



News Release

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Business Sentiment Remains Positive as Measured by Economic Outlook Survey

Iowa Business Council Releases Third Quarter Results; Rolls-out New Index

Des Moines, IOWA – (September 4, 2007) – Even as world markets continue to evaluate the impact of the subprime lending situation on general commerce, Iowa Business Council (IBC) leaders are generally confident about the state's economic indicators for the next six months. The IBC Economic Outlook Survey, now with an expanded format, was completed by twenty IBC members during the third week of August, the results of which were released today.

For the third quarter in a row, all survey respondents expect to maintain or increase sales volumes, though the responses for higher levels were slightly lower than the previous quarter's results. All but 5 % of the member companies expect to maintain or increase capital spending, which is a 5% improvement over last quarter. Although 90% of the IBC member companies will maintain or increase hiring, 10% predict lower employment levels. This is the first time in nearly two years that the survey indicates a somewhat softer hiring environment.

"The global impact of the subprime lending situation could have limited effect, in various measures, on Iowa Business Council companies with broadly-based business activities, sales markets, and supply chains," said Max Phillips, IBC chair and president of Qwest-Iowa. "However, the swift reaction of American, European, and Asian bank authorities to infuse reserves into the banking system appears to be having a calming influence. These actions also reaffirm confidence in what is otherwise perceived to be a mostly healthy global economy. Except for companies with unusually heavy exposure to subprime lending, the short-term effect to the Iowa economy appears minimal, and IBC companies remain confident about their business operations in this state."

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In an effort to provide more depth to the quarterly Economic Outlook Survey, the Iowa Business Council has expanded the survey format to allow for more response options and incorporate the use of a diffusion calculation, much like that employed by international financial institutions in similar survey reports. A diffusion index is a weighted average wherein each survey response falls on a 1-100 scale that ultimately measures the sentiment of IBC executives projecting business activity six months into the future. An Outlook Survey Index (OSI) of fifty (50) indicates that the business sentiment of all 20 survey participants is average; above fifty, the sentiment is positive; and, below fifty, the sentiment is negative. This index is expected to generate a numeric measure going forward that more effectively estimates the economic condition of business in Iowa.

2007/Q3 Survey Responses

	Substantially Higher	Higher	No Change	Lower	Substantially Lower
Change in sales in the next six months?	5%	65%	30%	0%	0%
Change in capital spending in the next six months?	10%	45%	40%	5%	0%
Change in employment in the next six months?	0%	45%	45%	10%	0%

2007/Q3 IBC Economic Outlook Survey Index (OSI)

OVERALL OSI 64.7
Sales OSI 69
Capital Spending OSI 65
Employment OSI 60

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

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

Founded in 1985, the Iowa Business Council is a non-profit, non-partisan, self-funded organization whose members include the top executives of 20 of the largest businesses in the



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state, the three Regent university presidents, and the president and CEO of Iowa's largest banking association. The purpose of the Council is to engage the personal commitment of these members in active leadership roles on major initiatives that offer opportunity to enhance Iowa's overall economic vitality. **Collectively**, IBC companies and institutions employ more than 203,000 Iowans and, in just the last ten years, have invested over \$13 billion worth of capital in the state. Annually, the Business Council represents more than \$250 million worth in financial contributions and volunteer hours given to numerous charitable causes around the state. Council members 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