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Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

1a. Are you more or less optimistic about the U.S. economy compared to last quarter?

	Number	Percent	95% CI
1=More optimistic	111	25.1 %	± 4.0 %
0=No change	178	40.2 %	± 4.6 %
-1=Less optimistic	154	34.8 %	± 4.4 %
Total	443	100.0 %	

Mean = -0.1
SD = 0.8

Missing Cases = 1
Response Percent = 99.8 %

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

1b. Rate your optimism about the U.S. economy on a scale from 0-100, with 0 being the least optimistic and 100 being the most optimistic.

Minimum = 4

Maximum = 100

Mean = 55.7

Median = 55

Standard Deviation (Unbiased) = 16.1

95 Percent Confidence Interval Around The Mean = 54.1 - 57.3

Quartiles

1 = 49
2 = 55
3 = 65

Valid Cases = 391
Missing Cases = 53
Response Percent = 88.1%

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

2a. Are you more or less optimistic about the financial prospects for your own company compared to last quarter?

	Number	Percent	95% CI
1=More optimistic	166	37.5 %	± 4.5 %
0=No change	149	33.6 %	± 4.4 %
-1=Less optimistic	128	28.9 %	± 4.2 %
Total	443	100.0 %	

Mean = 0.1
SD = 0.8

Missing Cases = 1
Response Percent = 99.8 %

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

2b. Rate your optimism about the financial prospects for your own company on a scale from 0-100, with 0 being the least optimistic and 100 being the most optimistic.

Minimum = 0

Maximum = 100

Mean = 64.1

Median = 65

Standard Deviation (Unbiased) = 19.0

95 Percent Confidence Interval Around The Mean = 62.2 - 66.0

Quartiles

1 = 50
2 = 65
3 = 75

Valid Cases = 391
Missing Cases = 53
Response Percent = 88.1%

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

3. What are the top three external concerns facing your corporation? (rank #1, #2, #3)

(N=444)

	Mean & SD	1st	2nd	3rd	Total
	1.6	123	45	42	210
Consumer demand	0.8	27.7%	10.1%	9.5%	47.3%
	1.9	23	12	17	52
Financial regulation	0.9	5.2%	2.7%	3.8%	11.7%
	1.9	58	67	48	173
Price pressure from competitors	0.8	13.1%	15.1%	10.8%	39.0%
	2.0	59	62	58	179
Federal government agenda/policies	0.8	13.3%	14.0%	13.1%	40.3%
	2.0	17	18	17	52
Cost of non-fuel commodities	0.8	3.8%	4.1%	3.8%	11.7%
	2.0	14	29	16	59
Cost of fuel	0.7	3.2%	6.5%	3.6%	13.3%
	2.1	42	48	51	141
Global financial instability	0.8	9.5%	10.8%	11.5%	31.8%
	2.1	29	28	37	94
Federal budget deficit	0.8	6.5%	6.3%	8.3%	21.2%
	2.1	7	11	11	29
Environmental regulation	0.8	1.6%	2.5%	2.5%	6.5%
	2.1	18	47	32	97
National employment outlook	0.7	4.1%	10.6%	7.2%	21.8%
	2.2	20	14	34	68
Credit markets/interest rates	0.9	4.5%	3.2%	7.7%	15.3%
	2.2	4	18	12	34
Foreign competition	0.7	0.9%	4.1%	2.7%	7.7%
	2.3	14	25	33	72
State or local government budget deficits	0.8	3.2%	5.6%	7.4%	16.2%
	2.3	5	9	12	26
Currency risk	0.8	1.1%	2.0%	2.7%	5.9%
	2.4	2	11	13	26
Global political instability	0.6	0.5%	2.5%	2.9%	5.9%
	2.0	11	5	12	28
Other:	0.9	2.5%	1.1%	2.7%	6.3%

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

3. What are the top three external concerns facing your corporation? Reverse scale & weighted by the number of respondents (Higher number = greater weighted importance)

	Mean	SD	Total
Consumer demand	1.1	1.3	443
Federal government agenda/policies	0.8	1.1	443
Price pressure from competitors	0.8	1.1	443
Global financial instability	0.6	1.0	443
National employment outlook	0.4	0.8	443
Federal budget deficit	0.4	0.9	443
State or local government budget deficits	0.3	0.7	443
Cost of fuel	0.3	0.7	443
Credit markets/interest rates	0.3	0.7	443
Cost of non-fuel commodities	0.2	0.7	443
Financial regulation	0.2	0.7	443
Foreign competition	0.1	0.5	443
Environmental regulation	0.1	0.5	443
Currency risk	0.1	0.4	443
Global political instability	0.1	0.4	443
Other:	0.1	0.5	443

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3. What are the top three external concerns facing your corporation? - Other specified

Banking/Finance/Insurance	claims inflation
Communications/Media	FCC regulations and USF support
Healthcare/Pharmaceutical	Gov wants more and pay less
Manufacturing	Bank runs in Europe
Manufacturing	banking regulations
Manufacturing	EU crisis
Manufacturing	raw material availability & cost
Mining/Construction	A lethargic, very broken, Congress of the United States
Mining/Construction	skilled work force in trades
Other	Congressional inaction
Other	COS Price pressure
Other	cost of petrochemicals
Other	Housing growth
Other	Immigration
Other	merchandise cost
Other	Qualified job applicants
Other	State govt tax laws
Retail/Wholesale	Manufacturing output
Retail/Wholesale	market changes due to internet
Retail/Wholesale	regional employment
Service/Consulting	ability to find and hire qualified personnel
Service/Consulting	Competition
Service/Consulting	Price of Oil/Natural Gas
Tech [Software/Biotech]	Customer uncertainty causing them to delay purchases
Transportation/Energy	Governmental regulations
Unspecified Industry	lack of candor regarding mkt conditions
Unspecified Industry	No protection of intellectual property on behalf of US government

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

4. What are the top three internal, company-specific concerns for your corporation? (rank #1, #2, #3)

(N=444)

	Mean & SD	1st	2nd	3rd	Total
	1.5	170	79	38	287
Ability to maintain margins	0.7	38.3%	17.8%	8.6%	64.6%
	1.9	22	26	17	65
Balance sheet weakness	0.8	5.0%	5.9%	3.8%	14.6%
	1.9	62	39	54	155
Ability to forecast results	0.9	14.0%	8.8%	12.2%	34.9%
Attracting and retaining qualified	2.0	50	60	43	153
employees	0.8	11.3%	13.5%	9.7%	34.5%
	2.0	21	35	20	76
Supply chain risk	0.7	4.7%	7.9%	4.5%	17.1%
	2.2	37	54	62	153
Cost of health care	0.8	8.3%	12.2%	14.0%	34.5%
	2.2	24	41	46	111
Working capital management	0.8	5.4%	9.2%	10.4%	25.0%
	2.2	7	6	12	25
Protection of intellectual property	0.9	1.6%	1.4%	2.7%	5.6%
	2.3	27	45	62	134
Maintaining morale/productivity	0.8	6.1%	10.1%	14.0%	30.2%
	2.3	4	13	13	30
Data security	0.7	0.9%	2.9%	2.9%	6.8%
	2.3	5	8	13	26
Pension obligations	0.8	1.1%	1.8%	2.9%	5.9%
	2.5	6	27	43	76
Managing IT systems	0.6	1.4%	6.1%	9.7%	17.1%
	2.5	1	5	8	14
Counterparty risk	0.7	0.2%	1.1%	1.8%	3.2%
	2.1	10	8	14	32
Other:	0.9	2.3%	1.8%	3.2%	7.2%

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

4. What are the top three internal, company-specific concerns for your corporation? Reverse scale & weighted by the number of respondents (Higher number = greater weighted importance)

