

**EXHIBIT 1  
SARBANES-OXLEY AUDIT COMMITTEE REQUIREMENTS**

Requirement	Comments
<p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>■ Preapprove audit and nonaudit services.</li> <li>■ Receive reports from auditor on critical accounting policies; receive reports from auditor on discussions with management on alternative GAAP, their effects, and the auditor's preference; receive reports from auditor on material communications with management.</li> <li>■ Oversee the auditor engagement (engaging, compensation, and resolving disagreements with management on financial reporting). Auditor reports directly to the audit committee.</li> </ul> <p><b>Composition and Authority</b></p> <ul style="list-style-type: none"> <li>■ Members must be independent.</li> <li>■ Authority to engage special counsel or expert to advise, with funding for the advisor provided by the company.</li> </ul> <p><b>Internal Control</b></p> <ul style="list-style-type: none"> <li>■ Provide procedures to receive, retain, and treat complaints; provide procedures to confidentially handle employee complaints (whistle-blower protection).</li> </ul>	<ul style="list-style-type: none"> <li>■ This is a new requirement that should increase scrutiny on auditor independence issues.</li> <li>■ These requirements expand the communication between the committee and external auditors to include the auditor preferences and all material discussions with management affecting financial reporting.</li> <li>■ This requirement greatly expands the responsibility of the committee for the audit. Now the committee is not only responsible for discussing disagreements auditors had with management but is responsible to resolve them.</li> <li>■ Independence criteria are heightened.</li> <li>■ Not new requirement for many companies, but it explicitly refers to the funding provision.</li> <li>■ These are new requirements for the audit committee.</li> </ul>