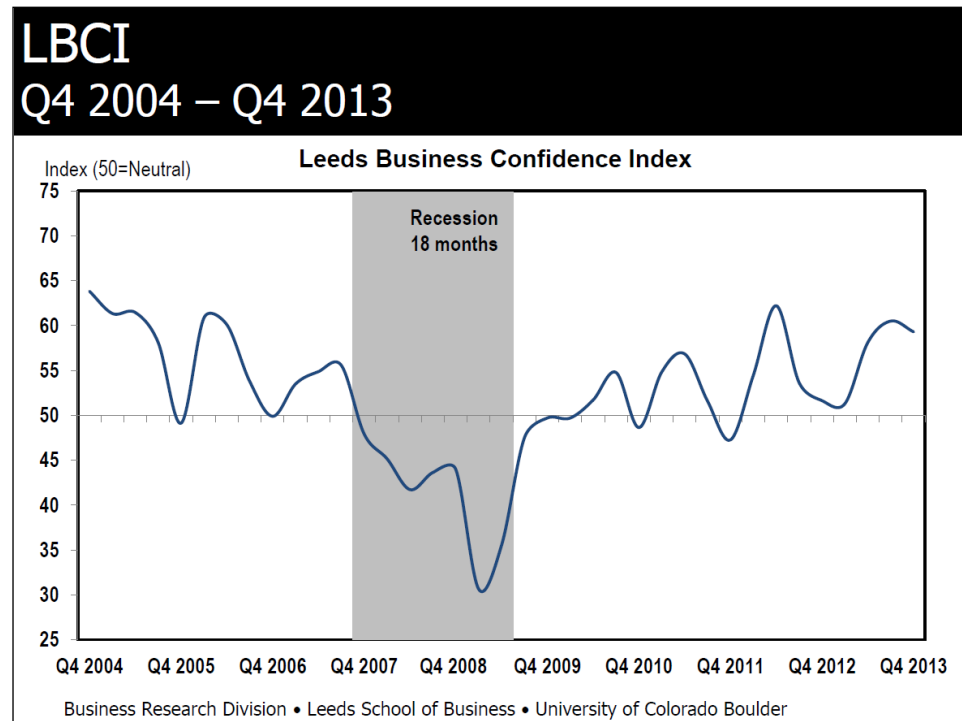


Overview — National and State Confidence Remains Positive

While still near a post-recession high, confidence slightly declined going into Q4 as uncertainty facing a potential government shutdown and federal deficit increased. 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 decreased, from 60.5 in Q3 2013 to 59.3 in Q4 2013.

Expectations remain positive (above 50) for all metrics, including the national economy and industry hiring plans, which were negative heading into 2013. Expectations for the national economy, industry sales, hiring plans, and capital expenditures faced a slight decline going into Q4 when compared with Q3, while industry profit expectations saw a slight gain during the



same period. Confidence in the state economy continues to outstrip the national economy, increasing the gap between the two to 8.4.

Despite slightly waning optimism, the Q4 index reading marks eight consecutive quarters of positive expectations. As the economy heads into the fourth

quarter, consumer confidence is strengthening; month-over-month employment is recording moderate growth; and jobless claims continue an overall decline, demonstrating a stronger footing in the labor market. The nation's GDP growth in Q2 2013 surpassed expectations, as it grew 2.5%, with improving growth forecasted in the second half of 2013 and 2014. Economic risks include fiscal drag, a potential government shutdown, the conflict in Syria, and the European debt crisis.

The Federal Reserve also recently announced its intent to push back plans of tapering the quantitative easing program that was expected to begin this fall as concerns over the government shutdown and the federal deficit resonate.

