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NEW YORK CITY REPORT ON BUSINESS

Slowdown Deepens, Pessimism Sustained

New York City business conditions in early 2008 appear to have entered a second leg of the slowdown that first unfolded in the spring and summer of 2007. Business activity contracted at a faster rate in February than in January, according to the survey taken by the National Association of Purchasing Management-New York (NAPM-NY). The Current Business Conditions index fell to 43.4 in February.

Purchasing managers in the city think the slowdown will last. For the first time in the survey's history, the Six-Month Outlook index stayed below the breakeven 50 line for two months in a row: 47.5 in February from 44.2 in January. Readings below 50 mean that more businesses are pessimistic, than optimistic, about the outlook over the next six months.

Firms bought less, but paid more. The Quantity of Purchases index remained at a depressed (sub-40) level, while the Prices Paid index rose to a five-month high.

Business Impediments: Tighter credit conditions were more evident in February, with more companies citing working capital shortages. Skilled labor shortages were, again, less of an issue in February, compared to the end of last year.

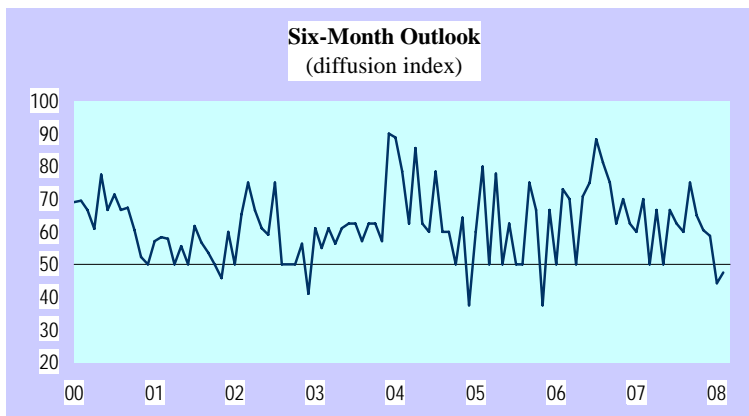
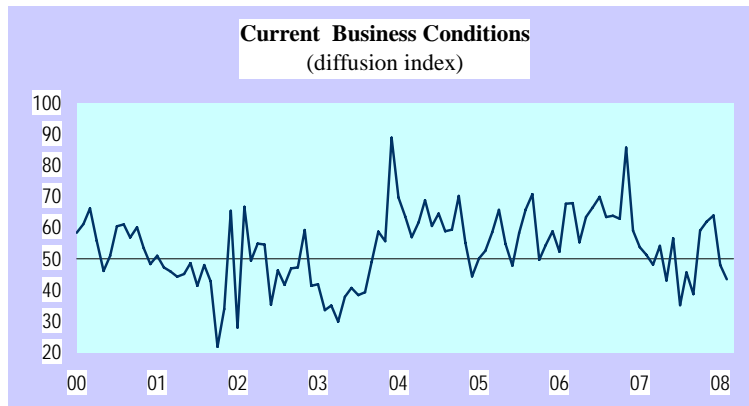
	Feb	Jan	Dec
Skilled labor shortage:	15%	19%	30%
Unskilled labor shortage:	0%	0%	0%
Working capital shortage:	20%	4%	13%
Raw material shortage:	5%	0%	9%
Security concerns:	5%	4%	13%
Abnormal weather:	5%	4%	9%
"Other" difficulties:	15%	23%	22%
No difficulties:	40%	31%	22%

* * *

In a special question this month, respondents noted, by a slim margin, that capital spending plans were higher for 2008.

