

Private Company Services

Trendsetter Barometer™

Business outlook report
August 2010

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Quarterly highlights

PricewaterhouseCoopers commissioned independent research firm BSI Global Research Inc. to interview 250 chief executive officers of leading privately held businesses in the United States in the second quarter of 2010 about their current business performance, the state of the economy, and their expectations for business growth over the next 12 months. We then compared their outlook with the prior quarter's results to see how the outlook has changed.

Key findings:

- **Wave of optimism loses impetus.** The majority of top executives from US leading private growth businesses believe the US economy was growing in the second quarter of 2010. But looking ahead at the next 12 months, the number who expressed optimism about the US economy's prospects dropped 6 points from the prior quarter's 51 percent to 45 percent. Forty-one percent are uncertain, and 14 percent are pessimistic.

Optimism about the world economy over the next 12 months among those selling abroad fell 10 points from 47 percent last quarter to 37 percent. Forty-six percent are uncertain, and 17 percent are pessimistic.

- **Forecasts hold pace.** Respondents forecast a 9.1 percent average growth rate for their own companies' revenue over the next 12 months, down from 10 percent in the prior quarter. However, both international marketers and small private businesses (with annual revenue less than \$100 million) maintained double-digit forecasts – 10.6 percent and 11.8 percent, respectively. Overall, 76 percent forecast positive own-company growth, with 38 percent projecting double-digit growth and 38 percent single-digit – nearly matching the prior quarter's distributions and indicating ongoing strength.
- **International sales slip.** The expected overall contribution of international sales to total revenue over the next 12 months dipped from a survey high of 21 percent in the first quarter to 17 percent. These international marketers also lowered their own-company average revenue forecast — from 11.8 percent to 10.6 percent — but that figure is notably higher than the 7.6 percent average rate among their domestic-only peers.
- **Spending focused on growth.** In the next 12 months, 58 percent of panelists plan to increase operational spending, led by greater investment in infrastructure technology (26 percent) and new product or service introductions (25 percent). The number planning to expand to markets abroad climbed in the second quarter, to 14 percent. Spending plans are up for business acquisitions and facilities expansion but down for marketing and sales promotion, as well as advertising. Twenty-nine percent of respondents said

they plan to make major new investments of capital over the next 12 months, down from 32 percent last quarter. Average spending is anticipated at 7.4 percent of sales.

- **Hiring momentum builds.** In the next 12 months, 54 percent of private companies plan to add employees, up 1 point from last quarter and up 20 points from last year. Only 2 percent plan net reductions. An overall increase of 1.8 percent is planned for the panel's composite workforce, up from 1.5 percent in the prior quarter.
- **Low demand remains a threat.** Respondents said the most likely barriers to growth over the next 12 months will be lack of demand, cited by 78 percent, increased taxation, cited by 52 percent, and legislative/regulatory pressures, cited by 50 percent. In contrast, only 37 percent expect low profitability or decreasing margins to stall growth, down 3 points from the first quarter.

Chart 1.1 International marketers remain ahead of their domestic-only peers

	International marketers (n=119)	Domestic-only peers (n=131)
Business outlook, next 12 months		
Optimistic about US economy	46%	44%
Optimistic about world economy	37%	31%
Revenue growth rate	10.6%	7.6%
International sales (% of total)	17%	–
Planning major capital investments	31%	26%
Planning expansion to new markets abroad	27%	2%
Plans to increase spending (net)	68%	50%
• New products/services	36%	15%
• Information technology	28%	25%
• Business acquisitions	24%	10%
• Sales promotion	19%	12%
• R&D	17%	8%
Prior quarter's performance		
• Increased gross margins (net)	+17%	-1%
• Increased costs (net)	+1%	-4%
• Increased prices (net)	+2%	-6%

Note: International marketers have average revenue of \$398.7 million; their domestic-only peers have average revenue of \$192.0 million.

A quarter-by-quarter comparison of the key indicators shows the business outlook for the next 12 months and how the views of the panel have changed (see Chart 1.2). The pages that follow provide a detailed look at each question for the previous five quarterly surveys.

Key indicators for the business outlook

Chart 1.2 Key indicators for the business outlook

A quarter-over-quarter comparison of the key indicators shows how the 12-month outlook has changed. The change column indicates the movement of opinion from the first quarter to the second quarter of 2010.

Business outlook, next 12 months	2009			2010		Change	Page
	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10	1Q'10 – 2Q'10	
Optimistic about US economy	34%	43%	45%	51%	45%	↓	7
Optimistic about world economy	30%	49%	47%	47%	37%	↓	9
Expect positive revenue growth	57%	68%	71%	77%	76%	=	21
Average growth rate expected	5.2%	7.1%	8.5%	10.0%	9.1%	↓	21
Planning major new investments	28%	29%	29%	32%	29%	↓	25
New investments as a % of sales	7.1%	8.9%	9.4%	7.2%	7.4%	=	25
Planning to hire	34%	42%	47%	53%	54%	=	23
New workers as a % of workforce (net)	+1.4%	+2.5%	+1.7%	+1.5%	+1.8%	↑	23
Expected barriers to growth							
• Lack of demand	81%	77%	79%	74%	78%	↑	27
• Increased taxation	41%	35%	44%	45%	52%	↑	27
• Legislative/ regulatory pressures	43%	43%	50%	48%	50%	=	27
• Profitability/ decreasing margins	42%	43%	45%	40%	37%	↓	27
• Oil/ energy prices	18%	22%	21%	25%	25%	=	27
• Lack of capital for investment	26%	27%	28%	25%	21%	↓	27
• Pressure for increased wages	7%	12%	15%	11%	16%	↑	27
• Higher interest rates	19%	16%	20%	19%	15%	↓	27
• Strength of the US dollar	13%	13%	18%	18%	15%	↓	27
• Lack of qualified workers	10%	12%	13%	11%	14%	↑	27
• Competition from foreign markets	8%	13%	13%	9%	11%	=	27

Economic views

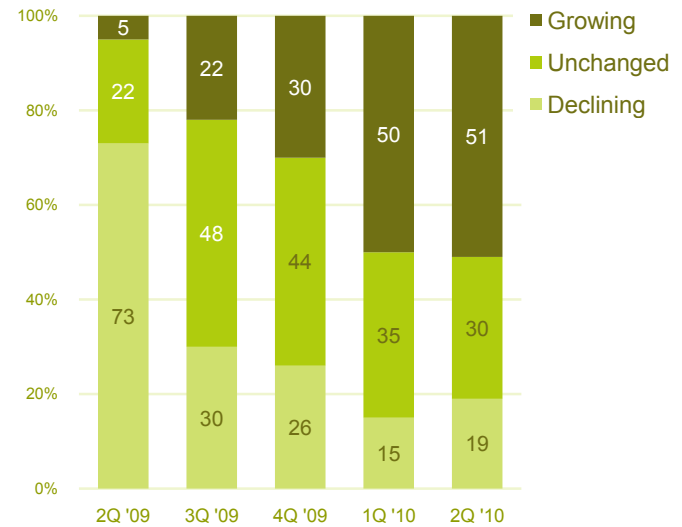
View of the US economy, this quarter

Which best describes your view of the US economy this quarter?

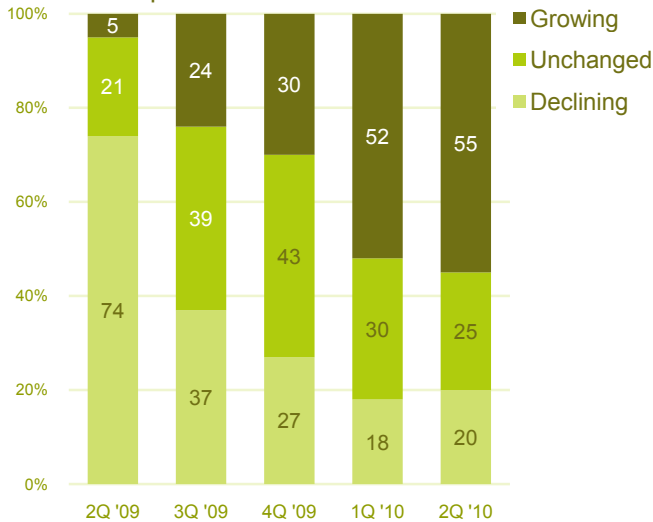
In second-quarter 2010, 51 percent of chief executive officers of America's leading private companies surveyed said they believed the US economy was growing, up 1 point from first-quarter 2010. Nineteen percent said the US economy was declining, and 30 percent felt it was neither growing nor declining.

Chart 2.1 View of the US economy, this quarter

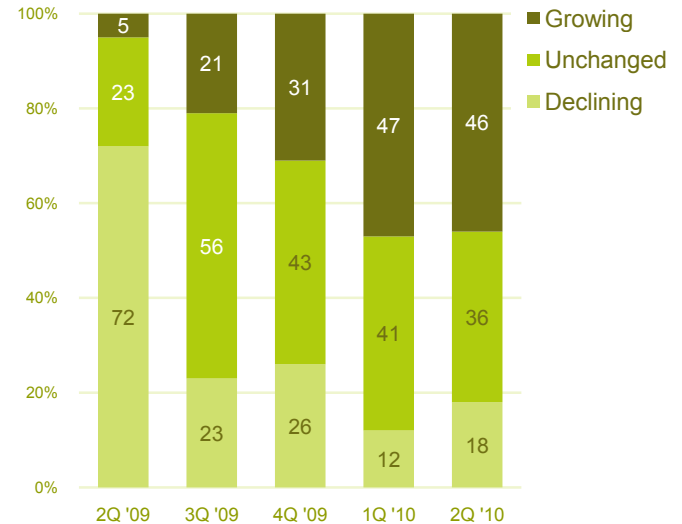
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

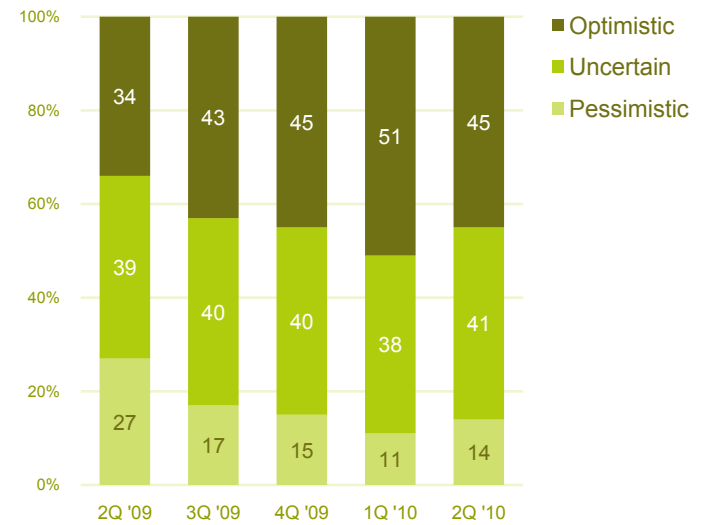
View of the US economy, next 12 months

Looking ahead at the next 12 months, how do you feel about the prospects for the US economy?

