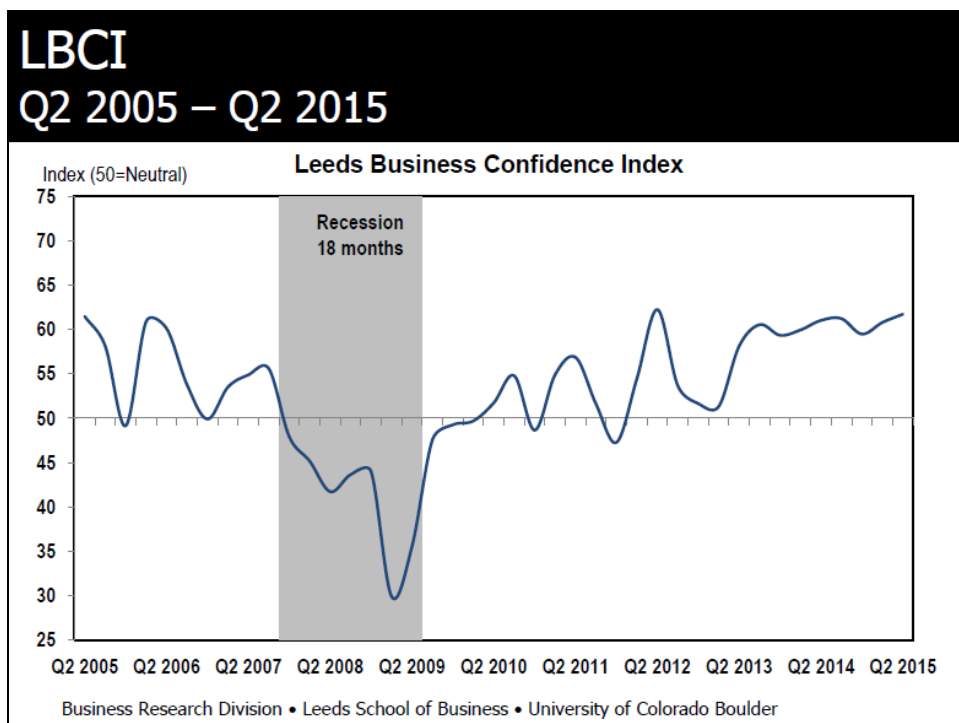


Summary — Optimism Notches Higher Ahead of Q2

The panel of business leaders surveyed in the Leeds Business Confidence Index (LBCI) remained comfortably positive ahead of Q2 2015, continuing a streak of stability unique to the 11-year index. The standard deviation over the past eight quarters is a mere 0.8 compared to 7.9 for all of the quarters that preceded. The index remains in positive territory (above 50) for all individual metrics of the index. Overall, the greatest optimism is in sales expectations, the greatest boost in optimism was recorded for hiring expectations, and capital expenditures settled to the least bullish component of the index this quarter. Despite a slowdown in the energy sector, the index coincides with general positive signals observed in the national and Colorado economies.

The Leeds Business Confidence Index (LBCI), which captures Colorado business leaders' expectations for the national economy, state economy, industry sales, profits, hiring plans, and capital expenditures, is at 61.7 for Q2 2015 compared to 60.8 ahead of Q1 2015. Expectations remain the most bullish for the overall state economy and for sales. However, state economic expectations fell 3 points ahead of Q2. Expectations for the national economy advanced. The LBCI is up 0.6 points from one year ago. A total of 321 panelists responded to the Q2 2015 survey.

