

CASH MANAGEMENT MONITOR™



**CHANGING RELATIONSHIPS
2002 REPORT TO RESPONDENTS**

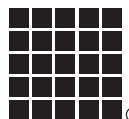
PHOENIX-HECHT

CASH MANAGEMENT MONITOR™

CHANGING RELATIONSHIPS
2002 REPORT TO RESPONDENTS

*This report presents
a basic overview of
the findings from the
2002 Cash Management Monitor™.*

*The report has been
especially prepared for
the survey respondents,
without whose cooperation
and participation the
Monitor would not be possible.*



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I. The Survey

The *Cash Management Monitor* surveys companies with annual sales greater than \$100 million across a broad array of cash management issues. Each participating company provides opinions on pricing, quality of service, product usage and future plans and intentions along with a detailed assessment of up to six of its banking relationships. The resulting survey database combined with historical data gives Phoenix-Hecht an unparalleled ability to analyze the cash management marketplace.

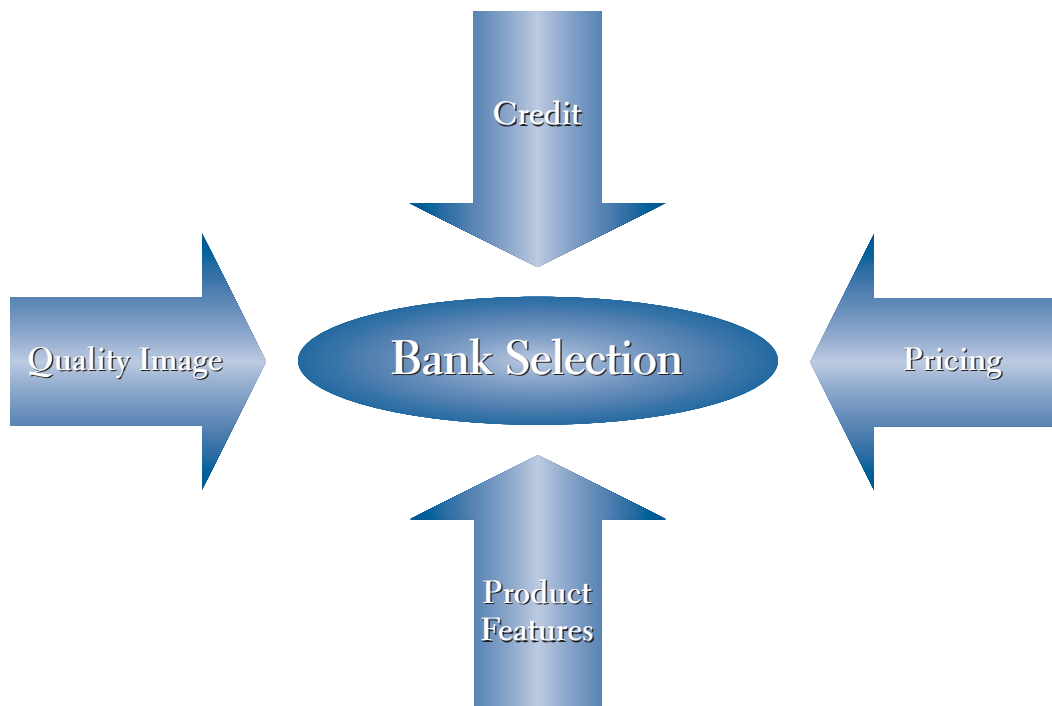
The objectives of this corporate survey were to:

- Quantify buyer attitudes towards their banking relationships and pricing of cash management services.
- Measure the quality of cash management services being provided.
- Measure current cash management product usage.
- Measure the acceptance of new technologies in treasury management.
- Determine company plans for their current banking relationships, product purchases and cash management projects.

Survey respondents were segmented into two groups based on annual revenues.

<i>Annual Sales</i>	
Upper-Middle Market	\$100 million to \$500 million
Large Corporate	Over \$500 million

Phoenix-Hecht believes that there are four dimensions that influence the purchasing of cash management services. We address these in various sections of our analysis. The dimensions are:



Credit

We believe that credit is the cornerstone of many bank-corporate relationships. For these companies, a bank that is unwilling to be part of a company's credit facility is at a distinct disadvantage as it tries to sell its cash management services.

