

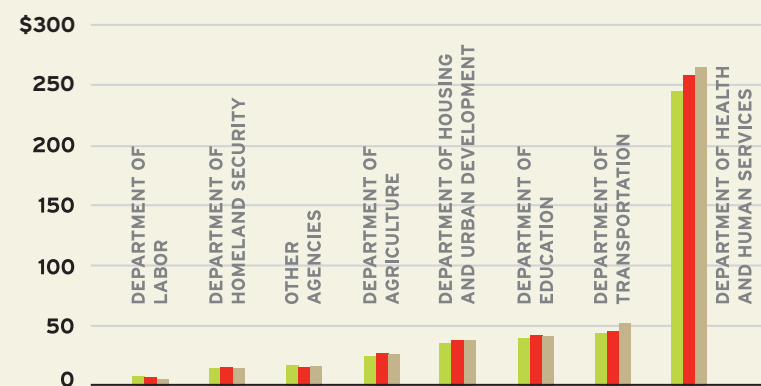


The State and Local Market – adds up to **purchasing** power.*

As Washington continues to push more responsibilities and resources to the states, cities and counties, state and local executives and legislators look to **GOVERNING** for guidance – and for the information from potential business partners to help provide solutions. It's no surprise that states and localities are driving the spending for some of the largest initiatives and brokering sophisticated deals for solutions in the areas of technology, finance, transportation, energy and health care.

FEDERAL DOLLARS BOOST STATE AND LOCAL BUDGETS

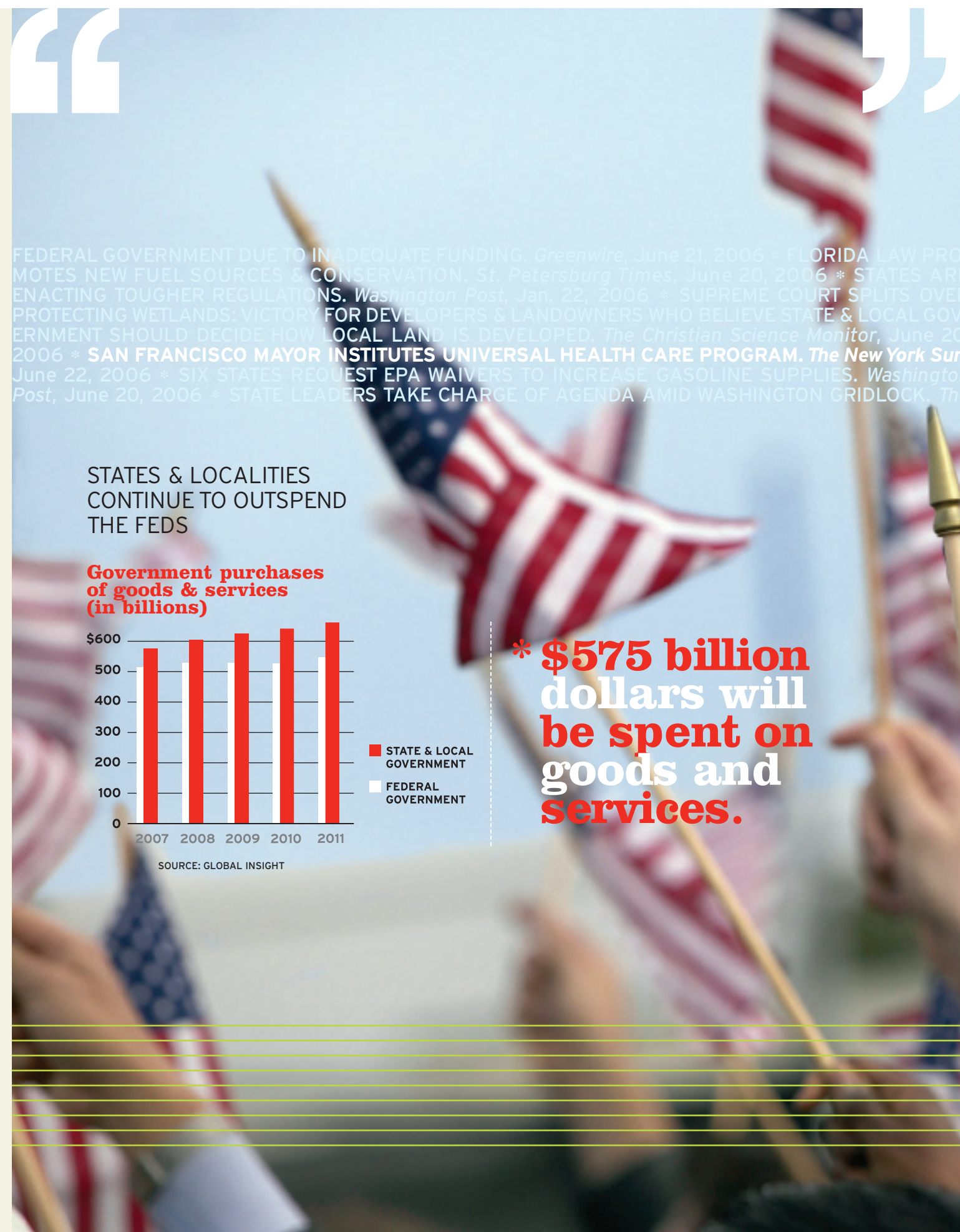
Federal outlays for grants to state and local governments (in billions)