National and State Economies — Positive Expectations

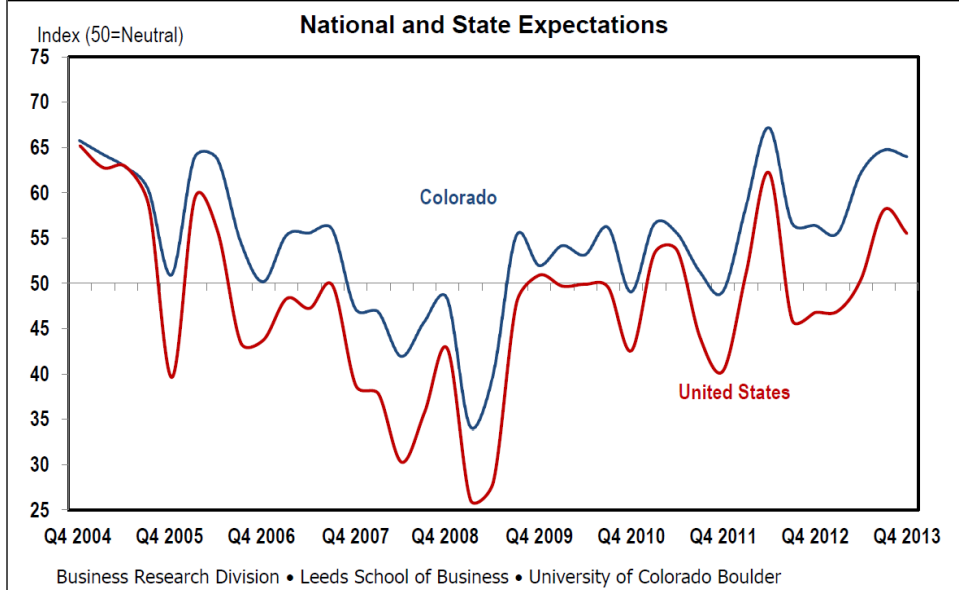
Panelists continue to retain a positive outlook for the national and state economies for Q4 2013. Optimism about the local economy continues to surpass that for the nation, a 34-quarter trend in the index.

Confidence in the state economy slightly decreased to 63.9. Approximately 35% of respondents are neutral regarding the state economy, while 57% expect expansion (down from 60.2% in Q3). More than 6% of respondents expect a strong increase, while merely 0.4% expect a strong decrease in Q4.

Despite falling 2.6 points, confidence in the national economy remained positive at 55.5, with optimists continuing to outweigh pessimists, 41% to 18.7%. Approximately 40% of survey respondents remain neutral. Economic data released during the third quarter indicated acceleration in economic activity. The Bureau of Economic Analysis (BEA) reported U.S. real GDP expanded at an annual rate of 2.5% in Q2 2013, an acceleration following 1.1% GDP growth in Q1 2013 and 0.1% growth in Q4 2012. The steady growth at the beginning of 2013 is expected to be continued throughout the rest of the year, with uncertainty weighing on growth in the fourth quarter. The National Association for Business Economics projects that real GDP will grow at an annualized rate of 2.5% in Q3 2013, 2.1% in Q4, and 1.6% overall for the year. GDP growth is expected to increase to 2.6% in 2014.

Seasonally adjusted month-over-month U.S. employment gains were recorded for the 35th consecutive month in August. The data indicates strength, as gains surpassed 100,000 every month since July 2012, and grew by 169,000 jobs in August 2013. Seasonally adjusted, Colorado's month-over-month losses totaled 4,300 in August, (Note: Colorado announced total nonfarm jobs will be revised up for the period in August; data listed is subjected to change.) although year-over-year growth has totaled 56,800 jobs added or 2.5% growth. Over the past three and a half years, the average monthly employment gains for the country grew from 85,000 per month in 2010, to 175,000 in 2011, 183,000 in 2012, and 180,000 so far in 2013. Nationwide consumer prices and inflation-adjusted core consumption levels are expected to grow at 1.9% and 2.0%, respectively, in 2013.

