



Measuring the health of Utah's economy from the perspective of business leaders throughout the state

Study conducted for
Utah Quarterly Economic Forecast
2007 2nd Quarter Summary

Study sponsored by
ZIONS BANK®

Study conducted by
Dan Jones
& ASSOCIATES

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Introduction

Zions Bank commissioned Dan Jones & Associates, Inc., a full-service, independent, public opinion and market research firm in Salt Lake City, Utah, to conduct and compile an online quarterly research study of business executives and key decision makers throughout the state of Utah.

Research Objectives

This research is designed to gauge the health of Utah’s economic landscape and reveal trends in the Utah marketplace.

Procedures

Dan Jones & Associates developed the questionnaire with Rob Brough, Senior Vice President at Zions Bank. To meet the research objectives, 1,169 Utah business executives and key decision makers were recruited to form the initial study panel.

Sample

Lists of Utah businesses statewide were used to develop the survey universe. During the summer of 2006, executives from randomly selected businesses were asked to join the study panel. Panelists were also recruited from participants of Zions Bank’s International Trade and Business Conference, held in May 2006. Executives were screened to assure that all participating companies had at least 10 full-time employees.

Fieldwork

The five cycles of the online study have taken place as follows:

<i>Cycle</i>	<i>Dates</i>	<i>Sample Size</i>
2Q06	July 12–21, 2006	387
3Q06	October 2–13, 2006	356
4Q06	January 25–February 2, 2007	320
1Q07	April 2–27, 2007	335
2Q07	July 9–August 3, 2007	336

Surveys are completed using a secure Web site. Each executive is provided a unique link to the site via e-mail. To achieve adequate sample levels, 39 panelists in the third

cycle (4Q06), 51 in the fourth (1Q07), and 68 in the fifth (2Q07) were selected randomly to complete the interview by telephone.

Contact information is used by Dan Jones & Associates only to facilitate participation in this study and will never be shared with any other party or used for any other purpose. To assure panelist anonymity, Dan Jones & Associates collects, compiles, analyzes, and tests all data. Results are provided to Zions Bank, panel members, and the media in aggregate form only. Demographic data is collected to determine opinions of subgroups and to tabulate the data.

Due to rounding, response distribution may not always total 100%.

Executive Summary

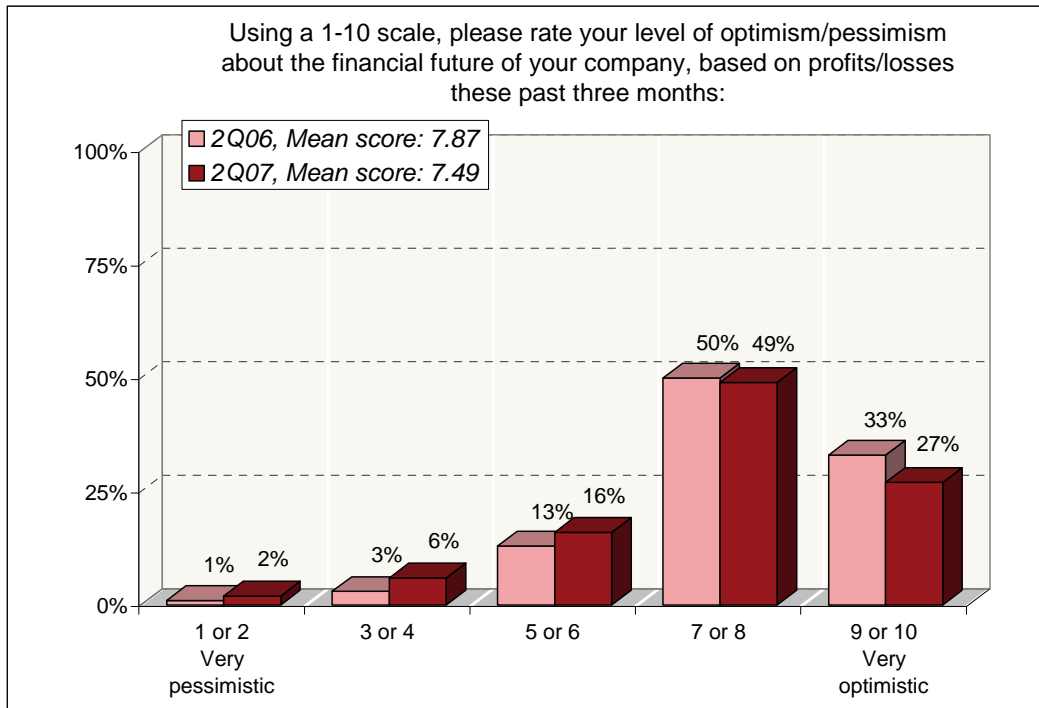
A year ago Utah business leaders appeared to be more confident about their companies' economic climate than they are in 2Q07. While still overwhelmingly optimistic, executives are now more cautious in their economic outlook and are increasingly likely to predict that economic conditions at their companies (i.e., size of workforce, spending on capital expenditures, and economic health) will remain status quo.

Most notably, executives have become more concerned about finding qualified employees, given Utah's tight labor market. The state's unemployment rate — among the lowest in the nation—is also likely contributing to executives' heightened concerns about retaining employees and the cost of salaries and wages, as well as their companies' abilities to compete in the marketplace.

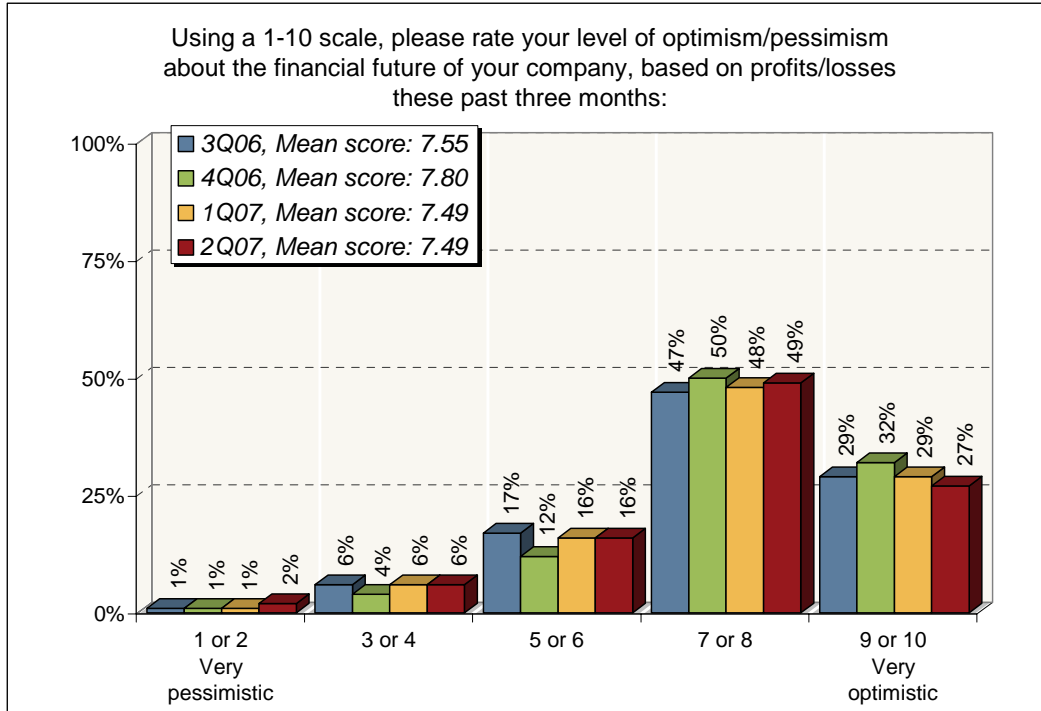
Optimism in Financial Futures Not as Strong as a Year Ago

Utah business leaders remain optimistic about the financial futures of their companies; however, they do not appear to be as optimistic as they were a year ago.

Based on the profits and losses of the preceding quarter, 27% of panelists in 2Q07 rate their level of optimism about the financial futures of their companies a 9 or 10 compared to 33% in 2Q06. Conversely, the percentage of executives rating their level of pessimism a 1, 2, 3, or 4 increased from 4% in 2Q06 to 8% in 2Q07. The shift in sentiment is further evident in the mean score change from 7.87 (on a 1-to-10 scale, very pessimistic to very optimistic) in 2Q06 to 7.49 in 2Q07.

