



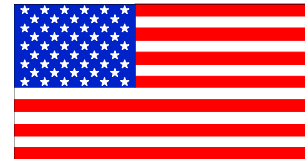
## **ISTMA-AMERICAS BUSINESS CONDITIONS REPORT**

**For the 6-Month Period Ending  
June 30, 2008**

Data Provided by the Members of:



**CANADA**  
Canadian Tooling  
& Machining  
Association (CTMA)



**USA**  
National Tooling  
& Machining  
Association (NTMA)

Results Compiled by:  
National Tooling & Machining Association

**ISTMA-AMERICAS BUSINESS CONDITIONS REPORT**  
(For the Period Ending June 30, 2008)

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**ISTMA-AMERICAS BUSINESS CONDITIONS REPORT  
(For the Period Ending June 30, 2008)**

**EXECUTIVE SUMMARY - CANADA**

The Canadian Tooling & Machining Association (CTMA) is pleased to report that 53 member companies have contributed to this ISTMA-Americas business conditions survey and their order books are increasing. Overall business conditions remain much the same as those reported in December of 2007.

Canada's tooling sector, and manufacturing in general, remain in a major downturn with reduced prices, reduced profits and weak work volumes. The construction industry is also now showing signs of slowing following a very long and robust period of growth. Natural resources, oil and gas are still producing solid growth numbers and they are the brightest economic drivers of the Canadian economy.

We appreciate the new electronic format for this survey that has been developed and conducted by the National Tooling & Machining Association (NTMA) office in the USA.

Sincerely,

Les Payne, Executive Director  
Canadian Tooling & Machining Association

**EXECUTIVE SUMMARY – USA**

Business conditions softened somewhat for NTMA member companies during the first half of 2008. Seventy percent reported business conditions as good, very good, or excellent – down from 75% for the second half of 2007.

Business levels remained strongest for those companies focused on aerospace machining and fabrication work. Nearly 85% of respondents in this sector reported robust business conditions, while those members providing machining services to non-aerospace and/or defense customers were somewhat less busy with 75% reporting robust conditions. The majority project business conditions to remain the same or increase for the remainder of 2008.

Business conditions for members specializing in the tooling sectors were less robust during the first half of 2008. Although companies providing tools, dies & fixtures saw a significant increase in business, those member companies in the mold and special machines sectors continued to lag. Nearly 48% of mold companies and 50% of companies building special machines signaled business conditions as only fair to poor.

For the first time this report has included Metal Fabrication & Stamping. Twenty NTMA member companies reported, with 65% indicating business conditions as good, very good, or excellent.

Sincerely,

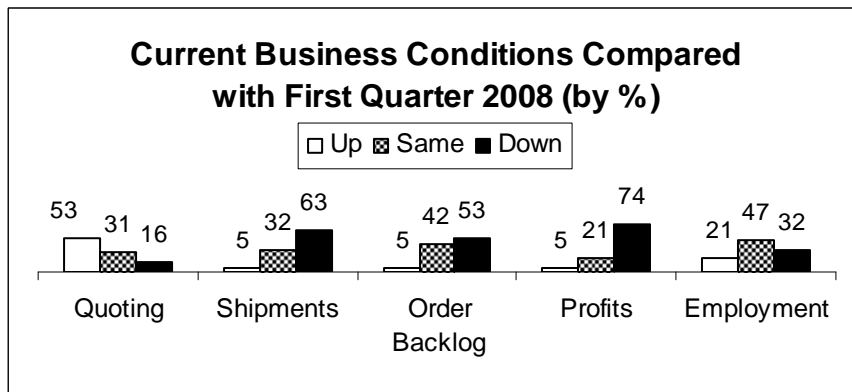
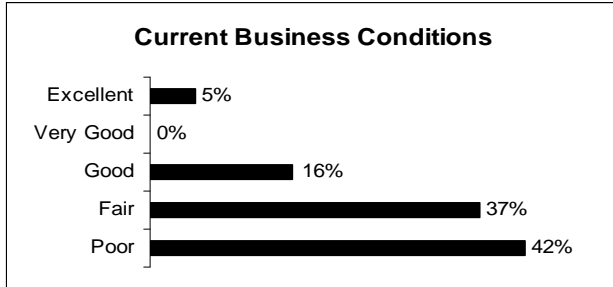
Tom Garcia  
Director, Business Development  
National Tooling & Machining Association



