The impact of the credit crisis on U.S. companies

Analysis of selected results from the
Duke University / CFO Magazine Global Business Outlook Survey

1st Quarter, 2009

Additional Analysis for First Quarter, 2009

This quarter we have prepared two separate analyses:

1. **The impact of the U.S. economy on corporate expectations, concerns and strategic focus** Our regular quarterly analysis addressing our normal analytical scope, released March 4, 2009.
2. **The impact of the credit crisis on U.S. companies** A special study of credit crisis related questions from the 4Q08 and 1Q09 surveys, to be released March 13, 2009.

Please see www.cfosurvey.org for both of these documents.

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Summary

Overview

Deloitte works with the *Duke University / CFO Magazine Global Business Outlook Survey* on a quarterly basis to better understand how prevailing market and broader economic conditions are affecting the expectations, concerns and plans of U.S. firms. The purpose of our regular quarterly reports is to examine survey findings specifically through an industry-focused lens, generating industry-level insights around economic trends and expectations. Our analysis for the first quarter of 2009 (*The impact of the U.S. economy on corporate expectations, concerns and strategic focus)* was published on March 4 and is currently available at www.cfosurvey.org.

The analysis in this document is an addendum to our regular report, focusing specifically on a set of credit crisis centered questions included in the fourth quarter 2008 and first quarter 2009 surveys. It is intended to bring to light the credit and liquidity challenges companies are facing, what they are doing to protect and strengthen their firms, and how they are currently faring. As we do in our regular analysis, we have approached this study from an industry standpoint to highlight the frequently substantial differences between industries' challenges, approaches and outlooks.

We write this report in the midst of numerous bank failures and near-failures, a continuing mortgage crisis, and series of government efforts to save financial institutions, spur lending and improve general liquidity. This study shows that, in the face of generally declining earnings and tightening credit markets, companies are attempting to preserve liquidity through a variety of funding and cost-reduction mechanisms. Some industries are following the same approaches they always follow; some are very much not. Following are key findings:

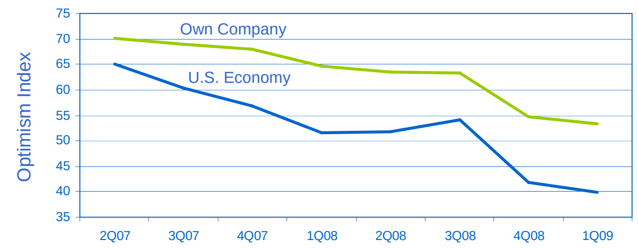
All industries anticipate at least another year of economic difficulties

CFO optimism is lower now than at any other time in the fifty-two quarter history of the *Duke University / CFO Magazine Global Business Outlook Survey*. Having worked recently to understand and address the fallout of the credit crisis, more than two thirds of these executives are even less optimistic now than they were at the end of 2008 around the U.S. economy.

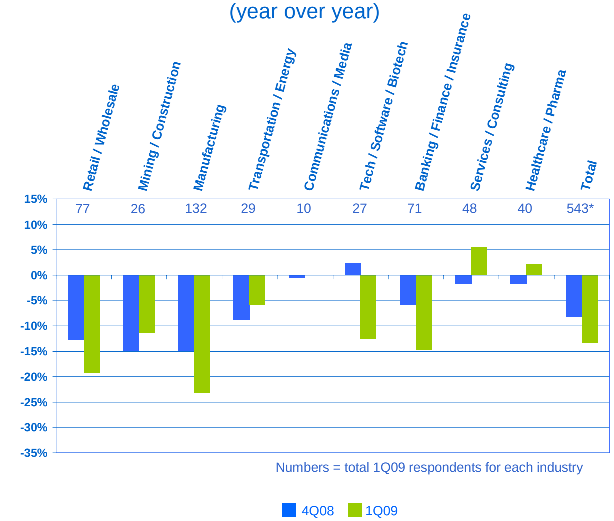
More than half of companies are also less optimistic this quarter about their own company's prospects. Weak consumer demand is the top external concern for over 68 percent of firms and is the top concern for six of the nine industries. Accordingly, year-over-year earnings projections on the whole have worsened from a 10.2 percent decline last quarter to a 13.5 percent decline this quarter.

There are substantial industry differences, however. Manufacturing and retail/wholesale expect declines of roughly 20 percent, while the healthcare/pharmaceutical and services/consulting industries project low single-digit gains. Public firms appear to be struggling more than private, projecting an average 20 percent earnings decline.

U.S. Company Optimism



U.S. Company Earnings Projections
(year over year)



Summary (cont.)

Companies are moving aggressively to preserve earnings, their primary source of liquidity

Under normal circumstances, retained earnings are a major source of funding for all industries. Despite declining earnings across most industries, 36 percent of firms' operational funding over the past six months still comes from their profits and retained earnings.

Driven by earnings pressures experienced over the past year and projected for the foreseeable future, companies have been nearly unanimously using cost cutting to improve liquidity. Capital spending is expected to fall sharply in 2009, with all industries projecting substantial cuts. Against a 13 percent average cut, even the sectors with the most optimistic earnings projections (services/consulting and healthcare/pharma) plan to cut capital spending 7 percent or more. Nearly all sectors are projecting declines in both marketing/advertising and technology spending, averaging 7.6 percent and 5.4 percent cuts, respectively.

Workers have not been spared from these cost-cutting efforts. Nearly 60 percent of companies have already reduced headcount and more than half will do so again within the next 12 months. Those who cut jobs let go an average of 13 percent of their workforces in the last 12 months, and those who will continue to cut jobs anticipate 8 percent reductions over the next year. More than 50 percent of firms have frozen hiring, and 60 percent plan to do so going forward.

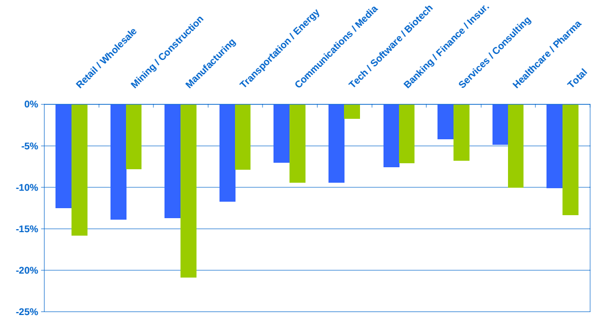
Balance sheets are getting renewed attention

In the face of anticipated earnings declines, companies are having to assess the degree to which their balance sheets will help them survive the storm – or will pull them under water. Working capital management and balance sheet weakness, both of which have been relatively minor concerns for many firms over the past several years, have jumped to the top of financial executives' internal concerns over the past two quarters (please see our standard 1Q09 analysis, referenced earlier in this document, for deeper insights around executives' internal and external concerns).

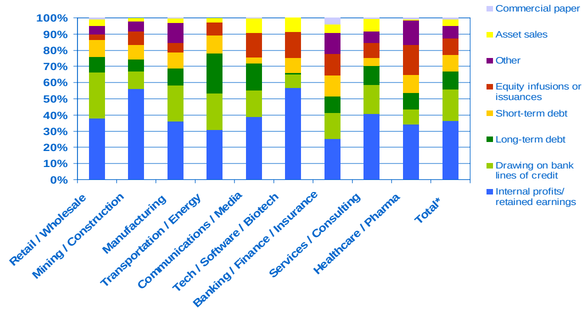
While cost-cutting and efficiency efforts have helped companies improve their liquidity, firms' reliance on external funding is still strong and is frequently rising. Over the past several years, credit lines, long-term debt and short-term debt have accounted for roughly 40 percent of firms' funding. As earnings decline as a funding source, these and other external funding sources are becoming of heightened importance.

At the same time credit is becoming more important, it is also becoming more difficult to secure. More than half of all firms report feeling the effects of decreased credit availability and/or increased credit costs, and more than 20% report being very much affected. In the communications/media and financial services sectors, 30% of firms report being very much affected.

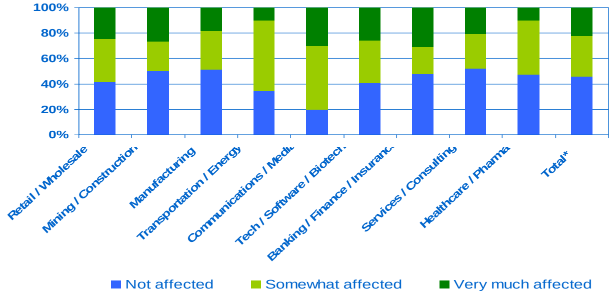
Change in Capital Spending
(over next 12 months)



Funding Sources
(over past 6 months)



Effects of Credit Availability and Cost
(percent citing each level of effect)



Summary (cont.)

Credit lines are increasingly important across all industries

Credit lines are taking center stage because they are the top external funding source for five of the nine industries. Roughly 75 percent of all firms utilize credit lines (primarily to fund normal operations and immediate liquidity), ranging from roughly 50 percent of firms in tech/software/biotech and healthcare/pharma to more than 85 percent of firms in retail/wholesale, manufacturing and transportation/energy.

Moreover, credit levels tend to be high, averaging 23 percent of firms' total assets for the companies utilizing them. Roughly 14 percent of all firms' assets are matched with credit lines with higher percentages within particular industries. Within the retail/wholesale and transportation/energy sectors, approximately 25 percent of total industry assets are matched with credit lines.

Over the past six months, nearly 20 percent of companies' funding has come from credit lines that have been drawn down an average of 38 percent of their capacity. Again, there is substantial variability across industries. Nearly 44 percent of retail/wholesale firms' funding has come from credit lines that have been drawn down by more than half. Only 30 percent of tech/software/biotech firms' funding has come from credit lines, and existing credit lines have been drawn down less than 15 percent.

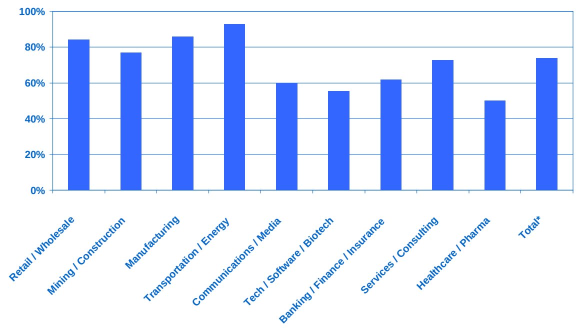
Industries' credit line access and usage patterns vary considerably

At the same time downward pressure on earnings is making credit lines more important (both for the firms who already rely on them and for those who have historically had less need), credit line markets are tightening. Nearly 20 percent of all firms say they have had trouble establishing or renewing credit lines. More than 25 percent of firms within retail/wholesale and communications/media are struggling in this regard; less than 15 percent of mining/construction and healthcare/pharma firms complain of the issue.

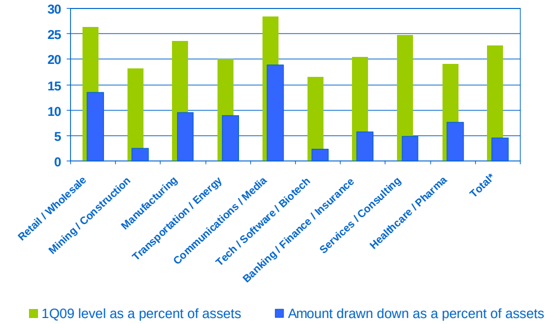
Those with already-established credit lines are frequently putting them to very different uses. On one hand, nearly two thirds of companies have restricted their use of credit lines over the past 12 months, primarily because they either did not need the funds yet or because they wanted to maintain future borrowing capacity. On the other hand, roughly 10 percent of firms say they are drawing down their credit lines to build cash for the future as a precaution, and roughly the same percentage say they are obtaining cash now in case banks restrict their credit access in the future.

As John Graham, Duke finance professor and director of the survey, points out: "Bank lines of credit are usually a temporary source of funding or are used as a last resort. In the current market, many companies have few funding options beyond their credit line. In fact, there has been a 'bank run' of sorts on credit lines, with poorly rated companies drawing funds in case their bank decides not to lend to them in the future. This action has in part 'crowded out' banks' ability to lend to other firms, exacerbating the lack of credit elsewhere in the system."

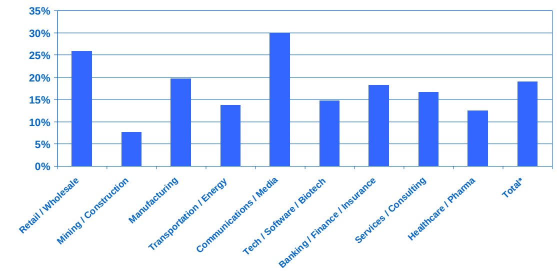
Credit Line Utilization
(percent of firms using credit lines)



Credit Line Levels and Consumption
(percent of assets)



Difficulty Establishing or Renewing Credit Lines
(percent of all firms experiencing difficulty)



Summary (cont.)

Earnings-funded firms/industries are struggling more than the others

It may be a bit surprising that many firms from the industries historically least reliant on credit lines are among the most affected by credit turmoil so far.