U.S. and Colorado Economies Q4 2004 – Q4 2013



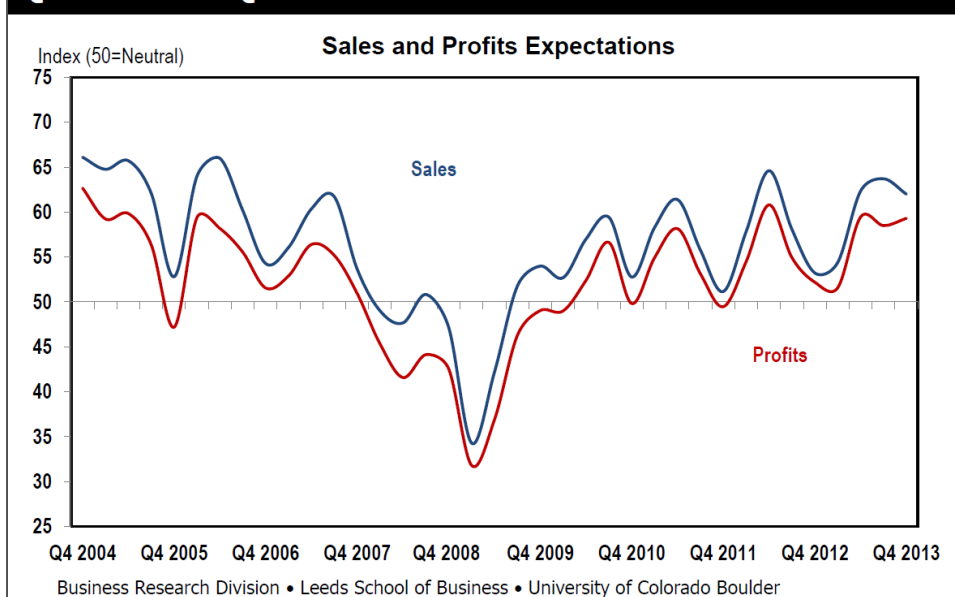
Sales and Profits — Minimal Deviation

Panelists' responses on sales decreased slightly, while profits expectations increased for Q4. Both metrics remain well within positive territory. The sales index recorded a reading of 62 and profits, 59.3.

The positive sales index was maintained by 54.9% of respondents who anticipate an increase in sales in Q4 as opposed to only 11.6% who expect a decline. Approximately 34% remain neutral. Strong optimism for sales was voiced by 6.0% of respondents, while only 1.1% expect strong decreases.

The profit index proceeded to rise to 59.3. Those expecting growth increased from 45.2% in Q3

Sales and Profits Q4 2004 – Q4 2013



to 47.4%, and those expecting decline decreased to 13.4%. Roughly 39% remain neutral. Profits and sales are largely dependent on consumer strength, which is then dependent on employment. The U.S. unemployment rate stood at 7.3% in August, seasonally adjusted.

In Colorado, employment decreased in August, and the statewide rate of unemployment fell to 7.0%, seasonally adjusted. According to The Conference Board, the Consumer Confidence Index increased year-over-year, but fell from 81.8 in August to 79.7 in September for the nation, while the Mountain Region decreased as well, from 87.6 in August to 73.1 in June.

In Q1 2013, personal income fell in most of the 366 of the nation's metropolitan statistical area (MSAs). This is attributed to the expiration of the "payroll tax holiday" and acceleration of the receipt of income according to the BEA. Home prices in the state remain 1.8% below the peak reached in Q1 2008, but were up 2.1% over Q1 2013 and 6.1% year-over-year, according to the Federal Housing Finance Authority (FHFA) all-transactions index. Colorado home prices have thus recovered significantly better than those for the nation, which remain 14.6% below their Q1 2007 peak. In the labor market, employment gains in the state are projected to continue through 2013, and wages are showing similar progress. Through June 2013, Colorado taxable retail sales were up 5.6% from the previous peak in May 2008 based on rolling annual sales.

Capital Expenditures and Hiring — Mirror One Another

The expectations for capital expenditures and hiring registered lower heading into Q4 2013. The capital expenditures index declined to 57.4, and the hiring plans index decreased to 57.8.

Capital investment expectations decreased from 59.3 in Q3 to 57.4 in Q4 2013. Approximately 47% of panelists remain neutral, while 38.4% of respondents expect a boost in capital expenditures. The split between the two poles of the survey, strong increase and strong decrease, is skewed positive at 7.1% and 1.9%, respectively.

Hiring expectations decreased slightly from 58.9 in Q3 to 57.8 in Q4. Just over 46% of the panelists are neutral on hiring. The hiring index is still trending positive with 40.7% of respondents expecting growth. Only 13% of panelist expect a decrease.

