rule 2-06(a) of Reg. S-X will define “workpapers” as “those documents that record the audit or review procedures performed, the evidence obtained and the conclusions reached by the auditor.” The definition recognizes that the PCAOB may establish auditing standards further defining the term.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Any records or documents containing conclusions, opinions, analyses or financial data involving the audit or review.</p> <p>All other communications and correspondence regarding the audit or review.</p>		
	<p>Auditors to provide a concurring or second partner review and approval of any audit report, and concurring approval in its issuance. Each audit report should describe:</p> <p>Scope of auditor's testing of internal controls structure and the company's financial reporting procedures;</p> <p>Auditor's findings from the testing;</p>	Sarbanes-Oxley §§ 101-105	
	<p>Evaluation of whether internal controls and procedures (i) include maintenance of records that reasonably detail and fairly reflect transactions and dispositions of the company's assets and (ii) provide reasonable assurance the transactions are recorded as necessary to permit financial statement preparation in accordance with GAAP and that company receipts and expenditures are made with management and director authorization; and</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Material weaknesses of the internal controls and of any noncompliance found during the testing.		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
11.	CEO/CFO Certifications		
	CEO and CFO are required to certify annual and quarterly reports. Currently two forms of certification must be filed or furnished as exhibits to Forms 10-K and 10-Q.	Sarbanes-Oxley §§ 302 and 906 Rules 13a-14 and 13a-15 Items 307, 308, 401 and 601 of Reg. S-K SEC Final Rule 33-8238	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
12.	Disclosure Controls and Procedures		
	<p>Must be created, maintained and enforced to ensure that information required to be disclosed in reports under the Exchange Act is:</p> <p style="padding-left: 40px;">Recorded, processed, summarized and reported within required time frames.</p> <p style="padding-left: 40px;">Accumulated and communicated to management (including the CEO and CFO) to allow timely decisions regarding disclosure.</p> <p>SEC recommends formation of Disclosure Committee.</p> <p>Applies to both financial and non-financial information.</p> <p>Broader in scope than internal controls governing accounting and access to company assets.</p> <p>CEO and CFO are responsible for design and must assess effectiveness of design and operation as of the end of the period covered by the periodic report.</p>	<p>Sarbanes-Oxley § 302 Rule 13a-15 Item 307 of Reg. S-K</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Forms 10-K and 10-Q must include: Report of assessment's results and conclusions of the end of the period covered by the Form 10-K or 10-Q; and Disclosure of whether or not any internal control changes could significantly affect the controls after management's evaluation, including any corrective actions regarding deficiencies and material weaknesses.</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
13.	Internal Controls		
	<p>Must be created, maintained and enforced to ensure that transactions are properly authorized, company assets are safeguarded and transactions are recorded (to provide reasonable assurance regarding financial reporting reliability and the preparation of financial statements for external purposes in accordance with GAAP).</p> <p>CEO and CFO are responsible for design and must assess effectiveness of design and operation on an ongoing annual basis.</p> <p>Company must maintain documentation and evidence to support management's assessment.</p>	<p>Sarbanes-Oxley § 404 Item 308 of Reg. S-K (Effective as of end of fiscal year ending on or after June 15, 2004 for accelerated filers; effective as of end of fiscal year ending on or after April 15, 2005 for other filers)</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Annual report (Form 10-K) must include management’s annual internal control report containing:</p> <ul style="list-style-type: none"> Statement of management’s responsibility for establishing and maintaining adequate internal control over financial reporting; Statement identifying the framework¹⁸ used to evaluate internal control effectiveness; Management’s assessment of internal control effectiveness as of the end of most recent fiscal year;¹⁹ and Statement issued by auditor in auditor’s attestation report on management’s assessment. 		

¹⁸ Must be a suitable, recognized control framework that is established by a body or group that has followed due-process procedures (e.g., COSO Framework; established by Committee of Sponsoring Organizations of the Treadway Commission).

