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CFO Views

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CFO Views on the Importance and Execution of the Finance Function



Executive Summary

This paper discusses the views and attitudes of Corporate CFOs about the finance function. The major findings are:

The Value of the Finance Function

- The finance function contributes approximately 11% to the value of the firm
- The finance function contributes most value in high growth and in non-investment grade companies
- CFOs see the lack of managerial resources as being the single greatest constraint on growth with the ability to raise external funds as the least limiting factor

The Relative Importance of Individual Functions

- Overall, CFOs believe that most finance functions:
 - Create value
 - Are performing satisfactorily
 - Require the same or slightly more resources
- There is generally a positive correlation between satisfaction and value creation. Specific finance activities that are both important and well executed include:
 - *Bank relationships*
 - *Debt issuance and management*
 - *Capital structure*
 - *Investor relations*

whereas activities that are important but less well executed include:

- *Working capital management*
- Decision making tools and processes, i.e.,
 - *Making investment decisions*
 - *Merger, acquisition and disposal decisions*
 - *Financial planning and analysis*
 - *Management reporting/accounting*
- *Risk management*
- CFOs want additional resources devoted especially to those activities which they judge to be important but less well executed

Shareholder Composition & Market Valuation

- CFOs believe that it is desirable for the management team and employees to hold significant stakes in the business
- CFOs also believe that, a broadly diffused shareholder base and greater ownership by institutional investors is preferable to concentrated ownership by corporates, individuals, families or the government

- Both undervaluation and overvaluation of equity is common and often significant (over 20%)
- Firms routinely exploit such equity misvaluation by issuing or repurchasing equity, as expected, but also by using overvalued shares as an acquisition currency
- Overall, firms consider the Rating Agencies too harsh in their assessment of the credit risk of the firm, but usually consider credit spreads to be fair

Choosing Between Unpleasant Options

- Globally, CFOs rank undesirable outcomes in the following order (most to least painful):
 - Succumb to a hostile takeover
 - Sell assets at a discount to their fair value
 - Raise new equity
 - Borrow and allow credit rating to fall
 - Cut strategic investment
 - Sell assets at their fair value
 - Borrow up to the limit of the credit rating
 - Cut deferrable investment
 - Cut dividends
- In Europe and Asia, the willingness of firms to cut their dividends reduces their signalling power and hence investors are less likely to reward dividend increases with enhanced valuation
- In the US, cutting dividends is considered more painful which implies that dividends continue to have notable signalling effects
- The ordering of unpleasant corporate outcomes, and their mapping to credit rating changes, may offer managers and boards the ability to translate abstract risks and probabilities into likelihoods of tangible outcomes

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Introduction

This Paper

This paper provides a synopsis of the views and evaluations of corporate Chief Financial Officers (CFOs) in four main areas:

- **Overall Value of the Finance Function:** What is the contribution of the finance function to the value of the firm?
- **Relative Importance of Individual Functions:** Where are the opportunities for improvement in areas within the finance function?
- **Shareholder Composition & Market Valuation:** For whose benefit is the firm run? What is the ideal mix of shareholders? In the view of CFOs, how fairly does the market price their company's equity and debt? How have CFOs reacted to perceived mispricing?
- **Choosing Between Unpleasant Outcomes:** How do CFOs act when faced with a choice between various unpleasant options?

Global Survey of Corporate Financial Policies & Practices

The empirical evidence in this paper is drawn from a survey conducted during mid 2005 by Professor Henri Servaes of London Business School and Professor Peter Tufano of Harvard Business School. The project was originated and sponsored by Deutsche Bank AG with the Global Association of Risk Professionals (GARP) acting as secondary sponsor.

334 companies globally participated with responses distributed widely by geography and by industry. Further details of the sample can be found in the note "Survey Questions and Sample" which is available at www.dbbonds.com/lsg/reports.jsp.

Related Papers

In addition to this paper, five other papers drawing on the results of the survey include:

- Corporate Capital Structure
- Corporate Debt Structure
- Corporate Liquidity
- Corporate Dividend Policy
- Corporate Risk Management

All these papers are available at www.dbbonds.com/lsg/reports.jsp. The website also contains a streaming video of Professors Servaes and Tufano presenting an overview of the results at a Deutsche Bank hosted conference.

Notation and Typographical Conventions

The symbol \bar{x} denotes the mean of a dataset, while \tilde{x} denotes the median. N denotes the size of the dataset. All questions in the survey were optional and some questions were not asked directly, depending on the answers to previous questions. Therefore, the number of responses, N , to different questions varies and is shown for each question. Items in *italics* indicate that the term appeared as one of the answer options in the survey question. Items underlined indicate a reference to one of the other papers in this series. Due to rounding, the numbers in some figures may not add up to the 100% or the total shown.

Unless otherwise stated, all data in this document is drawn from the results of The Global Survey of Corporate Financial Policies and Practices.

Overall Value of the Finance Function

Theory

Classical finance theory, exemplified by the pioneering work of Modigliani and Miller¹, asserts that in the absence of imperfections or frictions (such as taxes, information asymmetries and financial distress costs) financial policies, such as capital structure, risk management or dividend policies, neither add nor destroy firm value. Over the past half century, academic work has considered how various imperfections make these financial policies value-relevant. Nevertheless, it is less obvious how much value these policies add to a firm, as it is not possible to strip out this contribution relative to the other elements of the corporation.

We would expect the value contribution made by these financial policies to be a result of the scope for possible contribution as well as the quality of the decision making and execution. In the simplest interpretation, the scope for value creation should be greatest in firms which face the most extreme imperfections yet have the greatest latitude for financial decision making. The quality of decision making can only be measured by the satisfaction with the choices made and executed.

Overall Results

In the survey, we asked CFOs two questions to gauge their assessment of the contribution of the finance activities to the firm. In the first, we asked "How much value, as a percentage of market capitalization, does the finance function add or subtract to your company?" The respondents were offered the following options:

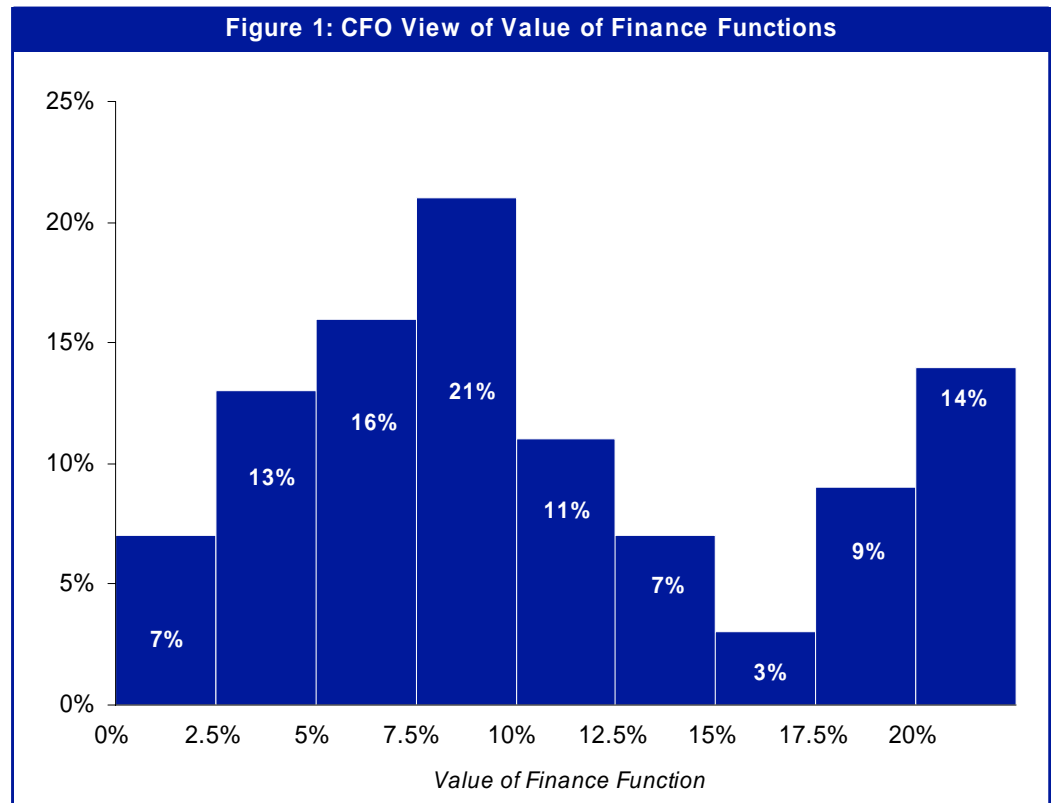
- Adds 0%–2.5%
- Adds 2.6%–5%
- Adds 5.1%–7.5%
- ...
- Adds 17.6%–20%
- Adds Over 20%

together with options for subtracting value.

The figure below shows the distribution of responses. Each bar represents the proportion of CFOs who chose that particular range, so the percentages sum to 100%. The percentages along the horizontal axis show the beginning and end of each range with the far right bar being "Over 20%".²

¹ Modigliani, F. and M. Miller, 1958, The Cost of Capital, Corporation Finance and the Theory of Investment, *American Economic Review* 48 (June 1958), 261-297.

² Similar figures in the remainder of this paper and series should be interpreted in the same manner.



Q2.4: "How much value, as a percentage of Market Capitalization, is the finance function judged to add or subtract?" N=199

Although the option of negative value was offered, all CFOs responded that the finance function added positive value, an unsurprising result. The mean value added is 10.8%³ with a median and mode of "7.6%–10%".



























We also asked CFOs to estimate how the Chief Executive Officer (CEO) of their firm might answer the same question. They felt that CEOs would have a slightly less favorable evaluation with a mean of 9.7% of firm value and 2% of CEOs judging that the finance function actually subtracts value.

³ The midpoint of each range was taken in the computation of the mean. 21.25% was used for observations in the 20%+ category.

Segmental Results

In the following figure we segment⁴ the results of the CFO's view of the overall finance function by listing, rating category, industry and region.⁵

Figure 2: CFO View of Value of Finance Function - Segmental Breakdown

Industry	\bar{x}	\bar{x}	\tilde{x}	N
All		11%	9%	199
Listing				
Listed		11%	9%	126
Unlisted		11%	9%	73
Rating Category				
Non-Investment Grade		13%	11%	23
Investment Grade		10%	9%	60
Industry				
Telecommunications		18%	23%	7
Consumer		13%	11%	36
Technology		13%	11%	14
Business Services		12%	11%	5
Transportation Services		11%	9%	13
Metals and Mining		11%	9%	7
Undisclosed & Other		10%	9%	17
Chemicals		10%	9%	11
Automobiles		9%	8%	6
Oil and Gas		9%	9%	8
Industrials & Materials		9%	9%	43
Health Care Pharmaceuticals		9%	6%	9
Media		9%	9%	8
Utilities		9%	9%	10
Region				
Australia & New Zealand		16%	19%	5
Asia excluding Japan		15%	14%	29
North America		11%	11%	22
Germany		10%	9%	39
Latin America		10%	9%	9
Western Europe ex. Germany		10%	9%	80
Japan		8%	6%	10

Q2.4: "How much value, as a percentage of Market Capitalization, is the finance function judged to add or subtract?"

The finance function adds nearly identical value to both listed and unlisted firms. There is a marked difference between firms with investment grade ratings and non-investment

⁴ Generally, we will not show segmental breakdowns in the main text but have provided such breakdowns in Appendix I.

⁵ The results for the industries *Consumer Finance* and *Diversified/Conglomerates* and for the regions *Eastern Europe*, *Middle East & Africa* and *Undisclosed* are omitted because the sub-sample size was less than five. See the introduction to Appendix I for more details.

grade ratings, probably because CFOs judge that it is harder to manage the finances of a non-investment grade firm and so there is greater opportunity for value creation.

CFOs in high growth industries such as telecommunications, technology and business services, indicate a higher than average valuation for the finance function, probably reflecting a belief by CFOs that their function adds more value in relatively fast changing environments. Consistent with this interpretation, we find a significant positive correlation between expected capital raising needs over the next five years and the CFO's estimate of the value of the finance function.

Additional Evidence

Overall, the results of Question 2.4 (above) show that CFOs judge that the finance function adds approximately 11% to the value of the firm. We might suspect that CFOs would overstate the value of the finance function so we also examine the results of Question 2.9, which shows that CFOs exhibit a balanced view of the finance function within the overall business. We asked respondents to rank the factors that limit their firms' ability to take on "substantial investment projects" on a six point scale, with 0 being "Not Limiting" and 5 being "Very Limiting".

In the figure below, the first column shows the four different factors that were listed in the survey. The columns labeled 0, 1, 2, 3, 4 and 5 show the proportion of respondents who chose that option. These percentages sum to 100% across a given row. The final three columns show the mean, median and number of datapoints.⁶

Figure 3: Factors Limiting Investment

	Not Limiting			Very Limiting			\bar{x}	\tilde{x}	N
	0	1	2	3	4	5			
Managerial Resources	20%	14%	15%	27%	22%	3%	2.3	3.0	235
Legal and regulatory requirements	23%	19%	20%	21%	13%	5%	2.0	2.0	232
Internal funds	32%	20%	13%	14%	18%	3%	1.8	1.0	230
Ability to raise external funds	38%	26%	13%	13%	10%	1%	1.3	1.0	230

Q2.9: "Which of the following factors have limited your ability to take on substantial investment projects?"

CFOs recognize that the scarcity of management skills, time and talent is often a more significant drag on business development than the inability to raise funds.

As expected, there were some differences in these results between subgroups. Both listed and unlisted firms rank the constraints similarly. However, the ability to raise internal and external funds was ranked as a much more severe impediment by firms with non-investment grade ratings⁷ compared to firms with investment grade ratings.

⁶ Similar figures in the rest of this paper should be interpreted in a similar manner.

⁷ Non-investment grade firms comprised a relatively small proportion of the sample with 25 non-investment grade companies answering this particular question. See Appendix I, Question 2.9 for more details.

Summary

- The finance function contributes approximately 11% to the value of the firm
- The finance function contributes most value in high growth and in non-investment grade companies
- CFOs see the lack of managerial resources as being the single greatest constraint on growth with the ability to raise external funds as the least limiting factor

Relative Importance of Individual Functions

Regardless of the CFO's overall view of the value of the finance function, it is interesting to investigate which individual functions are judged to be well executed and which are poorly executed. There is little theory in this area so we proceed directly to the results.

Overall Results

We asked CFOs to estimate how many hours per month they spent on various finance activities. Their responses indicate that they are busy people spending approximately 240 hours a month⁸ overseeing the various tasks that comprise the finance activities in their firm. The figure below shows how many hours per month CFOs spend on various tasks.

Figure 4: Time Dedicated to Different Finance Functions

	≤1h	1h-1d	2d-3d	4d-5d	>5d	\bar{x}	\tilde{x}	N
Management reporting/accounting	3%	20%	50%	21%	6%	20.8	20.0	215
Financial planning and analysis	3%	24%	45%	19%	9%	20.8	20.0	216
Investor relations	12%	24%	35%	20%	9%	19.0	20.0	190
Bank relationships	7%	33%	36%	10%	14%	18.2	20.0	221
Making investment decisions	10%	29%	42%	15%	3%	16.4	20.0	217
Merger, acquisition & disposal decisions	18%	29%	34%	16%	4%	15.3	20.0	202
External financial reporting/accounting	8%	39%	36%	16%	2%	15.2	20.0	212
Working capital management	13%	35%	35%	10%	7%	14.9	20.0	220
Risk management	7%	49%	26%	11%	7%	14.1	4.0	218
Cash management	25%	32%	24%	10%	9%	13.7	4.0	220
Debt issuance and management	22%	38%	23%	9%	7%	12.6	4.0	206
Tax management	13%	50%	31%	3%	2%	10.5	4.0	214
Regulatory compliance	20%	49%	19%	8%	3%	10.1	4.0	201
Internal audit	21%	53%	19%	5%	1%	8.3	4.0	206
Accounting policies	26%	49%	18%	5%	1%	8.0	4.0	212
Capital Structure	31%	49%	17%	2%	0%	6.5	4.0	207
Pension management	49%	41%	9%	1%	1%	4.5	4.0	175
Dividend & share buyback policy	55%	33%	11%	1%	1%	4.3	0.5	188
Equity Issuance	67%	24%	7%	2%	1%	3.5	0.5	166

Q2.7: "How much time do you spend on each of the following finance functions over the course of a month?" h = hours, d = days. \bar{x} and \tilde{x} are measured in hours

This description of how CFOs spend their time does not necessarily indicate those areas that contribute the most value to the firm, work the best, or need additional

⁸ Assuming an 8 hour day and taking the midpoint of each range. "≤1 hour" is assumed to be 0.5 hours while ">5 days" is assumed to be 5.5 days (44 hours).













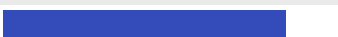



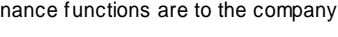
resources. Accordingly, we asked CFOs to rank the various finance sub-functions in three areas:

- Value
- Satisfaction
- Change in Resources Required

The rankings are shown in the figures below.

Value

Figure 5: Value of Different Finance Functions

Finance Function	\bar{x}	\bar{x}	\tilde{x}	N
Capital structure		3.3	4.0	238
Debt issuance and management		3.3	4.0	231
Working capital management		3.3	4.0	245
Bank relationships		3.3	4.0	244
Tax management		3.3	4.0	240
Making investment decisions		3.2	3.0	240
Financial planning and analysis		3.2	3.0	245
Risk management		3.2	3.0	245
Merger, acquisition and disposal decisions		3.2	3.0	227
Management reporting/accounting		3.2	3.0	241
Cash management		3.2	3.0	244
Investor relations		3.0	3.0	214
External financial reporting/accounting		2.9	3.0	239
Regulatory compliance		2.9	3.0	231
Accounting policies		2.8	3.0	240
Internal audit		2.7	3.0	230
Dividend & share buyback policy		2.6	3.0	214
Equity issuance		2.5	3.0	193
Pension management		2.4	2.0	197

Q2.5: "How valuable do you believe the following finance functions are to the company?"
Scale was Not Valuable (0) to Very Valuable (4).

The figure shows that CFO's view all finance functions as valuable. Of the top five, all of which had a median of 4.0, three relate to raising debt capital to support the firm:

- *Capital structure*
- *Debt issuance and management*
- *Bank relationships*

Two of these areas will be discussed in significant detail in our papers on Corporate Capital Structure and Corporate Debt Structure.

Satisfaction

In a similar vein, we show the ranking of finance functions in terms of satisfaction.

Figure 6: Satisfaction with Different Finance Functions

Finance Function	\bar{x}	\bar{x}	\tilde{x}	N
Bank relationships		1.3	1.0	231
Debt issuance and management		1.1	1.0	218
Investor relations		0.9	1.0	200
External financial reporting/accounting		0.9	1.0	227
Tax management		0.9	1.0	226
Capital structure		0.8	1.0	221
Cash management		0.8	1.0	231
Regulatory compliance		0.8	1.0	207
Management reporting/accounting		0.8	1.0	228
Risk management		0.8	1.0	232
Financial planning and analysis		0.7	1.0	231
Accounting policies		0.7	1.0	225
Dividend & share buyback policy		0.7	1.0	197
Equity issuance		0.7	1.0	178
Making investment decisions		0.6	1.0	223
Merger, acquisition and disposal decisions		0.5	1.0	212
Working capital management		0.5	1.0	228
Internal audit		0.5	1.0	218
Pension management		0.4	0.0	185

Q2.6: "How satisfied are you with the performance of the following finance function?"
Scale was as Very Dissatisfied (-2) to Very Satisfied (2).

In terms of satisfaction, CFOs indicate that they are broadly satisfied with all finance functions, with positive means and medians for all functions. There are, however, notable differences in the ordering of the CFO's view of value and satisfaction. This implies that there are areas where the CFO perceives possible value but is less satisfied with actual performance. These are areas of possible improvement.

Change in Resources Needed

Figure 7: Change in Resources Needed

Finance Function	\bar{x}	\bar{x}	\tilde{x}	N
Risk management		0.7	1.0	221
Working capital management		0.6	0.0	220
Financial planning and analysis		0.4	0.0	221
Making investment decisions		0.4	0.0	216
Tax management		0.4	0.0	216
Cash management		0.3	0.0	219
Merger, acquisition and disposal decisions		0.3	0.0	207
Investor relations		0.3	0.0	192
Management reporting/accounting		0.2	0.0	217
Capital structure		0.2	0.0	212
Internal audit		0.2	0.0	207
Debt issuance and management		0.2	0.0	207
Bank relationships		0.2	0.0	219
Pension management		0.1	0.0	176
Accounting policies		0.1	0.0	213
Dividend & share buyback policy		0.1	0.0	190
External financial reporting/accounting		0.1	0.0	213
Regulatory compliance		0.0	0.0	201
Equity issuance		0.0	0.0	171

Q2.8: "Do you think your company should be devoting more, less, or about the same resources to the following finance functions?" Scale w as Substantially Less (-2) to Substantially More (2).

Overall, these results indicate that CFOs would like more resources for all finance functions. However, *Risk management* clearly stands out as an area requiring the largest increase in resources and our paper on [Corporate Risk Management](#) explores this area in more detail. In addition, the working capital function is identified as another function that needs additional resources, consistent with the judgment that it was a high-value but low satisfaction activity.

Relationship between Value and Satisfaction

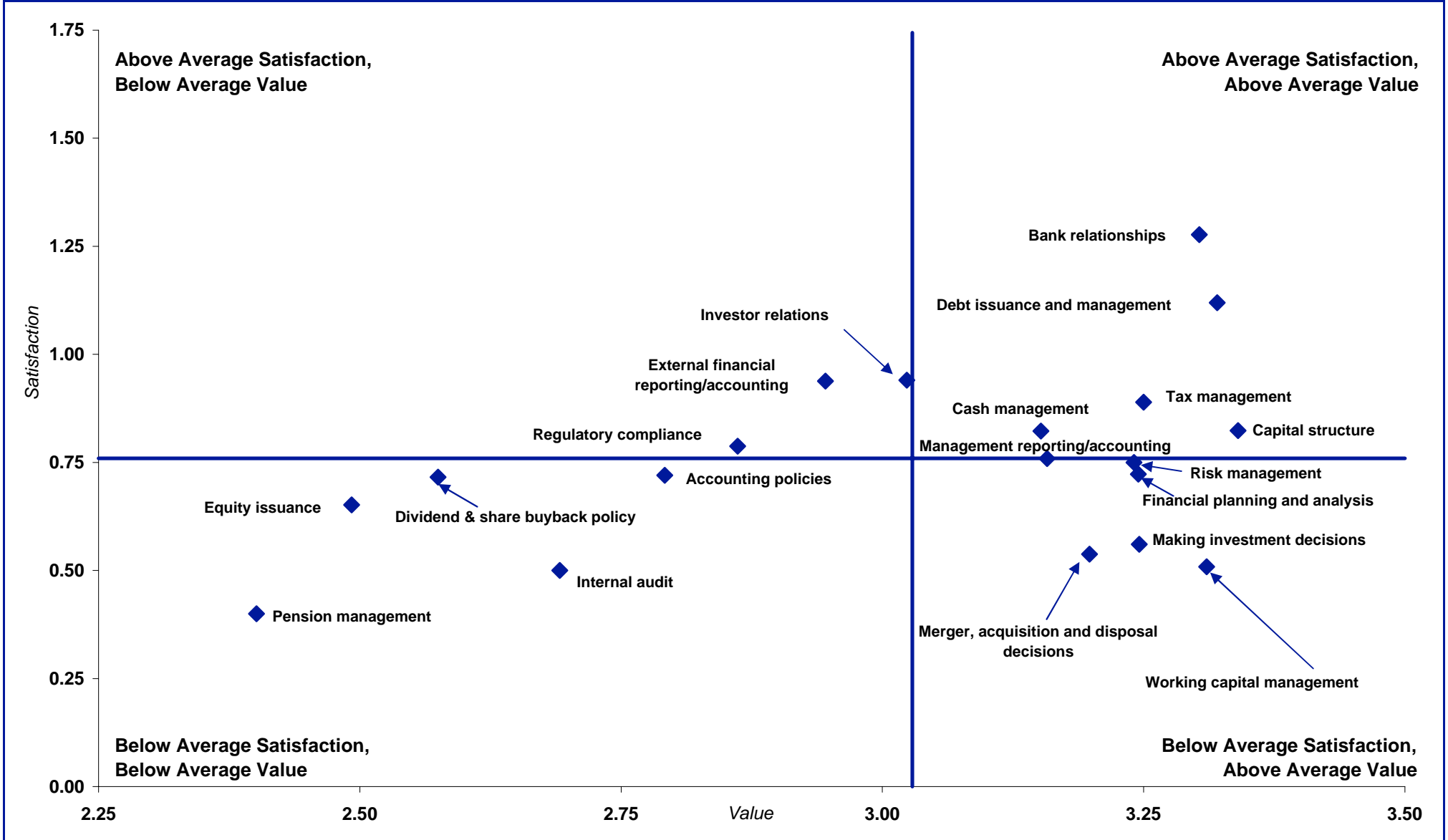
Although the analysis of which functions rank relatively higher or lower than others shows some interesting results, when we cross tabulate the results of each question against one another more valuable insights emerge.

Figure 8 plots the mean level of value against the levels of satisfaction for each of the functions. The horizontal and vertical lines represent the mean levels for each of these functions. The upper right quadrant represents functions that add more value and with which CFOs are more satisfied; it can be thought of as the best-performing segment of the finance functions. The bottom right quadrant represents functions with above average value potential, but below average satisfaction; these functions are ones that

have the most opportunity for improvement. The remaining two quadrants represent successful, but less valuable functions (top left), and less satisfactory and less important functions (bottom left.).

We would hope to see an upward sloping trend in the diagram, with higher satisfaction associated with higher value. Indeed, the results presented in Figure 8 do generally follow an upward sloping line, but the exceptions to this pattern provide opportunities for CFOs.

Figure 8: Satisfaction versus Value



Important and Satisfactory

Debt capital raising activities have value creating potential and satisfactory execution. They include:

- *Bank relationships*
- *Debt issuance and management*
- *Capital structure*

Investor relations, while slightly less valuable, also falls into this quadrant as do the *Cash management* and *Tax management* functions. CFOs have identified a large segment of the traditional treasury functions as being important and having satisfactory performance. Other papers in this series provide detailed survey results on many of these subjects.

