

Prepared February 2010

(for the period ending 12/31/2009)

Overall Survey Results
Results by Industry Segment
Results by Geographic Region
Member Comments by Industry Segment



National Tooling & Machining Association

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February, 2010

Business conditions for NTMA member companies began to rebound toward the end of the 2009 and were a welcomed change over the dismal conditions experienced during the first six months.

This NTMA Report covers the second half of 2009 and is a geographical “snapshot” of business trends and conditions in the special tooling and machining industry.

38% of member companies reported business conditions as good, very good, or excellent for the second half of 2009 – up from 22% for the first half of 2009 and slightly down from the 42% for the second half of 2008.

44% of survey respondents projected business conditions will either remain the same or decrease during the first half of this year, a 36% improvement from the 80% reported previously.

Additionally, more optimism is being communicated by our members as 56% of respondents projected business conditions to increase during the first half of 2010 – up from the 40% projected for the second half of 2009 and from the 24% that reported such optimism in December, 2008.

Other business condition indicators were as follows:

- Future Work on Books (Average) – 15.1 weeks; up from 11.1 weeks in June, 2009
- Average Workweek per Skilled Employee – 41.5 hours; up from 39.7 hours in June 2009
- Number of Employees (% Change) - 3% decline from June 2009 levels.

For comparison purposes, the Institute for Supply management also reported improved business conditions in manufacturing during the second half of 2009, with August marking the first month since June of 2008 that the Purchasing Managers Index registered over 50; an indication that business is generally expanding.

Thanks to the 306 NTMA member companies (21% of membership) that participated in the December 2009 NTMA Business Conditions Report.

Sincerely,

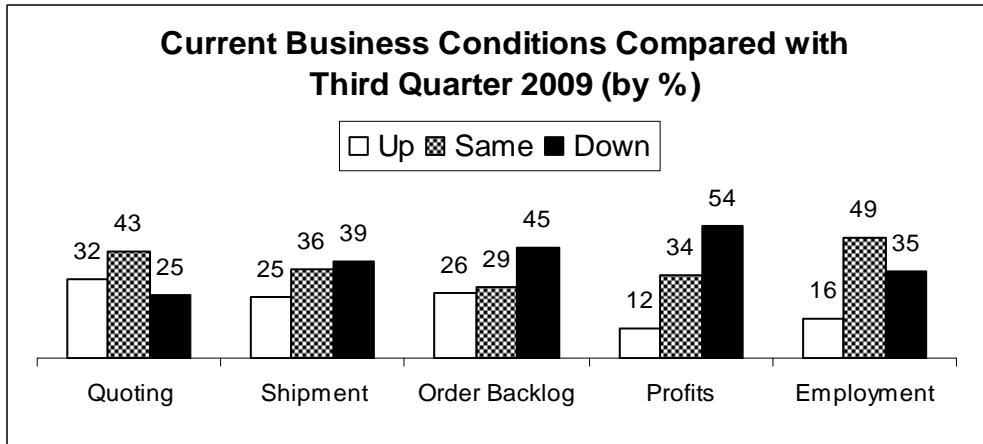
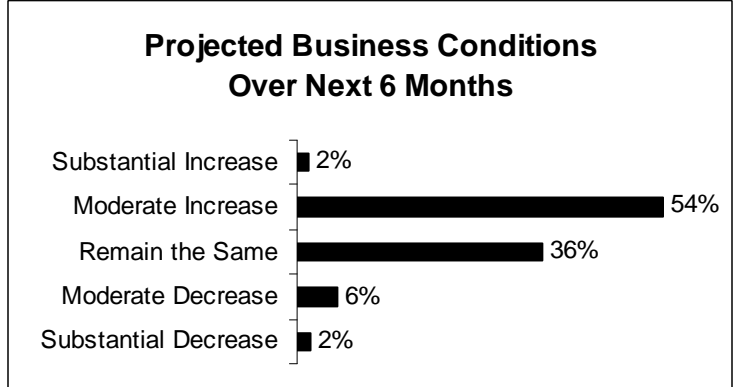
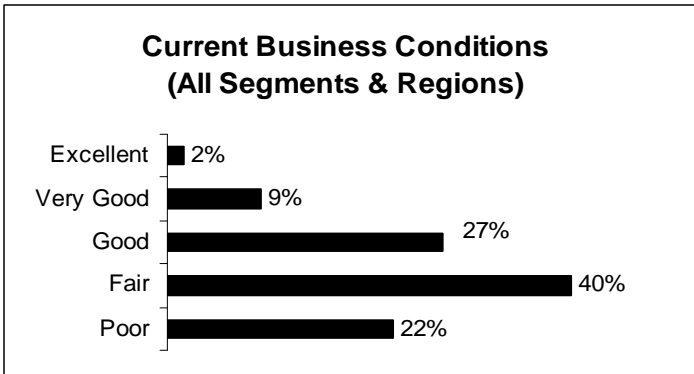
A handwritten signature in blue ink that reads "Rob Akers".

Rob Akers
Chief Operating Officer



December 2009 NTMA Business Conditions Report

The December 31, 2009 reports from 306 NTMA member companies (21% of total membership).



