

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

Results for 620 U.S. firms (own-firm changes expected during the next 12 months)

	Feb 2010	Dec 2009	Sep 2009	May 2009	Feb 2009
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	Expected growth in next 12 months
Capital spending	8.9%	1.5%	-3.2%	-11.5%	-13.3%
Technology spending	4.1%	0.1%	-0.4%	-4.6%	-5.4%
R&D spending	3.7%	1.3%	0.4%	-1.5%	Not asked.
Advertising and marketing spending	3.4%	1.4%	0.6%	-6.4%	-7.6%
Employment	0.2%	-1.4%	-3.2%	-5.6%	-5.7%
Outsourced Employment	4.0%	2.6%	2.6%	0.3%	-1.7%
Wages and Salaries	2.6%	1.9%	0.9%	-1.0%	-0.5%
Productivity	3.2%	3.6%	2.5%	2.1%	1.7%
Inflation (Chg in prices of own-firm products)	1.1%	0.3%	0.6%	0.3%	0.5%
Health Care Costs	7.4%	6.8%	6.0%	5.4%	5.1%
Dividends*	6.3%	1.2%	-1.7%	-12.0%	-10.9%
Share Repurchases*	6.1%	2.4%	0.2%	-0.5%	0.4%
Cash on balance sheet*	6.5%	4.3%	4.5%	6.2%	0.6%
Mergers and Acquisitions	31.0% plan to acquire. 11.0% plan to sell part or all of firm.	Not asked.	Not asked.	Not asked.	19.3% plan to acquire. 13.7% 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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	Feb 2010	Dec 2009	Sep 2009	May 2009	Feb 2009
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
<b>Optimism about the U.S. economy</b>	More optimistic: 47.3% Less optimistic: 14.1% No change: 38.6%	More optimistic: 48.4% Less optimistic: 17.7% No change: 33.9%	More optimistic: 57.7% Less optimistic: 13.4% No change: 28.9%	More optimistic: 53.7% Less optimistic: 15.2% No change: 31.1%	More optimistic: 11.0% Less optimistic: 67.2% No change: 21.8%
<b>Optimism about own company</b>	More optimistic: 52.3% Less optimistic: 17.3% No change: 30.5%	More optimistic: 46.8% Less optimistic: 22.3% No change: 30.9%	More optimistic: 47.8% Less optimistic: 20.5% No change: 31.8%	More optimistic: 39.9% Less optimistic: 29.3% No change: 30.8%	More optimistic: 20.9% Less optimistic: 52.9% No change: 26.2%

### Other Key Results from Q1 2010 survey

- 55% of companies say that employment will not return to pre-recession levels until 2012 or later
- Inventory expected to decline at 47% of US companies in first half of 2010, putting downward pressure on GDP
- 26% of CFOs say that borrowing conditions are worse now than in Fall 2009
  - 24% say borrowing has improved
  - Compared to summer 2008 (pre-Lehman), 67% of CFOs say borrowing conditions have gotten tighter.
- One-third of firms say that banks are less responsive to their needs vs. pre-recession
- ¼ of US companies will expand into emerging markets, primarily into China, India, Brazil, and Eastern Asia not counting China.

### Top Concerns for U.S. Businesses

#### MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Price Pressure from Competitors
- Credit Markets/Interest Rates

#### INTERNAL TO OWN FIRM

- Ability to Maintain Margins
- Ability to Forecast Results
- Maintaining Morale / Productivity
- Working Capital Management