



Grant Thornton

Katten

KattenMuchinRosenman LLP

A Fresh Look at the Practices of the **Audit Committee**

June 12, 2008



Contents

Overview of the Audit Committee Handbook

Renewed Focus on Audit Committee Self Assessment and Charter Review

Letterman's Top Thirteen for Audit Committees

Audit Committee Self Assessment

SPSS Audit Committee Charter

Supplement A - SPSS Audit Committee Charter

Trent Gazzaway biography

Warren Stippich biography

Charles Whitchurch biography

Robert Wild biography





Overview of Audit Committee Handbook

Beyond Coping with the Latest of Sarbanes-Oxley:
Five key areas of focus for audit committees

June 12, 2008

© 2008 Grant Thornton LLP

Audit committee – Part-time job with full-time responsibility

Under current regulations, audit committees of US public companies are responsible – at a minimum – for the following:

- Overseeing the accounting and financial reporting processes
- Appointment, compensation and oversight of the external auditor
- Resolution of disagreements between the auditor and management
- Implementation and oversight of the whistleblower program

© 2008 Grant Thornton LLP

© 2008 Grant Thornton LLP

Audit committees – Five key areas of focus-Appropriate Skills **1**

Does the organization have the right accounting and financial reporting skills and related oversight in all key areas?

Areas of accounting complexity might include:

- Income tax accounting
- Derivatives and treasury transactions
- Acquisitions
- Allowance for loan losses
- Mortgage loan sales and servicing
- Software development costs

© 2008 Grant Thornton LLP

© 2008 Grant Thornton LLP

Audit committees –
Five key areas of focus- Internal Control Oversight **2**

Does management have a reasonable basis for knowing that ICFR is designed and operating correctly? Has management:

- Established a good control environment related to monitoring
- Identified and prioritized meaningful risks (including fraud),
- Identified controls most important to mitigating those risks,
- Identified appropriately persuasive information re control operation
- Designed appropriate monitoring procedures, and
- Reported and corrected known control deficiencies

Audit committees –
Five key areas of focus- Auditor Oversight **3**

- Does the auditor have the appropriate skill sets and commitment to properly address the areas of greatest financial reporting risk, and
- Will the audit partner be frank and honest regarding his or her assessment of company skills and attitudes?

Audit committees –
Five key areas of focus- Auditor Oversight **3**
Cont'd

Auditors should:

- be able to express at the beginning of the audit areas of greatest risk and roughly how they will audit them.
- keep the audit committee abreast of the status of those key areas throughout the year.
- describe the training and skill sets of audit personnel who will audit key areas.

Audit committees –
Five key areas of focus-Resources

4

Does the audit committee have the right resources to reach conclusions about the financial reporting process?

- The external auditor cannot be the audit committee's primary monitoring resource.
- More and more, audit committees need effective internal audit skills.
- If necessary, outsource evaluation work in complex areas.

Audit committees –
Five key areas of focus-Economics Behind Every Transaction

5


Does management understand the risks the organization faces?

- Broad risks related to strategy, operations, financial reporting or compliance with laws and regulation.
- Management has to explain the economic reality behind a transaction.
- Unique risks such as those associated with complex transactions (e.g., derivatives, complex leveraged lease transactions, acquisitions, etc.)

www.GrantThornton.com

Katten
Katten Muchin Rosenman LLP

Renewed Focus on Audit Committee Self Assessment and Charter Review



Robert J. Wild
Partner
Katten Muchin Rosenman LLP
525 W. Monroe
Chicago, IL 60601
312.902.5567
robert.wild@kattenlaw.com

Katten
Katten Muchin Rosenman LLP

Assessment of the Committee and the Charter are Required:

- **AC charters**
 - SPSS AC Charter
 - "Perform an annual evaluation of the Committee and the performance of its individual members and report its conclusions to the Board"
 - "Review and assess the adequacy of the Charter annually, or more frequently as required by law, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulations"
- **NYSE Euronext**
- **NASDAQ**
- **NYSE Rule 303A.07 - Audit Committee Additional Requirements**
 - The audit committee must have a written charter that addresses:
 - an annual performance evaluation of the audit committee
- **NASDAQ Rule 4350(d)**
 - Each issuer must certify that it has adopted a formal written audit committee charter and that the audit committee has reviewed and reassessed the adequacy of the formal written charter on an annual basis
- **Exchange Act and Rules – no requirement**

Katten
Katten Muchin Rosenman LLP

Assessment Topics

- **AC Purpose**
 - Role and mission
- **AC Membership Composition**
 - Skills
 - Leadership of Chair
- **Processes**
 - Meetings
 - Discussions
 - Management support and interaction
 - Reporting to Board
- **Areas of Specific Improvement**
 - Activities of AC
 - Management
 - Continuing education