The healthcare/pharma industry, for example, is a comparatively low user of credit lines, with only 50 percent of firms using this instrument and only 9 percent of industry funding coming from it over the past 6 months. On the whole, the industry is one of the least affected by credit market turmoil, with nearly half of firms reporting no substantial credit availability or cost issues. But when you look at the half that are affected by the turmoil (see the top chart on this page), these firms report the second-highest struggles in getting access to credit. In fact, the three industries with the next lowest credit line use (communications/media, tech/software/biotech and banking/finance/insurance) all illustrate a similar pattern.

With credit tightening making it more difficult to supplement declining earnings with external cash, and with the compounding effects of declining equity and bond values, firms within these low-credit-line industries are the most likely to be drawing down existing credit lines in anticipation of banks' restriction of their future credit access. The communications/media, tech/software/biotech, and banking/finance/insurance sectors cited these divergent purposes much more often than did the traditional heavy users of credit lines.

At least for the time being, the companies with comparatively solid liquidity tend to be within industries that make consistent use of well-established credit lines, although these advantages already appear to be declining as credit lines come up for renewal and banks increasingly pursue more expensive and restrictive terms.

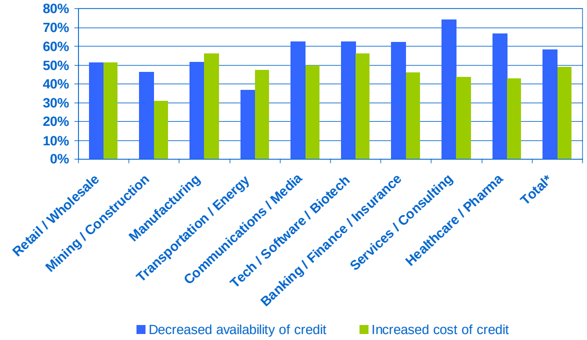
All firms are increasingly struggling to fund attractive investments

Limited access to external capital is increasingly impairing firms' ability to pursue attractive investment projects. At the end of 2008, an already-high 28 percent of firms reported moderate to large effects; that number has nearly doubled over the last quarter. Moreover, the number of firms reporting large effects has tripled to 30 percent.

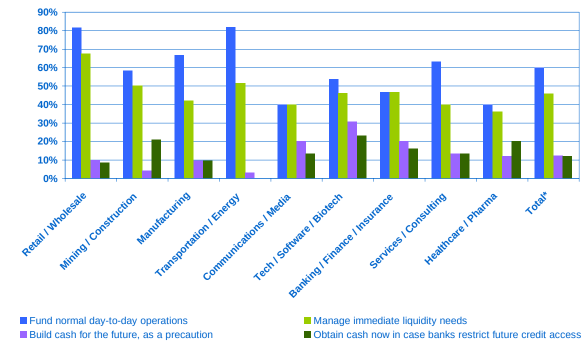
Under normal conditions the industries that utilize credit lines the least tend to report the greatest difficulty obtaining capital to pursue attractive investment projects. Under current conditions, this effect appears to be significantly amplified. Firms within the low-credit-line industries (the industries we discussed above) tend to be experiencing moderate to large effects, with the largest proportion of firms feeling large effects.

The two most common approaches to this issue are to either use current earnings to fund attractive investments or to postpone/cancel them. Seven of the nine industries currently favor the former with mining/construction and communications/media the exceptions. Using earnings from prior periods is the next most popular choice, ahead of pursuing funding from other sources (e.g. equity and bond issues).

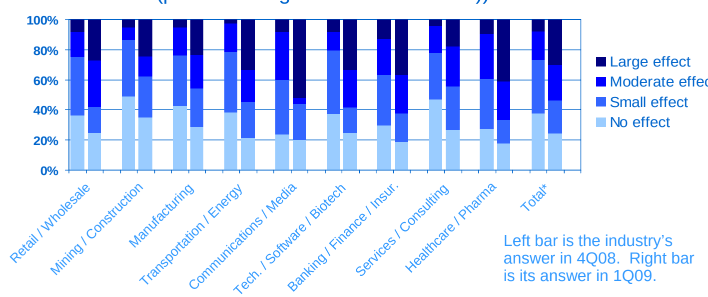
Effects of Credit Market Turmoil
(percent of firms citing each effect)



Credit Line Purposes
(percent of firms citing each purpose)



Impact of Credit Crisis on Ability to Pursue Attractive Investments/Projects
(percent citing each level of effect))



Trends in cash, funding and credit

U.S. company utilization of internal and external funding resources, and how it is changing as a result of the recent credit crisis

Sections

Cash and Marketable Securities

Funding Sources

Credit Lines

Cash, credit and funding
U.S. company approaches and trends

Cash and marketable securities

What portion of companies' assets is cash and securities?
About 15% (similar to 12 months ago)

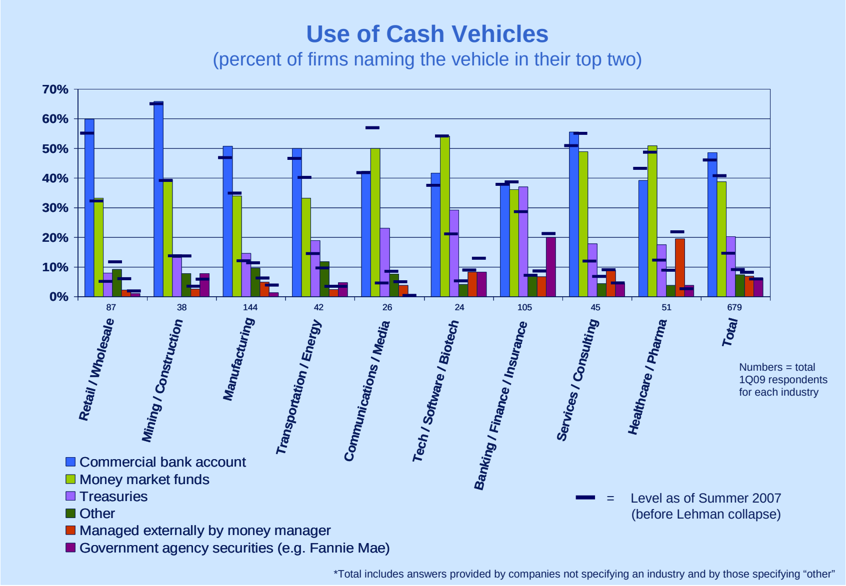
- On average, 15% of companies' assets are held as cash and marketable securities, ranging from 4-10% on the low-end (transportation/energy, retail/wholesale and manufacturing) to 22-27% on the high-end (tech/software/biotech, healthcare/pharma and banking/finance/insurance).
- Despite credit and equity market turmoil, values of cash and marketable securities declined only modestly as a percent of total assets – from a cross industry average of 15.6% in 1Q08 to 15.2% in 1Q09. Each industry is within 250 basis points of its levels from a year ago.

Where is cash held? ***Bank accounts and money market funds***

- Cash is predominantly held in commercial bank accounts with 49% of firms naming this vehicle in their top two. Money market funds are second at 39% and treasuries are third at 20%.
- Treasuries are in the top two cash vehicles for 23% of communications/ media firms, 29% of tech/software/biotech firms, and 37% of banking/finance/insurance firms.
- Only healthcare/pharma makes substantial use of external money management (20% name it in their top two), which is the second-least-used vehicle at less than 7% overall.
- Government agency securities were last with around 6% of firms naming it in their top two cash vehicles. Banking/finance/insurance firms are the largest government securities users with 20% naming them in their top two.

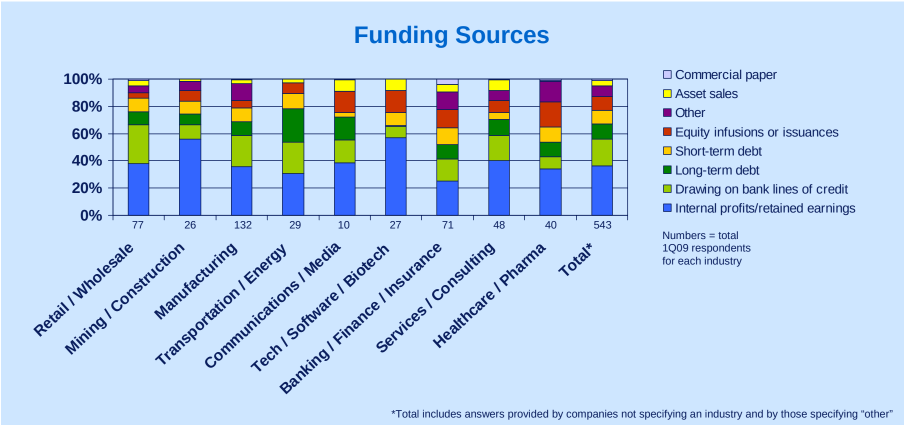
How is the credit crisis affecting these cash vehicles?

- **Distributions have changed little, but treasuries are on the rise**: The use of commercial bank accounts and money market funds rose or fell only slightly for most industries over the past year, but many industries showed substantially higher use of treasuries, making this the only instrument with a substantial change on a cross-industry basis. The use of external money managers did not change significantly for any industry other than within retail/wholesale where usage dropped to less than half. Government agency securities were flat overall but rose in two industries (mining/construction, transportation/energy) and fell substantially in one (tech/software/biotech).



Cash, credit and funding
U.S. company approaches and trends

Funding sources



What are companies' main sources of funding?
Retained earnings/cash and credit lines

- **Retained earnings**: Across industries, more than 75% of companies use retained earnings/cash as a funding source, and 36% of total funding comes from this source. The most heavily reliant industries on retained earnings are mining/construction (84% use and 56% of funding) and tech/software/biotech (79% use and 57% of total funding). The least reliant industries are transportation/energy (only 31% of total funding) and banking/finance/insurance (only 25%).
- **Credit lines**: 72% of all firms use credit lines, with an average of 19% of total funding coming from this source. The heaviest users are retail/wholesale (83% use and 29% of total funding), transportation/energy (90% use and 23% of total funding and manufacturing (74% use and 23% of total funding). The least reliant industries are tech/software/biotech (only 8% of funding) and healthcare/pharma (only 9% of funding).
- **Long-term debt**: 70% of all firms use long-term debt, with an average of 11% of funding coming from this source. Transportation/energy is by far the largest user of this source with 76% of firms utilizing it and 25% of funding coming from this source. Tech/software/biotech is the least reliant with only 42% of firms using it and less than 1% of funding coming from this source.
- **Overarching theme**: Sectors with large fixed capital and working capital bases (retail/wholesale, mining/construction, manufacturing, and transportation/energy) rely more heavily on credit lines; less capital intensive sectors like communications/media, tech/software/biotech and banking/finance/insurance rely primarily on retained earnings/cash. (Services/consulting is a bit of an anomaly, relying primarily on credit lines.) Long-term debt use seems to be clustered around the cross-industry mean, providing around 11% of total funding. The big exceptions are companies with massive long-term capital investments (transportation/energy) and companies who try to minimize debt of all types (tech/software/biotech).

Are companies struggling to fund attractive investments, and what are they doing about it? ***It depends***

- **Variability in "normal" difficulty**: On the whole, 27% of companies cite moderate to strong limitations in their ability to fund attractive investments under pre-credit-crisis conditions, but there is substantial variability across industries. Only 14% of mining/construction firms indicate moderate to strong limitations under normal circumstances. Communications/media and healthcare/pharma are much higher at 40% and 42%, respectively.
- **Much harder to fund attractive investments now:** The average company reports it is twice as hard to fund attractive investments as it was a year ago, with 54% citing difficulties. Healthcare/pharma and banking/finance/insurance claim the highest difficulties at 67% and 62%, respectively. In spite of a 180% increase in difficulty, mining/construction still claims the lowest difficulty pursuing attractive investments at 38% (up from 14%). The most modest increases were, not surprisingly, within the industries already citing the highest difficulties.
- **Differing approaches under current difficulties**: The two most common approaches to managing positive NPV investment opportunities when unable to get external funding are to either (1) use current earnings or, (2) postpone or cancel investments. Transportation/energy and communications/media are the most likely to go forward utilizing current earnings. Communications/media, services/consulting and manufacturing are the most likely to postpone or cancel investments. (Note that communications media is fairly evenly split between these two approaches.) The industries most likely to utilize earnings from prior periods are banking/finance/insurance and healthcare/pharma.

How has the credit crisis affected funding sources?

- **Increased reliance on retained earnings/cash and less-common funding sources**: With credit lines and other forms of credit less readily available, firms are increasingly confined to funding via retained earnings/cash. When earnings and cash balances are not sufficient, companies are increasingly turning toward equity issuances and asset sales – particularly within mining/construction, manufacturing, communications/media and banking/finance/insurance. Tech/software/biotech is a bit unusual in its substantial increased use of credit card balances as a funding source. Services/consulting is also a bit unusual in its increasing use of factored accounts receivable and other assets.

Cash, credit and funding
U.S. company approaches and trends

Credit lines

How common is credit line use?
74% of firms have credit lines

- Approximately 74% of all firms use credit lines overall, but there is substantial variability across industries. Tech/software/biotech and healthcare/pharma indicate are on the low end with 56% and 50% use, respectively. Three sectors indicate more than 80% use: retail/wholesale (84%), manufacturing (86%) and transportation/energy (93%).

