

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**DOCKET NO. 08-00039**

**REBUTTAL TESTIMONY:  
MARK MANNER**

**ON BEHALF OF TENNESSEE AMERICAN WATER COMPANY**

**AUGUST 13, 2008**

1  
2 **I. INTRODUCTION AND BACKGROUND**  
3

4 **Q. PLEASE STATE YOUR NAME AND TELL US WHERE YOU WORK.**

5 **A.** My name is Mark Manner, and I am the Managing Shareholder at Harwell Howard Hyne  
6 Gabbert & Manner, P. C., ("H3GM"), a law firm based in Nashville, Tennessee.

7 **Q. PLEASE BRIEFLY SUMMARIZE YOUR PROFESSIONAL AND ACADEMIC**  
8 **BACKGROUND.**

9 **A.** I am an attorney licensed in the State of Tennessee. I represent private and public  
10 business clients with respect to general corporate law matters, securities law, mergers and  
11 acquisitions, and venture capital investments. I have worked as an attorney for  
12 approximately 30 years, 26 of them at H3GM. I have substantial experience in  
13 structuring and negotiating complex mergers and acquisitions, advising companies on  
14 capital formation and securities offerings, and regularly advising boards of directors of  
15 private and public companies, including advising clients on SEC disclosure issues such as  
16 Sarbanes-Oxley compliance.

17  
18 Prior to joining H3GM, I worked in the Antitrust Division of the United States  
19 Department of Justice and as a special Assistant U.S. Attorney in Alexandria, Virginia. I  
20 received an LL.M. from Yale Law School, with honors in corporate law, corporate  
21 finance, antitrust law and international business transactions. I received a J.D. from  
22 University of Memphis School of Law, where I graduated first in my class and served as  
23 editor-in-chief of the University of Memphis Law Review. I received my B.A. in  
24 chemistry from Vanderbilt University.

1  
2 **Q. APPROXIMATELY HOW MANY PUBLIC AND PRIVATE COMPANIES HAVE**  
3 **YOU REPRESENTED AND HOW MANY DO YOU CURRENTLY**  
4 **REPRESENT?**

5 **A.** I have represented approximately 25 public companies during my time at H3GM.  
6 Currently I advise seven public company clients. I have represented more than 150  
7 private companies. The companies I currently represent range from start-up companies  
8 to large privately-held and public companies with over \$1.0 billion in revenue.

9 **Q. DO YOU CURRENTLY ADVISE PUBLIC AND PRIVATE COMPANIES ON**  
10 **SECURITIES LAWS AND DISCLOSURE ISSUES, INCLUDING SARBANES-**  
11 **OXLEY COMPLIANCE?**

12 **A.** Yes. H3GM has represented many public companies during my tenure at the firm, and I  
13 have been the primary contact with the boards of directors of many of these companies. I  
14 regularly advise the executives and boards of directors of companies with respect to  
15 disclosure issues, including the interpretation and implementation of Sarbanes-Oxley  
16 compliance. My representation of public company boards of directors regularly involves  
17 the evaluation of disclosure issues related to SEC reporting, work with independent  
18 auditors concerning audit issues, and interaction with audit committees and company  
19 audit personnel, including providing guidance on interpreting and complying with  
20 Sarbanes-Oxley. I have given advice to many private companies on these issues as well,  
21 including assisting them in preparing to file to become a public company and in that  
22 process assisting them with reporting and disclosure issues related to Sarbanes-Oxley.

1 In addition, H3GM and I have at various times also been hired as special Board  
2 committee counsel and as special to conduct special investigations that involve public  
3 company compliance and reporting issues. These special committee counsel  
4 engagements often require a close examination of audit, reporting and compliance issues.

5 **Q. HAVE YOU SERVED ON ANY PUBLIC OR PRIVATE COMPANY BOARDS?**

6 **A.** I have served in the past on the board of directors of both private and publicly traded  
7 companies, as well as on the Board of the Tennessee Technology Development  
8 Corporation and the Nashville Health Care Council. I currently serve on the board of  
9 Vanderbilt University's Dyer Observatory and the Tennessee Biotechnology Association.

10  
11 **II. THE PURPOSE OF THE TESTIMONY**

12  
13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 **A.** My testimony is submitted in rebuttal of the testimony of certain intervenors. It is  
15 presented primarily in three parts.

16  
17 First, contrary to testimony offered by the City of Chattanooga and the Consumer  
18 Advocate Division, my testimony will show that the audit submitted by the Tennessee  
19 American Water Company ("Tennessee American" or "TAWC") was, in fact, a  
20 "management audit performed in compliance with Sarbanes-Oxley", as directed by the  
21 Tennessee Regulatory Authority.

1 Second, my testimony reviews the testimony of Michael J. Majoros, Jr., that was  
2 submitted on July 14, 2008 (the "Majoros Testimony") within the context of Sarbanes-  
3 Oxley and applicable SEC rules and regulations. Mr. Majoros claims that the  
4 management audit submitted to the TRA was not a management audit performed in  
5 compliance with Sarbanes-Oxley requirements. The Majoros Testimony confuses a  
6 management audit with a financial statement audit and misconstrues and misapplies  
7 Sarbanes-Oxley. My testimony summarizes those findings.

8  
9 Third, my testimony evaluates certain claims contained in Dr. Steve Brown's testimony  
10 submitted July 18, 2008 (the "Brown Testimony"). Dr. Brown claims that American  
11 Water Works Company, Inc. ("American Water Works" or "AWWC"), the parent  
12 company of Tennessee American, "opted out" of Sarbanes-Oxley and has financial  
13 statements that are "suspect." My testimony is that American Water Works did not "opt  
14 out," and that Dr. Brown's claim that AWWC's financial statements are "suspect"  
15 suggests a lack of understanding of Sarbanes-Oxley and current SEC rules and  
16 regulations as well as United States equity markets in general.

