

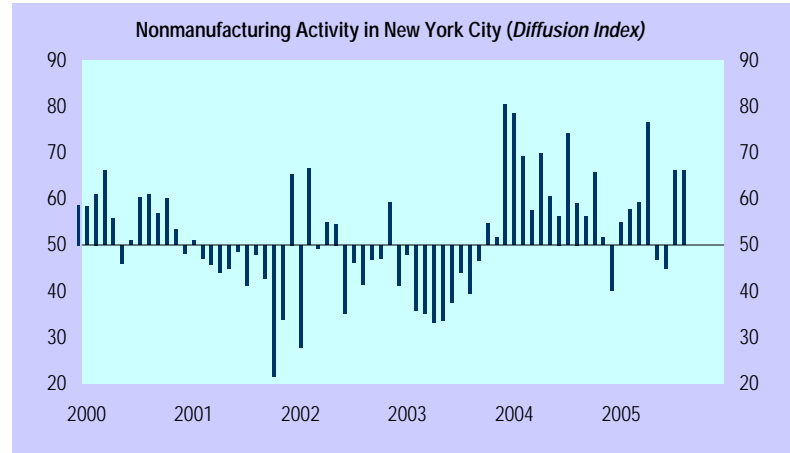


NEW YORK CITY REPORT ON BUSINESS
The Big Apple's August Revival

The business climate remains positive, according to the August survey conducted by the National Association of Purchasing Management-New York (NAPM-NY), matching an earlier upbeat report on state-wide industrial conditions released by the Federal Reserve Bank of New York and affirming that the region's revival remains on track. All respondents report that business conditions are either unchanged or are better than in previous months. Although concerns about high energy prices echo through many of the responses, optimism about the City's economic outlook no doubt reflects many of the positive cyclical forces that continue to support the broader economy's ongoing recovery from the 2001 recession.

The NAPM-NY Business Conditions Index (BCI) has resumed its upward march in the past couple of months and is setting new records. The BCI tends to parallel the City's job market trends, although since 2003, nonfarm payrolls have expanded more slowly than the BCI. The Big Apple's job count reached 3.8 million in early 2000, tumbled to a low of 3.5 million by the summer of 2003, and since has recouped only about one-third of the recession's losses. Nonetheless, the trends evident in the NAPM-NY surveys imply that the Big Apple's job outlook is promising.

Businesses remain optimistic about the outlook, as they have in general since summer of 2003. Expectations about the business outlook six months from now typically coincide with current economic conditions, but sometimes provide a heads-up on the Big Apple's future direction.

