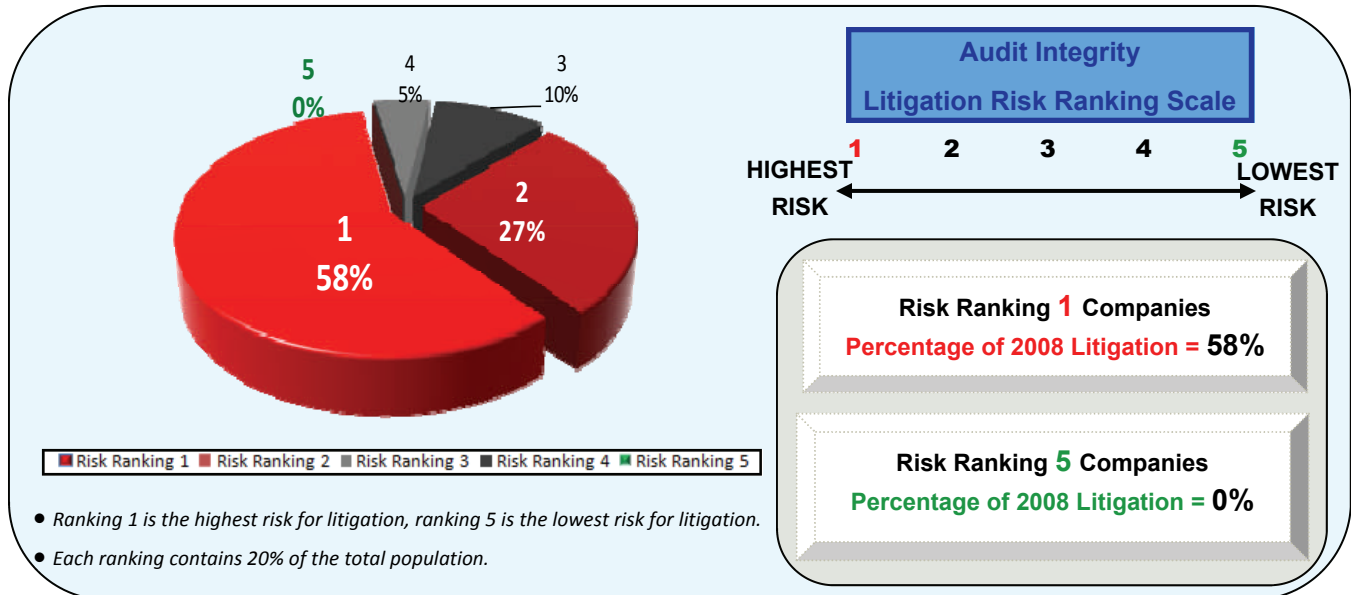


**LITIGATION RISK MODEL**  
PERFORMANCE

Calendar Year  
**2008**

**Litigation Scorecard: Predicting Litigation Risk with the AGR® Litigation Model**  
Calendar Year 2008



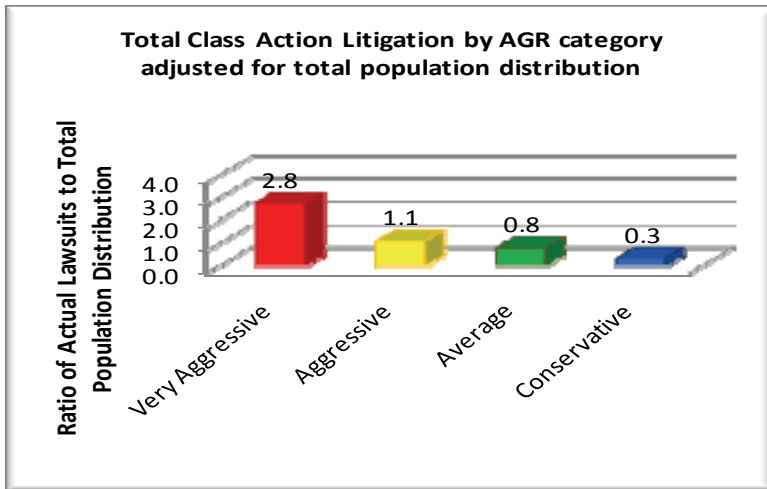
**AGR-Based Model Uncovers Litigation Risks**

Audit Integrity's Accounting and Governance (AGR®) Rating and AGR-based Litigation Model continue to accurately identify publicly traded corporations that are at risk for facing class action lawsuits.

The total number of federal securities class actions filed in 2008 was 210, as reported by The Stanford Law School Securities Class Action Clearinghouse. Other sources such as NERA and The D&O Diary reported higher numbers of up to 255 cases filed, due to different counting methods. By any count, litigation cases were up substantially in 2008, approximately 30% higher than in 2007, driven by the wave of litigation in the financial services sector. Forecasts for 2009 show levels predicted to reach or exceed 2008 levels.

