



2009 Manufacturing and Wholesale Distribution National Survey Washington State Report

In the spring of 2009, RSM McGladrey conducted its fourth annual Manufacturing and Wholesale Distribution National Survey. This year's survey results represent the aggregated responses of 923 individual company leaders located throughout 37 states.

Companies in different regions of the country have felt the impact of the current recession in different ways. This report provides a state perspective. It compares the total national responses against 28 responses received from company leaders in Washington.

RSM McGladrey does not provide or permit the identity of individual company participants. If you have specific questions regarding this report or others generated by RSM McGladrey, please contact your local RSM McGladrey office or call 800.274.3978 ext. 284. We also invite you to visit our Web site at www.rsmmcgladrey.com, a resource into a wealth of additional industry insights.

Condition of business

Which of the following best describes the general condition of your business right now?

	Nat'l	State
Thriving and growing	9%	11%
Holding its own	51%	68%
Declining	39%	21%

How optimistic are you about the following growth prospects in 2009 for:

	Your company		Your industry		The U.S. economy	
	Nat'l	State	Nat'l	State	Nat'l	State
Very optimistic	9%	11%	2%	4%	1%	0%
Somewhat optimistic	39%	32%	24%	18%	17%	11%
Somewhat pessimistic	40%	50%	50%	50%	52%	61%
Very pessimistic	12%	7%	22%	21%	29%	21%

The economy is experiencing a recession. When do you anticipate a rebound for:

	Your company		Your industry		The U.S. economy	
	Nat'l	State	Nat'l	State	Nat'l	State
Q1 2009	2%	0%	1%	0%	<1%	0%
Q2 2009	7%	0%	2%	0%	1%	0%
Q3 2009	19%	18%	11%	7%	7%	4%
Q4 2009	18%	14%	18%	14%	21%	21%
Q1 2010	17%	18%	22%	21%	27%	29%
Q2 2010	18%	25%	23%	21%	22%	11%
Q3 2010	7%	7%	10%	11%	7%	11%
Q4 2010	2%	0%	4%	4%	6%	7%
2011 and beyond	4%	11%	6%	18%	8%	14%
Not impacted	6%	0%	3%	0%	<1%	0%

Growth strategies

To what degree will your company be relying on the following growth strategies in 2009?

	Relying greatly		Relying somewhat		Not relying at all		Not applicable	
	Nat'l	State	Nat'l	State	Nat'l	State	Nat'l	State
Increasing the number of products in our offering	16%	25%	54%	39%	23%	29%	7%	7%
Increasing sales to current customers	28%	21%	52%	64%	18%	14%	1%	0%
Increase sales in international markets	11%	11%	33%	46%	33%	36%	22%	4%
Increasing sales in domestic markets	33%	43%	54%	46%	11%	11%	2%	0%
Acquiring new customers	42%	32%	52%	57%	6%	7%	<1%	4%
Increasing brand recognition	20%	32%	49%	50%	21%	11%	10%	7%
Creating private label products	7%	4%	26%	39%	39%	32%	28%	25%
Undertaking vertical integration (distribution, assembly or other)	6%	11%	27%	29%	49%	54%	17%	7%
Increasing revenue from fee based services	3%	4%	22%	14%	45%	46%	30%	36%
Increasing volume with large retailers	7%	11%	22%	29%	34%	32%	37%	29%
Acquiring or merging with another company	3%	7%	22%	21%	58%	64%	17%	7%

What changes do you anticipate to your company's *domestic* sales in 2009?

	Nat'l	State
Sales increase	24%	32%
Sales decrease	60%	46%
No change	14%	21%
Not applicable	<1%	0%

What changes do you anticipate to your company's *international* sales in 2009?

	Nat'l	State
Sales increase	21%	39%
Sales decrease	24%	32%
No change	21%	14%
Not applicable	33%	14%

Innovation

Into which of the following areas is your company placing most of its efforts to innovate? (Check all that apply.)

	Nat'l	State
New product development	54%	71%
Product line extensions	53%	50%
Product features	30%	25%
Packaging	9%	14%
New manufacturing processes	35%	54%
Increasing the beneficial use of information technology	32%	39%
Other	5%	4%
No plans to innovate	6%	0%

Is your company implementing any "green" initiatives in 2009?

	Nat'l	State
Yes	53%	61%
No	47%	39%

What factors are driving the implementation of "green" initiatives at your company? (Check all that apply.)