	Mean	SD	Total
Ability to maintain margins	1.6	1.3	443
Ability to forecast results	0.7	1.1	443
Attracting and retaining qualified employees	0.7	1.1	443
Cost of health care	0.6	1.0	443
Working capital management	0.5	0.9	443
Maintaining morale/productivity	0.5	0.9	443
Supply chain risk	0.3	0.8	443
Balance sheet weakness	0.3	0.8	443
Managing IT systems	0.3	0.6	443
Pension obligations	0.1	0.4	443
Protection of intellectual property	0.1	0.5	443
Data security	0.1	0.5	443
Counterparty risk	0.0	0.3	443
Other:	0.1	0.5	443

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4. What are the top three internal, company-specific concerns your corporation faces? - Other specified

Banking/Finance/Insurance	Collaboration between business units to drive synergies
Banking/Finance/Insurance	Cost of Regulation
Banking/Finance/Insurance	Customer retention
Banking/Finance/Insurance	integration
Communications/Media	Keep network working
Healthcare/Pharmaceutical	Banking/Credit management
Healthcare/Pharmaceutical	Corporate Management Team
Healthcare/Pharmaceutical	Paying for IT systems
Healthcare/Pharmaceutical	SLOW Government Reform
Manufacturing	Ability to grow
Manufacturing	Capacity to meet demand
Manufacturing	Growing the business
Manufacturing	Inventory control
Manufacturing	Making decisions
Manufacturing	organic sales growth
Manufacturing	Product Dev
Manufacturing	SALES
Manufacturing	Speed at deleving new software
Manufacturing	tax on foreign earnings limiting cash back to US
Mining/Construction	No other concerns
Other	Aging management
Other	Collecting Accounts Receivable
Other	Federal grant support
Other	Leadership
Other	Maintain morale/productivity
Other	New products introduction risk
Other	Revenue generation
Other	Strength of Housing Market
Retail/Wholesale	Gaining new business
Service/Consulting	product development
Service/Consulting	revenues
Tech [Software/Biotech]	Inability to close sales despite willing customers
Unspecified Industry	colaboration

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5. Relative to the previous 12 months, what will be your company's PERCENTAGE CHANGE during the next 12 months? (e.g., +3%, -2%, etc.) [Leave blank if not applicable]

	Mean	SD	95% CI	Median	Minimum	Maximum	Total
Earnings	9.5	30.9	6.2 - 12.9	5	-95	300	326
Revenue	8.3	22.3	6.0 - 10.5	6	-90	200	367
Health care costs	8.2	7.2	7.4 - 8.9	8	-50	40	350
Technology spending	7.1	21.4	4.4 - 9.8	5	-75	100	235
Capital spending	6.7	40.0	2.3 - 11.0	2	-90	300	325
Marketing/advertising spending	5.9	17.9	3.7 - 8.1	2	-20	200	261
Cash on the balance sheet	5.0	33.9	1.1 - 8.8	2	-95	300	298
Dividends	5.0	19.7	-1.2 - 11.1	1.5	-90	50	40
Number of domestic full-time employees	4.6	20.9	2.3 - 6.9	2	-80	300	324
Number of domestic temporary employees	4.1	32.9	-0.6 - 8.7	0	-80	400	191
Number of offshore outsourced employees	3.7	22.5	-0.6 - 7.9	0	-95	200	107
Research and development spending	3.6	9.9	2.0 - 5.1	0.5	-33	50	160
Wages/Salaries	3.3	7.8	2.5 - 4.1	3	-20	100	360
Productivity (output per hour worked)	3.3	6.5	2.4 - 4.1	2	-15	50	221
Share repurchases	3.2	13.4	0.4 - 6.0	0	-30	100	90
Prices of your products	1.8	4.7	1.3 - 2.4	2	-20	20	280

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

5. Relative to the previous 12 months, what will be your company's PERCENTAGE CHANGE during the next 12 months for: [Unweighted - Sorted]

(N=444)

	Mean & SD	Positive 1	Zero 0	Negative -1	Total
	0.9	323	12	15	350
Health care costs	0.4	92.3%	3.4%	4.3%	100.0%
	0.8	313	27	20	360
Wages/Salaries	0.5	86.9%	7.5%	5.6%	100.0%
	0.6	290	15	62	367
Revenue	0.8	79.0%	4.1%	16.9%	100.0%
	0.6	154	49	18	221
Productivity (output per hour worked)	0.6	69.7%	22.2%	8.1%	100.0%
	0.6	165	42	29	236
Technology spending	0.7	69.9%	17.8%	12.3%	100.0%
	0.5	240	26	65	331
Earnings	0.8	72.5%	7.9%	19.6%	100.0%
	0.5	188	52	40	280
Prices of your products	0.7	67.1%	18.6%	14.3%	100.0%
	0.5	151	82	29	262
Marketing/advertising spending	0.7	57.6%	31.3%	11.1%	100.0%
	0.4	21	17	3	41
Dividends	0.6	51.2%	41.5%	7.3%	100.0%
	0.4	201	64	59	324
Number of domestic full-time employees	0.8	62.0%	19.8%	18.2%	100.0%
	0.4	80	66	16	162
Research and development spending	0.7	49.4%	40.7%	9.9%	100.0%
	0.3	185	57	86	328
Capital spending	0.9	56.4%	17.4%	26.2%	100.0%
Number of domestic temporary	0.3	72	102	17	191
employees	0.6	37.7%	53.4%	8.9%	100.0%
	0.3	168	49	83	300
Cash on the balance sheet	0.9	56.0%	16.3%	27.7%	100.0%
Number of offshore outsourced	0.2	29	74	4	107
employees	0.5	27.1%	69.2%	3.7%	100.0%
	0.1	15	73	2	90
Share repurchases	0.4	16.7%	81.1%	2.2%	100.0%

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5. Relative to the previous 12 months, what will be your company's PERCENTAGE CHANGE during the next 12 months? [All Companies - Winsorized - Revenue Weighted - Sorted]

	Mean	SD	95% CI	Median	Minimum	Maximum
Earnings	11.7	24.0	11.2 - 12.1	8	-86.5	109.4
Dividends	8.4	12.8	8.0 - 8.8	5	-47.5	50
Technology spending	8.0	15.3	7.6 - 8.3	5	-37.3	50.6
Revenue	6.3	10.7	6.1 - 6.5	6	-35.4	52
Capital spending	4.9	24.9	4.4 - 5.3	2	-88.4	103.5
Share repurchases	3.7	8.0	3.4 - 3.9	0	-23	29.5
Marketing/advertising spending	3.3	7.2	3.1 - 3.5	1	-20	42.7
Cash on the balance sheet	3.2	22.0	2.8 - 3.6	3	-81.3	93.9
Research and development spending	3.1	6.3	3.0 - 3.3	1	-27.2	31.8
Prices of your products	1.8	3.7	1.7 - 1.9	2	-7.4	11

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5. Relative to the previous 12 months, what will be your company's PERCENTAGE CHANGE during the next 12 months? [All Companies - Winsorized - Employee Weighted - Sorted]

	Mean	SD	95% CI	Median	Minimum	Maximum
Health care costs	7.0	5.3	6.9 - 7.1	7	-5.8	22.2
Number of offshore outsourced employees	3.8	8.6	3.6 - 4.1	0	-40.4	47.6
Productivity (output per hour worked)	3.2	3.7	3.1 - 3.3	3	-9.5	16
Wages/Salaries	2.6	2.7	2.6 - 2.7	3	-11.8	18.6
Number of domestic full-time employees	2.5	8.4	2.3 - 2.7	1	-36.2	45.5
Number of domestic temporary employees	0.6	11.5	0.3 - 0.9	0	-60.4	68.5

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5. Relative to the previous 12 months, what will be your company's PERCENTAGE CHANGE during the next 12 months? [Public Companies - Winsorized - Revenue Weighted]

	Mean	SD	95% CI	Median	Minimum	Maximum
Earnings	10.9	13.4	10.6 - 11.3	10	-86.5	50
Cash on the balance sheet	8.8	21.8	8.1 - 9.5	5	-81.3	93.9
Revenue	7.0	10.6	6.7 - 7.3	5	-20	52
Dividends	5.5	7.2	5.2 - 5.7	4	0	50
Share repurchases	3.9	8.6	3.6 - 4.2	0	-23	29.5

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6a. How much cash and marketable securities does your firm hold (as a percentage of total assets)?

