

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