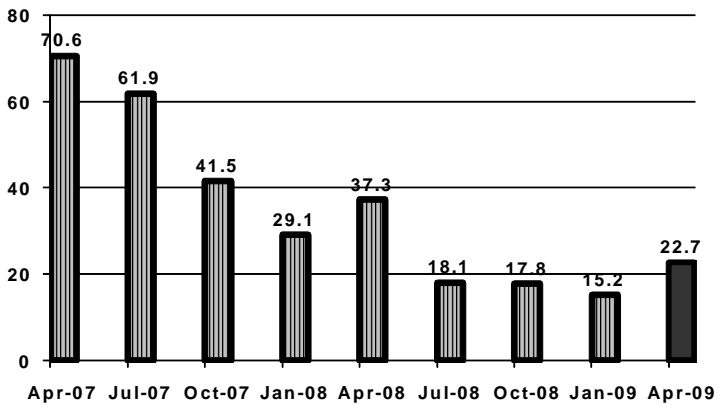


Orange County Business Expectations Survey OCBX, 2nd Quarter 2009

Project Director: Anil K. Puri, Ph.D.

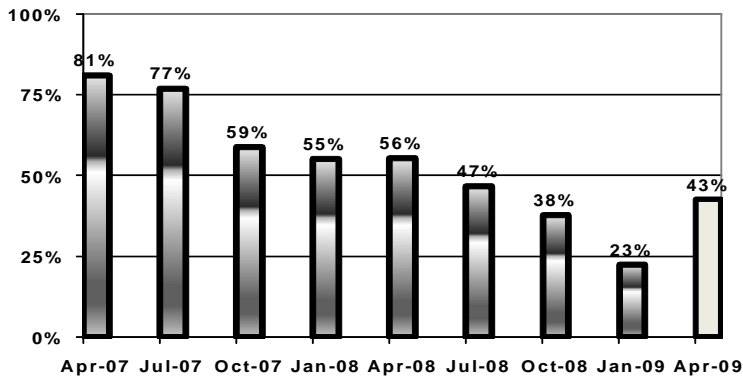
This survey of businesses was conducted during the week of March 23-27, 2009.
Of the 838 firms contacted, 112 responded for a response rate of 14%.

Orange County Business Expectations: OCBX Index



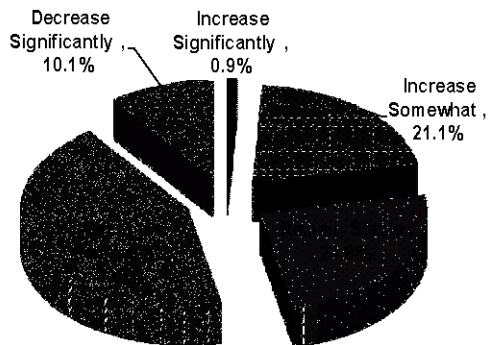
Business expectations: Orange County Business Expectations Index, OCBX, increased this quarter to 22.7. This increase is the first one in the last three quarters. It stood at 15.2 in the first quarter of 2009. A reading of 50 indicates no change. The current index value is still very low but is, obviously, an improvement over the last three quarters.

Overall Business Activity: Expect Increase or No Change



Overall Business Activity: The proportion of owners, CEOs, and managers that expect overall business activity to improve or stay the same jumped to 43% this quarter from 23% in the 1st quarter 2009. This variable measures responses to questions about their own industry as well as their outlook for the regional economy. It indicates that the business perceptions have improved for the economy. This is the highest level since the second quarter 2008.

