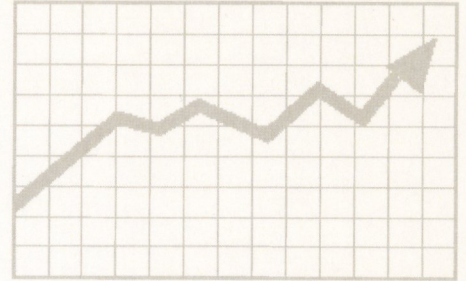


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ECONOMIC DEVELOPMENT DATA BOOK



2005 Edition

Advancing
Colorado

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COLORADO ECONOMIC DEVELOPMENT DATA BOOK

AUGUST 2005

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WWW.STATE.CO.US/OED/BUS_FIN/FACTS.HTML

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Colorado has a diverse economic base. The state is not dependent on any single sector, but has a strong base in high-tech and traditional sectors. Combined, a strong base in high-tech industries such as telecommunications, software development, and high-tech manufacturing has helped Colorado attract all 50 states of high-tech workers. Emerging industries such as biotech, nanotech, nanospace, nanoscale and renewable energy are gaining momentum.

Over 500 companies are headquartered in Colorado.

Colorado is a major transportation center.

Colorado has 17 commercial and 62 General Aviation airports located throughout the state. Denver International Airport (DIA) is the fifth busiest in the US and tenth busiest in the world. DIA set a new passenger traffic record in 2004, serving over 42 million passengers.

A key transportation corridor for the growing Rocky Mountain region is the Interstate 70 system of highway and rail transportation.

Colorado's economy has a diverse manufacturing base, especially in high-tech durable goods. Exports of manufactured products totaled \$6.7 billion in 2004.

Among the state's largest industry sectors are Information, Professional & Technical Services. Included within these categories are telecommunications, Internet services, software development, temporary employment agencies, and advertising, among others. Professional services such as health services, legal and engineering, are also major components of this sector.

Agriculture and mining are Colorado's traditional economic strengths—

- Farm and ranch market receipts (including forestry and government payments) of over \$5.6 billion in 2004.
- Colorado mineral production, including oil & gas, coal, and other minerals, reached a record high of \$8.3 billion in 2004, a 28% increase over 2003, due to record natural gas and coal production and high prices.

Tourism is a major component of Colorado's economic base. It encompasses a cross section of economic sectors, though not reported as a separate economic sector. Accommodations & Food Services, along with Recreation Services, provide a good indicator of tourism activity. Visitors are drawn to Colorado year round, for the world-class skiing in the winter months, and for the best of recreational activities and breathtaking scenery in the summer months. Colorado's tourism industry generates over \$7 billion per year from domestic visitors, and an estimated \$900 million from international tourists.

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ECONOMIC BASE

Colorado has a diverse economic base. The state is not dependent on any single sector, but has a strong core of businesses in a variety of high-tech and traditional sectors. Colorado's strength in mature high tech industries such as telecommunications, software development, and high tech manufacturing has resulted in the highest concentration among all 50 states of high tech workers. Emerging industries such as biotech, photonics, homeland security and aerospace, nanotech and renewable energy are gaining momentum.

- Ten Fortune 500 companies are headquartered in Colorado.
- Colorado is a major transportation center.
 - Colorado has 17 commercial and 62 General Aviation airports located throughout the state.
 - Denver International Airport (DIA) is the fifth busiest in the US and tenth busiest in the world.
 - DIA set a new passenger traffic record in 2004, serving over 42 million passengers.
 - Colorado serves as a key distribution center for the growing Rocky Mountain Region. An excellent system of highway and rail transportation supports this function.
- Colorado's economy has a diverse manufacturing base, especially in high-tech durable goods.
 - Exports of manufactured products totaled \$6.7 billion in 2004.

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Recent relocation and expansion announcements:

- **Stanley Aviation**, Aurora, Colorado. This Colorado-based company is a manufacturer of aircraft fluid distribution products, ground support products and maintenance equipment. Its expansion to a 65,000 sq. foot facility represents a \$3.7 million investment and will add 175 employees averaging \$38,467 annual salary plus benefits.
- **Kodak Colorado** is one of Northern Colorado's largest employers, and is the company's primary manufacturing center for medical x-ray film, thermal media, motion picture film, and color paper. Kodak's \$38 million investment will add new facilities and create 60 new jobs by 2007 at an average salary of \$38,000.
- **Receivable Management Service Corporation (RMSC)** provides customers a continuum of services from electronic bill presentment to bankruptcy services and deductions management. RMSC plans to expand its business in the Pueblo area with a total investment of around \$2 million. The company will create 325 new jobs.
- **R.R. Donnelley, Inc. (RRDN)**, specializes in the printing of telephone directories within North America, and its Colorado printing facility is located in Greeley. RRDN recently won a multi-year directory printing contract and anticipates expanding its building by 15,000 sq. ft., while adding a new printing press. The expansion will create 48 jobs with wages of \$40,984 plus benefits.
- **Group Publishing, Inc.** located in Loveland, Colorado plans on expanding its operations by adding 128 employees with an average wage of \$47,445. In addition, the company will add to its existing facility a newly constructed expansion with costs estimated at \$6.8 million.
- **Prologis**, a real estate investment trust headquartered in Denver, will bring 200 new jobs to the state over the next five years and construct an 80,000 sq. ft. facility in Denver on Airport Way.
- **Raytheon Corporation**, a computer systems design services firm will expand into Aurora, Colorado building a \$19.2 million, 150,000 sq. ft. facility and creating 350 jobs with an average wage of \$77,000.
- **Twin Otter International, Inc.**, an aircraft rental and leasing company will be landing in Grand Junction, Colorado and will create 25 jobs, paying an average salary of \$30,784.

The above announcements notwithstanding, Colorado is dominated by small business. They are truly the backbone of the Colorado economy. New company formation in Colorado ranks near the top of the nation, and these companies are responsible for a substantial share of new job creation as well.

Entrepreneurial activity continues to be a foundation for Colorado's economic vitality. Colorado ranks 2nd in business starts per capita, as well as in percent of high tech firms. Colorado also ranks 5th in INC 500 companies per 10,000 businesses.

Colorado is home to over **46,000 minority-owned businesses** with annual sales and receipts exceeding \$9 Billion. Approximately 37,000 of these are sole proprietors, and the remaining 9,000 are firms employing over 66,000 Colorado workers. Approximately one-third of the minority-owned businesses are also woman-owned.

Women-owned businesses in Colorado numbered over 135,000 according to the preliminary 2002 Economic Census estimate. Of these, 113,726 were sole proprietors, and 21,498 were firms employing 129,000 workers. Total women-owned business sales and receipts were \$13.7 Billion.

Colorado's Largest Private Sector Employers - 2004

Rank	Company	Type of Business	Colorado Employees
1	Wal-Mart	Discount Stores	22,317
2	Kroger (King Soopers/City Market)	Supermarkets	15,995
3	Vail Resorts	Resorts	13,000*
4	Qwest Communications Int'l.	Telecommunications	11,900
5	Centura Health	Health Care	11,840
6	Safeway, Inc.	Supermarkets	11,621
7	HCA	Healthcare	9,100
8	McDonald's Corporation	Fast Food Restaurants	8,680
9	Target Stores	Discount Retailer	6,343
10	UAL Corp (United Airlines)	Air Transportation	6,300
11	Exempla Healthcare	Hospital	5,747
12	Wells Fargo	Banking, Financial Services	5,500
13	Hewlett Packard Company	Computers	5,200
14	Home Depot	Home Improvement Retailer	5,100
15	EchoStar Communications	Satellite Television	5,000
16	IBM Corporation	Computers	4,800
17	United Parcel Service	Delivery Services	4,767
18	Albertsons	Supermarkets	4,600
19	WorldCom	Communications	4,600
20	Lockheed Martin	Aerospace and defense	4,500
21	Kaiser Permanente	Health Care Provider	4,400
22	Adolph Coors Co.	Brewer	4,000
23	Resource Manufacturing	Employment Contractors	3,960
24	Comcast	Cable Service Provider	3,800
25	Frontier Airlines	Air Transportation	3,658
26	Xcel Energy	Utility	3,640
27	Resource Management Systems	Employment Leasing	3,600
28	Agilent Technologies	Diversified Technology	3,320
29	Ball Corporation	Containers, Aerospace	3,300
30	Sun Microsystems	Computers	3,200

* Peak season

Source: Denver Post, Top 100 Colorado Private Sector Employers and Denver Business Journal 2004 Book of Lists Top Private Sector Employers.

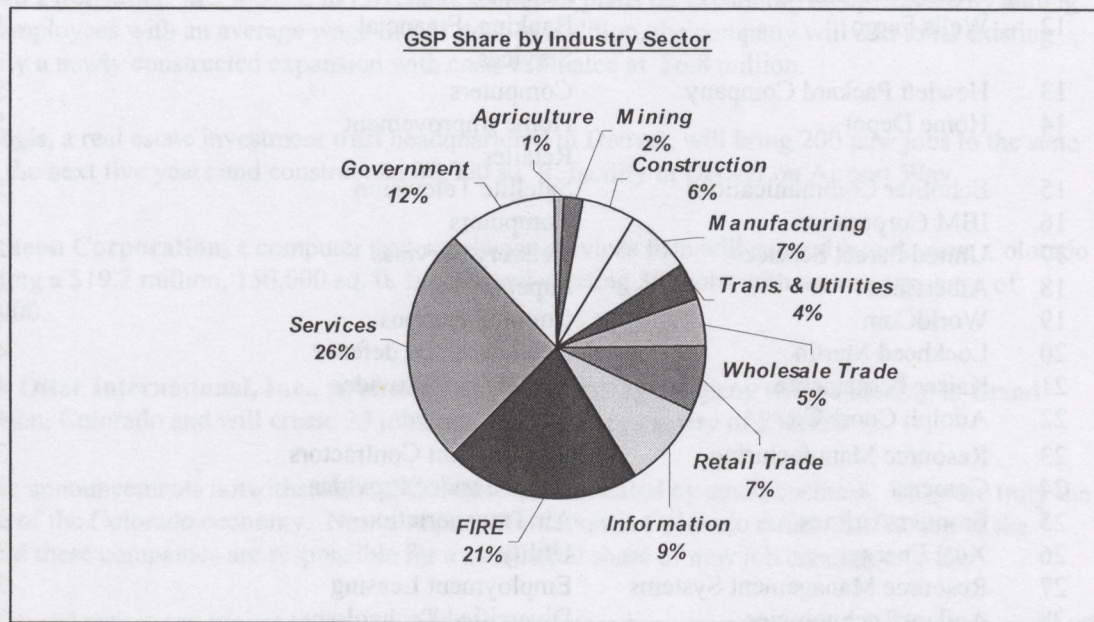
COLORADO GROSS STATE PRODUCT (GSP)

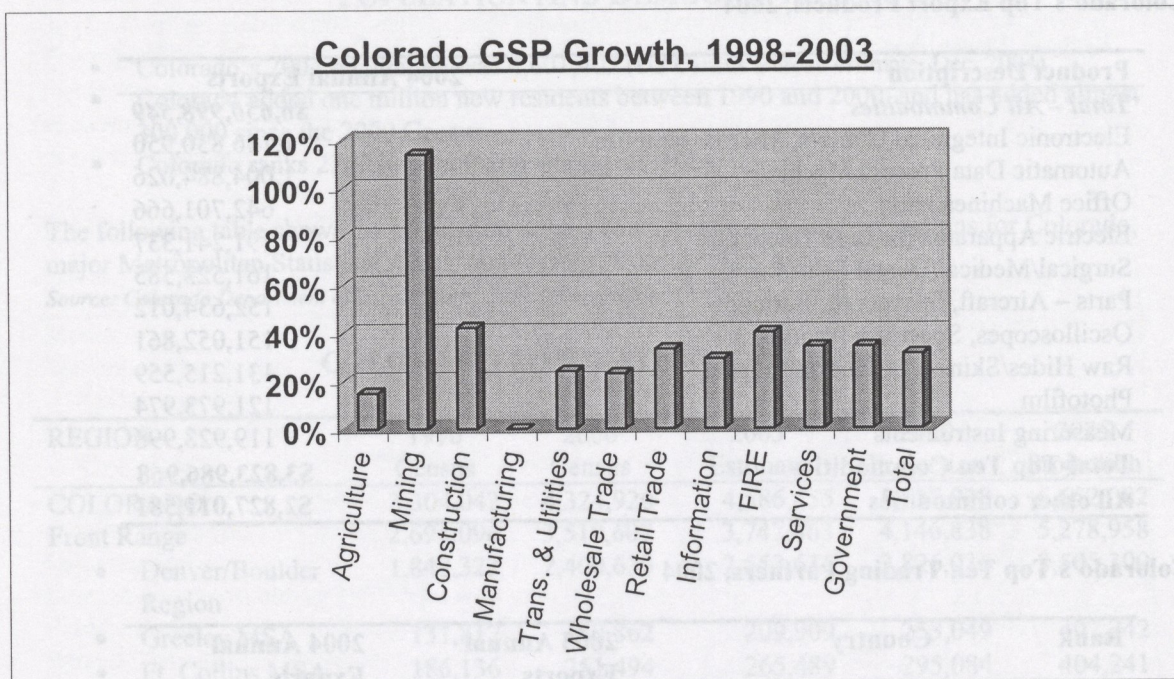
Colorado's 2004 Real GSP - \$185 billion

TOTAL GROSS STATE PRODUCT, 2004 (Millions of <i>Current</i> \$)	\$188,397
Agriculture/Forestry/Fisheries	\$1,794
Mining	\$3,185
Construction	\$11,416
Manufacturing	\$13,649
Transportation & Utilities	\$7,773
Wholesale Trade	\$10,166
Retail Trade	\$12,859
Information	\$16,671
Finance, Insurance, & Real Estate	\$39,334
Services	\$48,615
Government	\$22,935

Notes: Sector totals will not equal total GSP due to rounding and netting out of unallocated activity. Sector estimates based on 2003 BEA total GSP.

