

Quarterly UK & European Corporate Cash Briefing™ Webinar 1Q 2012

Presented by:

Monie Lindsey, Managing Director

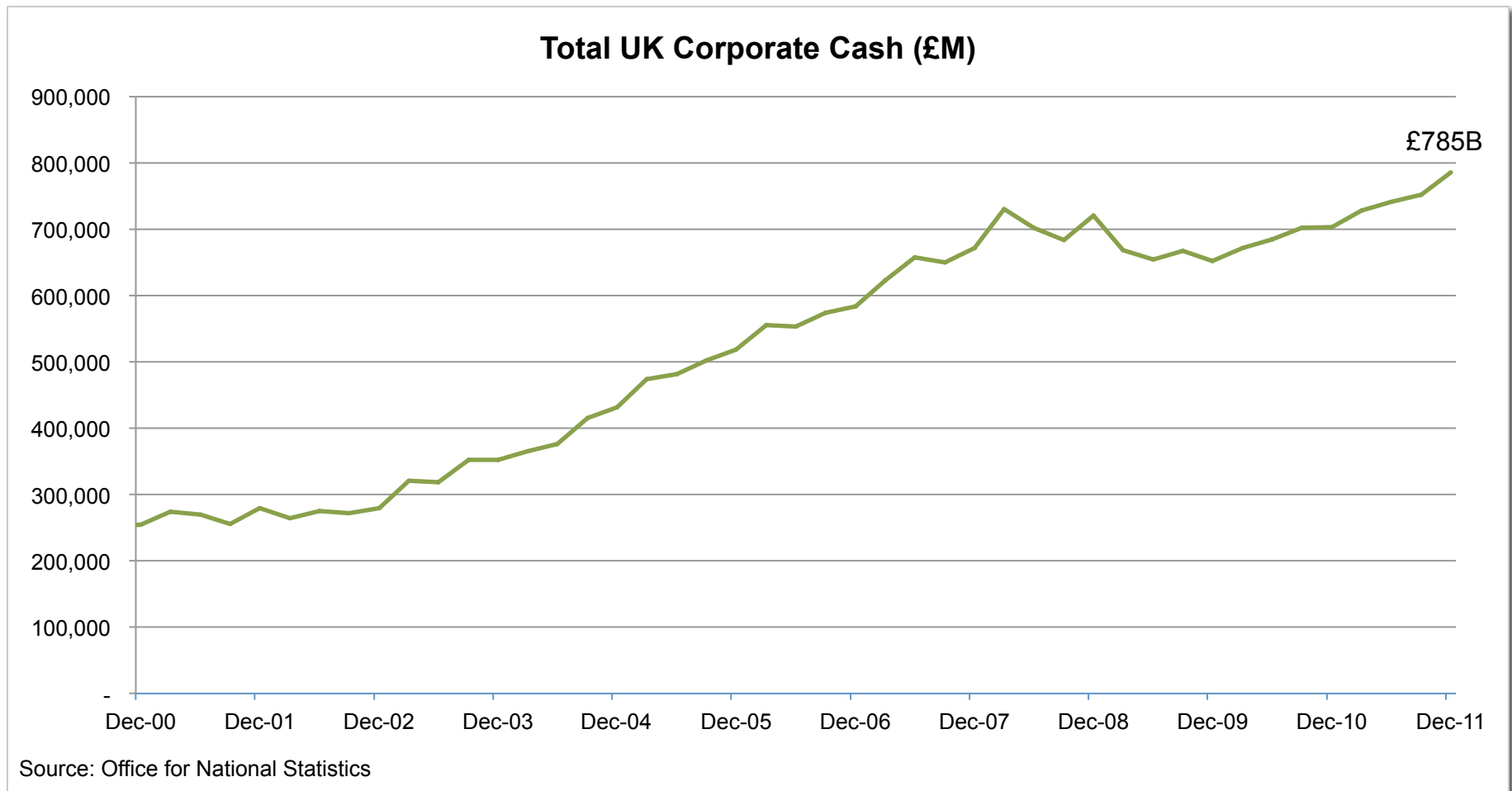
Tony Carfang, Partner

29 March 2012



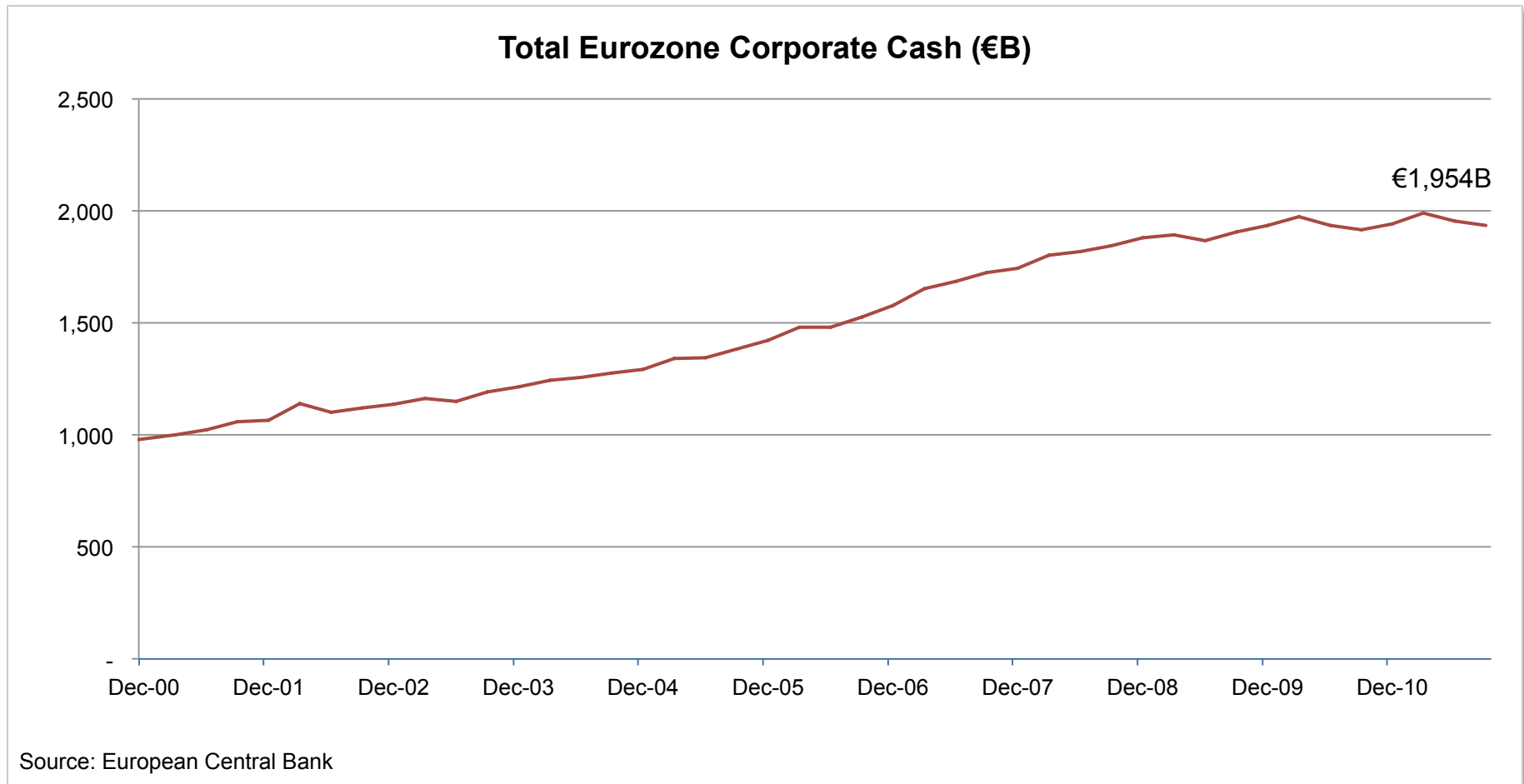
UK Corporate Cash

