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NEW YORK CITY REPORT ON BUSINESS
Renewed Weakness

The downturn in New York City business activity continued in June after a brief pause in May, according to the survey taken by the National Association of Purchasing Management-New York (NAPM-NY). The Current Business Conditions index fell to 45.4 in June and has contracted in five of the first six months of 2008.

Future optimism improved, but this has yet to translate to current activity. The Six-Month Outlook index rose to a seven-month high of 63.8 in June.

Cost pressures intensified. The Prices Paid index advanced to 72.3 in June, the highest since September 2007.

Purchasing volume declined for the sixth month running. The Quantity of Purchases index came in at 45.7 in June.

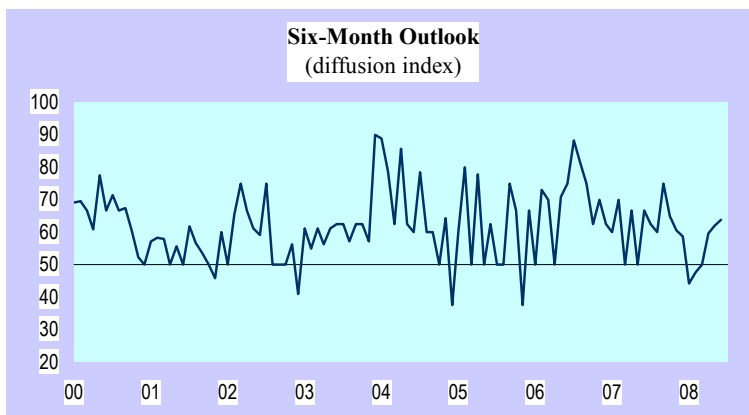
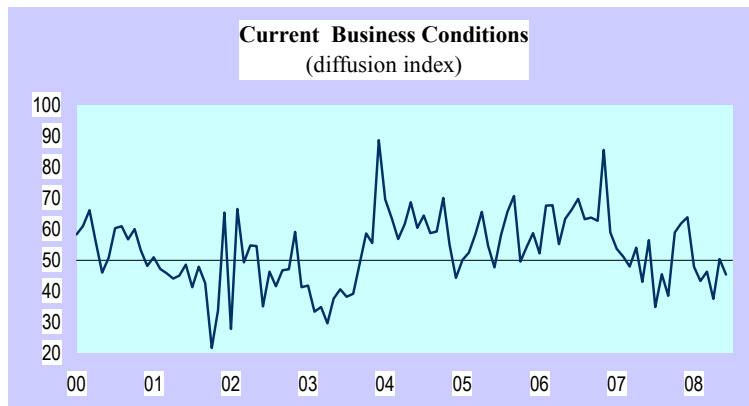
Business impediments: Like last month, the survey revealed reduced concerns about the credit crunch. The fewest respondents since January mentioned working capital shortages. This might be one reason why purchasing managers have turned rosier toward the outlook.

	Jun	May	Apr
Skilled labor shortage:	15%	13%	28%
Unskilled labor shortage:	2%	4%	4%
Working capital shortage:	11%	15%	26%
Raw material shortage:	4%	7%	9%
Security concerns:	15%	7%	17%
Abnormal weather:	4%	0%	4%
“Other” difficulties:	19%	17%	11%
No difficulties:	28%	30%	19%

June’s special question: Oil and gasoline prices are near record highs. How is the higher cost of energy affecting your organization? Respondents cited cuts in demand two and a half times more than pass-through to selling prices, although the majority mentioned no effect.

Cuts into demand	33%
Passing on higher cost to selling prices	13%
No effect	54%

Starting with the July 2008 *Report on Business*, the Six-Month Outlook index will be reported on a seasonally adjusted basis. Historical data will be available upon request.



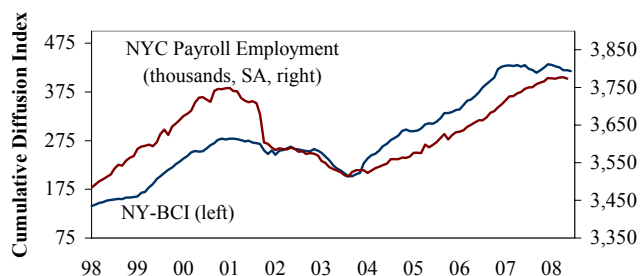
Business Conditions in New York City
(Seasonally Adjusted, Except Where Noted)