There are 120 class action litigation cases listed in this Scorecard. This number is lower than the numbers quoted above due to a number of cases that do not match to companies Audit Integrity rates, such as ADRs, private companies and a number of cases related to auction rate securities, or due to multiple cases filed against the same company. When this occurs, the Scorecard lists the AGR Rating at the time of the initial litigation case.

- ⇒ For 2008, the AGR Litigation Model rated 58% of litigated companies with the lowest ranking of 1 at the time of a class action lawsuit filing – i.e., the lowest rated 20% of companies accounted for 58% of the litigation cases.
- ⇒ The Litigation Model ratings were predictive of risk during the year leading up to the litigation. (see table 1)
- ⇒ For 2008, the highest Litigation Ranking (5) contained zero cases of litigation.
- ⇒ The results are highly consistent with prior year results, where between 56-58% of litigated companies had a ranking of 1.
- ⇒ AGR Litigation Model 2.0 was released in May, 2008, and the full year results showed improved results from 2007 – 85% of litigated companies had a ranking of 1 or 2, vs. 81% in 2007.



⇒ For 2008, the AGR Rating Model correctly rated Very Aggressive companies as having 2.8 times the number of lawsuits than the total population of companies, at the time of a class action lawsuit filing.

⇒ For 2008, the Conservative rating category had only 0.3 times the number of lawsuits than the total population of companies.

⇒ AGR Litigation Model 2.0 incorporates additional AGR factors and modifications to non-AGR factors to improve Model effectiveness.

**The Audit Integrity AGR Litigation Model**

One of the most widely used and accepted litigation models, the AGR Litigation Model utilizes the proprietary Accounting & Governance Risk (AGR®) rating, a key factor in the model’s performance. The latest Litigation Model, Version 2.0, is improved in its effectiveness by almost 10% over the prior model, with several refinements to both AGR and non-AGR factors, including the following:

**AGR Factors:**

- 1) AGR Score - companies with low AGR scores have high litigation risk
- 2) AGR Volatility - Volatility in AGR Score indicates additional litigation risk
- 3) Low Risk AGR - Companies with transparent reporting and good governance have lower litigation risk
- 4) Recent High Risk Events – certain events have been found to increase litigation risk

**Other Factors:**

- 1) Market Capitalization: large companies have significantly higher rates of litigation
- 2) Industry Classification: certain industry sectors are at higher risk of litigation; within broad industry sectors, specific industries have been found to have higher or lower litigation risk
- 3) Stock Performance: recent severe stock loss increases litigation probability

The robustness of the AGR Litigation Model is confirmed by accuracy profile and accuracy ratio tests, which show significant statistical performance and predictive ability. For shareholder litigation over the past several years, the model had accurate identification of nearly 70% of companies sued, a highly significant statistical accuracy ratio. The model’s risk measure also has strong measure of separation, with the ability to distinguish the worst scoring 10% of companies that have 169 times the litigation incidence, in contrast with the best scoring 10% of companies.

**The Impact of the Stock Market Decline on the Litigation Model**

Severe stock price decline is one of the four major variables of the Audit Integrity Litigation Model along with AGR, Market Capitalization, and Industry. As a result of the precipitous market decline in the fourth quarter of 2008, the severe loss flag was triggered for 89% of our population of companies for fiscal Q3 2008 vs. 45% in the prior quarter.

Because the tide of plummeting market prices affected the great majority of companies, the relative rankings remained quite stable with about the same turnover between quintiles as usual. Approximately 60% of companies remained in the same quintile, with almost none moving by more than one quintile.

However, as expected, the activation of the severe loss flag for most of the universe did result in a general rise in the

(Continued next page)

**Conclusion**

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The number of securities lawsuits continues to grow, and the result is often the settlement in payments of tens of millions of dollars to shareholders, damaged corporate reputation, downward valuation of the company, and potential financial payout for their insurance carriers as well. The AGR Rating and AGR Litigation Model continue to be useful tools in identifying companies likely to face both potential litigation and its ensuing consequences.

**The Impact of the Stock Market  
Decline on the Litigation Model****(cont'd)**

probability of litigation. The average one-year probability almost doubled from 1.27% in Q2 2008 to 2.48% in Q3 2008. The maximum probability observed rose by 28% to 29.4%. Viewed through the lens of market capitalization, the average litigation probability for Large-caps grew by a multiple of 1.5x, Mid-caps by 2.1x, Small-caps 2.7x, and the smallest companies that tend to have very low absolute probabilities, by more than 4.0x.

In summary, the broad based market decline had little impact on our relative rankings. There is no discontinuity between previous and current Litigation quintile scores. However, the absolute level of litigation probabilities has doubled for the newly released quarter and is likely to return approximately to its previous levels in future quarters absent another huge selloff.