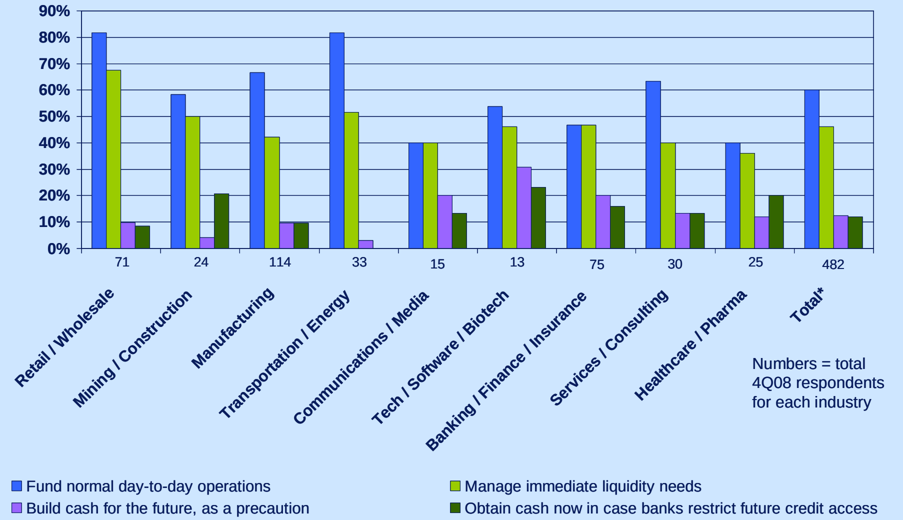
What do firms use them for?
Primarily for normal operations and immediate liquidity

- **Normal use**: Those companies using credit lines use them primarily for normal operations (60%) and immediate liquidity needs (46%).
- **Contingency use**: Three industries are exceptional in their use of significant amounts of their credit lines to build cash for the future (as a precaution against further credit tightening): tech/software/biotech (31%), communications/media (20%) and banking/finance/insurance (20%).

How heavily do firms rely on them?
Very heavily

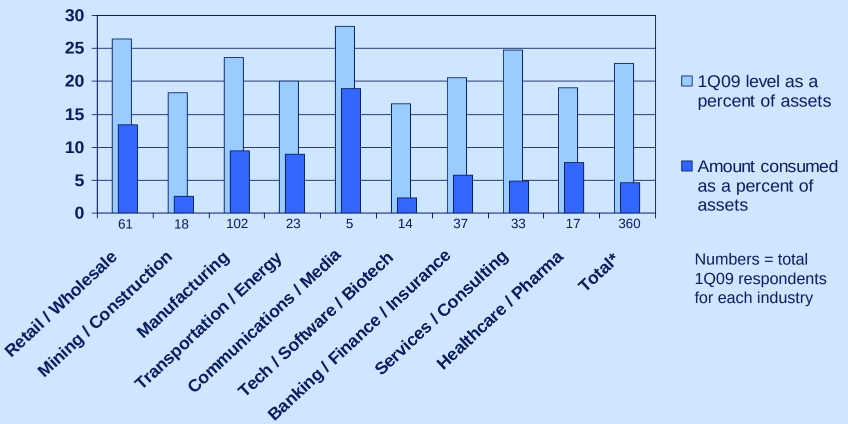
- **Credit line levels**: Credit line levels average 23% of assets across all firms with relatively little variability. The highest credit line levels are within communications/media (29%), retail/wholesale (26%) and services/consulting (25%). Tech/software/biotech and mining/construction are the lowest at 17% and 16%, respectively.
- **Percent of total funding**: Over the past 6 months 19% of all companies' funding has come from credit lines. The industries with the highest percent of their funding coming from credit lines over this period are retail/wholesale (29%), transportation/energy (23%) and manufacturing (23%). Even the least reliant industries make considerable use of credit lines, with tech/software/biotech at 8% and healthcare/pharma at 9%.
- **Credit line draw-down**: On average, companies have drawn down nearly 38% of their credit lines with considerable differences across industries. Communications/media firms report having drawn down a whopping 67% of their credit lines, followed by retail/wholesale at 51%. At the other end of the spectrum are mining/construction firms and tech/software/biotech firms which have drawn down less than 15%.

Credit Line Purposes
(percent of firms citing each purpose)



*Total includes answers provided by companies not specifying an industry and by those specifying "other"

Credit Line Levels and Consumption
(percent of assets)



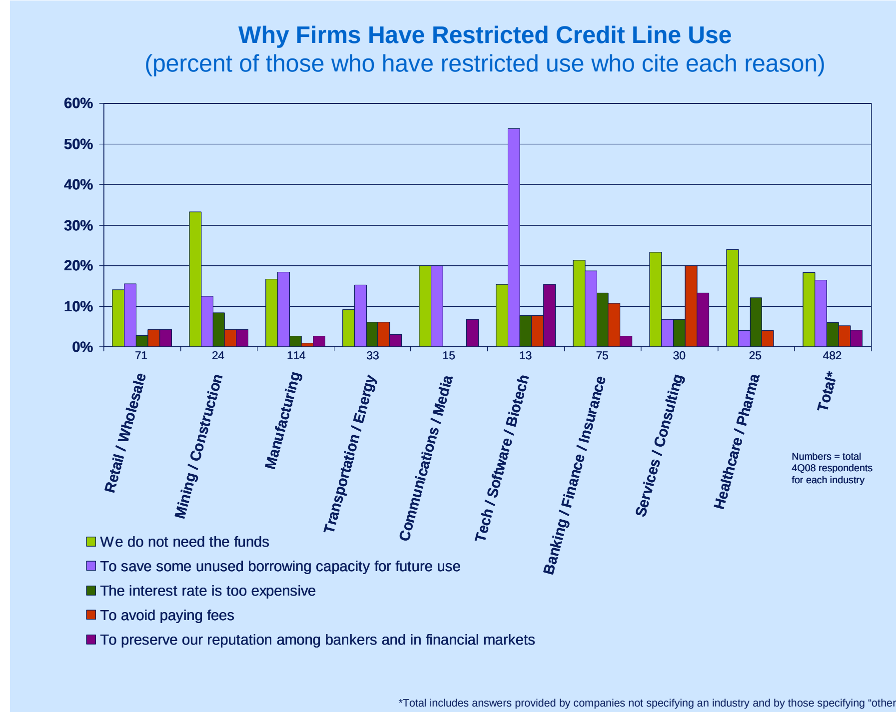
*Total includes answers provided by companies not specifying an industry and by those specifying "other"

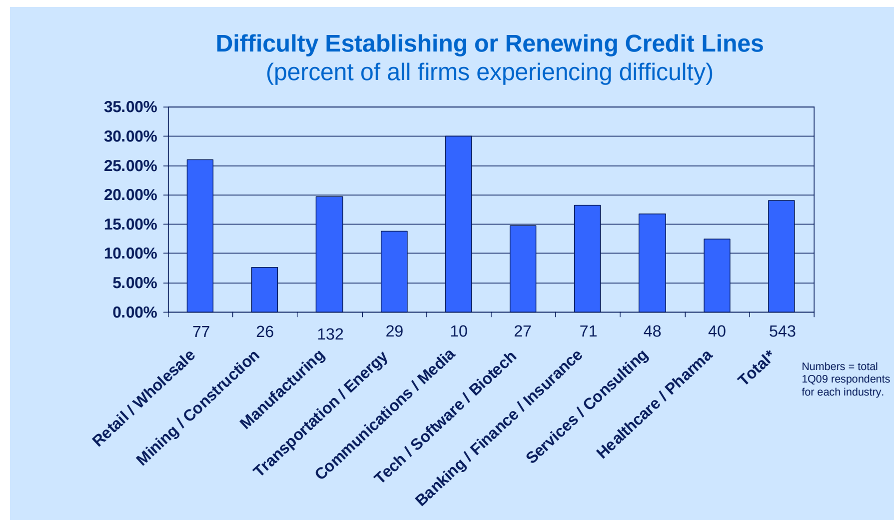
Cash, credit and funding
U.S. company approaches and trends

Credit lines

How has the credit crisis affected credit lines and credit line users?

- **Companies/industries are feeling the effects to varying degrees:** 54% of respondents overall report being affected by changes in the availability and cost of credit with 22% indicating they have been strongly affected. Eighty percent of communications/media firms report being at least somewhat affected, followed by transportation/energy at 66%. Services/consulting and manufacturing report the lowest effects at 48% and 49%, respectively.
- **Banking/finance/insurance is an anomaly**: This industry has the highest proportion of firms (31%) reporting heavy effects. It appears that firms within this industry are predominately either heavily affected or not very affected. This is likely due to the different types of firms included within this industry, as well as the substantial differences in company health within each type of firm within this industry.
- **Heavy credit availability issues**: Of those firms affected by credit market turmoil, 58% are facing credit availability issues. Services/consulting cites the highest availability issues at a very high 74% of firms, with healthcare/pharma also high at 67%. Roughly 35% of all firms report difficulty initiating or renewing a credit line, with more than 40% of firms in both retail/wholesale and manufacturing experiencing this issue. Transportation/energy and mining/construction report of the lowest availability issues with 37% and 46% of firms affected, respectively. A comparatively low 20% or fewer of the firms in these industries have had difficulty initiating or renewing lines of credit.
- **Moderate cost problems**: Of those firms affected by credit market turmoil, 49% are facing credit cost issues. More than 56% of manufacturing and tech/software/biotech firms report increased cost of credit. A comparatively low 31% and 43% of mining/construction and healthcare/pharma firms, respectively, cite cost issues. Across industries, the average cost increase is 213 basis points. For the industries with at least 15 respondents, the average reported cost increase is: retail/wholesale = 162 bps; manufacturing = 177 bps; banking/finance/insurance = 247 bps.
- **Restricted use:** Two thirds of companies with credit lines restricted the use of those credit lines over the past 12 months, primarily because they either didn't need them (27%) or wanted to maintain future borrowing capacity (25%). More than 80% of companies from the healthcare/pharma, tech/software/biotech, and communications/media sectors restricted their use of credit lines – all sectors with relatively low use of credit lines and low credit line levels (as a percentage of total assets). Three of the most intensive users of credit lines (retail/wholesale, transportation/energy and services/consulting) restricted their use the least.





Industry sources and uses of funds

Patterns in the use of cash and funding vehicles, and how
these patterns are changing as a result of recent credit market turmoil

Sections

Sources and uses of funds
Industry patterns and trends

Retail / Wholesale

Cash and Marketable Securities		
Level (percent of assets)	9%	Very low (second-lowest), largely due to high credit line access; what cash is held is in the form of commercial bank accounts and money market funds.
Impact of Credit Crisis	In the past 12 months, slight increases in most common vehicles. Treasury use doubled but only to 7%. Externally managed money declined but was already low.	

Funding				
Sources	Retained Earnings	38%	Asset Sales	4%
	Credit Lines	29%	Equity Infusions	4%
	Long-Term Debt	9%	Commercial Paper	1%
	Short-Term Debt	10%	Other	5%

Impact of Credit Crisis

Sources: Use of all three dominant funding sources has risen significantly over the past year, and roughly one fourth of companies are now contemplating increased use of asset sales as a funding source.

Ability to Fund Investments: Under normal conditions, 25% of companies indicate moderate to strong difficulty pursuing attractive investments; that percentage has more than doubled to 58% over the past 12 months – slightly above the cross-industry average. In response, companies are most likely to fund investments with current cash flows (65% probability) or postpone/cancel positive NPV investments (56% probability).

Credit Lines		
Percent of Firms Utilizing Credit Lines	84%	Heavily reliant on credit lines to fund normal operations and near-term liquidity needs. Typically uses this credit to fund high, cyclical inventory levels.
Credit Line Levels (percent of total assets)	26%	Second highest of any industry. Overall, approximately 22% of industry assets are matched with credit lines
Percent Drawn Down	51%	Second highest for any industry
Percent of Firms' Total Funding (past six months)	44%	Highest for any industry

Impact of Credit Crisis

Restricted Use: A comparatively very low 58% of credit line users have restricted their use lately, primarily because they don't need the funds and want to maintain borrowing capacity.

Availability/Cost Issues: 31% of companies complain of decreased credit availability; 28% of increased credit costs.

Industry Context

YTD Performance*	
Consumer Services	-29% ● (one of most positive)
Consumer Goods	-31%

* As of February 26, 2009

2009 Projected Returns	
2009 Earnings	-19.3% (-27.5% for public) ● (one of most negative)
2009 Dividends	0% (0% for public)
Pre-2010 Recovery	73% believe
Product Prices	+0.1%

2009 Projected Spending	
Capital Spending	-15.8% ● (one of most negative)
Technology	-9.1% ● (one of most negative)
Marketing/Advertising	-5.7% ● (one of most negative)
Wages/Salaries	-0.3%

2009 Projected Employment	
Domestic Employees	-8.0% ● (one of most negative)
Foreign/Offshore/ Outsourced Employees	+9.0% ● (one of most positive)

● One of most positive
● One of most negative

Sources and uses of funds
Industry patterns and trends

Mining / Construction

Cash and Marketable Securities		
Level (percent of assets)	19.3%	Above average. Highest industry concentration of cash in commercial bank accounts, likely due to generally high liquidity needs.
Impact of Credit Crisis	In the past 12 months, no significant changes. Use of government securities rose but is still very low.	