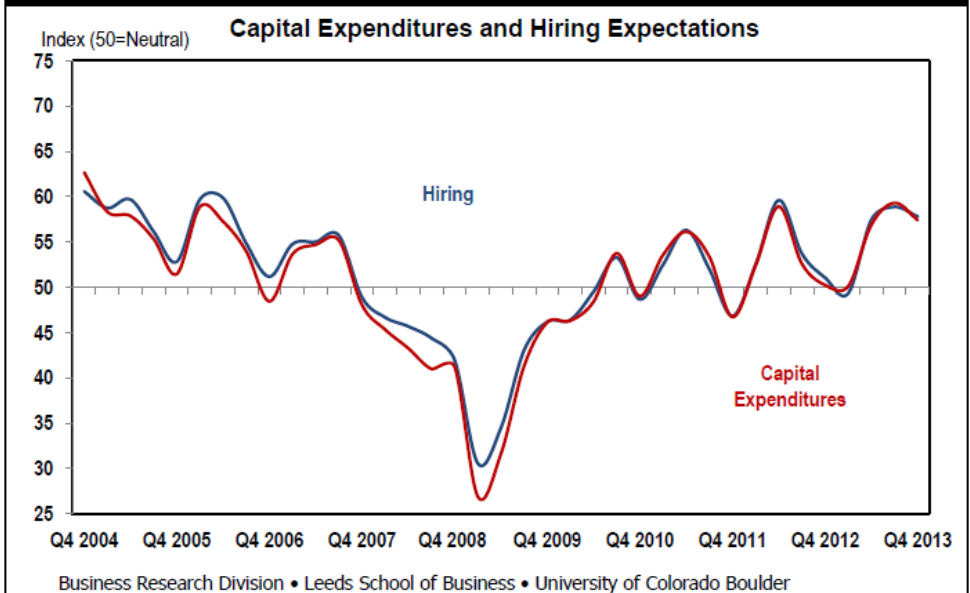
Despite month-to-month employment volatility, numbers from the Bureau of Labor Statistics show that Colorado turned the corner on jobs in October 2010. Colorado exhibited growth of 35,900 jobs (1.6%) in 2011 and 51,800 jobs (2.3%) in 2012.

While Colorado employment figures vary greatly by industry and by MSA, all Colorado MSAs recorded year-over-year growth in August 2013, with the exception of the Pueblo MSA. Seasonally adjusted August numbers showed the highest year-over-year growth rates were in the Denver-Aurora-Broomfield (+2.9%), Greeley (+2.5%), and

