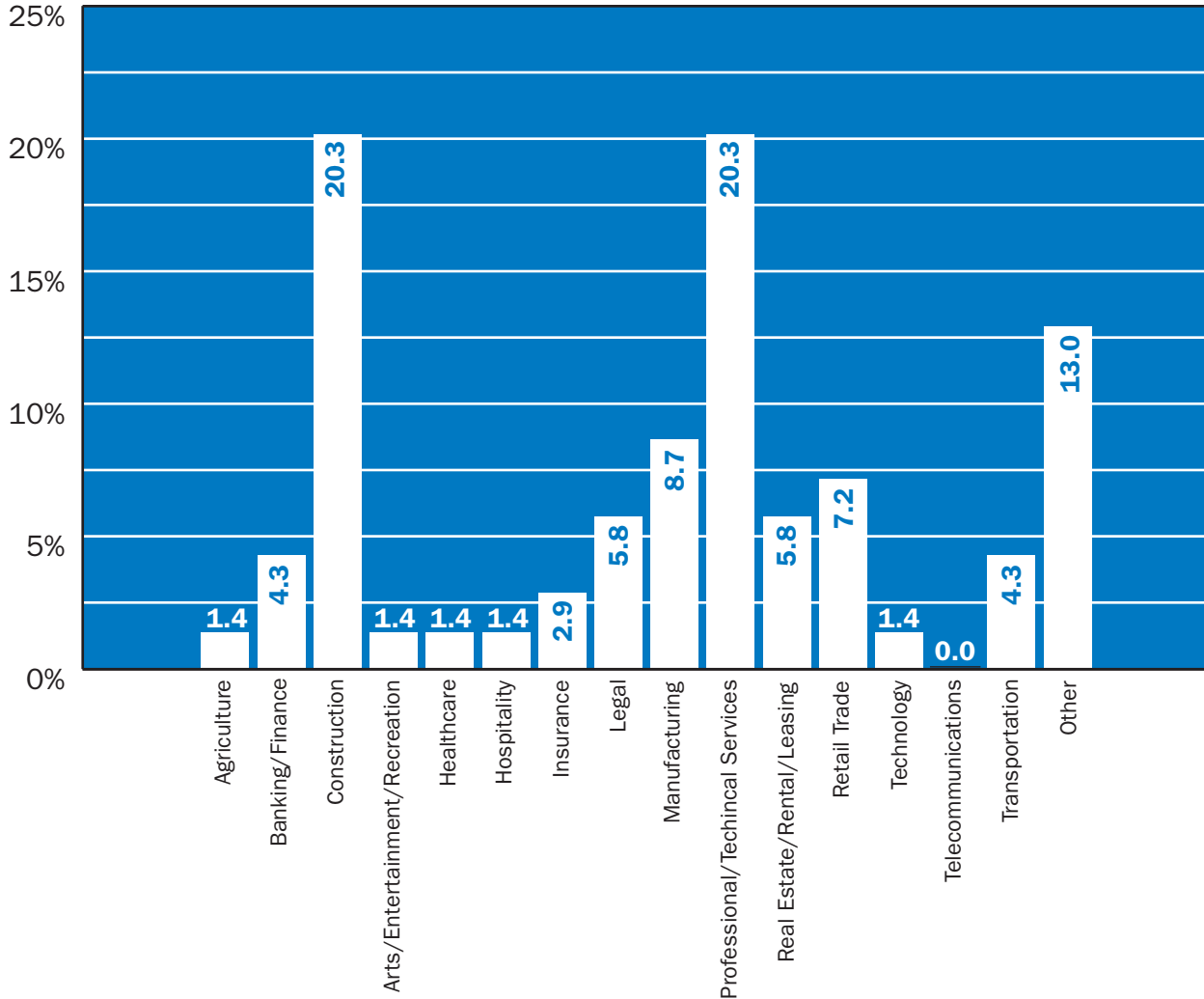


The Small Business
T.E.S. Indicator
Trends and Expectations
Survey of Small Business
Performance in North Florida

December 10, 2008



About the Survey

This survey was performed using a small business database of around 25,000 businesses in the Jacksonville area provided by the Small Business Development Center at the University of North Florida. A sample of 7,500 businesses was created based on the economic importance of the different business sectors in the area. The respondents of this survey provided a wide representation of the small business community for the Jacksonville Metropolitan Area. We obtained a positive rate of response of 71 businesses. This allows us to generate results with a confidence interval of 11.61% for a confidence level of 95%.