Assessment Methodologies

- **Written questionnaires**
 - Checklist
 - Anonymous?
- **Scripted Interviews Conducted by**
 - Governance Committee Chair
 - Internal Audit/Compliance
 - Internal Counsel
 - Outside Counsel
- **Open ended questions**
- **Legal Privilege?**
- **Reporting of results**
 - Summarize
 - SOX 307 – Up the ladder reporting potential
 - Action plan
- **Record retention**



Assessment Considerations

- **Internal Controls and compliance**
- **NYSE and NASDAQ compliance**
- **Fiduciary duties**
- **Potential for liability**
 - Paper trail
 - Poorly summarized
 - Ineffectively conducted
 - Deficiencies not corrected

Letterman's Top Thirteen for Audit Committees

June 12, 2008

© Grant Thornton LLP. All rights reserved.

Letterman's Top Thirteen For Audit Committees

- 13. Govern, don't manage
- 12. You're not an IT expert!
- 11. It's Lonely In Here
- 10. Simplify your pre-approval process
- 9. Get Organized!

© Grant Thornton LLP. All rights reserved.

Letterman's Top Thirteen For Audit Committees

- 8. AC's Where The Action Is
- 7. Look 'em in the eye!
- 6. Executive Sessions every meeting
- 5. Financial infrastructure is critical
- 4. The CFO isn't the only source of information.

© Grant Thornton LLP. All rights reserved.

Letterman's Top Thirteen For Audit Committees

3. The Annual Self-Assessment is useless
2. Every silver lining has a cloud
1. Bad things happen

© Grant Thornton LLP. All rights reserved.

2007 Audit Committee Self-Assessment Questions

Purpose

Charter: Do all Audit Committee members clearly understand the Audit Committee's mission, roles and responsibilities, and Audit Committee direction outlined in the Audit Committee Charter? Is there a clear line between oversight and management?

Board Reporting: Are meaningful Audit Committee reports made to the Board of Directors?

Composition

Membership: Is there an effective mix of financial and other relevant business talent represented? Are members appropriately independent in their respective views, inquisitive and challenging of management and the auditors? Does the Audit Committee Chair have knowledge of relevant matters and exhibit effective leadership skills?

Process

Meetings: Does the Audit Committee receive with sufficient time in advance, complete, clear, and succinct agenda and support materials (e.g., financials) which are focused on substantive issues? Are meetings efficiently run and appropriately focused?

Relationships: Is there a supportive and trusting atmosphere between the Audit Committee and management, auditors, and other advisors?

Discussions: Do Audit Committee members have adequate opportunities to discuss issues and ask questions of management and the auditors, where necessary? Are differences of perspective satisfactorily resolved?

Specific Improvement Opportunities for the Audit Committee

Improvement: Please describe any observations or specific improvement opportunities for the Audit Committee on any of the points above or in other areas. Any desire for seminars or other presentations to be made to the Audit Committee?

SPSS Inc.
Charter of the Audit Committee of the Board of Directors

1. Purpose of the Committee.

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of SPSS Inc. (the “Company”) is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, including overseeing the accurate and adequate preparation, auditing and filing of the Company’s financial reporting and disclosures and fulfilling the Committee’s responsibilities with regard to (i) internal accounting matters, (ii) external audit matters, (iii) financial statements, (iv) reporting and (v) complaints and concerns as set forth herein.

2. Committee Composition.

- (a) Composition. The Committee shall consist of at least three (3) members of the Board who satisfy the requirements of the Sarbanes-Oxley Act of 2002 (the “Act”), the rules promulgated by the Securities and Exchange Commission (the “SEC”) in connection with the Act and the rules promulgated for companies listed on the NASDAQ Stock Market.
- (b) Appointment; Removal. The Committee members shall be appointed by the Board, upon the recommendation of the Nominating and Corporate Governance Committee of the Board, to serve for a one (1) year term or until their successors shall be duly elected and qualified. Any Committee member may be removed by the Board in its sole discretion.
- (c) Membership Requirements. Each Committee member must:
 - (i) qualify as an “independent” director under the rules applicable to companies listed on the NASDAQ Stock Market;
 - (ii) meet the criteria for audit committee independence set forth in Rule 10A-3 promulgated pursuant to the Securities Exchange Act of 1934;
 - (iii) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three (3) years; and
 - (iv) be financially literate, including, without limitation, able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement.
- (d) Financial Expert. The Committee shall designate at least one of its members as a financial expert (the “Financial Expert”). Prior to designating a Committee member as a Financial Expert, the Committee must make a determination that the individual so designated is financially sophisticated. Financial sophistication may be demonstrated by past employment experience in finance or accounting, professional certification in accounting or other comparable experience or background which results in the individual’s financial sophistication, including current or past employment as a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. A director who qualifies as an audit committee financial expert under Item 407 of Regulation S-K is presumed to qualify as financially sophisticated.

