

First Quarter 2009: Credit Availability Survey for Connecticut Businesses

Sponsored by Banknorth

389 responses, 14% response rate, Margin of error +/-5%

COMPANY INFORMATION

1Q2008 2Q2008 3Q2008 4Q2008 1Q2009

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

Yes	28.4%	33.4%	33.7%	31.8%	31.7%
No	71.6%	66.6%	66.3%	68.2%	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	87.3%	85.0%	86.8%	84.9%	84.9%
Vendor credit	22.8%	23.0%	23.1%	24.7%	28.0%
Private loan	10.1%	14.0%	8.8%	8.6%	18.3%
Government sponsored loan program	1.3%	4.0%	1.1%	3.2%	2.2%
Public issuance of stock	0.0%	0.0%	0.0%	0.0%	0.0%
Private placement of stock	0.0%	2.0%	0.0%	1.1%	0.0%
Leasing	16.5%	11.0%	8.8%	11.8%	8.6%
Private placement of debt	1.3%	2.0%	0.0%	8.6%	3.2%
Credit cards	35.4%	35.0%	34.1%	40.9%	36.6%
Earnings of the business	16.5%	11.0%	14.3%	16.1%	10.8%
Other	3.8%	4.0%	2.0%	2.2%	3.2%

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.)	27.8%	32.5%	32.3%	31.2%	33.6%
Capital for machinery and equipment purchases	13.7%	13.6%	12.2%	10.6%	9.3%
Capital for expansion of existing plant or office space	8.8%	7.9%	7.5%	7.6%	5.0%
Capital for research and development	2.5%	2.0%	2.9%	2.7%	1.7%
Capital for new product or service development	6.3%	5.3%	5.0%	3.3%	2.7%
None/Not applicable	50.4%	49.3%	47.7%	50.5%	50.2%
Other	1.8%	2.3%	2.2%	3.7%	3.0%

4. Is credit availability a problem for your company?

Yes	17.8%	15.8%	17.7%	22.1%	25.4%
No	82.2%	84.2%	82.3%	77.9%	74.6%

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	24.5%	26.1%	17.0%	28.6%	42.5%
Reduced compensation/benefits to employees	20.4%	19.6%	10.6%	28.6%	35.6%
Unable to grow or expand	63.3%	45.7%	42.6%	46.0%	49.3%
Unable to finance increased sales	30.6%	39.1%	25.5%	28.6%	21.9%
Unable to increase inventory to meet demand	24.5%	19.6%	21.3%	20.6%	15.1%
Closed or will close operations, stores or branches	10.2%	6.5%	8.5%	12.7%	9.6%
Other	14.3%	11.3%	7.9%	15.9%	12.3%

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

Yes	24.2%	23.5%	24.2%	23.5%	24.8%
No	75.8%	76.5%	75.8%	76.5%	75.2%

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

None	29.2%	20.6%	23.8%	28.8%	35.2%
Less than \$50,000	10.8%	14.7%	17.5%	10.6%	18.3%
\$50,000 to \$100,000	30.8%	19.1%	23.8%	12.1%	15.5%
\$100,001 to \$250,000	7.7%	17.6%	12.7%	13.6%	9.9%
\$250,001 to \$500,000	9.2%	11.8%	7.9%	7.6%	11.3%
\$500,001 to \$1,000,000	6.2%	5.9%	4.8%	9.1%	2.8%
Over \$1,000,000	6.2%	10.3%	9.5%	16.7%	5.6%

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	3.1%	13.2%	20.6%	15.2%	23.9%
\$50,000 to \$100,000	33.8%	22.1%	20.6%	15.2%	15.5%
\$100,001 to \$250,000	15.4%	19.1%	20.6%	13.6%	18.3%
\$250,001 to \$500,000	20.0%	20.6%	20.6%	13.6%	19.7%
\$500,001 to \$1,000,000	16.9%	11.8%	7.9%	16.7%	5.6%
Over \$1,000,000	10.8%	13.2%	9.5%	24.2%	15.5%

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	27.7%	29.4%	25.4%	33.3%	40.8%
Hire more employees	23.1%	17.6%	17.5%	12.1%	21.1%
Increase compensation/benefits to employees	9.2%	4.4%	9.5%	6.1%	11.3%
Invest in new plant and equipment	35.4%	47.1%	36.5%	30.3%	36.6%
Invest in research and development	7.7%	8.8%	9.5%	9.1%	4.2%
Expand export activities	0.0%	1.5%	6.3%	1.5%	2.8%
Increase inventory	20.0%	14.7%	19.0%	15.2%	12.7%
Expand into new operations, stores or branches	21.5%	29.4%	20.6%	21.2%	19.7%
Other	13.8%	17.6%	14.3%	19.7%	11.7%

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

Yes	11.4%	10.4%	8.5%	12.7%	8.8%
No	55.1%	59.7%	61.0%	60.8%	60.4%
Not applicable	33.5%	29.9%	30.5%	26.5%	30.9%

CURRENT CREDIT CONDITIONS

1Q2008 2Q2008 3Q2008 4Q2008 1Q2009

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

Excellent	3.4%	3.2%	2.3%	2.5%	4.0%
Good	19.4%	19.6%	10.4%	7.2%	6.1%
Average	53.2%	56.9%	52.7%	52.0%	46.8%
Fair	18.6%	14.6%	26.2%	27.6%	33.2%
Poor	5.3%	5.7%	8.5%	10.8%	13.6%

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	3.1%	2.5%	1.5%	2.2%	0.4%
Improve somewhat	15.3%	15.5%	6.2%	8.3%	9.3%
Stay the same	48.5%	52.5%	36.2%	42.1%	52.7%
Deteriorate somewhat	27.5%	24.1%	44.2%	38.1%	29.0%
Deteriorate significantly	5.7%	5.4%	11.9%	9.4%	8.6%

DEMOGRAPHIC INFORMATION

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13. What best describes your firm?

Manufacturing	33.6%	35.3%	39.4%	39.2%	37.9%
Construction	10.0%	13.8%	8.0%	9.9%	9.8%
Retail	8.5%	8.7%	8.0%	5.3%	9.1%
Insurance and Finance	5.2%	3.8%	4.7%	3.5%	3.5%
Professional Services	21.8%	20.8%	20.8%	20.5%	19.3%
Other	21.0%	17.6%	19.0%	21.6%	20.4%

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

Less than 10	36.0%	28.7%	18.5%	25.0%	30.0%
10 to 49	44.9%	52.2%	53.6%	55.6%	51.9%
50 to 249	15.4%	15.6%	21.4%	14.8%	14.6%
250 to 499	1.8%	2.4%	2.9%	2.5%	2.4%
500 and above	1.8%	1.0%	3.6%	2.1%	1.0%