

CFO Survey Spring 2014

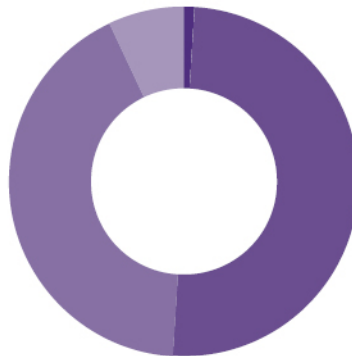
Grant Thornton LLP conducts its CFO Survey twice a year with CFOs and other senior financial executives across the United States. The spring 2014 survey took place between May 13 and June 4, with 1,038 CFOs and controllers participating. The survey has a confidence interval of +/- 3.04% at a 95% confidence level. Questions ranged from the state of the economy to developments in accounting and financial reporting. Please visit [Grant Thornton's CFO Survey](#) for a copy of the survey findings.

Economic outlook

The U.S. economy contracted in first quarter 2014 for the first time in three years. While first quarter data suggests that harsh winter conditions may have temporarily softened the nation's economic progress, executives are increasingly confident that the next six months will be characterized by improving economic growth and stability. The latest survey results show that half (51%) of executives expect the nation's economy to improve during the next six months.

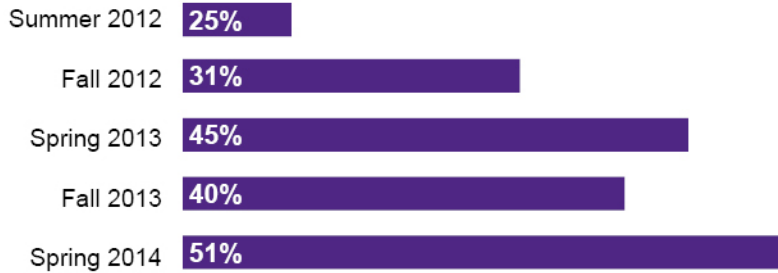
During the next six months, do you expect the economy to:

- Significantly improve **1%**
- Improve **50%**
- Remain the same **42%**
- Worsen **7%**
- Significantly worsen **0%**



During the past two years, executives have grown significantly more confident in the U.S. economy. Since summer 2012, economic optimism among executives has doubled.

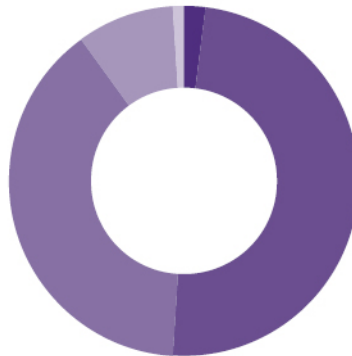
Likelihood of economy improving during the next six months



When it comes to the financial prospects of an executive's industry, their confidence continues to improve. Fifty-one percent of executives believe their industry's financial prospects will improve during the next six months, compared to 10% who believe it will worsen.

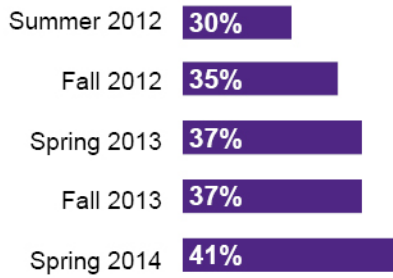
During the next six months, do you expect your industry's financial prospects to:

- Significantly improve **2%**
- Improve **49%**
- Remain the same **39%**
- Worsen **9%**
- Significantly worsen **1%**



Since summer 2012, the number of CFOs who believe the pricing or fees charged by their industry will increase in the next six months has risen 11 percentage points to 41%, indicating growing confidence in the U.S. economy.

Likelihood of pricing or fees charged to increase during the next six months

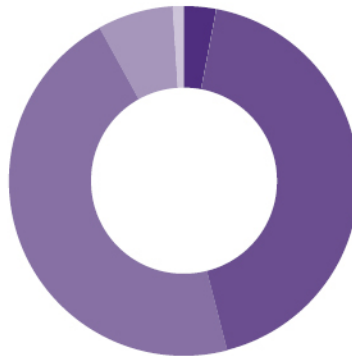


Compensation, benefits and costs

The nation's labor market continues to show signs of vitality. As indicators of strength in the labor market advance, confidence among executives improves. When executives were asked about employment opportunities during the next six months, just under half (46%) said their company's headcount would increase or significantly increase, while only 8% said it would decrease or significantly decrease.

