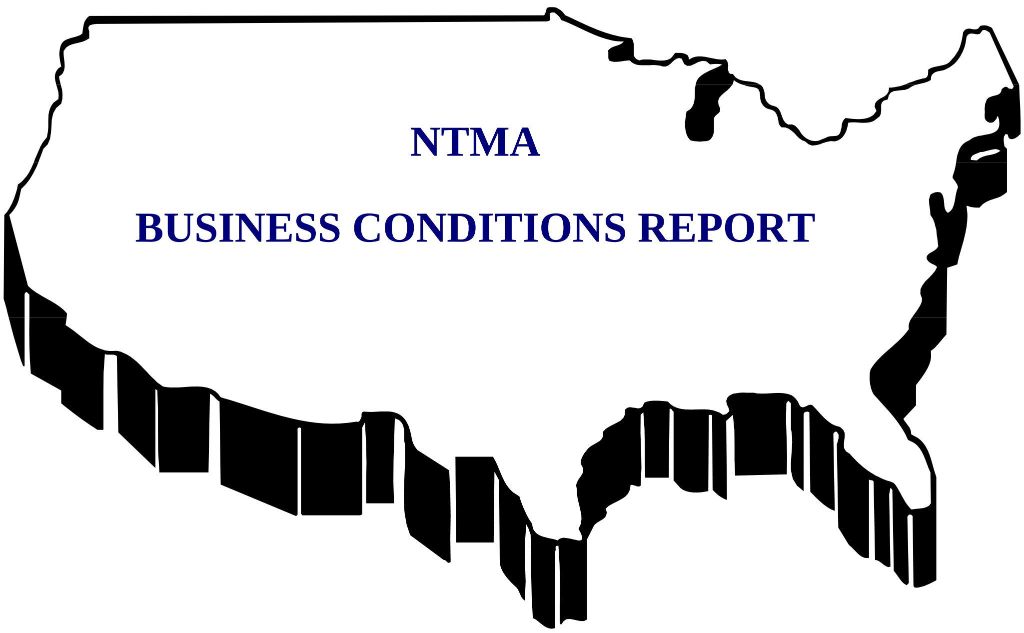
NTMA

BUSINESS CONDITIONS REPORT



Prepared February 2012

(for the period ending 12/31/2011)

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

National Tooling & Machining Association

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March 2011

Business conditions for NTMA member companies continued to show improvement through the end of 2011 and an increased feeling of optimism is welcomed as manufacturers plan for a productive and increased level of business for 2012.

This NTMA Report covers the second half of 2011, a projection for the first half of 2012, and is a geographical "snapshot" of business trends and conditions in the special tooling and machining industry.

Of our reporting companies, 84% reported business conditions as good, very good, or excellent for the second half of 2011 – up from 74% for the first half of 2011 and significantly higher than the same period a year prior.

94% of survey respondents projected business conditions will either remain the same or improve during the first half of this year, with a majority indicating a moderate to substantial increase in business.

In nearly every region and industry segment, our manufacturers are seeing improved business conditions and growing confidence for the year. Quoting, Shipping, Order Backlog, Profits, and Employment have all increased over the prior reporting period and are expected to stay the same or increase through the next quarter.

Other business condition indicators were as follows:

- Future Work on Books (Average) – 16 weeks; up slightly from 14 weeks in June, 2011.
- Average Workweek per Skilled Employee – 44.8 hours; up from 44.3 hours in June 2011.
- Number of Employees (% Change) – 2% improvement from June 2011 levels.

For comparison purposes, the Institute for Supply management also reported improved business conditions in manufacturing during the second half of 2011 and in February the manufacturing index continued to show encouraging news as the PMI registered 52.4 percent; this marked the 31st consecutive month of expansion for the manufacturing sector.

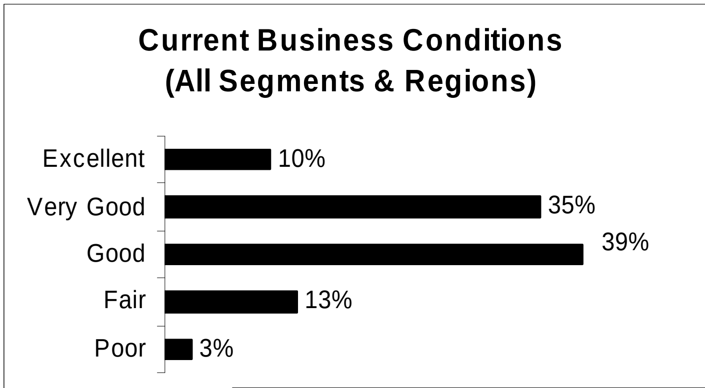
A special thanks to the 279 NTMA member companies (23% of membership) that participated in the December 2011 NTMA Business Conditions Report.

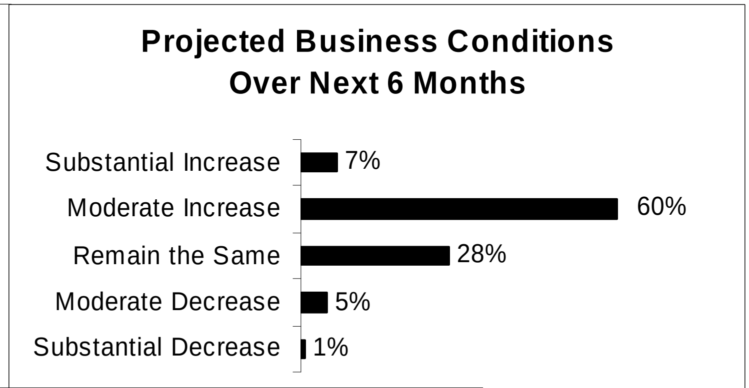
Sincerely,

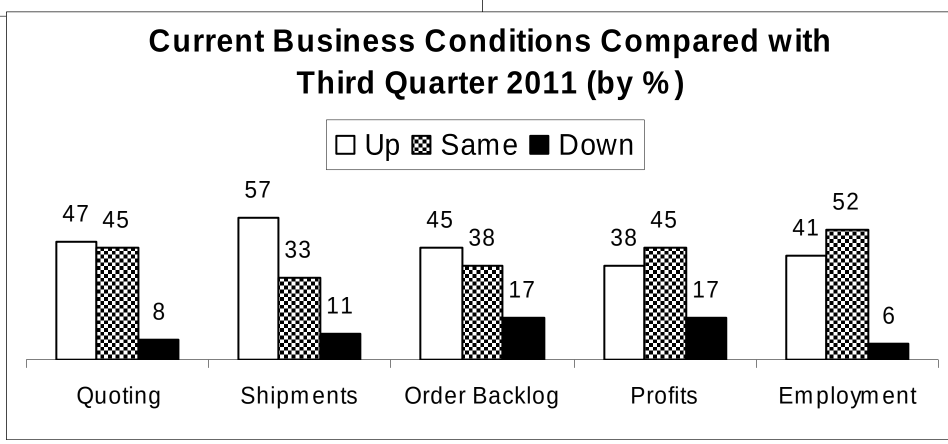
Rob Akers
Chief Operating Officer

December 2011 NTMA Business Conditions Report

The December 31, 2011 reports from 279 NTMA member companies (23% of total membership).







