

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

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

	Nov/Dec 2005	Sept 2005	June 2005	March 2005
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
	+11.4%	+12.7%	+10.1%	+10.4%
Capital spending	+5.7%	+4.7%	+4.5%	+5.4%
Advertising and marketing spending	+2.8%	+4.8%	+2.9%	+0.9%
Technology spending	+4.6%	+4.7%	+5.8%	+3.8%
Employment	+0.6%	+1.6%	+1.4%	+1.7%
Outsourced Employment	+4.8%	+4.0%	+6.5%	+2.7%
Wages and Salaries	+3.5%	+3.6%	+3.4%	+3.3%
Productivity	+2.7%	+3.2%	+3.6%	+3.0%
Inflation (Chg in prices of own-firm products)	+3.0%	+2.8%	+2.1%	+2.0%
Health Care Costs	+7.8%	+8.1%	+8.9%	+9.0%
Dividends*	+4.2%	+5.8%	+6.5%	+4.6%
Cash on balance sheet*	+4.6%	+3.9%		
Inventory	+1.1%	+0.4%		
Mergers and Acquisitions	35.8% increasing 10.9% decreasing	49.6% increasing 8.4% decreasing	41.7% increasing 11% decreasing	
Business Terrorism Index (out of 100)	Not asked	Index: 22.6 Hurting Bottom line: 33.3%	Not asked	Index: 18.0 Hurting Bottom line: 34.9%

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

U.S. BUSINESS OPTIMISM

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	Nov/Dec 2005	Sept 2005	June 2005	March 2005
	Compared to last qtr.			
Optimism about the U.S. economy	More optimistic: 32.1% Less optimistic: 38.8% No change: 29.1%	More optimistic: 28.6% Less optimistic: 36.9% No change: 34.5%	More optimistic: 40.1% Less optimistic: 25.9% No change: 34.0%	More optimistic: 46.4% Less optimistic: 17.7% No change: 35.8%
Optimism about own company	More optimistic: 45.7% Less optimistic: 28.9% No change: 25.4%	More optimistic: 51.5% Less optimistic: 27.3% No change: 21.2%	More optimistic: 53.7% Less optimistic: 22.2% No change: 24.2%	More optimistic: 51.9% Less optimistic: 19.8% No change: 28.3%

Other Key Results for November/December 2005 survey

- U.S. Business Optimism at a 4-year low, slightly lower than last quarter
 - Europeans also pessimistic; Asian CFOs have growing optimism
- 81.5% of CFOs expect inflation to increase when Greenspan retires
 - 28.1% say increase will be moderate or great
- U.S. employment growth will be very small (+0.6%)
- European employment expected to shrink (-0.7%)
 - Huge increase in outsourcing (+12%) appears to be stealing jobs.

Top Concerns for U.S. Businesses

- High Fuel Costs
 - Second consecutive quarter that fuel concerns outpoll health care costs
 - Fuel input costs increased 23% in 2005
 - Even with this huge increase in fuel costs, most firms have done nothing to become more fuel efficient.
 - Among the 43% that have taken actions to become more fuel efficient,
 - 49% have improved facility mgmt (e.g., reduce lighting)
 - 41% use more efficient shipping (e.g., consolidate shipments)
 - 31% improved production efficiency
 - 30% travel less for business
 - 28% hedge more
- Health Care Costs
- Increased Interest Rates