Exhibit

The Sarbanes-Oxley Act of 2002: a Culmination of Corporate Reform Initiatives by the Bush Administration, the SEC and Congress

Prepared for
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The views expressed herein are those of the Commissioner and do not necessarily represent the views of the Securities and Exchange Commission, or any other Commissioner or staff member of the Commission.

The purpose of this summary is to illustrate the initiatives undertaken by three different governmental bodies—the Bush Administration, the SEC and, ultimately, Congress—to restore investor confidence and trust that were shattered by the corporate scandals that came to light in 2001 and 2002. Just as the errant corporate conduct began in the late 1990s and emerged beginning in 2001, certain of the core corporate governance reforms included within Sarbanes-Oxley were advocated and proposed by the President and the SEC prior to their ultimate incorporation into the Sarbanes-Oxley Act, signed by the President into law on July 30, 2002.

As early as March 2002, then-Chairman Harvey Pitt testified before the Senate Banking, Housing and Urban Affairs Committee advocating the need for Congressional legislation to address corporate governance concerns, including in such areas as strengthening the oversight of accountants and the accounting profession and strengthening the roles of audit committees and outside directors. On March 7, 2002, the President announced his "Ten-Point Plan to Improve Corporate Responsibility and Protect America's Shareholders."

On July 9, 2002, the President also created the Corporate Fraud Task Force. Headed by the Department of Justice, the Task Force includes the heads of the Departments of Treasury and Labor, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Energy Regulatory Commission, the Federal Communications Commission, the United States Postal Inspection Service and the Department of Housing and Urban Development's Office of Federal Housing Enterprise Oversight. The Task Force, still in operation today, oversees the investigation and prosecution of financial fraud, accounting fraud and other corporate criminal activity, and provides enhanced inter-agency coordination of regulatory and criminal investigations.

Sarbanes-Oxley can generally be broken down into five main themes or goals, as follows: Restoring Confidence in the Accounting Profession, Improving the "Tone at the Top", Improving Disclosure and Financial Reporting, Improving the Performance of Gatekeepers and Enhancing Enforcement Tools. The following chart highlights the Sarbanes-Oxley requirements and the contribution of the Ten-Point Plan, other Administration recommendations and the SEC in addressing each of the themes.

Restoring Confidence in the Accounting Profession

President's Ten-Point Plan	SEC Actions Prior to SOx[1]	SEC Actions in Response to SOx[2]
#7—Investors should have complete confidence in the independence and integrity of companies' auditors. #8—An independent regulatory board should ensure that the accounting profession is held to the highest ethical standards. #9—The authors of accounting standards must be responsive to the needs of investors.	* In February 2002, the SEC announced roundtable discussions to be held in NY and DC in March 2002 to examine proposals for reforming financial disclosure and auditor oversight. These roundtables were followed by an additional roundtable in Chicago in April 2002. * As first suggested by Chairman Pitt in January 2002, in June 2002 the SEC proposed rules that would require auditors of public companies to register with a Public Accountability Board ("PAB"). The PAB was required to meet certain conditions, including that it: * must have a Board that is dominated by persons who are not members of the accounting profession; * must be subject to SEC oversight; * must, among other things, direct periodic reviews of accounting firms' quality controls over their accounting and auditing practices and, when appropriate, discipline accountants; and * would set, or rely on and oversee designated private sector bodies to set, audit, quality control and ethics standards.	* SOx established the Public Company Accounting Oversight Board, or the PCAOB. * In January 2003, the SEC adopted rules, initially proposed in December 2002, improving the independence of outside auditors, including audit partner rotation and required auditor reports to the audit committee. * Also in January 2003, the SEC adopted rules, initially proposed in November 2002, governing the retention of audit records by outside auditors for five years. * In April 2003, the SEC recognized the financial accounting and reporting standards of the Financial Accounting Standards Board, or the FASB, as "generally accepted" for purposes of the federal securities laws. * In May 2003, the SEC adopted rules, initially proposed in October 2002, forbidding officers and directors, or persons acting on their behalf, to improperly influence outside auditors. * In July 2003, the SEC issued a study and report on principles-based accounting.