Funding				
Sources	Retained Earnings	56%	Asset Sales	2%
	Credit Lines	11%	Equity Infusions	8%
	Long-Term Debt	8%	Commercial Paper	0%
	Short-Term Debt	9%	Other	6%
Impact of Credit Crisis	**Sources**: Use of retained earnings/cash has risen significantly over the past year while the other major sources have remained flat. Equity infusions are relevant for 26% of companies and are on the rise. Asset sales are relevant for 42% of firms and rising. **Ability to Fund Investments**: Under normal conditions, a very low 14% of companies indicate moderate to strong difficulty pursuing attractive investments. That percentage has nearly tripled to 38% over the past 12 months, but is still well below the cross- industry average. In response, companies are most likely to fund investments with past profits (52% probability) or to postpone/cancel investments (50% probability). This industry is the second least likely to postpone or cancel investments and is the least likely to fund investments with current cash flows. It is the most likely to pursue funding from other sources if necessary.			

Credit Lines		
Percent of Firms Utilizing Credit Lines	77%	Slightly above average. Heavily reliant on credit lines to fund normal operations and near-term liquidity needs.
Credit Line Levels (percent of total assets)	18%	Second lowest of any industry. Overall, approximately 14% of industry assets are matched with credit lines
Percent Drawn Down	14%	Second lowest for any industry
Percent of Firms' Total Funding (past six months)	17%	Well below average.
Impact of Credit Crisis	**Restricted Use**: A comparatively high 71% of credit line users have district of their use lately, primarily because they don't need the funds and want to maintain borrowing capacity. **Availability/Cost Issues**: 37% of companies complain of decreased credit availability; 26% of increased credit costs.	

Industry Context

YTD Performance*	
Mining	-55% ●
Construction	-40%

* As of February 26, 2009

2009 Projected Returns	
2009 Earnings	-11.3% (-5.0% for public)
2009 Dividends	-20.0% (NA for public) ●
Pre-2010 Recovery	58% believe ●
Product Prices	+0.6%

2009 Projected Spending	
Capital Spending	-7.8%
Technology	-7.5% ●
Marketing/Advertising	-1.3% ●
Wages/Salaries	+1.6% ●

2009 Projected Employment	
Domestic Employees	-5.3%
Foreign/Offshore/ Outsourced Employees	+3.9% ●

● One of most positive
● One of most negative

Sources and uses of funds
Industry patterns and trends

Manufacturing

Cash and Marketable Securities		
Level (percent of assets)	9.8%	Very low. Cash is held primarily in commercial bank accounts and money market funds.
Impact of Credit Crisis	In the past 12 months, Slight increases in commercial bank accounts. Treasury use rose around 40% but is still relatively low.	

Funding				
Sources	Retained Earnings	36%	Asset Sales	3%
	Credit Lines	23%	Equity Infusions	6%
	Long-Term Debt	10%	Commercial Paper	0%
	Short-Term Debt	10%	Other	12%
Impact of Credit Crisis	**Sources**: Use of retained earnings/cash grew significantly over the past 12 months while the other major sources rose only mildly. Asset sales are now relevant for over 27% of companies and rising markedly; equity infusions are on a similar trajectory **Ability to Fund Investments**: Under normal conditions, 24% of companies indicate moderate to strong difficulty pursuing attractive investments. That percentage has nearly doubled to 46% over the past 12 months but is still below average. In response, companies are most likely to fund investments with current cash flows (63% probability) or postpone/cancel positive NPV investments (60% probability). This industry is one of the most likely to postpone or cancel investments.			

Credit Lines		
Percent of Firms Utilizing Credit Lines	86%	Third-highest. Heavily reliant on credit lines to fund normal operations and near-term liquidity needs. Typically uses this credit to fund high, cyclical inventory levels.
Credit Line Levels (percent of total assets)	24%	Slightly above average. Overall, approximately 21% of industry assets are matched with credit lines
Percent Drawn Down	40%	Slightly above average.
Percent of Firms' Total Funding (past six months)	38%	Second highest for any industry
Impact of Credit Crisis	**Restricted Use**: A comparatively low 64% of credit line users have restricted their use lately, primarily because they want to retain borrowing capacity and because they don't need the funds . **Availability/Cost Issues**: Only 26% of companies complain of decreased credit availability and 19% of increased credit costs – the lowest complaint level of any industry.	

Industry Context

YTD Performance*	
Manufacturing	-52% ●

* As of February 26, 2009

2009 Projected Returns	
2009 Earnings	-23.2% (-30.5% for public) ●
2009 Dividends	+0.8% (+0.7% for public)
Pre-2010 Recovery	73% believe ● (positive)
Product Prices	-1.2% ●

2009 Projected Spending	
Capital Spending	-20.9% ●
Technology	-6.2%
Marketing/Advertising	-10.8% ●
Wages/Salaries	-1.7% ●

2009 Projected Employment	
Domestic Employees	-7.8% ●
Foreign/Offshore/ Outsourced Employees	-4.9% ●

● (green) One of most positive
● (dark) One of most negative

Sources and uses of funds
Industry patterns and trends

Transportation / Energy

Cash and Marketable Securities		
Level (percent of assets)	4.4%	Lowest level of any sector, countered by the highest industry use of credit lines. The little cash that is held is primarily in commercial bank accounts and money market funds
Impact of Credit Crisis	In the past 12 months, use of money market funds has dropped notably and the use of treasuries has risen roughly 30%	

Funding				
Sources	Retained Earnings	31%	Asset Sales	3%
	Credit Lines	23%	Equity Infusions	8%
	Long-Term Debt	25%	Commercial Paper	0%
	Short-Term Debt	11%	Other	0%
Impact of Credit Crisis	**Sources**: Both of the two main funding sources have seen significant increases in use over the past 12 months. Equity issuances, relevant for 24% of firms, have fallen notably. **Ability to Fund Investments**: Under normal conditions, a low 21% of companies indicate moderate to strong difficulty pursuing attractive investments. That percentage has risen markedly to 55% over the past 12 months – which is about average across industries. In response, companies are most likely to fund investments with current cash flows (73%% probability) or postpone/cancel positive NPV investments (54% probability). This industry is the least likely to fund investments utilizing past profits.			

Credit Lines		
Percent of Firms Utilizing Credit Lines	93%	Highest of all industries. Heavily reliant on credit lines to fund normal operations and near-term liquidity needs.
Credit Line Levels (percent of total assets)	20%	Below average. Overall, approximately 19% of industry assets are matched with credit lines
Percent Drawn Down	45%	Third highest for any industry
Percent of Firms' Total Funding (past six months)	35%	Third highest for any industry
Impact of Credit Crisis	**Restricted Use**: A comparatively low 61% of credit line users have restricted their use lately, primarily to maintain borrowing capacity and because they don't need the funds. **Availability/Cost Issues**: 39% of companies complain of decreased credit availability and 25% complain of increased credit costs – fairly low across industries.	

Industry Context

YTD Performance*	
Transportation	-35%
Energy	-46%
Utilities	-36%

* As of February 26, 2009

2009 Projected Returns		
2009 Earnings	-5.9% (-14.4% for public)	
2009 Dividends	+3.8% (+3.8% for public)	● (most positive)
Pre-2010 Recovery	86% believe (fewest who to believe after 2Q10)	● (most positive)
Product Prices	-0.6%	● (most negative)

2009 Projected Spending		
Capital Spending	-7.9%	
Technology	+1.1%	● (most positive)
Marketing/Advertising	-3.4%	
Wages/Salaries	+0.4%	

2009 Projected Employment	
Domestic Employees	-3.7%
Foreign/Offshore/ Outsourced Employees	-0.5%

● One of most positive
● One of most negative

Sources and uses of funds
Industry patterns and trends

Communications / Media

Cash and Marketable Securities		
Level (percent of assets)	13%	Slightly below average, driven by relatively low fixed asset levels and working capital. Cash is held within money market funds and commercial bank accounts; treasuries are third.
Impact of Credit Crisis	In the past 12 months, money market use has fallen significantly and treasury use has more than quad-rupled. Cash levels have fallen around 200 basis points	

Funding				
Sources	Retained Earnings	39%	Asset Sales	9%
	Credit Lines	17%	Equity Infusions	15%
	Long-Term Debt	16%	Commercial Paper	2%
	Short-Term Debt	4%	Other	0%
Impact of Credit Crisis	**Sources**: Reliance on retained earnings/cash is rising significantly over the past year and long-term debt is rising slightly. Credit line use is flat. Equity infusions and asset sales are relevant for 27% and 19% of firms, respectively, both with substantial increased use. **Ability to Fund Investments**: Under normal conditions, a very high 40% of companies indicate moderate to strong difficulty pursuing attractive investments, rising relatively little to 58% over the past 12 months – slightly above average overall. In response, companies are most likely to postpone or cancel positive investments (74% probability) or to fund investments with current cash flows (72% probability). This industry is the most likely to postpone or cancel investments and the second most likely to fund using current cash flows.			

Credit Lines		
Percent of Firms Utilizing Credit Lines	60%	Well below average. Somewhat reliant on credit lines to fund normal operations and near-term liquidity needs.
Credit Line Levels (percent of total assets)	28%	Highest of any industry. Overall, approximately 17% of industry assets are matched with credit lines
Percent Drawn Down	67%	By far the highest for any industry. Possibly due to very low sample size since only three comms/media firms answered this question.
Percent of Firms' Total Funding (past six months)	23%	Well below average.
Impact of Credit Crisis	**Contingency Use:**: Increasing use of credit lines to build cash levels, likely in anticipation of flat earnings and tightening credit. **Restricted Use**: a comparatively very high 87% of credit line users have restricted their use lately (highest of all industries), primarily because they want to maintain borrowing capacity for the future and don't currently need the funds. **Availability/Cost Issues**: 35% of companies complain of decreased credit availability and 35% of increased credit costs – high relative to the other industries. These numbers may be swayed by a small sample size.	

Industry Context

YTD Performance*	
Telecommunications	-41%
Media	-58% ●

* As of February 26, 2009

2009 Projected Returns	
2009 Earnings	0% (+7.5% for public) ●
2009 Dividends	+5.0% (+5.0% for public) ●
Pre-2010 Recovery	40% believe (most who to believe after 2Q10) ●
Product Prices	0% ●

2009 Projected Spending	
Capital Spending	-9.4%
Technology	-4.8%
Marketing/Advertising	-1.9% ●
Wages/Salaries	-1.9% ●

2009 Projected Employment	
Domestic Employees	-1.6% ●
Foreign/Offshore/ Outsourced Employees	+3.1%

● One of most positive
● One of most negative

Sources and uses of funds
Industry patterns and trends

Tech / Software / Biotech

Cash and Marketable Securities		
Level (percent of assets)	22.4%	Well above average, driven by relatively low asset levels and high liquidity needs. Cash is primarily within 90 market funds and commercial bank accounts with treasury's third.
Impact of Credit Crisis	In the past 12 months, money market use has been steady and bank accounts have declined slightly. Treasury use has risen nearly 50%. Overall, cash levels have fallen around 200 basis points.	

Funding				
Sources	Retained Earnings	57%	Asset Sales	9%
	Credit Lines	8%	Equity Infusions	16%
	Long-Term Debt	1%	Commercial Paper	0%
	Short-Term Debt	9%	Other	0%
Impact of Credit Crisis	**Sources**: Reliance on retained earnings/cash is rising substantially over the past year, as is reliance on credit lines. Credit card balances are relevant funding sources for roughly 17% of companies and are rising in use. **Ability to Fund Investments**: Under normal conditions, a relatively low 21% of companies indicate moderate to strong difficulty pursuing attractive investments, nearly tripling to 58% over the past 12 months – slightly above-average overall. In response, companies are most likely to fund investments with current cash flows (59% probability) or with past profits (54% probability). This industry is the least likely to postpone or cancel investments.			

