

Executive Summary

What is on the mind of U.S. executives for the fourth quarter of 2008?

Deloitte works with the *Duke University / CFO Magazine Global Business Outlook Survey* on a quarterly basis to better understand how prevailing market and broader economic conditions are affecting the expectations, concerns and plans of U.S. companies. The purpose of this report is to examine survey findings specifically through an **industry-focused lens**.

Last quarter was the first for this industry-based analysis, and we were convinced at the time that we had just witnessed what would prove to be one of the most notable quarters in U.S. economic history. Then the fourth quarter hit, making the third seem rather mild by comparison.

What a difference a quarter makes

Since the third-quarter survey, AIG has effectively been nationalized, money market funds have been insured, and another financial relief program (the Treasury Asset Relief Program) has been created. Short selling in financial service stocks has been outlawed. The traditional investment banking business model has disappeared. Several major bank mergers have concluded. Stock markets have touched 10-year lows with soaring volatility, and the Chairman of the Federal Reserve System and the Secretary of the Treasury have appeared before hostile Senate and House hearings to outline their plans for the nationalization of private debt.

Mortgage foreclosures are still soaring. The financial system is still writing off billions in bad debt. Job losses are continuing to climb. Consumer spending is further contracting. Economic growth overseas is sharply declining and wages are remaining stagnant. The nation has elected a new President on a platform of socioeconomic reform, and the nation's top three auto manufacturers and one its largest banks have sought government loans to stay afloat.

It is against this backdrop that we present the results of the fourth-quarter survey. While we expect other significant events to occur during the publishing and circulation of this analysis, we believe it provides some valuable insights around how the thinking of company executives is changing in light of remarkable, unprecedented events.

Record pessimism

Based on responses from 1,275 financial executives from a broad range of global public and private companies (675 in the U.S.), company leaders are more pessimistic now than at any other time in the fifty-one quarter history of the *Duke University/CFO Magazine Global Business Outlook Survey*.

As shown in the graph on the next page, optimism around the US economy fell to 42 in the fourth quarter, down from 54 in the third quarter. Eighty percent of U.S. CFOs have grown more pessimistic about the economic outlook for 2009, and pessimists now outnumber optimists by a 9-to-1 margin.

Key findings for the 4th quarter:

- ▶ **Increasing pessimism regarding the U.S. Economy** A record 81 percent of U.S. CFOs are more pessimistic about the economy this quarter (twice as many as last quarter). Nearly 60 percent of CFOs say the U.S. economic recovery will be delayed until the fourth quarter of 2009 or later.
- ▶ **Falling earnings, spending and employment** Earnings are expected to decline 9 percent over the next 12 months, markedly more pessimistic than the 5.5 percent increase projected last quarter. The employment picture is equally dismal with U.S. companies planning to reduce workforces by 5 percent on average (1.6 percent last quarter). Capital spending is expected to fall by 10 percent, tech spending by 4 percent and marketing/advertising spending by 7 percent.
- ▶ **Consumer demand and credit/interest worries top external concerns** Over 71 percent of respondents named weak consumer demand in their top three concerns (58 percent last quarter) with 44 percent naming it as their top concern. It was the top concern for five of the nine industries. Credit markets/interest rates are second with 66 percent naming it in their top three external concerns.
- ▶ **Forecasting results and maintaining employee morale/productivity top internal concerns** The ability to forecast results was the dominant internal concern with 66 percent of respondents naming it in their top three (55 percent last quarter), and nearly a third naming it as their top concern. It was the top concern for seven of the nine industries. Maintaining morale/productivity was the second highest concern with 64 percent naming it in their top three. Balance sheet weakness was the third, rising markedly from last quarter.
- ▶ **Financial market turmoil wreaking havoc in other sectors** More than 75 percent of firms say financial constraints have limited their ability to invest in profitable projects. Among companies affected by credit market turmoil, 62 percent say they cannot access the credit they need, and half say the cost of credit is higher when they can access it. About one-third of companies have had difficulty establishing or renewing bank lines of credit with companies rated B or lower facing interest rates 225 basis points higher than before the crisis began.

Executive Summary (cont.)

Executives' optimism around the financial prospects of their own companies has historically been higher and more stable than for the broader economy, and the same was true this quarter. Own-company optimism fell from 63 to 55, an 8 basis point loss outpaced by the 12 point loss for the U.S. economy.

John R. Graham, director of the survey and a finance professor at Duke's Fuqua School of Business, believes the survey results do not bode well for economic performance: "This quarter's extreme pessimism foretells a poor economy in 2009. Thirty-nine percent say the economy will not begin to recover until 2010. Throughout the history of our survey, CFOs have shown remarkable ability to predict future economic conditions. Therefore, the record pessimism CFOs are currently expressing is ominous."

Fuqua finance professor Campbell Harvey, founding director of the survey, said CFOs are in crisis mode. "Right now, job number one for CFOs is to make sure the firm survives -- and they're taking drastic actions. The steep drop in capital spending is three standard deviations below what we would normally expect; advertising has been slashed by four standard deviations. Employment is sharply lower -- 3.5 standard deviations below normal."

Worries over consumer demand and credit markets / interest rates

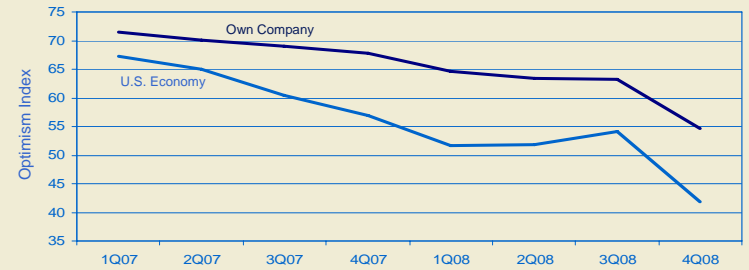
As it did in the third quarter, weakening consumer demand dominated external concerns. Over 71% of respondents named it in their top three concerns, and 44% named their top concern. It was the top concern for five of the nine industries. Credit markets and interest rates were a relatively close second with 66% naming it in their top three. This concern topped the financial services industry and three others. Housing market fallout concerns about the new administration and Congress tied for third. Last quarter's third and fourth rated concerns, fuel costs and nonfuel commodities, dropped to eighth and ninth, respectively.