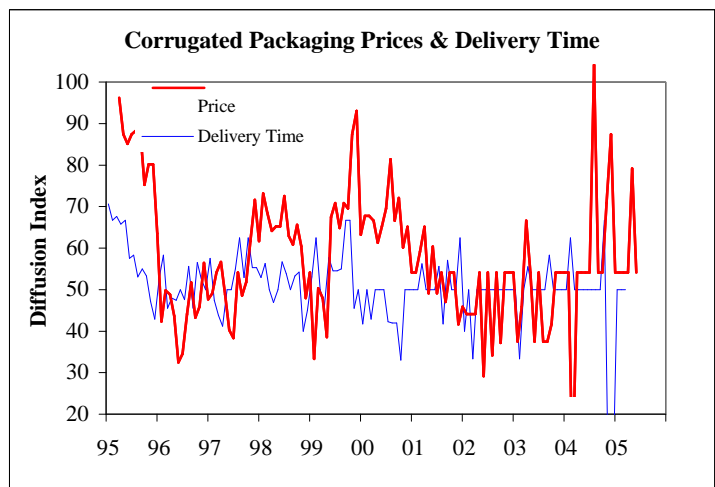
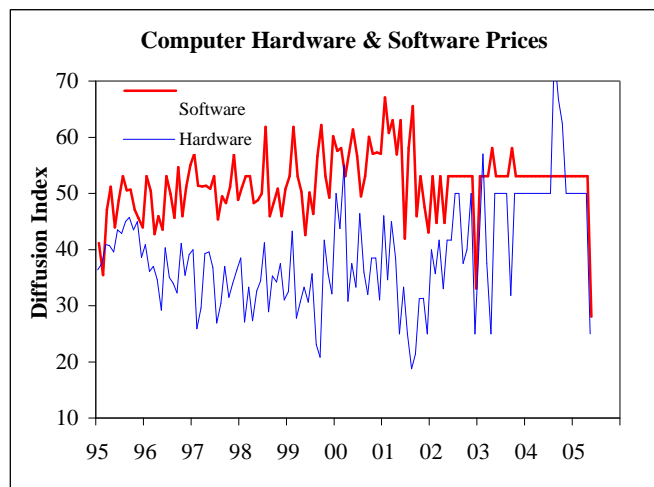
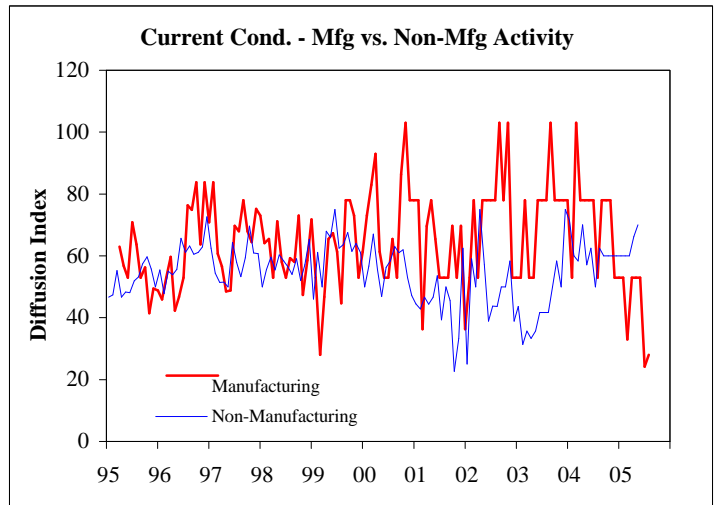
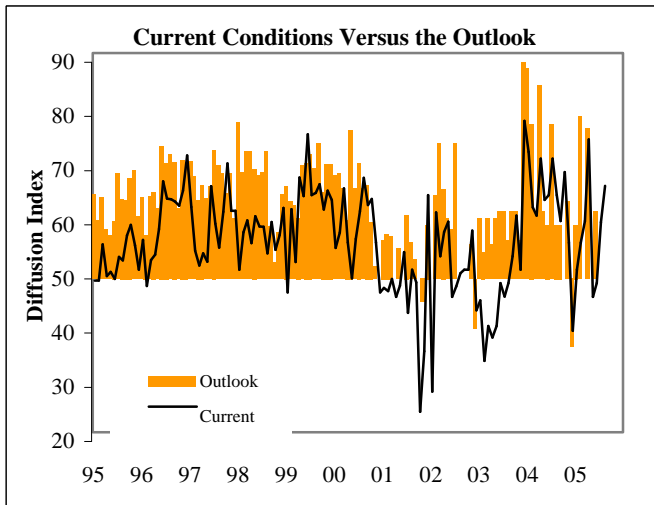
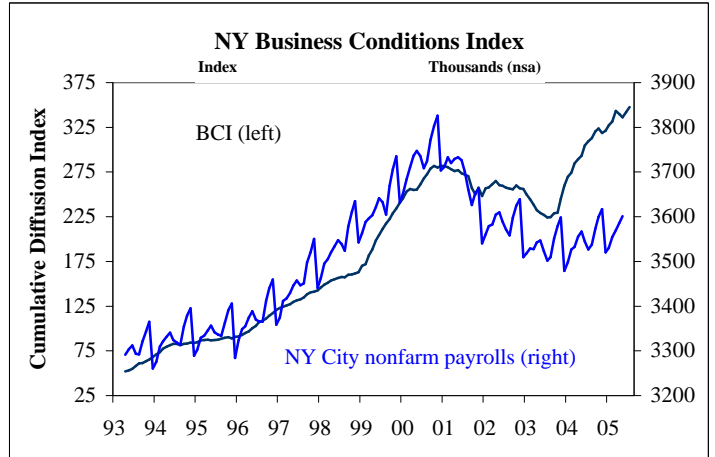


