



## CEOs Take “Back-to-Basics” Approach To Cope with Challenging Economy, Says NYSE Euronext 2009 CEO Report

### *CEOs Adapt To Steer Organizations through Turbulent Times, according to 4<sup>th</sup> Annual CEO Survey*

NEW YORK, August 13, 2008 – A renewed focus on a strong balance sheet, strategic acquisitions, operational efficiency, sound management practices, as well as attracting and retaining the best workforce are the key to future growth during turbulent economic times, according to a recent sampling of CEOs from NYSE Euronext-listed companies. The NYSE Euronext 2009 CEO Report, conducted by Opinion Research Corporation, “*Managing During Economic Turbulence*,” underscores that the current US and global economic conditions will separate the best companies from great ones.

The report, which focuses on how CEOs of NYSE Euronext-listed companies are dealing with an uncertain economy, highlights several themes including: a change in perceptions about the global economy, greater difficulty attracting and retaining investors, and a redefining of shareholder metrics.

“The NYSE Euronext 2009 CEO Report underscores the strong commitment of NYSE-listed CEOs to develop tangible strategies to address the needs of their customers and shareholders in a challenging economic landscape,” said Catherine R. Kinney, Group EVP and Head of Global Listings, NYSE Euronext.

#### **CEO Optimism Diminished as Economy Falters**

Overshadowing the survey is the dramatic shift in the perceptions of CEOs of leading NYSE Euronext-listed companies about the current business environment. One year ago, 84 percent of US-based CEOs described the US economy as good or excellent, compared with only 10 percent this year.

“Although CEOs are facing the most challenging period of their tenures, a great number of respondents are reporting that their jobs are more rewarding than in previous years, albeit more time consuming,” said Jeff Resnick, President of Opinion Research Corporation. “They thrive on challenge and this clearly comes through in our results this year.”

#### **Growing Struggle to Attract Investors**

As a result of tougher economic conditions, the proportion of CEOs saying it is more difficult to attract investors has risen to almost one out of three. Almost half (45%) of CEOs running financial services businesses are finding it more difficult to attract new investors and retain existing investors.

Overall, CEOs believe consistency counts with investors. Kendall Powell, Chairman and CEO of General Mills Inc., says his company’s formula of “consistent topline growth and consistent earnings growth, coupled with dividends paid without interruption or reduction for the past 109 years, is a formula that investors clearly value.”

### **Investors Scrutinize Business Metrics**

According to the CEOs, the economic environment has resulted in greater scrutiny from investors on business metrics such as cash flow, debt outstanding and credit ratings, with less focus on actual share price. Keith Walters, Chairman, CEO and President of NYSE-listed ENNIS Inc., a printing company based in Midlothian, Texas, says good cash flow and low debt have long been his guiding principles. “My balance sheet looks good to investors now,” he says. “For ENNIS, this attention to basics is a good change.”

### **Growth**

Sensible acquisitions and expansions are targeted in BRICs countries. Two-thirds of CEOs view the regions as an opportunity. This is particularly true of CEOs from non-US companies, of which nearly 8 in 10 see BRICs countries as an opportunity. The majority say they would maximize their opportunity in the BRICs countries by establishing or expanding local marketing and sales activity.

However, K.V. Kamath, CEO of ICICI Bank Ltd., India’s second-largest bank cautioned that “Global companies have to adapt to operating in markets with very high growth rates. It puts a strain on manufacturing capabilities and demand for talent.”

Also, a vast majority of CEOs believe that changes to the US legal and regulatory systems would have a positive impact in the competitive position of the US capital markets. US-based CEOs are more optimistic about the impact these will have, compared to non-US-based CEOs. US-based CEOs are less likely to believe a convergence of international accounting standards would have the same positive impact.

### **CEOs Offer Guidance to Presidential Candidates**

For the first time since its creation, the NYSE Euronext-commissioned report was conducted in the run-up to a US presidential election. When asked to offer guidance to the next US president, one in four respondents said they want to keep taxes low, or reduce them.

After taxes, the second-most pressing suggestion to the next US president, at 29% among US-based CEOs, was reducing and limiting regulation and compliance costs, as well as better governance of the financial sector. For non-US-based CEOs, regulation was the foremost issue for the next US president.

The economy and U.S. energy policy are also high on the agenda for CEOs. “I hope there is constructive dialog between the next President and Congress on how to move forward with the creation of a true national energy policy,” said Michael H. Thaman, Chairman and CEO of Owens Corning, a maker of residential and commercial building materials. “This isn’t a partisan issue. It’s an American issue that needs to be addressed.”

### **Corporate Social Responsibility**

In addition, for the first time the report asked CEOs to offer their opinions on corporate social responsibility (CSR) and what they feel are the most crucial actions for organizations to take. At 41%, most CEOs, both at US and non-US-based organizations, felt the most important corporate responsibility task is ensuring all labor practices are ethical across their organization. Those based outside the US believed formalizing corporate responsibility positions and policies to be the second most important action; US-based organizations supported initiating or participating in industry-level regulatory efforts to enforce ethical business behaviors and practices.

Indra K. Nooyi, Chairman and CEO of PepsiCo, Inc. suggests 'doing well by doing good' is simply good business. PepsiCo, Inc. is not only reducing fat and calories in many of its snack food offerings in the hope of helping address the global obesity epidemic but it is also putting in place initiatives to encourage healthy and active lifestyles: "Keeping the focus on the heart and soul of our business—our products and the consumers who enjoy them—will remain the key imperative for us," said Nooyi.

The full survey findings can be downloaded from <http://www.opinionresearch.com> or <http://www.nyse.com/ceoreport>.

#### **Note to Editors:**

The fourth annual survey of CEOs of NYSE Euronext-listed companies was conducted from February 29 through March 31, 2008; 254 CEOs participated in the study. 72 percent of the CEOs surveyed are U.S. based and 28 percent are from non-U.S. companies. There was a margin of error of ±6 percent.

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Founded in 1938, Opinion Research Corporation, an infoGroup company, helps its clients grow their business by leveraging the insights of market research. The firm has been conducting national, speech reaction, state and flash/overnight polls for CNN since April 2006. To learn more, visit [www.opinionresearch.com](http://www.opinionresearch.com).

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