	Mean	SD	Median	Total
Today	17.0	19.6	10	397
One Year Ago	16.4	19.7	10	393

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6b. Is it likely that your firm will begin to deploy its cash reserves during the next 12 months?

	Number	Percent	95% CI
No	169	51.7 %	± 4.5 %
Yes	158	48.3 %	± 4.5 %
Total	327	100.0 %	

Missing Cases = 117
Response Percent = 73.6 %

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6b. Is it likely that your firm will begin to deploy its cash reserves during the next 12 months? - No - Why not? (Check all that apply)

	Number	Percent	95% CI
Need cash as liquidity buffer (e.g., in case credit markets tighten)	76	45.0 %	± 7.6 %
Lack excess cash to deploy	71	42.0 %	± 7.5 %
Holding cash until economic uncertainty declines	54	32.0 %	± 7.1 %
Have few attractive investment opportunities	32	18.9 %	± 6.0 %
Want to avoid repatriation tax on cash held overseas	6	3.6 %	± 2.8 %
Other	9	5.3 %	± 3.4 %
Total	248		

Number of Cases =169
Number of Responses =248
Average Number Of Responses Per Case = 1.5
Number Of Cases With At Least One Response =168
Response Percent = 99.4 %

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6b. Is it likely that your firm will begin to deploy its cash reserves during the next 12 months? - No - Why not? - Other specified

Healthcare/Pharmaceutical	want to have 60 days coh
Manufacturing	Just made major acquisition
Manufacturing	Market Caps too high
Other	Cash reserves are kept too low for prudent investing
Other	No need to deploy cash reserves
Retail/Wholesale	Need for debt service
Tech [Software/Biotech]	Cash flow from operations precludes dipping into reserves.
Transportation/Energy	Bank covenants
Unspecified Industry	Future investment

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

6b. Is it likely that your firm will begin to deploy its cash reserves during the next 12 months? - Yes - On what would accumulated cash reserves be deployed? (Check all that apply)

	Number	Percent	95% CI
Capital spending or investment	95	60.1 %	± 7.7 %
Acquisitions	64	40.5 %	± 7.7 %
Pay down debt/line of credit	42	26.6 %	± 7.0 %
Increase hiring	40	25.3 %	± 6.9 %
Marketing and advertising	32	20.3 %	± 6.3 %
Dividends or share repurchases	30	19.0 %	± 6.2 %
Increase employee benefits/pay	30	19.0 %	± 6.2 %
Research and development	28	17.7 %	± 6.0 %
Purchase inventory	20	12.7 %	± 5.2 %
Pension plan funding	14	8.9 %	± 4.5 %
Allow more lenient payment terms by customers	11	7.0 %	± 4.0 %
Lending	8	5.1 %	± 3.5 %
Other	7	4.4 %	± 3.2 %
Total	421		

Number of Cases =158
Number of Responses =421
Average Number Of Responses Per Case = 2.7
Number Of Cases With At Least One Response =156
Response Percent = 98.7 %

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6b. Is it likely that your firm will begin to deploy its cash reserves during the next 12 months? - Yes - On what would accumulated cash reserves be deployed? - Other specified

Banking/Finance/Insurance	cover operating losses
Manufacturing	Operating expense
Manufacturing	RAW MATERIALS
Mining/Construction	Equity investment in conventional multi-family housing
Other	Distribution to Owner
Other	Offsetting losses in other Parent Company Holdings
Tech [Software/Biotech]	funding operations

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

7. Is a percentage of your firm's budget being invested in pursuit of major innovations - projects that, if successful, would have a significant impact on your business?

	Number	Percent	95% CI
Yes	169	38.5 %	± 4.5 %
No	270	61.5 %	± 4.6 %
Total	439	100.0 %	

Missing Cases = 5
Response Percent = 98.9 %

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

7b. What percentage of your firm's budget is being invested in pursuit of major innovations?

Minimum = 0.3

Maximum = 80

Mean = 14.5

Median = 10

Standard Deviation (Unbiased) = 15.4

95 Percent Confidence Interval Around The Mean = 12.2 - 16.9

99 Percent Confidence Interval Around The Mean = 11.4 - 17.7

Quartiles

1 = 5
2 = 10
3 = 20

Valid Cases = 158
Missing Cases = 11
Response Percent = 93.5%

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

7c. How much of the innovation work your firm is doing is:

	Mean	SD	Median	Total
Transformational/high-risk, potential high reward?	23.7	28.5	10	162
Moderate-risk, potential moderate reward?	44.2	33.2	40	163
Low-risk/incremental	32.3	33.2	25	163

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8a. How big a risk factor is business corruption (fraud, bribery, other ethical violations) in the country where you are located?

	Number	Percent	95% CI
5=Very significant factor	7	1.6 %	± 1.2 %
4=	28	6.3 %	± 2.3 %
3=	50	11.3 %	± 3.0 %
2=	94	21.2 %	± 3.8 %
1=Not a significant factor	264	59.6 %	± 4.6 %
Total	443	100.0 %	

Mean = 1.7
SD = 1.0

Missing Cases = 1
Response Percent = 99.8 %

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

8b. To the extent that corruption exists, what would you say are its major effects? (Check all that apply)

	Number	Percent	95% CI
Increases the price of goods/services	213	48.0 %	± 4.7 %
Limits competition	125	28.2 %	± 4.2 %
Hinders the expansion process	109	24.5 %	± 4.0 %
Reduces the quality of goods/services	104	23.4 %	± 4.0 %
Reduces tax revenues collected by the government	96	21.6 %	± 3.9 %
Speeds the expansion process	11	2.5 %	± 1.5 %
Other	19	4.3 %	± 1.9 %
Total	677		

Number of Cases =444
Number of Responses =677
Average Number Of Responses Per Case = 1.5
Number Of Cases With At Least One Response =327
Response Percent = 73.6 %

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

8b. To the extent that corruption exists, what would you say are its major effects? - Other specified

Banking/Finance/Insurance	increase regulations and rules
Banking/Finance/Insurance	n/a
Banking/Finance/Insurance	Negatively impacts the culture
Banking/Finance/Insurance	severe damage to reputation
Healthcare/Pharmaceutical	Increase in gov't. regulation thus increasing compliance costs.
Manufacturing	NOT APPLICABLE
Manufacturing	not applicable
Mining/Construction	curtails investor and small business confidence
Other	bad press
Other	Bad Public Relations
Other	Creates a false market and thus uncertainty
Other	Lower retrun to stock holders
Other	Not a significant factor; concern for compliance only.
Retail/Wholesale	Increases cost of administrative resources to address potential fraud prevention and detection
Retail/Wholesale	N/A
Service/Consulting	reduces trust and confidence
Transportation/Energy	brand image
Transportation/Energy	Creates adminstrative burden

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

9. Physical assets and workforce utilization

(N=444)

	Mean & SD	Maxed out 4	Optimally utilized 3	Somewhat underutilized 2	Highly underutilized 1	Total
9a. At what capacity are your firm's physical assets being used?	2.6 0.8	51 11.6%	182 41.6%	176 40.2%	29 6.6%	438 100.0%
9b. At what capacity is your firm's workforce being used?	3.0 0.8	119 28.3%	171 40.6%	122 29.0%	9 2.1%	421 100.0%

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10. Weighted average cost of capital and 'hurdle rate'

	Mean	SD	Median	Total
10a. What do you estimate is your firm's overall weighted average cost of capital (WACC)? (e.g., 11. 2%)	9.3	5.5	9	379
10b. What is your firm's 'hurdle rate' (the rate of return that an investment must beat in order to be adopted)?	13.5	7.3	12	362

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10c. For projects that are novel or highly uncertain due to being highly innovative, do you increase the required hurdle rate?