Pricing

Because corporations often perceive cash management services as a commodity, banks aggressively and frequently discount prices. Phoenix-Hecht has long believed that banks over-discount their products and are now in a position to require better returns on their investment.

Quality Image

Although banks spend a great deal of time improving product quality, our research indicates that what really matters to the corporate customer is the quality of the relationship manager. How the primary cash management relationship manager is perceived is a strong factor in predicting the probability of generating additional business from existing relationships.

Product Features

As banks have grown larger and products have matured, there has been a natural loss of distinctiveness in bank product offerings. Still, certain features do matter, such as imaging, and to a growing extent, Internet capabilities.

II. Key Findings

CREDIT

In uncertain economic times, we have always believed that it is the upper-middle and middle market companies that experience withdrawals or reduction in credit commitments by their lenders. This is certainly not true in the current economic cycle. Inherently less profitable credit commitments to the large corporate sector have caused a shift in behavior. A corporation in the large corporate segment is more than twice as likely to have experienced a reduction or withdrawal of a credit commitment by one of its banks than a member of the upper-middle market. In turn, when this has occurred the large corporate customer has reacted by moving cash management services more than twice as frequently as the upper-middle market customer. Not surprisingly, the willingness of a bank to provide credit as part of the cash management relationship has dramatically increased in importance.

PRICING

Pricing pressure is clearly abating. In the large corporate market, we note a very significant drop in new business placed with a bank because of low prices. We also see a reduction in the annual reviews that companies do of bank prices. We believe these are a direct result of the increased importance of credit in the large corporate market.

In the upper-middle market, pricing pressure was never as great as in the large corporate market. Still, there appears to be less pressure than in previous years. Of particular significance is the reduction in competitive bids requested for new cash management business.

QUALITY

Although quality ratings are somewhat more stable than two years ago, they are still showing declines. As has been true for many years, quality scores for the product categories were all uniformly stronger than the bank perception and bank relationship manager categories. Prospect calling, once again, continues to be the weakest rated area.

MARKET SHARE

The contraction in the number of cash management relationships is accelerating. Even if only half of the predicted contraction actually takes place, we will still see a dramatic reduction in the number of relationships. This phenomenon will be particularly strong in the large corporate market, as has been the case for the last two years.

Phoenix-Hecht believes that the annual growth rate of cash management revenues for the banks slowed during the first eight months of 2001 to no more than 5%. This estimate is before the impact of September 11th, which likely reduced revenue growth rate even further.

PRODUCT USAGE

Lockbox

Lockbox is a mature and stable product. Nonetheless, a number of factors continue to influence this marketplace. First, corporations are looking for imaging technology both for checks and the capture of remittance documents. Second, corporations are continuing to systematically reduce the number of lockbox banks they use. For these companies, the offering of a network of locations with one common data stream is very appealing.

Controlled Disbursement

In the controlled disbursement arena, three product features stand out. On-line stop payments and positive pay are extremely important features, especially to the large corporate market. The importance of imaging has strengthened dramatically over the past two years in both markets.

Sweep Account

Sweep accounts have shown strong product growth in the past two years both in the large corporate and upper-middle market segments. In the large corporate segment, sweep accounts are now at 76.1% penetration and in the upper-middle market the penetration is 76.8%.

ACH

ACH remains one of the most widely used cash management products. This is especially true of direct deposit of payroll, which has a 97% large corporate market penetration and a 92% upper-middle market penetration. This latest survey showed a significant increase in the use of consumer debits by the large corporate market. This is an area to watch carefully, since it is capable of generating significant ACH volume. We see little volume growth potential in the other areas of ACH service.

Depository Services

Depository accounts can generate significant balances and when used at a bank with a large geographic footprint eliminate the need for many small relationships. The strongest feature for depository accounts is fraud protection service.

International Services

International services remain a very important part of the cash management product offering. The use of international products at a bank is a very strong predictor that the corporation considers that provider a “prime” relationship.

Financial Electronic Data Interchange

Although treasury managers are adopting Internet-based applications, a core constituency is dedicated to financial electronic data interchange. We continue to document growth in the large corporate segment who are doing FEDI with 100 or

more suppliers and customers. Whether this trend will continue is questionable, given the attractiveness of the Internet-based information exchanges with suppliers and customers. Phoenix-Hecht believes the standards imposed by various organizations, including ANSI and EDIFACT, combined with the cost of implementing these standards, limit the application of FEDI technology.