[1] Note that from approximately January 2002 through July 2002, the SEC consisted of Chairman Harvey L. Pitt and Commissioners Isaac C. Hunt and Cynthia A. Glassman. All actions described are prior to July 30, 2002, the date of enactment of Sarbanes-Oxley.

[2] From approximately August 2002 to February 2003, the Commission consisted of Chairman Pitt and Commissioners Cynthia A. Glassman, Harvey J. Goldschmid, Paul S. Atkins and Roel C. Campos. In February 2003, William H. Donaldson succeeded Harvey Pitt as Chairman. All actions described are subsequent to July 30, 2002.

Improving the "Tone at the Top"

President's Ten-Point Plan	SEC Actions Prior to SOx	SEC Actions in Response to SOx
#3—CEOs should personally vouch for the veracity, timeliness, and fairness of their companies' public disclosures, including their financial statements. #6—Corporate leaders should be required to tell the public promptly whenever they buy or sell company stock for personal gain. * On July 9, 2002, the President called for the imposition of blackout periods on executives such that during periods when employees are prohibited from trading stock held in company retirement plans, corporate executives should be subject to the same restrictions. * Also on July 9, 2002, the President urged corporate directors to play a more active oversight role and challenged corporate compensation committees to end the practice of approving loans to corporate officers.	* In December 2001, the SEC's Division of Corporation Finance announced that it would review the 2002 filings of the Fortune 500 companies. * In February 2002, Chairman Pitt announced that the SEC intended to propose several changes in certain of its corporate disclosure rules (the "February 2002 Proposals"), including proposals to provide accelerated reporting by companies of transactions by their insiders in company securities. * Also in February 2002, Chairman Pitt requested that the NYSE and Nasdaq review their corporate governance and listing standards, including officer and director qualifications and codes of conduct. These listing standards were approved by the SEC in November 2003. * In April 2002, the SEC proposed amendments to the current report on Form 8-K to require the filing of a Form 8-K upon certain executive officer and director transactions in company stock, as well as disclosure regarding loans to these individuals made or guaranteed by the company. Parts of this proposal were adopted in connection with SOx. * In June 2002, the SEC proposed requiring that a company's principal executive officer and principal financial officer certify as to the accuracy and adequacy of the information in their quarterly and annual reports, as well as a requirement for companies to maintain, review and evaluate their disclosure controls and procedures. The proposing release noted that the SEC had advanced the notion of CEO/CFO certifications as early as 1977 in its "Report of the Advisory Committee on Corporate Disclosure to the Securities and Exchange Commission." * On June 27, 2002, the SEC issued an Order requiring that the principal executive officer and principal financial officer of 947 public companies, representing those with revenues greater than $1.2 billion, file sworn statements regarding the accuracy of their companies' financial statements and their consultation with the companies' audit committees.	* SOx required CEOs and CFOs to certify to the financial statements in companies' quarterly and annual reports, subject to criminal liability of up to $1 million and imprisonment of not more than 10 years for knowing violations, and $5 million and imprisonment of not more than 20 years for willful violations. * SOx prohibited companies from making loans to directors or executive officers. * In August 2002, the SEC adopted rules, initially proposed in June 2002 (and as supplemented in August 2002 in response to SOx), requiring CEOs and CFOs to certify financial and other information in their companies' quarterly and annual reports as well as maintain, review and evaluate their disclosure controls and procedures (an additional protection not specifically required by SOx). * Also in August 2002, and May 2003, the SEC adopted rules, initially proposed in December 2002, that accelerated the deadlines and mandated electronic filing and website disclosure of director, officer and 10% shareholder transactions in company stock. * In January 2003, the SEC adopted rules, initially proposed in October 2002, requiring companies to disclose whether they have adopted a code of ethics for the CEO, CFO and senior accounting personnel, including disclosure of changes to, or waivers from, the code. * Also in January 2003, the SEC adopted rules, initially proposed in October 2002, requiring disclosure regarding financial experts on audit committees. * Also in January 2003, the SEC, in consultation with the Department of Labor, adopted rules, initially proposed in November 2002, prohibiting company directors and executive officers from trading during pension fund blackout periods, including the ability of the company to recover any profits in violation of the rules.