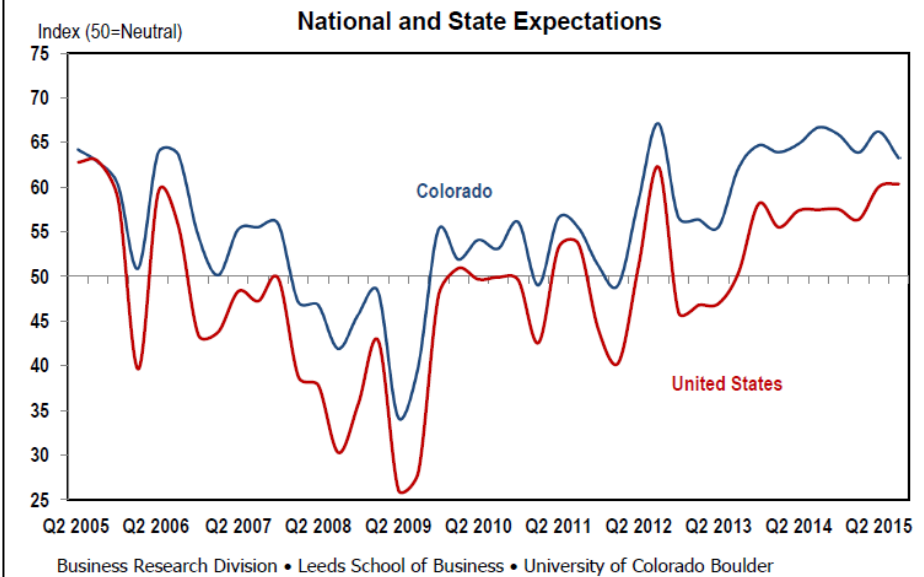


National and State Economies — Business Leaders Remain Bullish

Expectations about the national and state economies remained positive in the Q2 2015 survey. Expectations about the state stepped back 3 points while the national economy inched forward 0.4 points. Business leaders remained more positive about the state economy than the national economy, but while the nation continues to record positive GDP and strong employment numbers, concerns about sharply lower energy prices and inflated real estate may be dampening expectations at the state level.

Overall expectations for the state economy decreased from 66.2 in Q1 2015 to 63.2 in Q2 2015. More than 56% of panelists expect the state economy to expand, and 35% of respondents are neutral. A total of 7% of respondents expect a strong increase in the state economy, and 1% of respondents anticipate a strong decrease.

U.S. and Colorado Economies Q2 2005 – Q2 2015



Confidence in the national economy increased to 60.4 from 60 in Q1 2015. Optimists remained stable, at 52%, in Q2. Only 14% of respondents remained bearish on the national economy.

U.S. GDP in Q4 2014 was revised to a 2.2% increase according to a second estimate from the Bureau of Economic Analysis (BEA). The BEA reported:

The deceleration in real GDP growth in the fourth quarter primarily reflected an upturn in imports, a downturn in federal government spending, and decelerations in nonresidential fixed investment and in exports that were partly offset by an acceleration in PCE [personal consumption expenditures], an upturn in private inventory investment, and an acceleration in state and local government spending.

In February 2015, the United States added 295,000 jobs (seasonally adjusted), a 0.2% month-over-month increase. The 2.4% year-over-year increase in February resulted in the addition of 3.3 million jobs since February 2014. While this was the highest percentage growth in the last 14 years, February 2015 recorded the highest year-over-year absolute job increase in the last 15 years. The last high was in March 2000 (seasonally adjusted).

Total year-over-year employment growth in Colorado slowed in January 2015, at 2.9%, compared with 2014 numbers ranging from 3.1% to 3.6%. Jobs increased 3,700 jobs from December 2014 to January 2015, a 0.1% month-over-month increase (seasonally adjusted).

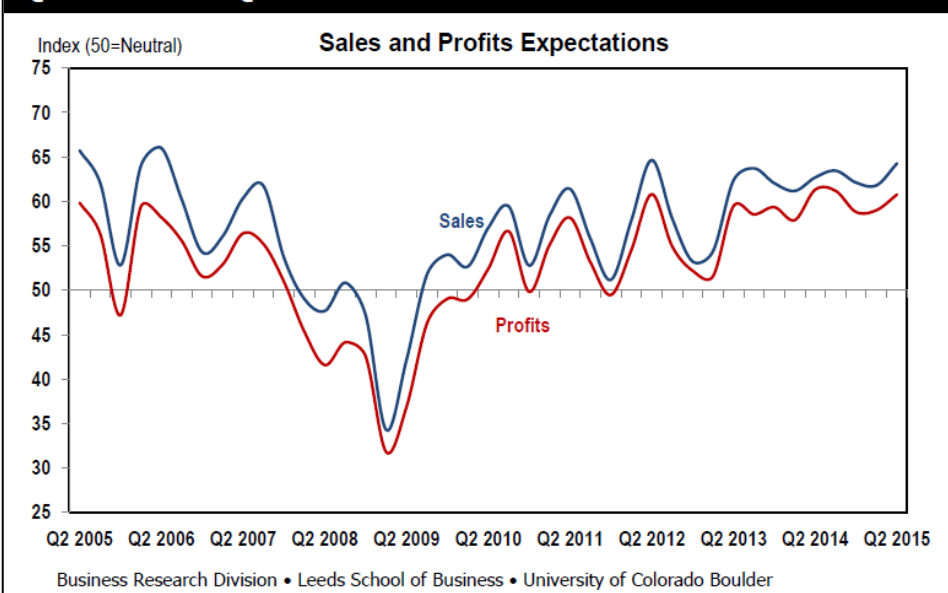
Sales and Profits — Expectations Increase Ahead of Q2

Profits and sales expectations increased ahead of Q2 2015, inching further into positive territory. The profits index recorded a 1.7 point increase, from 59 in Q1 2015 to 60.7, in the Q2 2015 survey. Sales expectations advanced from 61.8 to 64.3.