1           **III.     DID TENNESSEE AMERICAN SUBMIT A MANAGEMENT AUDIT**  
2                           **PERFORMED IN COMPLIANCE WITH SARBANES-OXLEY?**

3    **Overview**

4    **Q.     WHAT TYPE OF SUBMISSION DID THE TENNESSEE REGULATORY**  
5           **AUTHORITY REQUEST AND WHY WAS IT REQUESTED?**

6    **A.**     Director Pat Miller's motion of May 14, 2007, required Tennessee American to submit:  
7            "a management audit performed in compliance with Sarbanes-Oxley requirements and to  
8            submit the audit results concurrent with any future rate case filing. This audit should  
9            determine whether all costs allocated to TAWC were incurred as a result of prudent or  
10           imprudent management decisions by TAWC's parent and should address the  
11           reasonableness of the methodology used to allocate costs to TAWC" (the "Order").<sup>1</sup>

12  
13           In a subsequent written order dated June 10, 2008, the TRA required that Tennessee  
14           American complete "a management audit performed in compliance with Sarbanes-  
15           Oxley"<sup>2</sup> to determine whether all costs allocated to TAWC were incurred as a result of  
16           prudent or imprudent management decisions by TAWC's parent and to address the  
17           reasonableness of the methodology used to allocate costs to TAWC.<sup>3</sup>

18  
19           The management audit was ordered by the TRA in order to analyze whether costs  
20           allocated to Tennessee American were prudent expenditures and whether the allocation  
21           of such costs was based on a reasonable methodology.

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<sup>1</sup> Tennessee Regulatory Authority – Pat Miller's Motion May 14, 2007. Docket 06-00290.

<sup>2</sup> Tennessee Regulatory Authority Order – June 10, 2008, page 51. Docket 06-00290.

<sup>3</sup> Tennessee Regulatory Authority Order – June 10, 2008, pages 26-27. Docket 06-00290.

1 Q. DID TENNESSEE AMERICAN SUBMIT A MANAGEMENT AUDIT  
2 PERFORMED IN COMPLIANCE WITH SARBANES-OXLEY IN SUPPORT OF  
3 ITS FILING?

4 A. Yes. My analysis follows beginning first with a brief description of Sarbanes-Oxley and  
5 then continues with a description of the manner in which Tennessee American met the  
6 TRA requirement and concludes with an analysis of Mr. Majoros's and Dr. Brown's  
7 testimony.

8  
9 Sarbanes-Oxley Background

10 Q. WHAT IS SARBANES-OXLEY?

11 A. The Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley" or "the Act") was enacted on July  
12 30, 2002. Also known as the Public Company Accounting Reform and Investor  
13 Protection Act of 2002, the Act was designed to improve existing safeguards for  
14 protecting investors in public companies from corporate accounting fraud primarily by  
15 improving the accuracy and reliability of public company disclosures and by  
16 strengthening the independence of accounting firms auditing those disclosures.

17  
18 The Act primarily applies to the management team of a public company, to the  
19 independent certified public accounting firm that audits a public company's financial  
20 statements, and to SEC rulemaking and funding. Highlights of key provisions are  
21 summarized below.

22  
23 Key provisions of Sarbanes-Oxley that generally to management of a public company  
24 include:

- 1           •     The CEO and CFO must reimburse their company for any bonus or profits  
2           received if the company has a material accounting restatement as a result  
3           of misconduct.<sup>4</sup>
- 4
- 5           •     Directors and executive officers are prohibited from obtaining personal  
6           loans from their company.<sup>5</sup>
- 7
- 8           •     Directors, executive officers and significant shareholders are required to  
9           disclose changes in their ownership of their company within two business  
10          days.<sup>6</sup>
- 11
- 12          •     The CEO and CFO must sign personal certifications that the information  
13          contained in their company's reports filed with the SEC (such as quarterly  
14          and annual reports on Forms 10-Q and 10-K) fairly present, in all material  
15          respects, the financial condition of the company.<sup>7</sup> The Act creates  
16          criminal liability for violations of this requirement.<sup>8</sup>
- 17
- 18          •     The CEO and CFO must sign additional personal certifications that they  
19          are responsible for establishing, maintaining and regularly evaluating the  
20          effectiveness of the public company's disclosure controls; that they have  
21          made certain disclosures to the public company's auditors and the audit  
22          committee about those controls; and they have included information in  
23          their company's periodic reports about their evaluation.<sup>9</sup>
- 24
- 25          •     Under Section 404(a) of the Act and pursuant to SEC rulemaking, the  
26          CEO and CFO must assess their company's internal control structure for  
27          financial reporting.<sup>10</sup>
- 28
- 29          •     A public company's audit committee is required to: be comprised of  
30          independent board members;<sup>11</sup> disclose whether an audit committee  
31          financial expert has been appointed to the audit committee;<sup>12</sup> and create a  
32          procedure for collecting and responding to complaints regarding  
33          accounting and financial audit issues.<sup>13</sup>
- 34

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<sup>4</sup> Sarbanes-Oxley Section 304.

<sup>5</sup> Sarbanes-Oxley Section 402.

<sup>6</sup> Sarbanes-Oxley Section 403.

<sup>7</sup> Sarbanes-Oxley Section 906.

<sup>8</sup> Id.

<sup>9</sup> Sarbanes-Oxley Section 302.

<sup>10</sup> Sarbanes-Oxley Section 404.

<sup>11</sup> Sarbanes-Oxley Section 301.

<sup>12</sup> Sarbanes-Oxley Section 407.

<sup>13</sup> Sarbanes-Oxley Section 301.