During the next six months, do you expect your headcount to:

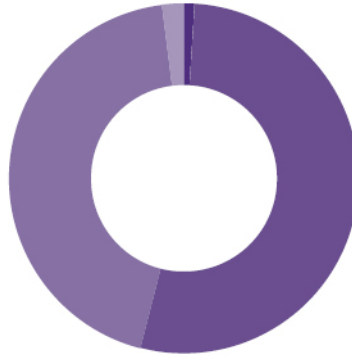
- Significantly increase **3%**
- Increase **43%**
- Remain the same **46%**
- Decrease **7%**
- Significantly decrease **1%**



With respect to future energy costs, 54% of executives are anticipating an increase or significant increase in the next six months, compared to just 2% who believe it will decrease. Many executives have made this issue a priority and designed strategies to improve their company's use of energy. These strategies include increasing the use of company-generated energy, installing or replacing systems with energy-efficient products, and taking advantage of energy-efficiency programs and incentives provided by many utility companies.

During the next six months, do you expect your business's energy costs to:

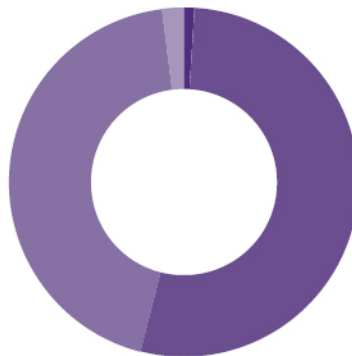
- Significantly increase **1%**
- Increase **53%**
- Remain the same **44%**
- Decrease **2%**
- Significantly decrease **0%**



Continual, sustained growth in countries such as China and India has made the raw materials market much more competitive. Raw material prices are expected to keep rising, especially as China's economy continues to grow in the next few years. More than half (58%) of the executives surveyed anticipate higher raw material costs during the next six months, compared to only 3% who believe costs will decrease during the same period.

During the next six months, do you expect your business's raw material costs to:

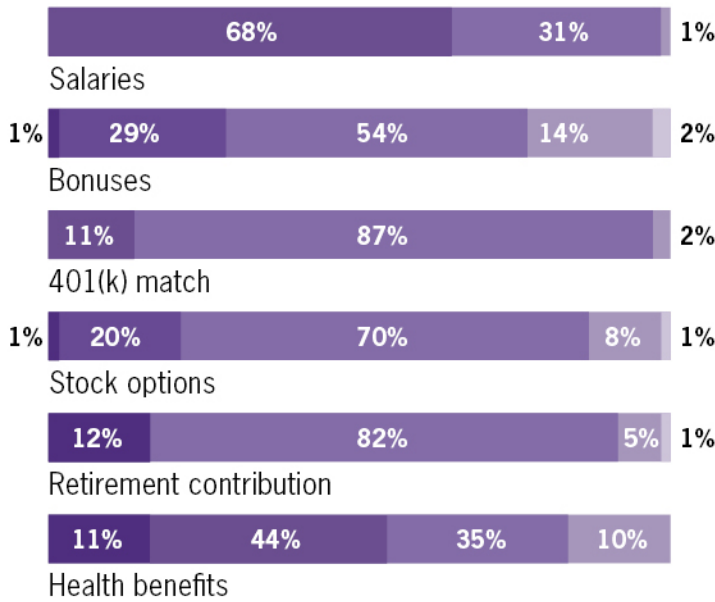
- Significantly increase **2%**
- Increase **56%**
- Remain the same **39%**
- Decrease **3%**
- Significantly decrease **0%**



With respect to employee compensation and benefits, a little more than two-thirds of executives (68%) expect the average cost of an employee's salary to increase during the next 12 months. Yet, the majority of executives feel the total cost of employee benefits (e.g., stock options, 401(k) match, and bonuses) will remain unchanged from the year prior. With respect to health benefits, more than half of executives (55%) believe costs will increase during the same time period.

Regarding the following compensation and benefits, what changes in your employer-funded costs do you anticipate during the next year, on an average per employee basis?

