

CEO and Business Owner Confidence Survey

Fourth Quarter 2011

January 25, 2012

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 January 6 and January 18, 2012. 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

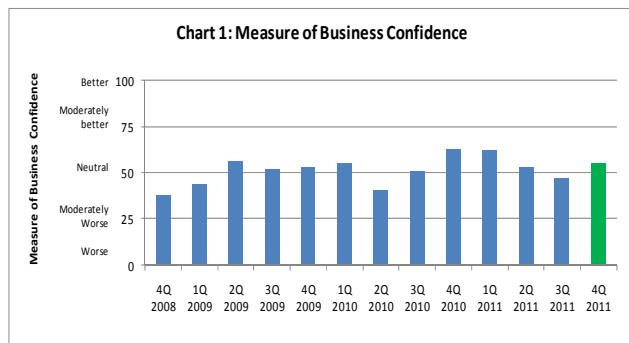
Between January 6 and January 18, 2012, chief executives and business owners within the three counties of the Mississippi Gulf Coast were asked to complete a survey regarding their perceptions of the regional economy, reviews of the fourth quarter 2011, and an outlook for the proceeding six months. The survey asked that only the chief executive or the business owner provide answers to the questions. The respondents totaled 77.

Confidence in Mississippi Gulf Coast Economy Growing

After declining for three consecutive quarters, the measure of business confidence in the Mississippi Gulf Coast economy rose significantly in January 2012. The measure of business confidence includes three components, two of which gauge perceptions of the current economy and one that factors in future expectations. Interestingly the largest gains at the component level were related to questions about the current economy, suggesting that respondents are seeing positive results as opposed to just being optimistic about the future. While the increase in business confidence is very encouraging, it should be noted that the overall measure of 55 suggests that the overall opinion of the regional economy is slightly above a neutral stance. The highest level reported to date (the survey was first administered for the third quarter 2008) is a 63.

Table 1: CEO & Business Owners Confidence

| | 2011 4thQtr | 2011 3rd Qtr | 2011 2nd Qtr | 2011 1Q | 2010 4Q | 2010 3Q | 2010 2Q | 2010 1Q | 2009 4Q | 2009 3Q | 2009 2Q | 2009 1Q | 2008 4Q |
|---|----------------|-----------------|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Measure of Business Confidence | 55 | 47 | 53 | 62 | 63 | 51 | 41 | 55 | 53 | 52 | 57 | 44 | 38 |
| 1. Current Economic Conditions vs. 6 months ago | 56 | 45 | 51 | 60 | 62 | 48 | 37 | 52 | 48 | 47 | 53 | 35 | 27 |
| 2. Current Economic Conditions in Own Industry vs. 6 months ago | 50 | 42 | 52 | 60 | 58 | 47 | 41 | 52 | 46 | 46 | 53 | 40 | 32 |
| 3. Expectations Within Own industry in next six months | 59 | 54 | 57 | 67 | 68 | 59 | 44 | 62 | 67 | 64 | 64 | 57 | 56 |



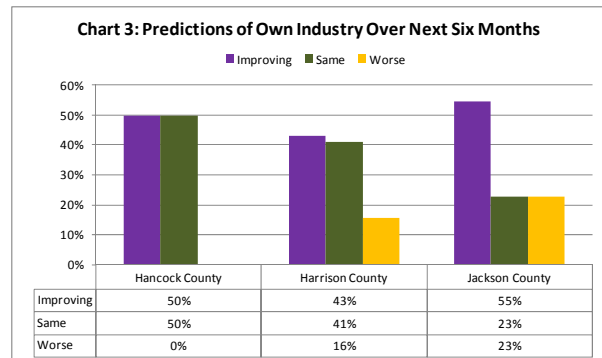
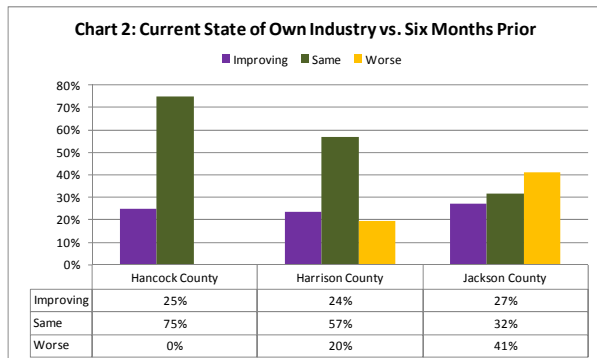
CEO & Business Owner
Measure of Business Confidence
Fourth Quarter 2011 = 55

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.