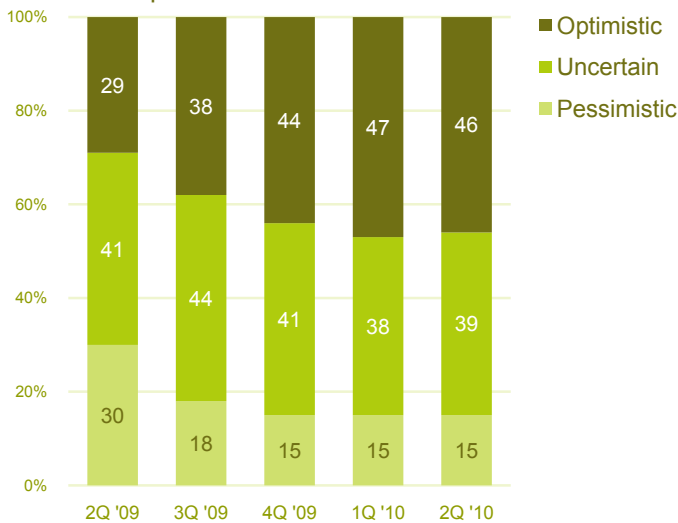
Looking ahead, the number of panelists who are optimistic about the US economy over the next 12 months declined 6 points to 45 percent. The number who expressed pessimism rose 3 points to 14 percent, and 41 percent said they are uncertain.

Chart 2.2 View of the US economy, next 12 months

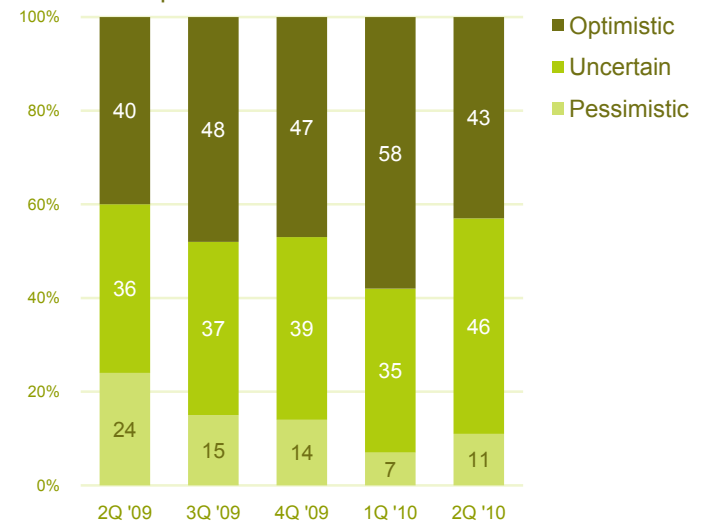
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

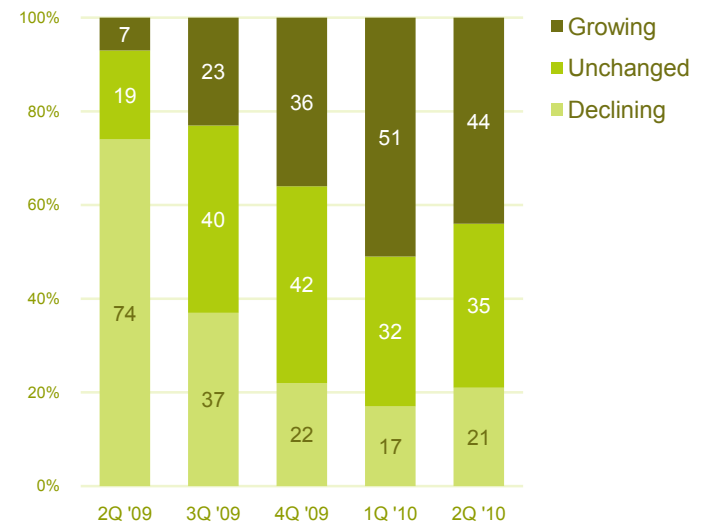
View of the world economy, this quarter

Which best describes your view of the world economy this quarter? (international marketers only)

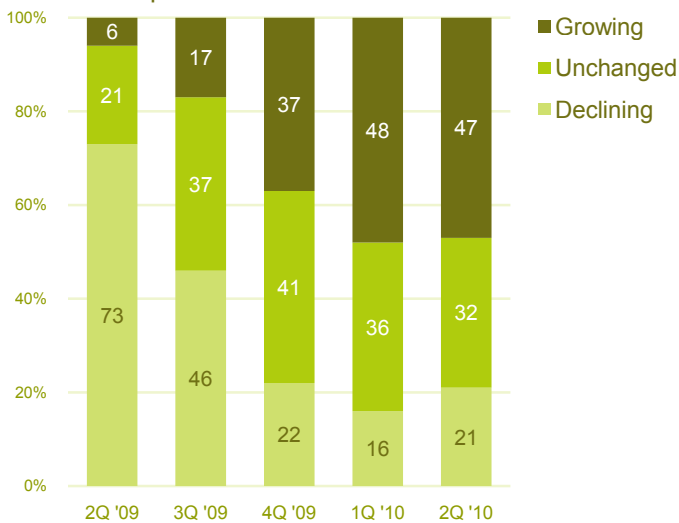
In second-quarter 2010, 44 percent of chief executive officers marketing abroad viewed the world economy as growing, a 7-point decrease from the previous quarter. Twenty-one percent viewed the world economy as declining, and 35 percent viewed it as unchanged.

Chart 2.3 View of the world economy, this quarter

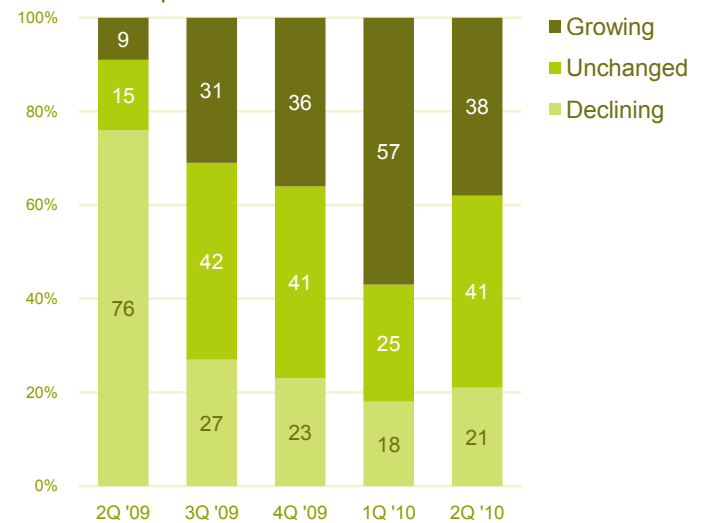
All respondents



Product companies



Service companies



Note: In 2Q 2010 All international marketers, n=119, Product companies, n=72, Service companies, n=47

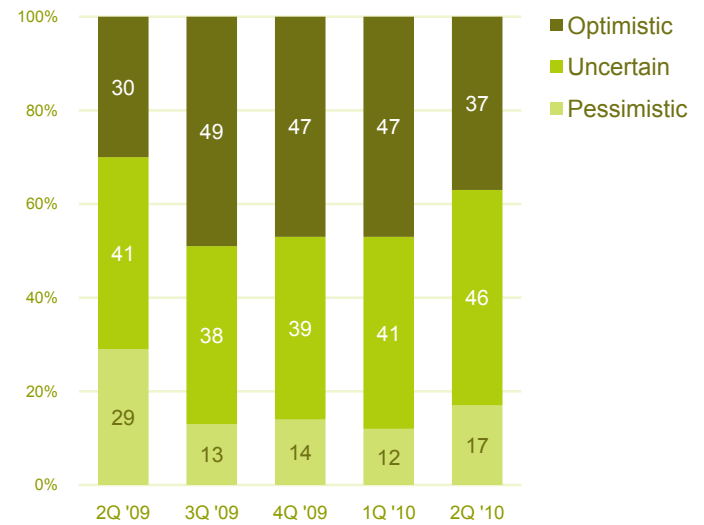
View of the world economy, next 12 months

Looking ahead at the next 12 months, how do you feel about the prospects for the world economy? (international marketers only)

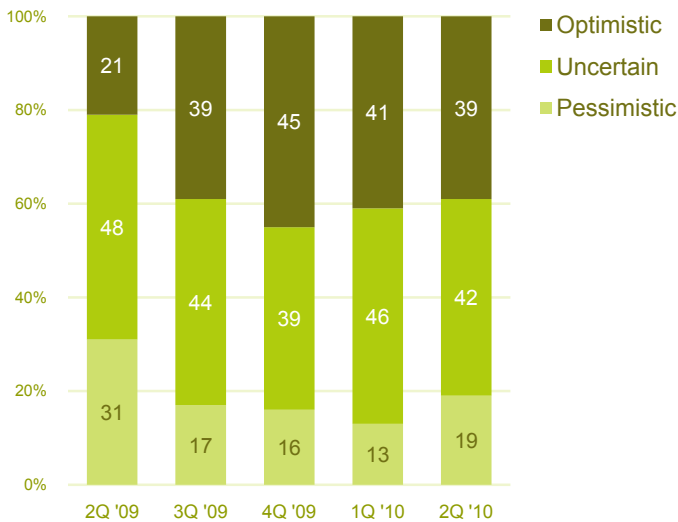
Of international marketers surveyed, 37 percent expressed optimism in the second quarter about the world economy's prospects over the next 12 months, a decline of 10 points from the prior quarter. The number who expressed pessimism rose 5 points to 17 percent, and 46 percent were uncertain.