- (e) Committee Chairman. The Board may designate a Chairman of the Committee. If the Board does not designate a Chairman, the Committee members shall elect a Chairman by a vote of a majority of the Committee.

3. Committee Meetings.

- (a) In order to satisfy its obligation to oversee the accurate and adequate preparation, auditing and filing of the Company's financial reporting and disclosures, the Committee shall:
 - (i) meet each quarter prior to the publication of the Company's quarterly earnings release;
 - (ii) meet periodically as necessary, but no less than annually, with management, the director of the internal auditing department, the independent auditor and as a Committee in separate executive sessions to discuss matters that the Committee, or any of those persons, believe should be discussed;
 - (iii) communicate (directly or through its Chairman) with management and the independent auditor quarterly to review the Company's financial statements and significant findings based upon the limited review procedures of the independent auditor; and
 - (iv) convene such number of additional meetings at such times as are necessary or appropriate to allow the Committee to fully discharge its duties and responsibilities as set forth herein.
- (b) Each Committee member and either of the Company's Chief Executive Officer or Chief Financial Officer shall have the authority to call a meeting of the Committee. The notice of meeting need not state the purpose for which the meeting has been called. In order to transact business, at least two (2) Committee members must be present.
- (c) The Chairman shall be responsible for establishing the agenda for each meeting and will coordinate the distribution of briefing and/or background material to the Committee members. Additional items may be added to the agenda at the request of any Committee member. Minutes of all meetings shall be prepared by or under the supervision of the Chairman and approved by the Committee. Meetings may be held via conference call or in person.
- (d) Except as expressly provided in this Charter, the By-laws of the Company or the corporate governance principles of the Company, the Committee shall fix its own rules of procedure.

4. Responsibilities and Duties of the Committee.

The Audit Committee shall have the following responsibilities and duties:

- (a) Internal Accounting Matters.
 - (i) *Internal Controls.*

- (A) Consider the effectiveness and integrity of the Company's internal controls over financial reporting and reporting systems, including information technology security and control.
 - (B) Understand the scope of internal and independent auditors' review of the Company's internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
 - (C) Review disclosures made by the Company's Chief Executive Officer and Chief Financial Officer in connection with the periodic report certification process regarding significant deficiencies in the design or operation of the Company's internal controls over financial reporting or any fraud that involves management or other employees who have a significant role in the Company's internal controls.
- (ii) *Internal Audit.*
- (A) Review and approve the Company's internal audit staff functions, including authority and organizational reporting lines as well as the annual audit plan and budget. Review the effectiveness of the Company's internal audit function, including compliance with all applicable standards for internal auditors.
 - (B) Meet with the Company's chief audit executive on a regular basis to ensure adequate oversight of the internal audit function.
- (iii) *Compliance and Risk Management.*
- (A) Discuss policies with respect to risk assessment and risk management, including the Company's major financial risk exposures and the steps taken by management to monitor, control, mitigate and report such exposures.
 - (B) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
 - (C) Review the findings of any examination by regulatory agencies, and any auditor observations.
 - (D) Obtain regular updates from management and the Company's legal counsel regarding compliance matters that may have a material effect on the financial performance of the Company or on the Company's financial statements or reporting obligations.
 - (E) Review and monitor compliance with the Company's Code of Business Conduct & Ethics which includes the Code of Ethics for its Chief Executive Officer, Chief Financial Officer and other senior financial officers.

- (b) External Audit.
- (i) The Committee has exclusive authority and responsibility to appoint, compensate, direct, oversee and either retain or terminate the Company's independent auditor, and the Committee shall establish procedures whereby the independent auditor reports directly to the Committee.
 - (ii) In exercising its authority with respect to the Company's independent auditor, the Committee shall:
 - (A) Review and approve the scope, fees and terms of each audit engagement, which review shall include, without limitation, a review of the independent auditor's audit plan and matters related to staffing, reliance upon management and the internal audit and general audit approach and ensure that the independent auditor reports directly to the Committee.
 - (B) At least annually, obtain and review a report by the independent auditor describing: (i) the firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues; and (iii) all relationships between the independent auditor and the Company.
 - (C) Evaluate the independent auditor's qualifications, experience, performance, and independence, taking into account the opinions of management and the Company's internal auditors and any disclosures made by the independent auditor to the Committee.
 - (D) Review and evaluate the lead partner and manager of the independent auditor and assure the rotation of the lead (or coordinating) audit partner (having primary responsibility for the audit), and the audit partner responsible for reviewing the audit, every five (5) years, and other audit partners every seven (7) years, and other audit personnel as required by law, and consider whether there should be regular rotation of the audit firm itself.
 - (E) Present its conclusions on the performance of the independent auditor to the Board.
 - (iii) Pre-approve all permitted non-audit services performed by the Company's independent auditor as provided in Supplement A to this Charter.
 - (iv) Review and approve or veto the Company's hiring of employees or former employees of the Company's independent auditor who participated in any capacity in the audits of the Company.
 - (v) Meet with the independent auditor on a regular basis to discuss any matters that the Committee or the independent auditor believes should be discussed privately.