Introduction

The Small Business Trends and Expectations Survey is an important tool to understand the situation of our local economy and to evaluate the perspectives for economic growth. It is a joint effort of CenterBank of Jacksonville and the Coggin College of Business at the University of North Florida.

This survey was conducted while the historic 2008 presidential campaign was ongoing. You will find on page 8 the results of our special question, in which the majority of respondents indicated their belief that a John McCain presidency would have a more positive impact on the local economy.

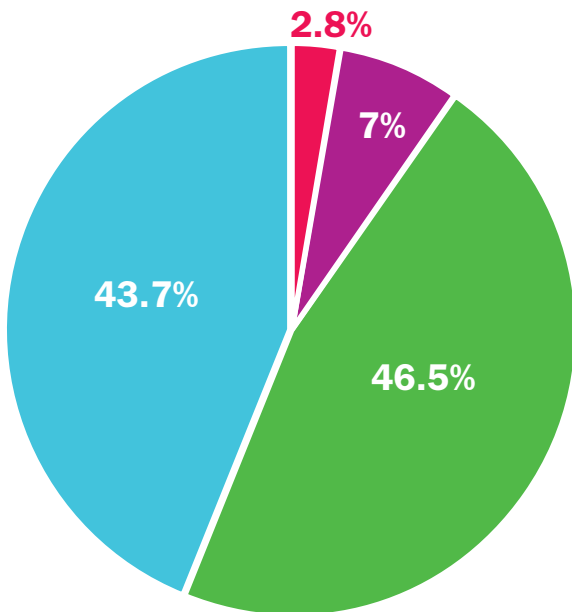
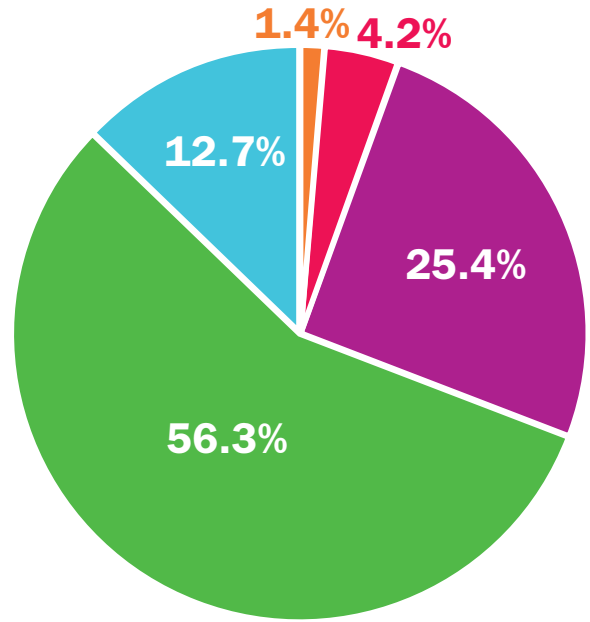


Jacksonville Economic Situation at a Glance

- Businesses continue to perceive the local and national economic performance to be very poor. However, there is a slightly better perception for the local economy.
- Negative perception for both the local and national economies has strongly grown from the last survey.
- Businesses' positive perceptions regarding the performance of their own industry have strongly decreased from the last survey six months ago. There is an overwhelming negative assessment of the performance of their respective industries.
- In the second quarter of 2008 businesses experienced a deterioration in general economic activity.
- Expectations for the next quarter are better than the assessment of the current situation. A higher share of businesses expects a slight improvement in the economic situation. The same pattern is observed in the case of the perception in their industries.
- The local economic situation is expected to stay the same in the next six months as companies expect only mild increases or a slight decline in jobs, capital investments and revenue.
- Businesses perceive that the election of John McCain would have had a much better impact in small businesses than the election of Barack Obama.

