

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

Results for 100 Chinese firms (own-firm changes expected during the next 12 months)

	Dec 2010	Sep 2010	Jun 2010	Feb 2010	Dec 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
	19.1%	11.7%	1.2%	11.7%	6.7%
Capital spending	11.3%	9.2%	14.0%	6.9%	7.8%
Technology spending	8.1%	5.6%	8.1%	7.5%	8.1%
R&D spending	7.1%	5.4%	6.4%	8.3%	8.0%
Advertising and marketing spending	7.6%	8.2%	6.3%	5.5%	3.8%
Employment – full-time	10.4%	14.2%	5.1%	4.2%	4.5%
Employment – temporary	3.4%	5.3%	0.4%	2.0%	1.9%
Outsourced Employment	5.3%	10.0%	1.0%	2.4%	2.0%
Wages and Salaries	7.8%	3.1%	4.9%	6.6%	7.2%
Productivity	9.5%	4.8%	2.5%	3.7%	6.7%
Inflation (Chg in prices of own-firm products)	1.5%	0.9%	0.2%	1.2%	0.9%
Health Care Costs	4.1%	9.0%	-0.5%	2.3%	3.0%
Dividends*	20.6%	8.4%	2.1%	4.9%	7.6%
Share Repurchases*	0.8%	0.2%	0.6%	0.7%	1.0%
Cash on balance sheet*	15.9%	2.2%	-0.2%	3.5%	4.0%
Mergers and Acquisitions	Not asked.	Not asked.	Not asked.	36.4% plan to acquire. 16.9% plan to sell part or all of firm.	Not asked.

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

Chinese BUSINESS OPTIMISM

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	Dec 2010	Sep 2010	Jun 2010	Feb 2010	Dec 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 opt: 39.8% Less opt: 37.8% No chg: 22.4%	More opt: 33.3% Less opt: 34.3% No chg: 32.4%	More opt: 41.5% Less opt: 30.9% No chg: 27.5%	More opt: 63.4% Less opt: 19.9% No chg: 16.7%	More opt: 62.4% Less opt: 22.5% No chg: 15.1%
Country optimism level	69.0	71.8	68.1	73.6	73.2
Optimism about own company	More opt: 49.5% Less opt: 37.1% No chg: 13.4%	More opt: 48.0% Less opt: 27.5% No chg: 24.5%	More opt: 42.9% Less opt: 31.2% No chg: 25.9%	More opt: 57.0% Less opt: 26.4% No chg: 16.6%	More opt: 58.8% Less opt: 22.7% No chg: 18.5%
Own company optimism level	70.0	73.6	69.8	73.4	73.2

Top Concerns for Chinese Businesses

MACRO CONCERNS

- Consumer Demand
- Domestic Competition
- Price Pressure
- Government Policy

INTERNAL TO OWN FIRM

- Attracting and Retaining Qualified Employees
- Maintaining Morale/Productivity
- Working Capital Management
- Supply Chain Risk