

CEO and Business Owner Confidence Survey

Third Quarter 2010

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This survey was administered in partnership with the Gulf Coast Business Council Research Foundation, Biloxi Bay Chamber of Commerce, Hancock County Chamber of Commerce, Jackson County Chamber of Commerce, Orange Grove Chamber of Commerce, Ocean Springs Chamber of Commerce, and Mississippi Gulf Coast Chamber of Commerce between October 4 and October 14, 2010. Members of each of the partner organizations were asked to complete an online survey consisting of eleven questions relevant to the current economy on the Mississippi Gulf Coast and expectations for the proceeding six months. The targeted respondents were the chief executives and owners of businesses belonging to these membership organizations. This quarterly survey has been conducted at regular intervals since the third quarter of 2008.

Overview

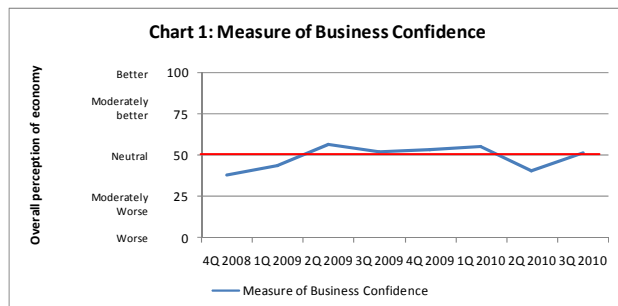
At the end of the third quarter 2010, chief executives and business owners within the three counties of the Mississippi Gulf Coast were asked to complete a survey regarding their perceptions of the regional economy, reviews of the third quarter of 2010, and an outlook for the proceeding six months. The survey asked that only the chief executive or the business owner complete the survey. The respondents totaled 140.

Business confidence on the Mississippi Gulf Coast rebounds in third quarter 2010.

After dropping significantly in the second quarter in the midst of the BP oil spill, **business confidence of Mississippi Gulf Coast CEO's and business owners rebounded in the third quarter, rising to a level just above neutral.** The overall index, which is now at 51, suggests that the capping of the oil spill, coupled with preliminary economic data which suggests that the short term economic impact of the oil spill on the Mississippi Gulf Coast was not as bad as originally anticipated, restored some of the confidence that was lost over of the summer. Notably, business confidence on the Mississippi Gulf Coast remains below pre-oil spill levels.

Table 1: CEO & Business Owners Confidence

	2010 3rd Qtr	2010 2nd Qtr	2010 1st Qtr	2009 4th Qtr	2009 3rd Qtr	2009 2nd Qtr	2009 1st Qtr	2008 4th Qtr	2008 3rd Qtr
Measure of Business Confidence	51	41	55	53	52	57	44	38	40
1. Current Economic Conditions vs. 6 months ago	48	37	52	48	47	53	35	27	30
2. Current Economic Conditions in Own Industry vs. 6 months ago	47	41	52	46	46	53	40	32	34
3. Expectations Within Own industry in next six months	59	44	62	67	64	64	57	56	56



CEO & Business Owner
Measure of Business Confidence
Third Quarter 2010 = 51

The measure of Business Confidence is an average between current economic conditions, current conditions within respondents' own industry, and expectations within respondents' own industry for next six months.

While business confidence on the Mississippi Gulf Coast rebounded significantly in the third quarter when compared to prior quarter, respondents for a similar, statewide survey conducted in Alabama during mid-September indicated that business leaders in Alabama had less confidence in Alabama's economy^a, after six consecutive quarters of progress. At the national level, *Chief Executive* magazine's CEO Index fell by 7.6% in September when compared to August but is slightly above where it was in July, suggesting the Mississippi Gulf Coast generally followed that (*Chief Executive* magazine) national indicator. Also at the national level, the Conference Board's Consumer Confidence for September was down compared to prior month and also compared to June.

^a The 4th Quarter Alabama Business Confidence Index dropped 3.7 points to 47.9 (just below neutral) in September.

Oil spill concerns receded in third quarter.

In the previous CEO & Business Owner Confidence survey, 28% of respondents who optioned to provide written feedback indicated a significant uncertainty about how the oil spill might impact their businesses and the long-term economy on the Mississippi Gulf Coast. In this survey, which was administered in October (and NOT structured to gauge oil spill concerns), write-in responses shifted back to the need to address insurance on the Mississippi Gulf Coast, worries about the pace of any national/regional

Table 2: Overall Perceptions* of Economy within own industry compared to six months prior.

	3rd Quarter 2010	2nd Quarter 2010	1st Quarter 2010	4th Quarter 2009
Hancock	43	34	40	44
Harrison	50	47	54	47
Jackson	44	35	60	46
Total	47	41	52	46

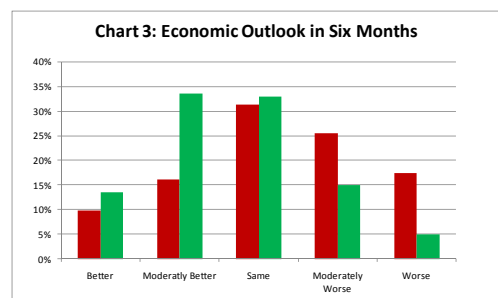
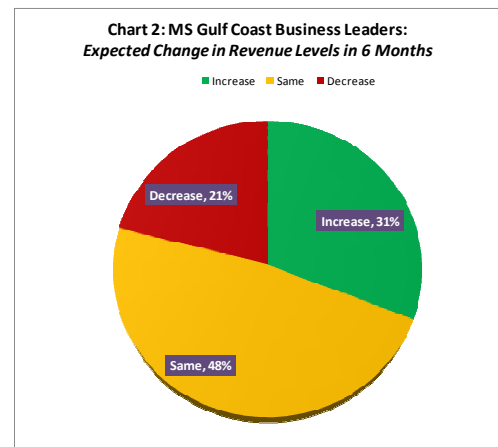
*Ranking system
100 = Economy is better six than months ago
50 = Economy is same as six months ago
0 = Economy is worse than six months ago

recovery from the recession, and cash flows. While the capping of the oil spill eliminated a significant amount of uncertainty for local business leaders, special care should be taken to ensure that the lingering impacts of the oil spill, many which have likely yet to surface, do not further inhibit the economic recovery which was underway prior to the oil spill occurring. Table 2 demonstrates that, while improvement was made in the third quarter, **the current state of the Mississippi Gulf Coast economy is perceived as being worse than it was in the first quarter, before the oil spill.**

Overall outlook for next six months is positive.