Local and National Economies

Which of the following best describes the current situation of the Jacksonville area economy?



Which of the following best describes the current situation of the National economy?





Local and National Economies

Which of the following best describes the current situation for the Jacksonville economy?

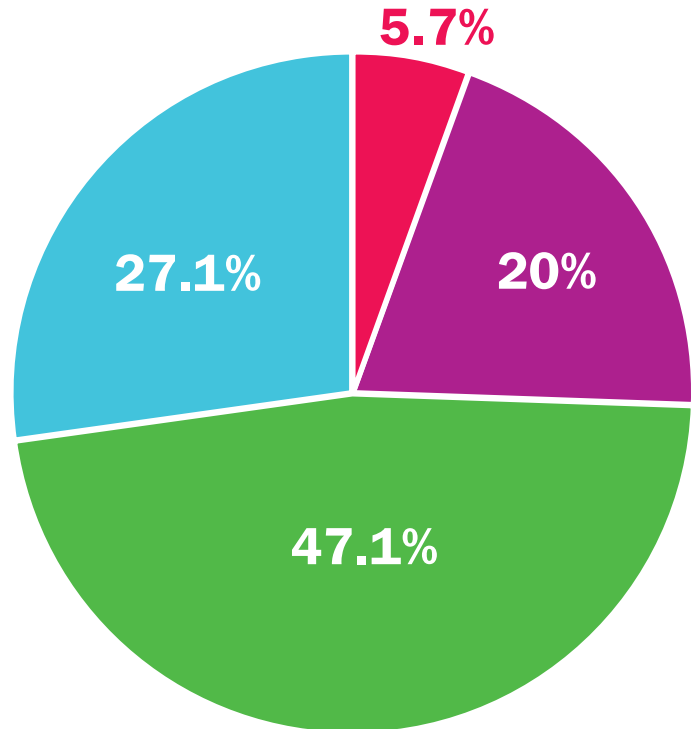
	2Q08	4Q07	2Q07	4Q06
Excellent	1.4%	0%	0%	10.5%
Above Average	4.2%	12.0%	30.5%	48.2%
Average	25.4%	44.0%	45.1%	34.2%
Below Average	56.3%	32.0%	22.0%	6.2%
Poor	12.7%	12.0%	2.4%	0.9%

Which of the following best describes the current situation for the national economy?

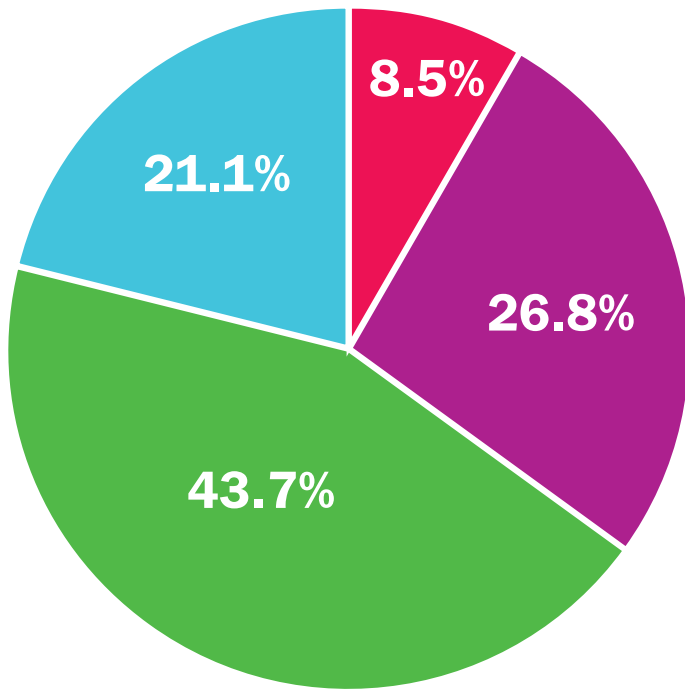
	2Q08	4Q07	2Q07	4Q06
Excellent	0%	0%	0%	0.9%
Above Average	2.8%	4.0%	22.9%	33.3%
Average	7.0%	20.0%	32.5%	46.5%
Below Average	46.5%	44.0%	38.6%	16.7%
Poor	43.7%	32.0%	6.0%	2.6%