Opportunities: Important but in Need of Improvement

Three classes of finance functions are considered to have above average value creation potential but below average satisfaction:

- *Working capital management*
- Decision making tools and processes, i.e.,
 - *Making investment decisions*
 - *Merger, acquisition and disposal decisions*
 - *Financial planning and analysis*
 - *Management reporting/accounting*
- *Risk management*

We cannot know directly why these functions are considered less than optimal but we can use data from other parts of the survey, as well as other research and anecdotes to suggest some possibilities.

The importance and dissatisfaction with *Working capital management* was a surprise, given its lack of attention in finance and management education programs and, until recently, by financial services firms. Its importance to CFOs probably reflects an appreciation for the cash flow implications of a well-run working capital function and the timely information that can be gained through an appreciation of the speed with which your customers pay and how long your suppliers are willing to wait to be paid.

The fact that decision making tools and processes are important, but not as satisfying reflects a drive by firms to make better decisions and a recognition of the possible value destruction caused by, for example, reckless acquisitions. The CFO also spends an above average amount of time on these areas (see Figure 4) indicating both their importance but also the need to develop efficient decision making processes.

Our paper on Corporate Risk Management will provide some insights into why this function might be less satisfying than others and identifies possible areas for improvement.

The “Less Important” Quadrants

The accounting and compliance functions (*External financial reporting/accounting*, *Regulatory compliance*, and *Accounting policies*) all score as adding less value, but

having satisfaction levels about equal to or slightly above other functions. Our interpretation is that these are essential functions, but not ones where a firm can stand out.

Equity functions (*Dividend & share buyback policy* as well as *Equity issuance*) are judged to add considerably less value, and have slightly below average levels of satisfaction. Their relatively low scores may reflect the episodic nature of equity issuances and repurchases, especially for certain types of firms.

The surprises in these quadrants are the two functions with the lowest satisfaction and with low value-added as judged by CFOs: *Internal audit* and *Pension management*. The low value-added scores may reflect a perception that neither function is one that adds value to the firm, although if mismanaged can severely destroy value. The low satisfaction likely reflects the CFO's assessment of the costs of failing to spot internal fraud and their fear of a looming pension crisis.

In addition to comparing the mean satisfaction with mean value, as in Figure 8, we calculate the correlation between value and satisfaction across the dataset. That is, we examine whether the CFOs who report that a function is valuable are more or less likely to find that function satisfactory. Overall, there is a positive correlation between value and satisfaction for all but four of the functions.⁹ *Debt issuance and management* shows the strongest correlation, consistent with its position in the top right hand corner of Figure 8. Strong correlations are also seen for:

- *Cash management*
- *Dividend & share buyback policy*
- *Management reporting & accounting*

Relationship between Resources and Satisfaction

If we look at the six “opportunities” activities (*Risk management*, *Working capital management* and the decision making functions), it is no surprise that they collectively rank high on CFO's lists of functions that could benefit from additional resources. Indeed, Figure 7 shows that the top three functions slated for additional resources are *Risk management*, *Working capital management* and *Financial planning and analysis*, all of which have high value potential but average or lower satisfaction. See our paper [Corporate Risk Management](#) for a discussion of the resources that firms currently allocate to this area.

⁹ *Internal audit*, *External finance reporting/accounting*, *Accounting policies* and *Financial planning and analysis* show negative but statistically insignificant correlation.

Summary

- Overall, CFOs believe that most finance functions:
 - Create value
 - Are performing satisfactorily
 - Require the same or slightly more resources
- There is generally a positive correlation between satisfaction and value creation. Specific finance activities that are both important and well executed include:
 - *Bank relationships*
 - *Debt issuance and management*
 - *Capital structure*
 - *Investor relations*whereas activities that are important but less well executed include:
 - *Working capital management*
 - Decision making tools and processes, i.e.,
 - *Making investment decisions*
 - *Merger, acquisition and disposal decisions*
 - *Financial planning and analysis*
 - *Management reporting/accounting*
 - *Risk management*
- CFOs want additional resources devoted especially to those activities which they judge to be important but less well executed

Shareholder Composition & Market Valuation

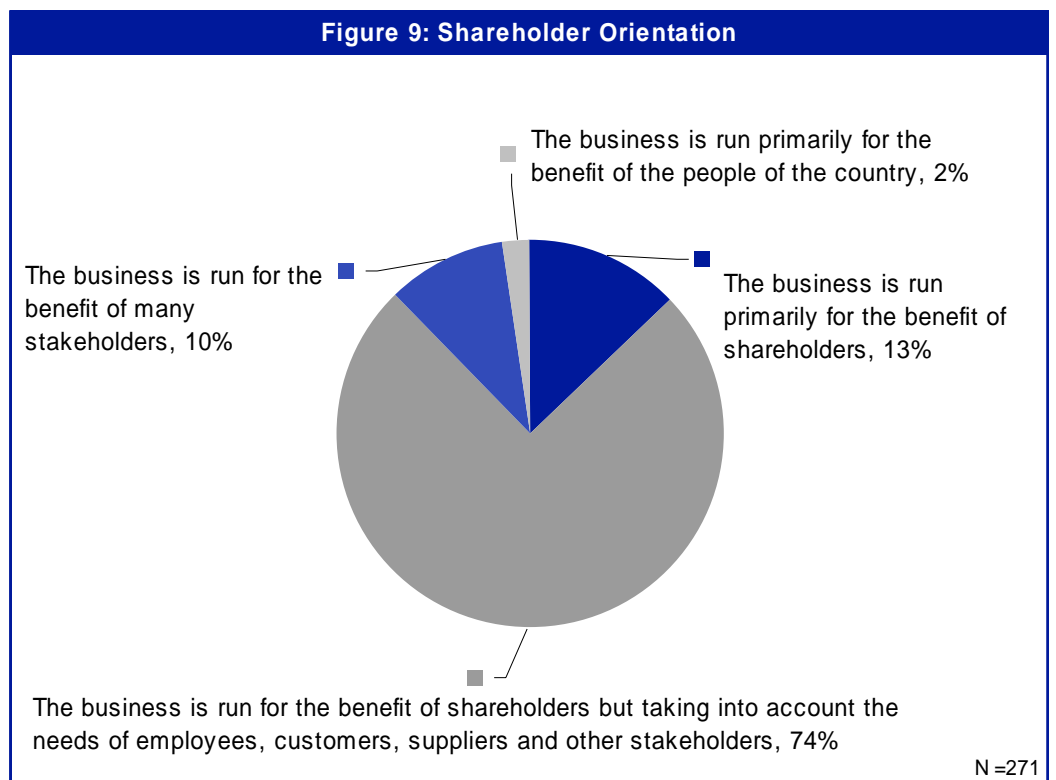
Theory

Academic finance theory often argues that managers should seek to maximize shareholder value exclusively and that the needs of other stakeholders are only relevant to the extent that they ultimately affect shareholders. There is an extensive literature addressing possible agency costs¹⁰ but it does not focus on the needs of employees or other stakeholders.

Regarding valuation, efficient markets theories hold that markets evaluate all publicly available information to arrive at a noisy, but unbiased estimate of firm value. An emerging literature on behavioral corporate finance suggests that corporate managers do not believe that markets are efficient, and take actions to exploit perceived inefficiencies.

Corporate Orientation

The companies in our sample span the globe and, understandably, have different orientations towards governance. In question 2.2, we asked CFOs to identify for whose benefit the business is run.



Q2.2: "Which of the following statements best describes your business philosophy?"

The results suggest a full or partial shareholder orientation for most companies although it is clear that CFOs are concerned about the impact of their actions on the wider stakeholders. One explanation for CFOs mixed orientation could be due to their genuine

¹⁰ Costs arising when the managers of a firm (the agents) take decisions in their own best interests rather than in the best interest of the shareholders (the principals).

interest in the various stakeholders of the firm. Alternatively, they might perceive that various stakeholders—like employees, governments, or lenders—can have an indirect influence on shareholders.

Shareholder Composition

We asked CFOs to identify the breakdown of the types of shareholders owning their shares. The results are shown in Appendix I, Q2.14.

In addition, and perhaps more interestingly, we asked them to imagine that they could change their shareholder mix to achieve an “ideal” shareholder base. There is much talk about the role of informed, long-term investors versus broadly diffused (and short-term) investors, and we sought to understand if CFOs held strong views about what types of shareholders were more attractive.

Figure 10: Preferred Change in Shareholder Mix

	Lower	Same	Higher	N
Top management team & board	3%	52%	45%	157
Other employees	3%	54%	42%	145
Broadly diffused shareholder base	6%	53%	40%	161
Large institutional investors	9%	58%	33%	169
Domestic shareholders	10%	64%	26%	163
Large corporate holders	13%	70%	17%	163
Large family or private shareholders	19%	72%	9%	168
Government	12%	86%	2%	137

Q2.17: "If you could change the mix of shareholders, what would it be compared to your current mix?"

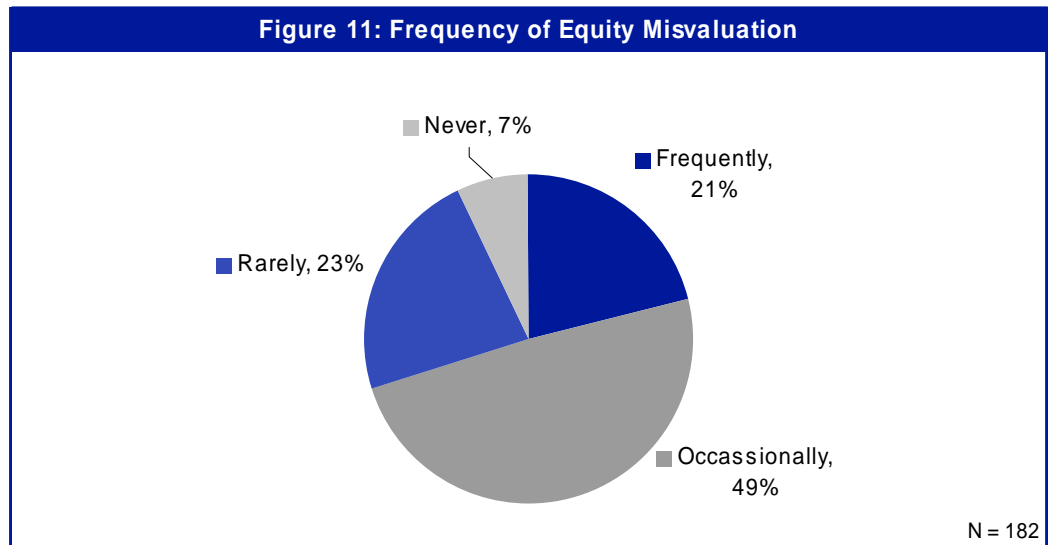
Broadly speaking, CFOs are pleased with their shareholder mix. The majority of CFOs indicate *Same* for each category. However, at the margin, CFOs would like to see top management teams, boards and other employees as larger shareholders in the firm. This might reflect managers' preference for greater personal wealth, greater alignment between management and shareholder interests, or reduced risk of a hostile takeover. More informatively, the next choice was to increase holdings by a *Broadly diffused shareholder base*. Conversely, the two groups that respondents wish had smaller ownership stakes¹¹ are *Large family or private stakeholders* and the *Government*.

Fairness of Valuation

Equity

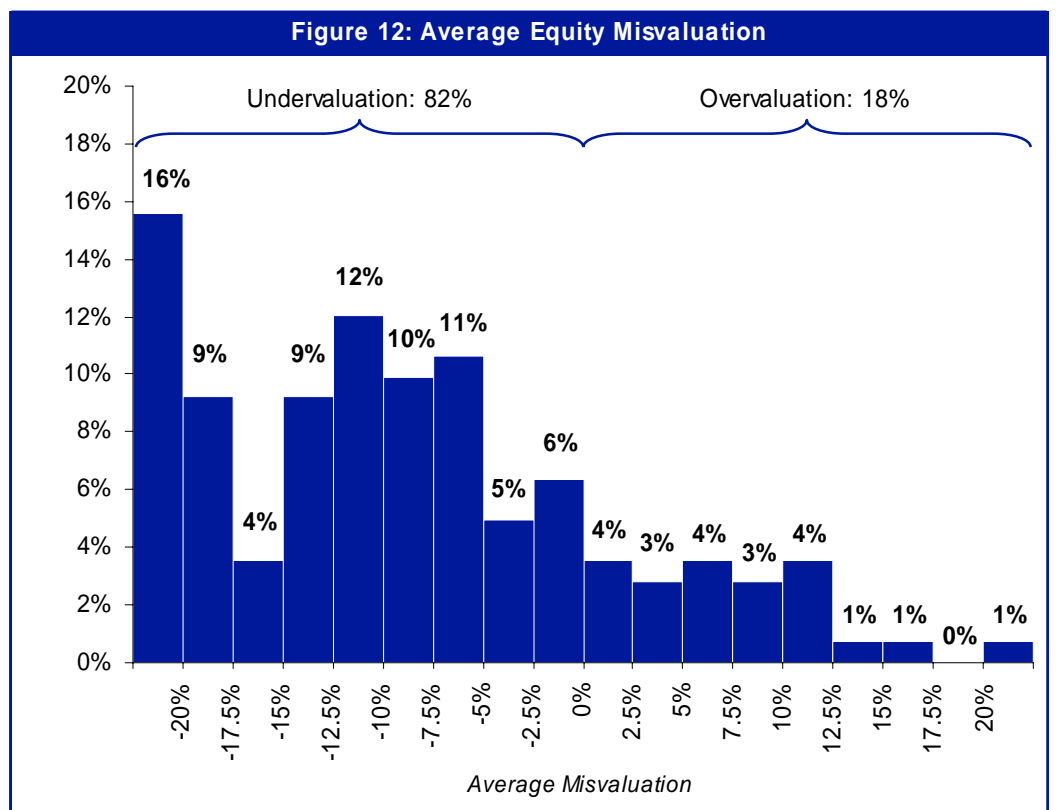
Given the survey respondent's keen interest in having more shares held by a *Broadly diffused shareholder base*, it is interesting to see how CFOs judged the ability of financial markets to value their shares. To gauge CFOs' opinions on how well markets worked, we asked about the frequency and extent of misvaluation, over the previous five years.

¹¹ We define shareholder categories which firms wish had “lower ownership stakes” as being those where the proportion of firms responding *Lower* is greater than the proportion responding *Higher*.



Q2.10: "Do you feel, on average, your company's equity is mis-valued by investors?"

70% of CFOs judged that, on average, their equity was misvalued frequently or occasionally. Among the 93% of firms whose equity was sometimes misvalued, we asked them to determine the average level of misvaluation over the prior five years. The figure below shows the frequency distribution of responses.



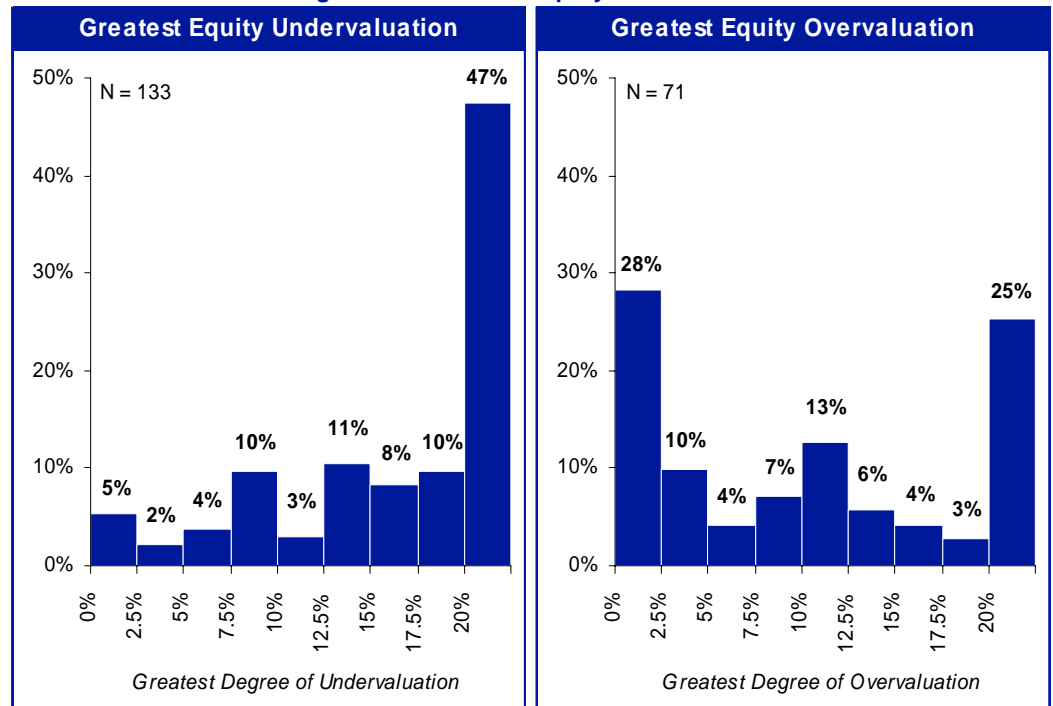
Q2.11: "What is the average degree of mis-valuation over the last 5 years?" N=141

Although 82% of those CFOs believed that their shares were undervalued, a significant 18% believed that their shares were overvalued, on average. This result is somewhat surprising and perhaps something that CFOs would only admit in an anonymous survey. We initially thought that the 18% of companies indicating an average overvaluation could have been impacted by the end of the dot com valuation era being included the

“last five years” period. However, further investigation showed that the overvaluation was more concentrated in industrials rather than in the technology or telecom sectors.

Because CFOs don't face “average” conditions on a day-to-day basis but are also faced with extremes, we asked CFOs to indicate the greatest degree of undervaluation over the last five years and, separately, the greatest degree of overvaluation over the last five years.

Figure 13: Greatest Equity Misvaluation



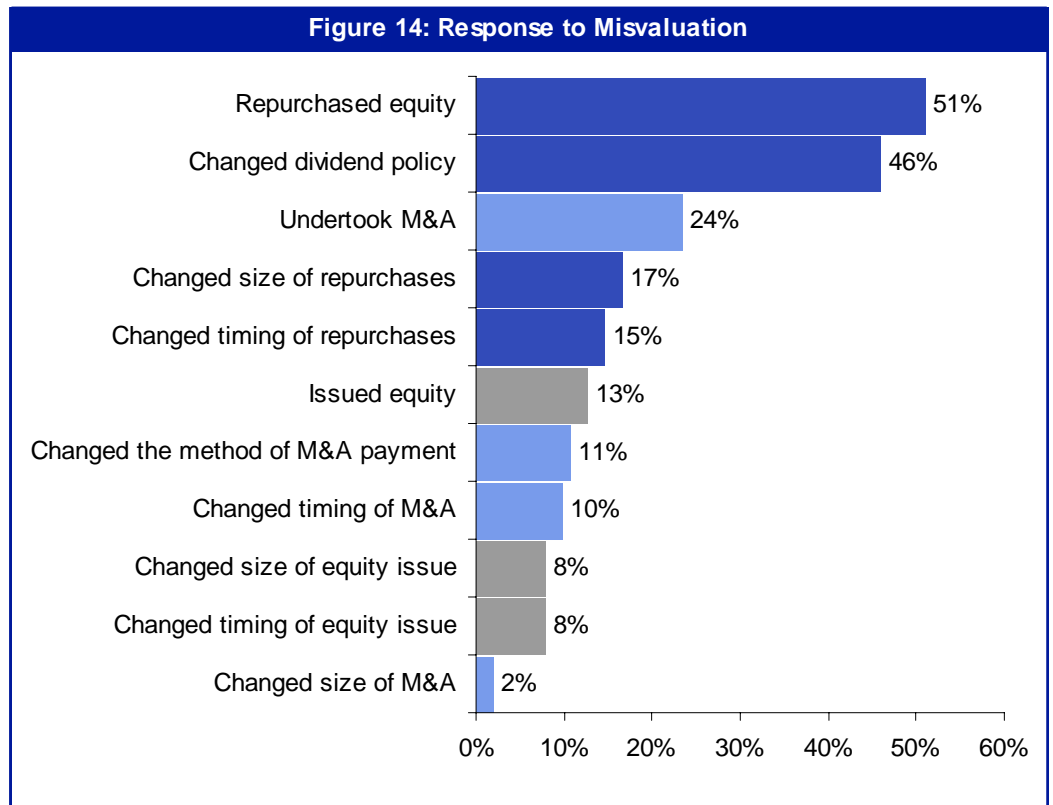
Q2.12: "What is the greatest degree of mis-valuation in the last 5 years?"

The greatest overvaluation is usually considered to be negligible (the 0%–2.5% range) or very significant (Over 20%). However, the greatest undervaluation is usually very significant (Over 20%) with little weight given to the negligible option.

Overall, CFOs think that equity prices are not infrequently wrong and are sometimes very wrong. Despite all of this misvaluation, by a margin of 6.7 to one,¹² CFOs would rather have more of their shares held by broadly diffused shareholders than have these shareholders hold less.

Perhaps one reason why misvaluation has a silver lining is that CFOs report that they take advantage of misvaluation in a variety of ways. Of the CFOs that indicated misvaluation, about 60% reported doing something to exploit that misvaluation. Figure 14 shows the actions that CFOs undertook. Note that CFOs could select more than one option so the figures do not add to 100%.

¹² 40% of firms wanted more *Broadly diffused shareholder* base while 6% wanted less, giving a ratio of 6.7:1. See Figure 11 for details.



Q2.13: "What (if anything) have you done to take advantage of this situation?" N = 102

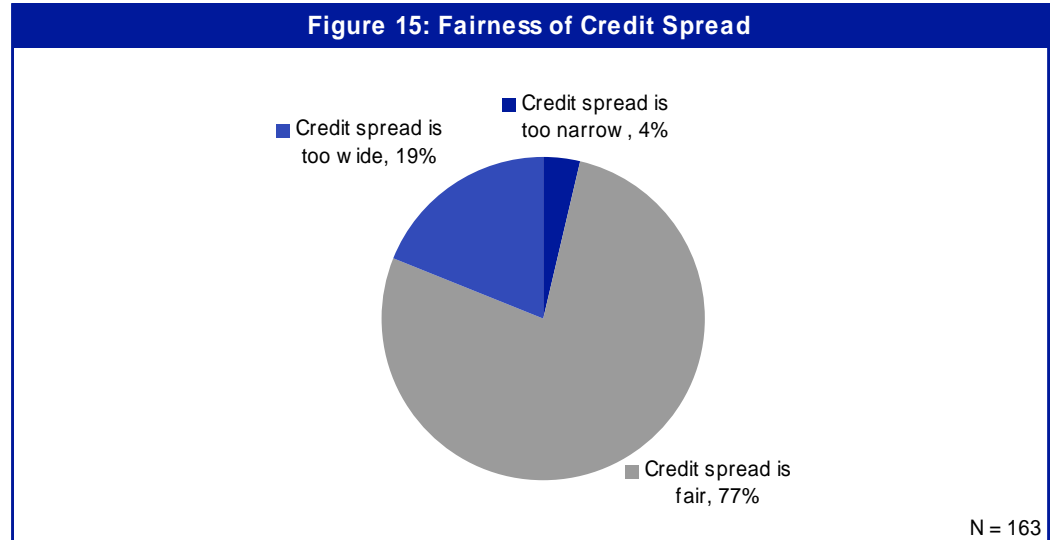
There are three types of activity that CFOs undertook to address misvaluation:

- Equity Repurchases and Dividend Increases** These activities seek to address undervaluation of the shares by returning cash to shareholders. Additionally, in the case of repurchases the number of shares outstanding would be decreased while in the case of dividends the payment would send a positive signal to the market about management's expectation of being able to sustain the payment. These were, as expected, the most common actions undertaken
- M&A Activity** There are two rationales for M&A activity to exploit misvaluation. To exploit overvaluation, the firm can undertake a merger or acquisition using its equity to pay for the target cheaply. To address undervaluation, the firm may consider purchasing or merging with a company in a sector that is considered more attractive in the hope of triggering a reassessment of the equity valuation by investors. This activity was more common than we had expected, probably reflecting the frequency with which M&A activity in general is undertaken and hence the ease with which it can be used to help exploit misvaluation
- Equity Issues** These are the opposite of equity repurchases. The firm issues new equity to capitalize on the overvaluation of the equity in the market

In general, this evidence suggests that CFOs admit to routinely trading their own equity against market misperceptions of firm value.

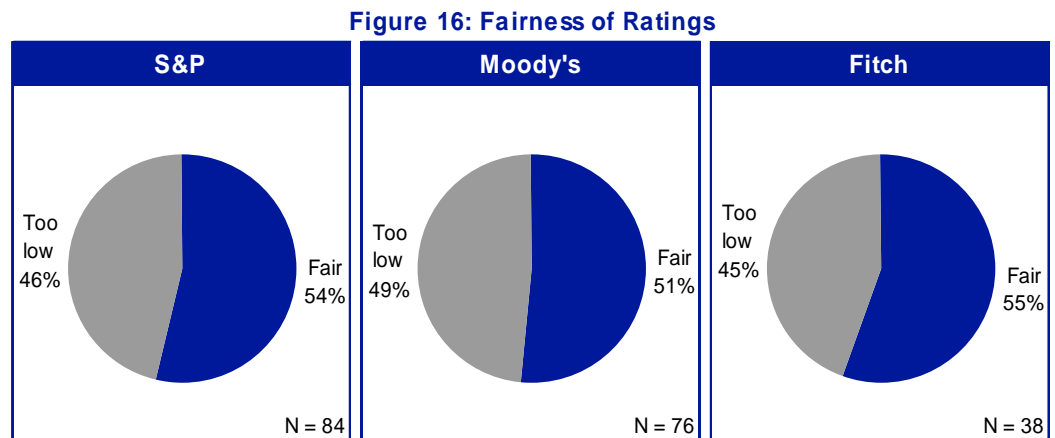
Debt

While CFOs judge that equity markets often misvalue their shares, they seem much more confident in the ability of debt markets to correctly price their debt.



Q:3.12 "Do you feel that the average credit spread currently paid on your debt is a fair reflection of the default risk that investors are incurring?"

More than three quarters of all firms judged that their credit spread was "fair". When mispricing occurred it tended to be that credit spreads were too wide. Importantly, CFOs differentiate their view of the fairness of the credit spread from the fairness of credit ratings, with a significantly lower portion of firms indicating that their rating is fair.



Q:3.13 "If you are rated, do you believe that your current long-term rating is fair?"

Interestingly, although an option of *The rating is too high* was included for each agency, not a single respondent chose it.

