

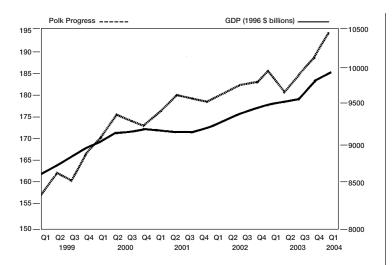
POLK PROGRESS

ECONOMIC INDICATORS FOR POLK COUNTY

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POLK ECONOMY BEGINS TO HEAT UP AT YEAREND

The local economy closed the year on a strong note as the Polk Progress Index (PPI) advanced 2.7% from the preceding quarter. That marks the third consecutive significant increase in the quarterly index, which now stands 4.2% above a year ago. The Quarter 4 rise in the PPI was led by strong increases in retail sales and industrial electricity consumption.

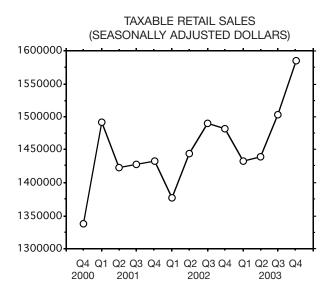
The average value for the PPI during 2003 was up 3.4% from the average value during 2002. At the beginning of 2003 we had projected that the index would rise by less than 2% during the year.

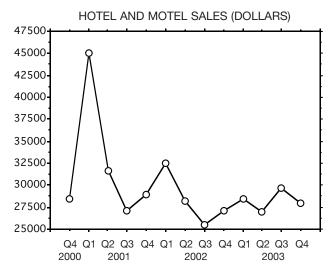
SALES - Taxable sales in Polk County underwent a second consecutive quarter of strong growth at the end of 2003. Sales for the month of December 2003 are unavailable at this time, hence are estimated in this report. Taxable sales in the fourth quarter advanced an estimated 5.5% after adjusting for recurring seasonal variations, following a 4.4% seasonally adjusted sales increase in the preceding Quarter 3. Unadjusted taxable sales during the last six months of 2003 were up an appraised 4.9% from the same period in 2002.

Taxable sales for the entire 2003 year were an estimated 1.5% (\$90 million) above the total for 2002 before inflation. A year ago we projected that retail sales would rise by 3% in 2003.

Sales at local hotels and motels continue to plod along at their diminished 9/11 pace. Hotel/motel sales in 2003 were projected to remain flat in 2003 and were, indeed, virtually unchanged from the preceding year (down 0.2% based upon 11 months worth of available data). Thus there is still no sign of any significant improvement in local tourism as we enter 2004.

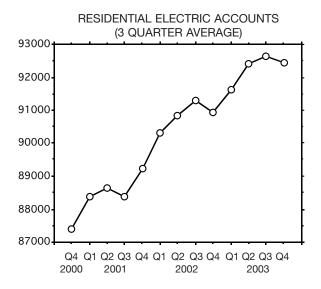
POPULATION - Population growth remained solid throughout the 2003 year. The moving average for the number of residential electric accounts maintained by the City of Lakeland is 1.7% above a year ago in Quarter 4. There is a significant amount of population growth in the northeastern part of Polk County that is not reflected by Lakeland electric connections.

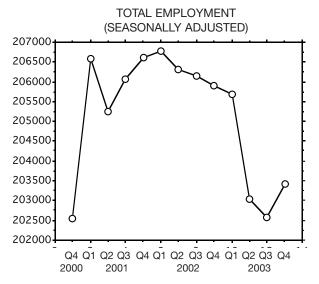




EMPLOYMENT - The local employment picture mirrors the national economy as the unemployment rate comes down, but the number of workers employed remains stagnant. Total employment in Polk County was up 1,500 in December from a year ago, but average employment for the entire fourth quarter was down 1,350 (0.6%) from the fourth quarter of 2002. Seasonally adjusted employment did manage a 0.4% increase in Quarter 4 from the immediately preceding Quarter 3.

