

FIGURE 5

RISK FACTORS IN THE IT INDUSTRY

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|--------------------|---|
| 9 companies chose: | Local Legal, Political and Econ. Conditions; Market Competition   |
| 8 companies chose: | Innovation Initiatives; Change in Product and Service Demand  |
| 7 companies chose: | Investment in Growth Opportunities; Relationships with Supplier (supply shortage); Currency Exchange Rate   |
| 6 companies chose: | Corporate IT Spending Budgets; Protection of Intellectual Property; Change in Taxation and Accounting Rules; Dependence on and Compensation of Key Personnel; Customer Credit                   |
| 5 companies chose: | Infringement on Intellectual Property Rights of Others; Seasonality of Revenue and Profit; Natural Disasters and Other Business Disruptions; Delivery and Distribution of Products and Services |
| 4 companies chose: | Acquisitions and Divestitures; Downgrades in Own Credit Rating; Environmental Matters; Failure in Prediction of Sales; Loss of Significant Clients  |