

PRESS EMBARGO UNTIL 8:00 a.m., APRIL 2, 2013

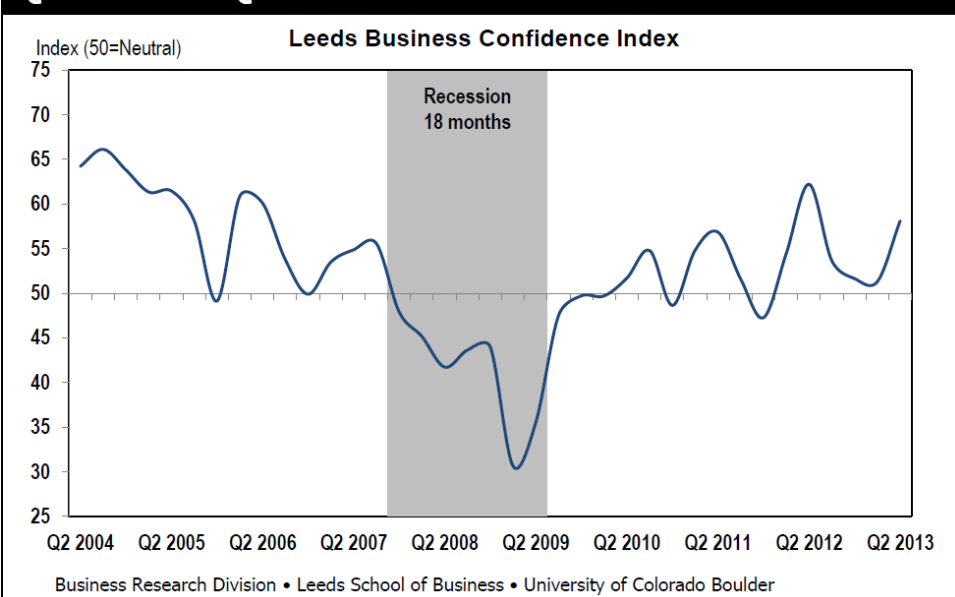
Overview — Confidence Surges

Confidence surged going into Q2 as uncertainty eased and the economy demonstrated a more stable footing. Now in its 10th year, the Leeds Business Confidence Index (LBCI) measures the confidence of Colorado business leaders in six categories: national economy, state economy, industry sales, industry profits, hiring plans, and capital expenditures. The LBCI increased sharply, from 51.3 in Q1 2013 to 58.1 in Q2 2013.

Expectations measured positive (above 50) for all metrics, including the national economy and industry hiring plans, which were negative one quarter ago. Hiring expectations marked the greatest quarterly improvement, followed by sales and profits expectations. While the outlook for the state and the nation both improved for the quarter, the ongoing differential between the state and the nation increased in Q2, to 11.6, indicating that Colorado business leaders still have greater confidence in the local economy than the national economy.

After confidence teetered in Q1 in conjunction with the fiscal cliff, the Q2 index reading makes six consecutive quarters of positive expectations. As the economy heads into second quarter, month-over-month employment is recording moderate growth and jobless claims continue to fall, demonstrating stronger footing in the labor market. While GDP in Q4 2012 was weak, expectations still point to improving growth in 2013 and 2014. Economic risks include the drag of cuts in federal spending and the European debt crisis, although respondents indicated these concerns are subordinate to consumer confidence and tax policy. The debt ceiling debate will likely be pushed to September 2013, reducing the immediate threat to the economy, and the Federal Reserve demonstrated in March its continued commitment to current policy.

LBCI Q2 2004 – Q2 2013



National and State Economies — Positive Outlook

Panelists have a positive outlook for the national and state economies for Q2. Optimism about the local economy continues to outstrip that for the nation—a 32-quarter occurrence in the index.

Confidence in the state economy increased to 62.1, the highest reading in a year. Roughly 32% of respondents are neutral regarding the state economy, while 55% expect expansion (up from 45.5% in Q1). The gap widened between the two “tails” of the survey scale, strong decrease (0.5%) and strong increase (6.4%).

