

Duke's Fuqua School of Business / CFO Magazine Business Outlook

Results for U.S. firms (own-firm changes expected during the next 12 months)

	Nov/Dec 2005	Sept 2005	June 2005	March 2005
Weighted Averages for Earnings growth*	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months
	+11.4%	+12.7%	+10.1%	+10.4%
Capital spending	+5.7%	+4.7%	+4.5%	+5.4%
Advertising and marketing spending	+2.8%	+4.8%	+2.9%	+0.9%
Technology spending	+4.6%	+4.7%	+5.8%	+3.8%
Employment	+0.6%	+1.6%	+1.4%	+1.7%
Outsourced Employment	+4.8%	+4.0%	+6.5%	+2.7%
Wages and Salaries	+3.5%	+3.6%	+3.4%	+3.3%
Productivity	+2.7%	+3.2%	+3.6%	+3.0%
Inflation (Chg in prices of own-firm products)	+3.0%	+2.8%	+2.1%	+2.0%
Health Care Costs	+7.8%	+8.1%	+8.9%	+9.0%
Dividends*	+4.2%	+5.8%	+6.5%	+4.6%
Cash on balance sheet*	+4.6%	+3.9%		
Inventory	+1.1%	+0.4%		
Mergers and Acquisitions	35.8% increasing 10.9% decreasing	49.6% increasing 8.4% decreasing	41.7% increasing 11% decreasing	
Business Terrorism Index (out of 100)	Not asked	Index: 22.6 Hurting Bottom line: 33.3%	Not asked	Index: 18.0 Hurting Bottom line: 34.9%

* indicates public firms only. All other numbers for all survey respondents (including private)

U.S. BUSINESS OPTIMISM

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	Nov/Dec 2005	Sept 2005	June 2005	March 2005
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the U.S. economy	More optimistic: 32.1% Less optimistic: 38.8% No change: 29.1%	More optimistic: 28.6% Less optimistic: 36.9% No change: 34.5%	More optimistic: 40.1% Less optimistic: 25.9% No change: 34.0%	More optimistic: 46.4% Less optimistic: 17.7% No change: 35.8%
Optimism about own company	More optimistic: 45.7% Less optimistic: 28.9% No change: 25.4%	More optimistic: 51.5% Less optimistic: 27.3% No change: 21.2%	More optimistic: 53.7% Less optimistic: 22.2% No change: 24.2%	More optimistic: 51.9% Less optimistic: 19.8% No change: 28.3%

Other Key Results for November/December 2005 survey

- U.S. Business Optimism at a 4-year low, slightly lower than last quarter
 - Europeans also pessimistic; Asian CFOs have growing optimism
- 81.5% of CFOs expect inflation to increase when Greenspan retires
 - 28.1% say increase will be moderate or great
- U.S. employment growth will be very small (+0.6%)
- European employment expected to shrink (-0.7%)
 - Huge increase in outsourcing (+12%) appears to be stealing jobs.

Top Concerns for U.S. Businesses

- High Fuel Costs
 - Second consecutive quarter that fuel concerns outpoll health care costs
 - Fuel input costs increased 23% in 2005
 - Even with this huge increase in fuel costs, most firms have done nothing to become more fuel efficient.
 - Among the 43% that have taken actions to become more fuel efficient,
 - 49% have improved facility mgmt (e.g., reduce lighting)
 - 41% use more efficient shipping (e.g., consolidate shipments)
 - 31% improved production efficiency
 - 30% travel less for business
 - 28% hedge more
- Health Care Costs
- Increased Interest Rates