

June 24, 2004

Update Regarding PCAOB Auditing Standards

An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements of Publicly Held Companies

On June 17, 2004, Seyfarth Shaw LLP issued a Management Alert regarding the Public Company Accounting Oversight Board Auditing (PCAOB), Auditing Standard No. 1 and proposed Auditing Standard No. 2. Later on that same day, the Securities and Exchange Commission (SEC) issued final approval of Standard No. 2. Standard No. 2 provides guidance for determining whether companies have significant deficiencies and/or material weaknesses in their internal controls. Standard No. 2 also clarifies that the Board of Directors has the principal responsibility for making an evaluation of the effectiveness of the audit committee's oversight of a company's external financial reporting and internal controls.

PCAOB Auditing Standard No. 2 will be effective for accelerated filers (essentially larger companies) for fiscal years ending on or after November 15, 2004, and for all other filers for fiscal years ending on or after July 15, 2005. Should you have any questions regarding this update please contact your Seyfarth Shaw LLP attorney.