Substantial challenges around forecasting results and managing morale/productivity

The ability to forecast results dominated internal concerns with 66% of respondents naming it in their top three and a third naming it their top concern. It was the top concern for seven of the nine industries. "The uncertainty about both near-term and long-term conditions has made it nearly impossible for executives to plan for the future," said Kate O'Sullivan, senior writer at CFO Magazine. "Even firms that are doing relatively well are still cutting back 'just in case,' exacerbating the situation."

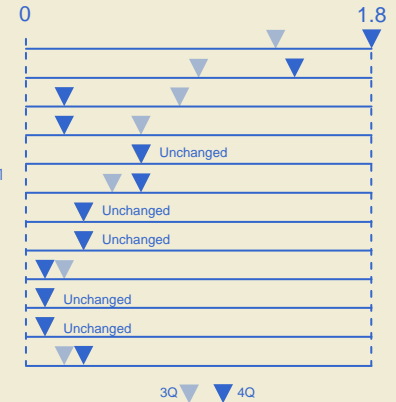
Maintaining morale and productivity during the downturn topped the other two industries and was the second-highest concern overall with 64% naming it in their top three. Balance sheet weakness was third, rising markedly from the third quarter. "Balance sheet weakness is certainly a major issue for the financial services industry where it ranked second, just behind the ability to forecast results," said Greg Dickinson, Director of Deloitte's Value Initiative. "But these concerns have recently risen markedly within other industries as well."

Rate your optimism about the U.S. economy and the financial prospects for your own company on a scale from 0-100



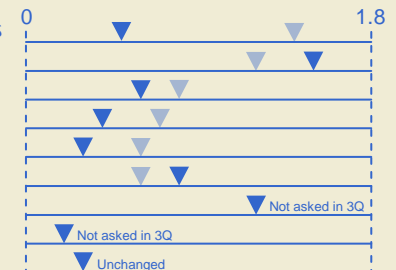
What are the top three EXTERNAL concerns facing your corporation?

- Consumer demand
- Credit markets / Interest rates
- Cost of fuel
- Cost of non-fuel commodities
- Housing market fallout
- New administration and Congress¹
- Value of the dollar²
- Financial regulation
- Foreign competition
- Environmental regulation
- Trade policies and agreements
- Other



What are the top three INTERNAL concerns facing your corporation?

- Attracting and retaining employees
- Ability to forecast results
- Cost of health care
- Supply Chain risk
- Managing IT systems
- Balance sheet weakness
- Maintaining morale/productivity
- Pension Obligations
- Other



Survey Highlights – Industry Insights (1 of 2)

- **Retail / Wholesale** (YTD Total Shareholder Returns*: Retail = -26%; Wholesale = -23%)
 - Generally more pessimistic than the industry average regarding the U.S. economy and average optimism regarding their own company's prospects.
 - Consumer demand is the dominant external concern, far higher for this industry than for any other. Over 93% named it in their top three (76% last quarter); 70% named it their top issue (44% last quarter). No external concern is more important for any industry than consumer demand is for this industry. Credit markets and interest rates also gained with 63% naming it in their top 3, but the other industries placed it higher, on average. Concern over the costs of fuel and non-fuel commodities fell dramatically this quarter.
 - Forecasting results repeated as the top internal concern with nearly 67% naming it in their top three. Maintaining employee morale and productivity replaced attracting and retaining talent as the second-highest internal concern.
- **Mining / Construction** (YTD Total Shareholder Returns*: Mining = -45%; Construction = -38%)
 - More optimistic than average for past two quarters, but most pessimistic of all industries this quarter regarding both the U.S. economy and their own company's prospects. Company level pessimism likely driven by this quarter's decreasing prices for fuel (affecting petroleum companies) and non-fuel commodities (affecting mining companies) and by further declines in construction.
 - Credit/interest and consumer demand surged in importance, with both being placed in the top 3 by 66% of industry respondents. Housing fallout is third, with concerns about the new administration and Congress surging to fourth. Concern over the costs of fuel and non-fuel commodities fell dramatically.
 - Maintaining employee morale and productivity replaced attracting and retaining talent as the highest internal concern with 79% placing it in their top three. Forecasting results was second.
 - A mixture of mining and construction companies in this category may hide significant differences between the two.
- **Manufacturing** (YTD Total Shareholder Returns*: Manufacturing = -43%)
 - Lower than average optimism around both the U.S. economy and their own companies over previous two quarters was repeated in this quarter.
 - Concerns over consumer demand and credit/interest surged strongly this quarter, placed in the top three external concerns by 82% and 52%, respectively. Concern over the costs of fuel and non-fuel commodities fell dramatically this quarter.
 - Forecasting results is the top internal concern with nearly 65% naming it in their top three. Maintaining employee morale and productivity is the second-highest internal concern, higher than for any other industry. Supply chain risk fell to third, but its important to this industry is still markedly higher than for any other industry.
- **Transportation / Energy** (YTD Total Shareholder Returns*: Transportation = -15%; Energy = -37%; Utilities = -26%)
 - More optimistic than average regarding the U.S. economy for the past three quarters (including this quarter) and regarding their own companies for the past six quarters (including this quarter). This industry leads all industries in optimism regarding the U.S. economy and is third most optimistic about their own companies. Given the mixture of transportation and energy companies in this sector, it seems likely that the relatively high optimism this quarter may be driven by perception of growth opportunities in the energy sector and decreasing fuel prices in the transportation sector.
 - Consumer demand soared in importance, replacing fuel costs (for which concerns plummeted) as the top external concern. Over 80% named it in their top three. Credit/interest is a distant second.
 - Forecasting results is the dominant internal concern with nearly 70% naming it in their top three. Attracting talent, last quarter's dominant internal concern, was replaced by maintaining morale and productivity, which placed second. Worries about a weak balance sheet climbed from being the lowest internal concern to being third highest.
- **Communications / Media** (YTD Total Shareholder Returns*: Telecommunications = -40%; Media = -51%)
 - More pessimistic than average this quarter with second lowest optimism around the U.S. economy.
 - Consumer demand is still the dominant external concern with 81% putting it in their top three, but the level of concern decreased slightly from last quarter. Concerns about credit/interest skyrocketed with 69% naming it in their top three and over a third naming it their top concern. All other concerns are distant.
 - Concerns around forecasting results rose slightly and maintained the top internal concern with 69% putting it in their top three. Maintaining morale/productivity replaced attracting/retaining talent as the second highest concern, although it was the top concern for a cross-industry low of only 8% (it was ranked 2nd or 3rd for over 57% of the comms/media companies). Worries about a weak balance sheet climbed to being third-highest.

