



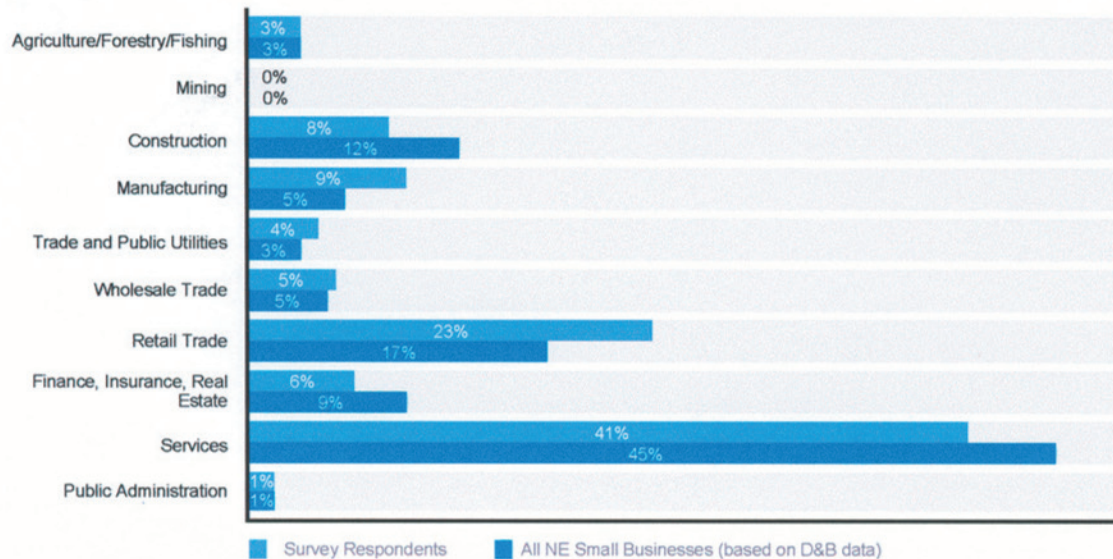
The Citizens Bank/UMass Small Business Survey for New England is a quarterly survey of the attitudes and expectations of small business owners in Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island and Vermont. The survey is designed to assess the economic outlook for small businesses operating in New England.

The sampling frame for the Citizens Bank/UMass Small Business Survey for New England is all firms located in New England with fewer than 500 employees as listed in the Dun and Bradstreet (D&B) commercial database. For each of the six states surveyed, a random sample of small businesses was generated from the D&B data base. A minimum of 600 telephone surveys were completed in each of the six New England states. The survey was administered during the month of April, 2004.

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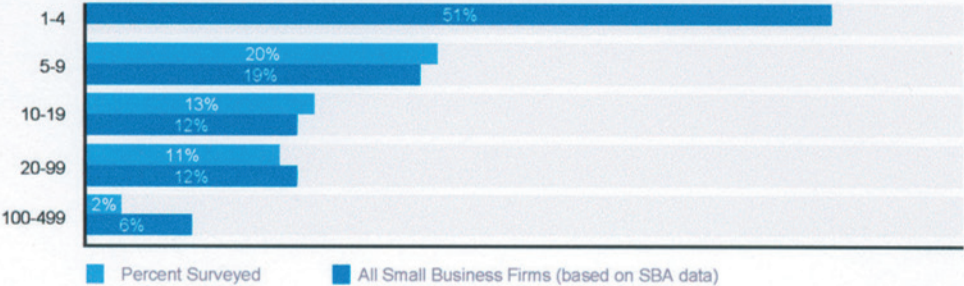