1 Key provisions of Sarbanes-Oxley that generally apply to the independent auditors of a  
2 public company include:

- 3 • A public company's audit committee is generally required to pre-approve  
4 all financial statement auditing services performed by its independent  
5 public accountants.<sup>14</sup>  
6
- 7 • A public company's financial statement auditors are generally prohibited  
8 from performing non-audit services as defined by the Act.<sup>15</sup>  
9
- 10 • A public company's financial statement auditors are subject to enhanced  
11 independence requirements, including a one year 'cooling off' period  
12 when the company hires members of the independent audit team,<sup>16</sup> audit  
13 partner rotation,<sup>17</sup> and reports to the audit committee.<sup>18</sup>  
14
- 15 • The Public Company Accounting Oversight Board (the "PCAOB") was  
16 created to adopt standards for auditors of public companies.<sup>19</sup>  
17
- 18 • Under Section 404(b) of the Act, a public company's auditors must attest  
19 to and report on management's assessment of the internal control structure  
20 for financial reporting.<sup>20</sup>  
21

22 Funding provisions of Sarbanes-Oxley and key SEC rule-making (as mandated by the  
23 Act) include:

- 24 • In recognition of the additional rulemaking and enforcement  
25 responsibilities imposed on the SEC by the Act, Title VI of the Act  
26 materially increased the SEC's funding.<sup>21</sup>  
27
- 28 • Disclosure by directors and executive officers of public companies of  
29 ownership changes in their company within two business days of the  
30 transaction (prior to the adoption of SEC rules, such transactions could be  
31 reported within 10 days of the end of the month in which the transaction  
32 occurred) was required.<sup>22</sup>  
33

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<sup>14</sup> Sarbanes-Oxley Section 202.

<sup>15</sup> Sarbanes-Oxley Section 201.

<sup>16</sup> Sarbanes-Oxley Section 206.

<sup>17</sup> Sarbanes-Oxley Section 203.

<sup>18</sup> Sarbanes-Oxley Section 204.

<sup>19</sup> Sarbanes-Oxley Section 101.

<sup>20</sup> Sarbanes-Oxley Section 404.

<sup>21</sup> Sarbanes-Oxley, Title VI.

<sup>22</sup> SEC Release No. 34-46421.

- Rules affecting the form and content of the CEO and CFO certifications required under Section 302 and 906 of the Act were passed.<sup>23</sup>
- Disclosure of whether the audit committee of a public company has at least one member that is an audit committee financial expert was required.<sup>24</sup>
- A requirement that stock exchanges adopt enhanced audit committee independence standards was enacted.<sup>25</sup>
- Enhanced auditor independence and a prohibition on improper influence on the conduct of audits was required.<sup>26</sup>
- Rules affecting the disclosure of off-balance sheet transactions<sup>27</sup> and pro forma results were passed.<sup>28</sup>
- Rules setting forth the timing for management's assessment of the public company's internal control structure (under Section 404(a) of the Act) and the timing for the public company's auditors to attest to and report on management's assessment of the internal control structure (under Section 404(b) of the Act) were passed.<sup>29</sup>

**Q. DID ALL OF THE PROVISIONS OF SARBANES-OXLEY DISCUSSED ABOVE IMMEDIATELY APPLY TO ALL PUBLIC COMPANIES, AND DO THOSE PROVISIONS IMMEDIATELY APPLY TO ALL NEW PUBLIC COMPANIES?**

**A.** Although some of the provisions of Sarbanes-Oxley became effective immediately, in many instances the provisions of the Act only became applicable to public companies after the SEC completed its rulemaking as mandated by the Act. My later testimony will describe the effective dates of many of the provisions of the Act.

<sup>23</sup> SEC Rules 13a-14(a) and 15-d-14(a).

<sup>24</sup> SEC Release No. 33-8177.

<sup>25</sup> SEC Release No. 33-8220.

<sup>26</sup> SEC Release No. 33-8183.

<sup>27</sup> SEC Release No. 33-8182.

<sup>28</sup> SEC Release No. 33-8176.

<sup>29</sup> SEC Release Nos. 33-8238; 33-8392; 33-8545; 33-8618; 33-8760; and 33-8934.

1 In addition, certain of the SEC's rules adopted pursuant to the Act are phased-in for  
2 public companies based upon their size and the time period the companies have been  
3 public. For example, the management assessment of internal controls and auditor  
4 attestation of such management assessment pursuant to Section 404 of the Act is still  
5 being phased-in as to non-accelerated filers<sup>30</sup> and is not required by newly public  
6 companies until the completion of their first complete fiscal year as a public company.<sup>31</sup>  
7

8 **Q. WERE THE FINANCIAL STATEMENTS OF PUBLIC COMPANIES**  
9 **TYPICALLY UNRELIABLE PRIOR TO 2002 WHEN SARBANES-OXLEY WAS**  
10 **ENACTED?**

11 **A.** No, there were numerous safeguards prior to 2002 to help insure reliability of disclosure  
12 and financial statements. Even today, Sarbanes-Oxley represents a small fraction of the  
13 many laws and regulations that apply to public company financial statements and related  
14 disclosures. The SEC periodically issues new regulations to address areas of concern,  
15 and in fact was in the process of rule-making in 2002 to issue some of the same standards  
16 that were passed into law by Sarbanes-Oxley. The SEC has continued to strengthen  
17 disclosure rules and regulations in significant ways since 2002.

18 **Q. WHAT LAWS OTHER THAN SARBANES-OXLEY REGULATE**  
19 **DISCLOSURES BY PUBLIC COMPANIES?**

20 **A.** Disclosure by public companies such as AWWC is governed by a wide variety of laws  
21 and regulations. The two primary federal statutes are The Securities Act of 1933 (the  
22 "1933 Act") and The Securities Exchange Act of 1934 (the "1934 Act"). Generally

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<sup>30</sup> SEC Release No. 33-8934.

<sup>31</sup> Id.

1 speaking, the 1933 Act governs the issuance of securities by companies, and the 1934 Act  
2 governs the trading, purchase and sale of those securities. Each has tremendously  
3 detailed regulations issued by the Securities and Exchange Commission, as well as  
4 regulations adopted by the National Association of Securities Dealers and the various  
5 stock exchanges, including the New York Stock Exchange, which regulates American  
6 Water Works.

