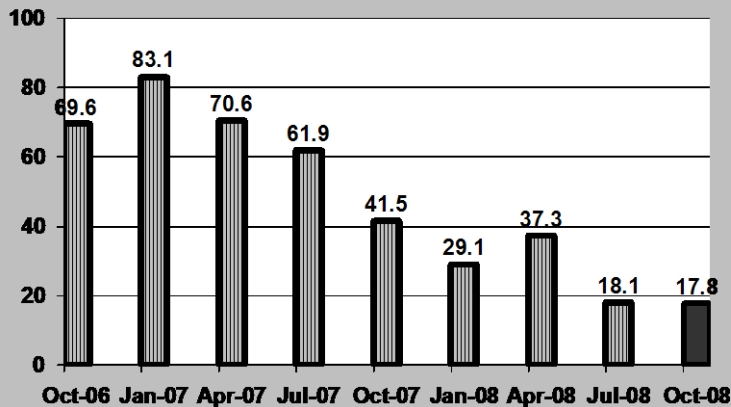


Orange County Business Expectations Survey, OCBX 4th Quarter 2008

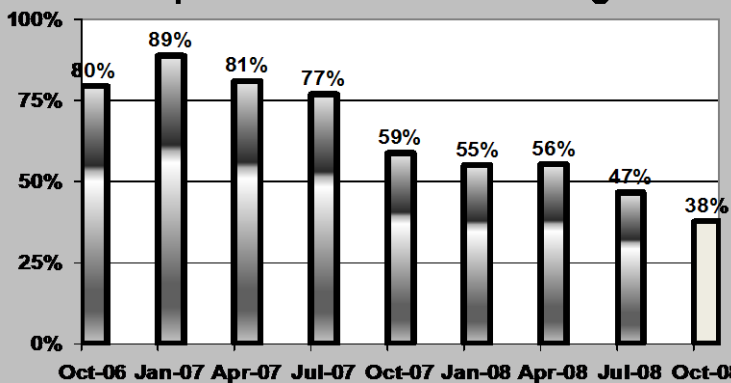
Project Director: Anil K. Puri, Ph.D*.

This survey of businesses was conducted during the week of September 22-26, 2008.
Of the 846 firms contacted, 120 responded for a response rate of 14.2%.

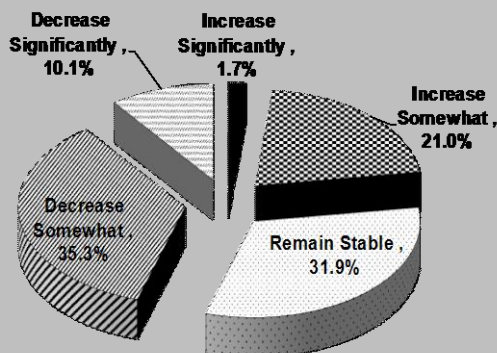
Orange County Business Expectations: OCBX Index



Overall Business Activity: Expect Increase or No Change



Expected Local Industry Activity Over the Next Three Months



Business expectations: Orange County Business Expectations Index, OCBX, plummeted this quarter to 17.8. This is the lowest value recorded in the five year history of the survey. It stood at 18.1 last quarter. A reading of 50 indicates no change. The current index value implies a significantly weaker local economy in the near term.

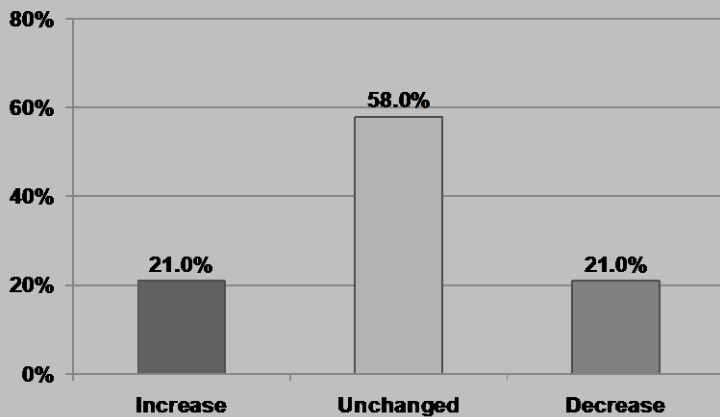
Overall Business Activity: The proportion of owners, CEOs, and managers that expect overall business activity to improve or stay the same decreased to 38% this quarter from 47% in the 3rd quarter 2008. This variable measures responses to questions about their own industry as well as their outlook for the regional economy. It indicates continuing deterioration in the perceptions for the economy.

Own Industry Activity Survey Results: Only 22.7% of the executives expect significant or some growth in their own industry. 35.3% of businesses predict some decreases in their industry. 31.9% of Orange County firms believe that their own industry will remain stable. A larger number of business people expect slower growth for their own industry as compared to the last quarter. But interestingly these expectations for their own business operations are not as bad as their expectations for the national economy.

