



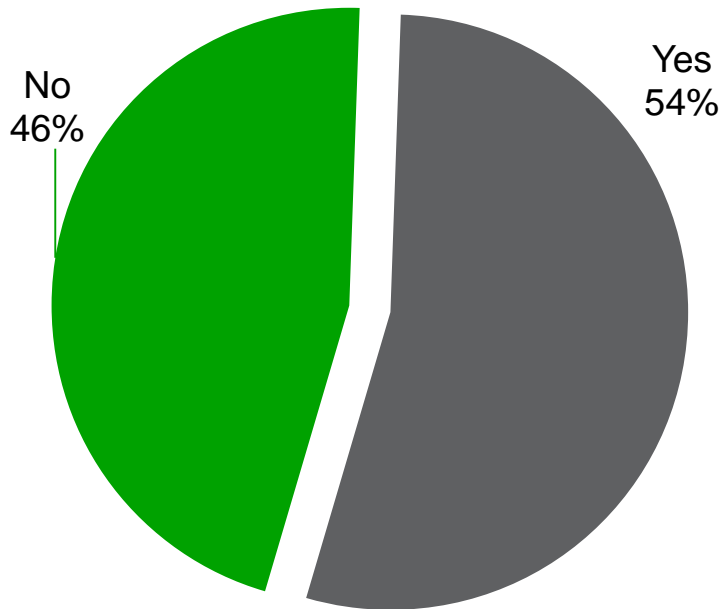
Preparing for Eurozone Distress: Sizing Up Risk Management

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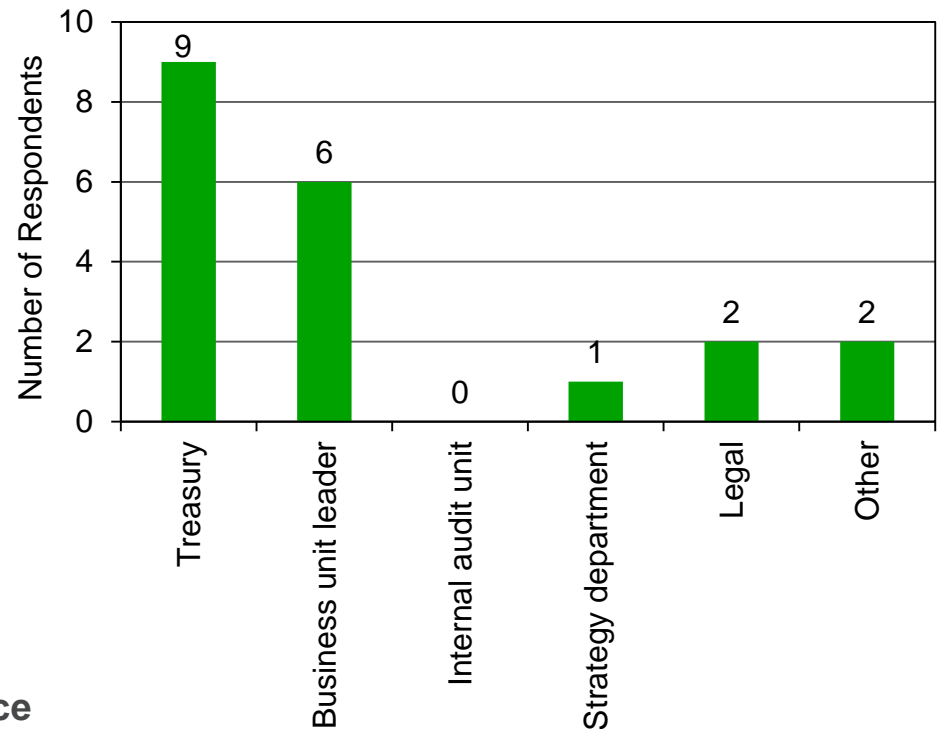
Has your company put in place a risk assessment/ monitoring process related to a potential exit from EUR currency of one or more countries?



