

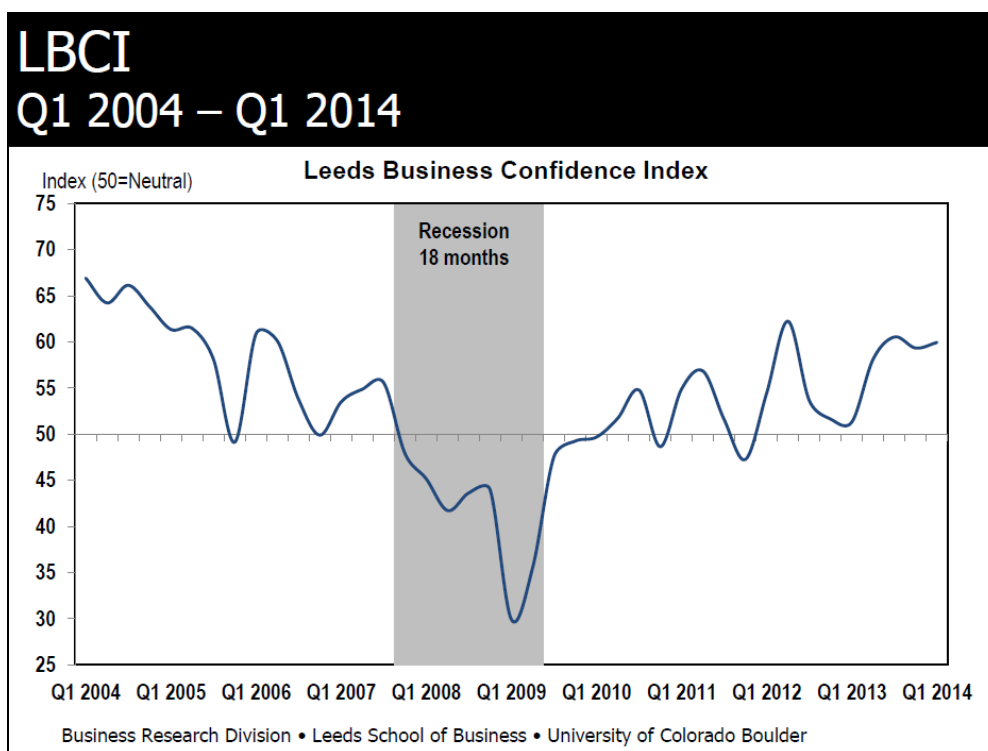
PRESS EMBARGO UNTIL 8:00 a.m., JANUARY 2, 2014

Overview — Positive Outlook Remains

Colorado business leaders' expectations going into Q1 2014 remain positive as economic conditions continue to improve and some political risks subsided. 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 slightly, from 59.3 in Q4 2013 to 59.9 in Q1 2014.

Expectations stayed comfortably in positive territory (above 50) for all metrics. Compared to the Q4 2013 survey, Q1 survey respondents' confidence improved for all metrics except sales and profits expectations, with the greatest gain recorded in expectations for the national economy. The ongoing differential between the state and the nation narrowed in Q1, to 7.4, indicating that Colorado business leaders still have greater confidence in the local economy than the national economy.

The sustained confidence present in Q1 represents nine consecutive quarters of positive expectations—tying the record for optimism set from 2003–2005. This confidence coincides with positive signals from the market—accelerating GDP growth, employment gains, and rebounding wealth, as well as a federal budget compromise and a reduction in stimulus by the Fed.

