KPMG

Never catch a falling knife

Global business reactions to recession, and strategies for recovery

June 2009

AUDIT ▪ TAX ▪ ADVISORY

Contents

Introduction

In the middle of a deep and far-reaching global recession, it can be difficult to step back from the day-to-day business of survival to look ahead and see where the next phase of growth will come from.

This study, the latest in a series of business research projects accompanying KPMG's long-running program of International Tax Summits, is an attempt to capture the current experiences and future plans of business people around the world as they struggle with the effects of this recession. 'Never catch a falling knife' might seem a quirky title for a study of business strategies in recession, but it is a genuine quote from one of the people who contributed to our survey, which summed up the uncertainty felt in companies across the globe.

Our researchers have talked to more than 850 senior business people in 29 countries. Here we report on responses from 22 countries; we will report on responses from the remaining seven Latin American countries at our Iberoamerica Tax Summit in Chile later in the year. Our questions have covered those elements of the economic downturn they have found most difficult to deal with, what effect the change in circumstances has had on their business plans and models, where and when they expect their next wave of investment, what they expect of their governments, and what lessons they bring from previous recessions to help cope with this one.

The picture that emerges varies significantly from region to region. Many European businesses say this is an unprecedented set of circumstances, and are being cautious about what this might mean for future business plans. American respondents are more confident in their ability to adapt to difficult circumstances while many companies in Japan and Singapore see this as an opportunity for a wholesale review of their long term business models.

This report covers the results of the survey in detail. It is a snapshot of a global economy in transition. It will, we hope, provide some real insight into future sources of value for business people, investors, academics, indeed anyone with an interest in the long-term development of global trade.

Sue Bonney
Head of Tax, KPMG Europe LLP and EMA Region

Commentary

55%

Globally, 55 percent of respondents who were changing their strategies cited changing customer habits as the main cause of changes.

The Americans need to learn lessons from Europe and regulate the financial markets much more.

Respondent from Luxembourg

The study contained in this report was the largest that KPMG's Global Tax practice has carried out so far, covering more than 850 senior decision makers in companies from 29 countries. It included representatives of all major industry sectors, ranging in annual revenues from US$ 250 million to more than US$ 5 billion.

The intention was to discover the practical, day-to-day impact that this recession is having on businesses around the world, how they are reacting to it now, and what effect it is having on their plans for the future.

The sample was deliberately very wide, both in geographical and sectoral terms, but, despite this breadth of representation, there were several clear areas of agreement covering almost every country surveyed.

The most striking is that with very few exceptions, wherever companies are changing their strategies, the main factor driving this is changing customer buying habits. Globally, 55 percent of respondents who were changing their strategies cited this as the main cause of changes. In Singapore, the figure was 94 percent. In Germany, Ireland and the US it ranged between 70 percent and 80 percent.

This suggests that the primary mechanism, through which a predominantly financial sector recession has been transformed into a more widely based slowdown, is the effect of reductions in availability of credit on people' spending power.

Changing customer buying habits is chief cause of strategy change, followed by cashflow

Q: What is causing the change in strategy? Is it...?
Base: All changing company strategy (422)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

39%

Lower taxes are the unprompted choice of 39 percent of businesses overall, rising to 60 percent in Russia and 75 percent in Slovakia.

The role of government

It's not clear whether these are absolute reductions, brought about by loss of income, or whether this is simply the result of people reacting to uncertainty and stories of economic trouble by choosing to save rather than spend. This is clearly an important distinction for public policymakers looking for ways to combat the recession, but for many business people, complex government recovery strategies are not what they want. The view of businesses around the world is that the most appropriate form of government intervention to help recovery is a simple, widely applied, tax cut.

Lower taxes are the unprompted choice of 39 percent of businesses overall, rising to 60 percent in Russia and 75 percent in Slovakia. By contrast, 20 percent of businesses in the UK opted for an increase in taxation to help recovery, and 26 percent in Ireland made the same choice (although this was offset by an equivalent number calling for tax cuts).

There was also a significant number of respondents, nine percent globally, who felt that their governments had already done enough. This idea was particularly strong in Singapore (36 percent), Japan (23 percent) and Italy (14 percent).

But among the Dutch, Spanish, Irish, Portuguese, Slovaks and Russians no-one took this view. In these countries, governments are still seen as having a role to play, whether it be simply doing what is necessary to build and maintain trust (which might include lowering taxes), or taking the more direct route of investing in infrastructure and encouraging banks to increase their lending.

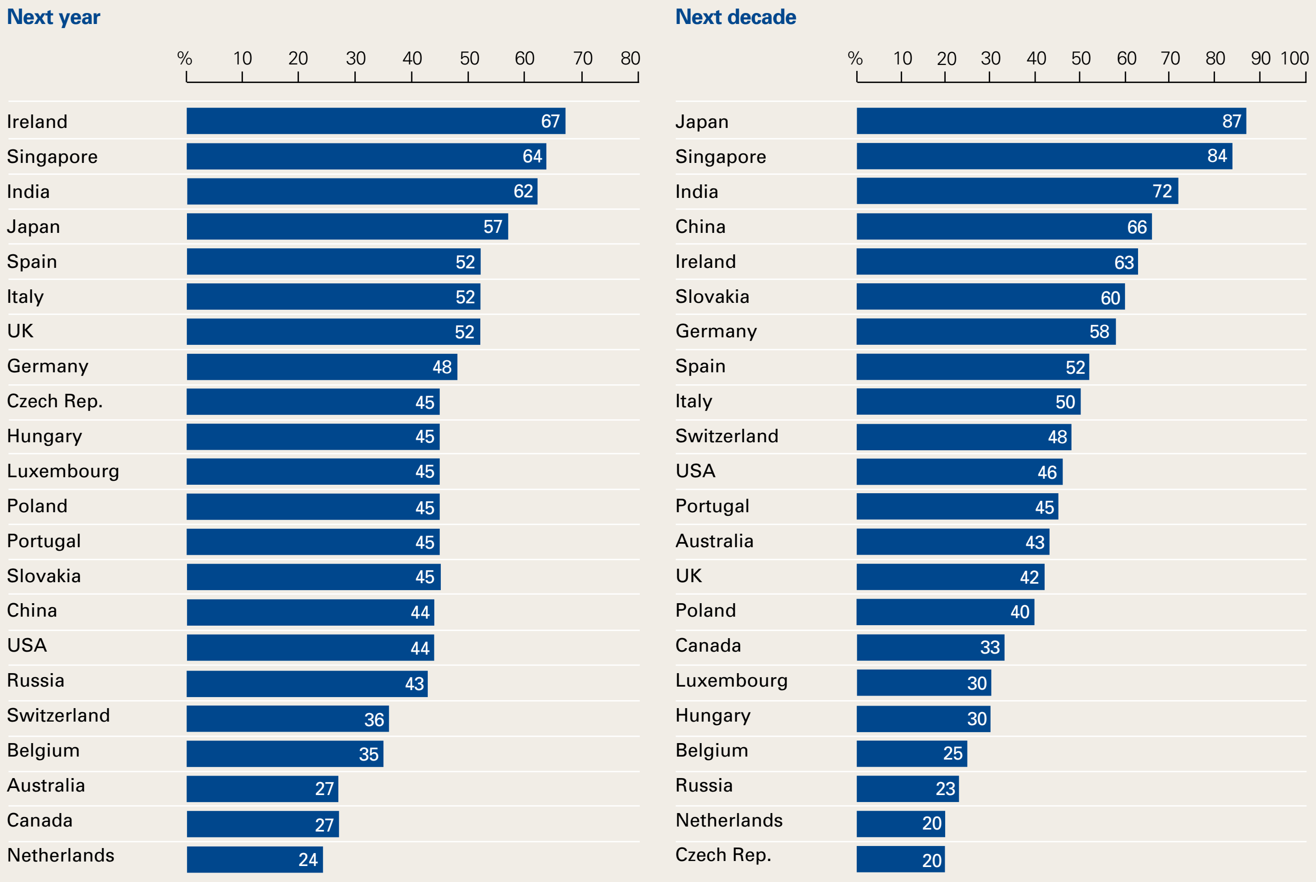
Never attempt to stop a falling knife.

Respondent from Germany

Different ideas of urgency

If these are the areas of broad agreement in our sample, they are offset by a very clear and important split between those who see a need to revise their business plans in the face of recessionary pressures and those who do not.

Strategy changes, next year vs next decade



Q: Is your company's strategy changing in the next year/next decade as a result of the current global economic downturn? (% says Yes)
Base: All respondents (852)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

50%

Asked if they plan to change their business strategy in the next year as a result of the economic downturn, 50 percent globally said they do plan a change.

Asked if they plan to change their business strategy in the next year as a result of the economic downturn, 50 percent globally said they do plan a change, 47 percent said they do not, and 3 percent did not know. Asked if they plan a radical change in their long term strategy to improve their company's position for the next decade, 51 percent said they do plan a change, 43 percent said they do not, and 6 percent did not know. Looking at this from an industry sector perspective, in the shorter term it is businesses in the automotive, information, communications and entertainment, financial services, transport, construction and retail sectors which are most likely to be looking for new strategies, while energy and natural resources, chemicals and pharmaceuticals are not. In the longer term, around 50-60 percent of businesses in all sectors report they are looking for a new strategy.

The whole media world is very sensitive to news and sometimes absolutely wrong and always gets a bigger influence.

Respondent from Switzerland

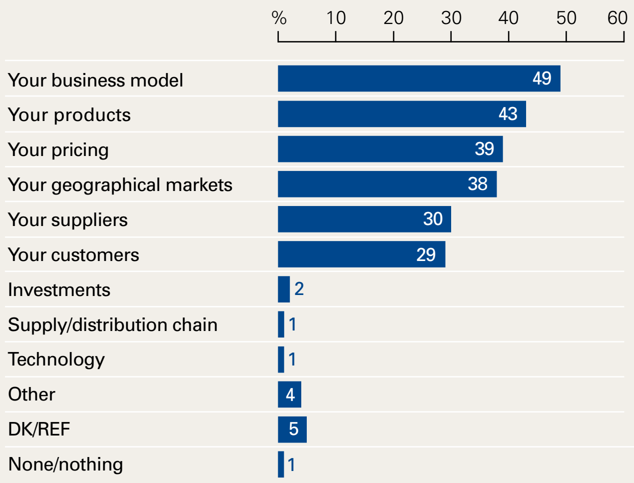
However, looking at these results from a geographical point of view, some striking differences appear. In Ireland, 67 percent of businesses are planning a change of strategy next year. In Singapore this figure is 64 percent and in India it is 62 percent. But in Belgium and Switzerland only a third of businesses are planning a similar change, in Australia and Canada only 27 percent, and in the Netherlands only 24 percent.

The differences are even clearer among businesses looking for radical change in the next decade. Topping the list, and clearly hungry for new strategies, are businesses in Japan (87 percent planning radical change) and Singapore (84 percent) followed by India (72 percent), China (66 percent) and Ireland (63 percent). At the other end of the table, just 25 percent of businesses in Belgium expect radical change, 23 percent of businesses in Russia, and 20 percent in the Netherlands and the Czech Republic.

If you know, I would like you to tell me. I have no idea.

Respondent from Japan

Half will change their business model



Q: What do you plan to change?

