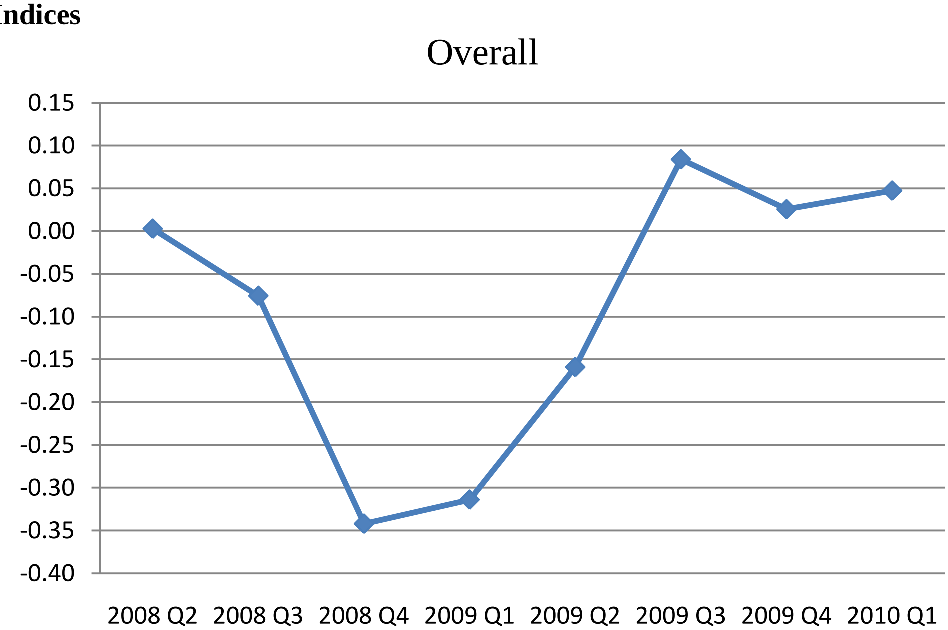
May 10, 2010

Greater Seattle Area Survey of Current Business Conditions - First Quarter

Executive Summary

Business conditions in the Seattle economy during the first quarter of 2010 continue to be mixed. The overall outlook was relatively optimistic. For the third quarter in a row more respondents were positive about key economic indicators than negative. Improvements were made in both employment and sales while financing and inventory were stagnant to declining, on average. These results continue to be driven primarily by uncertainty within the economy, with healthcare expenses and domestic competition as secondary drivers of pessimism. Uncertainty appears to permeate business leaders' thoughts, as evidenced by their responses to healthcare reform questions. One-third of the respondents do not know how they could minimize costs under the new healthcare legislation. Another 30 percent think that eliminating healthcare coverage for employees would reduce their costs; however, an even smaller number think that a strategy of this nature would be in their best interests. The majority of respondents believe that the Federal jobs bill will be largely impotent. Lastly, most respondents feel that a sales tax increase would be the least disruptive way for the Washington State Legislature to increase tax revenues.

Optimism Indices



Optimism Indices (cont.)