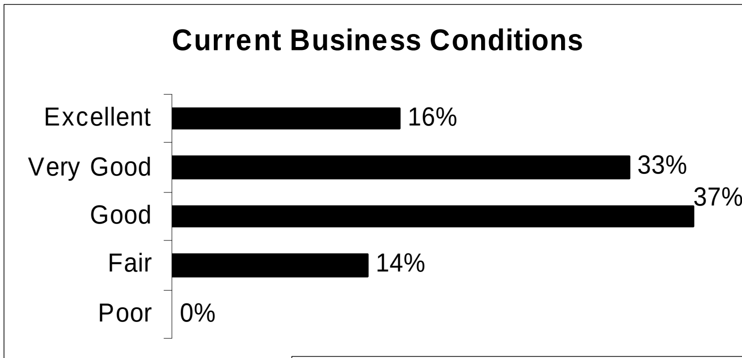
Future Work on Books (Average): 16 weeks

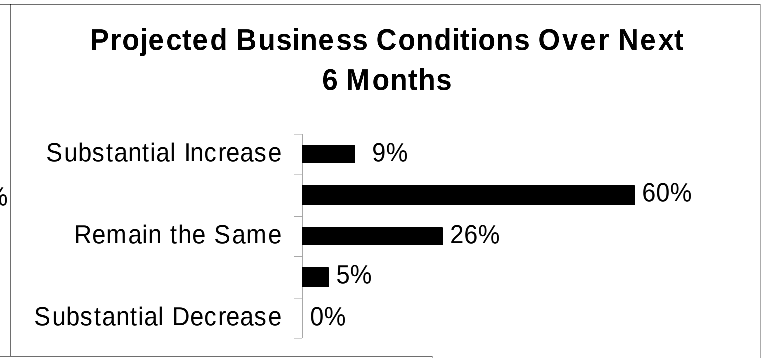
Current Average Workweek per Skilled Employee (hours per week): 45.2

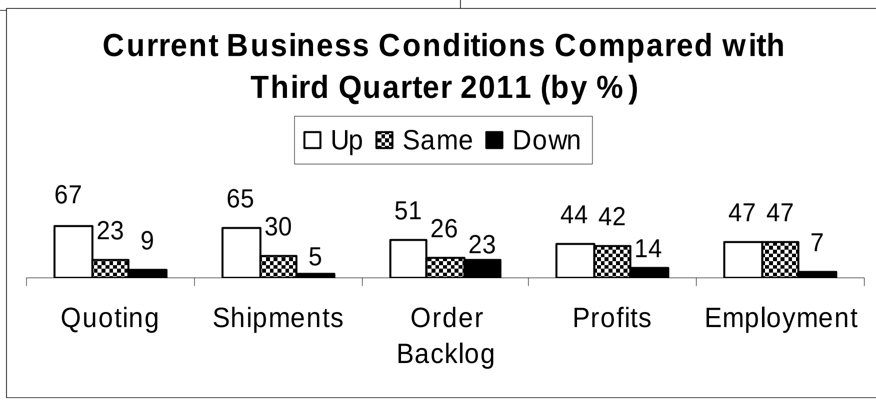
Total number of employees as of June 30, 2011 = 24,772

Total number of employees as of December 31, 2011 = 25,241

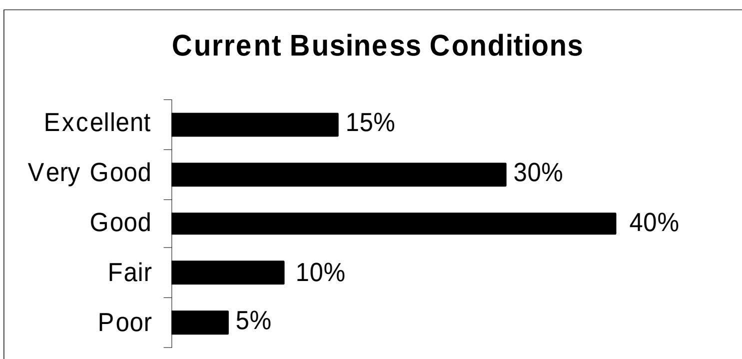
BUSINESS CONDITIONS (By Industry Segment)
TOOLS, DIES & FIXTURES
(43 responses)

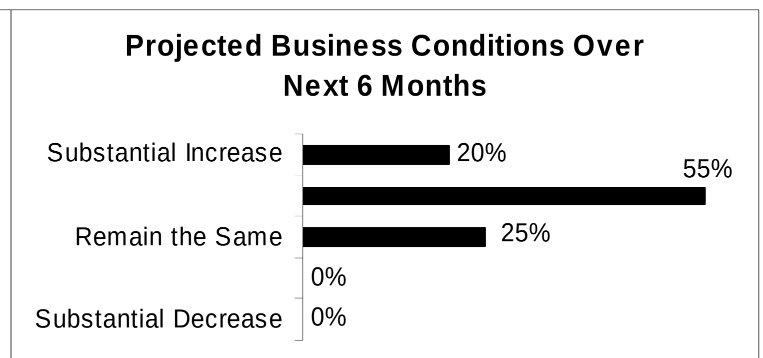


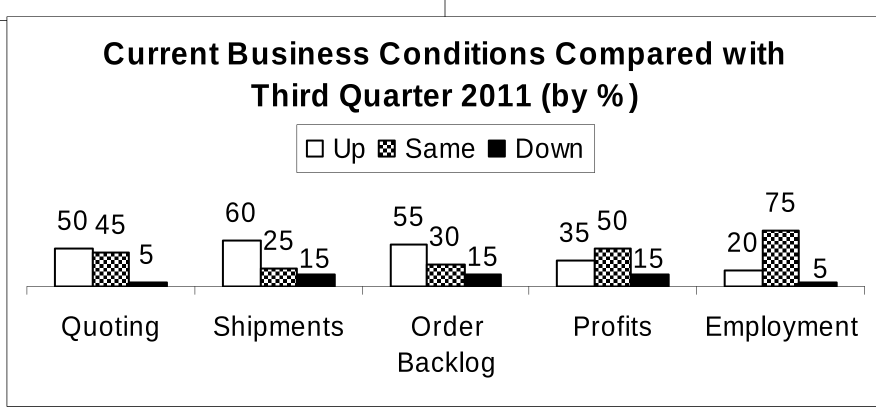




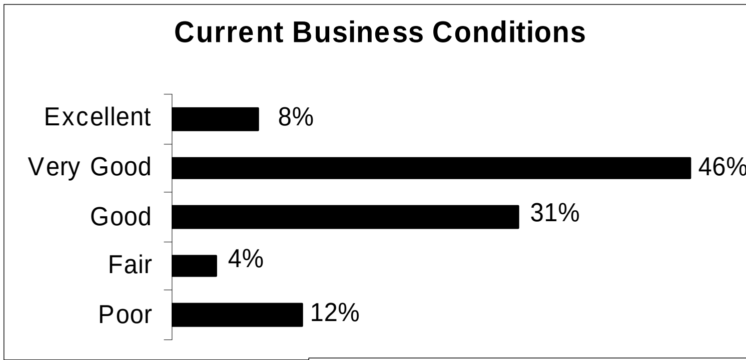
MOLDS
(20 responses)