The latest figures avavailable from The Florida Agency for Workforce Innovation show the average level of employment in Polk County during 2003 was 205,001. That is down 0.6% (1,282 workers) from the average employment level in 2002. These figures may be subject to significant change when the agency makes its annual benchmark revisions in March. At the beginning of the year, we were predicting that employment would grow by 2%.





Verizon Communications Inc. has announced that it will open a 250-person call center in downtown Lakeland. Verizon will spend \$550,000 to renovate its communication building on East Lime Street, which currently houses about 100 workers.

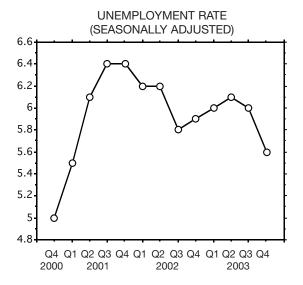
State Farm Insurance Cos. is moving 29 flood insurance underwriting and processing positions to its Winter Haven offices from Monroe, Lousiana. State Farm had previously announced that it would eliminate 12 Winter Haven positions in the company's fire claims department as part of a move to cut 90 jobs statewide. State Farm employs about 1,610 workers at its Winter Haven offices.

The Coca Cola North America plant in Auburndale began hiring 20 new workers in January to operate a new production line. The plant already employs 100 workers bottling Minute Maid's Simply Orange not-from-concentrate juice. The new line will bottle Coke's PowerAde sports drink.

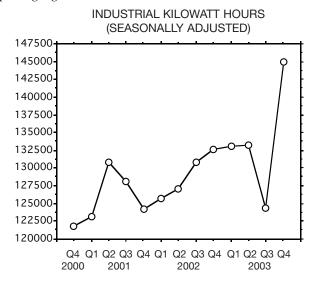
The Polk unemployment rate fell from 6.2% in October, to 5.4% in November and 4.7% in December. While some of the decline reflected a recurring seasonal drop, the seasonally adjusted unemployment rate did decline to 5.6% in the fourth quarter. We had predicted a yearend seasonally adjusted rate of 6%.

The average (unadjusted) unemployment rate in Polk County during 2003 was 6.1%, up slightly from the 6% average rate in 2002.

These figures are also subject to revision when the Florida Agency for Workforce Innovation benchmarks its data in March.



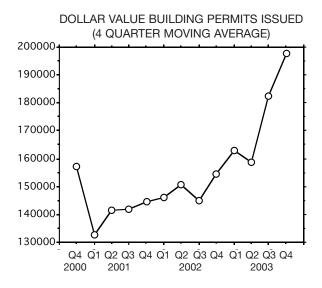
MANUFACTURING - Total industrial electricity consumption reported by the City of Lakeland in 2003 was 521.78 million kilowatt hours. That represents an increase of 0.3% (1.36 million kilowatt hours) from the preceding year. The Quarter 3 drop in consumption, followed by the surge in Quarter 4, was in all likelihood due to a reporting lag.

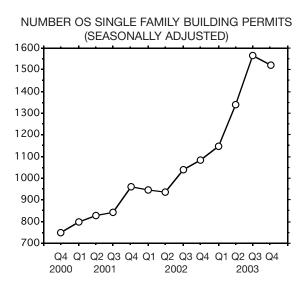


CONSTRUCTION - The big factor in the local economy in 2003 that was totally unforeseen in our forecasts at the beginning of the year was the continued boom in local construction. While we expected housing to be relatively unchanged in 2003, the reality was quite different.

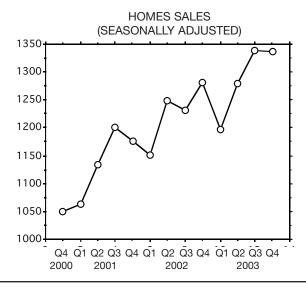
The value of building permits issued in Polk County underwent a strong advance in 2003. The total value of permits issued during the year was \$791.4 million. That is an increase of 27.9% (\$172.7 million) from 2002.

Polk County governments issued 606 building permits for single-family homes in October, 413 in November, and 499 in December. There were a record 5,917 permits issued during the 2003 year. That represents a remarkable 42.4% increase from the preceding year.



