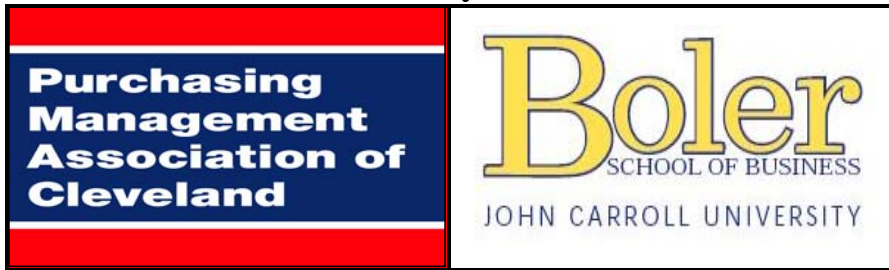


**Northeast Ohio Business Survey Report
for
January 2008**



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GENERAL BUSINESS CONDITIONS

The barometer indicates slowing economic activity -- somewhat lower than at this time last year. The forecast index is -25, indicating that the manufacturing economic activity may trend down. Barometer readings above "0" indicate that the manufacturing sector of the economy is generally expanding. Readings below "0" mean generally contracting.

| Month | Jan-08 | Dec-07 | Nov-07 | Jan-07 |
|-----------------------|---------------|---------------|---------------|---------------|
| Cleveland Barometer-% | 3.75 | 3.50 | 11.33 | 16.33 |
| Cleveland Forecast-% | -25 | -40.50 | -32.89 | 26.78 |

PRODUCTION

Production activity appears to be constant with the same number of respondents reporting ups and downs. The Production Index, now at 14, indicates that manufacturing production may trend up slightly.

| Production | %Better | %Same | %Worse | Net | Index |
|-------------------|----------------|--------------|---------------|------------|--------------|
| January 2008 | 21 | 58 | 21 | 0 | 14 |
| December 2007 | 21 | 47 | 32 | -11 | -1 |
| November 2007 | 16 | 63 | 21 | -5 | -7 |

NEW ORDERS

New orders appear constant with the same number of respondents reporting ups and downs. The New Order Index, now at 13, indicates that new orders may trend up slightly.

| New Orders | %Better | %Same | %Worse | Net | Index |
|-------------------|----------------|--------------|---------------|------------|--------------|
| January 2008 | 32 | 36 | 32 | 0 | 13 |
| December 2007 | 11 | 47 | 42 | -31 | -20 |
| November 2007 | 26 | 48 | 26 | 0 | 3 |

EMPLOYMENT

Employment is lower, trending down over the past two months. The Employment Index is now -4.

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| Employment | %Greater | %Same | %Lower | Net | Index |
|-------------------|-----------------|--------------|---------------|------------|--------------|
| January 2008 | 11 | 68 | 21 | -10 | -4 |
| December 2007 | 5 | 79 | 16 | -11 | -3 |
| November 2007 | 16 | 63 | 21 | -5 | 1 |

INVENTORIES

RAW MATERIALS

Raw material inventories continue to decrease, but the decrease is slowing.
The Raw Material Inventory Index is now 0.

Raw Material

| Inventories | %Higher | %Same | %Lower | Net | Index |
|--------------------|----------------|--------------|---------------|------------|--------------|
| January 2008 | 21 | 53 | 26 | -5 | 0 |
| December 2007 | 5 | 37 | 58 | -53 | -43 |
| November 2007 | 5 | 31 | 64 | -59 | -52 |

FINISHED GOODS

Finished Goods inventories continue to decrease, but the decrease is slowing.
Finished Goods Index is now 0.

Finished Goods

| Inventories | %Higher | %Same | %Lower | Net | Index |
|--------------------|----------------|--------------|---------------|------------|--------------|
| January 2008 | 33 | 28 | 39 | -6 | 0 |
| December 2007 | 12 | 29 | 59 | -47 | -46 |
| November 2007 | 6 | 44 | 50 | -44 | -45 |

BUYING POLICIES

Respondents are buying production materials for delivery further out.
MRO commitments are extending.
Capital expenditures continue to be widely spread with some close-in, others farther-out.

PERCENT REPORTING

| PRODUCTION MATERIALS | Hand to Mouth | 30 Days | 60 Days | 90 Days | 6 Mos | 1 Year |
|---------------------------------|------------------------------|--------------------|--------------------|--------------------|------------------|-------------------|
| January 2008 | 31 | 31 | 6 | 26 | 6 | 0 |
| December 2007 | 31 | 31 | 15 | 8 | 8 | 7 |
| November 2007 | 19 | 44 | 6 | 19 | 6 | 6 |
| MRO SUPPLIES | | | | | | |
| January 2008 | 63 | 25 | 12 | 0 | 0 | 0 |
| December 2007 | 56 | 44 | 0 | 0 | 0 | 0 |
| November 2007 | 56 | 44 | 0 | 0 | 0 | 0 |

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CAPITAL EXPENDITURES

| | | | | | | |
|---------------|----|----|----|----|----|----|
| January 2008 | 33 | 7 | 13 | 27 | 7 | 13 |
| December 2007 | 8 | 15 | 23 | 23 | 15 | 16 |
| November 2007 | 7 | 7 | 19 | 27 | 13 | 27 |

COMMODITY PRICES

Commodity prices are exhibiting greater variation, but tend to be increasing.
The Commodity Price Index is now +48.

| Commodity Prices | %Higher | %Same | %Lower | Net | Index |
|-------------------------|----------------|--------------|---------------|------------|--------------|
| January 2008 | 63 | 26 | 11 | 52 | 48 |
| December 2007 | 37 | 63 | 0 | 37 | 40 |
| November 2007 | 53 | 42 | 5 | 48 | 51 |

COMMODITY CHANGES:

Prices Up: commercial brass, steel, SS steel materials, wire, tin cans, corrugated, MOI, petroleum waxes, plastic bags

Prices Down: natural gas

Items in Short Supply: alloy round bar, bearings, wire mesh, molded products from domestic facilities, fluorspar, dead burnt magnesite

FROM GENERAL REMARKS:

"Orders down 25% over last year- same time"

"Unable to find skilled assemblers. Would hire 5 to 10 if possible. Would also hire some machinists."

" Watching the interest rate, hoping it spurs construction projects"

"Seasonal business impact on sales downturn"

"Energy is a major business issue in Ohio due to instability in electric market due to needed legislation to regulate/deregulate electric power. This could delay attracting new businesses to the state."

"Business has not started like previous years. Even though our orders are up, business climate seems to be in a state of flux, not knowing which way to go."

"Prices from China increasing due to the exchange rate and steel cost"

"Additional work coming from the refinery section. Expect this to continue through the 1st quarter of 2008."

"Suppliers notifying us of annual price increases for January 2008"

"Lead time on polyester and aluminum foil are out approx 2-4 weeks longer"

"Calm before the storm"