7  
8 Perhaps the most well-known federal securities regulation is Rule 10b-5, promulgated  
9 pursuant to Section 10b of the 1934 Act. A large percentage of securities fraud cases  
10 involve, in one way or another, Rule 10b-5. Rule 10b-5, and Section 10b are known as  
11 the Anti-Fraud provisions of the 1934 Act, and most federal anti-fraud regulations flow  
12 from this rule. This rule prohibits fraudulent activity in connection with the purchase or  
13 sale of securities, including insider trading, market manipulation, fraud in connection  
14 with public offerings and takeovers, and fraud in connection with dealings with  
15 customers.

16  
17 In addition to federal law, each state customarily has its own regulatory body and its own  
18 enforcement scheme. Most states leave the anti-fraud regulations to the SEC and the  
19 various stock exchanges, but the states do have the power and authority to bring actions  
20 against securities violators pursuant to state law. Further, states have their own securities  
21 acts, which govern, generally speaking, the registration and reporting requirements for  
22 broker-dealers and stock brokers doing business in the state.

1        **Audits: Generally**

2        **Q.    WHAT TYPE OF AUDIT IS REQUIRED IN THE TRA ORDER?**

3        **A.**    A “management audit.”<sup>32</sup>

4        **Q.    WHAT IS A “MANAGEMENT AUDIT”?**

5        **A.**    As Mr. Joe Vandenberg states in his testimony being filed August 13, 2008, a  
6        “management audit” is a broad and general term. It is often used to describe management  
7        consulting services that are used to assist in the evaluation of the performance of a  
8        company’s management or operations. The precise scope of a “management audit” is  
9        generally subject to additional description or definition by the party requesting such an  
10       audit.

11       **Q.    IS A MANAGEMENT AUDIT THE SAME THING AS A FINANCIAL**  
12       **STATEMENT AUDIT?**

13       **A.**    No. A financial statement audit is an evaluation or assessment of a Company’s balance  
14       sheet, income statement, cash flow statement, and related notes. It has a well-established  
15       meaning in the securities laws, including Sarbanes-Oxley, and with the public accounting  
16       profession.

17       **Q.    ARE THERE ADDITIONAL TYPES OF AUDITS OTHER THAN**  
18       **MANAGEMENT AUDITS AND FINANCIAL STATEMENT AUDITS?**

19       **A.**    Yes. In general, an “audit” is just a generic term for an investigation, evaluation, or  
20       assessment by a designated and often independent third-party. There are numerous other  
21       types of audits other than management audits and financial statement audits, such as  
22       internal audits, forensic audits, environmental audits, and intellectual property audits.

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<sup>32</sup> Tennessee Regulatory Authority – Pat Miller’s Motion May 14, 2007, and Tennessee Regulatory Authority Order – June 10, 2008, pages 26-27, and page 51. Docket 06-00290.

1 **Audits in the Context of Sarbanes-Oxley**

2 **Q. HOW DOES SARBANES-OXLEY DEFINE “AUDIT”?**

3 A. As is cited by Mr. Majoros, expert witness for the City of Chattanooga, an “audit” for  
4 purposes of Sarbanes-Oxley is defined narrowly. “Audit” is defined, in relevant part, as:

5 “an examination of the financial statements of any issuer by an  
6 independent public accounting firm...for the purpose of expressing an  
7 opinion on such statements.” (*emphasis added*)<sup>33</sup>  
8

9 **Q. WHEN SARBANES-OXLEY ADDRESSES AUDIT REQUIREMENTS AND**  
10 **STANDARDS, WHAT TYPE OF AUDIT IS IT ADDRESSING?**

11 A. It applies to financial statement audits of publicly traded companies that are statutorily  
12 required to file such audits with the Securities and Exchange Commission.

13 **Q. WHAT DOES SARBANES-OXLEY REQUIRE FOR A “MANAGEMENT**  
14 **AUDIT” OR FOR ANY OTHER TYPES OF NON-FINANCIAL STATEMENT**  
15 **AUDITS?**

16 A. Sarbanes-Oxley makes it clear that the independent public accounting firm that audits the  
17 AWWC financial statements, in this case PricewaterhouseCoopers (“PWC”), is  
18 prohibited from providing certain services that Sarbanes-Oxley defines as “non-audit  
19 services,” such as the management audit.<sup>34</sup> This prohibition requires an independent  
20 third-party, other than AWWC’s independent public accounting firm, to conduct the  
21 management audit.<sup>35</sup> This requirement of independence for the management audit can be  
22 fulfilled by having another party, accounting firm or otherwise, conduct the management  
23 audit. AWWC complied with this requirement by hiring Booz Allen to conduct the  
24 management audit.

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<sup>33</sup> Sarbanes-Oxley Section 2(a)(2).

<sup>34</sup> Sarbanes-Oxley Section 2(a)(8) and Section 201(g).

<sup>35</sup> Sarbanes-Oxley Section 201(a).

1 Otherwise, as stated above, Sarbanes-Oxley sets forth requirements for financial  
2 statement audits rather than management audits or other types of audits. This becomes  
3 obvious upon reviewing the Sarbanes-Oxley definition of “audit” that covers “an  
4 examination of the financial statements... for the purpose of expressing an opinion on  
5 such statements”<sup>36</sup> and the definition of “non-audit services,” which covers professional  
6 services “other than those provided in connection with an audit or other review of the  
7 issuer’s financial statements.”<sup>37</sup>

8  
9 The legislative history helps clarify this point further, stating “This definition [of ‘audit’]  
10 should be read in connection with the definitions of ‘issuer’ and ‘audit report,’ below.”<sup>38</sup>  
11 ‘Issuer’ is another word for public company<sup>39</sup> and the definition of an ‘audit report,’ is “a  
12 document, prepared following an audit performed for purposes of an issuer’s compliance  
13 with the federal securities laws, in which a public accounting firm sets forth its opinion  
14 regarding a financial statement, report, or other document, or asserts that no such opinion  
15 can be expressed.”<sup>40</sup>

16  
17 The federal securities laws require financial statement audits.<sup>41</sup> It is well understood in  
18 the financial accounting profession and among securities law practitioners that these  
19 Sarbanes-Oxley requirements govern financial statement audits.

