



News Release

Contacts:

Marisol Molstre
m.molstre@essmanassociates.com
Phone: (515) 282-7145

Denise Essman
d.essman@essmanassociates.com
Phone: (515) 282-7145

Large Corporate Activity Expected to Ease

Iowa Business Council Releases Second Quarter Results – Overall Survey Index Lower, but Business Sentiment Still Positive

DES MOINES, IOWA – (June 2, 2008) Iowa business leaders expect levels of capital spending activity to improve as sales and employment levels moderate slightly during the second half of this year, moving the overall **2008Q2 Iowa Business Council (IBC) Economic Outlook Survey Overall Index (OSI)** to **64.3**. This is two points lower than the 2008Q1 OSI of 66.3 reported in March. The Economic Outlook Survey was completed by the 18 corporate members of the Iowa Business Council during the second and third weeks of May, the results of which were released today.

The **2008Q2 Sales OSI** dropped to **71**, two points lower than last quarter. Ninety-five percent of the survey respondents expect sales to remain the same (28%) or higher (67%) over the next six months. However, a greater number of companies (28%, compared to 18% in 2008Q1) predict “no change” in levels for the rest of the year.

The **2008Q2 Capital Spending OSI** is **66**, an increase of three points from 2008Q1. Ninety-four percent of IBC corporate members expect to increase (44%) or maintain (50%) capital spending levels for the rest of the year. Only 6% of the survey respondents expect lower or substantially lower levels of capital spending compared to 18% reported in the previous quarter.

The **2008Q2 Employment OSI** dropped to **56**, seven points lower than three months ago. While 89% of IBC corporate members say they will maintain (56%) or increase (33%) hiring, 11% foresee lower employment levels, up from 6% reported in March.

“The results of this survey reflect the impact of dynamic and uncertain economic conditions that have developed around the world,” said Max Phillips, IBC chair and president of Qwest-Iowa. “Business plans and sales strategies deployed before the start of this year are beginning to experience stress, with higher operational costs and scarce resources challenging efficiencies on all levels. Innovative products and services produced by our highly skilled workforce is where Iowa competes most effectively in the global marketplace. It is imperative that policymakers and elected officials remain committed to a business climate which promotes vibrant growth, offers meaningful careers options, and affords life-long learning opportunities delivered by an education system continually striving for excellence.”

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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, the sentiment is positive; below 50, the sentiment is negative. This index will generate a numeric measure going forward that attempts to more precisely estimate the economic condition of business activity in Iowa.

IBC Economic Outlook 2008Q2 Survey Responses

Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	08Q2	08Q1	08Q2	08Q1	08Q2	08Q1	08Q2	08Q1	08Q2	08Q1
Change in sales in the next six months?	17%	18%	50%	59%	28%	18%	6%	6%	0%	0%
Change in capital spending in the next six months?	22%	18%	22%	41%	50%	24%	6%	6%	0%	12%
Change in employment in the next six months?	0%	0%	33%	53%	56%	41%	11%	6%	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>08Q2</u>	<u>08Q1</u>	<u>07Q4</u>	<u>07Q3</u>
OVERALL OSI	64.3	66.3	66.3	64.7
Sales OSI	71	73	68	69
Capital Spending OSI	66	63	71	65
Employment OSI	56	63	60	60

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

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.

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Iowa Business Council

100 East Grand Avenue, Suite 160, Des Moines, Iowa 50309

Phone: 515-246-1700

Fax: 515-246-1701

E-mail: ibc@iowabusinesscouncil.org

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.

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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