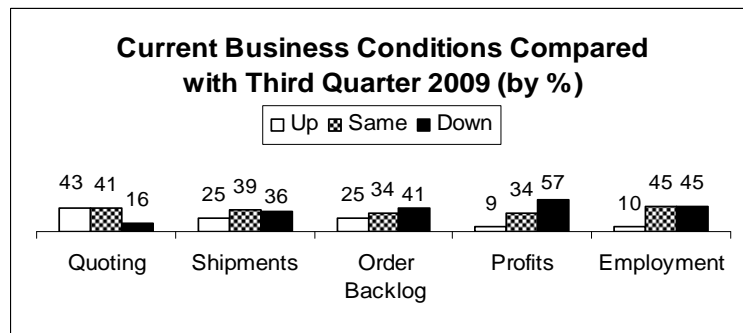
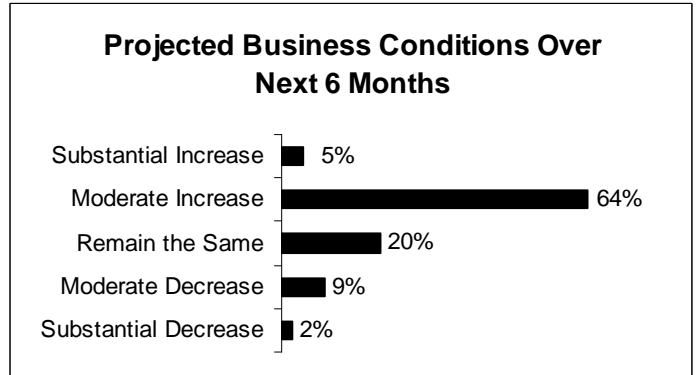
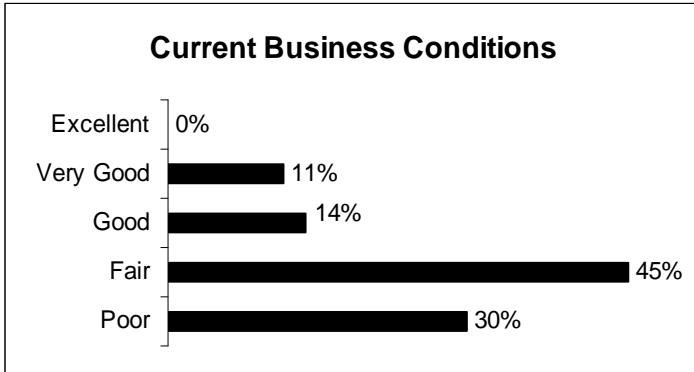
Future Work on Books (Average): 15.1 Weeks

Current Average Workweek Per Skilled Employee (hours per week): 41.5

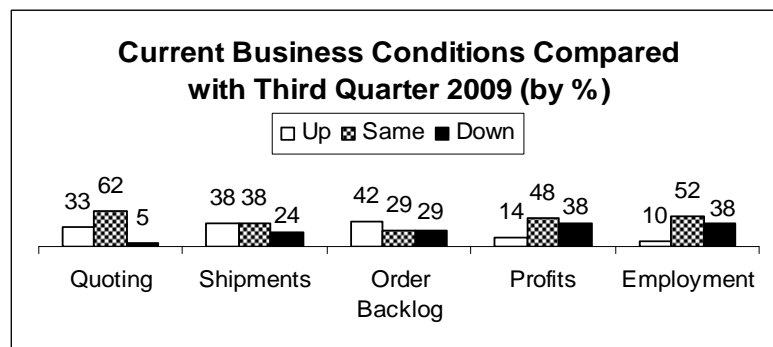
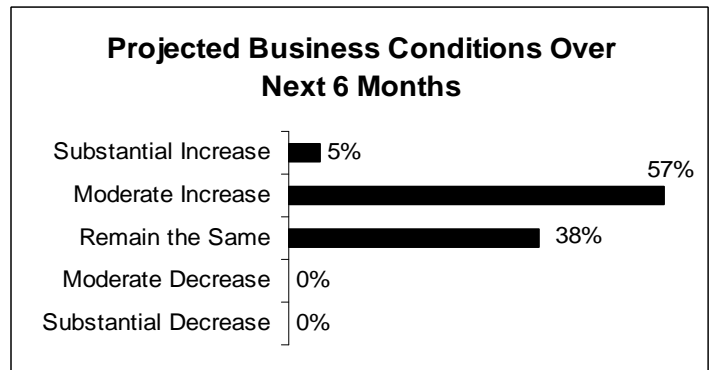
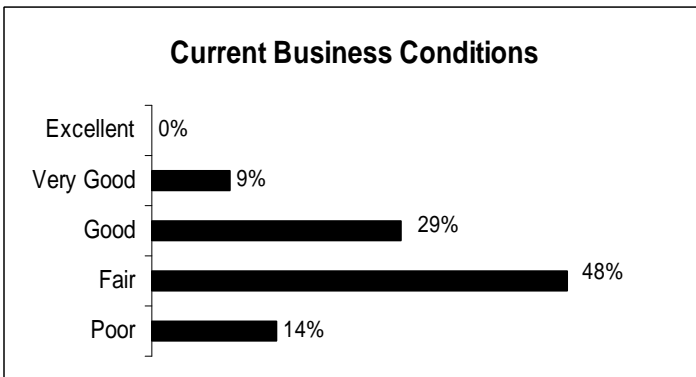
Total number of employees as of June 30, 2009 = 13,764