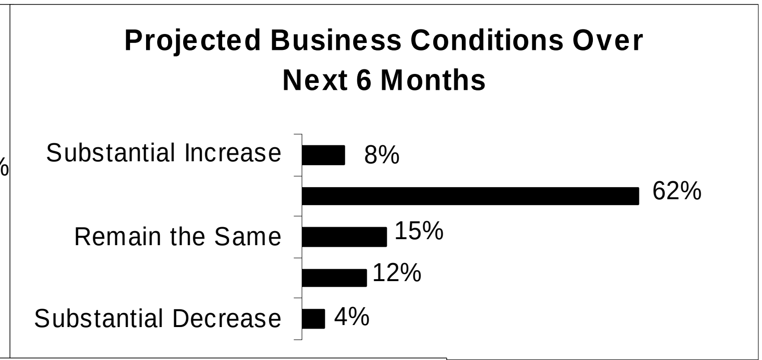


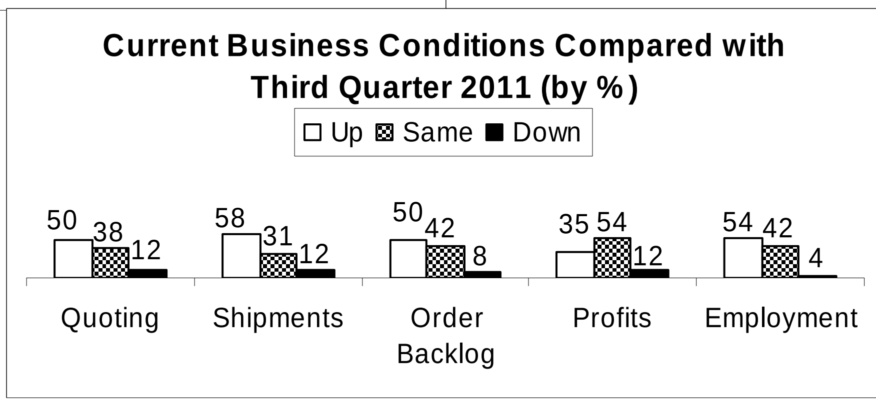




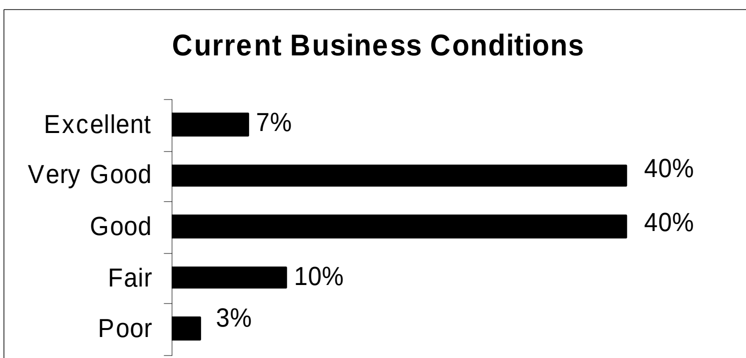
SPECIAL MACHINES
(26 responses)

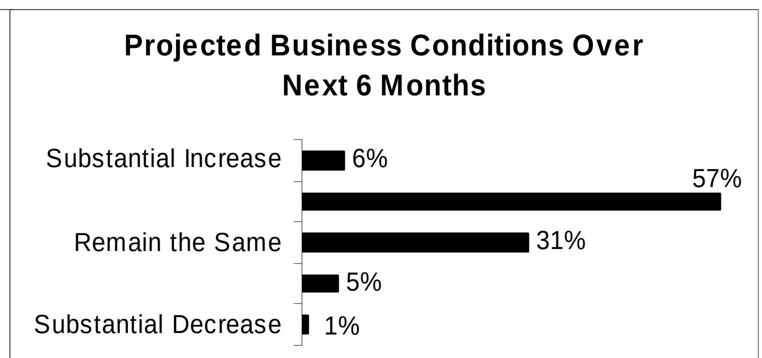


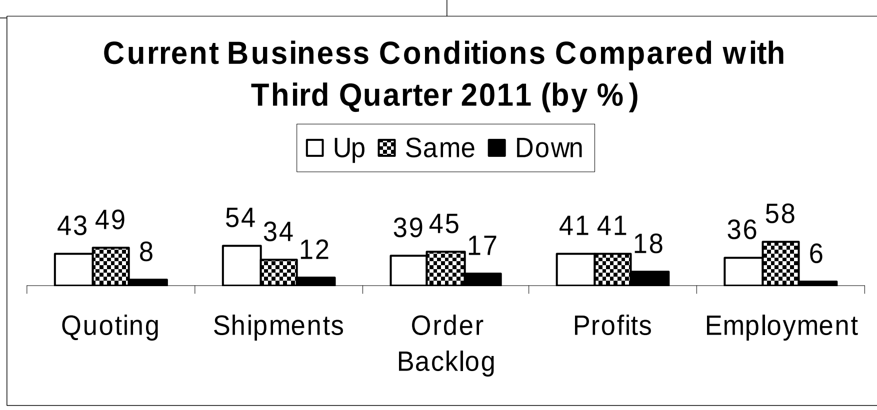




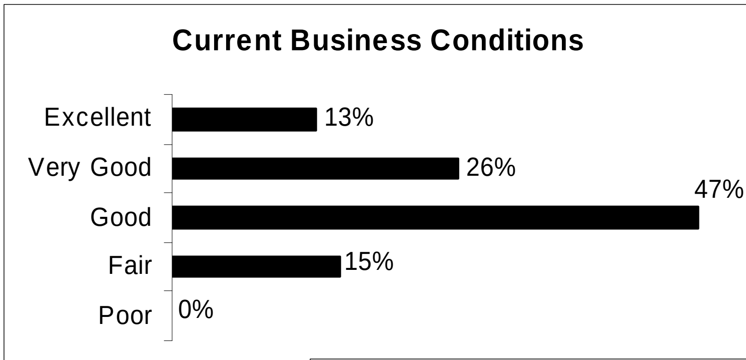
PRECISION MACHINING (excluding Aerospace)
(119 responses)

