

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

Results for 227 European firms (own-firm changes expected during the next 12 months)

| | May 2009 | Feb 2009 | Dec 2008 | Sept 2008 |
|---|-----------------------------------|---|-----------------------------------|---|
| | Expected growth in next 12 months | Expected growth in next 12 months | Expected growth in next 12 months | Expected growth in next 12 months |
| Weighted Averages for Earnings growth* | -14.6% | -10.5% | -7.6% | +5.0% |
| Capital spending | -11.3% | -15.6% | -11.0% | +0.8% |
| Technology spending | -2.9% | -6.2% | -3.8% | +2.6% |
| R&D spending | -1.5% | Not asked. | Not asked. | Not asked. |
| Advertising and marketing spending | -9.5% | -9.1% | -9.1% | +0.1% |
| Employment | -5.9% | -7.6% | -5.8% | +1.6% |
| Outsourced Employment | -1.3% | -4.0% | -2.1% | +5.4% |
| Wages and Salaries | 0.0% | 1.2% | +2.8% | +4.1% |
| Productivity | 1.7% | 0.2% | +3.1% | +2.9% |
| Inflation (Chg in prices of own-firm products) | -1.0% | -0.1% | 0.0% | +1.9% |
| Health Care Costs | 0.6% | 0.7% | +0.6% | +2.6% |
| Dividends* | -12.5% | -12.7% | -2.6% | -0.2% |
| Share Repurchases* | -2.9% | -1.0% | -2.0% | +0.5% |
| Cash on balance sheet* | 5.6% | -7.5% | -2.5% | +5.0% |
| Mergers and Acquisitions | Not asked. | 24.0% plan to acquire. 20.1% plan to sell part or all of firm. | Not asked. | 51.7% plan to acquire. 16.8% plan to sell part or all of firm. |

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

Europe BUSINESS OPTIMISM
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| | May 2009 | Feb 2009 | Dec 2008 | Sept 2008 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | Compared to last qtr. | Compared to last qtr. | Compared to last qtr. | Compared to last qtr. |
| Optimism about the country's economy | More optimistic: 30.4% | More optimistic: 7.7% | More optimistic: 1.6% | More optimistic: 7.9% |
| | Less optimistic: 31.3% | Less optimistic: 78.3% | Less optimistic: 86.0% | Less optimistic: 67.9% |
| | No change: 38.3% | No change: 14.0% | No change: 12.4% | No change: 24.2% |
| Optimism about own company | More optimistic: 29.5% | More optimistic: 10.5% | More optimistic: 8.6% | More optimistic: 22.8% |
| | Less optimistic: 35.2% | Less optimistic: 62.7% | Less optimistic: 69.9% | Less optimistic: 40.5% |
| | No change: 35.2% | No change: 26.8% | No change: 21.5% | No change: 36.7% |

Top Concerns for European Businesses

MACRO CONCERNS

- Consumer Demand
- Credit Markets / Interest Rates
- The Financial / Banking System
- Volatility of Foreign Currencies

INTERNAL TO OWN FIRM

- Ability to Forecast Results
- Working Capital Management
- Maintaining Morale / Productivity During Economic Downturn
- Counterparty Risk