The positive sales index was sustained by 62% of respondents who anticipate an increase in sales in Q2 versus 9% who expect a decline; 29% are neutral. Of the respondents on the extreme tails, 5% expect a strong increase and 2% expect a strong decrease.

The profit index increased to 60.7 in Q2 2015, with those expecting growth in profits (54%) outweighing those anticipating declines (12%). One-third remained neutral.

Sales and Profits Q2 2005 – Q2 2015



According to the Bureau of Economic Analysis, state personal income rose 1.2% from the preceding quarter in Q4 2014 and 5.9% year-over-year, ranking the state 8th and 6th, respectively, in personal income growth. Per capita personal income rose 3.9% in 2014, 1.1 percentage points faster than overall price growth. Inflation (All Items

index) increased 2.8% for the year in the Denver-Boulder-Greeley MSAs. Core inflation increased 2.9% and shelter increased 5% for the year.

According to the Federal Housing Finance Agency (FHFA) home price index, home prices rose in 48 states in Q4 2014, and the monthly purchase index has increased in 23 of the last 24 months. Overall, house prices rose 1.4% nationally according to the house price index. The FHFA purchase-only home price index indicates home prices in the Colorado rose 7.9% year-over-year in Q4 2014 and 2.4% over the previous quarter. Year-over-year growth ranked Colorado 3rd in home price appreciation.

According to the Institute for Supply Management manufacturing index, February 2015 recorded the 26th consecutive month of expansion for manufacturing, as well as the 69th month for overall economic growth. The February 2015 Purchasing Managers Index (PMI) did, however, post a decrease of 0.4% from the previous month.

Capital Expenditures and Hiring Plans — Diverging Expectations

Hiring expectations recorded the greatest increase in the index this quarter—up 3.9 points over Q1 2015, to 62.1. Capital expenditures expectations decreased modestly, to 59.3, in Q2.

While 41% of respondents are neutral, 48% expect a boost in capital expenditures. The tails, strong increase and strong decrease, were nearly equivalent, at 4% each. In the same period, hiring expectations increased in the Q2 2015 survey, from 58.2 to 62.1. Approximately 35% of respondents were neutral on hiring. Another 55% of panelists noted positive expectations, and only 10% are negative, indicating employment in Colorado continues to have upward growth potential.

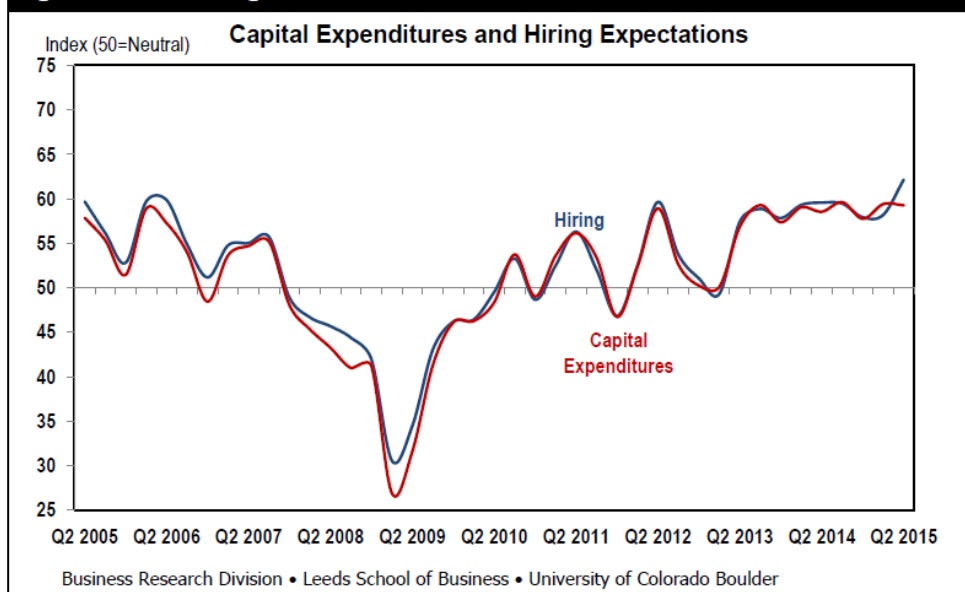
The unemployment rate in Colorado remained at 4.2% in February 2015, which compares to the national unemployment rate of 5.5%. The last time that Colorado's unemployment rate was this low was in January 2008.

