

Third Quarter 2010: Credit Availability Survey for Connecticut Businesses

Sponsored by TD Bank

361 responses, 13% response rate, Margin of error +/-6%

COMPANY INFORMATION

3Q2009 4Q2009 1Q2010 2Q2010 3Q2010

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

Yes	31.7%	31.6%	32.0%	31.0%	31.0%
No	68.3%	68.4%	68.0%	69.0%	69.0%

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	80.0%	92.4%	82.0%	79.0%	81.0%
Vendor credit	15.7%	22.8%	23.0%	26.0%	30.0%
Private loan	12.9%	11.4%	16.0%	17.0%	21.0%
Government sponsored loan program	0.0%	5.1%	7.0%	0.0%	4.0%
Public issuance of stock	0.0%	0.0%	0.0%	0.0%	0.0%
Private placement of stock	0.0%	0.0%	0.0%	0.0%	0.0%
Leasing	12.9%	10.1%	14.0%	5.0%	4.0%
Private placement of debt	4.3%	2.5%	7.0%	3.0%	6.0%
Credit cards	28.6%	27.8%	16.0%	29.0%	26.0%
Earnings of the business	17.1%	16.5%	12.0%	14.0%	15.0%
Other	5.7%	5.1%	2.0%	5.0%	4.0%

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.)	36.6%	33.7%	32.0%	28.0%	28.0%
Capital for machinery and equipment purchases	11.6%	10.5%	14.0%	12.0%	10.0%
Capital for expansion of existing plant or office space	8.9%	6.6%	8.0%	7.0%	5.0%
Capital for research and development	2.2%	1.2%	2.0%	1.0%	1.0%
Capital for new product or service development	6.3%	3.5%	3.0%	5.0%	6.0%
None/Not applicable	47.3%	50.8%	46.0%	50.0%	55.0%
Other	2.2%	1.2%	3.0%	5.0%	3.0%

4. Is credit availability a problem for your company?

Yes	31.4%	27.3%	25.0%	27.0%	22.0%
No	68.6%	72.7%	75.0%	73.0%	78.0%

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	40.6%	34.8%	38.0%	29.0%	22.0%
Reduced compensation/benefits to employees	34.8%	31.9%	36.0%	16.0%	14.0%
Unable to grow or expand	59.4%	60.9%	48.0%	47.0%	49.0%
Unable to finance increased sales	31.9%	39.1%	33.0%	21.0%	27.0%
Unable to increase inventory to meet demand	26.8%	26.1%	24.0%	9.0%	19.0%
Closed or will close operations, stores or branches	5.8%	8.7%	7.0%	4.0%	8.0%
Other	15.2%	13.0%	5.0%	5.0%	7.0%

COMPANY INFORMATION

3Q2009 4Q2009 1Q2010 2Q2010 3Q2010

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

Yes	30.9%	25.1%	28.0%	23.0%	23.0%
No	69.1%	74.9%	72.0%	77.0%	77.0%

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

None	43.3%	39.7%	33.0%	38.0%	22.0%
Less than \$50,000	17.9%	15.9%	13.0%	8.0%	11.0%
\$50,000 to \$100,000	10.4%	11.1%	13.0%	18.0%	14.0%
\$100,001 to \$250,000	10.4%	9.5%	8.0%	8.0%	14.0%
\$250,001 to \$500,000	3.0%	9.5%	10.0%	7.0%	14.0%
\$500,001 to \$1,000,000	7.5%	3.2%	6.0%	11.0%	8.0%
Over \$1,000,000	7.5%	11.1%	17.0%	10.0%	17.0%

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	14.9%	9.5%	37.0%	46.0%	35.0%
\$50,000 to \$100,000	23.9%	25.4%	17.0%	16.0%	24.0%
\$100,001 to \$250,000	20.9%	22.2%	17.0%	16.0%	12.0%
\$250,001 to \$500,000	14.9%	20.6%	13.0%	10.0%	9.0%
\$500,001 to \$1,000,000	10.4%	3.2%	3.0%	7.0%	9.0%
Over \$1,000,000	14.9%	19.0%	13.0%	5.0%	12.0%

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	32.8%	25.4%	16.0%	14.0%	14.0%
Hire more employees	19.4%	31.7%	13.0%	13.0%	14.0%
Increase compensation/benefits to employees	10.4%	12.7%	7.0%	6.0%	5.0%
Invest in new plant and equipment	40.3%	44.4%	33.0%	40.0%	41.0%
Invest in research and development	7.5%	7.9%	11.0%	7.0%	8.0%
Expand export activities	4.5%	6.3%	5.0%	4.0%	2.0%
Increase inventory	14.9%	20.6%	9.0%	9.0%	15.0%
Expand into new operations, stores or branches	25.4%	23.8%	18.0%	16.0%	17.0%
Other	7.8%	9.0%	19.0%	22.0%	17.0%

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

Yes	16.2%	13.7%	14.0%	21.0%	17.0%
No	56.9%	55.2%	58.0%	61.0%	71.0%
Not applicable	26.9%	31.0%	28.0%	18.0%	12.0%

CURRENT CREDIT CONDITIONS

3Q2009 4Q2009 1Q2010 2Q2010 3Q2010

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

Excellent	0.5%	0.4%	1.0%	2.0%	1.0%
Good	6.2%	3.8%	9.0%	7.0%	7.0%
Average	43.6%	49.0%	40.0%	50.0%	52.0%
Fair	33.6%	32.6%	34.0%	30.0%	33.0%
Poor	16.1%	14.2%	16.0%	12.0%	7.0%

FUTURE EXPECTATIONS FOR CREDIT CONDITIONS

3Q2009 4Q2009 1Q2010 2Q2010 3Q2010

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

Improve significantly	0.5%	0.4%	1.0%	2.0%	1.0%
Improve somewhat	5.6%	8.4%	9.0%	9.0%	9.0%
Stay the same	48.4%	48.3%	45.0%	53.0%	60.0%
Deteriorate somewhat	33.8%	31.9%	32.0%	28.0%	23.0%
Deteriorate significantly	11.7%	10.9%	12.0%	9.0%	7.0%

DEMOGRAPHIC INFORMATION

3Q2009 4Q2009 1Q2010 2Q2010 3Q2010

13. *What best describes your firm?*

Manufacturing	43.4%	35.9%	40.0%	36.0%	38.0%
Construction	5.1%	4.5%	8.0%	11.0%	10.0%
Retail	6.5%	9.0%	9.0%	9.0%	7.0%
Wholesale trade	4.1%	7.8%	7.0%	5.0%	10.0%
Information	0.8%	1.2%	2.0%	0.0%	3.0%
Finance	5.2%	2.9%	5.0%	4.0%	5.0%
Business and Professional Services	23.0%	18.4%	14.0%	17.0%	13.0%
Education	2.0%	1.6%	3.0%	2.0%	1.0%
Leisure and Hospitality	1.2%	1.6%	2.0%	3.0%	1.0%
Government	0.1%	0.0%	0.0%	0.0%	0.0%
Other	8.7%	17.1%	10.0%	12.0%	11.0%

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

Less than 10	21.2%	28.0%	13.0%	19.0%	10.0%
10 to 49	53.7%	49.4%	63.0%	60.0%	68.0%
50 to 99	17.5%	11.1%	14.0%	11.0%	11.0%
100 to 249	2.8%	8.6%	6.0%	5.0%	5.0%
250 to 499	1.8%	0.8%	2.0%	3.0%	4.0%
500 and above	3.1%	2.1%	2.0%	2.0%	1.0%