Base: All rethinking company's long term strategy (437)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Short term versus long term changes

In the next year, those organizations making strategy changes are focusing on reducing costs, through a combination of optimizing business processes (67 percent), cutting procurement and supply chain costs (64 percent) and reducing headcount (41 percent). Their choice of overseas markets remains much the same over this period, with the US, Germany and UK first, second and third. But the pull of the Chinese economy is apparent even in this short timescale, with nine percent of companies declaring China a top three market this year, rising to ten percent next year. There are also signs of increased interest in Japan, which is the choice of five percent this year, rising to six percent in 2010.

Longer term changes promise to be more fundamental. Nearly half (49 percent) of those organizations that said they would be changing their strategy for the next decade are planning to change their business model. Canadian businesses planning change are especially keen on this option, with 70 percent planning a new business model, and 65 percent of Irish businesses took the same view (although the most popular option among the Irish was changes to pricing, favored by 88 percent and possibly a reaction to planned changes in the Irish tax system).

Product changes are the choice of 43 percent globally, and are especially favored in the manufacturing powerhouses of India (61 percent) and China (52 percent).

Changes in geographical markets are predicted by 38 percent globally, confirming the findings of KPMG's Global Corporate Capital Flows survey last year which suggested that the next five years will see a large-scale move of corporate activity away from the Americas and into the Asia-Pacific region.

43%

Among organizations planning radical change, 43 percent will change their products.

I think China's economic system is different from EU or US. Especially the financial system. I think people in the US are overspending which actually triggered this financial crisis. I think they need to change their spending culture a bit. For instance they also need to save.

Respondent from China

Who needs to act?

The obvious question to ask here is why businesses in Belgium, Russia, the Netherlands and the Czech Republic do not see the need for a radical change in their operations, while those in Japan, Singapore, India and Ireland clearly do.

Businesses in Japan and Singapore scored highly on every option for change, suggesting that they are intent on developing new business models, new product lines, new pricing strategies and new markets. They would, surely, not be doing this unless they could see a very different global economy arising from this recession than the one we see today.

Some of the difference in view between these countries will come from differences in domestic circumstances. On one hand, the Japanese economy, for example, has been in recession for far longer than any other large country. Given the past successes of Japanese businesses in creating and serving new markets globally it would be surprising if they were not looking for new ways to bring themselves out of their period of economic malaise. On the other hand, the Irish economy has enjoyed huge growth in the past decade, and has been hit particularly hard by recession. Irish businesses must be casting around for ways to adjust to the much more difficult economic circumstances that they see stretching ahead.

But in a global economy as integrated as the one we have today, this cannot be the whole story. One possible answer comes in the responses to questions about the lessons that can be taken from previous recessions to help deal with this one. Among businesses in Belgium, Russia and the Netherlands, the most popular comment was that there should be better regulation of the financial sector, an idea which barely featured in responses from Singapore, and did not appear at all in responses from Japan.

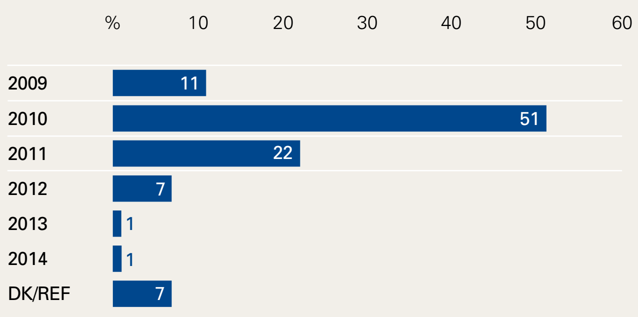
I don’t have to tell you this crisis is a little bit different.

Respondent from the US

2010

A clear majority in most of the countries polled chose 2010 as the year in which markets will turn up.

Most respondents expect recovery in 2010



Q: When do you expect a recovery? Base: All respondents (852)

Source: ‘Never catch a falling knife’ global business survey 2009, KPMG International

This suggests that for many businesses in parts of Europe and Russia, responsibility for bringing about economic recovery lies primarily with government and market regulators, rather than with business itself. Most businesses will agree on the need to keep control of costs, build trust in the marketplace and diversify both suppliers and markets. But whereas Asia-Pacific businesses seem to be readying themselves for a new and different set of economic rules coming out of this recession, many European businesses seem to believe that, bar some tightening of regulations on the banks, their economies will emerge from this crisis largely unchanged.

It would be comforting to think that this might be true, but it does not seem likely. Even if we leave aside the more hysterical predictions of the media about the impact of the recession, periods of stress like this often act to remove or restructure weaker businesses in a sector, leaving the strong and fast in a better position. Any companies believing that the relatively benign conditions of the past five years will re-emerge, might be well advised to review their planning on the assumption that they will not.

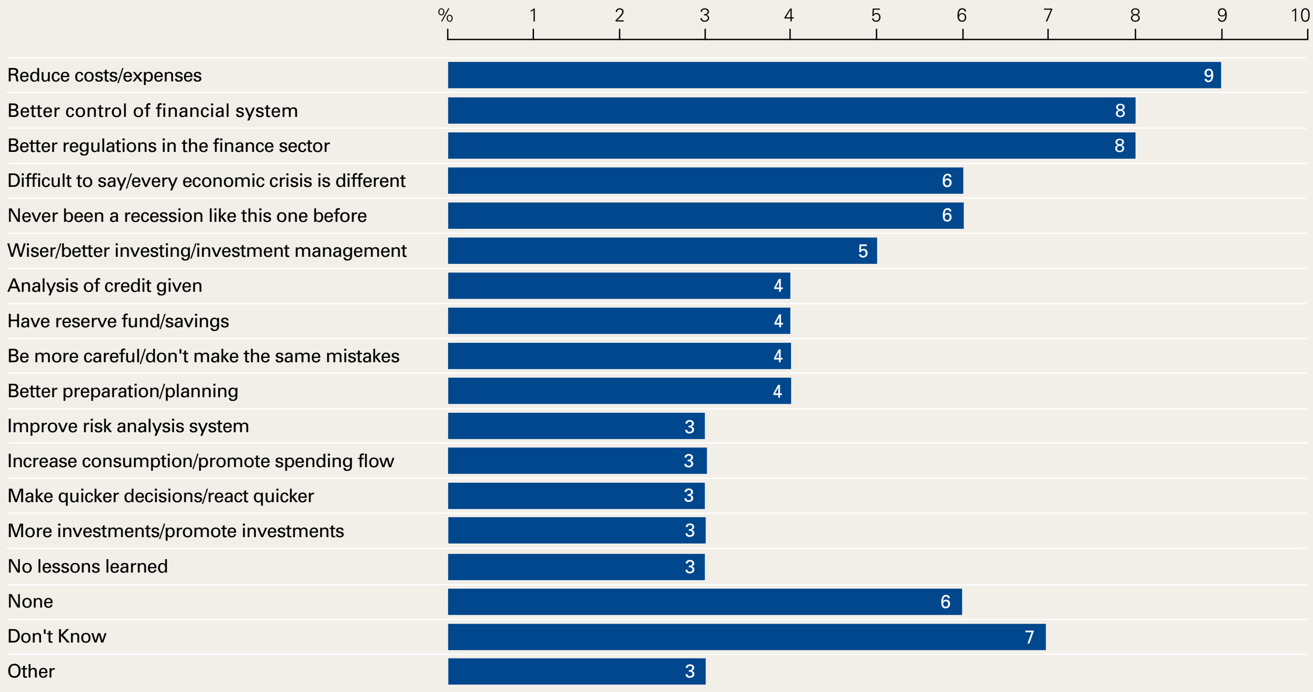
How long must we wait?

Businesses do, at least, seem broadly agreed on when we can expect a recovery. A clear majority in most of the countries polled chose 2010 as the year in which markets will turn up. The exceptions were the UK, Ireland, Luxembourg, Poland, Hungary, Belgium and Japan, all of which chose 2011 as the most likely year for recovery.

Among the industry sectors, virtually all those polled chose 2010. The only exception was the pharmaceutical sector, whose longer-term view was reflected in its choice of 2011 as the year things will improve.

These views broadly correspond with those of many of KPMG member firms’ clients, who predict a recovery in their markets in 12–24 months’ time.

Reducing cost is the key lesson that corporates think can help them through this recession



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? Base: All respondents (852)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

12–24

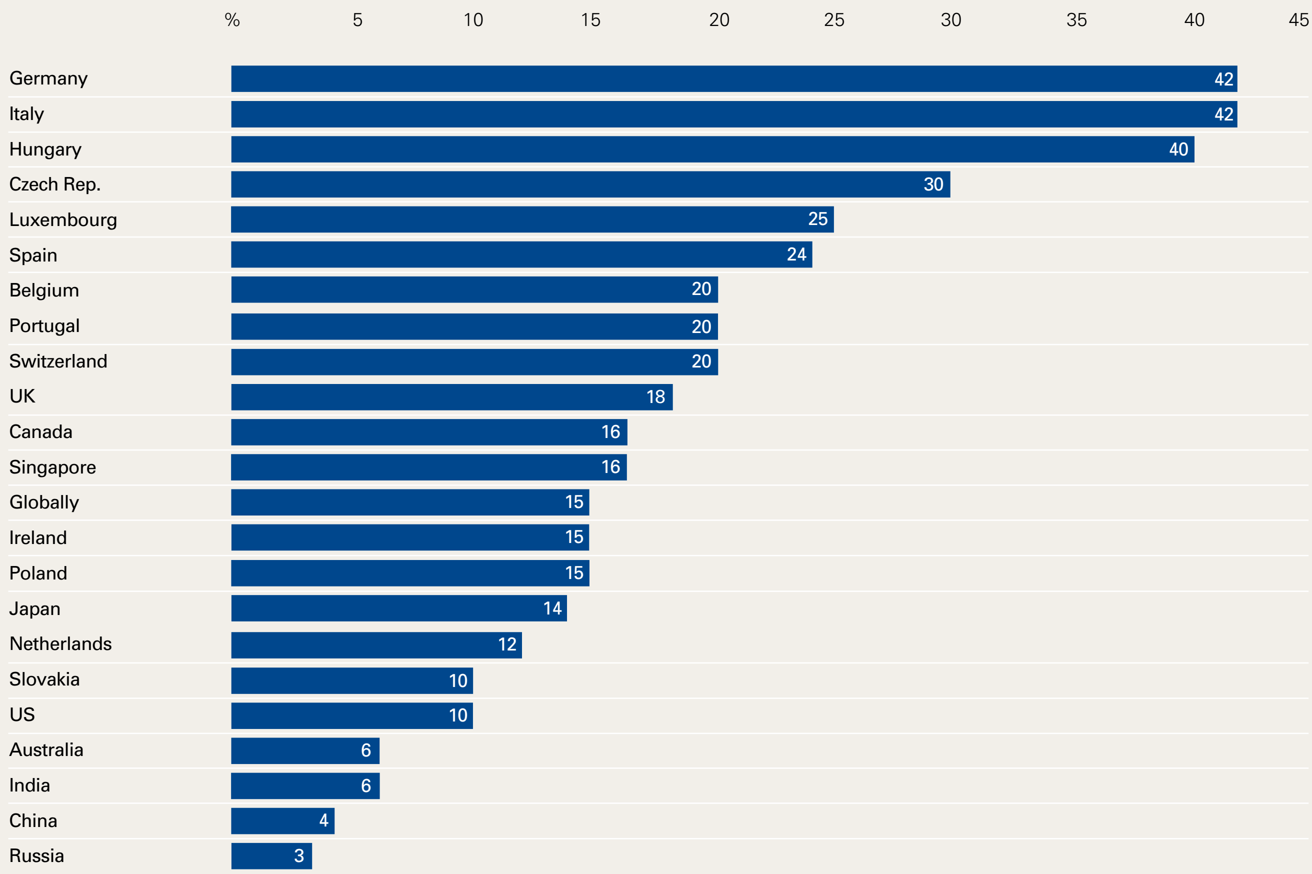
KPMG member firms' clients predict a recovery in their markets in 12-24 months' time.