How do you think the Jacksonville area economic conditions are today versus six months ago?

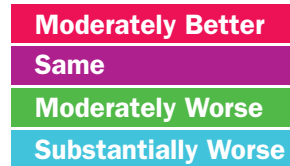
Moderately Better
Same
Moderately Worse
Substantially Worse



Local and National Economies



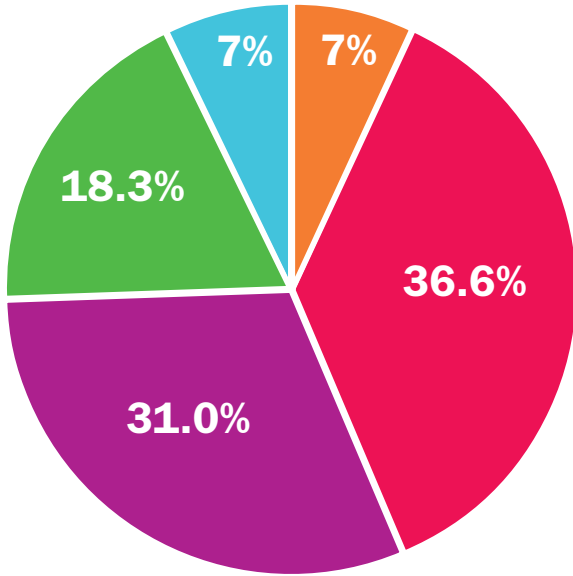
How are your own industry conditions today versus six months ago?



Performance Comparison Second Quarter 2008 Versus First Quarter 2008

	More	About the Same	Less
Capital Investments	5.9%	58.8%	35.3%
Total Payroll	2.9%	60.3%	36.8%
Number of Jobs	5.9%	54.4%	39.7%
Revenue	14.3%	35.7%	50.0%
Expenses	29.0%	60.9%	10.1%
Profitability	11.6%	37.7%	50.7%

Expectations for Economic Growth



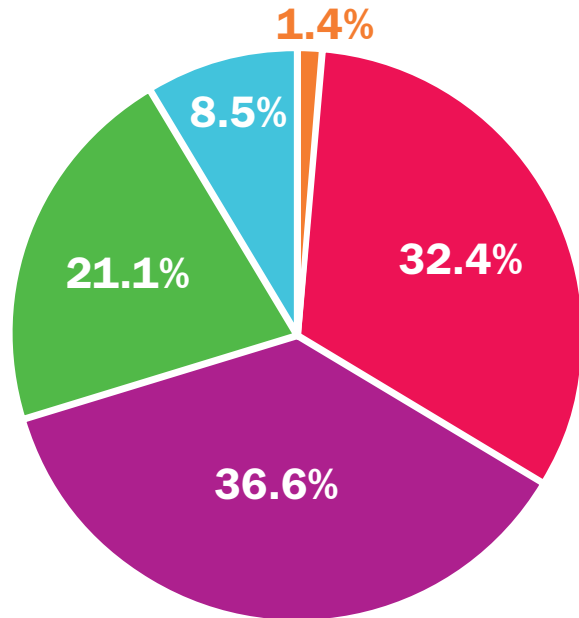
What are your expectations for your own industry six months from now?