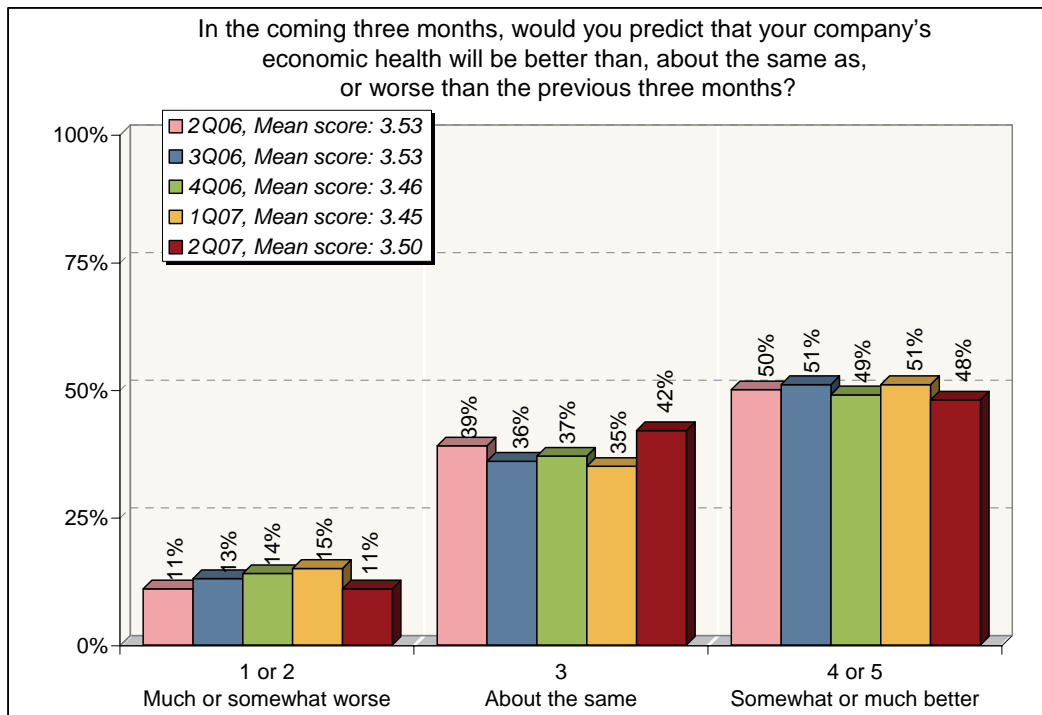


Compared to 1Q07, executives' optimism in the financial futures of their companies is unchanged. Over three-quarters of the panelists (1Q07: 77% and 2Q07: 76%) continue to rate their optimism in their companies' financial futures as a 7 or higher. Executives whose companies have been in business *less than 10 years* are more likely to rate their level of optimism as a 7 or higher.



Most Companies' Economic Health Expected to Improve or Remain Status Quo

Just under half of the panelists (2Q07: 48%) predict that the economic health of their companies will be somewhat better or much better than it was in the previous three months; this percentage is down slightly from all of the previous survey cycles (2Q06: 50%; 3Q06: 51%; 4Q06: 49%; and 1Q07: 51%). An increased number of executives in the current cycle believe that their companies' economic health will be about the same (2Q07: 42%). On a positive note, the percentage of panelists who think their companies' economic health will be somewhat worse or much worse has returned to the survey low posted in 2Q06 of 11%, discontinuing an upward trend. (Of particular interest, the number of executives who say their companies' economic health will be *much worse* decreased from 6% in 1Q07 to 1% in 2Q07, a new survey low.)

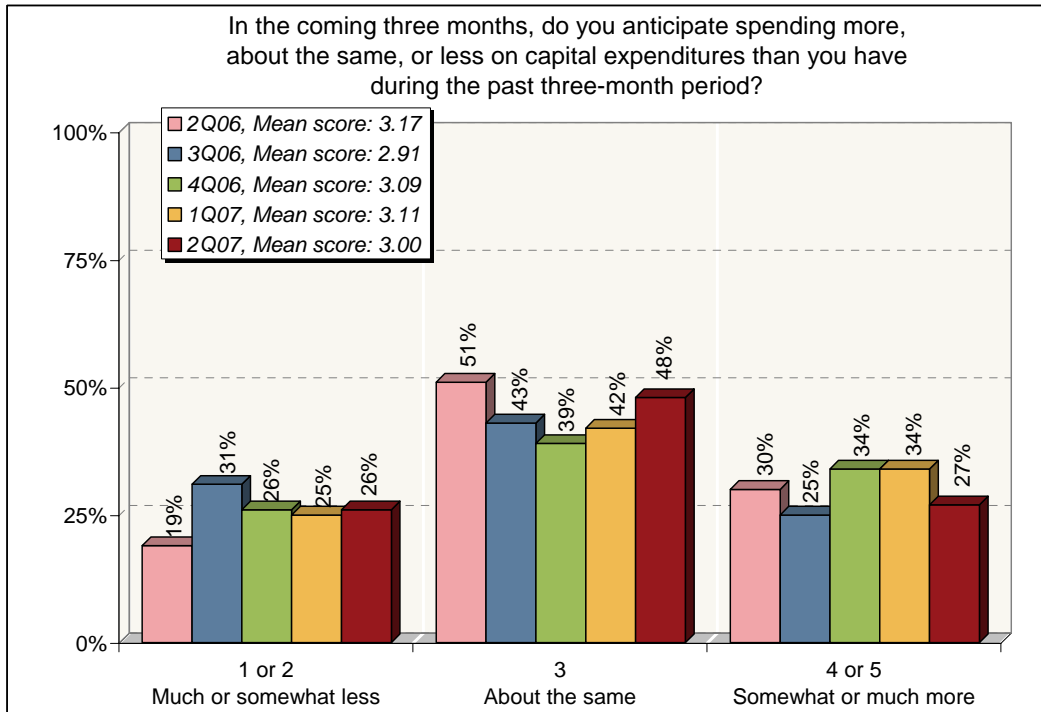


Note: Responses were combined for charting purposes. Please refer to the questionnaire on page 20 for complete results.

Executives Appear More Cautious About Future Spending

Executives approach future spending on capital expenditures more cautiously than they did a year ago.

The percentage of panelists who say they anticipate spending somewhat less or much less on capital expenditures in the coming three months increased from 19% in 2Q06 to 26% in 2Q07, with a survey high of 31% posted in 3Q06. One-fourth of executives (2Q07: 27%, down from 34% in 1Q07 and 30% in 2Q06) say they will spend somewhat more or much more. About half (2Q07: 48%) predict they will spend about the same.



Note: Responses were combined for charting purposes. Please refer to the questionnaire on page 20 for complete results.

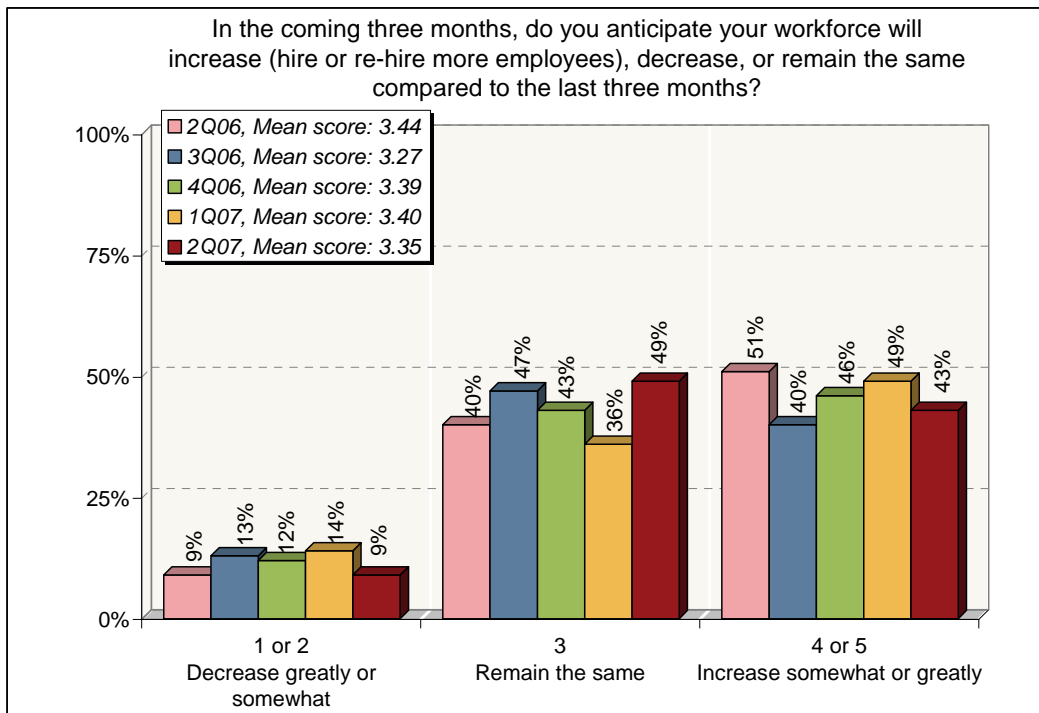
Employers in larger companies appear to be the most concerned about spending on capital expenditures. As the number of full-time employees in an executive's company increases, so does the likelihood that his or her company will be spending *less* on capital expenditures over the next three months.

Companies Likely to Maintain Size of Current Workforce

Panelists are now more likely to predict that their companies' workforce will remain the same in the coming three months rather than increase or decrease.

The percentage of the business leaders who anticipate that their companies' workforce will remain the same increased significantly from 36% in 1Q07 and from 40% in 2Q06 to 49% in 2Q07. Concurrently, the number of executives who believe that their companies will hire more employees in the next quarter declined from 49% in 1Q07 and 51% in 2Q06 to 43% in 2Q07. Similar to 2Q06, 9% anticipate a reduction in workforce.

