

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

Results for 567 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2009	Sep 2009	May 2009	Feb 2009	Dec 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	Expected growth in next 12 months
Capital spending	1.5%	-3.2%	-11.5%	-13.3%	-10.2%
Technology spending	0.1%	-0.4%	-4.6%	-5.4%	-4.4%
R&D spending	1.3%	0.4%	-1.5%	Not asked.	Not asked.
Advertising and marketing spending	1.4%	0.6%	-6.4%	-7.6%	-6.6%
Employment	-1.4%	-3.2%	-5.6%	-5.7%	-5.0%
Outsourced Employment	2.6%	2.6%	0.3%	-1.7%	-1.6%
Wages and Salaries	1.9%	0.9%	-1.0%	-0.5%	+1.2%
Productivity	3.6%	2.5%	2.1%	1.7%	+1.8%
Inflation (Chg in prices of own-firm products)	0.3%	0.6%	0.3%	0.5%	0.0%
Health Care Costs	6.8%	6.0%	5.4%	5.1%	+6.4%
Dividends*	1.2%	-1.7%	-12.0%	-10.9%	-3.0%
Share Repurchases*	2.4%	0.2%	-0.5%	0.4%	+0.7%
Cash on balance sheet*	4.3%	4.5%	6.2%	0.6%	+0.5%
Mergers and Acquisitions	Not asked.	Not asked.	Not asked.	19.3% plan to acquire. 13.7% 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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	Dec 2009	Sep 2009	May 2009	Feb 2009	Dec 2008
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the U.S. economy	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%	More optimistic: 9.0% Less optimistic: 80.5% No change: 10.5%
Optimism about own company	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%	More optimistic: 14.7% Less optimistic: 65.0% No change: 20.3%

Other Key Results from December 2009 survey

- Among companies that cut labor-related policies recently, few will restore policies in 2010.
 - Workforce (16% will restore to pre-recession levels during 2010), overtime (19% to restore in 2010), hours per week (36%), wages (33%), furloughs (32%), 401(k) matches (33%), health contributions (9%), other benefits (15%), outsourced employees (11%)
- 43% of CFOs say their banks are less willing to lend now vs. Summer 2008 (pre-Lehman)
 - Much tighter credit standards and perception companies are riskier are biggest reasons
 - 43% say that tight credit causes them to pass up investments, hurting long-term growth
- Severe cuts in workforce and employee training will reduce long-term growth prospects at 46 percent of companies
- US companies are increasing cash balances “just in case” (concern about economy), to show investors/banks a strong balance sheet, and because few good options to put cash to use.
 - Use cash for capital spending showed up 4th on list, to make acquisitions 7th
- Firms relying less heavily credit lines less now versus one year ago.
- Compensation mix moving away from equity and towards cash
- Employee morale is fair to poor at 36% of companies (compared to 5.5% pre-recession)

Top Concerns for U.S. Businesses

MACRO CONCERNS

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

INTERNAL TO OWN FIRM

- Margin Maintenance
- Ability to Forecast Results
- Maintaining Morale / Productivity
- Working Capital Management