



NEWS RELEASE

For Immediate Release

Armanino McKenna Survey of Bay Area Public Companies Finds Stock Prices Increase Following Auditor Switches

Survey Report Delivers Fee Comparisons by Revenue Category

SAN RAMON, CA (September 13, 2012) – CFOs concerned that switching auditors might trigger a decrease in stock prices can take comfort in a new report from Armanino McKenna LLP (www.amllp.com) which shows that for Bay Area companies, average stock prices actually *increase* following an auditor change and increase more if the new auditor is a regional or local firm.

In its *2012 Bay Area SEC Company Audit Fee Report*, Armanino McKenna extracted SEC filing data from the most recent 10K and 14A proxy statements from 2009 through 2011 from more than 400 Bay Area companies.

The report indicates that when switching to a regional or local auditing firm, stock prices of issuers increased by an average positive swing of up to 7 percent based on shares being down an average of 5 percent from a target price one week prior to the 8K filing and averaging about 2 percent higher than the target price one week after announcement of the filing.

The report, which is available for free at Armanino McKenna's web site at <http://www.amllp.com/images/stories/pdfs/SEC/2012-sec-audit-fee-report.pdf> also notes that audit fees:

- continue to generally decline, but not in all company size categories;
- declined most significantly for companies in the \$50 million and below revenue category;
- billed by Big 4 national firms were 86 percent higher for small issuers than for large public companies.

“This report, which is compiled from publicly available data has proven to be very revealing each year,” says Armanino McKenna Audit Partner Matt Perreault. “It delivers insight into our local auditing market and allows Bay Area companies to discover whether they are getting the best value for their auditing spends.”

According to the survey, companies that have initiated a change to a regional firm from a national firm found no significant disadvantages in terms of quality or levels of expertise and have recovered significant savings in the process. For instance, average audit fees from a local or regional firm versus a national firm show fees 75 percent lower for companies in the under

\$50 million revenue range and 79 percent lower on average for companies in the \$500 million to \$1 billion range.

“The fee-to-value proposition of regional auditing firms is continuing to trend positively,” adds Perrault. “This makes regional firms most attractive for companies under \$1 billion in revenue on the lookout for auditor value.” He says that comparing audit fees can prove helpful to see where a company ranks against industry averages as well as directly against peer companies.

He points out that regional auditing firms have been handling the accounts of publicly traded companies for many years and can match Big 4 and national firms’ capabilities, including international requirements. “Now may be a good time to re-examine audit fees and find out how lowering them can contribute to your company’s growth instead of spending more than necessary on compliance.”

About Armanino McKenna ^{LLP}

Armanino McKenna (www.amllp.com) is the largest California-based CPA firm with approximately 350 employees. It is a member firm in Moore Stephens International Limited, a global association of accounting and consulting firms in 98 countries. Armanino McKenna offers a comprehensive package of services from audits and reviews, to tax planning and preparation, SOX compliance, financial/IT staffing, IT software and service, valuations and consulting. The company has offices in San Ramon, San Francisco and San Jose, CA; Naperville, IL; Portland, OR; and Seattle, WA.

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