Credit Lines		
Percent of Firms Utilizing Credit Lines	56%	Second lowest. Somewhat reliant on credit lines to fund normal operations and near-term liquidity needs.
Credit Line Levels (percent of total assets)	17%	Lowest of any industry. Overall, approximately 10% of industry assets are matched with credit lines
Percent Drawn Down	14%	Lowest across all industries.
Percent of Firms' Total Funding (past six months)	13%	Lowest across all industries.
Impact of Credit Crisis	**Contingency Use:**: Increasing use of credit lines to build cash levels – more than for any other industry – likely in anticipation of future credit tightening **Restricted Use**: A very high 84% of credit line users have restricted their use, primarily because they walk to maintain borrowing capacity for the future. A substantial portion don't currently need the funds and want to protect the reputations within financial markets. **Availability/Cost Issues**: 46% of companies complained of decreased credit availability and 38% of increased credit costs – very high relative to other industries	

Industry Context

YTD Performance*	
Hardware	-44%
Software	-41%
Biotech	-13% ●

* As of February 26, 2009

2009 Projected Returns	
2009 Earnings	-12.5% (-17.2% for public)
2009 Dividends	NA (NA for public)
Pre-2010 Recovery	63% believe ● (negative)
Product Prices	+0.7%

2009 Projected Spending	
Capital Spending	-1.7% ●
Technology	-1.1% ●
Marketing/Advertising	+7.1% ●
Wages/Salaries	-0.4%

2009 Projected Employment	
Domestic Employees	-6.8%
Foreign/Offshore/ Outsourced Employees	+3.4% ●

● One of most positive
● One of most negative

Sources and uses of funds
Industry patterns and trends

Banking / Finance / Insurance

Cash and Marketable Securities		
Level (percent of assets)	26.6%	Highest of all industries driven by very high liquidity needs. Caches distributed fairly evenly across commercial bank accounts, treasuries and money market funds.
Impact of Credit Crisis	In the past 12 months, treasury use has risen by roughly one third while other vehicles have remained fairly constant.	

Funding				
Sources	Retained Earnings	25%	Asset Sales	5%
	Credit Lines	16%	Equity Infusions	13%
	Long-Term Debt	11%	Commercial Paper	4%
	Short-Term Debt	13%	Other	13%
Impact of Credit Crisis	**Sources**: Reliance on retained earnings/cash is rising substantially over the past year. Use of asset sales and equity infusions is on the rise, applicable for over 40% of firms. Equity issuance is the fastest-growing funding source in this industry. **Ability to Fund Investments**: Under normal conditions, a relatively high 37% of companies indicate moderate to strong difficulty pursuing attractive investments, rising markedly to 62% in the past 12 months – second highest difficulty overall. In response, companies are most likely to fund investments with current cash flows (66% probability) or with past profits (56% probability). This industry is the second most likely to fund using past profits			

Credit Lines		
Percent of Firms Utilizing Credit Lines	62%	Below average. somewhat reliant on credit lines to fund normal operations and near-term liquidity needs.
Credit Line Levels (percent of total assets)	21%	Slightly below average. Overall, approximately 13% of industry assets are matched with credit lines
Percent Drawn Down	28%	Considerably below average.
Percent of Firms' Total Funding (past six months)	33%	Slightly above average.
Impact of Credit Crisis	**Contingency Use:** Increasing use of credit lines to build cash levels for the future, likely in anticipation of earnings/liquidity issues and further credit tightening. **Restricted Use**: a comparatively high 75% of credit line users have restricted the use lately, primarily due to lack of need and to maintain borrowing capacity for the future. A substantial number have restricted credit line used due to high credit costs, more than for any other industry. **Availability/Cost Issues**: 41% of companies complain of decreased credit availability and 39% of increased credit costs – high relative to other industries.	

Industry Context

YTD Performance*	
Financial Services	-49%

* As of February 26, 2009

2009 Projected Returns	
2009 Earnings	-14.7% (-21.1% for public) ● (one of most negative)
2009 Dividends	-19.5% (-22.9% for public) ● (one of most negative)
Pre-2010 Recovery	68% believe
Product Prices	+2.6% ● (one of most positive)

2009 Projected Spending	
Capital Spending	-7.0% ● (one of most positive)
Technology	-6.5% ● (one of most negative)
Marketing/Advertising	-10.8% ● (one of most negative)
Wages/Salaries	-2.8% ● (one of most negative)

2009 Projected Employment	
Domestic Employees	-6.9% ● (one of most negative)
Foreign/Offshore/ Outsourced Employees	+2.5%

● One of most positive
● One of most negative

Sources and uses of funds
Industry patterns and trends

Services / Consulting

Cash and Marketable Securities		
Level (percent of assets)	15.6%	Roughly average, driven in part by well-established access to credit lines. Cash is distributed fairly evenly across commercial bank accounts and money market funds.
Impact of Credit Crisis	In the past 12 months, commercial bank accounts have risen slightly and money markets have declined somewhat. Treasury use has risen by more than 50%. Overall, cash levels have fallen around 150 basis points.	

Funding				
Sources	Retained Earnings	41%	Asset Sales	8%
	Credit Lines	18%	Equity Infusions	9%
	Long-Term Debt	12%	Commercial Paper	1%
	Short-Term Debt	5%	Other	7%
Impact of Credit Crisis	**Sources**: Use of retained earnings/cash is rising the fastest over the past year, but there is relatively little change overall. **Ability to Fund Investments**: Under normal conditions, a relatively low 22% of companies indicate moderate to strong difficulty pursuing attractive investments, doubling to 45% over the past 12 months – second-lowest difficulty overall. In response, companies are most likely to fund investments with current cash flows (65% probability) or postpone/cancel positive NPV investments (61% probability). This industry is the second most likely to postpone or cancel investments and is the second least likely to fund using past profits.			

Credit Lines		
Percent of Firms Utilizing Credit Lines	73%	Average. Reliant on credit lines to fund normal operations and near-term liquidity needs.
Credit Line Levels (percent of total assets)	25%	Third highest. Overall, approximately 18% of industry assets are matched with credit lines
Percent Drawn Down	19%	Third lowest across industries.
Percent of Firms' Total Funding (past six months)	27%	Below average.
Impact of Credit Crisis	**Restricted Use**: a comparatively low 60% of credit line users have restricted their use lately, primarily due to lack of need and desire to avoid paying fees. A substantial number also sought to preserve their reputation within the financial markets – second only to the transportation/energy sector. **Availability/Cost Issues**: 35% of companies complain of decreased credit availability and 26% of increased credit costs – low relative to other industries.	

Industry Context

YTD Performance*	
Services / Consulting	-39%

* As of February 26, 2009

2009 Projected Returns		
2009 Earnings	+5.5% (-4.3% for public)	● (most positive)
2009 Dividends	+6.0% (+6.0% for public)	● (most positive)
Pre-2010 Recovery	69% believe	
Product Prices	+2.4%	● (most positive)

2009 Projected Spending		
Capital Spending	-6.8%	● (most positive)
Technology	+1.6%	● (most positive)
Marketing/Advertising	-2.7%	
Wages/Salaries	+2.0%	● (most positive)

2009 Projected Employment		
Domestic Employees	-1.8%	● (most positive)
Foreign/Offshore/ Outsourced Employees	-0.6%	● (most negative)

● One of most positive
● One of most negative

Sources and uses of funds
Industry patterns and trends

Healthcare / Pharma

Cash and Marketable Securities		
Level (percent of assets)	23.5%	Second-highest, driven in part by relatively low use of credit lines and other flexible sources. Cash is held in money market funds and bank accounts. External money management is third with triple the use of any other industry.
Impact of Credit Crisis	In the past 12 months, bank accounts have declined somewhat and treasury use has risen around 50%. Cash levels have fallen from 31% of assets to 27% of assets – the biggest single movement for any industry	

Funding				
Sources	Retained Earnings	34%	Asset Sales	0%
	Credit Lines	9%	Equity Infusions	18%
	Long-Term Debt	11%	Commercial Paper	1%
	Short-Term Debt	11%	Other	15%
Impact of Credit Crisis	**Sources**: Use of all funding sources is relatively flat, except for long-term debt and retained earnings/cash, both of which are rising notably. **Ability to Fund Investments**: Under normal conditions, a very high 42% of companies indicate moderate to strong difficulty pursuing attractive investments, rising to 67% over the past 12 months – highest for all industries. In response, companies are most likely to fund investments with current cash flows (57% probability) or with past profits (57% probability). This industry is the most likely to fund using past profits.			

Credit Lines		
Percent of Firms Utilizing Credit Lines	50%	Lowest overall. Somewhat reliant on credit lines to fund normal operations and near-term liquidity needs.
Credit Line Levels (percent of total assets)	19%	Third lowest. Overall, approximately 10% of industry assets are matched with credit lines
Percent Drawn Down	40%	Slightly above average.
Percent of Firms' Total Funding (past six months)	15%	Second lowest across industries.
Impact of Credit Crisis	**Restricted Use**: a comparatively high 80% of credit line users have restricted their use lately, are merrily due to lack of need and concerns over interest rates. **Availability/Cost Issues**: 48% of companies complain of decreased credit availability and 33% of increased credit costs – very high relative to other industries.	

Industry Context

YTD Performance*	
Healthcare	-34%
Pharmaceuticals	-16% ● (one of most positive)

* As of February 26, 2009

2009 Projected Returns	
2009 Earnings	+2.2% (+7.1% for public) ● (one of most positive)
2009 Dividends	0% (0% for public) ● (one of most negative)
Pre-2010 Recovery	75% believe ● (one of most positive)
Product Prices	+3.8% ● (one of most positive)

2009 Projected Spending	
Capital Spending	-10.1% ● (one of most negative)
Technology	-4.3%
Marketing/Advertising	-5.5%
Wages/Salaries	+2.1% ● (one of most positive)

2009 Projected Employment	
Domestic Employees	-2.0% ● (one of most positive)
Foreign/Offshore/ Outsourced Employees	-2.8% ● (one of most negative)

● One of most positive
● One of most negative

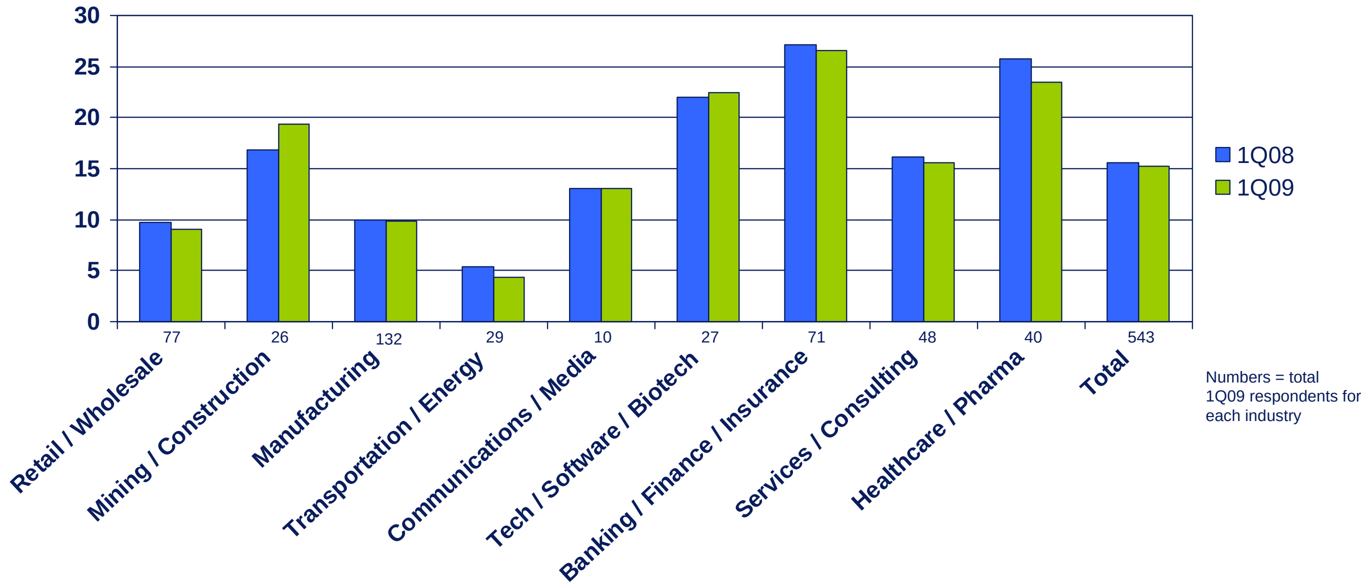
Detailed Charts

Sections

Cash and equivalents
Funding
Credit market effects
Credit lines
Industry context

Cash and equivalents
Levels of cash and marketable securities

How much does your firm hold in cash and marketable securities today versus 12 months ago? (percent of total assets)