As of 31 December 2011, the Office for National Statistics reports that UK corporate cash levels were £785 billion.

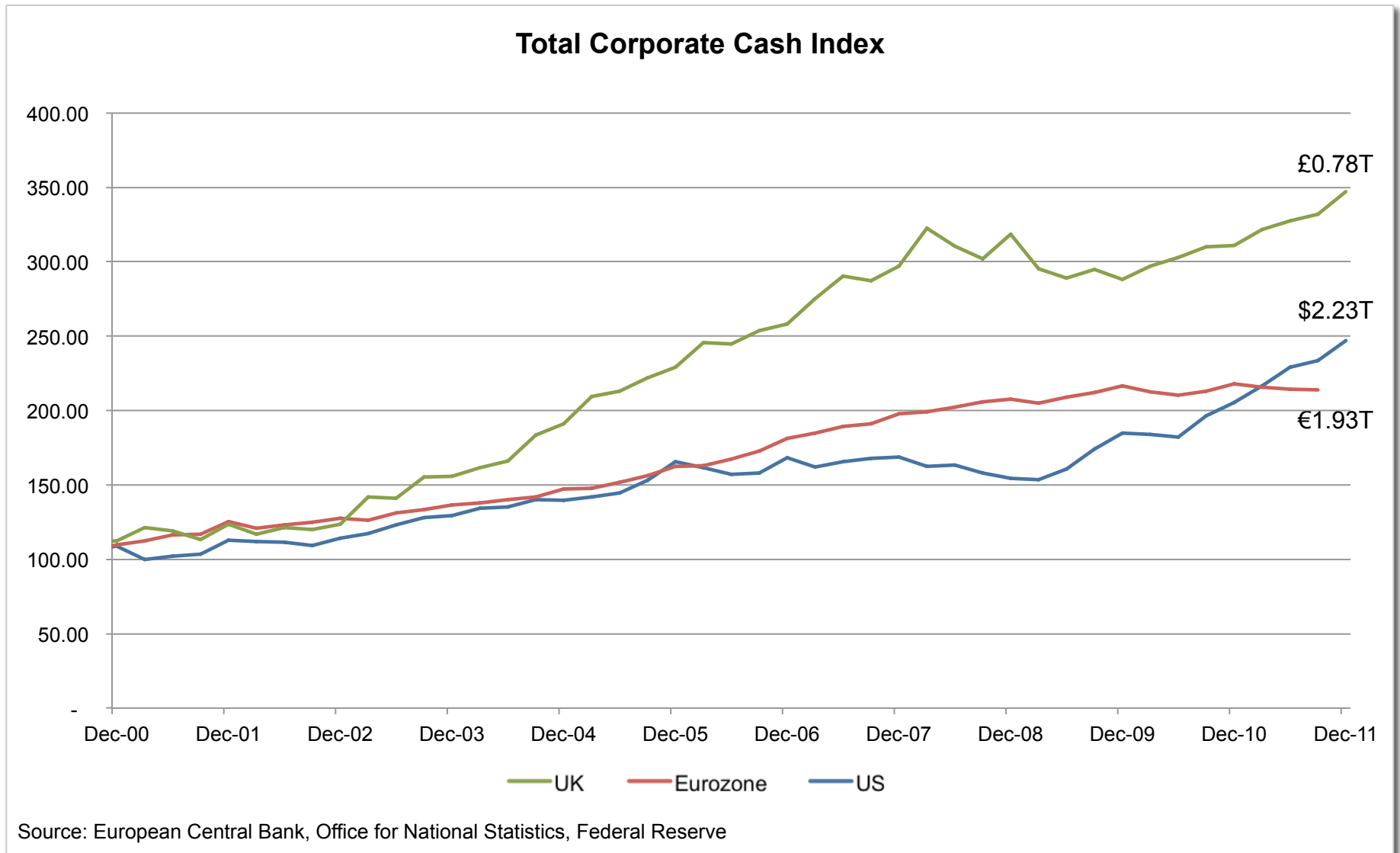


Eurozone Corporate Cash

As of 30 September 2011, the ECB reports that Eurozone corporate cash levels were €1.954 billion.