Rather than trying to chase the market, Audit Integrity is leaving the Litigation Model unchanged. We will continue to monitor actual results and model effectiveness.

Table 1. Class Action Litigation, 2008\*

| Company Name                        | Ticker | Date Sued  | Industry                      | Litigation Probability at Litigation Filing Date | Litigation Risk Model Ranking |             |              |              |
|-------------------------------------|--------|------------|-------------------------------|--|-------------------------------|-------------|--------------|--------------|
|                                     |        |            |                               |  | at Litigation Filing Date     | 1 Qtr Prior | 2 Qtrs Prior | 3 Qtrs prior |
| Bank of America Corp.               | BAC    | 5/22/2008  | Money Center Banks            | 15.0%  | 1                             | 1           | 1            | 1            |
| VMware, Inc.                        | VMW    | 11/24/2008 | Software & Programming        | 12.3%  | 1                             | 1           | 1            | 1            |
| Biovail Corp. (USA)                 | BVF    | 10/8/2008  | Biotechnology & Drugs         | 12.2%  | 1                             | 1           | 1            | 1            |
| Morgan Stanley                      | MS     | 2/12/2008  | Investment Services           | 12.2%  | 1                             | 1           | 1            | 1            |
| Apple Inc.                          | AAPL   | 6/27/2008  | Computer Hardware             | 11.3%  | 1                             | 1           | 1            | 1            |
| Cadence Design Systems, Inc.        | CDNS   | 10/29/2008 | Software & Programming        | 9.9%   | 1                             | 1           | 1            | 1            |
| Freddie Mac                         | FRE    | 8/15/2008  | Consumer Financial Services   | 9.8%   | 1                             | 1           | 1            | 1            |
| American International Group, Inc.  | AIG    | 5/21/2008  | Insurance (Prop. & Casualty)  | 9.3%   | 1                             | 2           | 1            | 1            |
| CIT Group Inc.                      | CIT    | 7/25/2008  | Consumer Financial Services   | 8.8%   | 1                             | 1           | 1            | 1            |
| IndyMac Bancorp, Inc.               | IMB    | 6/11/2008  | S&Ls/Savings Banks            | 8.2%   | 1                             | 1           | 2            | 2            |
| Merck & Co., Inc.                   | MRK    | 4/3/2008   | Major Drugs                   | 8.1%   | 1                             | 1           | 1            | 1            |
| Medtronic, Inc.                     | MDT    | 12/10/2008 | Medical Equipment & Supplies  | 7.6%   | 1                             | 1           | 1            | 1            |
| Walgreen Company                    | WAG    | 4/16/2008  | Retail (Drugs)                | 7.3%   | 1                             | 1           | 1            | 1            |
| The First Marblehead Corp.          | FMD    | 4/10/2008  | Consumer Financial Services   | 7.3%   | 1                             | 2           | 2            | 2            |
| Healthways, Inc.                    | HWAY   | 6/5/2008   | Healthcare Facilities         | 6.9%   | 1                             | 1           | 1            | 1            |
| Constellation Energy Group, Inc.    | CEG    | 9/22/2008  | Electric Utilities            | 6.0%   | 1                             | 1           | 2            | 2            |
| National City Corp.                 | NCC    | 1/24/2008  | Regional Banks                | 5.8%   | 1                             | 1           | 1            | 1            |
| First American Corp.                | FAF    | 6/23/2008  | Insurance (Prop. & Casualty)  | 5.8%   | 1                             | 3           | 2            | 3            |
| Zimmer Holdings, Inc.               | ZMH    | 8/5/2008   | Medical Equipment & Supplies  | 5.7%   | 1                             | 1           | 1            | 1            |
| Medicis Pharmaceutical Corp.        | MRX    | 10/3/2008  | Biotechnology & Drugs         | 5.6%   | 1                             | 1           | 1            | 1            |
| Schering-Plough Corp.               | SGP    | 1/18/2008  | Major Drugs                   | 5.5%   | 1                             | 1           | 2            | 1            |
| Camtek LTD.                         | CAMT   | 3/7/2008   | Scientific & Technical Instr. | 5.1%   | 1                             | 1           | 1            | 3            |
| MEMC Electronic Materials, Inc.     | WFR    | 9/16/2008  | Semiconductors                | 4.7%   | 1                             | 1           | 1            | 1            |
| SIRF Technology Holdings Inc.       | SIRF   | 2/8/2008   | Communications Equipment      | 4.7%   | 1                             | 1           | 1            | 1            |
| H&R Block, Inc.                     | HRB    | 9/24/2008  | Personal Services             | 4.5%   | 1                             | 1           | 1            | 1            |
| Inverness Medical Innovations, Inc. | IMA    | 4/10/2008  | Biotechnology & Drugs         | 4.5%   | 1                             | 1           | 1            | 1            |
| TD Ameritrade Holding Corp.         | AMTD   | 3/19/2008  | Investment Services           | 4.4%   | 1                             | 1           | 1            | 1            |
| Synchronoss Technologies, Inc.      | SNCR   | 9/5/2008   | Software & Programming        | 4.4%   | 1                             | 1           | 1            | 1            |