Purchase Cards

Growth in the use of P-cards in the large corporate market continues, but at a slowing rate. In the upper-middle market, adoption of this technology appears to have leveled off. Of particular concern to those who provide this technology is the growing strength of obstacles, including the issue of control. A high number of respondents cite P-cards as not being a management priority, and a lack of system resources for implementation will likely continue to slow the adoption of this technology.

Imaging

Imaging is one of the key product differentiators that banks can offer. This technology affects both controlled disbursement and lockbox, although it is more important for a bank's disbursement product. The importance of this product differentiator is also growing in both market segments, although it is still strongest in the large corporate market.

Internet

There has been dramatic growth in the use of the Internet to retrieve bank account information, including transaction details. For the large corporate market this application doubled in use over the past two years, while growing about 60% in the upper-middle market. Even though the growth rate was slower in the upper-middle market, this market still has higher penetration than the large corporate segment. The number one Internet-based service remains e-mailing bank contacts for customer service.

Electronic Commerce

E-commerce applications with customers or suppliers, including bill presentment and electronic payments, is growing, but at only a modest pace. No doubt this is the aftermath of the implosion of many of the dot com companies which sought to create whole new marketplaces for trading partners. Still, this is a better picture than in EDI, where there is very little growth to report.

Wireless

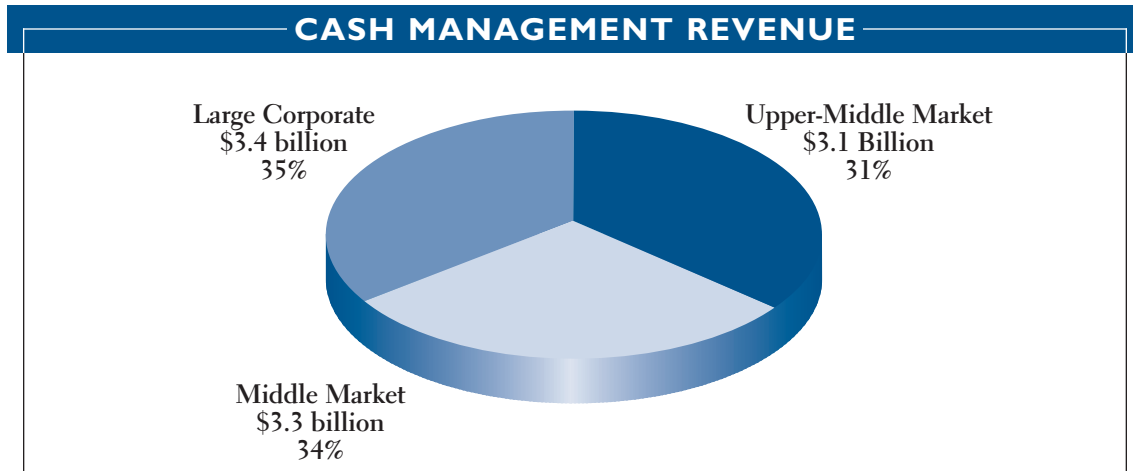
Corporate interest in wireless devices appears modest at best. This is the same conclusion we reached last year for the middle market. The most promising application is initiating or approving wire transfers for the large corporate market. Still, we believe that no more than 20% of this market segment is showing interest in this application.

COMPANY PLANS

Quite surprisingly, treasury reviews continue as the most likely project in both the large corporate and upper-middle markets. This is a strong indication of a continued desire by treasury managers to make their systems more efficient. As anticipated, the desire to expand the use of e-commerce with both suppliers and corporate customers is strong in both market segments.

III. The Cash Management Market

As part of our study of this unique marketplace, Phoenix-Hecht attempts to measure the size of the cash management market in dollar terms. For 2002, we believe companies with over \$100 million in sales represent \$6.5 billion in total fees for the 31 banks that we track in our survey. This is an increase of 10% for the two years, or just under 5% in annual revenue growth.



While the industry is showing signs of revenue growth, companies are utilizing fewer banks. This contraction in cash management relationships is accelerating. Even if only half of the predicted contraction takes place, as has occurred in the past, we will still see a dramatic reduction in the number of cash management relationships. This phenomenon will be particularly strong in the large corporate market, as has been the case for the last two years.