Corporate Cash in Selected Regions

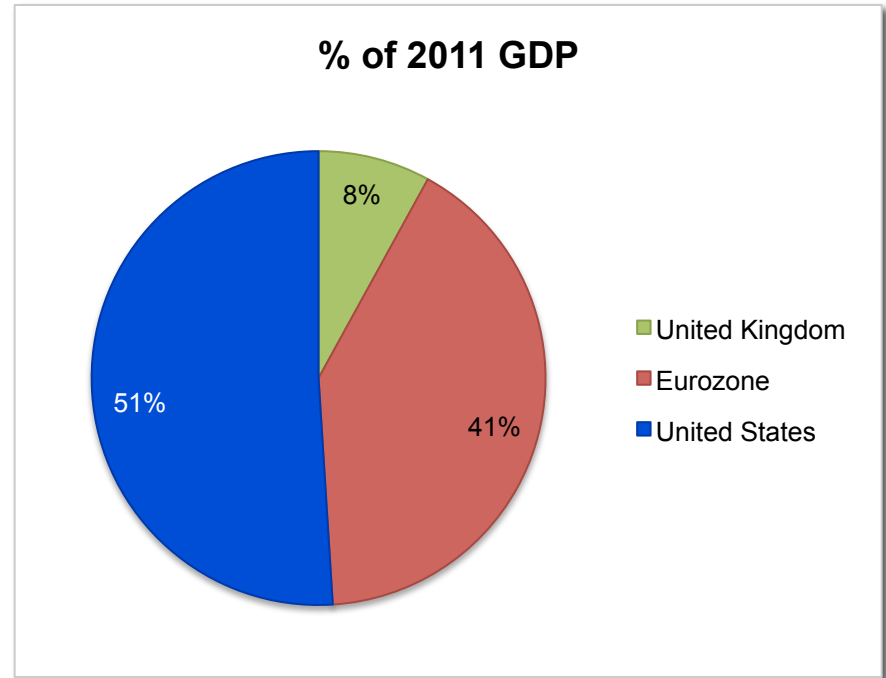
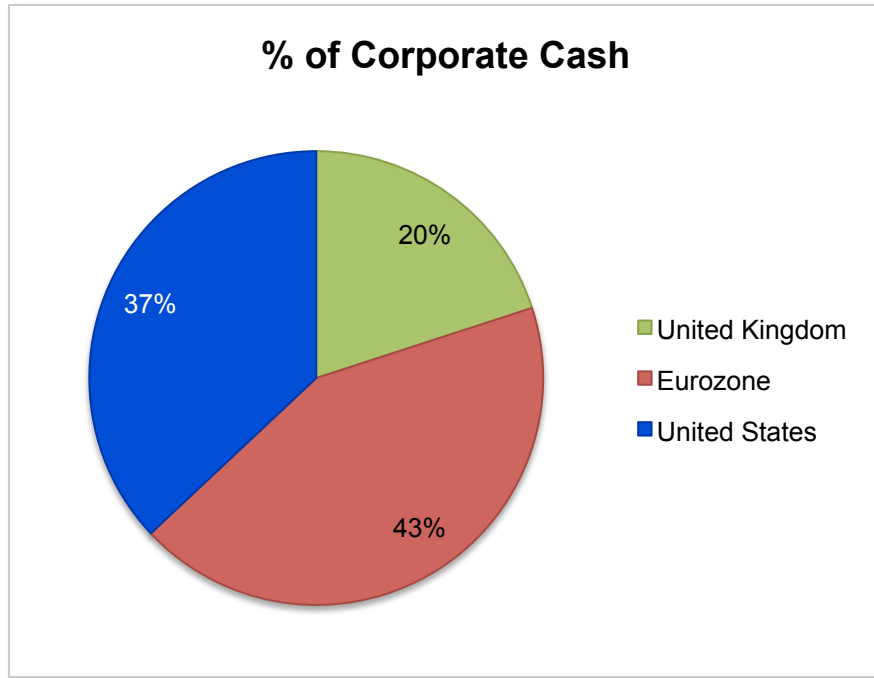


Looking Ahead at Cash Levels

Expected Levels of Cash (UK and Europe)	Dec-10	Jun-11	Dec-11
Increase	29%	36%	33%
Decrease	15%	30%	23%
Remain about the same	56%	34%	44%