| Citigroup Inc.                      | C      | 3/26/2008  | Money Center Banks            | 4.3%   | 1                             | 1           | 1            | 1            |
| Fannie Mae                          | FNM    | 9/8/2008   | Consumer Financial Services   | 4.3%   | 1                             | 1           | 1            | 1            |
| General Growth Properties, Inc      | GGP    | 10/31/2008 | Real Estate Operations        | 4.2%   | 1                             | 1           | 2            | 1            |
| Nextwave Wireless Inc.              | WAVE   | 9/16/2008  | Communications Equipment      | 4.1%   | 1                             | 1           | 1            | 1            |
| Carter's, Inc.                      | CRI    | 9/19/2008  | Retail (Apparel)              | 4.1%   | 1                             | 1           | 2            | 2            |
| The Bear Stearns Companies Inc.     | BSC    | 3/17/2008  | Investment Services           | 4.0%   | 1                             | 1           | 1            | 1            |
| Darden Restaurants, Inc.            | DRI    | 3/13/2008  | Restaurants                   | 4.0%   | 1                             | 1           | 1            | 2            |
| KKR Financial Holdings LLC          | KFN    | 8/7/2008   | Investment Services           | 3.9%   | 1                             | 1           | 1            | 1            |
| Merrill Lynch & Co., Inc.           | MER    | 3/25/2008  | Investment Services           | 3.9%   | 1                             | 1           | 1            | 1            |
| Hansen Natural Corp.                | HANS   | 9/11/2008  | Beverages (Non-Alcoholic)     | 3.8%   | 1                             | 1           | 1            | 1            |
| Panera Bread Company                | PNRA   | 1/25/2008  | Restaurants                   | 3.8%   | 1                             | 2           | 2            | 2            |
| Savient Pharmaceuticals, Inc.       | SVNT   | 11/25/2008 | Biotechnology & Drugs         | 3.8%   | 1                             | 1           | 1            | 1            |
| K-V Pharmaceutical Company          | KV.A   | 12/2/2008  | Biotechnology & Drugs         | 3.7%   | 1                             | 1           | 1            | 1            |
| NVIDIA Corp.                        | NVDA   | 9/9/2008   | Semiconductors                | 3.4%   | 1                             | 1           | 1            | 1            |
| Arbitron Inc.                       | ARB    | 4/30/2008  | Computer Services             | 3.4%   | 1                             | 1           | 1            | 1            |
| Lehman Brothers Holdings Inc.       | LEH    | 2/22/2008  | Investment Services           | 3.4%   | 1                             | 2           | 2            | 2            |
| Washington Mutual, Inc.             | WM     | 8/20/2008  | S&Ls/Savings Banks            | 3.4%   | 1                             | 2           | 1            | 1            |
| MBIA Inc.                           | MBI    | 1/11/2008  | Insurance (Prop. & Casualty)  | 3.4%   | 1                             | 1           | 2            | 2            |
| American Capital Ltd.               | ACAS   | 12/15/2008 | Misc. Financial Services      | 3.3%   | 1                             | 2           | 1            | 2            |
| FCStone Group, Inc.                 | FCSX   | 7/16/2008  | Investment Services           | 3.2%   | 1                             | 1           | 1            | 2            |
| NexCen Brands Inc.                  | NEXC   | 5/28/2008  | Retail (Apparel)              | 3.2%   | 1                             | 1           | 1            | 1            |
| SLM Corp.                           | SLM    | 1/31/2008  | Consumer Financial Services   | 3.1%   | 1                             | 1           | 1            | 1            |
| Penn National Gaming, Inc           | PENN   | 7/3/2008   | Casinos & Gaming              | 3.0%   | 1                             | 1           | 1            | 1            |
| McDermott International             | MDR    | 11/17/2008 | Oil Well Services & Equipment | 3.0%   | 1                             | 2           | 2            | 2            |
| Goldman Sachs Group, Inc.           | GS     | 4/15/2008  | Investment Services           | 3.0%   | 1                             | 1           | 1            | 1            |
| ETRADE Financial Corp.              | ETFC   | 4/2/2008   | Investment Services           | 2.8%   | 1                             | 1           | 2            | 2            |
| Thornburg Mortgage, Inc.            | TMA    | 10/27/2008 | Consumer Financial Services   | 2.8%   | 1                             | 1           | 1            | 2            |
| Ambac Financial Group, Inc.         | ABK    | 1/16/2008  | Insurance (Prop. & Casualty)  | 2.7%   | 1                             | 1           | 2            | 2            |
| JPMorgan Chase & Co.                | JPM    | 3/31/2008  | Investment Services           | 2.6%   | 1                             | 1           | 1            | 1            |
| Vertex Pharmaceuticals Inc.         | VRTX   | 3/13/2008  | Biotechnology & Drugs         | 2.6%   | 1                             | 1           | 1            | 1            |
| SAFECO Corp.                        | SAF    | 6/16/2008  | Insurance (Prop. & Casualty)  | 2.6%   | 1                             | 2           | 2            | 2            |
| Novatel Wireless, Inc.              | NVTL   | 9/15/2008  | Communications Equipment      | 2.5%   | 1                             | 2           | 1            | 1            |

