

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

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

	March 2007	Nov/Dec 2006	Sept. 2006	June 2006
<b>Weighted Averages for Earnings growth*</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>
	+7.4%	+9.3%	+9.4%	+10.4%
<b>Capital spending</b>	+6.7%	+4.9%	+5.1%	+7.5%
<b>Advertising and marketing spending</b>	+3.4%	+4.5%	+3.2%	Not asked
<b>Technology spending</b>	+5.2%	+5.6%	+5.0%	+5.1%
<b>Employment</b>	+1.6%	+1.0%	+0.8%	+1.3%
<b>Outsourced Employment</b>	+4.0%	+6.8%	+4.3%	+4.7%
<b>Wages and Salaries</b>	+3.7%	+3.6%	+3.6%	+3.7%
<b>Productivity</b>	+3.2%	+3.6%	+3.2%	+3.4%
<b>Inflation (Chg in prices of own-firm products)</b>	+1.7%	+1.7%	+2.2%	+3.1%
<b>Health Care Costs</b>	+6.6%	+6.8%	+7.0%	+7.8%
<b>Dividends*</b>	+4.4%	+7.0%	+4.2%	+2.8%
<b>Cash on balance sheet*</b>	+0.5%	0.3%	+3.3%	+2.1%
<b>Inventory</b>	+0.5%	-0.6%	-0.2%	+1.7%
<b>Mergers and Acquisitions</b>	40.0% increasing 6.8% decreasing	33.8% increasing 10.3% decreasing	35.5% increasing 8.1% decreasing	33.3% increasing 11.4% decreasing
<b>Business Terrorism Index (out of 100)</b>	Not asked	Not asked	Index: 15.3  Hurting Bottom line: 33.0%	Index: 21.4  Hurting Bottom line: 28.2%

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

## U.S. BUSINESS OPTIMISM

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	March 2007	Nov/Dec 2006	Sept 2006	June 2006
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
<b>Optimism about the U.S. economy</b>	More optimistic: 35.0% Less optimistic: 27.4% No change: 37.6%	More optimistic: 30.3% Less optimistic: 34.8% No change: 34.8%	More optimistic: 19.8% Less optimistic: 47.4% No change: 32.8%	More optimistic: 24.0% Less optimistic: 45.9% No change: 30.2%
<b>Optimism about own company</b>	More optimistic: 48.5% Less optimistic: 21.5% No change: 30.1%	More optimistic: 47.0% Less optimistic: 27.4% No change: 25.6%	More optimistic: 45.8% Less optimistic: 30% No change: 24.2%	More optimistic: 48.5% Less optimistic: 28.0% No change: 23.5%

### Other Key Results for March 2007 survey

- 40% of firms say that they get more “bang for the buck” by investing in labor intensive projects, and another 40% say by investing in capital spending projects.
  - Suggests balanced growth in capital spending and labor, with neither dominating
- New SEC disclosure rules will cause firms to reduce certain types of compensation (options, perks, payments to departing execs, personal income tax gross-ups) and increase in other types (salary, bonus, restricted stock).

### Top Concerns for U.S. Businesses

- Cost of labor (wages, salary, bonus)
- Consumer demand
- Health Care Costs
- Skilled Labor Shortage
- Interest Rates