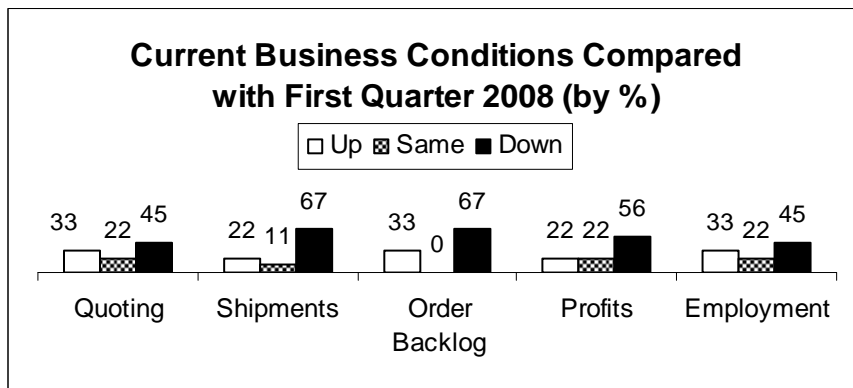
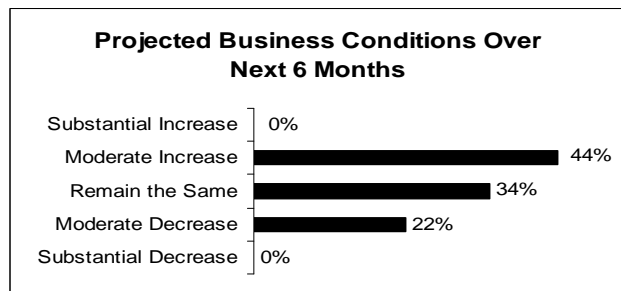
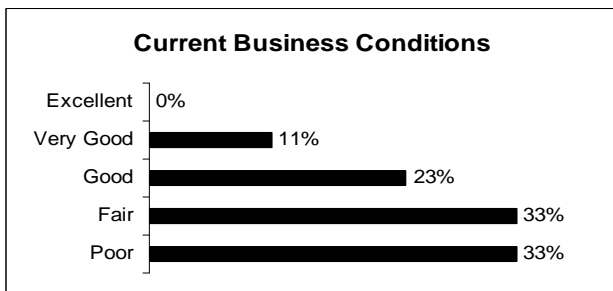
**ISTMA-AMERICAS BUSINESS CONDITIONS REPORT**  
 (For the Period Ending June 30, 2008)

**TOOL, DIE & FIXTURE SECTOR**  
 (19 survey responses)

**CANADA**



**MOULD SECTOR**  
 (9 survey responses)

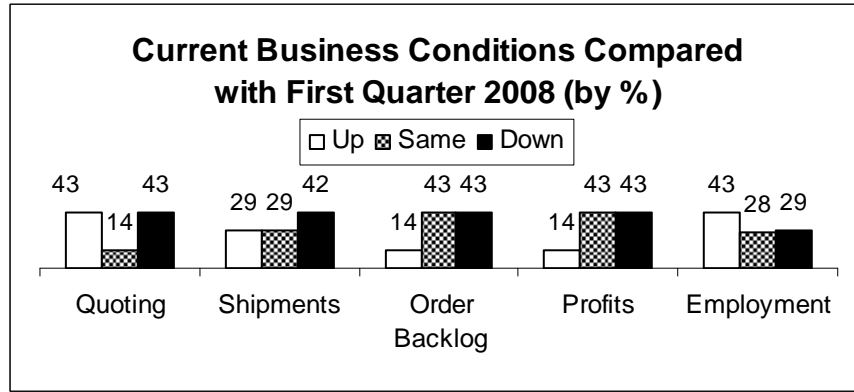
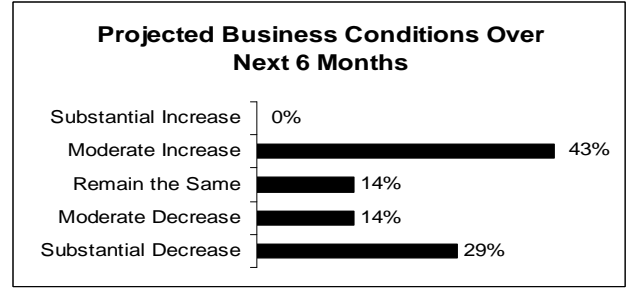
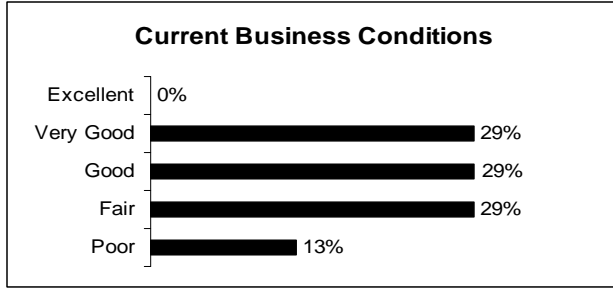