- (vi) Resolve disagreements between the independent auditor, management and the Company's internal auditing staff regarding issues relating to accounting standards, financial reporting, the preparation of the Company's financial statements and periodic reports or such other related issues that the Committee deems to be within its purview.
 - (vii) Discuss with the independent auditor any matters required to be discussed pursuant to any law or regulation applicable to the Committee or the independent auditor.
- (c) Financial Statements.
- (i) Review the Company's annual audited financial statements and quarterly financial statements with management, internal auditors and the independent auditor before distributing or filing with regulators, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles. This review should include discussion with management and the Company's independent auditor regarding significant issues related to accounting principles, practices and judgments.
 - (ii) Review the Company's periodic reports before they are filed with the SEC. This review should include discussion with management and the Company's independent auditor regarding the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
 - (iii) Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas as well as any significant changes in the Company's selection or application of accounting principles and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
 - (iv) Review with the independent auditor the results of the audit and any audit problems or difficulties and management's response. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreement with management.
 - (v) Discuss the Company's earnings press releases (particularly the use of "pro-forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies. This review may be general (i.e., the types of information to be disclosed and the type of presentations to be made). The Company shall discuss any press release which contains financial information with the Committee Chairman prior to release. However, the Committee is not required to discuss and/or approve each release in advance.
 - (vi) Receive and review (A) reports of the independent auditor regarding critical accounting policies and practices to be used, (B) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of using such alternative disclosures and treatments and the treatment preferred by the independent auditor, (C) the reasonableness of all material estimates and judgments made by

the Company in the preparation of its financial statements and (D) other material written communications between the independent auditor and management, including any management representation letter, report on observations and recommendations on internal controls, schedule of unadjusted differences, and a listing of adjustments and reclassifications not recorded. Assess the quality, not just the acceptability, of the Company's accounting principles and financial disclosure practices used or proposed and the appropriateness of significant management judgments.

(d) Reporting Responsibilities.

- (i) Regularly report to the Board about Committee activities and issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the performance and independence of the Company's independent auditor, and the performance of the internal audit function.
- (ii) Provide an open avenue of communication between internal auditors, the independent auditor, management and the Board.
- (iii) Prepare and publish an annual committee report in the Company's proxy statement filing which report shall satisfy the requirements of the Securities Exchange Act of 1934. This report shall describe, among other things, the Committee's composition, responsibilities and how they were discharged, and any other information required by law or rule, including approval of non-audit services.
- (iv) Review any other reports the Company issues that relate to Committee responsibilities.
- (v) Report all material findings and all recommendations that may arise at a meeting of the Committee to the entire Board. Such report shall be made at the Board meeting immediately following the relevant Committee meeting.

(e) Complaints and Concerns.

- (i) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- (ii) Establish and make known procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (iii) Implement and enforce protections for lawful employee actions regarding complaints and submissions under the above procedures.

(f) Other Responsibilities.

In addition, the Committee shall have the following further responsibilities:

- (i) Review and approve, as may be required by the rules of the NASDAQ Stock Market, related party transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404 and potential conflicts of interest situations between Board members or management, on the one hand, and the Company, on the other hand. To this end, the Committee may require management to provide the Committee with such information as the Committee may request regarding any proposed transaction that would either qualify as a related party transaction and/or may present conflict of interest questions. This information may include (A) the nature and the amount of the proposed transaction, (B) the name of the third party that will be a party to the proposed transaction and (C) the name of the individual or entity that has an interest in the proposed transaction, the nature of such interest and the amount of such interest. The Committee shall review each of these proposed transactions and decide whether to approve such transaction. The Committee shall approve only those transactions that it determines are not contrary to the best interests of the Company. The minutes of the relevant Committee meeting or a unanimous written consent of the Committee will reflect the Committee's decision in this regard.
- (ii) Perform an annual evaluation of the Committee and the performance of its individual members and report its conclusions to the Board.
- (iii) Review on an annual basis, or more frequently if appropriate, the Code of Business Conduct & Ethics of the Company and recommend to the Board any revisions the Committee deems necessary or desirable.
- (iv) Review and assess the adequacy of this Charter annually, or more frequently as required by law, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulations.
- (v) Conduct or authorize any investigations into any matters within the Committee's scope of responsibilities which it deems appropriate for investigation.
- (vi) Determine (A) compensation to any advisors employed pursuant to the Committee's authority under this Charter and (B) ordinary administrative expenses of the Committee that are necessary or appropriate for carrying out the Committee's duties. The Company shall provide appropriate funding for such compensation and expenses as determined by the Committee.
- (vi) Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation or By-laws and any applicable law, as the Committee or the Board deems necessary or appropriate.

