

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

Results for 207 Chinese firms (own-firm changes expected during the next 12 months)

	Jun 2010	Feb 2010	Dec 2009	Sep 2009	May 2009
Weighted Averages for	Expected	Expected	Expected	Expected	Expected
Earnings growth*	growth in next	growth in next	growth in next	growth in next	growth in next
	12 months	12 months	12 months	12 months	12 months
	1.2%	11.7%	6.7%	1.7%	-9.2%
Capital spending	14.0%	6.9%	7.8%	5.9%	0.2%
Technology spending	8.1%	7.5%	8.1%	3.5%	0.7%
R&D spending	6.4%	8.3%	8.0%	4.8%	3.2%
Advertising and marketing spending	6.3%	5.5%	3.8%	1.7%	-3.5%
Employment	5.1%	4.2%	4.5%	1.6%	-1.1%
Outsourced Employment	1.0%	2.4%	2.0%	-0.4%	1.2%
Wages and Salaries	4.9%	6.6%	7.2%	3.0%	-0.2%
Productivity	2.5%	3.7%	6.7%	3.8%	1.8%
Inflation (Chg in prices of own-firm products)	0.2%	1.2%	0.9%	-0.4%	-3.4%
Health Care Costs	-0.5%	2.3%	3.0%	2.4%	1.0%
Dividends*	2.1%	4.9%	7.6%	0.4%	2.3%
Share Repurchases*	0.6%	0.7%	1.0%	0.2%	0.5%
Cash on balance sheet*	-0.2%	3.5%	4.0%	4.5%	1.0%
Mergers and Acquisitions	Not asked.	36.4% plan to acquire. 16.9% plan to sell part or all of firm.	Not asked.	Not asked.	Not asked.

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

Chinese BUSINESS OPTIMISM
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	Jun 2010	Feb 2010	Dec 2009	Sep 2009	May 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 optimistic: 41.5% Less optimistic: 30.9% No change: 27.5%	More optimistic: 63.4% Less optimistic: 19.9% No change: 16.7%	More optimistic: 62.4% Less optimistic: 22.5% No change: 15.1%	More optimistic: 53.9% Less optimistic: 30.0% No change: 16.1%	More optimistic: 47.4% Less optimistic: 34.3% No change: 18.3%
Optimism about own company	More optimistic: 42.9% Less optimistic: 31.2% No change: 25.9%	More optimistic: 57.0% Less optimistic: 26.4% No change: 16.6%	More optimistic: 58.8% Less optimistic: 22.7% No change: 18.5%	More optimistic: 54.3% Less optimistic: 29.1% No change: 16.6%	More optimistic: 43.8% Less optimistic: 35.8% No change: 20.5%

Top Concerns for Chinese Businesses

MACRO CONCERNS

- Consumer Demand
- Price Pressure from Competitors
- Government Policy
- Global Financial Instability

INTERNAL TO OWN FIRM

- Attracting and Retaining Qualified Employees
- Ability to Maintain Margins
- Maintaining Morale/Productivity
- Ability to Forecast Results