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Treasury Strategies Announces Growth in Record High Corporate Cash Levels Break the \$2 Trillion Barrier

September 16, 2011 – Chicago, IL – The Federal Reserve today reported corporate cash balances grew to \$2.05 trillion – a 4.5% increase over last quarter – representing a \$648 billion increase since the first quarter of 2009, according to Treasury Strategies, a treasury consulting firm.

Companies continue to see strong cash flow from operations. Many highly-rated companies are taking advantage of the current low-rate environment to issue debt. Additionally, companies are returning cash to shareholders or deploying it to improve business operations.

“Through our work with clients and research, we see that cash is flowing into capital expenditures, mergers and acquisitions, and debt redemption activities. Given that total corporate cash has increased, corporations are looking for ways to redeploy their cash, but income growth continues to outpace expenditures,” says Cathy Gregg, partner of Treasury Strategies.

“Historically, corporations have not been comfortable holding so much cash. However, changes such as unlimited federal deposit insurance for noninterest bearing accounts are making treasurers much more comfortable holding onto large sums of cash – particularly when placed in the U.S. banking system,” says Anthony J. Carfang, a partner of Treasury Strategies.

Over the next six months, companies will continue to deploy cash to maximize their return in such areas as capital expenditures, mergers & acquisitions, and share buybacks. Treasury Strategies’ clients indicate they expect continued strong cash flow from operations and increased interest in a strategic redeployment of cash.

Additionally, about one-quarter of companies plan to upgrade their treasury technology over the next six months in an effort to better manage their cash. “With this kind of infrastructure investment, it appears that companies think these high levels of cash may be around for a long time,” says Carfang.

“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 we predicted last quarter, we will see a continuation of that responsible behavior through purposeful spending aimed at strengthening stakeholder relations and business infrastructures,” says Gregg.

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

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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. Visit TreasuryStrategies.com for more information.

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