Chart 2.4 View of the world economy, next 12 months

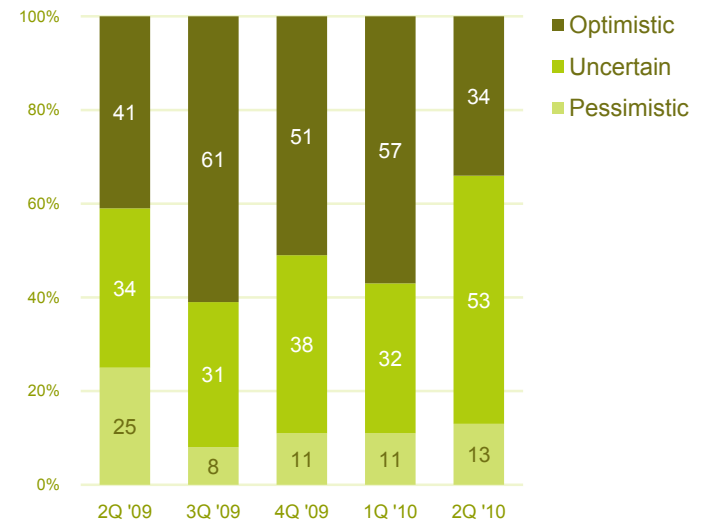
All respondents



Product companies



Service companies



Note: In 2Q 2010 All international marketers, n=119, Product companies, n=72, Service companies, n=47

Company performance

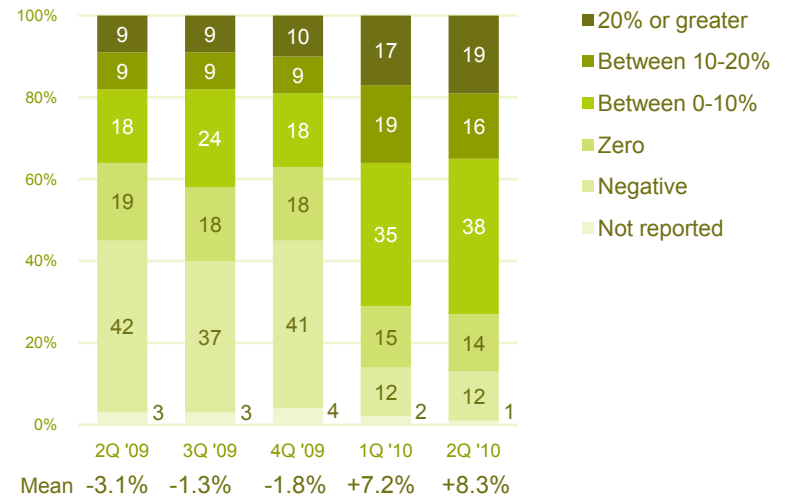
Company revenue growth, calendar year

What is your company's estimated revenue growth rate for the calendar year?

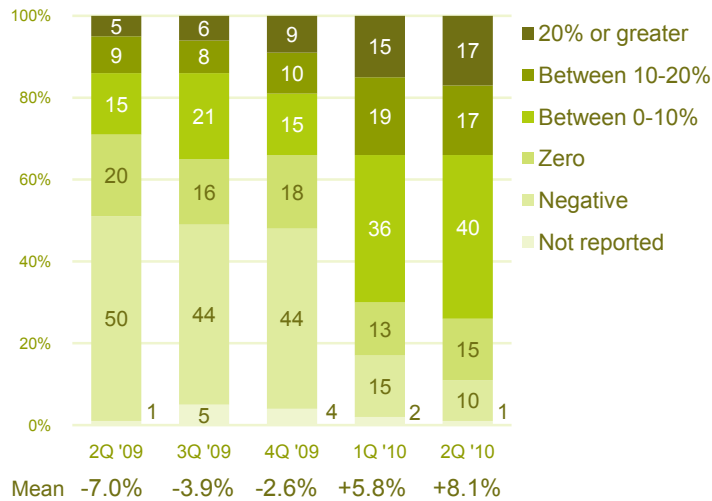
Overall, the composite average own-company growth estimate for 2010 rose 1.1 points to 8.3 percent. Of executive officers interviewed, 73 percent expect to see positive revenue growth through the calendar year (up 2 points), with 35 percent projecting double-digit growth and 38 percent single-digit growth. Only 12 percent project negative revenue growth, and 14 percent expect zero growth.

Chart 3.1 Company revenue growth, calendar year

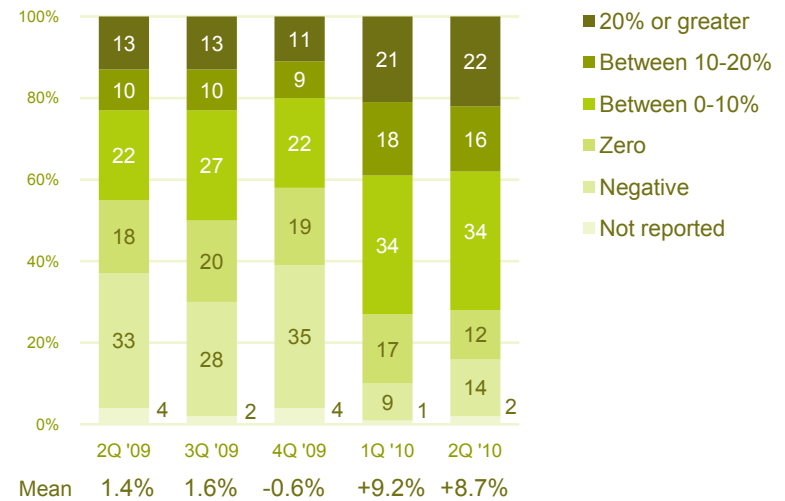
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

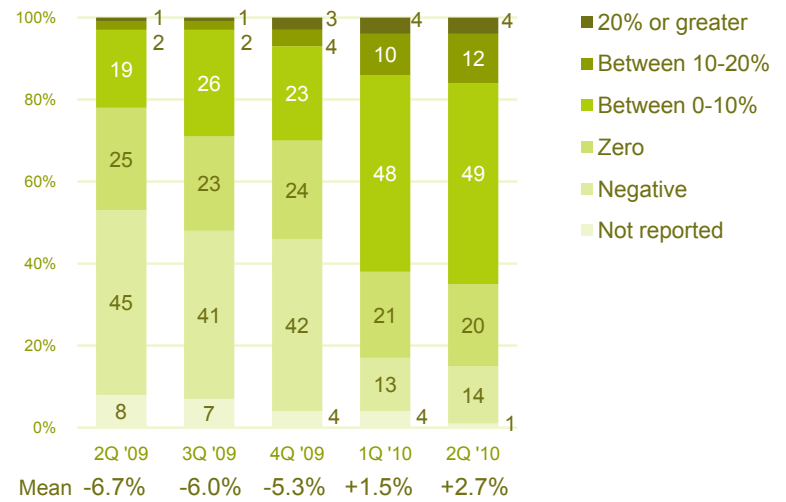
Industry growth, calendar year

What is your industry's estimated growth rate for the calendar year?

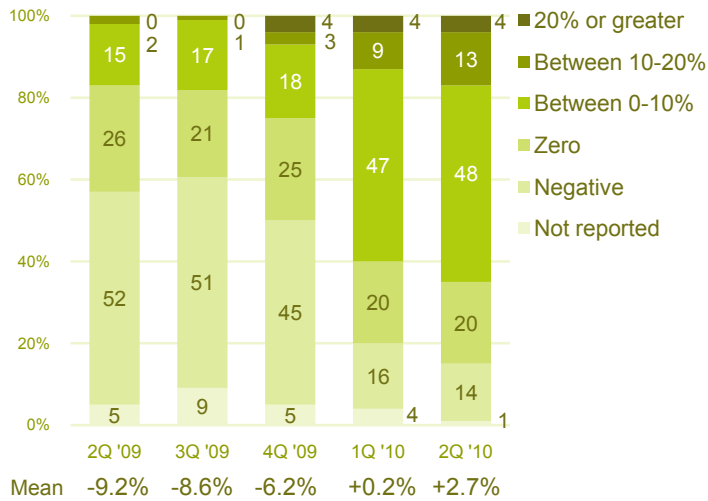
Industry sector growth projections for calendar year 2010 nearly doubled in the second quarter to an average plus 2.7 percent.