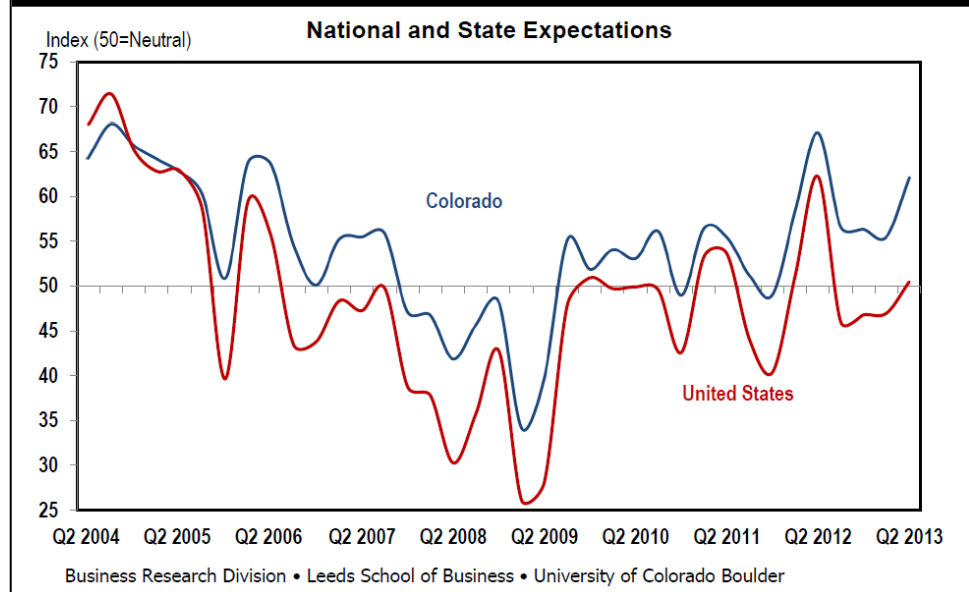
Confidence in the national economy increased 3.5 points, to 50.4, with optimists outweighing pessimists, 33.7% to 31.9%. Roughly 34% of survey respondents remain neutral.

Economic data released during the first quarter indicated a

slowdown in economic activity. The Bureau of Economic Analysis (BEA) reported U.S. real GDP expanded at an annual rate of 0.1% in Q4 2012, with the slowdown primarily caused by dramatic cuts in federal government expenditures. The slow quarter is expected to give way to faster growth in 2013, based on employment growth, investment, and exports. The National Association for Business Economics projects that real GDP will grow at an annualized rate of 2.2% in Q2 2013, and 2.4% for the year (Q4/Q4). This growth is expected to give way to slightly faster growth next year.

Seasonally adjusted month-over-month U.S. employment gains were recorded for the 29th consecutive month in February. The data indicate strength, with gains surpassing 100,000 every month since July, and growing by 236,000 jobs in February. Colorado’s month-over-month gains totaled 7,100 in January, and the state added 51,800 jobs (2.3%) in 2012. Consumer prices and inflation-adjusted core consumption levels are expected to grow at 2.0% and 1.7%, respectively, in 2013.