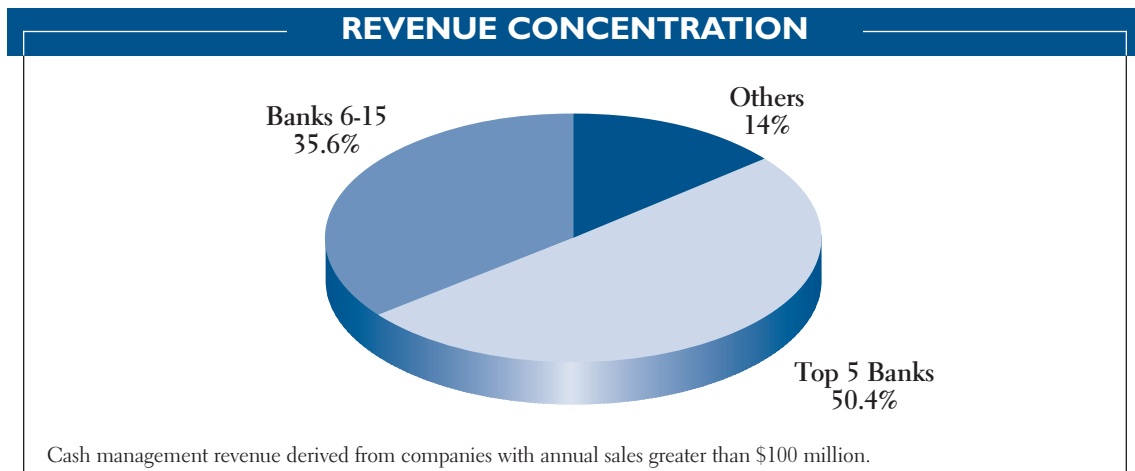
PREDICTED CHANGE IN NUMBER OF CASH MANAGEMENT RELATIONSHIPS IN NEXT TWO YEARS

Annual Sales	Projected Relationships		Net Change	Market Change %
	To Be Added	To Be Dropped		
\$100 - \$249 million	681	636	+ 45	0%
\$250 - \$499 million	568	1122	-554	-5%
\$500 - \$999 million	209	480	-271	-5%
\$1 billion - \$2.49 billion	75	815	-740	-15%
\$2.5 billion or more	66	793	-727	-13%

In the current economic climate, the credit relationship is the largest single determining factor as to whether a cash management relationship might be changed. In the large corporate market, this factor increased to 32.5% from 19.2%.

SINGLE MOST CRITICAL FACTOR IN DECIDING WHICH BANKS TO KEEP OR DROP		
	Upper-Middle Market	Large Corporate
The bank's:		
Willingness to provide credit	18.9%	32.5%
Commitment to our account	38.9	31.1
Quality of service	21.7	20.1
Competitiveness of pricing	12.4	7.0
Offering specific product or feature	3.8	6.8
Financial strength	4.2	2.5

The contraction in the number of cash management relationships by corporations plus the impact of bank mergers has led to a significant revenue concentration at the five largest cash management banks.



IV. The Importance of Credit

The willingness of a bank to provide credit as part of the cash management relationship has dramatically increased in importance to the treasury manager. The importance of the cash management relationship is heavily determined by the credit relationship for a growing number of companies. In the large corporate market, 20.9% place greater emphasis on the credit relationship, up from 13.9%

MAIN REASON THAT DETERMINES COMPANY'S MOST IMPORTANT CASH MANAGEMENT BANK

	Upper-Middle Market	Large Corporate
Our major concentration bank	27.7%	34.7%
Provides the greatest number or volume of services	17.3	22.9
Most important credit bank	29.0	20.9
Our primary disbursement bank	7.3	7.0
Most competitively priced	6.4	5.2
Our primary lockbox bank	5.1	4.9
In most important geographic location	7.0	4.4

In uncertain economic times, we have always believed that it is the upper-middle and middle market companies that experience withdrawals or reduction in credit commitments by their lenders. This is certainly not true in the current economic cycle. Inherently less profitable credit commitments to the large corporate sector have caused a shift in behavior. A corporation in the large corporate segment is more than twice as likely to have experienced a reduction or withdrawal of a credit commitment by one of its banks than a member of the upper-middle market. In turn, when this has occurred the large corporate customer has reacted by moving cash management services more than twice as frequently as the upper-middle market customer.