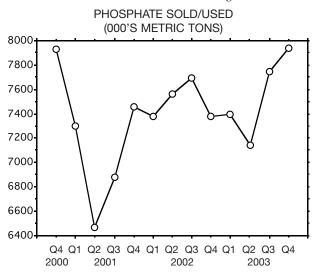


Polk County realtors sold 472 homes in October (up 8% from the year before), and sold 370 homes in January of 2004 (up 14.9% from a year ago). Home sales figures for November and December are unavailable at this time; therefore, home sales figures reported here for Quarter 4 are estimated.

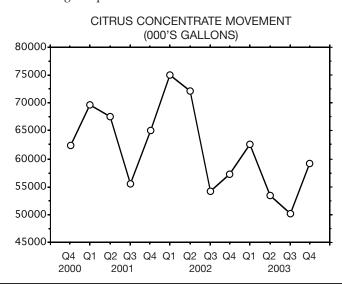


PHOSPHATE - IMC Global Inc. and Cargill Crop Nutrition have announced an agreement to merge. The two largest U.S. phosphate fertilizer manufacturers will combine into a new company that will control half of the fertilizer production in the U.S., and 30% of production worldwide pending approval by stockholders and regulatory agencies. The merger is not expected to have an immediate impact on the 3,000 blue collar workers employed at seven mines and four fertilizer manufacturing plants operated by both companies in Central Florida. However, the merger is expected to lead to layoffs among top management employees, including the 100 employees at the Mulberry headquarters of IMC Phosphates Company. If approved, Cargill would hold a two-thirds share in the new company.

The volume of phosphate rock sold or used that originates in the Florida/North Carolina region continues to climb slowly as the industry recovers from the steep slide in activity that began in the late 1990's. The volume of rock sold/used for the region was 30.23 million metric tons in 2003. That is a slight increase of 220,000 metric tons (0.7%) from the year before. The volume of phosphate rock sold or used was forecast to remain unchanged in 2003.



CITRUS - The U.S. Department of Agriculture lowered its 2003-2004 Florida orange crop estimate by 4 million boxes in February to 246 million boxes. That would still be the state's largest organge crop on record. The large crop has sent prices paid by juice processors to their lowest levels in more than 10 years. The standing record orange crop is 244 million boxes set in the 1997-98 season.



The U.S. Department of Agriculture has agreed to purchase up to \$50 million worth of canned and frozen orange juice for USDA food programs benefitting children and the needy. The purchase would absorb about 8.5 million boxes of oranges from the market.

The volume of citrus concentrate movement reported by Florida Citrus Mutual during calendar 2003 was 231.9 million gallons. That is a decline from the previous year of 26.9 million gallons (10.4%).

DEVELOPMENT - The first of January marked the implementation of an additional half-penney of sales tax in Polk County to raise money for school construction. Local voters approved raising the sales tax from 6% to 6.5% in May. The county school district expects to collect \$26 million each year from the tax increase.

Havertys Furniture is planning to build a new 225,000 square-foot distribution center in Lakeland. The new center would replace existing centers in Tampa, Orlando. Port St. Lucie, Ocala, and Fort Myers. Plans call for the center to be built on SR 33, with 80 employees upon completion.

Ground was broken in December for construction of the North Lakeland YMCA. The new YMCA is being built on Sleepy Hill Road, and will include indoor and outdoor basketball courts, activity rooms, showers, lockers, outdoor playgrounds, and a wellness center. It is expected to open in late fall of 2004.

Southeastern College in Lakeland plans to build three dormitories by 2006 as part of a \$15 million capital spending project. Each dormitory will be 30,000 square feet in size and house 264 students.

A free-standing Starbucks coffee house is planned for the corner of South Florida Avenue and Beacon Road in Lakeland. Site plans for the 1,851 square-foot shop were submitted to the City of Lakeland Building Department in December.

Lowe's Home Improvement Warehouse has announced its intent to build a new store in Bartow. Plans call for Lowe's to occupy the former site of Bartow Ford at the intersection of Van Fleet Drive and Wilson Avenue.

