Contact:
Kyle O'Connor
+1 312.628.6927
kyle_oconnor@TreasuryStrategies.com

For Immediate Release

What Happened To All That Corporate Cash?

Chicago, IL, June 8, 2012 – Nearly $500 billion in total corporate cash vanished from government records Thursday with the release of the U.S. Federal Reserve's report, *Flow of Funds Accounts of the United States*. Treasury Strategies, the leading treasury and liquidity consulting firm, is asking, "What happened to all that corporate cash?"

Treasury Strategies calls upon the Federal Reserve to explain precisely what adjustments were made and why.

"For over two years, regulators, public officials and pundits have been denouncing corporations for 'hoarding' cash. Their storyline has been that the economy will turn around if only companies would start spending that cash," says Anthony Carfang, a Partner of Treasury Strategies.

Thursday, the Fed released its most recent quarterly corporate cash statistics. "In this iteration, there was a technical adjustment to the time series. Poof. A half trillion dollars of U.S. corporate cash vanished," says Cathy Gregg, a Partner of Treasury Strategies. "We need to understand what happened."

The 2011 year-end number was revised downward from $2.233 trillion to $1.736 trillion. With this revision, cash has not soared to unprecedented levels. Instead, it has remained stuck near 11% of GDP since 2004.

"Ironically, this $500 billion 'technical adjustment' is far greater than the supposed 'run' on money market funds the SEC has been chasing for more than three years," says Carfang.

As part of the revision, corporate checking deposits were revised downward from $672 billion to $379 billion. "Is this just a technical correction or a significant error?" asks Gregg.

Treasury Strategies sees important policy implications for getting this data right.

- Many in Congress want to extend unlimited FDIC insurance for corporate checking deposits beyond the current December 2012 expiration. If checking accounts total $672 billion, proponents can argue the program has in fact drawn deposits into banks and should remain in effect. But that argument crumbles with the adjustment to $379 billion, which offers scant evidence to support an extension.

- Corporate treasurers are being badgered to spend accumulated cash. This argument is based largely on the Fed's originally reported cash

Treasury Strategies, Inc.
309 W. Washington Street
13th Floor
Chicago, Illinois 60606
t 312.443.0840
f 312.443.0847
61 Broadway
Suite 905
New York, New York 10006
t 212.292.0856
f 212.292.0863
1 Northumberland Avenue
Trafalgar Square
London
WC2 N5BW
Great Britain
t +44 207 872 5551
f +44 207 872 5611
www.TreasuryStrategies.com

numbers. At the revised levels, however, corporate cash is actually at its historical norm, which means additional spending could be both imprudent and risky.

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

About Treasury Strategies, Inc.
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