\* Securities Class Action Clearinghouse Index of Filings that are tracked by the Audit Integrity company database

Continued next page

Table 1. Class Action Litigation, 2008\* (cont'd.)

| Company Name                             | Ticker | Date Sued  | Industry                      | Litigation Probability at Litigation Filing Date | Litigation Risk Model Ranking |             |              |              |
|--|--------|------------|-------------------------------|--|-------------------------------|-------------|--------------|--------------|
|  |        |            |                               |  | at Litigation Filing Date     | 1 Qtr Prior | 2 Qtrs Prior | 3 Qtrs prior |
| Comcast Corp.                            | CMCSA  | 1/3/2008   | Broadcasting & Cable TV       | 2.5%   | 2                             | 1           | 2            | 1            |
| Pilgrim's Pride Corp.                    | PPC    | 10/29/2008 | Food Processing               | 2.5%   | 1                             | 2           | 2            | 2            |
| Stifel Financial Corp.                   | SF     | 8/8/2008   | Investment Services           | 2.5%   | 1                             | 1           | 2            | 2            |
| Raymond James Financial, Inc.            | RJF    | 4/8/2008   | Investment Services           | 2.5%   | 1                             | 3           | 3            | 3            |
| Taleo Corp.                              | TLEO   | 11/14/2008 | Software & Programming        | 2.4%   | 1                             | 2           | 1            | 1            |
| EMCORE Corp.                             | EMKR   | 12/23/2008 | Semiconductors                | 2.4%   | 1                             | 1           | 2            | 1            |
| MGIC Investment Corp.                    | MTG    | 5/12/2008  | Insurance (Prop. & Casualty)  | 2.3%   | 1                             | 2           | 2            | 2            |
| ArthroCare Corp.                         | ARTC   | 4/4/2008   | Medical Equipment & Supplies  | 2.3%   | 2                             | 1           | 1            | 1            |
| TeleTech Holdings, Inc.                  | TTEC   | 1/25/2008  | Computer Services             | 2.1%   | 2                             | 2           | 2            | 1            |
| General Electric Company                 | GE     | 7/30/2008  | Conglomerates                 | 2.1%   | 1                             | 1           | 2            | 1            |
| InterNAP Network Services                | INAP   | 11/12/2008 | Software & Programming        | 2.1%   | 1                             | 1           | 1            | 1            |
| MoneyGram International, Inc.            | MGI    | 3/28/2008  | Misc. Financial Services      | 2.1%   | 2                             | 2           | 3            | 3            |
| Oshkosh Corp.                            | OSK    | 9/19/2008  | Auto & Truck Manufacturers    | 2.1%   | 1                             | 1           | 1            | 1            |
| WellPoint, Inc.                          | WLP    | 3/18/2008  | Insurance (Accident & Health) | 1.9%   | 2                             | 1           | 1            | 1            |
| PharmaNet Development Group Inc.         | PDGI   | 11/20/2008 | Biotechnology & Drugs         | 1.9%   | 1                             | 1           | 1            | 2            |
| WCI Communities, Inc.                    | WCI    | 1/23/2008  | Construction Services         | 1.8%   | 2                             | 2           | 3            | 1            |
| Woodbridge Holdings Corp.                | WDG    | 1/25/2008  | Misc. Financial Services      | 1.7%   | 2                             | 4           | 5            | 4            |
| The Spectranetics Corp.                  | SPNC   | 9/23/2008  | Medical Equipment & Supplies  | 1.6%   | 2                             | 2           | 1            | 1            |
| Fifth Third Bancorp                      | FITB   | 6/20/2008  | Regional Banks                | 1.6%   | 2                             | 1           | 1            | 1            |
| CompuCredit Corp.                        | CCRT   | 7/14/2008  | Consumer Financial Services   | 1.6%   | 2                             | 2           | 2            | 3            |
| iStar Financial Inc.                     | SFI    | 4/14/2008  | Real Estate Operations        | 1.6%   | 2                             | 1           | 1            | 2            |
| Humana Inc.                              | HUM    | 3/26/2008  | Insurance (Accident & Health) | 1.6%   | 2                             | 2           | 3            | 2            |
| CarMax, Inc.                             | KMX    | 8/6/2008   | Retail (Specialty)            | 1.6%   | 2                             | 2           | 2            | 1            |
| American Dental Partners, Inc.           | ADPI   | 1/25/2008  | Healthcare Facilities         | 1.6%   | 2                             | 2           | 4            | 3            |
| Global Cash Access Holdings, Inc.        | GCA    | 4/11/2008  | Misc. Financial Services      | 1.5%   | 2                             | 3           | 3            | 2            |
| NeuroMetrix, Inc.                        | NURO   | 3/17/2008  | Medical Equipment & Supplies  | 1.5%   | 2                             | 3           | 4            | 2            |
| Reddy Ice Holdings, Inc.                 | FRZ    | 8/8/2008   | Food Processing               | 1.5%   | 2                             | 2           | 3            | 3            |
| ANADIGICS, Inc.                          | ANAD   | 11/11/2008 | Semiconductors                | 1.4%   | 2                             | 2           | 3            | 2            |