¹⁹ Management must disclose any material weakness and will be unable to conclude that internal control is effective if there are any material weaknesses in such control.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>In addition to the annual internal control report, company must disclose any internal control changes, identified by management during its evaluation, that occurred during the fiscal quarter covered by a Form 10-Q (or the last fiscal quarter in the case of a Form 10-K) that has materially affected, or is reasonably likely to materially affect, the internal controls.</p> <p>Auditor's attestation report to be disclosed and filed with annual report.</p> <p>The PCAOB has adopted the AICPA/ASB generally accepted auditing standards existing as of April 16, 2003 as Interim Auditing Standards which shall remain in effect until the PCAOB and the SEC adopt final standards.</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
14.	Internal Audit Function		
	NASDAQ has not issued any proposed or final rules regarding or requiring an internal audit function.	Not applicable under NASD rules.	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
15.	Codes of Ethics and Conduct		
	<p>Company must disclose in its annual reports whether or not it has adopted a Code of Ethics for its CEO, CFO, Controller, Chief Accounting Officer and persons performing similar functions, and if not, then why it has not done so.</p> <p>A “Code of Ethics” means standards reasonably necessary to deter wrongdoing and to promote: (i) honest and ethical conduct; (ii) avoidance of conflicts of interest; (iii) full, fair, accurate, timely and understandable disclosures in reports and documents; (iv) compliance with applicable rules and regulations; (v) prompt internal reporting of code violations; and (vi) accountability for adherence to the Code.</p> <p>Code of Ethics must be made publicly available by one of the following methods: Filed as an exhibit to the company’s Form 10-K; Posted on website with notation in Form 10-K; or</p>	<p>Sarbanes-Oxley § 406 Item 406 of Reg. S-K</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Undertaking in Form 10-K to provide copy upon request.		
	Any waivers of, or changes to, the Code of Ethics must be disclosed within five days on Form 8-K and/or the company website. ²⁰	Item 10 of Form 8-K	
	Listed companies must adopt a Code of Conduct, applicable to all directors, officers and employees. Code of Conduct must be made publicly available. Code of Conduct must include standards of Section 406(c) of Sarbanes-Oxley and an enforcement mechanism that ensures: (i) prompt and consistent enforcement; (ii) whistleblower protections; (iii) clear and objective compliance standards; and (iv) a fair process to determine violations.	NASD Rule 4350(n)	

²⁰ If waivers of, or changes to, the Code of Ethics are reported on the company's website, the Company must so state on its Form 10-K and include its website address. See Item 406(d) of Reg. S-K.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Board of directors is required to approve any waivers of the Code of Conduct for directors or executive officers. These waivers must be reported on Form 8-K within five days.		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
16.	Loans to Officers and Directors		
	<p>Company may not make or renew loans to directors and executive officers.</p> <p>There are a number of exceptions, such as:</p> <ul style="list-style-type: none"> Existing loans. Certain home improvement loans. Consumer credit loans. Credit card or open-end plan loans. Loans to employees of brokers or dealers to buy, trade or carry non-company securities (so long as such loan was made in the ordinary course of the consumer credit business of the company and upon terms no more favorable than those provided by the company to the general public). Loans made or maintained by a bank or other insured depository institution if the loan is subject to insider lending restrictions of the Federal Reserve Act. 	<p>Sarbanes-Oxley § 402 Section 13(k) of '34 Act</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Areas of concern:</p> <ul style="list-style-type: none"> Cashless exercise of stock options. Split dollar life insurance, particularly collateral assignment method policies. 401(k) plan loans should be permitted, although SEC has not provided definitive guidance. Relocation loans. Personal use of company credit cards and travel and other cash advances. Indemnification advances. Bonuses subject to repayment (e.g., retention bonuses). 		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
17.	Forfeiture of Bonuses, Incentives and Other Compensation Upon Accounting Restatement		
	If the company is required to restate its financial statements due to material noncompliance resulting from misconduct, the CEO and CFO must reimburse the company for: (i) any bonus or other incentive or equity-based compensation for the 12-month period following the first public issuance or filing (whichever occurred first) of the financial statement representing the reporting requirement and (ii) any profits realized on sales of company securities during the same 12-month period.	Sarbanes-Oxley § 304	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
18.	Shareholder Approval of Option Plans		
	<p>On Form 10-K, company must provide (in tabular format) information about compensation plans under which authorized securities may be issued.</p> <p>If plan was not approved by shareholders, company must briefly describe material features of the plan in narrative form.</p> <p>Information must be aggregated into two categories: (i) plans previously approved by shareholders and (ii) plans not previously approved by shareholders. For each category, the company must provide:</p> <ul style="list-style-type: none"> Number of securities to be issued upon exercise of outstanding options, warrants and rights; Weighted-average exercise price of the options, warrants and rights; and 	Item 201(d) of Reg. S-K	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Number of securities (other than those to be issued upon exercise of option, warrants or rights) remaining and available for future issuance under the plan.		
	Company must obtain shareholder approval of (i) all equity-based compensation plans and all material revisions thereof ²¹ and (ii) before company uses repurchased shares to fund options.	NASD Rule 4350(i)	
	Issuers required to notify NASDAQ at least 15 calendar days prior to establishing or materially amending a stock option plan, purchase plan or other equity compensation arrangement pursuant to which stock may be acquired by officers, directors, employees, or consultants without shareholder approval.	NASD Rules 4310(c)(17)(A) and 4320(e)(15)(A)	

