

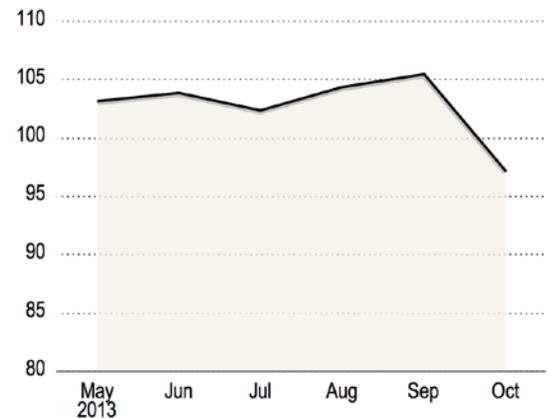
CEO Confidence Plunges in Response to Government Shutdown.

The last minute theatrics of Congress have imposed a substantial degree of economic uncertainty for the third time in as many years. In the October WSJ/Vistage Small Business CEO survey, small business firms held much less favorable expectations for the national economy due to the recent government shutdown. The October Confidence Index fell to 97.0 in the October 2013 survey from 105.3 in September, the lowest level since the fiscal cliff fiasco at the start of 2013.

One-in-five small firms reported doing business with the federal government in the most recent survey. Among these firms, the Confidence Index fell to 89.4 in the October survey, well below the 99.1 recorded among firms who did not do any business with the federal government. One might anticipate that since the survey was completed prior to the last minute agreement, that confidence among small business would quickly rebound, partly due to the end of the suspension of payments to firms with federal contracts. Even if that 10-point gap is closed, the temporary extension of the budget and debt ceiling will keep the level of economic uncertainty high until a resolution is reached that lasts more than a few months. Despite the significant decline in the economic outlook among small firms, the most hopeful sign was that firms anticipated only modest declines in their revenues and profits and planned only minor cutbacks in employment and investment spending. Luckily, the uncertainty produced by the Congressional quagmire has thus far only slowed, but not overwhelmed, the underlying upward momentum exhibited by small firms. It is nonetheless troublesome that Congress has now become the primary source of economic uncertainty.

Analysis provided by Dr. Richard Curtin, University of Michigan

WSJ/Vistage Small Business CEO Confidence Index



Visit vistageindex.com to see the interactive tool and view results from previous months.

WSJ/Vistage Small Business CEO Survey (692 Respondents)

| Question | Answer | Respondents | |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------|-----|
| | | # | % |
| 1. Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened? | Improved | 249 | 36% |
| | Remained about the same | 337 | 49% |
| | Worsened | 105 | 15% |
| | Don't know/No opinion | 1 | 0% |

Continued on reverse...

| Question | Answer | Respondents | |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------|-----|
| | | # | % |
| 2. During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same, or worse than now? | Better | 143 | 21% |
| | About the same | 354 | 51% |
| | Worse | 184 | 27% |
| | Don't know/No opinion | 11 | 2% |
| | | | |
| 3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months? | Increase | 276 | 40% |
| | Remain the same | 316 | 46% |
| | Decrease | 94 | 14% |
| | Don't know/No opinion | 6 | 1% |
| 4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months? | Increase | 470 | 68% |
| | Remain the same | 162 | 23% |
| | Decrease | 54 | 8% |
| | Don't know/No opinion | 6 | 1% |
| 5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months? | Improve | 366 | 53% |
| | Remain the same | 226 | 33% |
| | Worsen | 94 | 14% |
| | Don't know/No opinion | 6 | 1% |
| 6. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months? | Increase | 354 | 51% |
| | Remain the same | 287 | 41% |
| | Decrease | 49 | 7% |
| | Don't know/No opinion | 2 | 0% |
| 7. Have you done any business as a U.S. federal government contractor in the past 24 months? | Yes | 147 | 21% |
| | No | 510 | 74% |
| | N/A | 28 | 4% |
| | Skipped | 7 | 1% |

| Question | Answer | Respondents | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|-----|
| | | # | % |
| 8. If you have done business as a government contractor, what best describes the share of your company's revenue from the federal government? | Less than 25% | 100 | 14% |
| | 25 – 50% | 19 | 3% |
| | 51 – 75% | 12 | 2% |
| | More than 75% | 24 | 3% |
| | N/A | 459 | 66% |
| | Skipped | 71 | 10% |
| | Other | 7 | 1% |

| | | | |
|------------------------------------------------------------------------------------------------------------|-------------------------|-----|-----|
| 9. Has the amount of business you've done as a federal government contractor in the past 12 months: | Increased | 40 | 6% |
| | Decreased | 64 | 9% |
| | Remained about the same | 62 | 9% |
| | N/A | 474 | 68% |
| | Skipped | 52 | 8% |

| | | | |
|-----------------------------------------------------------------------------------|---------------------|-----|-----|
| 10. During your company's last fiscal year, what was its total employment? | 1-9 employees | 62 | 9% |
| | 10-19 employees | 145 | 21% |
| | 20-49 employees | 258 | 37% |
| | 50-99 employees | 135 | 20% |
| | 100-499 employees | 85 | 12% |
| | 500-999 employees | 2 | 0% |
| | 1000-4999 employees | 4 | 1% |
| | None | 1 | 0% |

WSJ | VISTAGE

SMALL BUSINESS CEO SURVEY

A monthly survey measuring the sentiment of U.S. small business CEOs and owners about the economy.

Visit vistageindex.com to view an interactive tool with full results from previous months.