Chart 3.2 Industry growth, calendar year

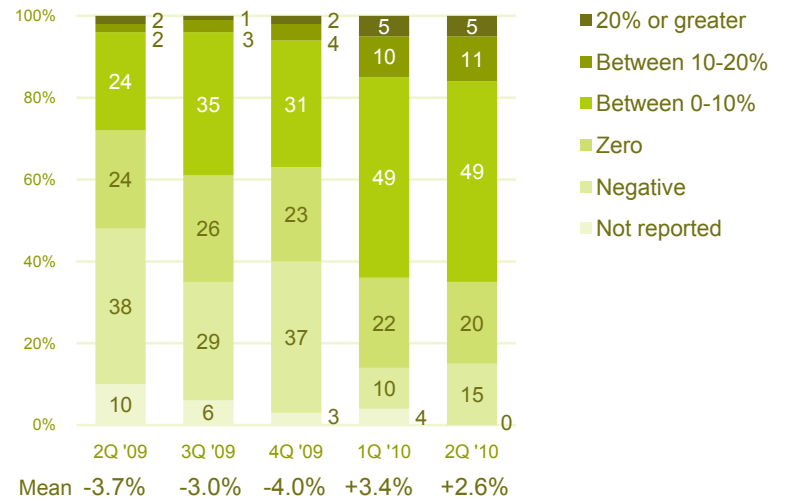
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

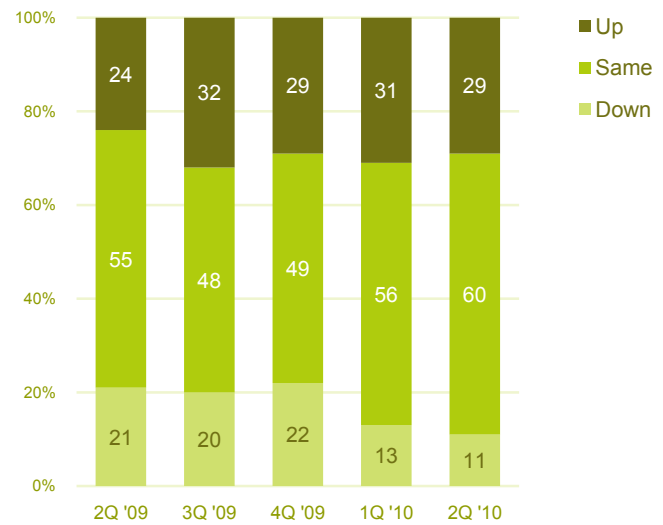
International sales

Are international sales up, down, or the same compared with three months ago?

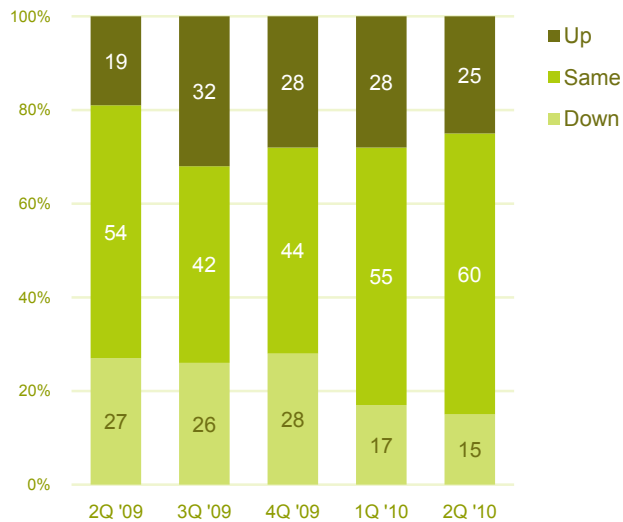
In the second quarter, 29 percent of international marketers increased sales abroad, down 2 points from the prior quarter but up 5 points from a year ago. Only 11 percent reported fewer sales, and 60 percent reported no change.

Chart 3.3 International sales

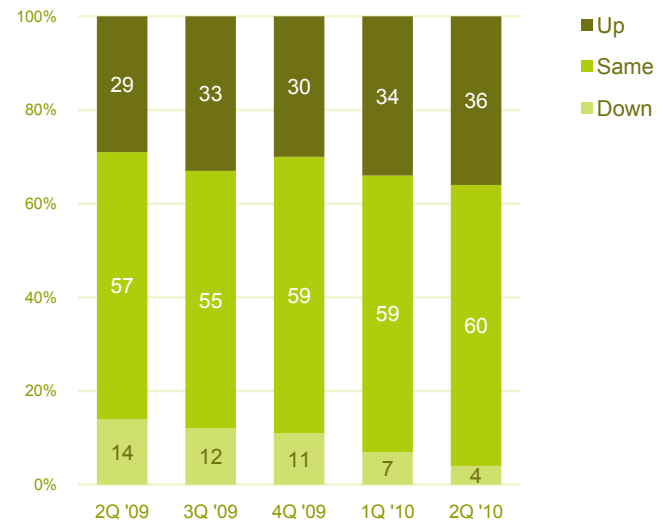
All respondents



Product companies



Service companies



Note: In 2Q 2010 All international marketers, n=119, Product companies, n=72, Service companies, n=47

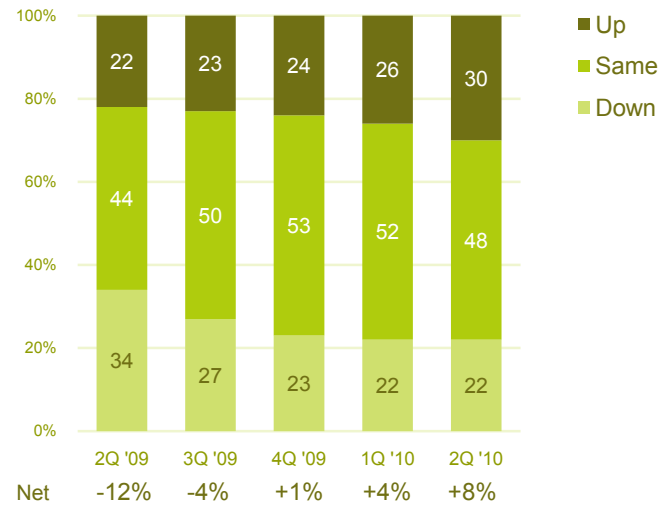
Changes in gross margins

Are gross margins up, down, or the same compared with three months ago?

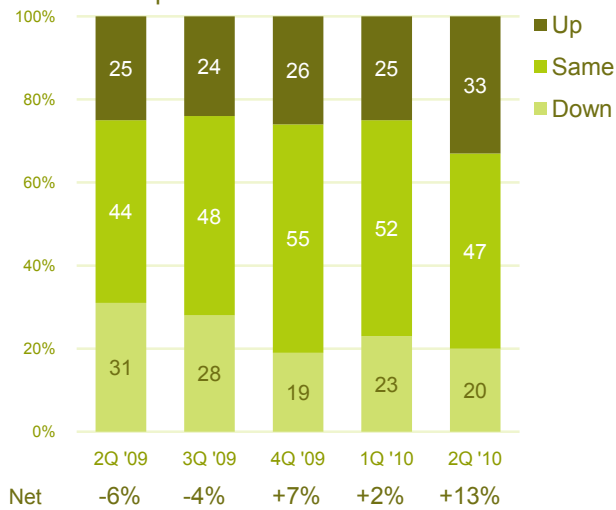
Gross margins improved in the second quarter, as 30 percent reported higher margins and 22 percent reported lower margins, for a net of plus 8 percent, a 4-point improvement over the prior quarter.

Chart 3.4 Changes in gross margins

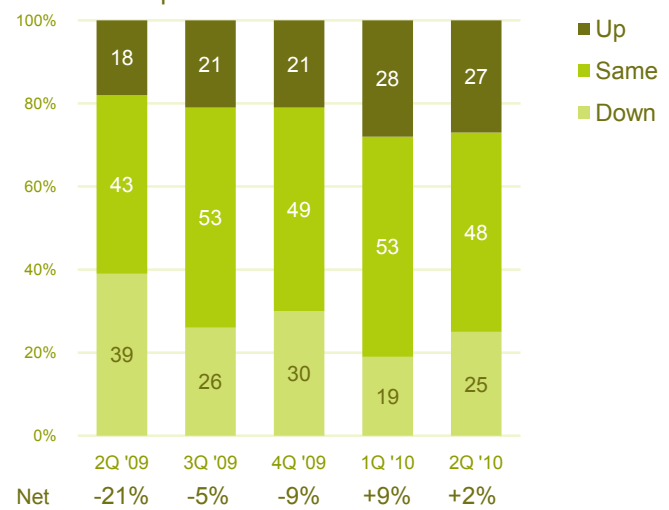
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

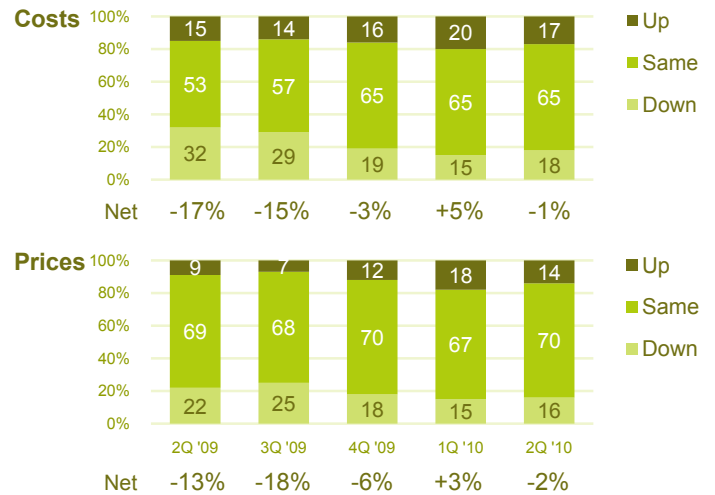
Changes in costs and prices

Are costs up, down, or the same compared with three months ago? Prices?