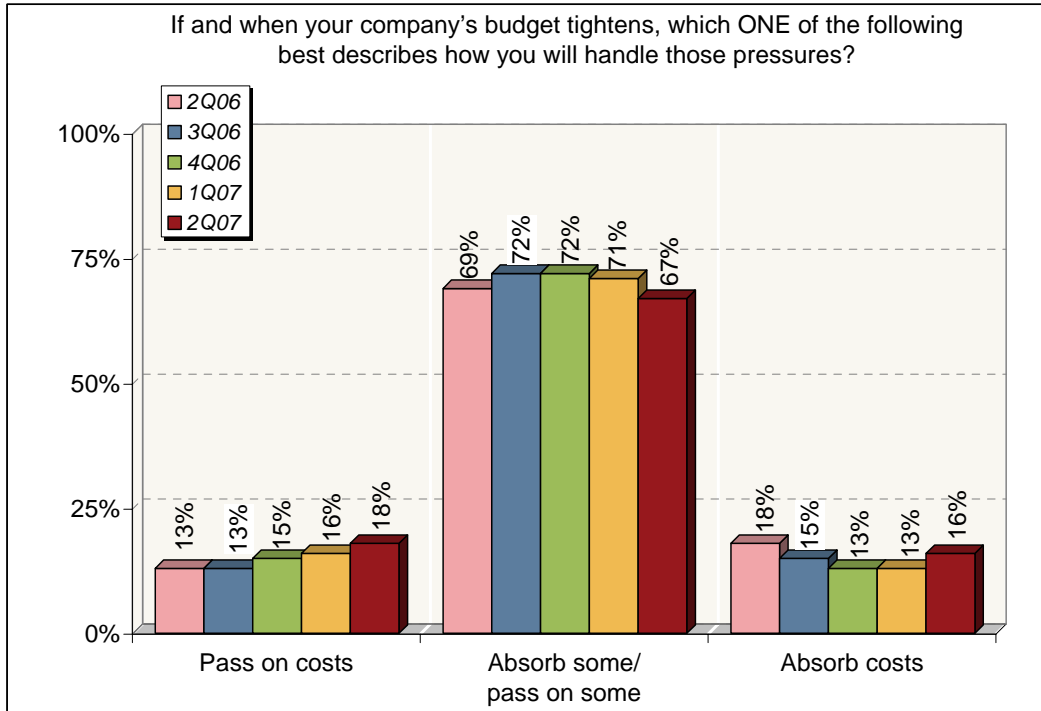
Executives in companies with 51–100 full-time employees are more likely to say that they expect their workforce to increase over the next three months. Those representing companies with 10–25 full-time employees are less likely to say their workforce will remain the same.



Note: Responses were combined for charting purposes. Please refer to the questionnaire on page 20 for complete results.

Executives Still Combine Absorbing Costs and Passing on Costs to Manage Budget Pressures

The majority (2Q07: 67%) of business leaders would employ tactics to absorb some costs and pass on some costs, if and when their companies' budgets tighten. Agreement with this strategy has changed little over the five cycles of this study. However, a slightly higher percentage of executives in the current cycle (18%) say they would pass on costs.



Finding Qualified Employees and Cost of Health Insurance Continue to Top Executives’ List of Concerns, Gasoline Prices Move Up

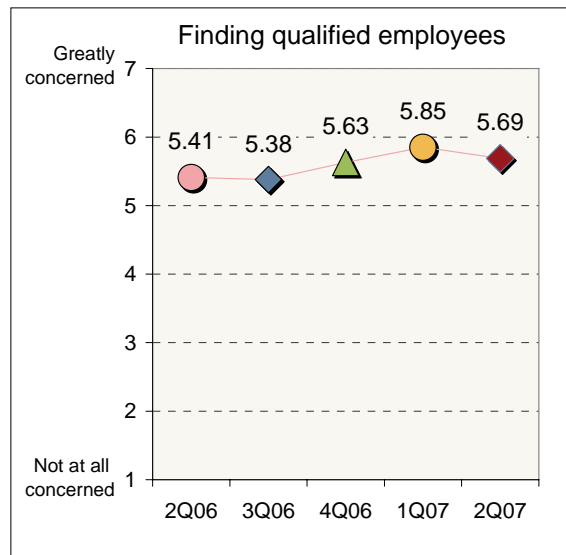
During each quarterly cycle of this study, panelists rate 11 potential economic concerns using a 1-to-7 scale (*not at all concerned* to *greatly concerned*). Generally, mean scores between 1.00 and 3.00 would be considered low-level concerns, those between 3.00 and 5.00 would be mid-level concerns, and mean scores between 5.00 and 7.00 would be high-level concerns. Logically, intensity is greatest toward both ends of the scale. Concerns are presented here, in order, from greatest to least.

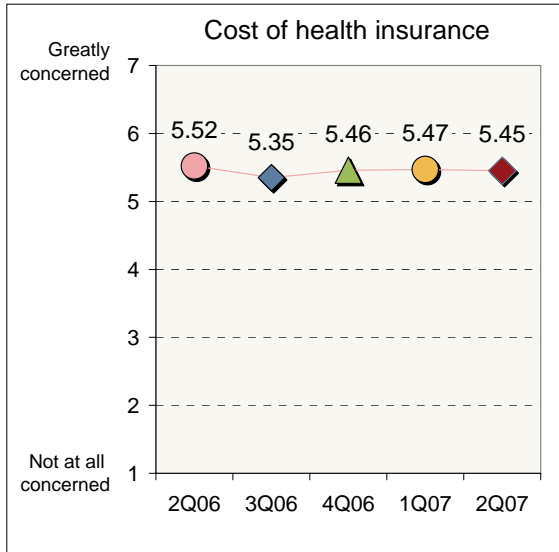
Overall, there has been little change from 1Q07 to 2Q07 on the business leaders’ list of concerns. Finding qualified employees and the cost of employee health insurance continue to top the list. Fourth on the list in 1Q07, gasoline prices moved up a rank to third, pushing keeping qualified employees to the fourth position.

HIGH-LEVEL CONCERNS (mean scores between 5.00 and 7.00)

Business leaders are still most concerned about finding qualified employees. Interestingly, finding qualified employees appears to be less of a concern in 2Q07 (mean score: 5.69 on the 7-point scale) than in 1Q07 (mean score: 5.85), likely due to the fact that over half of the panelists do not anticipate increasing their workforce in the next quarter.

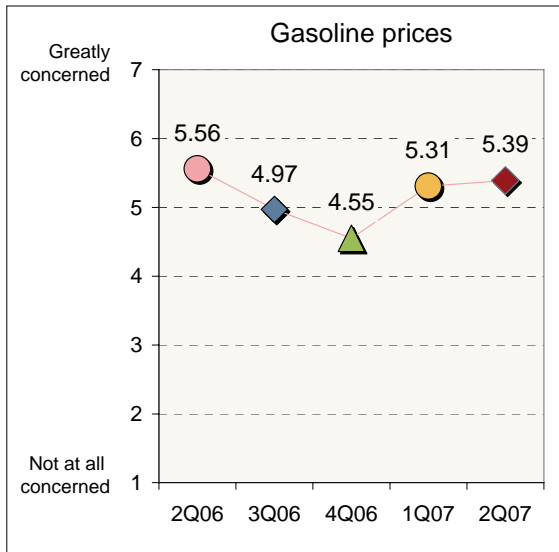
Executives representing companies with a greater number of full-time employees, those whose businesses are not seasonal, and those whose companies are headquartered along the Wasatch Front are more likely to say they are concerned about finding qualified employees.





The cost of health insurance for employees continues to be the panelists' second greatest concern in 2Q07 with a mean score of 5.45. The executives' level of concern about this issue has not fluctuated significantly over the past year despite ever-increasing health care costs.

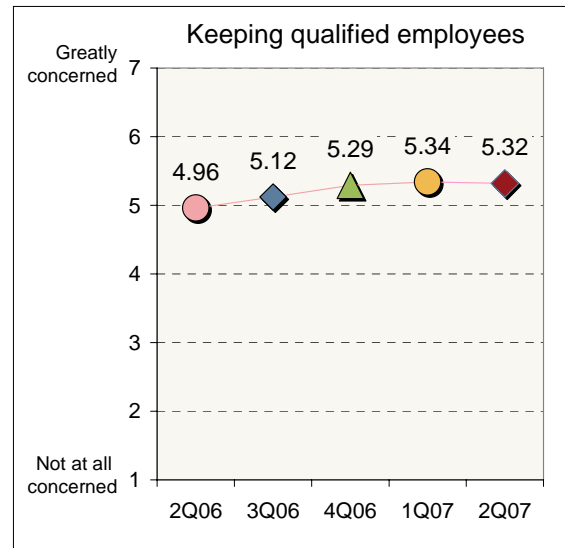
Executives age 55 and older are more likely to say they are concerned (ratings of 6 or 7) about the cost of employee health insurance.



Executives' concern about gasoline prices continues to grow after significant declines in 3Q06 (4.97) and 4Q06 (4.55). With a mean score of 5.39, this issue has moved up a rank (now third) on the panelists' list of concerns in 2Q07, but has not reached the high level of concern posted in 2Q06 (5.56). It is expected that this issue will continue to fluctuate with market conditions.

Halting an upward trend over the past year, the panelists' level of concern about keeping qualified employees decreased marginally from 5.34 in 1Q07 to 5.32 in 2Q07. While currently fourth on the executives' list of concerns, this issue has grown in significance from 2Q06 (4.96).