Industrial Representativeness of Survey Respondents



Representativeness of Survey Respondents by Firm Size



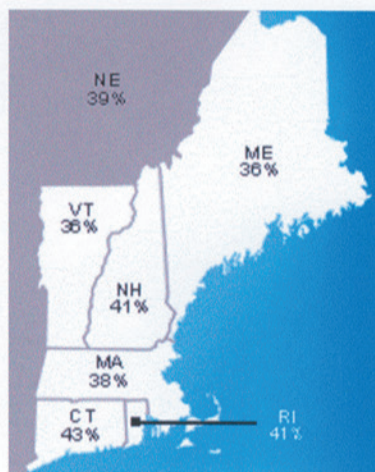


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Economic Outlook

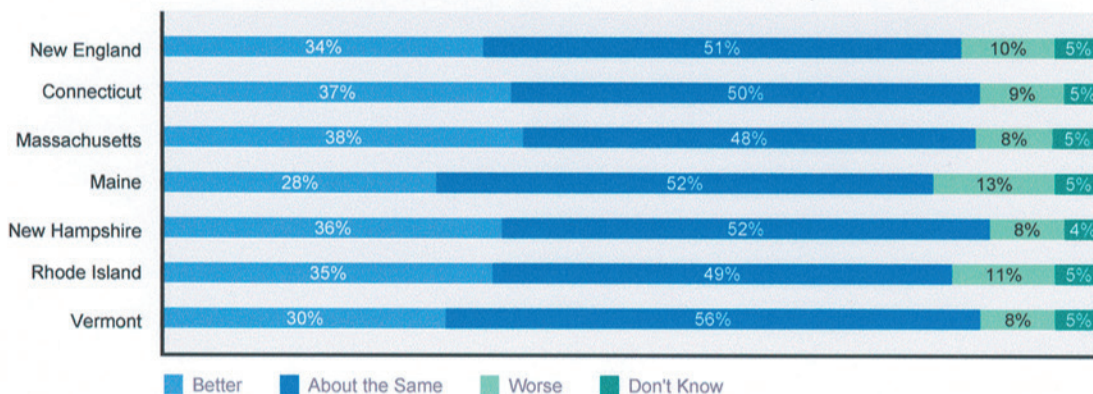
Do you think the next three months will be a good time for your business to expand?



Over 39 percent of New England firms surveyed report that they expect the next three months to be a good time to expand their business. This outlook is considerably more optimistic than that reported by a national survey of small businesses conducted in April by the National Federation for Independent Business (NFIB). Nationally, 24 percent of respondents to the NFIB survey expressed optimism about their prospects for expansion during the next three months.

Percentages may not always equal 100 due to rounding. Margin of error for each state is plus or minus 4.0 percent; margin of error for New England is plus or minus 1.6 percent.

Considering the economy in general, do you think that six months from now general business conditions will be better than they are now, about the same, or worse?