Source: Bureau of Economic Analysis, June 23, 2005





International Trade

The State of Colorado, along with the rest of the nation, has benefited from greater international demand and stronger foreign currencies, which make American products more competitive. In 2004, Colorado exports reached \$6.7 billion, an increase of 9% over 2003. Colorado export sales are continuing at a strong pace in 2005 as well. For the first half of the year, Colorado exports increased 1.5% over first half 2004 levels, totaling \$3.3 billion.

Top export sectors are dominated by high-tech products, including semiconductors, computers and peripherals, analytical and measuring instruments, office machine components, and telecommunications equipment. High tech exports make up over 61% of total Colorado exports. Colorado's top trading partners are Canada, China (including Hong Kong), Mexico, Malaysia, Korea, Japan, Germany, Taiwan, the United Kingdom and France.

Northern Ireland opened a trade and technology center in Denver in November 2003. This is one of only two in the U.S. The center is located in the heart of the city's business district. The center is expected to promote trade and technology between Ireland and Colorado. The center is expected to be a major factor in promoting trade and technology between Ireland and Colorado.

- Central Mountains includes Chaffee, Clear Creek, Conejos, Fremont, Gilpin, Huerfano, Lake, Las Animas, Park, and Teller counties.

- San Luis Valley includes Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache counties.

Colorado's Top Export Products, 2004

Product Description	2004 Annual Exports
Total – All Commodities	\$6,650,998,549
Electronic Integrated Circuits, Microassemblies	1,146,830,950
Automatic Data Process Machines	1,004,884,026
Office Machines/Parts	642,701,666
Electric Apparatus for Line Telephony	191,241,337
Surgical/Medical/Dental Instruments	161,523,585
Parts – Aircraft, Spacecraft, Balloons	152,634,012
Oscilloscopes, Spectrum Analyzers	151,052,861
Raw Hides/Skins – Bovine and Equine	131,215,559
Photofilm	121,973,974
Measuring Instruments	119,928,998
Total-Top Ten Commodities	\$3,823,986,968
All other commodities	\$2,827,011,581

Colorado's Top Ten Trading Partners, 2004

Rank	Country	2003 Annual Exports	2004 Annual Exports
1	Canada	\$1,431,713,785	\$1,660,429,368
2	Mexico	570,428,010	689,402,284
3	China (Mainland & Taiwan)	450,282,416	611,343,542
4	Japan	443,147,026	411,334,372
5	Korea, Republic of	424,559,649	341,930,472
6	Malaysia	302,040,610	309,549,133
7	Germany	282,016,042	272,147,917
8	United Kingdom	237,311,062	253,547,959
9	France	267,135,245	250,052,115
10	Netherlands	245,595,146	236,728,619
	Total, all countries	6,109,121,348	6,650,998,549

Sources: Data from the Census Bureau, Foreign Trade Division Prepared by WISER.

Northern Ireland opened a trade and technology center in Denver in November 2003. This is one of only two in the US; the other is in Boston. Canada also opened a consul office in Denver in September 2003 to promote business relations.

POPULATION AND DEMOGRAPHICS

- Colorado's 2004 population was 4,601,403 (US Census Bureau estimate, Dec. 2004)
- Colorado added one million new residents between 1990 and 2000, and has added almost 300,000 since the 2000 Census.
- Colorado ranks 22nd in population among all states.

The following table shows the population census counts, estimates, and projections for Colorado, major Metropolitan Statistical Areas, and regions, from 1990 to 2025.

Source: Colorado Department of Local Affairs, State Demographer's Office, July 2005

COLORADO POPULATION (1990-2025)

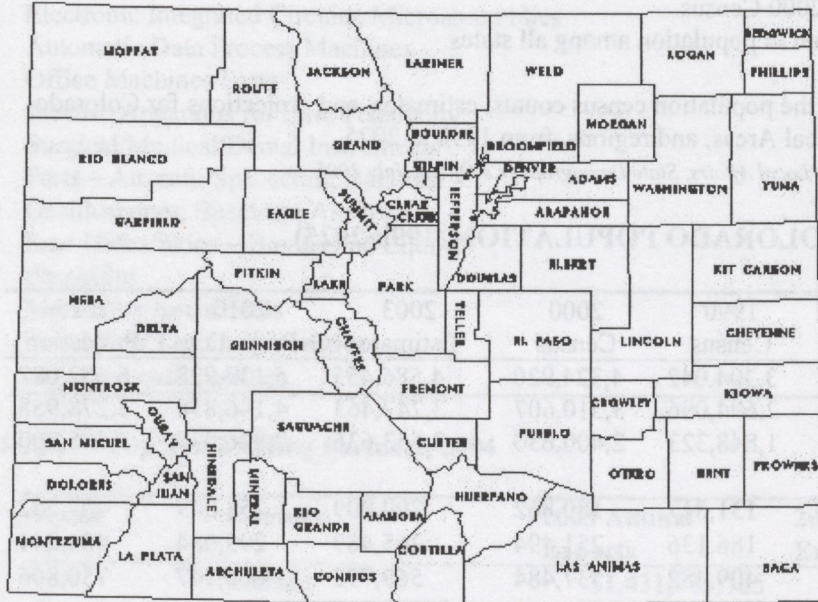
REGION	1990 Census	2000 Census	2003 Estimate	2010 Projection	2025 Projection
COLORADO	3,304,042	4,324,920	4,586,455	5,137,928	6,652,082
Front Range	2,694,096	3,510,607	3,747,463	4,146,838	5,278,958
• Denver/Boulder Region	1,848,323	2,400,630	2,553,636	2,826,036	3,505,300
• Greeley MSA	131,817	180,862	209,909	253,049	407,242
• Ft. Collins MSA	186,136	251,494	265,489	295,084	404,241
• Colorado Springs MSA	409,482	537,484	569,772	606,147	750,806
• Pueblo MSA	123,805	141,472	148,707	166,522	211,369
Western Slope	332,297	460,103	496,738	581,655	811,989
Central Mountains	90,527	125,373	131,167	180,718	274,885
San Luis Valley	40,207	46,190	47,888	51,488	60,315
Eastern Plains	132,633	158,389	163,199	177,229	225,935

For more detailed population information, please see State Demography website – www.dola.state.co.us/demog/index.htm

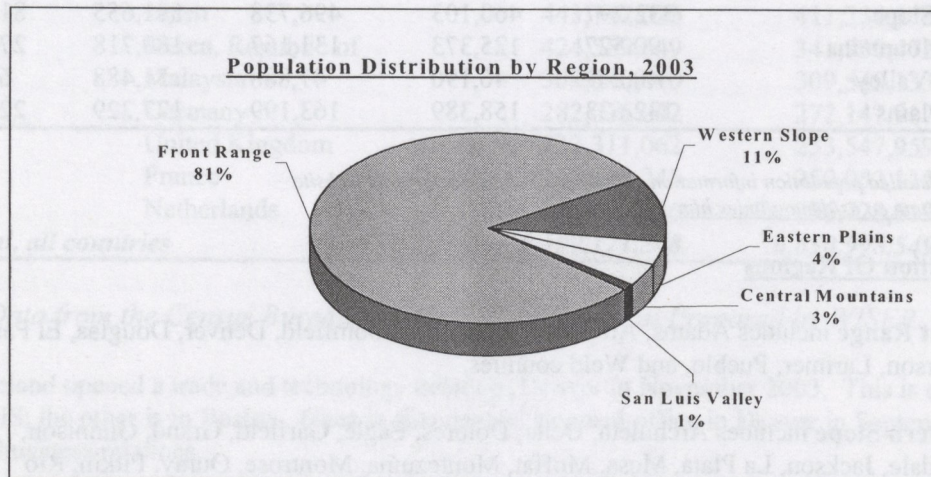
Composition Of Regions

- **Front Range** includes Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Pueblo, and Weld counties.
- **Western Slope** includes Archuleta, Delta, Dolores, Eagle, Garfield, Grand, Gunnison, Hinsdale, Jackson, La Plata, Mesa, Moffat, Montezuma, Montrose, Ouray, Pitkin, Rio Blanco, Routt, San Juan, San Miguel, and Summit counties.
- **Central Mountains** includes Chaffee, Clear Creek, Custer, Fremont, Gilpin, Huerfano, Lake, Las Animas, Park, and Teller counties.
- **San Luis Valley** includes Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache counties.

- **Eastern Plains** includes Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, and Yuma counties.



The following graphic illustrates the concentration of population along the Front Range corridor:



Colorado's population is projected to increase by almost 2.3 million people between 2000 and 2025. In-migration to Colorado typically accounts for nearly 3/5ths of total population growth. The remaining share of added population is attributed to natural increase: births minus deaths. Net in-migration is difficult to predict, as it fluctuates widely with both the regional and national economies, as well as other factors, such as retirees moving in, people moving for quality of life or other intangibles.

BASIC DEMOGRAPHICS

Variable	COLORADO	U.S.
Median Age	34.7 yrs.	35.9 yrs.
Percent of Population Under Age 18	25.3%	25.1%
Percent of Population Over Age 65	9.7%	12.4%
Race/Ethnicity (U.S. Census, 2004 Estimate)		
Percent White (non-Hispanic)	72.5%	67.4%
Percent Black	4.7%	13.4%
Percent American Indian	1.9%	1.5%
Percent Asian	3.1%	4.8%
Percent Hispanic (of any race)	19%	14.1%
Labor Force Participation, Population Age 16 and Over (U.S. Census, 2003)		
Percent in Labor Force	72.7%	66.2%
Males in Labor Force	79.7%	74.2%
Females in Labor Force	64.5%	59.2%
Educational Attainment, Age 25 and Over (U.S. Census, 2004)		
Percent College Grads (or higher)	36% (Ranks 2nd in the nation)	27.2%
Percent High School Grads (or higher)	88.7% (Ranks 12 th in the nation)	84.6%
Income		
Median Household Income, 2003	\$50,538 (Ranks 10 th in the nation)	\$43,564
Per Capita Income, 2004	\$36,063 (Ranks 7 th in the nation)	\$32,973

Sources: U.S. Census Bureau, U.S. Department of Commerce, Bureau of Economic Analysis, Colorado Department of Local Affairs, Demography Office, Colorado Department of Labor & Employment.

Further Information can be found at the Colorado Economic and Demographic Information System: <http://www.dola.state.co.us/is/cedishom.htm>

EMPLOYMENT & TRAINING

Colorado is a major hub for business and industry in the growing Rocky Mountain region. The state's employment base is diversified across a broad range of industry sectors.

Colorado ranked fourth in the nation for long-term (10-year) job growth according to the Corporation for Enterprise Development's 2004 "Report Card for the States."

Colorado has a highly educated, technically savvy workforce, contributing to its strong position in the advanced technology and service industries of the future. Colorado has a strong base of growing firms in high-growth, high-tech fields. Most of the net new jobs created are in small and medium-sized firms.

While the recent economic downturn took its toll on job creation in Colorado, it is encouraging to look at a number of statistics that highlight the state's long-term outlook for continued economic vitality in the coming years:

- Colorado's economy added 28,000 new jobs in 2004, an increase of 1.3% over 2003.
- Colorado is on pace to add 49,000 new jobs in 2005, a 2.4% increase.
- In both 2004 and 2005, Colorado job growth outpaced national job growth rates.
- Colorado has rebounded from the job losses of the technology downturn, and is projected to return to its pre-recession employment peak sometime in 2005.
- Colorado has the highest concentration of high-tech workers, with 91 out of every 1,000 private sector workers in a high-tech job, according to Cyberstates 2005 edition.

Wage Rates

Colorado's 2004 annual average wage rate for all industry sectors was \$40,300. Colorado ranked 11th in the US for average wages, according to CFED's 2004 "Report Card for the states."

Wage rates by occupation and by Labor Market Area, including entry level wage rates, mean and median wage rates, can be found on the Labor Market Information website:

www.coworkforce.com/LMI/wages/wages.htm

Colorado's Unemployment Rate

Colorado's unemployment rate was consistently lower than the national average since the early 1990s. Then in 2003 Colorado's unemployment rate rose to 6.2%, up from 5.7% in 2002, just over the 2003 national average of 6.0%. Now, 2004 data reports that the Colorado unemployment rate has dropped back down to the 2004 national average of 5.5%.

The following table indicates the annual average unemployment rates of representative labor markets throughout the state since 2000. Additional county-specific labor market information is available from the Labor Market Information Section of the Colorado Department of Labor and Employment.

