

FOR IMMEDIATE RELEASE

Contact: Joel Allegretti
212-596-6111
jallegretti@aicpa.org

**CPA EXECUTIVES LOSING CONFIDENCE,
ACCORDING TO AICPA ECONOMIC OUTLOOK SURVEY**

NEW YORK (September 5, 2006) – Optimism about the U.S. economy among CPAs serving in corporate America's C-suites is declining, according to the latest Business and Industry Economic Outlook survey from the American Institute of Certified Public Accountants.

Indeed, 54 percent of the respondents expressed opinions on the economy that ranged from neutral to very pessimistic, up from 41 percent expressing similar sentiments in December 2005, the last time the AICPA conducted an Economic Outlook survey.

However, most of these executives, 68 percent, remain confident about the prospects for their own companies. In fact, 58 percent project moderate to substantial growth by the end of 2006, and plans for spending, especially for information technology and new product development, continue to be strong.

Nonetheless, the growth for the most part will not stem from U.S. markets. Fewer companies, primarily those with more than \$100 million in annual revenues, expect increased growth from the U.S. sector.

"The lack of enthusiasm for the state of the economy among these CPA executives seems to mirror that of consumers in general," said John Morrow, AICPA Vice President for members in business and industry. "According to a Conference Board survey, consumer confidence in the economy sank to a nine-month low in August."

Fewer companies are planning employee increases, and more are projecting workforce reductions. Of the CPA executives surveyed, 39 percent said their companies will beef up their workforces over the next six months, down from 45 percent who said the same thing in December. Twenty-one percent of those who work for the largest companies (more than \$1 billion in annual revenues) anticipate workforce reductions in the second half of 2006, compared with 17 percent in December.

CPAs continue to be concerned about the impact that changes in short-term interest rates will have on inflation, with 75 percent of the entire survey sample saying they were more worried about the impact on inflation than on economic growth.

Respondents identified costs associated with employees, energy, and materials and supplies as issues they are most concerned about, which is consistent with the results of the December survey.

A total of 2,571 CPAs participated in the survey, which took place in June. Of them, most (1,324) serve as chief financial officers; 456 are controllers; and 234 are chief executive officers. The remaining 557 include chief operating officers, chief information officers, chief accounting officers and managers.

Forty-eight percent of the respondents work for companies with annual revenues of \$10 million - \$100 million. Eleven percent work for companies with revenues exceeding \$1 billion.

The vast majority of respondents, 60 percent, work for privately held companies.

The American Institute of Certified Public Accountants (www.aicpa.org) is the national, professional association of CPAs, with approximately 330,000 members, including CPAs in business and industry, public practice, government, and education. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies; federal, state and local governments; and non-profit organizations. It also develops and grades the Uniform CPA Examination.

Media representatives are invited to visit the AICPA Online Media Center at www.aicpa.org/mediacenter.

##