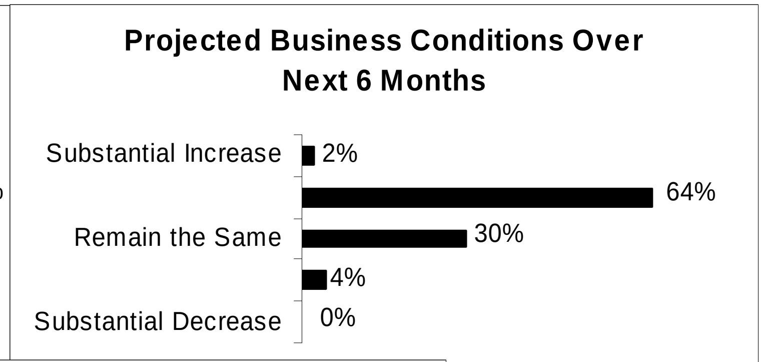


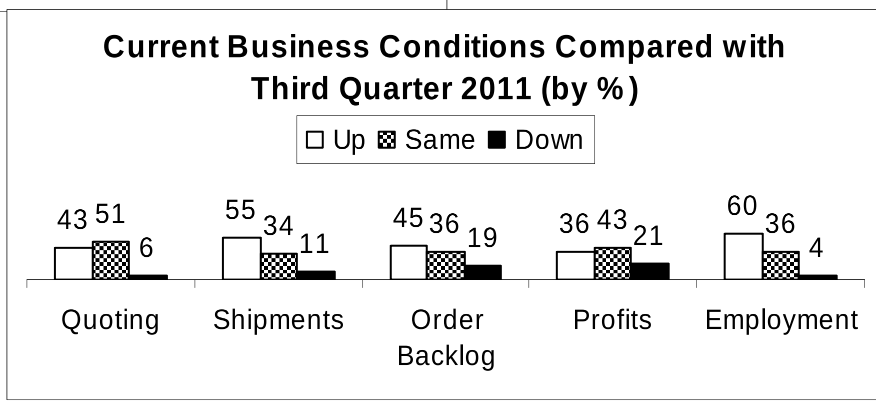




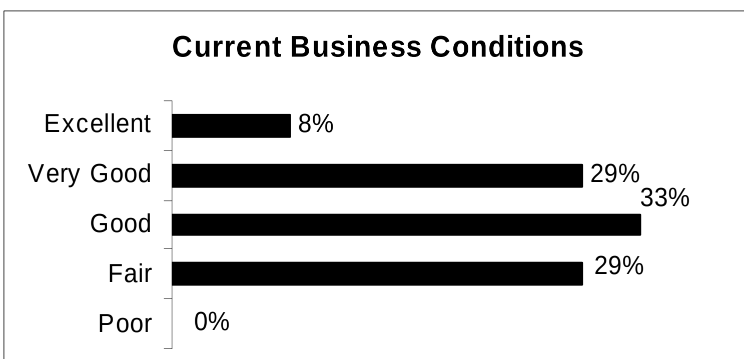
AEROSPACE MACHINING & FABRICATION
(47 responses)

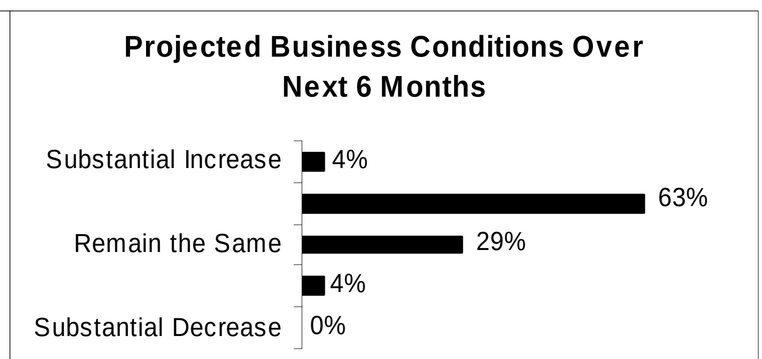


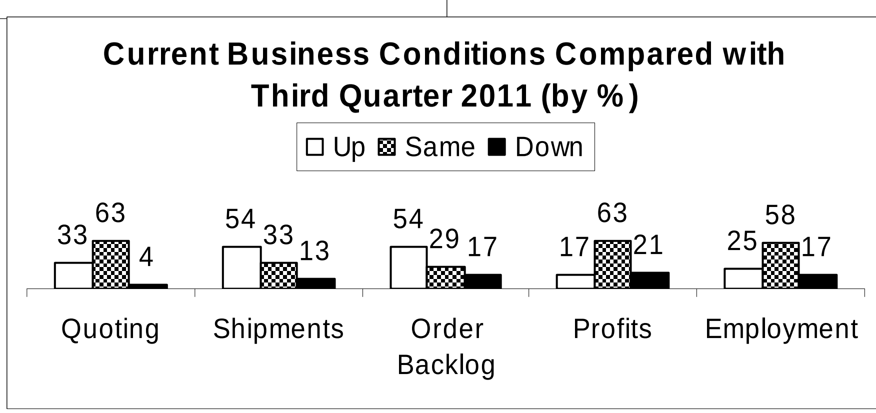




METAL FABRICATION & STAMPING
(24 responses)