Improving Disclosure and Financial Reporting

President's Ten-Point Plan	SEC Actions Prior to SOx	SEC Actions in Response to SOx
#1—Each investor should have quarterly access to the information needed to judge a firm's financial performance, condition, and risks. #2—Each investor should have prompt access to critical information. #10—Firms' accounting systems should be compared with best practices, not simply against minimum standards.	* In December 2001, the SEC issued cautionary advice regarding the use of pro forma financial information in earnings releases. * Also in December 2001, the SEC issued cautionary advice regarding the selection and disclosure by public companies of critical accounting policies and practices. * Also in December 2001, the SEC adopted rule amendments designed to enhance disclosures regarding employee stock option and other equity compensation plans. * In January 2002, the SEC issued a statement regarding certain disclosures in companies' MD&A, including liquidity and capital resources, with specific guidance on off-balance sheet arrangements, certain trading activities that include non-exchange traded contracts accounted for at fair value, and effects of transactions with related and certain other parties. * Pursuant to the February 2002 Proposals, Chairman Pitt announced proposed changes to the following disclosure requirements: * acceleration of filing by companies of their quarterly and annual reports; * expanding the list of significant events requiring current disclosure on Form 8-K; * requiring public companies to post their periodic reports on their web sites at the same time they are filed with the SEC; and * requiring disclosure of critical accounting policies in the MD&A of annual reports. * In February 2002, the SEC announced roundtable discussions to be held in NY and DC in March 2002 to examine proposals for reforming financial disclosure and auditor oversight. These roundtables were followed by an additional roundtable in Chicago in April 2002. * In April 2002, the SEC proposed rules regarding the acceleration of periodic report filing dates and disclosure regarding the web site access to these reports. These rules were adopted in September 2002. * In May 2002, the SEC proposed required disclosures in companies' MD&A regarding the application of critical accounting policies. The staff continues to review this proposal and the comments thereto in light of its recent guidance (December 2003) on MD&A disclosure and company responses to this guidance. * In June 2002, the SEC proposed amending the current report on Form 8-K to include additional events which would require the filing of the form, as well as accelerate the filing date. These amendments were adopted in March 2004 (delayed in part due to required rulemaking under SOx). In the adopting release, the SEC referenced the SOx requirement for companies to disclose on a "rapid and current basis" additional information concerning material changes in the financial condition or operation of the company as the SEC determined for the protection of investors and in the public interest.	* SOx required the SEC to review the periodic reports of each Exchange Act reporting company no less frequently than once every three years. * SOx required companies to disclose on a "rapid and current basis" such additional information concerning material changes in the financial condition or operation of the company as the SEC determined for the protection of investors and in the public interest. * In January 2003, the SEC adopted rules, initially proposed in November 2002, requiring disclosure of all material off-balance sheet transactions, including a study of the same. * Also in January 2003, the SEC adopted rules, initially proposed in November 2002, governing the use of non-GAAP financial measures, both publicly and in SEC filings. * In June 2003, the SEC adopted rules, initially proposed in October 2002, requiring an annual management report on, and auditor attestation of, a company's internal controls over financial reporting.