**COLORADO UNEMPLOYMENT RATE
(Percent of Labor Force)**

Labor Market	2000	2001	2002	2003	2004
U.S. Average	4.0	4.8	5.8	6.0	5.5
Colorado	2.7	3.7	5.7	6.2	5.5

Source: Colorado Department of Labor and Employment, Labor Market Information Section, 2005.

Job vacancy surveys by Labor Market Area are available on the Labor Market Information website: www.coworkforce.com/LMI/WRA/vacsurv.asp

Employment Base

The following table is a breakdown of Colorado's 2004 average annual employment by major industry sector and sub-sector, based on North American Industry Classification (NAICS) codes:

**2004 Colorado Wage and Salary Employment
(Annual Average)**

NAICS Code	Sector Sub-Sector	Number	Percent
11	Agriculture, Forestry & Fishing	14,547	0.7%
	▪ Crop Production	6,786	
	▪ Animal Production	5,321	
	▪ Other	2,440	
21	Mining	14,374	0.7%
	▪ Mining, Except Oil & Gas	4,908	
	▪ Oil & Gas Extraction	4,304	
	▪ Mining Support Activities	5,162	
22	Utilities	7,927	0.4%
23	Construction	151,430	7.1%
	▪ Building Construction	29,695	
	▪ Heavy & Civil Engineering Const.	19,128	
	▪ Special Trade Contractors	102,607	
31-33	Manufacturing	154,548	7.2%
	▪ Durable Goods	103,715	
	▪ Non-Durable Goods	50,835	
42	Wholesale Trade	92,229	4.3%
	▪ Durable Goods	51,728	
	▪ Non-Durable Goods & E-markets	40,501	
44-45	Retail Trade	241,410	11.3%
	▪ Motor Vehicle Parts & Dealers	32,427	
	▪ General Merchandise	44,994	
	▪ Food Stores	42,426	

NAICS Code	Sector Sub-Sector	Number	Percent
	▪ Other Retail	121,563	
48-49	Transportation & Warehousing	61,025	2.8%
	▪ Air Transportation	14,090	
	▪ Truck Transportation	16,922	
	▪ Other Transportation & Warehousing	30,013	
51	Information	81,243	3.8%
	▪ Publishing, except Internet	29,682	
	▪ Telecommunications	32,524	
	▪ Other (Broadcasting, Motion Pictures, Internet service providers, etc.)	19,037	
52-53	Finance, Insurance & Real Estate	150,420	7.0%
	▪ Banking/Financial Services	67,950	
	▪ Insurance	36,465	
	▪ Real Estate	46,005	
54-81	Services	831,684	38.8%
	▪ Accommodation & Food Services	209,187	
	▪ Professional & Technical Services	144,793	
	▪ Health Care & Social Assistance	192,430	
	▪ Administrative & Waste Services	131,697	
	▪ Arts, Entertainment & Recreation	42,144	
	▪ Educational & Other Services	111,433	
92	Government	341,707	15.9%
	▪ Federal	52,856	
	▪ State*	67,138	
	▪ Local*	221,713	
	Total Wage & Salary Employment	2,142,544	100%

*Includes public education.

County level employment and wage data can be found at:
www.coworkforce.com/lmi/es202/index.htm

Source: Colorado Department of Labor and Employment, 2005

Colorado FIRST and Existing Industries Customized Job Training Programs

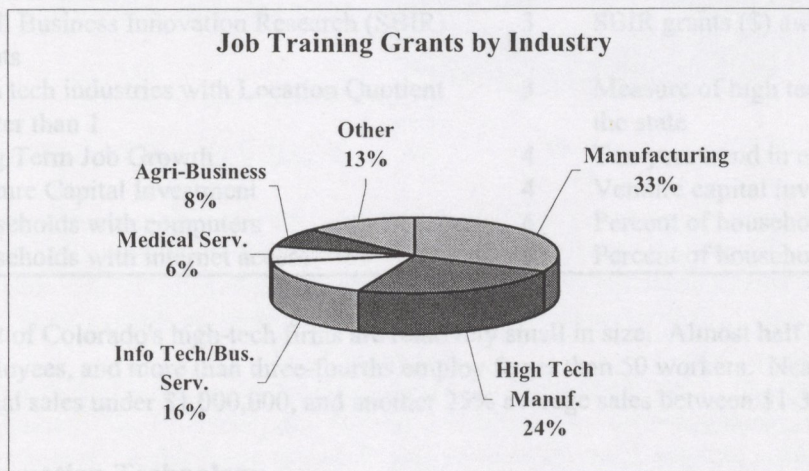
The Colorado FIRST and Existing Industries Customized Job Training Programs were created in 1984 and 1989, respectively. Their main purpose is to encourage quality economic development within the state by providing training incentives for the location of new industries or the expansion of existing firms within Colorado. The ultimate goal is one that is mutually beneficial for Colorado's employers as well as for the citizens of Colorado.

Colorado FIRST and Existing Industries programs are administered jointly between the Colorado Office of Economic Development & International Trade and Community Colleges of Colorado.

These two agencies work together to ensure that a trained local workforce is available to match new or expanding companies' specific skill needs.

Training grants are competitive, and eligibility alone does not guarantee funding. These funds are subject to annual state appropriations. Funding preference is for:

- Companies that utilize innovative approaches to training.
- Projects that will train workers with skills that are transferable.
- Permanent, non-seasonal, primary jobs created by non-retail companies newly locating or undertaking a significant expansion in Colorado.
- Job-specific and short-term training, lasting until the start-up or expansion training needs of the participating company are satisfied. Training programs are not designed to assist companies with normal, ongoing training requirements.
- Jobs that pay well above minimum wage and provide a health plan for their employees, to generate an adequate return on the tax dollars invested.
- Training projects located in economically lagging regions of the state.
- Micro-grant program specifically for small companies needing to train 10 or fewer workers.



Funding for the Colorado FIRST and Existing Industries Job Training Programs is dependent upon annual appropriations from the Colorado legislature.

- During fiscal year 2004-05, 80 companies received training grants to train (or retrain) 6,636 Colorado workers.

- Since the inception of the programs, over 100,000 trainees have upgraded their job skills, benefiting both the individual and the company by making them more competitive.
- Substantial private investment on the part of the companies receiving grants is required. These programs do not pay wages of the trainees, only expenses directly associated with training.
- The Company chooses the trainees, and controls the training content and delivery.

Colorado's Labor Climate

Colorado has a unique, modified right to work law. If an employer is represented by a union under the National Labor Relations Act, at least 75% of the employees must vote in favor of an all-union agreement. Without the 75% approval, there can be no all-union agreement in the collective bargaining agreement, just as in a right to work state.

Colorado Workforce Centers

The above-described programs are customized industrial training programs. The Colorado Department of Labor and Employment, through its Colorado Workforce Centers, offers a variety of programs and services for individual jobseekers in Colorado. For more information on Colorado Workforce Centers, visit their website at: www.coworkforce.com/Emp/

*Includes public education.

County level employment and wage data by county at www.coworkforce.com/ind/28/index.htm

Source: Colorado Department of Labor and Employment

Colorado FIRST and Existing Industries Customized Job Training Programs

The Colorado FIRST and Existing Industries Customized Job Training Programs were created in 1984 and 1989, respectively. Their main purpose is to encourage quality economic development within the state by providing training incentives for the location of new industries or the expansion of existing industries. The programs are designed to provide training opportunities for Colorado's employees as well as for the employees of participating companies.

Colorado FIRST and Existing Industries Customized Job Training Programs are administered by the Colorado Office of Economic Development & International Trade and Community Development.

TECHNOLOGY SECTORS

Colorado is an undeniable leader in technology. A host of objective rankings bear this out:

- Lux Research ranked Colorado third among all states in its report of January 2005, "Benchmarking U.S. States for Economic Development from Nanotechnology."
- Milken Institute's "State Technology & Science Index", March 2004, ranked Colorado third among all states in technology and science assets.
- National Policy Research Council's "America's Best Cities & States: The Annual Gold Guide to Leading Rankings," June 2003, ranked Colorado #2 overall among the 50 states in a diverse set of academic, research, association and trade group rankings. Denver ranked #1 among 50 major cities.
- Corporation for Enterprise Development's, "Development Report Card for the States, 2004", gave Colorado A's in the categories of Business Vitality, Competitiveness of Existing Business, Entrepreneurial Energy, Financial Resources, and Innovation Assets.
- Cyberstates 2005 edition ranked Colorado #1 in the country for concentration of high-tech workers, with 91 of every 1,000 private sector workers classified as high-tech.

Rankings in Selected Measures

<i>Measure</i>	<i>Rank</i>	<i>Comments</i>
Concentration of Technology Jobs	1	Percent of total jobs in high tech industries
National Science Foundation Funding	1	As a percent of Gross State Product
Population with College Degree	2	Percent of adult population
New Companies	2	Number of new companies per 1,000 workers
Business Starts	2	Business starts per capita
Small Business Innovation Research (SBIR) Grants	3	SBIR grants (\$) awarded per worker
High tech industries with Location Quotient greater than 1	3	Measure of high tech industry clusters within the state
Long Term Job Growth	4	Ten-year trend in employment growth
Venture Capital Investment	4	Venture capital investment, share of GSP
Households with computers	6	Percent of households with computers
Households with internet access	9	Percent of households with internet access

Most of Colorado's high-tech firms are relatively small in size. Almost half of them have ten or fewer employees, and more than three-fourths employ fewer than 50 workers. Nearly half of these firms have annual sales under \$1,000,000, and another 25% average sales between \$1-3 million.

Information Technology

Colorado's information technology sector has helped transform the state's economic base, and has been a major driver of its economic growth over the past decade.

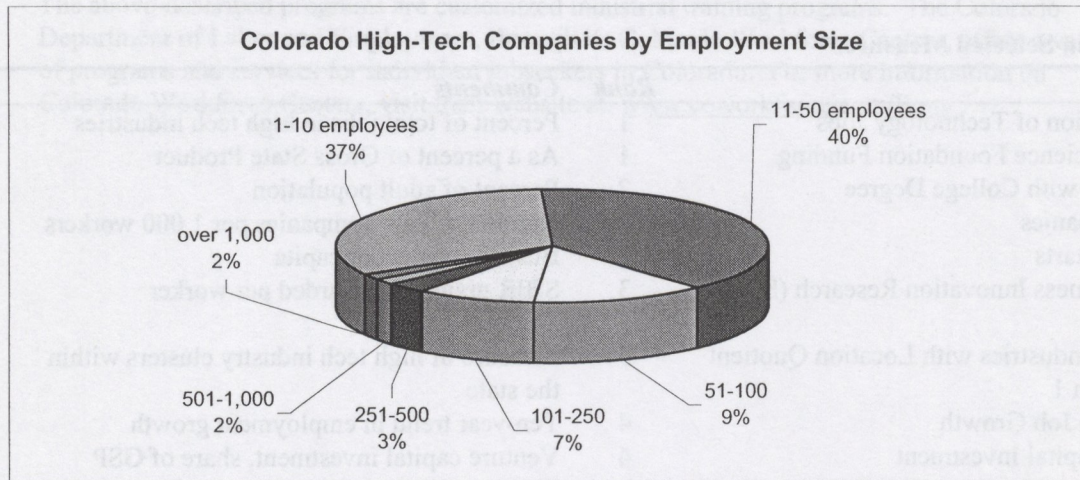
- Colorado ranks second in share of computer and information science experts.
- Colorado also ranks second in recent degrees awarded in Science and Engineering.
- Two of the world's ten fastest supercomputers are in Colorado – at NOAA and NCAR.
- The IT sector is estimated to contribute \$9 billion to the Colorado economy.

Average Number of Jobs in Selected Sectors in 2004

<i>IT and Related Sectors *</i>	<i>Annual Average Employment</i>
333-Semiconductor, Optical, Photographic, & Other	1,052
334-Computer & Elec. Products Manufacturing	34,377
511-Publishing Industries (except Internet)	29,682
512-Motion Picture & Sound Recording	4,150
515-Broadcasting (except Internet)	6,307
517-Telecommunications	32,524
518-ISPs, Search Portals & Data Processing	7,498
5415-Computer Systems Design	33,026

* Based on North American Industry Classification (NAICS) data

Source: Colorado Department of Labor & Employment, 2005, *Cyberstates 2005 High Tech Employment Detail*



Colorado High-Tech Companies by Annual Sales Volume

<i>Annual Sales</i>	<i>Percent of Total</i>
Under \$1 Million or N/A	34%
\$1-3 Million	26%
\$3-10 Million	14%
\$10-30 Million	7%
\$30-300 Million	6%
\$300 Million-\$1 Billion	3%
Over \$1 Billion	10%

Source: Colorado High-Technology Directory, Leading Edge Communications, Inc., 2005

Advance Colorado Center

In December 2004, OEDIT formed a partnership with the Colorado Economic Development Commission and the University of Colorado at Denver and Health Sciences Center (UCDHSC) to open the Advance Colorado Center (ACC). The center provides support for fledgling non-profit associations and business support programs that will help advance targeted industries within Colorado. The ACC will provide a common headquarters for a number of business development and high-tech associations. They receive basic office services and training in everything from association organization and marketing to grant writing and strategic planning, all the while sharing with each other their own considerable expertise. The following are organizations currently housed in the Advanced Colorado Center:

- **CTEK** provides expert financial and business volunteers mentor entrepreneurs working with innovative technologies. www.ctek.biz
- **Colorado Film Commission** stimulates and supports growth of all segments of the Colorado film and video industry. Promotes the state as a competitive location for filming. www.coloradofilm.org
- **Colorado Software & Internet Association** fosters innovation and growth for the technology industry in Colorado. www.coloradosoftware.org
- **Colorado BioScience Association** grows the state's bioscience workforce, provides networking opportunities, educational and technical programs, creates corporate partnerships, and finds investors. www.cobioscience.com
- **Colorado Environmental Business Alliance/P3 Colorado** promotes Colorado as a center for environmental commerce and sustainable technologies. www.p3colorado.org
- **Colorado Alliances for Microenterprise Initiatives** seeks to build the capacity of very small businesses, to help entrepreneurs become economically self-sufficient. www.coloradoalliance.org

Biotechnology & Life Sciences

The biotechnology industry encompasses a broad spectrum of applications from diagnosis and treatment of human diseases to the development of technologies that will increase the productivity of agriculture. Colorado's university and private-sector research facilities, as well as an educated and highly skilled labor force, provide an environment conducive to continued growth in biotechnology.