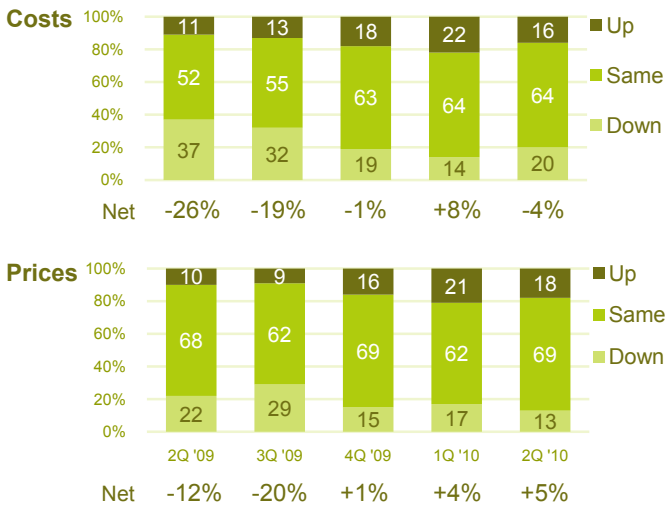
In second-quarter 2010, costs and prices showed a slight net decline. Costs increased for 17 percent of those surveyed and decreased for 18 percent, for a net minus 1 percent. Prices were up for 14 percent and down for 16 percent, for a net of minus 2 percent.

Chart 3.5 Changes in costs and prices

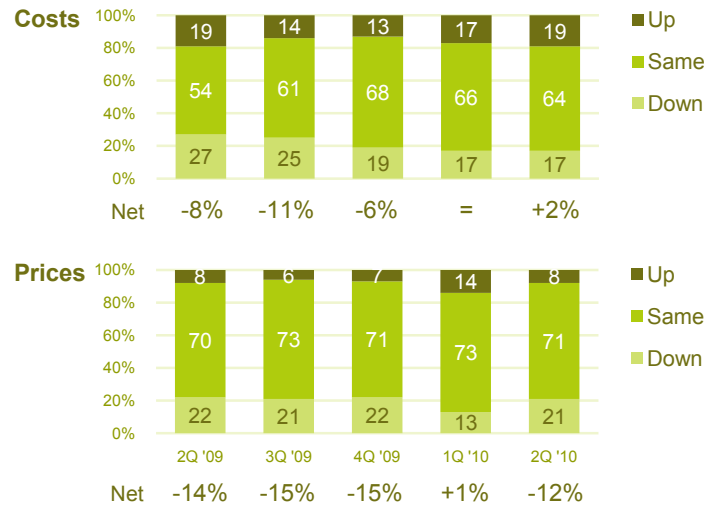
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

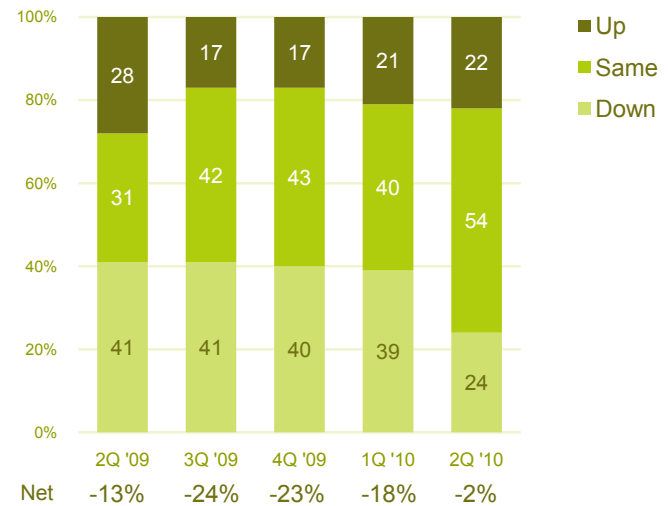
Finished inventories as a percent of sales

Are finished inventories as a percent of sales up, down, or the same compared with three months ago? (product companies only)

Overall, finished inventories were up for 22 percent of product companies in the second quarter and down for 24 percent, for a net minus 2 percent with lower inventories. This is up from the prior quarter's net minus 18 percent.

Chart 3.6 Finished inventories as a percent of sales

Product companies



Note: In 2Q 2010 Product companies, n=143

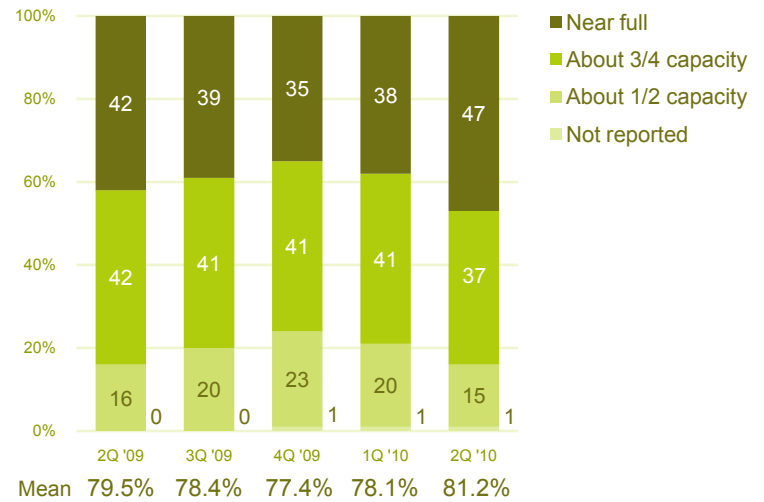
Level of operating capacity

What is your organization's current operating capacity?

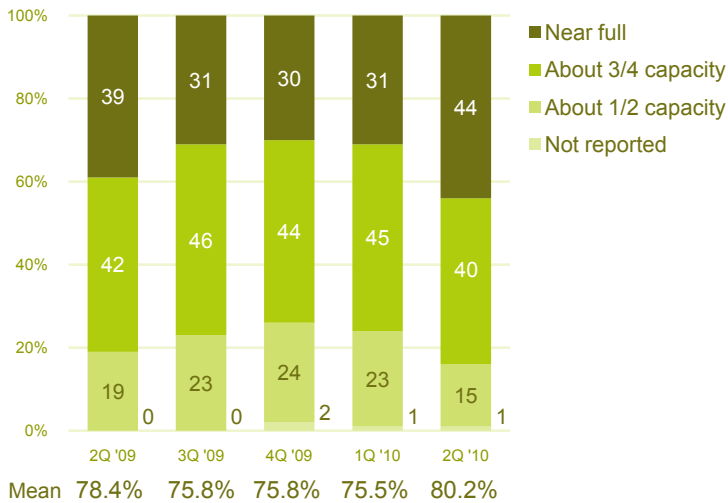
Operating capacity is an estimate of the current level of permanent staffing compared with what is needed for full-capacity output. In the second quarter, the average level of operating capacity for respondents rose to an estimated 81.2 percent, higher than the prior quarter's 78.1 percent. Forty-seven percent reported near full capacity, up from the previous quarter's 38 percent.

Chart 3.7 Level of operating capacity

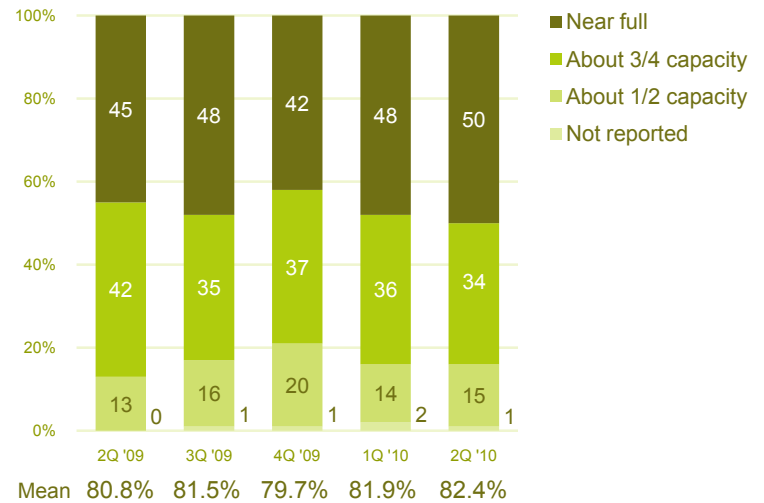
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

New bank loans, credit terms and financing

In the past three months, has your organization initiated any new bank loans, longer credit terms from your suppliers, or other types of financing? What is the current interest rate you are paying for your bank financing?

In the second quarter, only 7 percent of panelists reported financing activity. Six percent reported new bank loans. The mean interest rate paid on loans by these companies is 4.23 percent, 27 basis points higher than a year ago, when it was 3.96 percent.