	Number	Percent	95% CI
Yes	155	59.8 %	± 6.0 %
No	104	40.2 %	± 6.0 %
Total	259	100.0 %	

Missing Cases = 0
Response Percent = 100.0 %

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10c. How do you decide how high to set the hurdle rate for projects that are novel or highly innovative?

Banking/Finance/Insurance	Always have added an additional 5% for risky projects to allow for a cushion.
Banking/Finance/Insurance	Charge an additional risk margin.
Banking/Finance/Insurance	Consensus of the executive committee, drawn on past hurdle rate experiences.
Banking/Finance/Insurance	Depends on estimated payback period and length of time actual revenues/ expenses can be measured
Banking/Finance/Insurance	Generally to 2 to 3% as an additional risk premium
Banking/Finance/Insurance	guesstimate
Banking/Finance/Insurance	Judgement factor applied by principals
Banking/Finance/Insurance	level of risk
Banking/Finance/Insurance	past experience, experience of colleagues
Banking/Finance/Insurance	Reinforce the exigence to 15%
Banking/Finance/Insurance	Risk adjusted.
Banking/Finance/Insurance	Subjective
Banking/Finance/Insurance	varies based on opportunity.
Banking/Finance/Insurance	We don't. We look at quality, compliance, competitive initiatives as must do's, within a budgetary context.
Banking/Finance/Insurance	we perform a risk assessment, and assign a higher rate in relation to the added risk
Communications/Media	Available resources, time factor, contract requirments
Communications/Media	Judgment at the time.
Healthcare/Pharmaceutical	As a non-profit,that highly innovative idea may really serves the community and choose to REDUCE the hurdle rate to break even.
Healthcare/Pharmaceutical	Judgement, comparison to expectations of venture capital investors' portfolios
Healthcare/Pharmaceutical	ROI needs to be 5 years
Healthcare/Pharmaceutical	subjectily
Healthcare/Pharmaceutical	Subjective risk adjusted cost of capital
Healthcare/Pharmaceutical	We lower the multiple of EBITDA we are willing to pay for shares in acquisitions and denovo projects.
Manufacturing	Ability to open new channels or markets for out-size revenue growth.
Manufacturing	Actual rate usually much more attractive than any contemplated hurdle rate.
Manufacturing	add additional risk in the cost base.
Manufacturing	Adjust for risk.
Manufacturing	Becomes more of a subjective decision
Manufacturing	COUNTRY RISK
Manufacturing	Depends on risk, higher risk, higher return required
Manufacturing	Depends on size of investment
Manufacturing	Depends on the potential return and the risk associated with the project
Manufacturing	Each project is reviewed individually.
Manufacturing	Gut Feel
Manufacturing	higher the risk of success the higher the hurdle rate
Manufacturing	Highly uncertain carries a one-half cost of captial premium. Highly novel or innovative does not necessarily carry any premium.
Manufacturing	Hurdle on low end if project considered strategic or if innovative, high growth potential we are willing to take a controlled risk. Otherwise project must compete internally with high hurdle rate
Manufacturing	just added 5%
Manufacturing	Level of risk and location
Manufacturing	Market based return
Manufacturing	Must beat the cost of the incremental capital
Manufacturing	Premium sufficient to double NPV
Manufacturing	Proportioned by risk profile
Manufacturing	Relative to perceived chance of succes
Manufacturing	Risk assessment completed and creating a range of possible outcomes (best case, worst case, likely case), then combining to determine reasonable outcome. Determine if this is within the acceptable return required.
Manufacturing	subjective
Manufacturing	subjective

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10c. How do you decide how high to set the hurdle rate for projects that are novel or highly innovative?

Manufacturing	There is no mathematical formula. Simply an understanding that high risk must offer high rewards. Is dependent on number of other investment options as well and their individual risk profiles.
Manufacturing	Unscientifically. Novel projects have indeterminate outcomes, so we come to a consensus on expected returns. If the return is positive (and we have long time horizon) we will go forward.
Manufacturing	Use same rate as other projects
Manufacturing	We establish a quicker payback period and calculate the hurdle rate as a result of that requirement.
Mining/Construction	its all judgment and negotiated at the time.
Mining/Construction	Long-term internal discussion. Not scientific!
Mining/Construction	Process where analysis is done at certain spending or result oriented points in time.
Mining/Construction	Set higher discount rates.
Mining/Construction	We only have one ongoing project that would be considered innovative.
Mining/Construction	Weigh the risk and return to determin the hurdle rate.
Other	amount of investment involved, and timeframe for recovery
Other	Based on transparency and quality of likely demand.
Other	By formula
Other	Case-by-case
Other	Compare risk to reward.
Other	Depends on how much cash is involved, how long the project and the rate of return.
Other	Expected sales and margin generated compared to development cost.
Other	identify a risk weighted spread over base hurdle rate
Other	If the project is outside of our standard business and business processes, we increase the hurdle rate.
Other	Level of risk.
Other	Our largest hurdle in adopting highly innovative strategies are uninnovative internal senior management not seeing the vision of high tech solutions (mobil apps for example if they do not own tablet devices themselves)
Other	We don't use hurdle rate adjustments to account for project risk.
Other	We look at complexity of exectuion and the degree of control we have over critical elements to successful / acceptable results.
Other	When we can view some risks, as new constructions.
Retail/Wholesale	Additional research
Retail/Wholesale	Based on perceived risk
Retail/Wholesale	Depends on risk level
Retail/Wholesale	factor of risk
Retail/Wholesale	Gut
Retail/Wholesale	ROI above near term cost of resources
Retail/Wholesale	The length of time it takes to create free cash flow.
Service/Consulting	available excess cash
Service/Consulting	balance it against the risk involved
Service/Consulting	By calculating a risk premium.
Service/Consulting	Management judgement. Must support strategic objectives.
Service/Consulting	Market Studies on equity returns
Service/Consulting	Nature of investment, market and customer segement the investment is in.
Service/Consulting	plus 1 std deviation from mean return
Service/Consulting	Prioritize against strategic objectives.
Service/Consulting	We add 5% for each quartile of added risk
Service/Consulting	We put a risk premium of 150% to all R&D type projects
Service/Consulting	we're not that sophisticated.
Tech [Software/Biotech]	30
Tech [Software/Biotech]	anticipated market; direction of technology curve
Tech [Software/Biotech]	Bank rate plus 10% return plus 15% for risk and the risk element may be increased / decreased as required.

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10c. How do you decide how high to set the hurdle rate for projects that are novel or highly innovative?

Tech [Software/Biotech]	tracking idea from the git-go
Tech [Software/Biotech]	Use risk adjusted method
Transportation/Energy	Prior experience with similar projects.
Transportation/Energy	Rate depends on the risk to the company of undertaking the project
Transportation/Energy	risk adjusted scale of potential outcomes
Transportation/Energy	Sense of risk involved.

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10d. Suppose that last week you approved a project that just meets your hurdle rate. We are trying to get a sense of what changes in economy-wide interest rates might stop or delay this project.

