Research Summary

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. A summary of 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.

Confidence in capital markets:

- A large majority (84%) of investors express confidence in the US capital markets, with 39% saying they have *quite a bit or a great deal* of confidence. (Q6)

- In contrast, 65% of investors have confidence in the capital markets outside of the US, with only 22% indicating *quite a bit or a great deal* of confidence in those markets. (Q7)

Confidence in audited financial information:

- At the start of the survey, most investors (80%) say they have confidence in the audited financial information released by publicly traded U.S. companies. A little more than one-third (38%) say they have *quite a bit* or *a great deal* of confidence. (Q10)

- Six in ten (60%) investors say they have more confidence in audited financial information released by publicly traded U.S. companies than they used to. (Q12)

Impact of SOX (general):

- The majority of investors (56%) believe the passage of SOX was a good idea, 5% say it was a bad idea, and three in ten (30%) say it did not make a difference. (Q11)

- Most investors do <u>not</u> agree that SOX has created major costs for U.S. businesses that have made them less competitive globally, and therefore should be eased. Less than one-quarter (22%) believe the rules should be eased including only 10% who say the rules should *definitely* be eased. A six in ten majority (62%) of investors believe the rules should probably (32%) or definitely (30%) be left fundamentally as they are. (Q13)

- On a related note, two-thirds (66%) of investors report they would be concerned if SOX was eased, including 21% who would be *very* concerned. (Q14)

Impact of SOX (specific changes):

- Overall, investors believe SOX-mandated changes have had a positive effect on the quality of audited financial information. Majorities of between 64% and 79% believe all the changes asked about in the survey have had a positive effect. Between 26% and 36% categorize the impacts as *very* positive. (Q15)

- 79% believe the requirement to establish independent audit committees has had a positive effect, including over a quarter (29%) who believe this has been *very* positive.
- Three quarters (76%) say that external auditors reporting to independent board-based audit committee has had a positive effect, including over a third (36%) who say this has been *very* positive.
- 76% say PCAOB involvement has been positive, 28% say it has been *very* positive.
- 76% say the requirement for companies to evaluate and disclose their internal controls and for external auditors to attest such disclosures has been positive, with one-quarter (26%) saying this has been *very* positive.
- 74% say certification of financial reports by CEOs and CFO has had a positive effect. One-third (32%) of investors believe the effect of this measure has been *very* positive.
- 64% of investors believe prohibiting external auditors from providing consulting services to those companies they audit has had a positive effect, with over one-quarter (28%) saying it has been *very* positive.

Positive Effect of SOX Changes
(ranked by combined very/somewhat positive effect)

	Very Positive Effect %	Very or Somewhat Positive Effect (Combined) %
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	79
External auditors no longer hired and compensated by company management, but report to independent audit committees of the board of directors	36	76
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	76
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	76
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	74
External auditors prohibited from providing some consulting services to companies they also provide auditing services to	28	64

The large majority of investors (79%) say that knowing that these changes have taken place gives them more confidence in audited financial information in the U.S.