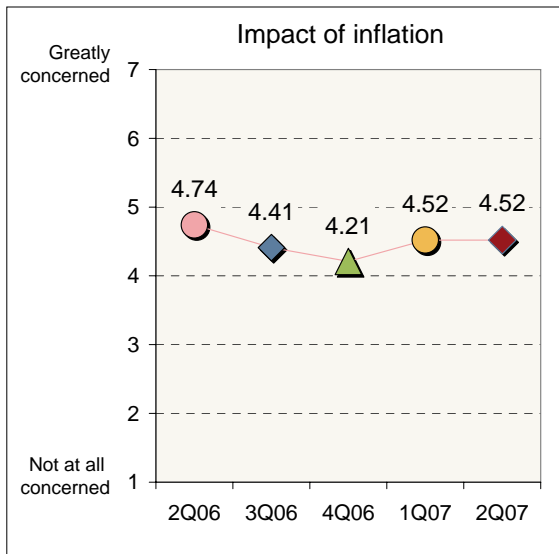
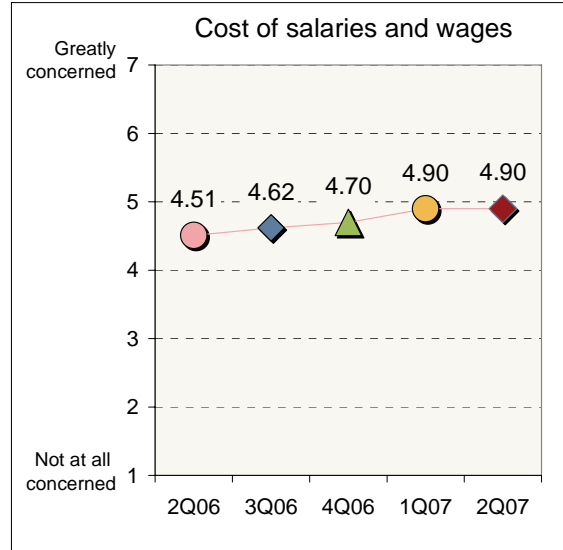
Panelists representing companies with a greater number of full-time employees are more likely to say they are concerned about keeping qualified employees.



MID-LEVEL CONCERNS (mean scores between 3.00 and 5.00)

While it appeared in 1Q07 that the cost of salaries and wages would possibly become a high-level concern in 2Q07, the mean score for this issue stayed at 4.90 in the current cycle. However, concern about this issue has noticeably increased from 2Q06 (4.51).

Younger executives are more likely to say they are concerned about the cost of salaries and wages. In fact, as the age of the panelist decreases, the level of concern increases.

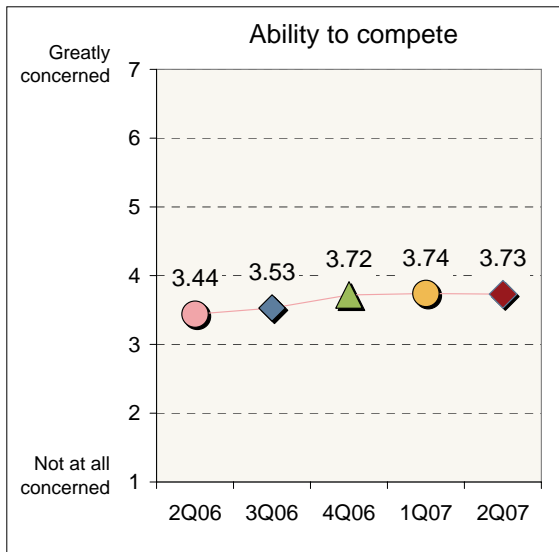
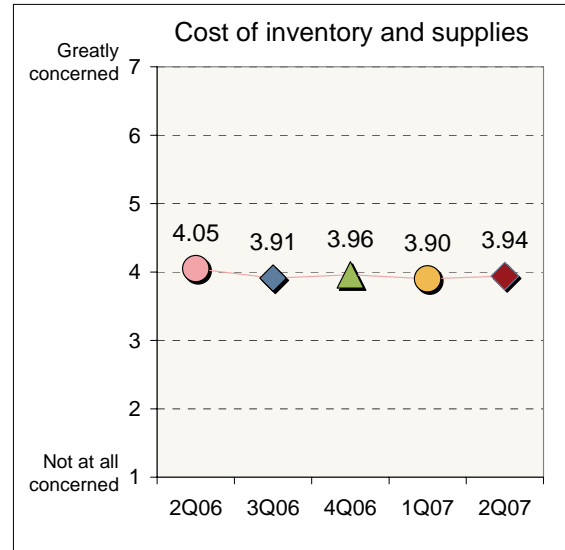


Executives' level of concern about the impact of inflation on the cost to do business is unchanged in 2Q07 (4.52), following a significant mean score increase (+0.31 points) from 4Q06 to 1Q07. Panelists appear less concerned about this issue than they were a year ago (2Q06: 4.74).

Female panelists are more likely to say they are concerned about the impact of inflation on the cost to do business.

The mean score for the cost of inventory and supplies (2Q07: 3.94) continues to hover around the mid-point (4.00) of the 7-point scale. Concern about this issue has remained relatively unchanged over the five cycles of this study.

Panelists in seasonal businesses are more likely to say they are concerned about the cost of inventory and supplies.

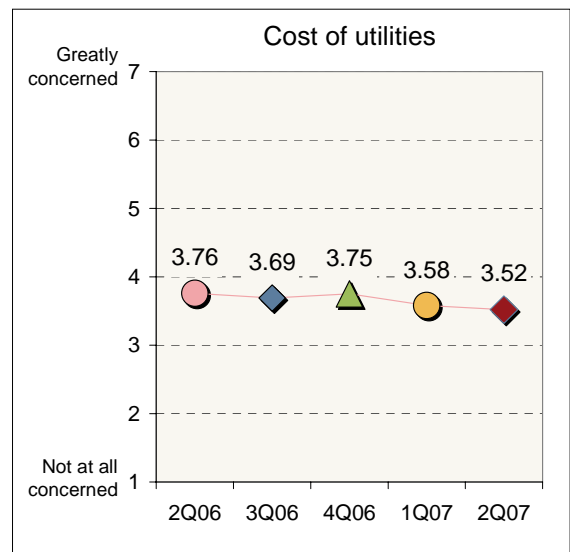


Executives are noticeably more concerned about their ability to compete in the marketplace in 2Q07 (3.73) than they were a year ago (2Q06: 3.44), although the level of concern about this issue has remained about the same over the past three quarters.

Female panelists are more likely to say they are concerned about this issue.

Concern about the cost of utilities is on a downward trend since 4Q06 (4Q06: 3.75; 1Q07: 3.58; and 2Q07: 3.52).

Younger executives and panelists representing companies with fewer than 10 part-time employees are more likely to say they are *not* concerned about the cost of utilities.



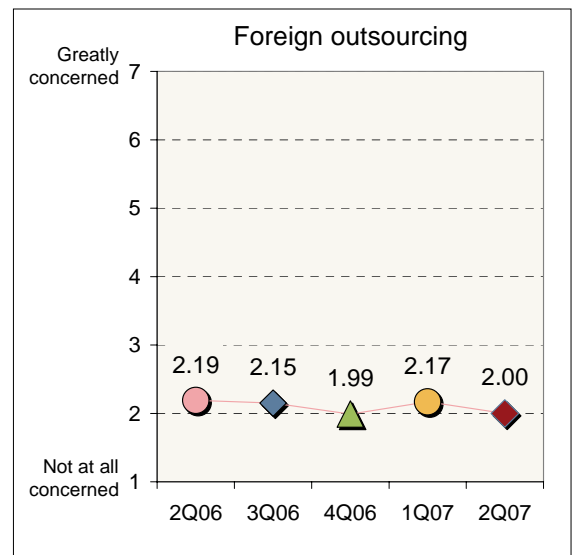
LOW-LEVEL CONCERNS (mean scores between 1.00 and 3.00)



With a mean score of 2.58, the cost of a lease, rent, or mortgage is still an insignificant concern to business leaders compared to the other factors addressed in this study.

Male panelists and executives whose companies are not headquartered along the Wasatch Front are more likely to say they are *not* concerned about their companies' leases, rents or mortgages.

Consistent throughout all five cycles of this study, business leaders appear to give little consideration to the issue of outsourcing to foreign countries. Posting a mean score of 2.00 in 2Q07, this issue continues to place eleventh out of the eleven factors measured.



A Top-Level Comparison of Economic Concerns

The first table below lists all of the eleven factors in descending order of concern for the current quarter (*rank*). Intensity of concern for each issue is determined by mean score – a mean score of 7.00 would indicate that every single panelist is *greatly concerned* about that issue, while a mean score of 1.00 would have all respondents saying they are *not concerned at all*.

Prior quarter information of rank and intensity is provided for a quick comparison.