Are we in uncharted waters?

A striking feature of the responses to questions on what lessons can be brought from previous recessions to help with this crisis, was the number of people saying that they have never seen these circumstances before, and have no prior experience to help them.

Globally, 15 percent said either that each crisis is different and needs different remedies, or that they had never seen circumstances like these before, or that there were no lessons to be applied from previous recessions.

Unprecedented times – percentage of respondents saying this recession is unique



Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Protectionism doesn't work, not for a single government nor for countries that group together to protect themselves. Be open and transparent.

Respondent from the Netherlands

The least confident by far were businesses in Germany and Italy, where 42 percent chose these options. Next came Hungarian businesses, with 40 percent taking this view, followed by the Czech Republic on 30 percent. Most confident were the Russians, with only three percent taking no lessons from the past, followed by the Chinese, with four percent. Next came the Australia and India, with 6 percent each, and the US with 10 percent.

Across all countries, the most popular business lesson learned was to keep tight control of costs and expenses, and there was a strong vote in favor of better controls on financial services and markets. But the overall impression, for most of the countries in this survey, is that many businesses are struggling to work out how they can best respond to these new challenges.

22%

Despite their roblems, banks are still the preferred source of investment funds for 22 percent of businesses globally.

I think we need to consolidate and ride it out.

Respondent from Singapore

Future investment

Recession is not preventing investment in business in any of the countries surveyed. Businesses everywhere are expecting a new wave of investment in 2010, with the exception of Canada where new investment is expected this year.

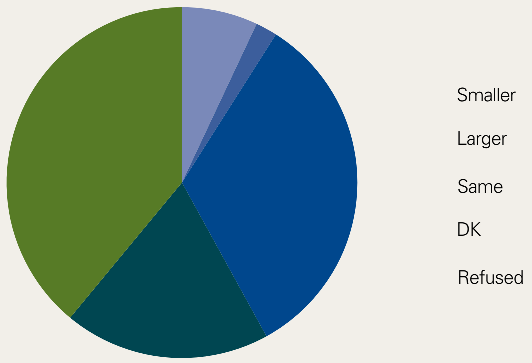
Despite their problems, banks are still the preferred source of investment funds for 22 percent of businesses globally. Thirty percent of businesses in Russia and the Czech Republic still see banks as their main providers of investment, rising to 32 percent in Germany and 37 percent in Japan.

But the single most popular source of investment funds for this year and next is retained profits. Globally, this is the choice of 32 percent of businesses, and it is the main source in a clear majority of the countries covered in this survey. This does raise the question, however, of how much is going to be available for investment. If profits are expected to be static or declining, as indicated by the number of companies predicting the same or lower tax payments next year, then retained profits for investment may not provide the same quantities of cash as they have in the past.

This might explain the range of choices still being made. In Hungary, for example, the preferred source of investment funds is private equity – the choice of 30 percent of Hungarian businesses. Globally, private equity takes 11 percent of the market, but despite their significant advances in the past two to three years, sovereign wealth funds are expected to account for no more than two percent of investments this year and next.

The countries where sovereign wealth funds are expected to make the greatest contribution are Portugal, where they are the choice of 15 percent of companies, and Japan, where they are chosen by 10 percent.

72 percent of respondents expect next year's tax bill to be the same or smaller than last year



Q. Compared to this year, do you expect next year's tax bill to be...?
Base: All respondents (852)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Tax strategies

Nearly three quarters (72 percent) of respondents estimated that their tax bills next year would be the same or smaller than this year, which raises the serious question of where governments are going to find the funds for their market recovery and social programs.

Relatively few companies (12 percent) have amended their tax strategies as a result of the recession. Those that have are concentrated in China (22 percent), Poland (20 percent), Singapore and India (16 percent), Ireland (15 percent) and the UK (14 percent).

Among those that have changed their strategies, around half (47 percent) have tightened central controls and 43 percent are focusing efforts on managing their taxes on profits. A similar proportion (46 percent) is taking the view that tax management is a potential source of cash and has chosen to increase tax planning to release some of this benefit.

Actually in India we are used to recession and every five years the Indians regulate and control the market which the west can learn from.

Respondent from India

Country reports

- Australia
- Belgium
- Canada
- China
- Czech Republic
- Germany
- Hungary
- India
- Ireland
- Italy
- Japan
- Luxembourg
- Netherlands
- Poland
- Portugal
- Russia
- Singapore
- Slovakia
- Spain
- Switzerland
- United Kingdom
- United States

These are summaries of the results of the survey for each of the countries which took part. In each section, we have picked out what seem to be the main areas of concern for the business people in that country, and have outlined their short and long term plans for recovery. We compare views on appropriate forms of government intervention, and report on when most people in each country expect to see a recovery.

Australia

Relatively few Australian companies think they need changes to their short term strategies to respond to the recession. Only 27 percent said they were planning changes, and of these, most (93 percent) said they would be optimizing business procedures, with 73 percent looking for changes to their supply chain, and 67 percent wanting to reduce headcount.

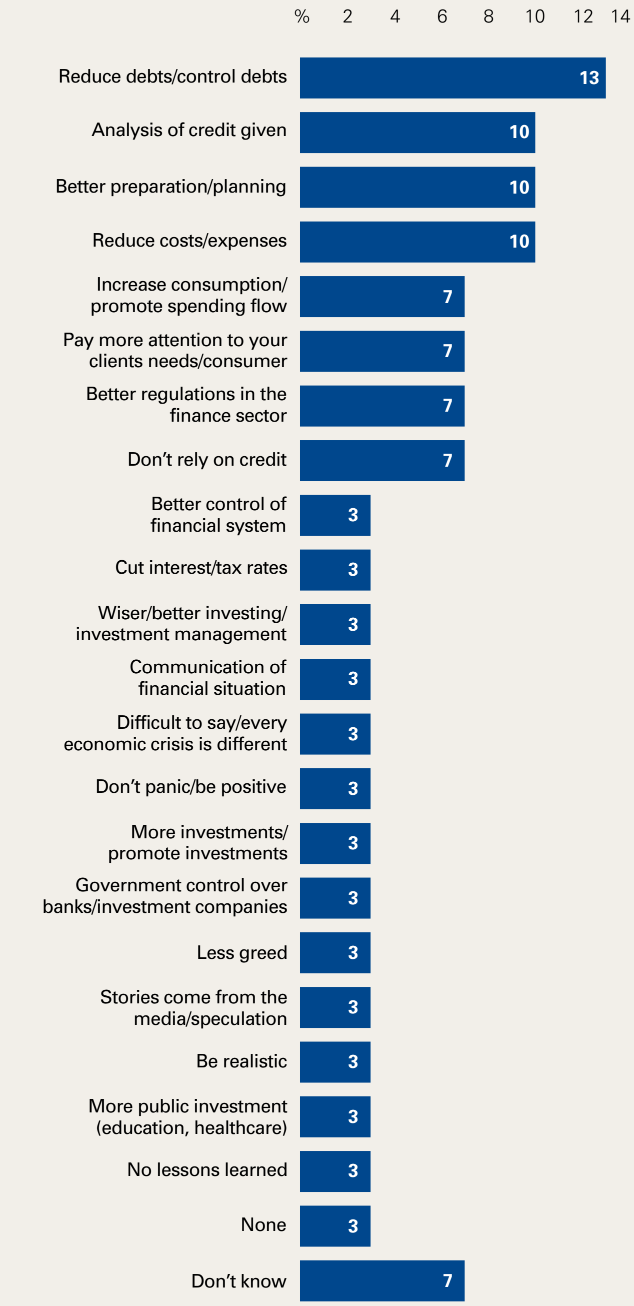
The picture is different for the longer term, with 43 percent of companies expecting major changes to their strategies. These promise to be profound, as those companies planning change are looking for new customers (69 percent) a new business model (69 percent) and new products (62 percent). But at less than half of those polled, this is still significantly fewer companies expecting radical strategic changes than we see in China, Japan or Singapore.

This relatively relaxed view extends to the lessons that Australian business people take from previous recessions. Only six percent see this as an unprecedented set of circumstances, and there is much practical advice from the rest, with cutting debt the most favored option, chosen by 13 percent. Tighter controls on the financial services sector are favored by 10 percent.

More government spending on infrastructure projects is a popular option, chosen by 27 percent of respondents. But here again, tax cuts are high on the list of desired government action, being the choice of 20 percent. Only seven percent of respondents, a low figure for this survey, felt that the government had done enough.

Australians are still investing heavily in their businesses, with 33 percent investing this year, and the most favored source of funds being retained profits. They are not quite as optimistic about the timing of the recovery as businesspeople elsewhere, with 40 percent expecting recovery in 2010 and 30 percent in 2011.

Australians have learned a wide variety of lessons from previous recessions



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Australia)
Base: All respondents (30)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Belgium

Among the European states in this survey, Belgium stands out for the views of its businesspeople on government intervention. Fully 30 percent of Belgian respondents said that the government had already done enough to help recovery.

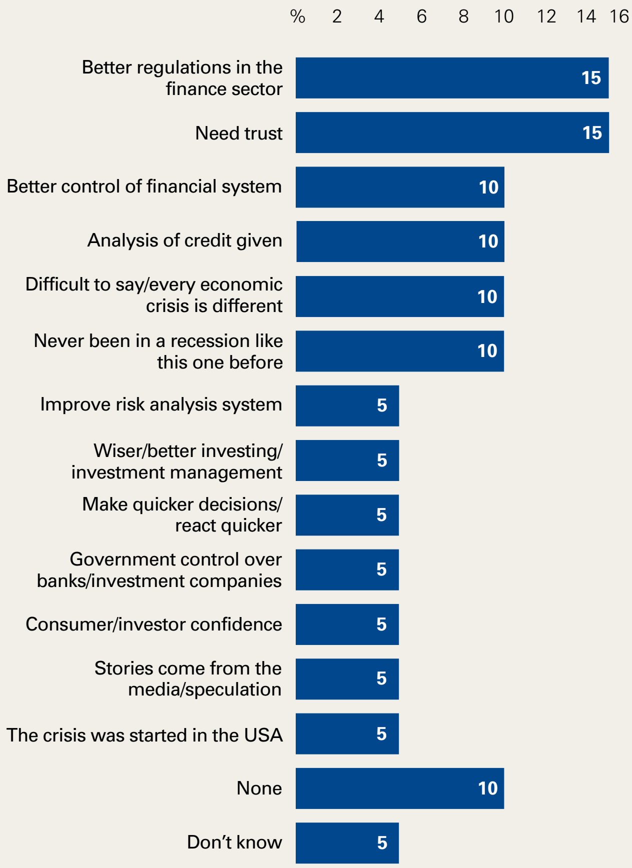
At the same time, 25 percent of respondents called for more and better regulation of the financial sector as a route out of the recession, which is clearly a task for government, and a further 25 percent called for lower tax rates as a means of encouraging recovery.

