



March 24, 2006

SEC Advisory Committee  
on Smaller Companies

Ladies and Gentlemen:

A year ago, when the Advisory Committee was created, I was very pleased to see that there was recognition at the SEC of issues impacting smaller companies implementing Sarbanes-Oxley. Today, I am pleased to support the recommendations described in the draft report with respect to 404, but also beyond the internal controls subject. The Advisory Committee tackled a number of issues related to capital issuance that deserved to be reviewed. If the recommendations are adopted, we have achieved an important step forward.

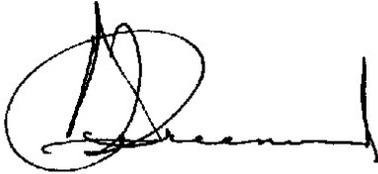
I will make one specific comment on the recommendations, provide a couple of data points pertinent to our company to further benchmark 404 costs, and offer one or two observations:

- From 2003 to 2004, hours charged by our external audit firms increased 228%, from 684 to 2244. Hours charged declined only 19% from 2004 to 2005; 2005 hours were triple 2003 hours. There is little experience-curve effect and few opportunities for efficiencies in the 404 process.
- The hourly rate schedule billed by our auditors inflated 8% from 2003 to 2004, followed by a 10% increase from 2004 to 2005. The audit firms are experiencing significant retention problems. Except for the partner, our entire audit team turned over year to year. Lack of continuity has a measurable impact on costs, as well as peoples' spirits. Consider the nature of the work. It is not creative or intellectually stimulating; it is repetitive processing. These are not ideal conditions for doing quality work, and it will be increasingly difficult to attract talent into the industry.
- I am concerned about Recommendation III.P.3 which may send the wrong signal. The case for reform has been argued persuasively, and as evidenced by 2005 experience, it is not possible to be in compliance with the process without incurring extraordinary costs. A scenario which results in a "SOX(2)" for smaller companies has a couple of problems: another year or two to draft and adopt, and objections from large companies about a double standard.

- We will of course need guidelines to define the timing in calculating market capitalization and revenues. I could argue for adjusting the bracketing, but the proposed break points are not inappropriate. For companies on the cusp, the challenge for managements and the audit firms will be to plan each year.
- Finally, I was hoping to read a summary of testimony obtained by the Advisory Committee from the buy-side, the intended beneficiaries of 404. At least one of the dissenting statements refers to possible objections to reform from segments of the investing community. Interestingly, that is not the feedback I have received from both institutional and individual investors of the value ascribed to 404 and the prospect for reform. This subject has high visibility. If investors are concerned about reform, would they not be using a loud voice?

Congratulations on a job well done. Thank you for the hard effort.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Greenwood", with a large, stylized initial "D" and a long horizontal stroke extending to the right.

David L. Greenwood  
Executive Vice President  
Chief Executive Officer