A great deal of biotechnology development in Colorado occurs at its state-supported universities and institutions. The University of Colorado at Boulder is a world-renowned center in the field of biotechnology, and is home to Nobel Prize winners Thomas Cech for Chemistry, and Carl Wieman and Eric Cornell for Physics. A number of science departments in Colorado's research universities rank in the nation's top tier for their disciplines. The presence of major federal research laboratories further contributes to collaboration that results in industry advancement.

Accelerating Colorado's biotechnology position is the almost \$4 billion redevelopment of the former Fitzsimons Army Medical Center into one square mile dedicated to life science research, education and patient care. It is the first of its kind west of the Mississippi. The new 217-acre campus of the University of Colorado Health Sciences Center and the 160-acre Colorado Bioscience Park Aurora anchor the

project. The most recent addition is a \$216 Million, 650,000 square foot biomedical research facility completed in Fall 2004. The initial phase of the move to the former Fitzsimons area is slated to take place by 2007.

The 160-acre bioscience park has been master planned for up to 4 million square feet and an on-site work force of 16,000. The park can accommodate research-oriented biomedical, biotechnology and pharmaceutical operations in multi-tenant buildings as well as in single-tenant build-to-suit buildings. It is currently home to 18 biotech companies. The park's affiliation with the University of Colorado allows tenant companies easy access to the resources of the largest academic medical center in the Rocky Mountain Region. For more information, visit their website at <http://www.cobioscience.com>

- Since 2001, 24 Colorado biotech companies have attracted \$389 million in venture capital funding.
- Boulder-based Pharmion, a drug development company specializing in oncology and hematology, raised \$84 million in an IPO in 2003. The company continues to have success with FDA approval of its drugs, some of which are already approved and in use in other countries.
- Westminster-based Myogen, a company developing therapies for chronic heart disease, went public in 2004, raising \$60 million.

Space Industry

Colorado has a strong aerospace, satellite and space industry. Colorado is home to the third largest space economy, behind California and Florida. There are more than 100 companies in the space business in Colorado. The industry provides an estimated 115,000 - 130,000 direct and industry support jobs and between \$4 and \$5 billion a year in revenues. Industry leaders include Ball Aerospace, Lockheed Martin, Boeing, Raytheon, Northrup-Grumman, Inc., Space Imaging, and Echostar. These companies are engaged in satellite manufacturing, launch and ground equipment, and space communications. It is anticipated that this industry will be an economic generator as commercialization of space becomes more widespread in the future. By the year 2010 it is estimated that revenues will increase to \$7 billion and employment to 232,000.

Northern Command Project:

Further growth in the space industry is likely through the building of a new command post in Colorado Springs. The location of Northern Command at Peterson Air Force Base could create up to 1,000 new jobs. In addition, the new command post would give Colorado added recognition in its role in homeland defense.

Summary of High-Tech Economic Impact

Colorado is a leading high-tech state. When assessing Colorado's position as a high-tech hub, the summary of economic impacts of high-tech reported in **Cyberstates 2005** tells a compelling story:

- Concentration of high-tech workers, with 91 of every 1,000 private sector workers classified as high-tech, Colorado ranks #1 in the country.
- 162,200 high-tech workers (12th in the nation).
- High-tech average wage of \$75,500 (7th in the country), or 91% higher than the average private sector wage in 2003.

- High-tech payroll of \$12.1 billion in 2003 (12th in the nation).
- More than 10,100 high-tech establishments (12th nationwide)
- High-tech exports represent 61% of Colorado total exports of over \$6 billion (4th nationwide)

Colorado's prominent role as a high tech leader is greatly enhanced by the presence of a number of key federal laboratories.

Federal Laboratories in Colorado

Bureau of Reclamation Research Laboratory	Denver
Climate Monitoring & Diagnostics Laboratory	Boulder
Department of Energy-Grand Junction Projects Office	Grand Junction
Environmental Technology Laboratory	Boulder
Forecast Systems Laboratory	Boulder
Institute for Telecommunication Sciences	Boulder
National Center for Atmospheric Research	Boulder
National Geomagnetic Information Center	Denver
National Institute of Standards & Technology	Boulder
National Renewable Energy Laboratory	Golden
National Seed Storage Laboratory	Ft. Collins
National Wildlife Research Center	Ft. Collins
Natural Hazards Research & Applications Information Center	Boulder
Rocky Mountain Research Station	Ft. Collins
Space Environment Laboratory	Boulder
Transportation Test Center	Pueblo

TAXES

Colorado Business Taxes

Colorado provides a competitive business tax structure that rewards investment and innovation. With very low taxes at the state level, and a wide range of local tax structures, Colorado offers almost unlimited choices to meet the needs of all types of businesses. Under Amendment One, passed by the voters of Colorado in 1992, a constitutional limit was placed on both revenues and expenditures of state and local governments. Without voter approval, both are limited to the increase in inflation plus the population growth rate. State government alone has refunded over a billion dollars to Colorado taxpayers, and enacted permanent tax cuts in the state income and sales taxes.

- The Tax Foundation ranked Colorado as having the 8th best state business tax climate.
- Simon Fraser Institute & National Center for Policy Analysis ranked Colorado tops in economic freedom in North America.

Known as Taxpayer's Bill of Rights (TABOR), large surpluses, reaching \$927 million in 2000, resulted from the economic expansion. However, due to the slowdown in the economy there were several years with no refunds. TABOR surpluses for the next few years are projected as follows.

*Projected TABOR Surplus Revenues
(Millions of Dollars)*

Fiscal Year	TABOR Surplus
2003-04	\$0
2004-05	\$107.1
2005-06	\$339.3
2006-07	\$498.3
2007-08	\$591.1
2008-09	\$672.0
2009-10	\$801.3
Cumulative Total	\$3,010.0

Source: Office of State Planning and Budgeting, June 2005
http://www.state.co.us/gov_dir/govnr_dir/ospb/econ.html#cep

Corporate Income Tax

Colorado's corporate income tax rate is a flat 4.63%. It is assessed on Colorado net income, defined as the corporation's federal taxable income, with some modifications. This corporate income tax rate is among the lowest in the nation. Colorado ranks 41st nationally in per capita corporate income tax revenue. Collections in 2003 totaled \$44 per capita, compared to a national average of \$98 for corporate income tax revenue.

**Per Capita State Corporate
Net Income Tax Revenue, 2003
(Selected States)**

<i>State</i>	<i>Per Capita</i>	<i>National Rank</i>
California	\$192	5
Minnesota	\$118	8
Illinois	\$109	10
North Dakota	\$88	20
Arizona	\$70	22
Idaho	\$68	26
Nebraska	\$64	29
Oregon	\$63	30
Utah	\$63	30
New Mexico	\$54	35
U.S. Average	\$98	N/A
Colorado	\$44	41

Source: Morgan Quitno Corporation, State Rankings-2005

COLORADO'S METHOD OF APPORTIONING INCOME

Colorado is unique among states in that two alternative apportionment formulas have been adopted which allow the taxpayer to choose the method that produces the lesser tax liability. The taxpayer can make a decision annually on whether to use the standard three-factor formula or a special two-factor formula. The three-factor formula averages the corporation's wages, property, and sales in Colorado and compares that average to total wages, property, and sales to determine what proportion of its profits will be taxed.

The two-factor formula averages property and sales in Colorado only, and compares that average to the total property and sales.

The three-factor formula, commonly referred to as the Multi-state Tax Commission formula, was adopted in 1968. At the same time, the legislature determined that the two-factor formula should remain as an option.

The two-factor election is particularly advantageous to corporations with a significant part of their business in Colorado, as it omits the payroll factor and eliminates "throwback sales." For example, the placement of a facility in Colorado, which would be labor intensive, would not unduly increase tax liability. Conversely, placement of such a facility in another state with a formula averaging wages would have the opposite effect. Moreover, under Colorado's two-factor formula, income that is directly attributable to the State of Colorado and is produced by a corporation whose state of domicile is Colorado is still apportionable but may go untaxed since none of such income is apportionable (or allocable) to any state using a three-factor formula.

There are also a number of corporate income tax credits including an investment tax credit, and various enterprise zone tax credits. A number of credits are contingent upon the existence of a state budget surplus.

Unitary Taxation

Colorado has a liberal "water's edge" system of unitary taxation rather than a "worldwide" one. Specifically, foreign corporations, as well as "80/20" corporations, i.e., corporations with 80% of their property and payroll outside the U.S., are not included in a Colorado income tax return. Corporations doing business in Colorado, as well as other states, must apportion to Colorado that part of their net income derived from sources within Colorado. These corporations may choose to utilize either the Colorado Income Tax Act or the Multi-State Tax Compact. The Tax Act apportions income according to percentages of property owned and the gross receipts in Colorado versus nationally. The Tax Compact adds the payroll in Colorado versus nationwide as an additional factor.

A Colorado unitary return can include domestic corporations that meet certain objective criteria to measure an affiliated group or corporation. These include overlapping directorships and corporate officers, use of patents, logos, copyrights, etc., and relationships concerning long-term debt, sales, and administrative services among the group.

Colorado has a statutory provision that allows the filing of a consolidated return in lieu of separate returns for those members of an affiliated group that would otherwise be required to file a separate Colorado tax return.

Sales and Use Taxes

The State of Colorado collects 2.9% sales or use tax on goods purchased by a business that are not intended for resale. Colorado's state sales tax rate is the lowest among the 45 states that collect sales tax. Local municipalities may collect up to an additional 4.1% sales tax. Services are not taxed, only sales of non-food items. Use taxes substitute for sales taxes in cases where an item is purchased for consumption in Colorado from a source outside Colorado or other circumstances where a sales tax was not paid.

State Sales Tax Exemptions: Purchases of manufacturing equipment or machine tools of over \$500 are exempt from state sales and use tax. Component parts, fuels and electricity, ink and newsprint, aircraft parts used in general maintenance, interstate long distance telephone charges, farm equipment and machinery, and packaging materials are also exempt from state sales and use tax. Pollution control equipment may be eligible for a refund of state sales tax contingent upon a state budget surplus.

State Sales Tax Refund for Biotechnology: State sales and use taxes paid on the sale, storage, use or consumption of tangible personal property to be used in Colorado directly and predominantly in research and development of biotechnology is refundable.

Legislation passed in 2001 allows for a 50% sales & use tax refund on tangible personal property used for research and development in any industry in years when there is a revenue surplus.

For additional information on Sales and Use Taxes please see the state of Colorado's Department of Revenue web site: <http://www.revenue.state.co.us/>

Unemployment Taxes

An employer's unemployment insurance tax liability is based on the taxable wage base, which is the first \$10,000 of each worker's wages. If covered for the first time, the tax rate will be 1.7% of the wage base rate, plus an annually computed surtax. For calendar year 2005, the surtax is 0.22%, plus a solvency surcharge of 0.6, for a total of 2.52%. After twelve months the employer is eligible for a calculated rate.

Specific information on the tax rate for a business can be obtained from the Colorado Department of Labor and Employment Unemployment Insurance Tax Branch at (303) 381-9100, or on the web www.coworkforce.com/UIT

Worker's Compensation

Worker's compensation insurance is provided by over 200 private insurance companies and the State Compensation Insurance Fund, d.b.a. Pinnacle Assurance, an independent political subdivision of the state which operates as a workers compensation insurance company. The fund is a permanent, self-sustaining, nonprofit service organization operated for the benefit of its policyholders and their employees. Self-insurance is an option, available by special permit specifying strict financial and loss control standards, for companies employing 300 or more Colorado employees.

Major worker's compensation reforms have resulted in effective cost containment. 2005 is expected to be the 4th year in a row with lower workers compensation costs, anticipated to drop 3.4% from 2004. Reforms have saved Colorado employers well over \$100 million in premiums alone, with total savings calculated at \$1.5 billion when benefits from fraud prevention and safety programs are included. Within the United States, Colorado ranks in the middle for overall workers' compensation costs.

For more information on workers' compensation, please see Department of Labor & Employment, Workers' Compensation web site at <http://workerscomp.cdle.state.co.us/>

Property Taxes

The State of Colorado does not impose property taxes on businesses; local governmental units assess property taxes primarily to fund public school operations and local government services.