5. Authority.

The Committee shall have the power and authority to:

- (a) Do all things necessary to fully discharge its duties as described herein.
- (b) Engage independent counsel, accountants and other advisors, as it determines necessary to carry out the responsibilities and duties of the Committee. The Committee shall report to the Board on the commencement of any such engagement.

- (c) Seek any information required by the Committee from employees (all of whom are directed to cooperate with the Committee's requests) or external parties.
- (d) Meet with Company officers, the independent auditor, or outside counsel, as necessary.

6. Reports to the Board.

The Committee shall report all material findings and all recommendations of the Committee to the entire Board. Such report shall be made at the Board meeting immediately following the relevant Committee meeting.

7. Scope.

While the Committee has the responsibilities and authority set forth in this Charter, it is not the duty of the Committee to prepare the Company's financial statements, to certify that the Company's financial statements and disclosures are completely accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations, to plan or conduct the audit or to guarantee the independent auditor's report. These are the responsibilities of management and the independent auditor. The Committee is charged with the oversight roles for these functions as set out in this Charter.

**Supplement A
to the SPSS Inc.
Charter of the Audit Committee of the Board of Directors**

1. Purpose.

The Sarbanes-Oxley Act of 2002 (the “Act”) requires the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of SPSS Inc. (the “Company”) to pre-approve any non-audit services performed by the Company’s independent auditor (the “Independent Auditor”). The Committee must evaluate these non-audit services to ensure that such services would not impair the auditor’s independence from the Company. This Supplement A to the SPSS Inc. Charter of the Audit Committee of the Board of Directors (the “Committee Charter”) sets forth the procedures and conditions (the “Pre-Approval Policy”) pursuant to which the Committee may pre-approve non-audit services proposed to be performed by the Independent Auditor.

Section 4(b)(iii) of the Committee Charter specifically grants to the Committee the authority to delegate pre-approval authority to one or more designated members of the Committee, provided that such decisions are presented to the full Committee at its next scheduled meeting. This Pre-Approval Policy supplements the Committee Charter and is consistent with the terms thereof. The Independent Auditor has reviewed the policies set forth in this Pre-Approval Policy and has agreed to satisfy the provisions hereof applicable to the Independent Auditor.

2. Pre-Approval Conditions.

In determining whether to pre-approve certain non-audit services, the Committee will consider multiple factors taken as a whole, including, without limitation, the following:

- (a) whether proposed services have been specifically prohibited by the Securities and Exchange Commission (the “SEC”);
- (b) whether the Independent Auditor is best positioned to provide the most effective and efficient service; and
- (c) whether an appropriate ratio exists between the total amount of fees for audit services, audit-related services, tax services and other services which are non-audit services.

3. Pre-Approval Procedure.

Authorization for the Independent Auditor to perform non-audit services shall be granted pursuant to the following procedure:

- (a) Annual Authorization.
 - (i) On an annual basis, the Committee, in consultation with both the Independent Auditor and the Company’s Chief Financial Officer (the “CFO”), will discuss and consider the non-audit services that the Independent Auditor may need to perform during the current fiscal year (each, an “Annual Non-Audit Service”). The Committee, in consultation

with the Independent Auditor and the CFO, will also discuss and consider the total fees anticipated to be paid throughout the fiscal year for each Annual Non-Audit Service (each, an “Annual Budget”), which Annual Budget shall cumulate fees expected to be paid for all projects related to each Annual Non-Audit Service. Following discussion and consideration, the Committee, as appropriate, shall pre-approve any Annual Non-Audit Services that may be performed by the Independent Auditor during the current fiscal year and an Annual Budget for each Annual Non-Audit Service (collectively, the “Annual Pre-Approval List”). Committee approval of the Annual Pre-Approval List shall be reflected in the minutes of the meeting at which Committee approval is granted.