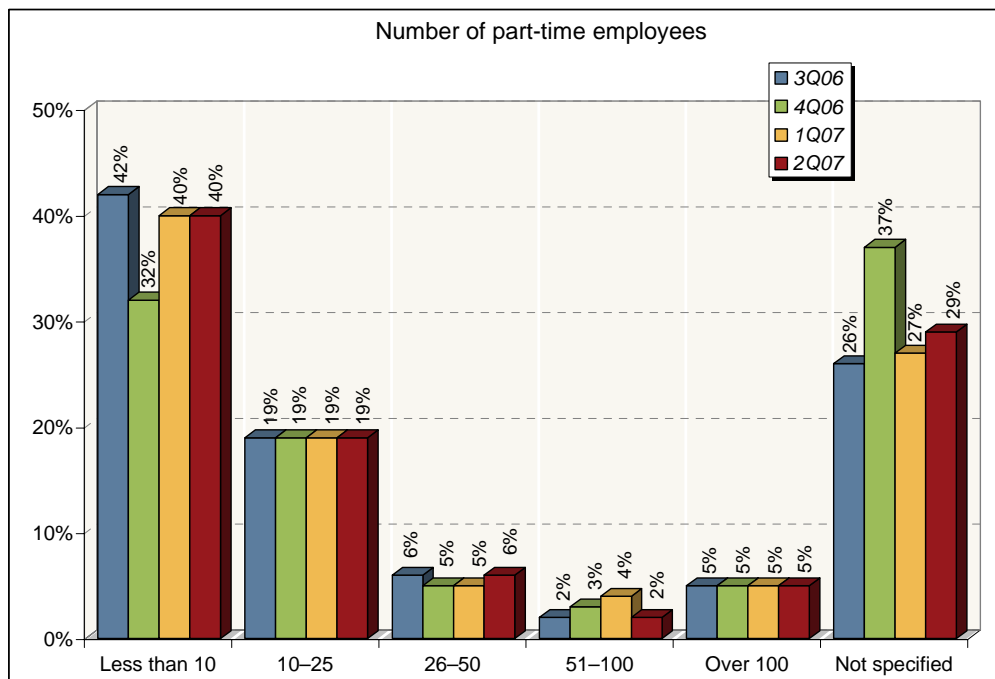
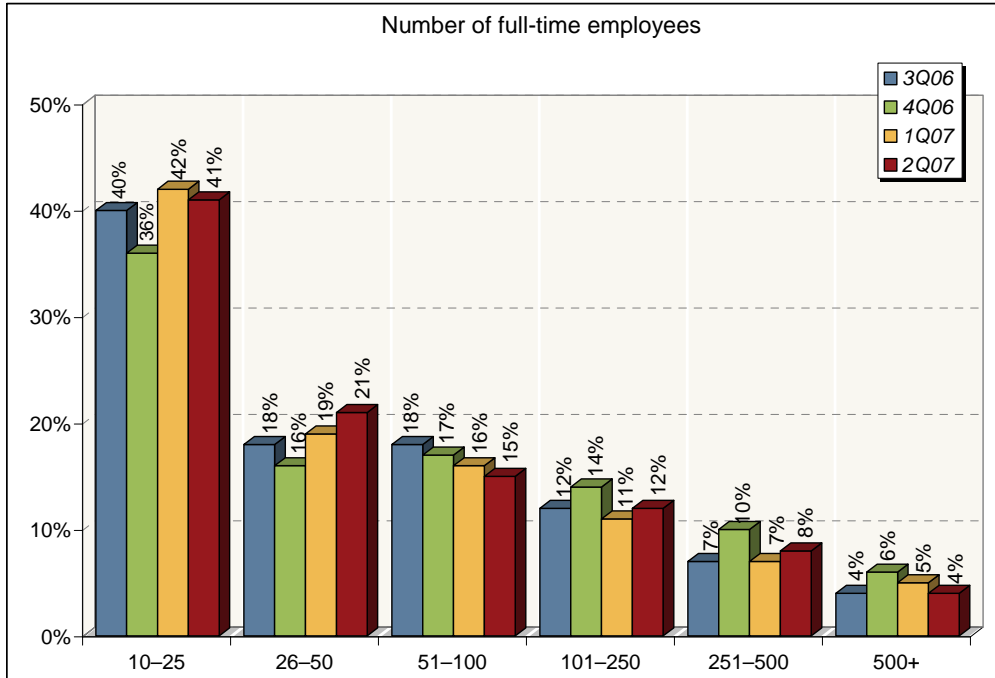
Comparative Level of Concern <i>(Scale: 1/Not concerned at all to 7/Greatly concerned)</i>	RANK		RANK		RANK		RANK		RANK	
		2Q06		3Q06		4Q06		1Q07		2Q07
Finding qualified employees	3	5.41	1	5.38	1	5.63	1	5.85	1	5.69
Cost of employee health insurance	2	5.52	2	5.35	2	5.46	2	5.47	2	5.45
Gasoline prices	1	5.56	4	4.97	5	4.55	4	5.31	3	5.39
Keeping qualified employees	4	4.96	3	5.12	3	5.29	3	5.34	4	5.32
Cost of salaries and wages	6	4.51	5	4.62	4	4.70	5	4.90	5	4.90
Impact of inflation on the cost to do business	5	4.74	6	4.41	6	4.21	6	4.52	6	4.52
Cost of inventory and supplies	7	4.05	7	3.91	7	3.96	7	3.90	7	3.94
Ability to compete in the marketplace	9	3.44	9	3.53	9	3.72	8	3.74	8	3.73
Cost of utilities	8	3.76	8	3.69	8	3.75	9	3.58	9	3.52
Cost of lease, rent, or mortgage	10	2.58	10	2.55	10	2.64	10	2.66	10	2.58
Outsourcing to foreign countries	11	2.19	11	2.15	11	1.99	11	2.17	11	2.00
Average level of concern		4.25		4.15		4.17		4.31		4.28

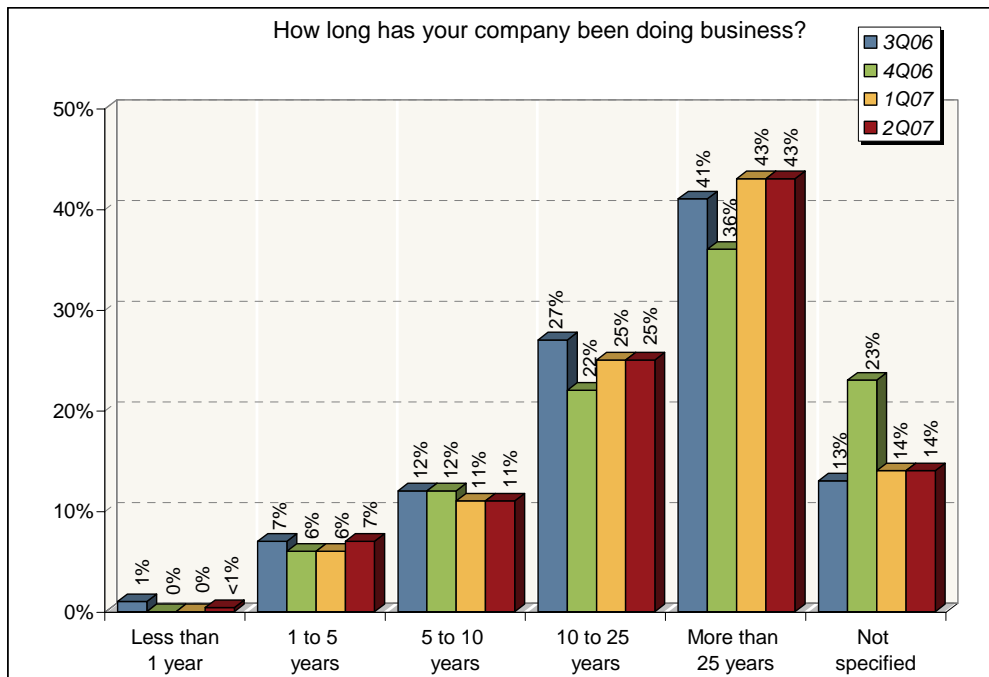
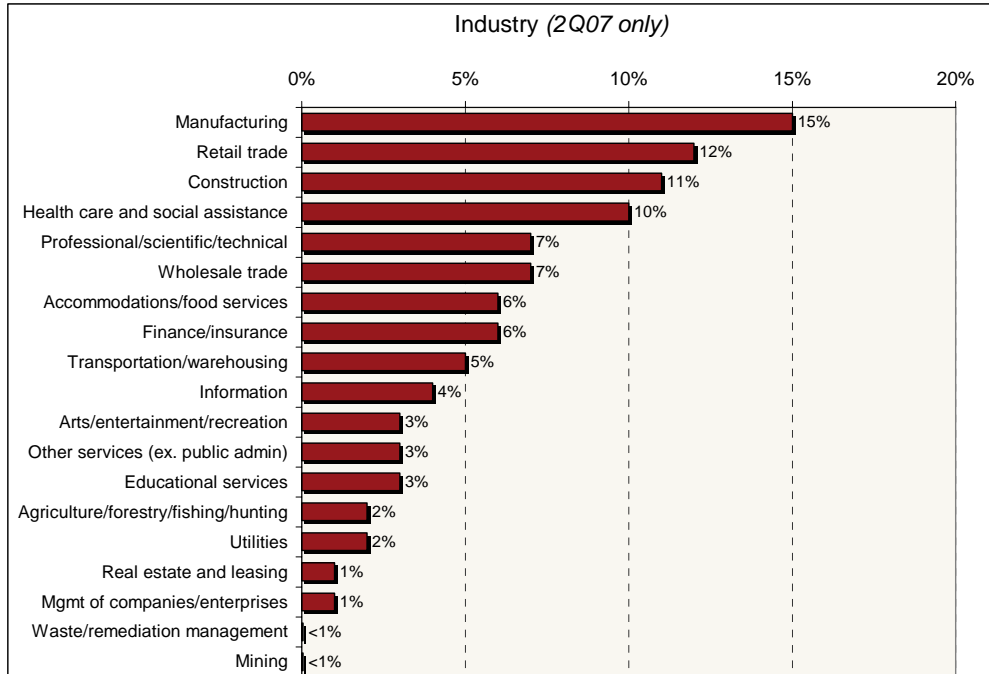
The *Change in Level of Concern* table below reveals how the intensity (mean score) for any given issue has changed over the course of this study. Here the items are ranked by how much the current results (2Q07) have shifted from the results of last quarter (1Q07), two quarters ago (4Q06), three quarters ago (3Q06), and from the initial survey a year ago (2Q06). Positive numbers (in black) show an increase in intensity, while negative numbers (in red) show a decrease.