| Integral Systems, Inc.                   | ISYS   | 12/15/2008 | Computer Services             | 1.4%   | 2                             | 2           | 2            | 1            |
| SunTrust Banks, Inc.                     | STI    | 4/2/2008   | Regional Banks                | 1.4%   | 2                             | 1           | 1            | 1            |
| Sonoco Products Company                  | SON    | 6/26/2008  | Paper & Paper Products        | 1.4%   | 2                             | 3           | 3            | 4            |
| Federal Agricultural Mortgage Corp.      | AGM    | 12/5/2008  | Consumer Financial Services   | 1.3%   | 2                             | 2           | 1            | 2            |
| Michael Baker Corp.                      | BKR    | 3/13/2008  | Business Services             | 1.2%   | 3                             | 2           | 3            | 3            |
| Waters Corp.                             | WAT    | 11/12/2008 | Scientific & Technical Instr. | 1.2%   | 2                             | 2           | 2            | 1            |
| Huntington Bancshares Inc.               | HBAN   | 5/7/2008   | Regional Banks                | 1.2%   | 2                             | 1           | 1            | 1            |
| TETRA Technologies, Inc.                 | TTI    | 3/27/2008  | Oil Well Services & Equipment | 1.2%   | 3                             | 3           | 3            | 2            |
| TRM Corp.                                | TRMM   | 5/22/2008  | Business Services             | 1.2%   | 3                             | 4           | 4            | 4            |
| Northern Trust Corp.                     | NTRS   | 9/17/2008  | Misc. Financial Services      | 1.2%   | 2                             | 2           | 1            | 1            |
| GSI Group Inc. (USA)                     | GSIG   | 12/12/2008 | Semiconductors                | 1.1%   | 2                             | 3           | 3            | 2            |
| The PMI Group, Inc.                      | PMI    | 3/12/2008  | Insurance (Prop. & Casualty)  | 1.1%   | 3                             | 2           | 3            | 2            |
| Cbeyond, Inc.                            | CBEY   | 5/6/2008   | Communications Services       | 1.0%   | 2                             | 2           | 2            | 3            |
| AuthenTec, Inc.                          | AUTH   | 10/9/2008  | Semiconductors                | 1.0%   | 2                             | 3           | 2            | 3            |
| Perini Corp.                             | PCR    | 8/20/2008  | Construction Services         | 1.0%   | 2                             | 3           | 4            | 3            |
| Daktronics, Inc.                         | DAKT   | 11/7/2008  | Advertising                   | 0.9%   | 2                             | 2           | 2            | 2            |
| China Shenghuo Pharmaceutical Hldg, Inc. | KUN    | 8/21/2008  | Biotechnology & Drugs         | 0.8%   | 2                             | 2           | 2            | 2            |
| MRV Communications, Inc.                 | MRVC   | 7/8/2008   | Semiconductors                | 0.8%   | 2                             | 3           | 1            | 1            |
| Downey Financial Corp.                   | DSL    | 5/16/2008  | S&Ls/Savings Banks            | 0.7%   | 3                             | 2           | 2            | 2            |
| Signalife, Inc.                          | SGN    | 8/28/2008  | Medical Equipment & Supplies  | 0.6%   | 3                             | 2           | 2            | 2            |
| AtriCure Inc.                            | ATRC   | 12/12/2008 | Medical Equipment & Supplies  | 0.5%   | 3                             | 3           | 3            | 3            |
| SemGroup Energy Partners LP              | SGLP   | 7/21/2008  | Oil Well Services & Equipment | 0.5%   | 3                             | 4           | 4            | 4            |
| Horizon Lines, Inc.                      | HRZ    | 12/30/2008 | Water Transportation          | 0.5%   | 3                             | 2           | 3            | 3            |
| Candela Corp.                            | CLZR   | 4/2/2008   | Medical Equipment & Supplies  | 0.5%   | 3                             | 3           | 3            | 2            |
| SouthWest Water Company                  | SWWC   | 11/26/2008 | Water Utilities               | 0.5%   | 3                             | 3           | 2            | 4            |
| BankUnited Financial Corp.               | BKUNA  | 9/16/2008  | S&Ls/Savings Banks            | 0.4%   | 3                             | 4           | 1            | 2            |
| Superior Offshore International, Inc.    | DEEPQ  | 2/28/2008  | Oil Well Services & Equipment | 0.3%   | 4                             | 3           | 4            | NULL         |
| Hardinge Inc.                            | HDNG   | 10/29/2008 | Misc. Capital Goods           | 0.2%   | 4                             | 4           | 4            | 4            |
| Quest Resource Corp.                     | QRCP   | 9/5/2008   | Oil & Gas Operations          | 0.2%   | 4                             | 4           | 5            | 4            |
| Cano Petroleum, Inc.                     | CFW    | 10/2/2008  | Oil & Gas Operations          | 0.2%   | 4                             | 4           | 4            | 4            |
| China Organic Agriculture, Inc.          | CNOA   | 12/12/2008 | Crops                         | 0.2%   | 4                             | 4           | 3            | 3            |
| SpaceDev, Inc.                           | SPDV   | 11/26/2008 | Aerospace & Defense           | 0.2%   | 4                             | 4           | 4            | 5            |

