

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

Results for 68 Chinese firms (own-firm changes expected during the next 12 months)

	Jun 2011	Mar 2011	Dec 2010	Sep 2010	Jun 2010
<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>
	6.6%	16.1%	19.1%	11.7%	1.2%
<b>Capital spending</b>	13.7%	7.3%	11.3%	9.2%	14.0%
<b>Technology spending</b>	4.2%	5.1%	8.1%	5.6%	8.1%
<b>R&amp;D spending</b>	3.7%	7.4%	7.1%	5.4%	6.4%
<b>Advertising and marketing spending</b>	4.9%	4.8%	7.6%	8.2%	6.3%
<b>Employment – full-time</b>	9.0%	5.8%	10.4%	14.2%	5.1%
<b>Employment – temporary</b>	2.3%	2.6%	3.4%	5.3%	0.4%
<b>Outsourced Employment</b>	-5.6%	3.4%	5.3%	10.0%	1.0%
<b>Wages and Salaries</b>	11.8%	7.3%	7.8%	3.1%	4.9%
<b>Productivity</b>	0.4%	3.7%	9.5%	4.8%	2.5%
<b>Inflation (Chg in prices of own-firm products)</b>	2.5%	4.2%	1.5%	0.9%	0.2%
<b>Health Care Costs</b>	10.5%	3.4%	4.1%	9.0%	-0.5%
<b>Dividends*</b>	-3.4%	8.7%	20.6%	8.4%	2.1%
<b>Share Repurchases*</b>	0.0%	0.3%	0.8%	0.2%	0.6%
<b>Cash on balance sheet*</b>	2.6%	8.7%	15.9%	2.2%	-0.2%
<b>Mergers and Acquisitions</b>	Not asked.	36.1% plan to acquire. 15.9% 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 2011	Mar 2011	Dec 2010	Sep 2010	Jun 2010
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
<b>Optimism about the country's economy</b>	More opt: 26.9% Less opt: 47.8% No chg: 25.4%	More opt: 34.1% Less opt: 31.7% No chg: 34.1%	More opt: 39.8% Less opt: 37.8% No chg: 22.4%	More opt: 33.3% Less opt: 34.3% No chg: 32.4%	More opt: 41.5% Less opt: 30.9% No chg: 27.5%
<b>Country optimism level</b>	63.2	73.8	69.0	71.8	68.1
<b>Optimism about own company</b>	More opt: 26.9% Less opt: 44.8% No chg: 28.4%	More opt: 45.1% Less opt: 24.4% No chg: 30.5%	More opt: 49.5% Less opt: 37.1% No chg: 13.4%	More opt: 48.0% Less opt: 27.5% No chg: 24.5%	More opt: 42.9% Less opt: 31.2% No chg: 25.9%
<b>Own company optimism level</b>	65.7	74.1	70.0	73.6	69.8

### Top Concerns for Chinese Businesses

#### MACRO CONCERNS

- Consumer Demand
- Government Policy
- Cost of non-fuel commodities
- Price Pressure

#### INTERNAL TO OWN FIRM

- Attracting and Retaining Qualified Employees
- Maintaining Morale/Productivity
- Ability to forecast results
- Balance sheet weakness