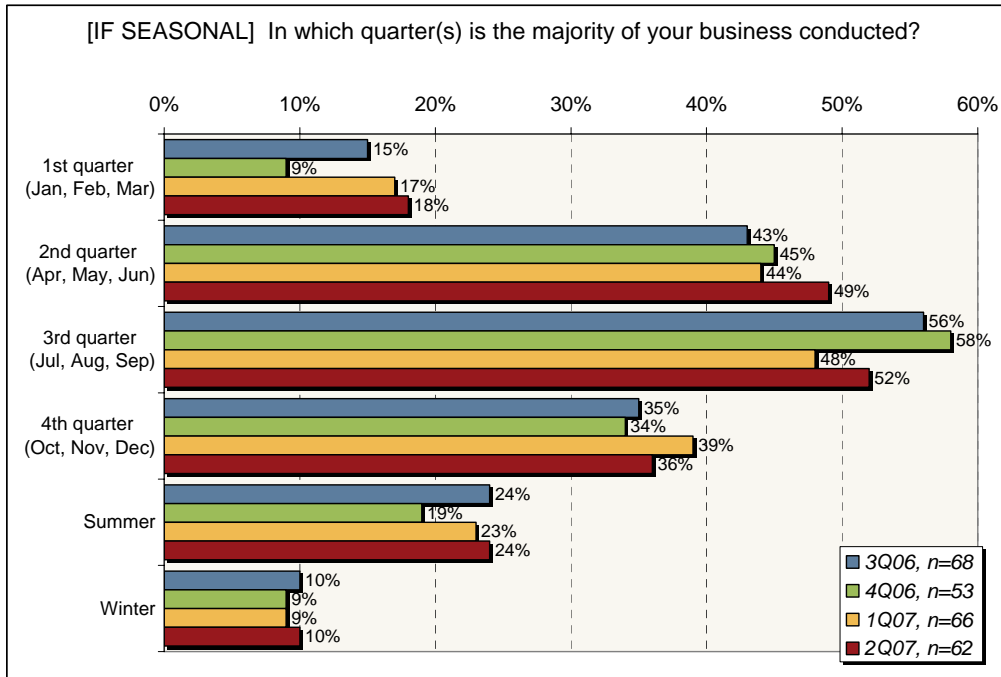
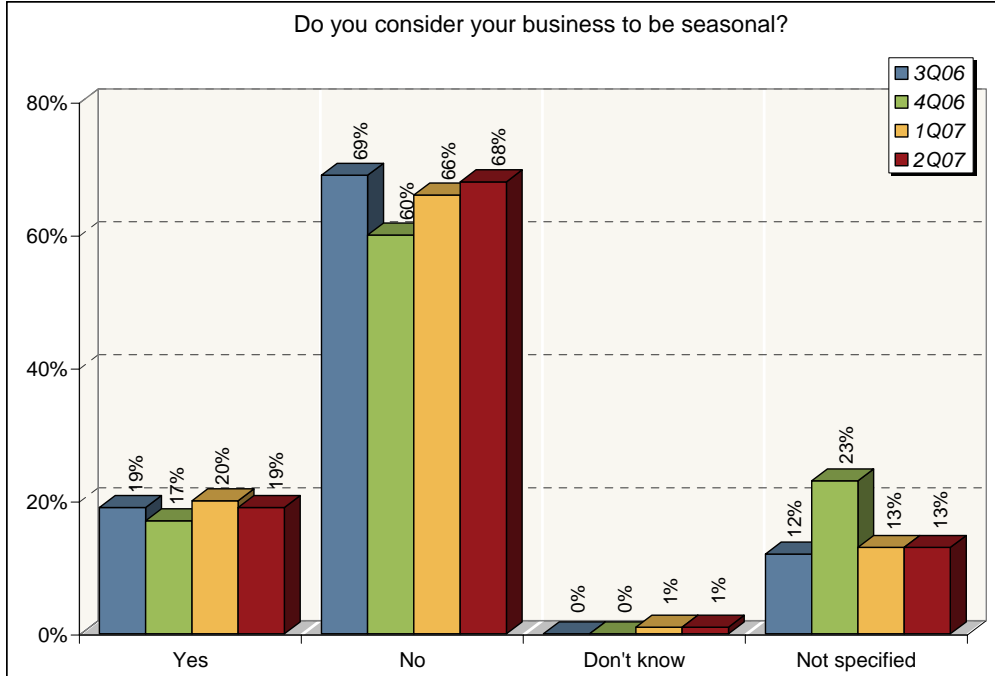
Change in Level of Concern from ... <i>+(Increased concern) / - (Decreased concern)</i>	RANK		RANK		RANK		RANK	
		2Q06 to 2Q07		3Q06 to 2Q07		4Q06 to 2Q07		1Q07 to 2Q07
Gasoline prices	8	-0.17	1	+0.42	1	+0.84	1	+0.08
Cost of inventory and supplies	7	-0.11	9	+0.03	9	-0.02	2	+0.04
Cost of salaries and wages	1	+0.39	3	+0.28	3	+0.20	3	0.00
Impact of inflation on the cost to do business	10	-0.22	6	+0.11	2	+0.31	4	0.00
Ability to compete in the marketplace	3	+0.29	4	+0.20	7	+0.01	5	-0.01
Cost of employee health insurance	6	-0.07	7	+0.10	8	-0.01	6	-0.02
Keeping qualified employees	2	+0.36	5	+0.20	5	+0.03	7	-0.02
Cost of utilities	11	-0.24	11	-0.17	11	-0.23	8	-0.06
Cost of lease, rent, or mortgage	5	0.00	8	+0.03	10	-0.06	9	-0.08
Finding qualified employees	4	+0.28	2	+0.31	4	+0.06	10	-0.16
Outsourcing to foreign countries	9	-0.19	10	-0.15	6	+0.01	11	-0.17

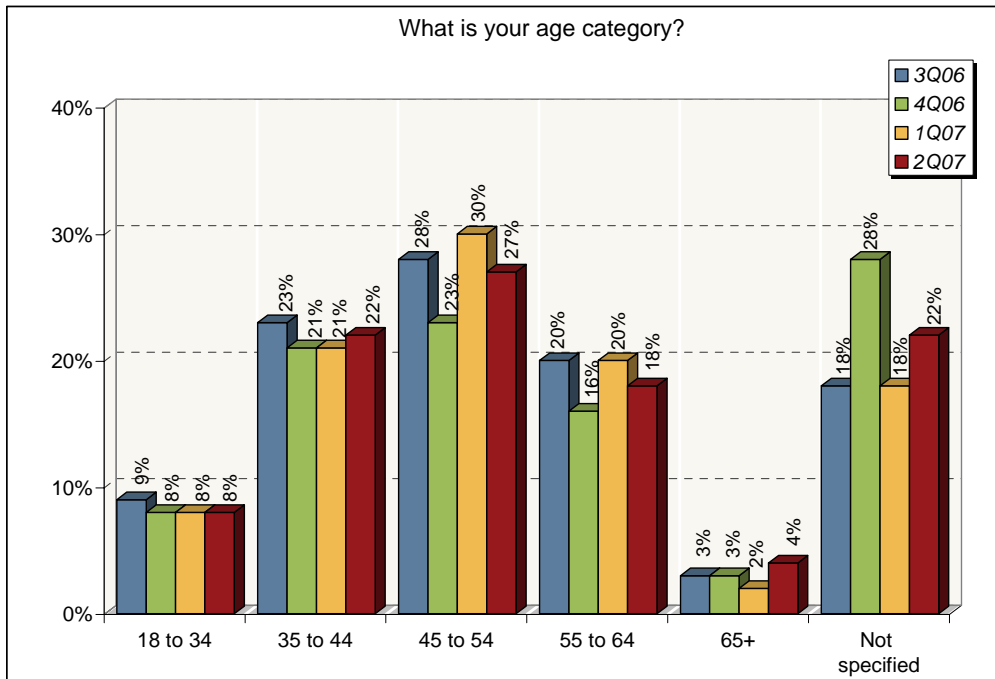
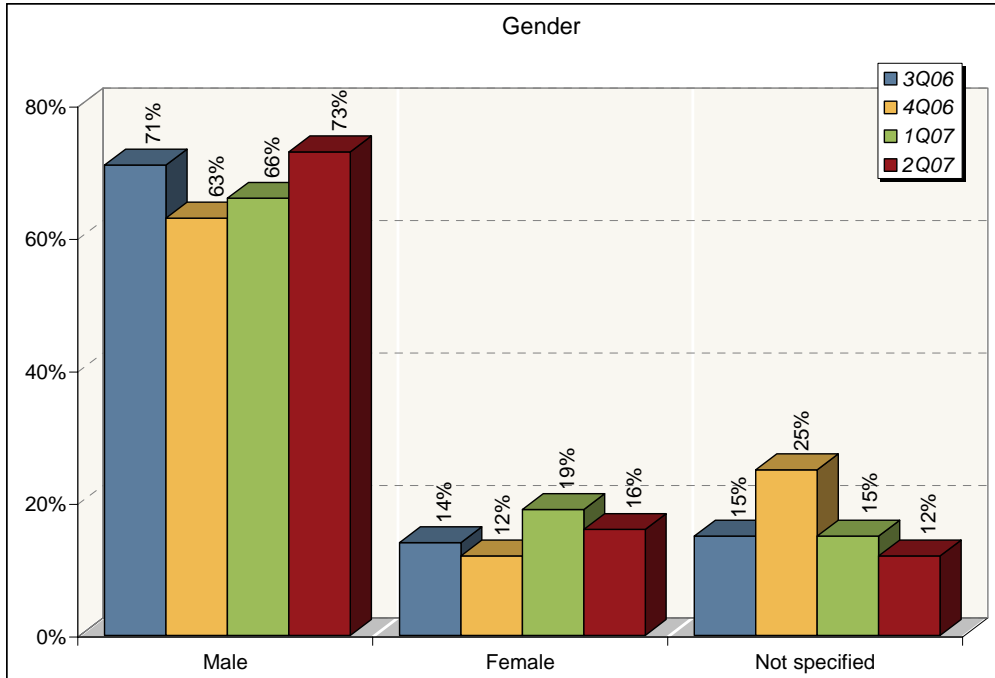
Demographic Characteristics of Panelists