Orange County Business Expectations Survey, OCBX 4th Quarter 2008

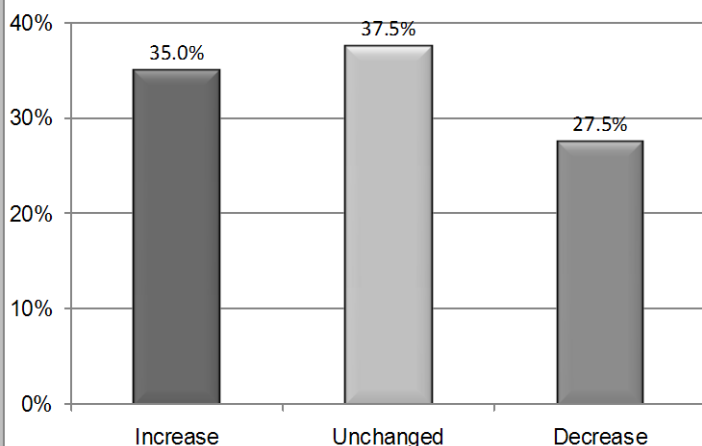
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Expected Employment



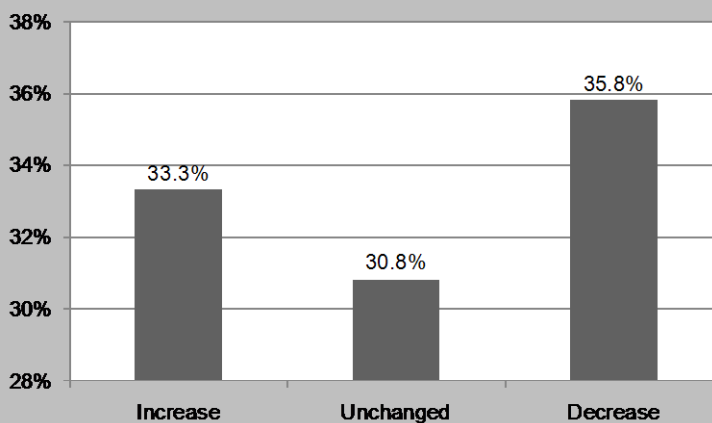
Employment: Continuing the trend from the last four quarters, employment prospects are worsening. 58% of firms surveyed intend to make no change in their labor force (compared to 53.7% last quarter), 21% intend to hire more (compared to 24% last quarter) but 21% expect to cut jobs (compared to 20.7% last quarter). In other words, employment conditions are expected to deteriorate in the coming quarter.

Expected Gross Sales/Revenue



Sales/Revenues: 35% of the firms surveyed expect their sales to increase this quarter (compared to 33.9% in the 3rd quarter of 2008), 37.5% expect little change (compared to 37.2% the last quarter) and 27.5% expect to have lower sales (compared to 28.9% in the last quarter). Overall, the expectations for sales have not changed much compared to the previous three quarters.

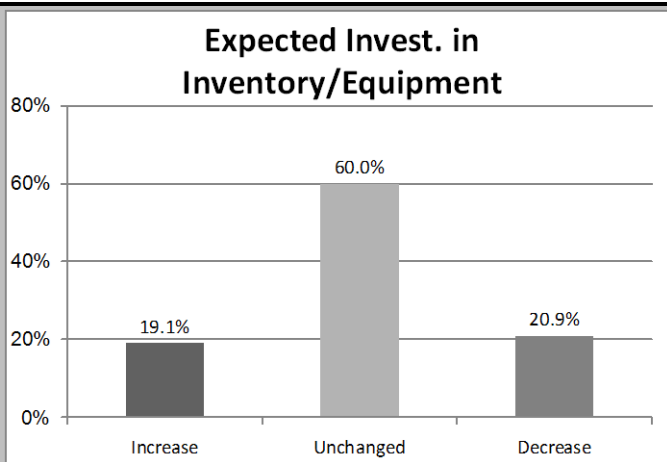
Expected Operating Profits



Operating Profits: 33.3% of the firms surveyed expect to have higher profits in the next three months (compared to 32.3% last quarter), 30.8% expect no change (compared to 32.2% from last quarter) while 35.8% expect lower profits (compared to 35.5% last quarter). Profit expectations of OC firms stayed unchanged from the last quarter following declines in the previous three quarters.

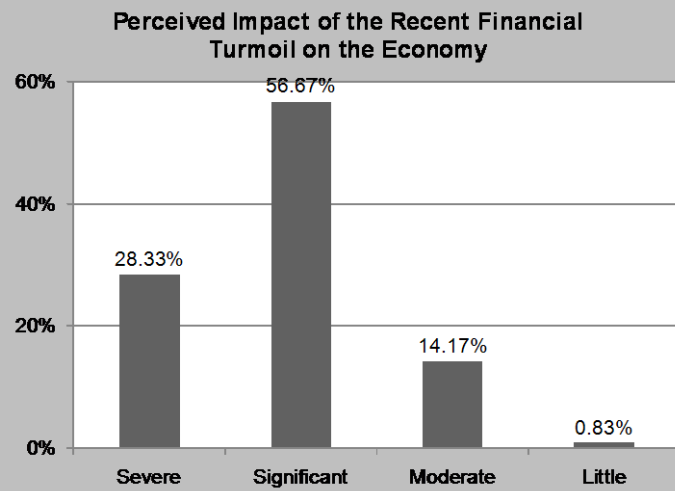
Orange County Business Expectations Survey, OCBX 4th Quarter 2008