* Means, as of 11/28/08. Please see appendix for information about the performance indexes

Survey Highlights – Industry Insights (2 of 2)

- **Tech / Software / Biotech** (YTD Total Shareholder Returns*: Hardware = -44%; Software = -42%; Biotech = -15%)
 - Second most optimistic regarding the U.S. economy (after transportation/energy) but below average optimism around their own companies (after four consecutive quarters of being above average).
 - Consumer demand is still a top external concern but was passed by sharply increasing concerns around credit/interest this quarter. Nearly 80% placed credit/interest in their top three external concerns, much higher than in previous quarters. All other external concerns are relatively distant.
 - Forecasting results, already a major concern last quarter, rose markedly to become the strongly dominant internal concern this quarter. No other industry had any single concern as dominant as forecasting results was for this industry. Maintaining employee morale/productivity is a very distant second.
- **Banking / Finance / Insurance** (YTD Total Shareholder Returns*: Banking/Finance/Insurance = -35%)
 - Has been one of the most pessimistic industries regarding both the U.S. economy and their own companies over the past five quarters. Just below average regarding the U.S. economy this quarter, and third lowest regarding their own companies.
 - Credit markets/interest rates are clearly the dominant external concern, rising slightly from last quarter. Consumer demand is a distant second but is lower for this industry than for any other. Housing fallout and financial regulation are just behind. Interesting to note is the fact that concerns over financial regulation have not risen this quarter.
 - Forecasting results rose to become the top internal concern with nearly 70% naming it in their top three. Balance sheet weakness rose markedly to second, with over 52% naming it in their top three and nearly 30% naming it as their top internal concern – both much higher than for any other industry. Concerns around attracting/retaining talent plummeted, but maintaining employee morale and productivity placed third.
- **Service / Consulting** (YTD Total Shareholder Returns*: Services/Consulting = -34%)
 - Generally middle-of-the-road regarding the U.S. economy; a bit below average last quarter and a bit above average this quarter. Above average optimism regarding their own companies the last two quarters and tied for most optimistic this quarter (with healthcare/pharma).
 - Consumer demand and credit markets/interest both rose and are still the leading external concerns – but are not overly dominant. Concerns over the change in the administration and Congress also rose and are still third.
 - Maintaining employee morale/productivity replaced attracting talent (which dropped to third) as the dominant internal concern with over two thirds placing it in their top three. Forecasting results is a very close second with 64%. This is the only industry with two talent-related internal issues within its top three.
- **Healthcare / Pharmaceutical** (YTD Total Shareholder Returns*: Healthcare = -32%; Pharmaceuticals = -7%)
 - Comparatively high optimism regarding U.S. economy last quarter dropped to fourth lowest this quarter. Considerably higher than average optimism around their own companies this quarter and for the prior three quarters.
 - Concerns about credit and interest rates rose markedly this quarter, overtaking the three highest concerns from last quarter. Nearly 75% placed it in their top three, and nearly 56% in their top two. Upcoming change in the administration and Congress remained at number two with consumer demand close behind (but second lowest relative to other industries).
 - Attracting and retaining talent plummeted to number three this quarter, with forecasting results becoming the most pressing internal concern. Worries over weak balance sheets rose markedly to take over second-place, and maintaining employee morale/productivity finished fourth. Interesting to note is the fact that internal concerns are more balanced for this industry than for any other; most concerns are clustered near the mean. It is possible that combining healthcare and pharmaceuticals within the same category is preventing individual concerns from dominating.

* Means, as of 11/28/08. Please see appendix for information about the performance indexes

Survey Highlights – Issue Insights

• Optimism (or lack thereof) regarding the U.S. economy and individual companies

- **U.S. Economy vs Individual Companies:** For the last eight quarters, including this one, respondents have been more optimistic about their own company's prospects than they are about the broader U.S. economy. Over the past eight quarters, the spread has run between 4 and 13 basis points, with a current spread of a little below 13. Furthermore, sentiments regarding the U.S. economy appear to be more volatile than sentiments around individual companies, with upturns and downturns typically sharper for the economy. This quarter, optimism fell faster for the U.S. economy than for individual companies across all industries except one: transportation/energy. (This industry is also the last industry to indicate more optimism around the U.S. economy than around their own companies, but that was seven quarters ago.)
- **U.S. Economy:** In this quarter, optimism around the U.S. economy hit its lowest point for the past eight quarters, falling to 41.8 from 54.1. Eight quarters ago, optimism was running 67.3. Four quarters ago, it was running 51.7. Since the first quarter of this year, optimism around the U.S. economy has fallen nearly 10 basis points.
- **Individual Companies:** In this quarter, optimism around companies hit its lowest point for the past eight quarters, falling to 54.7 from 63.2. Eight quarters ago, optimism was running 71.5. Four quarters ago, it was running 64.7. Since the first quarter of this year, optimism around individual companies has fallen nearly 10 basis points.

• Top external concerns

- Consumer demand again dominated external concerns, with over 71% of respondents naming it in their top three (58% last quarter) and 44% naming it as their top concern (31.3% last quarter). It was the top concern for five of the nine industries.
- Credit markets/interest rates a second most pressing external demand with 66% naming it in their top three (versus 42% last quarter) and 27% as their top concern. It was in the top two for all nine industries, and was the top concern in four: mining/construction, tech/software/biotech, banking/finance/insurance and healthcare/pharma.
- Housing market fallout and concerns about the new administration and Congress tied for third with over 34% naming them in their top three.
- Fuel costs, ranked third last quarter with 41% placing it in their top three, dropped to 8th with only 13%. The cost of non-fuel commodities, 4th last quarter, dropped to 9th this quarter.