Summary

- CFOs believe that it is desirable for the management team and employees to hold significant stakes in the business
- CFOs also believe that a broadly diffused shareholder base and greater ownership by institutional investors is preferable to concentrated ownership by corporates, individuals, families or the government
- Both undervaluation and overvaluation of equity is common and often significant (over 20%)
- Firms routinely exploit such equity misvaluation by issuing or repurchasing equity, as expected, but also by using overvalued shares as an acquisition currency
- Overall, firms consider the Rating Agencies too harsh in their assessment of the credit risk of the firm, but usually consider credit spreads to be fair

Choosing Between Unpleasant Outcomes

Theory

Managing a firm sometimes involves making difficult decisions where all the options are unpleasant, such as choosing whether to cut the dividend or accept a credit rating downgrade. Some decisions are seen as worse than others, and firms would prefer to avoid these more so than others. Finance theory is often concerned with trading off various desirable and undesirable outcomes. Much theory discusses how the ordering of preferences drives financing structures, either in the form of a static trade off theory or a “pecking order” theory, which we discuss in our report [Corporate Capital Structure](#).

Overall Results

In this survey, we sought to understand how firms would judge the trade offs between certain financial and operational choices. In particular, we asked:

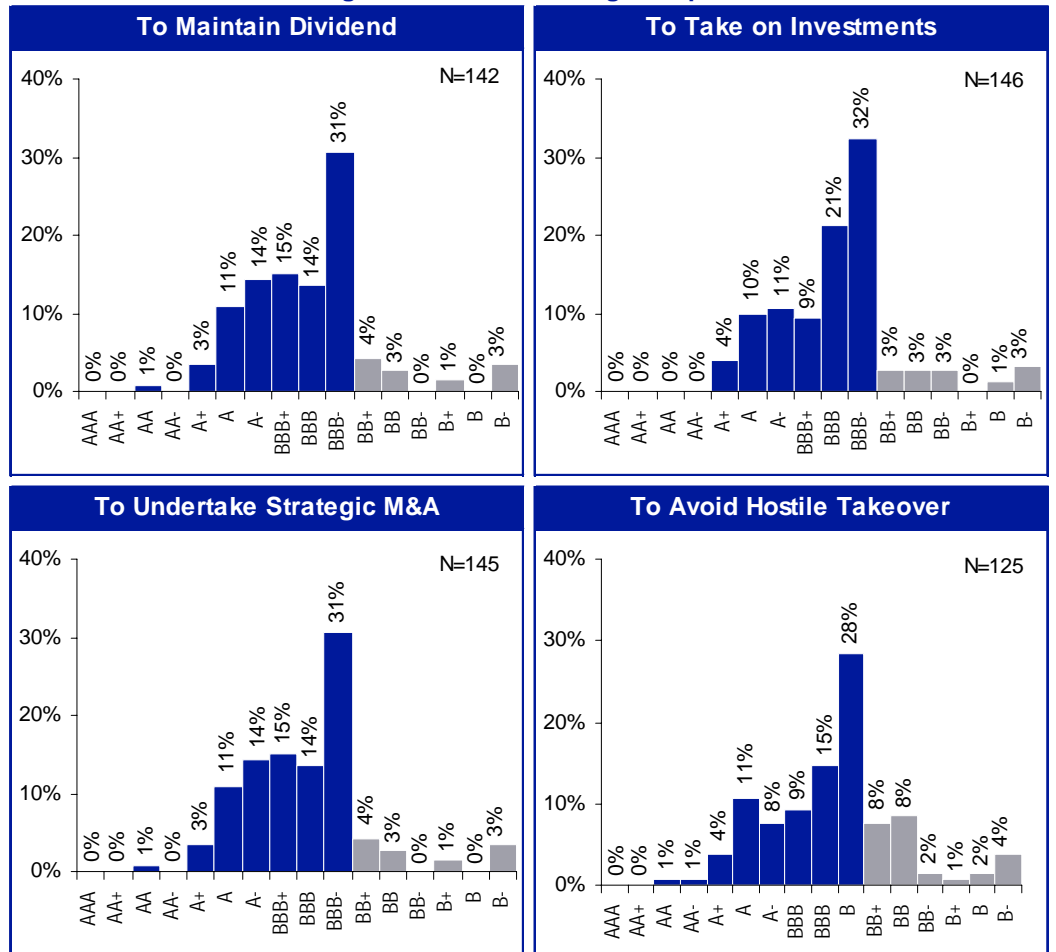
- What is the lowest debt rating you would be willing to tolerate in order to take certain actions?
- If your operating cash flows were weak and you had insufficient liquid resources to pay regular dividends at the most recent level, how likely would you be to take each of the following activities?

We calibrated these questions against common financial decisions that are perceived in business or in theory to signal financial weakness (lower credit rating or cutting of dividends). Together, these questions help us to calibrate the relative “pain” of various decisions. They paint a consistent picture of a sort of pecking order of unattractive decisions.

Rating Downgrades

In our [Corporate Capital Structure](#) paper, we report that rating considerations are important to many CFOs. We leverage the perceived importance of ratings to measure the relative unpleasantness of various outcomes. Figures 17 & 18 show the responses to the question of how many rating notch downgrades CFOs would voluntarily tolerate to avoid certain unpleasant outcomes. For consistency the Moody’s rating were translated onto the same scale as the S&P and Fitch ratings (AAA, AA+, AA, ..., B-) and ratings from different agencies were plotted separately. For example, a firm rated A- by S&P, Baa1 by Moody’s and Not Rated by Fitch would appear once in the A- column and once in the BBB+ column while contributing 2 to N. Similarly, a firm rated BBB/Baa2/BBB would appear three times in the BBB column and contribute 3 to N.

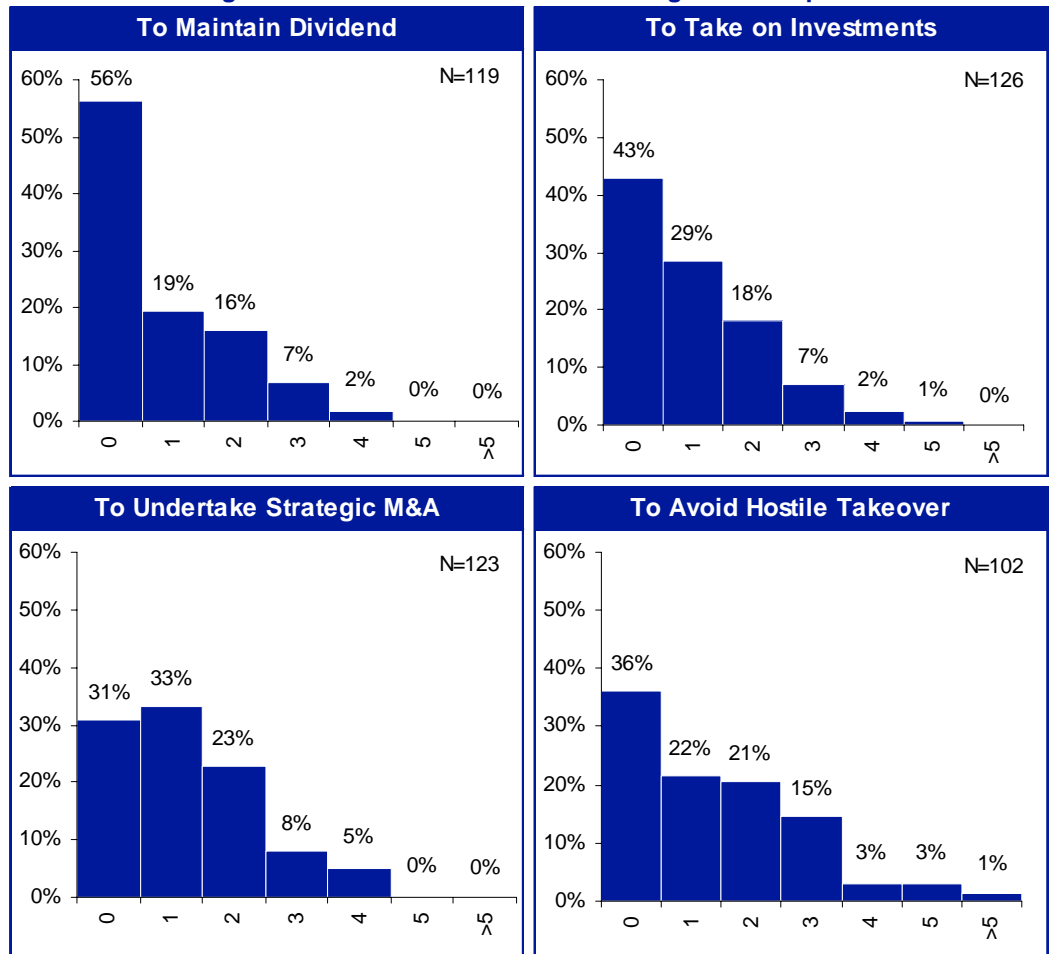
Figure 17: Lowest Rating Accepted



Q 3.7: "If you are rated, what is the lowest long-term rating you would be willing to tolerate in order to:

- Take on value-enhancing investment opportunities
- Engage in strategic merger and acquisition activities
- Maintain your current dividend policy
- Avoid a hostile takeover"

Figure 18: Number of Notches of Downgrade Accepted



Results are a comparison of Question 3.7 (see Figure 17) and Question 1.20 "If your company is rated, what are the ratings on your long term debt?"

By either measure, CFOs would “pay” considerably more in rating downgrades to avoid a hostile takeover than to maintain their dividend, take on a value-enhancing investments or undertake strategic M&A. In the extreme, 13% of firms admitted that they would give up their investment grade rating to avoid a hostile takeover bid¹³ but not a single firm would accept a transition from investment grade to non-investment grade for any other reason. This probably reflects the high value that CFOs place on fending off a hostile takeover, or more cynically, the use of a defensive tactic that makes the firm less attractive to a potential buyer. Unfortunately, such actions may not be shareholder value enhancing.

¹³ This is an additional result which cannot be inferred from the figures displayed.

Dividend Payments

In Figure 19, we use a different yardstick to establish the index of pain, asking CFOs how likely they would be to take certain actions to protect their current level of dividends, if they had insufficient resources to pay regular dividends. Their ordering of alternatives is shown below, from most to least acceptable.

Figure 19: Action if Unable to Maintain Dividends

	Never				Very Likely		\bar{x}	\tilde{x}	N
	0	1	2	3	4	5			
Cut dividends	9%	14%	17%	20%	22%	19%	2.9	3.0	162
Cut deferrable investment	10%	27%	15%	20%	17%	10%	2.4	2.0	157
Borrow up to the limit of the credit rating	26%	22%	11%	15%	20%	6%	2.0	2.0	159
Sell assets at their fair value	25%	31%	12%	16%	12%	2%	1.6	1.0	153
Cut strategic investment	29%	30%	18%	9%	11%	3%	1.5	1.0	157
Borrow and allow credit rating to fall	48%	26%	12%	10%	4%	0%	1.0	1.0	156
Raise new equity	48%	31%	8%	8%	5%	0%	0.9	1.0	153
Sell assets at a discount to their fair value	59%	23%	12%	4%	2%	0%	0.7	0.0	157

Q5.8: "Suppose that your operating cashflow s were weak and you had insufficient liquid resources to pay Regular Dividends at the most recent level. How likely would you be to take each of these actions?"

We were surprised by the relative willingness of CFOs to say they would cut their dividends rather than take relatively simple actions like borrowing up to the limit of the firm's credit rating, especially because academic research has long held that firms would be very reluctant to cut their level of dividends.¹⁴ It is important to note, however, that the results vary significantly by region. Higher numbers in Figure 20 represent a greater willingness to allow an action to occur.

¹⁴ See our paper on [Corporate Dividend Policy](#) for references.

Figure 20: Action if Unable to Maintain Dividends (Mean Values by Region)

	All	Asia ex. Japan	Germany	Japan	Latin America	North America	Western Europe ex. Germany
Cut dividends	2.9	3.2	3.5	2.1	3.0	2.2	2.8
Cut deferrable investment	2.4	2.5	1.9	2.3	2.0	3.8	2.3
Borrow up to the limit of the credit rating	2.0	1.8	1.6	1.6	2.6	3.2	2.0
Sell assets at their fair value	1.6	1.7	1.3	2.1	1.1	2.7	1.6
Cut strategic investment	1.5	1.7	1.2	1.8	0.4	2.5	1.5
Borrow and allow the credit rating to fall	1.0	1.1	0.7	1.0	0.8	1.8	0.8
Raise new equity	0.9	1.3	0.7	0.9	0.3	0.8	0.9
Sell assets at a discount to their fair value	0.7	0.8	0.4	1.2	0.4	1.2	0.5

Q5.8: "Suppose that your operating cashflows were weak and you had insufficient liquid resources to pay Regular Dividends at the most recent level. How likely would you be to take each of these actions?"


A more detailed breakdown of regional results can be found in Appendix I under Question 5.8

Notice that in North America, which forms the sample universe for much of the current academic research, protecting dividends is more important than for the overall sample. However, our survey results suggest that world-wide dividends may not be as sacrosanct as previous academic evidence would suggest. Possible implications of these results for dividend policy are contained in our paper [Corporate Dividend Policy](#).

The Pain Index

While results may differ by region, our results suggest an interesting application of the survey responses. Below, we consolidate the worldwide results of the ratings and dividend questions into a single list, with the most painful items at the top to create a "Pain Index":

Figure 21: Pain Index

	Action	Dividend Order	Ratings Order
Most Painful* 	Succumb to a hostile takeover		1
	Sell assets at a discount to their fair value	1	
	Raise new equity	2	
	Borrow and allow credit rating to fall	3	2
	Cut strategic investment	4	3 [†]
	Sell assets at their fair value	5	
	Borrow up to the limit of the credit rating	6	
	Cut deferrable investment	7	3 [†]
Least Painful	Cut dividends	8	4

* We can not determine whether a hostile takeover is more or less painful than selling assets at a discount

† The ratings order does not distinguish between strategic and deferrable investment

As a practical matter, it may be useful for firms to calibrate their own pain indices based on specific actions that they would prefer to protect or avoid. These indices can be useful to transform risk measures like Cash Flow at Risk into more managerially-relevant measures. For example, a Cash Flow at Risk analysis tells management probabilities that cash flows will fall below a certain level. By mapping cash flows to ratings, one could apply these probabilities to unpleasant outcomes. The ordering of these outcomes would be determined by the types of questions we ask here, and the mapping would relate observable firm traits (like cash flow) to ratings and in turn to managerial decisions. For example, if keyed off the notch downgrade index, a risk management scheme that answered "What is the probability of getting a certain rating?" would essentially provide insight into the likelihood of having to cut dividends, cut projects or sell assets.

Summary

- Globally, CFOs rank undesirable outcomes in the following order (most to least painful):
 - Succumb to a hostile takeover
 - Sell assets at a discount to their fair value
 - Raise new equity
 - Borrow and allow credit rating to fall
 - Cut strategic investment
 - Sell assets at their fair value
 - Borrow up to the limit of the credit rating
 - Cut deferrable investment
 - Cut dividends
- In Europe and Asia, the willingness of firms to cut their dividends reduces their signalling power and hence investors are less likely to reward dividend increases with enhanced valuation
- In the US, cutting dividends is considered more painful which implies that dividends continue to have notable signalling effects
- The ordering of unpleasant corporate outcomes, and their mapping to credit rating changes, may offer managers and boards the ability to translate abstract risks and probabilities into likelihoods of tangible outcomes

Appendices

Appendix I: Detailed Results

In this Appendix we present the results of the questions asked in the CFO section, plus other relevant questions and full segmental breakdowns.

As before, the symbol \bar{x} denotes the mean of a dataset, while \tilde{x} denotes the median. N denotes the size of the dataset. All questions in the survey were optional and some questions were not asked directly, depending on the answers to previous questions. Therefore, the number of responses, N , to different questions varies and is shown for each question.

This was an anonymous survey and to further protect the confidentiality of participants, results are shown on an aggregated basis and the statistics are only displayed if there are at least 5 datapoints in the sub-sample. Sub-samples without five datapoints are marked "<5" and the statistics are shown as "na".

2.1: Board Membership by Region, Ratings and Listing

Question: Are you a member of your company's Board of Directors?

Results of 2.1: Board Membership by Region, Ratings and Listing			
	Yes	No	N
All	34%	66%	278
Region			
Asia excluding Japan	24%	76%	38
Australia & New Zealand	0%	100%	6
Eastern Europe, Middle East & Africa	50%	50%	6
Germany	51%	49%	55
Japan	32%	68%	25
Latin America	30%	70%	10
North America	3%	97%	30
Western Europe excluding Germany	39%	61%	104
Undisclosed	na	na	<5
Ratings			
Investment Grade	28%	72%	88
Non-investment Grade	30%	70%	27
Not Rated	na	na	<5
Undisclosed	37%	63%	159
Listing			
Listed	31%	69%	179
Not Listed	41%	59%	95
Undisclosed	na	na	<5

2.1: Board Membership by Industry

Question: Are you a member of your company's Board of Directors?

Results of 2.1: Board Membership by Industry			
	Yes	No	N
All	34%	66%	278
Industry			
Automobiles	36%	64%	11
Business Services	40%	60%	5
Chemicals	28%	72%	18
Consumer	43%	57%	44
Consumer Finance	38%	63%	8
Diversified & Conglomerates	80%	20%	5
Health Care & Pharmaceuticals	0%	100%	12
Industrials and Materials	37%	63%	57
Media	27%	73%	11
Metals & Mining	38%	63%	8
Oil & Gas	27%	73%	11
Technology	30%	70%	20
Telecommunications	25%	75%	8
Transportation Services	26%	74%	19
Utilities	27%	73%	15
Undisclosed & Other	42%	58%	26

2.2: Business Philosophy by Region, Ratings and Listing

Question: Which of the following statements best describe your business philosophy?

Results of Question 2.2: Business Philosophy by Region, Ratings and Listing						
	Shareholders*	Shareholders & Others*	Stakeholders*	People of Country*	Other	N
All	13%	74%	10%	2%	0%	271
Region						
Asia excluding Japan	5%	76%	11%	8%	0%	37
Australia & New Zealand	0%	100%	0%	0%	0%	6
Eastern Europe, Middle East & Africa	0%	83%	17%	0%	0%	6
Germany	15%	80%	6%	0%	0%	54
Japan	4%	64%	16%	12%	4%	25
Latin America	10%	90%	0%	0%	0%	10
North America	21%	64%	14%	0%	0%	28
Western Europe excluding Germany	18%	73%	9%	0%	0%	101
Undisclosed	na	na	na	na	na	<5
Ratings						
Investment Grade	7%	76%	13%	4%	0%	83
Non-investment Grade	11%	63%	19%	7%	0%	27
Not Rated	na	na	na	na	na	<5
Undisclosed	17%	75%	8%	0%	1%	157
Listing						
Listed	11%	75%	11%	2%	1%	177
Not Listed	16%	72%	10%	2%	0%	92
Undisclosed	na	na	na	na	na	<5

* The exact wording of each option was:

- The business is run primarily for the benefit of shareholders
- The business is run for the benefit of shareholders but taking into account the needs of employees, customers, suppliers and other stakeholders
- The business is run for the benefit of many stakeholders
- The business is run primarily for the benefit of the people of the country

2.2: Business Philosophy by Industry

Question: Which of the following statements best describe your business philosophy?

Results of Question 2.2: Business Philosophy by Industry						
	Shareholders*	Shareholders & Others*	Stakeholders*	People of Country*	Other	N
All	13%	74%	10%	2%	0%	271
Industry						
Automobiles	9%	64%	18%	0%	9%	11
Business Services	33%	67%	0%	0%	0%	6
Chemicals	17%	67%	11%	6%	0%	18
Consumer	7%	84%	9%	0%	0%	43
Consumer Finance	13%	75%	13%	0%	0%	8
Diversified & Conglomerates	0%	100%	0%	0%	0%	5
Health Care & Pharmaceuticals	8%	83%	8%	0%	0%	12
Industrials and Materials	16%	71%	9%	4%	0%	55
Media	27%	73%	0%	0%	0%	11
Metals & Mining	13%	63%	25%	0%	0%	8
Oil & Gas	9%	73%	9%	9%	0%	11
Technology	16%	74%	11%	0%	0%	19
Telecommunications	13%	75%	13%	0%	0%	8
Transportation Services	5%	74%	16%	5%	0%	19
Utilities	7%	71%	14%	7%	0%	14
Undisclosed & Other	17%	74%	9%	0%	0%	23

* The exact wording of each option was:

The business is run primarily for the benefit of shareholders

The business is run for the benefit of shareholders but taking into account the needs of employees, customers, suppliers and other stakeholders

The business is run for the benefit of many stakeholders

The business is run primarily for the benefit of the people of the country

2.4: Value Contribution of the Finance Function

Question: How much value, as a percentage of Market Capitalization, is the finance function judged to add or subtract?

Results of Question 2.4: Value Contribution of the Finance Function												
Range offered	0% - 2.5%	2.6% - 5%	5.1% - 7.5%	7.6% - 10%	10.1% - 12.5%	12.6% - 15%	15.1% - 17.5%	17.6% - 20%	Over 20%			
<i>Midpoint used for mean & median</i>	1.25%	3.75%	6.25%	8.75%	11.25%	13.75%	16.30%	18.75%	22.50%	\bar{x}	\tilde{x}	<i>N</i>
CEO judges finance function adds	8%	19%	14%	21%	11%	8%	3%	4%	12%	10%	9%	185
CEO judges finance function subtracts	na	na	na	na	na	na	na	na	na	na	na	<5
CFO judges finance function adds	7%	13%	16%	21%	11%	7%	3%	9%	14%	11%	9%	199
CFO judges finance function subtracts	na	na	na	na	na	na	na	na	na	na	na	<5

2.4: Value Contribution of the Finance Function by Region

Question: How much value, as a percentage of Market Capitalization, is the finance function judged to add or subtract?

Results of Question 2.4: Value Contribution of the Finance Function by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N			
CEO judges finance function adds	10	9	185	13	11	29	15	14	5	na	na	<5	9	9	35	6	4	7	9	9	8	10	10	22	9	9	74	na	na	<5
CEO judges finance function subtracts	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5
CFO judges finance function adds	11	9	199	15	14	29	16	19	5	na	na	<5	10	9	39	8	6	10	10	9	9	11	11	22	10	9	80	na	na	<5
CFO judges finance function subtracts	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5

Means and Medians in Percent

2.4: Value Contribution of the Finance Function by Industry

Question: What net value do you perceive that the CEO and the CFO judge the finance function to add to your company?

Results of Question 2.4: Value Contribution of the Finance Function by Industry																																																						
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other					
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N															
CEO judges finance function adds	10	9	185	9	8	6	10	11	5	9	9	11	11	9	33	na	na	<5	na	na	<5	8	5	8	9	6	41	7	4	8	11	9	5	9	9	7	12	13	12	16	18	6	8	6	12	9	11	10	10	9	16			
CEO judges finance function subtracts	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5
CFO judges finance function adds	11	9	199	9	8	6	12	11	5	10	9	11	13	11	36	na	na	<5	na	na	<5	9	6	9	9	9	43	9	9	8	11	9	7	9	9	8	13	11	14	18	23	7	11	9	13	9	9	10	10	9	17			
CFO judges finance function subtracts	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5

Means and Medians in Percent

2.4: Value Contribution of the Finance Function by Rating and Listing

Question: How much value, as a percentage of Market Capitalization, is the finance function judged to add or subtract?

Results of Question 2.4: Value Contribution of the Finance Function by Rating and Listing																								
	Ratings									Listing														
	All			Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed		
	\bar{x}	\tilde{x}	<i>N</i>	\bar{x}	\tilde{x}	<i>N</i>	\bar{x}	\tilde{x}	<i>N</i>	\bar{x}	\tilde{x}	<i>N</i>	\bar{x}	\tilde{x}	<i>N</i>	\bar{x}	\tilde{x}	<i>N</i>	\bar{x}	\tilde{x}	<i>N</i>	\bar{x}	\tilde{x}	<i>N</i>
CEO judges finance function adds	10	9	185	9	9	58	12	11	19	na	na	<5	10	9	104	10	9	116	10	9	69	na	na	<5
CEO judges finance function subtracts	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5
CFO judges finance function adds	11	9	199	10	9	60	13	11	23	na	na	<5	11	9	112	11	9	126	11	9	73	na	na	<5
CFO judges finance function subtracts	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5

Means and Medians in Percent

2.5: Value Contribution of Specific Finance Functions

Question: How valuable do you believe the following finance functions are to the company?

Results of Question 2.5: Value Contribution of Specific Finance Functions									
	Not Valuable				Very Valuable		\bar{x}	\tilde{x}	N
	0	1	2	3	4				
Capital structure	1%	2%	13%	31%	53%	3.3	4.0	238	
Debt issuance and management	2%	4%	10%	29%	55%	3.3	4.0	231	
Equity issuance	7%	13%	28%	26%	25%	2.5	3.0	193	
Dividend & share buyback policy	9%	11%	21%	33%	27%	2.6	3.0	214	
Tax management	1%	3%	16%	30%	50%	3.3	4.0	240	
Risk management	0%	4%	15%	33%	47%	3.2	3.0	245	
Investor relations	4%	5%	16%	33%	42%	3.0	3.0	214	
Bank relationships	0%	3%	15%	29%	52%	3.3	4.0	244	
Pension management	6%	18%	26%	29%	21%	2.4	2.0	197	
Cash management	0%	6%	17%	32%	45%	3.2	3.0	244	
Working capital management	1%	4%	11%	33%	51%	3.3	4.0	245	
Making investment decisions	0%	3%	15%	35%	47%	3.2	3.0	240	
Merger, acquisition and disposal decisions	1%	6%	14%	30%	49%	3.2	3.0	227	
Internal audit	0%	10%	34%	31%	24%	2.7	3.0	230	
Management reporting/accounting	0%	4%	19%	36%	42%	3.2	3.0	241	
External financial reporting/accounting	1%	10%	20%	34%	36%	2.9	3.0	239	
Accounting policies	2%	8%	27%	38%	26%	2.8	3.0	240	
Financial planning and analysis	0%	4%	13%	37%	46%	3.2	3.0	245	
Regulatory compliance	1%	9%	26%	31%	33%	2.9	3.0	231	

2.5: Value Contribution of Specific Finance Functions by Region

Question: How valuable do you believe the following finance functions are to the company?