- Just over half of those asked already have some form of an assessment process in place to prepare for a possible crisis
- As the Eurozone crisis lingers on, more and more companies are putting together contingency planning.

Key participants in the process

Treasury personnel along with leadership at business units are overwhelmingly tasked with preparing the groundwork for crisis management.

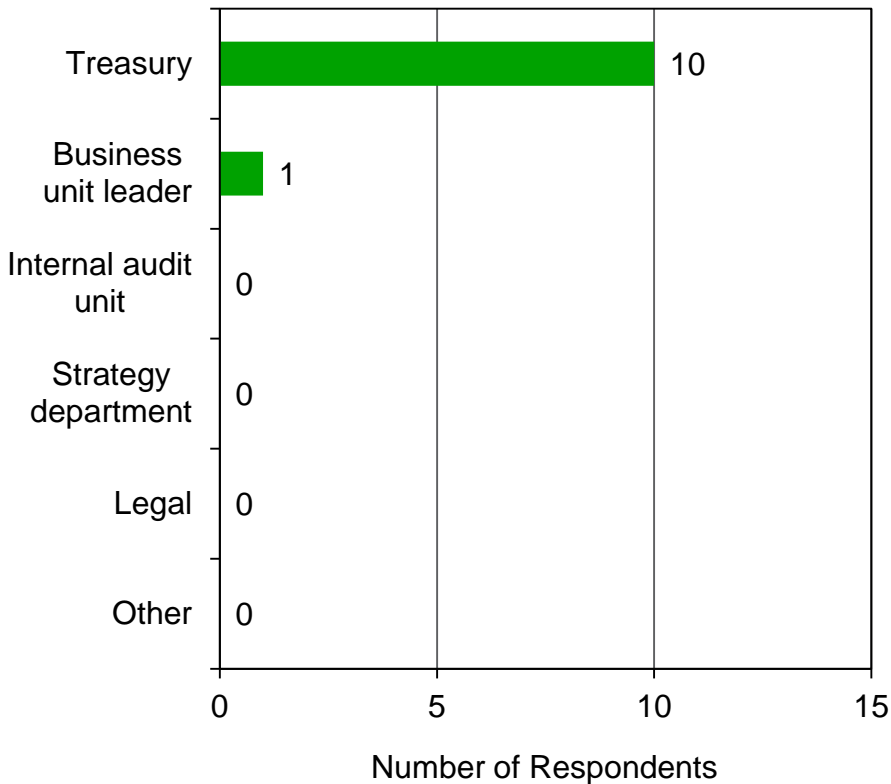


- Finance
- CFO

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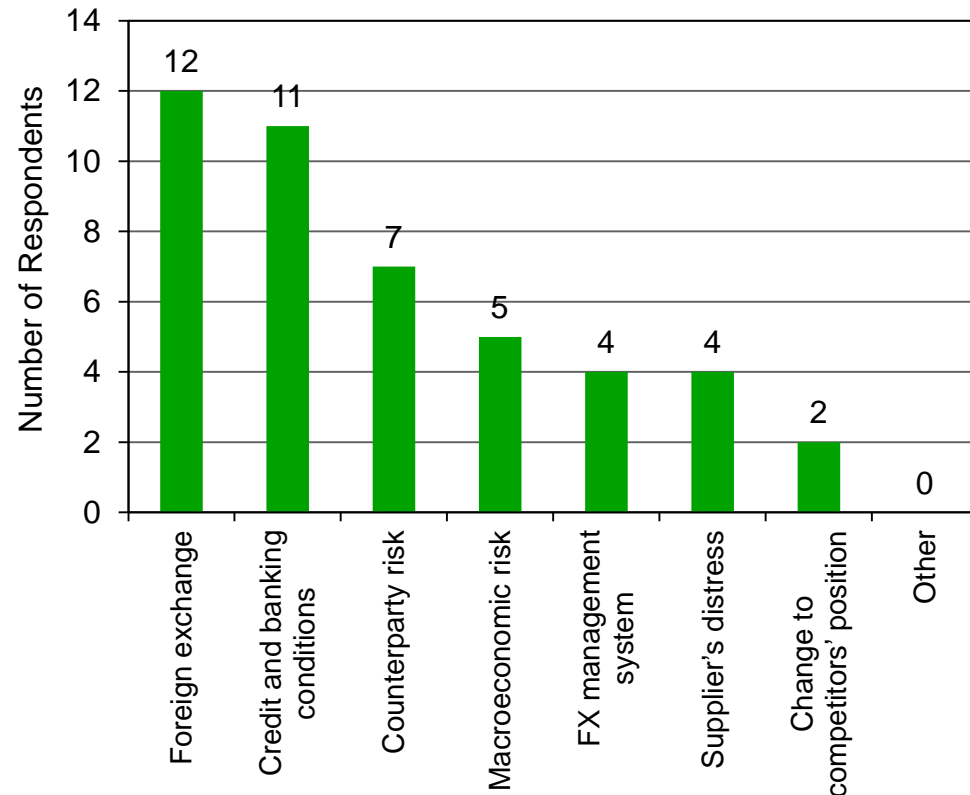
Who takes ownership of this process?

Treasury takes almost unique ownership of the process. This points to financial dimensions of the fallout, such as currency movements, access to credit, and other impediments to balance sheets.



Top Threats