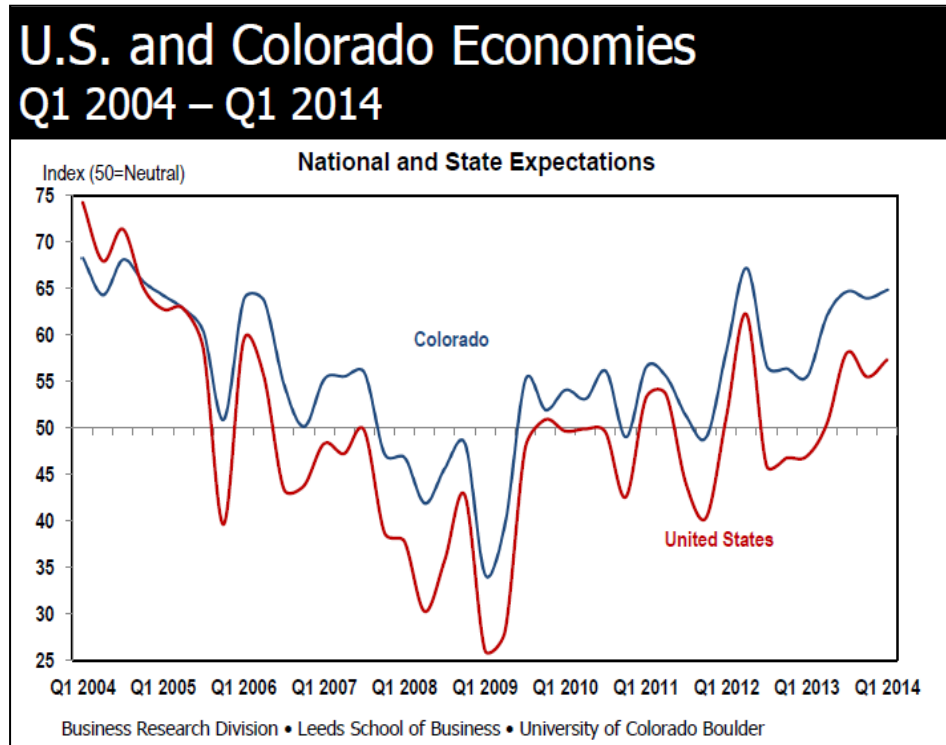


National and State Economies — Improved Expectations

Panelists have a positive outlook for the national and state economies in Q1 2014, both accelerating from Q4 2013. Optimism about the local economy continues to outstrip that of the nation—a 35-quarter trend in the index.

Confidence in the state economy increased to 64.8. Roughly 36% of respondents are neutral regarding the state economy, while 58.5% expect expansion (up from 57.1% in Q4). The gap between the two “tails” of the survey scale, strong increase and strong decrease, narrowed slightly in Q1, to 0.4% and 6.4%, respectively.

Confidence in the national economy increased 1.9 points, to 57.4, with optimists outweighing pessimists 46.1% to 18.4%. Roughly 35% of survey respondents remain neutral.



Economic data released during the fourth quarter suggest improving conditions. The Bureau of Economic Analysis (BEA) reports U.S. real GDP expanded at an annual rate of 1.1% in Q1 2013, 2.5% in Q2, and 4.1% in Q3. The Q3 estimate was revised upward in December based on stronger personal consumption expenditures and nonresidential fixed investment.

December projections for real GDP provided by the National Association for Business Economics (prior to the Q3 GDP revision) stood at 1.7% for 2013 and 2.5% for 2014. Fiscal drag concerns abated slightly in December with a federal budget compromise that eased sequestration. The Fed announced it will begin tapering in January, which also signals an economy that has improved to the point that it requires less stimulus. Internationally, the eurozone economy is growing after many regional countries experienced recession.