Chart 3.8 New bank loans, credit terms and financing

All respondents

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Any activity	10%	9%	10%	8%	7%
• New bank loans	9%	7%	5%	4%	6%
• New credit terms (suppliers)	2%	2%	4%	4%	2%
• All other new financing	1%	2%	2%	---	1%
• Mean interest rate (all bank loans)	3.96%	4.10%	4.38%	4.12%	4.23%

Product companies

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Any activity	11%	7%	10%	9%	7%
• New bank loans	9%	6%	5%	3%	6%
• New credit terms (suppliers)	2%	2%	5%	6%	1%
• All other new financing	2%	1%	1%	---	---
• Mean interest rate (all bank loans)	3.80%	3.86%	4.23%	4.07%	4.16%

Service companies

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Any activity	9%	11%	10%	7%	8%
• New bank loans	8%	8%	7%	6%	6%
• New credit terms (suppliers)	1%	3%	4%	2%	2%
• All other new financing	---	2%	2%	---	3%
• Mean interest rate (all bank loans)	4.13%	4.37%	4.60%	4.19%	4.30%

Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

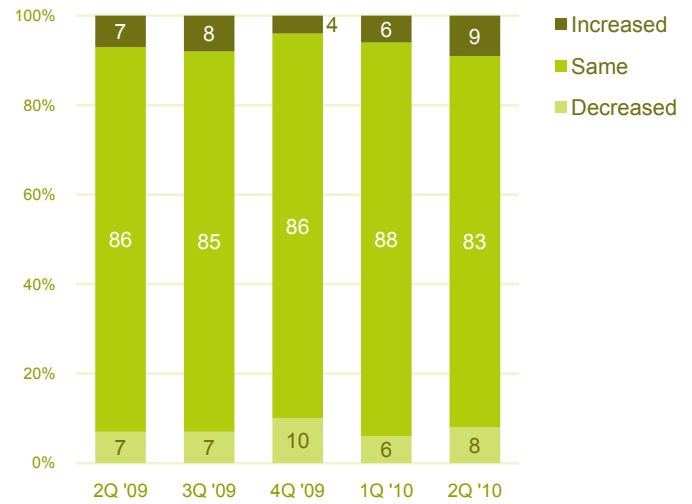
Change in credit availability

How has credit availability changed in the past three months for your organization? (based on current banking relationships)

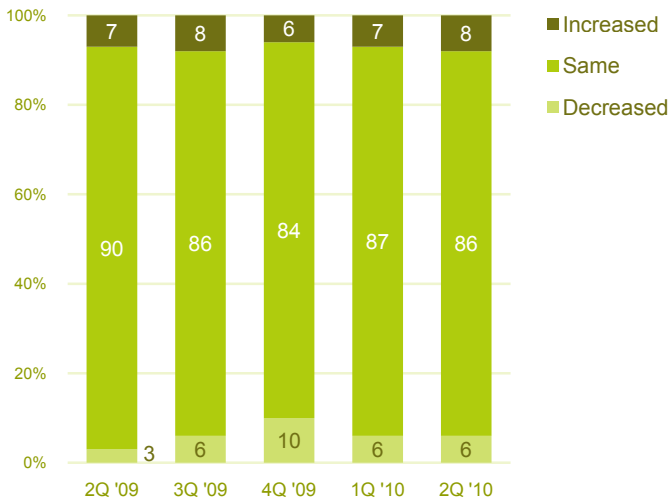
Credit availability showed minimum change in the second quarter, with only 9 percent increasing their credit lines (up 3 points) and 8 percent reporting a decrease (up 2 points).

Chart 3.9 Change in credit availability

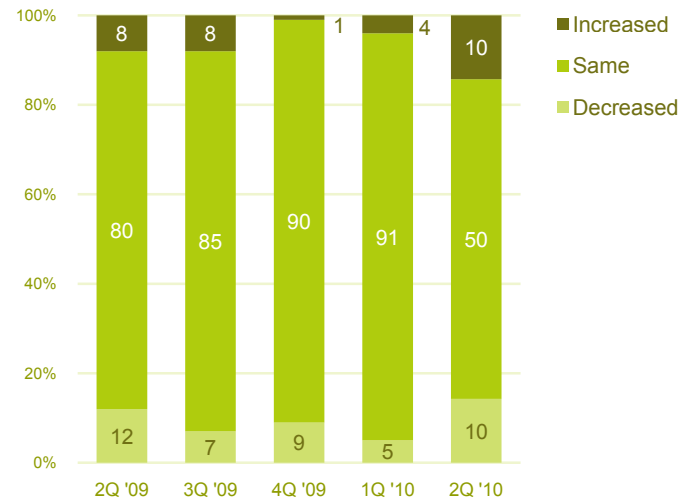
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

Business outlook, next 12 months

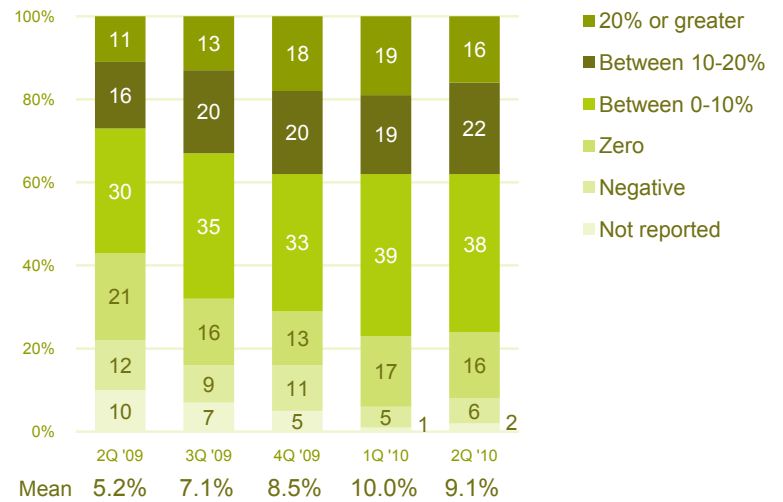
Revenue growth, next 12 months

What is your organization's estimated revenue growth rate for the next 12 months?

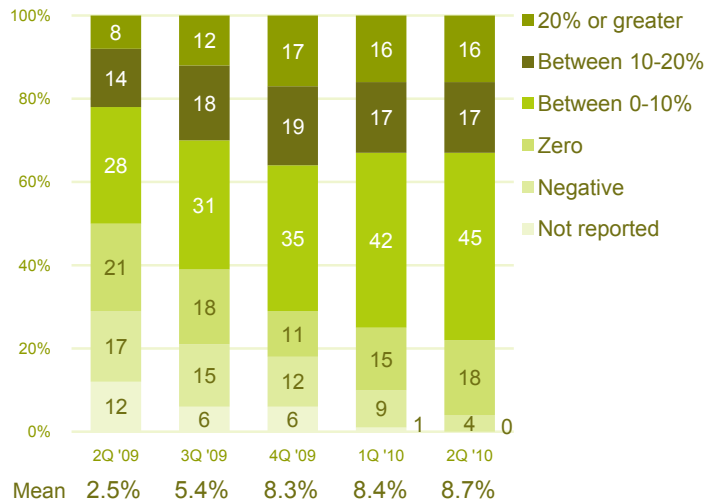
Respondents' projected average revenue growth rates for their companies over the next 12 months dropped in the second quarter from 10 percent to 9.1 percent. Seventy-six percent plan positive own-company growth, with 38 percent projecting double-digit revenue growth and 38 percent single-digit growth. Only 6 percent expect negative growth over the next 12 months, and 16 percent expect zero growth.

Chart 4.1 Revenue growth, next 12 months

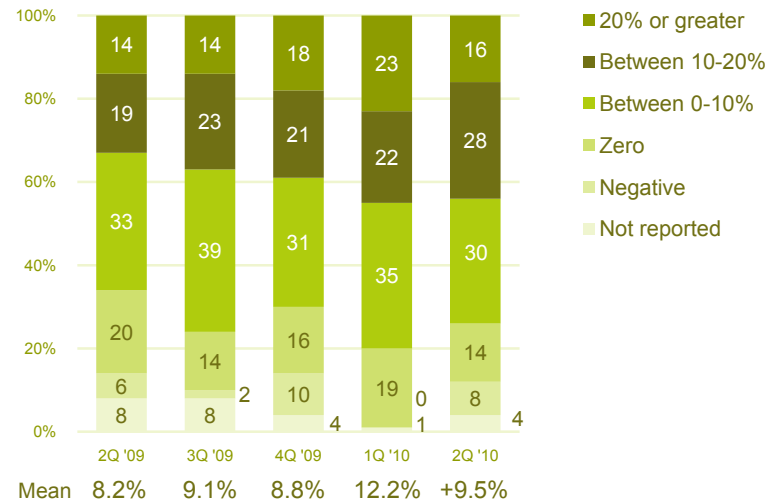
All respondents



Product companies



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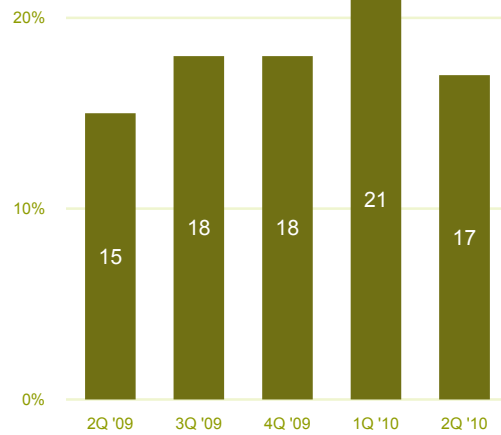
International sales, next 12 months

What percent of your business's total revenue over the next 12 months do you expect to be derived from international sales? (international marketers only)

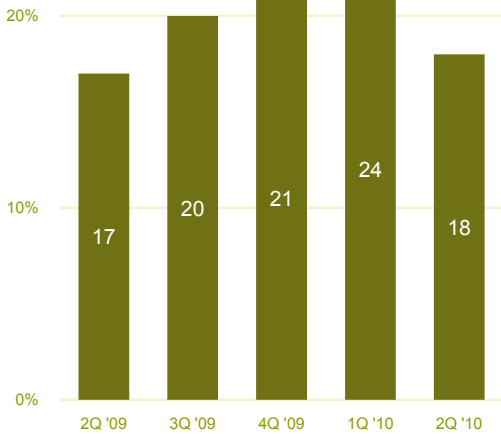
Of panelists selling abroad, the average contribution of international sales to total revenue over the next 12 months is projected at 17 percent, 4 points below the survey high of 21 percent in the prior quarter but 2 points higher than a year ago.