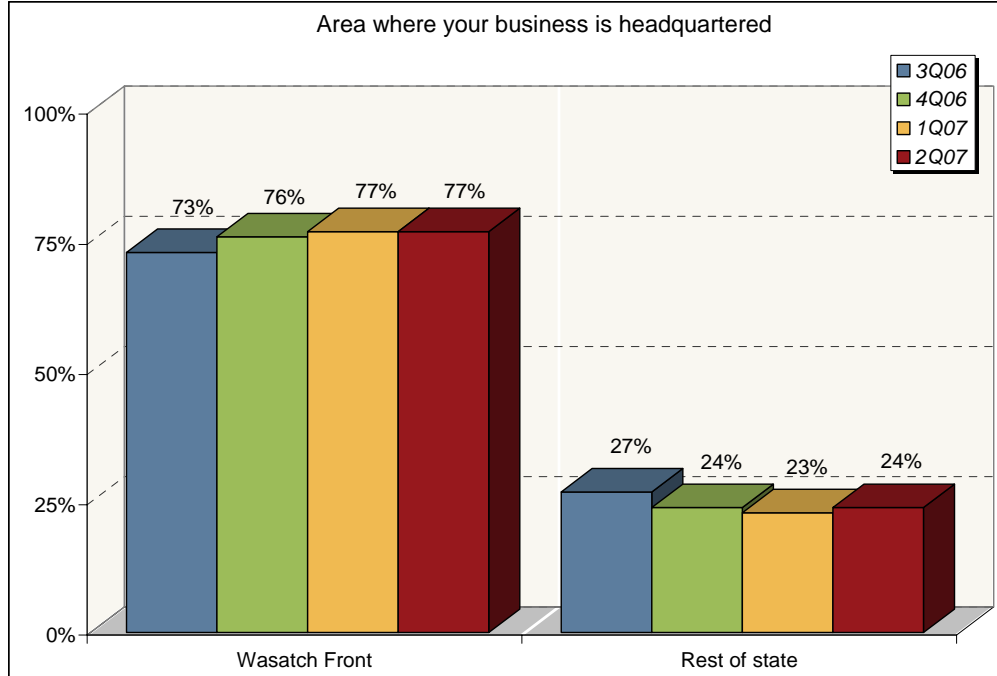
Demographic information for 2Q06 is not shown on the following charts. Please refer to the questionnaire on page 20 for complete results.











Zions Bank Utah Quarterly Economic Forecast

Second Quarter 2007 (2Q07) – Questionnaire with Results

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Field dates:	Jul 12–21	Oct 2–13	Jan 25–Feb 2	Apr 2–27	Jul 9–Aug 3
Completed studies:	387	356	320	335	336
Universe:	Utah statewide – business leaders and key decision makers				
Methodology:	Online panel				

Thank you for taking a few minutes to answer some questions about your company's economic standing during the last three months and your projections about the next three months.

1. Using a 1–10 scale, please rate your level of optimism/pessimism about the financial future of your company, **based on profits/losses these past three months**:

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Very pessimistic	1%	1%	1%	0%	1%
2	0%	0%	0%	1%	1%
3	1%	3%	1%	2%	2%
4	2%	3%	3%	4%	4%
5	6%	8%	6%	6%	7%
6	7%	9%	6%	10%	9%
7	21%	16%	15%	21%	16%
8	29%	31%	35%	27%	33%
9	11%	13%	13%	15%	13%
10 / Very optimistic	22%	16%	19%	14%	14%
Mean score	7.87	7.55	7.80	7.49	7.49

2. In the **coming three months**, would you predict that your company's economic health will be **better** than the prior three-month period, **about the same** as the previous three months, or **worse** than the previous three months?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Much worse (1)	2%	3%	3%	6%	1%
Somewhat worse (2)	9%	10%	11%	9%	10%
About the same (3)	39%	36%	37%	35%	42%
Somewhat better (4)	34%	34%	35%	36%	35%
Much better (5)	16%	17%	14%	15%	13%
Mean score	3.53	3.53	3.46	3.45	3.50

3. In the **coming three months**, do you anticipate spending **more**, about the **same**, or **less** on **capital expenditures** than you have during the past three-month period?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Much less (1)	4%	9%	8%	7%	7%
Somewhat less (2)	15%	22%	18%	18%	19%
About the same (3)	51%	43%	39%	42%	48%
Somewhat more (4)	20%	18%	24%	25%	21%
Much more (5)	10%	7%	10%	9%	6%
Mean score	3.17	2.91	3.09	3.11	3.00

4. In the **coming three months**, do you anticipate that your workforce will increase (hire or re-hire more employees), decrease, or remain the same compared to the last three months? (This would include full-time, part-time, consultants, and contract/staffing agency employees.)

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Decrease greatly (1)	2%	4%	2%	1%	1%
Decrease somewhat (2)	7%	9%	10%	13%	8%
Remain the same (3)	40%	47%	43%	36%	49%
Increase somewhat (4)	47%	37%	39%	44%	41%
Increase greatly (5)	4%	3%	7%	5%	2%
Mean score	3.44	3.27	3.39	3.40	3.35

Please **rate your level of concern** about the following items as they affect your company **within the next few months**. Use a 1–7 scale, with one meaning *not concerned at all* and seven meaning you are *greatly concerned*:

5. The cost of health insurance for your employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	5%	6%	6%	6%	5%
2	2%	3%	2%	2%	2%
3	5%	4%	4%	6%	6%
4	9%	13%	10%	8%	9%
5	19%	21%	21%	20%	22%
6	19%	16%	22%	20%	21%
7 / Greatly concerned	40%	37%	36%	38%	35%
Mean score	5.52	5.35	5.46	5.47	5.45

6. Gasoline prices

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	1%	4%	5%	3%	2%
2	4%	6%	5%	3%	2%
3	7%	9%	15%	7%	9%
4	8%	17%	21%	13%	12%
5	25%	24%	27%	26%	25%
6	15%	13%	14%	20%	20%
7 / Greatly concerned	40%	26%	13%	28%	31%
Mean score	5.56	4.97	4.55	5.31	5.39

7. The cost of salaries and wages

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	2%	3%	3%	2%	2%
2	4%	3%	4%	2%	3%
3	16%	12%	12%	11%	10%
4	27%	26%	23%	22%	19%
5	31%	32%	29%	27%	32%
6	13%	14%	19%	23%	20%
7 / Greatly concerned	8%	10%	10%	13%	14%
Mean score	4.51	4.62	4.70	4.90	4.90

(Continued) Please **rate your level of concern** about the following items as they affect your company **within the next few months**. Use a 1–7 scale, with one meaning *not concerned at all* and seven meaning you are *greatly concerned*:

8. Your ability to compete in the marketplace

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	14%	10%	12%	10%	10%
2	20%	19%	15%	18%	16%
3	22%	24%	22%	19%	20%
4	17%	15%	17%	23%	18%
5	14%	20%	18%	15%	21%
6	7%	7%	10%	8%	10%
7 / Greatly concerned	6%	4%	7%	9%	5%
<i>Mean score</i>	<i>3.44</i>	<i>3.53</i>	<i>3.72</i>	<i>3.74</i>	<i>3.73</i>

9. Outsourcing to foreign countries

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	60%	59%	61%	57%	62%
2	11%	12%	14%	14%	13%
3	7%	9%	8%	9%	9%
4	8%	8%	7%	7%	6%
5	6%	5%	5%	6%	5%
6	4%	3%	2%	4%	2%
7 / Greatly concerned	4%	5%	3%	4%	4%
<i>Mean score</i>	<i>2.19</i>	<i>2.15</i>	<i>1.99</i>	<i>2.17</i>	<i>2.00</i>

10. The cost of your company's lease, rent, or mortgage

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	34%	36%	34%	33%	39%
2	20%	23%	18%	18%	16%
3	19%	14%	17%	19%	18%
4	13%	12%	16%	15%	12%
5	9%	10%	9%	12%	9%
6	3%	3%	3%	2%	3%
7 / Greatly concerned	2%	3%	2%	1%	3%
<i>Mean score</i>	<i>2.58</i>	<i>2.55</i>	<i>2.64</i>	<i>2.66</i>	<i>2.58</i>

11. The cost of utilities

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	8%	12%	9%	8%	14%
2	18%	16%	14%	18%	13%
3	19%	19%	19%	23%	21%
4	19%	19%	27%	23%	23%
5	20%	19%	20%	16%	20%
6	9%	10%	8%	7%	4%
7 / Greatly concerned	6%	5%	5%	4%	4%
<i>Mean score</i>	<i>3.76</i>	<i>3.69</i>	<i>3.75</i>	<i>3.58</i>	<i>3.52</i>