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**Table 2. JANUARY 2009 RISK LIST BY INDUSTRY SECTOR**  
**Companies with the Highest 12-Month Litigation Model Risk Probability**

| Company                                  | Ticker | Sector                | One Year               |                         | Market Cap |
|--|--------|-----------------------|------------------------|-------------------------|------------|
|  |        |                       | Litigation Probability | Litigation Risk Ranking |            |
| Encore Wire Corporation                  | WIRE   | Basic Materials       | 4.0%                   | 1                       | SMALL      |
| Agrium Inc.                              | AGU    | Basic Materials       | 2.4%                   | 2                       | LARGE      |
| Parker-Hannifin Corporation              | PH     | Basic Materials       | 2.4%                   | 2                       | LARGE      |
| Alcoa Inc.                               | AA     | Basic Materials       | 2.3%                   | 2                       | LARGE      |
| Monsanto Company                         | MON    | Basic Materials       | 2.0%                   | 2                       | LARGE      |
| Rockwell Collins, Inc.                   | COL    | Capital Goods         | 7.9%                   | 1                       | LARGE      |
| The Boeing Company                       | BA     | Capital Goods         | 7.2%                   | 1                       | LARGE      |
| General Dynamics Corporation             | GD     | Capital Goods         | 6.2%                   | 1                       | LARGE      |
| Northrop Grumman Corporation             | NOC    | Capital Goods         | 5.7%                   | 1                       | LARGE      |
| Ingersoll-Rand Company Limited           | IR     | Capital Goods         | 5.7%                   | 1                       | LARGE      |
| General Electric Company                 | GE     | Conglomerates         | 6.6%                   | 1                       | LARGE      |
| Tyco International Ltd.                  | TYC    | Conglomerates         | 4.6%                   | 1                       | LARGE      |
| Emerson Electric Co.                     | EMR    | Conglomerates         | 3.9%                   | 1                       | LARGE      |
| Fortune Brands, Inc.                     | FO     | Conglomerates         | 3.8%                   | 1                       | LARGE      |
| Raytheon Company                         | RTN    | Conglomerates         | 3.6%                   | 2                       | LARGE      |
| Ford Motor Company                       | F      | Consumer Cyclical     | 8.7%                   | 1                       | LARGE      |
| General Motors Corporation               | GM     | Consumer Cyclical     | 7.9%                   | 1                       | MID        |
| Eastman Kodak Company                    | EK     | Consumer Cyclical     | 6.9%                   | 1                       | MID        |
| PACCAR Inc                               | PCAR   | Consumer Cyclical     | 6.7%                   | 1                       | LARGE      |
| Harley-Davidson, Inc.                    | HOG    | Consumer Cyclical     | 6.6%                   | 1                       | MID        |
| Altria Group, Inc.                       | MO     | Consumer/Non-Cyclical | 8.5%                   | 1                       | LARGE      |
| PepsiCo, Inc.                            | PEP    | Consumer/Non-Cyclical | 7.3%                   | 1                       | LARGE      |
| Constellation Brands, Inc.               | STZ    | Consumer/Non-Cyclical | 6.8%                   | 1                       | MID        |
| Kraft Foods Inc.                         | KFT    | Consumer/Non-Cyclical | 6.3%                   | 1                       | LARGE      |
| The Procter & Gamble Company             | PG     | Consumer/Non-Cyclical | 5.6%                   | 1                       | LARGE      |
| ConocoPhillips                           | COP    | Energy                | 6.1%                   | 1                       | LARGE      |
| Marathon Oil Corporation                 | MRO    | Energy                | 5.1%                   | 1                       | LARGE      |
| Transocean LTD.                          | RIG    | Energy                | 5.1%                   | 1                       | LARGE      |
| Nabors Industries Ltd.                   | NBR    | Energy                | 4.9%                   | 1                       | MID        |
| Walter Industries, Inc.                  | WLT    | Energy                | 4.8%                   | 1                       | MID        |
| MetLife, Inc.                            | MET    | Financial             | 23.3%                  | 1                       | LARGE      |
| Willis Group Holdings Limited            | WSH    | Financial             | 17.1%                  | 1                       | MID        |
| Marsh & McLennan Companies, Inc.         | MMC    | Financial             | 16.2%                  | 1                       | LARGE      |
| Goldman Sachs Group, Inc.                | GS     | Financial             | 14.6%                  | 1                       | LARGE      |
| American Express Company                 | AXP    | Financial             | 14.6%                  | 1                       | LARGE      |
| Medtronic, Inc.                          | MDT    | Healthcare            | 16.5%                  | 1                       | LARGE      |
| Covidien Ltd.                            | COV    | Healthcare            | 16.0%                  | 1                       | LARGE      |
| Mednax, Inc.                             | PDX    | Healthcare            | 15.3%                  | 1                       | MID        |
| Hospira, Inc.                            | HSP    | Healthcare            | 13.8%                  | 1                       | MID        |
| Pharmaceutical Product Development, Inc. | PPDI   | Healthcare            | 12.9%                  | 1                       | MID        |