Chart 4.2 International sales, next 12 months

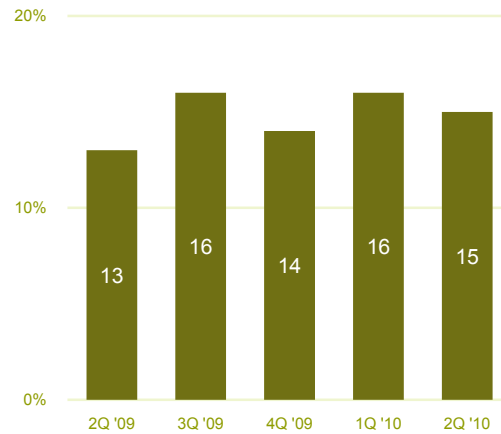
All respondents



Product companies



Service companies



Note: In 2Q 2010 All international marketers, n=119, Product companies, n=72, Service companies, n=47

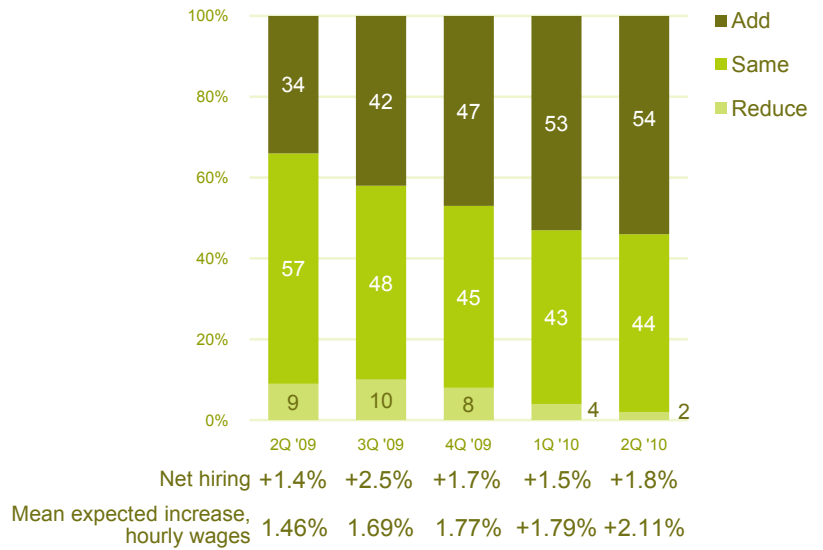
Percent planning to hire

Do you plan to add or reduce the number of full-time equivalent employees over the next 12 months? If so, how many? Do you plan to increase hourly wages?

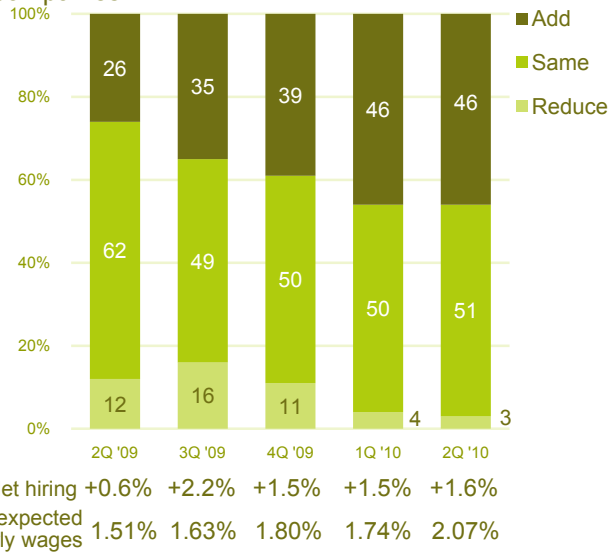
Looking ahead, 54 percent of panelists plan to add employees to their workforces over the next 12 months, similar to the prior quarter. Only 2 percent plan to reduce workers, and 44 percent will stay about the same. An overall increase of 1.8 percent is planned for the panel's composite workforce, up slightly from 1.5 percent last quarter.

Chart 4.3 Percent planning to hire

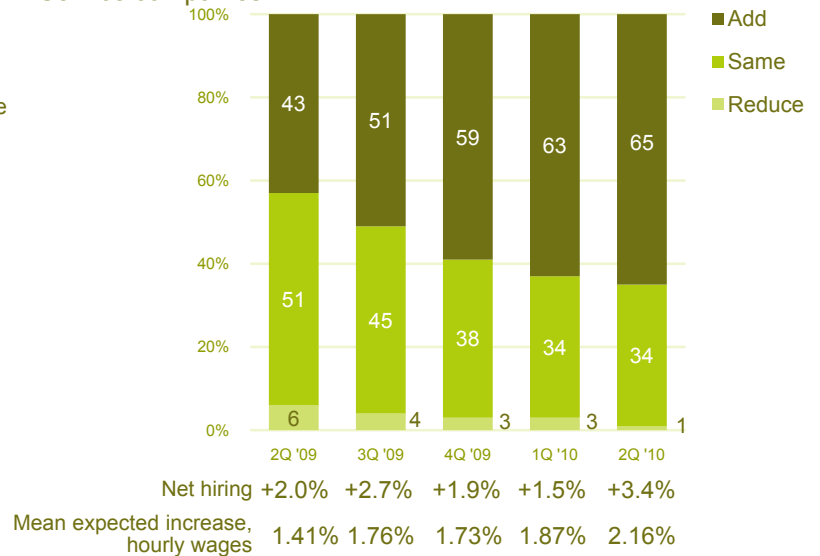
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

Percent planning to hire by type of employee

What types of employees do you plan to add or reduce over the next 12 months?

Over the next 12 months, panelists will be looking primarily for professionals/technicians (31 percent). There is also moderate interest in sales/marketing executives and production workers.

Chart 4.4 Percent planning to hire by type of employee

All respondents

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Planning to hire (net)	34%	42%	47%	53%	54%
• Professionals/technicians	18%	27%	29%	34%	31%
• Sales/marketing	10%	15%	17%	17%	17%
• Production workers	7%	11%	11%	13%	13%
• Skilled labor	5%	9%	5%	7%	9%
• White collar support	7%	11%	11%	10%	8%

Product companies

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Planning to hire (net)	26%	35%	39%	46%	45%
• Professionals/technicians	10%	17%	21%	25%	20%
• Sales/marketing	9%	16%	14%	16%	13%
• Production workers	10%	14%	15%	19%	20%
• Skilled labor	7%	11%	6%	8%	12%
• White collar support	7%	12%	8%	8%	6%

Service companies

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Planning to hire (net)	43%	51%	59%	63%	65%
• Professionals/technicians	28%	38%	41%	47%	47%
• Sales/marketing	12%	14%	23%	19%	22%
• Production workers	4%	8%	4%	4%	5%
• Skilled labor	3%	8%	5%	5%	6%
• White collar support	8%	9%	15%	14%	10%

Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

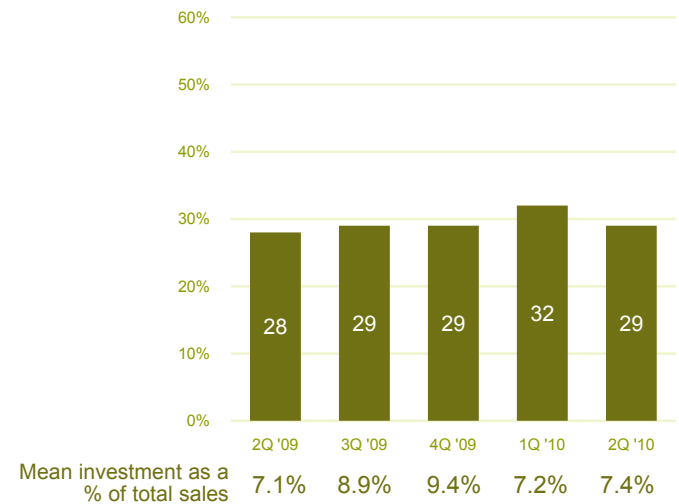
Percent planning major new investments of capital

Are you actively planning any major new investments of capital over the next 12 months? If so, what percent of total sales do you expect to invest?

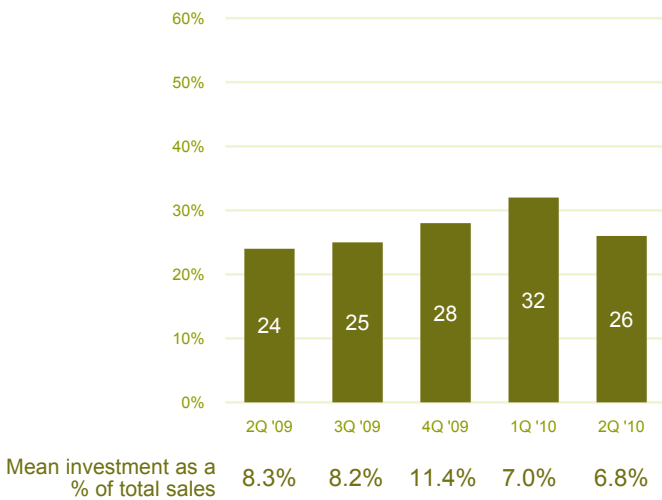
Over the next 12 months, 29 percent of those surveyed are planning for major new investments of capital for business growth – down 3 points from the prior quarter but similar to a year ago. The mean level of investment is 7.4 percent of sales, similar to the previous quarter.

Chart 4.5 Percent planning major new investments of capital

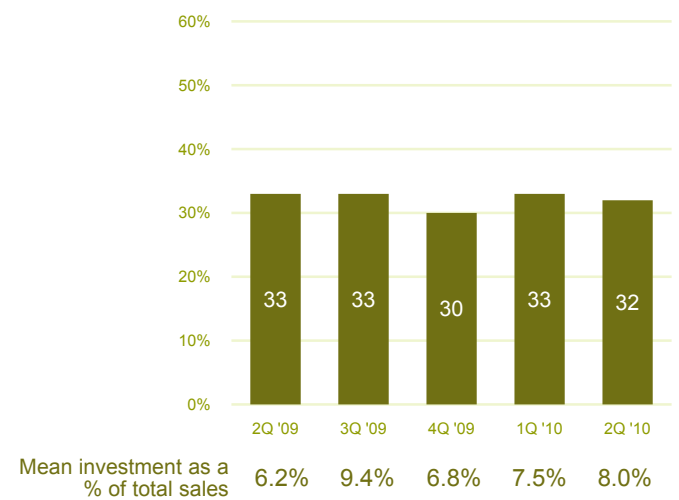
All respondents



Product companies



Service companies



Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

Percent planning to increase operational spending

Over the next 12 months, where do you expect to increase spending?