Belgian businesses are apparently confident in their current business strategies. Just over a third of businesses (35 percent) are planning amendments to their short term strategies, mainly changes to their procurement procedures and supply chains (55 percent) and reductions in headcount (40 percent).

Only 25 percent of businesses are planning amendments to their longer term strategies. This is despite the view taken by one in five respondents that this is an unprecedented recession, which would suggest that there is some doubt about how markets might look when they begin to recover. It is also a stark contrast with businesses in Japan, China and Singapore where large majorities expect significant changes in markets and are preparing for them.

Belgian businesses are continuing to invest in their operations, with 30 percent planning investments in 2009 and 10 percent in 2010. Most (55 percent) are funding their spending from retained profits. Half of the businesses polled expect a recovery in 2010, but 30 percent think it will not happen until 2011,10 percent until 2012, and a very pessimistic five percent think we will still be waiting for recovery in 2013.

Belgians say that better regulations in the financial sector, and increased trust are good lessons



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Belgium)
Base: All respondents (20)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Canada

Despite the recession, the Canadian businesses surveyed were generally positive – a large majority of them (73 percent) expect recovery in 2010. Most of the respondents were comfortable with their short term strategies. Only 27 percent are planning a change in the next year, and those that are point to currency issues (50 percent) and changing customer buying habits (50 percent) as key drivers for change.

Most respondents are planning programs to optimize their business processes (87 percent) and improve supply chain and procurement arrangements (67 percent). More respondents are planning to cut costs than those (47 percent) who are planning to reduce headcount.

Looking further out, a third of respondents say they are planning significant changes to business strategies in the long term, and of these, more than two-thirds say they are thinking of new business models, while half are looking for new product lines.

The respondents see government as having a role to play in dealing with the effects of recession, with only seven percent saying that enough has been done. The most popular government measures were cuts in both personal and corporate taxes (30 percent), with more spending on infrastructure and better regulation of the financial sector coming in distant seconds with 23 percent each.

Investment is holding up well according to respondents, with 40 percent saying that spending is continuous and a third planning new investment this year. Just under half (47 percent) expect to fund spending from retained profits, with banks and private equity equal second at 13 percent. Respondents continue to see Canada and the US as their primary markets, with minimal investment in the rest of the world.

Canadians say that better regulations in the financial sector is a good lesson

Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Canada)
Base: All respondents (30)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

China

Views of the recession among Chinese businesses are significantly different from those of many in Europe and the US. Only four percent said that circumstances now are unprecedented, and there was a wide range of practical advice from the remainder, with 10 percent suggesting more care in investment decisions, 10 percent looking for better regulation of the financial sector, and eight percent saying there is a need to be more proactive and competitive in their markets.

Just under half (44 percent) are planning short term changes in strategy, with the primary driver being industry consolidation (41 percent), rather than the changes in customer behavior quoted by many businesses elsewhere in the world. The main aims of change are to cut costs and optimize business processes, but there is a clear reluctance to lose people. Only a third (34 percent) of respondents said they were considering this option.

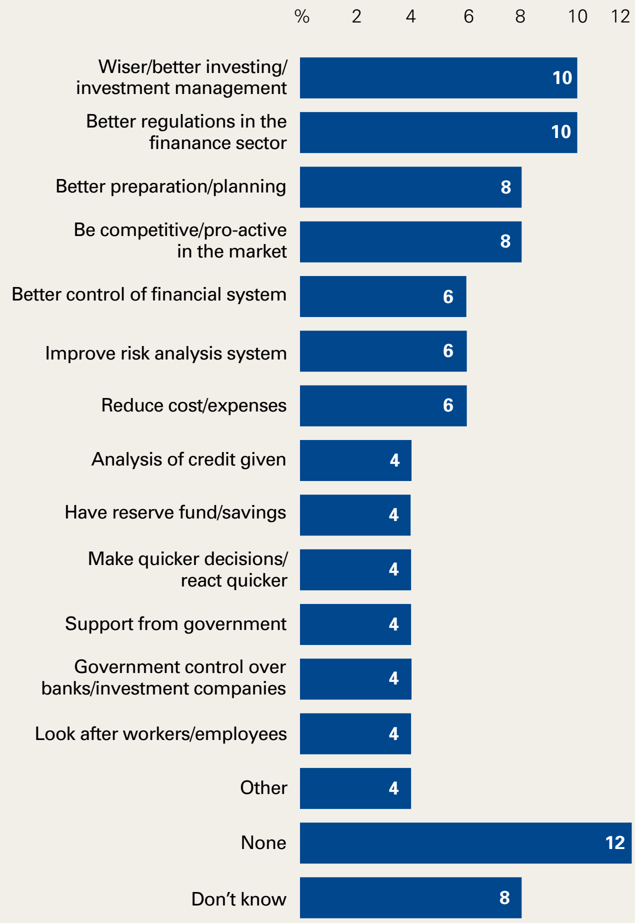
Longer term, 66 percent of Chinese businesses are planning a major change in their business strategy, with 55 percent of these looking for a change in their business model, and 52 percent looking to change their products.

Investment is continuing strongly in 2009 and 2010, with 22 percent planning significant investments this year, and 24 percent next. Unlike the rest of the world, the favored source of funds is the banks, chosen by 22 percent, followed by retained profits, chosen by 20 percent. Private equity is the choice of 10 percent.

Opinions on appropriate government action range from cutting taxes (16 percent) encouraging consumer spending (14 percent) and boosting spending on infrastructure projects (12 percent). But there is a significant group (12 percent) which believes that the government has done enough and should step back from further intervention.

In common with much of the rest of the world, the Chinese expect a recovery in 2010.

Chinese have a wide variety of learnings from previous recessions



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (China)
Base: All respondents (50)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Czech Republic

Despite the recession, Czech companies are confident of their prospects. Only 45 percent are planning any changes to their strategy over the next year, driven by changing customer buying habits and pressures on cashflow.

Taking a longer term view, the apparent confidence is even more marked. Only 20 percent of companies are planning any strategic changes to better position themselves for the decade ahead.

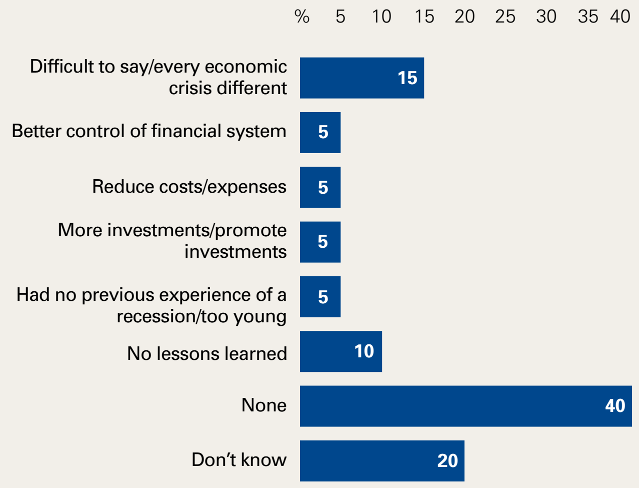
Those that are planning changes clearly see price as the major obstacle, as 100 percent of them chose price as one of the factors they intended to change. Changes to geographical markets also featured highly, selected by 75 percent, with the Middle East the most popular new market (10 percent).

The relatively few companies planning strategic changes should not be confused for a lack of action, however. Czech respondents are planning a raft of strategies to control their costs and improve their efficiency, ranging from optimizing business processes (85 percent) and reducing procurement costs (85 percent), to reducing their property portfolio (10 percent) and outsourcing (10 percent).

In contrast to the desire for greater financial regulation reported in many countries, only 5 percent of companies said that better regulation was the key lesson learned, and 30 percent thought this recession was unprecedented, with no lessons applicable from previous downturns. Nor was tax a major concern. Only 15 percent wanted the government to cut taxes to aid recovery, whereas 35 percent wanted more government support and investment in infrastructure.

The overall sense of optimism of Czech companies is reflected in the fact that 65 percent of them are planning a new wave of investment in their businesses within the next 18 months, funded largely by bank lending and retained profits, ahead of an expected recovery by the end of 2010 at the latest (75 percent).

Most Czechs did not give an opinion



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Czech Republic)
Base: All respondents (20)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Germany

Short term opinion among German companies was split almost equally between those who were not planning to change their strategy in the next 12 months (50 percent), and those who were (48 percent). Those that were cited changing customer habits (75 percent) and cashflow pressures (54 percent) as the main motivating factors.

To control costs and help alleviate some of those pressures, the range of tactics included optimizing business processes (72 percent) and reducing procurement costs (56 percent), which were both slightly higher response rates than the global averages. At 28 percent, however, the proportion planning to reduce headcount was significantly lower than the survey average (41 percent).

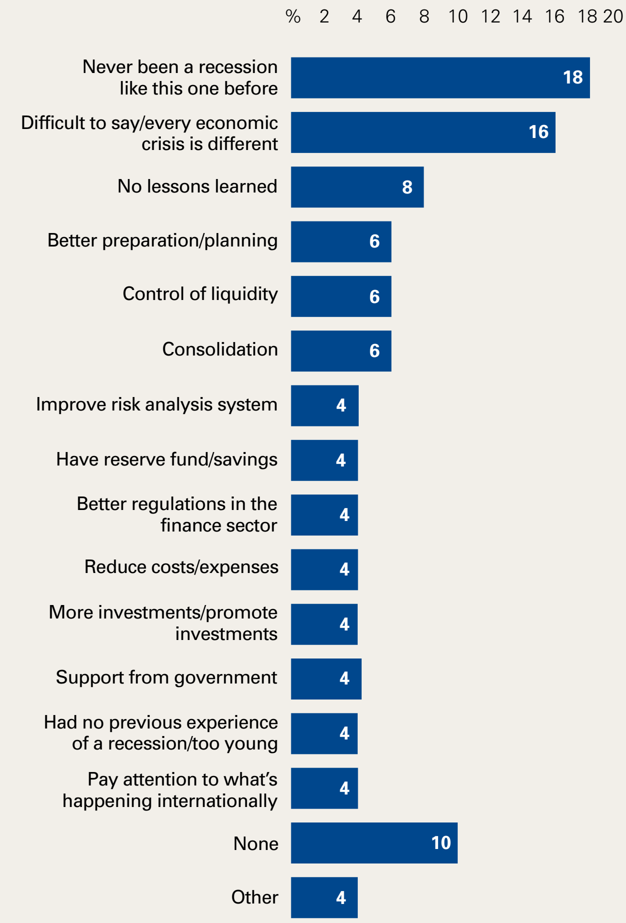
Taking the longer term view, the number of companies planning to make changes to improve their market positioning over the next decade rose to 58 percent. There was support across the board for a wide spread of strategic responses, including changing the business model (38 percent), changing products (34 percent) and changing pricing (31 percent). New geographical markets were being considered by 28 percent of respondents, with all four BRIC countries (Brazil, Russia, India and China) featuring in the top five possible new markets.

Lower corporate tax rates were supported by 32 percent of respondents. But eight percent thought the government had already done enough and should not interfere.

German companies were the least confident of all when it came to what lessons could be learnt from previous recessions – 42 percent said the current crisis was unprecedented and there were no lessons that could be applied from previous recessions.

Even so, over half were planning to start re-investing in their business within the next 18 months (54 percent), ahead of an expected upturn in the markets in 2009 or 2010 (64 percent).