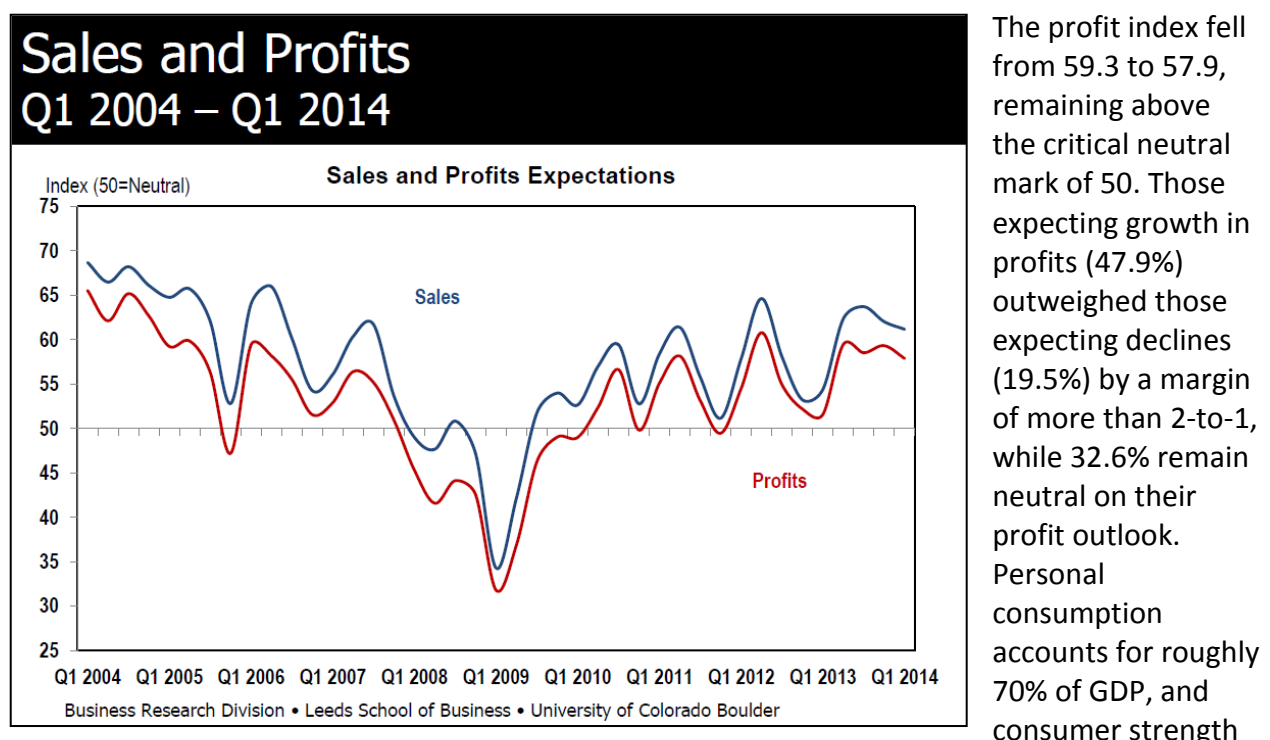
Seasonally adjusted month-over-month U.S. employment gains were recorded for the 38th-consecutive month in November. The data indicate strength, with month-over-month gains averaging 189,000 so far in 2013. Colorado’s month-over-month gains totaled 4,200 in November and 4,300 in October. Nationally, the Bureau of Labor Statistics (BLS) reported the Consumer Price Index for All Urban Consumers rose 1.2% year-over-year in November, while

core inflation was up 1.7% for the same period. Consumer prices and inflation-adjusted consumption levels are expected to grow at 1.7% and 2.4%, respectively, in 2014.

Sales and Profits — Holding Strong

Panelists' remained bullish on sales and profits looking ahead to Q1, though the two measures recorded slightly less optimism compared to Q4 2013. Despite the direction, expectations for both metrics remain well into positive territory going into the New Year. The sales index recorded a reading of 61.2, and profits, 57.9.

The sales index was buoyed by the 55.7% of respondents who expect an increase in sales in Q1 versus only 15.6% who anticipate a decline. Just under 29% remain neutral. Few are on the extreme tails of the scale, with 5.3% expecting strong increases and 0.7% strong decreases.



is a key indicator for future sales and profits. Consumption is affected by the jobs situation, and both job growth and the unemployment rate have been improving. The November seasonally adjusted unemployment rate fell to 7%—the lowest rate in five years.

In Colorado, employment increased in November, and the statewide rate of unemployment dropped to 7.7%. According to the BEA, personal income rose in the state 1.4% from Q2 2013 to Q3 2013, a rate faster than the national growth in personal income. Home prices in the state rose to 1.1% above the pre-recession peak in Q3 2013, according to the FHFA all-transactions index. In the labor market, employment gains in the state are projected to continue in 2014, likely recording the second-best year of growth in the past decade with an additional 61,300 jobs. Retail sales continue moderate year-over-year growth, with statewide August taxable sales up 8.0%.