In the second quarter, 58 percent of panelists were planning to increase operational spending over the next 12 months, same as the previous quarter. Information technology and new product or service introductions led the way. Business acquisitions jumped 5 points to 17 percent.

Product companies

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Percent planning to increase spending (net)	49%	55%	56%	58%	59%
• Information technology	18%	18%	21%	15%	25%
• New product or service introduction	25%	24%	24%	23%	25%
• Geographic expansion	12%	14%	14%	15%	16%
• Facilities expansion	13%	15%	14%	16%	17%
• Business acquisition	12%	12%	13%	13%	13%
• Marketing & sales promotion	19%	16%	22%	21%	15%
• Advertising	12%	14%	17%	17%	11%
• Research and development	9%	14%	12%	11%	13%
• Internet commerce	4%	4%	7%	5%	5%

Chart 4.6 Percent planning to increase operational spending

All respondents

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Percent planning to increase spending (net)	55%	57%	62%	58%	58%
• Information technology	18%	19%	28%	21%	26%
• New product or service introduction	27%	26%	27%	26%	25%
• Geographic expansion	17%	14%	16%	17%	17%
• Facilities expansion	13%	15%	15%	14%	17%
• Business acquisition	16%	15%	12%	12%	17%
• Marketing & sales promotion	17%	16%	21%	20%	16%
• Advertising	11%	14%	16%	15%	12%
• Research and development	9%	12%	13%	12%	12%
• Internet commerce	3%	4%	6%	4%	5%

Service companies

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Percent planning to increase spending (net)	61%	58%	68%	60%	57%
• Information technology	19%	21%	38%	29%	29%
• New product or service introduction	29%	28%	31%	29%	25%
• Geographic expansion	24%	13%	18%	19%	18%
• Facilities expansion	13%	16%	17%	11%	17%
• Business acquisition	20%	18%	10%	11%	22%
• Marketing & sales promotion	15%	17%	21%	18%	16%
• Advertising	9%	13%	15%	13%	13%
• Research and development	10%	10%	14%	13%	11%
• Internet commerce	1%	3%	4%	3%	6%

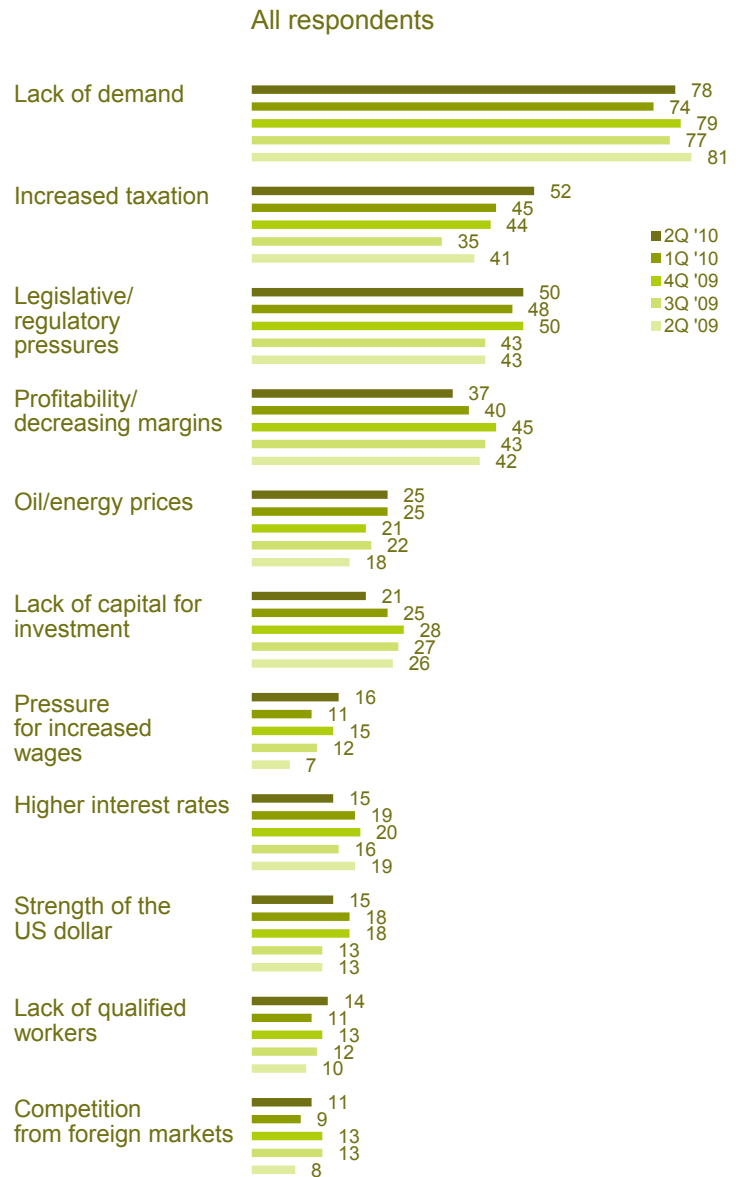
Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

Expected barriers to business growth

Over the next 12 months, will any of the following represent barriers to business growth?

Most panelists expect lack of demand will continue to stunt business growth over the next 12 months, with 78 percent citing it as a concern (up 4 points). Increased taxation is seen as a possible hurdle by 52 percent, and 50 percent said legislative/regulatory pressure might be a barrier. Fewer see profitability/decreasing margins as a threat, dropping 3 points to 37 percent.

Chart 4.7 Expected barriers to business growth



Note: In 2Q 2010 All respondents, n=250

Plans for M&A and other business initiatives

Over the next 12 months, do you expect to participate in any of the following new business initiatives?

Looking at the next 12 months, 43 percent of respondents expect to participate in new business initiatives, down 7 points from the prior quarter. Overall, the most prevalent expected initiatives are new strategic alliances, new joint ventures, purchase of another business, and expansion to new markets abroad.

Product companies

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
New business initiatives (net)	43%	49%	53%	49%	36%
• New strategic alliance	25%	19%	25%	19%	18%
• New joint venture	17%	16%	15%	17%	14%
• Purchase of another business	15%	10%	15%	20%	13%
• Expand to new markets abroad	8%	10%	13%	9%	12%
• Restructure debt	9%	14%	14%	12%	11%
• Bring in new partners	10%	5%	7%	7%	5%
• “Angel” investors	4%	5%	5%	7%	7%
• Sale part/all of own business	7%	6%	5%	7%	5%
• New facilities abroad	2%	2%	2%	2%	4%
• Venture capital	3%	5%	3%	3%	2%
• Private placement	2%	4%	3%	---	1%
• IPO offering	1%	---	---	1%	---

Chart 4.8 Plans for M&A and other business initiatives

All respondents

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
New business initiatives (net)	48%	55%	50%	50%	43%
• New strategic alliance	21%	29%	24%	24%	19%
• New joint venture	15%	15%	18%	18%	18%
• Purchase of another business	14%	14%	17%	17%	16%
• Expand to new markets abroad	8%	13%	11%	11%	14%
• Restructure debt	11%	10%	9%	9%	9%
• Bring in new partners	6%	10%	9%	9%	8%
• “Angel” investors	4%	5%	6%	6%	7%
• Sale part/all of own business	6%	6%	6%	6%	5%
• New facilities abroad	2%	2%	2%	2%	3%
• Venture capital	4%	4%	3%	3%	2%
• Private placement	4%	3%	1%	1%	1%
• IPO offering	1%	2%	1%	1%	---

Service companies

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
New business initiatives (net)	57%	47%	59%	51%	52%
• New strategic alliance	35%	23%	35%	30%	22%
• New joint venture	13%	13%	15%	18%	22%
• Purchase of another business	22%	19%	11%	14%	18%
• Expand to new markets abroad	9%	6%	12%	14%	16%
• Restructure debt	4%	6%	6%	6%	8%
• Bring in new partners	12%	8%	13%	14%	13%
• “Angel” investors	6%	3%	4%	4%	6%
• Sale part/all of own business	6%	5%	8%	4%	5%
• New facilities abroad	---	1%	1%	1%	2%
• Venture capital	3%	3%	7%	4%	2%
• Private placement	---	5%	4%	2%	2%
• IPO offering	---	2%	5%	1%	1%

Note: In 2Q 2010 All respondents, n=250, Product companies, n=143, Service companies, n=107

Survey demographics and research methodology

Demographics

Who	Leading privately held businesses in the US		
Interview dates	May 7, 2010, to August 5, 2010		
	All (250)	Product (143)	Service (107)
Average number of employees	967	988	939
Average business unit revenues	\$193.9 million	\$255.3 million	\$111.9 million
Average enterprise revenues	\$290.8 million	\$401.0 million	\$141.6 million
5-year growth rate	71%	69%	73%
Industry sectors	Products 57% Manufacturing 32% Trade/Distribution 12% All other 13% Services 43%		

Methodology

PricewaterhouseCoopers' Private Company Trendsetter Barometer is a quarterly telephone survey conducted by the independent research firm BSI Global Research Inc.

The survey panel consists of CEOs and their designates from a geographically balanced sample of leading private companies in the United States, as identified in the business media.

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About the research:

The Private Company Trendsetter Barometer is one in a series of quarterly business outlook surveys from PricewaterhouseCoopers. The survey provides a view on the 12-month outlook for revenue growth, new investments, new hiring plans, emerging business barriers and more. In addition to the business outlook, we hear from our panelists about special issues they face as the business climate changes. Results of the quarterly business outlook surveys and special issue surveys are available from www.pwc.com/pcs and www.barometersurveys.com.

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