• Top internal concerns

- The ability to forecast results was the dominant internal concern with 66% of respondents naming it in their top three (55% last quarter), and nearly a third naming it as their top concern (23% last quarter). It was the top concern for seven of the nine industries.
- Maintaining morale and productivity during the downturn was the second highest concern with 64% naming it in their top three and 17% naming it their top concern. It was the top concern for two of the nine industries. This selection was new for this quarter and appears to have split attention with last quarter's dominant concern, attracting and retaining talent. Last quarter, attracting and retaining talent dominated internal concerns with nearly 64% of respondents naming it in their top three; this quarter that number dropped to less than 28%. While it is very likely that attracting and retaining talent has become less of a concern under current economic conditions and that maintaining morale and productivity has become more important (due to stresses from downsizing, pay stagnation, declining options/stock values and declining retirement/pension values), it also seems possible that conceptual overlaps between the two choices diluted the response rates for either or both.
- Balance sheet weakness was the third highest concern, rising markedly from last quarter. Over 36% named it within their top three, and nearly 16% named it their top concern. It was the second highest concern within banking/finance/insurance, increasing substantially to fall just behind forecasting results. It also rose dramatically within the following industries: transportation/energy, communications/media, tech/software/biotech, healthcare/pharmaceutical.
- Manufacturing, whose anomalous top internal concern last quarter was supply chain risk (likely due to high costs of fuel and non-fuel commodities), saw a shift toward forecasting results and maintaining morale and productivity being the dominant internal concerns.

Survey Highlights – Strategic Focus*

- **Strategic focus highest for revenue growth across all industries**

- Revenue growth was the dominant focus for all industries with 44.2% focus overall.
- The heavy focus on revenues is consistent with "consumer demand" being the dominant external concern.
- Margins were second with 32.2%, split between direct costs (17.4%) and overhead costs (14.8%).
- While employee attraction/retention was the top internal concern, capability development received only 10.8% of strategic focus.
- The survey results for this question will come into better perspective as we measure strategic focus over time.

- **Company size correlated with strategic focus**

- The smallest three classes of companies (less than \$500 million) had the heaviest focus on revenues/growth.
- The largest three classes of companies (more than \$1 billion) had the heaviest focus on costs and on asset efficiency.

- **Ownership type correlated with strategic focus**

- NYSE, government and nonprofit enterprises tended to have the highest focus on costs.
- NYSE, and nonprofit enterprises tended to have the highest focus on asset efficiency; government had the lowest focus on asset efficiency.
- NASDAQ and private companies tended to have the highest focus on growth and lowest focus on costs.
- Government, private and nonprofit enterprises tended to have the highest focus on capability development – considerably higher than that of public companies.

Note: The findings on this page are carried over from the 3rd quarter of 2008, as are the charts relating to strategic focus in the "charts/analysis" section. The question regarding companies' strategic focus will be asked yearly, but the results will be included in all quarterly reports to provide consistent context and insight.

Charts / Analysis

Please see www.cfosurvey.org for survey
source data and further analysis

Industry Performance

Industry Total Shareholder Returns

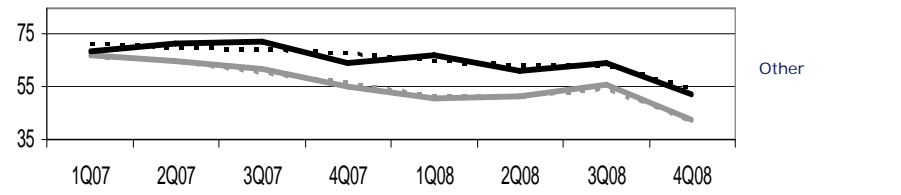
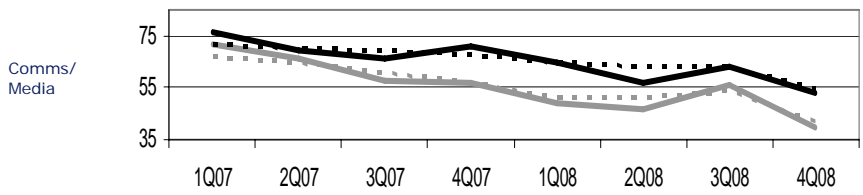
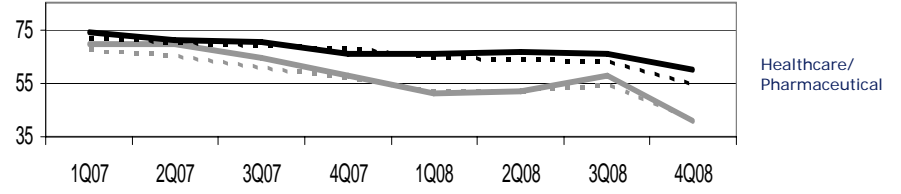
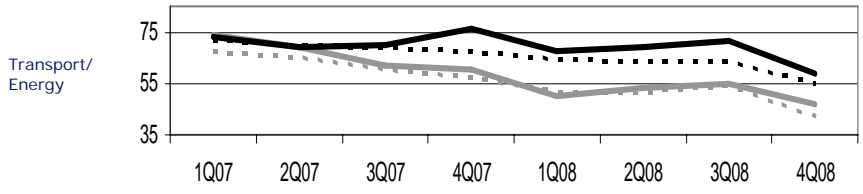
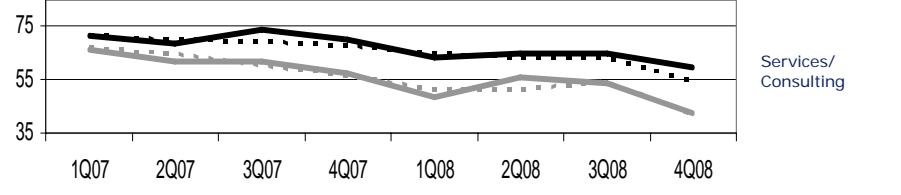
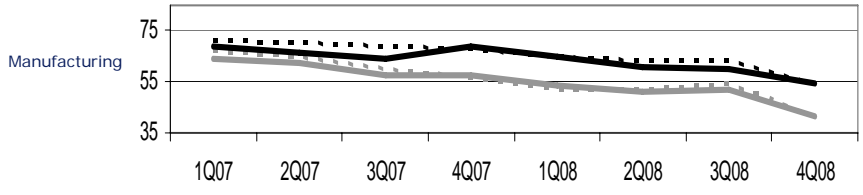
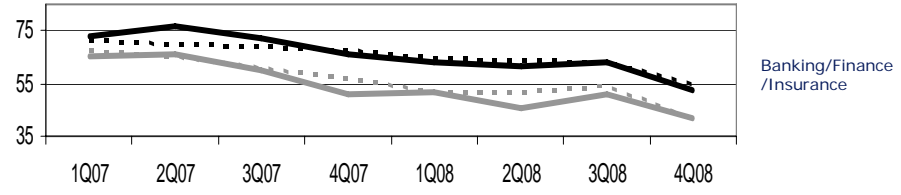
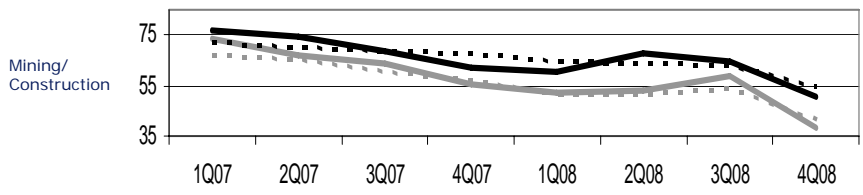
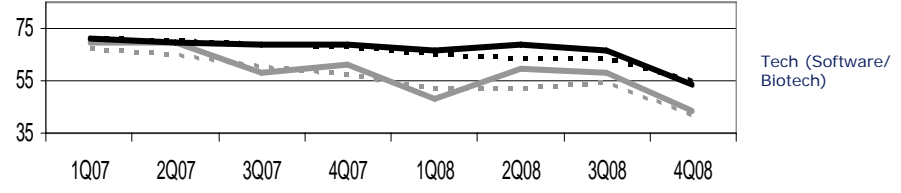
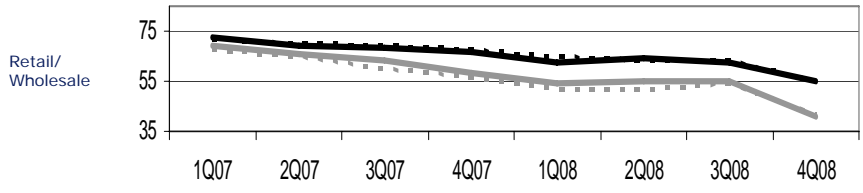
(as of 11/28/08, closing date for the 4Q08 CFO Survey)