New York City Business Conditions Indexes (Seasonally Adjusted, Except Where Noted)					
	Current Conditions*			Outlook**	NY-BCI
	Overall	Mfg.	Non-Mfg.		
July '03	46.2	64.8	44.2	62.5	224.9
August	43.6	81.6	39.4	57.1	221.7
September	51.1	90.2	46.8	62.5	222.2
October	58.2	90.0	54.7	62.5	226.4
November	51.9	54.4	51.6	57.1	227.3
December	80.7	82.3	80.5	90.0	242.6
January '04	79.4	87.6	78.5	88.9	257.3
February	69.8	75.4	69.2	78.6	267.2
March	59.2	74.6	57.5	62.5	271.8
April	70.9	80.3	69.8	85.7	282.2
May	59.7	52.7	60.4	62.5	287.1
June	57.6	69.6	56.3	60.0	290.9
July	73.2	64.8	74.1	78.5	302.5
August	59.3	61.2	59.1	60.0	307.1
September	56.6	60.1	56.2	60.0	310.4
October	65.1	60.0	65.7	50.0	318.0
November	56.4	100.0	51.6	64.3	321.2
December	40.3	41.2	40.2	37.5	316.3
January '05	55.3	58.4	54.9	60.0	319.0
February	61.9	100.0	57.6	80.0	324.9
March	58.3	49.7	59.2	50.0	329.1
April	74.2	53.5	76.5	77.8	341.2
May	42.3	0.0	47.0	50.0	337.3
June	42.8	23.2	45.0	62.5	333.7
July	61.7	21.6	66.2	50.0	339.6
August	61.6	20.4	66.2	50.0	345.4

* This index is a weighted average of manufacturing (10%) and non-manufacturing (90%).
** Not seasonally adjusted.

New York Business Conditions Index (NY-BCI)

The New York business conditions index (BCI) is a cumulative diffusion index of current business conditions in the New York City area. The BCI tends to precede or coincide with local-area employment. As a result, because employment data are not available until one or two months, the BCI provides advance information about local labor market conditions. One note of caution: New York City nonfarm payrolls have lagged the recovery in the NY-NAPM's BCI since 2003 (see the figure to the right).

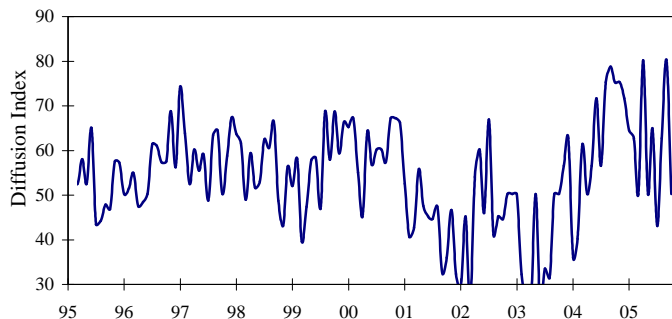


Quantity of Purchases

The overall quantity (units not dollars) of purchases, including raw materials, MRO, components, intermediates, and services, compared with the previous month.

	Year ago					
	Aug	July	June	May	April	Aug
Composite	50	80	63	43	65	75
Manufacturing	25	50	50	50	50	75
Non-Mfg.	60	100	75	42	66	75

Quantity of Purchases

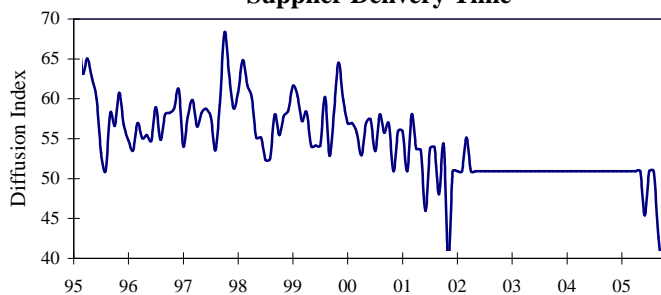


Supplier Delivery Time

An aggregate evaluation of the current month's delivery performance (lead time) compared to the prior month. This index is the percent reporting slower deliveries plus one-half reporting same.

