

FOR MANUFACTURERS ONLY

February 5, 2009



MARKET CONDITIONS

› CHALLENGES

- ▶ US EXPORT SALES
- ▶ AUTOMOTIVE SECTOR

› OPPORTUNITIES

- ▶ EQUIPMENT PURCHASES
- ▶ ACQUISITION OPPORTUNITIES

› CANADIAN BANKING SYSTEM

COMMERCIAL BANKING SOLUTIONS

- **WHAT'S NEW OR CHANGED WITH FINANCING ALTERNATIVES**
 - ▶ **OPERATING LINES - NORMALLY 75% OF A/R, 50% OF INVENTORY; INCREASED DEMAND FOR A/R INSURANCE – INCREASED MARGIN TO 85-90%**
 - ▶ **COMMERCIAL MORTGAGES (REAL ESTATE) – LESS CAPITAL AVAILABLE.**
 - ▶ **LEASING (EQUIPMENT PURCHASES) – SOME LENDERS HAVE REDUCED EXPOSURE OR EXITED THE MARKET**
 - ▶ **MEZZANINE FINANCING (ACQUISITIONS, MANAGEMENT BUY-OUTS)**

OTHER BANKING SERVICES TO MANAGE RISK

- ▶ **FOREIGN EXCHANGE – HEDGING STRATEGIES.**
- ▶ **CASH MANAGEMENT – AVOID INTERNAL/EXTERNAL FRAUD**

WHAT CAN YOU DO?

- **HAVE A REALISTIC BUSINESS PLAN**
- **MAINTAIN CURRENT AND ACCURATE FINANCIAL INFORMATION & RESPOND QUICKLY TO PROBLEMS**
- **TREAT YOUR BANKER AS A BUSINESS PARTNER. COMMUNICATE REGULARLY. SUCCEED TOGETHER.**