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

Results for 524 U.S. firms (own-firm changes expected during the next 12 months)

	Sept 2008	**June 2008**	**March 2008**	**Dec 2007**
Weighted Averages for	**Expected growth in next 12 months**	**Expected growth in next 12 months**	**Expected growth in next 12 months**	**Expected growth in next 12 months**
Earnings growth*	+5.5%	+2.9%	+8.7%	+6.7%
Capital spending	+0.6%	+2.3%	+3.3%	+4.1%
Technology spending	+1.9%	+3.4%	+3.2%	+5.4%
Advertising and marketing spending	+0.6%	+0.2%	+2.5%	+3.3%
Employment	-1.6%	-0.2%	+0.6%	+0.5%
Outsourced Employment	+3.7%	+4.6%	+3.6%	+5.6%
Wages and Salaries	+2.8%	+3.1%	+3.2%	+3.6%
Productivity	+2.9%	+2.2%	+2.9%	+2.8%
Inflation (Chg in prices of own-firm products)	+3.6%	+4.1%	+3.0%	+2.8%
Health Care Costs	+6.5%	+6.6%	+6.8%	+7.0%
Dividends*	+1.3%	-1.4%	+2.4%	+5.1%
Share Repurchases*	-0.5%	+3.6%	+4.9%	+2.2%
Cash on balance sheet*	+1.3%	+0.5%	-1.2%	+0.7%
Mergers and Acquisitions	36.7% plan to acquire. 16.3% plan to sell part or all of firm.	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.

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

U.S. BUSINESS OPTIMISM
Duke's Fuqua School of Business / CFO Magazine Business Outlook

	Sept 2008	**June 2008**	**March 2008**	**Dec 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: 28.5% Less optimistic: 41.5% No change: 30.0%	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%
Optimism about own company	More optimistic: 32.3% Less optimistic: 39.0% No change: 28.7%	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%

<u>Other Key Results from June 2008 survey</u>

- 88% say US economy will not rebound until 2009
  - Half say rebound expected to start by about July 2009
- Credit crunch still hurting economy, 43% say it is directly hurting their firm. Among these firms, decreased credit availability (60% of firms), increased cost (53% of firms, increased cost of 102 bps), and difficulty initiating or renewing credit line (29%)
  - 29% of AAA/AA firms, 33% of A, 46% of BBB/BB firms, and 69% of firms rated B and lower affected by credit crisis
  - Among all affected firms, about 64% cutting CapX, 62% reducing hiring, and 63% cost cutting more generally
- 2/3 of CFOs are against government intervention in financial markets, and against governmental involvement in Bear Sterns in particular.
  - But, 68% approve of governmental intervention to save Fannie and Freddie
- Out of each $100 spent on operational improvements in 2009, strategic plans indicate that 44% will be spent on revenue growth, 17% on direct cost reduction, 15% on overhead cost reduction, 11% on asset efficiency, and 11% on strengthening managerial and operational competencies.

<u>Top Concerns for U.S. Businesses</u>

MACRO CONCERNS

- Consumer Demand
- Credit Markets / Interest Rates
- Cost of Fuel
- Cost of Non-Fuel Commodities

INTERNAL TO OWN FIRM

- Attracting/Retaining Qualified Employees
- Ability to Forecast Results
- Cost of Health Care
- Supply Chain Risk