

CEO and Business Owner Confidence Survey

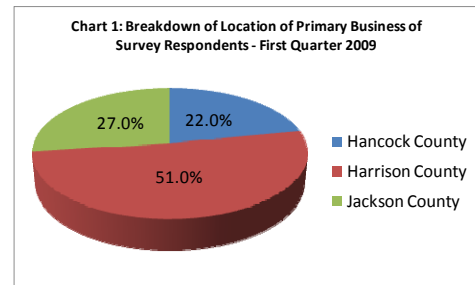
First Quarter 2009

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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, Ocean Springs Chamber of Commerce, and Mississippi Gulf Coast Chamber of Commerce between March 18 and March 30, 2009. 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 these member organizations.

Overview

In March 2009 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 first quarter of 2009, and an outlook for the six months ahead. The survey asked that only the chief executive or the business owner complete the survey. The respondents totaled 240.



Overall confidence of Business Owners and CEO's along Mississippi Gulf Coast improves by 15% during first quarter 2009.

Compared to the fourth quarter of 2008, respondents' views were more favorable regarding the first quarter of 2009. While overall perceptions of the economy compared to six months prior continued to reflect the national and regional economic slowdown, there were **marked signs of improvement during the first three months of 2009**. This progress in perception along the Mississippi Gulf Coast comes at a time when the National Conference Board's March Consumer Confidence report¹ demonstrated that confidence among American consumers remains near record lows and on the heels of the Conference Board's January CEO Survey results that were also at an all time low. Notably, *Chief Executive Magazine's* CEO Confidence Index published April 2 posted slight gains in confidence in all but one of that survey's indices², translating into an increase in optimism of 6% nationally compared to the 15% increase along the Mississippi Gulf Coast.

Table 1: Overall Perceptions* of Economy within own industry compared to six months prior.

	1st Quarter 2009	4th Quarter 2008	Change
Hancock	39	34	13%
Harrison	41	29	40%
Jackson	39	36	10%
Total	40	34	18%

*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

Top 3 Industries...

Planning on staffing increases in the next six months

1. Information Technology
2. Manufacturing
3. Real Estate

Expecting greatest positive change in revenues (in the next six months)

1. Media
2. Real estate
3. Food & Beverage

Of the seventeen sectors that were surveyed, only four believed that the economy within their respective industry had lost ground relative to the fourth quarter survey that was taken in January. Those sectors were military, nonprofit and civic organizations, education & government, and healthcare. Industries that demonstrated sizeable gains in perceptions of the current state of their respective economy relative to the fourth quarter include: banking, construction, real estate, gaming and lodging, media, and transportation.

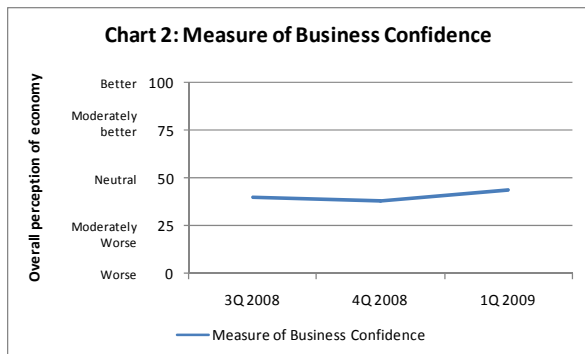
Optimism about future of Mississippi Gulf Coast economy increasing.

Less than a quarter of respondents believe that the economy along the Mississippi Gulf Coast will worsen in the next six months and **more than three quarters of the respondents believe that the economy will either remain at current levels or improve.** Both of these indicators represent improvements from the survey conducted in January 2009. Of the respondents that indicated that the economy will not worsen in the next six months, more than 60% believe that it will get better within their own industries.

Expectations for hiring in the next months also improved during the first quarter. More than a quarter of the respondents plan to increase staffing levels in the coming months, compared to 20% in January; and the percentage of firms indicating possible cuts to payroll decreased from 22% to 19%. The majority of respondents, however, indicated that they planned on keeping staffing levels the same.