Employment growth was

recorded year-over-year in all metropolitan areas around the state, with the Greeley MSA growing at a robust 8.2% in February 2015. Following Greeley, the greatest year-over-year MSA growth in Colorado was in the Denver-Aurora-Broomfield (4.2%), Pueblo (3.9%), Fort Collins-Loveland (2.2%), Boulder (1.9%), Colorado Springs (1.8%), and Grand Junction (1.8%) MSAs. Growth from January to February shows a changing employment story in Colorado. Month-over-month growth was recorded in the Pueblo (0.7%), Denver-Aurora-Broomfield (0.5%), Boulder (0.5%), and Grand Junction (0.3%) MSAs. Month-over-month, employment decreased slightly in the energy-rich Greeley MSA (-100 jobs, -0.1%). Fort Collins-Loveland decreased 0.3%, and Colorado Springs fell 0.2%.

Across the state, the greatest year-over-year percentage gains were in Construction (12.3%), Mining and Logging (11.1%), and Education and Health Services (5.1%). The weakest sectors for growth continue to include Information (-2.1%) and Government (1.2%).

Capital Expenditures and Hiring Q2 2005 – Q2 2015



About the Panel — Company Size and Length of Time in Business

Panelists were asked two additional questions, one about the size of their company and the other about how long their company has been in business. More than half (55%) of survey respondents work for companies with fewer than 50 employees, and 45% work for companies with 50 or more employees (0.3% are currently not employed). The three largest groups were represented by companies with 1–4 employees (25%), 100–249 employees (14%), and 20–49 employees (12%).

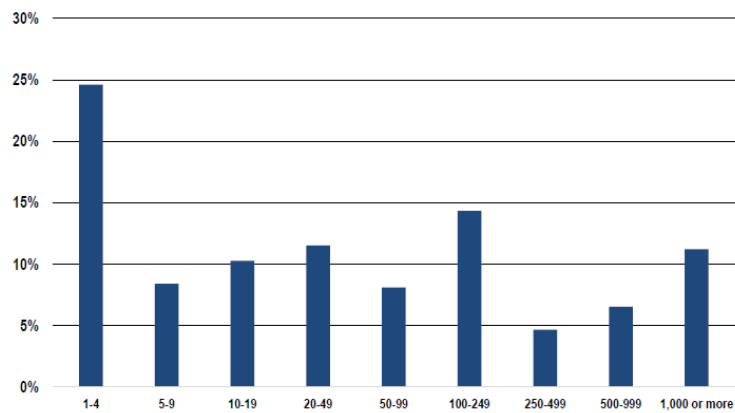
Small employers' expectations increased slightly ahead of Q2 (1.7 points) while large employers' expectations

were flat. While still resonating well above the neutral threshold, small employers (fewer than 50 employees) were notably less optimistic than large employers. The overall index for small employers rested at 60.8 versus 63 for large employers. Large employers rated every component of the index higher than small employers.

About 85% of survey respondents work at a long-standing company that has been in business for more than 10 years.

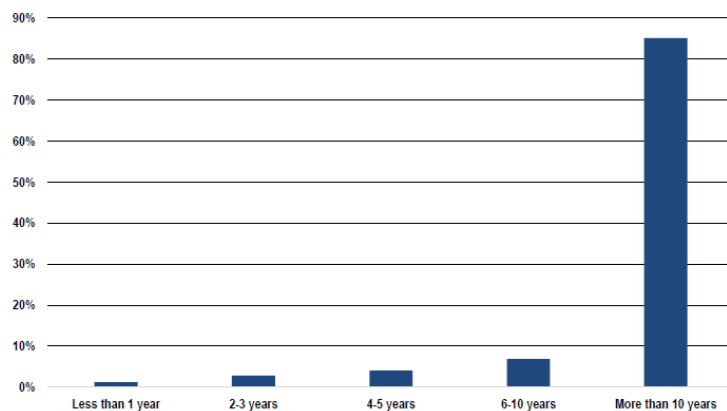
The index by firm tenure (how long it has been in business) was higher for firms in business less than 10 years (64.2) than for firms in business longer than 10 years (61.3). Younger businesses were more optimistic for all metrics, with the greatest difference in sales and profits expectations.