Results of Question 2.5: Value Contribution of Specific Finance Functions by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
	Capital structure	3.3	4.0	238	3.7	4.0	30	3.8	4.0	6	4.0	4.0	5	3.2	3.0	49	2.8	3.0	22	3.5	4.0	10	3.6	4.0	25	3.3	3.0	88	na	na
Debt issuance and management	3.3	4.0	231	3.5	4.0	30	3.7	4.0	6	na	na	<5	3.0	3.0	47	3.5	4.0	22	3.5	4.0	10	3.5	4.0	26	3.3	4.0	84	na	na	<5
Equity issuance	2.5	3.0	193	2.7	3.0	30	na	na	<5	na	na	<5	2.4	3.0	37	2.6	2.0	15	2.9	3.0	7	2.5	2.0	23	2.4	2.0	71	na	na	<5
Dividend & share buyback policy	2.6	3.0	214	2.9	3.0	32	na	na	<5	na	na	<5	2.4	3.0	38	2.7	3.0	19	2.5	3.0	10	3.2	3.0	26	2.3	3.0	79	na	na	<5
Tax management	3.3	4.0	240	3.5	4.0	31	3.8	4.0	6	3.2	3.0	5	3.2	4.0	51	2.8	3.0	18	3.3	4.0	9	3.5	4.0	26	3.2	3.0	91	na	na	<5
Risk management	3.2	3.0	245	3.8	4.0	31	3.7	4.0	6	3.4	3.0	5	3.1	3.0	50	2.6	3.0	24	3.4	3.0	10	3.3	3.5	26	3.2	3.0	90	na	na	<5
Investor relations	3.0	3.0	214	3.3	4.0	32	3.2	3.0	5	na	na	<5	3.1	3.5	36	2.6	3.0	22	2.8	3.0	10	3.3	3.0	26	2.9	3.0	77	na	na	<5
Bank relationships	3.3	4.0	244	3.5	4.0	31	3.0	3.0	6	3.0	3.0	5	3.1	3.5	48	3.6	4.0	24	3.2	3.0	10	3.1	3.0	26	3.3	4.0	91	na	na	<5
Pension management	2.4	2.0	197	2.4	2.0	27	1.8	2.0	5	na	na	<5	2.4	2.0	42	2.5	3.0	15	1.4	1.0	7	3.1	3.0	23	2.3	2.0	72	na	na	<5
Cash management	3.2	3.0	244	3.6	4.0	31	2.8	2.5	6	2.8	3.0	5	3.1	3.0	51	3.5	4.0	22	3.0	3.0	9	2.8	3.0	26	3.1	3.0	91	na	na	<5
Working capital management	3.3	4.0	245	3.7	4.0	31	2.5	2.5	6	3.2	3.0	5	3.3	4.0	50	3.5	4.0	23	3.1	3.0	10	3.3	3.0	26	3.2	3.0	91	na	na	<5
Making investment decisions	3.2	3.0	240	3.7	4.0	31	3.7	4.0	6	3.2	4.0	5	3.2	3.0	50	2.7	2.0	21	3.4	4.0	10	3.0	3.0	25	3.3	3.0	89	na	na	<5
Merger, acquisition and disposal decisions	3.2	3.0	227	3.3	4.0	31	3.7	4.0	6	na	na	<5	3.2	4.0	45	2.5	3.0	20	3.4	3.5	10	3.6	4.0	26	3.1	3.0	83	na	na	<5
Internal audit	2.7	3.0	230	3.4	4.0	32	2.7	2.5	6	3.0	3.0	5	2.2	2.0	48	2.0	2.0	13	2.8	3.0	9	3.1	3.0	25	2.6	2.0	89	na	na	<5
Management reporting/accounting	3.2	3.0	241	3.5	4.0	31	2.8	3.0	6	3.0	3.0	5	3.2	3.0	51	2.5	2.0	19	3.0	3.0	10	3.3	4.0	26	3.1	3.0	90	na	na	<5
External financial reporting/accounting	2.9	3.0	239	3.5	4.0	31	2.5	2.5	6	2.6	3.0	5	2.8	3.0	51	2.3	2.0	18	3.3	3.0	10	3.5	4.0	26	2.8	3.0	89	na	na	<5
Accounting policies	2.8	3.0	240	3.5	4.0	31	2.5	2.5	6	2.2	2.0	5	2.4	3.0	50	2.4	2.5	18	3.1	3.0	10	3.3	3.5	26	2.7	3.0	91	na	na	<5
Financial planning and analysis	3.2	3.0	245	3.7	4.0	31	3.0	3.0	6	3.4	3.0	5	3.0	3.0	50	2.9	3.0	22	3.2	3.5	10	3.5	4.0	26	3.2	3.0	92	na	na	<5
Regulatory compliance	2.9	3.0	231	3.5	4.0	32	2.6	2.0	5	3.0	3.0	5	2.5	2.0	47	2.2	2.0	18	3.2	3.5	10	3.4	4.0	25	2.8	3.0	86	na	na	<5

2.5: Value Contribution of Specific Finance Functions by Industry

Question: How valuable do you believe the following finance functions are to the company?

Results of Question 2.5: Value Contribution of Specific Finance Functions by Industry																																																			
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
Capital structure	3.3	4.0	238	3.6	4.0	8	3.2	3.0	5	3.2	3.0	17	3.2	3.0	41	3.3	4.0	6	na	na	<5	3.1	3.0	10	3.3	4.0	49	3.3	3.0	10	3.6	4.0	7	3.6	4.0	10	3.4	3.0	13	3.4	3.5	8	3.2	3.0	17	3.5	4.0	11	3.6	4.0	22
Debt issuance and management	3.3	4.0	231	3.8	4.0	8	3.0	3.0	5	3.2	3.0	16	3.3	3.0	39	3.7	4.0	7	na	na	<5	3.4	3.5	10	3.3	3.5	48	2.8	2.0	9	3.3	4.0	7	3.7	4.0	10	3.4	4.0	13	3.7	4.0	7	3.1	4.0	17	3.7	4.0	12	3.2	4.0	19
Equity issuance	2.5	3.0	193	3.2	3.0	5	na	na	<5	2.4	2.5	12	2.5	3.0	34	2.6	3.0	5	na	na	<5	2.0	2.0	9	2.2	2.0	42	2.6	3.0	5	2.8	3.0	6	2.7	2.5	6	3.2	3.0	11	3.4	4.0	7	2.4	2.5	14	2.1	2.0	11	2.5	2.5	18
Dividend & share buyback policy	2.6	3.0	214	2.8	3.0	8	na	na	<5	2.5	2.5	14	2.4	3.0	35	na	na	<5	na	na	<5	2.7	2.5	10	2.2	2.0	44	3.3	3.0	8	3.2	4.0	6	3.0	3.0	10	2.9	3.0	12	3.3	3.0	8	2.3	3.0	16	2.9	3.0	11	2.7	3.0	20
Tax management	3.3	4.0	240	3.7	4.0	10	3.4	4.0	5	3.2	3.0	17	3.0	3.0	41	na	na	<5	na	na	<5	3.7	4.0	11	3.1	3.0	52	3.0	3.0	10	3.6	4.0	7	3.3	4.0	9	3.3	3.0	13	3.1	3.0	7	3.4	4.0	15	3.3	4.0	12	3.4	4.0	23
Risk management	3.2	3.0	245	3.3	3.5	10	3.4	3.0	5	3.2	3.0	17	3.0	3.0	42	3.4	4.0	7	na	na	<5	3.1	3.0	11	3.3	3.0	51	2.5	2.5	10	2.9	3.0	7	3.4	3.5	10	3.4	3.0	12	3.0	3.0	8	3.8	4.0	16	3.4	4.0	12	3.3	4.0	23
Investor relations	3.0	3.0	214	2.8	3.0	6	3.8	4.0	5	3.2	3.0	13	2.7	3.0	35	3.2	3.0	6	na	na	<5	3.5	4.0	11	2.7	3.0	44	3.0	4.0	7	2.8	3.0	6	3.4	4.0	10	3.3	3.5	12	3.4	3.5	8	2.9	3.0	16	3.4	3.0	12	3.0	3.0	19
Bank relationships	3.3	4.0	244	3.7	4.0	9	2.8	3.0	5	3.5	4.0	17	3.1	3.0	42	4.0	4.0	7	na	na	<5	3.0	3.0	11	3.6	4.0	52	2.8	2.5	10	3.7	4.0	7	3.3	4.0	10	3.4	3.5	12	3.3	4.0	8	3.0	4.0	16	2.9	3.0	12	3.2	3.0	23
Pension management	2.4	2.0	197	3.3	3.0	8	1.8	2.0	5	2.9	3.0	13	2.1	2.0	29	na	na	<5	na	na	<5	2.6	2.5	8	2.5	3.0	46	2.1	2.0	8	1.6	2.0	7	2.5	2.5	8	2.7	3.0	12	3.0	3.0	5	2.5	2.0	13	2.1	2.5	12	2.2	2.0	19
Cash management	3.2	3.0	244	3.5	4.0	10	3.4	4.0	5	2.9	3.0	17	3.1	3.0	42	3.9	4.0	7	na	na	<5	2.8	3.0	11	3.3	4.0	52	2.6	2.5	10	3.2	3.0	6	2.9	3.0	10	3.2	4.0	13	3.4	4.0	8	3.3	4.0	16	2.4	2.5	10	3.3	3.0	23
Working capital management	3.3	4.0	245	3.8	4.0	10	3.6	4.0	5	3.2	3.0	17	3.3	3.5	42	3.7	4.0	7	na	na	<5	2.9	3.0	11	3.5	4.0	52	2.8	3.0	9	3.4	3.0	7	3.0	3.0	10	3.5	4.0	13	3.4	4.0	8	3.3	3.0	16	2.2	3.0	11	3.2	4.0	23
Making investment decisions	3.2	3.0	240	3.3	4.0	10	3.4	4.0	5	3.3	3.0	17	3.3	4.0	41	2.4	2.0	5	na	na	<5	2.3	2.0	10	3.2	3.0	52	3.2	3.0	10	3.1	3.0	7	3.8	4.0	10	3.3	3.0	13	3.5	4.0	8	3.5	4.0	17	3.1	3.0	11	3.4	4.0	20
Merger, acquisition and disposal decisions	3.2	3.0	227	3.3	4.0	9	3.6	4.0	5	3.3	3.5	16	3.2	4.0	38	na	na	<5	na	na	<5	3.4	3.0	11	3.0	3.0	49	3.5	4.0	10	3.3	4.0	7	3.2	3.0	9	3.2	3.5	12	3.9	4.0	8	3.1	3.0	17	3.2	3.0	11	3.3	3.5	18
Internal audit	2.7	3.0	230	2.9	3.0	8	2.6	3.0	5	2.7	3.0	17	2.6	3.0	40	na	na	<5	na	na	<5	2.9	3.0	11	2.7	3.0	50	2.3	2.0	9	2.5	2.0	6	2.6	3.0	9	2.7	3.0	13	3.2	3.0	6	3.0	3.0	17	2.2	2.0	10	2.5	2.5	22
Management reporting/accounting	3.2	3.0	241	3.2	3.0	10	3.0	3.0	5	3.6	4.0	17	3.0	3.0	41	na	na	<5	na	na	<5	3.1	3.0	11	3.2	3.0	51	2.9	3.0	10	3.3	3.0	7	3.3	3.0	10	3.3	3.0	13	3.6	4.0	7	3.3	3.5	16	2.7	3.0	12	3.0	3.0	23
External financial reporting/accounting	2.9	3.0	239	2.6	3.0	10	3.4	3.0	5	3.1	3.0	16	2.5	3.0	39	na	na	<5	na	na	<5	3.4	4.0	11	2.9	3.0	53	2.9	3.0	10	2.7	3.0	7	3.2	3.0	9	3.5	4.0	13	3.4	4.0	7	3.1	3.0	16	3.2	3.0	12	2.8	3.0	23
Accounting policies	2.8	3.0	240	2.6	3.0	10	3.4	4.0	5	2.8	3.0	17	2.6	3.0	41	na	na	<5	na	na	<5	2.9	3.0	11	2.8	3.0	52	2.6	3.0	10	2.3	2.0	7	3.0	3.0	9	3.4	4.0	13	3.1	3.0	7	2.6	3.0	16	2.8	3.0	12	2.7	3.0	23
Financial planning and analysis	3.2	3.0	245	3.6	4.0	9	3.2	3.0	5	3.4	4.0	17	3.1	3.0	42	3.2	3.0	6	na	na	<5	3.5	4.0	11	3.3	4.0	53	2.8	3.0	10	2.9	3.0	7	3.4	3.5	10	3.6	4.0	13	3.6	4.0	8	3.1	3.5	16	2.8	3.0	11	3.3	4.0	23
Regulatory compliance	2.9	3.0	231	3.0	3.0	9	na	na	<5	2.9	3.0	16	2.6	2.0	38	3.0	3.0	5	na	na	<5	3.3	3.0	11	2.7	3.0	49	2.5	3.0	10	2.7	3.0	7	3.1	3.0	9	3.3	3.0	12	3.6	4.0	7	3.0	3.0	17	3.0	3.0	11	2.8	3.0	22

2.5: Value Contribution of Specific Finance Functions by Ratings and Listing

Question: How valuable do you believe the following finance functions are to the company?

Results of Question 2.5: Value Contribution of Specific Finance Functions by Ratings and Listing																										
	Ratings									Listing																
	All			Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed				
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N		
Capital structure	3.3	4.0	238	3.5	4.0	73	3.3	4.0	25	na	na	<5	3.3	4.0	136	3.4	4.0	152	3.3	3.0	83	na	na	<5		
Debt issuance and management	3.3	4.0	231	3.4	4.0	74	3.7	4.0	25	na	na	<5	3.2	3.5	128	3.4	4.0	150	3.2	4.0	79	na	na	<5		
Equity issuance	2.5	3.0	193	2.6	3.0	60	2.8	3.0	21	na	na	<5	2.4	2.5	108	2.7	3.0	131	2.1	2.0	60	na	na	<5		
Dividend & share buyback policy	2.6	3.0	214	2.9	3.0	69	2.4	2.0	24	na	na	<5	2.5	3.0	117	2.9	3.0	147	1.9	2.0	65	na	na	<5		
Tax management	3.3	4.0	240	3.2	4.0	71	3.4	3.5	24	na	na	<5	3.2	3.0	141	3.3	3.5	150	3.2	4.0	87	na	na	<5		
Risk management	3.2	3.0	245	3.2	3.0	76	3.2	3.0	25	na	na	<5	3.3	3.0	140	3.3	3.0	156	3.2	3.0	86	na	na	<5		
Investor relations	3.0	3.0	214	3.1	3.0	72	3.3	3.0	24	na	na	<5	2.9	3.0	115	3.3	3.0	154	2.4	2.5	58	na	na	<5		
Bank relationships	3.3	4.0	244	3.0	3.0	76	3.5	4.0	25	na	na	<5	3.4	4.0	139	3.2	3.0	155	3.4	4.0	86	na	na	<5		
Pension management	2.4	2.0	197	2.6	3.0	68	2.8	3.0	19	na	na	<5	2.2	2.0	107	2.6	3.0	133	1.9	2.0	62	na	na	<5		
Cash management	3.2	3.0	244	2.8	3.0	75	3.3	4.0	24	na	na	<5	3.3	4.0	141	3.1	3.0	155	3.2	3.0	86	na	na	<5		
Working capital management	3.3	4.0	245	3.0	3.0	74	3.5	4.0	25	na	na	<5	3.4	4.0	142	3.3	4.0	156	3.4	4.0	86	na	na	<5		
Making investment decisions	3.2	3.0	240	3.2	3.0	73	3.1	3.0	25	na	na	<5	3.3	4.0	138	3.3	3.0	151	3.2	3.0	87	na	na	<5		
Merger, acquisition and disposal decisions	3.2	3.0	227	3.3	4.0	73	3.0	3.0	25	na	na	<5	3.2	3.0	125	3.4	4.0	148	2.9	3.0	77	na	na	<5		
Internal audit	2.7	3.0	230	2.6	2.5	70	3.0	3.0	22	na	na	<5	2.7	3.0	134	2.7	3.0	143	2.6	3.0	84	na	na	<5		
Management reporting/accounting	3.2	3.0	241	2.9	3.0	73	3.4	3.5	24	na	na	<5	3.2	3.0	140	3.1	3.0	151	3.2	3.0	87	na	na	<5		
External financial reporting/accounting	2.9	3.0	239	3.1	3.0	72	3.5	4.0	24	na	na	<5	2.8	3.0	139	3.1	3.0	151	2.6	3.0	85	na	na	<5		
Accounting policies	2.8	3.0	240	2.8	3.0	72	3.3	3.0	24	na	na	<5	2.7	3.0	140	2.9	3.0	150	2.6	3.0	87	na	na	<5		
Financial planning and analysis	3.2	3.0	245	3.1	3.0	73	3.4	4.0	25	na	na	<5	3.3	3.0	143	3.2	3.0	155	3.2	3.0	87	na	na	<5		
Regulatory compliance	2.9	3.0	231	3.0	3.0	70	3.1	3.0	23	na	na	<5	2.7	3.0	134	3.0	3.0	148	2.7	3.0	80	na	na	<5		

2.6: Satisfaction by Finance Function

Question: How satisfied are you with the performance of the following finance functions?

Results of Question 2.6: Satisfaction by Finance Function								
Choices offered	Very Dissatisfied	Dissatisfied	Indifferent	Satisfied	Very Satisfied			
<i>Numerical Interpretation</i>	-2	-1	0	1	2	\bar{x}	\tilde{x}	<i>N</i>
Capital structure	0%	10%	13%	60%	16%	0.8	1.0	221
Debt issuance and management	0%	2%	11%	59%	28%	1.1	1.0	218
Equity issuance	1%	4%	39%	42%	14%	0.7	1.0	178
Dividend & share buyback policy	1%	7%	28%	51%	14%	0.7	1.0	197
Tax management	0%	6%	13%	66%	15%	0.9	1.0	226
Risk management	0%	11%	16%	60%	13%	0.8	1.0	232
Investor relations	2%	3%	17%	60%	20%	0.9	1.0	200
Bank relationships	0%	1%	6%	58%	35%	1.3	1.0	231
Pension management	3%	6%	44%	39%	7%	0.4	0.0	185
Cash management	1%	5%	15%	67%	12%	0.8	1.0	231
Working capital management	1%	16%	19%	57%	6%	0.5	1.0	228
Making investment decisions	0%	13%	26%	54%	8%	0.6	1.0	223
Merger, acquisition and disposal decisions	1%	9%	31%	52%	7%	0.5	1.0	212
Internal audit	0%	10%	37%	47%	6%	0.5	1.0	218
Management reporting/accounting	0%	10%	15%	63%	12%	0.8	1.0	228
External financial reporting/accounting	0%	3%	17%	63%	17%	0.9	1.0	227
Accounting policies	0%	5%	26%	61%	8%	0.7	1.0	225
Financial planning and analysis	0%	9%	18%	64%	9%	0.7	1.0	231
Regulatory compliance	0%	3%	28%	56%	13%	0.8	1.0	207

2.6: Satisfaction by Finance Function by Region

Question: How satisfied are you with the performance of the following finance functions?

Results of Question 2.6: Satisfaction by Finance Function by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
Capital structure	0.8	1.0	221	0.5	1.0	29	1.0	1.0	6	1.4	2.0	5	0.8	1.0	44	0.5	1.0	21	0.9	1.0	10	1.4	1.0	21	0.8	1.0	82	na	na	<5
Debt issuance and management	1.1	1.0	218	1.0	1.0	29	1.3	1.0	6	na	na	<5	1.0	1.0	43	1.1	1.0	22	1.4	2.0	10	1.5	1.5	22	1.1	1.0	80	na	na	<5
Equity issuance	0.7	1.0	178	0.4	0.0	28	na	na	<5	na	na	<5	0.8	1.0	33	0.4	0.5	14	0.9	1.0	7	0.7	1.0	19	0.7	1.0	67	na	na	<5
Dividend & share buyback policy	0.7	1.0	197	0.5	1.0	31	na	na	<5	na	na	<5	0.7	1.0	33	0.6	1.0	16	0.5	1.0	10	1.1	1.0	22	0.7	1.0	75	na	na	<5
Tax management	0.9	1.0	226	0.8	1.0	30	0.8	1.0	6	1.0	1.0	5	0.8	1.0	48	0.6	1.0	17	1.0	1.0	9	1.4	1.0	22	0.8	1.0	86	na	na	<5
Risk management	0.8	1.0	232	0.6	1.0	30	0.7	1.0	6	1.4	1.0	5	0.7	1.0	47	0.6	1.0	23	0.7	1.0	10	1.2	1.0	22	0.7	1.0	86	na	na	<5
Investor relations	0.9	1.0	200	1.0	1.0	31	1.2	1.0	5	na	na	<5	1.0	1.0	31	0.5	1.0	22	0.9	1.0	10	1.1	1.0	22	0.9	1.0	73	na	na	<5
Bank relationships	1.3	1.0	231	1.2	1.0	30	1.0	1.0	6	1.4	1.0	5	1.4	2.0	45	1.2	1.0	23	1.5	1.5	10	1.2	1.0	22	1.3	1.0	87	na	na	<5
Pension management	0.4	0.0	185	0.5	0.0	26	na	na	<5	na	na	<5	0.3	0.0	39	0.6	1.0	15	0.4	0.0	7	0.9	1.0	20	0.2	0.0	68	na	na	<5
Cash management	0.8	1.0	231	0.9	1.0	30	0.5	1.0	6	0.8	1.0	5	0.7	1.0	48	1.0	1.0	21	0.9	1.0	9	1.0	1.0	22	0.8	1.0	87	na	na	<5
Working capital management	0.5	1.0	228	0.7	1.0	30	0.0	0.0	5	0.0	0.0	5	0.5	1.0	46	1.1	1.0	20	0.4	0.5	10	0.5	1.0	22	0.4	1.0	87	na	na	<5
Making investment decisions	0.6	1.0	223	0.6	1.0	29	0.6	1.0	5	0.6	0.0	5	0.5	1.0	46	0.4	1.0	19	0.9	1.0	9	0.7	1.0	22	0.5	1.0	85	na	na	<5
Merger, acquisition and disposal decisions	0.5	1.0	212	0.3	1.0	28	0.7	1.0	6	na	na	<5	0.5	1.0	42	0.3	1.0	19	0.8	1.0	10	0.9	1.0	22	0.5	1.0	79	na	na	<5
Internal audit	0.5	1.0	218	0.5	1.0	31	0.3	0.5	6	1.2	1.0	5	0.4	1.0	45	0.2	0.0	13	0.6	1.0	9	1.0	1.0	21	0.4	0.0	85	na	na	<5
Management reporting/accounting	0.8	1.0	228	0.7	1.0	30	0.3	0.5	6	1.2	1.0	5	0.9	1.0	48	0.2	1.0	19	0.7	1.0	10	1.0	1.0	22	0.8	1.0	85	na	na	<5
External financial reporting/accounting	0.9	1.0	227	1.0	1.0	30	0.8	1.0	6	1.4	2.0	5	1.0	1.0	48	0.5	1.0	18	0.9	1.0	10	1.3	1.0	22	0.8	1.0	85	na	na	<5
Accounting policies	0.7	1.0	225	0.9	1.0	29	0.8	1.0	5	1.0	1.0	5	0.6	1.0	47	0.3	1.0	18	0.5	1.0	10	1.1	1.0	22	0.7	1.0	86	na	na	<5
Financial planning and analysis	0.7	1.0	231	0.8	1.0	30	0.4	1.0	5	0.6	1.0	5	0.7	1.0	47	0.5	1.0	22	0.6	1.0	10	0.6	1.0	22	0.8	1.0	87	na	na	<5
Regulatory compliance	0.8	1.0	207	1.1	1.0	31	na	na	<5	1.0	1.0	5	0.6	1.0	43	0.3	0.5	12	1.0	1.0	9	1.1	1.0	20	0.7	1.0	80	na	na	<5

2.6: Satisfaction by Finance Function by Industry

Question: How satisfied are you with the performance of the following finance functions?

