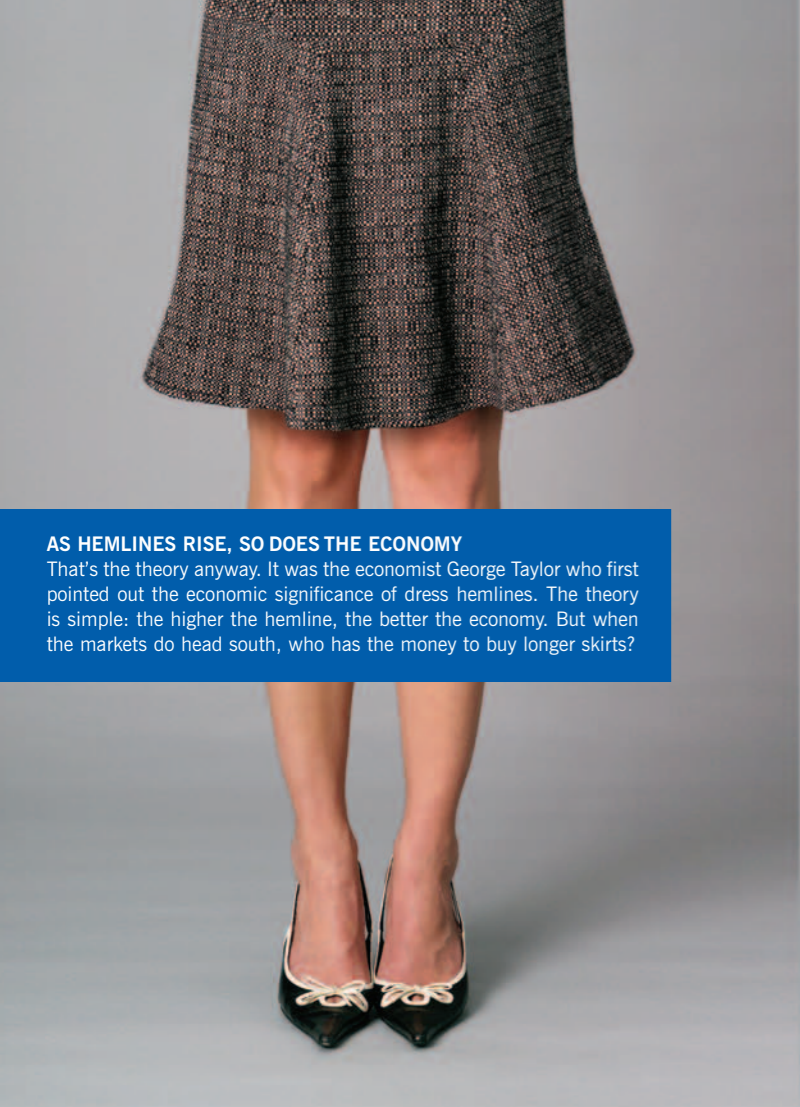




The Duke/CFO Magazine Business Outlook Survey



AS HEMLINES RISE, SO DOES THE ECONOMY

That's the theory anyway. It was the economist George Taylor who first pointed out the economic significance of dress hemlines. The theory is simple: the higher the hemline, the better the economy. But when the markets do head south, who has the money to buy longer skirts?



Where is the economy going? Ask a CFO.

Predicting the direction of the economy is a little like asking what happened at a crime scene. It depends on who you ask. Stockbrokers will point to the markets. Consumers will talk about prices. Armchair economists might count vacancy signs. But none will offer you the full story like a CFO can.

Every quarter, the Duke/*CFO* Magazine Business Outlook Survey polls hundreds of chief financial officers around the world to gauge the prospects of individual companies and the economy at large.

By aggregating the opinions of the executives who are closest to the financial pulse of their companies, the survey offers you a remarkably accurate perspective on economic trends a full quarter sooner than many other surveys.



STOP AND THINK

Next time you pass one of those mega-truck stops on the highway, take a closer look. Is parking bumper to bumper or are there a lot of empty spaces? This could accurately reflect economic activity. Or it could just mean the cheeseburger plate isn't that good.

Looking into the future for the past ten years.

Each quarter, the Duke/*CFO* Survey aggregates the individual responses of CFOs around the world on more than a dozen key economic indicators, including corporate hiring, capital spending, earnings, and merger plans, long before that information appears in the data that drives other surveys. In this way, it often anticipates those other surveys by one or two quarters.

The survey also tracks how the economy is affected by topical issues, such as the high price of fuel and rising interest rates, as well as global events, including major elections, terrorism, the war in Iraq, and Hurricane Katrina.

The finance faculty of Duke University's Fuqua School of Business started the survey in 1996. Since 2004, it has been conducted jointly with *CFO* (U.S. edition, *CFO Europe*, *CFO Asia*, and *CFO China*) and RSM Erasmus University in the Netherlands. This has added even more depth to a research tool already used avidly by economists, researchers, and investors worldwide.



FOOD FOR THOUGHT

Some say corporate holiday parties can tell you a lot about how your company sees the economic year ahead. Lobster tails? Look for a raise. Pigs in a blanket? Look for a job. But then again, maybe it's just the end of the fiscal year, and the entertainment budget is flatter than day-old champagne.

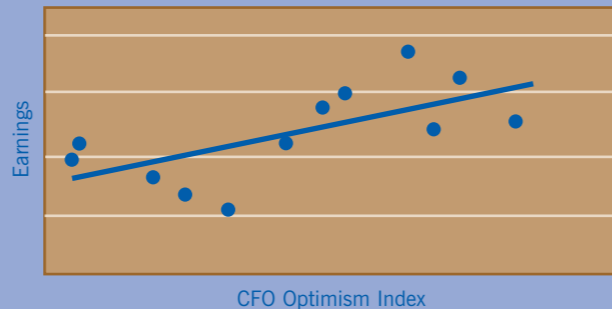
Leading research from leading researchers.