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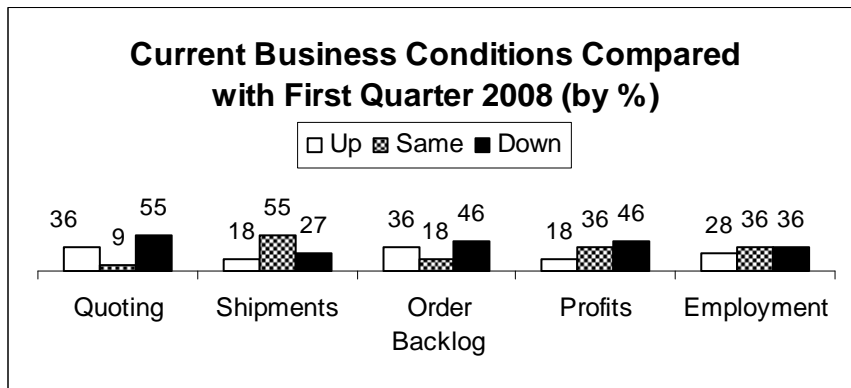
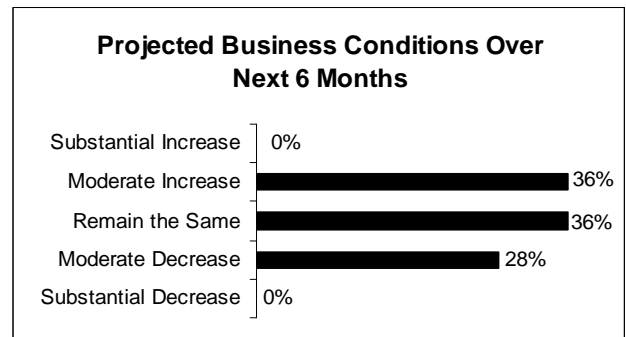
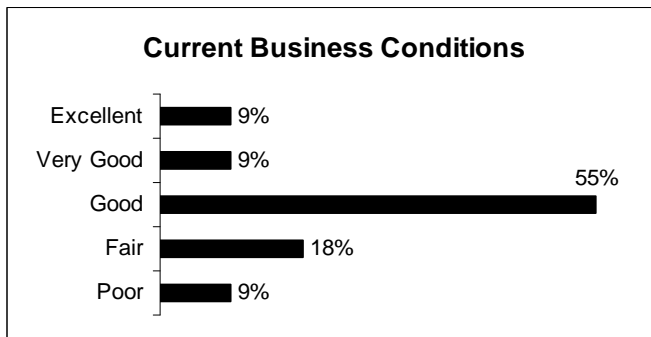
**CANADA**