(N=444)

	Mean & SD	No -1	Maybe 0	Yes +1	Total
Would a 1% increase in interest rates	-0.6	269	123	14	406
cause you to delay or stop the project?	0.6	66.3%	30.3%	3.4%	100.0%
Would a 2% increase in interest rates	-0.3	172	164	70	406
cause you to delay or stop the project?	0.7	42.4%	40.4%	17.2%	100.0%

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10d. What changes in economy-wide interest rates might stop or delay this project? - Comments

Banking/Finance/Insurance	again, varies by opportunity.
Banking/Finance/Insurance	I build in 5-10% of total estimated cost as contingency factor to relect uncertainty about prcies and interest rates, among other things.
Banking/Finance/Insurance	In todays low rate environment, a 1% increase in interest rates is huge.
Banking/Finance/Insurance	Potential upside great enough that we'd probably still push forward
Communications/Media	No debt. We do not use leverage for investments
Healthcare/Pharmaceutical	Company has low debt. Higher interest rates may help increase returns on idle cash. Need to consider the long run interest rate outlook not just the short term.
Healthcare/Pharmaceutical	Debt represents such a small percentage of the balance sheet and currently at fixed rates. Reserves could be used for a new venture.
Healthcare/Pharmaceutical	Minimal debt tied to short term rates
Healthcare/Pharmaceutical	Once approved, we move forward unless project specific conditions change.
Healthcare/Pharmaceutical	Too risky at this point.
Manufacturing	Borrowing is still too tight, equity is required on our situation
Manufacturing	Depends if the Project is necessary to meet stategic goals.
Manufacturing	Depends on factors driving rate increase and how that impacts the project
Manufacturing	Depends on timing and long term benefits.
Manufacturing	funding is primarily from venture capital firms
Manufacturing	hurdle rate set high enough to absorb minor inflation, interest changes
Manufacturing	Look more toward the long term potential or impact rather than the short term payback based on interest rates.
Manufacturing	Only fixed debt. Also, most projects are at a return within one year, so long-term will not effect company too much in the short term.
Manufacturing	Our company does not use this in our evaluations. Specific projects are quite small.
Manufacturing	Our projects are typically part of longer term strategies and financing is fortunately not the major factor.
Manufacturing	small increases are permitable and factored in, however, big increases are not, so the rate of increase is measured.
Manufacturing	Still lots of low hanging fruit to pick
Manufacturing	The direct interest rates we're subject to are fixed and hedged against increases. Overall rate increases may cause inflation but even our sales contracts allow for price increases if raw material inputs increase.
Manufacturing	Threshold would be 5% change and have no effective ways to mitigate costs to improve returns.
Manufacturing	We fund our projects through cash flow.
Manufacturing	We have good cash flow and long-term financing - if a project is approved it would be wrong to stop it mid-implementation. Our projects are typically not highly interest rate sensitive but tend to be internal cost or organic growth related outside of North America.
Mining/Construction	All project are internally financed
Mining/Construction	Depends on whether cost increases to the project could be pushed through in increased pricing to the consumer.
Mining/Construction	i'm just guessing. lots of factors that would go into the decision.
Mining/Construction	Limiting our projects to internal funding. Interest rate increase affects investement return on cash - opportunity cost of investement.
Mining/Construction	We are very interest rate sensitive relative to long-term commercial mortgage rates
Other	Interest rates are not a significant percentage of revenue generated by new projects.
Other	Most of our financing is fixed. The impact to cash flow/net income would eventually reach the point that it is not worth the risk in most asset acquisitions.
Other	We would delay and watch inflation for 6months to 1 year to see what happens.
Other	When we go, we go for the long term customer benefit as well as return.
Retail/Wholesale	Depends on the contribution of the project to the core business (does it provide benefit to the whole business that is beyond the project as a stand-alone)
Retail/Wholesale	Depends on the nature of the project (discretionary vs. non-discretionary). Maintenance and environmental would likely go ahead.

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10d. What changes in economy-wide interest rates might stop or delay this project? - Comments

Retail/Wholesale	Our cost of additional borrowing is at an all time low, 1.99%.
Retail/Wholesale	Our hurdle rate is so high that a 1 or 2 percent increase in cost of interest wouldn't materially affect the outcome.
Retail/Wholesale	Very few projects are right at hurdle rates
Retail/Wholesale	We are a net lender, increases in interest rates increases the capital for investment and returns.
Retail/Wholesale	We are more tuned to overall growth in our econ. sector in the regions we serve than we are to the COC
Service/Consulting	Depends on money invested and depends in length of the project or product lifecycle
Service/Consulting	Estimating the ability to increase prices above the projected prices scenario might offset the interest rate increases.
Service/Consulting	We are naturally hedged with interest rates. It is a alrge component of our income and we have a large amount of debt.
Service/Consulting	We don't rely on borrowing for projects.
Tech [Software/Biotech]	depends on what the new technology will do for us.
Tech [Software/Biotech]	We develop and sell software - a small increase in the interest rate is no big deal compared to the selling risk we face.
Transportation/Energy	I veiw substantial inflation as very likely in the U.S. Such inflation will be detrimental to my business
Unspecified Industry	Each project would be re-assessed on an individual basis

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We are trying to get a feel for whether firms pursue all projects that beat the hurdle rate. Among projects that you could fund if you wanted to, and that you have the management time and expertise to implement – do you pursue all these projects?

	Number	Percent	95% CI
Yes, pursue all	119	33.2 %	± 4.9 %
No, do not pursue all	239	66.8 %	± 4.9 %
Total	358	100.0 %	

Missing Cases = 0
Response Percent = 100.0 %

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10e. Why not pursue all the projects that you could fund if you wanted to, and that you have the management time and expertise to implement?

Banking/Finance/Insurance	As a mutual insurance company our mandate is not to produce shareholder returns, but to provide low cost insurance products to our policyholder owners.
Banking/Finance/Insurance	besides proper management attention we want to create highly successful environments so therefore we do not want to juggle too many balls at one time so that our staff is properly focused
Banking/Finance/Insurance	Capital constraints
Banking/Finance/Insurance	constrained by management availability.
Banking/Finance/Insurance	depends on the project, long-term viability and risk associated at time project arises.
Banking/Finance/Insurance	do not want to lose focus on the better projects
Banking/Finance/Insurance	don't always have the necessary funds
Banking/Finance/Insurance	It is not a realistic view that management capacity is unlimited. We would prioritize the projects based on return, risk to execute, and risk of success
Banking/Finance/Insurance	Limited appetite to use corporate resources, i.e., save for worst case scenario
Banking/Finance/Insurance	limited capacity
Banking/Finance/Insurance	Limited management bandwidth. Poorer quality of project implementation and execution.
Banking/Finance/Insurance	Limited time available for management to oversee
Banking/Finance/Insurance	Need to prioritize projects
Banking/Finance/Insurance	No enough time
Banking/Finance/Insurance	Resource allocation
Banking/Finance/Insurance	resource competition
Banking/Finance/Insurance	Resource limitations and overall size constraints
Banking/Finance/Insurance	See response to 9b. We're maxed out even at the senior manager level.
Banking/Finance/Insurance	Too risky, and some projects are likely to pay off better than others.
Banking/Finance/Insurance	very conservative one project t a time plus maintain business
Banking/Finance/Insurance	We do not have enough capital or personnel resources to do all projects that beat the hurdle rate.
Communications/Media	Capacity to integrate and distraction from main priorities
Communications/Media	Cash and/or financing constraints
Communications/Media	Cauteous track
Communications/Media	Not enough capital to go around - both financial and human - to cover all good opportunities
Communications/Media	Waiting for even better opportunities.
Healthcare/Pharmaceutical	Management of concurrent projects, particularly complex projects, often leads to poor implementation and shareholder discontent
Healthcare/Pharmaceutical	Need to manage overall project portfolio risk. Also there are important judgemental items that need consideration not contained in hurdle rate / rate of return calculations.
Healthcare/Pharmaceutical	Only projects that fit our mission in care for individual with disabilities.1.
Healthcare/Pharmaceutical	Prioritization of the projects must occur and mgmt oversight and deligence is required with such slim potential of over hurdle the project would likely not move forward
Healthcare/Pharmaceutical	Some simply have a risk level that even with a higher hurdle rate we are unwilling to pursue.
Healthcare/Pharmaceutical	The cumulative impact of new projects is not easy to assess. If overall performance falls short of expectations after multiple new projects are underway/ done, how does one figure out what went wrong?
Healthcare/Pharmaceutical	Value of delivery will reduced if there are multiple projects going on.
Healthcare/Pharmaceutical	We don't have the infrastructure (both personnel and physical assets) to pursue all projects.
Healthcare/Pharmaceutical	We pick the most impactful to our customers and the ones we can realistically can get done over the next year or two
Manufacturing	A slight margin today doesn't apply outstanding risks to the economic factors we cannot control. Maybe after the election.
Manufacturing	Availability of resources to manage and implement

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10e. Why not pursue all the projects that you could fund if you wanted to, and that you have the management time and expertise to implement?