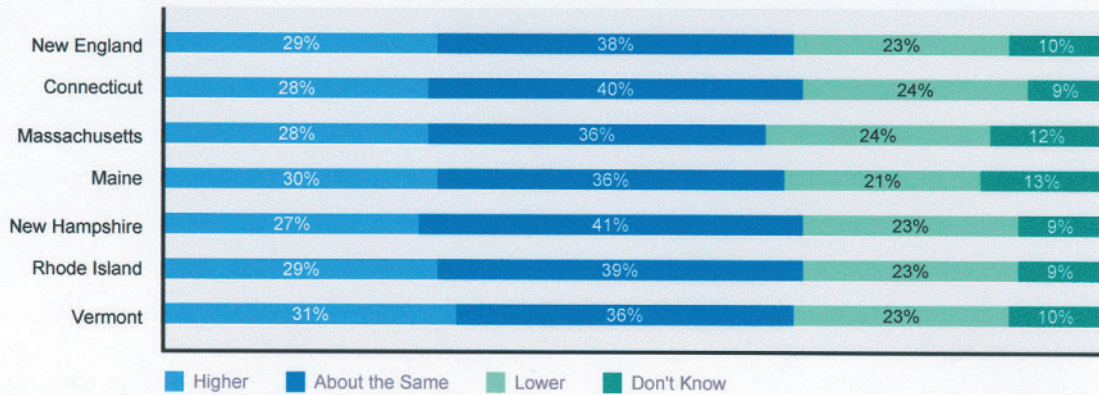


Thirty-four percent of New England small businesses believe that general business conditions will improve during the next six months. Interestingly, in every state in the region except for Massachusetts, surveyed firms reported a greater level of optimism about the near-term prospects for their own businesses than for the larger economy. In Massachusetts, a slightly higher proportion of surveyed firms expect improved general business conditions than those that expect the next three months to be a good time to expand their own business.

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Were your net earnings (income after taxes) from your business during the last calendar quarter higher,

lower, or about the same as they were the quarter before?



In each of the six New England states the proportion of businesses reporting higher earnings exceeded the percentage reporting declining earnings. In contrast, a national survey of small businesses conducted in April by the National Federation for Independent Business (NFIB) found that the percentage of US small businesses reporting lower earnings was 9% higher than the percentage reporting higher earnings.

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SMALL BUSINESS SURVEY FOR NEW ENGLAND



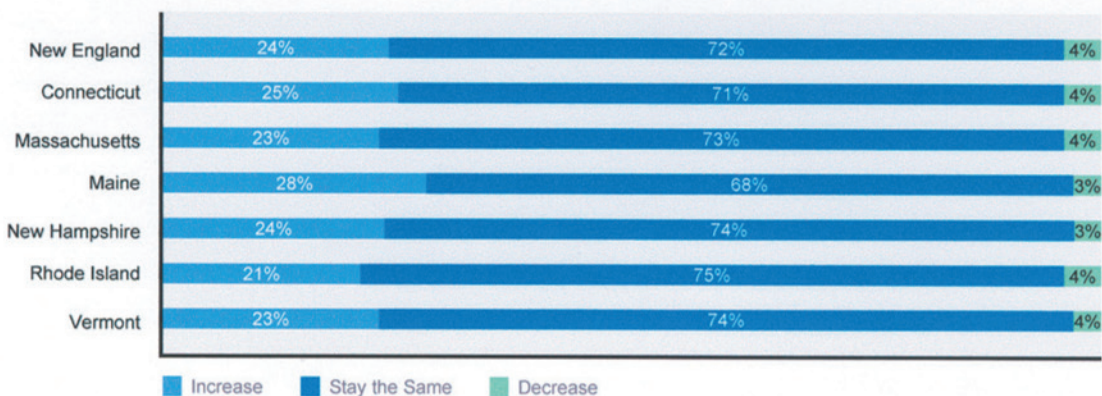
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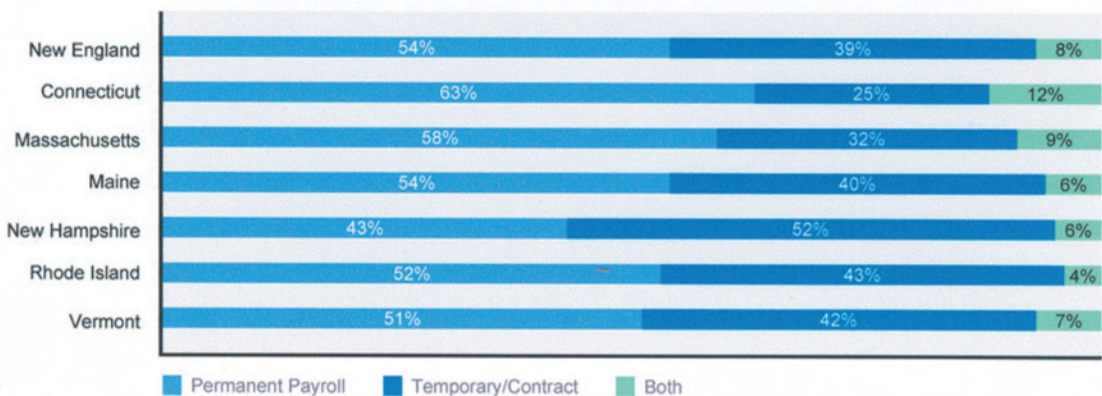
In the next three months, do you expect that the number of people working for you will increase, decrease or stay the same?