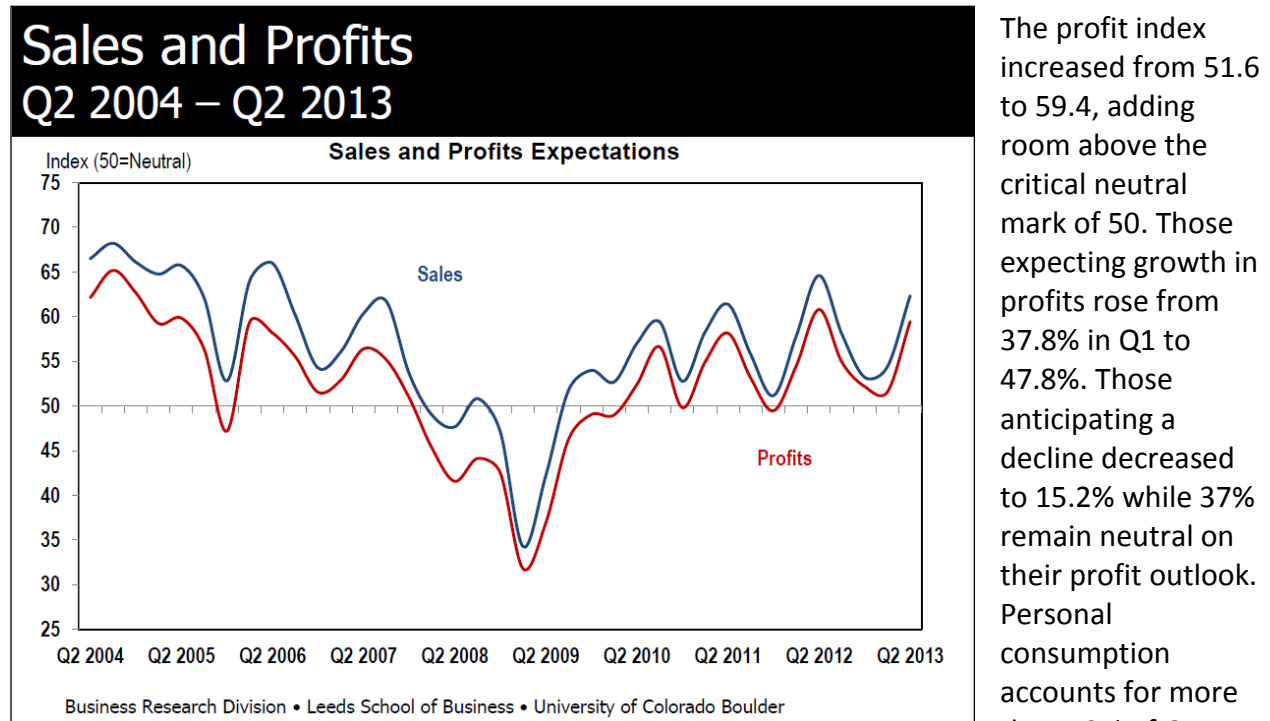
U.S. and Colorado Economies Q2 2004 – Q2 2013



Sales and Profits — Rebounding in Tandem

Panelists' responses on sales and profits shot up in Q2, increasing well into positive territory. The sales index recorded a reading of 62.3 and profits, 59.4.

The sales index recorded the highest individual component reading for the quarter, at 62.3. This positive reading was buoyed by 58.4% of respondents who expect an increase in sales in Q2 versus only 13.9% who anticipate a decline. Nearly 28% remain neutral. Few are on the extreme tails of the scale, with 5.7% expecting strong increases and 0.8% strong decreases.



The profit index increased from 51.6 to 59.4, adding room above the critical neutral mark of 50. Those expecting growth in profits rose from 37.8% in Q1 to 47.8%. Those anticipating a decline decreased to 15.2% while 37% remain neutral on their profit outlook. Personal consumption accounts for more than 70% of GDP,

and consumer strength is a key indicator for future sales and profits. Consumption is affected by the jobs situation, and the national unemployment rate declined to 7.7% in February.

In Colorado, employment increased in January, and the statewide rate of unemployment dropped to 7.3%. According to The Conference Board, the Consumer Confidence Index increased from 58.4 in January to 69.6 in February for the nation, while the Mountain Region increased slightly, from 58.5 in January to 61.1 in February.

