



# News Release

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## Iowa Business Leaders Maintain Positive Outlook for Mid-Year

### *Iowa Business Council Releases First Quarter Results – Overall Survey Index Remains Steady*

DES MOINES, IOWA – (March 3, 2008) With leaders of Iowa's largest companies projecting increased sales and employment levels for the coming six months, the **Iowa Business Council (IBC) Economic Outlook Survey Index (OSI)** overall remains steady at **66.3** for the second quarter in a row. This is higher than the OSI of 64.7 reported in 2007Q3. The survey was completed by 17 corporate members of the Iowa Business Council during the third week of February, the results of which were released today.

The **2008Q1 Sales OSI** rose to **73**, five points higher than the 2007Q4 Sales OSI. Driving that result was an increase in the response rate for "Substantially Higher Sales," from 5% last quarter to 18%, which may reflect a heightened confidence level that IBC corporate members have in consumer purchasing activity as the year progresses.

The **2008Q1 Capital Spending OSI** is **63**, an eight-point drop from three months ago. Similar to the Sales OSI reported above, there was an increase in the response rate at the "Substantially Higher" level, from 11% in 2007Q4 to 18% in the first quarter of 2008. However, 12% of the members project "Substantially Lower" changes in capital spending over the next six months.

The **2008Q1 Employment OSI** rose three points to **63**. Ninety-four percent of IBC corporate members say they will maintain or increase hiring, which is consistent with the results from the previous quarter. Fifty-three percent of members reporting expect their employment levels to be "Higher" in the coming six months. However, 6% predict lower employment levels.

"The outcome of this survey reinforces the importance of maintaining a diverse business community in Iowa, one that continues to benefit this state and its citizens in uncertain economic times," said Max Phillips, IBC chair and president of Qwest-Iowa. "As the 2008 General Assembly proceeds with its work at the State Capitol, Council members wish to reiterate that the ongoing success of Iowa's economy is enhanced significantly when the vision of the public and private sectors is aligned. Together we share a responsibility to discuss issues that are fundamental to perpetuating the attractive business climate and strong work ethic that sets Iowa apart. The future will belong to those with vision, those who seek to be

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innovative, and those who are most motivated to action. Leaders must remain bold and aggressive in deploying initiatives that spur wealth-creating business growth and career opportunities. It's no secret that a skilled and diverse workforce follows opportunity wherever it may exist. That opportunity can be, and should be, in Iowa."

The quarterly Iowa Business Council Economic Outlook Survey incorporates a diffusion index, wherein each survey response falls on a 100-point scale. Using weighted averages, an index number is then calculated that measures the sentiment of IBC executives projecting business activity six months into the future. An Outlook Survey Index (OSI) of 50 indicates that the business sentiment of all survey participants is average; an OSI above 50 indicates the sentiment is positive; below 50 is negative. This index generates a numeric measure going forward that attempts to more precisely estimate the economic condition of business activity in Iowa.

### IBC Economic Outlook 2008Q1 Survey Responses

Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	08Q1	07Q4	08Q1	07Q4	08Q4	07Q4	08Q1	07Q4	08Q1	07Q4
Change in sales in the next six months?	18%	5%	59%	63%	18%	32%	6%	0%	0%	0%
Change in capital spending in the next six months?	18%	11%	41%	68%	24%	16%	6%	5%	12%	0%
Change in employment in the next six months?	0%	0%	53%	42%	41%	53%	6%	5%	0%	0%

*Rounding may cause the addition of percentages in a measure to equal more or less than 100%.*

### IBC Economic Outlook Survey Index (OSI)

	<u>08Q1</u>	<u>07Q4</u>	<u>07Q3</u>
<b>OVERALL OSI</b> .....	<b>66.3</b>	<b>66.3</b>	<b>64.7</b>
Sales OSI .....	73	68	69
Capital Spending OSI .....	63	71	65
Employment OSI .....	63	60	60

*OSI = 50 means business sentiment is average; > 50 is positive; < 50 is negative.*

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The Economic Outlook Survey is conducted quarterly by the Iowa Business Council to inform Iowa businesses and Iowans about projected trends in the state's economy, which may prove useful for business and economic planning purposes.

The Iowa Business Council is a nonprofit, nonpartisan, self-funded organization whose 22 members are the top executives of 18 of the largest businesses in the state, the three Regent university presidents, and Iowa's largest banking association. Founded in 1985, the Council's purpose is to focus the personal commitment of its members in active leadership roles on major initiatives that offer opportunity to enhance Iowa's economic vitality and improve the lives of Iowans. Council members identify major economic issues, evaluate options, and assist in implementing solutions through collaborative public/private partnerships. Collectively, IBC companies and institutions employ more than 203,000 Iowans and, in just the last 10 years, have invested over \$13 billion worth of capital in the state. Annually, the Business Council represents more than \$250 million in financial contributions and volunteer hours given to numerous charitable causes around Iowa. Council member companies and institutions are leaders in technology innovation with over \$2.1 billion in spending and procured grants for research and development. For more information, please visit the IBC Web site at [www.iowabusinesscouncil.org](http://www.iowabusinesscouncil.org).

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## Iowa Business Council Economic Outlook Survey

Historical Perspective (pre-OSI) of Survey Results: 2004/Q3 – 2007/Q2

	<u># of Respondents</u>	<u>Expected Sales</u>		
		<u>Higher</u>	<u>No Change</u>	<u>Lower</u>
2007 Q2	19	84%	16%	0%
2007 Q1	20	95	5	0
2006 Q4	20	55	35	10
2006 Q3	20	90	10	0
2006 Q2	19	95	5	0
2006 Q1	20	85	15	0
2005 Q4	20	90	10	0
2005 Q3	19	84	16	0
2005 Q2	19	89	6	6
2005 Q1	19	78	22	0
2004 Q4	17	79	14	7
2004 Q3	18	78	17	5

	<u># of Respondents</u>	<u>Expected Capital Spending</u>		
		<u>Higher</u>	<u>No Change</u>	<u>Lower</u>
2007 Q2	19	58%	32%	10%
2007 Q1	20	50	45	5
2006 Q4	20	40	50	10
2006 Q3	20	60	35	5
2006 Q2	19	58	42	0
2006 Q1	20	60	40	0
2005 Q4	20	60	35	5
2005 Q3	19	74	21	5
2005 Q2	19	50	44	6
2005 Q1	19	53	47	0
2004 Q4	17	64	29	7
2004 Q3	18	39	56	5

	<u># of Respondents</u>	<u>Expected Iowa Employment</u>		
		<u>Higher</u>	<u>No Change</u>	<u>Lower</u>
2007 Q2	19	53%	47%	0%
2007 Q1	20	55	45	0
2006 Q4	20	45	55	0
2006 Q3	20	55	45	0
2006 Q2	19	58	42	0
2006 Q1	20	65	35	0
2005 Q4	20	50	45	5
2005 Q3	19	53	32	15
2005 Q2	19	50	44	6
2005 Q1	19	68	26	6
2004 Q4	17	64	22	14
2004 Q3	18	50	28	22