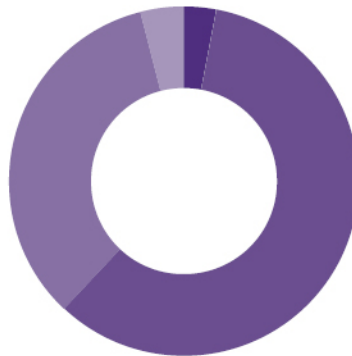
- Significantly increase ● Decrease
- Increase ● Significantly decrease
- Remain the same



Regarding company insurance, almost two-thirds (62%) of CFOs anticipate their costs (e.g., property, casualty and liability) to increase or significantly increase in the next six months. Only 4% of executives believe their insurance costs will decrease during the same period.

During the next six months, do you expect your business's insurance (e.g., property, casualty and liability insurance) costs to:

- Significantly increase **3%**
- Increase **59%**
- Remain the same **34%**
- Decrease **4%**
- Significantly decrease **0%**



About the *CFO Survey* Spring 2014

Survey topic areas

The survey covers a wide range of topics, from the economy to the specifics of financial reporting. Participants in the spring 2014 survey answered questions in the following areas:

- State of the economy
- Compensation, benefits and hiring
- Accounting developments, including private company financial reporting
- National government fiscal policies and business priorities regarding legislation
- Tax issues, including state and local tax returns, as well as national and global tax questions

Survey demographics

The spring 2014 survey includes responses from company executives across the nation. Approximately one out of every four survey participants (24%) is affiliated with a public company, while the remaining 76% are private.

Is your business...

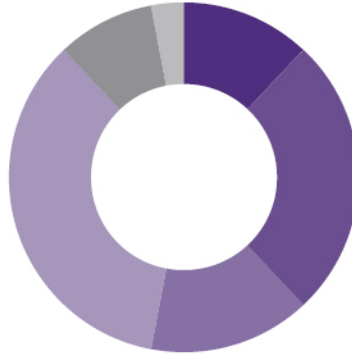
- Public 24%
- Private 76%



Twenty-nine percent of the companies surveyed have an annual revenue size between \$100 and \$500 million. Of executives surveyed, 26% reported revenue of between \$10 and \$50 million. Only 3% of companies reported an annual revenue size of greater than \$5 billion, the majority of which were public entities.

What is the annual revenue size of your business?

- Less than \$10 million **12%**
- Between \$10 million and \$50 million **26%**
- Between \$50 million and \$100 million **15%**
- Between \$100 million and \$500 million **29%**
- Between \$500 million and \$1 billion **6%**
- Between \$1 billion and \$5 billion **9%**
- Greater than \$5 billion **3%**



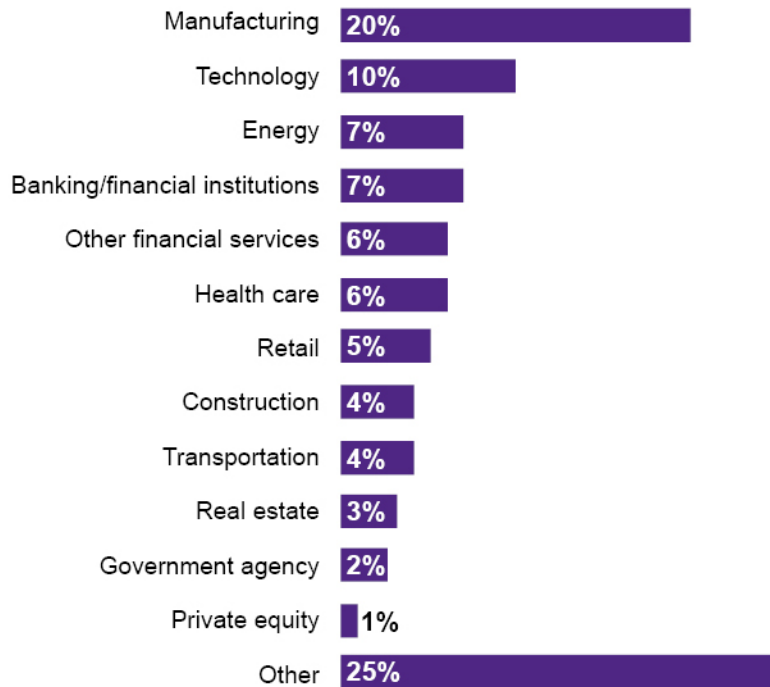
When it comes to international operations, more than one-third of all companies surveyed (37%) are engaged in international operations.

Does your business have international operations?

- Yes **37%**
- No **63%**



Please indicate the type of industry in which you are primarily engaged.



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