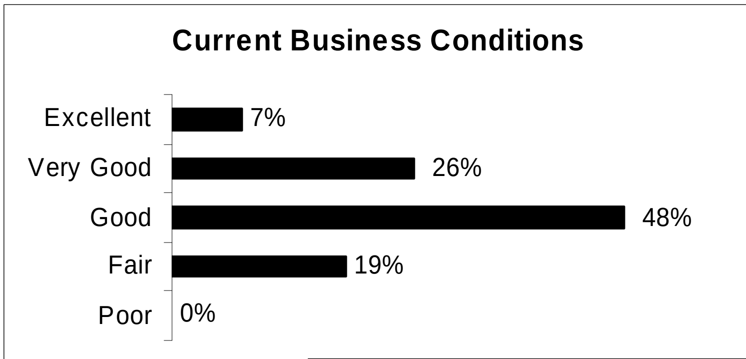


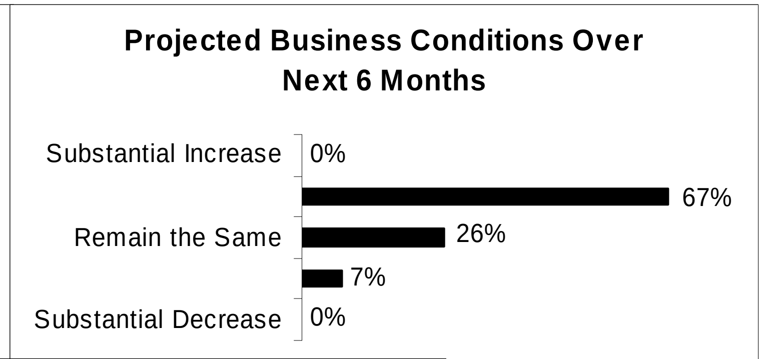


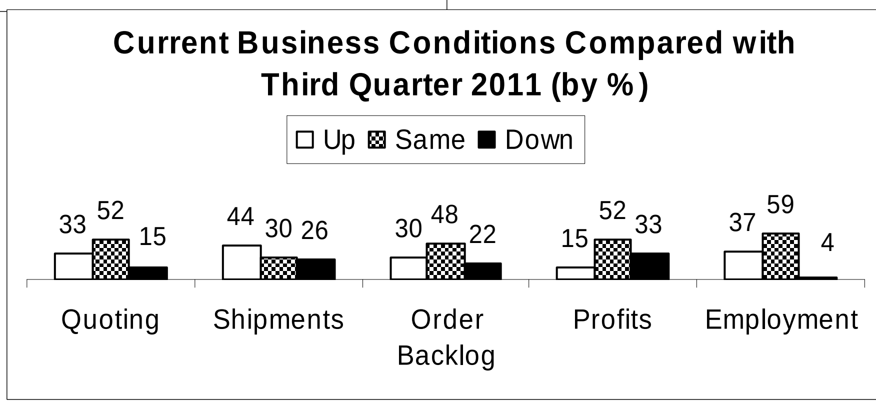


BUSINESS CONDITIONS (By Geographic Region)

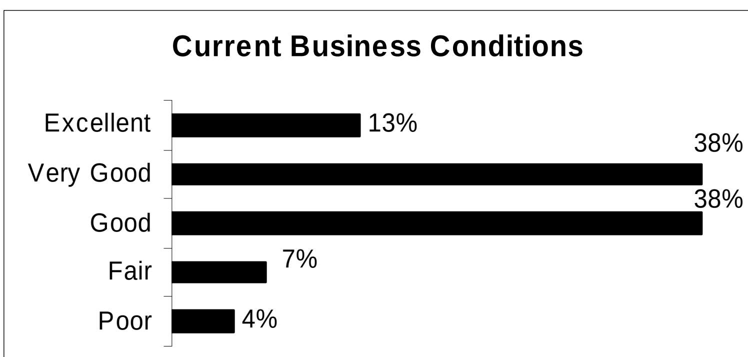
NEW ENGLAND (ME, VT, RI, NH, MA, CT)
(27 responses)

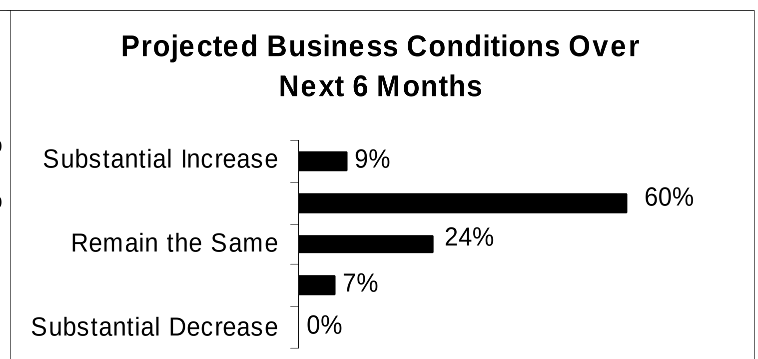


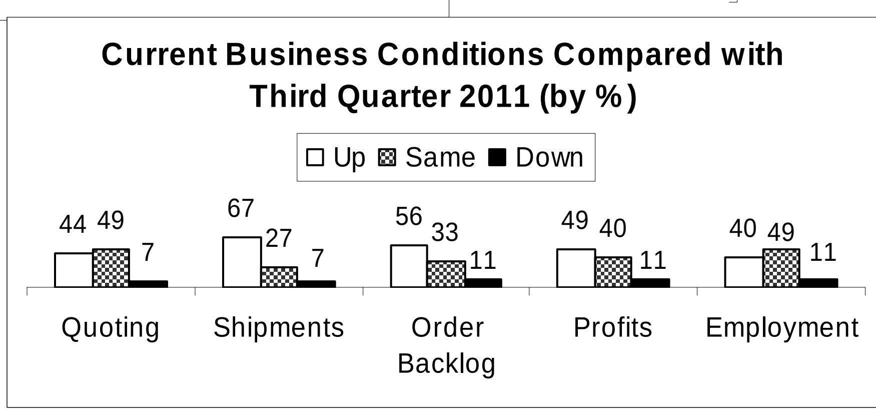




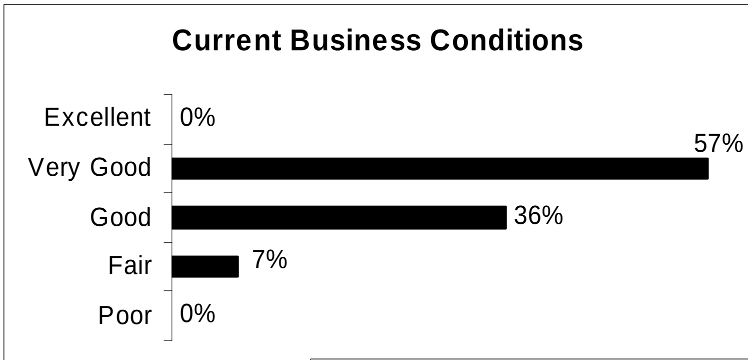
NORTHEASTERN CENTRAL (DC, NY, PA, NJ, DE, MD, WV, VA)
(45 responses)

