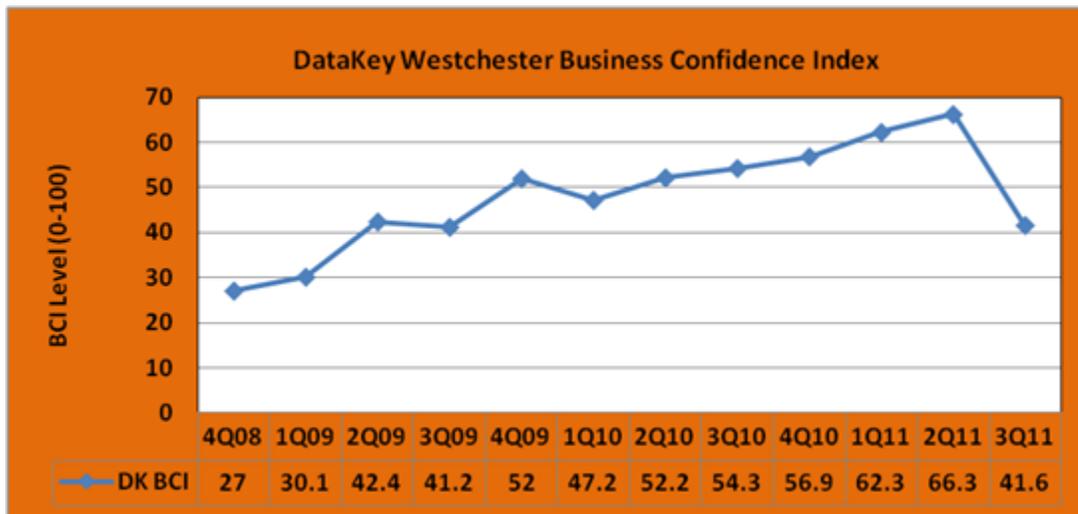


DataKey Westchester Business Confidence Index

The DataKey Business Confidence Index focuses on key business metrics, such as trends in staffing levels, top line revenues, bottom line profits, capital spending budgets, and other industry performance data. Critical data was captured and analyzed against comparison points of one quarter and one year ago.



(Note: a score of 50 means an equal number of businesses are optimistic about the future as are pessimistic)

The 3Q 2011 DataKey Business Confidence Index reading of 41.6 represents a significant decline in business confidence. This drop comes after 18 months of increased confidence. The drop off is consistent with other confidence indexes across the country:

“The Sentiment Index fell to 55.7 in the August 2011 survey, down from 63.7 in July and 74.3 in March. The 25% decline in the last three months was the second largest on record. The August decline was especially sharp in the Expectations Index, a component of the Index of Leading Economic Indicators, which fell to 47.4 in August from 56.0 in July and 69.5 three months ago, recording its lowest level since 1980. The Current Conditions Index fell to 68.7 in August from 75.8 July and 81.9 three months ago.”

Source: Thomson Reuters & University of Michigan – *Survey of Consumers*, August 26, 2011

“The Bloomberg confidence figures showed a monthly expectations gauge held at minus 34 in September, the worst reading since March 2009. ‘Readings at these levels are consistent with an

economy that has best sharply decelerated and at worst slipped into recession,' said Joseph Brusuelas, a senior economist at Bloomberg LP in New York. 'A crisis of confidence that corporate and political leadership are not up to addressing the problem in the labor market and broader economy is likely responsible for the new cyclical low.'"

Source: Bloomberg News, September 22, 2011

"The Conference Board **Consumer Confidence Index**[®], which had improved slightly in July, plummeted in August. The Index now stands at 44.5 (1985=100), down from 59.2 in July. The Present Situation Index decreased to 33.3 from 35.7. The Expectations Index decreased to 51.9 from 74.9 last month."

Source: The Conference Board – Consumer Confidence Survey, August 30, 2011

In addition, sources across the country support the decline in confidence:

"The Federal Reserve, which yesterday prescribed another dose of unconventional monetary policy, said it now sees "significant downside risks" to the U.S. economic outlook."

Source: Bloomberg.com, September 21, 2011

"We've clearly lost momentum in the last few months," said Jim O'Sullivan, chief economist at MF Global Inc. in New York. "I don't think the recovery has ended, but it has been set back."