Commercial and industrial property is assessed for property tax purposes at 29% of market value. Cities or counties in state-designated Enterprises Zones have the option of providing an incentive payment to new companies. This incentive cannot exceed the difference in property taxes after development less the property taxes prior to Zone designation.

The statewide average of local mill levies in 2004 was 74.969 mills.

Personal property (machinery and equipment) used in commercial and industrial operations is also assessed at 29% of actual value, based on replacement cost, expected economic life of the asset and other factors. Business personal property with an economic life of one year or less, or with acquisition cost of \$250 or less, is exempt. Computer and telecommunications equipment will have new, accelerated depreciation schedules and reduced residual values. Local governments, including municipalities, counties and school districts, have the option to negotiate up to 50% rebate or credit on their portion of personal property tax as an economic development incentive.

The "Economic Recovery Act" passed in June 2002 extends the life span of business personal property tax incentive agreements negotiated by cities, counties, or school districts from four to ten years, giving local communities greater leverage to attract top-notch companies. This bill also increased the maximum amount of time to 10 years that companies in terminated former enterprise zone areas may have to use "grandfather" extensions of their enterprise zone tax credits.

For more information on property taxes in Colorado, see the Department of Local Affairs web site:
<http://www.dlg.oem2.state.co.us/PropertyTax/index.htm>

Inventory Taxes

Inventory taxes are not assessed in Colorado and there is no franchise tax.

Severance Taxes

Colorado levies a tax upon the severance from the earth of metallic minerals and energy resources based upon the gross income of the extraction operation or upon the amount extracted. This is a graduated tax that ranges from 2% for income under \$25,000 to 5% for income of \$300,000 and over. Very small operations are exempt. A credit is allowed against severance tax equal to 87.5% of all ad valorem taxes paid or assessed during the tax year.

Investment Tax Credits

The Colorado Tax Equity Act, signed into law during the 1987 legislative session, reinstates the Colorado Investment Tax Credit. With a maximum credit up to \$1,000 per year, for tax years beginning on or after January 1, 1998, based on 10% of what the Federal Investment Tax Credit would have been had such credit not been restricted by the Tax Reform Act of 1986. Excess credits may be carried forward up to three years.

Enterprise Zone Tax Credits

Enterprise Zones are geographic areas designated to promote economic development. Sixteen such zones have been designated in Colorado. They cover most rural areas of the state with the exception of the ski area/resort counties. There are also urban zones designated to attract investment and jobs to selected areas. Enterprise Zones offer the following advantages to businesses locating or expanding within their boundaries:

- A \$500 tax credit for each new full-time employee
- A \$2,000 tax credit per new employee hired in economically depressed rural areas. There is an additional \$500 per employee hired in value-added agricultural processing business. (Effective January 1, 2003).
- A \$200 tax credit during the first two years of operations for each full-time employee covered by health insurance
- An additional \$500 tax credit for each employee hired for agricultural processing or manufacturing
- A 3% investment tax credit for equipment purchased and used within the zone
- A 3% tax credit for expenditures on research and development

- A 25% tax credit of qualified expenditures up to \$50,000 to rehabilitate buildings which are at least 20 years old and have been vacant for two or more years
- A 25% tax credit up to \$100,000 for private contributions to local zone administrators for enterprise zone development projects. In June 2002, the state extended the tax credit to non-profit "community development" projects which help implement each enterprise zone's local economic development plan.
- A 10% tax credit for qualified job training within the enterprise zone

New Aviation Development Zone

Effective January 2, 2006, Colorado aircraft or aircraft parts manufacturers located within designated Aviation Development Zones can claim a \$1,200 tax credit against Colorado income taxes for each new full-time employee. Companies must employ at least 10 full-time employees to be eligible.

Major Sales Tax Exemptions:

- Manufacturing equipment or machine tools over \$500 purchased in one calendar year
- Component parts
- Fuels and Electricity
- Packaging Materials
- Aircraft parts used in general maintenance
- Interstate long distance telephone charges
- Ink and Newsprint
- Farm Equipment and Machinery
- Tangible Personal Property Used in Biotech Research & Development (**refund, not exemption**)

Colorado Personal Taxes

Income

Individual income taxes in Colorado are a flat rate of 4.63 percent of *federally adjusted taxable income*, with some modifications. Local governments in Colorado do not assess income taxes.

Sales Taxes

The State of Colorado levies a 2.9 percent sales tax on all non-food retail sales. Cities, counties, and special districts are permitted to add up to 4.0 percent additional local sales tax by public referendum. Various special districts may impose additional sales taxes, including the Regional Transportation District in the Denver metro area and Mass Transit districts in Pitkin and Summit counties, the Cultural Facilities District and the Major League Baseball Stadium District, Jefferson County Open Space, and several others. In no case does the cumulative special district sales tax exceed .8 percent.

Property Taxes

Residential property is assessed at 7.96 percent of market value in 2004 (it fluctuates from year to year due to a statutory formula that specifies shares of revenue from commercial versus residential property). The mill levy, which is the tax rate on each dollar of assessed valuation, varies within the state. For 2004,

the average total mill levy for the state was 74.969. This figure includes counties, municipalities, school districts, and other special districts. Mill levies for cities and counties in Colorado can be found in the Colorado Economic and Demographic Information System (CEDIS), which is maintained by the Department of Local Affairs on their web site: www.dlg.oem2.state.co.us/is/cedishom.htm.

Occupational Taxes

All persons who work in the City and County of Denver and earn more than \$250 per month are assessed a monthly occupational tax of \$5.75. Their employers pay an additional \$5.00 per month per employee. Anyone working in the cities of Greenwood Village or Aurora, who receives a salary greater than \$250 per month, is assessed \$2 per month, regardless of salary level, which is matched by the employer.

COMPARATIVE DATA – COLORADO AND SELECTED STATES

Factors such as sales tax exemptions and graduated rates for income tax are recognized to significantly compromise the use of rates as a method of comparison. As a consequence, nationally recognized public interest research groups have adopted the concept of "effective rate," typically measured by sales or income tax paid per \$1,000 of personal income. The following tables compare Colorado with neighboring and similar states.

**State and Local Government Tax Revenue as a Percent of Personal Income
Colorado and Selected States (2002)
(Latest data released by Census Bureau)**

<i>State</i>	<i>State/Local Tax Burden</i>	<i>Rank</i>
Arizona	10.1%	27
California	10.5%	14
Colorado	9%	46
Idaho	9.7%	34
Kansas	10.2%	19
Minnesota	11.1%	6
Nebraska	10.7%	11
New Mexico	10.6%	13
Oregon	9%	46
Utah	10.4%	15
Washington	9.8%	32
Wyoming	11.8%	3
<i>U.S. Avg.</i>	<i>10.2%</i>	

EDUCATION

Colorado's population is knowledge-intensive and extremely well educated. In 2004, the U.S. Census Bureau ranked Colorado second in the nation in percentage of population with a college degree, 36% of all adults have at least a bachelor's degree.

Colorado colleges and universities offer a broad range of business, management, engineering, and technical degrees. All have programs directed at encouraging women and minorities in technical disciplines and all conduct joint research and training programs with corporations, particularly in technical and scientific areas. Most graduates remain in Colorado to pursue their careers, creating a valuable source of human capital that is augmented with a host of graduates from other states and nations.

Colorado K-12 Education

Colorado's 178 school districts had a Fall 2004 enrollment of 766,657, an increase of 1.2% over 2003. Large districts are concentrated in metropolitan areas while some rural areas have very small enrollments. The 10 largest school districts enroll 56% of all students, while the remaining 168 districts serve the remaining 44% of state school enrollment.

State of Colorado K-12 Education Revenues by Source

<i>SOURCE</i>	<i>PERCENT OF TOTAL</i>
Local Taxes (property and specific ownership)	37.6%
State Equalization	62.4%
TOTAL	100%

Source: Colorado Department of Education, 2004

Landmark legislation passed in 2000 requires the participation of all K-12 public school students in the state's assessment system, CSAP. Based on results and improvements, every school in Colorado is issued a Report Card for which annual progress and innovative programs are rewarded, providing Colorado's children the highest quality public education possible. Also passed in 2000, Amendment 23 increased public school funding by requiring that spending on state special purpose educational programs be increased by at least the rate of inflation plus one percent.

Colorado Student Test Scores

Colorado is one of only two states (the other is Illinois) that mandate that all juniors, Grade 11, take the ACT test. As a result, Colorado's average score fell below the national average for the first time. Colorado officials chose to administer the ACT Assessment to all 11th graders because it is a curriculum-based achievement test that matched up closely with their state learning standards, and to encourage students to attend college who had not previously considered it as an option.

It should be noted that average ACT score for test takers with core courses, the traditional college-bound, was 22.1, well above the national average.

The SAT is taken by about 27% of Colorado high school students, and average scores remain well above national averages.

Colorado Student Performance on College Entrance Exams, 2004

<i>Test</i>	<i>COLORADO Average Score (% tested)</i>	<i>U.S. Average Score (% tested)</i>
SAT	1107 (27%)	1026 (48%)
ACT	20.3 (100%) 22.1 (46% w/ core courses)	20.9 (40%)

Source: Colorado Department of Education

"Education Quotients" of Colorado School Districts

Expansion Management magazine compiles an "education quotient" for school districts across the United States. It examines over 2,800 school districts nationwide to create an index based on graduate outcomes, community educational attainment, school spending, student: teacher ratios, and other criteria. Colorado's public schools have done well in this ranking. The following districts earned "gold ribbon" or "blue ribbon" rating, described as the top 16 and 33 percent, respectively, of all districts ranked. "Green light" schools indicate that the district is above average compared to all other districts nationally.

<i>District</i>	<i>Education Quotient</i>
Boulder Valley	Blue Ribbon
Cherry Creek- Metro Denver	Green Light
Colorado Springs	Gold Ribbon
Ft. Collins (Poudre) – Larimer County	Blue Ribbon
Monument	Gold Ribbon
Littleton – Metro Denver	Blue Ribbon
Thompson – Larimer County	Green Light

Colorado Educational Attainment

The following table compares Colorado with its neighboring states in terms of educational attainment of the population 25 years and over:

<i>State</i>	<i>Percent College Grads</i>	<i>U.S. Rank</i>
COLORADO	35.5	2
Arizona	28.0	16
Kansas	30.0	13
Nebraska	24.8	32
New Mexico	25.1	30
Oklahoma	22.9	42
Utah	30.8	11
Wyoming	22.5	43

Source: U.S. Census Bureau, 2004

Colorado Higher Education Fall 2004 Enrollments

Four-Year Colleges and Universities:

<i>Institution</i>	<i>Location</i>	<i>FTE Enrollment</i>
Adams State College	Alamosa	2,628
Colorado School of Mines	Golden	3,683
Colorado State University	Ft. Collins	25,774
Colorado State University-Pueblo	Pueblo	4,279
Fort Lewis College	Durango	4,194
Mesa State College	Grand Junction	5,793
Metropolitan State College	Denver	20,420
University of Colorado – Boulder	Boulder	30,336
University of Colorado – Colorado Springs	Colorado Springs	7,673
University of Colorado - Denver	Denver	12,631
University of Colorado Health Sciences Center	Denver	2,777
University of Northern Colorado	Greeley	12,204
Western State College	Gunnison	2,301
Four-Year Institution Total		134,693

Colorado Data Book

Two-year Colleges:

<i>Institution</i>	<i>Location</i>	<i>FTE Enrollment</i>
Aims Community College	Greeley	4,837
Arapahoe Community College	Littleton	7,560
Colorado Mountain College	Glenwood Springs	6,920
Colorado Northwestern College	Rangely	2,261
Community College of Aurora	Aurora	5,448
Community College of Denver	Denver	9,274
Front Range Community College	Westminster	15,669
Lamar Community College	Lamar	1,057
Morgan Community College	Ft. Morgan	1,618
Northeastern Junior College	Sterling	2,912
Otero Junior College	La Junta	1,676
Pikes Peak Community College	Colorado Springs	10,917
Pueblo Community College	Pueblo	5,592
Red Rocks Community College	Lakewood	7,484
Trinidad State Junior College	Trinidad	2,106
Two-Year Institution Total		85,331

Source: Colorado Commission on Higher Education, August 2005

- Fall 2004 enrollments totaled 220,024 at Colorado's public post-secondary institutions.
- Private colleges and universities in Colorado had enrollments totaling over 30,000 in 2004. These include the University of Denver, Regis University, Colorado Christian University, Colorado College, and many smaller institutions.
- Finally, vocational schools and proprietary institutions provide another post-secondary education option for Colorado residents. Vocational schools have average enrollments of 8,000 per year, while the proprietary institutions offer instruction in a wide variety of subject areas, and provide instruction to an estimated 15,000 students.

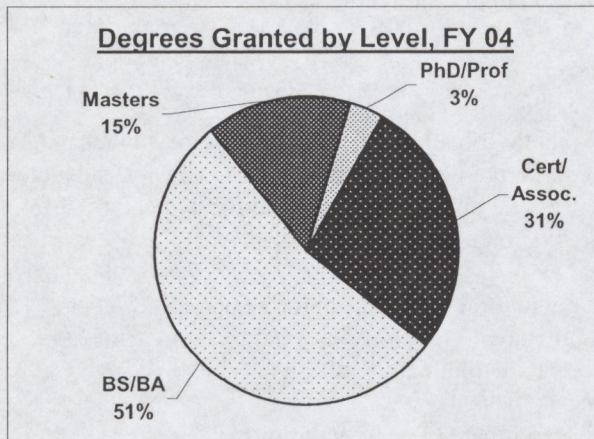
Colorado Higher Education - Degrees Conferred

Colorado students received 37,627 degrees awarded by 28 public higher education institutions in fiscal year 2004, the most recent year for which there is data. The following table summarizes the degrees granted by major subject area of study.