20  
<sup>36</sup> Sarbanes-Oxley Section 2(a)(2).

<sup>37</sup> Sarbanes-Oxley Section 2(a)(8).

<sup>38</sup> Senate Rep. No. 107-205, at 43 (2002).

<sup>39</sup> Sarbanes-Oxley Section 2(a)(7).

<sup>40</sup> Sarbanes-Oxley Section 2(a)(4)(emphasis added).

<sup>41</sup> See, e.g., SEC Regulation S-X, Rule 2-02 and Form 10-K, Item 15.

1 Although Sarbanes-Oxley's applicability to management audits is limited to  
2 independence as discussed above, I note that the management audit filed in this case  
3 pursuant to the TRA Order is based on financial information underlying the financial  
4 statements of AWWC that were prepared and audited in compliance with applicable  
5 Sarbanes-Oxley provisions, and was from a company that was in compliance with  
6 applicable Sarbanes-Oxley provisions.

7  
8 **IV. MR. MAJOROS'S TESTIMONY**  
9

10 **Q. DOES THE MAJOROS TESTIMONY AGREE WITH YOUR TESTIMONY**  
11 **WITH RESPECT TO WHETHER TAWC COMPLIED WITH THE**  
12 **"MANAGEMENT AUDIT" REQUIREMENT?**

13 **A.** No, Mr. Majoros largely ignores the TRA request for a "management audit" and  
14 incorrectly applies financial statement audit requirements to conclude that the Booz Allen  
15 management audit does not comply with the TRA Order. To do so, he frequently uses the  
16 term "audit" rather than "management audit" when discussing the TRA Order, even  
17 though the TRA Order is unambiguous in ordering a management audit. Whether  
18 intentional or not, this approach is pervasive in his testimony. Some examples include:

- 19 • "motion clearly spelled out the requirement for an audit conducted in  
20 conformance with Sarbanes-Oxley requirements"<sup>42</sup>
- 21 • "Clearly, the TRA desired a comprehensive audit in conformity with rigid  
22 standards."<sup>43</sup>
- 23 • "Even though the TRA specified an audit..."<sup>44</sup>
- 24 • "...TAWC should be required to have a real Sarbanes-Oxley audit completed  
25 before management fees or allocations are charged to TAWC's ratepayers."<sup>45</sup>

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<sup>42</sup> Page 4, line 21 of Majoros Testimony (emphasis added)

<sup>43</sup> Page 5, line 1 of Majoros Testimony (emphasis added).

<sup>44</sup> Page 6, line 20 of Majoros Testimony (emphasis added).

<sup>45</sup> Page 8, line 1 of Majoros Testimony, (emphasis added).



- 1 • “That type of study lead to the TRA’s directive to have an ‘audit’ performed in  
2 compliance with Sarbanes-Oxley requirements.””<sup>46</sup>  
3

4 These omissions cannot be merely inconsequential style differences or shorthand  
5 notations because they are then directly and consistently used by Mr. Majoros to  
6 improperly test the management audit against the Sarbanes-Oxley standards that, as I  
7 have discussed previously, clearly apply only to financial statement audits -- a glaring  
8 error that can only be made after ignoring or mistaking the actual directive stated in the  
9 TRA Order. Specifically, Mr. Majoros spends a great deal of effort to point out the many  
10 ways in which the Booz Allen management audit does not comply with the Sarbanes-  
11 Oxley requirements for financial statement audits, which is not a surprising conclusion  
12 since these financial statement audit requirements do not apply. Ignoring the distinction  
13 between financial statement audits and management audits nevertheless allows Mr.  
14 Majoros to support an incorrect conclusion.

15 **Q. IF MR. MAJOROS FAILS TO DISTINGUISH BETWEEN THE MANAGEMENT**  
16 **AUDIT REQUIRED BY THE TRA ORDER AND A FINANCIAL STATEMENT**  
17 **AUDIT, HOW DO YOU DISTINGUISH THE TWO TYPES OF AUDITS?**

18 **A.** A management audit is designed to provide a subjective analysis and evaluation of  
19 management’s performance generally or in a particular area. As compared to a financial  
20 statement audit, a management audit by definition has entirely different goals and  
21 objectives, different analyses, a different level of subjective judgment, and a very  
22 different type of report at the end of the audit. A financial statement audit, by definition,  
23 is an “audit” as that term is defined in Sarbanes-Oxley, namely “*an examination of the*

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<sup>46</sup> Page 10, line 8 of Majoros Testimony quoting (incorrectly) the TRA Order (emphasis added).

1 *financial statements of the issuer”.*<sup>47</sup> The result of such an audit, as made clear in  
2 Sarbanes-Oxley, is an audit report that is “... *prepared following an audit performed for*  
3 *purposes of compliance by an issuer with the requirements of the securities laws...*”.<sup>48</sup>  
4

5 Specifically, a financial statement audit as contemplated in Sarbanes-Oxley leads to an  
6 audit report providing an opinion as to whether the financial statements of a company  
7 fairly present, in all material respects, the financial position and results of operations of a  
8 company in accordance with generally accepted accounting principles. This is the work  
9 performed by PWC, AWWC’s independent public accountants, that results in an auditor  
10 report such as the following certification filed in connection with American Water Works  
11 Initial Public Offering (the “IPO”):

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholder of  
American Water Works Company, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of changes in common stockholder’s equity and comprehensive income (loss) and of consolidated cash flows present fairly, in all material respects, the financial position of American Water Works Company, Inc. and Subsidiary Companies (formerly Thames Water Aqua US Holdings, Inc. and Subsidiary Companies) at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement

<sup>47</sup> Sarbanes-Oxley Section 2(a)(2).

