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**OUTLOOK DIMS FOR U.S. ECONOMIC RECOVERY BEFORE 2010,
CFOs AND CPA EXECUTIVES SAY**

Majority Expect No Turnaround Before 2010

Durham-Chapel Hill, N.C. (February 19, 2009) – Chief financial officers and senior-level executive Certified Public Accountants now believe that the U.S. economic downturn will last longer than previously expected according to a new survey conducted by the American Institute of Certified Public Accountants and the University of North Carolina’s Kenan-Flagler Business School.

Arleen Thomas, AICPA’s senior vice president for member competency and development, said the survey indicates any economic recovery will begin six months later than previously expected. “As the recession has deepened and pessimism solidified, a majority of CPAs working in business and industry now don’t expect an economic recovery before 2010,” she said.

The survey indicates that economic pessimism continues to be very high among CPA executives with 83 percent of respondents saying they were “pessimistic” or “very pessimistic” about the U.S. economic outlook over the next 12 months. Pessimism in the current quarter is effectively even with 82 percent who reported the same feelings in the 2008 fourth quarter survey conducted in November. In the latest survey, only 5 percent of respondents said that they were “optimistic” about the outlook for the U.S. economy.

“I had hoped we might see a bottoming out this quarter, but conditions continue to deteriorate, albeit at a slightly slower rate than last quarter,” said UNC Kenan-Flagler Accounting Professor Mark Lang, Ph.D. “Companies are feeling the effects all of the way through the business cycle,” he said. “Most striking, the general malaise is prevalent in all sectors of the economy.”

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Respondents now expect the downturn to last longer. In November more than 40 percent of respondents foresaw recovery beginning in the second half of 2009. Now only 30 percent expect recovery in the latter half of 2009, while 41 percent don't expect recovery to begin until the first half of 2010 and another 20 percent think it will be the second half of 2010. An increasing number of CPA financial executives - 20 percent - don't foresee any recovery until the second half of 2010, up from 13 percent in November.

Pessimism about respondents' own organizations increased slightly again this quarter as CPA executives saw economic factors such as declining consumer confidence, layoffs, rising unemployment and continued financial instability affecting their own companies. Sixty percent of respondents indicated that their organizations expect decreased revenue and profits and more than 50 percent said that they expect the number of employees to decrease.

Companies are continuing to respond to economic conditions by cutting costs through layoffs, compensation limits and hiring freezes. The number of respondents who said their organizations were experiencing restrictions on credit or having difficulty obtaining credit remained stable at slightly more than 20 percent. Organizations experiencing problems with customer collections rose to 35 percent from 28 percent, according to the survey.

Capital spending freezes have been put in place at nearly half of respondents' companies, and 43 percent have had layoffs. One glimmer of hope is that about a quarter of companies still expect some growth.

Methodology

The fourth quarter Business and Industry Economic Outlook Survey, which was conducted via an online questionnaire from Jan. 28 to Feb. 12, included 1,183 CPAs who hold leadership positions as chief executives, chief operating officers, chief financial officers or controllers in their companies. The overall margin of error was plus-or-minus 3 percentage points. More information and full poll results are available on the [AICPA Financial Management Center Website](http://fmcenter.aicpa.org) at fmcenter.aicpa.org.

About UNC Kenan-Flagler

The University of North Carolina at Chapel Hill's Kenan-Flagler Business School is known for innovative research and extraordinary learning experiences. Its commitment to developing socially responsible, results driven leaders distinguishes its programs, which educate people at every stage of their careers. UNC Kenan-Flagler prepares business leaders to manage successfully in the global business environment through its Master of Accounting, MBA, MBA for Executives undergraduate BSBA, PhD and Executive Development programs. The Frank Hawkins Kenan Institute of Private Enterprise helps business and government tackle problems with impact on society. <http://www.kenan-flagler.unc.edu/>

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