The overall measure of business confidence in the Mississippi Gulf Coast economy continues to follow national trends. After falling to a two year low in August 2011, the Conference Board's Consumer Confidence Index rebounded in the last two months of 2011. The Conference Board's CEO Confidence Index also improved in the fourth quarter after falling in the previous quarter. Also at the national level, The CEO Confidence Index, which is administered monthly by *Chief Executive* magazine, rose in January, reaching a seven-month high. Mississippi State University's *Economy Watch* reported significant gains in consumer confidence between the third and fourth quarter 2011. Results for the Alabama Business Confidence Index were not available for the first quarter 2012 at the time of publication of this report.

More than 25% of Respondents Indicate Recent Improvements in Economy

When asked about the current conditions of their industry compared to six months prior, 25% of the respondents reported an improvement, and 50% of respondents indicated neither an improvement nor a decline within their industry's economy. Also encouraging is the fact that **83% of respondents believe that the economy for their industries will either maintain current levels or grow in the next six months.** Nearly 50% projected improvements in the economy.

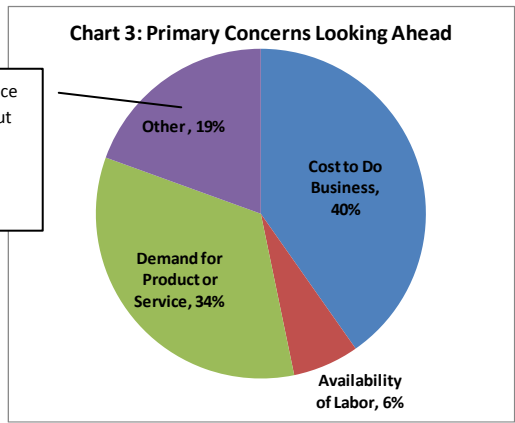


Note to Charts 2 and 3: Hancock County had a very small sample of participants.

When asked about primary concerns going forward, the plurality of respondents indicated that the cost to do business was their primary concern. After increasing in propensity in the previous survey, the number of respondents whose primary concern was simply future demand for their product or service realigned with historical trends, where about a third indicate that future demand is a chief concern.

The Plurality of respondents indicated that the cost to do business was their biggest concern for their business in the next six months.

High costs of insurance and uncertainty about federal fiscal policy were most common write-in responses.



No Significant Changes to Hiring Plans

The good news for the Mississippi Gulf Coast is that 87% of respondents indicated no plans to reduce staffing levels. More than 71% plan on keeping staffing levels the same and 16% indicated plans to increase staffing levels.

Tables and Statistics

The tables below contain additional results from the January 2012 business confidence survey administered on the Mississippi Gulf Coast. Table 2 compares fourth quarter 2011 revenue levels and revenue expectations to those of the third quarter. Items shaded in red in Table 2 indicate a decrease from the previous quarter. Table 3 and Table 4 contain future hiring plans and chief concerns by industry.