²¹ An "equity-compensation plan" is a plan or other arrangement that provides for the delivery of equity securities (either newly issued or treasury shares) of the listed company to any employee, director or other service provider as compensation for services. Even a compensatory grant of options or other equity securities that is not made under a plan is, nonetheless, an "equity-compensation plan" for these purposes.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
19.	Benefits Plan Blackouts		
	<p>During blackout periods established for employee benefit plans affecting at least half of the plan participants or beneficiaries for at least three days, the directors and executive officers of the company may not buy, sell, transfer or acquire company equity securities or derivatives of equity securities if such securities were acquired in connection with the director or officer's service or employment with the company.²²</p> <p>Applies to acquisitions or dispositions by family members, partnerships, corporations, limited liability companies and trusts if the director or executive officer has a pecuniary interest.</p>	<p>Sarbanes-Oxley § 306 Reg. BTR</p>	

²² The 306(a) trading prohibition covers acquisitions and dispositions of securities by an executive officer or director during a blackout period if acquisition is in connection with his or her service or employment as an executive officer or director.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Company must provide directors and officers notice of blackout period within (i) five days after receiving notice from plan administrator or (ii) 15 days prior to actual beginning date of blackout period if the company does not receive notice from plan administrator.	Sarbanes-Oxley § 306(a)(6) Rule 104(b)(2) of Reg. BTR	
	Form 8-K must be filed to provide SEC with notice of impending blackout period on same day notice is given to directors and officers. ²³	Sarbanes-Oxley § 306(a)(6) Rule 104(b)(3) of Reg. BTR	
	Plan administrators must give 30 days' notice to participants prior to any blackout periods. The notice should include: Reason(s) for the blackout period; Description of plan investments, transactions or rights affected; In the case of investments, a statement that participants or beneficiaries should evaluate the appropriateness of their current investments in light of their inability to direct or diversify assets credited to their accounts during the blackout period;	Sarbanes-Oxley § 306(b)(1) Rule 104(b)(1) of Reg. BTR ERISA, 29 U.S.C. § 1021(i)	

²³ This requirement will ensure that an issuer will provide notice of an impending blackout period to its directors and officers and to the SEC within five days following receipt of notice of the blackout from the Plan Administrator required by the Department of Labor rules.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Description of the class of equity securities subject to or affected by the blackout period;</p> <p>Actual or expected dates or calendar weeks the blackout period is expected to begin and end; and</p> <p>Name, address and telephone number of the company-designated person or human resources director who responds to blackout period inquiries.</p>		
	<p>Exemptions to black period requirements include the following transactions and activities:</p> <p>Acquisitions under DRIPs.</p> <p>Purchases or sales of securities pursuant to tax-conditioned plans (i.e., non-discretionary employee benefit plan transactions).</p> <p>Transactions satisfying the affirmative defense conditions of Rule 10b5-1(c).²⁴</p> <p>Stock splits and stock dividends.</p>	<p>Sarbanes-Oxley § 306</p> <p>Reg. BTR</p>	