Table 2: CEO & Business Owners Confidence

	2009 1st Qtr	2008 4th Qtr	Percent Change
Measure of Business Confidence	44	38	15.1%
1. Current Economic Conditions vs. 6 months ago	35	27	28.3%
2. Current Economic Conditions in Own Industry vs. 6 months ago	40	32	25.8%
3. Expectations Within Own industry in next six months	57	56	2.6%



CEO & Business Owner
Measure of Business Confidence
First Quarter 2009 = 44

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

Perceptions of the availability of labor force and skill and qualification levels also improved in the first quarter, with 46% of respondents indicating that availability and skill sets were adequate. There remains a need to focus on workforce training, however, as 42% of respondents indicated that availability was adequate but that skills and qualifications were not. Looking ahead six months, less respondents (38% compared to 45% in previous quarter) cited a future decrease in demand for their product or service as a primary concern while a growing number of respondents indicated that they were again worried about an increase in the cost to do business (inflation). The most common write-in responses for future concerns were high insurance costs, continued difficulty with obtaining credit, the threat of higher taxes, and a decline in charitable giving.

Tables and Statistics

Below are tables containing additional results from the survey. Table 3 compares the first quarter 2009 revenue levels and revenue expectations to those of the fourth quarter 2008. 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.

Sector	Current Levels 1st Qtr. '09	Current Levels 4th Qtr. '08	% Change	Sector	Future Expectations as of 1st Qtr. '09	Future Expectations as of 4th Qtr. '08	% Change
Overall	35	29	19%	Overall	54	51	6%
Banking	27	32	-16%	Banking	50	45	12%
Chemicals	NA	NA	NA	Chemicals	NA	NA	NA
Construction	17	24	-31%	Construction	33	28	20%
Education/Government	29	50	-41%	Education/Government	44	54	-19%
Entertainment (not gaming)	70	25	180%	Entertainment (not gaming)	90	50	80%
Food & Beverage	41	38	6%	Food & Beverage	69	62	12%
Gaming and/or Lodging	58	13	367%	Gaming and/or Lodging	58	50	17%
Healthcare	45	35	28%	Healthcare	50	56	-11%
Information Technology	50	50	0%	Information Technology	75	70	7%
Manufacturing	38	25	50%	Manufacturing	56	44	29%
Media	31	21	50%	Media	81	42	95%
Military	33	50	-33%	Military	17	25	-33%
Nonprofit/Civic Organization	31	34	-10%	Nonprofit/Civic Organization	43	53	-20%
Professional Services	38	36	6%	Professional Services	53	65	-18%
Real Estate	34	20	NA	Real Estate	61	52	NA
Retail and Wholesale Trade	29	18	66%	Retail and Wholesale Trade	53	47	12%
Utilities and Transportation	29	21	33%	Utilities and Transportation	29	39	-27%

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	26%	54%	20%
Banking	8%	62%	31%
Chemicals	NA	NA	NA
Construction	33%	22%	44%
Education/Government	24%	41%	35%
Entertainment (not gaming)	40%	60%	0%
Food & Beverage	44%	31%	25%
Gaming and/or Lodging	17%	83%	0%
Healthcare	20%	60%	20%
Information Technology	100%	0%	0%
Manufacturing	50%	38%	13%
Media	0%	100%	0%
Military	0%	67%	33%
Nonprofit/Civic Organization	19%	62%	19%
Professional Services	20%	63%	18%
Real Estate	32%	59%	9%
Retail and Wholesale Trade	26%	51%	23%
Utilities and Transportation	29%	43%	29%

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	37%	6%	38%
Banking	23%	15%	54%
Chemicals	NA	NA	NA
Construction	0%	11%	78%
Education/Government	41%	6%	24%
Entertainment (not gaming)	60%	0%	0%
Food & Beverage	50%	0%	50%
Gaming and/or Lodging	33%	0%	50%
Healthcare	30%	10%	20%
Information Technology	50%	50%	0%
Manufacturing	50%	13%	38%
Media	0%	13%	38%
Military	67%	0%	33%
Nonprofit/Civic Organization	29%	0%	19%
Professional Services	35%	8%	45%
Real Estate	32%	0%	41%
Retail and Wholesale Trade	49%	3%	38%
Utilities and Transportation	57%	0%	29%

(a) In Table 5 the majority of write-in responses continued to indicate that the ability to obtain credit and high insurance costs were chief concerns going forward.

¹ Bloomberg.com, March 31, 2009

² Chief Executive.net, April 2, 2009