SOURCE: ANALYTICAL PERSPECTIVES, BUDGET OF THE U.S. GOVERNMENT, FY 2007

* Federal outlays for grants to state and local governments projected at **\$459 billion**.

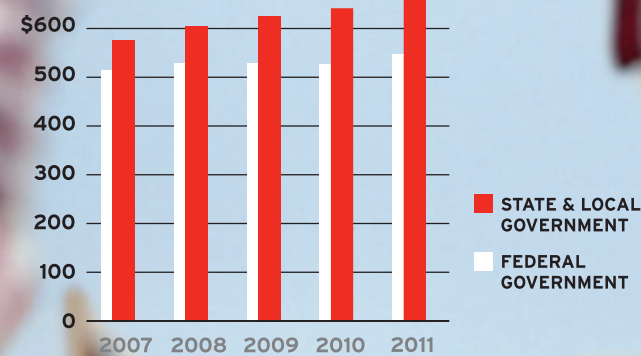
- \$426.2 FY 2005 (ACTUAL)
- \$449.3 FY 2006 (ESTIMATE)
- \$459.0 FY 2007 (ESTIMATE)



FEDERAL GOVERNMENT DUE TO INADEQUATE FUNDING. *Greenwire*, June 21, 2006 * FLORIDA LAW PROMOTES NEW FUEL SOURCES & CONSERVATION. *St. Petersburg Times*, June 20, 2006 * STATES ARE ENACTING TOUGHER REGULATIONS. *Washington Post*, Jan. 22, 2006 * SUPREME COURT SPLITS OVER PROTECTING WETLANDS: VICTORY FOR DEVELOPERS & LANDOWNERS WHO BELIEVE STATE & LOCAL GOVERNMENT SHOULD DECIDE HOW LOCAL LAND IS DEVELOPED. *The Christian Science Monitor*, June 20, 2006 * **SAN FRANCISCO MAYOR INSTITUTES UNIVERSAL HEALTH CARE PROGRAM.** *The New York Sun*, June 22, 2006 * SIX STATES REQUEST EPA WAIVERS TO INCREASE GASOLINE SUPPLIES. *Washington Post*, June 20, 2006 * STATE LEADERS TAKE CHARGE OF AGENDA AMID WASHINGTON GRIDLOCK. *The*

STATES & LOCALITIES CONTINUE TO OUTSPEND THE FEDS

Government purchases of goods & services (in billions)



SOURCE: GLOBAL INSIGHT

*** \$575 billion dollars will be spent on goods and services.**