Number of Employees Per Company



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Number of Years in Business

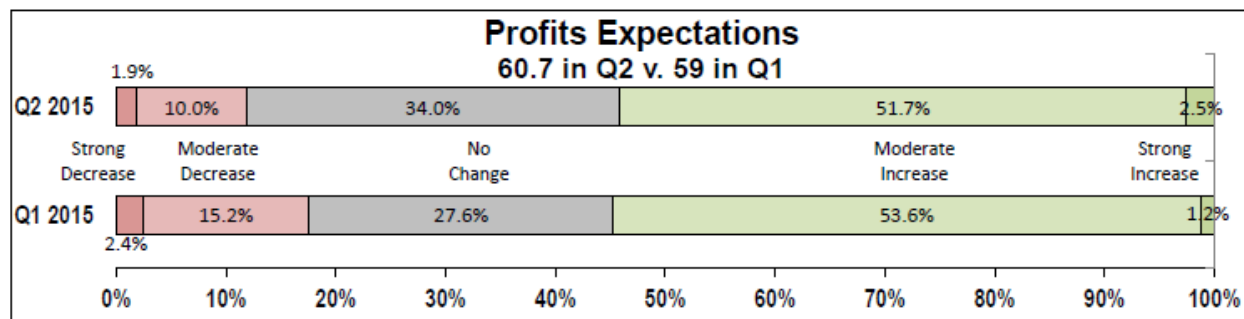
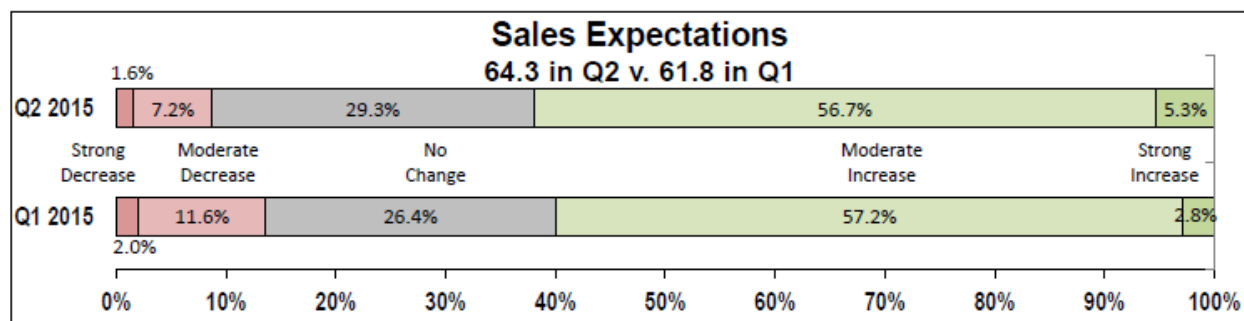
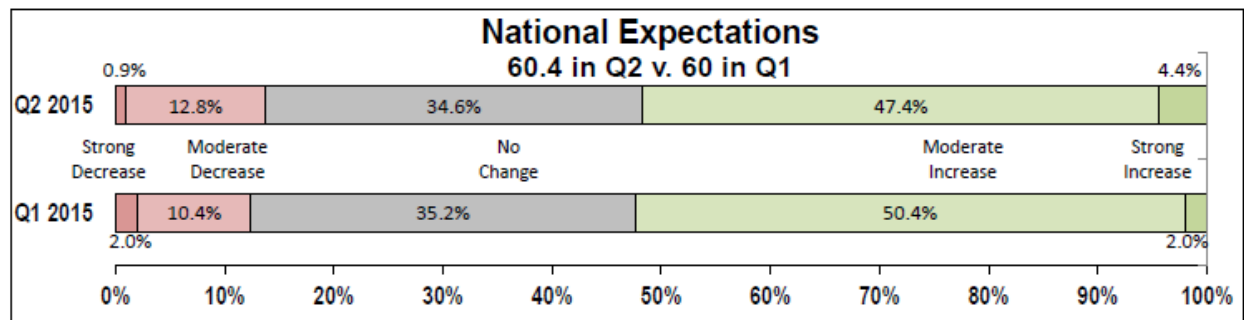
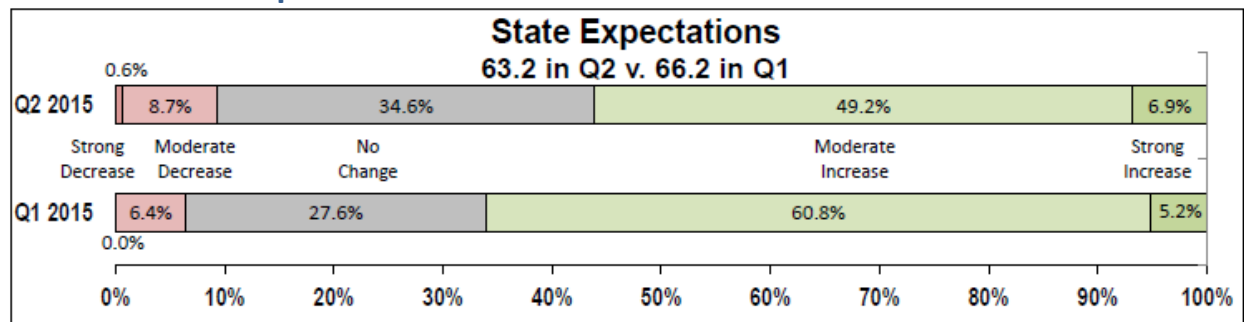