		Results of Question 2.6: Satisfaction by Finance Function by Industry																																																		
		All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
		\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
Capital structure	0.8	1.0	221	1.1	1.0	8	0.6	1.0	5	0.9	1.0	16	0.7	1.0	38	0.8	1.0	5	na	na	<5	0.9	1.0	10	0.9	1.0	44	0.2	1.0	10	0.9	1.0	7	1.1	1.0	9	0.6	1.0	12	0.9	1.0	8	0.8	1.0	16	0.8	1.0	10	0.8	1.0	19	
Debt issuance and management	1.1	1.0	218	1.4	1.0	8	1.0	1.0	5	1.1	1.0	15	1.0	1.0	37	1.3	1.0	7	na	na	<5	1.2	1.0	10	1.1	1.0	45	0.8	1.0	9	1.1	2.0	7	1.6	2.0	9	1.0	1.0	12	1.6	2.0	7	1.0	1.0	16	1.5	2.0	11	1.1	1.0	16	
Equity issuance	0.7	1.0	178	0.8	1.0	5	na	na	<5	0.5	0.0	11	0.7	1.0	32	0.8	1.0	5	na	na	<5	1.2	1.0	9	0.6	0.5	38	0.4	0.0	5	1.0	1.5	6	1.2	1.0	5	0.6	1.0	10	1.0	1.0	7	0.5	0.0	13	0.6	0.0	9	0.5	1.0	15	
Dividend & share buyback policy	0.7	1.0	197	1.0	1.0	7	na	na	<5	0.8	1.0	13	0.7	1.0	33	na	na	<5	na	na	<5	0.9	1.0	10	0.7	1.0	40	0.8	1.0	8	1.0	1.5	6	0.6	1.0	9	0.5	1.0	11	1.0	1.0	8	0.6	0.5	14	0.7	1.0	9	0.8	1.0	17	
Tax management	0.9	1.0	226	1.1	1.0	10	0.6	1.0	5	0.9	1.0	16	0.6	1.0	39	na	na	<5	na	na	<5	0.9	1.0	11	0.9	1.0	49	0.9	1.0	10	1.4	2.0	7	1.4	1.0	8	0.8	1.0	12	1.3	1.0	7	0.9	1.0	14	0.9	1.0	10	0.8	1.0	20	
Risk management	0.8	1.0	232	0.7	1.0	10	0.8	1.0	5	0.6	1.0	16	0.6	1.0	39	1.1	1.0	7	na	na	<5	0.6	1.0	11	0.7	1.0	49	0.2	0.0	10	1.0	1.0	7	1.2	1.0	9	0.8	1.0	11	0.9	1.0	8	1.1	1.0	15	0.9	1.0	11	0.8	1.0	20	
Investor relations	0.9	1.0	200	0.8	1.0	6	1.0	1.0	5	1.1	1.0	12	0.8	1.0	32	0.7	1.0	6	na	na	<5	1.3	1.0	11	0.8	1.0	41	1.0	1.0	7	0.8	1.0	6	1.3	1.0	9	0.9	1.0	11	1.3	1.0	8	0.7	1.0	15	1.1	1.0	11	1.0	1.0	16	
Bank relationships	1.3	1.0	231	1.4	1.0	9	1.2	1.0	5	1.3	1.0	16	1.3	1.0	40	1.0	1.0	7	na	na	<5	0.8	1.0	11	1.4	1.0	50	1.0	1.0	10	1.7	2.0	7	1.8	2.0	9	1.2	1.0	11	1.4	1.5	8	0.9	1.0	15	1.3	1.0	10	1.4	1.0	20	
Pension management	0.4	0.0	185	0.9	1.0	8	0.4	0.0	5	0.5	0.5	12	0.3	0.0	27	na	na	<5	na	na	<5	0.5	1.0	8	0.5	0.5	44	0.3	1.0	8	0.3	0.0	7	1.1	1.0	7	0.0	0.0	11	0.6	1.0	5	0.3	0.0	12	0.4	1.0	11	0.3	0.0	16	
Cash management	0.8	1.0	231	0.6	1.0	10	0.6	1.0	5	0.8	1.0	16	0.9	1.0	40	1.1	1.0	7	na	na	<5	0.5	1.0	11	0.8	1.0	49	0.3	0.5	10	1.2	1.0	6	0.9	1.0	9	0.8	1.0	12	1.3	1.0	8	0.9	1.0	15	0.8	1.0	9	1.0	1.0	20	
Working capital management	0.5	1.0	228	0.4	1.0	9	0.4	1.0	5	0.5	1.0	16	0.4	1.0	39	0.8	1.0	6	na	na	<5	0.8	1.0	11	0.5	1.0	48	0.1	0.0	9	0.4	0.0	7	0.9	1.0	9	0.7	1.0	12	0.8	1.0	8	0.5	0.0	15	0.5	1.0	10	0.4	1.0	20	
Making investment decisions	0.6	1.0	223	0.5	1.0	10	0.2	0.0	5	0.5	1.0	15	0.4	1.0	37	na	na	<5	na	na	<5	0.5	1.0	10	0.4	1.0	49	0.3	0.5	10	1.0	1.0	7	1.2	1.0	9	0.5	1.0	12	0.9	1.0	8	0.9	1.0	16	0.9	1.0	9	0.7	1.0	18	
Merger, acquisition and disposal decisions	0.5	1.0	212	0.2	1.0	9	0.6	1.0	5	0.5	1.0	14	0.5	1.0	36	na	na	<5	na	na	<5	0.8	1.0	11	0.3	0.0	46	0.6	1.0	10	1.0	1.0	7	0.6	1.0	8	0.4	0.0	11	1.1	1.0	8	0.4	0.0	16	1.0	1.0	9	0.6	1.0	15	
Internal audit	0.5	1.0	218	0.5	0.5	8	0.4	1.0	5	0.4	0.0	16	0.4	1.0	38	na	na	<5	na	na	<5	0.6	1.0	11	0.5	0.0	48	0.4	1.0	9	0.5	0.5	6	0.3	0.5	8	0.5	0.5	12	0.5	0.5	6	0.6	1.0	16	0.8	1.0	9	0.4	0.0	19	
Management reporting/accounting	0.8	1.0	228	0.4	1.0	10	0.4	1.0	5	0.6	1.0	16	0.7	1.0	39	na	na	<5	na	na	<5	1.0	1.0	11	0.8	1.0	48	0.6	1.0	10	1.3	1.0	7	1.2	1.0	9	0.6	1.0	12	1.1	1.0	7	0.8	1.0	15	0.7	1.0	11	0.8	1.0	20	
External financial reporting/accounting	0.9	1.0	227	0.7	1.0	10	1.2	1.0	5	1.1	1.0	15	0.8	1.0	37	na	na	<5	na	na	<5	1.0	1.0	11	0.9	1.0	51	0.8	1.0	10	1.4	2.0	7	1.1	1.0	8	1.0	1.0	12	1.1	1.0	7	0.9	1.0	15	0.8	1.0	11	0.9	1.0	20	
Accounting policies	0.7	1.0	225	0.6	1.0	10	0.8	1.0	5	0.8	1.0	16	0.5	1.0	37	na	na	<5	na	na	<5	0.8	1.0	11	0.7	1.0	50	0.8	1.0	10	0.9	1.0	7	0.9	1.0	8	1.0	1.0	12	0.3	0.0	6	0.9	1.0	15	0.9	1.0	11	0.8	1.0	20	
Financial planning and analysis	0.7	1.0	231	0.8	1.0	9	0.4	1.0	5	0.8	1.0	15	0.6	1.0	39	0.3	1.0	6	na	na	<5	0.8	1.0	11	0.6	1.0	51	0.6	1.0	10	1.0	1.0	7	1.1	1.0	9	0.8	1.0	12	1.3	1.0	8	0.8	1.0	15	0.9	1.0	10	0.7	1.0	20	
Regulatory compliance	0.8	1.0	207	0.9	1.0	9	na	na	<5	0.9	1.0	13	0.7	1.0	33	na	na	<5	na	na	<5	0.7	1.0	11	0.8	1.0	44	0.8	1.0	10	0.9	1.0	7	1.1	1.0	7	1.1	1.0	11	0.7	1.0	7	0.5	1.0	15	1.0	1.0	9	0.5	0.0	19	

2.6: Satisfaction by Finance Function by Ratings and Listing

Question: How satisfied are you with the performance of the following finance functions?

Results of Question 2.6: Satisfaction by Finance Function by Ratings and Listing																											
	Ratings									Listing																	
	All			Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed					
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
Capital structure	0.8	1.0	221	1.0	1.0	67	1.1	1.0	25	na	na	<5	0.7	1.0	125	0.8	1.0	141	0.8	1.0	78	na	na	<5			
Debt issuance and management	1.1	1.0	218	1.4	1.0	68	1.4	1.0	25	na	na	<5	0.9	1.0	121	1.2	1.0	141	1.0	1.0	76	na	na	<5			
Equity issuance	0.7	1.0	178	0.8	1.0	53	0.7	1.0	21	na	na	<5	0.5	1.0	100	0.8	1.0	121	0.4	0.0	56	na	na	<5			
Dividend & share buyback policy	0.7	1.0	197	0.9	1.0	62	0.7	1.0	23	na	na	<5	0.6	1.0	108	0.8	1.0	135	0.4	0.0	61	na	na	<5			
Tax management	0.9	1.0	226	0.9	1.0	64	1.0	1.0	24	na	na	<5	0.8	1.0	134	0.9	1.0	139	0.8	1.0	85	na	na	<5			
Risk management	0.8	1.0	232	0.8	1.0	69	0.8	1.0	25	na	na	<5	0.7	1.0	134	0.8	1.0	146	0.6	1.0	84	na	na	<5			
Investor relations	0.9	1.0	200	1.1	1.0	66	1.2	1.0	24	na	na	<5	0.8	1.0	107	1.1	1.0	145	0.6	1.0	54	na	na	<5			
Bank relationships	1.3	1.0	231	1.2	1.0	69	1.4	1.0	25	na	na	<5	1.3	1.0	133	1.3	1.0	145	1.3	1.0	84	na	na	<5			
Pension management	0.4	0.0	185	0.6	1.0	63	0.5	1.0	19	na	na	<5	0.3	0.0	100	0.5	1.0	124	0.2	0.0	60	na	na	<5			
Cash management	0.8	1.0	231	0.8	1.0	69	0.9	1.0	23	na	na	<5	0.8	1.0	135	0.9	1.0	145	0.7	1.0	84	na	na	<5			
Working capital management	0.5	1.0	228	0.4	1.0	67	0.8	1.0	24	na	na	<5	0.5	1.0	133	0.6	1.0	143	0.4	1.0	83	na	na	<5			
Making investment decisions	0.6	1.0	223	0.7	1.0	67	0.4	1.0	23	na	na	<5	0.5	1.0	129	0.6	1.0	138	0.4	1.0	83	na	na	<5			
Merger, acquisition and disposal decisions	0.5	1.0	212	0.8	1.0	66	0.5	1.0	24	na	na	<5	0.4	1.0	118	0.6	1.0	138	0.3	0.0	73	na	na	<5			
Internal audit	0.5	1.0	218	0.6	1.0	64	0.6	1.0	22	na	na	<5	0.4	1.0	128	0.6	1.0	134	0.4	0.0	82	na	na	<5			
Management reporting/accounting	0.8	1.0	228	0.7	1.0	67	0.8	1.0	24	na	na	<5	0.8	1.0	133	0.8	1.0	141	0.8	1.0	85	na	na	<5			
External financial reporting/accounting	0.9	1.0	227	1.0	1.0	66	1.0	1.0	24	na	na	<5	0.9	1.0	133	1.0	1.0	142	0.8	1.0	83	na	na	<5			
Accounting policies	0.7	1.0	225	0.8	1.0	66	0.6	1.0	23	na	na	<5	0.7	1.0	132	0.8	1.0	139	0.6	1.0	84	na	na	<5			
Financial planning and analysis	0.7	1.0	231	0.7	1.0	67	0.6	1.0	25	na	na	<5	0.8	1.0	135	0.7	1.0	145	0.7	1.0	84	na	na	<5			
Regulatory compliance	0.8	1.0	207	0.9	1.0	58	0.8	1.0	20	na	na	<5	0.7	1.0	125	0.9	1.0	131	0.6	1.0	74	na	na	<5			

2.7: CFO Time Spent on Finance Functions

Question: How much time do you spend on each of the following finance functions over the course of a month?

Results of Question 2.7: CFO Time Spent on Finance Functions								
Range offered	1hr	1h - 1d	2d-3d	4d-5d	>5d			
<i>Mid point used for mean and median (hrs)</i>	0.5	4	20	36	44	\bar{x}	\tilde{x}	N
Capital structure	31%	49%	17%	2%	0%	6.5	4.0	207
Debt issuance and management	22%	38%	23%	9%	7%	12.6	4.0	206
Equity issuance	67%	24%	7%	2%	1%	3.5	0.5	166
Dividend & share buyback policy	55%	33%	11%	1%	1%	4.3	0.5	188
Tax management	13%	50%	31%	3%	2%	10.5	4.0	214
Risk management	7%	49%	26%	11%	7%	14.1	4.0	218
Investor relations	12%	24%	35%	20%	9%	19.0	20.0	190
Bank relationships	7%	33%	36%	10%	14%	18.2	20.0	221
Pension management	49%	41%	9%	1%	1%	4.5	4.0	175
Cash management	25%	32%	24%	10%	9%	13.7	4.0	220
Working capital management	13%	35%	35%	10%	7%	14.9	20.0	220
Making investment decisions	10%	29%	42%	15%	3%	16.4	20.0	217
Merger, acquisition and disposal decisions	18%	29%	34%	16%	4%	15.3	20.0	202
Internal audit	21%	53%	19%	5%	1%	8.3	4.0	206
Management reporting/accounting	3%	20%	50%	21%	6%	20.8	20.0	215
External financial reporting/accounting	8%	39%	36%	16%	2%	15.2	20.0	212
Accounting policies	26%	49%	18%	5%	1%	8.0	4.0	212
Financial planning and analysis	3%	24%	45%	19%	9%	20.8	20.0	216
Regulatory compliance	20%	49%	19%	8%	3%	10.1	4.0	201

2.7: CFO Time Spent on Finance Functions by Region

Question: How much time do you spend on each of the following finance functions over the course of a month?

Results of Question 2.7: CFO Time Spent on Finance Functions by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
Capital structure	7	4	207	11	4	27	na	na	<5	na	na	<5	5	4	43	7	4	19	8	4	9	7	4	19	6	4	79	na	na	<5
Debt issuance and management	13	4	206	24	20	28	22	20	5	na	na	<5	8	4	41	14	4	20	24	20	9	7	2	20	11	4	77	na	na	<5
Equity issuance	4	1	166	9	4	27	na	na	<5	na	na	<5	3	1	31	3	1	13	2	1	7	1	1	17	3	1	64	na	na	<5
Dividend & share buyback policy	4	1	188	6	4	30	na	na	<5	na	na	<5	3	1	32	9	4	15	2	2	10	5	2	20	3	1	72	na	na	<5
Tax management	11	4	214	14	20	29	15	4	5	7	4	5	9	4	45	12	4	16	15	4	9	8	4	20	10	4	82	na	na	<5
Risk management	14	4	218	23	20	29	18	20	5	22	20	5	9	4	44	13	4	19	20	20	10	7	4	20	15	4	83	na	na	<5
Investor relations	19	20	190	23	20	30	na	na	<5	na	na	<5	18	20	31	15	4	18	11	12	10	22	20	20	19	20	71	na	na	<5
Bank relationships	18	20	221	28	35	29	26	20	5	7	4	5	14	20	43	29	28	22	21	20	10	8	4	20	18	20	84	na	na	<5
Pension management	4	4	175	6	4	24	na	na	<5	na	na	<5	3	1	36	11	4	14	4	1	7	7	4	18	3	1	67	na	na	<5
Cash management	14	4	220	25	20	29	26	35	5	13	4	5	12	4	45	20	20	20	16	20	9	4	1	20	12	4	84	na	na	<5
Working capital management	15	20	220	26	20	29	15	4	5	17	20	5	11	4	45	18	20	20	13	4	10	11	4	20	14	20	83	na	na	<5
Making investment decisions	16	20	217	23	20	29	26	20	5	16	20	5	15	4	45	14	20	19	20	20	10	13	4	20	15	20	81	na	na	<5
Merger, acquisition and disposal decisions	15	20	202	17	20	28	28	20	5	na	na	<5	14	4	39	10	4	19	16	12	10	21	20	20	14	4	75	na	na	<5
Internal audit	8	4	206	18	20	29	20	4	5	10	4	5	4	4	42	7	4	13	11	4	9	12	4	19	6	4	81	na	na	<5
Management reporting/accounting	21	20	215	26	20	29	23	20	5	23	20	5	20	20	45	12	4	17	21	20	10	21	20	19	21	20	82	na	na	<5
External financial reporting/accounting	15	20	212	22	20	29	22	20	5	17	20	5	12	4	44	9	4	16	15	12	10	23	20	20	14	4	80	na	na	<5
Accounting policies	8	4	212	17	20	27	4	4	5	7	4	5	7	4	45	6	4	16	10	4	10	7	4	20	7	4	81	na	na	<5
Financial planning and analysis	21	20	216	32	35	28	26	20	5	20	20	5	16	20	43	18	20	21	25	20	10	24	20	18	19	20	83	na	na	<5
Regulatory compliance	10	4	201	23	20	29	na	na	<5	3	4	5	6	4	40	7	4	15	11	12	10	13	4	18	8	4	77	na	na	<5

2.7: CFO Time Spent on Finance Functions by Industry

Question: How much time do you spend on each of the following finance functions over the course of a month?

Results of Question 2.7: CFO Time Spent on Finance Functions by Industry																																																			
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
Capital structure	7	4	207	3	4	6	6	4	5	5	4	16	6	4	36	na	na	<5	na	na	<5	3	4	10	6	4	45	11	4	9	9	4	6	9	4	9	9	4	12	12	4	6	6	4	15	10	4	9	3	4	16
Debt issuance and management	13	4	206	15	12	6	9	4	5	5	4	15	12	4	35	26	20	7	na	na	<5	6	1	10	10	4	45	7	4	8	14	4	7	25	35	9	15	12	12	30	35	6	13	4	15	25	20	9	12	4	14
Equity issuance	4	1	166	2	1	5	na	na	<5	1	1	11	4	4	29	na	na	<5	na	na	<5	1	1	9	3	1	38	8	1	5	1	1	5	11	4	5	9	4	10	na	na	<5	1	1	12	2	2	8	1	1	14
Dividend & share buyback policy	4	1	188	10	1	7	na	na	<5	2	1	13	4	1	31	na	na	<5	na	na	<5	4	2	10	3	1	40	10	4	7	8	4	6	8	4	9	4	4	11	6	4	6	2	1	14	9	4	9	2	2	14
Tax management	11	4	214	13	4	8	7	4	5	8	4	16	12	4	37	na	na	<5	na	na	<5	10	4	11	10	4	48	5	4	9	13	4	7	16	12	8	10	4	12	9	4	6	13	20	13	15	12	10	6	4	17
Risk management	14	4	218	11	4	8	17	20	5	8	4	16	14	4	38	13	4	6	na	na	<5	5	4	11	15	4	48	10	4	9	15	20	7	18	12	8	18	20	11	21	20	6	16	12	14	25	20	10	12	4	18
Investor relations	19	20	190	16	20	5	23	20	5	20	20	12	16	20	31	15	4	6	na	na	<5	21	20	11	16	12	40	22	20	7	15	12	6	22	20	8	24	20	11	32	35	6	18	20	14	27	20	10	19	20	15
Bank relationships	18	20	221	17	20	7	22	20	5	12	4	16	18	20	38	39	44	7	na	na	<5	9	4	11	16	20	49	15	20	9	22	20	7	23	20	9	21	20	11	28	35	7	19	20	14	23	20	10	17	12	18
Pension management	4	4	175	11	4	7	2	1	5	2	2	12	4	1	26	na	na	<5	na	na	<5	4	2	8	4	4	43	2	1	7	5	4	7	12	4	7	5	1	11	na	na	<5	6	4	11	5	4	9	1	1	16
Cash management	14	4	220	10	4	8	11	4	5	10	4	16	13	4	38	31	44	7	na	na	<5	9	1	11	14	4	49	11	4	9	12	12	6	13	4	9	15	20	12	11	4	6	14	4	14	15	20	9	16	4	18
Working capital management	15	20	220	16	20	8	16	20	5	12	4	16	13	4	38	27	32	6	na	na	<5	8	4	11	17	20	48	10	4	9	16	20	7	15	4	9	18	20	12	14	12	6	12	4	14	14	12	10	19	20	18
Making investment decisions	16	20	217	13	4	8	20	20	5	13	12	16	15	20	37	na	na	<5	na	na	<5	7	4	10	15	20	48	18	20	9	25	20	7	26	20	9	17	20	12	24	20	7	19	20	15	19	20	10	20	20	17
Merger, acquisition and disposal decisions	15	20	202	14	20	7	16	20	5	13	20	15	15	12	34	na	na	<5	na	na	<5	15	4	11	12	4	45	19	20	9	19	20	7	19	20	8	20	20	11	28	20	7	18	20	15	11	4	9	15	20	14
Internal audit	8	4	206	3	4	7	3	4	5	6	4	16	7	4	36	na	na	<5	na	na	<5	7	4	11	7	4	47	5	4	8	11	4	6	13	4	8	15	20	12	20	20	5	9	4	15	10	4	8	7	4	17
Management reporting/accounting	21	20	215	14	4	8	21	20	5	20	20	16	17	20	37	na	na	<5	na	na	<5	18	20	11	23	20	47	20	20	9	23	20	7	21	20	9	30	35	12	29	28	6	23	20	14	15	20	10	23	20	18
External financial reporting/accounting	15	20	212	16	12	8	19	20	5	17	20	15	10	4	35	na	na	<5	na	na	<5	17	20	11	13	4	49	14	20	8	15	4	7	21	20	8	24	28	12	26	28	6	18	20	14	15	12	10	16	20	18
Accounting policies	8	4	212	9	4	8	9	4	5	6	4	15	7	4	35	na	na	<5	na	na	<5	6	1	11	6	4	48	3	4	9	10	4	7	14	4	8	10	4	12	17	12	6	9	4	14	14	4	10	7	4	18
Financial planning and analysis	21	20	216	20	20	7	13	4	5	20	20	16	17	20	37	28	35	5	na	na	<5	17	20	11	20	20	47	23	20	9	17	20	7	28	20	8	26	20	12	28	35	7	20	20	14	25	28	10	25	20	18
Regulatory compliance	10	4	201	12	4	7	na	na	<5	7	4	15	7	4	31	na	na	<5	na	na	<5	8	4	10	9	4	46	7	4	9	8	4	7	15	20	8	17	20	11	19	20	6	10	4	15	14	4	10	8	4	17

2.7: CFO Time Spent on Finance Functions by Ratings and Listing

Question: How much time do you spend on each of the following finance functions over the course of a month?

Results of Question 2.7: CFO Time Spent on Finance Functions by Ratings and Listing																								
	Ratings									Listing														
	All			Investment Grade			Non-Investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N
Capital structure	7	4	207	7	4	62	10	4	22	na	na	<5	6	4	119	7	4	131	6	4	74	na	na	<5
Debt issuance and management	13	4	206	12	4	63	19	20	23	na	na	<5	12	4	116	12	4	132	14	4	73	na	na	<5
Equity issuance	4	1	166	3	1	47	5	1	18	na	na	<5	3	1	97	4	1	111	2	1	54	na	na	<5
Dividend & share buyback policy	4	1	188	7	4	58	3	1	21	na	na	<5	3	1	105	6	4	128	1	1	59	na	na	<5
Tax management	11	4	214	11	4	60	12	4	23	na	na	<5	10	4	127	11	4	132	11	4	80	na	na	<5
Risk management	14	4	218	13	4	64	13	4	23	na	na	<5	14	4	127	14	4	137	14	4	79	na	na	<5
Investor relations	19	20	190	23	20	62	20	20	22	na	na	<5	16	20	103	22	20	135	10	4	54	na	na	<5
Bank relationships	18	20	221	16	12	66	20	20	24	na	na	<5	18	20	127	18	20	140	19	20	79	na	na	<5
Pension management	4	4	175	6	4	58	8	4	18	na	na	<5	3	1	96	5	4	118	2	1	56	na	na	<5
Cash management	14	4	220	10	4	66	9	4	22	na	na	<5	15	4	128	12	4	139	17	20	79	na	na	<5
Working capital management	15	20	220	11	4	66	16	12	22	na	na	<5	16	20	128	14	4	138	16	20	80	na	na	<5
Making investment decisions	16	20	217	17	20	64	16	20	24	na	na	<5	16	20	125	17	20	135	16	20	80	na	na	<5
Merger, acquisition and disposal decisions	15	20	202	18	20	61	17	20	24	na	na	<5	13	4	113	17	20	132	12	4	69	na	na	<5
Internal audit	8	4	206	8	4	59	12	4	21	na	na	<5	7	4	122	9	4	129	8	4	75	na	na	<5
Management reporting/accounting	21	20	215	18	20	61	21	20	23	na	na	<5	22	20	127	21	20	134	21	20	79	na	na	<5
External financial reporting/accounting	15	20	212	17	20	61	17	20	23	na	na	<5	14	4	124	17	20	134	12	4	76	na	na	<5
Accounting policies	8	4	212	9	4	61	10	4	23	na	na	<5	7	4	124	8	4	133	7	4	77	na	na	<5
Financial planning and analysis	21	20	216	21	20	62	22	20	23	na	na	<5	20	20	127	21	20	135	20	20	79	na	na	<5
Regulatory compliance	10	4	201	12	4	58	11	4	22	na	na	<5	9	4	117	11	4	129	8	4	70	na	na	<5

2.8: Desired Resource Levels for Finance Functions

Question: Do you think your company should be devoting more, less or about the same resources to the following finance functions?

Results of Question 2.8: Desired Resource Levels for Finance Functions								
	Substantially Less		Same Level		Substantially More			
	-2	-1	0	1	2	\bar{x}	\tilde{x}	<i>N</i>
Capital structure	1%	1%	76%	18%	4%	0.2	0.0	212
Debt issuance and management	0%	2%	83%	13%	2%	0.2	0.0	207
Equity issuance	2%	4%	87%	7%	1%	0.0	0.0	171
Dividend & share buyback policy	1%	3%	83%	12%	2%	0.1	0.0	190
Tax management	0%	1%	63%	31%	5%	0.4	0.0	216
Risk management	0%	0%	43%	45%	12%	0.7	1.0	221
Investor relations	1%	6%	64%	23%	7%	0.3	0.0	192
Bank relationships	0%	3%	80%	13%	3%	0.2	0.0	219
Pension management	3%	5%	70%	21%	1%	0.1	0.0	176
Cash management	0%	1%	68%	26%	4%	0.3	0.0	219
Working capital management	0%	1%	49%	40%	10%	0.6	0.0	220
Making investment decisions	0%	1%	61%	32%	6%	0.4	0.0	216
Merger, acquisition and disposal decisions	0%	5%	61%	29%	5%	0.3	0.0	207
Internal audit	0%	6%	71%	18%	5%	0.2	0.0	207
Management reporting/accounting	0%	5%	68%	24%	3%	0.2	0.0	217
External financial reporting/accounting	0%	7%	80%	12%	1%	0.1	0.0	213
Accounting policies	0%	7%	77%	14%	2%	0.1	0.0	213
Financial planning and analysis	0%	2%	59%	32%	7%	0.4	0.0	221
Regulatory compliance	1%	10%	78%	8%	2%	0.0	0.0	201

2.8: Desired Resource Levels for Finance Functions by Region

Question: Do you think your company should be devoting more, less, or about the same resources to the following finance functions?