Q. Are your capital spending plans higher, lower or steady for 2008?

A.	Higher	28%
	Steady	50%
	Lower	22%



Business Conditions in New York City

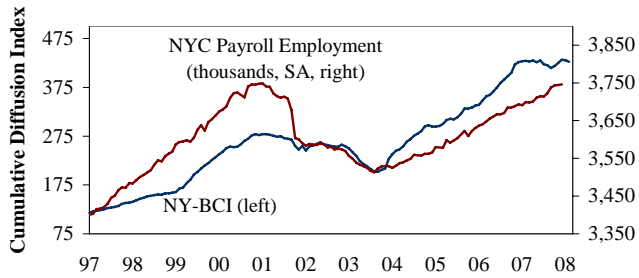
(Seasonally Adjusted, Except Where Noted)

	Current Business Conditions	Six-Month Outlook (NSA)	NY-BCI*
February 2007	51.3	70.0	429.2
March	48.1	50.0	428.3
April	54.1	66.7	430.3
May	43.0	50.0	426.8
June	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

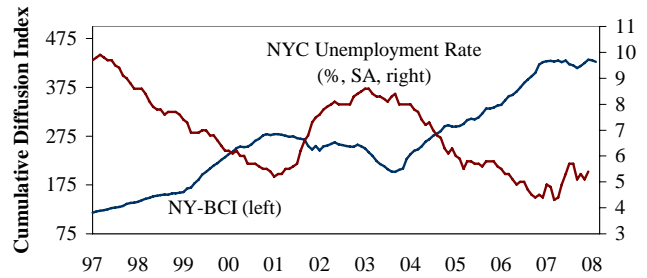
NSA = not seasonally adjusted. *The NY-BCI is a cumulative diffusion index constructed from the diffusion index of Current Business Conditions for non-manufacturing businesses in the New York City area.

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

NY-BCI vs. NYC Employment



NY-BCI vs. NYC Unemployment



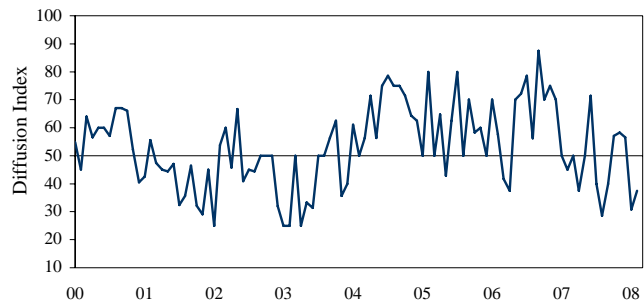
NYC Employment/Unemployment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI often precedes local employment trends. Moreover, the NY-BCI offers advance information about forthcoming local labor market conditions because the count of local jobs is not available for one or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

	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Diffusion Index	37.5	30.8	56.5	58.3	57.1	45.0

Quantity of Purchases

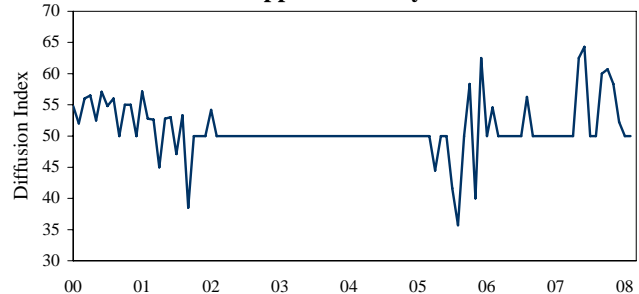


Supplier Delivery Time

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

	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Diffusion Index	50.0	50.0	52.3	58.3	60.7	50.0

Supplier Delivery Time

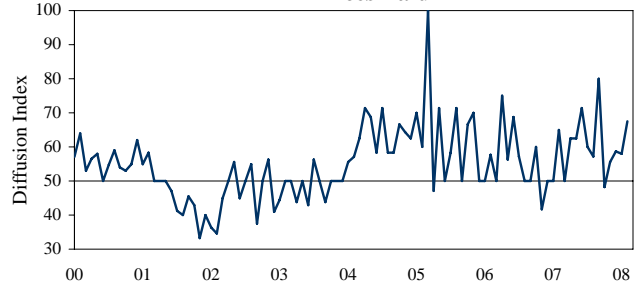


Prices Paid

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

	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Diffusion Index	67.5	58.0	58.7	55.6	48.2	65.0

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.