

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

Results for 477 U.S. firms (own-firm changes expected during the next 12 months)

	Mar 2012	Dec 2011	Sept 2011	Jun 2011	Mar 2011
Weighted Averages for	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
Earnings growth*	7.5%	7.7%	9.4%	8.1%	18.1%
Capital spending	7.3%	7.8%	4.5%	8.7%	12.1%
Technology spending	6.0%	6.0%	4.3%	6.0%	5.5%
R&D spending	3.4%	2.9%	2.8%	2.0%	4.1%
Advertising and marketing spending	3.3%	2.3%	2.1%	2.5%	3.7%
Employment – full-time	2.1%	1.5%	0.9%	0.7%	1.2%
Employment – temporary	1.0%	0.2%	-0.4%	-0.3%	0.3%
Outsourced Employment	3.0%	1.8%	2.2%	3.2%	3.0%
Wages and Salaries	2.9%	2.4%	2.3%	2.8%	2.8%
Productivity	3.4%	2.7%	3.0%	3.9%	2.9%
Inflation (Chg in prices of own-firm products)	2.5%	1.8%	2.5%	2.9%	2.3%
Health Care Costs	6.1%	8.2%	7.8%	8.3%	8.3%
Dividends*	3.2%	3.6%	12.4%	9.8%	14.4%
Share Repurchases*	0.8%	9.0%	3.4%	2.6%	2.5%
Cash on balance sheet*	2.2%	4.4%	-1.8%	-0.4%	6.4%
Mergers and Acquisitions	38.9% plan to acquire. 13.6% plan to sell part or all of firm.	Not asked.	Not asked.	Not asked.	35.9% plan to acquire. 13.7% plan to sell part or all of firm.
Revenue	6.6%	5.5%	5.8%	6.7%	7.6%

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

## U.S. BUSINESS OPTIMISM

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	Mar 2012	Dec 2011	Sept 2011	Jun 2011	Mar 2011
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
<b>Optimism about the U.S. economy</b>	More opt: 53.5% Less opt: 15.3% No chg: 31.2%	More opt: 34.4% Less opt: 31.6% No chg: 34.0%	More opt: 12.2% Less opt: 64.8% No chg: 23.0%	More opt: 26.8% Less opt: 36.3% No chg: 36.9%	More opt: 55.7% Less opt: 15.6% No chg: 28.7%
<b>U. S. optimism level (0 to 100)</b>	59.2	53.3	49.4	57.1	61.3
<b>Optimism about own company</b>	More opt: 48.2% Less opt: 18.0% No chg: 33.8%	More opt: 38.5% Less opt: 28.0% No chg: 33.5%	More opt: 29.4% Less opt: 36.4% No chg: 34.2%	More opt: 38.6% Less opt: 31.1% No chg: 30.3%	More opt: 52.1% Less opt: 19.1% No chg: 28.8%
<b>Own company optimism level</b>	66.8	63.1	63.1	65.4	67.0

### Other Key Results from March 2012 survey

- 68% of U.S. firms are actively looking to fill one or more vacant positions now.
  - Nearly half (47.6%) have had difficulty filling an open position in the past year.
    - To fill the vacant position, 60% of firms recruit more actively, 55.3% expand their search area, 35% will hire someone 'too junior' and train the person, 34% will raise the salary, 21% will hire someone 'too senior'. Only 4% will offer better benefits as a hiring enticement.
- Tech, pharma/health, and communications/media will be most active M&A industries.
- Pres. Obama has proposed raising dividend tax rates to 40% on upper income investors.
  - Among dividend-paying firms, 36% say that an increase in dividend tax will either delay when they raise dividends or lead to a smaller increase. 11% say they would pay a special dividend before year-end 2012, before the tax hike kicks in
  - For non-dividend-paying firms, 14% say the dividend tax hike will delay when they initiate a dividend or lead them to never initiate.
- 83% of US firms say that a scenario in which multiple European banks become insolvent would negatively affect their businesses, with 27% saying the negative effect would be significant.
- 25% of US CFOs think that the US will enter recession in 2012. The same percentage thinks that the US will enter recession in 2013.

### Top Concerns for U.S. Businesses

#### MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Price pressure from competitors
- Global financial instability

#### INTERNAL TO OWN FIRM

- Ability to Maintain Margins
- Attracting and retaining qualified employees
- Ability to forecast results
- Cost of health care