Source: Treasury Strategies Inc. Quarterly Corporate Cash Survey™, December 2011

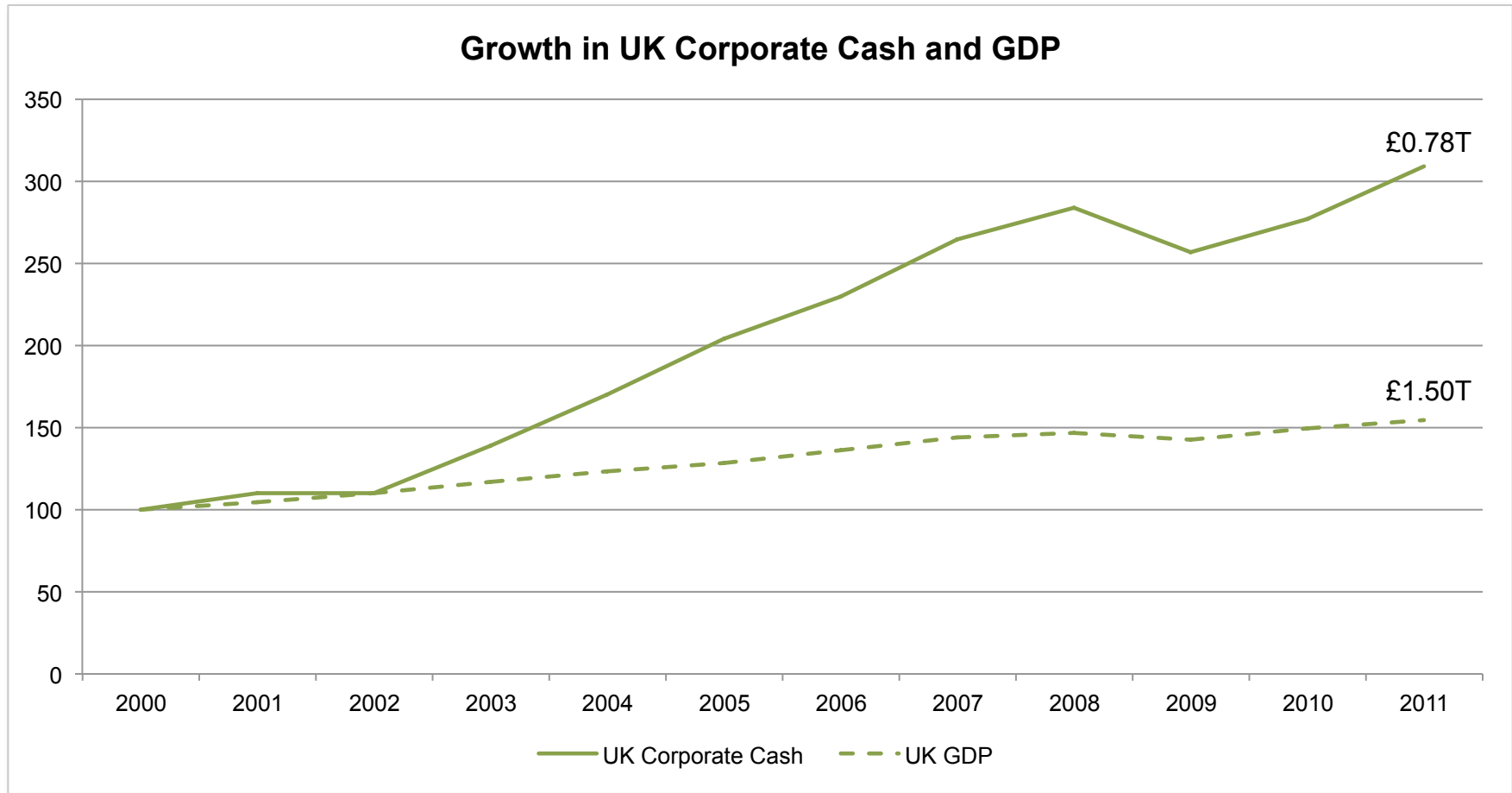
Distribution of GDP and Corporate Cash by Region



Source: Treasury Strategies estimate

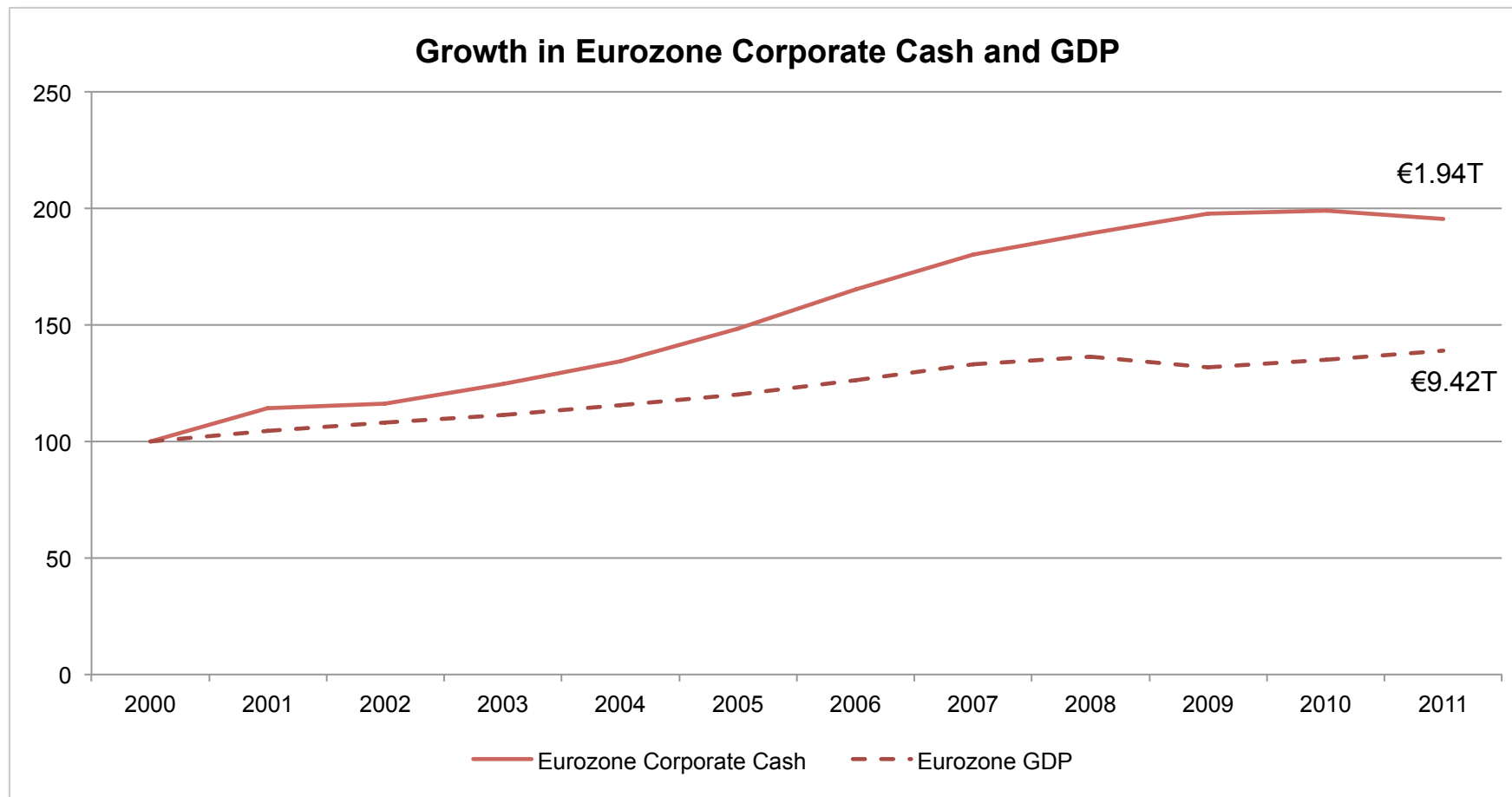
Note: Conversion to single currency based on 30 September 2011 exchange rates