²⁴ Rule 10b5-1(c) of the '34 Act provides affirmative defenses to insider trading (trading “on the basis of” material nonpublic information). For example, an individual has not committed insider trading if: (i) he or she entered into a contract for, or instructed, a purchase or sell of a security prior to becoming aware of the information; (ii) the person making the investment decision on behalf of the person to purchase or sell the securities was not aware of the information; or (iii) an individual implemented reasonable policies and procedures to ensure the insider trading laws would not be violated.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Compensatory grants and awards of securities made pursuant to plan that (i) permit directors or executive officers to receive, (ii) provide for the automatic occurrence of and (iii) specify terms and conditions of grants and awards.</p> <p>Exercises, conversions or terminations of derivative securities (i) not written or acquired by a director or officer during blackout period or while aware of blackout period; and (ii) that could only be exercised, converted or terminated on a fixed date or the securities are exercised, converted or terminated by a counterparty and the director or officer does not influence counterparty's action.</p> <p>Acquisitions or dispositions of securities involving bona fide gift, transfer by will or made under descent and distribution laws.</p> <p>Acquisitions or dispositions of securities pursuant to domestic relations order.</p> <p>Sales of securities compelled by law.</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Acquisitions or dispositions in connection with merger, acquisition, divestiture or similar lawful transaction.</p> <p>Profits derived from prohibited sales are recoverable by the company.</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
20.	Off-Balance Sheet Transactions		
	<p>Annual and quarterly reports include a separately captioned section of the MD&A that explains all material off-balance sheet transactions and other relationships of the issuer with unconsolidated entities or other persons that may have a material current or future impact on the company’s financial condition, results of operations, liquidity, capital expenditures, capital resources, and revenues or expenses.</p> <p>An “off-balance sheet” transaction is defined as any transaction, agreement or other contractual arrangement (i) to which an entity unconsolidated with the registrant is a party and (ii) under which the registrant has or in the future may have:</p> <ul style="list-style-type: none"> Any obligation under a direct or indirect guarantee. A retained or contingent interest in any transferred assets. Derivatives. Material variable interests in unconsolidated entities that conduct certain activities. 	<p>Sarbanes-Oxley § 401(a) Section 13(j) of '34 Act Item 303 of Reg. S-K (MD&A)</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Must disclose the following to the extent necessary to understand the arrangement and its impact:</p> <ul style="list-style-type: none"> Nature and business purpose. Importance to liquidity, capital resources, market risk or credit risk support or other benefits. Amounts of reserve, expense and cash flows arising from the arrangement. Nature and amounts of interests retained, issued securities and indebtedness incurred by the company in connection with the arrangement. Financial impact and exposure to risk. Known events, demands, commitments, trends or uncertainties implicating company's ability to benefit from its off-balance sheet arrangements. Management's analysis of material effects on the company. <p>Must provide (in tabular format) amounts of payments due under specified contractual obligations, aggregated by category of contractual obligation, for specified time periods.</p>		
21.	Non-GAAP Financial Information		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Applies to any non-GAAP financial measure in public disclosures and filings with the SEC.</p> <p>Non-GAAP financial information must:</p> <ul style="list-style-type: none"> Be provided without material misstatements or omission of material facts. Present the most comparable financial measure in compliance with GAAP. Be quantitatively reconciled with GAAP financial measure. <p>In SEC filings, the company must:</p> <ul style="list-style-type: none"> Disclose why non-GAAP measure is used; and State why non-GAAP measure is useful to investors. 	<p>Sarbanes-Oxley §§ 401(b) and 409</p> <p>Reg. G</p> <p>Item 10 of Reg. S-K</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>In SEC filings, non-GAAP financial measures may not:</p> <ul style="list-style-type: none"> Be given greater authority or prominence. Exclude charges requiring cash settlement from liquidity measures (except for EBIT²⁵ and EBITDA²⁶). Exclude as non-recurring items those items that are reasonably likely to recur. Be presented within GAAP financial statements. Be presented on the face of non-GAAP financial information required by Art. 11 of Reg. S-X. Use title or other descriptions confusingly similar to GAAP. 		

²⁵ Earnings before interest and taxes.