Total number of employees as of December 31, 2009 = 13,358

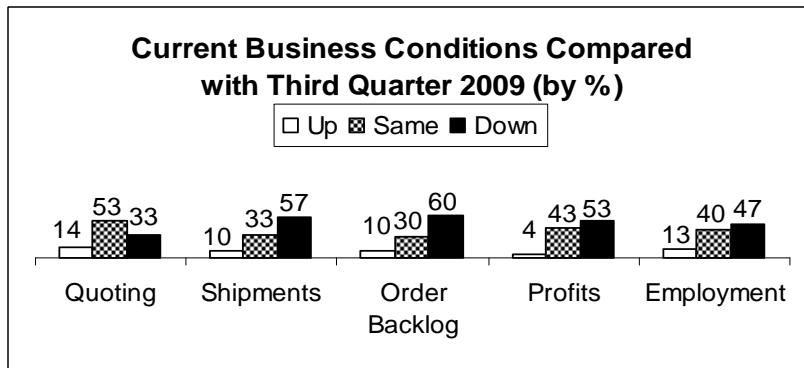
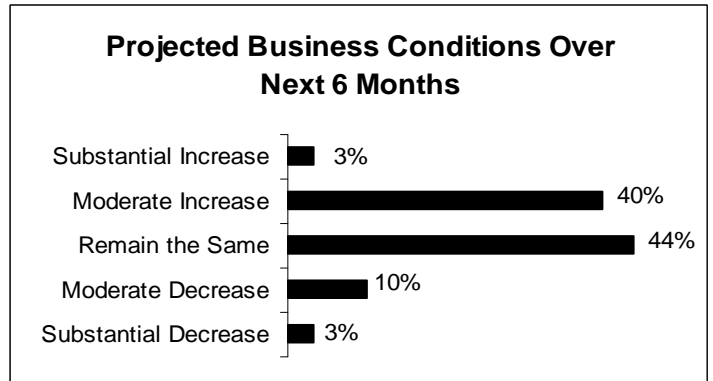
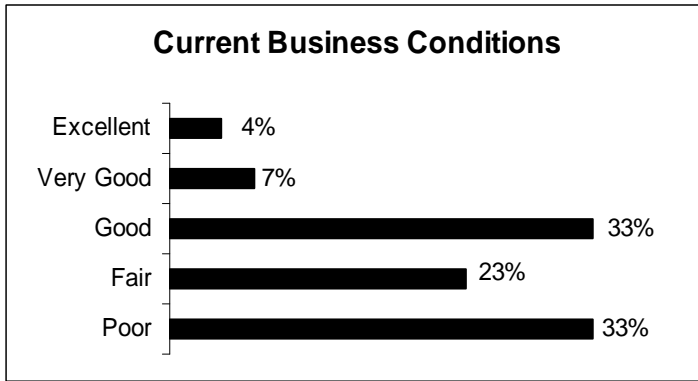
BUSINESS CONDITIONS (By Industry Segment)
TOOLS, DIES & FIXTURES
(44 responses)



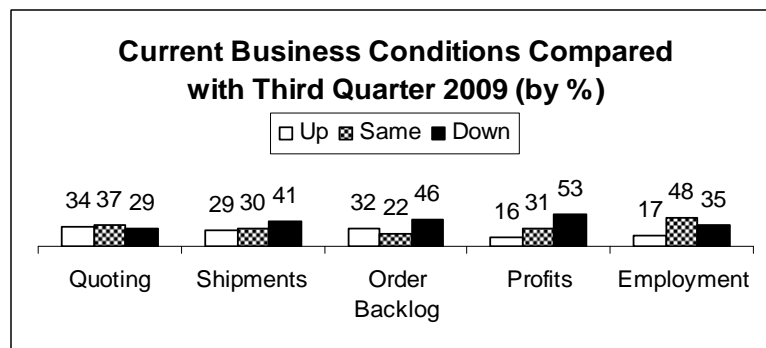
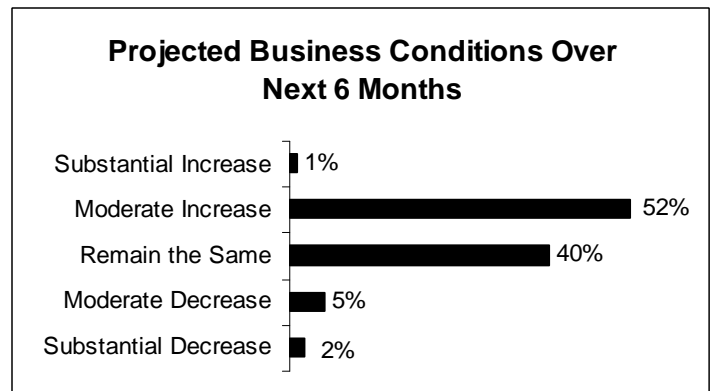
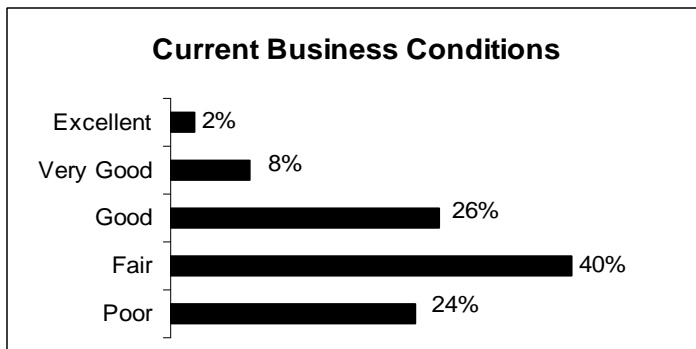
MOLDS
(21 responses)



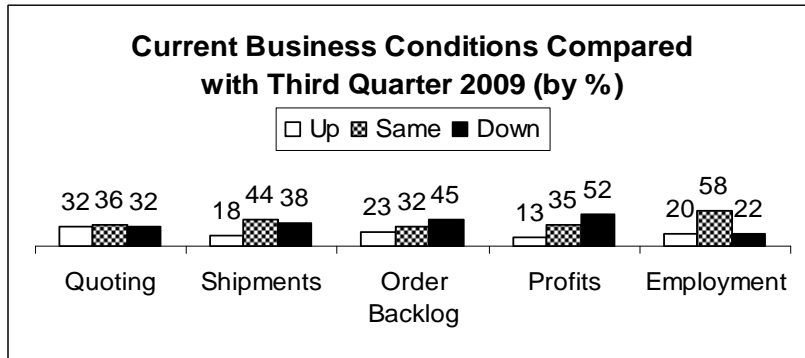
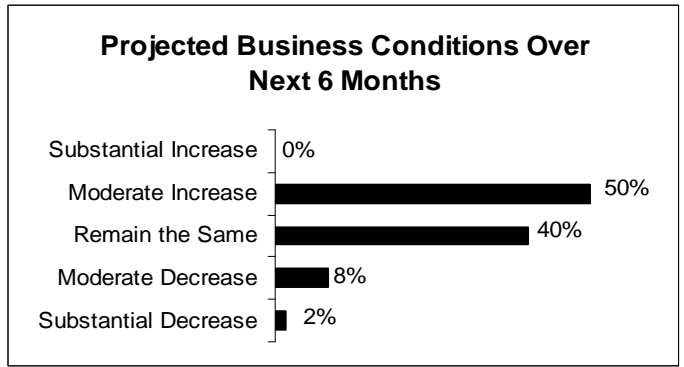
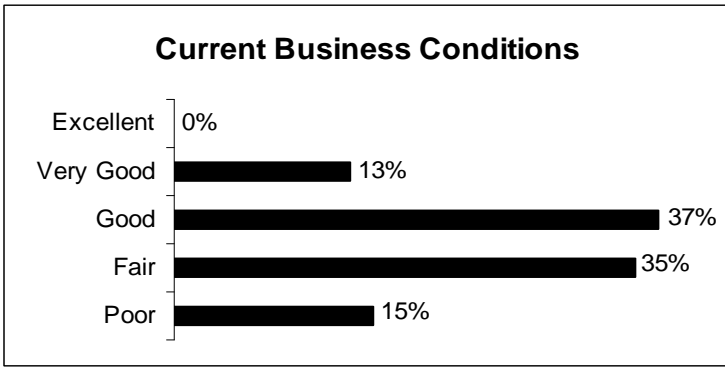
SPECIAL MACHINES
(30 responses)