(Continued) Please **rate your level of concern** about the following items as they affect your company **within the next few months**. Use a 1–7 scale, with one meaning *not concerned at all* and seven meaning you are *greatly concerned*:

12. The cost of inventory and supplies

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	7%	7%	7%	8%	11%
2	13%	14%	12%	14%	9%
3	16%	20%	16%	17%	14%
4	22%	21%	28%	21%	28%
5	23%	24%	22%	24%	21%
6	13%	9%	12%	10%	13%
7 / Greatly concerned	6%	6%	3%	5%	4%
<i>Mean score</i>	<i>4.05</i>	<i>3.91</i>	<i>3.96</i>	<i>3.90</i>	<i>3.94</i>

13. Finding qualified employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	3%	4%	3%	1%	3%
2	3%	5%	2%	3%	2%
3	7%	7%	7%	4%	6%
4	10%	10%	7%	7%	7%
5	23%	15%	18%	16%	18%
6	19%	23%	25%	24%	23%
7 / Greatly concerned	35%	35%	38%	45%	42%
<i>Mean score</i>	<i>5.41</i>	<i>5.38</i>	<i>5.63</i>	<i>5.85</i>	<i>5.69</i>

14. Keeping qualified employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	4%	3%	2%	1%	3%
2	5%	6%	5%	4%	5%
3	12%	10%	11%	8%	6%
4	14%	11%	8%	11%	13%
5	22%	23%	22%	26%	22%
6	19%	23%	26%	23%	21%
7 / Greatly concerned	24%	24%	27%	27%	30%
<i>Mean score</i>	<i>4.96</i>	<i>5.12</i>	<i>5.29</i>	<i>5.34</i>	<i>5.32</i>

15. The impact of inflation on the cost to do business

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
1 / Not concerned at all	1%	3%	2%	1%	2%
2	6%	10%	9%	7%	5%
3	12%	16%	20%	15%	15%
4	21%	21%	25%	24%	24%
5	31%	26%	28%	32%	32%
6	15%	14%	10%	13%	16%
7 / Greatly concerned	13%	10%	6%	9%	7%
<i>Mean score</i>	<i>4.74</i>	<i>4.41</i>	<i>4.21</i>	<i>4.52</i>	<i>4.52</i>

Level of Concern – Synopsis of Mean Scores

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
5. <i>The cost of employee health insurance</i>	5.52	5.35	5.46	5.47	5.45
6. <i>Gasoline prices</i>	5.56	4.97	4.55	5.31	5.39
7. <i>The cost of salaries and wages</i>	4.51	4.62	4.70	4.90	4.90
8. <i>Your ability to compete in the marketplace</i>	3.44	3.53	3.72	3.74	3.73
9. <i>Outsourcing to foreign countries</i>	2.19	2.15	1.99	2.17	2.00
10. <i>The cost of your lease, rent, or mortgage</i>	2.58	2.55	2.64	2.66	2.58
11. <i>The cost of utilities</i>	3.76	3.69	3.75	3.58	3.52
12. <i>The cost of inventory and supplies</i>	4.05	3.91	3.96	3.90	3.94
13. <i>Finding qualified employees</i>	5.41	5.38	5.63	5.85	5.69
14. <i>Keeping qualified employees</i>	4.96	5.12	5.29	5.34	5.32
15. <i>Impact of inflation on the cost to do business</i>	4.74	4.41	4.21	4.52	4.52
16. <i>If and when your company's budget tightens</i> , which ONE of the following <i>best</i> describes how you will handle those pressures?					
	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Pass on costs	13%	13%	15%	16%	18%
Absorb costs/accept lower margins	18%	15%	13%	13%	16%
A combination of the above	69%	72%	72%	71%	67%

Demographic Data

17. Number of full-time employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
500+	4%	4%	6%	5%	4%
251–500	7%	7%	10%	7%	8%
101–250	12%	12%	14%	11%	12%
51–100	15%	18%	17%	16%	15%
26–50	19%	18%	16%	19%	21%
10–25	43%	40%	36%	42%	41%

18. Number of part-time employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
500+	1%	1%	1%	2%	1%
251–500	2%	2%	2%	2%	2%
101–250	3%	2%	2%	1%	2%
51–100	3%	2%	3%	4%	2%
26–50	4%	6%	5%	5%	6%
10–25	18%	19%	19%	19%	19%
Less than 10	45%	42%	32%	40%	40%
Refuse	3%	3%	2%	2%	2%
Not specified	22%	23%	35%	25%	27%

19. Gender

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Male	73%	71%	63%	66%	73%
Female	13%	14%	12%	19%	16%
Not declared	14%	15%	25%	15%	12%

20. Industry

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Agriculture/forestry/fishing/hunting	2%	2%	2%	2%	2%
Mining	<1%	1%	1%	<1%	<1%
Utilities	2%	2%	2%	1%	2%
Construction	12%	12%	12%	13%	11%
Manufacturing	16%	17%	14%	16%	15%
Wholesale trade	6%	6%	7%	6%	7%
Retail trade	11%	10%	10%	9%	12%
Transportation/warehousing	4%	5%	5%	5%	5%
Information	3%	4%	4%	3%	4%
Finance/insurance	6%	6%	5%	4%	6%
Real estate and leasing	1%	1%	2%	1%	1%
Professional/scientific/technical	8%	8%	9%	10%	7%
Management of companies/enterprises	<1%	1%	<1%	<1%	1%
Waste management/remediation services	0%	0%	0%	1%	<1%
Educational services	4%	4%	4%	2%	3%
Health care and social assistance	12%	10%	11%	13%	10%
Arts/entertainment/recreation	2%	4%	4%	3%	3%
Accommodations/food services	5%	6%	6%	6%	6%
Other services (except public admin)	3%	2%	3%	3%	3%
Public administration	<1%	0%	0%	0%	0%
Other	1%	0%	0%	<1%	0%

21. How long has your company been doing business?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Less than 1 year	0%	1%	0%	0%	<1%
1 to 5 years	8%	7%	6%	6%	7%
5 to 10 years	13%	12%	12%	11%	11%
10 to 25 years	26%	27%	22%	25%	25%
More than 25 years	39%	41%	36%	43%	43%
Refuse	2%	1%	0%	1%	1%
Not specified	12%	12%	23%	13%	13%

22. Do you consider your business to be seasonal?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Yes	17%	19%	17%	20%	19%
No	71%	69%	60%	66%	68%
Don't know	1%	0%	0%	1%	1%
Not specified	12%	12%	23%	13%	13%

23. [IF SEASONAL] In which quarter(s) is the majority of your business conducted?
(PERCENT MENTIONED)

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
<i>Number responding</i>	<i>64</i>	<i>68</i>	<i>53</i>	<i>66</i>	<i>62</i>
1st quarter (Jan, Feb, Mar)	13%	15%	9%	17%	18%
2nd quarter (Apr, May, Jun)	41%	43%	45%	44%	49%
3rd quarter (Jul, Aug, Sep)	50%	56%	58%	48%	52%
4th quarter (Oct, Nov, Dec)	34%	35%	34%	39%	36%
Summer	28%	24%	19%	23%	24%
Winter	8%	10%	9%	9%	10%

24. What is your age category?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
18 to 24	0%	0%	0%	0%	0%
25 to 34	11%	9%	8%	8%	8%
35 to 44	22%	23%	21%	21%	22%
45 to 54	28%	28%	23%	30%	27%
55 to 64	18%	20%	16%	20%	18%
65+	3%	3%	3%	2%	4%
Refuse	3%	3%	3%	3%	4%
Not specified	14%	15%	25%	15%	18%

25. County where your business is headquartered:

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Beaver	<1%	<1%	<1%	0%	0%
Box Elder	2%	3%	2%	2%	2%
Cache	6%	7%	6%	5%	6%
Carbon	0%	1%	0%	<1%	<1%
Daggett	0%	0%	0%	0%	<1%
Davis	7%	5%	7%	8%	6%
Duchesne	1%	1%	<1%	0%	1%
Emery	<1%	1%	<1%	<1%	1%
Garfield	0%	<1%	0%	0%	0%
Grand	1%	1%	1%	1%	2%
Iron	1%	1%	2%	2%	3%
Juab	1%	1%	1%	<1%	1%
Kane	<1%	<1%	<1%	0%	0%
Millard	1%	1%	<1%	1%	1%
Morgan	0%	0%	0%	0%	0%
Piute	<1%	<1%	<1%	0%	0%
Rich	0%	0%	0%	0%	0%
Salt Lake	50%	49%	52%	51%	55%
San Juan	1%	1%	1%	1%	0%
Sanpete	1%	1%	1%	2%	2%
Sevier	1%	1%	1%	<1%	1%
Summit	2%	2%	1%	2%	1%
Tooele	<1%	1%	<1%	<1%	0%
Uintah	1%	1%	2%	1%	1%
Utah	12%	12%	12%	12%	11%
Wasatch	1%	1%	<1%	1%	0%
Washington	5%	4%	4%	4%	3%
Wayne	<1%	0%	0%	<1%	0%
Weber	5%	6%	5%	6%	5%
Other	1%	1%	0%	<1%	<1%

26. Area

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>
Wasatch Front	74%	73%	76%	77%	77%
Rest of State	26%	27%	24%	23%	24%

Thank you for completing the Utah Quarterly Economic Forecast. We appreciate your participation.

Note: Due to rounding, response distribution may not always total 100%.