UK Corporate Cash Growing Faster than UK GDP



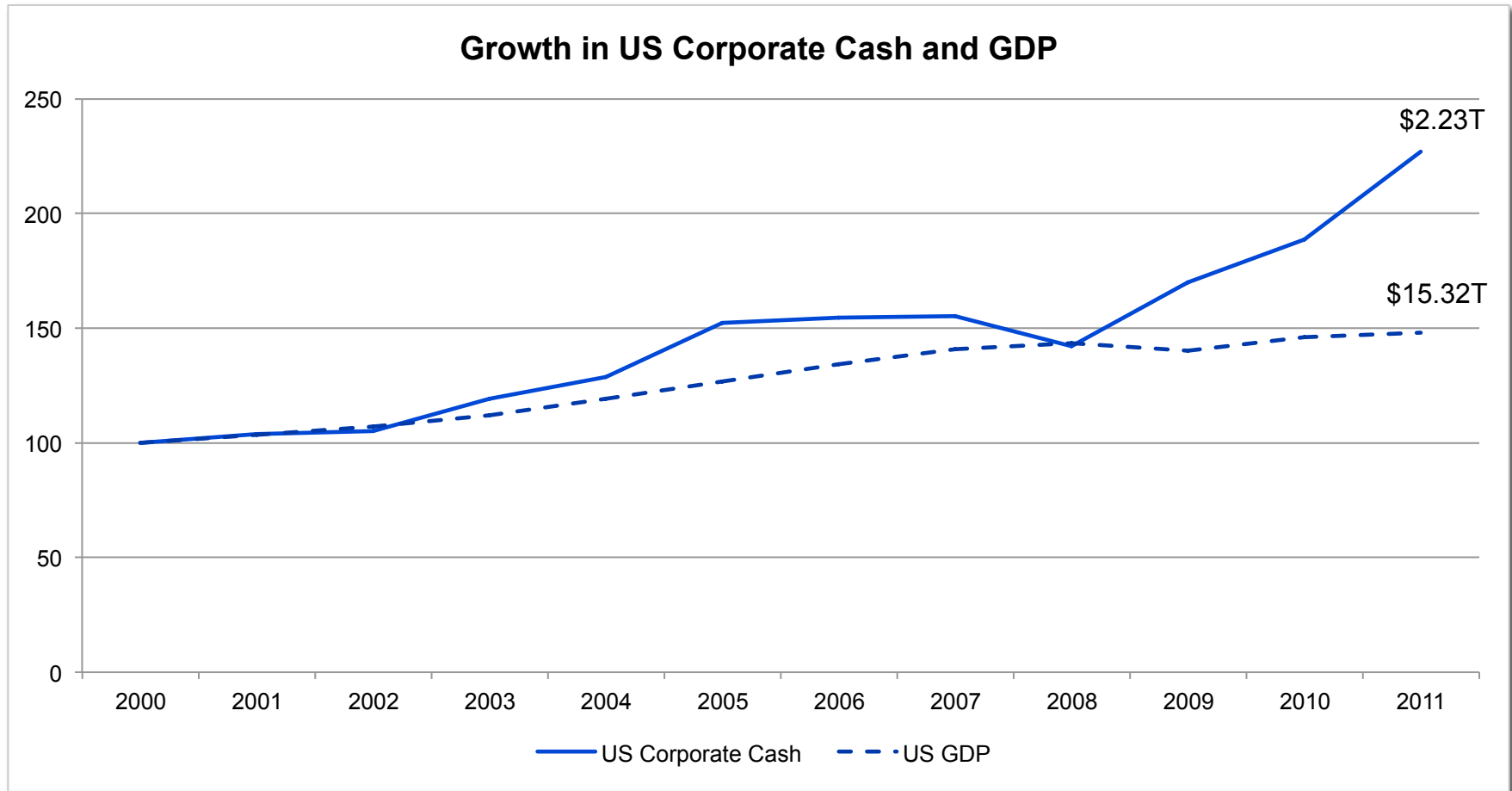
Source: Treasury Strategies and Office for National Statistics

Eurozone Corporate Cash Growing Faster than Eurozone GDP



Source: Treasury Strategies and European Central Bank

US Corporate Cash Growing Faster than US GDP



Source: Treasury Strategies and Federal Reserve

Corporate Cash as % of GDP by Region

Country / Region	2000	2012
United Kingdom	26%	50%
Eurozone	15%	21%
United States	10%	14%