	Year ago					
	Aug	July	June	May	April	Aug
Composite	36	42	50	50	44	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	50	50	50	50	50

Supplier Delivery Time

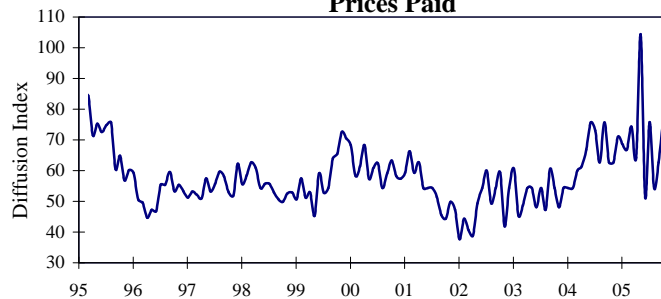


Prices Paid

The change from the prior month in prices of items -- goods and services, purchased. This is an overall evaluation weighted by quantity of purchase.

	Year ago					
	Aug	July	June	May	April	Aug
Composite	71	58	50	71	47	58
Manufacturing	75	75	50	100	50	50
Non-Mfg.	70	50	50	67	40	63

Prices Paid

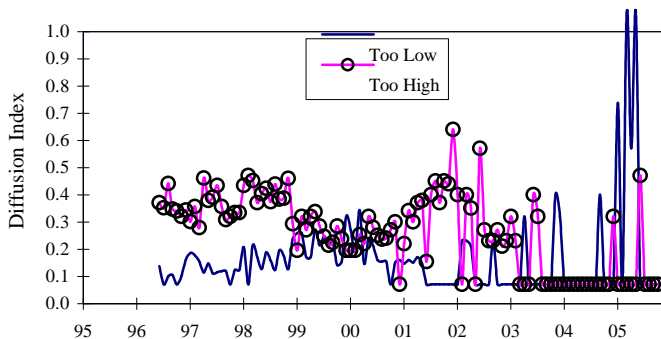


Finished Goods Inventory Relative to Use

The overall inventory level (units, not dollars) of products held for sale (finished goods) relative to expected use.

	Year ago					
	Aug	July	June	May	April	Aug
Composite	50	58	50	50	70	50
% too high	0	0	0	0	0	0
Manufacturing	50	75	50	50	50	50
Non-Mfg.	N/A	50	NA	50	75	50

Finished Goods Inventory vs. Expected Use

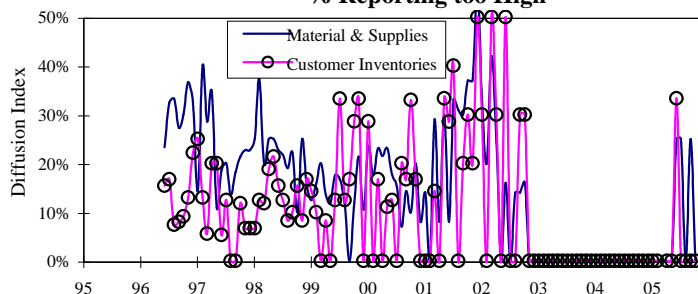


Raw Materials & Customer Inventory

The overall inventory level (units, not dollars) of products held for sale (finished goods) relative to expected use.

	Year ago					
	Aug	July	June	May	April	Aug
Materials & Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Customer Inventories	0.0	0.0	0.0	0.0	0.0	0.0

Material & Customer Stocks vs. Expected Use % Reporting too High



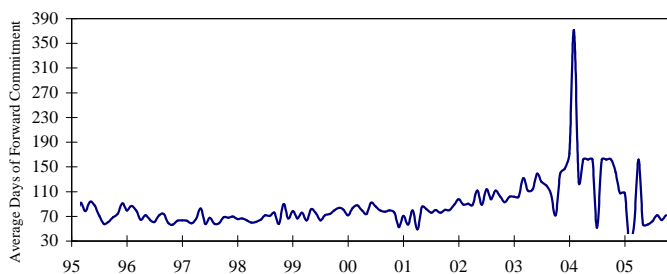
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	Aug	July	June	May	April	Aug
Average Days	60	53	60	50	45	150

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
60	0%	0%	100%	0%	0%	0%

Production Materials



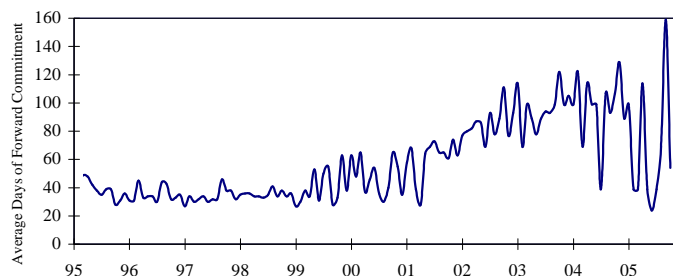
Buying Policy for MRO Supplies

The period of forward commitment for maintenance, repair, and operation supplies.