Source: Bloomberg.com, September 21, 2011

"Says Lynn Franco, Director of The Conference Board Consumer Research Center: "Consumer confidence deteriorated sharply in August, as consumers grew significantly more pessimistic about the short-term outlook. The index is now at its lowest level in more than two years (April 2009, 40.8). A contributing factor may have been the debt ceiling discussions since the decline in confidence was well underway before the S&P downgrade. Consumers' assessment of current conditions, on the other hand, posted only a modest decline as employment conditions continue to suppress confidence.'"

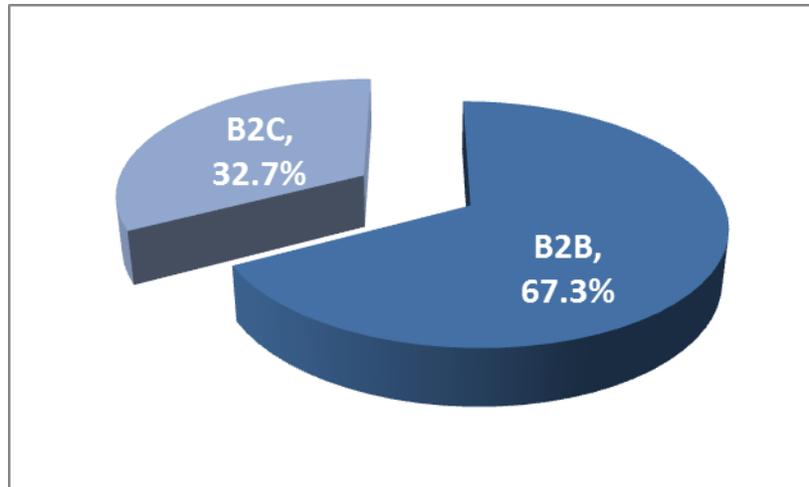
Source: The Conference Board – Consumer Confidence Survey, August 30, 2011

September 2011 BCW Member Survey

“Consumer confidence in the U.S. dropped last week to the weakest point since the recession ended in June 2009, the Bloomberg Consumer Comfort Index showed today. The gauge fell to minus 52.1 in the period to Sept. 18 from minus 49.3 the prior week. Sentiment among men slumped to an all-time low.”

Source: Bloomberg.com, September 22, 2011

Q10. Is your company primarily B2B (Business to Business) or B2C (Business to Consumer)?



Q11. Is the number of new job openings (not counting replacements) at your company less, the same or more compared to last quarter?

- 11% of companies responding to the survey have more job openings compared to last quarter
 - A 15 percentage point decrease from 2Q 2011 (26%)
 - This is the lowest figure on record since this question was added to the survey in 1Q 2010
- 60% of companies have the same number of job openings
 - Static result since the 4Q 2010 survey
 - 27% have fewer job openings than last quarter
 - Large increase over the 13% of 2Q 2011 respondents that indicated less hiring

Key takeaway/s – A majority of respondents have not added or reduced job openings. However, with a pronounced shift towards less hiring by a significant portion of respondents, concerns are raised that Westchester unemployment (last measured in September 2011 at 6.5%) as a whole may increase. The survey results aligned with the greater economic environment in the state where, according to the New York State Department of Labor, 30,700 private sector jobs, or 0.4%, were lost in August 2011 on a seasonally adjusted basis. Like the nation as a whole, the state’s – and Westchester’s – economic recovery slowed in August.

Q12. Is your capital spending budget for the next 6 months lower, the same, or higher compared to 3 months ago and 1 year ago?

- 82% of responding companies plan to lower, or keep their capital spending budget the same, compared to 3 months ago
 - Static result since the 2Q 2011 result
 - 16% plan to increase their capital spending budget, compared to 3 months ago
 - 2 percentage point decrease compared to 2Q 2011
- 77% say they plan to lower, or keep their capital spending budget the same, compared to 1 year ago
 - 11 percentage point increase since 2Q 2011
 - 21% plan to increase spending compared to 1 year ago
 - 13 percentage point decrease over 2Q 2011

Key takeaway/s – With the economic recovery slowing across the nation, Westchester businesses are cutting back on spending as uncertainty leads to a significant decrease in the proportion of business who are planning to increase spending.

As a Sales Manager at a Financial Services company explains:

“Too much concern about the future for most to concentrate on business transactions.”

Q13. What is your expected percent change in revenue for your company over the next 6 months compared to 3 months ago and 1 year ago?