Germans say there has never been a recession like this before and every crisis is different



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Germany)
Base: All respondents (50)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Hungary

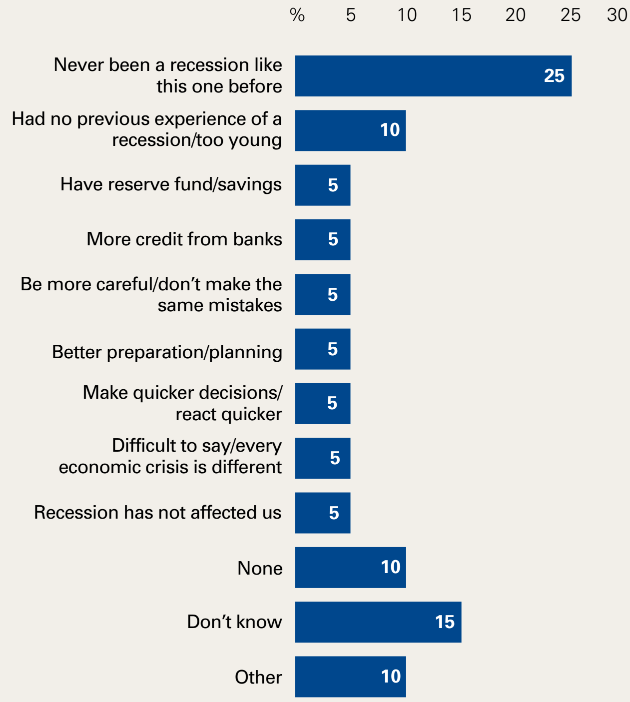
Four in ten of the Hungarian companies we spoke to believe this recession is unprecedented (40 percent), with nothing in their past to help them navigate today's choppy economic waters. Those that could find lessons in their previous experiences to draw on suggested a wide range of potential responses they themselves could implement, such as conserving capital, reacting quickly to the changing situation and better planning.

There was a general consensus that the government had a key role to play in combating the downturn, with only five percent believing the government had already done enough. The most common targets for government action were lower taxes, creating new jobs, investing in infrastructure and wage cuts. Tax cuts of one form or another were supported by 40 percent of respondents.

There was, however, optimism that the recession would not be particularly long. Almost half of the respondents said they expected the economy to start improving by 2010 at the latest. In anticipation of the upturn, 50 percent were already planning to begin the next wave of investment in their businesses this year. A high proportion of these (30 percent) were planning to fund it through private equity, perhaps reflecting Hungary's position in recent years as one of the most dynamic – and fast growing - markets in Eastern Europe.

The belief that the recession will not be long is apparent in the 55 percent of companies who said they were not planning to make any radical long term changes to their strategy. The same proportion said they were not planning any strategy changes within the next 12 months, either. Of the 45 percent that were planning short term changes, the priorities were to reduce procurement costs and improve operational efficiencies (both 75 percent). Staff cuts were planned by 50 percent. Unusually, industry consolidation was regarded as the primary driver for the changes, rather than pressures on cashflow or changing customer buying habits, which were the most common answers across the survey as whole.

Many Hungarians have never been in a recession like this before. Others have a wide range of lessons



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Hungary)

Base: All respondents (20)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

India

Indian businesses are looking at all options to secure future growth. Of the 72 percent of respondents who planned to radically rethink their long term business strategy, opinions were relatively evenly spread as to the most effective way to achieve change. Changing geographical markets, products, pricing, business models and customers were all chosen by at least 50 percent of respondents, followed by changing suppliers (31 percent).

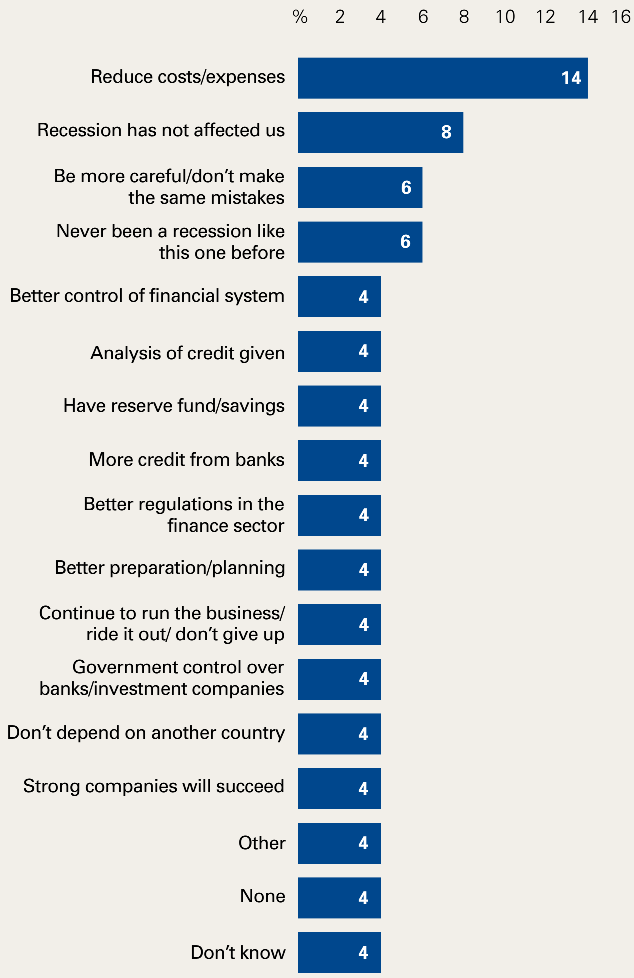
In the shorter term, 62 percent of businesses were planning to change their immediate strategy, again driven by a fairly wide range of factors – changing customer buying habits (58 percent), pressure on cashflow (55 percent), currency volatility (48 percent), housing market fall-out (42 percent) and industry consolidation (35 percent). The prominence of currency volatility among these factors is perhaps indicative of India's growing but still fragile position in the global economy.

The vast majority see efficiency savings as the solution to their short term problems, with 80 percent planning to optimize business processes to reduce costs, and 70 percent looking to cut supply chain costs. Indeed, the need to reduce costs is the main lesson businesses have learnt from previous recessions that are helping them survive this one (14 percent).

Other than cutting taxes and interest rates (30 percent) there is little consensus as to what role government can play to aid recovery, and 18 percent think the government has done enough already or should not interfere. Further, the 48 percent of the respondents thinks that the next tax bill will be smaller compared to this year and 54 percent wants to create more tax efficient operation.

Indian businesses are also more optimistic than the average, with 70 percent expecting the recovery to begin by 2010 at the latest, and 50 percent planning a new wave of investment either this year or next, in anticipation of an up-turn. For eight percent, the recession has not even affected them at all.

Indians have learned to reduce costs



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (India)
Base: All respondents (50)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Ireland

Among the European respondents to this survey, Irish businesses stand out as the most likely to be considering both long and short term revisions to their business strategies.

At 67 percent of businesses planning short term changes, and 63 percent planning longer term changes, the Irish are second only to the countries of the Asia Pacific region in their conviction that these economic circumstances are sufficiently serious to require a new approach to commerce.

Pressure from changing customer spending habits is the main driver for short term change, cited by 78 percent of respondents. Half added industry consolidation as a factor.

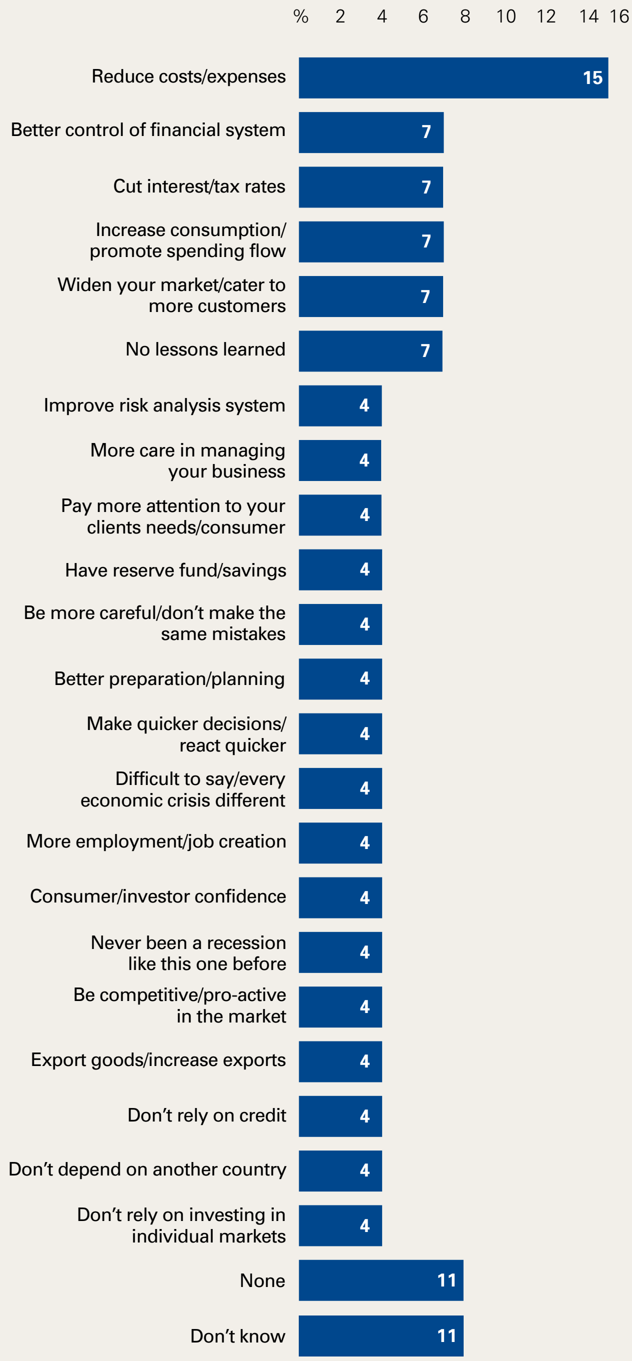
The favored response, with 93 percent of respondents, is to reduce headcount. Optimizing business procedures and making changes to supply chain systems are next, chosen by 89 percent and confirming that rapid reductions in cost base are a major priority for Irish business.

Among the 63 percent planning longer term changes in strategy, a new approach to pricing is the priority for 88 percent, with 65 percent choosing a new business model and 59 percent looking for new products.

Opinion on the most appropriate form of government action on tax is evenly balanced. Twenty six percent chose a tax cut as their preferred option while another 26 percent chose a tax increase. None felt that the government had done enough already, and there was support for a range of measures aimed at creating jobs and increasing spending on infrastructure.

On these results, Irish business appears to be particularly challenged by the economic downturn. But there is clearly energy and determination to do what is necessary to overcome these difficulties, and develop new strategies for changed markets. The consensus among the Irish respondents to our survey is that recovery will come, but not until 2011.

Irish have learned to reduce costs/ expenses from previous recessions



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Ireland)
Base: All respondents (27)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Italy

For many Italian businesses, this recession is proving to be a testing, unprecedented challenge. More than four in ten (42 percent) said that they had never seen circumstances like these before, and that there is nothing in their previous experience which can help them weather this storm. This places the Italians alongside the Germans as the countries most perplexed by the circumstances they find themselves facing.

Nevertheless, just over half of Italian businesses (52 percent) are planning changes to their short term strategies, driven mainly by changes in customer buying behavior (54 percent), and involving efforts to cut costs by improving business processes (66 percent).

