

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 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 |
| | +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

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| | 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% |

Other Key Results from June 2008 survey

- 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.

Top Concerns for U.S. Businesses

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