

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

Results for 258 Chinese firms (own-firm changes expected during the next 12 months)

	Mar 2009	Dec 2008	Sept 2008	June 2008
<b>Weighted Averages for Earnings growth*</b>	<b>Expected growth in next 12 months</b> 1.8%	<b>Expected growth in next 12 months</b> +4.2%	<b>Expected growth in next 12 months</b> -5.2%	<b>Expected growth in next 12 months</b> +2.3%
<b>Capital spending</b>	-7.0%	-4.0%	+1.2%	+7.9%
<b>Technology spending</b>	3.4%	+1.4%	+5.5%	+6.5%
<b>Advertising and marketing spending</b>	-1.2%	+1.3%	+6.1%	+4.5%
<b>Employment</b>	-1.1%	-1.4%	+7.5%	+7.7%
<b>Outsourced Employment</b>	0.7%	-2.9%	+0.9%	+2.6%
<b>Wages and Salaries</b>	-0.1%	+2.0%	+7.8%	+9.2%
<b>Productivity</b>	0.6%	-0.2%	+4.5%	+4.8%
<b>Inflation (Chg in prices of own-firm products)</b>	-2.0%	-1.9%	0.0%	+3.2%
<b>Health Care Costs</b>	1.8%	+2.7%	+4.6%	+7.4%
<b>Dividends*</b>	-1.1%	+0.5%	-3.6%	+2.8%
<b>Share Repurchases*</b>	0.9%	+1.0%	0.0%	+1.3%
<b>Cash on balance sheet*</b>	-1.7%	-1.3%	-1.5%	+1.0%
<b>Mergers and Acquisitions</b>	12.2% plan to acquire. 22.5% plan to sell part or all of firm.	Not asked	24.5% plan to acquire. 16.4% plan to sell part or all of firm.	Not asked

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

**Chinese BUSINESS OPTIMISM**  
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	<b>Feb 2009</b>	<b>Dec 2008</b>	<b>Sept 2008</b>	<b>June 2008</b>
	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>
<b>Optimism about the country's economy</b>	More optimistic: 19.8% Less optimistic: 63.9% No change: 16.3%	More optimistic: 5.8% Less optimistic: 78.4% No change: 15.8%	More optimistic: 12.8% Less optimistic: 67.4% No change: 19.9%	More optimistic: 9.8% Less optimistic: 64.9% No change: 25.4%
<b>Optimism about own company</b>	More optimistic: 20.8% Less optimistic: 57.6% No change: 21.6%	More optimistic: 8.9% Less optimistic: 65.1% No change: 26.0%	More optimistic: 23.1% Less optimistic: 47.9% No change: 29.0%	More optimistic: 31.0% Less optimistic: 45.3% No change: 23.6%

Top Concerns for Chinese Businesses

**MACRO CONCERNS**

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

**INTERNAL TO OWN FIRM**

- Working Capital Management
- Maintaining Morale / Productivity During Economic Downturn
- Attracting and Retaining Qualified Employees
- Ability to Forecast Results