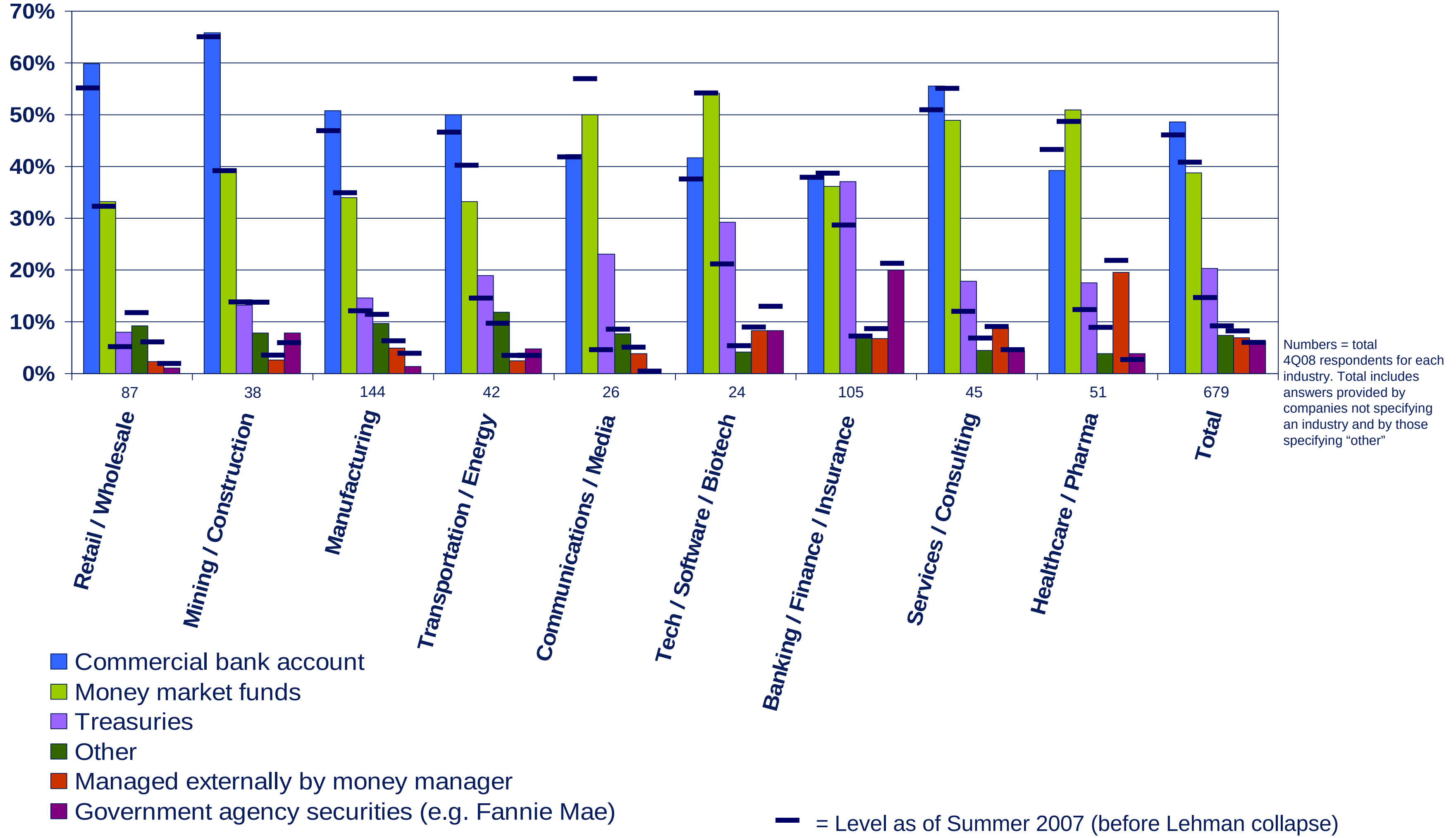


• Total includes answers provided by companies not specifying an industry and by those specifying “other”

Cash and equivalents

Cash vehicles

Where does your firm hold most of its cash, and how is this different from the Summer of 2007 – before the Lehman crash? (select vehicles with the largest and second-largest balances)



• Total includes answers provided by companies not specifying an industry and by those specifying "other"

Funding

Use of funding sources relative to 2007

Compared to 2007, is your firm using more or less of the following sources?

	Retail / Wholesale	Mining / Constrution	Manufacturing	Transportation / Energy	Communications / Media	Tech / Software / Biotech	Banking / Finance / Insurance	Services / Consulting	Healthcare / Pharma	Average
Equity infusions or issuances	0.2	0.6	0.5	(0.3)	0.6	0.2	0.5	(0.1)	(0.1)	0.3
Applicability	28.7%	26.3%	20.1%	23.8%	26.9%	20.8%	41.0%	28.9%	27.5%	26.4%
Asset sales	0.3	0.3	0.6	0.2	0.6	0.2	0.3	0.2	0.2	0.3
Applicability	25.3%	42.1%	27.1%	40.5%	19.2%	20.8%	41.9%	24.4%	21.6%	28.7%
Factoring A/R and other assets	0.3	0.3	0.2	0.3	(0.5)	0.0	0.1	0.3	(0.2)	0.2
Applicability	13.8%	18.4%	21.5%	9.5%	7.7%	25.0%	17.1%	17.8%	17.6%	15.5%
Retained earnings/cash	0.3	0.5	0.3	0.3	0.3	0.4	0.4	0.3	0.4	0.3
Applicability	79.3%	84.2%	68.7%	83.3%	76.9%	79.2%	78.1%	77.8%	74.5%	75.4%
Long-term debt	0.0	0.1	0.1	0.2	0.2	(0.1)	0.1	0.1	0.3	0.1
Applicability	79.3%	73.7%	69.4%	76.2%	53.8%	41.7%	63.8%	77.8%	80.4%	69.8%
Commercial paper	(0.2)	(0.5)	(0.1)	(0.3)	(0.3)	0.0	(0.2)	(0.3)	0.2	(0.1)
Applicability	6.9%	10.5%	11.8%	16.7%	15.4%	12.5%	24.8%	22.2%	21.6%	15.8%
Convertible debt	0.3	0.0	0.2	(0.3)	0.3	(0.3)	0.3	0.0	0.1	0.2
Applicability	9.2%	13.2%	8.3%	9.5%	15.4%	12.5%	27.6%	13.3%	17.6%	13.5%
Bank letters of credit	0.1	0.1	0.0	0.2	0.1	(0.2)	0.0	0.0	(0.1)	0.0
Applicability	48.3%	78.9%	48.6%	59.5%	34.6%	37.5%	37.1%	60.0%	49.0%	46.7%
Bank lines of credit	0.3	0.0	0.2	0.3	(0.1)	0.3	0.1	0.1	0.2	0.2
Applicability	82.8%	89.5%	74.3%	90.5%	57.7%	45.8%	63.8%	82.2%	56.9%	71.6%
Short-term debt	0.3	(0.1)	0.1	0.0	0.0	0.2	0.2	0.2	0.1	0.1
Applicability	72.4%	76.3%	63.9%	66.7%	34.6%	45.8%	66.7%	73.3%	72.5%	64.2%
Credit card balances	(0.1)	0.1	0.2	0.2	0.0	0.5	(0.1)	0.2	0.1	0.1
Applicability	16.1%	31.6%	13.9%	26.2%	23.1%	16.7%	19.0%	37.8%	17.6%	19.7%

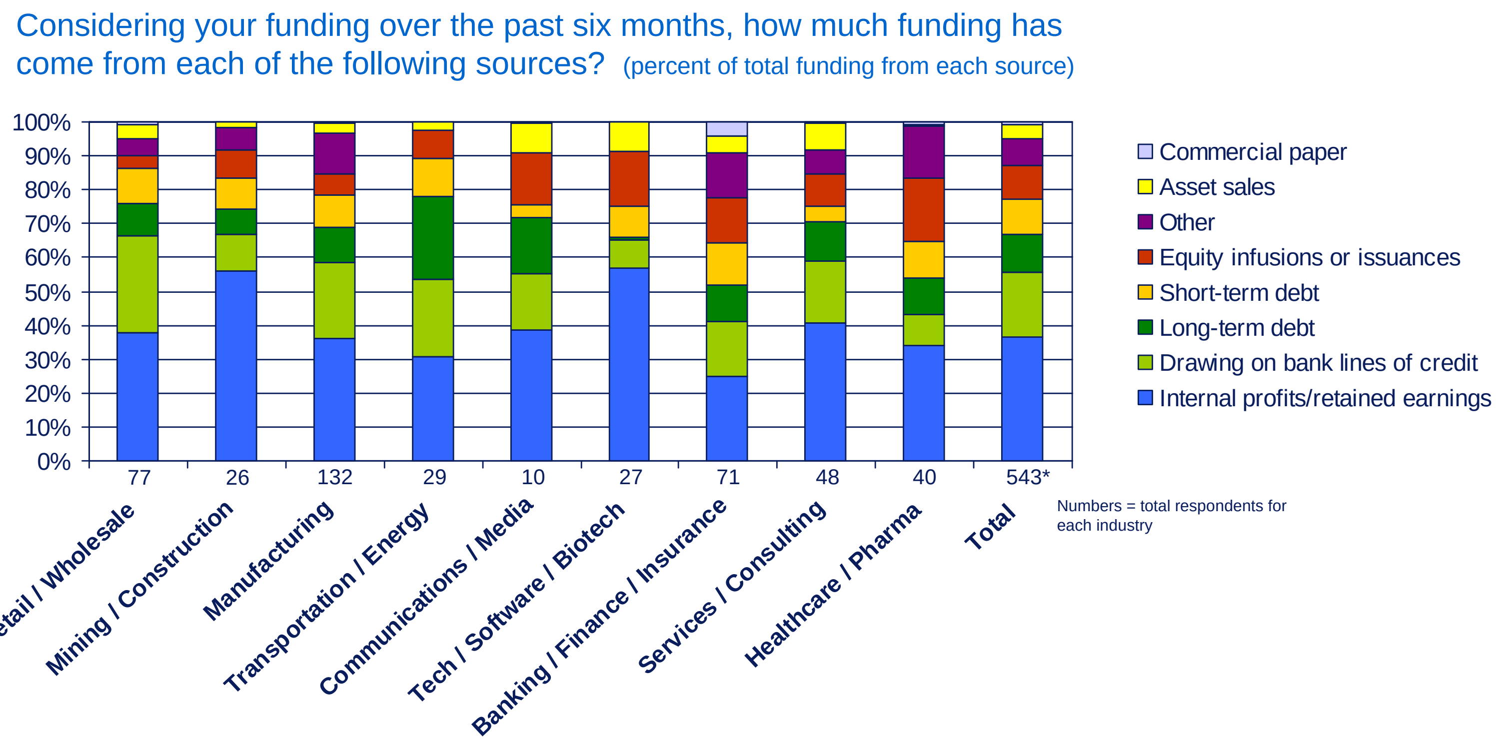
Scores are mean responses where …

More = +1.0
Same = 0.0
Less = (1.0)

Applicability is the percent of respondents not choosing NA for that funding source

Strong Change	Moderate Change	Notable Change
high score and/or high applicability	high score and moderate applicability or vice versa	significant score or applicability

Funding
Funding sources for the past six months



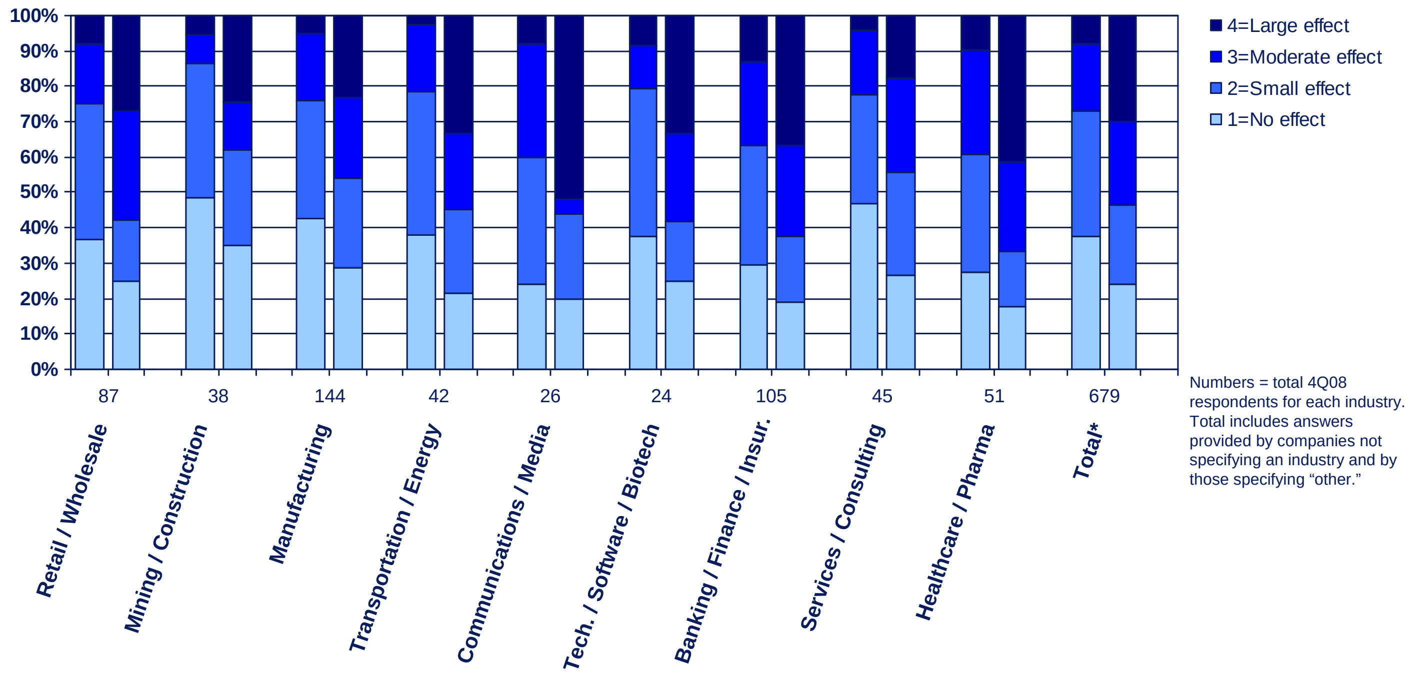
Data and Calculation Notes:
* Totals include answers provided by companies not specifying an industry and by those specifying "other"

Funding

Ability to pursue attractive investment projects

When capital markets are operating normally, how much does your ability to access external capital limit your ability to pursue attractive investment projects? **(left bar for each industry)**

In the current credit market environment, how much does your ability to access external capital limit your ability to pursue attractive investment projects? **(right bar for each industry)**

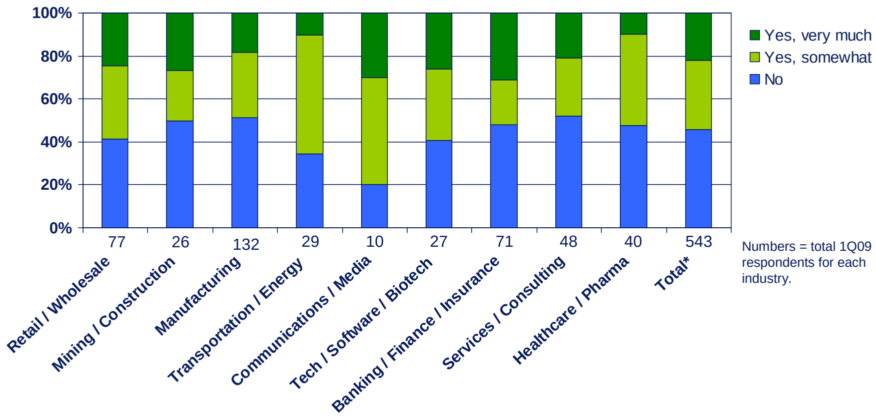


Numbers = total 4Q08 respondents for each industry. Total includes answers provided by companies not specifying an industry and by those specifying “other.”

