



CENTER FOR AUDIT QUALITY

Serving Investors, Public Company Auditors, & the Markets

Center for Audit Quality (CAQ)

July 17-23, 2007

1,001 Investors Nationwide

Margin of Error: +/-3%

In a telephone survey conducted July 17-23, 2007, The Glover Park Group asked a series of questions related to investing, the capital markets and Sarbanes-Oxley. The findings representing 1,001 investors nationally are included below.

With a sample of this size, one can say with 95% certainty that the results have a sampling error of +/- 3 percentage points of what they would be if the entire population of investors had been polled with complete accuracy.

QUESTIONNAIRE

Q.1 Are you the person who is MOST, or at least equally, responsible for making the decisions about how to handle your household's savings and investments?

	Total
Yes, most	68
Yes, equally	32
No	-
(Don't know) (TERMINATE)	-
(Refused) (TERMINATE)	-

[n = 778]

Q.2 Generally speaking, would you say the economy in this country is heading in the right direction, or is it off on the wrong track?

	Total
Right direction	40
Wrong direction	48
(Mixed)	7
(Don't know)	4
(Refused)	0

Q.3 In order to make sure our sample represents various types of investors, I need to know, do you, or does anyone else in your household, own any stocks, bonds, or mutual funds in an investment account, or in a self-directed IRA or 401(k) retirement account?

	Total
Yes	100
No (TERMINATE)	-
Don't know (TERMINATE)	-
(Refused) (TERMINATE)	-

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Q.4 Thinking for a moment about the total value of all these stocks, bonds and investment accounts, would you say the total amount is worth less than \$10,000, or is the total worth \$10,000 or more?

	Total
Less than \$10,000 (TERMINATE)	-
\$10,000 or more	100
(Don't know) (TERMINATE)	-
(Refused) (TERMINATE)	-

Q.5 Would you say the total value is worth? (READ LIST)

	Total
\$10,000 to \$49,999	22
\$50,000 to \$74,999	11
\$75,000 to \$99,999	8
\$100,000 to \$149,999	8
\$150,000 or more	34
(Don't know)	4
(Refused)	13

We understand that each individual participating in this survey will have a different level of knowledge and experience. We are looking for a broad range of opinions and are interested in your thoughts based on what you know or may have heard about the topics presented in this survey.

Q.6 At the current time, how much confidence would you say you have in U.S. capital markets? Would you say you have...?

	Total
A great deal of confidence	14
Quite a bit of confidence	25
Some confidence	45
Very little confidence, OR	11
No confidence at all	2
(Don't know)	2
Great deal/quite a bit	39
Very little/no	14

Q.7 And, at the current time, how much confidence would you say you have in capital markets outside of the U.S.? Would you say you have...?

	Total
A great deal of confidence	4
Quite a bit of confidence	18
Some confidence	43
Very little confidence, OR	19
No confidence at all	8
(Don't know)	9
Great deal/quite a bit	22
Very little/no	27

[n = 413]

Q.8 You indicated that you have MORE confidence in U.S. capital markets compared to other capital markets. For what reasons do you have MORE confidence in U.S. capital markets?
(Record verbatim response)

[n = 125]

Q.9 You indicated that you have LESS confidence in U.S. capital markets compared to other capital markets. For what reasons do you have LESS confidence in U.S. capital markets?
(Record verbatim response)

Q.10 As you may know, all publicly traded companies in the U.S. are required to put out regular financial reports. Before they are published, certain information in these reports is required by law to be audited by an external public company audit firm. Based on what you know, how much confidence do you personally have in audited financial information released by publicly traded U.S. companies? Would you say you have...?

	Total
A great deal of confidence	8
Quite a bit of confidence	30
Some confidence	42
Very little confidence, OR	13
No confidence at all	3
(Don't know)	4
Great deal/quite a bit	38
Very little/no	16

As you may know, in 2002 following several corporate scandals such as WorldCom and Enron, Congress passed the Sarbanes-Oxley Act. This legislation, commonly called SOX (SOCKS), was designed to reduce the likelihood of future corporate fraud scandals by introducing new or enhanced standards for all U.S. public company boards, management, and public company audit firms.