- (ii) Notwithstanding subsection (i) above, if the Annual Non-Audit Service is a tax service, the Committee shall, prior to approval of such Annual Non-Audit Service, (A) receive from the Independent Auditor a written description of the nature and scope of the specifically proposed tax service(s) including the fee structure for such service(s) and (B) discuss with and receive a certification from the Independent Auditor with regard to any implications that performance of any specific tax service(s) may have on the independence of the Independent Auditor.
 - (iii) At each regularly scheduled meeting of the Committee, the CFO will report on the status of individual projects performed by the Independent Auditor in connection with approved Annual Non-Audit Services and corresponding fees incurred.
 - (iv) In any of the following events, additional pre-approval must be obtained by the Committee pursuant to Section 3(b) below prior to the performance of such services:
 - (A) the fees to be paid for any individual project to be performed in connection with an Annual Non-Audit Service exceed \$20,000;
 - (B) the total fees to be paid for all individual projects related to an Annual Non-Audit Service exceed the approved Annual Budget for such Annual Non-Audit Service; or
 - (C) if the Annual Non-Audit Service is a tax service, the specific tax service to be performed is outside the nature and scope of the previously approved tax services.
- (b) Individual Authorization. If any of the events described in Section 3(a)(iv) occur, additional pre-approval shall be granted pursuant to the following procedure:
- (i) *Company Request.* The CFO, or a designee specified by the CFO, shall submit a written request (the “Company Request”) to the Independent Auditor, which Company Request shall include a description of the type and scope of the individual non-audit service that the Company desires the Independent Auditor to perform (the “Requested Non-Audit

Services”). The Company Request shall be sent to the Independent Auditor in writing (electronic mail is acceptable).

(ii) *Auditor Response.*

(A) Upon the receipt of the Company Request, the Independent Auditor shall calculate the fees that would be charged by the Independent Auditor in providing the Requested Non-Audit Services.

(B) The Independent Auditor shall provide a written response to the CFO, or a designee specified by the CFO, which response shall include a written proposal of the fees that will be charged by the Independent Auditor in providing the Requested Non-Audit Services (the “Fee Proposal”). This Fee Proposal shall include (A) the amount of such fees denominated in the applicable local currency and (B) the amount of such fees denominated in United States dollars (the “Dollar Denominated Fee”). The Fee Proposal shall specify the total fees recommended for Committee approval, which amount shall be equal to (A) the Dollar Denominated Fee plus (B) ten percent (10%) of the Dollar Denominated Fee rounded to the nearest \$1,000. If the total Fee Proposal exceeds \$20,000, the Fee Proposal shall be in the form of a formal engagement letter. The Fee Proposal shall be sent to the CFO, or a designee specified by the CFO, in writing (electronic mail is acceptable).

(C) Notwithstanding subsection (B) above, if the Requested Non-Audit Service is a tax service, the Independent Auditor shall (1) provide in the Fee Proposal a written description of the nature and scope of the specifically proposed tax service(s) including the fee structure for such service(s) and (B) discuss with the CFO or Chairman of the Committee and provide a written certification with regard to any implications that performance of any specific tax service(s) may have on the independence of the Independent Auditor.

(iii) *Submission to Committee Chairman.* The CFO, or a designee specified by the CFO, shall forward a description of the Requested Non-Audit Services and the Fee Proposal to the Chairman of the Committee for review and approval.

(iv) *Committee Decision.*

(A) The Chairman of the Committee shall review the description of the Requested Non-Audit Services and the Fee Proposal.

(B) If the Chairman of the Committee determines that the Requested Non-Audit Services are appropriate, the Chairman of the Committee is authorized to and shall approve the Requested Non-Audit Services. The Chairman of the Committee shall

provide written notice of such approval to the CFO or a designee specified by the CFO.

- (C) The CFO, or a designee specified by the CFO, shall notify the Independent Auditor of the determination made by the Chairman of the Committee.
- (D) Notwithstanding subsection (B) above, if a formal engagement letter is required, the Chairman of the Committee shall evidence approval of the Requested Non-Audit Services by executing the engagement letter prior to or at the next Committee meeting and delivering an executed copy of such engagement letter to the CFO.
- (E) All materials relating to Requested Non-Audit Services, including, without limitation, the Committee Chairman's authorization of such Requested Non-Audit Services shall be presented to the full Committee at the next scheduled Committee meeting.

4. Prohibited Services.

Notwithstanding the procedure set forth in Section 3 above, neither the Chairman of the Committee nor the full Committee shall have the authority to approve non-audit services that have been specifically prohibited by the SEC. The non-audit services that have been specifically prohibited by the SEC are:

- (a) Bookkeeping or other services related to the accounting records or financial statements of the Company;
- (b) Financial information systems design and implementation;
- (c) Appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- (d) Actuarial services;
- (e) Internal audit outsourcing services;
- (f) Management functions;
- (g) Human resources;
- (h) Broker or dealer, investment adviser or investment banking services;
- (i) Legal services; and
- (j) Expert services unrelated to the audit.



