

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

Results for 70 Chinese firms (own-firm changes expected during the next 12 months)

	Mar 2012	Dec 2011	Sept 2011	Jun 2011	Mar 2011
<b>Weighted Averages for Earnings growth*</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>
	-5.8%	8.6%	10.1%	6.6%	16.1%
<b>Capital spending</b>	-0.3%	9.7%	6.0%	13.7%	7.3%
<b>Technology spending</b>	-2.5%	5.0%	5.7%	4.2%	5.1%
<b>R&amp;D spending</b>	-2.4%	12.6%	7.1%	3.7%	7.4%
<b>Advertising and marketing spending</b>	4.5%	3.0%	3.2%	4.9%	4.8%
<b>Employment – full-time</b>	3.0%	6.2%	7.1%	9.0%	5.8%
<b>Employment – temporary</b>	0.0 %	9.4%	-1.5%	2.3%	2.6%
<b>Outsourced Employment</b>	-1.6%	8.8%	0.8%	-5.6%	3.4%
<b>Wages and Salaries</b>	8.4%	8.6%	6.4%	11.8%	7.3%
<b>Productivity</b>	4.0%	5.1%	4.5%	0.4%	3.7%
<b>Inflation (Chg in prices of own-firm products)</b>	-0.7%	-2.6%	1.1%	2.5%	4.2%
<b>Health Care Costs</b>	9.0%	1.9%	3.4%	10.5%	3.4%
<b>Dividends*</b>	-13.1%	9.9%	6.1%	-3.4%	8.7%
<b>Share Repurchases*</b>	0.0%	0.3%	-1.8%	0.0%	0.3%
<b>Cash on balance sheet*</b>	1.3%	2.9%	5.8%	2.6%	8.7%
<b>Revenue</b>	7.4%	11.5%	11.1%	18.1%	Not asked.
<b>Mergers and Acquisitions</b>	29.5% plan to acquire. 12.0% plan to sell part or all of firm.	Not asked.	Not asked.	Not asked.	36.1% plan to acquire. 15.9% plan to sell part or all of firm.

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

**Chinese BUSINESS OPTIMISM**

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	<b>Mar 2012</b>	<b>Dec 2011</b>	<b>Sep 2011</b>	<b>Jun 2011</b>	<b>Mar 2011</b>
	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>
<b>Optimism about the country's economy</b>	More opt: 27.5% Less opt: 47.8% No chg: 24.6%	More opt: 17.0% Less opt: 71.0% No chg: 12.0%	More opt: 14.1% Less opt: 68.5% No chg: 17.4%	More opt: 26.9% Less opt: 47.8% No chg: 25.4%	More opt: 34.1% Less opt: 31.7% No chg: 34.1%
<b>Country optimism level</b>	65.9	61.7	62.8	63.2	73.8
<b>Optimism about own company</b>	More opt: 28.6% Less opt: 42.9% No chg: 28.6%	More opt: 24.8% Less opt: 52.5% No chg: 22.8%	More opt: 25.3% Less opt: 53.8% No chg: 20.9%	More opt: 26.9% Less opt: 44.8% No chg: 28.4%	More opt: 45.1% Less opt: 24.4% No chg: 30.5%
<b>Own company optimism level</b>	66.6	64.9	66.2	65.7	74.1

Top Concerns for Chinese Businesses

**MACRO CONCERNS**

- Consumer Demand
- Price Pressure
- Government Policy
- Global financial Instability

**INTERNAL TO OWN FIRM**

- Ability to maintain margins
- Maintaining morale/productivity
- Ability to forecast results
- Working capital management