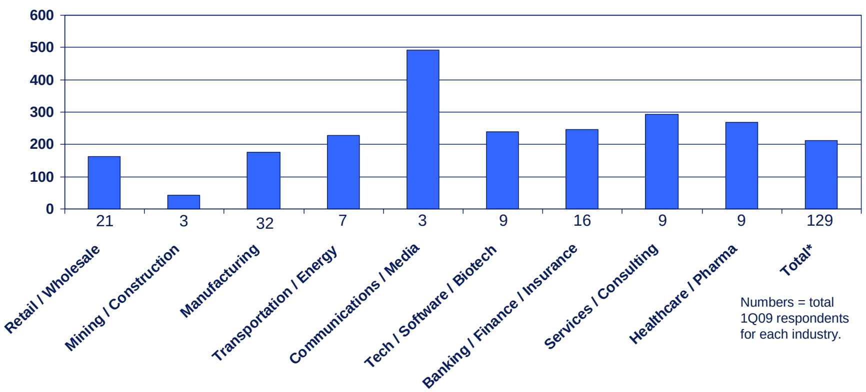
*Total includes answers provided by companies not specifying an industry and by those specifying “other.”

Credit market effects
Impact on credit availability and cost

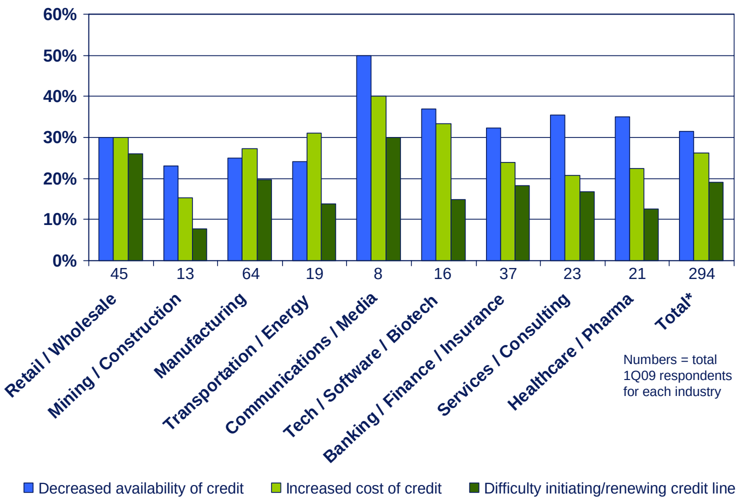
Has your company been affected by the costs or availability of credit? (percent of firms citing each level of effect)



How many basis points have your credit costs increased since the summer of 2007?



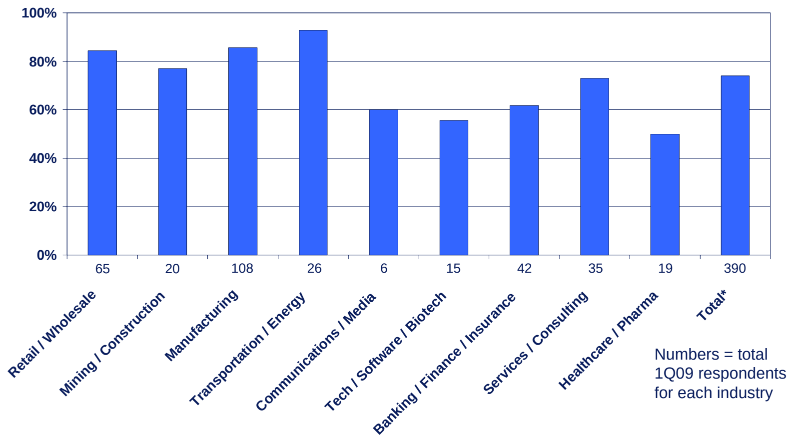
In what ways has your company been affected by the credit market turmoil? (percent of citing each difficulty)



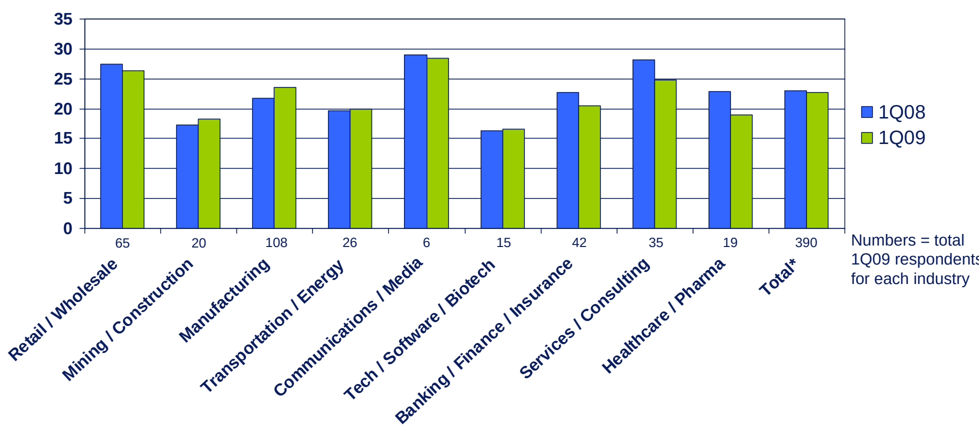
*Total includes answers provided by companies not specifying an industry and by those specifying "other."

Credit lines
Use and levels

Does your company have a bank line of credit?
(percent of companies with credit lines)



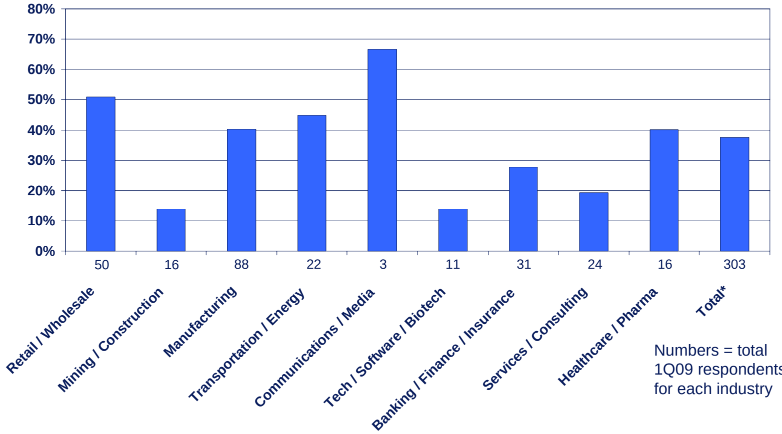
How large are your bank lines of credit today versus 12 months ago? (percent of assets)



*Total includes answers provided by companies not specifying an industry and by those specifying “other.”

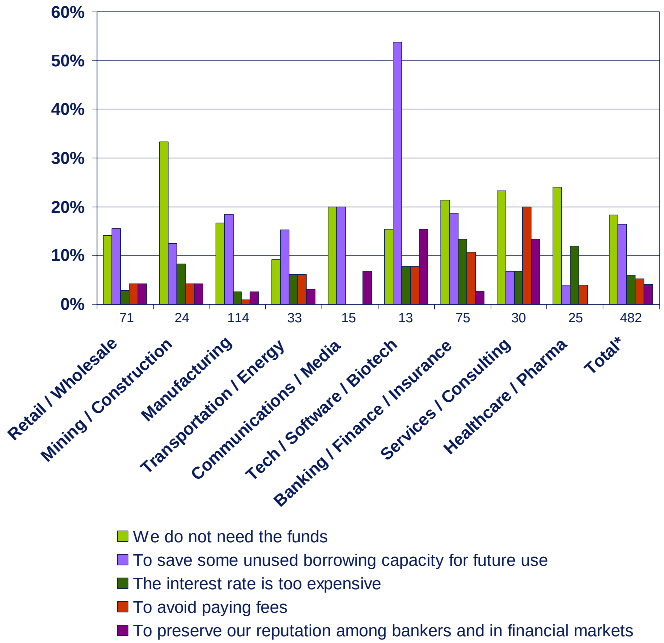
Credit lines
Draw-down and purpose

To what extent has your firm drawn on its lines of credit? (percent of credit line)

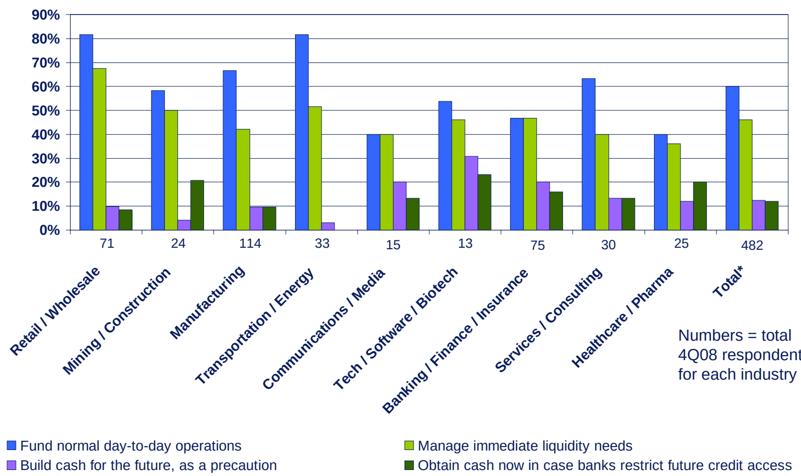


Numbers = total 1Q09 respondents for each industry

If your company has limited the use of those credit lines over the past few months, why? (percent who cite each reason)



For those who have used credit lines this year, how have you used the funds? (percent of firms citing each purpose)

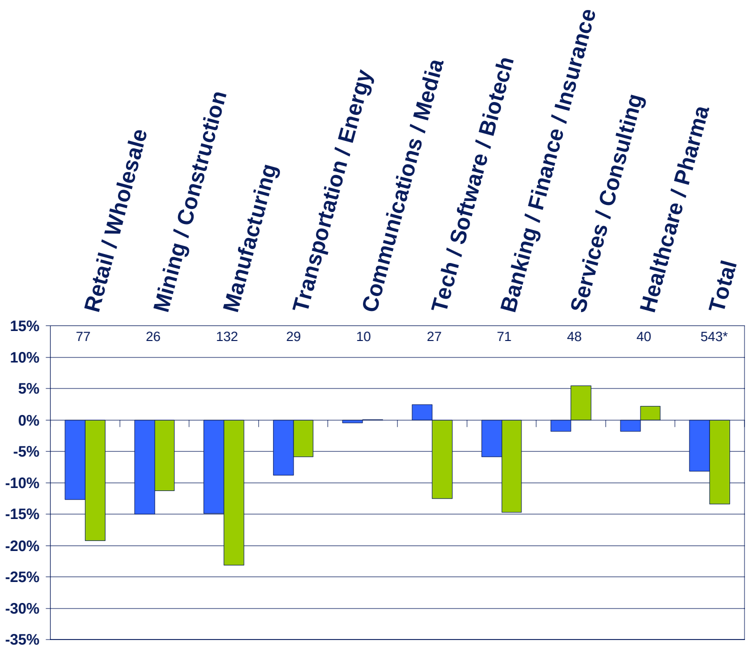


Numbers = total 4Q08 respondents for each industry

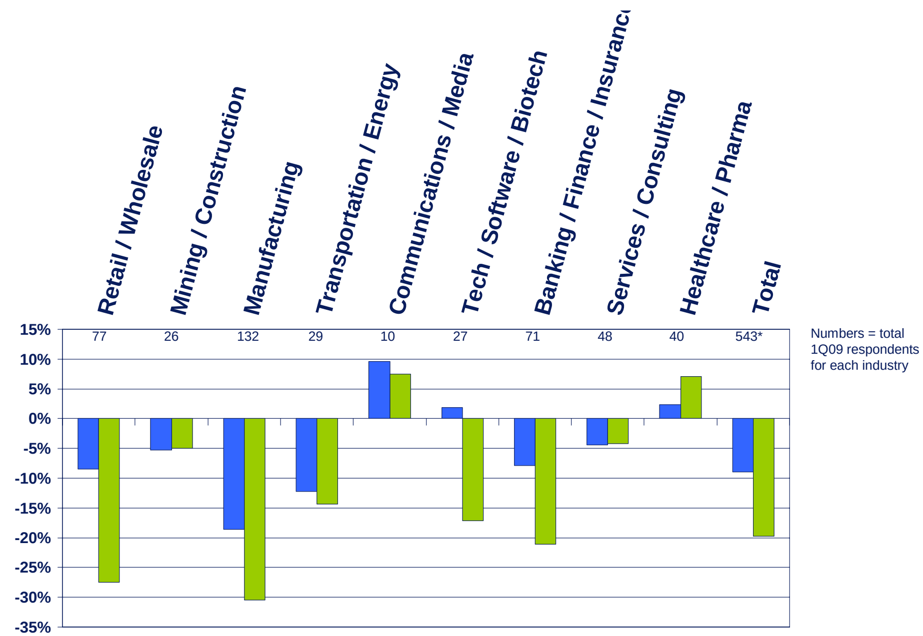
*Total includes answers provided by companies not specifying an industry and by those specifying “other.”

