



**Duke University/CFO Magazine Special Study on the Costs of Terrorism- U.S. - Summer, 2006**

**3. What are the top three concerns your corporation faces? (rank #1, #2, #3) - Rating for: Terrorism**

N=434 Number Col %	Totals	Industry									
		Retail Wholesale A	Mining Constr- uction B	Manufac- turing C	Trans- portation Energy D	Communi- cations Media E	Tech Software Biotech F	Banking Finance Insur. G	Service Consult- ing H	Health- care Pharmac. I	Other J
Total	434 100.0%	48 11.1%	23 5.3%	115 26.5%	25 5.8%	23 5.3%	18 4.1%	59 13.6%	31 7.1%	35 8.1%	51 11.8%
1=1st	9 2.1%	2 4.2% c	0 0.0%	0 0.0% adEJ	1 4.0% c	2 8.7% Cg	0 0.0%	0 0.0% e	1 3.2%	0 0.0%	3 5.9% C
2=2nd	5 1.2%	0 0.0% e	0 0.0%	1 0.9% e	0 0.0%	2 8.7% ac	0 0.0%	1 1.7%	0 0.0%	0 0.0%	1 2.0%
3=3rd	10 2.3%	0 0.0%	1 4.3%	2 1.7%	1 4.0%	0 0.0%	0 0.0%	2 3.4%	1 3.2%	1 2.9%	2 3.9%
Mean	2.0	1.0	3.0	2.7	2.0	1.5	---	2.7	2.0	3.0	1.8
SD	0.9	0.0	0.0	0.6 e	1.4	0.6 cg	---	0.6 e	1.4	0.0	1.0

Significance Tests Between Columns: Lower case: p<.05 Upper case: p<.01

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**Revenue Weighted for Firms That Existed 5 Years Ago: 9. Security & Indirect Costs of Terrorism**

N=429 Mean SD SE	Totals	Industry									
		Retail Whole- sale	Mining Constr- uction	Manufac- turing	Trans- portation Energy	Commun- ications Media	Tech Software Biotech	Banking Finance Insur.	Service Consult- ing	Health- care Pharmac.	Other
<b>Today</b> , how large are those <b>direct</b> <b>costs</b> for security?	2.82 3.72 0.03	1.42 2.24 0.06	3.09 2.90 0.11	1.57 3.02 0.05	3.91 4.15 0.13	4.83 4.55 0.15	2.52 3.14 0.26	5.24 4.57 0.09	3.90 4.46 0.22	1.65 2.37 0.09	1.36 1.14 0.03
<b>Today</b> , how large are the <b>indirect</b> <b>costs</b> of terrorism on your company? (Please include costs such as lost productivity or reduced consumer spending due to terror fears)	1.76 1.90 0.02	0.87 1.14 0.03	1.95 1.12 0.04	0.77 1.31 0.02	3.49 1.97 0.07	3.35 1.93 0.06	1.40 0.98 0.08	2.52 2.06 0.05	2.72 2.11 0.10	1.44 1.08 0.04	1.27 1.44 0.05
<b>Before September 11, 2001</b> , approximately how large were your company's annual <b>direct costs</b> for security, as a percentage of revenue?	1.72 2.41 0.02	0.86 1.54 0.04	3.17 3.02 0.12	1.11 2.26 0.04	1.94 2.12 0.07	2.73 2.05 0.06	2.41 3.40 0.30	2.99 2.85 0.06	1.96 3.61 0.18	0.98 1.12 0.05	0.75 0.77 0.02