Capital Expenditures and Hiring Plans — Mixed Signals

The expectations for capital expenditures and hiring inched higher going into 2014, continuing to move in lockstep.

Capital investment expectations measured 59, an increase from 57.4 in Q4 2013. While 38.7% of panelists are neutral, 47.2% expect a boost in capital expenditures. The tails, strong increase and strong decrease, tilted positive at 5% and 1.8%, respectively.

Hiring expectations increased from 57.8 in Q4 to 59.3 in Q1. More than 43% of panelists are neutral on hiring, and 45% are positive.

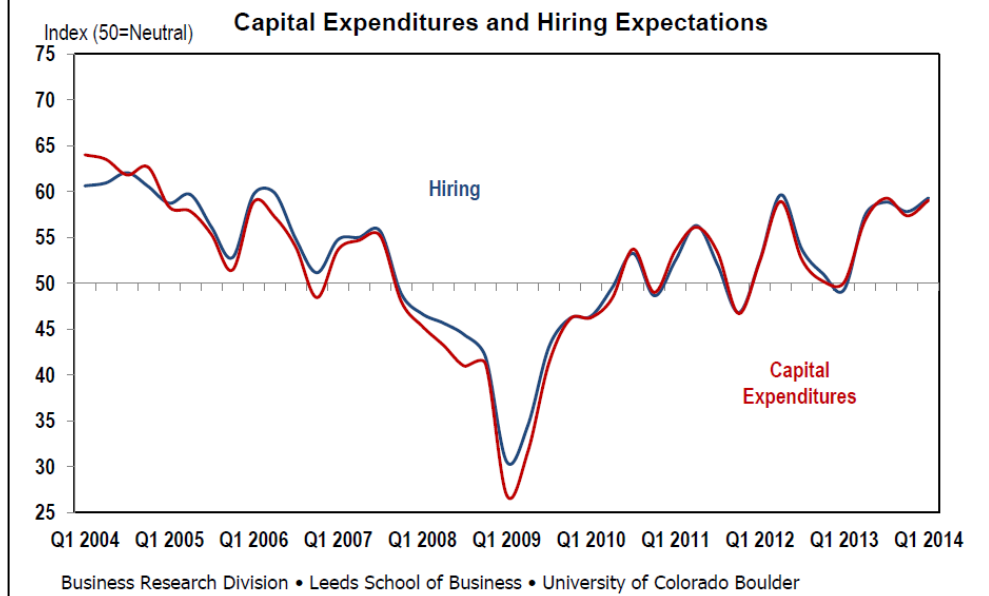
Colorado has recorded 38 months of year-over-year growth,

increasing 2% in November. The Colorado Department of Labor and Employment has indicated expected revisions that will accelerate the recorded rate of growth for Colorado. The Leeds School forecast projects 2.9% overall growth for 2013, slowing modestly to 2.6% in 2014.