Over 6,000 Colorado students received degrees in Business and Management, and almost 4,400 received degrees in Math & Computer Sciences or Engineering & Technology in 2004.

<i>Major</i>	<i>Degrees Conferred</i>
Agricultural Science/Agribusiness	921
Bioscience & Life Sciences	1,450
Business & Management	6,166
Communications	1,902
Engineering & Technologies	2,684
Health Care	5,021
Mathematics & Computer Science	1,532
Protective Services/Vocational Programs/Misc. Interdisciplinary	2,835
Other (i.e. Architecture, Education, Liberal Arts, Law, Public Administration, and Visual Arts)	15,116
TOTAL	37,627

Source: Colorado Commission on Higher Education, FY 2004 Degrees Granted, July 2005



COST OF LIVING & QUALITY OF LIFE

An excellent quality of life is critical to the attraction, motivation, and retention of the skilled and talented workers that are essential to the success of a growing business.

Colorado's high quality of life is attractive to businesses and individuals, residents and tourists. An incredible combination of spectacular scenery, recreational opportunities, moderate climate, excellent facilities for arts and culture, and world-class health care and public school systems make Colorado an ideal place to call home.

Concern for the environment is a widely held value among Colorado's individual and corporate citizens. In the 2004 Colorado election voters approved a renewable energy initiative calling for the increased use of both wind and solar energy. The initiative provides for the following:

- A five-fold expansion of renewable energy resources from 2% at present to 10% by 2015
- 4% of the renewable energy is to come from solar energy

Colorado has abundant artistic and cultural resources with broad public and private support. The state is a national leader in funding for the arts, which are greatly supported by the private and non-profit sectors. A small sales tax set aside for culture and the arts was recently renewed by Colorado voters to assure continued opportunities and the enhancement of these valuable contributions to community life in Colorado.

Red Rocks Amphitheater, a world-renowned venue for concerts near Denver, was named one of the top 50 examples of American architecture. Music and performing arts festivals are plentiful with something for everyone – including pop, rock, classical, jazz, bluegrass and country western, along with ballet, opera, Broadway and excellent regional theater.

Quality Of Life Indicators

Colorado's cities and towns appear frequently in national rankings of the best places to live and work as well as being among the most attractive venues in the nation for business development. Colorado ranks in the Top Ten nationally for a number of quality of life indicators. Rankings from Morgan Quitno's *State Rankings 2005* including:

- 2nd in percent of adult population with a bachelor's degree or higher
- 6th in percentage of sunny days
- 6th in number of households with computers
- 7th in per capita income
- 8th best small business tax climate (Tax Foundation)
- 10th highest median household income

Cost Of Living

ACCRA, a national nonprofit research organization for community and economic development, produces a quarterly index, which measures relative price levels for consumer goods and services **in participating cities**. Cost data from these cities are used to derive a relative ranking so that an easy comparison of cost of living in different metropolitan areas can be made. The average value for each category is assigned a value of 100. A value of greater than 100 indicates a cost of living higher than the average, with a value lower than 100 indicating a lower than average cost. The table below contains relative cost of living information for those Colorado cities, which participated in the ACCRA Cost of Living Index in the first quarter of 2005.

Colorado Cities' Cost of Living Index

First Quarter, 2005 (294 cities participating nationwide)

<u>Area</u>	<u>C.O.L. Index</u>
Colorado Springs	95.7
Denver	101.6
Fort Collins	99.2*
Glenwood Springs	119.4
Grand Junction	97.4
Greeley	92.5
Gunnison	109.0
Pueblo	88.9

Source: ACCRA *Cost of Living Index, First Quarter, 2005*, published May 2005

*Fourth Quarter 2004 Information

Metropolitan Cost of Living Index Comparisons

While Denver is slightly higher than the national average in terms of its cost of living, a comparison with some of the largest cities in the survey shows that Denver and other cities in Colorado enjoy a competitive cost of living. Denver is significantly lower than many of the largest cities in the nation, and generally comparable to major cities in the western United States. The composite index for selected participating cities is as follows:

Major Metro Areas

First Quarter 2005

<i>Area</i>	<i>C.O.L. Index</i>
Boston	137.2
Chicago	128.6
Dallas	91.7
Denver	101.6
Las Vegas	110.6
Los Angeles	153.7
Minneapolis	109.3**
New York City	203.9
Philadelphia	123.2
Phoenix	96.8
Portland	111.3
San Diego	146.9
San Francisco	178.7
Seattle	116.5
Washington DC	140.0

* Fourth Quarter 2004 Information

** Third Quarter 2004 Information

Smaller Cities

First Quarter 2005

<i>Area</i>	<i>C.O.L. Index</i>
Albuquerque	96.7
Boise	94.7
Cheyenne	104.4
Colorado Springs	95.7
Corvallis	109.9
Flagstaff	107.3
Fort Collins	99.2*
Greeley	92.5
Lawrence, KS	94.9
Lincoln	96.4*
Pueblo	88.9
Reno	109.1
Santa Fe	109.0**
Tacoma, WA	103.6

Crime Rate Comparison

Violent Crime Rate-2003 (per 100,000 population)

Colorado ranks 29th nationally in violent crimes per 100,000 population and is well below the national average and compares favorably with most of its neighboring states.

<i>State</i>	<i>Rank</i>	<i>Rate</i>
South Carolina	1	793.5
New Mexico	5	665.2
Nevada	8	614.2
California	10	579.3
Texas	12	552.5
Arizona	13	513.2
Oklahoma	15	505.7
U.S. Average	--	475.0
Kansas	24	395.5
Colorado	29	345.1
Nebraska	34	289.0
Wyoming	40	262.1
Utah	43	248.6

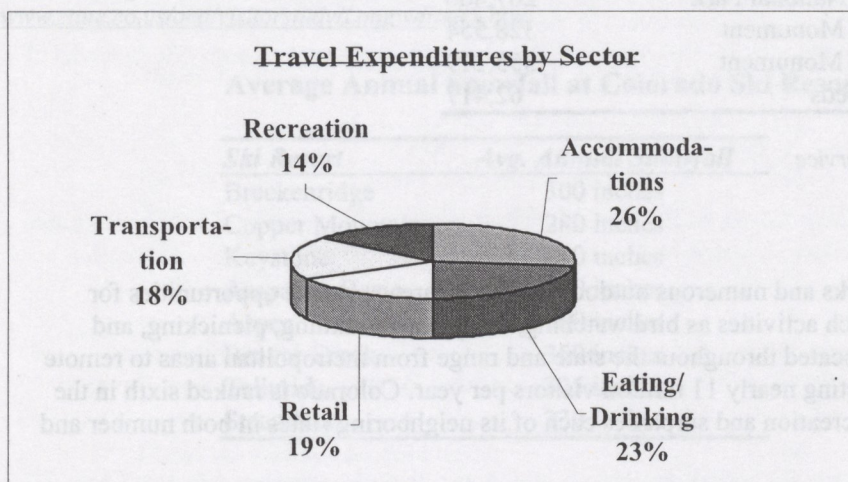
Source: Morgan Quitno "State Rankings 2005" based on U.S. Department of Justice, Federal Bureau of Investigation, *Uniform Crime Reports 2003*, Released in October 2004.

RECREATION & TOURISM

Museums, sports, parks, monuments, and mountains — the Centennial State has it all. Colorado has long been recognized as one of the premier destinations in North America for recreation and tourism. Tourism is a major economic generator for the state, with 25.8 million domestic visitors taking overnight trips in 2004.

Colorado Tourism Revenues

Domestic overnight travel expenditures in Colorado totaled approximately \$7.3 billion in 2004, making it one of the state's largest industries. International travelers are estimated to have spent an additional \$900 million in Colorado. Moreover, volume of international travelers increased by 20% from 2003 to 2004.



Source: Longwoods International, *Colorado Visitors Study*

Recreational Opportunities

Colorado's semi-arid climate, coupled with the splendor of both the mountains and the wide-open plains, gives the state's recreational character an extraordinary sense of diversity. A *sampling* of the various activities available in Colorado includes the following:

National Parks and Monuments

Colorado's national parks and monuments provide an incredible variety of outdoor recreational opportunities. These areas receive over 4.6 million annual visitors.

- Rocky Mountain National Park is 416 square miles of spectacular scenery and was designated a biosphere reserve in 1976. Its 360 miles of trails offer wildlife viewing on 65 mountain peaks that are over 10,000 feet high.
- Mesa Verde National Park, a World Heritage site, contains some 350 cliff dwellings dating back to the twelfth century.

Colorado Data Book

- The Great Sand Dunes was officially designated as a national park in September 2004. This formation is over ten miles long and features the highest dunes in all of America.
- Dinosaur National Monument, 60 miles west of Craig, is one of America's richest sites for fossils.
- Colorado National Monument, west of Grand Junction, has over 20,000 acres of towering red sandstone monoliths, sheer canyon walls and a variety of wildlife.
- Florissant Fossil Beds National Monument, just west of Pikes Peak, offers glimpses of prehistoric life from volcanic eruptions 35 million years ago – petrified redwoods, ancient insects and plants.

<i>Park</i>	<i>2004 Visitors</i>
Rocky Mountain National Park	2,784,310
Mesa Verde National Park	447,233
Black Canyon National Park	175,406
Great Sand Dunes National Park	267,866
Dinosaur National Monument	328,554
Colorado National Monument	355,219
Florissant Fossil Beds	62,417

Source: National Park Service

State Parks

Colorado's 40 state parks and numerous outdoor recreation areas provide opportunities for boating, hiking, and such activities as bird watching, camping, swimming, picnicking, and fishing. Facilities are located throughout the state and range from metropolitan areas to remote wilderness areas, attracting nearly 11 million visitors per year. Colorado is ranked sixth in the nation for parks and recreation and surpasses each of its neighboring states in both number and acreage of state parks:

<i>State</i>	<i>State Parks</i>	<i>Acreage</i>
Arizona	14	32,020
Colorado	40	214,245
Kansas	24	32,300
Nebraska	8	30,095
New Mexico	29	89,420
Nevada	13	69,985
Utah	36	92,718
Wyoming	11	117,592

Source: National Association of State Park Directors

Skiing and Winter Recreation

Colorado boasts more than 35 winter recreation areas, offering such activities as snow shoeing, snow mobiling, snowcat tours, sleigh rides, ice skating, cross-country skiing, and, of course, the largest recreational attraction in Colorado: downhill skiing and snowboarding. With 25 ski resorts to choose from, all types of terrain are offered to suit all tastes and abilities, from "crash

the bumps” thrills to easier, gentler runs for the family. *Ski Magazine* readers ranked six Colorado ski areas in the top ten in North America. Colorado leads the nation in share of total ski trips nationwide:

State Shares (%) of Overnight Ski Trips, 2004

<i>State</i>	<i>Share (%)</i>	<i>Rank</i>
Colorado	18.1	1
California	12.8	2
Vermont	7.8	3
Nevada	6.5	4
Utah	5.7	5

Source: Longwoods International, *Colorado Visitors Study, Final Report, May 2005*, www.state.co.us/oed/visitorstudy/LongwdIndex.htm

Average Annual Snowfall at Colorado Ski Resorts

<i>Ski Resort</i>	<i>Avg. Annual Snowfall</i>
Breckenridge	300 inches
Copper Mountain	280 inches
Keystone	230 inches
Arapahoe Basin	360 inches
Aspen	300 inches
Beaver Creek	350 inches
Telluride	325 inches
Steamboat	330 inches

Other Outdoor Recreation Opportunities

- **Rock and Ice Climbing** are becoming increasingly popular activities in the state. Eldorado Canyon near Boulder is ranked as one of the top ten rock climbing venues in the entire world. In winter, several of the state’s numerous waterfalls freeze, allowing for some spectacular ice climbing.
- **Water Sports** are plentiful, with premier whitewater rafting and kayaking on the upper Colorado, Green, and Arkansas rivers. Many of Colorado’s numerous lakes and reservoirs offer excellent water skiing, jetskiing, and sailing.
- **Hiking** Colorado’s 11,000 miles of trails offer choices ranging from the 500-mile Colorado Trail linking Denver and Durango, to gentle terrain through Chautauqua Park at the base of the famous Flatirons in Boulder, and everything in between.
- **Hunting & Fishing** contribute over \$1 billion to the state's economy every year. Big game hunting is one of Colorado's traditional attractions. Colorado is considered the best state in the nation for elk hunting and boasts one of the highest non-resident big game success rates in

America. High-altitude, cold-water streams teem with several species of fish, including the illustrious rainbow trout.