The majority (79%) of business owners and CEO’s on the Mississippi Gulf Coast believe future revenue levels will remain the same or grow in the next six months when compared to those of the second quarter^b. In Chart 3, respondents’ views on the economic outlook for the Mississippi Gulf Coast (for this survey) are compared to those of the previous, second quarter survey; it is evident that the number of positive responses increased in the current survey while the number of negative responses decreased. While increasingly positive future outlooks are encouraging, it should be noted only 24% of respondents indicated “plans for significant capital investments in the next six months” compared to a 34% response rate pre-oil spill.

From the hiring standpoint, 62% of respondents indicated they had no plans to change their staffing levels while 20% anticipated increases; this represents an improvement from the prior survey that was conducted in early July (56% and 19%, respectively).



^b The question that gauges this response asks that seasonality be factored out of this question.

Tables and Statistics

Below are tables containing additional results from October 4 - 13, 2010 survey administered on the Mississippi Gulf Coast. Table 3 compares third quarter 2010 revenue levels and revenue expectations to those of the second quarter 2010. Items shaded in red in Table 3 indicate a decrease from previous quarter. Table 4 and Table 5 contain future hiring plans and chief concerns by industry.

Table 3: Evaluation of current revenue levels (compared to 6 months prior) and expected revenue levels for surveyed businesses on the Mississippi Gulf Coast. A rating of 100 would indicate strong growth, 50 would indicate stability, and 0 would indicate significant declines.

Sector	Current Levels 3rd Qtr. '10	Current Levels 2nd Qtr. '10	% Change	Sector	Future Expectations as of 3rd Qtr. '10	Future Expectations as of 2nd Qtr. '10	% Change
Overall	40	36	10%	Overall	55	39	39%
Banking	38	46	-18%	Banking	50	50	0%
Chemicals	NA	NA	NA	Chemicals	NA	NA	NA
Construction	21	23	-6%	Construction	36	27	31%
Education/Government	50	38	33%	Education/Government	71	41	76%
Entertainment (not gaming)	50	17	200%	Entertainment (not gaming)	50	33	50%
Food & Beverage	11	29	-61%	Food & Beverage	33	43	-22%
Gaming and/or Lodging	56	21	159%	Gaming and/or Lodging	61	36	71%
Healthcare	33	50	-33%	Healthcare	50	40	25%
Information Technology	100	50	100%	Information Technology	75	0	NA
Manufacturing	40	33	20%	Manufacturing	60	33	80%
Media	92	57	60%	Media	92	79	17%
Military	NA	50	NA	Military	NA	50	NA
Nonprofit/Civic Organization	45	36	27%	Nonprofit/Civic Organization	55	21	155%
Professional Services	36	35	4%	Professional Services	53	44	20%
Real Estate	56	41	37%	Real Estate	63	38	63%
Retail and Wholesale Trade	11	27	-59%	Retail and Wholesale Trade	50	29	73%
Utilities and Transportation	56	75	-25%	Utilities and Transportation	69	58	18%

Table 4: Hiring plans for the next six months for companies on the Mississippi Gulf Coast.

Sector	Increase Staffing	Keep Same Levels	Decrease Staffing
Overall	19%	56%	25%
Banking	25%	75%	0%
Chemicals	NA	NA	NA
Construction	14%	50%	36%
Education/Government	43%	57%	0%
Entertainment (not gaming)	50%	50%	0%
Food & Beverage	0%	44%	56%
Gaming and/or Lodging	11%	78%	11%
Healthcare	22%	44%	33%
Information Technology	100%	0%	0%
Manufacturing	0%	60%	40%
Media	50%	50%	0%
Military	NA	NA	NA
Nonprofit/Civic Organization	18%	64%	18%
Professional Services	17%	69%	14%
Real Estate	25%	63%	13%
Retail and Wholesale Trade	11%	78%	11%
Utilities and Transportation	13%	75%	13%

Table 5: Most Noted Concern Going Forward for Businesses on the Mississippi Gulf Coast. (a)

Sector	Cost to Do Business	Inability to Find Labor	Decrease in Demand
Overall	28%	3%	41%
Banking	17%	0%	67%
Chemicals	NA	NA	NA
Construction	14%	7%	50%
Education/Government	57%	14%	14%
Entertainment (not gaming)	0%	0%	50%
Food & Beverage	11%	0%	67%
Gaming and/or Lodging	44%	0%	22%
Healthcare	44%	0%	22%
Information Technology	50%	0%	50%
Manufacturing	40%	0%	60%
Media	50%	17%	33%
Military	NA	NA	NA
Nonprofit/Civic Organization	45%	9%	0%
Professional Services	28%	7%	55%
Real Estate	38%	0%	38%
Retail and Wholesale Trade	67%	0%	22%
Utilities and Transportation	63%	0%	25%

(a) In Table 5 the most frequent write-in responses were focused on addressing the insurance problem and recovering from the recession.