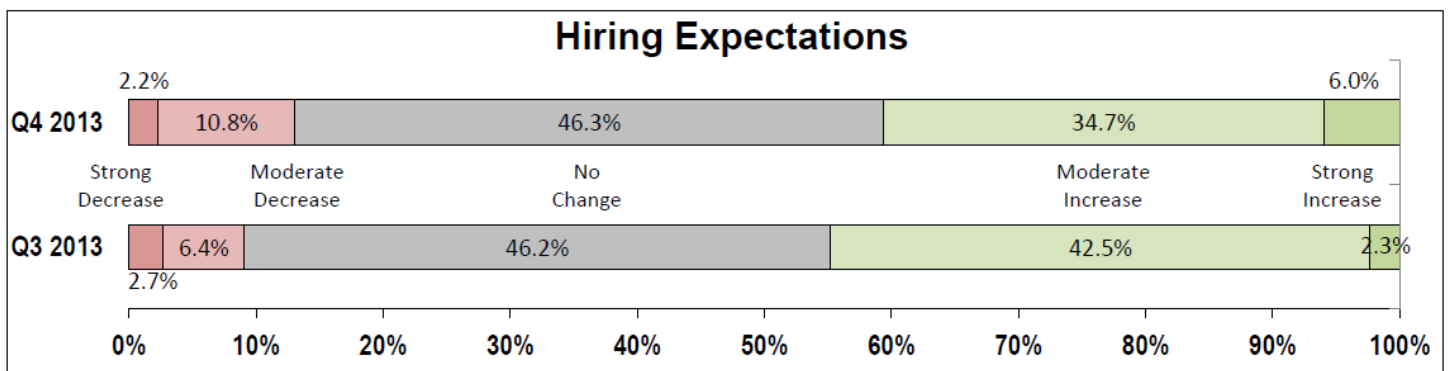
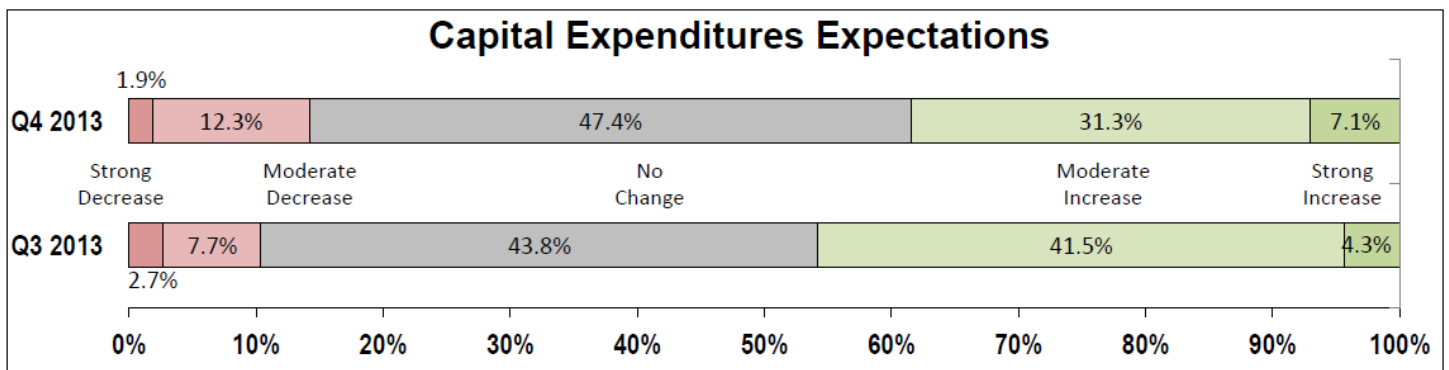
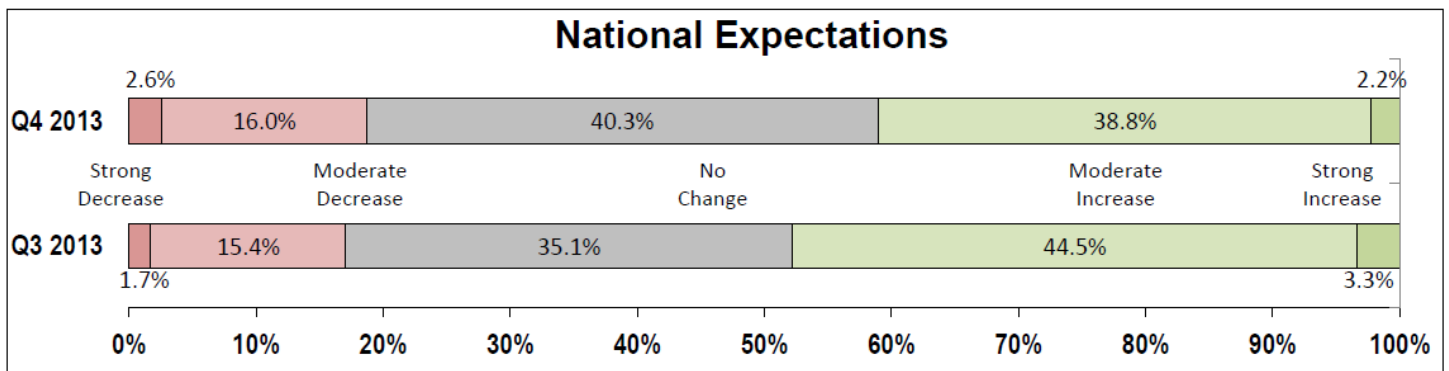
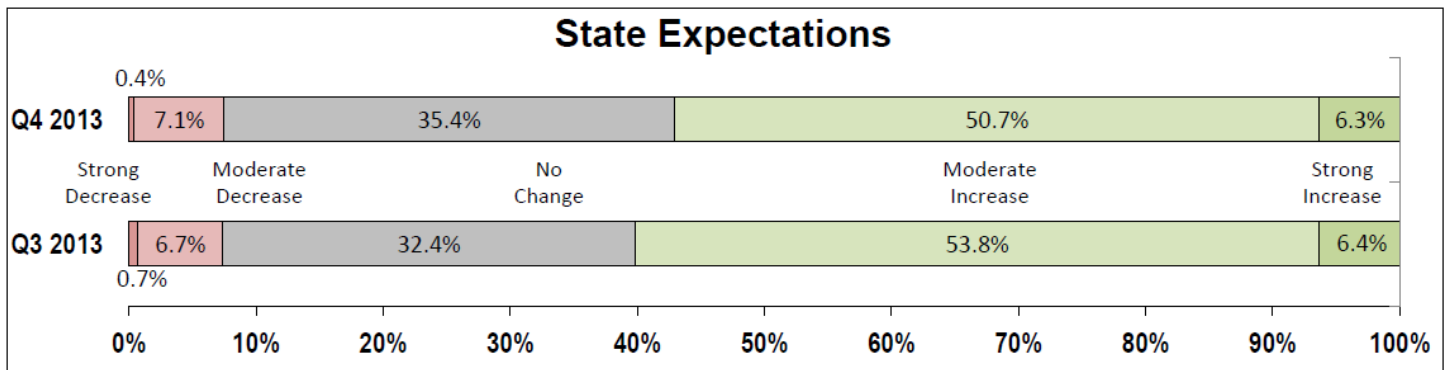
Boulder (+2.2%) MSAs. The Fort Collins-Loveland (+1.8%), Colorado Springs (+1.0%), Grand Junction (+0.8%), and Pueblo (-0.3%) MSAs complete the list. Not seasonally adjusted, the Boulder (5.4%), Fort Collins-Loveland (5.6%), and Denver-Aurora-Broomfield (6.8%) MSAs enjoyed the lowest unemployment rates in the state as of July, while Pueblo (9.9%), Grand Junction (8.3%), Colorado Springs (8.4%), and Greeley (7.5%) experienced the highest.

