

VISTAGE CEO Confidence Index

Largest Survey of CEOs Since 2003

CEOs have become less optimistic about prospects for their firm due to renewed concerns about the outlook for the national economy. The Vistage CEO Confidence Index was 92.8 in the 2nd quarter 2012 survey, down from 105.1 in the 1st quarter of 2012, repeating the same pattern of decline recorded in the first half of 2011 (105.2 in the 1st quarter of 2011 to 92.9 in the 2nd). Indeed, this is the third year that a mid-year slump in confidence has been recorded. The common elements in each year's retreat have been weakening conditions in the economy as well as concerns over economic policies. Importantly, the retreat in confidence has been quite small, with the confidence index much closer to its ten-year peak (115.6) than to its low point (48.7).

Commenting on the survey results, University of Michigan's Dr. Richard Curtin said, "Overall, the data indicates that firms expect the economic expansion to continue, with the majority anticipate that their firms will book higher revenues and increased profits during the year ahead. Nonetheless, firms expressed rising uncertainty about what federal tax and spending reforms will be passed to avoid a nose dive off the 2013 fiscal cliff. It's too close and too uncertain to avoid taking some steps now to protect their firm's interests."

Vistage CEO Confidence Index Highlights

30% of CEOs expect overall economic conditions to improve in the next 12 months.

49% believe conditions will remain the same.

66% of CEOs anticipate sales revenues will increase in the next 12 months.

50% of CEOs believe their firm's number of employees will increase during the next 12 months.

26% of CEOs say customer retention and lead generation are the biggest challenges they are facing right now.

21% say their biggest challenge is managing costs.

15% say its cash, liquidity, receivables.

42% of CEOs said that to reduce the deficit, Washington should increase taxes, cut spending, and reform the entitlement system.

27% said they should cut spending.

23% said they should enact a spending cap that prevents the government from spending more than it collects each year.

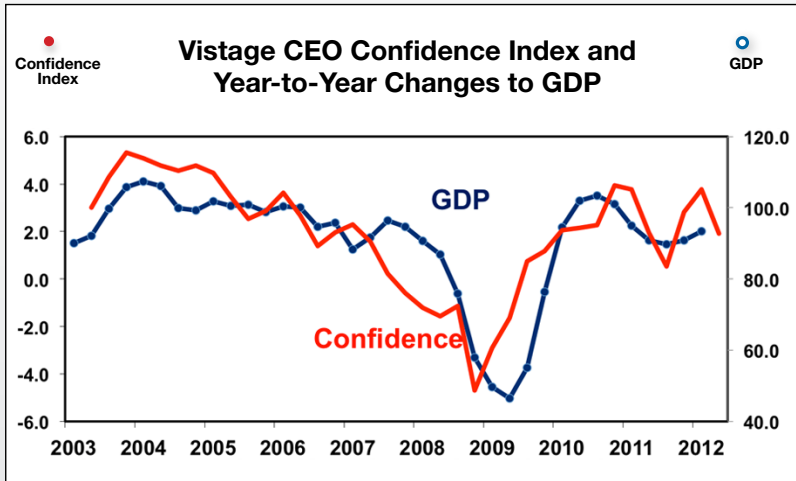
31% of CEOs say that to control health care costs Washington should allow individuals to opt out of the mandated health coverage for their own private coverage.

30% said they should provide incentives to companies to implement health wellness programs.

30% of CEOs said that to address entitlement reform, Washington should increase the age by which one can receive Social Security.

23% said they should allow people to opt out of Social Security to choose their own retirement investments.

23% said they should enact new programs to replace Social Security and entitlement programs.



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Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?	Improved	590	36%
	About the same	821	50%
	Worsened	236	14%
	Don't know/No opinion	3	0%
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	499	30%
	About the same	813	49%
	Worse	296	18%
	Don't know/No opinion	42	3%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	659	40%
	About the same	757	46%
	Decrease	222	13%
	Don't know/No opinion	12	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	1,090	66%
	About the same	404	24%
	Decrease	148	9%
	Don't know/No opinion	8	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	872	53%
	About the same	540	33%
	Worsen	231	14%
	Don't know/No opinion	7	0%
6. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?	Increase	575	35%
	About the same	936	57%
	Decrease	133	8%
	Don't know/No opinion	6	0%
7. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase	831	50%
	About the same	685	42%
	Decrease	132	8%
	Don't know/No opinion	2	0%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q3 2012	221	13%
	Q4 2012	144	9%
	Q1 2013	151	9%
	Steadily throughout the next 12 months	501	30%
	I do not plan to increase my total number of employees	633	38%

9. What is the most significant business issue that you are facing currently?	Rising energy costs	14	1%
	Growth (growing too quickly)	70	4%
	Rising healthcare costs	59	4%
	Political uncertainty	179	11%
	Staffing (finding, hiring, retaining, and training)	282	17%
	Growth (growing too slowly)	211	13%
	Economic uncertainty (concern for local and national economy budget deficit, housing market)	535	32%
	Financial issues (finance, cash flow, profitability)	204	12%
	Other	96	6%

10. What is the biggest challenge your business is specifically facing now? (check all that apply)	Paying loans and/or accessing credit	134	7%
	Managing costs	423	21%
	Cash, liquidity, receivables	315	15%
	Customer retention and/or lead generation	524	26%
	Cutting staff	47	2%
	My business is not facing any extraordinary challenges	315	15%
	Skipped	23	1%
	Other	254	12%

11. Are you finding it easier to obtain credit for your business now than you did six months ago?	Yes	434	26%
	No	491	30%
	Not applicable	721	44%
	Skipped	4	0%

12. To reduce the deficit/debt, the President should work with Congress to (choose one):	Enact a spending cap that prevents the government from spending more than it collects	378	23%
	Increase taxes	17	1%
	Cut spending	448	27%
	Increase taxes, cut spending, and reform the entitlement system	693	42%
	Skipped	9	1%
	Other	105	6%

13. To control health care costs, the President should work with Congress to (choose one):	Provide incentives to companies to implement health wellness programs	503	30%
	Require companies to buy health insurance for their employees or pay a penalty	46	3%
	Require insurance companies to cover someone despite their medical history	149	9%
	Allow individuals to opt out of mandated health coverage for their own private coverage	518	31%
	Skipped	50	3%
	Other	384	23%

14. To address entitlement reform, the President should work with Congress to (choose one):	Allow people to opt out of Social Security and choose their own retirement investments	384	23%
	Increase the age by which one can receive Social Security	489	30%
	Make people on Medicare and Medicaid pay for more of the costs of the services they obtain	154	9%
	Enact new programs to replace Social Security and entitlement programs	385	23%
	Skipped	39	2%
	Other	199	12%



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The best companies don't look out their side windows, focusing on the competition.

They look out the front window, focused on where they are going.

Which window do you look out for your company? Who keeps you looking forward and challenges your answers? What's the biggest obstacle your company faces? With your Vistage "board of advisors," you can find the solution. Vistage Members get unbiased decision-making support from a team of trusted peers along with professional coaching/mentoring face-to-face every month.

Membership in Vistage is by invitation. We are currently seeking high-caliber local CEOs and presidents for a few openings in our Treasure Coast group.

Tim Kinane

Treasure Coast Vistage Chairman

772-485-1380

Timk@kinane.com



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