<u>Survey Industries</u>	<u>Corresponding Indexes</u>	YTD		3 Year	
		<u>Mean</u>	<u>Median</u>	<u>Mean</u>	<u>Median</u>
Retail/Wholesale	<i>Consumer Services</i>	-26%	-27%	-4%	-8%
	<i>Consumer Goods</i>	-23%	-22%	-2%	0%
Mining/Construction	<i>Mining</i>	-45%	-58%	1%	-3%
	<i>Construction</i>	-38%	-44%	-18%	-17%
Manufacturing	<i>Manufacturing</i>	-43%	-45%	-5%	-6%
Transportation/Energy	<i>Transportation</i>	-15%	-16%	-6%	-4%
	<i>Energy</i>	-37%	-39%	0%	2%
	<i>Utilities</i>	-26%	-23%	1%	3%
Communications/Media	<i>Telecommunications</i>	-40%	-37%	-12%	-9%
	<i>Media</i>	-51%	-55%	-21%	-20%
Tech/Software/Biotech	<i>Hardware</i>	-44%	-45%	-12%	-14%
	<i>Software</i>	-42%	-40%	-10%	-9%
	<i>Biotech</i>	-15%	-15%	10%	4%
Banking/Finance/Insurance	<i>Banking/Finance/Insurance</i>	-35%	-36%	-12%	-8%
Services/Consulting	<i>Services/Consulting</i>	-34%	-35%	-4%	-7%
Healthcare/Pharmaceuticals	<i>Healthcare</i>	-32%	-31%	-6%	-5%
	<i>Pharmaceuticals</i>	-7%	-18%	-1%	-5%

Source: Analysis of Deloitte-defined indexes. Component companies are publicly-traded, US-based companies with market capitalizations of approximately \$500m or more. Note that the indexes are NOT restricted to survey participants, many of whom are not publicly traded.

Optimism – Industry Level

Black lines = Own company
 Gray lines = U.S. economy
 Dotted lines = Cross-industry averages (static for all graphs)
 Solid lines = Industry-specific



External Concerns (By Industry)

Actual Question Asked:

What are the top three EXTERNAL concerns facing your corporation?