Duratek Wall Panels is investing more than \$1 million to add 15,000 square feet to its Bartow plant. The expansion will enable Duratek to add 15 employees to its current workforce of 50. The Bartow facility produces prefabricated walls for residential and commercial buildings.

Construction began in December on a 75,000 square-foot facility in Haines City that will become the new headquarters of Jarrett Ford. The location is an 18.5-acre site northwest of Interstate 4 at U.S. 27 South. Completion is expected by fall 2004.

The Dundee CItrus Growers Association is building a 60,000 square-foot carton warehouse off of Frederick Avenue in Dundee. The \$1 million warehouse was slated for completion in January.

NEW OPENINGS AND CLOSINGS - The first stage of the Lakeland In-Town Bypass opened in late February. The bypass extends Bartow Road west to Florida Avenue, with the intent of easing downtown traffic congestion. The second phase, which will complete the bypass westward to George Jenkins Boulevard, is scheduled for construction in 2007.

Target is scheduled to open a new store in North Lakeland on March 7. The 123,680 square-foot outlet is located on U.S. 98 North in the Shoppes of Lakeland plaza. The new Target will contain a Starbucks, food court, and grocery area.

Kash n' Karry closed seven of its eight Polk County locations in February. The chain announced in January that it would close the stores in order to focus on its West-Central Florida core markets. The closings involve two stores in Lakeland; and one each in Winter Haven, Auburndale, Mulberry, Lake Wales, and Haines City. Each store employed between 30 and 50 workers.

Home Depot opened its third Polk County store in Winter Haven in late January. The new 102,000 square-foot outlet is located at the intersection of U.S. 17 North and Avenue T Northeast. The store cost \$13 million to build, and will employ 150 workers.

Bonefish Grill opened a new restaurant in South Lakeland in early December. The high-end seafood chain is owned by Outback Steakhouse Inc. in Tampa.

The T.G.I. Friday's restaurant on U.S. 98 North in Lakeland opened for business in late January. The eatery closed two years ago as a franchise operation, and has now reopened as a corporately owned restaurant.

A new Italian restaurant opens in Lakeland in March. Il Forno Restaurant and Pizzeria will be located at Merchant's Walk Plaza on South Florida Avenue. The 2,806 square-foot restaurant will initially offer a limited menu of pizza, sandwiches, and a pasta of the day.

Chris's Place opened in East Lakeland in early February featuring Cuban sandwiches and 12 different wraps. The new eatery is located on Combee Road, and offers an early breakfast beginning at 6:00 am.

Helen's Ladies Specialty Shoppe on East Kentucky Avenue in downtown Lakeland is closing. Owner Helen Hasty cited a lack of adequate street parking as a factor in the decision to close.

The Camera Shop on East Memorial Boulevard in Lakeland closed in January. The shop had four employees, and had been in business for 47 years.

The Gadzooks store in Lakeland Square Mall will close in March. The Dallas-based firm is closing 125 stores around the nation after filing for Chapter 11 bankruptcy protection in February.

KB Toys Inc. will close its store in Eagle Ridge Mall in Lake Wales. It is part of the company's plan to close 490 stores nationwide as it also reorganizes under Chapter 11 of the U.S. Bankruptcy Code.

Riverside National Bank plans to open a branch office in Auburndale. The new office will be located on U.S. 92 West. The Fort Pierce-based bank has five other branch offices in Polk County.

Adams Building Permits is moving from its current facility in Dundee to a new 15-acre site in Haines City. Construction of the new 114,000 square-foot facility on Dyson Road is expected to be completed in mid-May.

John's Restaurant in Bartow closed in January. The venerable eatery, located at the intersection of U.S. 17 and Main Street, never recovered from public health concerns after an outbreak of hepatitis A in 2002.

TAKEOVERS - The sale of Cypress Gardens to Georgia theme park operator Kent Buescher and Polk County was completed in late February. The 150-acre site was sold for \$20.5 million. The state of Florida contributed \$11 million for a conservation easement that was essential to prevent resdential development of the park. Cypress Gardens had closed in April due to low attendance.