Improving the Performance of "Gatekeepers"

SEC Actions Prior to SOx	SEC Actions in Response to SOx
* In March 2002, the SEC commenced a formal investigation into the activities and effects of rating agencies in the capital markets. * Building upon studies begun in 1999, in April 2002 the SEC announced the commencement of a formal inquiry into market practices regarding analysts and personal conflicts that can arise between investment banking and research. * In May 2002, the SEC adopted new rules of the self-regulatory organizations ("SROs") regarding analyst conflicts, including analyst compensation, prohibitions on favorable research and limitations on communications and relationships. * In July 2002, the SEC proposed Regulation Analyst Certification, or Regulation AC, which was adopted by the SEC in February 2003.	* In January 2003, the SEC adopted rules, initially proposed in November 2002, governing standards of conduct for attorneys appearing and practicing before the SEC, including reporting "up the ladder" evidence of material violations of the securities laws. * Also in January 2003, the SEC issued a study on the role and function of credit rating agencies in the operation of the securities markets. * In April 2003, the SEC adopted rules, initially proposed in January 2003, directing the SROs to adopt listing standards for audit committees, including requiring audit committees to approve the hiring and compensation of auditors and to establish "whistleblower" procedures regarding receipt of complaints pertaining to financial matters. * In July 2003, the SEC approved new SRO rules governing research analyst conflicts of interest.

Enhancing Enforcement Tools

President's Ten-Point Plan	SEC Actions Prior to SOx	SEC Actions in Response to SOx
#4—CEOs or other officers should not be allowed to profit from erroneous financial statements. #5—CEOs or other officers who clearly abuse their power should lose their right to serve in any corporate leadership positions. * On July 9, 2002, the President called on Congress to give the Administration new powers to enforce corporate responsibility and to improve oversight of corporate America, including: (i) new criminal penalties for mail and wire fraud; (ii) strengthening the laws to crack down on obstruction of justice; (iii) new authority for the SEC to freeze improper payments to corporate executives during a company investigation; and (iv) calling on the U.S. Sentencing Commission to increase the likelihood of prison time for criminal fraud committed by corporate officers and directors. * Also on July 9, 2002, the President asked Congress to act on his prior request to fund 100 new enforcement personnel at the SEC and asked for an additional $100 million in SEC funding to enable the SEC to increase its enforcement staff and technology.	* Beginning in Fall 2001, the SEC implemented significant changes in its enforcement program, including: * mobilizing the Division of Enforcement to bring actions in "real-time"; * expanding the SEC's focus on removing unfit officers and directors; * significantly increasing the use of temporary restraining orders; * bringing substantially more subpoena enforcement actions; and *making significantly more criminal referrals and enhancing the protocols with the Department of Justice.	* SOx set standards for imposing officer and director bars and penalties, including lowering the standard from "substantial unfitness" to "unfitness." * SOx gave the SEC the authority in administrative proceedings to bar persons from serving as officers or directors. * SOx established "Fair Funds" pursuant to which civil penalties collected by the SEC may be distributed to investors harmed from violations of the securities laws, including a study of the same. * SOx required management to return bonuses or profits from stock sales received within 12 months of a restatement resulting from material non-compliance with financial reporting requirements as a result of misconduct. * SOx granted federal courts the ability to impose penny stock bars. * SOx provided that debts were not dischargeable in bankruptcy if they were incurred as a result of securities fraud. * SOx amended the statute of limitations concerning private rights of action involving fraud under the securities laws to be the earlier of two years after discovery of the facts constituting the violation, or five years after the violation. * SOx provided for "whistleblower" protection of employees in reporting evidence of fraud. * SOx allowed the SEC to temporarily freeze certain extraordinary payments made to securities law violators. * In January 2003, the SEC issued a study on enforcement actions involving violations of reporting requirements and restatements to identify areas most susceptible to fraud, inappropriate manipulation or inappropriate earnings management. * Also in January 2003, the SEC issued a study on aiding and abetting and primary violations under the federal securities laws by securities professionals, including accountants, investment bankers, brokers and attorneys.