

Third Quarter 2009: Credit Availability Survey for Connecticut Businesses

Sponsored by TD Bank

346 responses, 13% response rate, Margin of error +/-5%

COMPANY INFORMATION

3Q2008 4Q2008 1Q2009 2Q2009 3Q2009

1. Has your company used any financing within the prior three months to meet your credit needs?

Yes	33.7%	31.8%	31.7%	29.7%	31.7%
No	66.3%	68.2%	68.3%	70.3%	68.3%

2. What types of financing has your company used within the prior three months to meet your credit needs? (Check all that apply)

Bank loan/Line of credit	86.8%	84.9%	84.9%	85.4%	80.0%
Vendor credit	23.1%	24.7%	28.0%	26.0%	15.7%
Private loan	8.8%	8.6%	18.3%	15.6%	12.9%
Government sponsored loan program	1.1%	3.2%	2.2%	2.1%	0.0%
Public issuance of stock	0.0%	0.0%	0.0%	2.1%	0.0%
Private placement of stock	0.0%	1.1%	0.0%	0.0%	0.0%
Leasing	8.8%	11.8%	8.6%	11.5%	12.9%
Private placement of debt	0.0%	8.6%	3.2%	3.1%	4.3%
Credit cards	34.1%	40.9%	36.6%	33.3%	28.6%
Earnings of the business	14.3%	16.1%	10.8%	21.9%	17.1%
Other	2.0%	2.2%	3.2%	2.1%	5.7%

3. What type of financing are you currently most in need of? (Check all that apply)

Working capital (for day-to-day operations, inventory, bridge loans, etc.)	32.3%	31.2%	33.6%	34.5%	36.6%
Capital for machinery and equipment purchases	12.2%	10.6%	9.3%	9.8%	11.6%
Capital for expansion of existing plant or office space	7.5%	7.6%	5.0%	5.8%	8.9%
Capital for research and development	2.9%	2.7%	1.7%	1.8%	2.2%
Capital for new product or service development	5.0%	3.3%	2.7%	5.5%	6.3%
None/Not applicable	47.7%	50.5%	50.2%	50.0%	47.3%
Other	2.2%	3.7%	3.0%	3.7%	2.2%

4. Is credit availability a problem for your company?

Yes	17.7%	22.1%	25.4%	23.3%	31.4%
No	82.3%	77.9%	74.6%	76.7%	68.6%

5. If credit availability is a problem for your company, what has been the effect on your operations? (Check all that apply)

Reduced the number of employees	17.0%	28.6%	42.5%	47.3%	40.6%
Reduced compensation/benefits to employees	10.6%	28.6%	35.6%	37.8%	34.8%
Unable to grow or expand	42.6%	46.0%	49.3%	54.1%	59.4%
Unable to finance increased sales	25.5%	28.6%	21.9%	28.4%	31.9%
Unable to increase inventory to meet demand	21.3%	20.6%	15.1%	23.0%	26.8%
Closed or will close operations, stores or branches	8.5%	12.7%	9.6%	10.8%	5.8%
Other	7.9%	15.9%	12.3%	12.2%	15.2%

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6. Over the past three months, did your firm seek financing?

Yes	24.2%	23.5%	24.8%	24.6%	30.9%
No	75.8%	76.5%	75.2%	75.4%	69.1%

7. If your firm has received financing over the prior three months, please indicate the actual amount of financing received?

None	23.8%	28.8%	35.2%	40.5%	43.3%
Less than \$50,000	17.5%	10.6%	18.3%	16.5%	17.9%
\$50,000 to \$100,000	23.8%	12.1%	15.5%	12.7%	10.4%
\$100,001 to \$250,000	12.7%	13.6%	9.9%	3.8%	10.4%
\$250,001 to \$500,000	7.9%	7.6%	11.3%	5.1%	3.0%
\$500,001 to \$1,000,000	4.8%	9.1%	2.8%	6.3%	7.5%
Over \$1,000,000	9.5%	16.7%	5.6%	15.2%	7.5%

8. If your firm has received financing over the prior three months, please indicate the amount of financing you would have ideally liked to have received.