Grant Thornton

R. Trent Gazzaway

CPA (North Carolina)



Managing Partner, Corporate Governance

Trent is an audit partner and the partner-in-charge of corporate governance. He also is a key resource in training Grant Thornton personnel to audit internal controls over financial reporting in accordance with newly established auditing standards. Trent is one of four steering committee chairmen who led the development of the Open Compliance and Ethics Group's framework for integrating governance, risk management and compliance into business processes (www.oceg.org) and is a member of the advisory board of the Enterprise Risk Management Initiative (www.mgt.ncsu.edu/erm) at NC State University's College of Management.

Experience

Trent's experience includes auditing public and private companies and assisting an array of companies in improving and evaluating internal control systems.

Most recently, Trent was appointed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) board to lead a project to develop guidance regarding the effective monitoring of internal control.

Professional qualifications and memberships

- American Institute of Certified Public Accountants
- Institute of Internal Auditors
- American Accounting Association
- National Association of Corporate Directors

Presentations and publications

Trent speaks frequently at seminars and has authored several nationally and internationally published articles related to Sarbanes-Oxley and corporate governance. He was recognized in 2005 and 2008 by *Treasury & Risk Management* magazine as one of the "100 most influential people in finance" and in 2006 by *Business Finance* magazine as one of 60 top "Influencers" in finance and accounting. In 2008, Trent was selected "Auditor of the Year" by Institutional Investor's *Compliance Reporter* publication.

Education

Trent has a Bachelor of Science in Business Administration and a Masters of Accounting from the University of North Carolina at Chapel Hill.

Contact details

201 S. College St., Suite 2500
Charlotte, NC 28244

T: 704.632.6834
F: 704.337.2979
E: Trent.Gazzaway@gt.com

Warren W. Stippich, Jr.

CPA (Illinois), CIA



Partner and Practice Leader, Business Advisory Services, Chicago

Warren is the Practice Leader of the Chicago Business Advisory Services Group. He has over 17 years experience working with multi-national, entrepreneurial, and high-growth public companies. Warren brings experience to the business risk consulting and internal audit services areas from both the public accounting firm and industry perspectives. He leads many Sarbanes-Oxley consulting and internal audit services projects for a wide-array of publicly traded businesses with international operations. He has worked extensively with international internal audit, Sarbanes-Oxley and business consulting assignments in Europe, China, Southeast Asia, Central and South America and Canada.

Experience

Warren began his career with Arthur Andersen in the external audit practice and later in the internal audit services practice. In 1997 he joined DEKALB Genetics Corporation, a \$500 million multi-national public company, as the Vice President of Internal Audit and Worldwide Consulting. Subsequent to DEKALB, Warren was a Managing Director at American Express Tax and Business Services and a Partner in the related attest entity of Altschuler, Melvoin & Glasser LLP and worked in the attest and business consulting areas.

Professional certifications

- Certified Public Accountant (Illinois)
- Certified Internal Auditor
- Certified Business Manager

Memberships

- American Institute of Certified Public Accountants
- Illinois CPA Society
- Institute of Internal Auditors
- Association of Certified Fraud Examiners
- Board Member and Audit Committee of Gateway Foundation, Inc., Chicago, IL
- Vice President and Finance Committee of Suicide Prevention Services, Batavia, Illinois

Education

Bachelor of Science in Accountancy
University of Illinois at Urbana-Champaign

Contact details

175 W. Jackson Blvd., 20th Floor
Chicago, IL 60604

T: 312.602.8499
F: 312.602.8099
E: Warren.Stippich@gt.com

Charles R. Whitchurch



Charles R. Whitchurch
143 Fuller Lane
Winnetka, IL 60093
Phone: 847-446-5051
Mobile: 847-910-8789
crwhitchurch@comcast.net

Charles R. (Randy) Whitchurch has been a director of SPSS Inc., a Chicago-based provider of predictive analytic and statistical tools software, since October 2003. He is a designated financial expert and Chairman of the Audit Committee of SPSS. From September 1991 until May 2008, Mr. Whitchurch served as the Chief Financial Officer and Treasurer of Zebra Technologies Corporation. From 1981 until September 1991, he served as Vice President, Finance of Corcom, Inc., a technology company specializing in the control of radio frequency interference. In addition, Mr. Whitchurch previously held positions as Chief Financial Officer of Resinoid Engineering Corporation and as a Corporate Services Officer with Harris Bank in Chicago. He holds a bachelors degree in economics (Phi Beta Kappa) from Beloit College and an M.B.A. from Stanford University.



Robert J. Wild

Partner

Chicago, Illinois

p_ 312.902.5567 f_ 312.577.8878

robert.wild@kattenlaw.com

Bob Wild is a partner in the Firm's Corporate Practice, focusing on the representation of publicly-traded issuers in day-to-day federal securities law disclosure and compliance matters; board corporate governance matters; NYSE and NASDAQ initial and continued listing compliance; accelerated share purchase programs; follow-on and secondary underwritten offerings of equity; Rule 144A high yield offerings and related registered exchange offerings; merger and annual meeting proxy statements; annual and quarterly periodic and current reports; Section 16 compliance; and Rule 10b5-1 plans and Rule 144 matters.