Results of Question 2.8: Desired Resource Levels for Finance Functions by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
Capital structure	0.2	0.0	212	0.4	0.0	28	0.2	0.0	5	0.2	0.0	5	0.2	0.0	43	0.6	1.0	21	0.1	0.0	10	0.1	0.0	19	0.1	0.0	78	na	na	<5
Debt issuance and management	0.2	0.0	207	0.5	0.0	28	-0.2	0.0	5	na	na	<5	0.0	0.0	41	0.2	0.0	21	0.3	0.0	10	0.0	0.0	20	0.1	0.0	76	na	na	<5
Equity issuance	0.0	0.0	171	0.1	0.0	28	na	na	<5	na	na	<5	0.0	0.0	32	-0.1	0.0	14	-0.1	0.0	7	0.0	0.0	17	0.0	0.0	65	na	na	<5
Dividend & share buyback policy	0.1	0.0	190	0.1	0.0	30	na	na	<5	na	na	<5	0.0	0.0	32	0.4	0.0	17	0.3	0.0	10	0.0	0.0	20	0.1	0.0	72	na	na	<5
Tax management	0.4	0.0	216	0.4	0.0	29	0.0	0.0	5	0.2	0.0	5	0.3	0.0	46	0.6	0.5	18	0.8	0.0	9	0.1	0.0	20	0.5	0.0	81	na	na	<5
Risk management	0.7	1.0	221	1.0	1.0	29	0.8	1.0	5	0.4	0.0	5	0.6	1.0	45	0.7	1.0	23	1.2	1.0	10	0.4	0.0	20	0.6	1.0	81	na	na	<5
Investor relations	0.3	0.0	192	0.7	1.0	30	na	na	<5	na	na	<5	0.4	0.0	31	0.5	0.0	21	0.6	1.0	10	0.0	0.0	20	0.1	0.0	70	na	na	<5
Bank relationships	0.2	0.0	219	0.4	0.0	29	0.0	0.0	5	-0.2	0.0	5	0.1	0.0	43	0.2	0.0	22	0.3	0.0	10	0.0	0.0	20	0.1	0.0	82	na	na	<5
Pension management	0.1	0.0	176	-0.1	0.0	25	na	na	<5	na	na	<5	0.1	0.0	37	0.1	0.0	14	-0.3	0.0	7	0.2	0.0	18	0.2	0.0	65	na	na	<5
Cash management	0.3	0.0	219	0.7	1.0	29	0.4	0.0	5	0.6	1.0	5	0.3	0.0	46	0.2	0.0	22	0.8	1.0	9	0.0	0.0	20	0.3	0.0	80	na	na	<5
Working capital management	0.6	0.0	220	0.8	1.0	29	0.6	1.0	5	1.0	1.0	5	0.6	1.0	46	0.2	0.0	22	0.7	0.5	10	0.5	0.0	19	0.6	1.0	81	na	na	<5
Making investment decisions	0.4	0.0	216	0.7	0.0	29	1.0	1.0	5	0.2	0.0	5	0.3	0.0	46	0.7	1.0	20	0.6	1.0	10	0.2	0.0	19	0.4	0.0	79	na	na	<5
Merger, acquisition and disposal decisions	0.3	0.0	207	0.6	0.0	29	0.4	0.0	5	na	na	<5	0.3	0.0	41	0.6	1.0	20	0.5	0.5	10	0.3	0.0	20	0.2	0.0	76	na	na	<5
Internal audit	0.2	0.0	207	0.6	0.0	30	0.2	0.0	5	0.0	0.0	5	0.1	0.0	43	0.2	0.0	13	0.2	0.0	9	0.3	0.0	19	0.1	0.0	80	na	na	<5
Management reporting/accounting	0.2	0.0	217	0.5	0.0	29	0.6	1.0	5	0.0	0.0	5	0.1	0.0	45	0.2	0.0	19	0.4	0.0	10	0.2	0.0	20	0.2	0.0	81	na	na	<5
External financial reporting/accounting	0.1	0.0	213	0.4	0.0	29	0.0	0.0	5	0.0	0.0	5	0.0	0.0	45	0.0	0.0	17	0.1	0.0	10	0.2	0.0	20	0.0	0.0	79	na	na	<5
Accounting policies	0.1	0.0	213	0.4	0.0	29	0.0	0.0	5	-0.4	0.0	5	0.1	0.0	44	0.1	0.0	17	0.2	0.0	9	0.2	0.0	20	0.0	0.0	81	na	na	<5
Financial planning and analysis	0.4	0.0	221	0.7	1.0	29	0.6	1.0	5	0.6	0.0	5	0.4	0.0	45	0.5	0.0	22	0.9	1.0	10	0.3	0.0	20	0.3	0.0	82	na	na	<5
Regulatory compliance	0.0	0.0	201	0.4	0.0	29	na	na	<5	-0.6	-1.0	5	-0.1	0.0	42	0.4	0.0	14	0.3	0.0	10	0.1	0.0	19	-0.1	0.0	76	na	na	<5

2.8: Desired Resource Levels for Finance Functions by Industry

Question: Do you think your company should be devoting more, less, or about the same resources to the following finance functions?

Results of Question 2.8: Desired Resource Levels for Finance Functions by Industry																																																			
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
Capital structure	0.2	0.0	212	0.6	0.0	7	0.0	0.0	5	0.1	0.0	16	0.4	0.0	5	0.3	0.0	36	na	na	<5	0.1	0.0	10	0.3	0.0	44	0.4	0.0	9	0.1	0.0	7	0.1	0.0	9	0.2	0.0	12	-0.1	0.0	7	0.1	0.0	15	0.5	0.0	10	0.2	0.0	16
Debt issuance and management	0.2	0.0	207	0.1	0.0	7	0.0	0.0	5	0.1	0.0	15	0.1	0.0	7	0.1	0.0	34	na	na	<5	0.1	0.0	10	0.2	0.0	44	0.1	0.0	8	0.1	0.0	7	0.3	0.0	9	0.1	0.0	12	0.2	0.0	6	0.3	0.0	15	0.4	0.0	10	0.1	0.0	14
Equity issuance	0.0	0.0	171	-0.2	0.0	5	na	na	<5	0.0	0.0	11	na	na	<5	0.0	0.0	29	na	na	<5	0.0	0.0	9	0.0	0.0	38	0.0	0.0	5	0.2	0.0	6	-0.4	0.0	5	0.0	0.0	10	-0.4	0.0	5	0.1	0.0	12	0.1	0.0	10	0.0	0.0	14
Dividend & share buyback policy	0.1	0.0	190	0.0	0.0	7	na	na	<5	0.1	0.0	13	na	na	<5	0.2	0.0	31	na	na	<5	0.1	0.0	10	0.1	0.0	40	0.1	0.0	7	0.2	0.0	6	0.4	0.0	9	-0.2	0.0	11	0.0	0.0	7	0.0	0.0	14	0.0	0.0	9	0.2	0.0	14
Tax management	0.4	0.0	216	0.3	0.0	9	0.0	0.0	5	0.5	0.0	16	na	na	<5	0.5	0.0	36	na	na	<5	0.5	0.0	11	0.4	0.0	48	0.3	0.0	9	0.4	0.0	7	0.6	0.0	8	0.4	0.0	12	0.2	0.0	6	0.4	0.0	13	0.2	0.0	11	0.1	0.0	17
Risk management	0.7	1.0	221	1.1	1.0	9	0.2	0.0	5	0.7	1.0	16	0.7	0.5	6	0.8	1.0	37	na	na	<5	0.3	0.0	11	0.8	1.0	48	0.4	0.0	9	0.6	1.0	7	1.0	1.0	9	0.7	1.0	11	0.3	0.0	7	0.5	0.5	14	0.8	1.0	11	0.6	0.0	17
Investor relations	0.3	0.0	192	0.3	0.0	6	0.0	0.0	5	0.4	0.0	12	0.7	0.5	6	0.1	0.0	30	na	na	<5	0.2	0.0	11	0.3	0.0	40	-0.1	0.0	7	-0.2	0.0	6	0.8	1.0	9	0.5	1.0	11	0.1	0.0	7	0.3	0.0	14	0.5	0.0	10	0.4	0.0	14
Bank relationships	0.2	0.0	219	0.1	0.0	8	0.2	0.0	5	0.0	0.0	16	0.5	0.0	6	0.1	0.0	37	na	na	<5	0.1	0.0	11	0.2	0.0	49	0.1	0.0	9	0.0	0.0	7	0.3	0.0	9	0.2	0.0	11	0.4	0.0	7	0.4	0.0	14	-0.3	0.0	10	0.1	0.0	17
Pension management	0.1	0.0	176	0.4	0.0	7	0.0	0.0	5	0.4	0.0	12	na	na	<5	0.1	0.0	25	na	na	<5	0.1	0.0	8	0.2	0.0	43	0.0	0.0	7	-0.3	0.0	7	-0.1	0.0	7	0.0	0.0	11	na	na	<5	-0.1	0.0	11	-0.2	0.0	10	0.2	0.0	15
Cash management	0.3	0.0	219	1.0	1.0	8	0.4	0.0	5	0.3	0.0	16	0.1	0.0	7	0.2	0.0	37	na	na	<5	0.2	0.0	11	0.3	0.0	49	0.1	0.0	9	0.5	0.5	6	0.7	1.0	9	0.6	1.0	12	0.4	0.0	7	0.4	0.0	13	0.2	0.0	9	0.2	0.0	17
Working capital management	0.6	0.0	220	1.1	1.0	8	0.4	1.0	5	0.6	0.5	16	0.3	0.0	7	0.5	0.0	37	na	na	<5	0.2	0.0	11	0.7	1.0	47	0.8	1.0	9	0.6	0.0	7	0.6	0.0	9	0.6	1.0	12	0.3	0.0	7	0.8	1.0	14	0.2	0.0	10	0.7	1.0	17
Making investment decisions	0.4	0.0	216	0.7	1.0	9	0.4	0.0	5	0.3	0.0	16	na	na	<5	0.3	0.0	36	na	na	<5	0.2	0.0	10	0.6	0.0	47	0.4	0.0	9	0.1	0.0	7	0.7	1.0	9	0.6	0.5	12	0.3	0.0	7	0.5	0.0	15	0.6	0.0	10	0.1	0.0	16
Merger, acquisition and disposal decisions	0.3	0.0	207	0.8	1.0	8	0.4	0.0	5	0.4	0.0	15	na	na	<5	0.3	0.0	34	na	na	<5	0.4	0.0	11	0.4	0.0	46	0.2	0.0	9	0.6	0.0	7	0.3	0.5	8	0.5	0.0	11	0.4	0.0	7	0.1	0.0	15	0.3	0.0	10	0.0	0.0	14
Internal audit	0.2	0.0	207	-0.1	0.0	7	-0.4	0.0	5	0.2	0.0	16	na	na	<5	0.3	0.0	35	na	na	<5	0.5	0.0	11	0.1	0.0	47	0.0	0.0	8	0.0	0.0	6	0.4	0.0	8	0.5	0.0	12	0.2	0.0	5	0.5	0.0	15	0.1	0.0	9	0.2	0.0	16
Management reporting/accounting	0.2	0.0	217	-0.2	0.0	9	0.0	0.0	5	0.3	0.0	16	na	na	<5	0.3	0.0	36	na	na	<5	0.0	0.0	11	0.2	0.0	48	0.0	0.0	8	0.0	0.0	7	0.3	0.0	9	0.5	0.5	12	0.5	0.0	6	0.6	0.0	14	0.4	0.0	11	0.2	0.0	17
External financial reporting/accounting	0.1	0.0	213	-0.2	0.0	9	0.0	0.0	5	0.1	0.0	15	na	na	<5	0.1	0.0	34	na	na	<5	0.0	0.0	11	0.0	0.0	49	-0.1	0.0	8	0.0	0.0	7	0.0	0.0	8	0.3	0.0	12	0.3	0.0	6	0.2	0.0	14	0.2	0.0	10	0.1	0.0	17
Accounting policies	0.1	0.0	213	0.1	0.0	9	-0.2	0.0	5	0.1	0.0	16	na	na	<5	0.2	0.0	36	na	na	<5	0.0	0.0	11	0.0	0.0	47	0.1	0.0	9	-0.1	0.0	7	0.1	0.0	7	0.5	0.5	12	0.3	0.0	6	0.3	0.0	14	0.2	0.0	10	0.0	0.0	17
Financial planning and analysis	0.4	0.0	221	0.8	0.5	8	0.4	0.0	5	0.5	0.0	16	0.0	0.0	6	0.4	0.0	37	na	na	<5	0.0	0.0	11	0.4	0.0	49	0.3	0.0	9	0.3	0.0	7	0.8	1.0	9	0.6	1.0	12	0.1	0.0	7	0.5	0.0	14	0.5	0.0	10	0.5	0.0	17
Regulatory compliance	0.0	0.0	201	-0.3	0.0	7	na	na	<5	-0.1	0.0	13	na	na	<5	0.0	0.0	32	na	na	<5	0.1	0.0	11	0.0	0.0	44	-0.1	0.0	9	-0.1	0.0	7	0.1	0.0	8	0.2	0.0	11	0.2	0.0	6	0.1	0.0	15	0.1	0.0	9	-0.1	0.0	17

2.8: Desired Resource Levels for Finance Functions by Ratings and Listing

Question: Do you think your company should be devoting more, less, or about the same resources to the following finance functions?

Results of Question 2.8: Desired Resource Levels for Finance Functions by Ratings and Listing																											
	Ratings									Listing																	
	All			Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed					
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N
Capital structure	0.2	0.0	212	0.2	0.0	63	0.2	0.0	24	na	na	<5	0.2	0.0	121	0.3	0.0	136	0.2	0.0	74	na	na	<5			
Debt issuance and management	0.2	0.0	207	0.1	0.0	63	0.1	0.0	24	na	na	<5	0.2	0.0	116	0.1	0.0	135	0.2	0.0	71	na	na	<5			
Equity issuance	0.0	0.0	171	-0.1	0.0	50	0.0	0.0	20	na	na	<5	0.1	0.0	97	0.0	0.0	115	0.0	0.0	55	na	na	<5			
Dividend & share buyback policy	0.1	0.0	190	0.1	0.0	58	0.0	0.0	23	na	na	<5	0.1	0.0	105	0.1	0.0	131	0.1	0.0	58	na	na	<5			
Tax management	0.4	0.0	216	0.4	0.0	61	0.3	0.0	23	na	na	<5	0.4	0.0	128	0.4	0.0	135	0.4	0.0	79	na	na	<5			
Risk management	0.7	1.0	221	0.7	1.0	65	0.5	0.5	24	na	na	<5	0.7	1.0	128	0.6	1.0	141	0.9	1.0	78	na	na	<5			
Investor relations	0.3	0.0	192	0.3	0.0	62	0.2	0.0	23	na	na	<5	0.3	0.0	104	0.3	0.0	139	0.3	0.0	52	na	na	<5			
Bank relationships	0.2	0.0	219	0.1	0.0	64	0.1	0.0	24	na	na	<5	0.2	0.0	127	0.1	0.0	139	0.2	0.0	78	na	na	<5			
Pension management	0.1	0.0	176	0.2	0.0	58	0.3	0.0	18	na	na	<5	0.1	0.0	97	0.2	0.0	119	-0.1	0.0	56	na	na	<5			
Cash management	0.3	0.0	219	0.3	0.0	64	0.3	0.0	23	na	na	<5	0.4	0.0	128	0.3	0.0	139	0.5	0.0	78	na	na	<5			
Working capital management	0.6	0.0	220	0.4	0.0	65	0.5	0.0	23	na	na	<5	0.6	1.0	128	0.5	0.0	139	0.8	1.0	79	na	na	<5			
Making investment decisions	0.4	0.0	216	0.5	0.0	63	0.4	0.0	23	na	na	<5	0.4	0.0	126	0.4	0.0	135	0.4	0.0	79	na	na	<5			
Merger, acquisition and disposal decisions	0.3	0.0	207	0.3	0.0	63	0.4	0.0	24	na	na	<5	0.3	0.0	116	0.4	0.0	135	0.3	0.0	71	na	na	<5			
Internal audit	0.2	0.0	207	0.1	0.0	60	0.3	0.0	21	na	na	<5	0.3	0.0	122	0.2	0.0	129	0.2	0.0	76	na	na	<5			
Management reporting/accounting	0.2	0.0	217	0.1	0.0	63	0.3	0.0	23	na	na	<5	0.3	0.0	127	0.2	0.0	137	0.3	0.0	78	na	na	<5			
External financial reporting/accounting	0.1	0.0	213	0.0	0.0	61	0.2	0.0	23	na	na	<5	0.1	0.0	125	0.1	0.0	135	0.1	0.0	76	na	na	<5			
Accounting policies	0.1	0.0	213	0.0	0.0	61	0.2	0.0	23	na	na	<5	0.2	0.0	125	0.1	0.0	133	0.2	0.0	78	na	na	<5			
Financial planning and analysis	0.4	0.0	221	0.4	0.0	63	0.5	0.0	24	na	na	<5	0.4	0.0	130	0.4	0.0	140	0.5	0.0	79	na	na	<5			
Regulatory compliance	0.0	0.0	201	0.0	0.0	56	0.3	0.0	22	na	na	<5	0.0	0.0	119	0.0	0.0	128	0.0	0.0	71	na	na	<5			

2.9: Limits to Investing

Question: Which of the following factors have limited your ability to take on substantial investment projects?

Results of Question 2.9: Limits to Investing									
	Not Limiting						Very Limiting		
	0	1	2	3	4	5	\bar{x}	\tilde{x}	<i>N</i>
Managerial resources	20%	14%	15%	27%	22%	3%	2.3	3.0	235
Internal funds	32%	20%	13%	14%	18%	3%	1.8	1.0	230
Ability to raise external funds	38%	26%	13%	13%	10%	1%	1.3	1.0	230
Legal and regulatory requirements	23%	19%	20%	21%	13%	5%	2.0	2.0	232

2.9: Limits to Investing by Region

Question: Which of the following factors have limited your ability to take on substantial investment projects?

Results of Question 2.9: Limits to Investing by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
Managerial resources	2.3	3.0	235	2.1	2.0	31	2.3	3.0	6	1.8	1.0	5	2.1	2.0	52	3.3	4.0	24	2.1	2.5	10	1.9	2.0	21	2.3	3.0	83	na	na	<5
Internal funds	1.8	1.0	230	2.2	2.0	31	0.5	0.0	6	na	na	<5	1.7	1.0	51	2.3	3.0	22	2.1	2.0	10	1.9	1.0	21	1.7	1.0	82	na	na	<5
Ability to raise external funds	1.3	1.0	230	1.8	2.0	31	0.2	0.0	6	0.2	0.0	5	1.1	1.0	50	1.8	2.0	23	1.3	1.0	10	0.9	0.0	21	1.4	1.0	81	na	na	<5
Legal and regulatory requirements	2.0	2.0	232	2.5	3.0	31	1.7	1.5	6	0.4	0.0	5	1.6	1.0	51	3.0	3.0	23	1.9	1.5	10	1.8	1.0	21	1.8	2.0	82	na	na	<5

2.9: Limits to Investing by Industry

Question: Which of the following factors have limited your ability to take on substantial investment projects?

Results of Question 2.9: Limits to Investing by Industry																																																			
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
Managerial resources	2.3	3.0	235	1.6	1.0	10	1.2	0.0	5	1.7	1.0	16	2.3	3.0	38	2.9	3.0	7	na	na	<5	2.5	3.0	12	2.7	3.0	51	2.4	3.0	9	2.6	3.0	7	2.9	2.0	9	2.2	2.0	13	2.3	2.0	8	1.9	2.5	16	1.9	2.0	11	1.8	1.0	19
Internal funds	1.8	1.0	230	0.8	0.5	10	0.2	0.0	5	1.4	1.0	16	1.8	1.5	38	1.9	3.0	7	na	na	<5	2.3	2.5	12	2.3	2.0	48	2.1	3.0	9	0.9	1.0	7	2.2	1.0	9	1.5	0.0	13	2.1	2.0	7	1.6	1.5	16	1.9	2.0	10	1.4	1.0	19
Ability to raise external funds	1.3	1.0	230	0.7	0.5	10	0.8	0.0	5	0.8	0.0	16	1.2	1.0	38	2.3	3.0	7	na	na	<5	1.5	1.0	12	1.7	1.0	49	1.3	1.0	9	0.4	0.0	7	1.4	1.0	9	1.5	0.0	13	1.6	2.0	8	1.1	1.0	15	1.1	1.0	10	1.3	1.0	18
Legal and regulatory requirements	2.0	2.0	232	1.9	2.0	10	1.2	0.0	5	1.3	1.0	16	1.5	1.0	38	2.7	3.0	7	na	na	<5	2.0	2.0	12	1.8	2.0	50	3.3	4.0	9	2.0	2.0	7	2.9	3.0	8	1.7	2.0	13	2.5	3.0	8	2.4	2.5	16	3.0	3.0	10	1.9	2.0	19

2.9: Limits to Investing by Ratings and Listing

Question: Which of the following factors have limited your ability to take on substantial investment projects?

Results of Question 2.9: Limits to Investing by Ratings and Listing																												
	Ratings									Listing																		
	All			Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed						
	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	
Managerial resources	2.3	3.0	235	2.2	3.0	71	2.2	3.0	25	na	na	<5	2.3	3.0	135	2.2	3.0	151	2.3	3.0	82	na	na	<5				
Internal funds	1.8	1.0	230	1.6	1.0	69	2.5	3.0	25	na	na	<5	1.7	1.0	132	1.8	1.0	146	1.8	1.0	82	na	na	<5				
Ability to raise external funds	1.3	1.0	230	1.0	1.0	69	1.8	2.0	25	na	na	<5	1.4	1.0	132	1.3	1.0	148	1.4	1.0	80	na	na	<5				
Legal and regulatory requirements	2.0	2.0	232	2.1	2.0	70	1.7	1.0	25	na	na	<5	1.9	2.0	133	2.1	2.0	148	1.7	2.0	82	na	na	<5				

2.10: Frequency of Share Misvaluation by Region, Ratings and Listing

Question: Do you feel, on average, your company's equity is mis-valued by investors?

Results of Question 2.10: Frequency of Share Misvaluation by Region, Ratings and Listing					
	Frequently	Occasionally	Rarely	Never	N
All	21%	49%	23%	7%	182
Region					
Asia excluding Japan	30%	30%	26%	13%	23
Australia & New Zealand	na	na	na	na	<5
Eastern Europe, Middle East & Africa	na	na	na	na	<5
Germany	13%	61%	19%	6%	31
Japan	13%	52%	30%	4%	23
Latin America	0%	43%	43%	14%	7
North America	36%	50%	9%	5%	22
Western Europe excluding Germany	21%	48%	23%	8%	66
Undisclosed	na	na	na	na	<5
Ratings					
Investment Grade	22%	53%	22%	3%	64
Non-investment Grade	8%	67%	17%	8%	24
Not Rated	na	na	na	na	<5
Undisclosed	23%	41%	26%	10%	91
Listing					
Listed	20%	54%	21%	5%	149
Not Listed	23%	26%	32%	19%	31
Undisclosed	na	na	na	na	<5

2.10: Frequency of Share Misvaluation by Industry

Question: Do you feel, on average, your company's equity is mis-valued by investors?

Results of Question 2.10: Frequency of Share Misvaluation by Industry					
	Frequently	Occasionally	Rarely	Never	N
All	21%	49%	23%	7%	182
Industry					
Automobiles	29%	43%	29%	0%	7
Business Services	0%	100%	0%	0%	<5
Chemicals	27%	55%	18%	0%	11
Consumer	14%	45%	28%	14%	29
Consumer Finance	0%	50%	50%	0%	6
Diversified & Conglomerates	33%	67%	0%	0%	<5
Health Care & Pharmaceuticals	33%	58%	8%	0%	12
Industrials and Materials	13%	56%	26%	5%	39
Media	29%	29%	29%	14%	7
Metals & Mining	25%	50%	0%	25%	<5
Oil & Gas	17%	17%	50%	17%	6
Technology	36%	36%	18%	9%	11
Telecommunications	13%	75%	0%	13%	8
Transportation Services	14%	36%	36%	14%	14
Utilities	30%	40%	30%	0%	10
Undisclosed & Other	45%	45%	9%	0%	11

2.11: Extent of Average Share Misvaluation by Region, Ratings and Listing

Question: What is the average degree of mis-valuation over the last 5 years?

Results of Question 2.11: Extent of Average Share Misvaluation by Region, Ratings and Listing																			
Range Offered	(Over 20%)	(17.6% - 20%)	(15.1% - 17.5%)	(12.6% - 15%)	(10.1% - 12.5%)	(7.6% - 10%)	(5.1% - 7.5%)	(2.6% - 5%)	(0% - 2.5%)	0% - 2.5%	2.6% - 5%	5.1% - 7.5%	7.6% - 10%	10.1% - 12.5%	12.6% - 15%	15.1% - 17.5%	17.6% - 20%	Over 20%	N
Midpoint used for mean and median	-22.5%	-18.8%	-16.3%	-13.8%	-11.3%	-8.8%	-6.3%	-3.8%	-1.3%	1.3%	3.8%	6.3%	8.8%	11.3%	13.8%	16.3%	18.8%	22.5%	N
All	16%	9%	4%	9%	12%	10%	11%	5%	6%	4%	3%	4%	3%	4%	1%	1%	0%	1%	141
Region																			
Asia excluding Japan	12%	12%	0%	18%	35%	0%	6%	0%	12%	0%	0%	0%	0%	6%	0%	0%	0%	0%	17
Australia & New Zealand	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Eastern Europe, Middle East & Africa	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Germany	27%	14%	9%	9%	9%	5%	14%	0%	9%	5%	0%	0%	0%	0%	0%	0%	0%	0%	22
Japan	0%	11%	0%	17%	11%	28%	0%	0%	0%	6%	0%	6%	11%	6%	0%	0%	0%	6%	18
Latin America	20%	0%	0%	0%	20%	20%	20%	20%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5
North America	11%	6%	0%	11%	17%	11%	11%	11%	6%	0%	6%	6%	0%	6%	0%	0%	0%	0%	18
Western Europe excluding Germany	19%	6%	6%	6%	4%	8%	13%	8%	8%	4%	6%	6%	4%	2%	2%	2%	0%	0%	53
Undisclosed	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Ratings																			
Investment Grade	15%	8%	4%	6%	10%	15%	15%	10%	2%	8%	4%	0%	2%	2%	0%	0%	0%	0%	52
Non-investment Grade	16%	11%	5%	5%	16%	16%	0%	5%	5%	0%	0%	5%	11%	5%	0%	0%	0%	0%	19
Not Rated	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Undisclosed	16%	9%	3%	13%	12%	4%	10%	1%	10%	1%	3%	6%	1%	4%	1%	1%	0%	1%	68
Listing																			
Listed	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Not Listed	0%	0%	0%	7%	7%	7%	14%	0%	14%	7%	7%	21%	0%	7%	0%	7%	0%	0%	14
Undisclosed	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5

2.11: Extent of Average Share Misvaluation by Industry

Question: What is the average degree of mis-valuation over the last 5 years?