	Current Business Conditions	Six-Month Outlook (NSA)	NY-BCI*
June 2007	56.5	66.7	430.1
July	35.0	62.5	422.6
August	45.6	60.0	420.4
September	38.6	75.0	414.7
October	59.0	65.0	419.1
November	61.9	60.5	425.1
December	63.9	58.7	432.1
January 2008	47.9	44.2	431.0
February	43.4	47.5	427.7
March	46.3	50.0	425.8
April	37.6	59.6	419.6
May	50.4	62.0	419.8
June	45.4	63.8	417.5

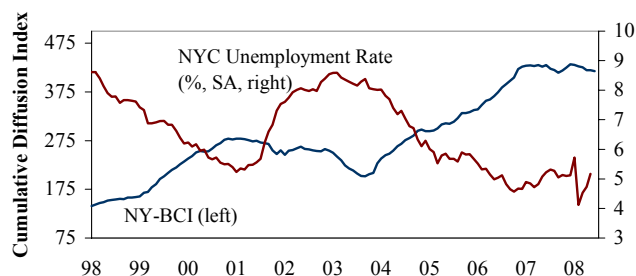
NSA = not seasonally adjusted. *The NY-BCI is a cumulative diffusion index constructed from the diffusion index of Current Business Conditions for non-manufacturing businesses in the New York City area.

New York Business Conditions Index and the New York City Labor Market

NY-BCI vs. NYC Employment



NY-BCI vs. NYC Unemployment



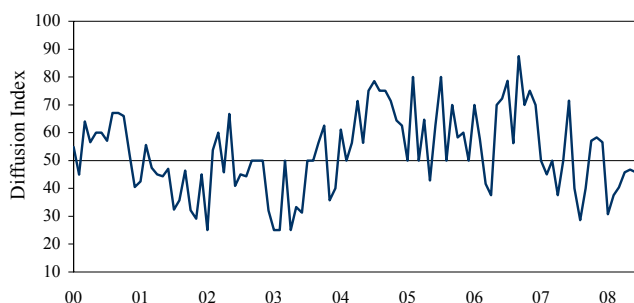
NYC Employment/Unemployment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI often precedes local employment trends. Moreover, the NY-BCI offers advance information about forthcoming local labor market conditions because the count of local jobs is not available for one or two months.

Quantity of Purchases

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

	Jun	May	Apr	Mar	Feb	Year ago Jun
Diffusion Index	45.7	46.7	45.7	40.3	37.5	71.4

Quantity of Purchases

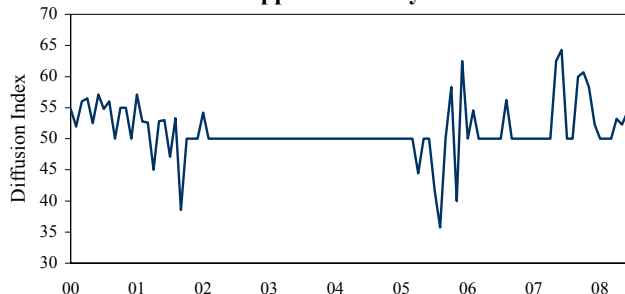


Supplier Delivery Time

An aggregate evaluation of the current month's delivery performance (lead time) compared to the prior month.

	Jun	May	Apr	Mar	Feb	Year ago Jun
Diffusion Index	54.4	52.3	53.2	50.0	50.0	64.3

Supplier Delivery Time

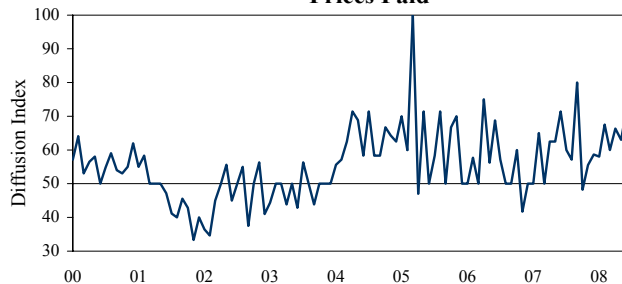


Prices Paid

The change from the prior month in prices paid for goods and services.

	Jun	May	Apr	Mar	Feb	Year ago Jun
Diffusion Index	72.3	63.0	66.3	60.0	67.5	71.4

Prices Paid



About the Survey

The purpose of the survey is to quickly assess business conditions among non-manufacturing firms/organizations in the New York City area. The survey results are compiled as diffusion indices - the percent of positive responses plus one-half of those responding the same (considered positive). A reading of 50% means no change from the prior month, greater than 50% indicates a faster pace of activity, and less than 50% a slower rate. The Current Conditions Index and NY-BCI are both seasonally adjusted. All other measures are not seasonally adjusted.