**SPECIAL MACHINES SECTOR**  
(7 survey responses)



**PRECISION MACHINING**  
(11 survey responses)

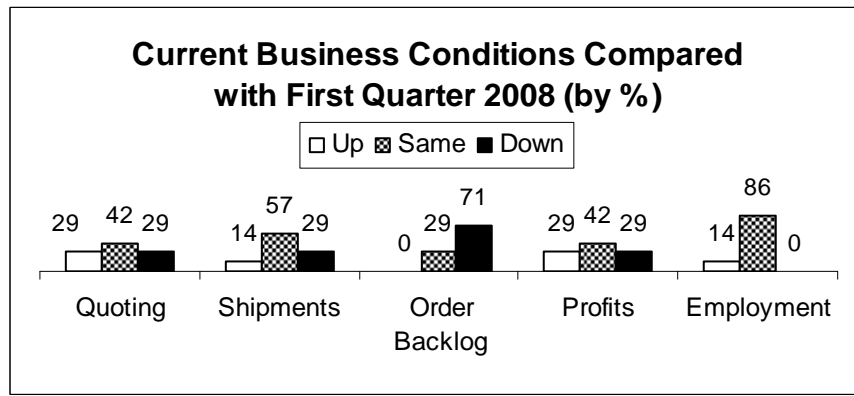
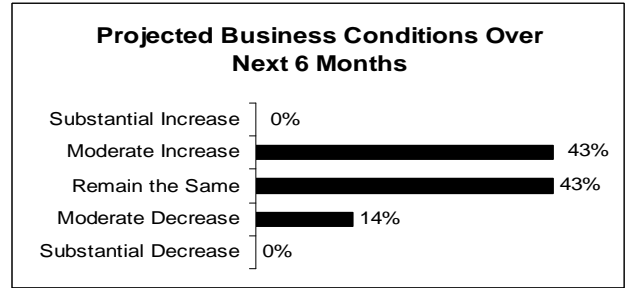
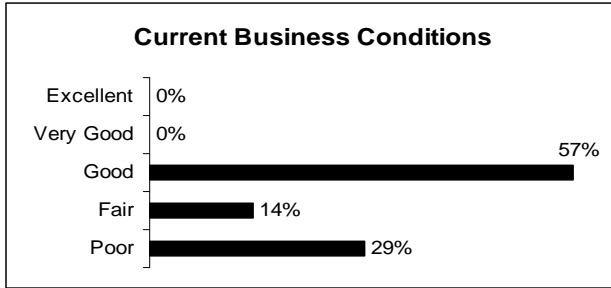


**ISTMA-AMERICAS BUSINESS CONDITIONS REPORT**  
 (For the Period Ending June 30, 2008)

**CANADA**

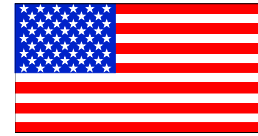


**CUTTING TOOL SECTOR**  
 (7 survey responses)



**ISTMA-AMERICAS BUSINESS CONDITIONS REPORT**  
 (For the Period Ending June 30, 2008)

USA

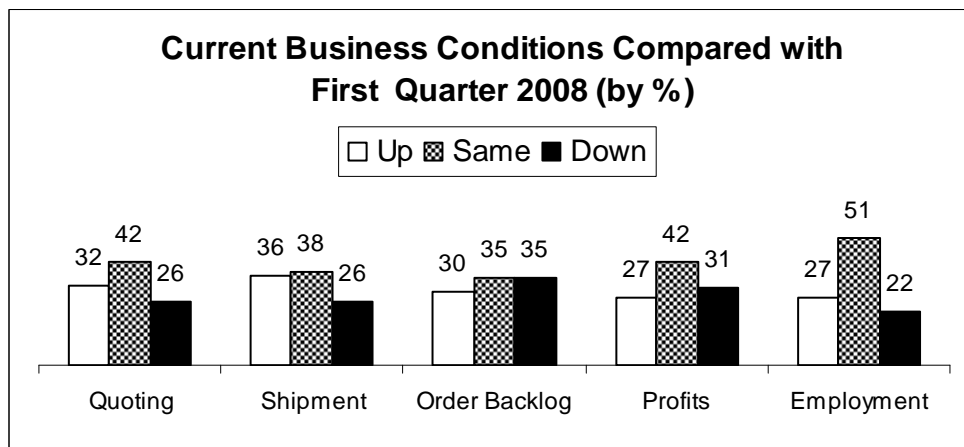
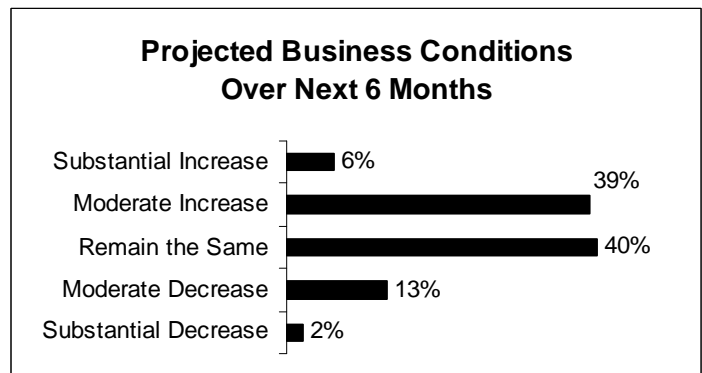
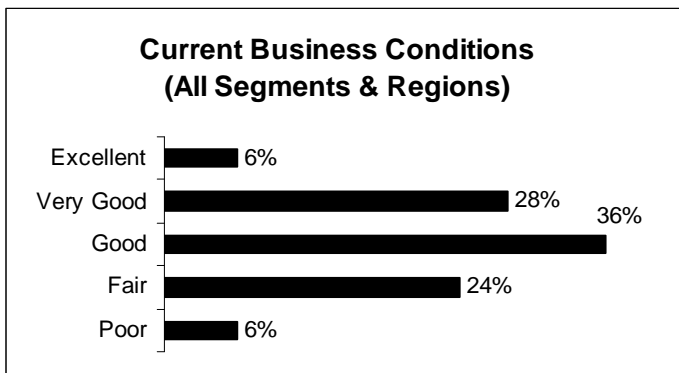


