

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

Results for 543 U.S. firms (own-firm changes expected during the next 12 months)

	Mar 2009	Dec 2008	Sept 2008	June 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
Capital spending	-13.3%	-10.2%	+0.6%	+2.3%
Technology spending	-5.4%	-4.4%	+1.9%	+3.4%
Advertising and marketing spending	-7.6%	-6.6%	+0.6%	+0.2%
Employment	-5.7%	-5.0%	-1.6%	-0.2%
Outsourced Employment	-1.7%	-1.6%	+3.7%	+4.6%
Wages and Salaries	-0.5%	+1.2%	+2.8%	+3.1%
Productivity	1.7%	+1.8%	+2.9%	+2.2%
Inflation (Chg in prices of own-firm products)	0.5%	0.0%	+3.6%	+4.1%
Health Care Costs	5.1%	+6.4%	+6.5%	+6.6%
Dividends*	-10.9%	-3.0%	+1.3%	-1.4%
Share Repurchases*	0.4%	+0.7%	-0.5%	+3.6%
Cash on balance sheet*	0.6%	+0.5%	+1.3%	+0.5%
Mergers and Acquisitions	19.3% plan to acquire. 13.7% plan to sell part or all of firm.	Not asked.	36.7% plan to acquire. 16.3% plan to sell part or all of firm.	Not asked

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

U.S. BUSINESS OPTIMISM

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	Feb 2009	Dec 2008	Sept 2008	June 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: 11.0% Less optimistic: 67.2% No change: 21.8%	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%
Optimism about own company	More optimistic: 20.9% Less optimistic: 52.9% No change: 26.2%	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%

Other Key Results from January 2009 survey

- US economic recession to last another 14 months
 - 32% say second half of 2010 or later
- Credit crunch is still hurting economy, 55% say it is directly hurting their firm. Among these firms, decreased credit availability (58% of firms), increased cost (49% of firms, increased cost of 212 bps), and difficulty initiating or renewing credit line (35%)
 - 45% of AAA/AA/A firms, 61% of BBB/BB firms, and 77% of firms rated B and lower affected by credit crisis
- Bank lines of credit drawn heavily by lower rated firms
 - BBB / BB rated firms have drawn 39% of maximum credit line
 - B or lower rated firms have drawn 69% of maximum.
- In addition to layoffs, companies reducing wages and hours worked
 - 60% of companies to impose hiring freeze for the next 12 months
 - 57% to reduce or freeze wages
 - 39% to reduce number of hours worked for retained employees
- Companies not happy with Obama Administration's plans
 - 53% say their firm would be worse off with if health care nationalized
 - Only 32% say economy better off due to federal stimulus package
 - New administration is CFO's #3 external concern (see below)

Top Concerns for U.S. Businesses

MACRO CONCERNS

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

INTERNAL TO OWN FIRM

- Ability to Forecast Results
- Working Capital Management
- Maintaining Morale / Productivity During Economic Downturn
- Balance Sheet Weakness