Expected Local Industry Activity Over the Next Three Months



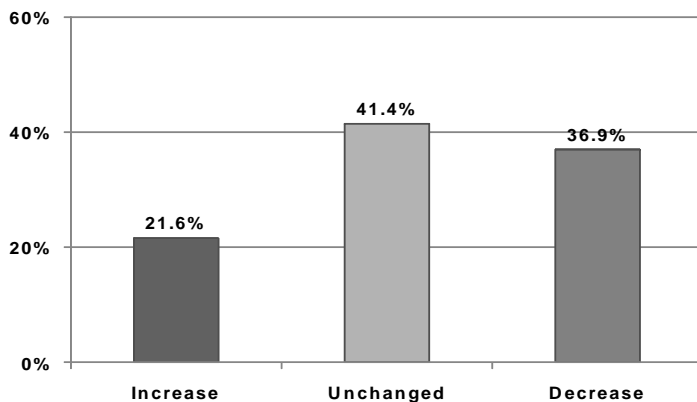
Own Industry Activity Survey Results:

30.1% (20.6% the previous quarter) of the executives expect significant or some growth in their own industry. 43.1% (65.9% previously) of businesses predict some decreases in their industry. 24.8% (13.5% previously) of Orange County firms believe that their own industry will remain stable. A much larger number of businesses expect improved growth prospect for their own industry as compared to the last quarter.

Orange County Business Expectations Survey OCBX, 2nd Quarter 2009

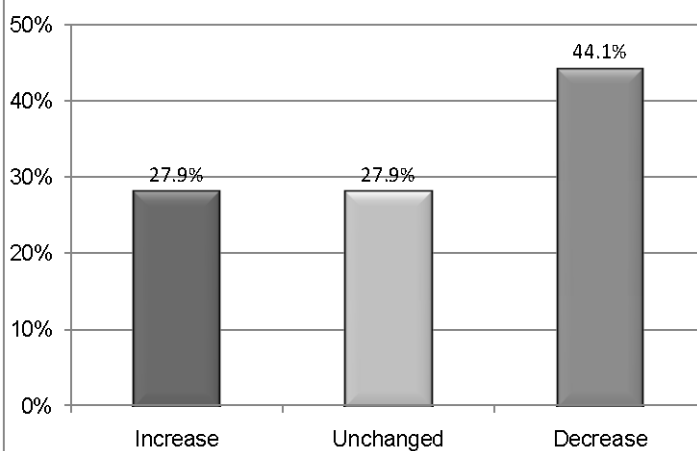
Project Director: Anil K. Puri, Ph.D.

Expected Employment



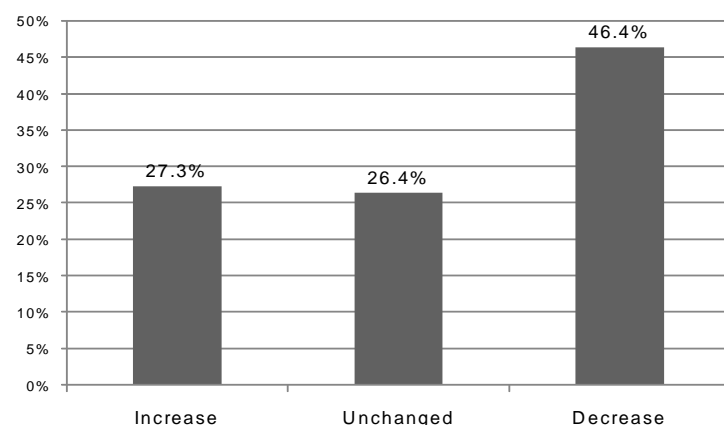
Employment: Reversing the trend from the last four quarters, employment prospects improved somewhat this quarter. 41.4% of firms surveyed intend to make no change in their labor force (compared to 49.6% last quarter), 21.6% intend to hire more (compared to 11% last quarter) but 36.9% expect to cut jobs (compared to 39.4% last quarter). In other words, hiring conditions are expected to improve somewhat in the County in the coming quarter.

Expected Gross Sales/Revenue



Sales/Revenues: 27.9% of the firms surveyed expect their sales to increase this quarter (compared to 20.3% in the 1st quarter of 2009), 27.9% expect little change (compared to 27.3% the last quarter) and a 44.1% expect to have lower sales (compared to 52.3% in the last quarter). Overall, the expectations for sales have also improved for the previous quarter.