CREDIT INFLUENCE

	Upper-Middle Market	Large Corporate
Have any credit banks reduced or withdrawn credit commitments in the last year?	15.4%	38.6%

MOVED CASH MANAGEMENT AS A RESULT OF CREDIT DECISION

	Upper-Middle Market	Large Corporate
If your credit banks reduced or withdrew credit commitments, have you moved cash management services?	16.5%	33.5%

The strategy of providing credit to cash management customers has always differed from bank to bank. In some instances, banks had adopted the philosophy of only selling cash management to their credit worthy customers. In other cases, internal credit constraints and the drive to seek more fee-based income caused banks to seek cash management customers in a broader marketplace. In the current environment, the momentum is for banks to improve returns from existing customers through changing the mix and volume of products purchased or increasing fees.

RELATIONSHIP BETWEEN CREDIT AND CASH MANAGEMENT LARGE CORPORATE

How do you choose your banks?	2000	2002	Diff
Choose credit banks first, then have them provide cash management services	31.6%	42.0%	10.4% *
Choose cash management banks first, then have them provide credit services	33.4	28.7	(4.7) *
Make no attempt to link credit and cash management banks	34.9	29.3	(5.6) *

*Statistically significant change

RELATIONSHIP BETWEEN CREDIT AND CASH MANAGEMENT UPPER-MIDDLE MARKET

How do you choose your banks?	2000	2002	Diff
Choose credit banks first, then have them provide cash management services	31.2%	35.1%	3.9% *
Choose cash management banks first, then have them provide credit services	26.8	28.1	1.3
Make no attempt to link credit and cash management banks	42.0	36.7	(5.3) *

*Statistically significant change

V Pricing

Pricing pressure on banks from customers is clearly abating. We note a very significant drop in new business won because of low prices to 21.7% from 28.5% of respondents in the large corporate market. We believe this is a direct result of the increased importance of credit in the large corporate market. In this market, we also see a reduction to 64.6% from 70.8% in the number of companies conducting annual pricing reviews.

BUYER BEHAVIOR: PRICING (Percentage who agree)		
Statements:	Upper-Middle Market	Large Corporate
Company negotiates price guarantees for specific periods of time	49.8%	66.8%
Company annually reviews bank prices	58.1	64.6
Company requests competitive bids for new cash management services	46.1	64.1
Company buys new services only from existing banks	72.3	62.1
Bank has won cash management business principally because of low prices	19.9	21.7
Company has changed banks primarily because of price increases	10.4	12.9

In the upper-middle market, pricing pressure was never as great as in the large corporate market. Still, there appears to be less pressure than in previous years. Of particular significance is the reduction in competitive bids requested for new cash management business falling to 46.1% from 50.0%.

VI Quality Assessments

Since 1992 Phoenix-Hecht has published a Quality Index as part of its *Cash Management Monitor* series. The purpose of the Index is to provide a simple means of comparing bank performance ratings. Individual bank results are released to corporations at the sole discretion of the participating surveyed bank. Contact your cash management relationship manager for details. Index results are available for three different market segments: large corporate, upper-middle market and middle market.

The 2002 *Cash Management Monitor* expanded coverage to 32 different dimensions in the Quality Index™:

- 18 relating to products (wholesale lockbox, wire transfer, balance reporting, controlled disbursement, ACH and Internet services)
- 6 relating to corporate perceptions about their banks
- 8 dealing with primary cash management relationship manager

Respondents were asked to rate the banks with whom they did business from the list below using a scale of 1 to 5, with 5 being the highest. These ratings are then converted to a letter grade with A+ being the highest and D being the lowest, provided a sufficient number of evaluations are received.

ABN-AMRO/LaSalle	Huntington National Bank
Allfirst	JP Morgan Chase
AmSouth Bank	KeyCorp
Bank of America	Manufacturers & Traders
Bank of New York	Marshall & Ilsley (M&I Banks)
Bank One	Mellon Bank
Citibank	National City Bank
Comerica Bank (Imperial Bank)	Northern Trust Company
Commerce Bancshares	PNC Bank
Deutsche Bank (Bankers Trust)	State Street Bank
Fifth Third Bank	SunTrust
First Tennessee	UMB Banks
First Union	US Bank (Firststar)
Fleet Boston	Union Bank of California
HSBC (Bank USA)	Wachovia Bank
Harris Trust and Savings Bank	Wells Fargo

Note: Results for the legacy First Union and Wachovia have been combined.