Continued next page

**Table 2. JANUARY 2009 RISK LIST BY INDUSTRY SECTOR (cont'd.)**

| Company                              | Ticker | Sector         | One Year               |                         | Market Cap |
|--------------------------------------|--------|----------------|------------------------|-------------------------|------------|
|                                      |        |                | Litigation Probability | Litigation Risk Ranking |            |
| Walgreen Company                     | WAG    | Services       | 17.1%                  | 1                       | LARGE      |
| CVS Caremark Corporation             | CVS    | Services       | 16.7%                  | 1                       | LARGE      |
| Broadridge Financial Solutions, Inc. | BR     | Services       | 16.3%                  | 1                       | MID        |
| Express Scripts, Inc.                | ESRX   | Services       | 11.4%                  | 1                       | LARGE      |
| eBay Inc.                            | EBAY   | Services       | 10.5%                  | 1                       | LARGE      |
| Motorola, Inc.                       | MOT    | Technology     | 29.4%                  | 1                       | LARGE      |
| CA, Inc.                             | CA     | Technology     | 29.1%                  | 1                       | LARGE      |
| Hewlett-Packard Company              | HPQ    | Technology     | 28.8%                  | 1                       | LARGE      |
| Computer Sciences Corporation        | CSC    | Technology     | 28.4%                  | 1                       | LARGE      |
| Intuit Inc.                          | INTU   | Technology     | 27.9%                  | 1                       | LARGE      |
| Delta Air Lines, Inc.                | DAL    | Transportation | 5.9%                   | 1                       | LARGE      |
| Con-way Inc.                         | CNW    | Transportation | 4.2%                   | 1                       | MID        |
| United Parcel Service, Inc.          | UPS    | Transportation | 4.0%                   | 1                       | LARGE      |
| Ship Finance International Limited   | SFL    | Transportation | 3.7%                   | 1                       | SMALL      |
| GATX Corporation                     | GMT    | Transportation | 3.6%                   | 2                       | MID        |
| Spectra Energy Corp.                 | SE     | Utilities      | 26.2%                  | 1                       | LARGE      |
| Constellation Energy Group, Inc.     | CEG    | Utilities      | 24.9%                  | 1                       | MID        |
| Entergy Corporation                  | ETR    | Utilities      | 20.4%                  | 1                       | LARGE      |
| Exelon Corporation                   | EXC    | Utilities      | 19.9%                  | 1                       | LARGE      |
| OGE Energy Corp.                     | OGE    | Utilities      | 19.5%                  | 1                       | MID        |

***The Audit Integrity Accounting & Governance Risk (AGR®) Model***

*Audit Integrity is the leading provider of accounting and governance risk analysis on public companies. Through the forensic study of the factors behind fraud, Audit Integrity proprietary modeling effectively detects and measures fraud and transparency-related risks in more than 7,000 publicly traded corporations.*

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