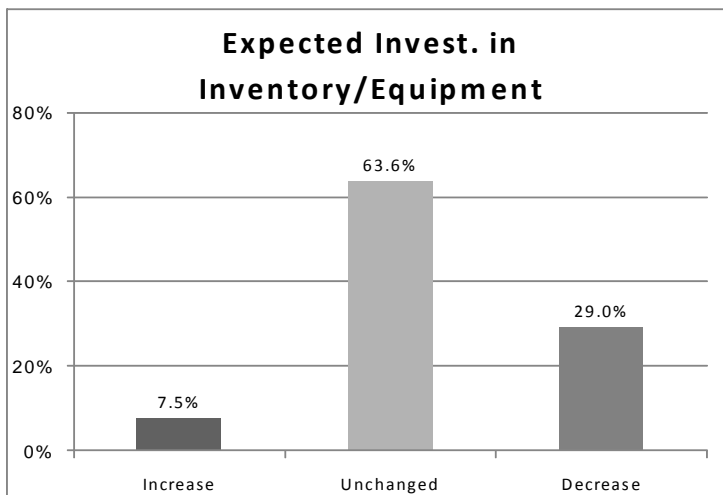
Expected Operating Profits



Operating Profits: 27.3% of the firms surveyed expect to have higher profits in the next three months (compared to 23.6% last quarter), 26.4% expect no change (compared to 23.6% from last quarter) while 46.4% expect lower profits (compared to 54.3% last quarter). Profit expectations of OC firms seem to have improved over the previous quarter.

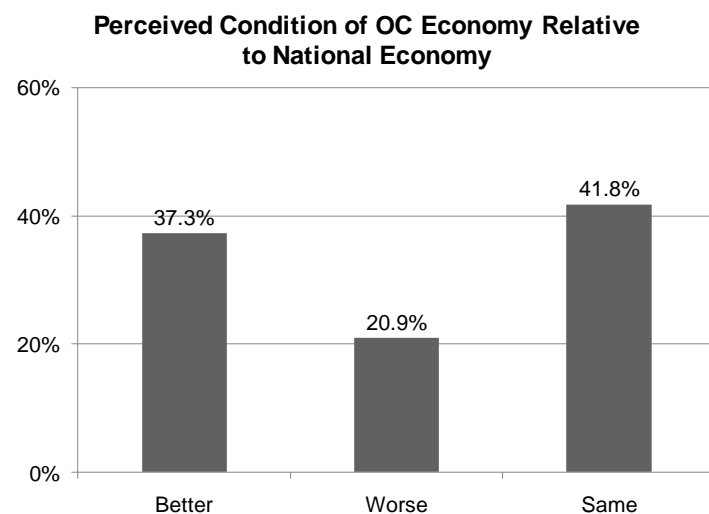
Orange County Business Expectations Survey OCBX, 2nd Quarter 2009

Project Director: Anil K. Puri, Ph.D.



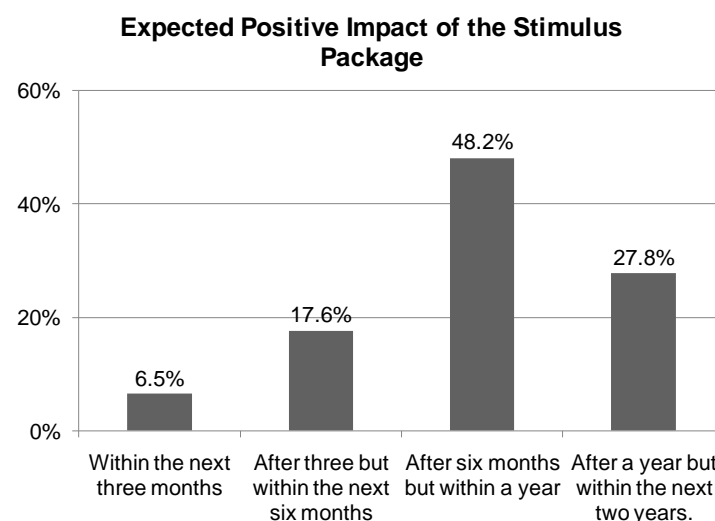
Inventory/Equipment Investment:

The percentage of those who said that they intend to increase inventories increases slightly to 7.5% compared to 7.3% for the last quarter. The share of those intending to leave the inventories unchanged increased to 63.6% from 57.3% and those who are going to reduce inventories decreased to 29% from 35.5%. Overall, there is a small movement towards higher inventories



Performance of OC Economy: [SPECIAL QUESTION]

In a special question, when asked to rank the Orange County's current economic performance relative to the national economy, 37.3% said that they believe that the County's economy is doing better than the national economy. 20.9% thought it was doing worse while 41.3% felt the two are roughly at the same level. There is no comparative data to draw further conclusions except to say that a majority feel that we are doing as well or better than the national economy.

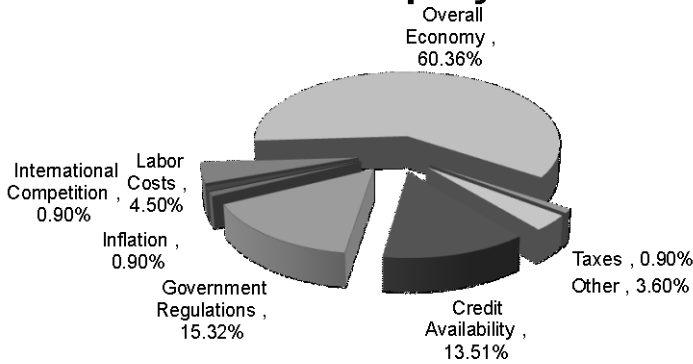


Expected Effects of the Stimulus Package: [SPECIAL QUESTION]

In the second special question, when asked when the stimulus package will begin to have an effect, 27.8% felt it will take more than a year for that to happen. 48.2% think it will take more than six months but under a year while 24.1% think it will be felt over the next six months. It appears that a majority thinks that the package will have the desired effect during the 4th quarter 2009 or later.

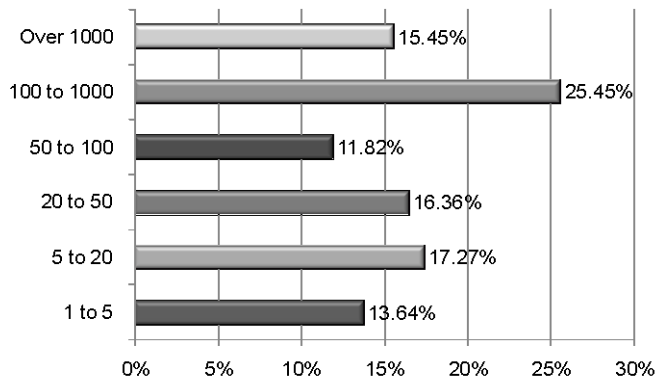
Orange County Business Expectations Survey OCBX, 2nd Quarter 2009
 Project Director: Anil K. Puri, Ph.D.

Most Significant Factor Impacting Your Company



Most Significant Factors: The state of the overall economy continues to be the most important concern. But the importance of that concern fell to 60.4% (compared to 71.9% last quarter). Government regulation as a concern grew from 2% to 15.3% and jumped to the second spot displacing credit availability (13.5%) as the third most important.

Size of Firms included in OCBX Index: Employment Levels



Sample Firm Size: Over 40.9% of the firms who responded to the survey employ more than 100 workers, (compared to 45.4% of the last quarter), while 30.9% had fewer than 20 employees (compared to 28.1% last quarter). The rest, 28.2%, hire between 20 and 100 employees