Gulf Coast | Business Council
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CEO and Business Owner Confidence Survey

Fourth Quarter 2009

Published January 25, 2009

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 4 and January 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 survey has been conducted on a quarterly basis since the third quarter of 2008.

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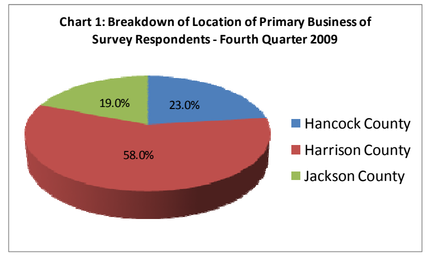
Overview

In early January 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 fourth quarter of 2009, 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 259.

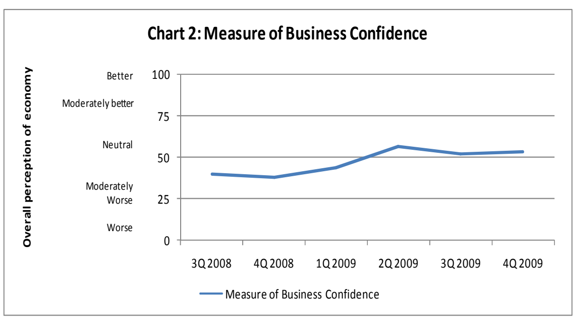


Business confidence outlook for Mississippi Gulf Coast continues to improve.

The overall measure of business confidence of Mississippi Gulf Coast CEO's and business owners improved slightly in the fourth quarter 2009, after wavering somewhat in the third quarter. **Expectations for the next six months, which is a component of the overall measure, reached its highest level in six quarters,** with an overall moderate improvement within the aggregate surveyed economies expected. The overall index of the survey rose to 53 from 52 in the prior quarter, indicating overall business confidence is just above neutral.

Table 1: CEO & Business Owners Confidence

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



CEO & Business Owner
Measure of Business Confidence
Fourth Quarter 2009 = 53

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 Alabama Business Confidence Index, which is administered by the University of Alabama's Center for Business and Economic Research, also increased slightly during the fourth quarter, but remains just below neutral. Conversely, *Chief Executive* magazine's CEO Confidence Index increased significantly in December, with that survey's employment expectations component increasing significantly. Notably, sentiments reflected in the *Chief Executive* survey suggest that any real improvements in the economy likely will not be recognized until summer at best.

Moderate growth in economy expected by summer months.

For the third consecutive quarter, the majority of overall respondents predicted that the economies within their own industries will improve in six months, with 59% projecting improvement and only 13% expecting the economy to worsen.

Table 2: Expecations of economy within own industry in six months

	Hancock	Harrison	Jackson	Overall
Improve	59%	61%	53%	59%
Same	29%	26%	35%	29%
Decline	12%	13%	12%	13%

Of the seventeen sectors that were surveyed, only Retail Trade reported a less than neutral forecast for revenues in the next six months, and that index was only marginally below neutral. The Banking sector was very confident in the next six months, and relative to the third quarter confidence increased in the Gaming, Entertainment (non-gaming), Construction, and Media sectors.

Regarding plans for future hiring, the majority of respondents again reported that staffing levels would likely remain the same over the next six months, with the Banking, Information Technology, and Gaming sectors being the most likely to increase staffing levels. For the second consecutive quarter, roughly one-third of respondents indicated that significant capital investments (3% of annual revenues) are likely in the near-term.

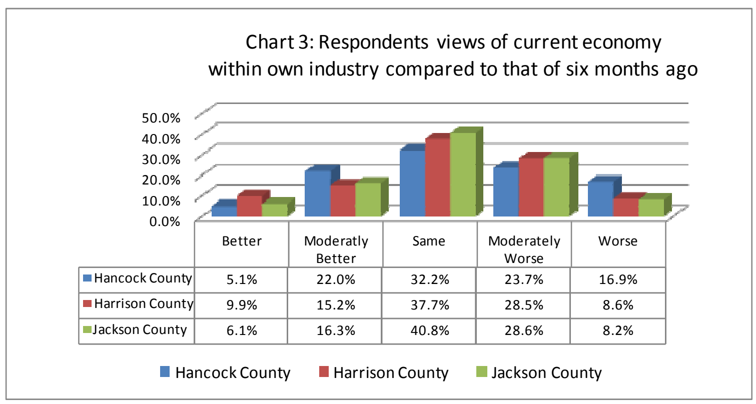
Top 3 Industries...