	Nat'l	State
Customer request	47%	53%
Improve efficiencies	42%	29%
Concern for environment	62%	59%
Remain competitive	50%	47%
Federal regulations	20%	29%
Other	7%	6%

Has your company introduced, or does it plan to introduce, any "green" products?

	Nat'l	State
Yes	45%	74%
No	55%	26%

Global economy

How much do you agree or disagree with the following statements?

	Strongly agree		Agree		Disagree		Strongly disagree		Not applicable	
	Nat'l	State	Nat'l	State	Nat'l	State	Nat'l	State	Nat'l	State
Working globally is part of our business strategy	26%	32%	33%	32%	14%	11%	4%	0%	23%	21%
We are experiencing revenue growth in foreign markets	8%	4%	25%	39%	30%	32%	7%	4%	30%	21%
New international markets are too costly to penetrate or service	5%	7%	19%	25%	38%	36%	12%	14%	26%	18%
Globalization has lowered our costs	9%	21%	33%	32%	32%	21%	7%	0%	19%	25%
Globalization has lowered our sales prices	9%	11%	35%	25%	32%	36%	5%	4%	18%	25%
Globalization has improved our margins	4%	7%	27%	39%	39%	32%	11%	0%	18%	21%
We are moving some or all production work offshore in 2009	3%	7%	12%	18%	19%	11%	31%	29%	35%	32%
We are moving sales, customer service and other processes offshore in 2009	1%	4%	3%	7%	21%	18%	42%	43%	32%	25%

Does your company currently *export* products to foreign markets?

	Nat'l	State
Yes	62%	71%
No	37%	29%

To which markets does your company export? (Check all that apply.)

	Nat'l	State
Canada	84%	70%
Mexico	69%	35%
Central America	38%	5%
Brazil	34%	10%
Other South America	34%	10%
China	41%	40%
India	27%	10%
Japan	31%	65%
Other Asia	34%	55%
Australia	36%	35%
Eastern Europe	35%	30%
Western Europe	58%	60%
Russia	20%	15%
Middle East	36%	15%
Africa	19%	10%

What percent of your company's sales are from exporting products to foreign markets?

	Nat'l	State
Less than 5%	35%	30%
5-14%	31%	20%
15-24%	13%	20%
25-34%	10%	0%
35-44%	4%	20%
45-54%	3%	5%
55% or more	4%	5%

How have your company's export sales changed in the last year?

	Nat'l	State
Increased	42%	35%
Decreased	25%	30%
No change	32%	35%

Does your company conduct production activity or operations outside of the U.S.?

	Nat'l	State
Yes	26%	29%
No	73%	68%

Of your company's production activity or operations, what percentage takes place outside the U.S.?

	Nat'l	State
1-10%	28%	38%
11-25%	24%	0%
26-50%	17%	25%
More than 50%	27%	25%
Unknown	1%	13%

Of your company's foreign produced goods, what percentage is sold in the U.S.?

	Nat'l	State
None	18%	13%
1-10%	19%	0%
11-25%	8%	0%
26-50%	7%	0%
More than 50%	42%	75%
Unknown	2%	13%

Is your company currently *purchasing (importing)* materials and supplies for its supply chain from foreign sources?

	Nat'l	State
Yes	66%	71%
No	34%	29%

What percentage of your company's materials and supplies are purchased (imported) from foreign sources?

	Nat'l	State
Less than 5%	22%	0%
5-14%	29%	45%
15-24%	17%	10%
25-34%	8%	5%
35-44%	4%	10%
45-54%	4%	10%
55% or more	13%	15%

How strongly do you agree with the following statement: "In our supply chain, we anticipate an increased reliance on foreign sources in 2009"?

	Nat'l	State
Strongly agree	9%	18%
Somewhat agree	36%	36%
Somewhat disagree	30%	18%
Strongly disagree	24%	29%

Operational effectiveness

Is your company implementing lean principles (e.g. business process improvements, Six Sigma, Toyota Production Systems)?

	Nat'l	State
Yes	61%	68%
No	38%	29%

Do you have plans to improve your company's supply chain processes in 2009?

	Nat'l	State
Yes	71%	89%
No	28%	11%

Which of the following processes does your company plan to improve in 2009? (Check all that apply.)

	Nat'l	State
Supplier relationship management	76%	76%
Customer relationship management	70%	60%
Customer service management	55%	52%
Demand planning and management	48%	52%
Order fulfillment	44%	36%
Manufacturing flow management	52%	72%
Product development and commercialization	28%	40%
Returns management	19%	20%
Sales process management	46%	40%
Other	2%	0%

How consistently does the information flow from your company's supply chain meet your business needs?