Currency values along with banking relationships predominate among top threats. Counterparty credit risk also figures prominently. This explains the central role of treasury in managing possible fallout from the crisis, mentioned above.



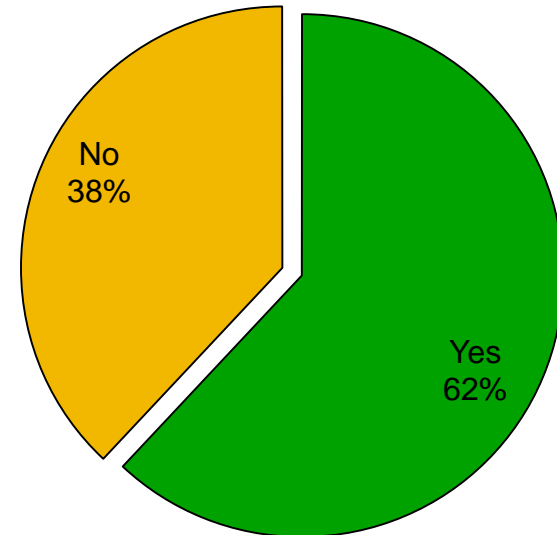
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What do you see as top opportunities to be seized upon?

- **Cost reductions to remain competitive.**
- **Strong USD could provide opportunity for acquisitions.**
- **Acquisition of undervalued European companies.**
- **I see nothing but downside from such a scenario.**
- **Taking market share.**

Do you have specific mitigation/ exploitation plans?

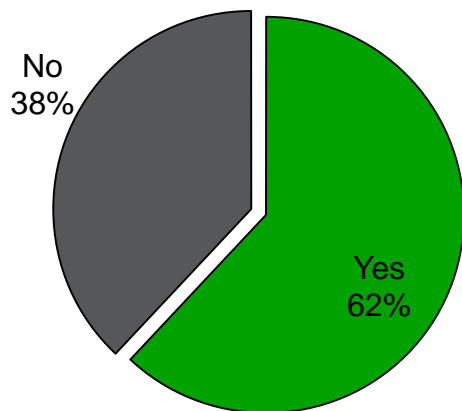
While companies reckon with risk, only just over half have actual mitigation plans. This points toward an early stage of planning for contingency.



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Have you developed an early-warning system to identify/warn of risk level changes?

