

BUSINESS SURVEY REPORT

May - 2006

The Seasonally Adjusted Milwaukee index did not change this month. It is still at 56. This is growth, but not robust as it has been. New Orders went down four to 59. Production dropped four also. It is now at 60.

Backlog dropped seven to no growth 47. Lead Times dropped three to 33. This is too low.

Inventory Levels went up nine points to 50. Capital Equipment dropped six points to 56. Going the wrong way. White Collar Employment is down one point to 56. Blue Collar Employ-

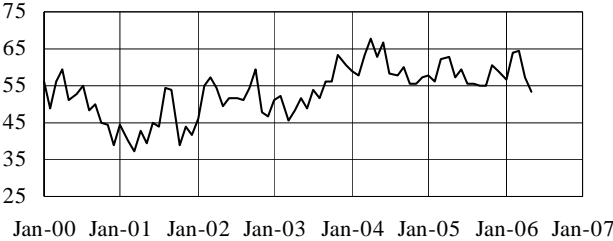
ment did not change. It is still at 60. The Level of Purchasing Activities went down ten points to 54. This is the lowest in a long time.

The Prices Paid Index went up three to 74 this month.

Twenty of the twenty-one are above 50. The biggest increase was twenty-one for Ferrous. This was followed eleven for Computer Hardware/Software. Hydraulic Compo-

nents went up ten points. Corrugated went down eight points. Precious Metals dropped seven points as did Stampings.

Milwaukee Index



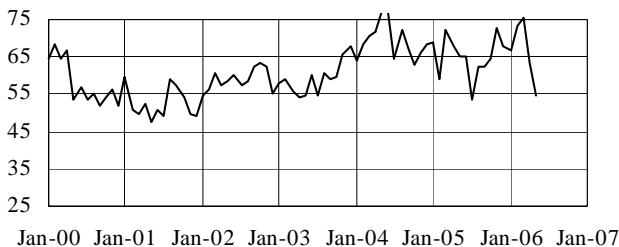
| Date | Index |
|---------------|-------|
| May-2006 | 54 |
| April-2006 | 58 |
| March-2006 | 65 |
| February-2006 | 64 |
| May-2005 | 57 |
| May-2004 | 63 |
| May-2003 | 52 |

Commodity Price Index

| | | |
|---------------------------------|--------------------------|-------------------------------|
| Aluminum 88 | Electronic Components 59 | Plastics 69 |
| Casting 84 | Forgings 73 | Plating 79 |
| Chemicals 78 | Fuel 95 | Precious Metals 83 |
| Computer Hardware/Software 54 | Hydraulic Componenets 67 | Printing Paper 53 |
| Copper, Brass, Bronze 95 | Office Supplies 50 | Rubber Products 71 |
| Corrugated/Packaging 65 | Petroleum Products 94 | Stampings 66 |
| Electric Motors/Transformers 66 | Piping & Tubing 71 | Ferrous (Steel, Stainless) 82 |

Commentary:
The index went up thee to 74. None below 50, and only one at 50.

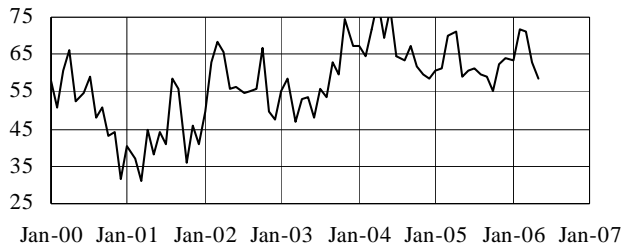
Level of Purchasing Activities



Commentary: A 10 point drop to 54. Lowest in a long time.

| Date | Increase % | Same % | Decrease % | Index |
|---------------|------------|--------|------------|-------|
| May-2006 | 32 | 44 | 24 | 54 |
| April-2006 | 43 | 41 | 16 | 64 |
| March-2006 | 60 | 30 | 9 | 76 |
| February-2006 | 50 | 46 | 4 | 73 |
| May-2005 | 42 | 45 | 12 | 65 |
| May-2004 | 59 | 36 | 5 | 77 |
| May-2003 | 21 | 67 | 12 | 55 |