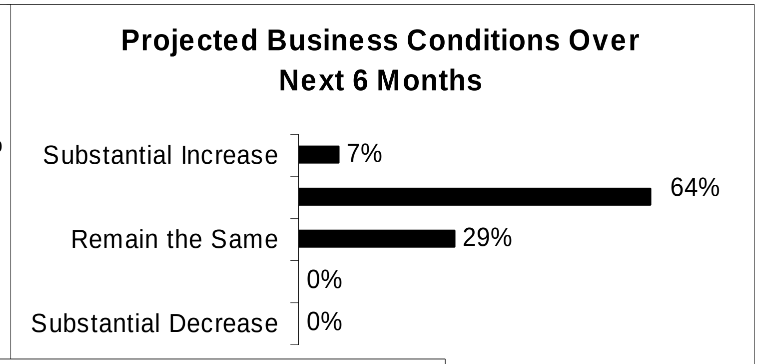


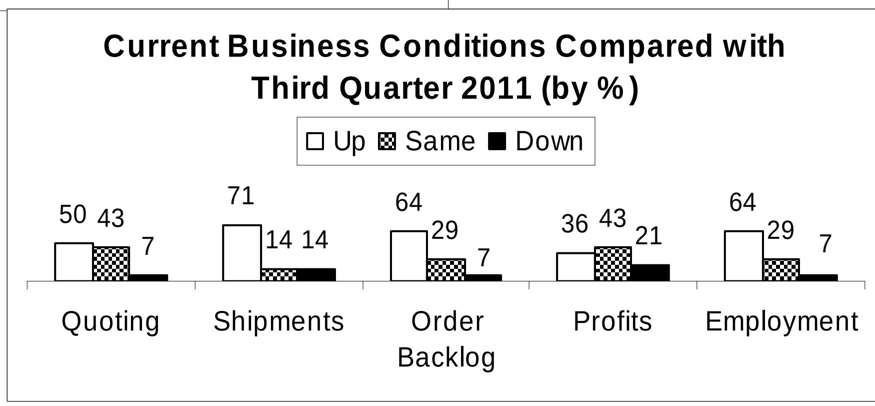




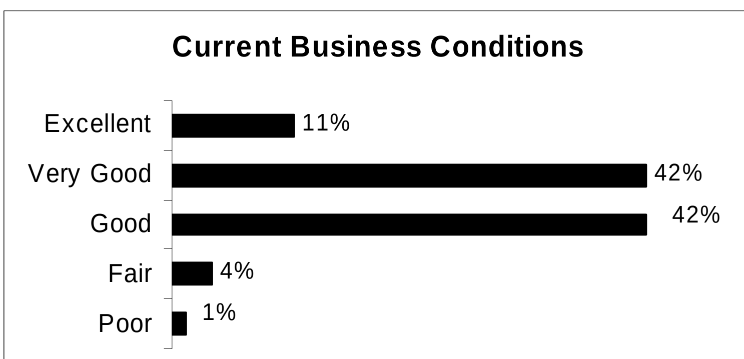
SOUTHEASTERN (FL, KY, NC, SC, TN, GA, AL, MS)
(14 responses)

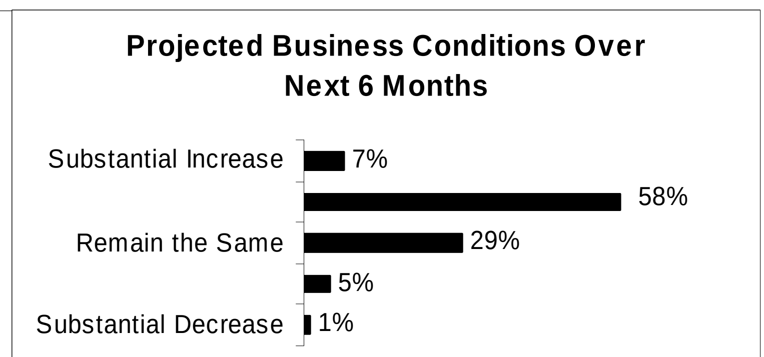


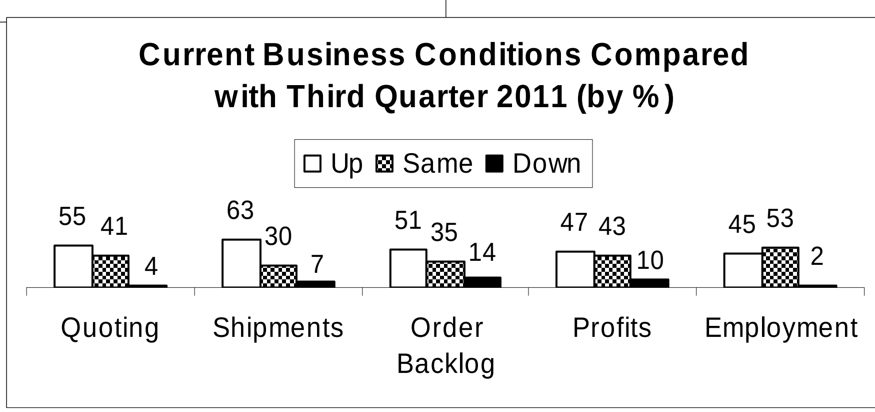




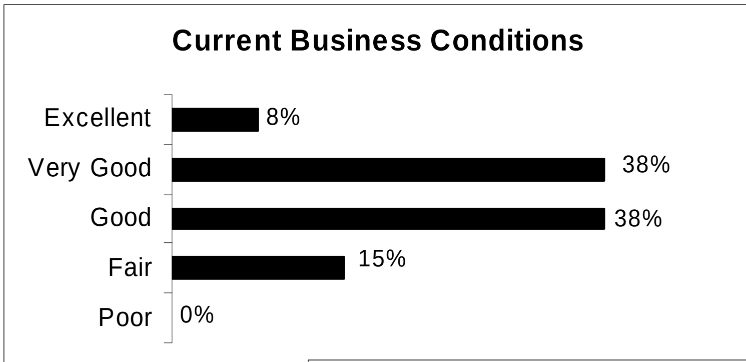
NORTH CENTRAL (OH, MI, IL, IN, WI)
(83 responses)

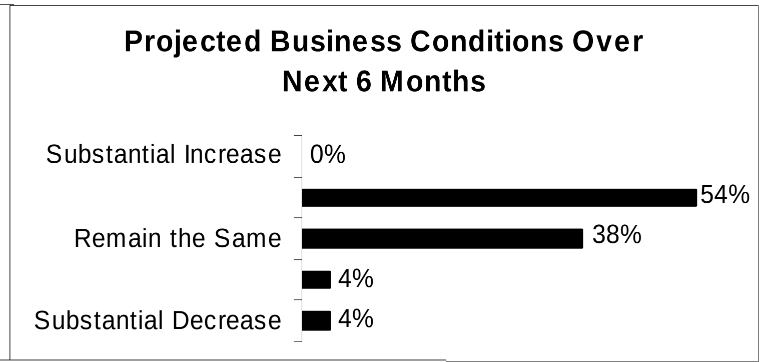


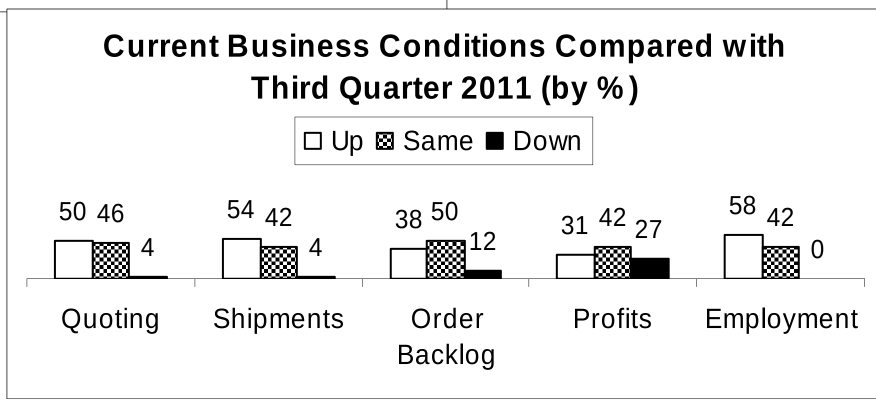




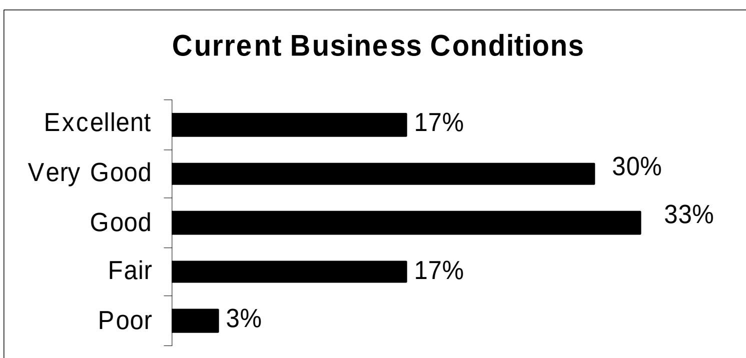
CENTRAL (IA, MO, NE, KS, MN)
(26 responses)