2002 QUALITY INDEX™ – ALL BANK AVERAGES

	Upper-Middle Market	Large Corporate
PRODUCTS		
Wholesale Lockbox		
Speed of processing	3.86	3.80
Accuracy of processing and reporting	3.78	3.73
Overall features and capabilities	3.74	3.73
Wire Transfer		
Timeliness of initiation and processing	4.27	4.19
Accuracy and reliability	4.34	4.29
Overall features and capabilities	4.06	4.02
Balance Reporting		
Timeliness of initiation and processing	4.16	4.10
Accuracy and reliability	4.19	4.10
Overall features and capabilities	3.98	3.92
Controlled Disbursement		
Timeliness of notification	4.12	4.01
Consistency of notification	4.11	4.01
Accuracy of notification	4.14	4.05
Overall features and capabilities	4.00	3.95
ACH		
Speed of error correction	4.06	3.99
Accuracy of processing and reporting	4.22	4.15
Overall features and capabilities	4.07	4.01
Depository Services		
Accuracy of processing and reporting	4.07	3.93
Internet Services	3.86	3.84
PERCEPTIONS ABOUT BANK		
Innovation	3.66	3.63
Service customization	3.39	3.46
Product specialists	3.57	3.63
Customer service	3.55	3.53
Customer calling program	3.27	3.35
Prospect calling program	3.01	3.00
PRIMARY CASH MANAGEMENT RELATIONSHIP MANAGER		
Calling officer knowledge	3.72	3.79
Anticipates service needs	3.18	3.23
Informative on new services	3.21	3.33
Prompt call follow-up	3.53	3.59
Problem resolution	3.56	3.59
Accessible when needed	3.54	3.54
Understands your business/industry	3.44	3.55
Understand international cash management	3.37	3.42

As has been true for many years, the product categories are uniformly stronger than perceptions about the bank or relationship manager measures. Although quality ratings are more stable than they were two years ago, there are some statistically significant declines at a 95% confidence level in the upper-middle market. Within that segment, the product specialist category ratings dropped to 3.57 from 3.65 and calling officer knowledge declined to 3.72 from 3.78.

While industry averages are relatively constant, individual bank results can vary significantly. For example, the spread in scores for a category such as responding quickly to problems or inquiries ranges from 4.03 to 3.32

AVERAGE QUALITY RATINGS				
	All Products	Innovation	Service Customization	Product Specialists
2000	4.05	3.60	3.18	3.62
2002	4.00	3.65	3.20	3.60

AVERAGE QUALITY RATINGS				
	Customer Service	Customer Calling	Prompt Call Follow-Up	Anticipates Service Needs
2000	3.56	3.28	3.52	3.18
2002	3.54	3.31	3.56	3.20

VII. New Technology Applications

Imaging

The banking industry has invested heavily in imaging technology for a number of years. In the past, we have reported that both market segments did not need to be convinced of the value of this technology. This year we report an increase in the perceived value of imaging. While the large corporate market perceives more value in imaging technologies, the gap between the two markets is narrowing. The two most important product categories are imaging for long-term storage of paid items and imaging for on-line approval of positive pay items.

IMPORTANCE OF IMAGING		
(Scale 1 to 5, with 5=Very Important, 1=Not Important)		
	Upper-Middle Market	Large Corporate
Disbursements		
Imaging for on-line approval of positive pay items	3.64	4.07
Imaging for long-term storage of paid items	3.82	4.05
Imaging for same-day retrieval of recently paid items	3.59	3.78
Lockbox		
Importance of imaging of checks for lockbox	3.55	3.73
Imaging of return documents as well as checks for lockbox	3.49	3.61
Same-day access to remittance documents for lockbox via imaging	3.40	3.57

Internet Applications

There has been dramatic growth in the use of the Internet to retrieve bank account information, including transaction details. For the large corporate market this application doubled in use over the past two years, while growing about 60% in the upper-middle market. Even though the growth rate was slower in the upper-middle market, it still has higher penetration than in the large corporate market. However, the number one Internet-based service remains e-mailing bank contacts or customer service.