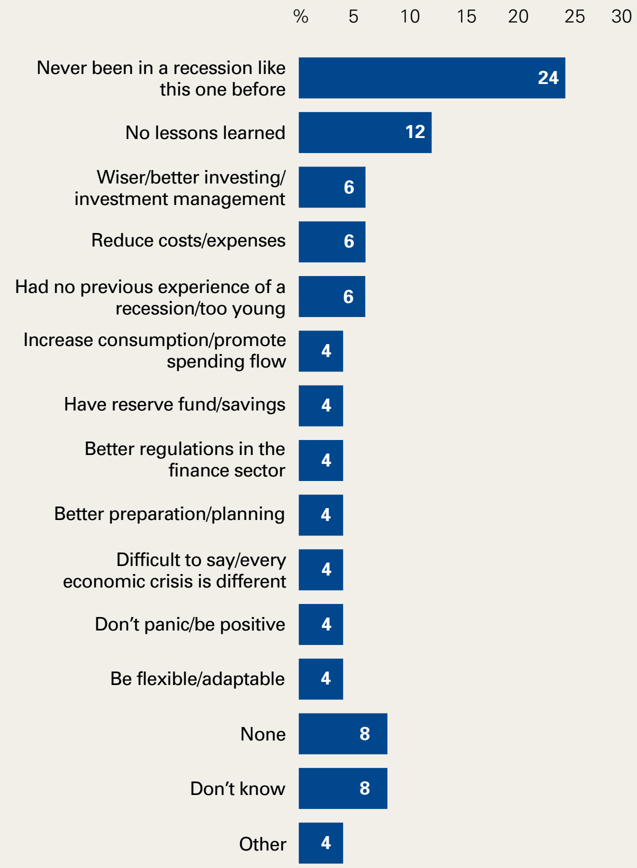
In the longer term, half of the businesses polled are planning major changes in their business strategies, and just under half of these (48 percent) are planning new business models. A third (32 percent) are looking for new geographical markets.

The most popular form of government intervention among Italian businesses is a simple tax cut, favored by 30 percent of respondents. But there was also support from 16 percent of respondents for new infrastructure projects involving greater public spending. A significant number (14 percent) said that the government had already done enough.

A third of businesses (32 percent) are planning to invest this year, falling to 22 percent in 2010. Most investment will be funded by retained profits (32 percent) but banks are still the choice of 26 percent, and private equity of 20 percent.

The majority of Italian businesses (62 percent) expect a recovery in 2010.

Many Italians have never been in a recession like this before. Others have a wide range of lessons



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Italy)
Base: All respondents (50)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Japan

Japanese businesses lead the field when it comes to revising long term plans to take account of a post-recession world economy. Nearly nine out of ten (87 percent) of respondents said that they were looking for major changes to their business strategy in the next decade, a figure challenged only by businesses in Singapore, where 84 percent are planning radical changes.

The scope of these changes is huge, with nearly half (46 percent) expecting a completely new business model with different pricing and a new customer base, and 42 percent expecting a new product range. The driving force for these changes is very clearly changing customer preferences, cited by 76 percent of businesses as a principal reason for short and long term strategy reviews.

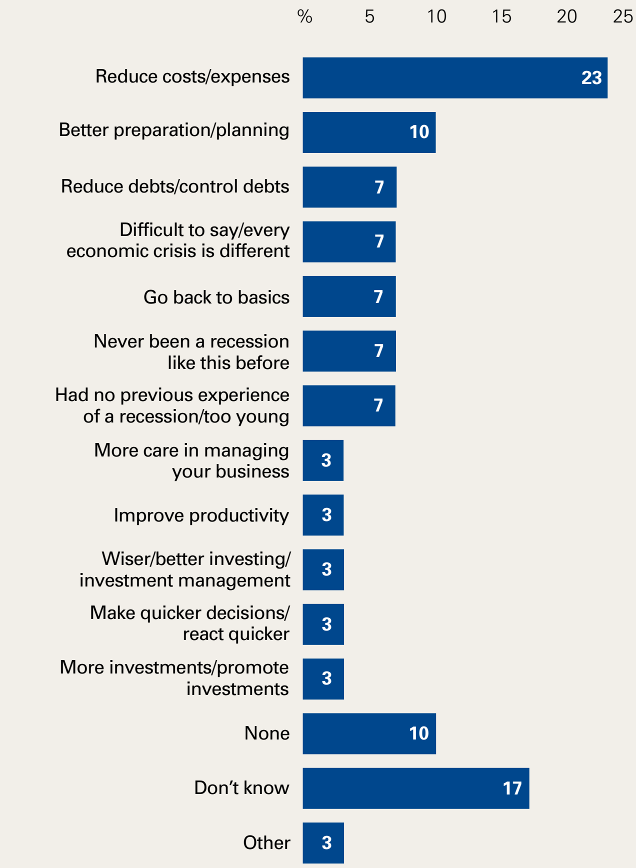
Among the 57 percent of businesses planning short term changes in strategy, the focus is on optimizing business procedures (57 percent), improvements in supply chain (50 percent) and reductions in headcount (43 percent).

These are clearly measures designed to cut costs, and although investment is expected to continue in 2009, with 37 percent saying that they will continue their current investment programs, no-one was planning a significant investment in 2010. Leaving aside the 10 percent whose plans require them to spend every year, there is a slow pick up in investment expected in 2011, with 3 percent planning to invest, rising to 7 percent in 2012. The favored source of investment funds (37 percent) was the banks.

On government action, a large number (23 percent) said that the government had done enough already, and although 13 percent were looking for unspecified measures to help business, a further 13 percent were looking for simple tax cuts.

Most Japanese businesses (30 percent) expect to see a recovery in 2011, but 27 percent opted for 2012, and a particularly pessimistic 3 percent chose 2014.

Japanese have learned to reduce costs



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Japan)
Base: All respondents (30)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Luxembourg

Although 25 percent of respondents from Luxembourg thought that this recession is unprecedented and there is nothing in previous experience which provides clues as to how businesses might survive, half were nevertheless planning short term changes in their business strategy. A third cited changes in customer spending as the main reason, and a further third pointed to the effects of a collapse in the housing market.

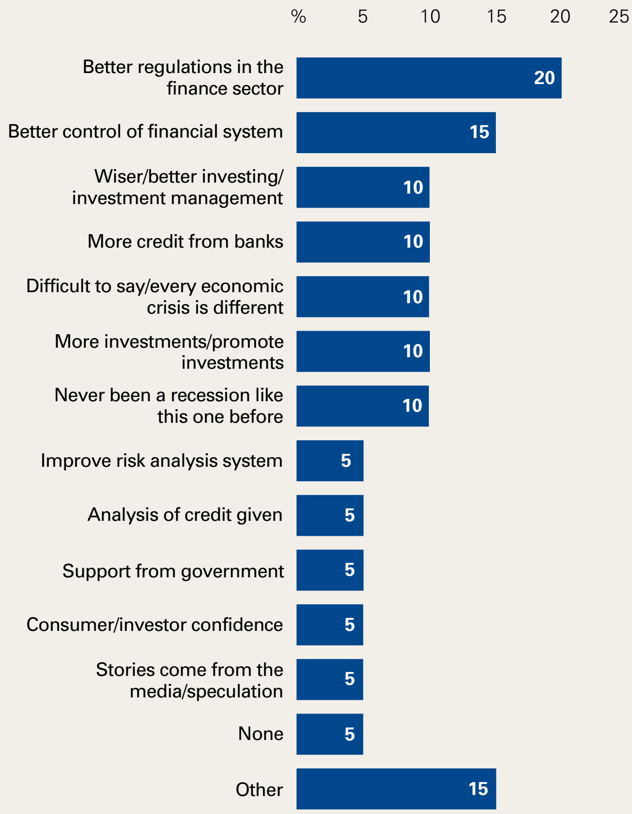
Unlike many of their counterparts in other countries, companies in Luxembourg did not say that keeping control of costs is a priority, choosing instead better control of the financial services market as the major lesson to be learned from previous recessions (chosen by 20 percent). But many were implementing cost cutting plans, the most favored being revisions to supply chain and procurement arrangements (60 percent) with a significant minority (40 percent) looking for reductions in headcount.

Looking further ahead, only 30 percent of companies were planning a significant change in their business strategies for the next decade, but of these, 83 percent were looking for a new business model and 50 percent for new product lines. Pricing changes were under consideration by only 17 percent, a much lower proportion than the global average of 39 percent.

Investment is expected to hold up well, with 30 percent continuing their investment programs in 2009 and a further 30 percent expecting the next wave of spending in 2010. Half of the respondents are planning to fund spending from retained profits, with only 10 percent looking to the banks for funds.

The most popular option for government action was investment in infrastructure improvements, chosen by 25 percent, but one in five said that the government had already done enough. Just under half (45 percent) of respondents expected a recovery in 2010, with 15 percent choosing 2011.

Luxembourgers say that better regulation in the financial sector is a good lesson



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Luxembourg)
Base: All respondents (20)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Netherlands

Dutch businesses stand out in this survey as among the least likely to be considering a change in strategy as a result of recessionary pressures.

Changes in strategy in the next year are being considered by just 24 percent of respondents, and longer term changes, covering the next decade, are under consideration by only one in five.

Those that are planning changes report pressure from changing customer buying habits as the main driver (50 percent). Their response is to take tighter control of costs through programs to optimize business procedures (48 percent) and changes to supply chain and procurement arrangements (48 percent).

Among those planning longer term changes, a new business model and new products are being considered by 60 percent, but there is little appetite for a change in geographical markets, with only 20 percent choosing this option.

Although investment holds up well in 2009, with 24 percent planning to continue spending, there is a significant drop in 2010. Just eight percent say they expect a wave of investment next year, but 20 percent expect a revival in spending during 2011. Retained profits is the preferred source of funds for 40 percent of respondents, but a further 40 percent said they did not know where the funds would come from. Only four percent opted for bank lending or private equity.

On government intervention, tax cuts were favored by 24 percent, and greater regulation of the financial system by 20 percent. Businesses were also looking for reforms to the Dutch VAT system, an option favored by 32 percent.

In common with many of their colleagues elsewhere, a majority of businesses in the Netherlands expect a recovery in 2010.

Dutch say that better control of the financial system is a good lesson

Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Netherlands)
Base: All respondents (25)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Poland

Polish businesses were more pessimistic than the global average in their assessment of when the recession will end. By far the majority of countries believe things will start improving in 2010. In Poland, however, 50 percent of respondents do not expect a recovery until 2011 or 2012. Consequently, 30 percent are delaying their next wave of investment until 2011, and five percent are not planning any investment at all.

In the short term, that uncertainty is reflected in the 20 percent of respondents who are still undecided over whether to change their company strategy next year or not, one of the highest levels of uncertainty reported. For the 45 percent of respondents who are planning to reassess their strategy, the main drivers are currency volatility, changing customer buying habits and pressures on cashflow (all 67 percent).

Tax is seen as an important tool for controlling costs, with 30 percent planning to implement more tax efficient operations in the next year. This is still way behind the two most popular options, though – optimizing business processes (75 percent) and reducing supply chain costs (56 percent).

Looking to the future, companies do not seem unduly worried about the longer term impact of the recession on their business. Only 40 percent are definitely planning to change their overall strategy to put themselves in a better position for the next decade, with 60 percent either not planning a change, or still undecided.

