



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

Results for 535 U.S. firms (own-firm changes expected during the next 12 months)

	Jun 2010	Feb 2010	Dec 2009	Sep 2009	May 2009
<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>
	12.1%	14.3%	8.0%	3.1%	-4.0%
<b>Capital spending</b>	9.0%	8.9%	1.5%	-3.2%	-11.5%
<b>Technology spending</b>	5.9%	4.1%	0.1%	-0.4%	-4.6%
<b>R&amp;D spending</b>	3.9%	3.7%	1.3%	0.4%	-1.5%
<b>Advertising and marketing spending</b>	4.0%	3.4%	1.4%	0.6%	-6.4%
<b>Employment</b>	0.7%	0.2%	-1.4%	-3.2%	-5.6%
<b>Outsourced Employment</b>	5.5%	4.0%	2.6%	2.6%	0.3%
<b>Wages and Salaries</b>	2.6%	2.6%	1.9%	0.9%	-1.0%
<b>Productivity</b>	3.7%	3.2%	3.6%	2.5%	2.1%
<b>Inflation (Chg in prices of own-firm products)</b>	1.5%	1.1%	0.3%	0.6%	0.3%
<b>Health Care Costs</b>	8.0%	7.4%	6.8%	6.0%	5.4%
<b>Dividends*</b>	2.8%	6.3%	1.2%	-1.7%	-12.0%
<b>Share Repurchases*</b>	1.4%	6.1%	2.4%	0.2%	-0.5%
<b>Cash on balance sheet*</b>	2.1%	6.5%	4.3%	4.5%	6.2%
<b>Mergers and Acquisitions</b>	Not asked.	31.0% plan to acquire. 11.0% 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)

## U.S. 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.
<b>Optimism about the U.S. economy</b>	More optimistic: 40.4% Less optimistic: 25.0% No change: 34.6%	More optimistic: 47.3% Less optimistic: 14.1% No change: 38.6%	More optimistic: 48.4% Less optimistic: 17.7% No change: 33.9%	More optimistic: 57.7% Less optimistic: 13.4% No change: 28.9%	More optimistic: 53.7% Less optimistic: 15.2% No change: 31.1%
<b>Optimism about own company</b>	More optimistic: 45.7% Less optimistic: 24.2% No change: 30.1%	More optimistic: 52.3% Less optimistic: 17.3% No change: 30.5%	More optimistic: 46.8% Less optimistic: 22.3% No change: 30.9%	More optimistic: 47.8% Less optimistic: 20.5% No change: 31.8%	More optimistic: 39.9% Less optimistic: 29.3% No change: 30.8%

#### Other Key Results from June 2010 survey

- 59% of companies say that employment will not return to pre-recession levels until 2012 or later
- Among companies that cut employment-related benefits, fewer than half have restored the following benefits to pre-recession levels: bonuses (38%), overtime (27%), training and development (38%), pension contributions (40%), and health benefits (14%)
- 22% of CFOs say that borrowing conditions are worse now than in Fall 2009
  - 24% say borrowing has improved
  - 36% of companies say that their capital spending has been constrained due to funding tightness.
- One-fourth of companies violated or almost violated a covenant on their credit lines.

#### Top Concerns for U.S. Businesses

##### MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Price Pressure from Competitors
- Credit Markets/Interest Rates
- Global Financial Instability

##### INTERNAL TO OWN FIRM

- Ability to Maintain Margins
- Ability to Forecast Results
- Maintaining Morale / Productivity
- Cost of Health Care
- Working Capital Management