

AFP CORPORATE CASH INDICATORS®

Frequently Asked Questions about the AFP Corporate Cash Indicators®

www.afponline.org/CCI

What do the indicators show?

- The **AFP Corporate Cash Indicators** show changes in corporate cash holdings over the last quarter and the last year.
- They include a forward looking measure of corporate cash and short-term investment holdings and of expected business conditions.
- Over time, the indicators reveal broad trends and shifts in corporate thinking.

Who produces the indicators?

The CCI are produced by the research department of the Association for Financial Professionals.

Why is AFP's backing significant? What else does AFP do?

As the professional society representing finance executives worldwide, AFP is an independent, not-for-profit organization whose original, unbiased information is trusted by members, the finance profession, analysts, researchers, regulators, policymakers and lawmakers.

AFP established and administers the Certified Treasury Professional and Certified Corporate FP&A Professional credentials, which set standards of excellence in finance. The AFP Annual Conference is the largest networking event for corporate finance professionals in the world. *AFP, Association for Financial Professionals, Certified Treasury Professional, Certified Corporate Financial Planning & Analysis Professional and AFP Corporate Cash Indicators are registered trademarks of the Association for Financial Professionals. © 2015 Association for Financial Professionals, Inc. All Rights Reserved.*

What was the catalyst? How did the indicators come about?

AFP began planning the CCI about 10 years ago, based upon observed connections between the actions and sentiment of AFP members and current economic trends. Representing a broad cross-section of companies and industries, the views of AFP members correspond to the economy as a whole. In 2011, AFP launched the CCI to be a bellwether of economic growth.

Who are the survey respondents? What do they represent?

The survey goes to people whose day-to-day job is to manage their company's cash and short-term investment portfolios, people who are fully aware of their organization's cash strategies and funding needs. A company's plans to grow or shrink its cash reserves and short-term investment portfolios in the future reflect its business outlook and direction, making these decisions leading indicators of economic activity.

How many people participate? Where are they from?

Participants represent about 200 companies, generally drawn from Fortune 1,000 companies and across all industries, including manufacturing, retail, energy, financial services, and technology. The CCI currently focuses on North America.

How often are the indicators published and where can I find them?

Each quarter, at 12:00 AM of the morning of the last Monday of January, April, July and October, AFP releases the indicators through PRNewswire. AFP also posts the indicators on www.afponline.org/CCI.

How is the survey conducted?

AFP surveys a select group of financial professionals about how companies manage their cash and short-term investment portfolios by directing them to an online survey tool. On the opening days of each quarter, AFP asks select AFP members about the size and composition of their short-term investment holdings. A select group of AFP members has agreed to participate in the CCI on a long-term basis.

What are the questions?

AFP's proprietary survey questions are:

- *Over the past quarter, did your organization's cash and short-term investment holdings increase, decrease or remain the same?*
- *Over the past year, did your organization's short-term holdings increase, decrease or remain the same?*
- *During the current quarter, do you expect your organization will increase, decrease or maintain its current cash and short-term investment holdings?*
- *Over the past quarter, did your organization's investment selection for its cash and short-term investments become more aggressive, more conservative, or remained unchanged?*

How do you calculate the value of the indicators?

- For the first three questions, AFP subtracts the percentage of respondents who report "decrease" from those that report "increase." *(For example, if 40 percent of respondents indicate that their organizations' holdings have increased over the past quarter and 30 percent indicate a decrease, you get an index reading of +10 for the first question).*
- For the fourth question, AFP subtracts the percentage of respondents who indicates "more conservative" from the percentage that indicates "more aggressive" strategies.

What does a "plus" reading indicate? Is it positive for the economy?

A plus reading indicates a greater percentage of organizations increased their cash holdings (or plans to increase them), compared to a minus reading, which indicates a greater percentage of organizations decreased their cash holdings (or plans to decrease them).

Reasons companies might increase cash holdings include building reserves for defensive purposes or holding reserves until they sense a brighter future, among other reasons. At best, this tends to indicate a "wait and see" mindset for the economy.

Reasons companies might shed cash reserves include increased M&A activity, capital expenditures, share buybacks and increased payrolls, among other reasons. This tends to be a positive sign for the economy.

May I have the names of the participants?

As a condition for ongoing participation, respondents have requested anonymity. For the indicators that we are currently publishing, AFP does not release details that would reveal the identities of the respondents.

What does AFP plan to do with the indicators in the future?

AFP's vision for the CCI is long-term. Whereas the last 10 years involved the conception, planning, testing, launch and execution of the CCI, the future will involve expansion as the connection continues to be drawn between the views of AFP members and economic trends. AFP also plans to make adjustments to control for seasonal variability.

Where can I find past data?

Go to www.afponline.org/CCI for past results and latest data.

Are we allowed to publish the indicators on our site?

For information on how to publish the indicators on your site, please contact pr@afponline.org with questions.

Are the indicators trademarked?

Yes. AFP Corporate Cash Indicators, AFP, and Association for Financial Professionals are registered trademarks of the Association for Financial Professionals. © 2015 Association for Financial Professionals, Inc. All Rights Reserved.