Personal income, wealth, and consumption all demonstrate stabilization, supporting growth in sales and profits. According to the BEA, personal income rose in all 366 of the nation's metropolitan statistical area (MSAs) in 2012. In Q3 2012, personal income increased year-over-year in the United States and Colorado. Although home prices in the state remain 5.1% below the peak reached in Q1 2008, they were up 2.5% in Q4 2012 from Q4 2011, according to the Federal Housing Finance Authority (FHFA) all-transactions index. In the labor market, employment gains in the state are projected to continue into 2013, and wages are showing similar progress. Through December 2012, Colorado taxable retail sales were up 3.1% from the previous peak in May 2008 based on rolling annual sales.

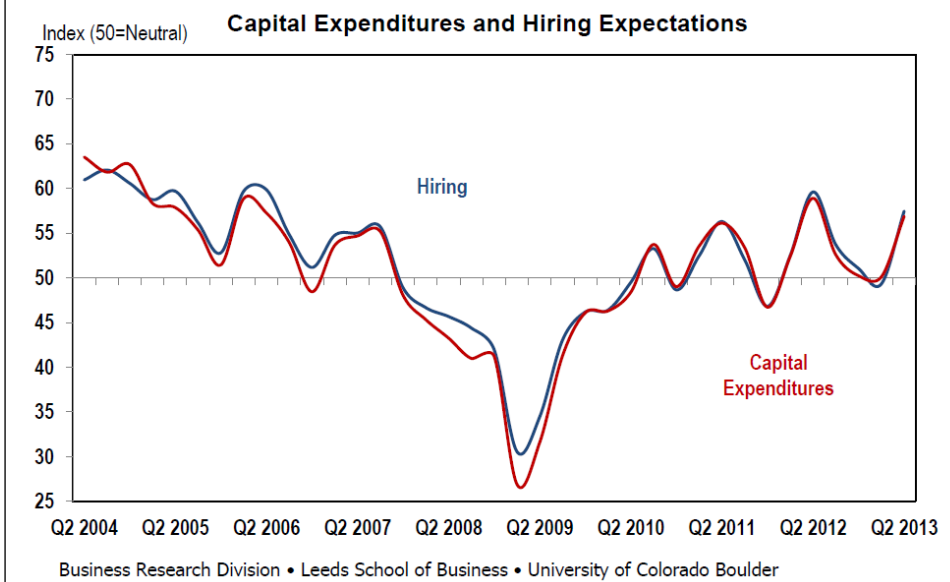
Capital Expenditures and Hiring — Increased Investment

The expectations for capital expenditures and hiring registered higher heading into Q2 2013. The capital expenditures index climbed to 56.9, and the hiring plans index increased to 57.5.

Capital investment expectations measured 56.9, an increase from 51.3 in Q4. While 41.4% of panelists are neutral, nearly 41.1% expect a boost in capital expenditures. The tails, strong increase and strong decrease, tilted positive at 6.2% and 2.3%, respectively.

Hiring expectations increased from 50.1 in Q1 to 56.9 in Q2. More than 42% of the panelists are neutral on hiring. The positive trend in the hiring component of the index is being driven by the 42.7% of respondents who expect an increase in hiring.