Manufacturing	Borrowing capacity limitations
Manufacturing	capital budget limitations.
Manufacturing	Capital Limitations
Manufacturing	Capital Limitations
Manufacturing	Capital Limits
Manufacturing	Capital Rationing
Manufacturing	Cash constraints
Manufacturing	conservative management - time involved for limited personnel
Manufacturing	conserve cash pick and chose most advantageous projects
Manufacturing	consumption of other resources (management, etc.)
Manufacturing	Credit limitations.
Manufacturing	DUE TO MANAGEMENT TIME CONSTRAINTS.
Manufacturing	focus - cannot conceive of a situation where we have the management time and expertise to pursue all of our ideas.
Manufacturing	Focus is critical; too many projects can affect performance and success rates on key projects
Manufacturing	Human and Capital resource constraints
Manufacturing	intangible items must be considered
Manufacturing	it has to serve multi-purposes and fit in better than previous diversification efforts
Manufacturing	Lack of capital.
Manufacturing	Lack of capital.
Manufacturing	lack of human resources to pursue
Manufacturing	Limit to resources available; softness of ROI statements
Manufacturing	Limited capital
Manufacturing	Limited funds
Manufacturing	Limited investment capital. Projects may not all fall within target investment areas.
Manufacturing	Limited resources to take on project
Manufacturing	limited resources so allocate to highest returns
Manufacturing	limited resources...human and capital.
Manufacturing	Limits to human resources to manage the projects
Manufacturing	Management is limited, of course. We focus on urgent needs and the best strategic opportunities.
Manufacturing	management time
Manufacturing	Need to prioritize and focus resources on critical customer driven projects to immediately meet market demand
Manufacturing	Need to priortize to keep pressure on the organization
Manufacturing	Not enough capital budget
Manufacturing	Only those projects that meet our mission statement and company goals/focus.
Manufacturing	Operational risk
Manufacturing	other factors to consider, might only go after the largest payback, and wait on others, human capital constraints are preventing the implementation of too many projects at once.
Manufacturing	Overall growth risk is monitored closely. We're a family-owned company that is not going to leverage the balance sheet dramatically on a financial model that promises an acceptable return. We also have a diversifed portfolio of growth markets and will limit over-exposure to any one market. Granted, its difficult to say no (and not be greedy) to high potential short term projects.
Manufacturing	Overall risk increases because more resources are committed. So really, hurdle rate increases as more resources are committed.
Manufacturing	Prioritization of investment needs against delivery of free cash flow targets
Manufacturing	Prioritize the best to ensure adequate focus and oversight from the mgt team
Manufacturing	Resources, focus
Manufacturing	Select the best ones only.

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10e. Why not pursue all the projects that you could fund if you wanted to, and that you have the management time and expertise to implement?

Manufacturing	Some are not strategically relevant enough to pursue at this time, or the risk factors are high enough that we decide to wait and see how markets or customer attitudes affect our analysis.
Manufacturing	strategic focus
Manufacturing	Stretching resources to thin. Consideration of meeting production demands while introducing new products or processes and giving due attention to both.
Manufacturing	There is a level of avialability capital to deploy and it must get allocated to prioity projects.
Manufacturing	Time & manpower
Manufacturing	To fund all possible projects, shareholder reaction would be adverse. We need to keep within the stated spend that we have given as guidance. We have also stated that we would not draw on the short term facility, and would need to in order to approve and completed all projects.
Manufacturing	We generally use a fixed budget of $$ and prioritize projects not all that meet the threshold of $$ that we have to spend
Manufacturing	We have more projects than we can afford, they are broken out by strategic, growth or maintain. Strategic are funded first then growth etc, until available investment dollars are gone.
Manufacturing	We rank and chose the highest and most stretgic
Manufacturing	You have to determine what constraints the the positive hurdle may cause in the operation.
Mining/Construction	capital capacity
Mining/Construction	It is difficult to deploy new capital when the capital returns on existing assets is lower than average.
Mining/Construction	Limited amounts of capital. Only pursue projects with best return rates, or acceptable return rates with limited (lower) risk profiles.
Mining/Construction	Limited capital
Mining/Construction	Limiting funding to internal sources. No debt at this time.
Mining/Construction	manpower and money goes to the greatest return all things being equal.
Mining/Construction	must fit our strategic plan
Mining/Construction	some just not within our business expertise.
Mining/Construction	Uncertainty about the impacts of future tax policy, health care costs and government policies toward construction set aside and minority programs impacts the amount we are willing to invest.
Mining/Construction	You lose effectiveness if you're pursuing too many items at once, even if theorectically there is time available. You end up with mixed messages to the staff.
Other	At this point we are not will to risk all assets/leverage available.We are working mainly with current cash flow and leaving operating lines of credit paid off but available if needed.
Other	Balance sheet issues restricting ability to invest
Other	Cash conservation, and the lack of complete confidence in proposals; divisions compete for scarce resources (cash), and therefore sometimes inflate the proposed results in order to win approval in a tight market.
Other	Choose how to allocate resources and stay within parameters..avoid over reaching
Other	Competitive advantage/disadvantage or shifting away from our core market
Other	Corporate decision, not entirely decided at the division level.
Other	Cost-benefit analysis may delay or table it.
Other	Internal Resource constraints.
Other	Keep a capital cushion and force priority on highest potential projects, not just all that meet the hurdle rate.
Other	Lack of financing capacity
Other	lack of internal resources
Other	Lack of management time and expertise. Leads to lack of focus.
Other	Lack of personnel
Other	lack of resources

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10e. Why not pursue all the projects that you could fund if you wanted to, and that you have the management time and expertise to implement?

Other	lest lose focus
Other	limitation on strategic resources to manage all of the projects yet still see the forest for the trees
Other	Limited capital to allocate.
Other	limited cash available
Other	Limited resources (investment cash) available. We would look to third party sources (JV or adding limited partners to a deal that appears attractive).
Other	Must align with strategy
Other	Not enough manpower
Other	Our internal workforce is currently maxed out; so we cannot do ALL potential projects.
Other	Project has to be considered in relation to overall assets being deployed and liquidity.
Other	Some do not fit our core business
Other	Staff is already maxed out and we can only do so much at the same time and do it well.
Other	The long-term partnership and mission must be a good fit even if the hurdle rate is achieved.
Other	The risk must provide sustainable returns for the long term.
Other	Too expensive
Other	Uncertainty of economy, especially leading up to an election regardless of who is running.
Other	Very selective
Other	We can not do them all well. We focus in areas that fit our capabilities or capabilities we can reasonably acquire. We try NOT to compete with 'giants', either.
Other	weak balance sheet
Retail/Wholesale	availability of cash / credit.
Retail/Wholesale	Bank convenants limit the amount of investments / capex that we can make in any given quarter / year.
Retail/Wholesale	Capacity of the organization to handle; downtime impact on customers; perception of capital markets
Retail/Wholesale	Depends on risk factors
Retail/Wholesale	Depends on the amount of payroll needed to support the project. New hiring would reduce the effort to implement.
Retail/Wholesale	focus
Retail/Wholesale	lack of capital & personnel to execute
Retail/Wholesale	lack of resources
Retail/Wholesale	Limit capital to use teh shotgun approach
Retail/Wholesale	Limited available capital (financial and human). We would only pursue those projects presenting the greatest returns
Retail/Wholesale	Low risk projects only
Retail/Wholesale	Must allocate capital
Retail/Wholesale	MUST BE A GOOD FIT WITH OUR CULTURE
Retail/Wholesale	Must consider Board input.
Retail/Wholesale	Need to keep reserves available as better opportunities may arise
Retail/Wholesale	Resources typically are maxed out
Retail/Wholesale	Some are too new
Retail/Wholesale	still wanting to maintain a strong cash position in the current economy.
Retail/Wholesale	They have to be aligned with the overall corporate strategy
Retail/Wholesale	Too many opportunities for current working capital available in the IT industry
Retail/Wholesale	We are not staffed to pursue all projects that exceed our hurdle rate and this would inject more risk than we are willing to accept.
Retail/Wholesale	We are not willing to hire more employees or temp employees for projects. We take on the projects our staff can handle. Also, all projects have intrinsic values, unquantifiable pros/cons, which impact selection.