²⁶ Earnings before interest, taxes, depreciation and amortization.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
22.	Material Correcting Adjustments		
	All material correcting adjustments identified and made by auditors must be reflected in all financial reports accompanying any annual reports filed with the SEC in accordance with GAAP and SEC rules.	Sarbanes-Oxley § 401(a) Section 13(i) of '34 Act	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
23.	Other Accounting		
	Material misrepresentations or omissions are grounds for delisting.	NASD Rule 4330(c)	
	Press release or public announcement disclosing company's receipt of audit opinion containing going concern qualification must be issued within seven calendar days of filing the opinion with the SEC. Prior to issuing the release, listed companies must provide an announcement of such to NASDAQ.	NASD Rule 4350(b)	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
24.	Real Time Disclosures and Form 8-K		
	Requires disclosure on a rapid and current basis of information regarding material changes in financial condition and operations to be made in “plain English” as the SEC determines by rule to be necessary.	Sarbanes-Oxley § 409 Section 13(l) of '34 Act	
	Companies must file Form 8-Ks within four business days of the triggering event. ²⁷	Form 8-K SEC Final Rule 33-8400	
	Form 8-K reportable items have been reorganized by topic under a new numbering system. All Form 8-Ks filed after August 23, 2004 must use the new numbering system.	Item 601 of Reg. S-K	
	Additional items to be reported on Form 8-K include the following (item numbers provided are in accordance with the new numbering system):	Form 8-K Item 601 of Reg. S-K SEC Final Rule 33-8400	
	Entry into, or material amendment of, a material agreement not made in the ordinary course of business.	Item 1.01 of Form 8-K	

²⁷ The four-day filing requirement does not apply to voluntary disclosure of “Other Events” made under Item 8.01 or to disclosures made to satisfy Regulation FD under Item 7.01. Filings made to satisfy Regulation FD, whether under Item 8.01 or Item 7.01, must be made in accordance with Regulation FD, which requires simultaneous disclosure in the case of an intentional disclosure and prompt disclosure in the case of a non-intentional disclosure.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Termination of a material agreement (other than by a stated expiration date or as a result of the parties fulfilling their obligations) not made in the ordinary course of business.</p> <p>Creation of a direct or contingent material financial obligation (including obligations arising from an off-balance sheet arrangement).</p> <p>Event triggering a direct or contingent material financial obligation (including any acceleration or default).</p> <p>Exit or disposal activities, including material write-offs or restructuring charges.</p> <p>Any material charge for impairment to an asset.</p> <p>Delisting of the company's securities, a notice of noncompliance with a listing standard or movement of the company's securities from one exchange to another.</p>	<p>Item 1.02 of Form 8-K</p> <p>Item 2.03 of Form 8-K</p> <p>Item 2.04 of Form 8-K</p> <p>Item 2.05 of Form 8-K</p> <p>Item 2.06 of Form 8-K</p> <p>Item 3.01 of Form 8-K</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Unregistered sales of equity securities by the company.²⁸</p> <p>Material modifications to the rights of security holders.²⁹</p> <p>Conclusion or notice that previously issued financial statements or a related audit report should no longer be relied upon.</p> <p>Departure of a director due to resignation, retirement, refusal to stand for reelection or removal (whether with or without cause or as a result of a disagreement).</p> <p>Retirement, resignation, or termination of a principal officer.</p> <p>Election of new directors (except by vote of security holders by an annual or special meeting for such purpose) and appointment of principal officers.</p>	<p>Item 3.02 of Form 8-K</p> <p>Item 3.03 of Form 8-K</p> <p>Item 4.02 of Form 8-K</p> <p>Items 5.02(a) & (b) of Form 8-K</p> <p>Item 5.02(b) of Form 8-K</p> <p>Items 5.02(d) & (c) of Form 8-K</p>	

²⁸ This disclosure was previously required by Forms 10-K and 10-Q; however, effective August 23, 2004, these sales must now be reported on Form 8-K.