Capital Expenditures and Hiring Q2 2004 – Q2 2013



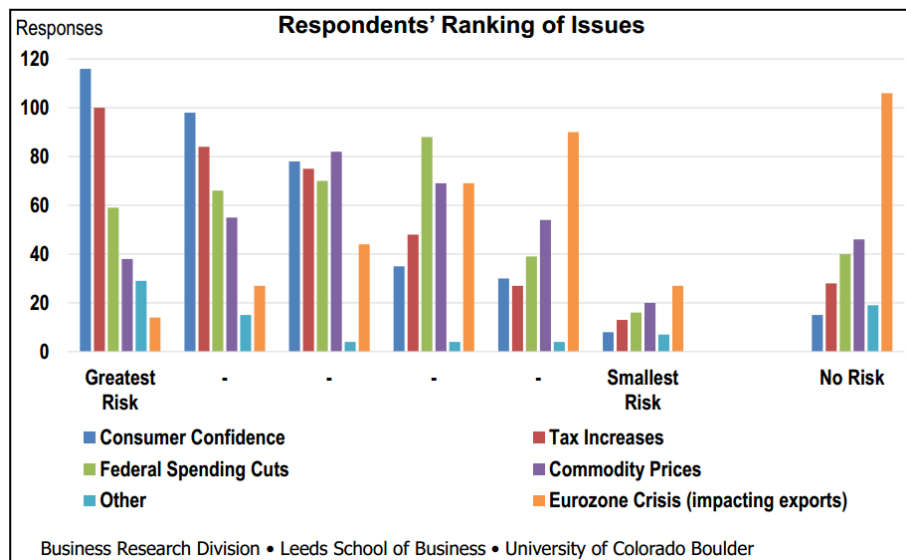
Despite month-to-month employment volatility, numbers from the Bureau of Labor Statistics show that Colorado turned the corner on jobs in October 2010. Colorado exhibited growth of 35,900 jobs (1.6%) in 2011 and 51,800 jobs (2.3%) in 2012.

While Colorado employment figures vary greatly by industry and by MSA, all of Colorado MSAs recorded year-over-year growth in January 2013. Seasonally adjusted January employment figures showed the highest year-over-year growth rates in the Boulder (+2.8%), Denver-Aurora-Broomfield (+2.7%), and Greeley (+2.6%) MSAs. Fort Collins-Loveland (+2%), Colorado Springs (+1.8%), Grand Junction (+0.5%), and Greeley (+0.5%) MSAs complete the list.

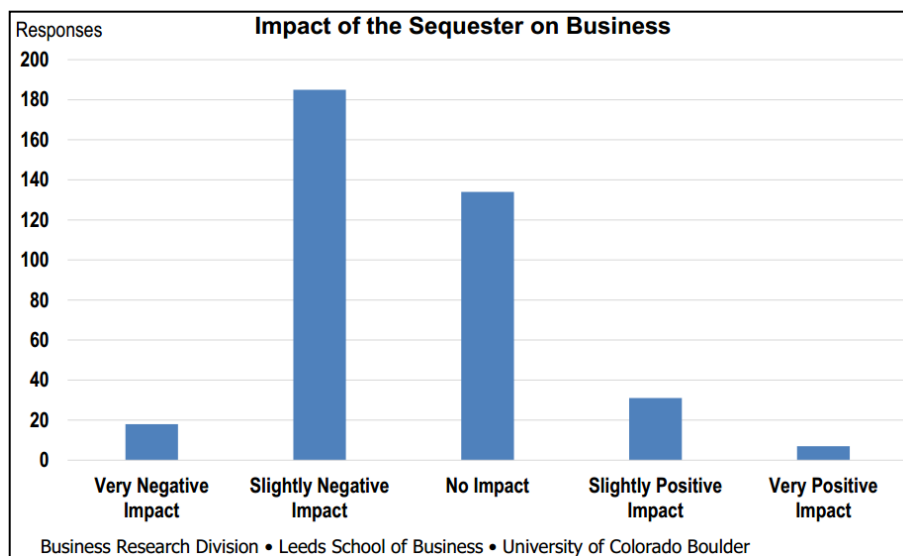
Statewide, the greatest employment gains year-over-year in January were in Professional and Business Services (+13,900 jobs); Trade, Transportation, and Utilities (+12,300 jobs); Leisure and Hospitality (+11,900 jobs); and Education and Health Services (+8,300), while losses were recorded in Mining (-200 jobs) and Information (-1,500 jobs).

Additional Questions on Sequestration and Economic Risks

While the economy is demonstrating a stronger foundation, risks still persist that could derail growth. Despite the media attention with the federal spending cuts and the ongoing European debt crisis, both issues were overshadowed in respondents' minds by risks related to tax policy and consumer confidence. In fact, many respondents indicated the eurozone crisis posed no risk at all to their businesses. Going forward, adverse developments in consumer confidence and tax policy could have substantial impacts on a shaky recovery. Within this context, the issue of federal spending cuts was addressed by panelists in a separate question.