	Nat'l	State
All of the time	4%	0%
Most of the time	68%	71%
Only some of the time	24%	29%
Not at all	2%	0%

How consistently does inventory management within your company's supply chain support your business needs?

	Nat'l	State
All of the time	10%	18%
Most of the time	66%	61%
Only some of the time	21%	18%
Not at all	3%	4%

Does your company have formal plans to reduce inventory in 2009?

	Nat'l	State
Yes, by 20% or more	24%	29%
Yes, by less than 20%	45%	46%
No	31%	25%

What is the level of risk to your company's supply chain for the following:

	High risk		Low risk		Not applicable	
	Nat'l	State	Nat'l	State	Nat'l	State
Transportation disruptions	34%	32%	63%	68%	3%	0%
Supplier disruptions	46%	46%	52%	54%	1%	0%
Climate change (weather)	8%	7%	72%	86%	19%	7%
Licensing and regulation issues	14%	32%	71%	61%	15%	7%
Poor quality supply	32%	29%	63%	71%	4%	0%
Loss of customers	46%	32%	51%	68%	3%	0%
Theft and fraud	3%	0%	86%	86%	11%	14%

Health care

What type of health care coverage does your company offer?

	Nat'l	State
Fully insured	63%	57%
Self-insured with a stop loss clause	29%	25%
Self-insured	4%	7%
Do not offer health coverage	2%	4%
Other	2%	7%

How much do you expect employee health insurance costs to increase in 2009?

	Nat'l	State
0-4%	13%	7%
5-9%	40%	32%
10-14%	32%	43%
15-19%	7%	7%
20% or more	6%	11%

How is your company dealing with health care cost increases in 2009? (Check all that apply.)

	Nat'l	State
Passing costs on to employees	61%	54%
Moving to self-insured programs	6%	4%
Changing carriers	24%	18%
Offering wellness programs	35%	25%
Offering health reimbursement accounts (HRAs)	18%	11%
Offering health savings accounts (HSAs)	25%	14%
Utilizing disease-management programs	11%	7%
Joining an association of companies to purchase health insurance	4%	7%
Auditing third-party administrators	3%	0%
We are not making changes in 2009	19%	29%
Other	5%	4%

Cost expectations

What changes in the following costs does your company expect in 2009?

	Decrease		No change		Increase	
	Nat'l	State	Nat'l	State	Nat'l	State
Energy	29%	25%	19%	11%	52%	65%
Raw material	42%	42%	21%	32%	36%	26%
Operating labor	18%	19%	36%	39%	46%	43%
Employee benefits	14%	8%	25%	18%	61%	75%
Outbound freight or transportation logistics	31%	25%	27%	32%	42%	43%
Sales, general and administrative expenses	44%	32%	24%	18%	32%	50%
Litigation/product liability	12%	15%	74%	64%	14%	22%
Regulatory compliance	4%	4%	66%	46%	30%	50%
Inventory carrying	46%	47%	32%	32%	21%	21%

Tax strategies

Is your company utilizing any of the following *federal* tax strategies?

	Utilizing		Not utilizing		Not sure	
	Nat'l	State	Nat'l	State	Nat'l	State
Research and development tax credits	36%	2%	55%	50%	9%	25%
Last-in, first-out (LIFO) inventory valuation	34%	14%	55%	64%	10%	21%
Domestic manufacturers' deduction (DMD) or domestic production activities deduction (DPAD)	23%	29%	52%	54%	24%	18%
Cost segregation for plant or distribution facilities	21%	25%	60%	50%	18%	25%
Other federal tax credits	32%	32%	39%	36%	29%	32%

Is your company utilizing any of the following *global* tax strategies?

	Utilizing		Not utilizing		Not sure	
	Nat'l	State	Nat'l	State	Nat'l	State
Tax incentives on international sales (e.g. IC-DISC)	14%	11%	69%	71%	17%	18%
Foreign tax credit minimization	11%	11%	69%	71%	19%	18%
Lowering effective foreign tax rates	10%	14%	71%	64%	18%	21%
Utilization of transfer pricing opportunities	13%	14%	69%	64%	16%	21%

Is your company utilizing any of the following *state and local* tax strategies?

	Utilizing		Not utilizing		Not sure	
	Nat'l	State	Nat'l	State	Nat'l	State
Apportionment planning	17%	7%	61%	71%	22%	21%
Sales and use tax review	46%	39%	40%	46%	14%	14%
Utilization of incentives	26%	25%	53%	57%	19%	18%
Property tax review	44%	36%	43%	43%	13%	21%

Information technology (IT)

Do you agree or disagree with the following statements?