<sup>48</sup> Sarbanes-Oxley Section 2(a)(4).

presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for its defined benefit pension and other postretirement benefit plans effective December 31, 2006.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

February 28, 2008

1  
2 **Q. TO THE EXTENT MR. MAJOROS INTERPRETS THE TRA ORDER TO**  
3 **APPLY ALL SARBANES-OXLEY FINANCIAL STATEMENT AUDIT**  
4 **STANDARDS TO A MANAGEMENT AUDIT EVEN THOUGH THE ACT**  
5 **ITSELF DOES NOT APPLY THESE STANDARDS, IS THIS A REASONABLE**  
6 **INTERPRETATION OF THE TRA ORDER?**

7 **A.** No, in my opinion, this is not a reasonable interpretation based on my experience with  
8 federal securities laws and Sarbanes-Oxley. I base this opinion on the following:

9  
10 First, this interpretation makes no sense given that many provisions of Sarbanes-Oxley  
11 have no rational application to a management audit. For instance, his interpretation  
12 would suggest that only an independent public accounting firm registered with the  
13 PCAOB could perform this management audit, which would exclude hundreds of  
14 qualified non-accounting firms (including, presumably, Mr. Majoros's firm that  
15 specializes in management audits) and accounting firms that do not audit public  
16 companies and thus do not register with the PCAOB.

1 Second, his interpretation would pre-empt the SEC's regulations for phasing-in  
2 provisions of Sarbanes-Oxley. Specifically, Mr. Majoros states in his testimony that the  
3 Booz Allen management audit failed to describe section 404(b) Internal Control  
4 Evaluation and Reporting provisions that are not yet even applicable to American Water  
5 Works. In my opinion, I do not believe an interpretation of the TRA Order that is based  
6 on a presumed intent to use an administrative order to pre-empt federal regulations is  
7 credible in light of another, more reasonable interpretation.

8  
9 Third, Mr. Majoros's interpretation suggests the need to expend substantial time and  
10 expenses to duplicate a financial statement audit that already exists. The applicable  
11 Sarbanes-Oxley financial statement audit requirements cited by Mr. Majoros have  
12 already been satisfied by AWWC and its auditor, PWC, in the course of preparing the  
13 audited financial statements of AWWC. Precisely because those were financial statement  
14 audits, they did not and could not address the TRA Order request for a management audit  
15 that required subjective analysis. Mr. Majoros clearly believes that this work should be  
16 repeated again by a different PCAOB-registered independent public accounting firm,  
17 which is not credible in light of another, more reasonable interpretation.

18 **Q. DID MR. MAJOROS PROVIDE AN EXAMPLE OF A SARBANES-OXLEY**  
19 **COMPLIANT MANAGEMENT AUDIT?**

20 **A.** No. Although Mr. Majoros's firm claims expertise in providing management audits, he  
21 was unable to produce a management audit work product from any source that complies  
22 with his Sarbanes-Oxley standards. Instead, Mr. Majoros inexplicably delivered as an  
23 exhibit to his testimony a management audit that was more than six years old and

1 indicated simply that it did not need to be Sarbanes-Oxley compliant because Sarbanes-  
2 Oxley did not yet exist. In response to Tennessee American's Second Discovery  
3 Requests, he admits to never having seen a management audit that complies with the  
4 financial statement audit provisions of Sarbanes-Oxley<sup>49</sup> but nevertheless still claims that  
5 such compliance not only is possible but was mandated by the TRA Order.

6 **Q. SO, WAS IT, AS MR. MAJOROS SUGGESTS, APPROPRIATE TO APPLY**  
7 **FINANCIAL AUDIT CONCEPTS HERE?**

8 **A.** No. The TRA Order specified that this management audit should be performed in  
9 compliance with Sarbanes-Oxley, which Mr. Majoros interprets, incorrectly in my  
10 opinion, as requiring a financial audit process. In my opinion, it was a clear request that  
11 the management audit be prepared by an independent firm. I again note that the Booz  
12 Allen management audit incorporates and is underpinned by financial information from a  
13 Sarbanes-Oxley compliant company that flows from financial statements prepared and  
14 audited in compliance with Sarbanes-Oxley. In summary, the management audit  
15 submitted by Tennessee American satisfies that request.

16  
17 **V. DR. BROWN'S TESTIMONY**

18 **Q. DID AMERICAN WATER WORKS "OPT OUT" OF ANY PART OF**  
19 **SARBANES-OXLEY COMPLIANCE AS CLAIMED BY DR. BROWN?**

20 **A.** No. Dr. Brown incorrectly characterizes AWWC's Sarbanes-Oxley compliance status  
21 by asserting that American Water Works "opted out" of Section 404 compliance.<sup>50</sup> In

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<sup>49</sup> Page 10, City of Chattanooga's Responses To Tennessee American Water Company's Second Discovery Requests.

<sup>50</sup> Brown Testimony, page 63-64.

1 fact, American Water Works currently is in compliance with applicable Sarbanes-Oxley  
2 reporting requirements, including the Section 302 and 906 certification requirements.

3  
4 For example, in the most recently filed Quarterly Report on Form 10-Q, American Water  
5 Work's Chief Executive Officer certified to the following (see the certification on the  
6 following page):

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,  
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, Donald L. Correll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2008

By: /s/ Donald L. Correll  
President and Chief Executive  
Officer  
(Principal Executive Officer)

1  
2  
3  
4  
5  
6  
7

1  
2 And in the same recently filed Quarterly Report on Form 10-Q, American Water Work's  
3 Chief Executive Officer certified to the following:

AMERICAN WATER WORKS COMPANY, INC.  
CERTIFICATION  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald L. Correll, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Donald L. Correll  
Donald L. Correll  
President and Chief Executive Officer  
(Principal Executive Officer)

August 12, 2008

4  
5 The Sarbanes-Oxley Section 404 certifications and auditor attestation standards referred  
6 to by Dr. Brown do not yet apply to the AWWC. The SEC, in accordance with rule-  
7 making authority delegated to it by Congress in Sarbanes-Oxley specifically set the  
8 phase-in rules for Section 404. Dr. Brown suggests that complying with the established  
9 phase-in is the same as "opting out" and strongly implies bad faith on the part of AWWC.  
10



1 Based upon my review of American Water Work's federal securities law filings,  
2 including its Registration Statement on Form S-1 and its Quarterly Reports on Form 10Q,  
3 the internal presentation materials to its audit committee on its Sarbanes-Oxley's  
4 compliance efforts, and conversations with American Water Work's head of internal  
5 controls, treasurer, and members of AWWC's outside Sarbanes-Oxley compliance  
6 advisers at Ernst & Young, it is clear that American Water Works is compliant with  
7 Sarbanes-Oxley currently, and is prepared to begin satisfactory certifications with outside  
8 auditor attestation on the time frame set forth by the SEC.