- **Wildlife & Nature Viewing** is abundant. Colorado is home to 960 wildlife species and more than 230 wildlife areas for public recreation. From bear to mountain lion to Rocky Mountain bighorn sheep, visitors and residents alike enjoy observing these majestic creatures.
- **Mountain Biking** has become one of Colorado's favorite sports in recent years. *Bicycling* magazine has named several Colorado towns among its Top Bike Towns.
- **Dude Ranches** located throughout the state offer visitors the opportunity to experience what life was like during the days of cattle drives. Each of the 40 dude ranches has its own unique style with a variety of outdoor activities, gourmet meals and top-notch entertainment for their pampered guests.
- **Golf:** Colorado has over 200 public and private golf courses. The number of new courses being planned or under construction places Colorado in the top states nationwide in terms of growth, according to Colorado Golf Association.

Professional Sports

Colorado is home to a large family of professional sports teams. Denver is one of only ten cities in the nation with major league teams in the country's four major sports (football, baseball, basketball, and hockey).

- NFL World Champion Denver Broncos: The voters in the Denver Metropolitan area approved a stadium tax in 1998 to help build the Denver Broncos a new stadium, Invesco Field at Mile High, which opened in 2001.
- NBA Denver Nuggets: basketball franchise plays in the recently completed Pepsi Center.
- NHL Colorado Avalanche: moved to Colorado from Quebec in 1996 and won the Stanley Cup in their first season here. They became champions again in 2001, bringing the Stanley Cup to Denver for the second time.
- Colorado Rockies: Major league baseball came in 1993. In 1995, the Rockies' new stadium, Coors Field, was opened in downtown Denver. The Colorado Sky Sox, the AAA franchise for the Colorado Rockies, call Colorado Springs home.
- Other professional sports: teams include the Colorado Rapids Soccer club, the 2005 World Champion Colorado Crush arena football, and Colorado Mammoth Lacrosse, in their inaugural season in 2003.
- Rodeo: Colorado's western heritage and its location in the heart of America's cattle country make the rodeo a leading spectator sport. The National Western Stock Show and Rodeo in Denver drew 633,544 spectators in 2005. Greeley boasts the world's largest 4th of July Rodeo, beginning in late June and lasting through the first week of July.

- **Denver Grand Prix:** This three-day event held in August, attracted approximately 148,000 race fans in 2005, up over 25% from 2004, and contributed approximately \$25 million to the Denver area economy.

Arts & Culture

Performing Arts

Colorado offers an abundance of top-notch performances in theater, concerts featuring all types of music, dance, and film festivals. The Denver Performing Arts Complex is home to seven theatres and a concert hall that hold 9,300 people between them. Several Broadway productions travel to Denver on national tours. In recent years, “The Lion King,” “Les Miserables,” “The Phantom of the Opera,” “Rent,” and “Cats” have all made their way to the Mile High City. Boettcher Concert Hall is home to the Colorado Symphony. Newly renovated in 2003, Red Rocks Amphitheater is a world-famous venue for outdoor concerts in a spectacular natural setting. Music festivals in Vail, Telluride, Aspen, Breckenridge, and throughout the state offer something for everyone.

Major Colorado Performing Arts Venues and Seating Capacities

<i>Venue</i>	<i>Seats</i>
Denver Performing Arts Complex (includes Buell Theatre, Auditorium Theatre, Boettcher Concert Hall, and five intimate theaters)	9,316
Pepsi Center, Denver	20,100
Red Rocks Amphitheater, Denver	8,649
Invesco Mile High Stadium, Denver	76,125
Arvada Center for the Arts & Humanities (indoor theatre and outdoor amphitheater)	1,700
Coors Amphitheater, SE Denver	18,000
Denver Coliseum	11,530
Magnuss Arena, University of Denver	8,000
World Arena, Colorado Springs	9,000
Pikes Peak Center, Colorado Springs	2,000
Gerald R. Ford Amphitheater, Vail	2,800

Fine Arts

Impressive displays of fine arts can be found in every corner of Colorado. The Denver Art Museum has excellent collections, and offers special exhibits of art treasures that draw thousands of visitors each year. It is currently undergoing a 146,000 square foot expansion, to bring the museum to more than 350,000 square feet. World-renowned architect Daniel Libeskind is designing the \$112 million project.

Colorado Springs Fine Arts Center, Sangre de Christo Fine Arts Center in Pueblo, and arts festivals and galleries in many communities statewide add to the selection and diversity of the arts. Cherry Creek Arts Festival in Denver has become a summer tradition.

For additional information, visit Colorado Tourism’s website www.colorado.com

TRANSPORTATION SYSTEM

To support its operations, a firm needs access to a transportation system that can move people and materials both locally and throughout the world. Colorado's transportation network can meet these needs with ease. Moreover, current expansions and improvements in the transportation system, combined with planned projects, assure forward-looking business leaders ample capacity and modern design throughout the state. The state's transportation infrastructure is modern, convenient, and continually developing to respond to the ever-increasing demand.

Air

- Colorado is a regional, national, and international transportation hub.
- Denver International Airport (DIA), which recently celebrated its 10th anniversary, opened in 1995 and has strengthened Denver's position as one of the major air traffic hubs in the nation.
- DIA is the nation's 5th busiest airport, and the 10th busiest in the world.
- In addition to DIA, Colorado has 17 commercial and 62 general aviation airports dispersed throughout the state.

Highway

- Colorado's state highway system has over 9,000 miles, of which 954 miles are interstate highways.
- The convergence of I-25, a major north-south interstate, and I-70 and I-76, major east-west interstates, makes Colorado's front range a transportation hub.

Rail

- Colorado also has nearly 3,000 miles of Class 1 railroad tracks, as well as intermodal train/truck facilities

Mass Transit

- In 2004 Colorado voters approved a \$4.7 billion project to expand mass transit in a referendum known as FASTracks.
- FASTracks will add 119 miles of light rail and commuter rail, expand bus service and park and ride facilities over the next 12 years.

Denver International Airport (DIA)

J.D. Powers named DIA the #1 airport in the country, and #2 in the world in terms of customer satisfaction this year. Approximately 42.4 million passengers passed through Denver International Airport in 2004, an increase of 13% or nearly 5 million passengers from 2003.

Nineteen airlines offer regularly scheduled passenger service to Denver International Airport. In addition to DIA's regular scheduled flights, several international and domestic charters leave from its gates daily.

- British Airways non-stop service to London
- Lufthansa non-stop service to Frankfurt
- Mexicana non-stop service to Mexico City

Federal Express, Airborne Express, Burlington Express, the United Parcel Service, and the U.S. Postal service are responsible for the bulk of DIA's cargo flights.

With 94 gates and five 12,000-foot runways, it is the only facility in the world designed to accommodate three streams of aircraft simultaneously during all types of weather. DIA also features three concourses, and an underground "people mover" subway system. DIA was designed to serve the region well into the 21st century, with capacity to expand to 200 gates, capable of serving 110 million passengers per year.

Construction on a 16,000-foot sixth runway was recently completed at a cost of \$169 million. This is the longest runway in the U.S. and will allow long-distance aircraft to fly direct to Europe and Asia during the summer.

All of the major cargo companies have a presence at DIA, and there is a full complement of support services such as freight forwarders, shipping, container and warehousing services, and ground transportation.

DIA recently completed a passenger screening expansion project. At a cost of \$4.7 million the expansion added six new screening lanes in the terminal to cut down the time spent in security lines.

In October 2004, Denver Mayor John Hickenlooper formed the Denver International Airport (DIA) Working Group, charging them with the following:

- Review best practice management models from other airports.
- Assess the regional impact and role of DIA in land use, economic development and environmental issues.
- Analyze issues related to the status of the airline industry.

**DENVER INTERNATIONAL AIRPORT
OPERATIONS AND TRAFFIC DATA, 2002-2004**

<i>Operations and Traffic</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>% Incr./Decr. (2003-2004)</i>
AIRCRAFT OPERATIONS				
Air carrier	338,049	323,610	330,674	2.2%
Air Taxi	157,777	174,092	224,960	29.2%
Military	987	1,345	951	-29.3%
General Aviation	12,416	11,228	9,936	-11.5%
TOTAL	509,229	510,275	566,521	11.0%
PASSENGERS				
Internationals	772,007	945,318	1,213,089	28.3%
Majors	26,586,980	26,153,148	27,544,418	5.3%
Nationals	6,249,108	7,470,740	8,236,274	10.2%
Regionals	1,333,698	2,785,581	5,253,248	88.6%
Supplementals	710,291	150,351	146,737	-2.5%
TOTAL	35,652,084	37,505,138	42,393,766	13.0%
CARGO OPERATIONS				
Air Mail (pounds)	95,573,027	107,426,615	78,814,620	-26.6%
Freight & Express (pounds)	636,282,226	609,992,807	621,012,082	1.8%

Definitions:

- *Passengers* include revenue and nonrevenue passengers as reported by the individual airlines.
- *Internationals* include carriers such as Air Canada, Air BC, British Airways, Continental, Delta, Lufthansa, Mexicana, and United.
- *Majors* include Alaska, America West, American, American TransAir, Continental, Delta, Northwest, TWA, United, and U.S. Airways.
- *Nationals, Regionals, and Supplementals* include Frontier, United Express, Vanguard, Mesa, Big Sky, and various other charter and air tour operators.

Source: Denver International Airport Monthly Operations and Traffic Report, December 2004

Daily Non-Stop Flights to Major US Metropolitan Areas - Denver International Airport

DIA averaged 1,552 flights per day in 2004, and provides service to over 100 major U.S. metropolitan areas. The following tables list the number of non-stop flights to major U.S. cities, as well as cities within Colorado.

City, State	Flights To	Flights From
Albuquerque, NM	13	13
Atlanta, GA	17	18
Baltimore, MD	6	6
Boston, MA	7	6
Charlotte, NC	7	7
Chicago, IL	30	29
Cleveland, OH	5	5
Dallas/Ft. Worth, TX	24	23
Detroit, MI	8	8
Houston, TX	12	13
Kansas City, MO	13	12
Las Vegas, NV	19	19
Los Angeles	34	35
Miami, FL	3	3
Minneapolis, MN	20	20
New Orleans, LA	4	4
New York, NY	16	16
Oklahoma City, OK	8	8
Philadelphia, PA	10	10
Phoenix, AZ	24	24
Portland, OR	13	14
St. Louis, MO	14	14
Salt Lake City, UT	17	16
San Diego, CA	11	11
San Francisco, CA	15	14
Seattle/Tacoma, WA	17	18
Washington, D.C.	12	13

Colorado Cities	Flights To	Flights From
Alamosa	3	3
Aspen *	10	10
Colorado Springs	11	12
Cortez	3	3
Durango *	8	8
Grand Junction	11	11
Gunnison *	3	3
Montrose *	6	6
Pueblo	2	2
Telluride *	4	4
Vail *	4	4

* More flights during ski season. Four non-stop flights to Eagle County Airport begin providing service to ski resorts in December. Eagle County is the third busiest airport in Colorado. Also service to Hayden/Steamboat Springs during ski season.

Source: OAG Schedule Tapes

Non-stop Flights from Colorado Springs Airport: The Colorado Springs Airport has non-stop service to over 16 cities nationwide. The following table lists the destinations, as well as the number of non-stop flights departing Colorado Springs daily.

City, State	Non-stop Flights
Albuquerque, NM	2
Atlanta, GA	2
Chicago (O'Hare), IL	10
Cincinnati, OH	2
Dallas/Ft. Worth, TX	6
Denver, CO	24
Houston, TX	5
Los Angeles, CA	3
Minneapolis/St. Paul, MN	4
Phoenix, AZ	5
Salt Lake City, UT	4
St. Louis, MO	1

Source: Colorado Springs Airport Online Flight Guide

The Colorado Highway System

- 9,000+ miles of highway
- Highways contain 22,759 lane miles
- 954 miles of Interstate Highways

State Funding for Highway Construction and Improvement

The 2005-2006 fiscal year budget for the Colorado Department of Transportation is approximately \$818.4 million, *excluding* TRANS bond proceeds used for construction projects.

The Governor and the Legislature have made a commitment to maintaining and improving the highway system in the state. Colorado recognizes the importance of highway infrastructure to the economic vitality of the state.

Colorado voters, by a wide margin, approved bonding authority for the state to borrow as much as \$1.7 billion for up to 24 transportation projects. The Top Five projects, based on cost, are:

- The I-70 West Corridor (I-70, DIA to Eagle County Airport) is undergoing a \$1.1 billion improvement to relieve congestion.
- The Southeast Corridor (I-25 in south metro Denver) is undergoing a \$593.6 million dollar project to relieve congestion by adding new lanes. A new light rail line is also under construction to provide an alternative mode of transportation in this area.
- I-25 through Colorado Springs is undergoing a \$342.3 million reconstruction, safety improvement and widening.
- North I-25 Corridor (Denver to Fort Collins) is undergoing \$302.7 million effort to improve congestion.
- Denver to Colorado Springs (I-25) is undergoing a \$153 million improvement to relieve congestion.
- Other significant projects –
 - Widening US Highway 50 between Grand Junction and Delta, to start in early 2004.
 - Safety improvements on US 160 between Wolf Creek and South Fork, a \$26 million project started in late 2003.

A unique collaboration between the Colorado Department of Transportation, the Regional Transportation District, the Federal Highway Administration, and the Federal Transit Administration.

- Citizen-endorsed solution
- Completion in September 2006 (18 months ahead of schedule)
- \$1.67 billion project, funded without new taxes

- Improving 17 miles of highway through southeast Denver, Aurora, Greenwood Village, Centennial and Lone Tree, including bridge reconstruction and access improvements.

