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GLASS LEWIS RELEASES 2008 FINANCIAL RESTATEMENT DATA

Restatements drop to five-year low. Increased scrutiny in wake of the financial crisis could drive the next surge.

SAN FRANCISCO (March 19, 2009) — Glass Lewis & Co., LLC, a leading independent research and proxy advisory firm, today released findings regarding the number of financial restatements filed by U.S. companies in 2008. In their *Trend Report: Restatement Dust Settles*, Glass Lewis discovered that over the last year restatements dropped to a five-year low, with restatements down 49% from a year earlier.

Glass Lewis' study examined U.S.-listed companies with market values of at least \$250 million, and found that the 2008 decline was the result of work recently completed at larger companies to overhaul the systems and processes they use to ensure financial reports are accurate. In the fifth year of Sarbanes-Oxley compliance, companies made fewer errors. Additionally, an SEC advisory committee last year moved to relax materiality standards and streamline error corrections, making it easier for companies to avoid restatements. Glass Lewis predicts that intense scrutiny and fallout from the economic crisis may turn a sharper focus onto financial-reporting issues this year.

Key Findings of Restatements Trend Alert:

- 172 U.S.-listed companies with at market values of at least \$250 million filed 185 financial restatements to correct errors, a five-year low
- Only 6% of companies filed restatements, down from 9% in 2007
- Returns for companies that corrected severe errors recovered least and continued to underperform six months and one year following restatement announcements

- 85% of restatements leading to most negative stock-price returns were filed by companies with other issues, such as material weaknesses or late filings
- As pendulum swings back to regulation, more scrutiny from new SEC regime could lead to more restatements; outcome may hinge on application of materiality
- Services and technology companies filed the most restatements

About Glass, Lewis & Co., LLC

Glass, Lewis & Co. is a leading investment research and global proxy advisory and voting services firm, serving institutions that collectively manage more than \$17 trillion. Glass Lewis helps institutional investors make more informed investment and proxy voting decisions by identifying business, legal, governance and financial statement risk at more than 17,000 companies worldwide. Founded in 2003, Glass Lewis is headquartered in San Francisco with offices in New York, London, Tokyo, and Sydney.

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