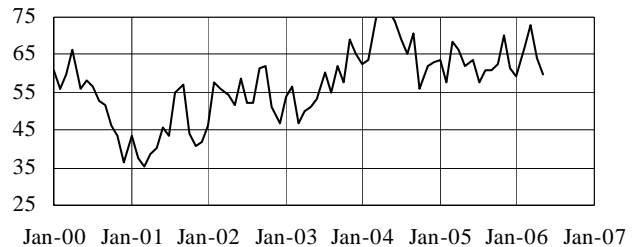
New Orders



Commentary: A four point decline to 59, which is still a good number.

| Date | Increase | Same | Decrease | Index |
|---------------|----------|------|----------|-------|
| | % | % | % | |
| May-2006 | 34 | 49 | 17 | 59 |
| April-2006 | 41 | 44 | 15 | 63 |
| March-2006 | 56 | 30 | 14 | 71 |
| February-2006 | 57 | 30 | 13 | 72 |
| May-2005 | 38 | 41 | 21 | 59 |
| May-2004 | 52 | 34 | 14 | 69 |
| May-2003 | 33 | 40 | 26 | 54 |

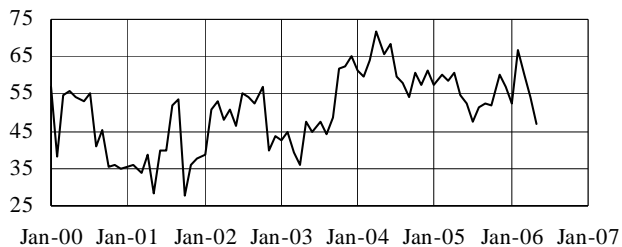
Production



Commentary: Down four also to 60.

| Date | Increase | Same | Decrease | Index |
|---------------|----------|------|----------|-------|
| | % | % | % | |
| May-2006 | 29 | 63 | 9 | 60 |
| April-2006 | 44 | 41 | 15 | 64 |
| March-2006 | 57 | 32 | 11 | 73 |
| February-2006 | 40 | 53 | 7 | 67 |
| May-2005 | 38 | 47 | 15 | 62 |
| May-2004 | 62 | 29 | 9 | 77 |
| May-2003 | 26 | 50 | 24 | 51 |

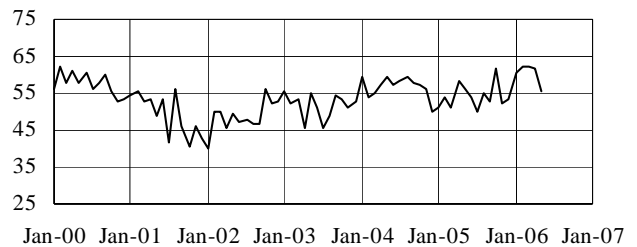
Backlog



Commentary: This index went down seven to 47. Not as much work next month.

| Date | Increase | Same | Decrease | Index |
|---------------|----------|------|----------|-------|
| | % | % | % | |
| May-2006 | 29 | 37 | 34 | 47 |
| April-2006 | 33 | 41 | 26 | 54 |
| March-2006 | 39 | 43 | 18 | 60 |
| February-2006 | 47 | 40 | 13 | 67 |
| May-2005 | 29 | 50 | 21 | 54 |
| May-2004 | 43 | 45 | 11 | 66 |
| May-2003 | 26 | 43 | 31 | 48 |

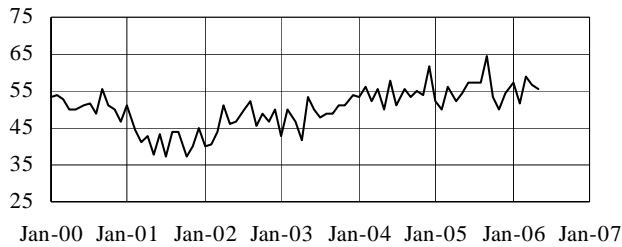
Capital Expenditures



Commentary: Down six to 56. Not much activity other than replacement at this number.

| Date | Increase | Same | Decrease | Index |
|---------------|----------|------|----------|-------|
| | % | % | % | |
| May-2006 | 14 | 83 | 3 | 56 |
| April-2006 | 26 | 72 | 3 | 62 |
| March-2006 | 32 | 61 | 7 | 63 |
| February-2006 | 25 | 75 | 0 | 63 |
| May-2005 | 15 | 82 | 3 | 56 |
| May-2004 | 21 | 77 | 2 | 59 |
| May-2003 | 17 | 76 | 7 | 55 |