**ALL SECTORS**  
 (311 survey responses ... 19% of NTMA membership)

Total Number of Skilled Employees: 13,988 (at June 30, 2008)  
 13,837 (at December 31, 2007)

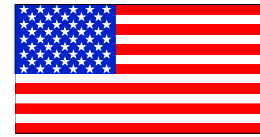
Current Average Work Week Per Skilled Employee: 45 hours

Average Future Work on Order Books: 17.78 weeks

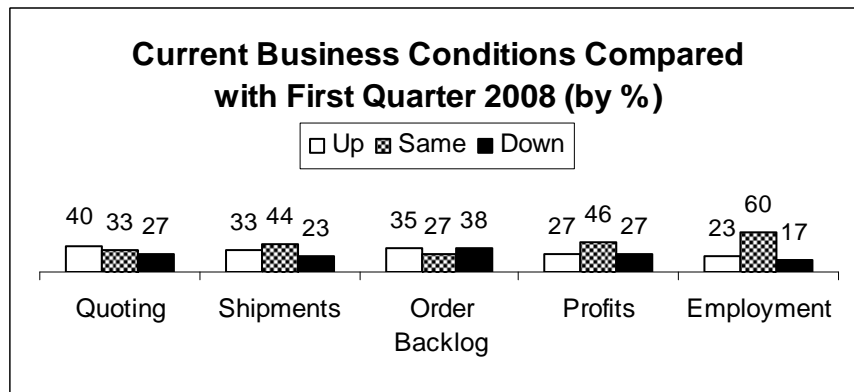
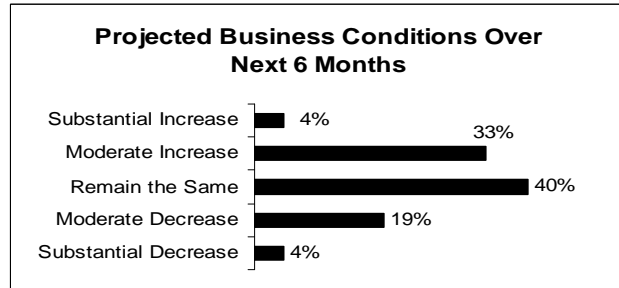
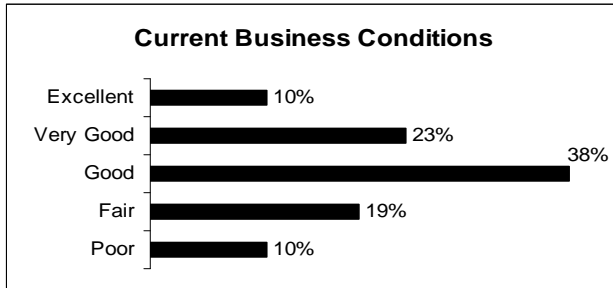