	Agree		Disagree		Not applicable	
	Nat'l	State	Nat'l	State	Nat'l	State
We have an IT strategy that is linked to our overall business plan	80%	79%	17%	18%	3%	4%
Information technology is a critical part of our operations	89%	96%	9%	4%	2%	0%
Our systems are serving our operational and process improvement needs	78%	64%	21%	36%	1%	0%
Our systems are serving our reporting and data analysis needs	78%	82%	20%	18%	1%	0%
We are expanding our use of the systems we have installed	71%	79%	26%	21%	3%	0%
We will expand our use of automated data collection systems in 2009	56%	71%	37%	25%	6%	4%
We have effective systems to communicate with our customers and vendors	75%	71%	23%	29%	1%	0%
We will expand our use of server virtualization in 2009	41%	46%	42%	46%	15%	7%
We test our network security at least annually	79%	82%	17%	14%	3%	4%
We have an effective technology disaster recovery plan in place	70%	75%	27%	18%	3%	7%
We test our technology disaster recovery plan at least annually	47%	57%	46%	39%	6%	4%
We could recover our critical technology operations within 48 hours of a disaster	72%	75%	23%	21%	3%	4%

What will your company spend on the following in 2009:

	IT expansion		IT maintenance	
	Nat'l	State	Nat'l	State
Less than \$100,000	53%	57%	67%	61%
\$100,000 - \$499,999	18%	18%	18%	18%
\$500,000 - \$999,999	3%	7%	3%	7%
\$1,000,000 - \$2,499,999	2%	0%	2%	7%
\$2.5 million or more	2%	7%	1%	0%
No spend planned	22%	11%	7%	4%

Is your company deferring new IT project expenditures because of:

	Yes, deferring costs		No, not deferring costs		Not applicable	
	Nat'l	State	Nat'l	State	Nat'l	State
Current system maintenance costs	22%	25%	62%	64%	14%	7%
Current business conditions	50%	61%	38%	36%	10%	4%

Risk management

Do you agree or disagree with the following statements?

	Agree		Disagree		Not applicable	
	Nat'l	State	Nat'l	State	Nat'l	State
We have a risk management function in place	56%	61%	38%	32%	5%	4%
We have executed a risk management process to identify and prioritize high-risk areas	50%	57%	42%	36%	6%	4%
We have an internal audit function to manage organizational risk	35%	29%	53%	57%	11%	7%
We have an independent audit committee to oversee corporate risk management activities	27%	32%	58%	57%	13%	7%
We have an enterprise-wide disaster recovery plan in place	35%	36%	55%	57%	9%	4%
We test our enterprise-wide disaster recovery plan at least annually	21%	25%	63%	61%	14%	11%
We could recover our critical business operations within 48 hours of a disaster	52%	46%	41%	43%	5%	7%

How important are the following risk categories to your company?

	Very important		Somewhat important		Not important		Not applicable	
	Nat'l	State	Nat'l	State	Nat'l	State	Nat'l	State
Financial risk	70%	71%	26%	18%	2%	7%	<1%	0%
Operational risk	63%	50%	34%	39%	2%	7%	<1%	0%
Legal and regulatory risk	31%	36%	50%	36%	18%	25%	1%	0%
Geopolitical risk	7%	14%	40%	39%	45%	43%	7%	0%
Technology risk	23%	18%	53%	64%	22%	14%	2%	0%
Reputation risk	61%	61%	31%	32%	6%	4%	1%	0%
Supply chain risk	41%	46%	49%	43%	7%	7%	1%	0%

Workforce

How much does your company plan to expand or decrease its *U.S. workforce* in 2009 and 2010?

	2009		2010	
	Nat'l	State	Nat'l	State
Decrease by 20% or more	10%	4%	1%	0%
Decrease by 10-19%	16%	7%	1%	0%
Decrease by 1-9%	26%	21%	9%	7%
No change	32%	50%	44%	39%
Increase by 1-9%	14%	18%	37%	43%
Increase by 10-19%	1%	0%	6%	4%
Increase by 20% or more	1%	0%	1%	4%

How much does your company plan to expand or decrease its *non-U.S. workforce* in 2009 and 2010?