Table 2: 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 4th Qtr. '11 | As of Prior Quarter | % Change | Sector | Future Expectations as of 4th Qtr. '11 | As of Prior Quarter | % Change |
|------------------------------|--------------------------------|------------------------|----------|------------------------------|--|------------------------|----------|
| Overall | 44 | 34 | 28% | Overall | 60 | 47 | 29% |
| Banking | 56 | 25 | 122% | Banking | 56 | 35 | 59% |
| Chemicals | NA | NA | NA | Chemicals | NA | NA | NA |
| Construction | NA | 37 | NA | Construction | NA | 40 | NA |
| Education/Government | 67 | 45 | 47% | Education/Government | 67 | 55 | 22% |
| Entertainment (not gaming) | NA | 30 | NA | Entertainment (not gaming) | NA | 40 | NA |
| Food & Beverage | 50 | 25 | 100% | Food & Beverage | 63 | 42 | 50% |
| Gaming and/or Lodging | 30 | 27 | 10% | Gaming and/or Lodging | 60 | 32 | 89% |
| Healthcare | 25 | 25 | 0% | Healthcare | 42 | 31 | 33% |
| Information Technology | NA | 50 | NA | Information Technology | NA | 50 | NA |
| Manufacturing | 75 | 45 | 65% | Manufacturing | 50 | 50 | 0% |
| Media | 17 | 36 | -53% | Media | 83 | 57 | 46% |
| Military | NA | NA | NA | Military | NA | NA | NA |
| Nonprofit/Civic Organization | 50 | 39 | 27% | Nonprofit/Civic Organization | 67 | 54 | 24% |
| Professional Services | 50 | 45 | 12% | Professional Services | 59 | 59 | -1% |
| Real Estate | 40 | 25 | 60% | Real Estate | 60 | 38 | 60% |
| Retail and Wholesale Trade | 25 | 17 | 50% | Retail and Wholesale Trade | 69 | 40 | 70% |
| Utilities and Transportation | 33 | 29 | 17% | Utilities and Transportation | 58 | 50 | 17% |

Table 3: Hiring plans for the next six months for companies on the Mississippi Gulf Coast.

| Sector | Increase Staffing | Keep Same Levels | Decrease Staffing |
|------------------------------|----------------------|---------------------|----------------------|
| Overall | 16% | 71% | 13% |
| Banking | 11% | 67% | 22% |
| Chemicals | NA | NA | NA |
| Construction | NA | NA | NA |
| Education/Government | 0% | 83% | 17% |
| Entertainment (not gaming) | NA | NA | NA |
| Food & Beverage | 50% | 50% | 0% |
| Gaming and/or Lodging | 20% | 60% | 20% |
| Healthcare | 0% | 100% | 0% |
| Information Technology | NA | NA | NA |
| Manufacturing | 50% | 0% | 50% |
| Media | 33% | 67% | 0% |
| Military | NA | NA | NA |
| Nonprofit/Civic Organization | 0% | 83% | 17% |
| Professional Services | 29% | 53% | 18% |
| Real Estate | 20% | 80% | 0% |
| Retail and Wholesale Trade | 0% | 100% | 0% |
| Utilities and Transportation | 0% | 83% | 17% |

Table 4: 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 | 40% | 6% | 34% |
| Banking | 33% | 0% | 56% |
| Chemicals | NA | NA | NA |
| Construction | NA | NA | NA |
| Education/Government | 33% | 0% | 17% |
| Entertainment (not gaming) | NA | NA | NA |
| Food & Beverage | 50% | 0% | 25% |
| Gaming and/or Lodging | 0% | 20% | 80% |
| Healthcare | 83% | 0% | 0% |
| Information Technology | NA | NA | NA |
| Manufacturing | 0% | 50% | 50% |
| Media | 33% | 33% | 33% |
| Military | NA | NA | NA |
| Nonprofit/Civic Organization | 33% | 0% | 33% |
| Professional Services | 29% | 12% | 41% |
| Real Estate | 20% | 0% | 40% |
| Retail and Wholesale Trade | 75% | 0% | 13% |
| Utilities and Transportation | 67% | 0% | 17% |

(a) In Table 4 the most frequent write-in responses were related insurance, inhibitive government regulations and uncertainty about fiscal policy, and funding-related issues.

Note to table 2: Sample sizes within each sector vary from survey to survey. This information is intended to identify trends in each sector (up or down), not to forecast actual percentage growth or declines.