Q.11 Based on what you know today, would you say that the passage of SOX was a...?
(ROTATE 1st/3rd choices)

	Total
Good idea	56
Made no difference	30
Bad idea	5
(Don't know)	10
Good - bad	51

Q.12 In general, would you say that you have more or less confidence in audited financial information released by publicly traded U.S. companies than you used to? Would you say you have...?

	Total
A great deal more confidence	9
A little more	51
A little less	17
A great deal less	5
(No change)	14
(Don't know)	4
Total more	60
Total less	22
More - less	38

Q.13 Some have argued that the rules mandated by SOX regarding the controls around how companies prepare their financial statements and how external public company audit firms audit those controls have created a major new cost for U.S. businesses and made them less competitive in the global market. Based on what you know, would you say that these rules should be eased to reduce the costs of compliance on U.S. businesses, or left fundamentally as they are today?

Is that definitely should be or probably should be (eased / left fundamentally as they are)?

	Total
Definitely should be eased	10
Probably should be eased	13
Probably should be left fundamentally as they are	32
Definitely should be left fundamentally as they are	30
(Don't know)	16
Total should be eased	22
Total left as they are	62
Left as are - eased	39

Q.14 How concerned, if at all, would you be if the Sarbanes-Oxley Act was eased?

	Total
Very concerned	21
Somewhat concerned	45
Not very concerned	15
Not at all concerned	9
(Don't know)	9
Total concerned	66
Total not concerned	25
Concerned - not	41

Q.15 Now I would like you to evaluate the effect of specific changes mandated by the Sarbanes-Oxley Act to improve the quality of audited financial information. Would you say that each of these changes has had a positive or negative effect on the quality of audited financial information?

Is that very or somewhat (positive/negative)?

	Very Pos	Smwt Pos	Smwt Neg	Very Neg	No Effect	Not Aware	Don't Know	Total Pos	Total Neg	Pos – Neg
15.1 Public companies required to establish audit committees directly responsible for auditor appointment, compensation and oversight that are independent from the company and include a "financial expert"	29	50	4	2	3	2	9	79	6	72
15.2 External auditors are no longer hired and compensated by company management, but report to independent audit committees of the board of directors.....	36	40	7	3	3	2	9	76	10	66
15.3 Oversight and inspection of external auditors by the PCAOB (Public Company Accounting Oversight Board), an agency created to oversee the audits of public companies, with inspection report findings made available to the public on a regular basis	28	48	6	2	4	2	10	76	8	68
15.4 External auditors prohibited from providing some consulting services to companies they also provide auditing services to...	28	36	13	6	3	3	10	64	20	45
15.5 Public companies required to evaluate and disclose the effectiveness of their internal financial reporting procedures (known as internal controls), with their external auditors required to attest to such disclosure....	26	50	6	1	3	3	10	76	8	68
15.6 Certification of financial reports before they can be released by the chief executive officer (CEO) and chief financial officer (CFO) at publicly traded companies	32	42	9	2	5	3	8	74	11	63

Q.16 Knowing that these changes have taken place, do you have more or less confidence in audited financial information in the U.S.? Would you say you have...?

	Total
A great deal more confidence	15
A little more	64
A little less	8
A great deal less	3
(No change)	8
(Don't know)	2
Total more	79
Total less	11
More - less	68

Now, just a few final questions for background and statistical purposes...

Q.17 Gender

	Total
Male	50
Female	50

Q.18 What is your approximate age?

	Total
18-24 years	1
25-29 years	2
30-34 years	5
35-39 years	8
40-44 years	8
45-49 years	10
50-54 years	14
55-59 years	12
60-64 years	11
65-69 years	8
70-74 years	8
75 and over	11
(Don't know)	-
(Refused)	1

Q.19 What is the highest level of education you have completed?