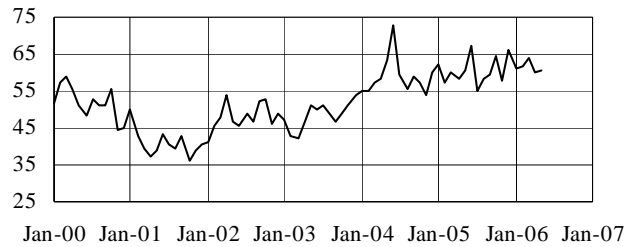
White Collar Employment



Commentary: Down one to 56. Still in growth mode.

| Date | Increase % | Same % | Decrease % | Index |
|---------------|---------------|-----------|---------------|-------|
| May-2006 | 17 | 77 | 6 | 56 |
| April-2006 | 21 | 71 | 8 | 57 |
| March-2006 | 23 | 73 | 5 | 59 |
| February-2006 | 10 | 83 | 7 | 52 |
| May-2005 | 12 | 85 | 3 | 54 |
| May-2004 | 7 | 87 | 7 | 50 |
| May-2003 | 12 | 83 | 5 | 54 |

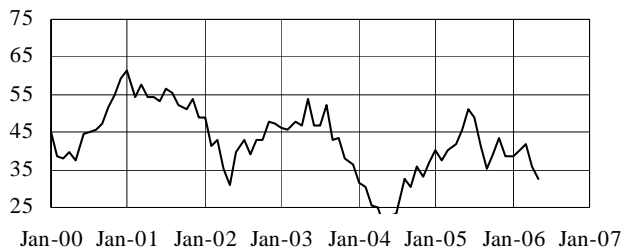
Blue Collar Employment



Commentary: No change. Still a 60 which is a good number.

| Date | Increase % | Same % | Decrease % | Index |
|---------------|---------------|-----------|---------------|-------|
| May-2006 | 24 | 74 | 3 | 60 |
| April-2006 | 26 | 69 | 5 | 60 |
| March-2006 | 39 | 50 | 11 | 64 |
| February-2006 | 27 | 70 | 3 | 62 |
| May-2005 | 26 | 68 | 6 | 60 |
| May-2004 | 33 | 60 | 7 | 63 |
| May-2003 | 14 | 74 | 12 | 51 |

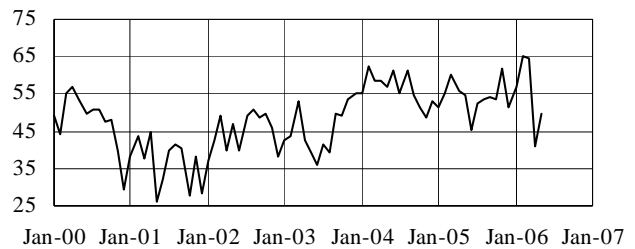
Supplier Lead Times



Commentary: Down three to 33. Sure is not a good number.

| Date | Increase % | Same % | Decrease % | Index |
|---------------|---------------|-----------|---------------|-------|
| May-2006 | 34 | 66 | 0 | 33 |
| April-2006 | 28 | 72 | 0 | 36 |
| March-2006 | 18 | 80 | 2 | 42 |
| February-2006 | 20 | 80 | 0 | 40 |
| May-2005 | 15 | 79 | 6 | 46 |
| May-2004 | 60 | 40 | 0 | 20 |
| May-2003 | 0 | 93 | 7 | 54 |

Inventory Levels



Commentary: Went up nine points to an even 50.

| Date | Increase % | Same % | Decrease % | Index |
|---------------|---------------|-----------|---------------|-------|
| May-2006 | 20 | 60 | 20 | 50 |
| April-2006 | 16 | 50 | 34 | 41 |
| March-2006 | 48 | 34 | 18 | 65 |
| February-2006 | 47 | 37 | 17 | 65 |
| May-2005 | 26 | 56 | 18 | 54 |
| May-2004 | 39 | 36 | 25 | 57 |
| May-2003 | 15 | 49 | 37 | 39 |