Fibertech Inc. of Salt Lake City has purchased the former Owens-Brockway factory in North Lakeland with the intent of manufacturing specialty glass products at the site. Production is slated to begin with between 100 and 200 workers in the first quarter of 2005. The plant will employ between 300 and 400 workers when it reaches capacity.

FloridaFirst Bancorp Inc. of Lakeland is being acquired by SouthTrust Corporation. SouthTrust will pay \$146 million for FloridaFirst, which has 19 branch offices in Central Florida. Some 40 to 50 FloridaFirst staff personnel are expected to lose their jobs due to consolidation.

Citizens Bank of Frostproof has agreed to acquire American Bank & Trust, based in Lake Wales, for \$20 million. The combined bank would have about \$240 million in assets. The transaction is expected to close in the next several months.

Lakeland car dealer Freddy Jenkins purchased Nissan of Lakeland in January. Jenkins adds the Nissan dealership located on U.S. 98 North to his Lincoln-Mercury dealership on East Main Street, and used car lots located on East Main Street and South Florida Avenue in Lakeland.

Madden Corporate Services Inc. has purchased Reed Advertising Design for an undisclosed sum. Madden supplies embroidered clothing and screen printed items. Both firms are Lakeland-based, and will do business from the current Madden location on New Tampa Highway.

Wheeler Farms Inc. has purchased the Colonial Bank Building in Winter Haven. The four-story building is located on Central Avenue, and sold for \$2.2 million. Colonial Bank and other current tenants will remain at the location.

Quality Life Management Inc. of Fort Lauderdale has bought the Bishop Gray Inn in Davenport. The downtown center includes a 60-bed nursing home and 66 independent living apartments. It was previously owned for 50 years by the Episcopal Church, which operated the Bishop Gray Inn as a retirement home.

THE NATIONAL ECONOMY

Economic growth in the fourth quarter slowed markedly from the unsustainably brisk 8.2% annual growth rate of Quarter 3. Price adjusted Gross Domestic Product (real GDP) rose at a solid 4.1% annual pace in Quarter 4, led by advances in personal consumption expenditures, exports, and residential investment spending. Nonetheless, GDP growth in the fourth quarter was below the expectations of many economic forecasters. Real GDP grew by 3.1% in calendar 2003, versus growth of 2.2% in 2002.

CONSUMER SPENDING - Personal Consumption Expenditures (includes goods and services) were flat in October, then managed to climb by 0.5% in November and 0.4% in December. Retail sales (goods only) fell 0.2% in October, then turned upward by 1% in November and 0.2% during December, as the Christmas season for retailers was saved by a last-minute surge in consumer shopping.

Personal income continues to rise respectably, climbing by 0.2% in October, 0.3% in November, and again by 0.2% in December. Household savings totalled 1.5% and 1.3% of disposable personal income in November and December, respectively.

Consumer confidence remains strong, with the University of Michigan's Index of Consumer Sentiment rising in January to its highest level since November 2000.

EMPLOYMENT - Nonfarm employment rose weakly in the fourth quarter, with job gains totalling 88,000 in October; 83,000 in November; and 16,000 in December. Job increases need to average between 125,000 and 150,000 per month just to absorb the number of new workers entering the labor force. Payroll growth has averaged just 57,000 a month since August.

The nation's unemployment dropped from 6% in October to 5.9% in November and 5.7% in December. The slight declines in the nation's unemployment rate during this period are due to discouraged workers temporarily dropping out of the labor force, and thus not being included in the monthly unemployment statistics.

Initial claims for unemployment benefits have been well below the benchmark level of 400,000 per week since September. It is regarded as a sign that labor markets are expanding whenever first time unemployment claims fall below 400,000 a week. The reason that the slowdown in layoffs hasn't led to faster increases in total employment is because businesses have been able to meet rising demand with fewer workers due to increasing labor productivity.

Manufacturing employment continues its long slide, with the number of manufacturing jobs dropping by 24,000 in October; 7,000 in November; and by 27,000 during December.