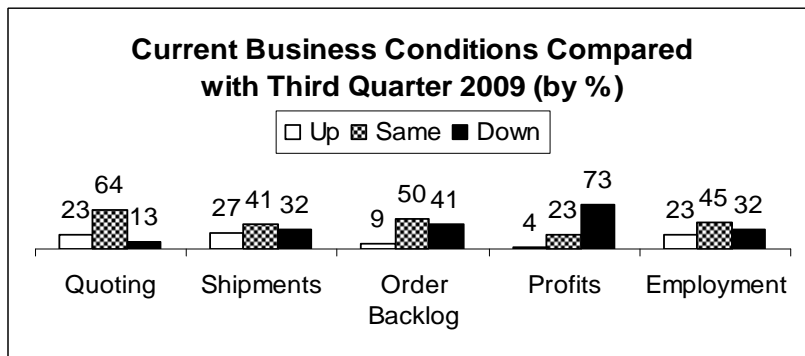
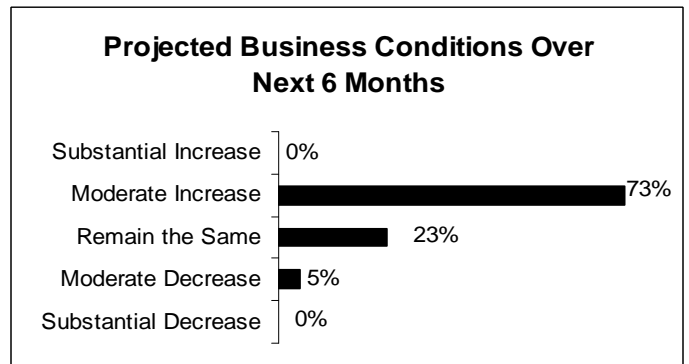
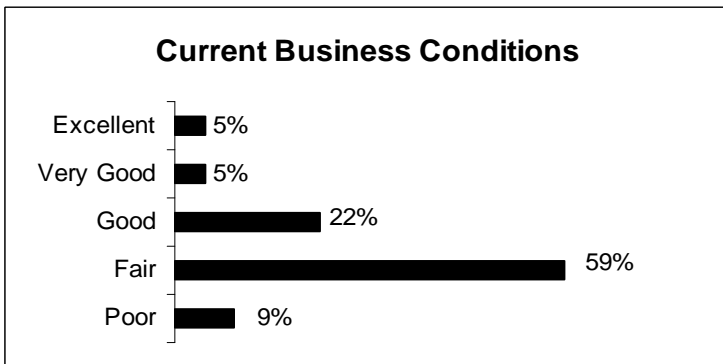
PRECISION MACHINING (excluding Aerospace)
(129 responses)



AEROSPACE MACHINING & FABRICATION
(60 responses)

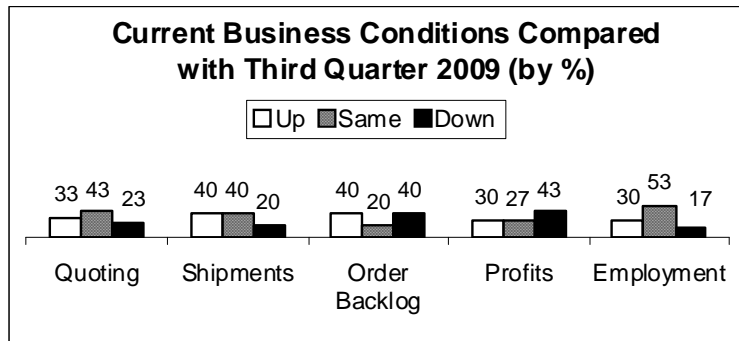
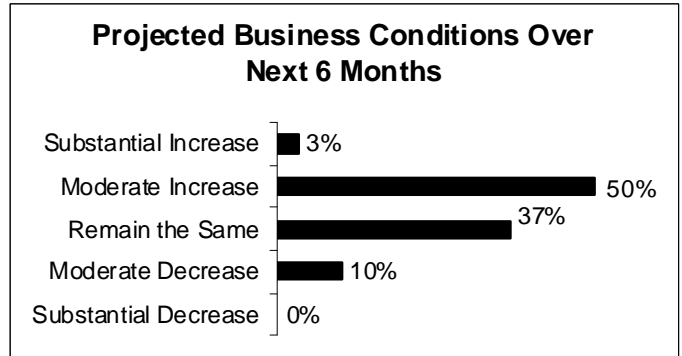
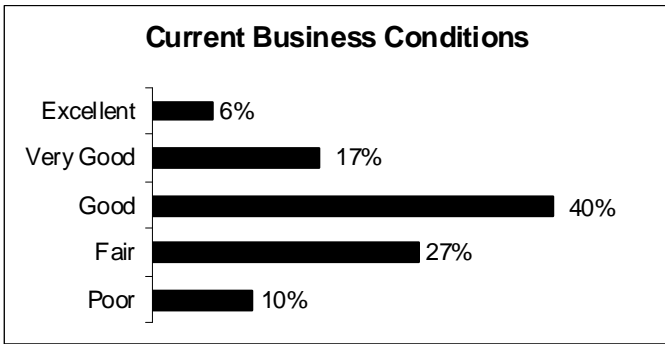


