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**ACTION ITEMS FOR PUBLIC COMPANIES  
CONCERNING SARBANES-OXLEY ACT AND  
PROPOSED REQUIREMENTS OF TRADING MARKETS  
DECEMBER 2, 2002**

The following is a list of actions that should be taken or considered as a result of the Sarbanes-Oxley Act, adopted or proposed rules of the Securities and Exchange Commission implementing that Act and proposed requirements of the Nasdaq Stock Market and New York Stock Exchange. This outline concerns only the actions and does not attempt to explain the underlying rules and proposals. Information regarding rules and proposals is available separately.

**I. PRIORITY ACTIONS IN THE NEAR-TERM FUTURE.**

A. Financial Expert. (Effective no later than January 26, 2003 for disclosure.)

- Confirm financial expert on the audit committee, or add the person to the board for membership on the audit committee, if possible.
- Prepare and use questionnaire regarding independence of directors.
- Board to determine status as financial expert.

B. Code of Ethics. (Effective January 26, 2003 for disclosure.)

- Revise or adopt code of ethics for chief executive officer and senior financial officers.
- Revise or adopt code of conduct for all personnel.
- Consider compliance system satisfying federal sentencing guidelines.
- Consider appointment of corporate ethics officer.

C. Assessment of Internal Controls. (No deadline but proposed rule would apply to reports for fiscal years ending on or after September 15, 2003.) Review internal controls for possible changes. Under a proposed SEC rule, both the CEO and CFO as well as auditors must report on internal controls in 10-Q and 10-K reports.

D. Qualified Legal Compliance Committee. (Effective no later than January 26, 2003.)

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- Consider appointment of such a committee, or designating an existing committee such as the audit committee as this committee.
  - Committee is alternative to whom attorney may report evidence of material violations of laws, in lieu of the chief legal officer or chief executive officer.
- E. Procedures for Trading Blackout Under Retirement Plans. (Effective January 26, 2003.)
- Adopt procedures to notify directors and executive officers of blackout periods under “pension plans” (which include 401(k) plans, profit sharing plans, stock bonus plans and money purchase pension plans).
  - Notify directors and officers of consequences of trading in certain stock during any such blackout.
- F. Website Posting of Reports. (Currently effective.)
- Determine whether to post SEC reports on the company’s website.
  - Disclose in upcoming 10-K report.

**II. PROVISIONS CURRENTLY IN EFFECT AND REQUIRING MONITORING.**

- A. No Personal Loans to Executive Officers and Directors.
- B. Certifications by CEO and CFO of 10-Q and 10-K Reports.
- Use a disclosure committee.
  - Review disclosure control and procedures.
- C. Section 16 Reports.
- Adopt policies and procedures for reporting within two business days of executing a transaction. Make changes to trading policies if necessary.
  - Obtain SEC IDs for reporting parties.
  - Obtain powers of attorney for filings.
- D. Pre-Approval by the Audit Committee of Non-Audit Services of the Independent Auditor.

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E. Whistleblower Protection.

- Whistleblowers are protected from retaliation. Inform supervisory employees of the prohibition on retaliation and possible consequences.
- Consider prohibition on retaliation as part of code of conduct.

F. Correcting Adjustments.

- All material correcting adjustments identified by independent auditor are to be reflected in financial reports.

III. **OTHER ACTIONS IN THE FUTURE.**

A. Independent Board. (NYSE and Nasdaq proposals. As indicated below, transition period has been proposed.)

- The majority of the board of directors, except for controlled companies, is required to be independent under proposed Nasdaq and NYSE rules. Time period is: 24 months after requirements are approved by SEC in the case of the NYSE, and the next annual meeting after January 1, 2004 in the case of Nasdaq.
- Use questionnaire regarding independence.
- Review compensation of the board.
- Adopt crisis management procedures for the board.
- Review other procedures of the board, including adoption of executive session of non-management directors, time commitment for meetings and orientation for new directors. The NYSE will require the adoption of corporate governance guidelines which cover these and other matters, effective six months after SEC approval of NYSE proposal.

B. Compensation and Nominating Committee.

- Review composition of committees - to be independent directors on the committee except in the case of controlled companies. Same time periods as stated in III.A.
- Review or adopt charters.

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- C. Directors and Officers Insurance.
- Review with agent requirements that may be expected for renewal of insurance.
- D. Audit Committee Functions. (Effective no later than April 26, 2003.)
- Review and revise as necessary audit committee charter to comply with new requirements.
  - Review independence of members.
  - Consider advisers for the audit committee.
  - Review service of members on other audit committees of public companies. Under proposal of NYSE, if a person is on an audit committee of three or more public companies, the board should determine the service on these other committees does not impair the ability of the director to effectively serve on the company's audit committee.
  - Establish procedure for the audit committee to receive employee complaints regarding questionable accounting or auditing matters.
  - Consider procedures to be taken when a complaint is received.
- E. Disgorgement of Profit After Restated Financial Statements. (Currently in effect.)
- Alert chief executive officer and chief financial officer. Applies to bonuses or other incentive-based or equity-based compensation during the 12-month period following a financial document that has been restated. Also applies to profits from sales of securities during the 12-month period.
  - Consider compensation structure.
- F. No Discharge in Bankruptcy for Securities Violations. (Currently in effect.)
- Consider estate and asset planning for directors and officers.
- G. Document Retention. (Currently in effect.)
- Review or implement document retention program to the extent practicable.
  - Criminal provisions on destruction of documents make important the uniform application of a document retention program.

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- H. Enhanced Disclosures. (Effective no later than January 26, 2003.)
- Disclosure regarding non-GAAP financial measures.
  - Form 8-K for earnings releases.
  - Disclosure of off-balance sheet arrangements.
- I. Accelerated Filing. (For calendar year company, effective for 10-K for 2003 and 10-Qs filed in 2004.)
- Applies to accelerated filers.
  - Shorter time periods phased in for 10-Q and 10-K reports.
- J. Real Time Disclosure.
- Prepare for two-day filing of 8-K for various events.
- K. Vote on Equity Plans. Nasdaq and NYSE propose that equity compensation plans be approved by stockholders.
- L. NYSE Annual Certification. The NYSE proposes to require that the CEO certify to the NYSE each year that the CEO is not aware of any violation by the company of NYSE corporate governance listing standards.