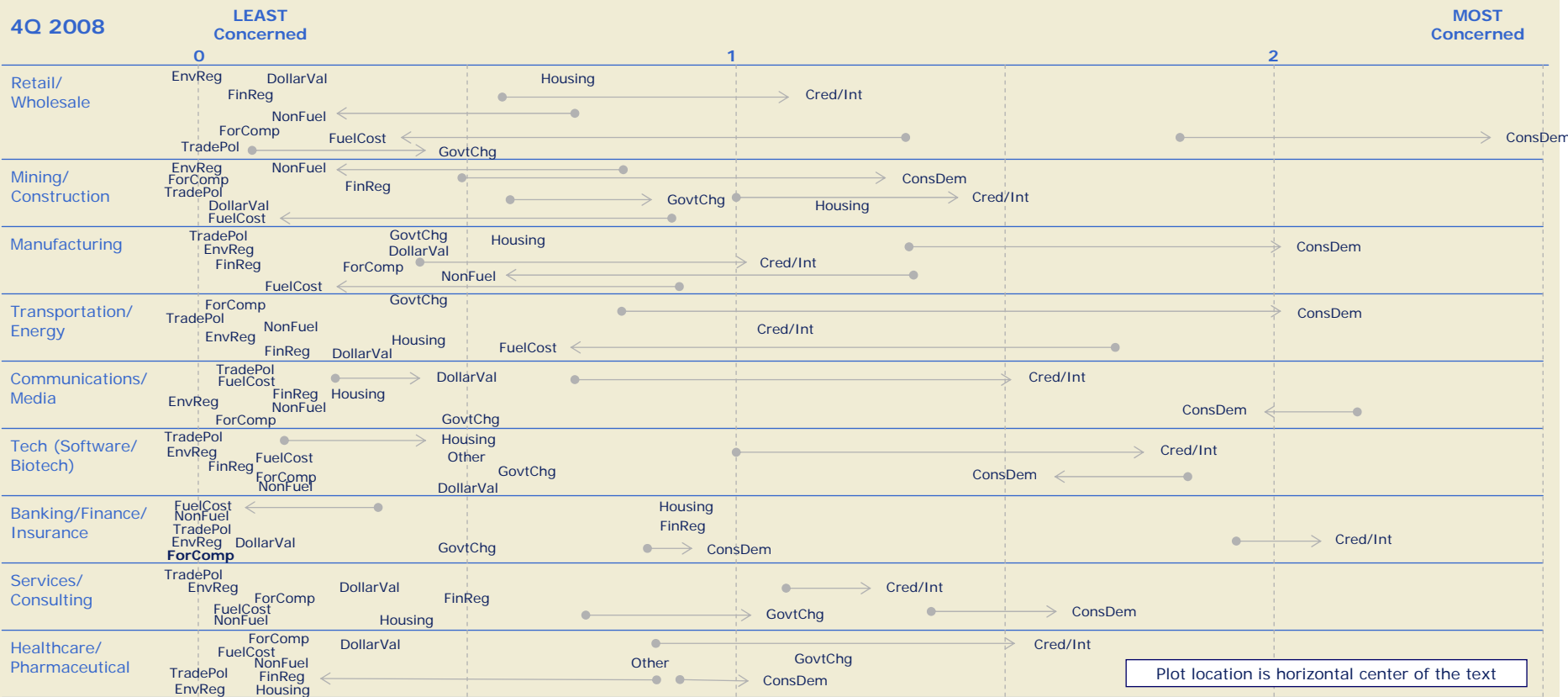
	Current	Previous
- Consumer demand (ConsDem)	Mean = 1.8	Mean = 1.3
- Credit markets / Interest rates (Cred/Int)	Mean = 1.4	Mean = 0.9
- Cost of fuel (FuelCost)	Mean = 0.2	Mean = 0.8
- Cost of non-fuel commodities (NonFuel)	Mean = 0.2	Mean = 0.6
- Housing market fallout (Housing)	Mean = 0.6	Mean = 0.6
- New administration/Congress (GovtChg)	Mean = 0.6	Mean = 0.5 ¹
- Volatility of the dollar (DollarVal)	Mean = 0.3	Mean = 0.3 ²
- Financial regulation (FinReg)	Mean = 0.3	Mean = 0.3
- Other (Other) ³	Mean = 0.3	Mean = 0.2
- Foreign competition (ForComp)	Mean = 0.1	Mean = 0.2
- Environmental regulation (EnvReg)	Mean = 0.1	Mean = 0.1
- Trade policies and trade agreements (TradePol)	Mean = 0.1	Mean = 0.1

¹ Wording for the 3Q08 survey was "Upcoming Change in Administration"

² Wording for the 3Q08 survey was "Value of the dollar"

³ "Other" only noted on chart if it was material (only on Tech Software Biotech and Healthcare/Pharmaceutical)

Reverse Scale, Weighted by Number of Respondents (Higher number = greater weighted importance)



Data provided by Duke University/CFO Magazine Global Business Outlook Survey, 4th Quarter, 2008. Analysis framework provided by Deloitte.

Internal Concerns (By Industry)

Actual Question Asked:

What are the top three INTERNAL concerns facing your corporation?

- Attracting and retaining qualified employees (**AttrEmpl**)
- Ability to forecast results (**FrcstResults**)
- Cost of health care (**HC Cost**)
- Supply Chain risk (**SC Risk**)
- Managing IT systems (**IT Systems**)
- Balance sheet weakness (**Weak BS**)
- Other (**Other**)¹
- Maintaining morale/productivity in downturn (**Morale/Prod**)
- Pension Obligations (**PensOblig**)
- Protection of intellectual property (**IP Protection**)
- Data Security (**Data Security**)