METAL FABRICATION & STAMPING
(22 responses)

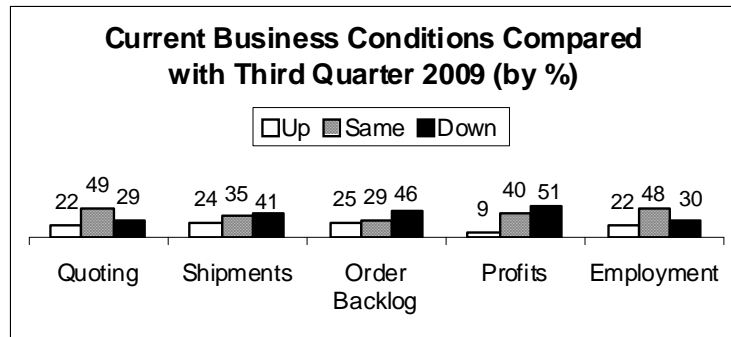
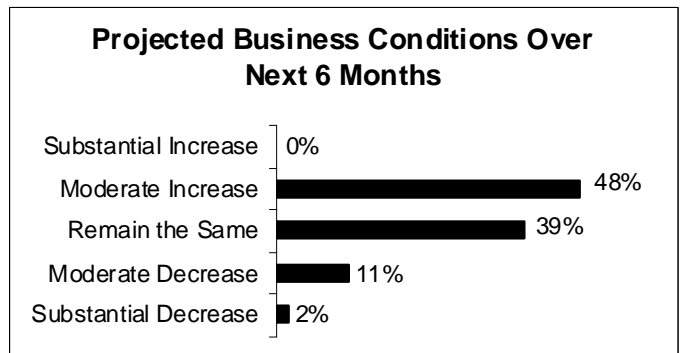
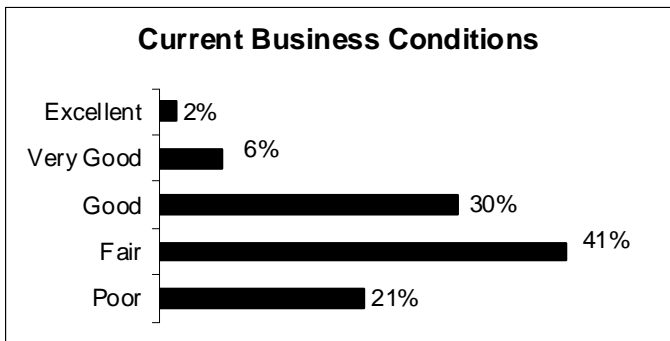


BUSINESS CONDITIONS (By Geographic Region)

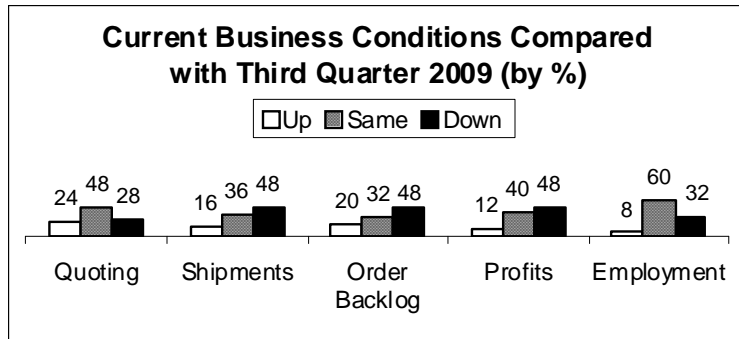
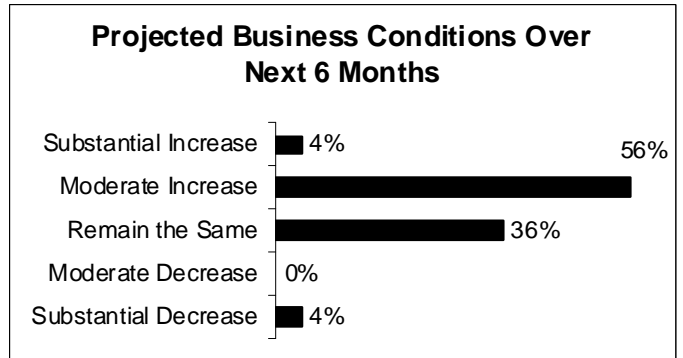
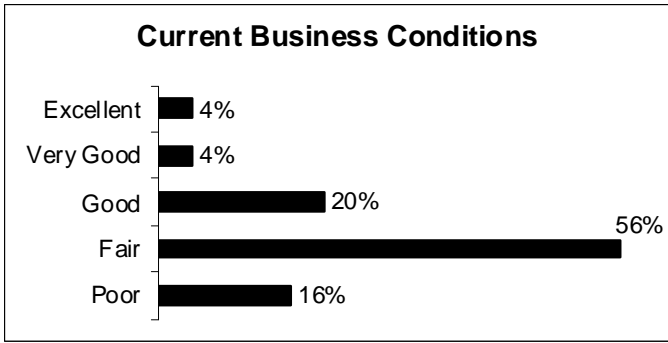
**NEW ENGLAND (ME, VT, RI, NH, MA, CT)
(30 responses)**