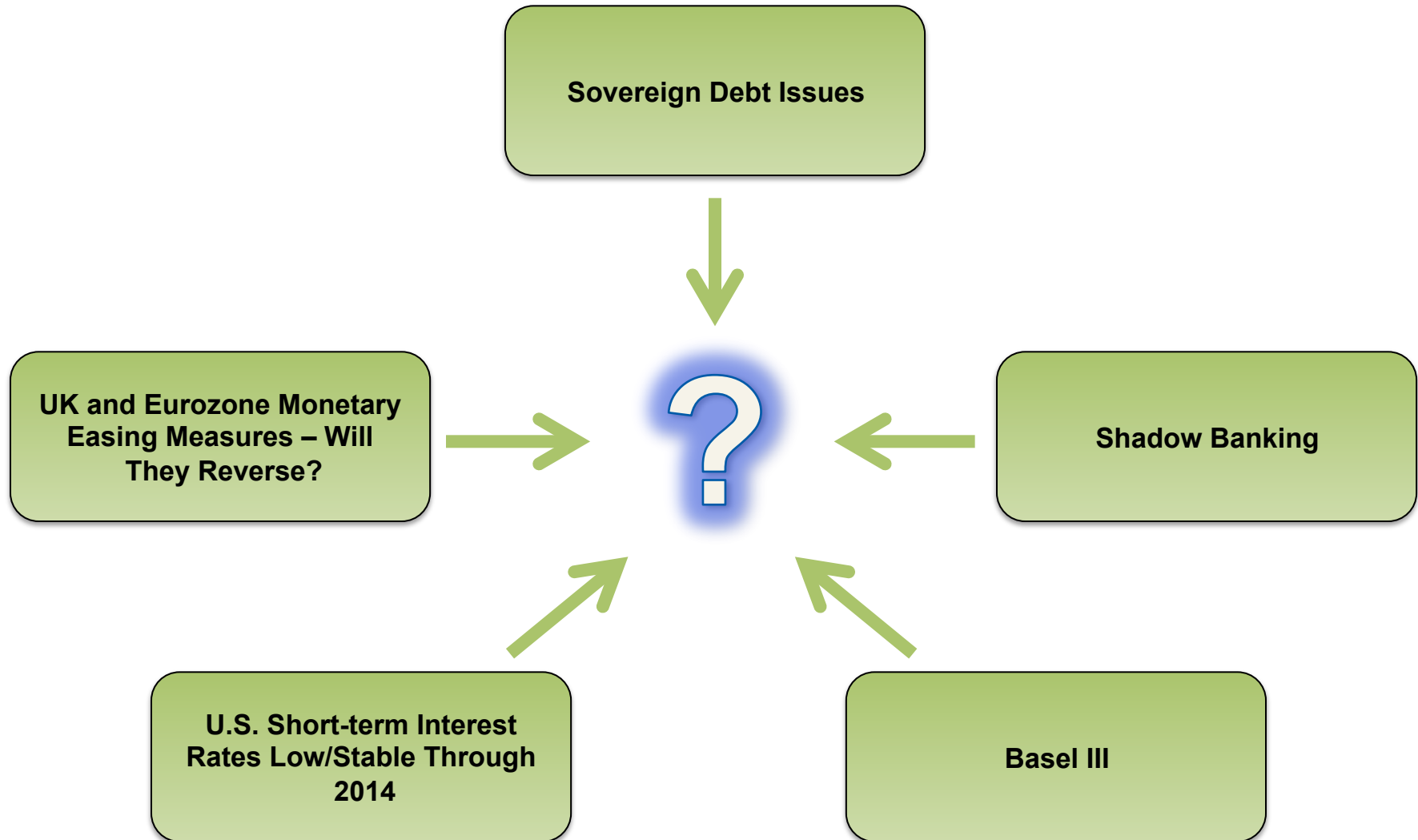
Source: Treasury Strategies estimate

Potential Game Changers



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Potential Game Changers



Potential Game Changers

Monetary Policy



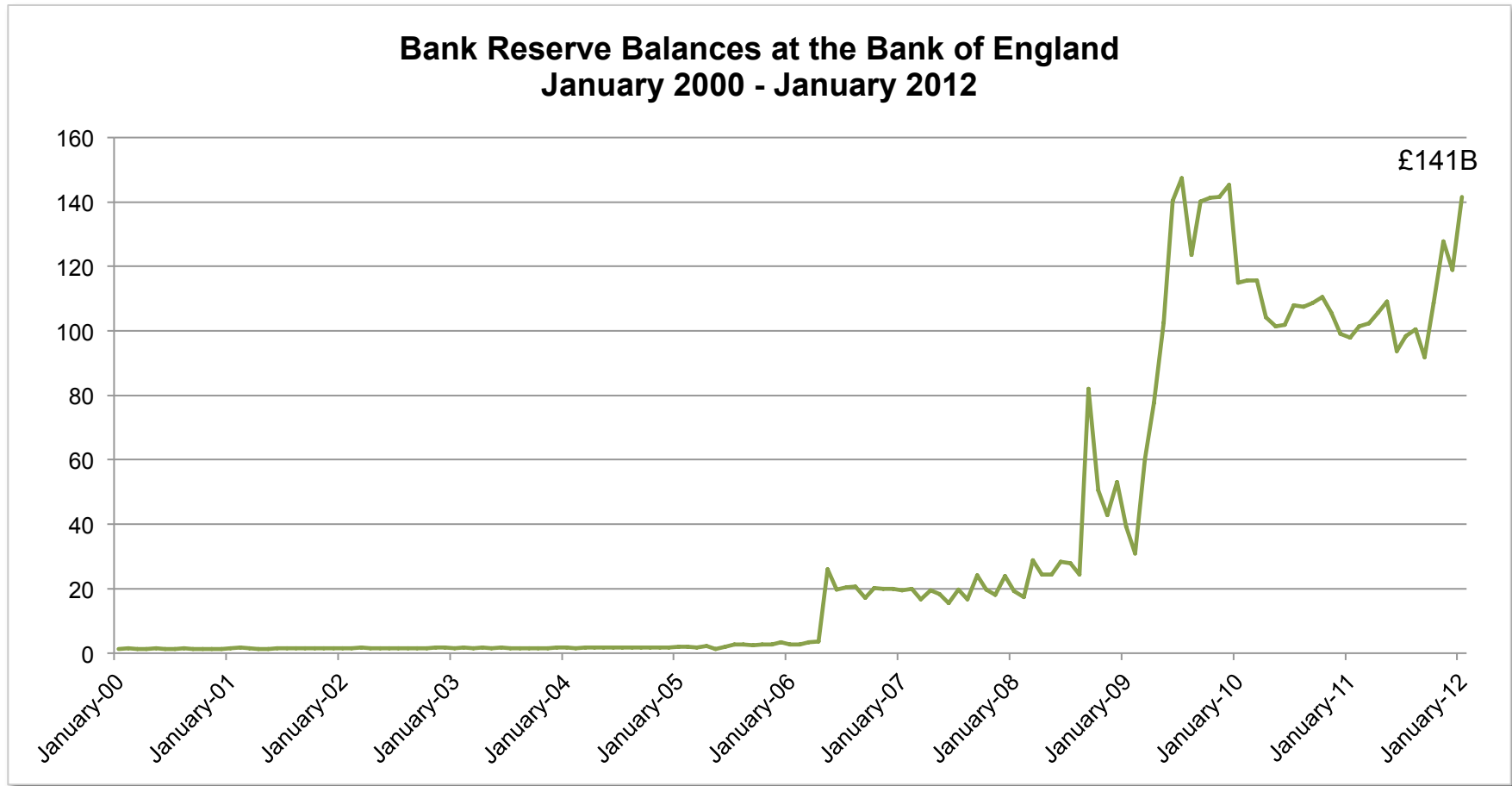
Central banks have driven a lot of money into their markets – specifically into the banking systems.