9 **Q. HOW HAS AMERICAN WATER WORKS COMPLIED WITH THE SARBANES-**  
10 **OXLEY ACT?**

11 **A.** Based upon my review of the Registration Statement on Form S-1, which includes the  
12 audit report of PWC, AWWC's independent public accountants, and quarterly reports on  
13 Form 10-Q filed by AWWC with the SEC, as well as my conversations with Ernst &  
14 Young, AWWC's Sarbanes-Oxley consultant, and members of management, I believe  
15 American Water Works is in compliance with the Sarbanes-Oxley Act requirements as  
16 follows (see the compliance chart on the following page):

# American Water Works

## Sarbanes-Oxley Compliance Chart

Section	Topic and Implementation Date (*)	Effective Date	Company Compliance Status
<b>July 30, 2002</b>			
§202	Pre-approval of Services of Auditors	July 30, 2002	Complies.
§304	Forfeiture of Certain Bonuses and Profits	July 30, 2002	Complies.
§402	Personal Loans to Executives	July 30, 2002	Complies.
§906	Corporate Responsibility for Financial Reports – CEO & CFO Certifications	July 30, 2002	Complies.
<b>August 29, 2002</b>			
§403	Disclosures Required by Directors, Officers and Principal Stockholders.	August 29, 2002	Complies.
§302	Corporate Responsibility for Financial Reports – CEO & CFO Certifications	August 29, 2002	Complies.
<b>January 26, 2003</b>			
§406	Code of Ethics for Senior Financial Officers	Annual report for fiscal years ending on or after July 15, 2003	Complies.
§407	Disclosure of Audit Committee Financial Expert	Annual report for fiscal years ending on or after July 15, 2003	Complies.
§208	Auditor Independence Regulations	Between May 6, 2003 and May 6, 2004	Complies.
§401(a)	Disclosures in Periodic Reports – Off-Balance Sheet Transaction	Annual report for fiscal years ending on or after July 15, 2003	Complies.
§401(b)	Disclosures in Periodic Reports – SEC Rules on Pro Forma Figures	March 28, 2003	Complies.
<b>April 26, 2003</b>			
§303	Improper Influence on Conduct of Audits	June 27, 2003.	Complies.
§301	Public Company Audit Committees Independence Standards as adopted by NASDAQ and NYSE	December 1, 2003.	Complies.
<b>Timing of Implementation Not Mandated by Act</b>			
§404(a)	Management Assessment of Internal Controls	Annual reports for fiscal years ending on or after November 15, 2004 (for accelerated filers), or otherwise after Dec. 15, 2007. Second annual report for newly- public companies.	Assessment required for fiscal year ending December 31, 2009.
§404(b)	Auditor Attestation of Management Assessment of Internal Controls	Annual reports for fiscal years ending on or after November 15, 2004 (for accelerated filers) or otherwise after Dec. 15, 2009. Second annual report for newly- public companies.	Attestation required for fiscal year ending December 31, 2009.

\* Implementation Date is the deadline for either phase-in or SEC regulations governing phase-in, as applicable.

1  
2 **Q. SHOULD AMERICAN WATER WORKS HAVE CHOSEN TO ACCELERATE**  
3 **CERTIFICATION AND AUDITOR ATTESTATION UNDER SARBANES-**  
4 **OXLEY SECTION 404?**

5 **A.** In my professional opinion, no. Early adoption of Section 404 compliance is not  
6 required. The SEC in its rulemaking under Sarbanes-Oxley carefully considered the  
7 timing of implementation of various provisions, and determined the applicability  
8 standards as they currently exist.

9 **Q. DOES THE AMERICAN WATER WORKS DECISION NOT TO ACCELERATE**  
10 **SECTION 404 CERTIFICATION MEAN THAT THE AUDITED FINANCIALS**  
11 **AND OTHER FINANCIAL INFORMATION OF AWWC ARE “SUSPECT,” AS**  
12 **CLAIMED BY THE BROWN TESTIMONY?**

13 **A.** There are hundreds of public companies, including numerous newly-public companies,  
14 large and small, that have not accelerated Section 404 certification.

15  
16 I note, for instance, that Morningstar, Inc. did not accelerate Section 404 certification  
17 following its initial public offering. Morningstar is a company that publishes financial  
18 analysis of public companies. As the Brown Testimony notes, Morningstar is a public  
19 company that tracks over 7,000 stocks and over 1,500 mutual funds in the United  
20 States.<sup>51</sup> In the words of the Brown Testimony, Morningstar is “growing rapidly and has  
21 an expansive future.”<sup>52</sup> Dr. Brown quotes with apparent approval Morningstar’s claim as

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<sup>51</sup> Brown Testimony, page 9.

<sup>52</sup> Brown Testimony, page 24.

1 “a leading provider of independent investment research to investors around the world.”<sup>53</sup>

2 Nevertheless, Dr. Brown’s recognized expert in evaluating public companies,  
3 Morningstar, determined not to accelerate its 404 certification following its IPO.