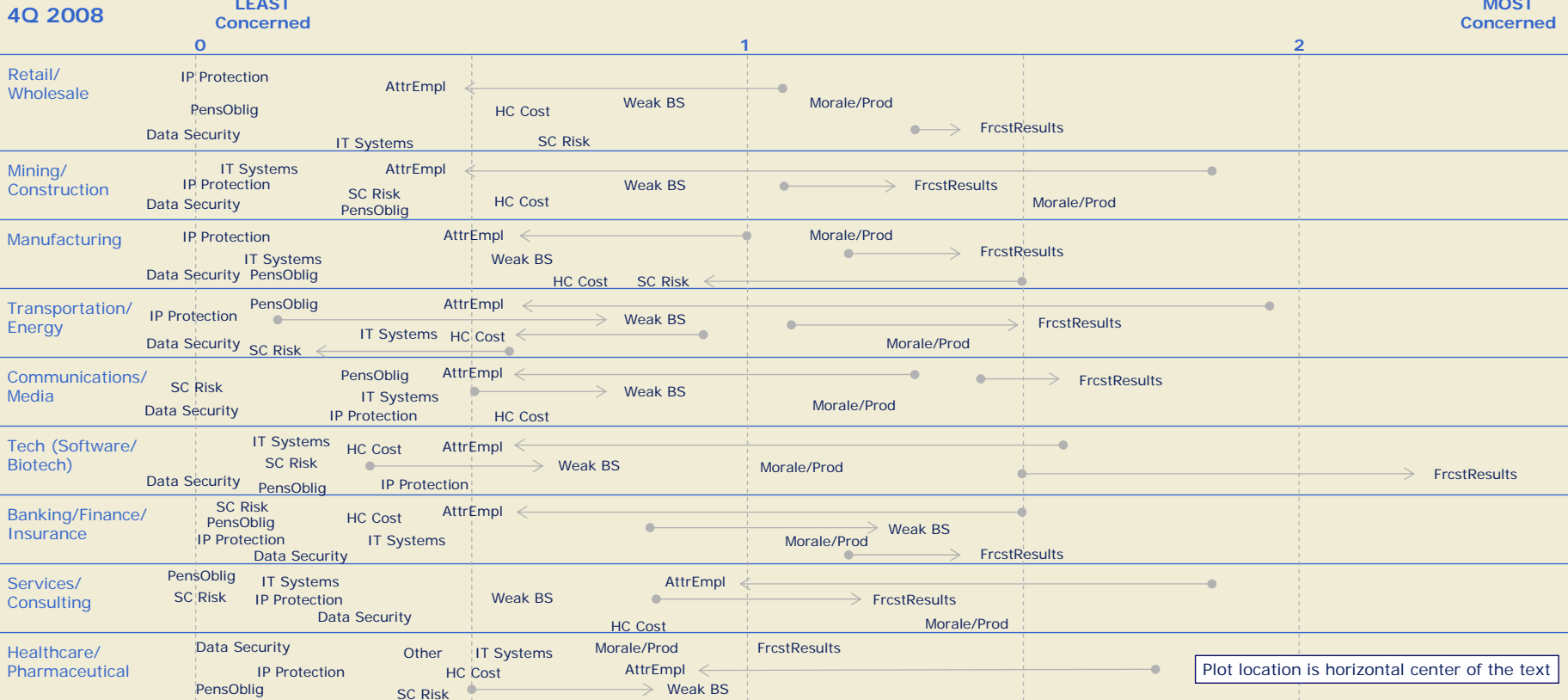
Current

Previous

Mean = 0.5	Mean = 1.4
Mean = 1.5	Mean = 1.2
Mean = 0.6	Mean = 0.8
Mean = 0.4	Mean = 0.7
Mean = 0.3	Mean = 0.6
Mean = 0.8	Mean = 0.6
Mean = 0.3	Mean = 0.3
Mean = 1.2	NA – New
Mean = 0.2	NA – New
Mean = 0.1	Mean = 0.2
Mean = 0.1	Mean = 0.2

¹ "Other" only noted on chart if it was material (only on Healthcare/Pharmaceutical)

Reverse Scale, Weighted by Number of Respondents (Higher number = greater weighted importance)



Data provided by Duke University/CFO Magazine Global Business Outlook Survey, 4th Quarter, 2008. Analysis framework provided by Deloitte.

Strategic Focus for 2009

(Results by Industry)

Note: The findings on this page are carried over from the 3rd quarter of 2008, as are the charts relating to strategic focus in the "charts/analysis" section. The question regarding companies' strategic focus will be asked yearly, but the results will be included in all quarterly reports to provide consistent context and insight.

Actual Question Asked:

What is your company's strategic focus for 2009? To answer this question, distribute 100 points among the various choices. For example, if half of your strategic focus is revenue growth, enter 50 in the top box and distribute the remaining 50 points to reflect the relative importance of the other categories. (should add to 100)

Shareholder Value

Revenue Growth

Pursue new customers, increase business with existing customers, etc.

Operating Margin (after taxes)

Direct Cost Reduction
Improve cost efficiency of sourcing, manufacturing, distribution, service delivery, etc.

Overhead Cost Reduction
Improve efficiency of shared services, SG&A

Asset Efficiency

Improve management of inventory, PP&E, receivables/payables, etc.

Expectations

Capability Development
Improve long-term performance by strengthening managerial and operational capabilities

3Q 2008

			SD	SE									
Totals	524 100%	44.2%	20.3 0.9	12.8 0.6	17.4%	32.2%	14.8%	12.2 0.5	10.9%	11.5 0.5	10.8%	11.6 0.5	
Retail/ Wholesale	63 12.2%	② 49.9%	16.9 2.1	10.0 1.3	15.6%	28.2%	12.6%	10.0 1.3	② 13.3%	13.7 1.7	7.9%	9.4 1.2	
Mining/ Construction	26 5.0%	44.3%	22.1 4.4	9.9 2.0	15.5%	30.1%	14.6%	9.0 1.8	10.3%	10.9 2.2	① 14.5%	16.9 3.4	
Manufacturing	139 26.8%	39.2%	18.6 1.6	12.2 1.0	② 20.3%	34.3%	14.0%	11.1 0.9	① 14.8%	12.9 1.1	10.3%	10.0 0.9	
Transportation/ Energy	21 4.1%	46.4%	24.2 5.3	14.5 3.2	③ 19.3%	31.9%	12.6%	16.2 3.5	③ 12.4%	12.3 2.7	9.3%	12.5 2.7	
Communications /Media	18 3.5%	45.6%	18.9 4.6	16.2 3.9	① 21.8%	40.3%	18.5%	8.4 2.0	7.8%	8.5 2.1	5.7%	7.2 1.7	
Tech (Software/ Biotech)	22 4.2%	③ 47.7%	19.4 4.1	16.2 3.4	16.1%	32.5%	16.4%	14.0 3.0	6.3%	8.2 1.8	③ 12.1%	10.8 2.3	
Banking/Finance /Insurance	88 17.0%	45.6%	23.7 2.6	11.9 1.3	16.2%	31.8%	15.6%	13.0 1.4	7.9%	10.0 1.1	10.7%	10.9 1.2	
Services/ Consulting	41 7.9%	① 55.2%	18.4 2.9	9.7 1.5	13.0%	28.5%	15.5%	8.6 1.3	4.6%	7.9 1.2	10.3%	11.6 1.6	
Healthcare/ Pharmaceutical	43 8.3%	42.2%	17.8 2.7	15.2 2.3	18.0%	32.7%	14.7%	16.5 2.5	9.9%	8.5 1.3	② 14.3%	13.5 2.1	
Other	57 11.0%	40.1%	19.3 2.6	13.0 1.7	15.3%	32.3%	17.0%	14.1 2.9	② 11.8%	9.8 1.3	③ 12.1%	13.7 1.8	

Data provided by Duke University/CFO Magazine Global Business Outlook Survey, 3rd Quarter, 2008. Analysis framework provided by Deloitte.

Strategic Focus for 2009 (Results by Company Revenues)

Actual Question Asked:
What is your company's strategic focus for 2009?
 To answer this question, distribute 100 points among the various choices. For example, if half of your strategic focus is revenue growth, enter 50 in the top box and distribute the remaining 50 points to reflect the relative importance of the other categories. (should add to 100)

Note: The findings on this page are carried over from the 3rd quarter of 2008, as are the charts relating to strategic focus in the "charts/analysis" section. The question regarding companies' strategic focus will be asked yearly, but the results will be included in all quarterly reports to provide consistent context and insight.

