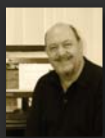

"Crack-Up: Corporate Integrity Continues to Spiral Downward"

April 30, 2008

The Wall Street Journal, in an article dated April 3, 2008, ("Very Friendly Skies") pointed out the all-too-cozy relationship between the Federal Aviation Administration and Southwest Airlines, one of the leading national air carriers that the FAA is charged with regulating. "Cozy" strikes me as a major understatement, since Southwest was so successful in averting required maintenance procedures for their aircraft. Forty-six of their planes had not been inspected, and six of those planes had surface cracks on the skins that put passengers' lives in danger.

If Southwest is prepared to risk the lives of its own customers and employees -- evidently gambling on an infinite supply of replacements should any passengers and crew be lost in a crash -- is there any limit to what corporate management will do to improve their position at the expense of others?

Audit Integrity is concerned with measuring monetary risk, not physical danger, but the manipulation of information to hide malfeasance is as detrimental in the investment industry, where people's futures are at risk, as it is in Transportation.

Below is a list of Companies that I have identified using Audit Integrity's Accounting & Governance Risk (AGR®) ratings. Their metrics raise serious questions regarding management's integrity vis-à-vis their shareholders.

In each case, the Company has received an Aggressive or Very Aggressive risk rating. These ratings are cause for concern that the Companies may be intentionally deceiving their shareholders to mask serious problems.

Coupled with this apparent lack of candor in each Company's accounting and governance practice, are a number of high-risk events that have transpired over the last 12 months. Note, high-risk events are only flagged when activity substantially exceeds the norm for that industry.

				HIGH RISK EVENTS		
Company Name	Ticker	AGR® Rating	AGR® Score	Share Repurchase	Insider Sale	High Ratio of Incentive Compensation
Amphenol Corporation	APH	Aggressive	54	X	X	
Ansoft Corporation	ANST	Aggressive	57	X	X	X
Apollo Group, Inc.	APOL	Very Aggressive	20	X	X	
Blackbaud, Inc.	BLKB	Aggressive	44	X	X	
CEC Entertainment, Inc.	CEC	Aggressive	54	X	X	X
Crocs, Inc.	CROX	Very Aggressive	29	X	X	
Cypress Semiconductor Corp.	CY	Aggressive	48	X	X	X
DTS Inc.	DTSI	Very Aggressive	36	X	X	X
Exponent, Inc.	EXPO	Aggressive	54	X	X	
Kenexa Corporation	KNXA	Aggressive	48	X	X	X
MEMC Electronic Materials, Inc.	WFR	Aggressive	53	X	X	
NutriSystem Inc.	NTRI	Aggressive	58	X	X	X
Papa John's Int'l, Inc.	PZZA	Aggressive	58	X	X	X
Pediatrix Medical Group, Inc.	PDX	Very Aggressive	29	X	X	
Perficient, Inc.	PRFT	Aggressive	46	X	X	
Pre-Paid Legal Services, Inc.	PPD	Aggressive	54	X	X	
Sigma Designs, Inc.	SIGM	Very Aggressive	34	X	X	X
Stratasys, Inc.	SSYS	Aggressive	55	X	X	X
The Charles Schwab Corporation	SCHW	Aggressive	51	X	X	

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Occurring together, these three events -- share repurchases, excess incentive compensation for executives, and insider sales -- result in the blatant transfer of wealth from shareholders to managers. Repurchases support the share price while managers dispose of their ownership, or exercise Options to sell at the artificially higher price.

Heightened concern is warranted when management receives excessive rewards while potential problems are hidden from the shareholders.

While I am pleased to report that none of these companies appears to be endangering the lives of their shareholders, I'm afraid they don't seem to mind clearing out their investors' wallets.

James A. Kaplan
CHAIRMAN