Planning on staffing increases in the next six months

1. Banking
2. Information Technology
3. Gaming

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

1. Banking
2. Entertainment (non-gaming)
3. Information Technology



When given the choice between the cost to do business, ability to find labor, and demand for products or services, respondents continued to indicate that cost to do business and overall demand for products and services were chief concerns going forward. Based on the survey, an inability to find labor is not a challenge for any industry on the Mississippi Gulf Coast except for Manufacturing; 25% of respondents in the Manufacturing sector cited labor needs as a primary concern. When asked specifically about the labor force on the Mississippi Gulf Coast, 52% of respondents indicated that it was adequate in both availability and skills while 40% indicated that it was adequate in availability but not skills. Write in responses continued to cite high insurance costs and capital needs as specific challenges, and a growing number of respondents referenced the budget challenges that state and local governments are facing.

Tables and Statistics

Below are tables containing additional results from the January 2010 survey administered on the Mississippi Gulf Coast. Table 3 compares fourth quarter 2009 revenue levels and revenue expectations to those of the third quarter. 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 Missisippi 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. '09	Current Levels 3rd Qtr. '09	% Change	Sector	Future Expectations as of 4th Qtr. '09	Future Expectations as of 3rd Qtr. '09	% Change
Overall	**43**	43	0%	**Overall**	**57**	**57**	0%
Banking	55	50	11%	Banking	79	54	47%
Chemicals	NA	NA	NA	Chemicals	NA	NA	NA
Construction	35	33	6%	Construction	62	47	32%
Education/Government	40	41	-3%	Education/Government	50	38	33%
Entertainment (not gaming)	19	25	-25%	Entertainment (not gaming)	81	75	8%
Food & Beverage	36	44	-17%	Food & Beverage	59	69	-14%
Gaming and/or Lodging	12	14	-19%	Gaming and/or Lodging	65	50	31%
Healthcare	44	60	-26%	Healthcare	71	70	1%
Information Technology	33	33	0%	Information Technology	83	100	-17%
Manufacturing	33	50	-33%	Manufacturing	63	70	-11%
Media	57	38	52%	Media	64	56	14%
Military	NA	50	NA	Military	NA	50	NA
Nonprofit/Civic Organization	42	33	28%	Nonprofit/Civic Organization	58	63	-7%
Professional Services	36	40	-9%	Professional Services	62	68	-8%
Real Estate	30	41	-26%	Real Estate	61	65	-6%
Retail and Wholesale Trade	29	24	20%	Retail and Wholesale Trade	46	51	-11%
Utilities and Transportation	56	50	11%	Utilities and Transportation	67	50	33%

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	**21%**	**62%**	**17%**
Banking	37%	63%	0%
Chemicals	NA	NA	NA
Construction	24%	47%	29%
Education/Government	17%	58%	25%
Entertainment (not gaming)	0%	100%	0%
Food & Beverage	27%	55%	18%
Gaming and/or Lodging	31%	54%	15%
Healthcare	12%	71%	18%
Information Technology	33%	67%	0%
Manufacturing	25%	42%	33%
Media	29%	57%	14%
Military	NA	NA	NA
Nonprofit/Civic Organization	28%	67%	6%
Professional Services	19%	65%	17%
Real Estate	17%	65%	17%
Retail and Wholesale Trade	17%	54%	29%
Utilities and Transportation	22%	78%	0%

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	36%	5%	39%
Banking	42%	11%	26%
Chemicals	NA	NA	NA
Construction	12%	6%	65%
Education/Government	46%	8%	4%
Entertainment (not gaming)	50%	0%	25%
Food & Beverage	64%	0%	27%
Gaming and/or Lodging	8%	0%	85%
Healthcare	59%	0%	29%
Information Technology	67%	0%	33%
Manufacturing	33%	25%	33%
Media	43%	14%	29%
Military	NA	NA	NA
Nonprofit/Civic Organization	39%	0%	22%
Professional Services	24%	4%	57%
Real Estate	13%	0%	39%
Retail and Wholesale Trade	50%	0%	38%
Utilities and Transportation	56%	11%	33%

(a) In Table 5 most of the write-in comments had to do with insurance, capital needs, and local and state budget cuts.