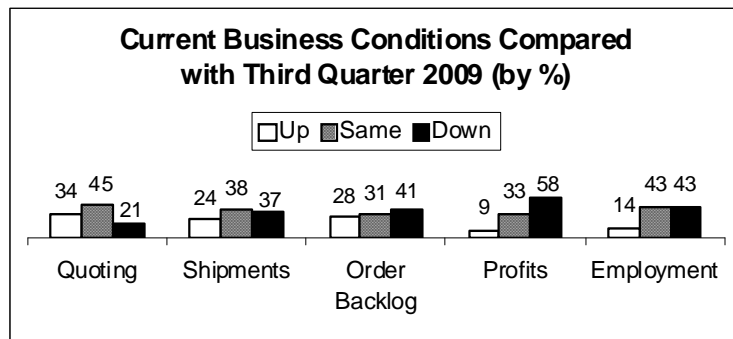
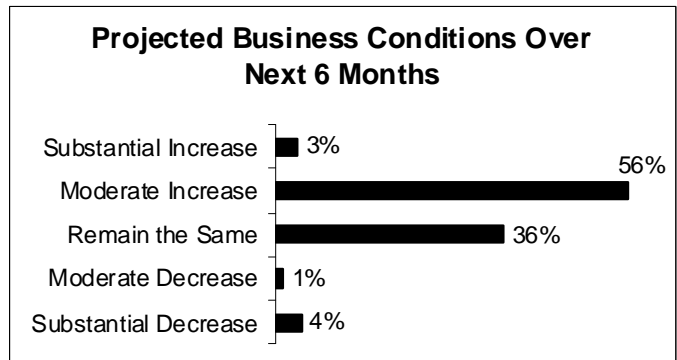
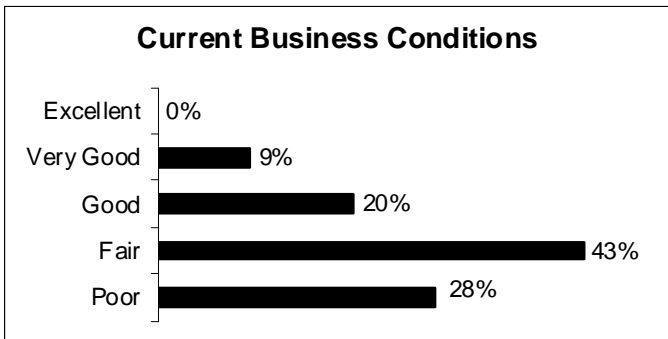
**NORTHEASTERN CENTRAL (DC, NY, PA, NJ, DE, MD, WV, VA)
(63 responses)**



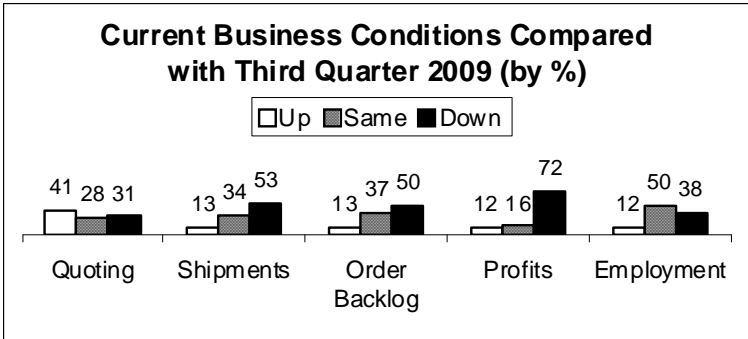
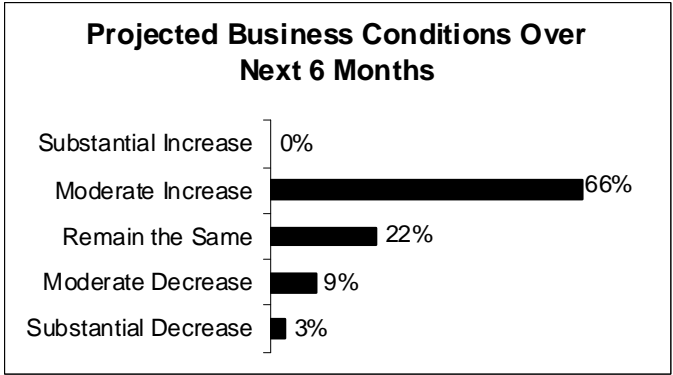
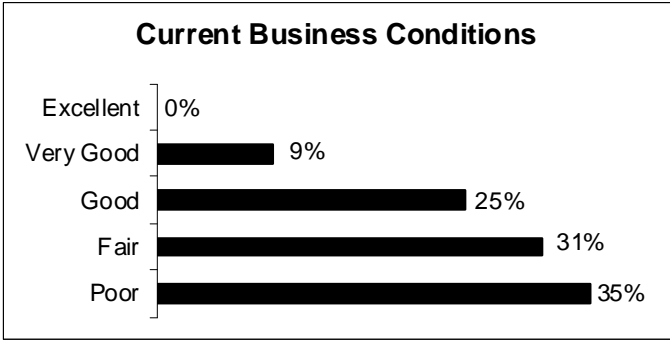
SOUTHEASTERN (FL, KY, NC, SC, TN, GA, AL, MS)
(25 responses)