Twenty-four percent of New England small businesses surveyed report that they will be hiring new workers during the next three months. This outlook is significantly more optimistic than that reported by a national survey of small businesses conducted in April by the National Federation for Independent Business (NFIB). Nationally, 14 percent of respondents to the NFIB survey reported plans to hire new workers in the next three months. Among the New England states, hiring plans ranged from a low of 21% in Rhode Island, to a high of 28% in Maine.

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Do you expect that these new employees will be added to your payroll or will they be temporary, leased or contract employees?

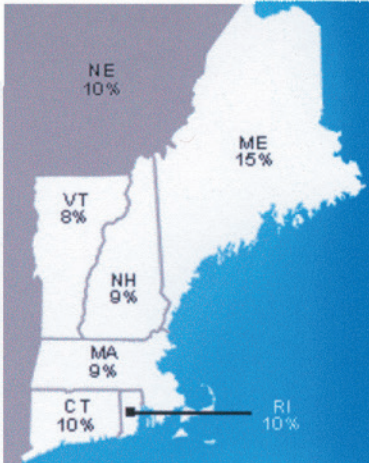


Of those New England small businesses surveyed that report plans to hire new workers, 39 percent report that they will exclusively hire temporary, leased, or contract workers. Fifty-two percent of small businesses surveyed in New Hampshire reported that while they plan to hire, they will not be adding new workers to their permanent payrolls.

Percentages may not always equal 100 due to rounding. Margin of error for each state is plus or minus 8.0 percent; margin of error for New England is

plus or minus 3.3 percent.

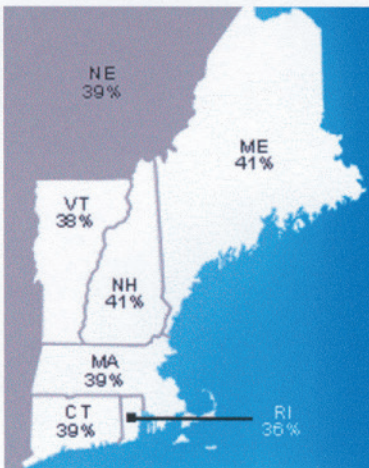
I anticipate needing more employees in the next 3 months but will not be hiring because wages and health care costs are too high.



Of those New England small businesses not planning to hire, 10 percent reported that they anticipated needing additional workers in the next three months, but were not planning to hire due to high wage and health care costs. This suggests that the recent reluctance of employers across New England to hire is partly due to concerns about salary and benefit costs. The striking proportion of businesses reporting plans to hire new workers on an exclusively temporary or contract basis likely reflects an attempt by small business employers to avoid some of these costs.

Percentages may not always equal 100 due to rounding. Margin of error for each state is plus or minus 14.2 percent; margin of error for New England is plus or minus 5.9 percent.

If you have filled, or attempted to fill any job openings in the last three months, were there a sufficient number of qualified applicants for the position(s)?



For those New England small businesses that reported that they had attempted to fill job openings in the last three months, 39 percent reported that there were insufficient numbers of qualified applicants available. In light of substantial numbers of unemployed workers throughout New England, this suggests that there may be a serious mismatch between the skills of the workers seeking work and the needs of employers seeking new workers.

Percentages may not always equal 100 due to rounding. Margin of error for each state is plus or minus 7.2 percent; margin of error for New England is plus or minus 2.9 percent.