Country / Region	Net Monetary Stimulus	Policy / GDP Ratio
United States (QE 1+2)	\$900	6%
Eurozone (LTRO 1+2)*	€789	8%
United Kingdom (QE 1, 2, and 3)	£325	22%

Source: Treasury Strategies

Potential Game Changers

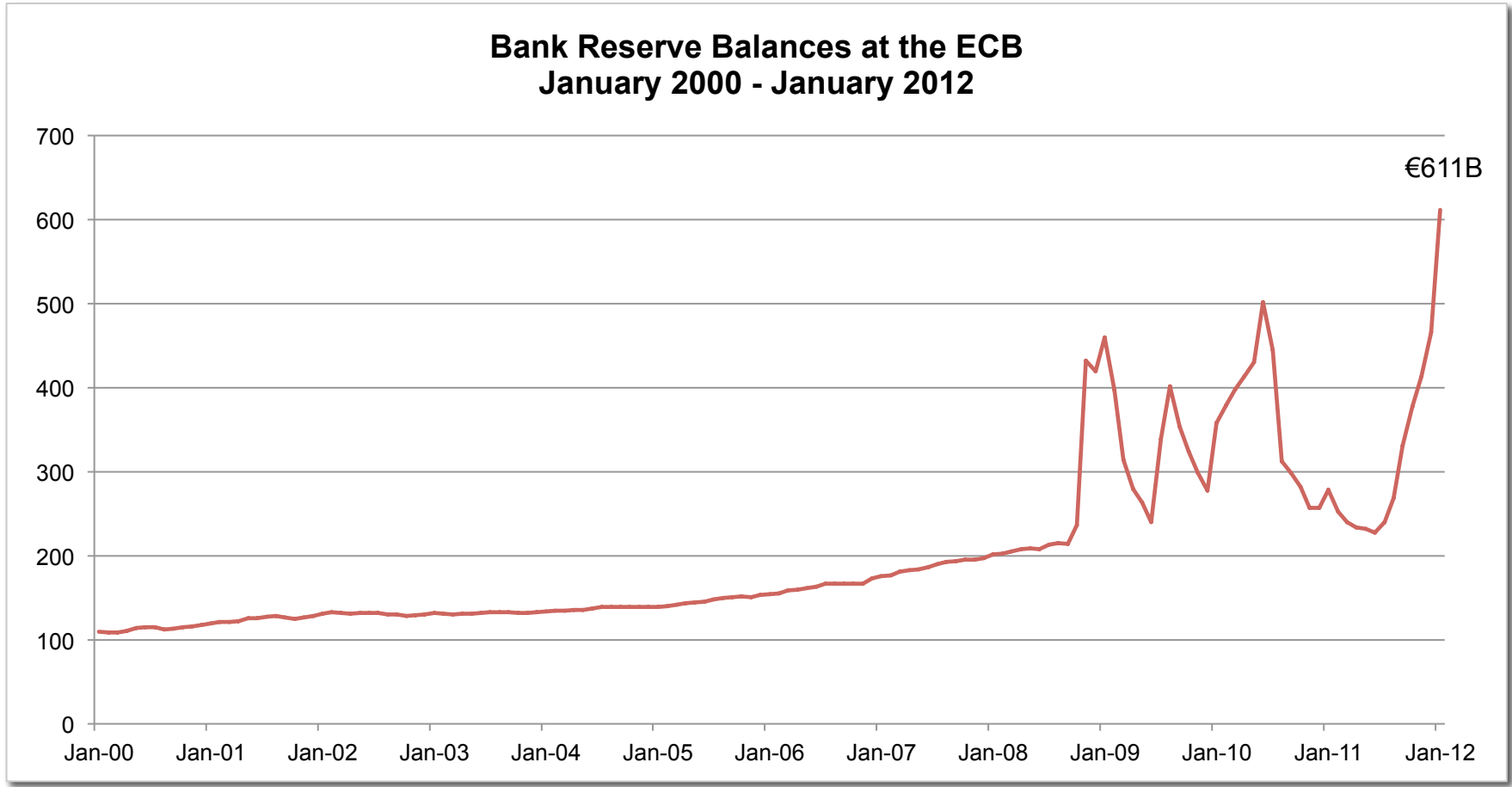
Bank of England



Source: Bank of England and Treasury Strategies estimate
Note: 1Q 2000 = 100

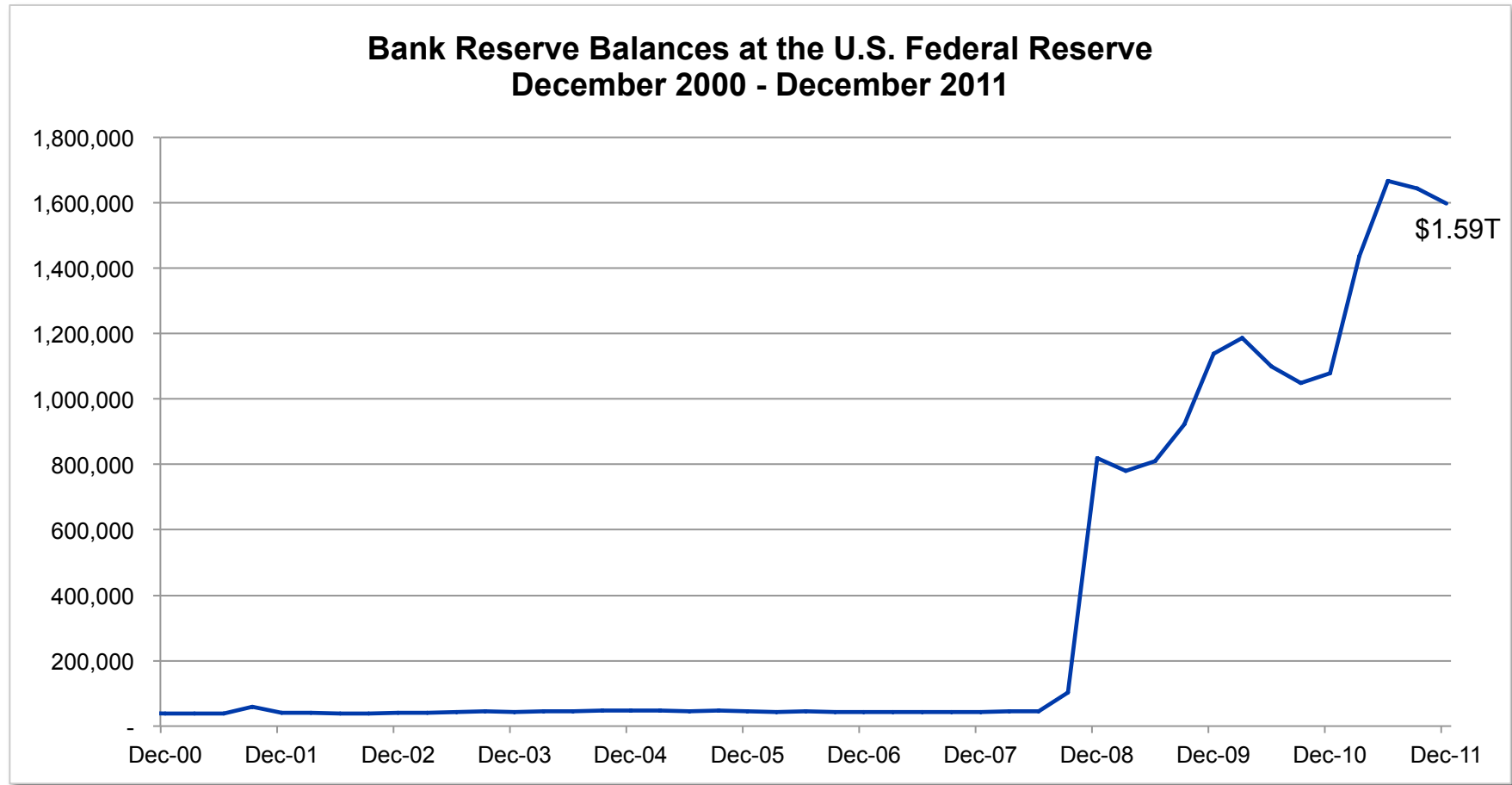
Potential Game Changers

European Central Bank



Source: European Central Bank and Treasury Strategies estimate
Note: 1Q 2000 = 100

Potential Game Changers United States



Source: Federal Reserve and Treasury Strategies estimate

European Commission Green Paper on Shadow Banking

- Shadow banks
 - Deposit-like features
 - Maturity transformation
- Cited examples
 - ABCP conduits
 - SIVs
 - Money market funds
 - Finance companies
 - Leveraged ETFs
 - Insurance guarantee products
 - Securities Lending and Repo
- Overall question
 - How should these entities/activities be regulated?
 - Are there other similar entities/activities which need be regulated?

What We're Hearing



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What Treasury Strategies' Clients Are Saying



"I keep thinking some corporates underestimate (potential) impacts of CRD IV."

"We are holding a strategic reserve against possible default risk of the Group's bank facilities"

"...liquidity buffer for when banks increase short-term borrowing costs"

"Our counterparty risk tracking has become even more complex. We are financially stronger than all of our banks."

"Financial professionals need to do their own homework rather than trusting the ratings agencies."

"Our cash levels are the highest ever. We recently implemented a portal to help manage/track our investments in Money Market Funds & bank deposits"

"Lack of suitable investment opportunities in current market environment."

"We are revisiting our cash forecasting KPIs"

How Management of Corporate Cash is Changing

Current market dynamics encourage corporate treasurers to move more quickly to the third generation of corporate treasury where they are the financial nerve center of the corporation.

