

# TREASURY & RISK

THE FUTURE OF FINANCE TODAY

## 2011 Financial Risk Management Survey

1. Does your company use derivatives?

	Response Percent	Response Count
Yes	70.6%	125
No	29.4%	52

2. If yes, what portion qualifies for hedge accounting?

	Response Percent	Response Count
More than 75%, but less than 100%	33.3%	43
More than 50%, but less than 75%	14.0%	18
Less than 50%, but more than 25%	20.2%	26
Less than 10%	32.6%	42

3. If the final version of the OTC derivatives regulations mandates end-user margin requirements or drives swap dealers to require collateral, would your company

	Response Percent	Response Count
Use derivatives less frequently	45.6%	73
Make no change in its hedging	50.6%	81
Use derivatives more frequently	3.8%	6

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### 4. How would you rate the transparency of OTC derivative prices?

	Response Percent	Response Count
Very transparent; any exchange-traded capabilities would add no benefit	9.7%	15
Moderately transparent; we can validate dealer pricing independently and accurately	43.5%	67
Adequately transparent at the time of execution but not at termination	20.8%	32
Not very transparent; we do not know the mid-market price	26.0%	40

### 5. Have FAS 133 and FAS 157 dissuaded your company from hedging any of the following exposures to mitigate potential income statement volatility?

	Response Percent	Response Count
Interest rates	24.5%	23
Currency	22.3%	21
Commodity	20.2%	19
Credit	21.3%	20
Equity	11.7%	11

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6. Have rules on the fair valuation of financial assets made your company wary of potential volatility in earnings from derivatives?

	Response Percent	Response Count
Yes	58.1%	90
No	41.9%	65

7. How long has your company used derivatives?

	Response Percent	Response Count
Less than 2 years	14.9%	21
2-4 years	14.9%	21
5-9 years	31.9%	45
10 or more years	38.3%	54

8. Do you use them to manage: (CHECK ALL THAT APPLY)

	Response Percent	Response Count
Short-term assets	57.4%	78
Long-term assets	41.9%	57
Short-term liabilities	60.3%	82
Long-term liabilities	56.6%	77

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9. In which asset classes do you use derivatives? (CHECK ALL THAT APPLY)

	Response Percent	Response Count
Interest rates	64.9%	87
Currencies	61.9%	83
Credit	12.7%	17
Energy	19.4%	26
Commodities	23.1%	31
Equities	13.4%	18
Other	3.7%	5

10. For 2011, do you expect your use of derivatives in the following categories to increase, decrease or stay the same?

	Increase	Decrease	Stay the Same
Interest rates	19.4% (25)	14.7% (19)	65.9% (85)
Currencies	19.5% (24)	8.1% (10)	72.4% (89)
Credit	3.5% (3)	3.5% (3)	93.0% (80)
Energy	10.9% (10)	6.5% (6)	82.6% (76)
Commodities	15.8% (15)	6.3% (6)	77.9% (74)
Equities	5.9% (5)	7.1% (6)	87.1% (74)

11. Does your company pursue derivatives transactions through its main relationship banks, or does it look to providers with which it doesn't have a lending relationship?

	Response Percent	Response Count
We transact derivatives with our main relationship banks	78.8%	104
We transact derivatives with other providers	21.2%	28

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12. Do you use an integrated risk management strategy that hedges total risk or do you hedge transactions or specific currency exposures?

	Response Percent	Response Count
Hedge total risk	31.8%	41
Hedge transactions	34.1%	44
Hedge specific currency exposures	34.1%	44

13. Do you feel confident in your quantification abilities when it comes to derivative risk exposure?

	Response Percent	Response Count
Yes	69.6%	96
No	30.4%	42

14. Do you get regular questions from either the board or senior management on risk exposures in: (CHECK ALL THAT APPLY)

	Response Percent	Response Count
Foreign exchange	52.9%	74
Commodity prices	30.0%	42
Interest rates	55.7%	78
Total risk exposure	37.9%	53
Derivatives	35.0%	49
Derivative accounting	30.0%	42
No regular review	14.3%	20
Other	2.1%	3

## 2011 Financial Risk Management Survey

15. Compared to last year, how would you characterize your derivative activity?

	Response Percent	Response Count
50% or more transactions	6.9%	9
25% or more transactions	11.5%	15
50% or fewer transactions	3.8%	5
25% or fewer transactions	5.3%	7
Around a 10% variance— little change	72.5%	95

16. What was your company's annual revenue at the end of the last fiscal year?

	Response Percent	Response Count
Under \$500 million	37.2%	55
\$500 million to \$1 billion	15.5%	23
\$1 billion to \$5 billion	27.0%	40
Over \$5 billion	20.3%	30