



## **Corporate Treasurers in Flight to Quality - Cash at Record Levels**

Chicago, Illinois (October 16, 2007) - The investment portfolios of large U.S. corporations took a sharp turn for the conservative as a result of recent turmoil in financial markets according to Treasury Strategies, which conducted the first comprehensive study to investigate how corporations are responding to these recent market developments.

Over half the Treasurers surveyed in early September reported implementing more cautious investment policies in the last few months. No Treasurers reported more liberal investment policies.

"It appears that the money markets have become a lot less friendly in the last several weeks. The fact that three large US banks are coming together to set up an \$80 billion bailout fund indicates that they believe the worst is not yet over," suggested Mike Gallanis, a Partner with Treasury Strategies.

Key actions taken by many corporate Treasurers include:

- Eliminating asset back commercial paper
- Eliminating money fund investments that include asset backed obligations
- Shortening investment maturities
- Investing in higher quality instruments including:
  - Government securities
  - AAA rated money market mutual funds
  - A1P1 commercial paper

Treasurers expressed lower confidence in the role of rating agencies. "To compensate for the lower confidence, Treasurers are likely to increase their use of higher rated instruments," said Anthony J. Carfang, a Treasury Strategies Partner.

Most Treasurers said they do not see the turmoil as a reason to restructure their balance sheets. "With the exception of holding on to more cash, it continues to be business as usual," noted Gallanis. Total cash and short-term investments have recently increased modestly to a record \$5.5 trillion.

As part of its consulting practice, Treasury Strategies regularly surveys the liquidity practices of corporate treasuries by measuring cash and short-term investments. "We were interested in moving beyond our annual research to learn more specifically how recent market turmoil has affected corporate behavior," said Gallanis.

Treasury Strategies, Inc. is the leading treasury consulting firm working with corporations and financial institutions. 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.

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