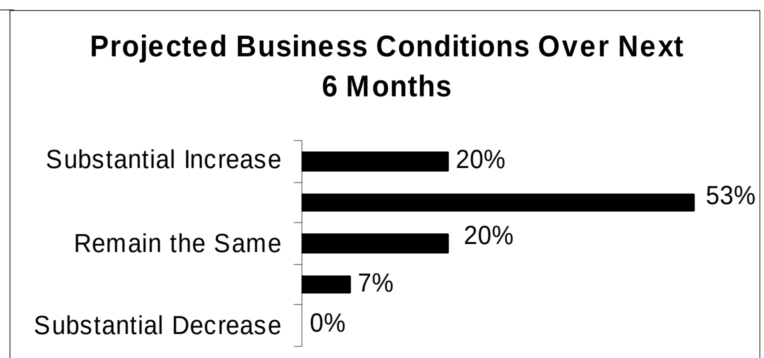


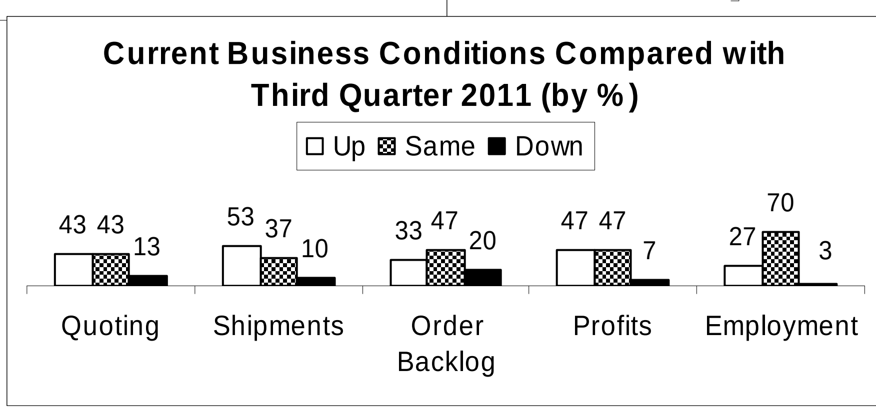




CENTRAL SOUTHWEST (AR, LA, OK, TX, NM, CO)
(30 responses)







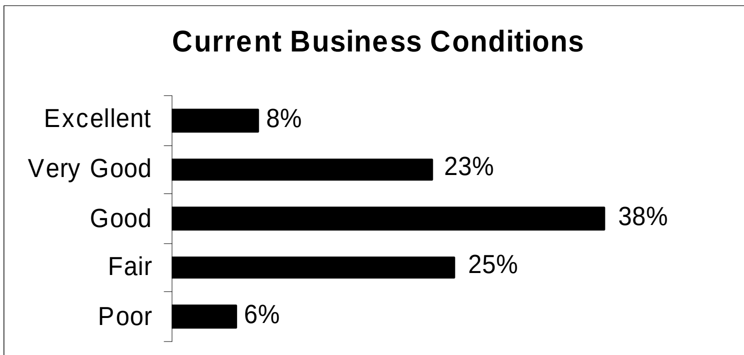
CENTRAL NORTHWEST (ND, SD, MT, WY)
(1 response)

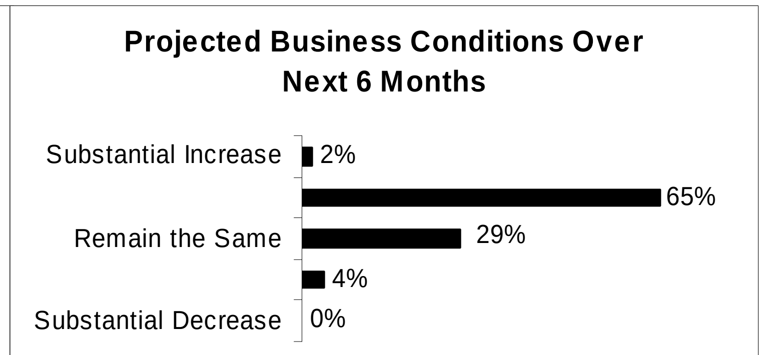
Current Business Conditions: Very Good
Projected Business Conditions Over Next 6 Months: Substantial Increase

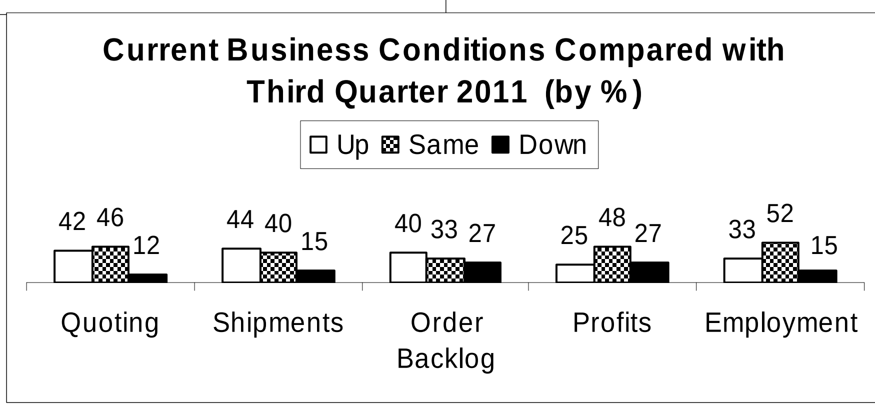
Current Business Conditions Compared with Third Quarter 2011:

Quoting:	**Up**
Shipments:	**Up**
Order Backlog:	**Up**
Profits:	**Same**
Employment:	**Up**

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







GREATER PACIFIC NORTHWEST (ID, WA, OR)
(1 Responses)

Current Business Conditions: Fair
Projected Business Conditions Over Next 6 Months: Remain the Same

Current Business Conditions Compared with Third Quarter 2011:

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

MEMBER COMMENTS
(By Industry Sector)

Aerospace Machining & Fabrication

Aerospace up a little (Greater Pacific Southwest, 33 Employees)

Difficult to project future. (Greater Pacific Southwest, 1 Employee)

Very tough, price, delivery quality all issues. Slower pay. (Greater Pacific Southwest, 16 Employees)

We have to work a lot harder for the money, compared to two years ago. It is very competitive. A lot of Haas garage shops have flooded the market. (Greater Pacific Southwest, 17 Employees)