4  
5 Dr. Brown unfairly denigrates the financial statements of AWWC as “justifiably suspect  
6 and less attractive to prudent investors” when Dr. Brown’s most trusted source of advice  
7 to those prudent investors had itself concluded, like AWWC, that early compliance with  
8 404 certification was not necessary to be attractive to prudent investors. It is ironic that  
9 Morningstar is praised by Dr. Brown and relied on by Dr. Brown and cited as an  
10 investing analysis expert by Dr. Brown even though it made literally the same decision  
11 that Dr. Brown claims makes AWWC’s financial statements “suspect.” To compound  
12 the problem, Dr. Brown repeatedly quotes SEC commissioner and staff speeches that  
13 discuss the general benefits of certification while ignoring the specific phase-in  
14 regulations that were created and determined appropriate by the SEC itself after careful  
15 consideration. More importantly, there is no basis in law or equity for concluding,  
16 whether directly or by implication, that AWWC is not in compliance with Sarbanes-  
17 Oxley or is a less attractive investment.

18  
19 In fact, I believe based on my experience that AWWC has been subject to a standard of  
20 review and scrutiny much higher than that of the typical public company as a result of its  
21 recently completed IPO. AWWC’s management, board of directors, business,  
22 operations, controls, financials and other data were subject to a comprehensive review by  
23 the eleven investment banking firms and their lawyers that acted as underwriters on its

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<sup>53</sup> Brown Testimony, page 25.

1 offering, completed in early 2008. These included Goldman, Sachs & Co., Citi, Merrill  
2 Lynch & Co., JP Morgan, and Morgan Stanley, among others. Under the SEC  
3 regulations that I discussed earlier, the underwriters have significant personal liability for  
4 errors, omissions and misstatements in the Form S-1 filed by American Water Works,  
5 and in my experience as a securities lawyer involved in IPOs, the underwriters take their  
6 responsibilities very seriously. The IPO would not have proceeded if there was any  
7 reasonable basis for concern over the accuracy and reliability of American Water Work's  
8 financial statements or other information or controls.

## 10 VI. SUMMARY

12 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

13 **A.** The management audit submitted by Tennessee American was performed in compliance  
14 with Sarbanes-Oxley, as directed by the Tennessee Regulatory Authority.

16 The Majoros Testimony confuses a management audit with a financial statement audit  
17 and misconstrues and misapplies Sarbanes-Oxley, particularly by applying financial  
18 statement audit requirements to the management audit.

20 The claim in the Brown Testimony that AWWC's financial statements are "suspect" is  
21 incorrect and shows a lack of understanding of current SEC rules and regulations.  
22 AWWC is compliant with applicable SEC, stock exchange, and Sarbanes-Oxley  
23 requirements.

# MARK MANNER

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315 Deaderick Street, Suite 1800 · Nashville, TN 37238 · 615-251-1066 · fax 615-251-1056  
E-mail: mark.manner@h3gm.com

## LEGAL EXPERIENCE

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CORPORATE AND SECURITIES PARTNER; CHIEF EXECUTIVE OFFICER  
*Harwell Howard Hyne Gabbert & Manner, P.C.*

1981-PRESENT  
*Nashville, TN*

Licensed to practice by the State of Tennessee. Practice focused in the areas of: structuring and negotiating complex mergers and acquisitions, advising companies on capital formation and securities offerings, and advising boards of directors of private and public companies, including advising clients on SEC disclosure issues such as Sarbanes-Oxley compliance.

I have served on the board of directors of both private and publicly traded companies, as well as on the Board of the Tennessee Technology Development Corporation and the Nashville Health Care Council. I currently serve on the board of Vanderbilt University's Dyer Observatory and the Tennessee Biotechnology Association.

ATTORNEY  
*United States Department of Justice, Antitrust Division Appellate Division*  
*Special Assistant United States Attorney*

1978-1980  
*Washington, DC*  
*Alexandria, VA*

## EDUCATION

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LL.M.  
*Yale Law School*

1980-1981  
*New Haven, CT*

J.D.  
*University of Memphis School of Law*

1975-1978  
*Memphis, TN*

Editor-in-Chief, University of Memphis Law Review  
Graduated first scholastically

BA (CHEMISTRY)  
*Vanderbilt University*

1970-1974  
*Nashville, TN*

## SELECTED REFERENCES

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William R. Council III, Chief Executive Officer, Advocat Inc., Telephone (615) 771-7575

Edward G. Nelson, Chief Executive Officer, Nelson Capital Corp., Telephone (615) 292-8787

Randle Richardson, Chief Executive Officer, Community Education Partners, Inc., Telephone (615) 456-5112


Benjamin F. Parrish Jr., former Senior Vice President and General Counsel, Central Parking Corp., Telephone (615) 364-7100

**TENNESSEE REGULATORY AUTHORITY**

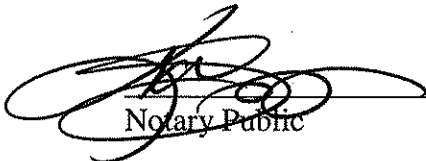
**STATE OF TENNESSEE**           )  
  )  
**COUNTY OF DAVIDSON**        )

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Mark Manner, being by my first duly sworn deposed and said that:

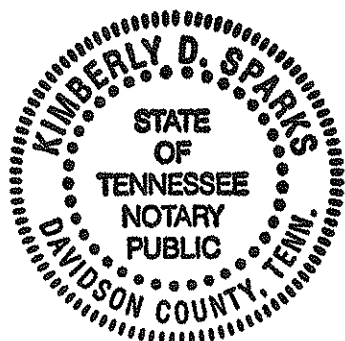
He is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Regulatory Authority, and if present before the Authority and duly sworn, his rebuttal testimony would set forth in the annexed transcript consisting of 20 pages.

  
\_\_\_\_\_  
Mark Manner

Sworn to and subscribed before me  
This 12 day of August 2008.

  
\_\_\_\_\_  
Notary Public

My commission expires 23 Aug 2011



My Commission Expires AUG. 23, 2011