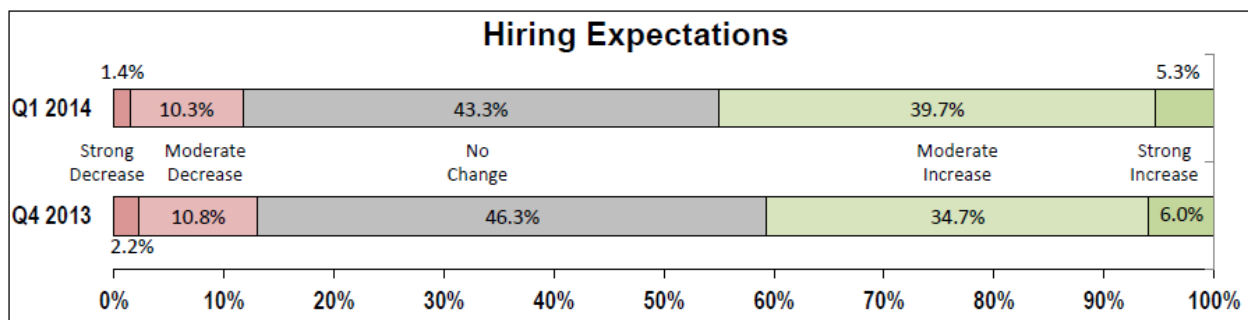
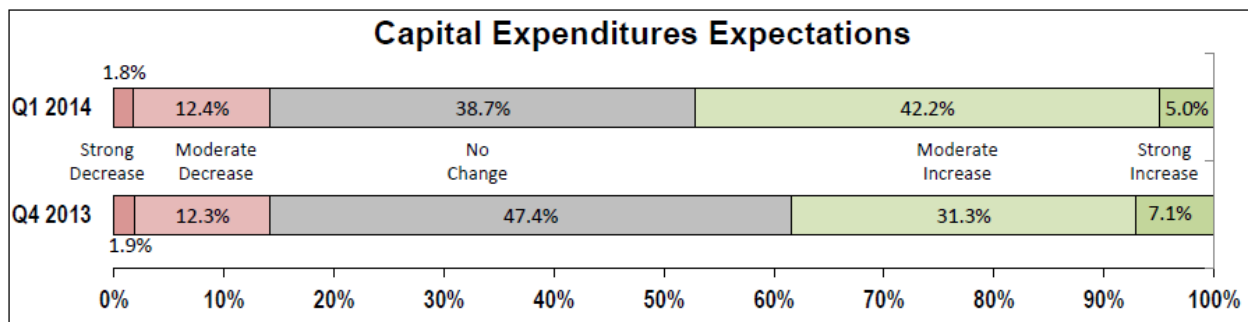
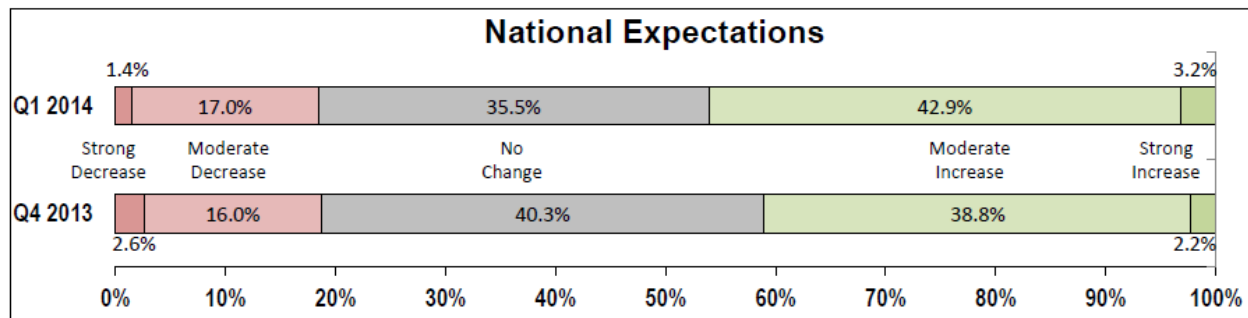
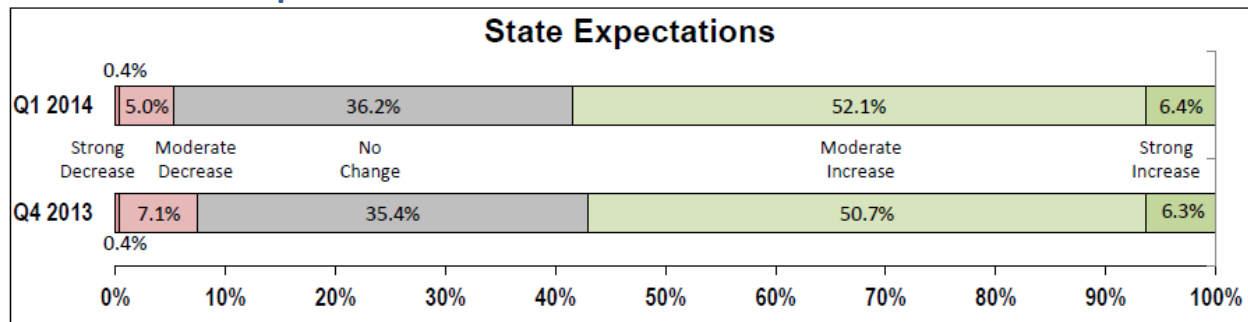
While Colorado employment figures vary greatly by industry and by metropolitan statistical area (MSA), all of Colorado MSAs recorded year-over-year growth in November. Seasonally adjusted November employment figures showed the highest year-over-year growth rates in the Greeley (+4.5%), Denver-Aurora-Broomfield (+2.5%), Boulder (+1.5%), and Pueblo (+1.5%) MSAs. The Colorado Springs (+1.2%), Grand Junction (+1.2%), and Fort Collins-Loveland (+1.2%) MSAs also recorded year-over-year growth.

