

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

Results for 679 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2008	Sept 2008	June 2008	March 2008
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
	-9.0%	+5.5%	+2.9%	+8.7%
Capital spending	-10.2%	+0.6%	+2.3%	+3.3%
Technology spending	-4.4%	+1.9%	+3.4%	+3.2%
Advertising and marketing spending	-6.6%	+0.6%	+0.2%	+2.5%
Employment	-5.0%	-1.6%	-0.2%	+0.6%
Outsourced Employment	-1.6%	+3.7%	+4.6%	+3.6%
Wages and Salaries	+1.2%	+2.8%	+3.1%	+3.2%
Productivity	+1.8%	+2.9%	+2.2%	+2.9%
Inflation (Chg in prices of own-firm products)	0.0%	+3.6%	+4.1%	+3.0%
Health Care Costs	+6.4%	+6.5%	+6.6%	+6.8%
Dividends*	-3.0%	+1.3%	-1.4%	+2.4%
Share Repurchases*	+0.7%	-0.5%	+3.6%	+4.9%
Cash on balance sheet*	+0.5%	+1.3%	+0.5%	-1.2%
Mergers and Acquisitions	Not asked	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.

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

U.S. BUSINESS OPTIMISM

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	Dec 2008	Sept 2008	June 2008	March 2008
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the U.S. economy	More optimistic: 9.0% Less optimistic: 80.5% No change: 10.5%	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%
Optimism about own company	More optimistic: 14.7% Less optimistic: 65.0% No change: 20.3%	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%

Other Key Results from December 2008 survey

- 39% say US economy will not begin to recover until 2010
 - 58% say Q4 2009 or later
- 75% of firms say they are concerned about the health of the financial institutions with whom they do business
- Among firms that use financial derivatives, 75% of firms say their concern about counter-party risk has grown since the Lehmann collapse
- Credit crunch still hurting economy, 58% say it is directly hurting their firm. Among these firms, decreased credit availability (62% of firms), increased cost (50% of firms, increased cost of 180 bps), and difficulty initiating or renewing credit line (31%)
 - 50% of AAA/AA/A firms, 69% of BBB/BB firms, and 79% of firms rated B and lower affected by credit crisis
- 54% of firms cite a large or moderate effect of the lack of external funding in terms of causing them to pass up profitable investment projects (vs. 27% in normal times)
- In terms of where firms hold their cash, 48.6% hold substantial cash in bank accounts, 39% in money market funds, and 20.3% in Treasuries. There has been a flight to quality, with those same numbers having been 46.5%, 40.9%, and 14% last summer.

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Consumer Demand
- Credit Markets / Interest Rates
- Housing Market Fallout
- New Administration and Congress

INTERNAL TO OWN FIRM

- Ability to Forecast Results
- Maintaining Morale / Productivity During Economic Downturn
- Balance Sheet Weakness
- Cost of Health Care