Less than \$50,000	20.6%	15.2%	23.9%	15.2%	14.9%
\$50,000 to \$100,000	20.6%	15.2%	15.5%	15.2%	23.9%
\$100,001 to \$250,000	20.6%	13.6%	18.3%	17.7%	20.9%
\$250,001 to \$500,000	20.6%	13.6%	19.7%	20.3%	14.9%
\$500,001 to \$1,000,000	7.9%	16.7%	5.6%	10.1%	10.4%
Over \$1,000,000	9.5%	24.2%	15.5%	20.3%	14.9%

9. If you were able to obtain additional credit today for your business, how would you use it? (Check all that apply)

Maintain current workforce size	25.4%	33.3%	40.8%	38.0%	32.8%
Hire more employees	17.5%	12.1%	21.1%	20.3%	19.4%
Increase compensation/benefits to employees	9.5%	6.1%	11.3%	7.3%	10.4%
Invest in new plant and equipment	36.5%	30.3%	36.6%	27.8%	40.3%
Invest in research and development	9.5%	9.1%	4.2%	6.3%	7.5%
Expand export activities	6.3%	1.5%	2.8%	2.5%	4.5%
Increase inventory	19.0%	15.2%	12.7%	21.5%	14.9%
Expand into new operations, stores or branches	20.6%	21.2%	19.7%	21.5%	25.4%
Other	14.3%	19.7%	11.7%	6.6%	7.8%

10. Has your primary lending institution changed terms of any loan you may have had within the prior three months?

Yes	8.5%	12.7%	8.8%	18.3%	16.2%
No	61.0%	60.8%	60.4%	52.1%	56.9%
Not applicable	30.5%	26.5%	30.9%	29.7%	26.9%

CURRENT CREDIT CONDITIONS

3Q2008 4Q2008 1Q2009 2Q2009 3Q2009

11. In your opinion, how would you characterize the current lending climate in Connecticut?

Excellent	2.3%	2.5%	40.0%	0.3%	0.5%
Good	10.4%	7.2%	6.1%	7.3%	6.2%
Average	52.7%	52.0%	46.8%	48.2%	43.6%
Fair	26.2%	27.6%	33.2%	35.9%	33.6%
Poor	8.5%	10.8%	13.6%	8.3%	16.1%

FUTURE EXPECTATIONS FOR CREDIT CONDITIONS

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12. *What are your expectations for Connecticut's lending climate over the next three months?*

Improve significantly	1.5%	2.2%	0.4%	0.7%	0.5%
Improve somewhat	6.2%	8.3%	9.3%	7.6%	5.6%
Stay the same	36.2%	42.1%	52.7%	49.8%	48.4%
Deteriorate somewhat	44.2%	38.1%	29.0%	34.9%	33.8%
Deteriorate significantly	11.9%	9.4%	8.6%	7.0%	11.7%

DEMOGRAPHIC INFORMATION

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13. *What best describes your firm?*

Manufacturing	39.4%	39.2%	37.9%	36.8%	43.4%
Construction	8.0%	9.9%	9.8%	6.3%	5.1%
Retail	8.0%	5.3%	9.1%	7.5%	6.5%
Wholesale trade	--	--	--	6.0%	4.1%
Information	--	--	--	0.6%	0.8%
Finance	--	--	--	4.4%	5.2%
Business and Professional Services	--	--	--	18.6%	23.0%
Education	--	--	--	1.9%	2.0%
Leisure and Hospitality	--	--	--	2.2%	1.2%
Government	--	--	--	0.3%	0.1%
Other	--	--	--	15.4%	8.7%

14. *How many employees are currently employed at your Connecticut firm?*

Less than 10	18.5%	25.0%	30.0%	20.6%	21.2%
10 to 49	53.6%	55.6%	51.9%	55.2%	53.7%
50 to 99	--	--	--	11.4%	17.5%
100 to 249	--	--	--	7.6%	2.8%
250 to 499	2.9%	2.5%	2.4%	1.9%	1.8%
500 and above	3.6%	2.1%	1.0%	3.2%	3.1%