**Q9b. How has your company been affected by terrorism or the threat of terrorism? (Check all that apply)**

N=434 Number Col %	Totals	Industry									
		Retail Whole- sale A	Mining Constr- uction B	Manufac- turing C	Trans- portation Energy D	Communi- cations Media E	Tech Software Biotech F	Banking Finance Insur. G	Service Consult- ing H	Health- care Pharmac. I	Other J
Total	434 100.0%	48 11.1%	23 5.3%	115 26.5%	25 5.8%	23 5.3%	18 4.1%	59 13.6%	31 7.1%	35 8.1%	51 11.8%
There has been little to no impact	216 49.8%	32 66.7% DfGH	13 56.5% dh	74 64.3% DfGH	5 20.0% AbCij	10 43.5%	7 38.9% ac	23 39.0% AC	8 25.8% AbCj	17 48.6% d	25 49.0% dh
There have been physical act(s) of terrorism on our firm or firms in our industry	29 6.7%	3 6.3% cd	1 4.3% d	1 0.9% aDFG	7 28.0% abCeghIJ	1 4.3% d	3 16.7% C	6 10.2% Cd	2 6.5% d	1 2.9% D	3 5.9% D
Fear of terrorism hurts our firm (e.g., terror fears have affected our customers or have made our company less inclined to invest)	61 14.1%	2 4.2% EFghJ	2 8.7%	9 7.8% efhJ	4 16.0%	6 26.1% Aci	5 27.8% AcI	10 16.9% ai	7 22.6% aci	1 2.9% eFghj	12 23.5% ACi

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**Q9b. How has your company been affected by terrorism or the threat of terrorism? (Check all that apply)**

N=434 Number Col %	Totals	Industry									
		Retail Wholesale A	Mining Construction B	Manufac- turing C	Trans- portation Energy D	Commun- ications Media E	Tech Software Biotech F	Banking Finance Insur. G	Service Consult- ing H	Health- care Pharmac. I	Other J
Increased infrastructure and or software spending, such as for the creation of satellite operations	117 27.0%	7 14.6% DEfGI	4 17.4% dgi	10 8.7% DEFGHI J	13 52.0% AbCj	10 43.5% AC	7 38.9% aC	25 42.4% AbC	9 29.0% C	15 42.9% AbC	14 27.5% Cd
Carrying more inventory in case of disruption	26 6.0%	4 8.3%	1 4.3%	6 5.2% I	1 4.0%	2 8.7%	0 0.0% i	2 3.4% I	1 3.2% i	7 20.0% CfGhj	2 3.9% i
Increased planning for business disruptions	184 42.4%	18 37.5% Gh	7 30.4% Gh	39 33.9% dGH	14 56.0% c	8 34.8% g	5 27.8% Gh	38 64.4% ABCeFJ	19 61.3% abCfj	16 45.7%	17 33.3% Gh

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		Retail Wholesale A	Mining Constr- uction B	Manufac- turing C	Trans- portation Energy D	Commun- ications Media E	Tech Software Biotech F	Banking Finance Insur. G	Service Consult- ing H	Health- care Pharmac. I	Other J	
Increased hedging of key inputs	24 5.5%	2 4.2%	0 0.0%	8 7.0%	4 16.0%	0 0.0%	0 0.0%	5 8.5%	4 12.9%	1 2.9%	0 0.0%	J Dgh
Insurance for acts of terrorism	123 28.3%	12 25.0%	9 39.1%	19 16.5%	15 60.0%	10 43.5%	6 33.3%	13 22.0%	13 41.9%	7 20.0%	18 35.3%	D C D Cd
Insurance for business interruptions resulting from terrorism	93 21.4%	8 16.7%	5 21.7%	14 12.2%	6 24.0%	8 34.8%	5 27.8%	17 28.8%	12 38.7%	7 20.0%	9 17.6%	h EGH C C aCj h
Reduced air travel	91 21.0%	11 22.9%	3 13.0%	19 16.5%	6 24.0%	6 26.1%	3 16.7%	13 22.0%	10 32.3%	7 20.0%	13 25.5%	
Diversifying into other lines of business as a hedge	13 3.0%	2 4.2%	0 0.0%	1 0.9%	1 4.0%	2 8.7%	0 0.0%	2 3.4%	3 9.7%	0 0.0%	2 3.9%	eH c C

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**Q9b. How has your company been affected by terrorism or the threat of terrorism? (Check all that apply)**

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		Retail Wholesale A	Mining Constr- uction B	Manufac- turing C	Trans- portation Energy D	Commun- ications Media E	Tech Software Biotech F	Banking Finance Insur. G	Service Consult- ing H	Health- care Pharmac. I	Other J
Added employment positions, such as head of security	52 12.0%	3 6.3% deg	0 0.0% Degh	6 5.2% DEGH	7 28.0% aBCi	6 26.1% abCi	1 5.6%	14 23.7% abCi	5 16.1% bc	2 5.7% deg	7 13.7%
High cost of oil and energy	172 39.6%	18 37.5% bdi	15 65.2% aFGIj	54 47.0% GI	16 64.0% aFGIj	12 52.2% gI	4 22.2% BD	14 23.7% BCDeh	14 45.2% gi	6 17.1% aBCDEhj	19 37.3% bdi
Other	29 6.7%	1 2.1% h	1 4.3%	3 2.6% Hj	2 8.0%	2 8.7%	2 11.1%	5 8.5%	5 16.1% aC	3 8.6%	5 9.8% c