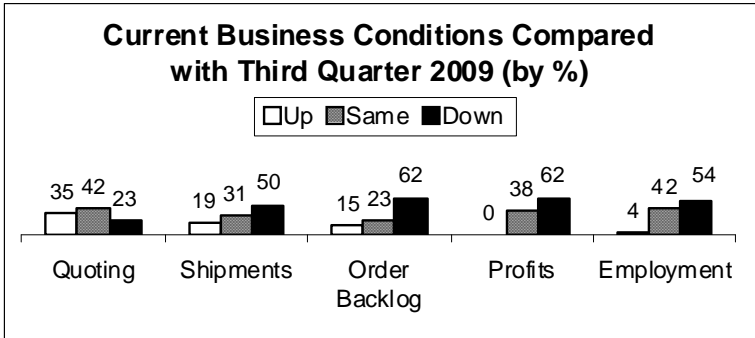
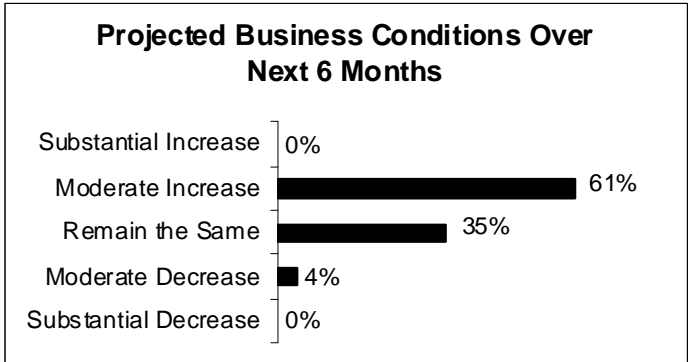
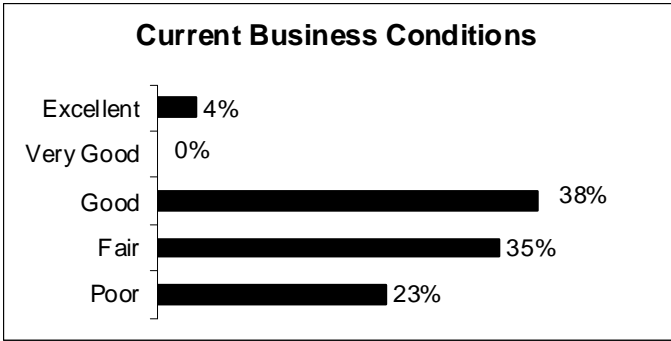
NORTH CENTRAL (OH, MI, IL, IN, WI)
(86 responses)



CENTRAL (IA, MO, NE, KS, MN)
(32 responses)



CENTRAL SOUTHWEST (AR, LA, OK, TX, NM, CO)
(26 responses)



CENTRAL NORTHWEST (ND, SD, MT, WY)
(1 response)

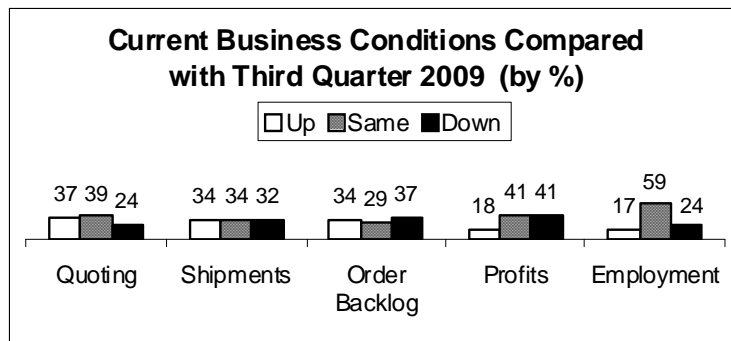
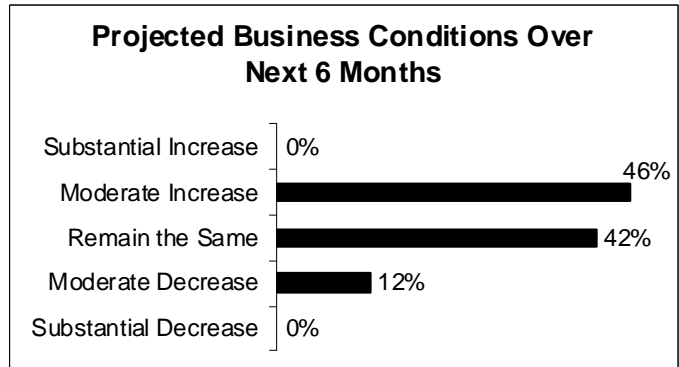
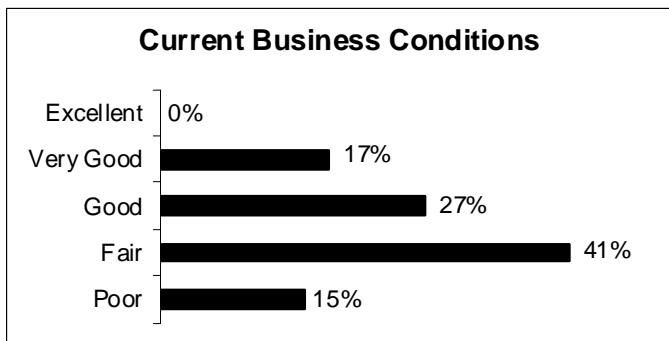
Current Business Conditions: Fair

Projected Business Conditions Over Next 6 Months: Moderate Increase

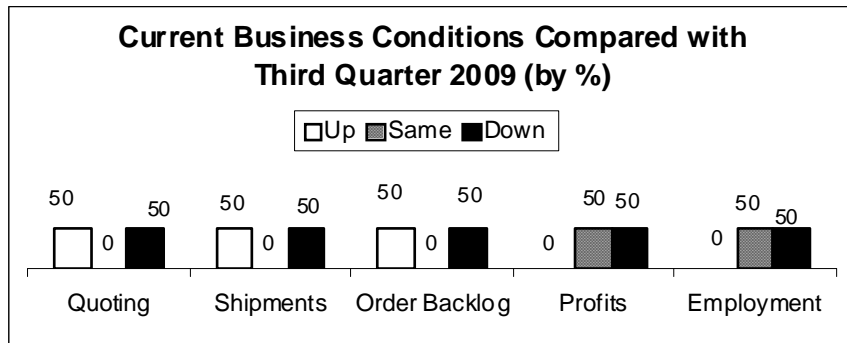
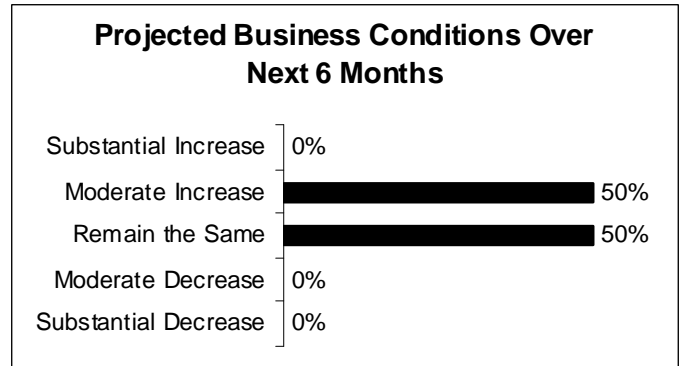
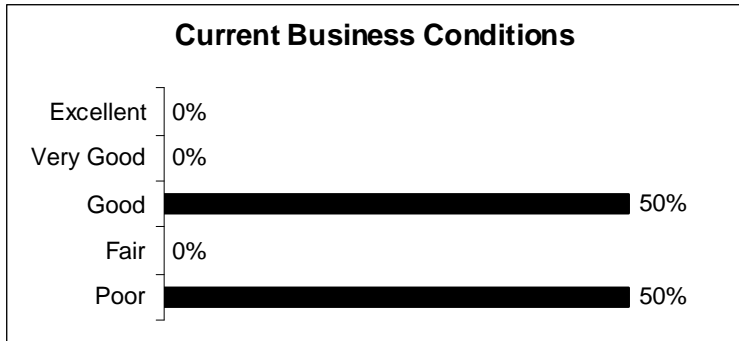
Current Business Conditions Compared with Third Quarter 2009:

Quoting: Down
Shipments: Down
Order Backlog: Down
Profits: Down
Employment: Down

GREATER PACIFIC SOUTHWEST (CA, NV, AZ, UT)
(41 responses)



GREATER PACIFIC NORTHWEST (ID, WA, OR)
(2 responses)



MEMBER COMMENTS
(By Industry Sector)

Aerospace Machining & Fabrication

It's crazier than ever. Lots of competition from small shops, buyers not loyal, price matters! (Greater Pacific Southwest; 14 Employees)

Most new contracts are multi-year. (New England; 65 Employees)

Still on the slow side; we have been hurt both by the business environment as well as customer relocations. (Northeastern Central; 25 Employees)

Metal Fabrication & Stamping

Our volume was off 17% in 2009; however, profits were significantly lower as a result of tight markets. Market remains very competitive. (Central Southwest; 110 Employees)

Biggest problem is banks refusal to fund new companies. (Greater Pacific Southwest; 15 Employees)

We are a rather new business. So, we are in a slow growth mode. Thanks! (Greater Pacific Southwest; 4 Employees)

Banks are worried about decline in our sales and profits. (North Central; 32 Employees)

Molds

Let's keep Washington DC out of health care, our costs would be uncontrollable. (North Central; 80 Employees)

We need new trade agreements. China is a big problem. (North Central; 29 Employees)

Precision Machining (excluding Aerospace)

I read a report just this morning that China's stimulus package worked. Mfg up in December and slightly for year. I am optimistic for 2010 regardless. (Central; 23 Employees)

Business sucks. (Central Southwest; 11 Employees)

Profit margins are tight. Starting to see signs of improvement. (Central Southwest; 20 Employees)

Running at less than 50% capacity of one shift (Central Southwest; 4 Employees)

We have a very diversified customer base, but it barely helps when every industry is down. (Greater Pacific Southwest; 6 Employees)

Business activity picked up substantially in August; 2010 looks like a solid year. (New England; 134 Employees)

We're cautiously optimistic that things will improve in 2010. (New England; 13 Employees)

2010 will be better than 2009, but not back to 2007/2008 levels. (North Central; 55 Employees)

We do not see much in the way of new work breaking loose any time soon. (North Central; 16 Employees)

We have seen a good pick up last 4 months. Picked up new customers and market share with existing customers. Not at historical levels yet. (North Central; 21 Employees)

Work is coming in on an urgent basis with very little lead time. (North Central; 15 Employees)

'09 was a tough year but it began to improve right before Christmas. The first quarter looks much better than last year and the year looks promising. (Northeastern Central; 32 Employees)

1st & 2nd qtrs were very slow. 3rd & 4th qtrs were very good. Overall 2009 down 12% from 2008. (Northeastern Central; 24 Employees)

Last 6 months worse in last 20 years.
(Northeastern Central; 34 Employees)

We had a strong 2009, up slightly over 2008.
2008 was our best year ever to that point.
Prospects for 2010 remain bright. (Northeastern
Central; 109 Employees)

Special Machines

Just no major spending taking place. Very
difficult times with little change in sight. We
have let too much manufacturing go off shore.
Jobs lost. (North Central; 37 Employees)

Things seem to have gone down again. (North
Central; 45 Employees)

Another major account moving to Mexico.
Overall sales (mainly automotive) is way down.
Efforts to find new work is near impossible.
(Northeastern Central; 19 Employees)

Business conditions do not seem to be
improving. We service many markets and
shipped to 42 states last year. (Southeastern; 52
Employees)

Tools, Dies & Fixtures

After painfully slow 6 months during 2009 we
are now very busy. We are experiencing fewer
but larger tooling programs; i.e. to little or to
much work. (Central; 22 Employees)

We are busy because our customer is making
duplicate tooling for use in Poland. (Greater
Pacific Southwest; 4 Employees)

About 4 substantial projects but nothing backing
them up. Customers are very cautious. Going to
multiple suppliers for quotes. (North Central; 18
Employees)

Cautiously optimistic. Concerned with
possibility of double dip recession. (North
Central; 84 Employees)

December sales were the best in 1-1/2 years.
Order activity was strong in November and
again in January. Inquiries for larger projects
has increased. (North Central; 18 Employees)

Hopefully there will not be a double dip down.
(North Central; 30 Employees)

Looking better. (North Central; 15 Employees)

Our sales are up due to our customer inventory
liquidation winding down; not because our
customer's business has improved. (North
Central; 800 Employees)

Should be better. (North Central; 200
Employees)

Workload is quite strong right now, but margins
are nill. Customers continue to want award work
with no margins in them. (North Central; 29
Employees)

Business seems very volatile. (Northeastern
Central; 12 Employees)

Only bright spot is we seem to be getting
requests for tooling we haven't made for over a
year. (Northeastern Central; 1 Employee)