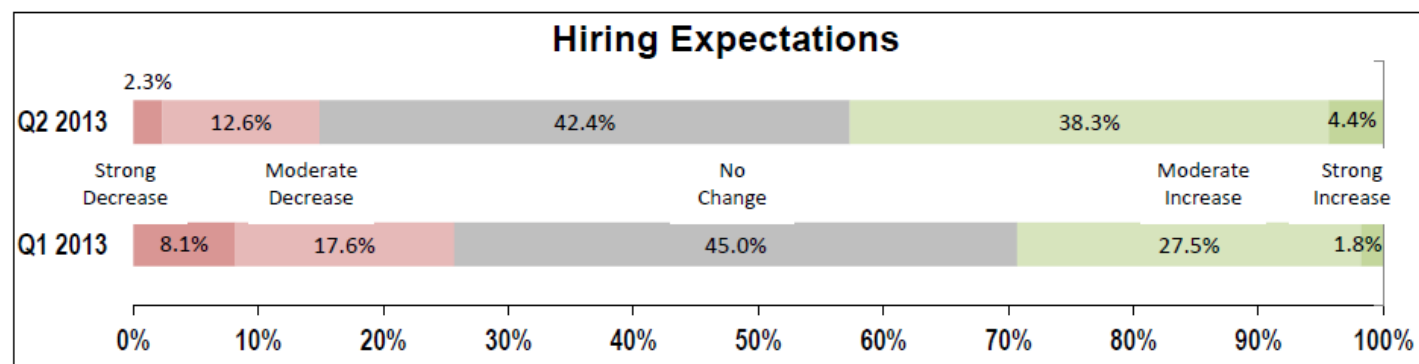
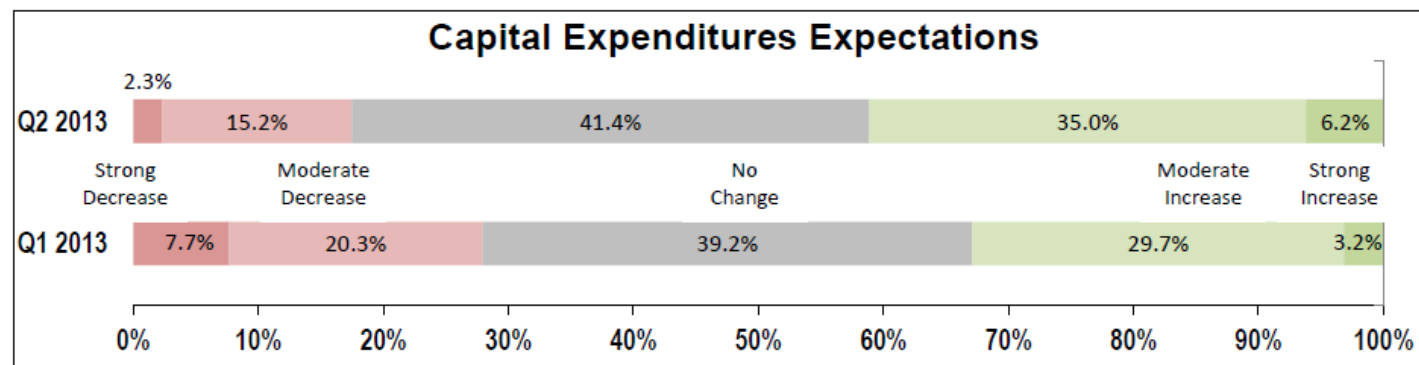
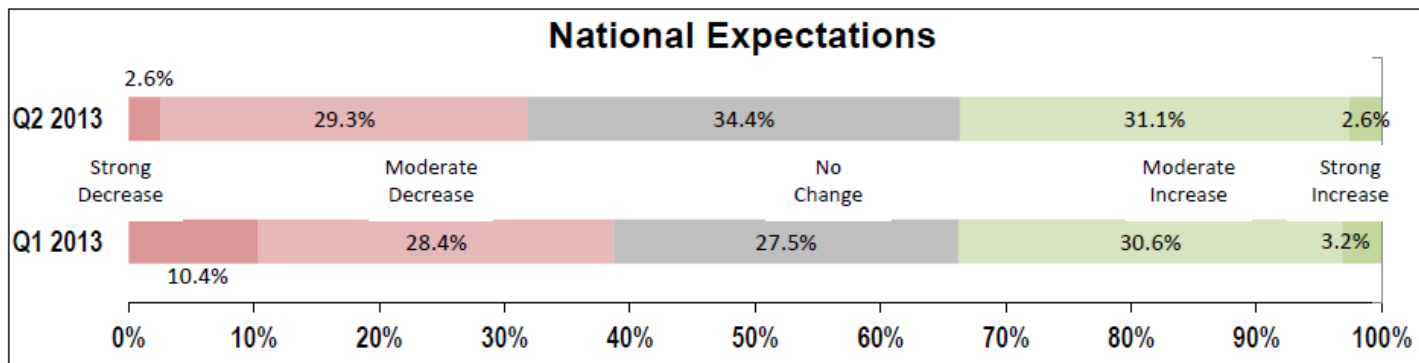
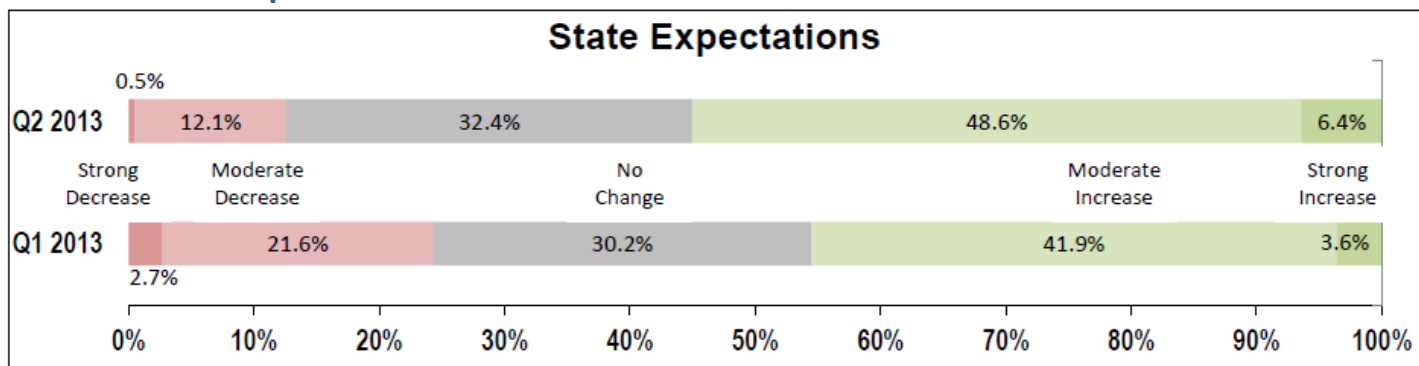
On March 1, 2013, automatic, across-the-board federal budget cuts took effect, reducing federal spending by \$85 billion from the fiscal year 2013 budget. The impacts of the sequester are far reaching, having the largest impact on the Department of Defense. For Colorado, sequestration will likely have fragmented, regional impacts on communities with the highest