The Bush Administration is projecting job growth of 2.6 million this year, which would bring total employment back to the level existing when President Bush assumed office. Administration officials are assuming that a recent slowdown in productivity growth will cause businesses to hire more workers in coming months. However, job growth would have to average about 400,000 a month between now and the end of the year for the administration's forecast to prove accurate, which is unlikely. A recent Wall Street Journal survey of 55 economists projects job growth of 1.4 million between February 2004 and Election Day.

INDUSTRIAL PRODUCTION - Output at U.S. mines, factories, and utilities edged upward by 0.1% in October and 0.9% in November, then was flat in December. Industry operated at 75% of capacity in October, 75.7% in November, and at 75.6% of designed capacity in December. That is still well below the 80%-to-82% range associated with an economy operating at normal strength without bottlenecks.

Factory orders climbed 2.4% during October before falling 1% in November, then rebounding upward by 1.1% in December. Orders for durable goods managed a strong 4% advance in October, then fell back by 2.4% in November. Durable goods orders stabilized in December, rising a slight 0.3%.

Business inventories grew by 0.3% in December, marking their fourth consecutive increase. Many economists expect inventories to rise in coming months as rising demand for products spurs business confidence.

CONSTRUCTION - Total expenditures for new construction climbed a higher-than-expected 0.9% in October, then rose again by 0.5% in November and 0.4% in December.

The housing market remained robust with housing starts rising by 2.4% in October, 3.9% in November, and by 0.6% during December. The December figure was the highest in nearly 20 years. A subsequent 7.9% plunge in housing starts in January was attributed to the effects of cold weather. Housing demand is expected to remain firm through the remainder of 2004, though a number of economists project a modest slowdown.

New single-family home sales rose 1.8% in October, then dipped 2.8% in November before rebounding upward by 3.8% in December. Sales of existing homes were up 6.9% during December following declines of 4.9% in October and 4.6% in November. Existing home sales for the 2003 year totalled 6.1 million, an increase of 9.6% from the preceding year.

Building permits were volatile in the fourth quarter, rising by 5.2% in October, then falling by 6% in November and climbing 4.8% in December. Permits fell again by 2.8% in January.

FOREIGN TRADE - The deterioration in the nation's international trade accounts slowed during the fourth quarter. The U.S. deficit in goods and services was \$41.5 billion in October, \$38.4 billion in November, and \$42.5 billion in December. The quarterly deficit is up a slight 1.3% from the preceding Quarter 3.

The Bush Adminstration announced in December that it will eliminate tariffs on imported steel that were imposed two years ago to protect domestic producers. The World Trade Organization (WTO) ruled in November that the U.S. tariffs were illegal.

COST OF LIVING - Inflation remained minimal in Quarter 4 as the Consumer Price Index dipped a slight 0.1% in October and another 0.2% in November, before offsetting the latter with a 0.2% rise in December. Consumer prices in the fourth quarter are up a tame 2% from a year ago.

Consumer Price Index (A)											
Year	Q1	Q2	Q3	Q4							
2000	169.8	171.6	173.0	174.0							
2001	175.7	177.5	177.8	177.3							
2002	177.9	179.9	180.6	181.2							
2003	183.0	183.7	184.5	184.8							

(A) Figures are revised by the Department of Commerce as of January. The data reflect the average CPI reading over each quarter. The base period of the CPI is 1982.

MONETARY POLICY - The Federal Reserve left the interest rate target unchanged at its latest meeting in January. Though the Fed left the target for the federal funds rate at the current 45-year-low of 1%, the accompanying statement indicated that a rate increase may be on the horizon.

LEADING INDICATORS - The Conference Board reports that its index of leading economic indicators rose by 0.2% in both November and December. This marks the first time since 1983 that the index has risen for nine consecutive months.

Orders for nondefense capital goods excluding aircraft, a key indicator of business investment plans, were down 5.9% in November. Orders rose by 0.8% in December.

SUMMARY - The economic juggernaut of Quarter 3 slowed to a more sustainable pace of expansion in the fourth quarter. Housing and consumer spending continue to carry the spending load, though there are promising signs of budding export growth and investment spending by business. Consumer confidence remains strong, though weak job growth may yet undermine that strength.