SMALL BUSINESS SURVEY FOR NEW ENGLAND



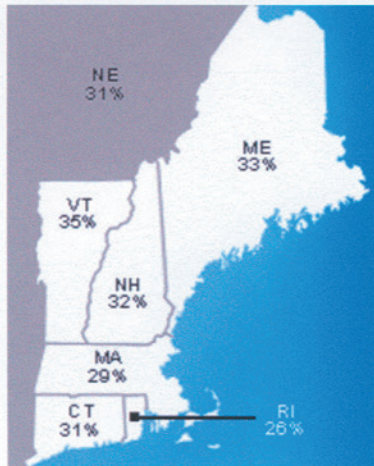
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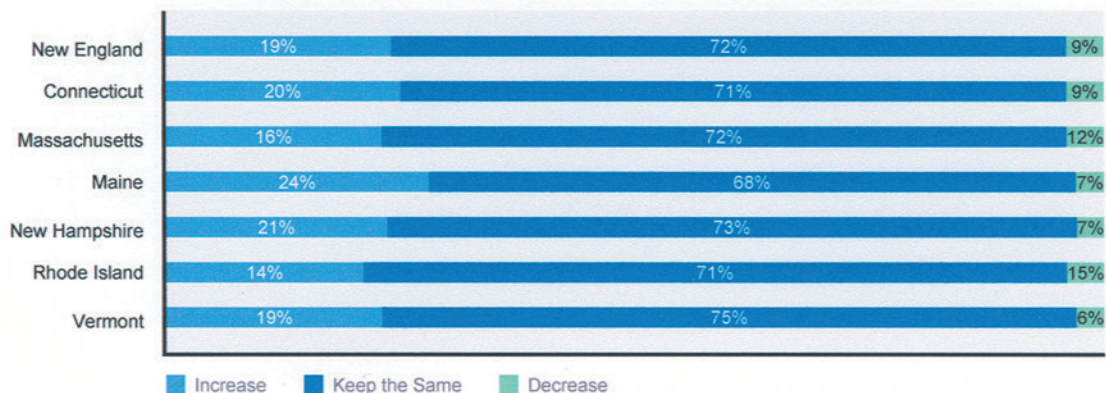
In the next three to six months, do you expect to make any capital expenditures for plant and/or physical equipment?



Thirty-one percent of New England businesses report plans to make capital expenditures (plant and/or equipment) during the next three to six months. This figure is somewhat lower than that reported by a national survey of small businesses conducted in April by the National Federation for Independent Business (NFIB). Nationally, 34% of respondents to the NFIB survey reported that plan to make capital expenditures during the next three months.

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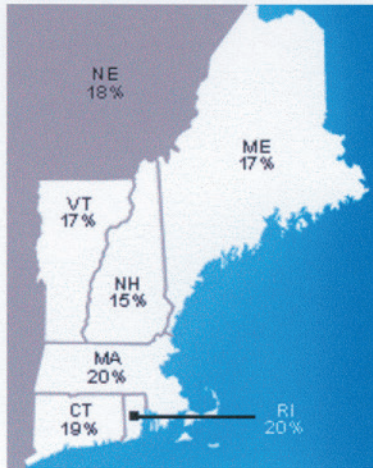
In the next three to six months, do you expect on balance to add to your inventories, keep them about the same, or decrease them?



Nineteen percent of New England small business owners are planning to add to their inventories during the next three to six months. At the same time, nine percent report plans to decrease their inventories. According to the April NFIB survey, nationally only nine percent of small business owners reported plans to expand their inventories. With the exception of Rhode Island – where a slightly higher percentage of small businesses surveyed reported plans to decrease their inventories – the proportion of small businesses planning to increase their inventories was nearly twice that of those planning on reducing their inventories in every New England state.

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Do you consider your firm to be a technology firm?



Across New England, between 15 and 20 percent of firms in New England identify themselves as “technology firms”. Firms from southern New England states (CT, MA, and RI) were more likely to self identify as tech firms led by Massachusetts, where 1 in 5 firms define themselves in this way.

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