Statewide, the greatest employment gains year-over-year in August were in Professional and Business Services (+16,400 jobs); Leisure and Hospitality (+11,800 jobs); Education and Health Services (+6,600); and Trade, Transportation, and Utilities (+5,800 jobs), while losses were recorded in Financial Activities (-1,800 jobs) and Mining (-300 jobs).

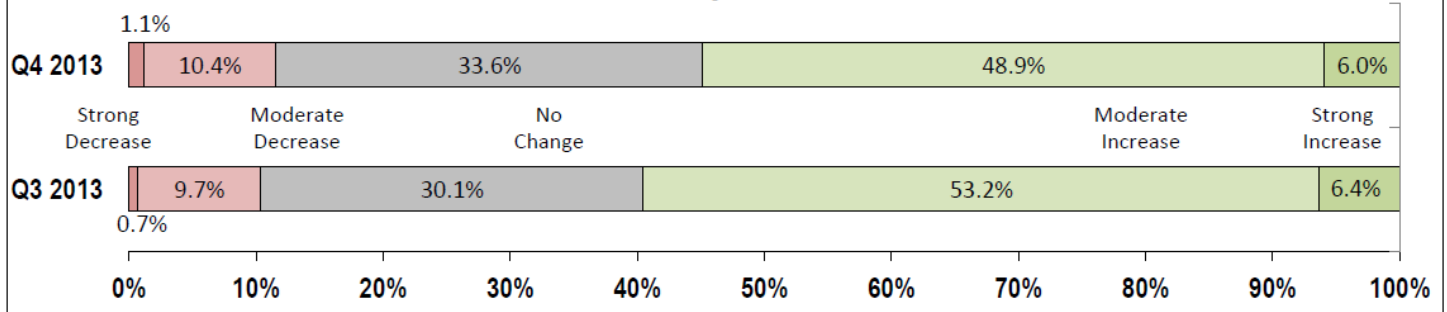
Capital Expenditures and Hiring Q4 2004 – Q4 2013



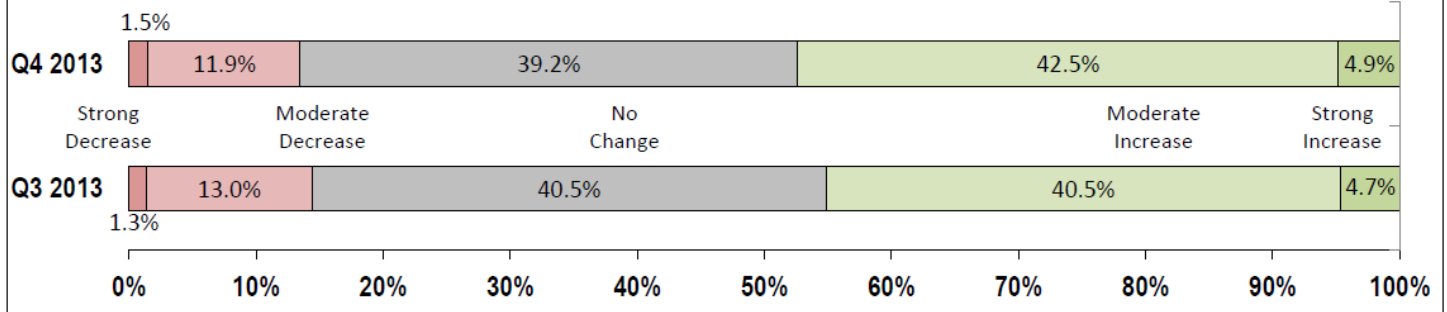
Distribution of Expectations



Sales Expectations



Profits Expectations



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For more information about the LBCI and to become a panelist, go to:

<http://leeds.colorado.edu/brd#leedsbusinessconfidenceindex>