Significance Tests Between Columns: Lower case: p<.05 Upper case: p<.01

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**9c & 9d. Negative impact of terrorism.**

N=406 Number Mean SD	Totals	Industry									
	A	Retail Whole- sale A	Mining Constr- uction B	Manufac- turing C	Trans- portation Energy D	Commun- ications Media E	Tech Software Biotech F	Banking Finance Insur. G	Service Consult- ing H	Health- care Pharmac. I	Other J
Number	406	48	21	110	23	22	17	56	26	31	46
Percent	100.0%	12.0%	5.3%	27.5%	5.8%	5.5%	4.3%	14.0%	6.5%	7.8%	11.5%

9c. On a scale of 0 to 100, what impact is the threat of terrorism having on your business? (0 means no impact, 100 means maximum negative impact)

396	47	21	109	23	22	16	53	25	30	45
14.3	12.4	8.1	9.8	27.5	18.7	14.5	15.8	21.9	13.9	16.3
15.1	13.0	6.7	11.8	18.2	16.2	11.2	15.1	19.0	17.1	17.3
	Dh	DEfgHj	DEGHJ	ABCfGij	BC	bd	bCD	aBC	D	bCd

9d. What number on this scale would indicate that the threat of terrorism is affecting your profitability? (If your answer in 9c is greater than this answer, it means that the threat of terrorism is affecting your profitability).

382	47	21	104	23	21	16	52	24	29	40
16.3	16.9	10.8	13.1	23.1	18.0	19.4	17.4	20.7	17.4	15.9
17.9	18.4	11.0	16.0	21.5	20.5	19.5	16.7	21.1	20.7	18.4
		d	d	bc						

9c minus 9d

382	47	21	104	23	21	16	52	24	29	40
-1.7	-4.5	-2.7	-3.1	4.4	-0.1	-4.9	-1.5	1.5	-3.4	1.9
14.4	17.9	9.9	14.0	19.3	13.0	12.0	12.2	12.0	14.4	14.2
			d	c						

Significance Tests Between Columns: Lower case: p<.05 Upper case: p<.01

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**9. Negative impact of terrorism.**

N=406 Number Col %	Totals	Industry									
		Retail Wholesale A	Mining Constr- uction B	Manufac- turing C	Trans- portation Energy D	Commun- ications Media E	Tech Software Biotech F	Banking Finance Insur. G	Service Consult- ing H	Health- care Pharmac. I	Other J
Total	406 100.0%	48 12.0%	21 5.3%	110 27.5%	23 5.8%	22 5.5%	17 4.3%	56 14.0%	26 6.5%	31 7.8%	46 11.5%
-1=Threat of terrorism is affecting your profitability.	131 33.4%	17 35.4% d	6 28.6% d	28 26.7% D	14 60.9% abCFh	9 42.9%	3 17.6% D	21 38.2%	7 28.0% d	10 33.3%	16 39.0%
0=Negative impact and cut-off negative impact are equal	148 37.8%	18 37.5% D	8 38.1% D	46 43.8% D	1 4.3% ABCeFG HiJ	6 28.6% d	9 52.9% D	18 32.7% D	11 44.0% D	10 33.3% d	17 41.5% D
1=Threat of terrorism is not affecting your profitability.	113 28.8%	13 27.1%	7 33.3%	31 29.5%	8 34.8%	6 28.6%	5 29.4%	16 29.1%	7 28.0%	10 33.3%	8 19.5%
Mean	0.0	-0.1	0.0	0.0	-0.3	-0.1	0.1	-0.1	0.0	0.0	-0.2
SD	0.8	0.8	0.8	0.8	1.0	0.9	0.7	0.8	0.8	0.8	0.7

Significance Tests Between Columns: Lower case: p<.05 Upper case: p<.01