	2009		2010	
	Nat'l	State	Nat'l	State
Decrease by 20% or more	1%	0%	<1%	0%
Decrease by 10-19%	2%	0%	<1%	0%
Decrease by 1-9%	5%	4%	2%	0%
No change	19%	21%	21%	21%
Increase by 1-9%	4%	4%	8%	4%
Increase by 10-19%	1%	4%	1%	0%
Increase by 20% or more	1%	0%	1%	4%
Not applicable	67%	68%	66%	68%

Please indicate your company's level of need for each of the following qualified, skilled positions:

	Urgent need		Need		No need		Not applicable	
	Nat'l	State	Nat'l	State	Nat'l	State	Nat'l	State
Entry-level workers	2%	4%	29%	32%	65%	64%	4%	0%
Machinists	3%	11%	17%	14%	56%	61%	23%	14%
CNC machinists	3%	7%	13%	14%	54%	61%	28%	18%
CNC programmers	3%	4%	13%	11%	57%	64%	27%	18%
CAD/CAM technicians	2%	7%	16%	18%	58%	61%	23%	14%
Manufacturing technicians	2%	4%	26%	21%	55%	71%	16%	0%
Engineers	4%	14%	27%	14%	53%	68%	16%	4%
Supervisory personnel	2%	4%	29%	39%	62%	57%	5%	0%
Quality control personnel	2%	14%	24%	11%	64%	71%	9%	0%
Welders	2%	0%	12%	7%	60%	79%	26%	14%
Tool and die makers	1%	0%	7%	4%	61%	82%	29%	14%
Truck drivers	1%	0%	12%	4%	65%	82%	21%	11%
Warehouse personnel	<1%	0%	24%	25%	69%	68%	6%	4%
Sales people	6%	4%	42%	54%	49%	39%	2%	0%
Accounting personnel	1%	0%	23%	32%	74%	64%	2%	0%
IT personnel	1%	0%	24%	39%	71%	57%	3%	0%

About your company

Please answer the following questions about your company's *gross margin*.

	What was your company's gross margin in 2008?		What is your company's estimated gross margin for 2009?		What is your company's projected gross margin for 2010?	
	Nat'l	State	Nat'l	State	Nat'l	State
Less than 10%	12%	14%	17%	11%	10%	7%
10-19%	20%	21%	21%	21%	20%	14%
20-29%	32%	21%	28%	32%	32%	36%
30-39%	20%	14%	18%	11%	20%	11%
40-49%	9%	14%	8%	11%	10%	18%
50% or more	4%	7%	4%	7%	5%	7%

To what do you attribute the change in your gross margin from 2008 to 2009? (Check all that apply.)

	Nat'l	State
Changing economic cycles	46%	32%
Product (sales) pricing	44%	39%
Commodity pricing	32%	32%
Internal cost-cutting measures	28%	29%
Energy costs	20%	21%
Health care costs	20%	7%
Global competition	12%	7%
Supply chain-related issues	17%	25%
No change	24%	36%
Other	4%	7%

Please answer the following questions about your company's *operating margin*.

	What was your company's operating margin in 2008?		What is your company's estimated operating margin for 2009?		What is your company's projected operating margin for 2010?	
	Nat'l	State	Nat'l	State	Nat'l	State
0-5%	35%	32%	42%	36%	24%	29%
6-10%	31%	36%	30%	32%	40%	32%
11-15%	14%	14%	13%	14%	17%	14%
16-20%	8%	4%	6%	4%	8%	7%
More than 20%	6%	4%	5%	4%	6%	4%

In the past year, how much have prices changed on the products your company sells?

	Nat'l	State
Price decrease	26%	36%
No change	14%	18%
Less than 5% increase	28%	18%
5-10% increase	22%	25%
Increase of 10% or more	8%	4%

To what do you attribute the price *decreases* on the products your company sells? (Check all that apply.)

	Nat'l	State
Lower costs	39%	30%
Market conditions	87%	80%
Competitor pricing	62%	40%

To what do you attribute the price *increases* on the products your company sells? (Check all that apply.)

	Nat'l	State
Higher costs	85%	77%
Market conditions	35%	46%
Competitor pricing	13%	8%

Is your company taking any of the following *operational* actions in 2009? (Check all that apply.)

	Nat'l	State
Expanding capacity	15%	18%
Reducing capacity	26%	11%
Consolidating operations	25%	25%
None of the above	45%	50%

Is your company taking any of the following *employee compensation* actions in 2009? (Check all that apply.)

	Nat'l	State
Freezing pay	47%	70%
Deferring increases	34%	20%
Reducing pay	26%	30%
Reducing benefits	26%	10%
None of the above	27%	30%

What are your company's planned capital expenditures in 2009?