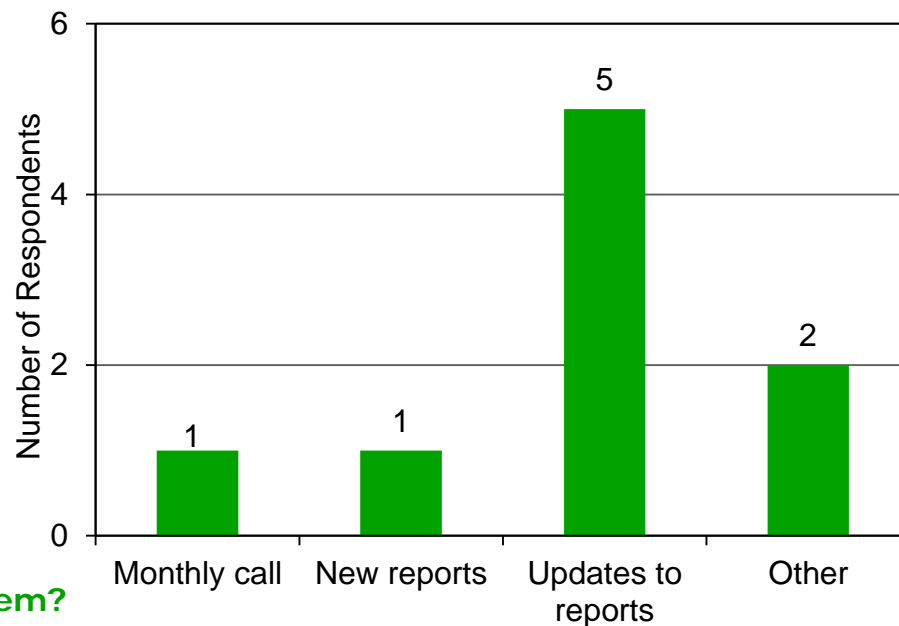
Many companies already plan for contingencies. Among the yardsticks that serve as early warning indicators are financial signals and perceptions from direct contact with suppliers and clients.



If yes, where are they, and where do you locate them?

- Simple monitoring of CDS rates for key banks at HQ.
- Formal quarterly risk review pinpoints change in risk level.
- Payment performance from key suppliers.
- Elections in Eurozone CDS rates FX rates PIGS meeting budgetary commitments German-French relations.
- CDS review Monthly exposure/hedge review.

What does the on-going monitoring process look like?

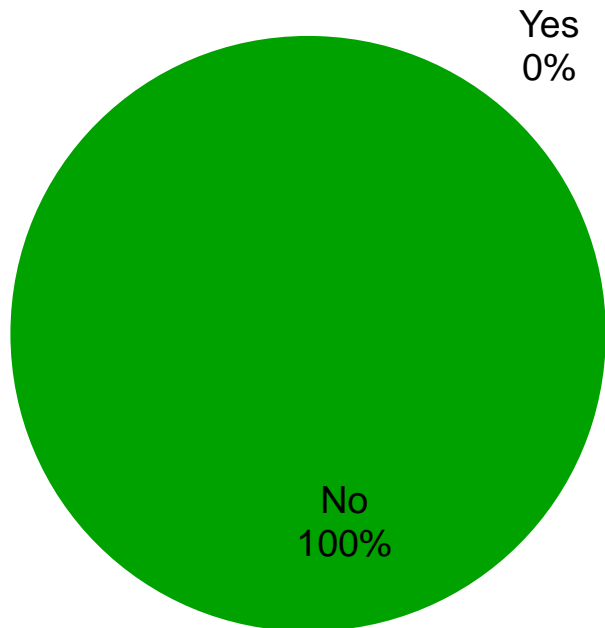


- Periodic meeting

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Have you engaged outside experts to assist in the risk assessment?

None of the companies surveyed felt the need to engage outside experts. This may point toward inability to quantify risk and find appropriate vehicles to help.



Please state the aspects of risk assessment that they cover