Changes to Corporate Treasury (UK and Eurozone)	Past 6 Months	Next 6 Months
Increasing reliance on cash forecasting	44%	38%
Implementing new technology for cash management	18%	23%
Formally modifying risk management policies	23%	21%
Formally modifying investment policies	15%	19%

Source: Treasury Strategies, Inc. Quarterly Corporate Cash Survey™, December 2011

Treasury Strategies Advice



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Key themes emerging from our work with Corporate Treasurers

- Attain global visibility of cash
- Improve treasury technology tools
- Improve cash forecasting
- Invest short, borrow long
- Issue debt securities – as much as market will absorb
- Review and clarify investment policies in the “grey areas”
- Pay attention and opine on regulatory changes, esp. “shadow banking”

Disclaimer:

Treasury Strategies' recommendations are situation-specific and based upon careful, individual analysis. The advice cited above may or may not be appropriate for your specific situation.

Contact Us



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About Treasury Strategies, Inc.



Who We Are

Treasury Strategies, Inc. is the leading treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions.

What We Do

Corporations

We help you maximize worldwide treasury performance and navigate regulatory and payment system changes through a focus on best practices, technology, liquidity and controls.

Treasury Technology

We provide guidance through every step of the technology process. Our expert approach will uncover opportunities to optimize the value of your treasury through fully integrated technology solutions.

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Our experience, analytic approach and benchmarks provide unique consulting solutions to help you strengthen and grow your business.

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Accreditations



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