²⁹ This disclosure was previously reportable under Items 2(a) and (b) of Form 10-K but must be now be made on Form 8-K as of August 23, 2004.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Amendments to Articles of Incorporation or Bylaws or change of fiscal year.	Item 5.03 of Form 8-K	
	<p>Company must “furnish”³⁰ Form 8-K to SEC within four business days of any public announcement or release disclosing material non-public information regarding company’s results of operations or financial condition for an annual or quarterly period that has ended. Companies are not required to issue earnings releases or announcements, but issuance of release or announcement must be identified in Form 8-K and included as an exhibit.</p> <p>Company not required to furnish Form 8-K if announcements or disclosures are only made in company’s Forms 10-K or 10-Q filed with SEC.</p>	Sarbanes-Oxley § 409 Item 2.02 of Form 8-K	
	Company not required to furnish Form 8-K when non-public information is disclosed orally or by telephone, webcast, broadcast or similar means in a presentation that is complimentary to and occurs 48 hours after the related written release or announcement is made if:		

³⁰ By “furnishing” rather than “filing” the information with the SEC, the document is not subject to liability under Section 18 of the Exchange Act and is not automatically incorporated by reference into registration statements filed under the Securities Act of 1933.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Related written release or announcement was furnished to SEC on Form 8-K prior to presentation; Presentation is accessible to public by dial-in conference call, webcast or similar technology; Financial and statistical information contained in presentation is provided on company's website with any information required under Reg. G; and</p> <p>Presentation was announced by widely disseminated press release that included instructions as to when and how to access the presentation and the location on the company's website where information would be available.</p>		
	<p>Does not apply to public disclosure of earnings estimates for future or ongoing periods, unless estimates are included in the public announcement or a release of material non-public information about a completed annual or quarterly fiscal period.</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>If company includes, in a release or announcement, non-GAAP financial measures or material non-public information concerning a completed annual or quarterly fiscal period, company must disclose in Form 8-K (or in release or announcement included as exhibit to Form 8-K):</p> <p style="padding-left: 40px;">Reasons why company’s management believes presentation of non-GAAP financial measure provides investors with useful information regarding company’s financial condition and results of operations; and</p> <p style="padding-left: 40px;">If not otherwise disclosed, purposes, if any and to the extent material, for which company’s management uses non-GAAP financial measure.</p>		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
25.	Other Disclosure Matters		
	<p>Companies with a public float of at least \$75 million³¹ will need to file Form 10-K and Form 10-Q on an accelerated basis.</p> <p>Phased in over 3 years, beginning with the fiscal year ending on or after December 15, 2002.</p> <p>Form 10-K is first due in 90 days, the second is due 75 days and the third is due 60 days after the end of the fiscal year.</p> <p>Form 10-Q is first due in 45 days, the second is due 40 days and the third is due 35 days after the end of the quarter.</p> <p>Company must disclose on Form 10-K: Company's website address (if it has one); Whether company makes its Forms 10-K, 10-Q and 8-K (including any amendments) available free of charge on the company website as soon as reasonably possible after filing;</p>	<p>Rule 13a-10(j) Forms 10-K and 10-Q (Effective; phased in over 3 years)</p>	

³¹ Rule 12b-2 specifies that this amount is determined as of the last business day of the company's most recently completed second fiscal quarter.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	If filings are not made available on a company website, explain why (e.g., no company website) and whether the company will provide electronic or paper copies free of charge upon request.		

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
26.	Reporting of Insider Stock Transactions		
	<p>Certain events trigger a Form 4 filing with the SEC, including:</p> <p style="padding-left: 40px;">Grants, awards and other acquisitions from, and dispositions to, the issuer (including issuances, exercises, cancellations, regrants and repricing of options).</p> <p style="padding-left: 40px;">Discretionary transactions pursuant to employee benefit plans.</p> <p>Form 4 must be filed with the SEC within two business days after the triggering event.</p> <p>All Forms 3, 4 and 5 must be filed electronically. To provide some relief for the accelerated filing requirement, the SEC has extended the same-day filing deadline from 5:30 p.m. to 10:00 p.m., Eastern time (extended filing time currently applies only to Forms 3, 4 and 5 and not to other periodic reports).</p>	<p>Sarbanes-Oxley § 403 Rule 16a-3</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	In addition, Forms 3, 4 and 5 must be posted on the company's website ³² no later than the end of the business day following filing with the SEC.		

³² This provision of the rule applies if the company maintains a website. The rule does not require a company to establish a website.

