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

Results for 540 U.S. firms (own-firm changes expected during the next 12 months)

	May 2009	**Feb 2009**	**Dec 2008**	**Sept 2008**
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*	-4.0%	-19.8%	-9.0%	+5.5%
Capital spending	-11.5%	-13.3%	-10.2%	+0.6%
Technology spending	-4.6%	-5.4%	-4.4%	+1.9%
R&D spending	-1.5%	Not asked.	Not asked.	Not asked.
Advertising and marketing spending	-6.4%	-7.6%	-6.6%	+0.6%
Employment	-5.6%	-5.7%	-5.0%	-1.6%
Outsourced Employment	0.3%	-1.7%	-1.6%	+3.7%
Wages and Salaries	-1.0%	-0.5%	+1.2%	+2.8%
Productivity	2.1%	1.7%	+1.8%	+2.9%
Inflation (Chg in prices of own-firm products)	0.3%	0.5%	0.0%	+3.6%
Health Care Costs	5.4%	5.1%	+6.4%	+6.5%
Dividends*	-12.0%	-10.9%	-3.0%	+1.3%
Share Repurchases*	-0.5%	0.4%	+0.7%	-0.5%
Cash on balance sheet*	6.2%	0.6%	+0.5%	+1.3%
Mergers and Acquisitions	Not asked.	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.

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

U.S. BUSINESS OPTIMISM
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	May 2009	Feb 2009	Dec 2008	Sept 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: 53.7% Less optimistic: 15.2% No change: 31.1%	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%
Optimism about own company	More optimistic: 39.9% Less optimistic: 29.3% No change: 30.8%	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%

Other Key Results from May 2009 survey

- US economic recession to last another 10 months
  - 44% say recovers by end of 2009, rest say later
- Credit crunch is still hurting economy, 59% say it is directly hurting their firm. Among these firms, decreased credit availability (62% of firms), increased cost (50% of firms, increased cost of 201 bps), and difficulty initiating or renewing credit line (35%)
  - 50% of AAA/AA/A firms, 70% of BBB/BB firms, and 80% 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 30% of maximum credit line
  - B or lower rated firms have drawn 54% of maximum.
- Cost of credit lines has increased and availability has decreased
  - Premium over LIBOR and commitment fee both increased
  - Tenor (maturity) or credit lines has decreased
- Companies not happy with federal government plans

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Consumer Demand
- Credit Markets / Interest Rates
- Federal Government Policies
- Housing Market Fallout

INTERNAL TO OWN FIRM

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