Results of Question 2.11: Extent of Average Share Misvaluation by Industry																			
Range Offered	(Over 20%)	(17.6% - 20%)	(15.1% - 17.5%)	(12.6% - 15%)	(10.1% - 12.5%)	(7.6% - 10%)	(5.1% - 7.5%)	(2.6% - 5%)	(0% - 2.5%)	0% - 2.5%	2.6% - 5%	5.1% - 7.5%	7.6% - 10%	10.1% - 12.5%	12.6% - 15%	15.1% - 17.5%	17.6% - 20%	Over 20%	N
Midpoint used for mean and median	-22.5%	-18.8%	-16.3%	-13.8%	-11.3%	-8.8%	-6.3%	-3.8%	-1.3%	1.3%	3.8%	6.3%	8.8%	11.3%	13.8%	16.3%	18.8%	22.5%	N
All	16%	9%	4%	9%	12%	10%	11%	5%	6%	4%	3%	4%	3%	4%	1%	1%	0%	1%	141
Industry																			
Automobiles	0%	0%	17%	0%	17%	33%	0%	17%	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6
Business Services	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Chemicals	11%	11%	11%	0%	0%	22%	0%	22%	11%	0%	0%	0%	11%	0%	0%	0%	0%	0%	9
Consumer	6%	6%	6%	6%	11%	6%	11%	17%	11%	6%	6%	11%	0%	0%	0%	0%	0%	0%	18
Consumer Finance	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Diversified & Conglomerates	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Health Care & Pharmaceuticals	9%	27%	0%	9%	36%	9%	0%	0%	0%	0%	9%	0%	0%	0%	0%	0%	0%	0%	11
Industrials and Materials	15%	6%	3%	12%	9%	9%	9%	3%	3%	3%	3%	9%	9%	6%	3%	0%	0%	0%	34
Media	33%	0%	0%	0%	0%	0%	33%	0%	17%	0%	0%	0%	0%	17%	0%	0%	0%	0%	6
Metals & Mining																			
Oil & Gas	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	<5
Technology	22%	11%	0%	33%	11%	0%	0%	0%	0%	11%	0%	0%	0%	11%	0%	0%	0%	0%	9
Telecommunications	17%	33%	0%	0%	17%	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%	17%	0%	0%	6
Transportation Services	27%	0%	9%	0%	18%	0%	18%	0%	18%	0%	9%	0%	0%	0%	0%	0%	0%	0%	11
Utilities	20%	0%	0%	10%	10%	20%	30%	0%	0%	10%	0%	0%	0%	0%	0%	0%	0%	0%	10
Undisclosed & Other	11%	22%	0%	33%	11%	0%	22%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9

2.12: Extent of Extreme Misvaluation

Question: What is the greatest degree of mis-valuation in the last 5 years?

Results of Question 2.12: Extent of Extreme Misvaluation												
Range offered	0% - 2.5%	2.6% - 5%	5.1% - 7.5%	7.6% - 10%	10.1% - 12.5%	12.6% - 15%	15.1% - 17.5%	17.6% - 20%	Over 20%			
<i>Midpoint used for mean & median</i>	1.25%	3.75%	6.25%	8.75%	11.25%	13.75%	16.30%	18.75%	22.50%	\bar{x}	\tilde{x}	<i>N</i>
Overvaluation	28%	10%	4%	7%	13%	6%	4%	3%	25%	11%	11%	71
Undervaluation	5%	2%	4%	10%	3%	11%	8%	10%	47%	17%	19%	133

2.12: Extent of Extreme Misvaluation by Region

Question: What is the greatest degree of mis-valuation in the last 5 years?

Results of Question 2.12: Extent of Extreme Misvaluation by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>			
Overvaluation	11	11	71	11	11	5	na	na	<5	na	na	<5	8	6	13	15	17	6	na	na	<5	11	10	10	11	11	30	na	na	<5
Undervaluation	17	19	133	15	16	16	na	na	<5	na	na	<5	19	23	25	20	23	15	17	16	5	17	23	15	16	18	50	na	na	<5

Means and Medians in Percent

2.12: Extent of Extreme Misvaluation by Ratings and Listing

Question: What is the greatest degree of mis-valuation in the last 5 years?

Results of Question 2.12: Extent of Extreme Misvaluation by Ratings and Listing																								
	Ratings									Listing														
	All			Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed		
	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N
Overvaluation	11	11	71	9	5	24	10	9	11	na	na	<5	13	11	33	11	11	56	9	6	15	na	na	<5
Undervaluation	17	19	133	17	19	47	19	23	19	na	na	<5	16	19	64	17	19	114	14	14	19	na	na	<5

Means and Medians in Percent

2.12: Extent of Extreme Misvaluation by Industry

Question: What is the greatest degree of mis-valuation in the last 5 years?

Results of Question 2.12: Extent of Extreme Misvaluation by Industry																																																			
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
Overvaluation	11	11	71	na	na	<5	na	na	<5	na	na	<5	9	6	11	na	na	<5	na	na	<5	na	na	<5	14	14	19	na	na	<5	na	na	<5	na	na	<5	16	19	5	na	na	<5	4	1	5	6	4	7	na	na	<5
Undervaluation	17	19	133	17	19	5	na	na	<5	16	19	9	16	19	19	na	na	<5	na	na	<5	18	23	11	16	19	30	18	23	5	na	na	<5	na	na	<5	18	19	9	18	23	6	15	14	11	16	15	8	20	23	9

Means and Medians in Percent

2.13: Actions to Exploit Misvaluation

Question: What (if anything) have you done to take advantage of this situation?

Results of Question 2.13: Actions to Exploit Misvaluation		
	%	<i>N</i>
Issued equity	13	102
Altered the timing of equity issue	8	102
Altered the size of equity issue	8	102
Repurchased equity	51	102
Altered the timing of repurchases	15	102
Altered the size of repurchases	17	102
Changed the method of payment in M&A	11	102
Changed dividend policy	46	102
Undertaken M&A	24	102
Altered timing of M&A	10	102
Altered size of M&A	2	102

2.13: Actions to Exploit Misvaluation by Region

Question: What (if anything) have you done to take advantage of this situation?

Results of Question 2.13: Actions to Exploit Misvaluation by Region																				
	All		Asia excluding Japan		Australia & New Zealand		Eastern Europe, Middle East & Africa		Germany		Japan		Latin America		North America		Western Europe excluding Germany		Undisclosed	
	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N
Issued equity	13	102	23	13	na	<5	na	<5	6	16	12	17	na	<5	8	13	15	34	na	<5
Altered the timing of equity issue	8	102	31	13	na	<5	na	<5	0	16	0	17	na	<5	8	13	6	34	na	<5
Altered the size of equity issue	8	102	31	13	na	<5	na	<5	13	16	0	17	na	<5	8	13	3	34	na	<5
Repurchased equity	51	102	23	13	na	<5	na	<5	31	16	71	17	na	<5	92	13	50	34	na	<5
Altered the timing of repurchases	15	102	8	13	na	<5	na	<5	0	16	6	17	na	<5	69	13	6	34	na	<5
Altered the size of repurchases	17	102	8	13	na	<5	na	<5	6	16	6	17	na	<5	62	13	12	34	na	<5
Changed the method of payment in M&A	11	102	8	13	na	<5	na	<5	6	16	12	17	na	<5	31	13	3	34	na	<5
Changed dividend policy	46	102	54	13	na	<5	na	<5	50	16	41	17	na	<5	62	13	32	34	na	<5
Undertaken M&A	24	102	15	13	na	<5	na	<5	38	16	41	17	na	<5	0	13	18	34	na	<5
Altered timing of M&A	10	102	15	13	na	<5	na	<5	6	16	0	17	na	<5	8	13	15	34	na	<5
Altered size of M&A	2	102	0	13	na	<5	na	<5	0	16	0	17	na	<5	8	13	3	34	na	<5

Means and Medians in Percent

2.13: Actions to Exploit Misvaluation by Industry

Question: What (if anything) have you done to take advantage of this situation?

Results of Question 2.13: Actions to Exploit Misvaluation by Industry																																		
	All		Automobiles		Business Services		Chemicals		Consumer		Consumer Finance		Diversified/Conglomerates		Health Care & Pharmaceuticals		Industrials and Materials		Media		Metals and Mining		Oil and Gas		Technology		Telecommunications		Transportation Services		Utilities		Undisclosed & Other	
	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N		
Issued equity	13	102	na	<5	na	<5	13	8	8	13	na	<5	na	<5	0	6	13	23	na	<5	na	<5	na	<5	0	5	na	<5	38	8	13	8	na	<5
Altered the timing of equity issue	8	102	na	<5	na	<5	0	8	8	13	na	<5	na	<5	0	6	4	23	na	<5	na	<5	na	<5	40	5	na	<5	13	8	0	8	na	<5
Altered the size of equity issue	8	102	na	<5	na	<5	0	8	8	13	na	<5	na	<5	0	6	9	23	na	<5	na	<5	na	<5	20	5	na	<5	25	8	0	8	na	<5
Repurchased equity	51	102	na	<5	na	<5	50	8	38	13	na	<5	na	<5	67	6	39	23	na	<5	na	<5	na	<5	60	5	na	<5	38	8	38	8	na	<5
Altered the timing of repurchases	15	102	na	<5	na	<5	25	8	8	13	na	<5	na	<5	17	6	13	23	na	<5	na	<5	na	<5	60	5	na	<5	0	8	0	8	na	<5
Altered the size of repurchases	17	102	na	<5	na	<5	25	8	8	13	na	<5	na	<5	17	6	9	23	na	<5	na	<5	na	<5	60	5	na	<5	0	8	0	8	na	<5
Changed the method of payment in M&A	11	102	na	<5	na	<5	0	8	8	13	na	<5	na	<5	33	6	9	23	na	<5	na	<5	na	<5	20	5	na	<5	0	8	0	8	na	<5
Changed dividend policy	46	102	na	<5	na	<5	50	8	62	13	na	<5	na	<5	50	6	52	23	na	<5	na	<5	na	<5	20	5	na	<5	25	8	63	8	na	<5
Undertaken M&A	24	102	na	<5	na	<5	13	8	38	13	na	<5	na	<5	0	6	39	23	na	<5	na	<5	na	<5	20	5	na	<5	13	8	25	8	na	<5
Altered timing of M&A	10	102	na	<5	na	<5	0	8	15	13	na	<5	na	<5	0	6	17	23	na	<5	na	<5	na	<5	0	5	na	<5	13	8	13	8	na	<5
Altered size of M&A	2	102	na	<5	na	<5	0	8	0	13	na	<5	na	<5	0	6	9	23	na	<5	na	<5	na	<5	0	5	na	<5	0	8	0	8	na	<5

Means and Medians in Percent

2.13: Actions to Exploit Misvaluation by Ratings and Listing

Question: What (if anything) have you done to take advantage of this situation?

Results of Question 2.13: Actions to Exploit Misvaluation by Ratings and Listing																
	All		Ratings								Listing					
			Investment Grade		Non-investment Grade		Not Rated		Undisclosed		Listed		Not Listed		Undisclosed	
	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N
Issued equity	13	102	5	37	21	14	16	49	na	<5	10	88	31	13	na	<5
Altered the timing of equity issue	8	102	5	37	14	14	8	49	na	<5	8	88	8	13	na	<5
Altered the size of equity issue	8	102	3	37	21	14	8	49	na	<5	8	88	8	13	na	<5
Repurchased equity	51	102	68	37	21	14	47	49	na	<5	57	88	15	13	na	<5
Altered the timing of repurchases	15	102	19	37	7	14	12	49	na	<5	15	88	8	13	na	<5
Altered the size of repurchases	17	102	24	37	7	14	12	49	na	<5	17	88	8	13	na	<5
Changed the method of payment in M&A	11	102	11	37	0	14	14	49	na	<5	10	88	15	13	na	<5
Changed dividend policy	46	102	68	37	36	14	33	49	na	<5	49	88	31	13	na	<5
Undertaken M&A	24	102	22	37	29	14	24	49	na	<5	24	88	23	13	na	<5
Altered timing of M&A	10	102	8	37	29	14	6	49	na	<5	10	88	8	13	na	<5
Altered size of M&A	2	102	3	37	7	14	0	49	na	<5	na	<5	0	13	na	<5

Means and Medians in Percent

2.14: Composition of Shareholder Base

Question: On a fully diluted basis, what fraction of your common stock is held by or on behalf of:

Results of Question 2.14: Composition of Shareholder Base									
Range offered	0%	1 - 5%	6 - 10%	11 - 25%	26 - 50%	Greater than 50%			
<i>Midpoint used for mean & median</i>	<i>0.0%</i>	<i>2.5%</i>	<i>7.5%</i>	<i>17.5%</i>	<i>37.5%</i>	<i>75.0%</i>	\bar{x}	\tilde{x}	<i>N</i>
Large corporate holders	44%	5%	9%	11%	12%	19%	22%	8%	181
Large institutional investors	17%	4%	7%	27%	23%	22%	30%	18%	181
Large family or private shareholders	16%	22%	11%	9%	14%	28%	29%	18%	180
Broadly diffused shareholder base	25%	13%	12%	21%	18%	12%	21%	18%	159
Government	80%	8%	1%	1%	1%	7%	7%	0%	138
Top management team & board	28%	56%	8%	4%	2%	2%	5%	3%	164
Other employees	34%	55%	5%	5%	1%	0%	3%	3%	149
Don't know	76%	8%	5%	5%	3%	3%	4%	0%	38

2.14: Composition of Shareholder Base by Region

Question: On a fully diluted basis, what fraction of your common stock is held by or on behalf of:

Results of Question 2.14: Composition of Shareholder Base by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
Large corporate holders	22	8	181	27	18	28	na	na	<5	17	0	5	21	0	37	23	18	18	1	1	8	0	0	20	20	3	59	na	na	<5
Large institutional investors	30	18	181	22	18	26	na	na	<5	37	18	5	25	18	36	21	18	16	18	18	6	1	1	23	31	18	64	na	na	<5
Large family or private shareholders	29	18	180	23	8	22	na	na	<5	na	na	<5	43	38	41	15	8	18	32	38	5	12	3	21	35	28	66	na	na	<5
Broadly diffused shareholder base	21	18	159	24	8	22	na	na	<5	na	na	<5	18	13	32	28	18	14	5	8	6	18	18	20	19	8	54	na	na	<5
Government	7	0	138	13	0	20	30	0	5	na	na	<5	7	0	28	1	0	15	na	na	<5	0	0	16	6	0	46	na	na	<5
Top management team & board	5	3	164	6	3	24	na	na	<5	na	na	<5	4	0	30	2	3	15	na	na	<5	4	3	23	8	3	60	na	na	<5
Other employees	3	3	149	4	3	24	na	na	<5	na	na	<5	1	0	28	3	3	15	na	na	<5	5	3	19	3	3	52	na	na	<5
Don't know	4	0	38	4	0	7	na	na	<5	na	na	<5	0	0	6	na	na	<5	na	na	<5	na	na	<5	2	0	19	na	na	<5

Means and Medians in Percent

2.14: Composition of Shareholder Base by Industry

Question: On a fully diluted basis, what fraction of your common stock is held by or on behalf of:

Results of Question 2.14: Composition of Shareholder Base by Industry																																																						
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other					
	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N	\bar{x}	\tilde{x}	N															
Large corporate holders	22	8	181	29	18	7	na	na	<5	26	5	12	20	8	27	na	na	<5	na	na	<5	3	0	10	20	8	39	48	1	7	10	3	5	25	8	7	10	0	13	28	10	6	24	10	14	32	28	8	27	4	16			
Large institutional investors	30	18	181	17	18	7	45	38	5	44	38	11	27	18	28	22	18	5	na	na	<5	35	18	11	35	38	39	26	18	7	na	na	<5	22	18	7	29	18	13	24	18	7	27	18	10	42	38	9	18	18	14			
Large family or private shareholders	29	18	180	23	8	8	na	na	<5	33	18	11	38	38	31	25	18	6	na	na	<5	27	18	12	29	8	41	25	3	7	1	1	5	18	3	7	16	3	11	25	38	5	27	18	10	na	na	<5	33	38	15			
Broadly diffused shareholder base	21	18	159	11	5	6	na	na	<5	12	8	10	24	18	26	na	na	<5	na	na	<5	25	18	10	18	8	34	18	18	6	na	na	<5	10	8	7	28	18	12	30	18	7	16	18	9	31	38	7	31	18	13			
Government	7	0	138	0	0	7	na	na	<5	0	0	6	4	0	22	na	na	<5	na	na	<5	1	0	9	5	0	29	na	na	<5	na	na	<5	19	0	6	0	0	9	19	0	5	25	1	12	20	5	6	0	0	11			
Top management team & board	5	3	164	2	0	6	3	3	5	1	3	9	7	3	27	na	na	<5	na	na	<5	5	3	12	5	3	37	3	3	5	na	na	<5	2	3	7	8	3	12	4	3	7	2	1	10	na	na	<5	9	3	13			
Other employees	3	3	149	3	3	6	na	na	<5	2	3	8	1	3	23	na	na	<5	na	na	<5	3	3	9	4	3	34	na	na	<5	na	na	<5	2	3	6	7	3	12	6	3	6	2	1	10	2	3	6	4	3	13			
Don't know	4	0	38	na	na	<5	na	na	<5	na	na	<5	4	0	5	na	na	<5	na	na	<5	na	na	<5	14	0	8	na	na	<5	na	na	<5	na	na	<5	0	0	5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5

Means and Medians in Percent

2.14: Composition of Shareholder Base by Ratings and Listing

Question: On a fully diluted basis, what fraction of your common stock is held by or on behalf of:

Results of Question 2.14: Composition of Shareholder Base by Ratings and Listing																								
	All			Ratings												Listing								
				Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed		
	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>	\bar{x}	\bar{x}	<i>N</i>
Large corporate holders	22	8	181	na	na	<5	20	8	21	na	na	<5	24	8	100	18	8	130	30	0	49	na	na	<5
Large institutional investors	30	18	181	na	na	<5	32	18	23	na	na	<5	23	18	93	35	38	141	15	0	38	na	na	<5
Large family or private shareholders	29	18	180	na	na	<5	18	8	19	na	na	<5	40	38	106	18	8	123	0	0	55	na	na	<5
Broadly diffused shareholder base	21	18	159	na	na	<5	31	18	21	na	na	<5	16	3	82	25	18	127	4	0	30	na	na	<5
Government	7	0	138	na	na	<5	0	0	13	na	na	<5	4	0	75	4	0	100	13	0	37	na	na	<5
Top management team & board	5	3	164	na	na	<5	4	3	22	na	na	<5	7	3	87	3	3	127	12	0	36	na	na	<5
Other employees	3	3	149	na	na	<5	3	3	18	na	na	<5	3	3	80	3	3	112	4	0	36	na	na	<5
Don't know	4	0	38	11	0	8	na	na	<5	na	na	<5	3	0	27	6	0	24	2	0	13	na	na	<5

Means and Medians in Percent

2.15: Comparison of Economic Ownership and Voting Rights by Region, Ratings and Listing

Question: Is the distribution of shareholder voting rights the same as the distribution of share holdings as reported above?

2.15 by Region, Ratings and Listing			
	Yes	No	<i>N</i>
All	90%	10%	230
Region			
Asia excluding Japan	96%	4%	28
Australia & New Zealand	100%	0%	6
Eastern Europe, Middle East & Africa	na	na	<5
Germany	98%	2%	50
Japan	95%	5%	22
Latin America	89%	11%	9
North America	78%	22%	23
Western Europe excluding Germany	82%	18%	85
Undisclosed	na	na	<5
Ratings			
Investment Grade	89%	11%	72
Non-investment Grade	84%	16%	25
Not Rated	na	na	<5
Undisclosed	91%	9%	129
Listing			
Listed	89%	11%	151
Not Listed	91%	9%	77
Undisclosed	na	na	<5

2.15: Comparison of Economic Ownership and Voting Rights by Industry

Question: Is the distribution of shareholder voting rights the same as the distribution of share holdings as reported above?

2.15 by Industry			
	Yes	No	<i>N</i>
All	90%	10%	230
Industry			
Automobiles	88%	13%	8
Business Services	60%	40%	5
Chemicals	87%	13%	15
Consumer	84%	16%	38
Consumer Finance	83%	17%	6
Diversified & Conglomerates	100%	0%	5
Health Care & Pharmaceuticals	75%	25%	12
Industrials and Materials	98%	2%	50
Media	90%	10%	10
Metals & Mining	100%	na	6
Oil & Gas	88%	13%	8
Technology	80%	20%	15
Telecommunications	86%	14%	7
Transportation Services	100%	na	15
Utilities	91%	9%	11
Undisclosed & Other	95%	5%	19

2.16: Voting and cashflow rights

Question: Which category has more voting rights than cashflow rights?

Results of Question 2.16: Voting and cashflow rights		
	%	<i>N</i>
Large corporate holders	33	82
Large institutional investors	21	82
Large family or private shareholders	44	82
Broadly diffused shareholder base	10	82
Government	7	82
Top management team & board	17	82

2.16: Voting and cashflow rights by Region

Question: Which category has more voting rights than cashflow rights?

Results of Question 2.16: Voting and cashflow rights by Region																				
	All		Asia excluding Japan		Australia & New Zealand		Eastern Europe, Middle East & Africa		Germany		Japan		Latin America		North America		Western Europe excluding Germany		Undisclosed	
	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N
Large corporate holders	33	82	57	21	na	<5	na	<5	29	14	na	<5	60	5	0	6	17	29	na	<5
Large institutional investors	21	82	33	21	na	<5	na	<5	7	14	na	<5	0	5	50	6	17	29	na	<5
Large family or private shareholders	44	82	29	21	na	<5	na	<5	64	14	na	<5	60	5	50	6	48	29	na	<5
Broadly diffused shareholder base	10	82	29	21	na	<5	na	<5	0	14	na	<5	0	5	0	6	0	29	na	<5
Government	7	82	14	21	na	<5	na	<5	7	14	na	<5	0	5	0	6	3	29	na	<5
Top management team & board	17	82	24	21	na	<5	na	<5	7	14	na	<5	0	5	0	6	28	29	na	<5

Means and Medians in Percent

2.16: Voting and cashflow rights by Industry

Question: Which category has more voting rights than cashflow rights?

Results of Question 2.16: Voting and cashflow rights by Industry																																		
	All		Automobiles		Business Services		Chemicals		Consumer		Consumer Finance		Diversified/Conglomerates		Health Care & Pharmaceuticals		Industrials and Materials		Media		Metals and Mining		Oil and Gas		Technology		Telecommunications		Transportation Services		Utilities		Undisclosed & Other	
	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N		
Large corporate holders	33	82	na	<5	na	<5	na	<5	29	17	na	<5	na	<5	na	<5	27	15	na	<5	na	<5	na	<5	30	10	na	<5	na	<5	na	<5	na	<5
Large institutional investors	21	82	na	<5	na	<5	na	<5	12	17	na	<5	na	<5	na	<5	27	15	na	<5	na	<5	na	<5	30	10	na	<5	na	<5	na	<5	na	<5
Large family or private shareholders	44	82	na	<5	na	<5	na	<5	41	17	na	<5	na	<5	na	<5	27	15	na	<5	na	<5	na	<5	50	10	na	<5	na	<5	na	<5	na	<5
Broadly diffused shareholder base	10	82	na	<5	na	<5	na	<5	12	17	na	<5	na	<5	na	<5	7	15	na	<5	na	<5	na	<5	40	10	na	<5	na	<5	na	<5	na	<5
Government	7	82	na	<5	na	<5	na	<5	0	17	na	<5	na	<5	na	<5	13	15	na	<5	na	<5	na	<5	10	10	na	<5	na	<5	na	<5	na	<5
Top management team & board	17	82	na	<5	na	<5	na	<5	18	17	na	<5	na	<5	na	<5	20	15	na	<5	na	<5	na	<5	40	10	na	<5	na	<5	na	<5	na	<5

Means and Medians in Percent

2.16: Voting and cashflow rights by Ratings and Listing

Question: Which category has more voting rights than cashflow rights?

Results of Question 2.16: Voting and cashflow rights by Ratings and Listing																
	All		Ratings								Listing					
			Investment Grade		Non-investment Grade		Not Rated		Undisclosed		Listed		Not Listed		Undisclosed	
	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N
Large corporate holders	33	82	30	20	50	10	27	49	na	<5	45	40	20	41	na	<5
Large institutional investors	21	82	30	20	40	10	14	49	na	<5	33	40	10	41	na	<5
Large family or private shareholders	44	82	30	20	30	10	55	49	na	<5	43	40	46	41	na	<5
Broadly diffused shareholder base	10	82	10	20	20	10	8	49	na	<5	15	40	5	41	na	<5
Government	7	82	10	20	0	10	8	49	na	<5	5	40	10	41	na	<5
Top management team & board	17	82	10	20	10	10	22	49	na	<5	20	40	15	41	na	<5

Means and Medians in Percent

2.17: Optimal Mix of Shareholders

Question: If you could change the mix of shareholders, what would it be compared to your current mix?

Results of Question 2.17: Optimal Mix of Shareholders				
	Lower	Same	Higher	N
Domestic shareholders	10%	64%	26%	163
Large corporate holders	13%	70%	17%	163
Large institutional investors	9%	58%	33%	169
Large family or private shareholders	19%	72%	9%	168
Broadly diffused shareholder base	6%	53%	40%	161
Government	12%	86%	2%	137
Top management team & board	3%	52%	45%	157
Other employees	3%	54%	42%	145

2.17: Optimal Mix of Shareholders by Region

Question: If you could change the mix of shareholders, what would it be compared to your current mix?

Results of Question 2.17: Optimal Mix of Shareholders by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
Domestic shareholders	0.2	0.0	163	0.2	0.0	24	na	na	<5	-0.2	0.0	5	0.1	0.0	30	0.4	0.0	20	0.1	0.0	8	-0.1	0.0	17	0.2	0.0	54	na	na	<5
Large corporate holders	0.0	0.0	163	0.1	0.0	24	na	na	<5	na	na	<5	0.1	0.0	30	0.2	0.0	20	-0.4	0.0	9	0.0	0.0	15	0.1	0.0	56	na	na	<5
Large institutional investors	0.2	0.0	169	0.6	1.0	25	na	na	<5	na	na	<5	0.1	0.0	34	0.3	0.0	20	0.4	0.0	8	-0.1	0.0	18	0.2	0.0	57	na	na	<5
Large family or private shareholders	-0.1	0.0	168	-0.1	0.0	22	na	na	<5	na	na	<5	-0.1	0.0	36	0.0	0.0	22	0.1	0.0	8	0.0	0.0	16	-0.2	0.0	58	na	na	<5
Broadly diffused shareholder base	0.3	0.0	161	0.1	0.0	22	na	na	<5	na	na	<5	0.1	0.0	28	0.5	1.0	22	0.3	0.0	6	0.6	1.0	18	0.4	0.0	56	na	na	<5
Government	-0.1	0.0	137	-0.2	0.0	19	na	na	<5	na	na	<5	-0.1	0.0	26	0.0	0.0	17	-0.1	0.0	7	0.0	0.0	15	-0.1	0.0	47	na	na	<5
Top management team & board	0.4	0.0	157	0.2	0.0	21	na	na	<5	na	na	<5	0.4	0.0	28	0.3	0.0	19	0.6	1.0	8	0.3	0.0	18	0.5	1.0	56	na	na	<5
Other employees	0.4	0.0	145	0.5	1.0	22	na	na	<5	na	na	<5	0.2	0.0	25	0.4	0.0	16	0.5	0.5	6	0.2	0.0	17	0.4	0.0	53	na	na	<5

2.17: Optimal Mix of Shareholders by Industry

Question: If you could change the mix of shareholders, what would it be compared to your current mix?