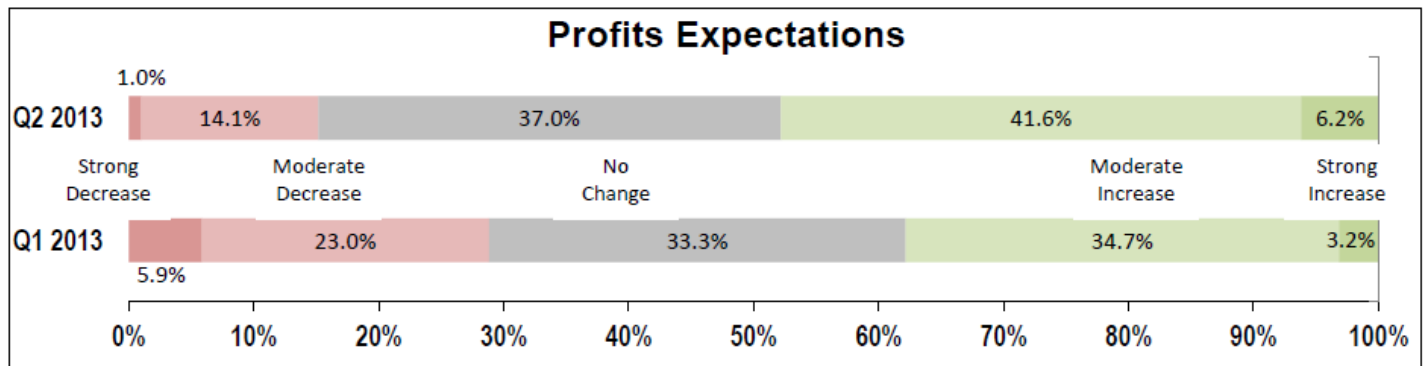
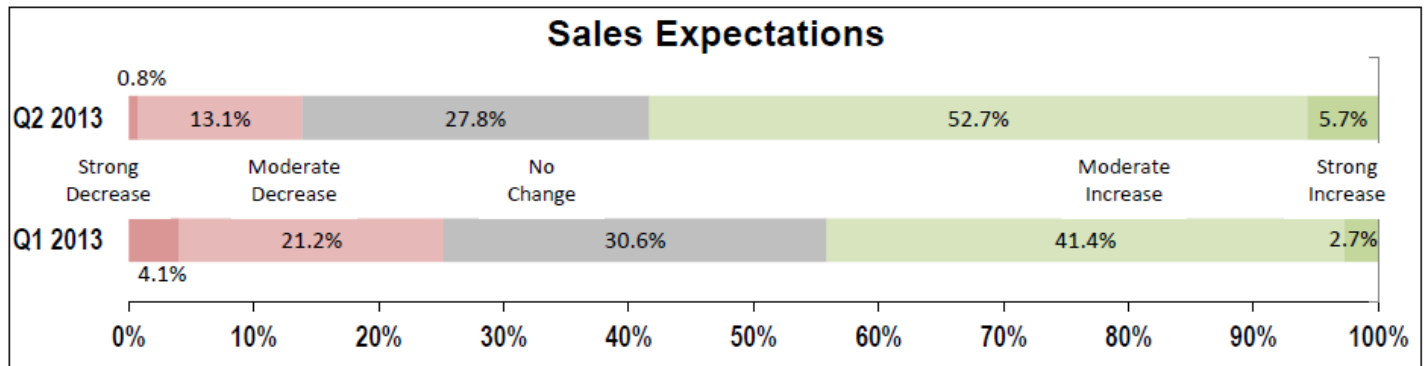


levels of federal activity, including Colorado Springs and the Denver Metro region, where the majority of Colorado's federal facilities reside. However, impacts may perhaps be even more visible in the smaller economies around the state, where federal spending account for a larger share of the local economies. In March,

Congress passed a bill delaying government shutdown by six months, but which locked in the \$85 billion in spending cuts. The majority of respondents (54.1%) said that the sequester would have a negative impact on their businesses, while a small group (10.1%) said the sequester would actually help their businesses.

Distribution of Expectations





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For more information about the LBCI and to become a panelist, go to:
<http://leeds.colorado.edu/brd#leedsbusinessconfidenceindex>