	Year ago					
	Aug	July	June	May	April	Aug
Average Days	45	150	15	15	15	98

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
45	0%	50%	50%	0%	0%	0%

MRO Supplies



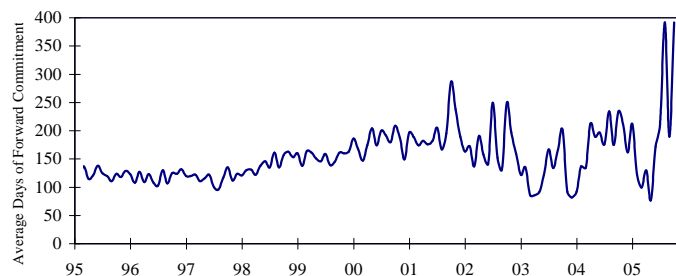
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	Aug	July	June	May	April	Aug
Average Days	360	157.5	360	180	140	202.5

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
360	0%	0%	0%	0%	0%	0%

Capital Equipment



Specific Price Changes & Supplier Deliveries

COMMODITIES	--- PRICE CHANGES ---			--- VENDOR DELIVERIES ---			
		Aug	July	June	Aug	July	June
Castings		100.00		62.50	50.00		62.50
Chemicals				50.00			50.00
Computer Hardware	+++	25.00	50.00	25.00	50.00	50.00	50.00
Computer Software	+++	25.00	50.00	55.00	50.00	50.00	50.00
Corrugated Packaging		100.00		50.00			50.00
Electrical Components				33.33			50.00
Energy		100.00		33.33			50.00
Ferrous Metals				50.00			50.00
Food Products				50.00			50.00
Glass				50.00			50.00
Hydraulic Components				75.00			50.00
Medical Supplies				50.00			50.00
Nonferrous Metals	+++			33.33			50.00
Office Equipment (non-computer)	+++	33.33	50.00	41.67	50.00	50.00	45.45
Office Supplies	+++	33.33	50.00	50.00	50.00	50.00	50.00
Piping & Tubing				50.00			50.00
Plastics		100.00		50.00	50.00		50.00
Plating				50.00			50.00
Printing Paper	+++	100.00	100.00	55.56	50.00	50.00	50.00
Rubber Products				50.00			50.00
Textile Products							
Wood & Pulp		100.00		50.00	50.00		25.00
Services (Contracted)					"Hot Spots" are those commodities & services that have experienced upward price pressure with delivery delays (for commodities) for at least three months. Where are the HOT SPOTS?		
Cleaning		64.29	60.00	60.00			
Construction		60.00	62.50	50.00			
Painting		66.67	62.50	50.00			
Engineering	+++	50.00	50.00	66.67			
Architectural	+++	62.50	62.50	50.00			
Temporary Personnel	+++	56.25	58.33	50.00			
Computer Consultants	+++	58.33	60.00	50.00			

+++ = Commodity or service price diffusion index above 50% for at least the last three months.

Items in Short Supply

Purchaser Comments

About the Survey

The purpose of the survey is to quickly assess business conditions among manufacturers and non-manufacturing firms/organizations doing business in the New York area. The survey results are compiled into three summary measures for: (1) all industries, (2) manufacturing firms, and (3) non-manufacturing establishments. The manufacturing component can be compared to the ISM Purchasing Manager's Index for the nation. The survey results are compiled as diffusion indexes, which are calculated by taking the percentage of the respondents answering higher plus one-half of the percentage of respondents who answer same or no change. Hence, a reading of 50% means no change from the prior month; greater than 50% indicates a faster pace of activity while a reading of less than 50% indicates a slowing in the pace of activity.