

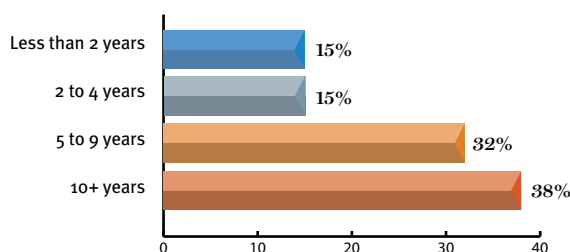
Conflicted Over

As federal regulatory agencies write new rules for over-the-counter derivatives, corporate end users are divided on how they might respond. Companies are worried that hedging their risk will cost them more if the regulations mandate that

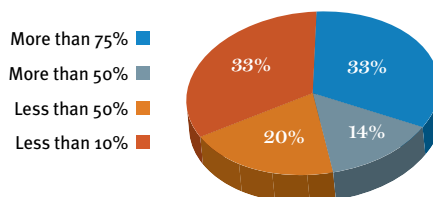
end users post margin or result in swap dealers' requiring collateral. About half of the finance executives who responded to *Treasury & Risk's* 2011 Financial Risk Management Survey say neither outcome would alter their use of derivatives, while 46% say they would use derivatives less frequently. The asset class where derivatives are most widely used remains interest rates, which was cited by 65% of respondents, followed by currencies, cited by 62%. MORE SURVEY RESULTS CAN BE FOUND ONLINE

AT WWW.TREASURYANDRISK.COM

HOW LONG HAS YOUR COMPANY USED DERIVATIVES?

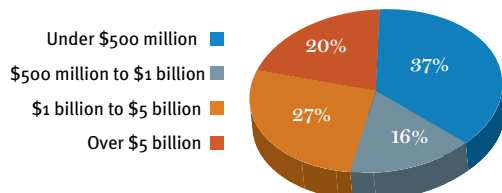


WHAT PORTION OF YOUR DERIVATIVES QUALIFY FOR HEDGE ACCOUNTING?

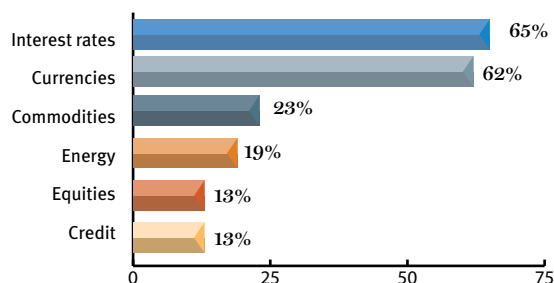


71% of respondents say their companies use derivatives, down from 79% in 2010 and 78% in 2009.

RESPONDENTS' COMPANY REVENUE



IN WHICH ASSET CLASSES DO YOU USE DERIVATIVES?

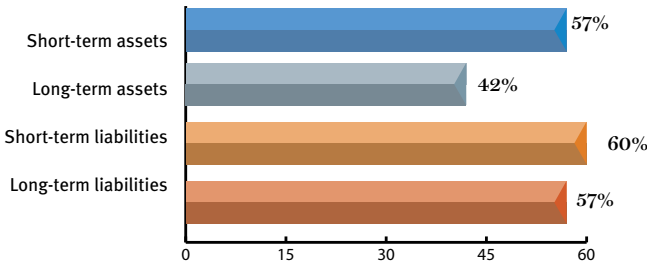


79% say they trade derivatives with their main relationship banks, while 21% say they do derivatives transactions with other providers.

Derivatives Regs

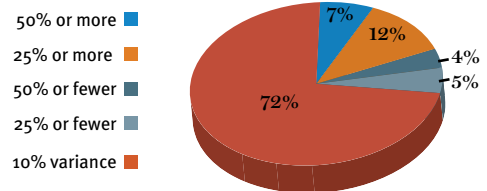


DO YOU USE DERIVATIVES TO MANAGE



70% say they're confident of their ability to quantify their derivative risk exposure, while 30% say they're not.

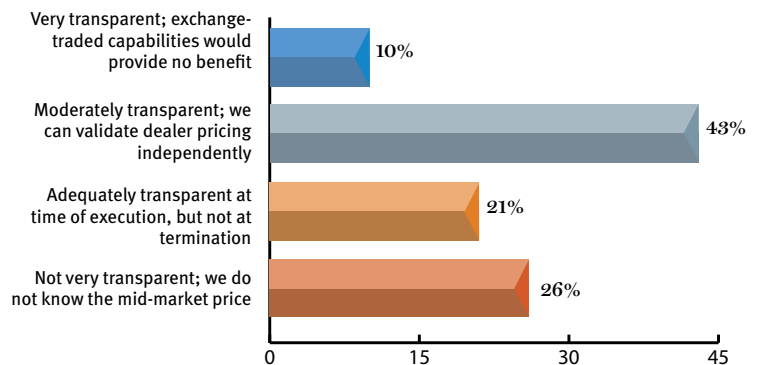
DESCRIBE YOUR DERIVATIVES TRANSACTION ACTIVITY IN 2011 AS COMPARED TO 2010



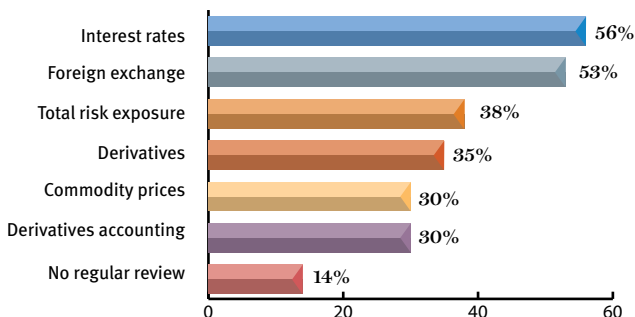
HOW DO YOU PLAN TO CHANGE YOUR DERIVATIVES USE THIS YEAR?

	INCREASE	DECREASE	STAY THE SAME
Interest Rates	19%	15%	66%
Currencies	20%	8%	72%
Credit	4%	4%	92%
Energy	11%	6%	83%
Commodities	16%	6%	78%
Equities	6%	7%	87%

HOW WOULD YOU RATE THE TRANSPARENCY OF OTC DERIVATIVES PRICES?



SENIOR MANAGEMENT OR THE BOARD POSE REGULAR QUESTIONS ON



HAVE FAIR VALUATION RULES MADE YOUR COMPANY WARY OF EARNINGS VOLATILITY RELATED TO DERIVATIVES?