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10e. Why not pursue all the projects that you could fund if you wanted to, and that you have the management time and expertise to implement?

Service/Consulting	At this stage, we choose the top projects, not just those that beat the hurdle rate.
Service/Consulting	Capacity of the workforce plays a roll in the final decision.
Service/Consulting	Capital allocations do not allow
Service/Consulting	Depends on funds available. Also depends on the company or LOB's ability to deliver and optimally execute the new project
Service/Consulting	Failure rate increases with number of open projects
Service/Consulting	Hurdle rate is not the only relevant factor, competitive landscape and change in macro economic factors for demand of our services
Service/Consulting	Just not enough capital to pursue all
Service/Consulting	Limited ability to manage.
Service/Consulting	market uncertainty
Service/Consulting	Need synergies with the business
Service/Consulting	Need to focus on critical few rather than trivial many.
Service/Consulting	Not all proposed projects fit within our stragegic alignment.
Service/Consulting	not wise
Service/Consulting	Other constrainst typically exist, like ability to implement.
Service/Consulting	Some cash reserves are rquired thus total investable capital does not equal total cash and available credit. We can't fund all projects.
Service/Consulting	Some of the assumptions for the return are based on poor business judgement for what will happen in the future.
Service/Consulting	time to manage correctly
Service/Consulting	we often have too many projects on the table anyway
Service/Consulting	We still have limited resources with repsect to where we can spend our time and focus. we nee do focus on the things that will improve our market share and give us a competetive advantage. We can't go after everything.
Tech [Software/Biotech]	Capacity to complete projects is limited
Tech [Software/Biotech]	Do not have enough qualified people to execute the plan without risking daily operations
Tech [Software/Biotech]	Do not have the capacity to do the work, successfully manage it and capably sell it. Have to go slower as a result.
Tech [Software/Biotech]	manage priorities, maintain focus
Tech [Software/Biotech]	not enough mgmt bandwidth
Tech [Software/Biotech]	Regulatory risk
Transportation/Energy	Allocation of and constraint on capital.
Transportation/Energy	Allocation of capital.
Transportation/Energy	Available capital
Transportation/Energy	Depends on Priorities
Transportation/Energy	INSUFFICIENT CAPITAL
Transportation/Energy	limited cash
Transportation/Energy	no - limited resources to implement
Transportation/Energy	NO TIME
Transportation/Energy	not enough resources
Transportation/Energy	Projects need a champion who is excited to be successful
Transportation/Energy	risk, resource needs
Transportation/Energy	We are carefully watching our debt to equity ratio.
Transportation/Energy	We area mid sized private company and we are trying to manage orderly growth. Thus just becasue a project has positive yield above a hurdle rate does not give it the green light. Many other factor come into play.
Unspecified Industry	Generally insufficient resources.

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11. On May 15, 2012 the annual yield on 10-yr treasury bonds was 1.8%. Please complete the following:

	Mean	SD	95% CI	Median	Minimum	Maximum	Total
Over the next 10 years, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be less than:	0.8	6.7	0.1 - 1.4	2	-50	30	381
Over the next 10 years, I expect the average annual S&P 500 return will be: Expected return:	6.3	5.2	5.8 - 6.8	6	-5	70	391
Over the next 10 years, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be greater than:	10.4	9.5	9.4 - 11.3	9	1	100	381
Over the next year, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be less than:	-2.7	8.8	-3.6 - -1.8	0	-40	50	380
Over the next year, I expect the average annual S&P 500 return will be: Expected return:	4.4	4.8	4.0 - 4.9	4	-20	60	391
Over the next year, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be greater than:	9.1	7.3	8.4 - 9.9	8	-4	90	381

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Revenue Weighted: 11. On May 15, 2012 the annual yield on 10-yr treasury bonds was 1.8%. Please complete the following:

	Mean	SD	95% CI	Median	Minimum	Maximum
Over the next 10 years, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be less than:	1.0	5.2	0.9 - 1.1	2	-12.4	14
Over the next 10 years, I expect the average annual S&P 500 return will be: Expected return:	6.2	3.2	6.2 - 6.3	6	-3.8	16.4
Over the next 10 years, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be greater than:	10.0	5.2	9.9 - 10.1	9	1	29
Over the next year, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be less than:	-3.5	8.1	-3.7 - -3.4	0	-19.8	14.5
Over the next year, I expect the average annual S&P 500 return will be: Expected return:	4.3	4.0	4.3 - 4.4	5	-4.9	13.8
Over the next year, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be greater than:	9.4	6.0	9.3 - 9.5	8	-4	23.5

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Employee Weighted: 11. On May 15, 2012 the annual yield on 10-yr treasury bonds was 1.8%. Please complete the following:

	Mean	SD	95% CI	Median	Minimum	Maximum
Over the next 10 years, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be less than:	0.8	5.5	0.7 - 0.9	2	-12.4	14
Over the next 10 years, I expect the average annual S&P 500 return will be: Expected return:	6.4	3.4	6.3 - 6.4	6	-3.8	16.4
Over the next 10 years, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be greater than:	10.2	5.6	10.1 - 10.3	9	1	29
Over the next year, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be less than:	-3.2	8.1	-3.4 - -3.1	0	-19.8	14.5
Over the next year, I expect the average annual S&P 500 return will be: Expected return:	4.6	4.2	4.5 - 4.7	5	-4.9	13.8
Over the next year, I expect the average annual S&P 500 return will be: There is a 1-in-10 chance it will be greater than:	9.7	6.3	9.6 - 9.8	8	-4	23.5

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Manufacturing capacity utilized

	Mean	SD	95% CI	Median	Minimum	Maximum	Total
% of capacity utilized in first quarter 2012	72.5	18.7	68.9 - 76.2	75	5	100	102
% of capacity utilization planned for the remainder of 2012	74.8	17.3	71.4 - 78.1	75	5	100	102

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Manufacturing capacity utilized (Revenue Weighted)

	Mean	SD	95% CI	Median	Minimum	Maximum	Total
% of capacity utilized in first quarter 2012	76.2	13.9	73.5 - 78.9	80	5	100	102
% of capacity utilization planned for the remainder of 2012	77.8	13.3	75.2 - 80.4	80	5	100	102

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Industry

	Number	Percent	95% CI
Manufacturing	109	24.9 %	± 4.0 %
Other	70	16.0 %	± 3.4 %
Retail/Wholesale	56	12.8 %	± 3.1 %
Banking/Finance/Insurance	46	10.5 %	± 2.8 %
Service/Consulting	40	9.1 %	± 2.7 %
Transportation/Energy	31	7.1 %	± 2.4 %
Healthcare/Pharmaceutical	28	6.4 %	± 2.3 %
Tech [Software/Biotech]	23	5.3 %	± 2.1 %
Mining/Construction	21	4.8 %	± 2.0 %
Communications/Media	14	3.2 %	± 1.6 %
Total	438	100.0 %	

Missing Cases = 6
Response Percent = 98.6 %

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Industry (Other specified)