- 71% of company respondents anticipate static or increasing revenue over the next 6 months compared to 3 months ago
 - 13 percentage point decrease over 2Q 2011
 - 39% expect increasing revenue compared to 3 months ago
 - **32 percentage point decrease since last quarter**
 - 60% expect increasing revenue compared to 1 year ago
 - 11 percentage point decrease since last quarter

Key takeaway/s – Though Westchester businesses are positive on the whole, their high hopes are significantly scaled back since last quarter, with almost of third of respondents resetting their revenue expectations to be neutral or negative since 2Q 2011.

Q14. What is your expected change in profit over the next 6 months compared to the projections 1 quarter ago?

- 66% of companies respondents anticipate the same, or more, profit over the next 6 months compared to 3 months ago
 - 21 percentage point decrease over 1Q 2011, and marks the end of the quick upward trend that last from the 2Q 2010 to 2Q 2011 surveys
 - 30% expect increasing profit, 26% expect static profit
 - 28 percentage point decrease in those respondents that expect increasing profit

Key takeaway/s – With revenue expectations deflated, Westchester businesses are expecting lower profits in the next six months, even despite sharp cutbacks in capital spending.

Q15. What is your expected change in the performance of your industry over the next 6 months compared to 3 months ago?

- 66% of companies say they expect the performance of their industry to remain the same, or increase, over the next 6 months compared to 3 months ago
 - 5 percentage point decrease since last quarter
- 27% of respondents expect their industry's performance to fall compared to 3 months ago
 - A major uptick from the 13% of respondents that expected a fall during 2Q 2011, and only 3 percentage points away from the record high of 30% in 1Q 2010 (the first quarter that this question was tracked in this survey).
- The number of respondents that indicated that they “Don't Know” has decreased since last quarter from 16% to 7%.

Key takeaway/s – More than half of the respondents who were unsure last quarter about their industry's upcoming performance have settled their doubts, and unfortunately the majority of those respondents are pessimistic. The number of respondents who expect a downturn in industry performance came close to meeting a record high.

Q16. Has your confidence in your business declined, stayed the same or improved compared to 3 months ago and 1 year ago?

- 19% report increased confidence in their business compared to 3 months ago, and 21% report increased confidence compared to 1 year ago
 - A major decrease compared to last quarter's responses (47% and 58%, respectively, in 2Q 2011)
 - 30% report decreased confidence compared to 3 months ago
 - 27 percentage point increase compared to 2Q 2011 results

Key takeaway/s – Overall, confidence took a big hit this quarter. Less than half the number of respondents felt increased confidence compared to last quarter and the number of respondents with decreased confidence jumped by a factor of 10. This precipitous drop in confidence raises a red flag about the county's outlook for the future.

Q17. How do you expect Westchester County's economic condition to fair relative to other NY, NJ and CT state counties over the next 6 months compared to 3 months ago and 1 year ago?

- 53% of all respondents feel that there will be no change to Westchester's economic condition relative to the rest of the tri-state area over the next 6 months compared to 3 months ago.
- 19% of respondent companies anticipate a decline when *compared to 3 months ago*, versus 15% who expect a better economic condition
 - 11% expected a decline, and 13% expected a better economic condition when surveyed in 2Q 2011; meanwhile over 2/3 expected no change
 - 2 percentage point increase in the number of respondents that anticipate a better economic condition compared to 3 months ago
- 21% anticipate a decline when *compared to 1 year ago*, versus 19% who expect a better economic condition
 - 16% expected a decline, and 24% expected a better economic condition when surveyed in 2Q 2011

Key takeaway/s – The majority sentiment is that Westchester will hold its ground against the rest of the Tri-State area. However, on the fringes, the sentiment continues last quarter's trend

of turning more negative, with more respondents reporting an expectation of declining Westchester performance relative to its neighbors.

Laments one Manager at a midsized Manufacturing company:

“Extremely high operating costs including salaries, benefits, utilities, taxes as well as constantly increasing government regulations make it very difficult and burdensome to run a business.”

Concerns about tax rates were echoed by the Owner of a small Marketing firm:

“I think Westchester County may fare worse than NJ and CT due to our high taxes.”

Closing Commentary

Overall, Westchester businesses are realistic about what it’s going to take to climb out of this economic hole. As a Manager at a Non-for-Profit company explains:

“I believe that it will take a number of years for the economy to improve, and I think that during this time we need to suck it up and start investing in infrastructure, R&D, and education to create the future we desire for America.”

However, even though Westchester business owners are realistic, it doesn’t mean they have to like it. The CEO of a Professional Services firm sums it up best:

“What a cycle...yuck! The longer we are in this, the less confidence Business Owners have, which pull back on investment, which drives up unemployment, which brings down the tax base...you get the idea!”