Back log is due to long term agreements with customers (New England, 75 Employees)

We just finished adding another 10,000 square feet to our existing 30,000 for growth plans. (New England, 68 Employees)

Activity has slowed in 4Q of 2011. (North Central, 45 Employees)

The President mentioned the word Manufacturing 16 times during his State of the Union Address , is their possibly Hope? (North Central, 28 Employees)

We are doing a lot of quoting and winning. Capacity appears to be low and gaining more pricing power. (North Central, 27 Employees)

Metal Fabrication & Stamping

Back log went down at year end, it was never more than 6 weeks all year. Major concern is finding skilled or trained employees needed for the growth. (Central Southwest, 23 Employees)

Answer 1 does not cover our manufacturing field. We manufacture powder metal parts. (Greater Pacific Southwest, 23 Employees)

There continues to be a lot of uncertainty in whether new projects are actually going to proceed to manufacturing and if so when. (Greater Pacific Southwest, 40 Employees)

Molds

In good times we run 3 shifts 5 days a week, the last 3 years we never went over 2 shifts. We now have 1 shift running at 40% capacity. (Central Southwest, 20 Employees)

Business is better than it was a year ago but still not great. (North Central, 20 Employees)

Lots of work out there. (North Central, 91 Employees)

Seems to be a rush on orders to catch up on reduced inventory last year. (North Central, 26 Employees)

We have increased prices on new work for the first time in 5 years. (Southeastern, 15 Employees)

Precision Machining (excluding Aerospace)

Much of our work is delayed because the FAA does not have a budget. Our projects have been delayed 1 full year. (Central, 14 Employees)

Never have more than a 2 week backlog. (Central, 8 Employees)

New machinery has allowed me to do more with less. (Central, 8 Employees)

Business was very good throughout 2011 and we expect it to continue through 2012. (Central Southwest, 27 Employees)

Expectation is for continued improvement in business conditions. Although customer's expect 30% increase, our expectations are less. (Central Southwest, 24 Employees)

Need money for training youngsters - cannot find dependable folks otherwise. (Central Southwest, 8 Employees)

Things are slow. (Central Southwest, 5 Employees)

Unable to increase business due to lack of skilled employees. (Central Southwest, 25 Employees)

2011 our largest sales year. (Greater Pacific Southwest, 27 Employees)

Business is better. Manufacturing is up in our area. (Greater Pacific Southwest, 7 Employees)

Planned hiring of one additional skilled individual and acquisition of a new Vertical Machining Center ($180K). (Greater Pacific Southwest, 16 Employees)

See improving conditions from a flat 2010. (New England, 62 Employees)

Skilled help is difficult to find. (New England, 26 Employees)

Having a hard time finding skilled workers to fill open positions. (North Central, 350 Employees)

No incentive to grow with Obama care, higher taxes, etc. We just do our jobs until I decide it is not worth it any longer than I sell and go home. (North Central, 7 Employees)

We are busy in our machine shop and laser cutting. We are slow in our machine building/automation dept. Are getting a lot more positive input on new. (North Central, 37 Employees)

We are steady. (North Central, 17 Employees)

Business has been steady. Potential cuts in military spending are likely to have a negative impact on our overall business situation. (Northeastern Central, 124 Employees)

Business has been strong since October 2011. (Northeastern Central, 18 Employees)

Business looks good for 2012. There will be an increase. How much remains to be seen, but I think a 10% increase is a safe prognostication. (Northeastern Central, 32 Employees)

I have issue with question #1. Aerospace is approximately 25% of our work, so I am forced to choose "excluding aerospace". There is no mention of Medical! (Northeastern Central, 23 Employees)

Our business has slowed down in the last month of 2011. Looking into 2012 it is difficult to project, however, it doesn't look good. (Northeastern Central, 24 Employees)

We do a lot of Navy & Naval nuclear. One challenge is it is difficult to find skilled workers. Healthy healthcare plan. (Northeastern Central, 15 Employees)

We moved into a larger building and bought 6 pieces of new equipment since 2009. Business is very strong. (Northeastern Central, 26 Employees)

December was very slow. (Southeastern, 12 Employees)

Lets keep it that way! (Southeastern, 11 Employees)

Special Machines

Short and sweet the way I like it.
Your survey buddy Mike (Central, 53 Employees)

Our space has increased here in the USA and in Malaysia by 10,000 sq ft. We have added 8 new CNC Mazak machines. (Central Southwest, 48 Employees)

January 2012 has been a very busy month with respect to quick turn orders. The question remains to be seen if the trend will continue or flatten out. (Greater Pacific Southwest, 6 Employees)

Our business does not follow the normal machining job shop. Our business is large customer base, 1000+, and fast turnover. (Greater Pacific Southwest, 27 Employees)

Large up tick in sales and backlog. Will it hold? (North Central, 78 Employees)

Working capital and limited capacity for customer requested/required quick delivery is limiting sales growth. Rising cost of bill of material items. (North Central, 40 Employees)

Tools, Dies & Fixtures

Business in terms of sales was up about 10% in 2011 vs. 2010. However the margins achieved were down somewhat. Some of that is pressure from customers. (Central, 72 Employees)

Many uncertainties effect decision making, such as, but not limited to the situation in Europe and elections in the US. (Central, 54 Employees)

As a metalworking fluids supplier to around 1,000 machines in the U.S. We have a good feel for economic outlook. It is excellent. (Central Southwest, 46 Employees)

2010 business was the best since 2007, but about 57% of what it was in 2007. (Greater Pacific Southwest, 8 Employees)

2010 was my worst year ever and 2011 was my best year to date. I expect 2012 to be better than 2011. (Greater Pacific Southwest, 6 Employees)

We get more and more inquiries from all over the world. Thanks to the Internet, it's a global economy now. (Greater Pacific Southwest, 15 Employees)

Basically, our business has fallen off a cliff since the beginning of November last year and when talking to existing customers, most are seeing it to. (New England, 10 Employees)

Anecdotally, there seems to be an indication that business will improve in 2012. Customers seem to be positive about the level of business. (North Central, 13 Employees)

Business is very good right now and continues to grow and improve. (North Central, 92 Employees)

Continued to be pressured with pricing. Health Care costs are challenging. Finding qualified candidates with good soft skills and tech. skills. (North Central, 31 Employees)

Inquiries have been exceptional, but requested deliveries are unreal. Our problem is finding design help to meet the overall demand. (North Central, 50 Employees)

Seeing more offshore competition. (North Central, 20 Employees)

Broad growth in all sectors in which we participate, strongest in aerospace and the oil field. (Northeastern Central, 389 Employees)

Continued improvement, but still a ways to go for full recovery. (Northeastern Central, 7 Employees)

In the 12 months between June 2010 and June 2010 we added 168 employees. This survey missed capturing that. One week backlog is normal for us. (North Central, 900 Employees)

Good survey - good quick way to get the pulse of level of activity in the Tooling members. (North Central, 745 Employees)