

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

Results for 103 Chinese firms (own-firm changes expected during the next 12 months)

| | Sep 2010 | Jun 2010 | Feb 2010 | Dec 2009 | Sep 2009 |
|------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| 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 | Expected growth in next 12 months |
| Earnings growth* | 11.7% | 1.2% | 11.7% | 6.7% | 1.7% |
| Capital spending | 9.2% | 14.0% | 6.9% | 7.8% | 5.9% |
| Technology spending | 5.6% | 8.1% | 7.5% | 8.1% | 3.5% |
| R&D spending | 5.4% | 6.4% | 8.3% | 8.0% | 4.8% |
| Advertising and marketing spending | 8.2% | 6.3% | 5.5% | 3.8% | 1.7% |
| Employment – full-time | 14.2% | 5.1% | 4.2% | 4.5% | 1.6% |
| Employment – temporary | 5.3% | 0.4% | 2.0% | 1.9% | Not asked. |
| Outsourced Employment | 10.0% | 1.0% | 2.4% | 2.0% | -0.4% |
| Wages and Salaries | 3.1% | 4.9% | 6.6% | 7.2% | 3.0% |
| Productivity | 4.8% | 2.5% | 3.7% | 6.7% | 3.8% |
| Inflation (Chg in prices of own-firm products) | 0.9% | 0.2% | 1.2% | 0.9% | -0.4% |
| Health Care Costs | 9.0% | -0.5% | 2.3% | 3.0% | 2.4% |
| Dividends* | 8.4% | 2.1% | 4.9% | 7.6% | 0.4% |
| Share Repurchases* | 0.2% | 0.6% | 0.7% | 1.0% | 0.2% |
| Cash on balance sheet* | 2.2% | -0.2% | 3.5% | 4.0% | 4.5% |
| Mergers and Acquisitions | Not asked. | Not asked. | 36.4% plan to acquire. 16.9% plan to sell part or all of firm. | Not asked. | Not asked. |

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

Chinese BUSINESS OPTIMISM

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| | Sep 2010 | Jun 2010 | Feb 2010 | Dec 2009 | Sep 2009 |
|---------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| | Compared to last qtr. | Compared to last qtr. | Compared to last qtr. | Compared to last qtr. | Compared to last qtr. |
| Optimism about the country's economy | More optimistic: 33.3% Less optimistic: 34.3% No change: 32.4% | More optimistic: 41.5% Less optimistic: 30.9% No change: 27.5% | More optimistic: 63.4% Less optimistic: 19.9% No change: 16.7% | More optimistic: 62.4% Less optimistic: 22.5% No change: 15.1% | More optimistic: 53.9% Less optimistic: 30.0% No change: 16.1% |
| Optimism about own company | More optimistic: 48.0% Less optimistic: 27.5% No change: 24.5% | More optimistic: 42.9% Less optimistic: 31.2% No change: 25.9% | More optimistic: 57.0% Less optimistic: 26.4% No change: 16.6% | More optimistic: 58.8% Less optimistic: 22.7% No change: 18.5% | More optimistic: 54.3% Less optimistic: 29.1% No change: 16.6% |

Top Concerns for Chinese Businesses

MACRO CONCERNS

- Price Pressure from Competitors
- Consumer Demand
- Government Policy
- Global Financial Instability

INTERNAL TO OWN FIRM

- Attracting and Retaining Qualified Employees
- Ability to Maintain Margins
- Maintaining Morale/Productivity
- Working Capital Management