Affordable Senior/Handicapped Housing
Ag
Agricultural post harvest services
Agriculture
Agriculture
Agriculture
Agriculture
Arts
business imaging supplies
Chemical Distribution
Community Development
Consultancy
distributor
Education
Education
Education
Education
Education
Education
Education
Education
Education/Certification of Skills
education
Electric Cooperative
Energy utility
Environmental services
Food services
General Aviation Svcs
Higher Education
Higher Education
Higher Education
Higher education
Hospitality
Hospitality
hospitality
Industrial Distribution
Leasing
leisure
Local Government
Manufacturing and distribution
medical products mfr
medical publishing
mfg, also service in the field
NFP
Non Profit Corporation
Non-Profit
non-profit
nor for profit
Not -For-Profit
Not for profit
Oil refining
Oilfield service contractor
Physician Group Practice
Publishing
Publishing
Real Estate
Real Estate

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Industry (Other specified)

Real Estate
Real Estate
Real Estate Development/Management
Real Estate Development/Operations
Real estate
Real estate
Real estate
Rental /service
Telecommunications
Telecommunications products
textile rental
timber

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Sales Revenue

	Number	Percent	95% CI
Less than $25 million	103	23.4 %	± 3.9 %
$25-$99 million	122	27.7 %	± 4.2 %
$100-$499 million	111	25.2 %	± 4.0 %
$500-$999 million	32	7.3 %	± 2.4 %
$1-$4.9 billion	46	10.4 %	± 2.8 %
$5-$9.9 billion	8	1.8 %	± 1.2 %
More than $10 billion	19	4.3 %	± 1.9 %
Total	441	100.0 %	

Missing Cases = 3
Response Percent = 99.3 %

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

Weighted Sales Revenue (Millions)

Minimum = 25

Maximum = 11000

Mean = 1075.8

Median = 62

Standard Deviation (Unbiased) = 2468.5

95 Percent Confidence Interval Around The Mean = 845.4 - 1306.2

99 Percent Confidence Interval Around The Mean = 773.1 - 1378.5

Skewness = 3.1

Kolmogorov-Smirnov Statistic For Normality = 8.1

Quartiles

1 = 62
2 = 62
3 = 300

Valid Cases = 441
Missing Cases = 3
Response Percent = 99.3%

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

Number of Employees

	Number	Percent	95% CI
Fewer than 100	112	30.2 %	± 4.1 %
100-499	111	29.9 %	± 4.0 %
500-999	41	11.1 %	± 2.7 %
1,000-2,499	32	8.6 %	± 2.4 %
2,500-4,999	30	8.1 %	± 2.3 %
5,000-9,999	17	4.6 %	± 1.8 %
Over 10,000	28	7.5 %	± 2.3 %
Total	371	100.0 %	

Missing Cases = 73
Response Percent = 83.6 %

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

Weighted Number of Employees

Minimum = 100

Maximum = 12000

Mean = 1906.3

Median = 300

Standard Deviation (Unbiased) = 3366.8

95 Percent Confidence Interval Around The Mean = 1563.7 - 2248.9

99 Percent Confidence Interval Around The Mean = 1456.2 - 2356.4

Skewness = 2.2

Kolmogorov-Smirnov Statistic For Normality = 6.7

Quartiles

1 = 100
2 = 300
3 = 1750

Valid Cases = 371
Missing Cases = 73
Response Percent = 83.6%

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

Where are you personally located?

	Number	Percent	95% CI
Midwest U.S.	127	28.8 %	± 4.2 %
Northeast U.S.	95	21.5 %	± 3.8 %
South Central U.S.	65	14.7 %	± 3.3 %
South Atlantic U.S.	57	12.9 %	± 3.1 %
Pacific US	55	12.5 %	± 3.1 %
Mountain U.S.	15	3.4 %	± 1.7 %
Central/Latin America (including Mexico)	7	1.6 %	± 1.2 %
Europe	6	1.4 %	± 1.1 %
Other	6	1.4 %	± 1.1 %
Asia	6	1.4 %	± 1.1 %
Canada	2	0.5 %	± 0.6 %
Total	441	100.0 %	

Missing Cases = 3
Response Percent = 99.3 %

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

Where are you personally located? - Other specified

California
Mid Atlantic
North America
South Eastern U.S.
Vietnam
worldwide

Duke CFO magazine Global Business Outlook survey - U.S. - Second Quarter, 2012

Ownership

	Number	Percent	95% CI
Private	283	70.4 %	± 4.5 %
Public, NYSE	47	11.7 %	± 2.9 %
Nonprofit	37	9.2 %	± 2.6 %
Public, NASDAQ/AMEX	24	6.0 %	± 2.1 %
Government	11	2.7 %	± 1.5 %
Total	402	100.0 %	

Missing Cases = 42
Response Percent = 90.5 %

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Foreign Sales

	Number	Percent	95% CI
0%	201	45.8 %	± 4.7 %
1-24%	158	36.0 %	± 4.5 %
25-50%	41	9.3 %	± 2.7 %
More than 50%	39	8.9 %	± 2.6 %
Total	439	100.0 %	

Missing Cases = 5
Response Percent = 98.9 %

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In what region of the world are most of your foreign sales?

	Number	Percent	95% CI
Europe	84	42.4 %	± 6.1 %
Asia/Pacific Basin	46	23.2 %	± 5.1 %
US/Canada	38	19.2 %	± 4.7 %
Latin America (including Mexico)	27	13.6 %	± 4.1 %
Africa	3	1.5 %	± 1.4 %
Total	198	100.0 %	

Missing Cases = 40
Response Percent = 83.2 %

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What is your company's credit rating?

	Number	Percent	Cumulative
AAA	33	10.2 %	10.2 %
AA+	32	9.9 %	20.1 %
AA	30	9.3 %	29.3 %
AA-	9	2.8 %	32.1 %
A+	21	6.5 %	38.6 %
A	27	8.3 %	46.9 %
A-	20	6.2 %	53.1 %
BBB+	36	11.1 %	64.2 %
BBB	25	7.7 %	71.9 %
BBB-	15	4.6 %	76.5 %
BB+	13	4.0 %	80.6 %
BB	13	4.0 %	84.6 %
BB-	6	1.9 %	86.4 %
B+	7	2.2 %	88.6 %
B	11	3.4 %	92.0 %
B-	9	2.8 %	94.8 %
CCC	11	3.4 %	98.1 %
CC	4	1.2 %	99.4 %
D	2	0.6 %	100.0 %
Total	324	100.0 %	100.0 %

Missing Cases = 0
Response Percent = 100.0 %

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What is your company's credit rating?

N=324	Total	Credit Rating	
		Actual A	Estimate B
Total	324 100.0%	127 39.2%	197 60.8%
AAA	33 10.2%	17 13.4%	16 8.1%
AA+	32 9.9%	11 8.7%	21 10.7%
AA	30 9.3%	10 7.9%	20 10.2%
AA-	9 2.8%	2 1.6%	7 3.6%
A+	21 6.5%	7 5.5%	14 7.1%
A	27 8.3%	12 9.4%	15 7.6%
A-	20 6.2%	6 4.7%	14 7.1%
BBB+	36 11.1%	16 12.6%	20 10.2%
BBB	25 7.7%	14 11.0%	11 5.6%
BBB-	15 4.6%	9 7.1%	6 3.0%
BB+	13 4.0%	3 2.4%	10 5.1%
BB	13 4.0%	4 3.1%	9 4.6%
BB-	6 1.9%	2 1.6%	4 2.0%
B+	7 2.2%	3 2.4%	4 2.0%
B	11 3.4%	6 4.7%	5 2.5%

Significance Tests Between Columns: Lower case: p<.05 Upper case: p<.01

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What is your company's credit rating?

N=324	Total	Credit Rating	
		Actual	Estimate
		A	B
B-	9	3	6
	2.8%	2.4%	3.0%
CCC	11	2	9
	3.4%	1.6%	4.6%
CC	4	0	4
	1.2%	0.0%	2.0%
D	2	0	2
	0.6%	0.0%	1.0%

Significance Tests Between Columns: Lower case: p<.05 Upper case: p<.01