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



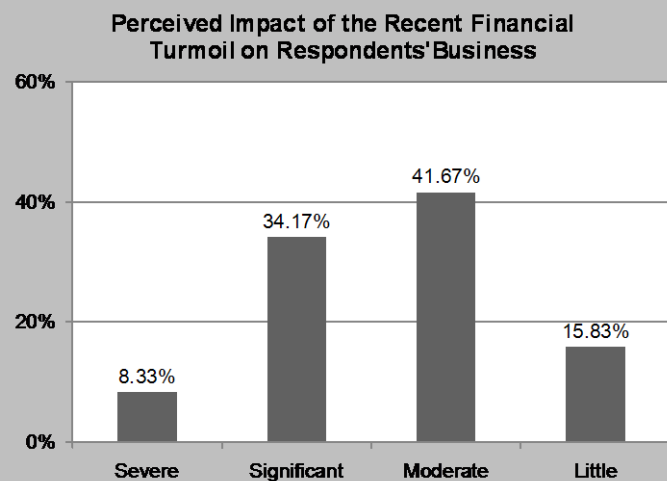
Inventory/Equipment Investment:

The percentage of those who said that they intend to increase inventories declined to 19.1% compared to 19.8% for the last quarter. The share of those intending to leave the inventories unchanged increased to 60% from 52.1% and those who are going to reduce inventories decreased to 20.9% from 26.5%. Overall, there is a continuing cautious attitude towards inventory management.



Recent Financial Turmoil Impact on the Economy: [SPECIAL QUESTION]

In a special question asked in this survey, 28.3% said that the current financial crisis is likely to have severe impact on the economy. 56.7% said it will have significant impact. Only 15% said it will have moderate or little effect. This expectation for the U.S. growth appears to be in line with general sentiment towards the national economy.



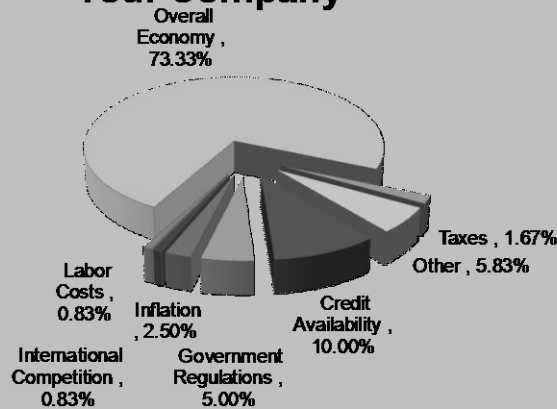
Recent Financial Turmoil Impact on Respondents' Businesses:

But when the same question was asked with reference to their own businesses they had different answers. Only 8.3% expect a severe impact and 34.2% expect significant impact. But a much larger proportion, 57.7%, expects only moderate or little effect. OC businessmen are more optimistic about their own businesses' chances for growth in this volatile financial environment.

Orange County Business Expectations Survey, OCBX 4th Quarter 2008

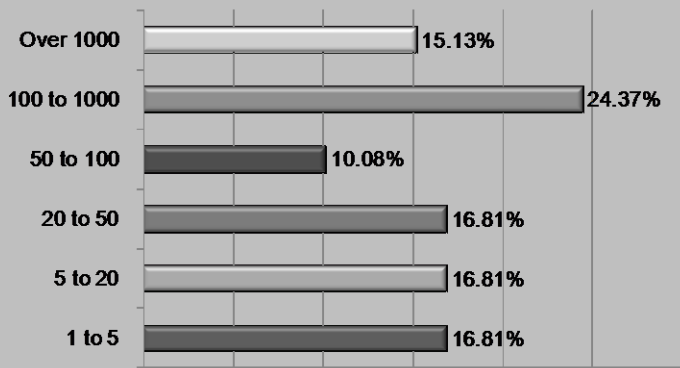
Project Director: Anil K. Puri, Ph.D*.

Most Significant Factor Impacting Your Company



Most Significant Factors: The state of the overall economy continues to be the most important concern. The importance of that concern grew to 73.3% (compared to 64.5% last quarter) and that of credit availability was the second most important at 10% (compared to 7.4% last quarter). Inflation became much less of a concern at 2.5% (compared to 7.4% last quarter) while government regulation moved up to 5% (from 4.1% last quarter).

Size of Firms included in OCBX Index: Employment Levels



Sample Firm Size: Over 39.5 % of the firms who responded to the survey employ more than 100 workers, (compared to % of the last quarter), while 33.2% had fewer than 20 employees (compared to 33% last quarter). The rest, 26.9%, hire between 20 and 100 employees