Results of Question 2.17: Optimal Mix of Shareholders by Industry																																																			
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
Domestic shareholders	0.2	0.0	163	na	na	<5	na	na	<5	-0.1	0.0	10	0.0	0.0	24	na	na	<5	na	na	<5	0.0	0.0	9	0.3	0.0	39	-0.1	0.0	8	na	na	<5	0.3	0.0	8	0.0	0.0	13	0.2	0.0	6	0.1	0.0	10	0.2	0.0	6	0.5	1.0	11
Large corporate holders	0.0	0.0	163	0.0	0.0	5	na	na	<5	-0.2	0.0	11	0.0	0.0	26	na	na	<5	na	na	<5	0.4	0.0	8	0.1	0.0	39	0.1	0.0	7	0.4	0.0	5	-0.1	0.0	7	0.3	0.0	13	-0.2	0.0	5	-0.1	0.0	11	-0.1	0.0	7	-0.2	0.0	9
Large institutional investors	0.2	0.0	169	0.4	0.0	7	na	na	<5	0.0	0.0	11	0.2	0.0	28	na	na	<5	na	na	<5	0.5	0.5	10	0.0	0.0	37	0.4	0.0	8	na	na	<5	0.6	1.0	7	0.1	0.0	12	0.3	0.5	6	0.6	1.0	10	0.6	1.0	7	0.3	0.0	12
Large family or private shareholders	-0.1	0.0	168	-0.2	0.0	6	na	na	<5	-0.1	0.0	10	-0.1	0.0	26	na	na	<5	na	na	<5	-0.2	0.0	10	-0.2	0.0	42	0.2	0.0	6	0.2	0.0	5	-0.1	0.0	7	-0.1	0.0	13	na	na	<5	0.0	0.0	10	-0.2	0.0	5	-0.1	0.0	14
Broadly diffused shareholder base	0.3	0.0	161	0.4	1.0	5	na	na	<5	0.4	0.0	12	0.4	0.0	26	1.0	1.0	5	na	na	<5	0.3	0.5	10	0.3	0.0	39	0.3	0.0	8	na	na	<5	0.3	0.0	6	0.0	0.0	13	0.2	0.0	5	0.3	0.0	10	na	na	<5	0.5	1.0	10
Government	-0.1	0.0	137	na	na	<5	na	na	<5	0.0	0.0	8	-0.1	0.0	20	na	na	<5	na	na	<5	0.0	0.0	8	0.0	0.0	32	0.1	0.0	7	na	na	<5	-0.3	0.0	7	0.0	0.0	12	-0.4	0.0	5	-0.4	0.0	10	-0.3	0.0	6	0.1	0.0	8
Top management team & board	0.4	0.0	157	0.2	0.0	6	na	na	<5	0.2	0.0	9	0.4	0.0	24	na	na	<5	na	na	<5	0.6	1.0	9	0.5	0.5	38	0.6	1.0	7	na	na	<5	0.4	0.0	7	0.3	0.0	12	0.8	1.0	5	0.5	0.0	11	0.5	0.5	6	0.5	0.5	10
Other employees	0.4	0.0	145	0.4	1.0	5	na	na	<5	0.4	0.0	8	0.4	0.0	23	na	na	<5	na	na	<5	0.4	0.0	9	0.3	0.0	33	0.3	0.0	6	na	na	<5	0.3	0.0	6	0.2	0.0	11	na	na	<5	0.3	0.0	12	0.6	1.0	5	0.4	0.0	11

2.17: Optimal Mix of Shareholders by Ratings and Listing

Question: If you could change the mix of shareholders, what would it be compared to your current mix?

Results of Question 2.17: Optimal Mix of Shareholders by Ratings and Listing																								
	Ratings									Listing														
	All			Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed		
	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N
Domestic shareholders	0.2	0.0	163	0.1	0.0	51	0.2	0.0	21	na	na	<5	0.1	0.0	88	0.2	0.0	122	0.1	0.0	40	-0.4	-1.0	40
Large corporate holders	0.0	0.0	163	0.0	0.0	51	0.0	0.0	21	na	na	<5	0.1	0.0	87	0.0	0.0	118	0.1	0.0	44	-0.4	-1.0	44
Large institutional investors	0.2	0.0	169	0.2	0.0	55	0.1	0.0	20	na	na	<5	0.3	0.0	91	0.2	0.0	127	0.2	0.0	41	-0.4	-1.0	41
Large family or private shareholders	-0.1	0.0	168	0.1	0.0	46	-0.2	0.0	20	na	na	<5	-0.2	0.0	100	-0.1	0.0	119	-0.1	0.0	48	-0.3	-1.0	48
Broadly diffused shareholder base	0.3	0.0	161	0.4	0.0	53	0.4	0.0	20	na	na	<5	0.3	0.0	86	0.4	0.0	123	0.2	0.0	37	-0.4	-1.0	37
Government	-0.1	0.0	137	-0.2	0.0	47	0.0	0.0	17	na	na	<5	-0.1	0.0	70	-0.1	0.0	100	-0.1	0.0	37	-0.5	0.0	37
Top management team & board	0.4	0.0	157	0.4	0.0	52	0.5	0.0	20	na	na	<5	0.4	0.0	83	0.4	0.0	114	0.6	1.0	43	-0.4	0.0	43
Other employees	0.4	0.0	145	0.4	0.0	46	0.3	0.0	19	na	na	<5	0.4	0.0	77	0.4	0.0	109	0.3	0.0	36	-0.5	0.0	36

3.7: Tolerance of Rating Downgrade by Region, Ratings and Listing

Question: If you are rated, what is the lowest long-term rating you would be willing to tolerate in order to:

- Take on value-enhancing investments
- Engage in strategic merger and acquisition activities
- Maintain your current dividend policy
- Avoid hostile takeover

Results of Question 3.7: Tolerance of Rating Downgrade by Region, Ratings and Listing

	Take on value enhancing investments			Engage in strategic merger and acquisition activities			Maintain your current dividend policy			Avoid a hostile takeover		
	Downgrade	Average Downgrade	N	Downgrade	Average Downgrade	N	Downgrade	Average Downgrade	N	Downgrade	Average Downgrade	N
All	57%	1.0	126	69%	1.2	123	44%	0.8	119	64%	1.5	104
Region												
Asia excluding Japan	63%	1.4	8	63%	1.1	8	63%	0.9	8	67%	2.7	6
Australia & New Zealand	80%	1.4	5	80%	1.4	5	80%	1.4	5	100%	1.8	5
Eastern Europe, Middle East & Africa	na	na	<5	na	na	<5	na	na	<5	na	na	<5
Germany	63%	0.9	19	65%	0.9	20	50%	0.8	18	67%	1.3	15
Japan	43%	1.1	7	43%	1.1	7	43%	1.1	7	43%	1.1	7
Latin America	67%	1.2	12	83%	1.3	12	50%	0.8	12	80%	1.2	10
North America	59%	1.0	51	74%	1.4	50	43%	0.8	46	71%	1.8	41
Western Europe excluding Germany	42%	0.7	24	62%	1.2	21	22%	0.4	23	40%	0.9	20
Undisclosed	na	na	<5	na	na	<5	na	na	<5	na	na	<5
Ratings												
Investment Grade	61%	1.1	108	73%	1.3	106	46%	0.8	105	69%	1.6	88
Non-investment Grade	33%	0.4	18	47%	0.5	17	29%	0.5	14	38%	1.1	16
Not Rated	na	na	<5	na	na	<5	na	na	<5	na	na	<5
Undisclosed	na	na	<5	na	na	<5	na	na	<5	na	na	<5
Listing												
Listed	53%	1.0	104	67%	1.2	102	41%	0.8	98	62%	1.5	89
Not Listed	77%	1.2	22	81%	1.2	21	57%	0.9	21	80%	1.3	15
Undisclosed	na	na	<5	na	na	<5	na	na	<5	na	na	<5

Key: Downgrade = Proportion of the sample that would accept a downgrade

Average Downgrade = Average number of notches of downgrade accepted. A move from BBB+ to BBB, for example, counts as a one notch downgrade

3.7: Tolerance of Rating Downgrade by Industry

Question: If you are rated, what is the lowest long-term rating you would be willing to tolerate in order to:

- Take on value-enhancing investments
- Engage in strategic merger and acquisition activities
- Maintain your current dividend policy
- Avoid hostile takeover

Results of Question 3.7: Tolerance of Rating Downgrade by Industry												
	Take on value enhancing investments			Engage in strategic merger and acquisition activities			Maintain your current dividend policy			Avoid a hostile takeover		
	Downgrade	Average Downgrade	N	Downgrade	Average Downgrade	N	Downgrade	Average Downgrade	N	Downgrade	Average Downgrade	N
All	57%	1.0	126	69%	1.2	123	44%	0.8	119	64%	1.5	104
Industry												
Automobiles	na	na	<5	na	na	<5	na	na	<5	na	na	<5
Business Services	na	na	<5	na	na	<5	na	na	<5	na	na	<5
Chemicals	25%	0.6	8	63%	1.9	8	50%	0.9	8	67%	2.2	6
Consumer	79%	1.2	14	93%	1.4	14	69%	1.1	13	100%	2.4	11
Consumer Finance	na	na	<5	na	na	<5	na	na	<5	na	na	<5
Diversified & Conglomerates	na	na	<5	na	na	<5	na	na	<5	na	na	<5
Health Care & Pharmaceuticals	75%	1.7	12	75%	1.7	12	67%	1.2	12	75%	1.6	12
Industrials and Materials	41%	0.5	27	59%	0.7	27	17%	0.2	23	44%	0.7	25
Media	100%	1.5	8	100%	2.3	8	38%	1.3	8	100%	3.7	6
Metals & Mining	40%	0.8	5	40%	0.8	5	0%	0.0	5	na	na	<5
Oil & Gas	67%	1.3	6	67%	1.2	6	33%	0.5	6	80%	1.2	5
Technology	44%	1.1	9	44%	0.9	9	38%	0.8	8	44%	2.2	9
Telecommunications	17%	0.3	6	60%	1.0	5	17%	0.3	6	na	na	<5
Transportation Services	80%	1.4	5	83%	1.3	6	80%	1.4	5	na	na	<5
Utilities	60%	1.0	15	75%	1.3	12	53%	0.9	15	80%	1.4	10
Undisclosed & Other	na	na	<5	na	na	<5	na	na	<5	na	na	<5

Key: Downgrade = Proportion of the sample that would accept a downgrade

Average Downgrade = Average number of notches of downgrade accepted. A move from BBB+ to BBB, for example, counts as a one notch downgrade

3.12: Fairness of Credit Spread by Region, Ratings and Listing

Question: Do you feel that the average credit spread currently paid on your debt is a fair reflection of the default risk that investors are incurring?

Results of Question 3.12: Fairness of Credit Spread by Region, Ratings and Listing				
	Fair	Wide	Narrow	N
All	77%	19%	4%	163
Region				
Asia excluding Japan	64%	32%	5%	22
Australia & New Zealand	100%	0%	0%	5
Eastern Europe, Middle East & Africa	na	na	na	<5
Germany	86%	8%	6%	36
Japan	65%	29%	6%	17
Latin America	100%	0%	0%	9
North America	70%	30%	0%	23
Western Europe excluding Germany	79%	17%	4%	47
Undisclosed	na	na	na	<5
Ratings				
Investment Grade	85%	14%	2%	66
Non-investment Grade	60%	35%	5%	20
Not Rated	na	na	na	<5
Undisclosed	76%	19%	5%	74
Listing				
Listed	76%	21%	3%	119
Not Listed	79%	14%	7%	43
Undisclosed	na	na	na	<5

3.12: Fairness of Credit Spread by Industry

Question: Do you feel that the average credit spread currently paid on your debt is a fair reflection of the default risk that investors are incurring?

Results of Question 3.12: Fairness of Credit Spread by Industry				
	Fair	Wide	Narrow	N
All	77%	19%	4%	163
Industry				
Automobiles	75%	25%	0%	8
Business Services	na	na	na	<5
Chemicals	77%	15%	8%	13
Consumer	91%	4%	4%	23
Consumer Finance	na	na	na	<5
Diversified & Conglomerates	na	na	na	<5
Health Care & Pharmaceuticals	78%	22%	0%	9
Industrials and Materials	75%	22%	3%	36
Media	80%	20%	0%	5
Metals & Mining	80%	20%	0%	5
Oil & Gas	90%	10%	0%	10
Technology	80%	10%	10%	10
Telecommunications	40%	60%	0%	5
Transportation Services	85%	15%	0%	13
Utilities	90%	10%	0%	10
Undisclosed & Other	67%	22%	11%	9

3.13: Fairness of Credit Rating

Question: If you are rated, do you believe

Results of Question 3.13: Fairness of Credit Rating				
	No, the rating is too low -1	Yes, the rating is fair 0	No, the rating is too high 1	N
S&P	46%	54%	0%	84
Moody's	49%	51%	0%	76
Fitch	45%	55%	0%	38

3.13: Fairness of Credit Rating by Region

Question: If you are rated, do you believe that your current long-term rating is fair?

Results of Question 3.13: Fairness of Credit Rating by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
S&P	-0.5	0.0	84	-0.7	-1.0	6	na	na	<5	na	na	<5	-0.3	0.0	14	-0.8	-1.0	12	-0.5	-0.5	8	-0.4	0.0	22	-0.4	0.0	19	na	na	<5
Moody's	-0.5	0.0	76	-0.6	-1.0	7	na	na	<5	na	na	<5	-0.2	0.0	13	-0.6	-1.0	11	-0.6	-1.0	5	-0.5	-1.0	22	-0.5	0.0	17	na	na	<5
Fitch	-0.4	0.0	38	na	na	<5	na	na	<5	na	na	<5	na	na	<5	na	na	<5	-0.5	-0.5	6	-0.3	0.0	15	-0.8	-1.0	6	na	na	<5

3.13: Fairness of Credit Rating by Industry

Question: If you are rated, do you believe that your current long-term rating is fair?

Results of Question 3.13: Fairness of Credit Rating by Industry																																																			
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
S&P	-0.5	0.0	84	na	na	<5	na	na	<5	-0.1	0.0	7	-0.3	0.0	10	na	na	<5	na	na	<5	-0.8	-1.0	5	-0.4	0.0	15	na	na	<5	na	na	<5	-0.5	-0.5	6	na	na	<5	-0.8	-1.0	5	-0.2	0.0	6	-0.7	-1.0	10	na	na	<5
Moody's	-0.5	0.0	76	na	na	<5	na	na	<5	0.0	0.0	6	-0.3	0.0	8	na	na	<5	na	na	<5	-1.0	-1.0	5	-0.5	-0.5	12	na	na	<5	na	na	<5	-0.6	-1.0	5	-0.4	0.0	5	-0.8	-1.0	5	na	na	<5	-0.5	-0.5	10	na	na	<5
Fitch	-0.4	0.0	38	na	na	<5	na	na	<5	na	na	<5	0.0	0.0	5	na	na	<5	na	na	<5	-0.4	0.0	5	-0.3	0.0	6	na	na	<5	na	na	<5	-0.8	-1.0	5	na	na	<5	na	na	<5	-0.8	-1.0	5	na	na	<5			

3.13: Fairness of Credit Rating by Ratings and Listing

Question: If you are rated, do you believe that your current long-term rating is fair?

Results of Question 3.13: Fairness of Credit Rating by Ratings and Listing																								
	Ratings									Listing														
	All			Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed		
	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N
S&P	-0.5	0.0	84	-0.4	0.0	64	-0.7	-1.0	20	na	na	<5	na	na	<5	-0.5	0.0	72	-0.3	0.0	12	na	na	<5
Moody's	-0.5	0.0	76	-0.4	0.0	55	-0.7	-1.0	21	na	na	<5	na	na	<5	-0.5	0.0	67	-0.4	0.0	9	na	na	<5
Fitch	-0.4	0.0	38	-0.4	0.0	31	-0.7	-1.0	7	na	na	<5	na	na	<5	-0.5	0.0	33	-0.4	0.0	5	na	na	<5

5.8: Actions to Avoid a Dividend Cut

Question: Suppose that your operating cashflows were weak and you had insufficient liquid resources to pay Regular Dividends at the most recent level. How likely would you be to take each of these actions?

Results of Question 5.8: Actions to Avoid a Dividend Cut									
	Never 0	Slightly Likely 1	2	3	4	Very Likely 5	\bar{x}	\tilde{x}	<i>N</i>
Borrow up to the limit of the credit rating	26%	22%	11%	15%	20%	6%	2.0	2.0	159
Borrow and allow the credit rating to fall	48%	26%	12%	10%	4%	0%	1.0	1.0	156
Cut deferrable investment	10%	27%	15%	20%	17%	10%	2.4	2.0	157
Cut strategic investment	29%	30%	18%	9%	11%	3%	1.5	1.0	157
Sell assets at their fair value	25%	31%	12%	16%	12%	2%	1.6	1.0	153
Sell assets at a discount to their fair value	59%	23%	12%	4%	2%	0%	0.7	0.0	157
Raise new equity	48%	31%	8%	8%	5%	0%	0.9	1.0	153
Cut dividends	9%	14%	17%	20%	22%	19%	2.9	3.0	162

5.8: Actions to Avoid a Dividend Cut by Region

Question: Suppose that your operating cashflows were weak and you had insufficient liquid resources to pay Regular Dividends at the most recent level. How likely would you be to take each of these actions?

Results of Question 5.8: Actions to Avoid a Dividend Cut by Region																														
	All			Asia excluding Japan			Australia & New Zealand			Eastern Europe, Middle East & Africa			Germany			Japan			Latin America			North America			Western Europe excluding Germany			Undisclosed		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N			
Borrow up to the limit of the credit rating	2.0	2.0	159	1.8	1.0	24	na	na	<5	na	na	<5	1.6	1.0	34	1.6	1.0	21	2.6	3.0	9	3.2	4.0	14	2.0	2.0	50	na	na	<5
Borrow and allow the credit rating to fall	1.0	1.0	156	1.1	1.0	24	na	na	<5	na	na	<5	0.7	0.0	34	1.0	1.0	21	0.8	0.0	9	1.8	2.0	13	0.8	0.0	49	na	na	<5
Cut deferrable investment	2.4	2.0	157	2.5	2.5	24	na	na	<5	na	na	<5	1.9	1.0	34	2.3	2.0	21	2.0	1.0	9	3.8	4.0	13	2.3	2.0	50	na	na	<5
Cut strategic investment	1.5	1.0	157	1.7	2.0	24	na	na	<5	na	na	<5	1.2	1.0	34	1.8	2.0	21	0.4	0.0	9	2.5	2.0	13	1.5	1.0	49	na	na	<5
Sell assets at their fair value	1.6	1.0	153	1.7	1.0	24	na	na	<5	na	na	<5	1.3	1.0	32	2.1	2.0	21	1.1	1.0	9	2.7	3.0	13	1.6	1.0	48	na	na	<5
Sell assets at a discount to their fair value	0.7	0.0	157	0.8	0.0	24	na	na	<5	na	na	<5	0.4	0.0	33	1.2	1.0	21	0.4	0.0	9	1.2	1.0	13	0.5	0.0	50	na	na	<5
Raise new equity	0.9	1.0	153	1.3	1.0	24	na	na	<5	na	na	<5	0.7	0.0	32	0.9	1.0	21	0.3	0.0	7	0.8	1.0	13	0.9	1.0	48	na	na	<5
Cut dividends	2.9	3.0	162	3.2	3.0	24	na	na	<5	na	na	<5	3.5	4.0	34	2.1	2.0	21	3.0	4.0	9	2.2	2.0	14	2.8	3.0	53	na	na	<5

5.8: Actions to Avoid a Dividend Cut by Industry

Question: Suppose that your operating cashflows were weak and you had insufficient liquid resources to pay Regular Dividends at the most recent level. How likely would you be to take each of these actions?

Results of Question 5.8: Actions to Avoid a Dividend Cut by Industry																																																			
	All			Automobiles			Business Services			Chemicals			Consumer			Consumer Finance			Diversified/Conglomerates			Health Care & Pharmaceuticals			Industrials and Materials			Media			Metals and Mining			Oil and Gas			Technology			Telecommunications			Transportation Services			Utilities			Undisclosed & Other		
	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N	\bar{x}	\bar{x}	N												
Borrow up to the limit of the credit rating	2.0	2.0	159	1.2	0.5	6	na	na	<5	2.7	2.5	10	na	na	<5	2.0	1.5	26	na	na	<5	2.1	2.0	9	2.1	2.5	28	2.4	3.0	7	1.0	1.0	7	2.9	3.5	10	2.1	2.0	8	na	na	<5	1.5	1.0	13	1.8	1.0	8	1.6	1.0	13
Borrow and allow the credit rating to fall	1.0	1.0	156	0.0	0.0	6	na	na	<5	1.1	0.5	10	na	na	<5	1.1	1.0	25	na	na	<5	1.2	1.0	9	1.0	0.5	28	1.3	1.0	7	0.8	0.5	6	1.0	0.5	10	1.3	1.0	8	na	na	<5	0.3	0.0	12	1.0	0.5	8	0.7	0.0	13
Cut deferrable investment	2.4	2.0	157	1.3	1.0	6	na	na	<5	3.0	3.5	10	na	na	<5	2.1	2.0	25	1.4	1.0	5	2.7	2.0	9	2.9	3.0	28	2.5	2.5	6	1.7	1.0	6	1.8	1.0	10	2.5	2.5	8	na	na	<5	2.0	1.5	12	2.4	2.5	8	2.8	3.0	13
Cut strategic investment	1.5	1.0	157	0.8	1.0	6	na	na	<5	1.9	1.5	10	na	na	<5	1.4	1.0	25	0.8	1.0	5	2.0	2.0	9	2.0	2.0	28	1.3	1.0	6	1.4	1.0	7	0.8	0.0	9	1.6	1.0	8	na	na	<5	1.4	1.0	12	1.1	1.0	8	1.6	1.0	13
Sell assets at their fair value	1.6	1.0	153	1.8	2.0	6	na	na	<5	1.0	1.0	9	na	na	<5	2.2	2.0	24	1.0	1.0	5	2.0	1.5	8	1.9	1.5	28	1.6	1.0	5	1.0	1.0	7	1.2	1.0	10	2.0	1.0	8	na	na	<5	1.5	1.0	11	1.5	1.5	8	1.5	1.0	13
Sell assets at a discount to their fair value	0.7	0.0	157	0.3	0.0	6	na	na	<5	0.3	0.0	10	na	na	<5	0.9	1.0	25	0.0	0.0	5	1.0	1.0	9	0.9	0.5	28	0.3	0.0	6	0.6	0.0	7	0.6	0.0	10	1.0	1.0	8	na	na	<5	0.4	0.0	11	0.5	0.0	8	0.5	0.0	13
Raise new equity	0.9	1.0	153	0.3	0.0	6	na	na	<5	0.2	0.0	10	na	na	<5	1.2	1.0	26	0.2	0.0	5	1.0	1.0	9	1.1	1.0	27	0.3	0.0	6	0.6	0.0	7	0.6	0.0	8	2.0	2.0	8	na	na	<5	0.8	1.0	10	1.4	1.0	8	0.8	0.5	12
Cut dividends	2.9	3.0	162	3.2	4.0	6	na	na	<5	2.1	2.0	10	na	na	<5	3.5	4.0	26	3.4	3.0	5	2.7	3.0	9	3.0	3.5	28	2.3	2.0	6	3.0	3.0	7	2.9	3.0	10	3.1	3.5	8	na	na	<5	2.7	3.0	13	3.5	4.5	10	2.5	3.0	13

5.8: Actions to Avoid a Dividend Cut by Ratings and Listing

Question: Suppose that your operating cashflows were weak and you had insufficient liquid resources to pay Regular Dividends at the most recent level. How likely would you be to take each of these actions?

Results of Question 5.8: Actions to Avoid a Dividend Cut by Ratings and Listing																								
	All			Ratings												Listing								
				Investment Grade			Non-investment Grade			Not Rated			Undisclosed			Listed			Not Listed			Undisclosed		
	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N	\bar{x}	\hat{x}	N
Borrow up to the limit of the credit rating	2.0	2.0	159	2.4	2.0	64	2.9	3.0	15	na	na	<5	1.6	1.0	76	2.2	2.0	120	1.4	1.0	39	na	na	<5
Borrow and allow the credit rating to fall	1.0	1.0	156	1.1	1.0	64	1.5	1.0	15	na	na	<5	0.7	0.0	73	1.1	1.0	117	0.5	0.0	39	na	na	<5
Cut deferrable investment	2.4	2.0	157	2.7	3.0	64	2.7	3.0	15	na	na	<5	2.0	2.0	74	2.6	3.0	119	1.7	1.0	38	na	na	<5
Cut strategic investment	1.5	1.0	157	1.5	1.0	64	2.2	3.0	15	na	na	<5	1.4	1.0	74	1.7	1.0	119	0.9	1.0	38	na	na	<5
Sell assets at their fair value	1.6	1.0	153	1.9	2.0	61	2.1	2.0	15	na	na	<5	1.3	1.0	73	1.9	1.5	116	0.9	1.0	37	na	na	<5
Sell assets at a discount to their fair value	0.7	0.0	157	0.7	0.0	63	1.3	1.0	15	na	na	<5	0.5	0.0	75	0.8	0.0	119	0.3	0.0	38	na	na	<5
Raise new equity	0.9	1.0	153	0.7	0.0	60	1.5	1.0	15	na	na	<5	1.0	1.0	74	1.0	1.0	117	0.8	0.0	36	na	na	<5
Cut dividends	2.9	3.0	162	2.4	2.0	67	3.6	4.0	15	na	na	<5	3.2	3.0	76	2.8	3.0	124	3.2	3.5	38	na	na	<5

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