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CFOs PREDICT NEARLY HALF OF COMPANIES WILL CHANGE AUDIT COMMITTEES

NASDAQ firms most likely to make changes

DURHAM, N.C. and MORRISTOWN, N.J., March 25, 2003 — Expect widespread changes to audit committees this year. Nearly half of Chief Financial Officers surveyed this month by Financial Executives International (FEI) and Duke University's Fuqua School of Business say that their firms will be making or are strongly contemplating making personnel changes within the audit committees of their boards of directors in the near future.

Changes to the audit committee of the board of directors

Among companies that are listed on the NASDAQ, 50% say that their firms may change the make-up of their audit committee in the coming year. Of this 50% of NASDAQ firms considering changes, 36% say that they definitely will change their audit committee, and another 14% say that they possibly will.

Firms listed on the New York Stock Exchange also plan to juggle their audit committees, though not at the same rate as their NASDAQ counterparts. A total of 40% of surveyed NYSE CFOs are contemplating changes to this important subcommittee of the board of directors (32% will change their audit committee; 8% might make changes).

Noted Dr. John Graham, finance professor at Fuqua and director of the survey: "Corporate America has taken note of the accounting scandals that have rocked companies and our capital markets. They are taking action in response."

About the Survey

The CFO Outlook Survey, conducted by Financial Executives International and Duke University's Fuqua School of Business, interviewed the CFOs of U.S. companies electronically the third week of March. 205 CFOs from both public and private companies from a broad range of industries, geographic areas and revenues responded. Among the industries represented are retail/wholesale, mining/construction, manufacturing, transportation/energy, communications/media, technology, and banking/finance/insurance. Revenue-weighted means were provided for earnings, capital spending, technology spending, advertising spending, inventory and prices of products. Employee-weighted means were used for productivity (output per hours worked), wages, number of employees and overtime.

FEI and Fuqua have conducted surveys gauging the country's economic outlook from the perspective of corporate CFOs for the past seven years. Detailed results of this survey as well as other "CFO Outlook" surveys are available at http://www.duke.edu/~jgraham/fei.html or www.duke.edu/%7ejgraham.

Financial Executives International (FEI) is the leading advocate for the views of corporate financial management. Its 15,000 members hold policy-making positions as chief financial officers, treasurers, and controllers. FEI enhances member professional development through peer networking, career planning services, conferences, publications, and special reports and research. Members participate in the activities of 86 chapters, 75 of which are in the United States and 11 in Canada. For more information about FEI, visit www.fei.org.

The Fuqua School of Business at Duke University was founded in 1970. Fuqua's mission is to educate thoughtful business leaders worldwide and to promote the advancement of business management through research. For more information, visit www.fuqua.duke.edu.

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