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
27.	Attorney Conduct		
	<p>Attorney representing a public company before the SEC must report evidence of material violations of securities laws or breaches of fiduciary duty to an appropriate company officer (i.e., CEO or chief legal officer (“CLO”) or equivalent).</p> <p>Company officer must (i) determine if the material violation has occurred, is ongoing or will occur and (ii) take steps to correct or prevent the violation.</p> <p>Company officer is required to report what remedial measures the company adopted to the advising attorney and “up the ladder.”</p> <p>If the attorney does not receive an “appropriate response” from the company officer, or if the attorney reasonably believes it would be futile to report a violation to a company officer, the violation must be reported “up the ladder” to the audit committee and to the full board.</p>	<p>Sarbanes-Oxley § 307 Part 205 of C.F.R. Title 17, Chapter 2 (regarding SEC)</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>If attorney receives inappropriate response after completing “up the ladder” reporting: Attorney required to withdraw; and Company required to publicly disclose the attorney’s (i) withdrawal or (ii) written notice that attorney did not receive appropriate response to report of material violation.</p> <p>When a company receives notice of attorney’s withdrawal, company must report the notice and related circumstances on a Form 8-K within two days of receiving the attorney’s notice.</p> <p>If company does not disclose attorney’s withdrawal, attorney may inform the SEC that the attorney has: Withdrawn from representing the company; or Provided the company with notice that the attorney did not receive an appropriate response to attorney’s report of a material violation.</p>	<p>Sarbanes-Oxley § 307 Part 205 of C.F.R. Title 17, Chapter 2 (regarding SEC) Amendment to Forms 8-K</p> <p>(These items remain “noisy withdrawal” proposed rules; final rules not yet adopted)</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	<p>Company may establish a qualified legal compliance committee (“QLCC”) as an alternative procedure for reporting evidence of material violations.</p> <p>A QLCC’s members must include (i) at least one audit committee member and (ii) two or more independent directors.</p> <p>QLCC must be given authority and responsibility to recommend that the company provides an appropriate response to any evidence of a material violation.</p> <p>QLCC may establish written procedures for the confidential receipt, retention and consideration of evidence of material violations.</p>	<p>Sarbanes-Oxley § 307 Part 205 of C.F.R. Title 17, Chapter 2 (regarding SEC)</p>	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
28.	Other Provisions		
	It is unlawful for an officer, director or someone under an officer or director's supervision to fraudulently influence, coerce, manipulate or mislead an auditor if that person knew or should have known that such action, if successful, could result in rendering financial statements misleading.	Sarbanes-Oxley § 303(a) Rule 13b2-2 Reg. 13B-2	
	New federal crimes related to destruction of documents, tampering with documents and securities fraud. No person may knowingly: Execute, or attempt to execute, a scheme to defraud anyone with a company security. Obtain, by false pretenses or fraud, any representations, promises, money or property in connection with the purchase or sale of a company security.	Sarbanes-Oxley §§ 802, 807 and 1102	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Actually (or attempt to) alter, destroy, mutilate, conceal, cover up, falsify or make a false entry to records, documents or objects with the intent to obstruct, impair, impede or influence (i) a U.S. governmental investigation, administrative procedure or bankruptcy proceeding or (ii) the object's integrity or availability for use in an official proceeding.		
	Cannot discharge debts in a bankruptcy proceeding if the debts resulted from securities laws penalties.	Sarbanes-Oxley § 803	
	Civil action available to protect whistleblowers from retaliation. Company cannot discharge, demote, suspend, threaten, harass or in any way discriminate against whistleblowers.	Sarbanes-Oxley § 806	
	During a securities laws investigation, SEC can freeze a company's extraordinary payments to directors, officers, partners, controlling persons and agents by obtaining a temporary order requiring company to escrow payments for 45 days (with possible 45-day extension).	Sarbanes-Oxley § 1103	

	<u>REQUIREMENT</u>	<u>SOURCE/EFFECTIVE DATE</u>	<u>OUR COMPLIANCE STATUS</u>
	Criminal penalties to prevent retaliation against informants and whistleblowers.	Sarbanes-Oxley § 1107	