

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

Results for 468 U.S. firms (own-firm changes expected during the next 12 months)

	June 2008	March 2008	Dec 2007	Sep 2007
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
Capital spending	+2.3%	+3.3%	+4.1%	+3.2%
Technology spending	+3.4%	+3.2%	+5.4%	+4.1%
Advertising and marketing spending	+0.2%	+2.5%	+3.3%	+2.5%
Employment	-0.2%	+0.6%	+0.5%	0.0%
Outsourced Employment	+4.6%	+3.6%	+5.6%	+5.9%
Wages and Salaries	+3.1%	+3.2%	+3.6%	+3.2%
Productivity	+2.2%	+2.9%	+2.8%	+3.1%
Inflation (Chg in prices of own-firm products)	+4.1%	+3.0%	+2.8%	+2.0%
Health Care Costs	+6.6%	+6.8%	+7.0%	+6.5%
Dividends*	-1.4%	+2.4%	+5.1%	+3.8%
Share Repurchases*	+3.6%	+4.9%	+2.2%	+5.8%
Cash on balance sheet*	+0.5%	-1.2%	+0.7%	+1.1%
Inventory	Not asked	Not asked	+0.8%	-0.2%
Mergers and Acquisitions	Not asked	36.7% plan to acquire. 14.4% plan to sell part or all of firm.	39.8% plan to acquire. 15.8% plan to sell part or all of firm.	Not comparable
Business Terrorism Index (out of 100)	Not asked	Not asked	Not asked	Index: 16.5 Hurting bottom line: 17.8

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

U.S. BUSINESS OPTIMISM

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	June 2008	March 2008	Dec 2007	Sept 2007
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the U.S. economy	More optimistic: 21.1% Less optimistic: 52.5% No change: 26.5%	More optimistic: 8.2% Less optimistic: 72.1% No change: 19.7%	More optimistic: 8.9% Less optimistic: 72.0% No change: 19.1%	More optimistic: 13.6% Less optimistic: 61.7% No change: 24.7%
Optimism about own company	More optimistic: 35.9% Less optimistic: 36.1% No change: 28.0%	More optimistic: 29.8% Less optimistic: 38.3% No change: 31.9%	More optimistic: 34.3% Less optimistic: 36.6% No change: 29.2%	More optimistic: 39.5% Less optimistic: 30.1% No change: 30.4%

Other Key Results from June 2008 survey

- 71% say US economy will not rebound until 2009
 - 54% say not until Q2 2009 or later
- High fuel costs affecting US companies and 60% are taking action in response
 - 45% passing higher fuel costs along by hiking prices
 - contributing to inflationary expectations of more than 4%
 - 45% reducing business travel
 - 43% improving facility management efficiency
 - 1/3 changing or improving efficiency of shipping
 - ¼ have reduced profit margins
- Credit crunch still hurting economy, 36% say it is directly hurting their firm. Among these firms, decreased credit availability (58% of firms), increased cost (44% of firms, increased cost of 141 bps), and difficulty initiating or renewing credit line (26%)
 - 26% of AAA/AA firms, 40% of A/BBB/BB firms, and 82% of firms rated B and lower affected by credit crisis
 - Among all affected firms, about 57% cutting CapX and hiring, and 55% cost cutting more generally

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Consumer Demand
- Cost of Fuel
- Credit Markets / Interest Rates
- Housing Market Fallout

INTERNAL TO OWN FIRM

- Attract/Retain Qualified Employees
- Ability to Forecast Results
- Cost of Health Care
- Supply Chain Risk