Other than cutting taxes (15 percent), there was little consensus about what governments should be doing to help tackle the crisis. Reflecting the impact of currency volatility on short term business strategy, 20 percent wanted the government to stabilize exchange rates and encourage more bank lending. However, 15 percent said that they did not want any government interference at all.

Poles have learned to improve their risk analysis systems from previous recessions

Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Poland)
Base: All respondents (20)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Portugal

Portuguese companies see the government playing a pivotal role in alleviating the recession. For 50 percent, that means tax cuts. Other popular choices included helping smaller businesses, including incentives and financial support (25 percent), and implementing a tougher fiscal policy (15 percent). Not a single respondent suggested that the government had already done enough or should not interfere.

The view that government has an important role to play links in with the 25 percent of respondents who said that the main lesson learnt from previous recessions is that the financial sector needs to be better regulated, including improvements to risk analysis systems.

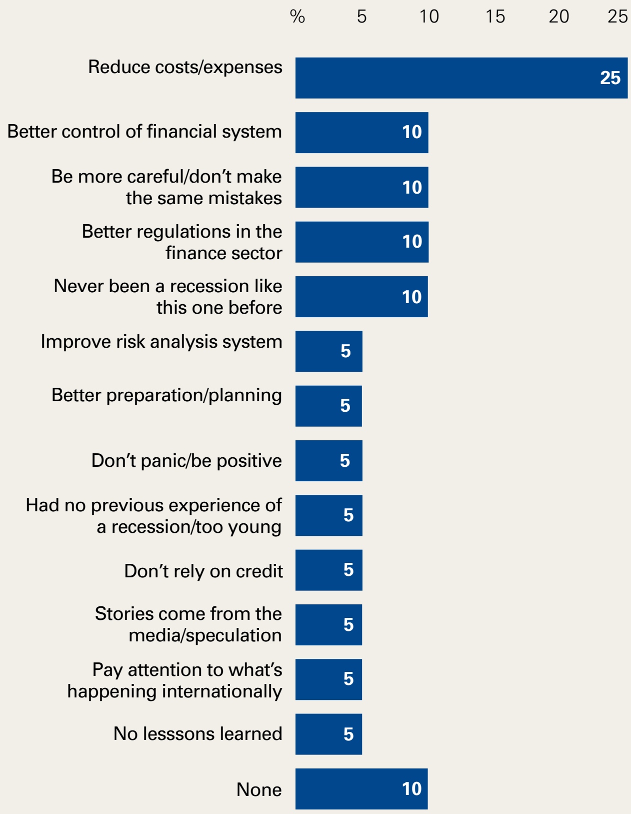
Changing customer buying habits (44 percent) and pressures on cashflow (33 percent) are driving 45 percent of Portuguese companies to make changes to their current strategy, but this figure is outweighed by the 50 percent who are not planning any changes, or have not yet decided. The most commonly-cited options for controlling costs were reducing supply chain costs (55 percent), optimizing business processes (40 percent) and reducing headcount (30 percent).

Looking further ahead, 45 percent are planning longer term changes to their strategy, with 40 percent maintaining their current model and 15 percent still undecided.

Of those considering changes, 67 percent are planning to review their business model, 56 percent change their customer base and 44 percent their products. For 22 percent, changing their long term strategy means changing their geographic markets, with Germany the most likely loser. From being one of the top three markets this year for 10 percent of respondents, Germany was not mentioned at all when companies were asked to name their expected three largest markets next year.

In line with the global average, 55 percent expected the economic situation to recover in 2010, with 65 percent planning to start investing within the next eighteen months in anticipation.

Portuguese have learned to reduce costs/expenses from previous recessions



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Portugal)
Base: All respondents (20)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Russia

When asked about tax measures that the government should introduce, lower taxes are an important step on the road to recovery for Russian respondents, with 60 percent saying that tax cuts will aid the economy. The second most popular tax measure was assisting small businesses through tax relief (13 percent). A further seven percent wanted capital investment reforms.

Non-tax measures ranged from providing more help, including financial support, to businesses generally (35 percent), to encouraging the banks to start lending more (seven percent).

In the short term, 53 percent of companies were not planning any changes to their immediate strategy. Of the 43 percent that were, the main drivers were pressures on cashflow (77 percent), currency volatility (62 percent) and changing customer buying habits (62 percent).

When it came to controlling costs, 60 percent of respondents said they would be making their business processes more efficient, 37 percent intended to reduce their headcount and 27 percent planned to reduce their procurement costs.

Looking further ahead, only 23 percent of businesses were planning a change to their long term strategy, compared to 57 percent who were not and 20 percent who had not decided. The types of changes being considered were changes to customer base (57 percent), changes to pricing, products and geographic markets (all 43 percent), and changes to business model and suppliers (both 29 percent).

Russian companies shared the widespread view that 2010 was the most likely year for economic recovery (73 percent), and 80 percent of them are planning to start investing this year or next in anticipation of better times to come.

Russians say that better regulation in the financial sector is a good lesson

Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Russia)
Base: All respondents (30)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Singapore

Singaporean businesses are prepared to act, and act quickly, to see themselves through the recession.

Of all the countries surveyed, Singapore had one of the highest proportions of respondents (84 percent) who planned to radically rethink their overall strategy to better prepare themselves for the next decade. The radical approach carries through to the areas they plan to change, with 62 percent planning to change their geographic markets, and the same percentage looking to change their business model.

Speed of action is also seen as vital, with 40 percent planning a new wave of investment in their business within the next eighteen months, and only 8 percent leaving it later than 2011. This ties in with expectations of when the economic situation will begin to improve – over 75 percent expect things to pick up in 2010 or 2011.

In the immediate future, 64 percent are planning a strategy change within the next year, with 94 percent citing changes in customer buying habits as the key driver. The immediate emphasis is on controlling costs – the main lesson Singaporean businesses say they have learnt from previous recessions – with tactics such as reducing procurement costs (84 percent) and optimizing business processes (80 percent) top of the hit list.

Interestingly, Singapore is one of the few jurisdictions where better tax efficiency was seen as an important tool for controlling costs (64 percent), and where cutting taxes was regarded as the most potent weapon in the government's anti-recession armory.

Singaporeans have learned to reduce costs

Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Singapore)
Base: All respondents (25)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Slovakia

Lower taxes are seen as the most appropriate form of government intervention to aid recovery for 75 percent of Slovakian businesses, almost double the overall average in the survey (39 percent). But a lower government tax take through reduced taxes would inevitably impact on the next two most suggested government interventions – investment in infrastructure (20 percent) and the creation of new jobs (10 percent).

In the short term, businesses are relatively confident about their prospects, with only 45 percent planning to change their strategy in the next year, driven by changes in customer buying habits (67 percent) and pressures on cashflow (33 percent). An interesting point of difference with many jurisdictions, though, is the relatively high proportion of Slovakian respondents who said change is being driven by tighter financial and environmental regulation (33 percent).

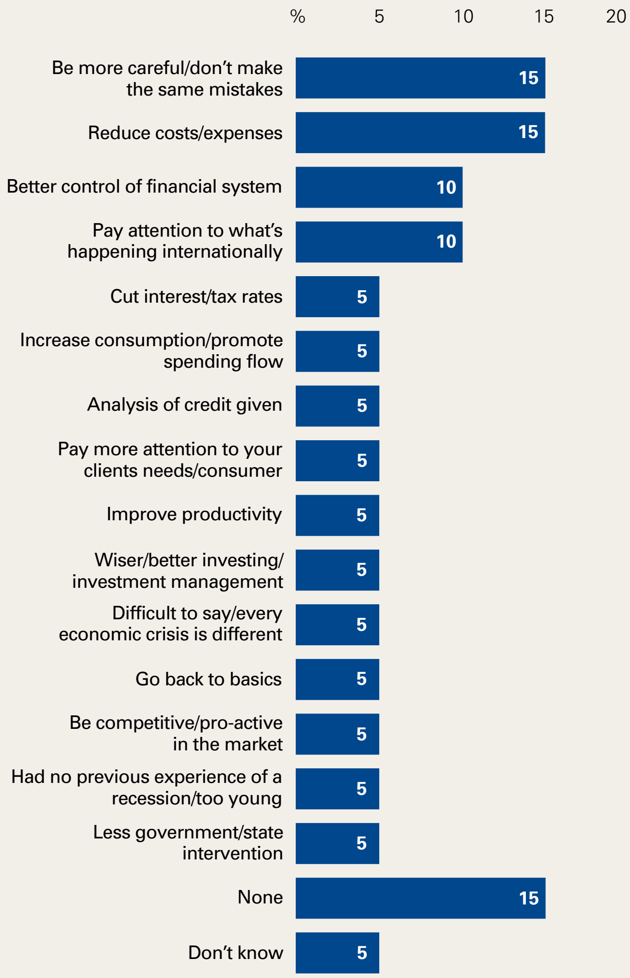
As to the changes being planned, the most cited strategies were optimizing business processes (70 percent) reducing procurement costs (65 percent) and reducing headcount (45 percent).

The apparent confidence in short term business strategy falls away when respondents look further to the future, however. The proportion of businesses planning a more radical long term reappraisal of strategy rises to 60 percent, focusing on changing the business model and changing suppliers (both 42 percent), followed by new products and markets (both 25 percent).

Most businesses see the government having a key role to play in aiding recovery, 65 percent through lowering taxes, and 35 percent through more investment in infrastructure, the public sector, and business support.

In terms of recovery, only five percent expect markets to improve this year, with 65 percent expecting to wait until at least 2010 before any green shoots appear.

Slovaks have learned to reduce costs and to not make the same mistakes as last time



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Slovakia)
Base: All respondents (20)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Spain

Spain is one of the few countries where respondents did not cite changes to customer buying habits as the main motivation for changing their business strategy. Of the 52 percent who are planning a change, 54 percent said it was due to pressures on cashflow, with only 46 percent mentioning customer behavior first.

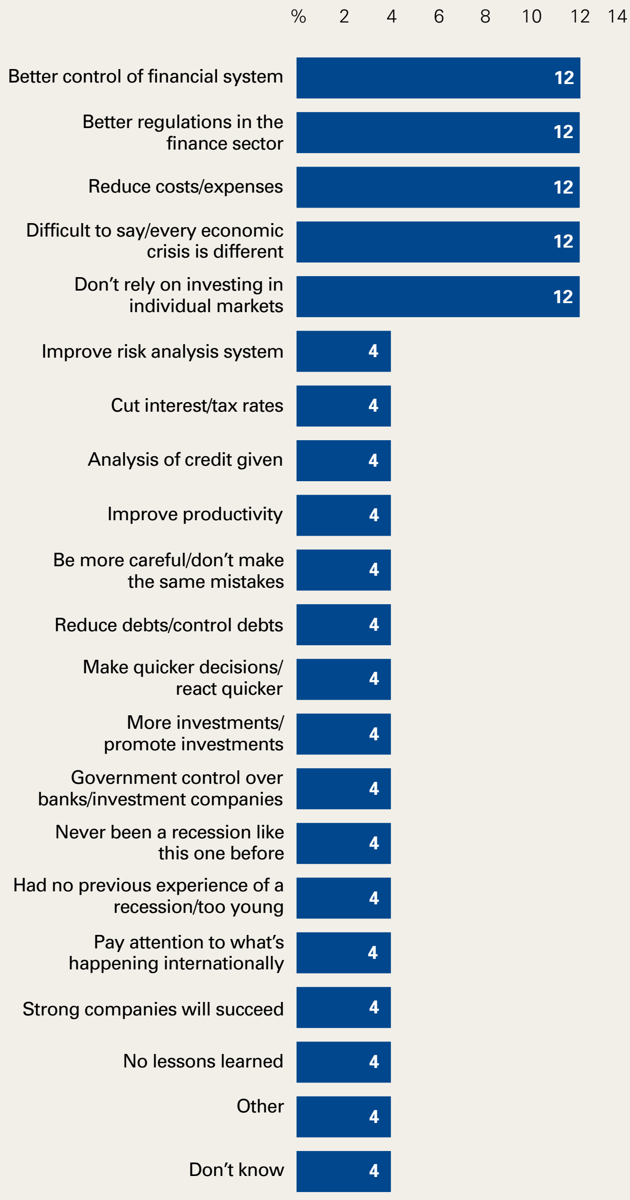
Interestingly, 46 percent cited housing market fall-out as a key driver of change, perhaps a reflection of the particularly severe contraction in the country's housing and construction sector.