INTERNET APPLICATIONS

	Upper-Middle Market	Large Corporate
E-mailing bank contacts or customer service	63.4%	68.4%
Retrieving bank account information	56.3	49.2
Receiving transaction details	51.9	44.9
Initiating stop payments	40.6	39.3
Initiating wire transfers	38.0	28.0
Initiating ACH transactions	35.8	24.2
Initiating investment transactions	12.8	15.7
Monitoring trade documentation (letters of credit)	7.1	6.7

Electronic Commerce

E-commerce applications with customers or suppliers, including bill presentment and electronic payments, are growing, but only at a modest pace. No doubt this is the aftermath of the implosion of many of the dot coms which sought to create whole new marketplaces for trading partners. Still, this is a better picture than in EDI, where there is very little growth to report.

The future appears also to show modest growth potential. Asked about their plans and intentions, survey respondents reported the following:

ELECTRONIC COMMERCE

	Currently Planning	Implementing	No Plans
Large Corporate Market			
B2B electronic order entry	17.2%	13.3%	69.5%
B2B electronic invoicing	22.8	10.4	66.8
B2C electronic bill presentment	19.5	7.8	72.7
Upper-Middle Market			
B2B electronic order entry	16.7	9.8	73.5
B2B electronic invoicing	17.9	8.3	73.8
B2C electronic bill presentment	16.5	5.9	77.6

Purchase Cards

Purchase cards, also called procurement cards or simply P-Cards, have been a high-growth product in the corporate market. In our last survey we reported significant growth in the use of this product in both the large corporate and upper-middle markets. Our results this time show a slowing in the adoption of this technology, particularly in the upper-middle market. Note: The survey measures presence of the product, not volume of transactions.

P-CARD USAGE		
	Upper-Middle Market	Large Corporate
Currently using P-Cards	30.1%	53.8%
Start using P-Cards in the next two years	28.7	43.1
Percentage of vendor transactions to be converted to P-Cards	12.6	19.7

Wireless Devices

Corporate interest in wireless devices appears modest at best. The most promising application is initiating or approving wire transfers for the large corporate market. Still, we believe that no more than 20% of this market segment is showing interest in this application. However, we continue to believe this is an area to watch, although we are a little less optimistic on the growth potential of these devices than we were last year.

IMPORTANCE OF VARIOUS WIRELESS DEVICE APPLICATIONS LARGE CORPORATE		
	2002 Average Rating	2002 Rated 4 or 5
Initiating or approving wire transfers	2.32	19.90%
Balance information	2.17	14.80
Initiating or approving tax payments	2.16	14.50

IMPORTANCE OF VARIOUS WIRELESS DEVICE APPLICATIONS UPPER-MIDDLE MARKET		
	2002 Average Rating	2002 Rated 4 or 5
Initiating or approving wire transfers	2.08	13.80%
Balance information	2.00	11.00
Initiating or approving tax payments	1.95	10.10

VIII. Corporate Plans

The key variables in predicting whether a company will give more business to a particular bank are: the primary cash management relationship manager's quality ratings, the company's impression that the bank is improving in quality, whether the bank had a credit relationship with the company, and the frequency of calling by the bank.

INCREASING BUSINESS: FACTORS THAT MATTER LARGE CORPORATE MARKET

Factors	<i>Likelihood of Increasing Business</i>				
	None	Fair	Average	Good	Very Good
Average R.M. Quality Rating	2.44	2.93	3.45	3.87	4.30
Credit Relationship	51.4%	67.3%	65.5%	65.1%	64.0%
Improved Quality Perception	3.1%	8.1%	13.0%	29.6%	50.1%
Average Number of Calls	1.6	2.6	2.9	3.8	5.2

INCREASING BUSINESS: FACTORS THAT MATTER UPPER-MIDDLE MARKET

Factors	<i>Likelihood of Increasing Business</i>				
	None	Fair	Average	Good	Very Good
Average R.M. Quality Rating	2.32	2.86	3.32	3.85	4.24
Credit Relationship	40.0%	44.5%	46.9%	58.0%	68.9%
Improved Quality Perception	4.0%	9.0%	13.2%	30.9%	47.7%
Average Number of Calls	1.6	2.3	2.7	3.7	6.3

In our surveys we ask corporations to tell us about their plans and intentions for the next twelve months. This information gives us some indication as to what projects corporations are planning and relevant topics for discussion with their banks.

We asked respondents to give a rating from 1 to 5 of various projects they may be contemplating. We then tabulated the average rating for each question. The results are presented in the following tables.

