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For Immediate Release

Corporate Cash Increases As Economic Uncertainty Continues According to Treasury Strategies

December 9, 2010 (Chicago, IL) – The Federal Reserve today reported corporate cash balances spiked to \$1.93 trillion – a 38% increase since the first quarter of 2009 – representing \$530 billion. This significant increase indicates companies are still accumulating cash rather than redeploying it, according to [Treasury Strategies](#), a treasury consulting firm.

“From our work with clients, as well as survey data collected this week, we see corporations have experienced very strong growth in cash flow from operations. Since total corporate cash continues to grow, these findings together tell us corporations are still not comfortable with fully redeploying added cash, partly due to an uncertain economic outlook,” says Cathy Gregg, Partner of Treasury Strategies.

Companies began accumulating substantial amounts of cash in the first quarter 2009, which triggered accusations of hoarding. “Today’s report demonstrates that corporations are making purposeful decisions to not deploy cash as a precautionary measure to mitigate economic risk,” argues Anthony Carfang, Partner of Treasury Strategies.

Over the next six months, Treasury Strategies’ clients may begin to deploy some of that cash through activities such as stock buybacks, [mergers and acquisitions](#), and capital expenditures, according to survey results.

Interestingly, these same clients indicate they are unsure how the tentative tax deal will impact their activities. Although 15% indicate they are more likely to increase capital expenditures and 10% are more likely to pay down short-term borrowing, nearly two-thirds indicate the tax deal will have no impact on their cash management activities.

“In the end, it looks like corporations have done a tremendous job of responsibly managing their operations by holding onto cash through challenging economic events. As the outlook improves, we’re seeing a continuation of that responsible behavior through spending aimed at strengthening stakeholder relations and business infrastructures,” says Gregg.

Corporations can still participate in this ongoing research of [corporate cash levels](#).

Note to Editors and Reporters: Treasury Strategies Partners Anthony Carfang and Cathy Gregg are available for commentary on this matter.

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