The latest consensus outlook calls for 4% real GDP growth in 2004. Forecasters project an increase in investment spending by business will supplant consumer spending as the driving force behind an expanding economy.

THE POLK OUTLOOK

It is noteworthy how closely the Polk economy is following the national trends. During the last six months we have witnessed strong advances in overall economic activity, but lagging growth in employment. We look for 2004 to be a better year for local employment.

We expect continued growth in the overall PPI throughout 2004, at an annual rate of about 4%. We project employment growth of 2.5%, with an unemployment rate remaining near 5.5% after adjusting for seasonal factors. Population growth will remain near 2%, retail sales will climb 4%, and the local housing market will cool slightly as interest rates begin to rise around the third quarter.

METHODOLOGY

The Polk Progress Index is developed on the basis of quarterly observations of five variables. The base period for the index is the first quarter of 1992. Data are adjusted for seasonal fluctuations where appropriate. The statistical technique of factor analysis was employed to assign weights to the observed variables and derive estimates of the underlying factor. The weights used are Taxable Sales (.1948); Total Employment (.2025); Home Sales (.2050); Residential Electric Accounts (.1982); and Industrial Kilowatt Hours (.1995). The index explains 84.1% of the variation in the combined variables. The weights and variables are subject to future verification and modification in light of changing relationships.

	POLK PROGRESS INDEX 2001 2002								2003				2004
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	O1
Taxable Sales (1,000's of \$)	1,526,448	1,414,474	1,347,824	1,477,209	1,435,967	1,467,997	1,432,950	1,516,318	1,400,020	1,448,058	1,454,526	1,640,692*	Projected — 1,443,219
Total Employment	204,961	205,623	205,351	208,619	205,133	206,683	205,427	207,890	206,156	204,859	202,450	206,540	205,580
Residential Telephone Access	222,000	222,031	220,230	222,590	224,794	218,924	217,549	218,642	221,178	214,624	213,059	214,906	214,356
Business Telephone Access	91,000	90,555	89,343	87,049	85,547	83,838	81,507	80,282	79,413	77,428	76,665	74,639	73,313
Industrial Electric KWH (1,000's)	114,668	131,420	138,105	125,919	116,490	128,587	142,032	133,312	123,966	136,111	127,882	153,301	127,189
Number of Single Family Bldg. Permits	799	925	910	923	962	1,011	1,111	1,067	1,185	1,496	1,723	1,518	1,552
Hotel/Motel Sales (1,000's of \$)	44,986	31,681	27,058	28,887	32,457	28,250	25,530	27,092	28,441	27,002	29,679	27,953	30,618
Number of Homes Sold	1,061	1,251	1,260	1,130	1,087	1,343	1,253	1,235	1,127	1,427	1,417	1,322*	1,292
Citrus Concentrate Movement (1,000's of gal.)	69,629	67,653	55,599	65,131	75,096	72,159	54,269	57,285	62,629	53,507	50,218	59,124	63,750
Phosphate Sold/Used (1,000's metric tons)	7,300	6,470	6,880	7,460	7,380	7,560	7,690	7,380	7,400	7,140	7,750	7,940	7,650
Building Permits (1,000's of \$)	123,419	179,844	155,625	118,885	129,511	198,160	133,314	157,649	162,059	181,056	229,087	219,174	-
Number of Residental Electric Accounts	87,196	89,262	88,692	89,775	92,440	91,333	90,114	91,319	93,478	92,408	92,030	92,879	93,572
POLK PROGRESS	177.4	181.0	180.3	179.0	171.8	181.8	182.9	185.6	180.4	184.8	188.3	193.4	190.2

Taxable Sales and Home sales figures are estimated for Q4 2003

Individual variables in the table represent raw data, unadjusted for seasonally. Industrial electric consumption reflects sales by the City of Lakeland. Phosphate sold or used is for Florida and North Carolina (Polk County averages 50% of this combined total). Citrus concentrate movement is for the state of Florida. All other data are county specific.

The composition of the Polk Progress Index is explained in the methodology section at the end of this report. Data are seasonally adjusted when appropriate to computation of the overall index.

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