Expected Performance Next Six Months

	Increase	About the Same	Less
Capital Investments	22.9%	52.9%	24.3%
Number of Jobs	14.1%	71.8%	14.1%
Revenue	35.2%	42.3%	22.5%

What are your expectations for the overall Jacksonville economy six months from now?



Expectations for Economic Growth

What are your expectations for the overall Jacksonville economy six months from now?

	2Q08	4Q07	2Q07	4Q06
Substantially Better	1.4%	4.0%	3.7%	3.6%
Moderately Better	32.4%	28.0%	39.5%	50.0%
Same	36.6%	36.0%	40.7%	36.4%
Moderately Worse	21.1%	16.0%	14.8%	9.1%
Substantially Worse	8.5%	16.0%	1.2%	0.9%

What are your expectations for your own industry six months from now?

	2Q08	4Q07	2Q07	4Q06
Substantially Better	7.0%	0%	6.1%	13.7%
Moderately Better	36.6%	36.0%	46.3%	52.7%
Same	31.0%	40.0%	30.5%	24.5%
Moderately Worse	18.3%	12.0%	14.6%	6.4%
Substantially Worse	7.0%	12.0%	2.4%	2.7%

Challenges and Opportunities

What is the most challenging aspect of running your business?

	2Q08	4Q07	2Q07	4Q06
Managing Cash Flow	44.3%	37.5%	21.7%	28.5%
Staying Ahead of Competitors	17.1%	4.2%	14.5%	11.9%
Financing New Business Opportunities	14.3%	12.5%	10.8%	15.6%
Managing Health Care for Employees	7.1%	0%	6.0%	5.5%
Managing Long-Term Growth	5.7%	16.7%	22.9%	11.0%
Determining Where to Invest Company Resources	4.3%	8.3%	9.6%	6.4%
Managing Accounting and Bookkeeping Practices	4.3%	4.2%	7.2%	10.1%
Cost Management	2.9%	16.7%	7.2%	11.0%

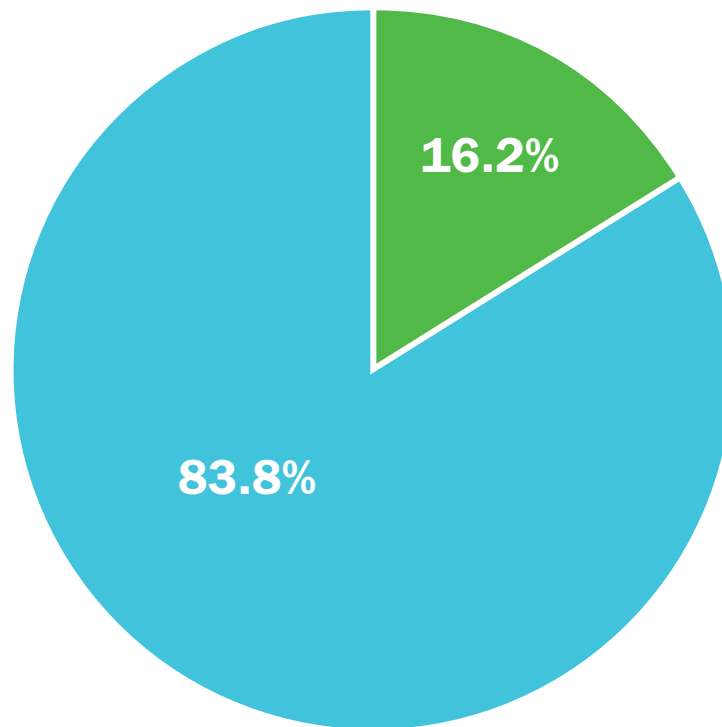


Special Report: Perceived Effect of the Presidential Election on the Small Business Community in Jacksonville

Which presidential candidate will have the most positive impact on the local small business economy?

Barack Obama (D)

John McCain (R)





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