

**EXHIBIT 2  
ISSUES THAT POTENTIALLY  
AFFECT AUDITOR INDEPENDENCE**

- Materiality
- Disclosure of nonaudit fees
- Size of the client
- Employment of auditors by former clients
- Peer reviews
- Outsourcing of internal audit services
- Risk of litigation
- Risk of loss of reputation
- Potential for nonaudit revenue
- Stock ownership of audit clients
- Training of auditors
- Auditors' signing forms assuring independence
- Length of the client-auditor relationship
- Culture of the audit firm
- An auditor's ethical and moral characteristics
- Board of directors
- Audit committees
- SEC regulations