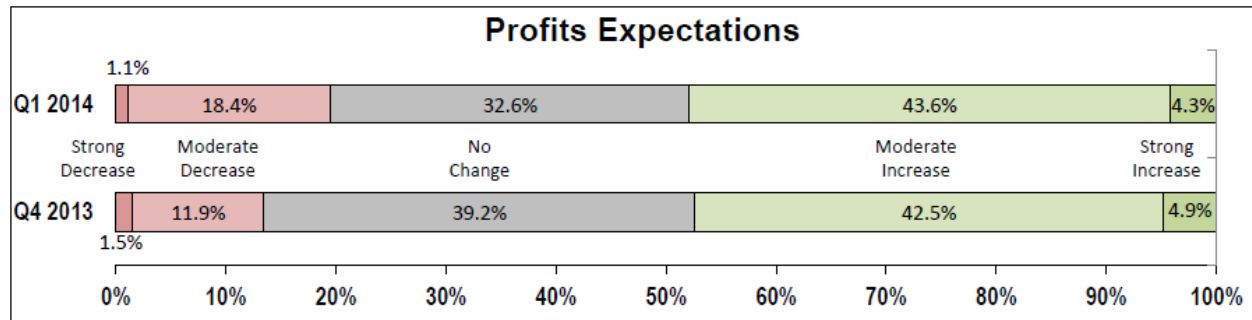
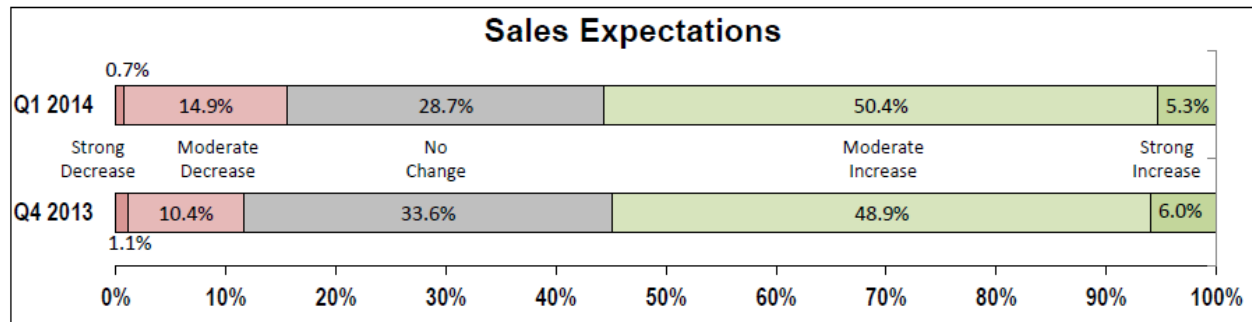
Statewide, the greatest employment gains year-over-year in November were in the Professional and Business Services, Education and Health Services, and Construction industries.

Capital Expenditures and Hiring Q1 2004 – Q1 2014



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>