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Expectations

Capability Development

Improve long-term performance by strengthening managerial and operational capabilities

3Q 2008

		Revenue Growth		Operating Margin (after taxes)		Asset Efficiency		Expectations				
		Percentage	SD SE	Percentage	SD SE	Percentage	SD SE	Percentage	SD SE			
Totals	524 100%	44.2%	20.3 0.9	12.8 0.6	17.4%	32.2%	14.8%	12.2 0.5	10.9%	11.5 0.5	10.8%	11.6 0.5
Less than \$25 million	35 6.8%	① 54.6%	21.8 3.7	13.1 2.2	14.7%	25.9%	11.2%	12.0 2.0	8.8%	9.1 1.5	8.8%	8.9 1.5
\$25-99 million	125 24.1%	② 47.0%	19.4 1.7	11.9 1.1	15.8%	29.3%	13.5%	10.7 1.0	10.8%	11.5 1.0	② 11.9%	11.1 1.0
\$100-499 million	160 30.9%	③ 46.0%	20.3 1.6	11.6 0.9	17.2%	32.3%	15.1%	③ 13.6 1.1	9.8%	10.4 0.8	10.7%	12.1 1.0
\$500-999 million	45 8.7%	44.3%	18.8 2.8	13.5 2.0	16.4%	31.2%	14.8%	13.3 2.0	11.0%	11.8 1.8	① 12.1%	12.7 1.9
\$1-4.9 billion	80 15.4%	41.9%	19.7 2.2	14.8 1.7	② 19.2%	③ 33.3%	14.1%	8.8 1.0	② 12.7%	12.5 1.4	9.2%	10.3 1.1
\$5-9.9 billion	26 5.0%	32.9%	16.6 3.4	14.0 2.9	③ 19.0%	① 42.1%	23.1%	① 15.7 3.2	③ 12.3%	14.6 3.0	③ 11.5%	17.2 3.5
More than \$10 billion	47 9.1%	32.4%	18.3 2.7	10.4 1.5	① 20.7%	② 38.1%	17.4%	② 11.6 1.7	① 13.7%	12.4 1.8	10.4%	10.1 1.5

Data provided by Duke University/CFO Magazine Global Business Outlook Survey, 3rd Quarter, 2008. Analysis framework provided by Deloitte.

Strategic Focus for 2009

(Results by Ownership)

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Expectations

Capability Development

Improve long-term performance by strengthening managerial and operational capabilities

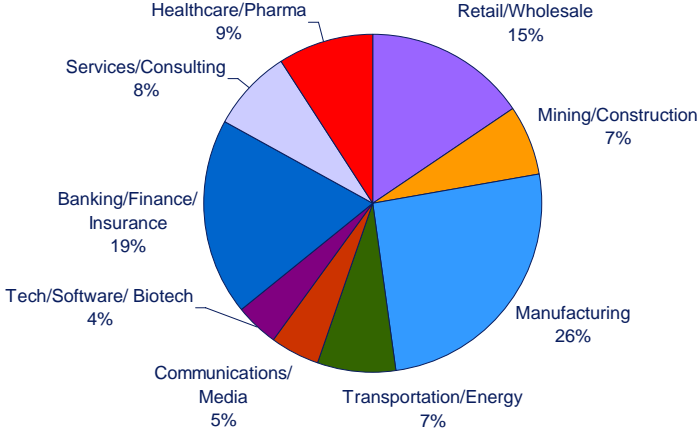
3Q 2008

		Revenue Growth		Operating Margin (after taxes)		Asset Efficiency		Expectations				
		Percentage	SD SE	Percentage	SD SE	Percentage	SD SE	Percentage	SD SE			
Totals	524 100%	44.2%	20.3 0.9	12.8 0.6	17.4%	32.2%	14.8%	12.2 0.5	10.9%	11.5 0.5	10.8%	11.6 0.5
Public, NYSE	110 23.1%	40.7%	20.6 2.0	13.5 1.3	19.5%	37.0%	17.5%	12.8 1.2	10.9%	11.9 1.2	8.8%	10.1 1.0
Public, Nasdaq/AMEX	43 9.0%	52.1%	19.1 2.9	17.1 2.6	15.9%	28.9%	13.0%	10.3 1.6	6.6%	7.0 1.1	10.0%	9.6 1.5
Private	288 60.4%	44.9%	20.4 1.2	11.6 0.7	16.5%	30.5%	14.0%	11.7 0.7	11.8%	11.9 0.7	11.3%	11.9 0.7
Government	7 1.5%	30.8%	22.5 9.2	28.4 11.6	21.7%	35.9%	14.2%	6.6 2.7	7.5%	9.4 3.8	25.8%	28.5 11.6
Nonprofit	29 6.1%	41.2%	19.8 3.7	12.9 2.4	19.1%	36.3%	17.2%	18.4 3.4	8.6%	9.3 1.7	13.1%	12.4 2.3

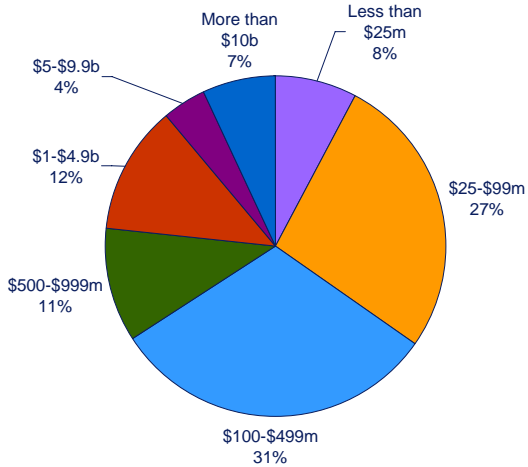
Data provided by Duke University/CFO Magazine Global Business Outlook Survey, 3rd Quarter, 2008. Analysis framework provided by Deloitte.

Respondent Demographics

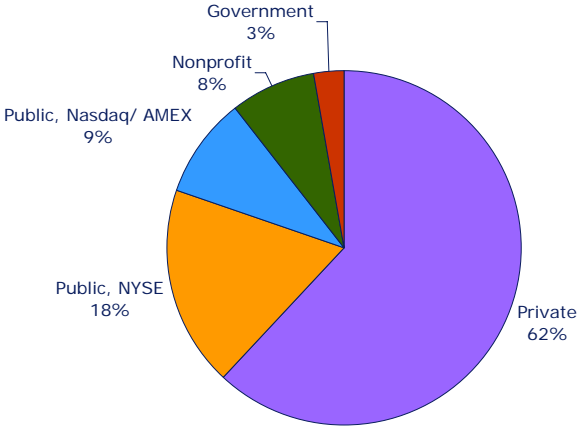
Industry



Sales Revenue



Ownership



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