The Duke/*CFO* Survey is among the many contributions to scholarship that have made Duke University's finance department one of the top five in the world. In addition, faculty members edit the *Journal of Finance*, the leading academic publication in the finance field, as well as hold editorships at other prestigious finance journals.

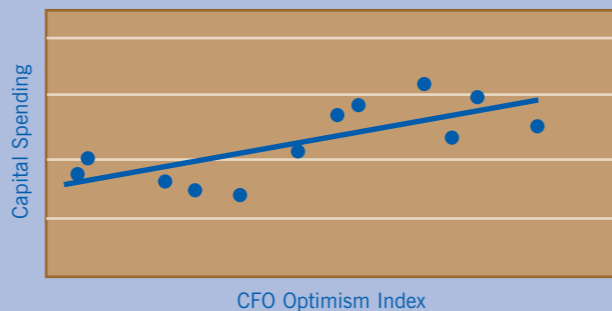
The finance department ranks:

- No. 1 in research publications during the last two years in top finance journals
- No. 2 in citations per faculty among all finance departments
- No. 3 in best-paper awards since 2000
- No. 3 in editorial board representation at top journals and finance associations
- No. 5 in citations in Brealey, Myers, and Allen, the leading finance textbook
- No. 6 overall ranking among all finance departments (*BusinessWeek*, 2004)

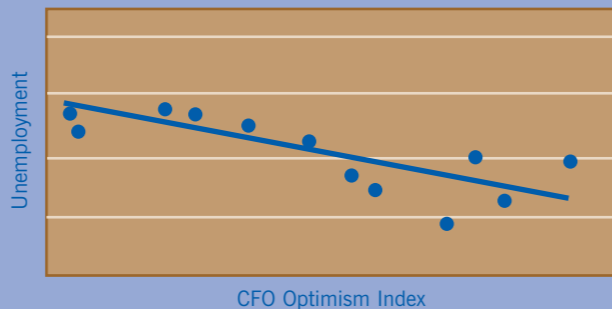
Corporate Earnings
Correlation: 65%



Capital Spending
Correlation: 73%



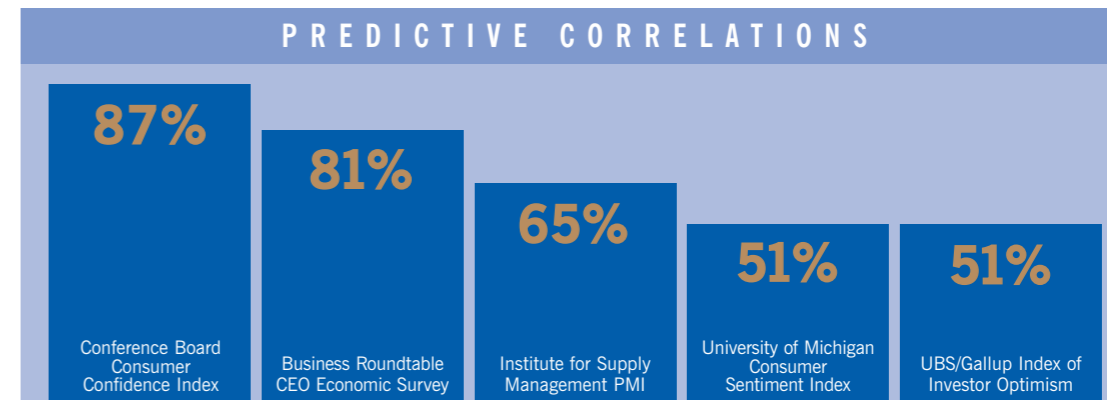
Unemployment Rate
Correlation: 77%



Hear this quarter what other surveys will say next quarter.

As shown by the figures to the left, the survey's CFO Optimism Index accurately predicted actual future earnings, capital spending, and the unemployment rate from 2002 to 2006 with a correlation of more than 60 percent.

Because Duke and CFO poll front-line executives, the Duke/CFO Survey is ahead of other well-known economic surveys. It provides an advance look at not only how the U.S. and world economy will perform, but at what other surveys will have to say next quarter. In fact, the correlation between our current-quarter projections and the future values for other major surveys is striking.



The correlations shown in this chart indicate that the trends identified this quarter by the Duke/CFO Survey are identified by other surveys one or two quarters later. The Duke/CFO Survey is one quarter ahead relative to the Business Roundtable CEO Economic Survey and the ISM survey, and two quarters ahead relative to the Conference Board Consumer Confidence Index, the University of Michigan Consumer Sentiment Index, and the UBS/Gallup Index of Investor Optimism.

*Correlations measured from 2002 to 2006. Presented correlations use CFO optimism about their own firms' prospects to predict one-year-ahead corporate earnings, capital spending, and unemployment rate for the U.S. economy.

Want to stay a quarter ahead? Ask a CFO.

People try to see into the economic future in a thousand anecdotal ways. But you need more than an informal glimpse at one small part of the global or national economy. The Duke/*CFO* Survey gives you a comprehensive picture of where the economy is going – a full quarter sooner than many other surveys.

The Duke/*CFO* Magazine Business Outlook Survey is a powerful benchmark against which you can measure everything you already know about where the economy is headed. And it's easy to access. Just visit cfosurvey.org. The Duke/*CFO* Survey is something you can depend on. And it's easier to follow than dress hemlines.



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