PLANS AND INTENTIONS

Average Rating (1=unlikely, 5=very likely)

	Upper-Middle Market	Large Corporate
Do a treasury review	2.76	3.06
Expand use of e-commerce with suppliers	2.73	2.90
Expand use of e-commerce with corporate customers	2.71	2.89
Plan to add an e-commerce service using the Internet	2.55	2.78
Add or change a lockbox bank	2.27	2.53
Add or change a controlled disbursement site	2.14	2.48
Expand use of e-commerce with consumers	2.11	2.46
Add or change an ACH bank	2.07	2.27
Add or change international services bank	1.85	2.20

We expect Internet applications to continue to grow dramatically over the next two years. Because we compute our plan-to-use figures based on the total market, the following tables can be somewhat misleading. For example, the enormous growth in use by the large corporate market of retrieving bank account information means the potential growth in the next two years almost certainly will be low. If the 39.5% predicted in the following two tables were added to the 49.2% already using this application, we would have 88.7% market penetration.

INTERNET APPLICATIONS PLAN TO USE 2002

	Upper-Middle Market	Large Corporate
Initiating ACH transactions	42.4%	48.7%
Initiating wire transfers	43.4	47.2
Initiating stop payments	42.0	42.4
Receiving transaction details	35.3	41.2
Retrieving bank account information	32.5	39.5
Initiating investment transactions	35.1	38.6
Monitoring trade documentation (letters of credit)	23.0	26.5
E-mailing bank contacts or customer service	20.1	20.3

IX. Survey Methodology

In October and November of 2001 Phoenix-Hecht conducted its biannual survey of large corporate cash management services. The survey respondents were senior financial executives responsible for managing bank relationships for cash management services. The survey targeted public and private U.S. corporations with annual sales greater than \$100 million.

Survey Questionnaire Design

The *Cash Management Monitor* was conducted using a written questionnaire. Prior to implementation, Phoenix-Hecht reviewed the *2000 Cash Management Monitor* and *2001 Middle Market Monitor* questionnaires and incorporated refinements as identified throughout the previous year.

As part of the survey, respondents were asked about their cash management relationships with 31 leading banks in the United States. The purpose of this methodology was to obtain representative coverage of these banks, listed in Table 1.

Sample Methodology

The *Cash Management Monitor* targeted corporations with annual sales over \$100 million. A total 1,665 responses were completed from the sample universe of 16,065 corporations. This is equivalent of 10.4% of the sample universe, resulting in an error rate, attributable to sampling and random effects, of plus or minus 2.4%, with 95% confidence.

Phoenix-Hecht guarantees confidentiality to all respondents. In appreciation for their participation, respondents receive a copy of this “Report to Respondents,” a detailed summary of the non-bank-specific survey results of particular interest to Treasury professionals.

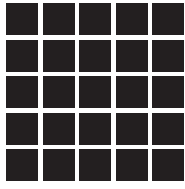
Weighting

Phoenix-Hecht assigned weights to each of the 1,665 respondents in the survey to make the final sample representative of all qualified companies. These weights are based on geographic region. The weighted total thus represents the universe of 16,065 companies.

TABLE I – BANKS SURVEYED

ABN-AMRO/LaSalle	Huntington National Bank
Allfirst	JP Morgan Chase
AmSouth Bank	Keycorp
Bank of America	Manufacturers & Traders
Bank of New York	Marshall & Ilsley (M&I Banks)
Bank One	Mellon Bank
Citibank	National City Bank
Comerica Bank (Imperial Bank)	Northern Trust Company
Commerce Bancshares	PNC Bank
Deutsche Bank (Bankers Trust)	State Street Bank
Fifth Third Bank	SunTrust
First Tennessee	UMB Banks
First Union	Union Bank of California
Fleet Boston	US Bank (Firststar)
HSBC (Bank USA)	Wachovia Bank
Haris Trust and Savings Bank	Wells Fargo

Note: Results for Wachovia and First Union have been combined.



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Phoenix-Hecht is one of the country's foremost providers of research and education in the field of cash management and corporate banking. Since 1968 Phoenix-Hecht has been known for its insightful study design and focused analysis. Industry benchmarks such as the Postal Survey™, Check Clearing Study™, the Quality Index™ and The Blue Book of Bank Prices™ are hallmarks of Phoenix-Hecht research.

For further information on treasury management issues, visit our award-winning web site:

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Questions or comments regarding the Middle Market Cash Management Monitor survey or this report may be directed to:

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