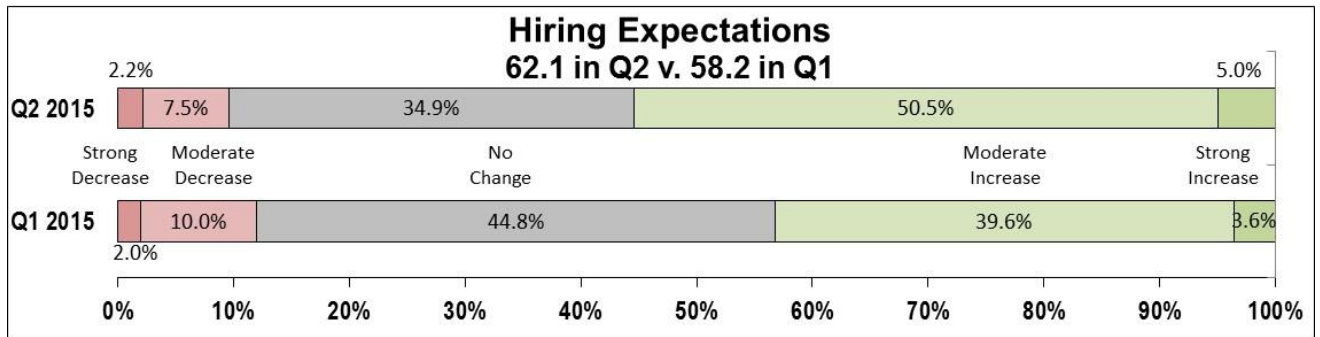
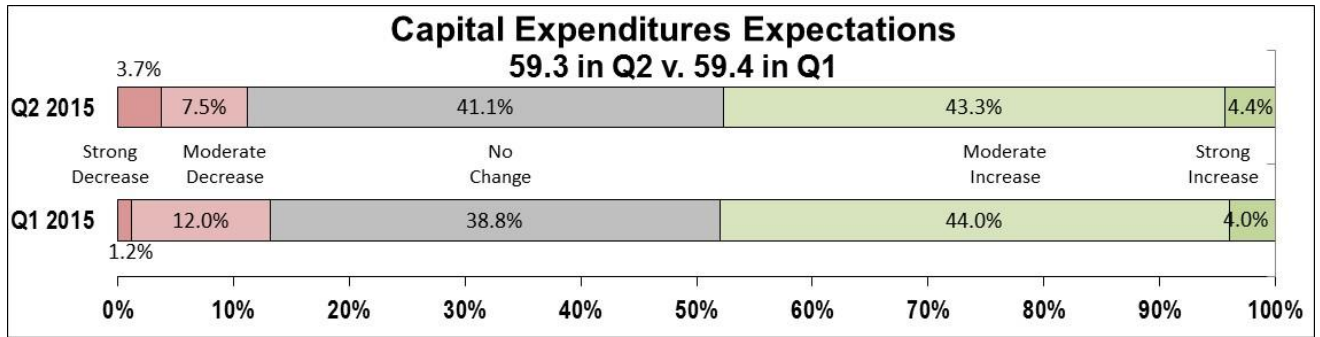
Source: LBCI.

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While responding panelists represented nearly every industry in the state, most respondents to the Q2 survey work in three sectors: Professional and Technical Services (36%), Finance and Insurance (29%), and Real Estate and Rental and Leasing (17%).

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>