	Nat'l	State
Less than \$1 million	57%	46%
\$1 million - \$4.9 million	17%	32%
\$5 million - \$9.9 million	3%	11%
\$10 million - \$24.9 million	2%	0%
\$25 million or more	2%	4%
No capital expenditures planned	17%	7%

What is your company's source of funding for capital expenditures in 2009? (Check all that apply.)

Of the 923 respondents to the survey, 748 indicated having planned capital expenditures in 2009. The following percentages are based on those 748 responses.

	Nat'l	State
Cash flow from operations	84%	88%
Bank financing	46%	38%
Leasing	15%	27%
Owner infusion	9%	8%
Initial public offering (IPO)	<1%	0%
Private equity	3%	8%
Other	1%	4%

Has the current economic environment resulted in any of the following at your company? (Check all that apply.)

	Nat'l	State
Covenant violations	13%	21%
Debt renegotiations	19%	18%
Change in financing provider	8%	4%
Lack of credit resulting in lost sales or opportunities	9%	4%
Merger or acquisition put on hold	9%	11%
Sale of company put on hold	5%	4%
None of the above	61%	68%

Does your company have a defined benefit pension plan?

	Nat'l	State
Yes	25%	11%
No	73%	89%

How much have your company's contribution levels to your defined benefit pension plan increased in the past year?

	Nat'l	State
No increase	68%	0%
1-100%	19%	67%
101-200%	3%	33%
201-300%	2%	0%
More than 300%	0%	0%

Classification information

Which best describes your company's business activities?

	Nat'l	State
Manufacturing	52%	46%
Mostly manufacturing, some distribution	16%	25%
Mostly distribution, some manufacturing	13%	18%
Distribution	19%	11%

Which of the following best describes your company's industry classification?

	Nat'l	State
Industrial equipment	20%	7%
Food and beverage	9%	25%
Metal fabrication	15%	7%
Transportation equipment	4%	7%
Building materials	12%	25%
Plastics	4%	4%
Electronics	6%	7%
Chemicals	6%	7%
Printing and publishing	5%	0%
Medical devices	2%	0%
Other	17%	11%

What was your company's annual revenue as of its most recent fiscal year-end?

	Nat'l	State
\$0 - \$14.9 million	28%	18%
\$15 - \$24.9 million	14%	25%
\$25 - \$49.9 million	17%	4%
\$50 - \$99.9 million	17%	29%
\$100 - \$249.9 million	14%	11%
\$250 - \$499.9 million	4%	11%
\$500 - \$999.9 million	3%	4%
\$1+ billion	3%	0%

Is your company held publicly or privately?

	Nat'l	State
Privately held	91%	89%
Publicly held	9%	11%

Privately held companies: What is your company's structure?

	Nat'l	State
Sub Chapter S Corporation (Sub S)	53%	48%
Limited Liability Corporation (LLC)	14%	32%
Partnership	2%	0%
Other	29%	20%

Privately held companies: What percentage of your company is owned by a private equity group?

	Nat'l	State
None	84%	84%
1-10%	1%	0%
11-25%	1%	0%
26-50%	1%	0%
51-99%	7%	0%
100%	6%	16%

Privately held companies: Which of the following are components of your governance? (Check all that apply.)

	Nat'l	State
Board of advisors	62%	52%
Audit committee	15%	12%
Compensation committee	15%	12%

Publicly held companies: Which of the following are components of your governance? (Check all that apply.)

	Nat'l	State
Board of directors	94%	100%
Audit committee	66%	33%
Compensation committee	56%	33%

Do you anticipate your company's involvement in any of the following activities in 2009? (Check all that apply.)

	Nat'l	State
Purchase of another company	21%	21%
Sale to a Private Equity Group (PEG)	3%	4%
Initial Public Offering (IPO)	<1%	0%
Sale to an Employee Stock Ownership Plan (ESOP)	1%	4%
None of the above	74%	71%

How many full-time employees does your company have?

	Nat'l	State
Less than 25	14%	18%
25-49	14%	7%
50-99	18%	21%
100-499	40%	39%
500-999	7%	7%
1,000-2,499	4%	7%
2,500-4,999	1%	0%
5,000 or more	2%	0%

What is your title?

	Nat'l	State
CEO, President or Chairman	43%	36%
CFO, Vice President of Finance or Controller	35%	46%
Chief Operating Officer	4%	7%
Other	16%	11%

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