Industry context
Projected earnings

Relative to the previous 12 months, what will be your company's change in earnings?
(percent change over the next 12 months)



All Companies



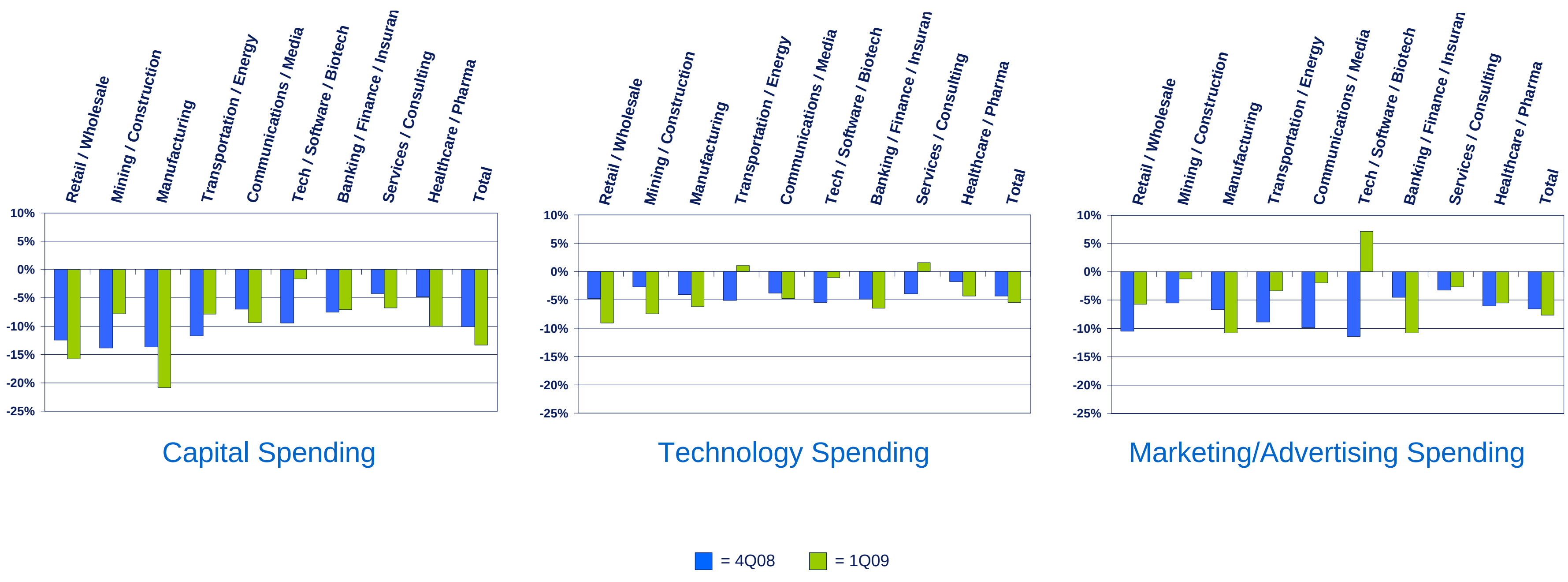
Public Companies Only

4Q08 1Q09

Data and Calculation Notes:
- All results Winsorized and revenue weighted.
- Totals include answers provided by companies not specifying an industry and by those specifying "other"

Industry context
Spending projections

Relative to the previous 12 months, what will be your company's change in in capital spending, technology spending and marketing/advertising spending? (percent change over the next 12 months)



Data and Calculation Notes:
- Results are for all companies
- All results Winsorized and revenue weighted.
- Totals include answers provided by companies not specifying an industry and by those specifying "other"

Industry context
Industry/sector performance

Industry Total Shareholder Returns
(as of February 26, 2009)

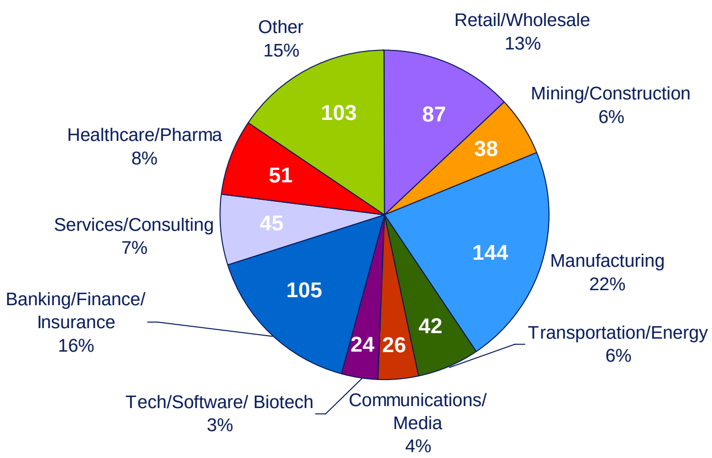
Survey Industries	Corresponding Indexes	YTD Mean	YTD Median	3 Year Mean	3 Year Median
Retail/Wholesale	*Consumer Services*	-29%	-31%	-5%	-7%
	Consumer Goods	-31%	-30%	-6%	-5%
Mining/Construction	*Mining*	-55%	-62%	-15%	-9%
	Construction	-40%	-41%	-26%	-24%
Manufacturing	*Manufacturing*	-52%	-52%	-13%	-12%
Transportation/Energy	*Transportation*	-35%	-36%	-17%	-12%
	Energy	-46%	-49%	-6%	-7%
	Utilities	-36%	-34%	-5%	-3%
Communications/Media	*Telecommunications*	-41%	-40%	-11%	-8%
	Media	-58%	-59%	-28%	-27%
Tech/Software/Biotech	*Hardware*	-44%	-43%	-13%	-11%
	Software	-41%	-44%	-11%	-11%
	Biotech	-13%	-13%	2%	0%
Banking/Finance/Insurance	*Banking/Finance/Insurance*	-49%	-50%	-21%	-19%
Services/Consulting	*Services/Consulting*	-39%	-39%	-10%	-11%
Healthcare/Pharmaceuticals	*Healthcare*	-34%	-35%	-9%	-7%
	Pharmaceuticals	-16%	-32%	-5%	-7%

Source: Analysis of Deloitte-defined indexes. Component companies are publicly-traded, US-based companies with market capitalizations of approximately $500m or more. Note that the indexes are NOT restricted to survey participants, many of whom are not publicly traded.

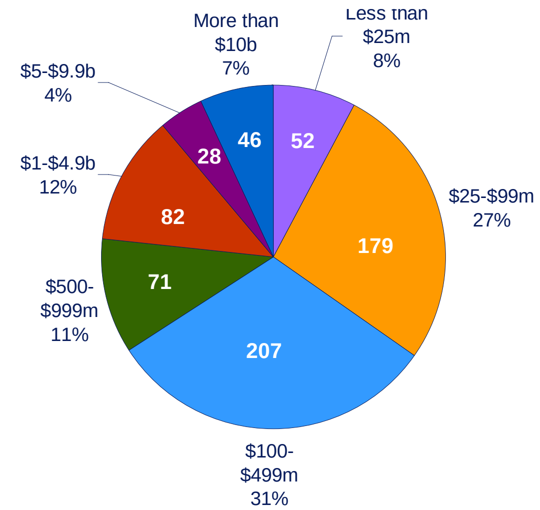
Appendix

Respondent Demographics for Q408 Survey

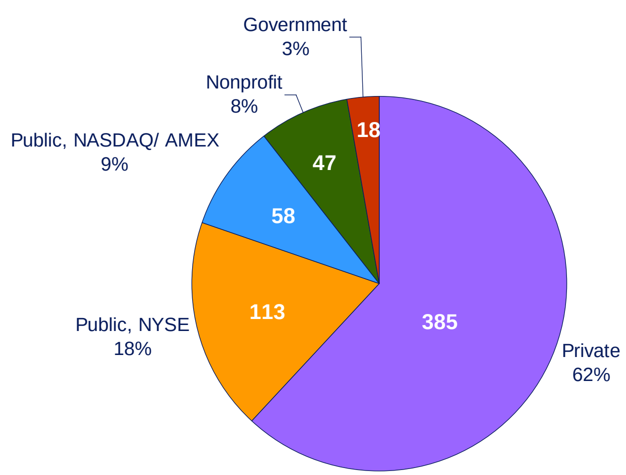
Industry



Sales Revenue

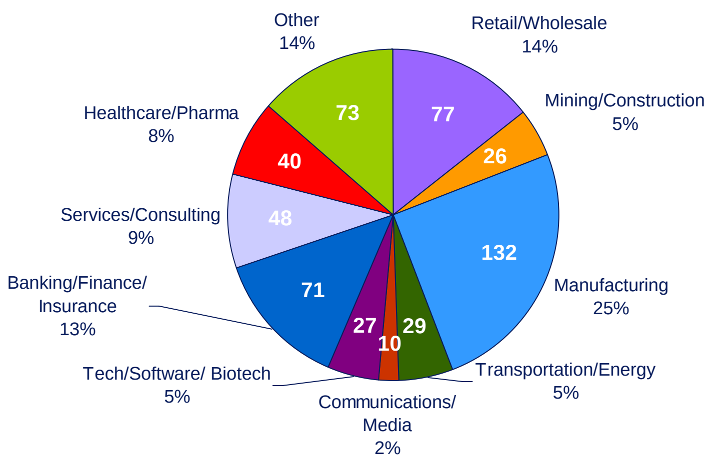


Ownership

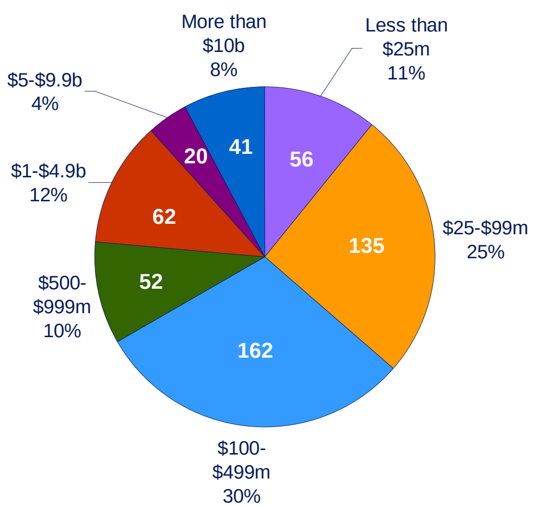


Respondent Demographics for Q109 Survey

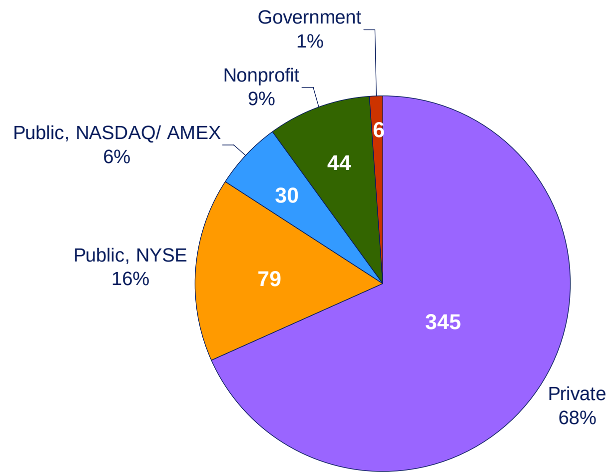
Industry



Sales Revenue



Ownership



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