Reducing supply chain costs (76 percent) and optimizing business processes (68 percent) were seen as the most effective ways to control costs, although a relatively large number (24 percent) saw shared service centers as a way to reduce expenditure.

Apart from the 16 percent who wanted pressure put on the banks to lend more and 12 percent who wanted lower taxes, most respondents were relatively non-specific in how they wanted the government to help them, but they did see government help as vital. When asked about specific tax measures the government should take, 24 percent responded that corporate tax should be reduced. However, only 8 percent said that the downturn had made them change their tax strategy. Over 50 percent simply wanted the government to provide more support of some form or another, while – in contrast to many jurisdictions – not a single respondent suggested that the government had done enough already or should not interfere at all. The influential role of government is also reflected in fact that 24 percent of businesses thought better control and regulation of the financial sector was a key lesson in getting through the recession.

Spain reflected the global consensus in its estimation of when markets will pick up, with 84 percent choosing 2010 or 2011. In preparation for the expected up-turn, over 50 percent of businesses were planning a new wave of investment in 2009 or 2010.

Spaniards have a wide range of helpful lessons learned from previous recessions



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Spain)

Base: All respondents (25)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

Switzerland

Almost one third of Swiss respondents believe this recession is unprecedented or there are no lessons applicable from previous recessions (32 percent).

In the short term, the majority of businesses are preparing to weather the economic storm by operating more efficiently, rather than by implementing any major strategic changes.

Only 36 percent are planning to change their strategy within the next year, with 60 percent not planning any changes. For those that are planning to change, it is largely in response to new customer buying habits and pressures on cashflow (both 56 percent).

Classic efficiency-improving tactics such as optimizing business processes and reducing procurement costs (both 72 percent) are seen as the most effective ways of controlling costs, with only 36 percent planning to reduce their headcount.

The short term optimism of respondents is reflected in the relatively high 44 percent who plan to invest in 2009 in anticipation of better times to come, with 60 percent expecting things to start improving in 2010.

The longer term picture is more equivocal, however, with respondents split almost down the middle between those not planning a radical rethink of company strategy (52 percent), and the 48 percent who are.

Of those planning a rethink, the most popular changes are products (67 percent), pricing (58 percent) and customers (58 percent), while only a relatively low 33 percent are planning to change their business model.

This fairly equal balance of longer term views also comes through in the 16 percent that want the government to do anything it can to stimulate business activity, an opinion counter-balanced by the 16 percent who think it should not interfere. For 24 percent, the primary role of government is to restore confidence and kick-start bank lending, whereas only 12 percent think cutting taxes should be a priority.

Swiss say every crisis is different. There is a wide range of lessons.

Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (Switzerland)
Base: All respondents (25)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

United Kingdom

For one in six of the UK respondents to our survey, this recession is a completely new experience, with nothing in their past to suggest how they might steer their companies through the economic maze. Those that have seen events like this before offer a wide range of possible remedies, from keeping careful control of costs, through looking after the workforce, to being faster to make decisions.

There was little consensus on what governments should do to help alleviate the crisis. One popular option was to take measures to increase consumer spending, favored by 12 percent of respondents. They were balanced by another 12 percent which felt that the government had done enough already and should not intervene further. A large group, around 40 percent, wanted cuts in taxes on income and spending. But, uniquely for this survey, 20 percent chose tax increases.

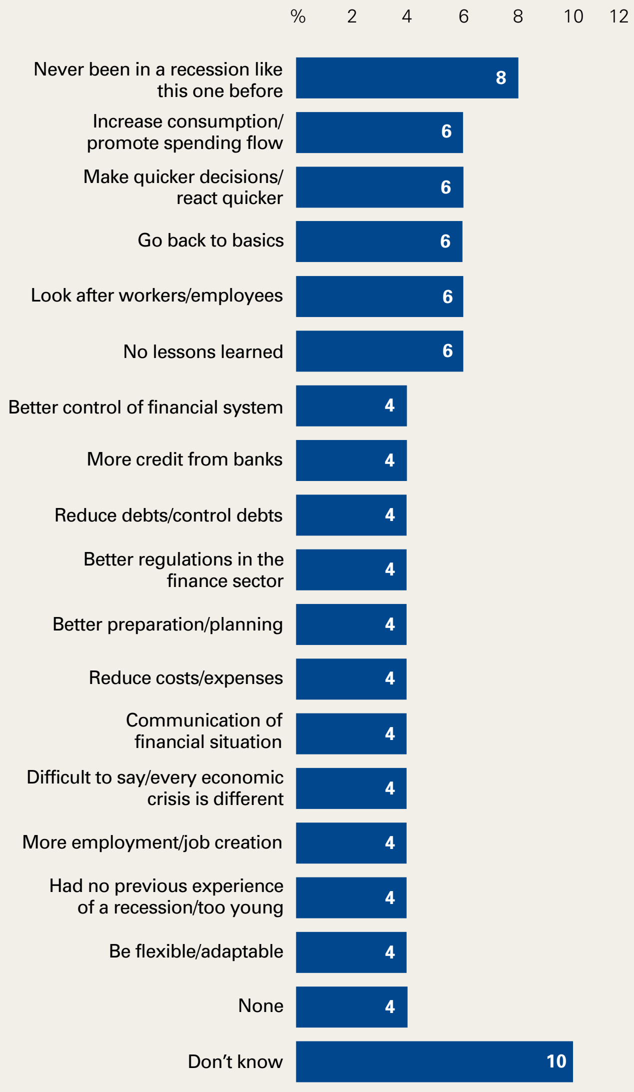
Just over half (52 percent) of businesses is planning a change in strategy in the short term, mainly in response to changes in consumer buying patterns (62 percent) and mainly consisting of moves to cut costs (88 percent), optimize business procedures (84 percent) and reduce headcount (74 percent).

Looking further ahead, 42 percent of businesses see a need for a more radical change in their strategy for the next decade, focusing on different products (62 percent) and new pricing strategies (52 percent).

Very few planned to change their geographical markets in the short term, but over the coming decade around half (48 percent) of those planning major changes expected to be doing business in different countries.

UK businesses are slightly more pessimistic than the global average in their assessment of when the recession will end. Most expect a recovery towards the end of 2010, or into 2011.

British have a wide range of helpful lessons learned from previous recessions



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (UK)
Base: All respondents (50)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

United States

American businesses are among the more optimistic in their assessment of the nature of this recession, with only 10 percent saying that it is unprecedented, or that there are no lessons applicable from previous recessions.

Perhaps surprisingly for the country widely thought to be the origin of the financial difficulties that have swept the world, only 14 percent thought that better controls on the financial sector or more regulation of financial services would be suitable responses to market problems. A further 14 percent chose straightforward cuts in costs and control of expenses.

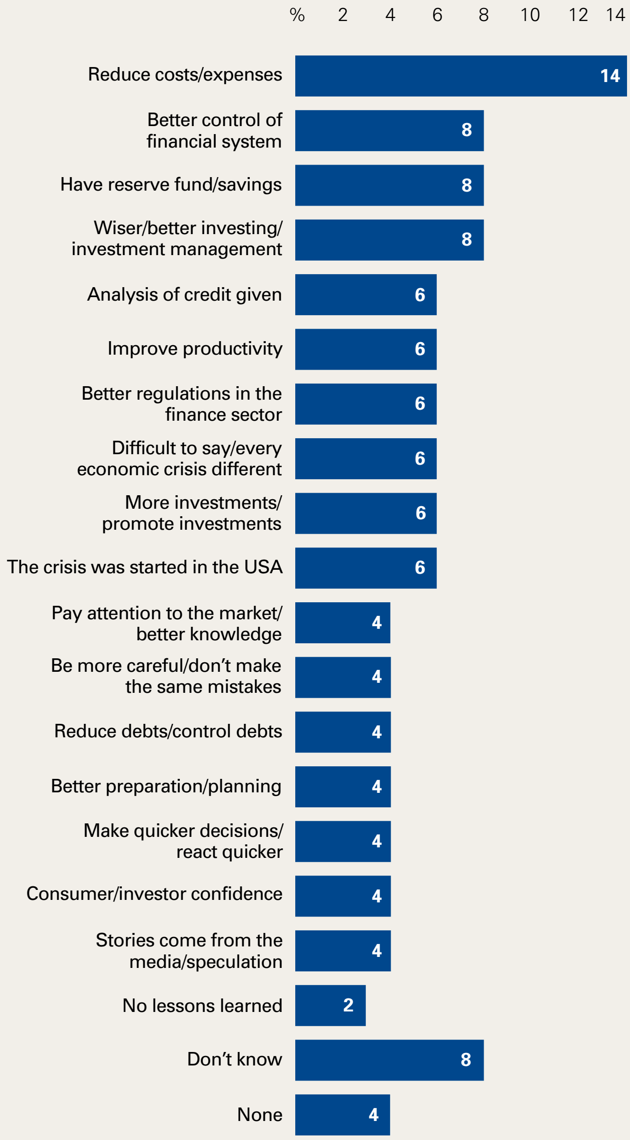
Short term changes in business strategy are planned by 54 percent of respondents, driven largely by changes in customer behavior (73 percent) and by issues of currency volatility (55 percent). Their preferred options are to reduce costs (78 percent) optimize business procedures (70 percent) and improve their tax efficiency (50 percent).

Longer term, 52 percent plan major changes in their strategies, with changes in markets and suppliers the choice of 43 percent each, and changes in products and business model chosen by 39 percent each.

US businesses do see their government having a significant role to play in helping recovery, with only 6 percent saying that the authorities have already done enough. Tax cuts are the most favored option, chosen by 20 percent, but 16 percent opt for increased public expenditure on infrastructure projects while just two percent chose measures to help banks get back on their feet.

On the timing of a recovery, a large majority (60 percent) favor 2010, and 26 percent are actively investing this year in anticipation of better times ahead.

Americans have learned to reduce costs



Q: What lessons do you think can be taken from previous recessions that will be helpful in getting through this one? (USA)
Base: All respondents (50)

Source: 'Never catch a falling knife' global business survey 2009, KPMG International

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Contacts

Sue Bonney
Head of Tax, KPMG Europe LLP
and EMA Region
Tel: +44 (0)20 7311 8861
e-Mail: sue.bonney@kpmg.co.uk

Jeff Wagland
KPMG's Global Tax Marketing
and Communications
Tel: +44 (0)20 7694 8960
e-Mail: jeffrey.wagland@kpmg.co.uk

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