In addition, Mr. Wild also represents buyers and sellers in public and private acquisitions and divestitures of stock and assets. Mr. Wild's client representations have included retailers, manufacturers, public accounting firms, consulting firms, wireless telecommunications providers, gaming companies, credit card issuers and bank holding companies.

Mr. Wild's notable securities offerings include:

Associated Banc-Corp (NASDAQ GS: ASBC)

- \$2 billion senior and subordinated bank note program of Associated Bank, NA, a wholly owned subsidiary, agented by Credit Suisse First Boston, Citigroup, Goldman, Sachs & Co. and Merrill Lynch & Co.
- Negotiated several accelerated share repurchase plans with various global investment banks and related Form S-3 registration of common stock in connection with net share settlements.iPCS, Inc. (NASDAQ GS: IPCS)

iPCS, Inc. (NASDAQ GS: IPCS)

- Shelf takedown underwritten secondary offering of common stock for affiliates of Apollo Management LP.
- Rule 144A offering of \$475 million of first and second lien senior secured high yield notes.
- Offer to purchase and consent solicitation for \$165 million and \$125 million high yield notes.
- Acquisition of Horizon PCS, Inc. (Pink Sheets: HZPS) and related Form S-4 and joint proxy statement/prospectus.
- Rule 144A offering of \$165 million high yield notes and resulting Form S-4 for exchange offer.
- Rule 144A offering of \$300 million high yield notes and common stock warrants and resulting Form S-4 exchange offer and Form S-1 shelf offering.
- \$120 million convertible participating preferred stock investment by The Blackstone Group and Trust Company of the West.

People's Bank (NASDAQ GS: PBCT)

- Tender offer of approximately \$255 million of subordinated notes

Mr. Wild's notable mergers and acquisitions transactions include:

GlobalNetXchange, LLC

- Formation of Agentrics LLC, one of the world's largest retail technology firms offering online auctions and strategic sourcing, in a merger of equals transaction with WorldWide Retail Exchange.

Huron Consulting Group Inc. (NASDAQ GS: HURN)

- Acquisition of Glass & Associates, Inc., a turnaround and restructuring firm, in stock purchase valued at approximately \$30 million, plus potential multi-year earn-outs payments.
- Acquisition of Aaxis Technologies, Inc., an electronic data discovery consultant, in a stock purchase valued at approximately \$7.8 million, plus potential multi-year earn-outs payments.

iPCS, Inc. (NASDAQ GS: IPCS)

- Sale to AirGate PCS, Inc. in \$900 million enterprise value transaction.

Sears Roebuck & Company (NASDAQ GS: SHLD)

- Sale of NTB National Tire and Battery business with 226 retail stores and related transition services to TBC Corporation (NASDAQ:TBCC) for approximately \$260 million.
- Sales of several separate receivables portfolios of charged-off and Chapter 13 private label and general purpose credit card receivables with aggregate face principal of \$2.5 billion for approximately \$178 million.
- Sales of several separate private label credit card receivables portfolios and transition servicing and program agreements.

The representations described above were prior to Mr. Wild joining the Firm.

Mr. Wild is the author of "Designing an Effective Securities Compliance Program," Vol. 10, Corporate Compliance Series, *Thomson/West*, November 2007.

Mr. Wild is a member of the Board of Directors of the Boys and Girls Clubs of Chicago and the Board of Managers of the Robert R. McCormick Club of the Boys & Girls Clubs of Chicago. He is also a member of the American Bar Association, Section of Business Law; the Chicago Bar Association, Federal Securities Law and Financial Institutions Committees; and the Illinois State Bar Association, Corporations, Securities and Business Law Section Council of which he served as chairman from 2005-2006.

Mr. Wild joined the Firm in September 2007 and was previously a partner with Mayer Brown LLP.

Mr. Wild earned his B.B.A. in 1983 from Loyola University Chicago, his M.S.T. in 1987 from DePaul University and his J.D. in 1989 from Loyola University Chicago School of Law, where he served as the executive editor for the *Loyola Consumer Law Review*. He is admitted to practice in Illinois (1989).



© Grant Thornton LLP
All rights reserved
U.S. member firm of Grant Thornton International Ltd

This proposal is the work of Grant Thornton LLP, the U.S. member firm of Grant Thornton International Ltd, and is in all respects subject to negotiation, agreement and signing of specific contracts. The information contained within this document is intended only for the entity or person to which it is addressed and contains confidential and/or proprietary material. Dissemination to third-parties, copying or use of this information is strictly prohibited without the prior written consent of Grant Thornton LLP.