	Total
Less than high school	1
High school graduate	17
Trade/Technical/Vocational training	3
Some college	21
College graduate	32
Post graduate (e.g., MA, MBA, JD, MD, PhD)	24
(Don't know)	-
(Refused)	1

Q.20 Are you currently employed full-time outside the home, employed part-time, self-employed, looking for a job, are you a homemaker, a student or retired?

	Total
Employed full-time	48
Employed part-time	7
Self-employed	8
Looking for work/unemployed	1
Homemaker	5
Student	0
Retired	31
(Don't know)	0
(Refused)	1

Q.21 What is your total annual household income before taxes?

	Total
Under \$20,000	4
\$20,000 to \$29,999	4
\$30,000 to \$39,999	7
\$40,000 to \$49,999	7
\$50,000 to \$59,999	10
\$60,000 to \$74,999	10
\$75,000 to \$99,999	16
\$100,000 to \$149,999	14
\$150,000 to \$199,999	5
\$200,000 to \$249,999	2
\$250,000 or more	3
(Don't know)	2
(Refused)	15

Q.22 Are you currently registered to vote?

	Total
Yes	96
No	3
(Don't know)	-
(Refused)	1

Q.23 Generally speaking, do you think of yourself as...?

	Total
Republican (SKIP TO Q25)	33
Democrat (SKIP TO Q25)	28
Independent	25
(Other)	4
(No preference)	6
(Don't know)	1
(Refused)	2

[n = 383]

Q.24 As of today, do you lean to the Republican party or the Democratic party?

	Total
Republican	25
Democrat	31
(Neither)	33
(Other)	1
(Don't know)	5
(Refused)	4

Q.23/24 Combined

	Total
Republican	33
Lean Republican	9
Independent	13
Lean Democrat	12
Democrat	28
(Other)	0
(Don't know)	2
(Refused)	2

Q.25 Are you, yourself, of Hispanic origin or descent, such as Mexican, Puerto Rican, Cuban or other Spanish background?

	Total
Yes (SKIP TO Q27)	2
No	97
(Don't know)	-
(Refused)	1

[n = 979]

Q.26 What is your race? Are you...?

	Total
White	89
African-American/Black	4
Asian (e.g., Chinese, Japanese, Korean, Pacific Islander)	2
American Indian/Native American	1
Other	2
(Don't know)	0
(Refused)	2

Q.25/26 Combined

	Total
White	87
African-American/Black	3
Hispanic	2
Asian (e.g., Chinese, Japanese, Korean, Pacific Islander)	2
American Indian/Native American	1
Other	2
(Don't know)	0
(Refused)	2

Q.27 How would you describe your political ideology?

	Total
Liberal	18
Moderate	39
Conservative	39
(Don't know)	2
(Refused)	2

Q.28 Which of the following types of long-term financial investments do you or does anyone else in your household have?

	Total
An employer sponsored 401k, 403b or similar employer sponsored retirement plan	69
Individual retirement accounts such as Roth IRA or regular IRA	63
Mutual funds	59
Individual company stocks	50
Bonds	32
(Don't know)	1
(Refused)	3

Q.29 Thinking about making changes to your investment portfolio, which of the following best describes your typical approach?

	Total
You actively participate in your investment decisions. You decide when and how to make changes to your portfolio and execute the changes on your own.	35
You actively participate in your investment decisions. You decide when and how to make changes to your portfolio, then call your broker/money manager to execute the changes.	27
You typically follow the advice of your broker/money manager in making investment decisions.	32
(Don't know)	2
(Refused)	3

Q.30 And, using a scale from 1 to 5, where 1 means you disagree completely and 5 means you agree completely, how much do you agree or disagree with the following statement?

I consider myself a very experienced investor.

	Total
<i>Mean</i>	2.88
1 - Disagree completely	12
2	19
3	45
4	14
5 - Agree completely	8
(Don't know)	0
(Refused)	2
Total disagree	30
Total agree	22

Q.31 In what state do you reside?

	Total
Northeast	20
Midwest	25
South	36
West	19

Thank you! Those are all the questions that we have for you.