- The addition of 19 miles of light rail along I-25 from Broadway Boulevard in Denver to Lincoln Avenue in Douglas County.

- The addition of light rail from I-225 from Parker Road in Aurora to a newly configured I-25 interchange.

COSMIX Project – Colorado Springs Metro Interstate Expansion. This project will widen I-25 through Colorado Springs metro area to three or four lanes. It will be completed by year-end 2008 at a cost of \$150 million.

Availability Of Mass Transit - Mass transit is provided in all of Colorado's metropolitan areas and in some rural areas of the state as well. The Colorado Department of Transportation estimates that over 1,500 buses are in operation throughout the state.

The Regional Transportation District (RTD) is the largest provider of mass transit. It serves 41 cities and towns in seven counties, and has a service area of approximately 2,406 square-miles in the Denver-metro area. There are now nearly 200 separate routes regularly served by RTD.

In addition to the service provided by RTD, the following Colorado cities have mass transit services that receive federal funding:

- Colorado Springs
- Ft. Collins
- Grand Junction
- Greeley
- Pueblo

Over the years, RTD has completed several projects to address Metro-Denver's long-range needs for mass transit. Here is a list of some of the more prominent projects undertaken by RTD in recent years:

- The completion of a two-lane Downtown Expressway that runs through the most heavily traveled artery of Denver's transportation system, I-25. The lanes are reserved for "High Occupancy Vehicles" (HOV), and run from Highway 36 (Boulder Turnpike) to downtown Denver. The flow of traffic is reversible, running from north to south in the morning hours for those commuting into downtown, and reversing to run south to north in the afternoon for the commute home.
- The completion of the first phase of a 5.3-mile light-rail train line that runs through central Denver. In July of 2000 an 8.3-mile extension to Littleton was completed.
- Express bus service (the SkyRide) is available to Denver International Airport.
- RTD is now researching the feasibility of operating an "airport train" from downtown Denver's Union Station to provide yet another alternative form of transportation to the metro area's #1 traffic destination.

Availability Of Rail And Motor Carrier Shipping In The State

Colorado has an extensive rail system serving the entire state. Burlington Northern/Santa Fe Railroad and Union Pacific/Southern Pacific Railroad operate the Class-One rail lines.

Over 3,000 miles of Class-One tracks are maintained throughout the state. Intermodal train/truck transfer facilities are located in the Denver metro area to efficiently move goods to their ultimate destinations without reloading from one form of transportation to another.

Burlington Northern recently opened a "team track" facility in Commerce City (Denver metro). The four-acre site is fully graded to accommodate heavy loads. It provides shippers or receivers a place to load or unload cars without having to invest in their own private industrial siding.

The Transportation Test Center near Pueblo is a world-class intermodal research and testing facility. Located on 52 square-miles of land, the center includes 48 miles of test tracks, laboratories, and excellent support services.

Colorado is well served by many motor carriers. Most of the nation's major carriers have facilities in the state. They provide service to all major metropolitan areas located throughout the state. Colorado's central location and interstate highway system have made the Front Range a growing distribution point for many wholesalers and retailers.

In addition to the services provided by RTD, the following Colorado cities have mass transit services that are available to the general public:

- Ft. Collins
- Greeley
- The I-70 West Corridor (DIA to Eagle County) is a major transportation project in progress.
- The Southern Corridor (Denver to Pueblo) is a major transportation project in progress.

Over the years, RTD has completed several major transportation projects. In 2004, RTD completed the \$250 million expansion of the Union Station transit center. The expansion includes the construction of a new transit station, the renovation of existing transit stations, and the construction of new transit routes. The expansion is expected to be completed in 2005.

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UTILITIES

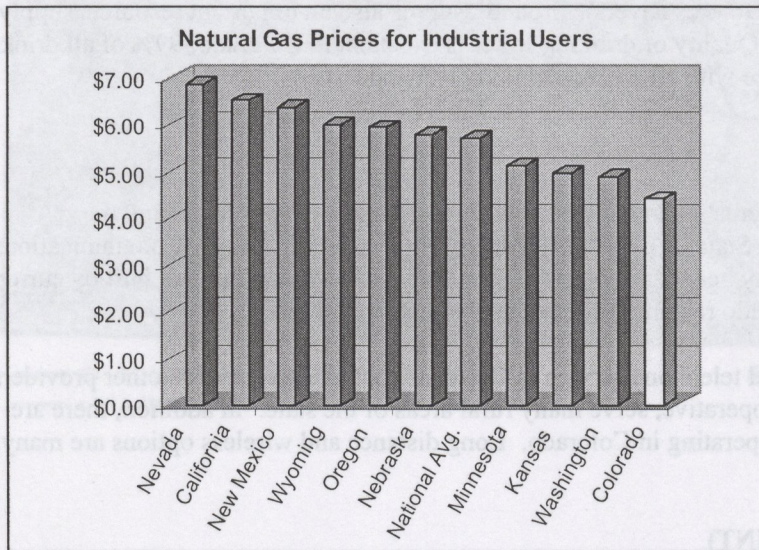
Colorado consumers are efficient energy users. Colorado ranks 39th in per capita energy consumption. Per capita energy expenditures of \$2,096 are 16% below the national average of \$2,433, placing Colorado 46th among the 50 states.

Xcel Energy is the main provider of electricity and natural gas for the Denver metropolitan area and much of the Front Range region. Moreover, Xcel Energy is moving forward with plans to build a new coal-fired plant in Pueblo. The project is part of the company's least-cost resource plan that the Colorado Public Utilities Commission approved in December 2004, giving the most cost-effective mix of resources to meet customers' electric needs during the next decade. The project is estimated to cost about \$1.3 billion, resulting in overall lower SO₂ and NO_x emissions.

A significant number of municipalities in Colorado operate their own utilities. Most provide electric only, or gas only, but Colorado Springs and Fort Morgan provide both. There are also 26 rural electric associations (REA's) operating in rural areas of the state. The Public Utilities Commission regulates utilities. For more information, visit their website at www.dora.state.co.us/puc/index.htm

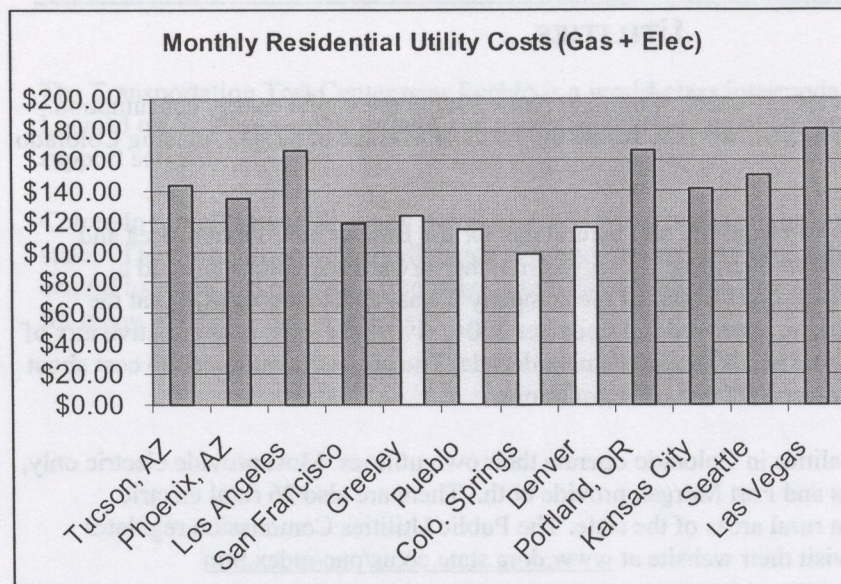
Natural Gas Prices

- Industrial users – Colorado ranks 48th, at \$4.39 per million btu's, or 29% below the national average of \$5.68
- Residential customers – Colorado ranks 46th in average price of natural gas - \$6.63 per thousand cubic feet versus national average of \$9.62.



Electricity Prices

- The average monthly electric bill for Colorado residential customers was \$55.69 in 2003 (latest reported by Department of Energy), ranking 47th nationally, and 42% below the national average of \$78.84.
- Colorado ranked 35th for Industrial users, with average monthly electric bills of \$4,333, 38% lower than the national average of \$5,988.



Source: ACCRA Cost of Living Index, First Quarter, 2005

Water

The primary source of the states water supply comes from five major river basins - the Platte, Arkansas, Rio Grande, Upper Colorado (includes Yampa, White and Green Rivers) and the Lower Colorado (includes Gunnison, San Juan and Dolores Rivers). Ground water is also an important resource, supplying 18% of the state's drinking water. Quality of drinking water is excellent in Colorado; 99% of all drinking water systems are in full compliance with all federal drinking water standards.

Telecommunications

The economic boom of the 1990's created an array of opportunities for both consumers and the telecommunications industry in the State of Colorado. Industry leaders such as Qwest Communications, and Level 3, maintain their company headquarters in the Denver metro region. Although hurt by current overcapacity in the industry, Colorado remains a leader in telecommunications.

Qwest is the major provider of local telephone service in Colorado, but at least fourteen other providers, such as CenturyTel, and Plains Cooperative, serve many rural areas of the state. In addition, there are fifteen single exchange providers operating in Colorado. Long distance and wireless options are many, and competitively priced.

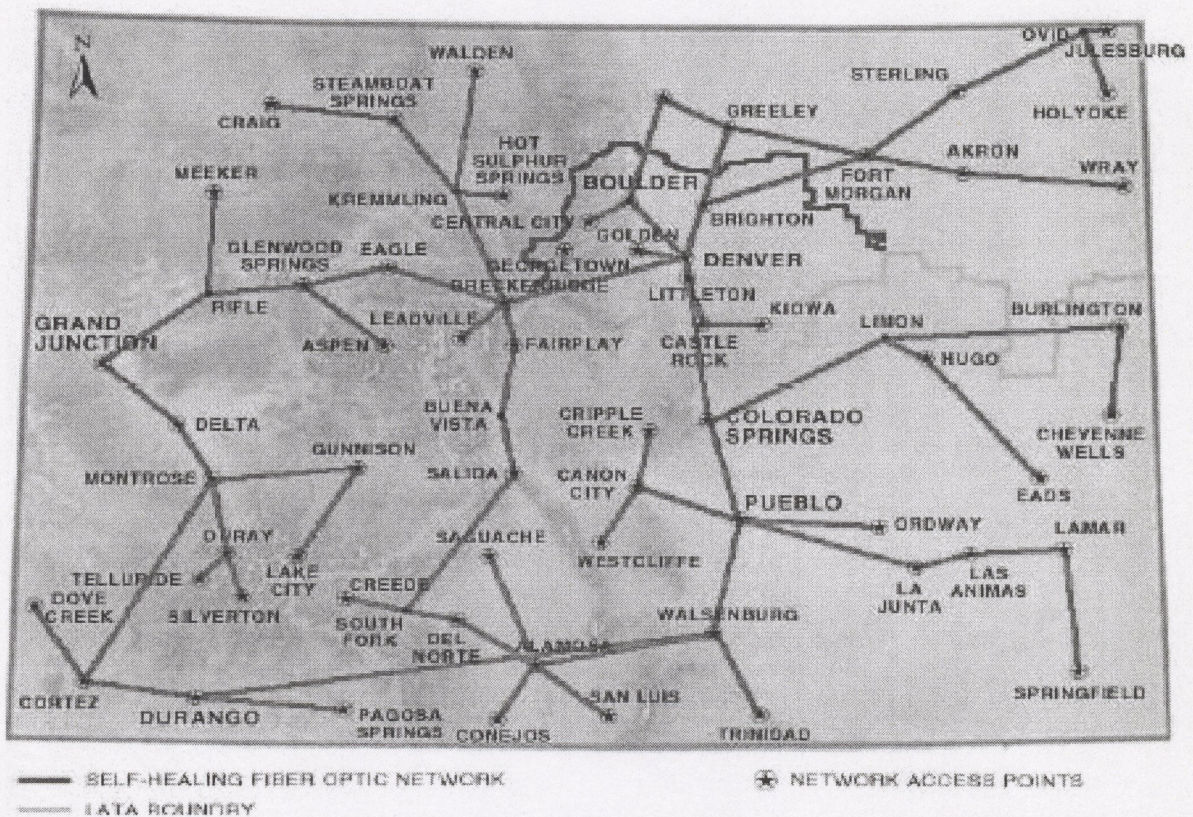
Statewide Mutli-Use Network (MNT)

The MNT is a public-private partnership between the State of Colorado and Qwest to build a high-speed fiber-optic network for the state. The goal has been to bridge the digital divide and enable the same digital applications and services in rural counties as well as the metropolitan areas. The State has consolidated government agency functions and acted as an "anchor tenant" to help leverage development of telecommunications infrastructure in all regions of the state.

This project, now completed, includes 65 points of service (Aggregated Network Access Points throughout Colorado). Total state contribution was \$23 million, with private investment of \$60 million. For more information please visit their website at www.state.co.us/MNT

MNT Achievements

- Bridged the Digital Divide – Statewide fiber backbone implemented.
- Economic Development for Rural Areas – Increased primary jobs in rural areas
- Backbone of e-government – Over 700 cities, counties, schools, libraries, hospitals and other non-profits are using the network.
- Reduced costs – Equity pricing has been achieved, as has affordable internet access across the state.



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