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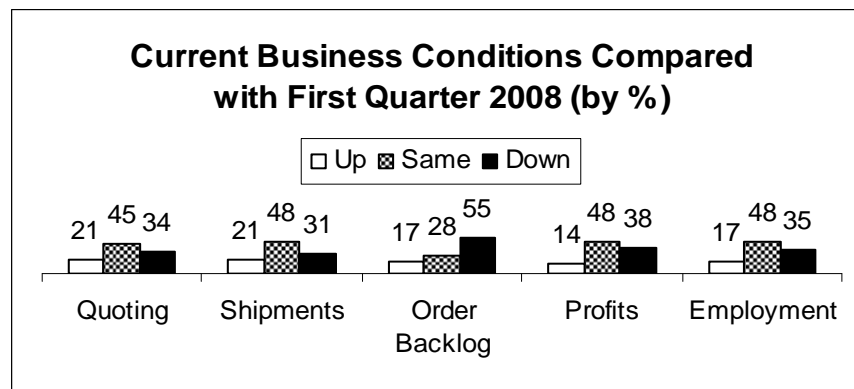
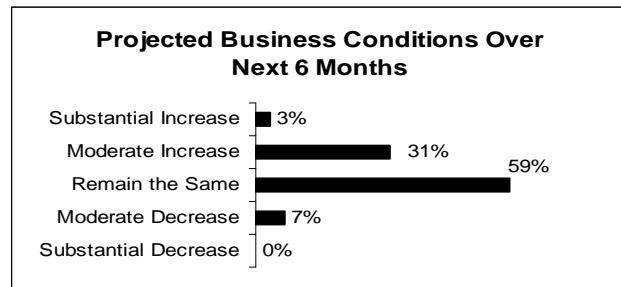
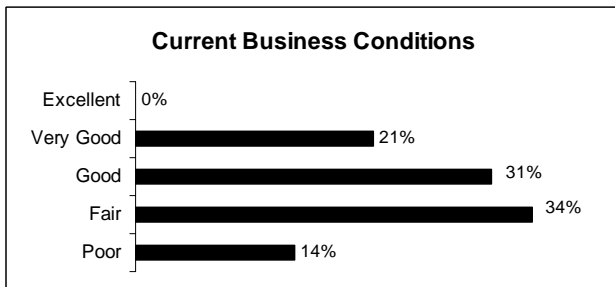
**USA**



**TOOL, DIE & FIXTURE SECTOR**  
 (48 survey responses)

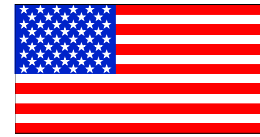


**MOLD SECTOR**  
 (29 survey responses)

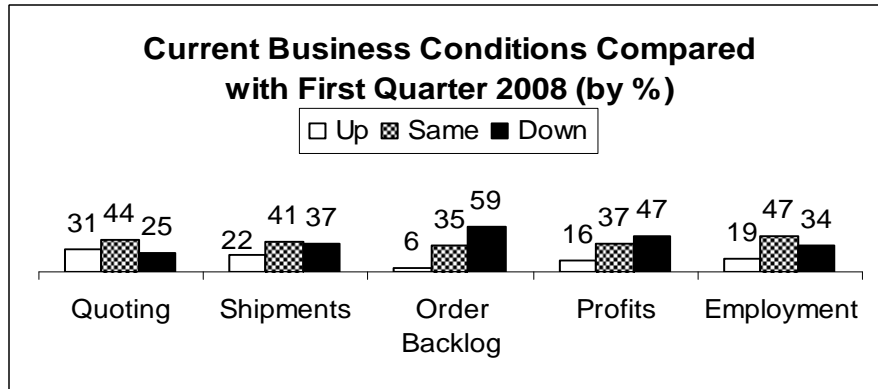
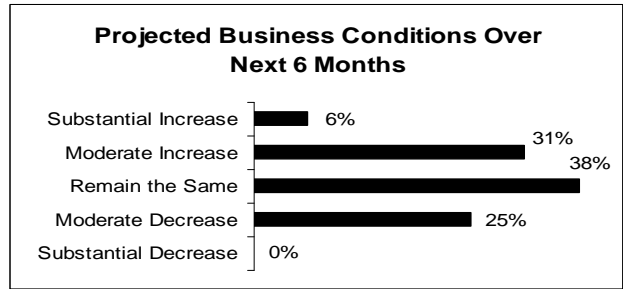
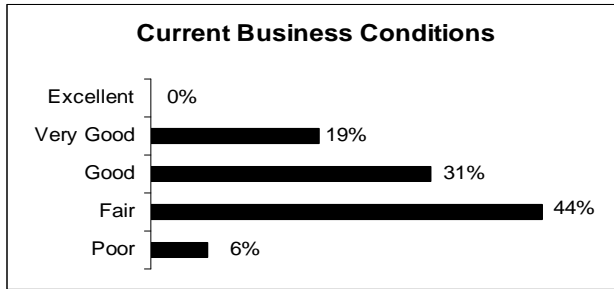


**ISTMA-AMERICAS BUSINESS CONDITIONS REPORT**  
(For the Period Ending June 30, 2008)

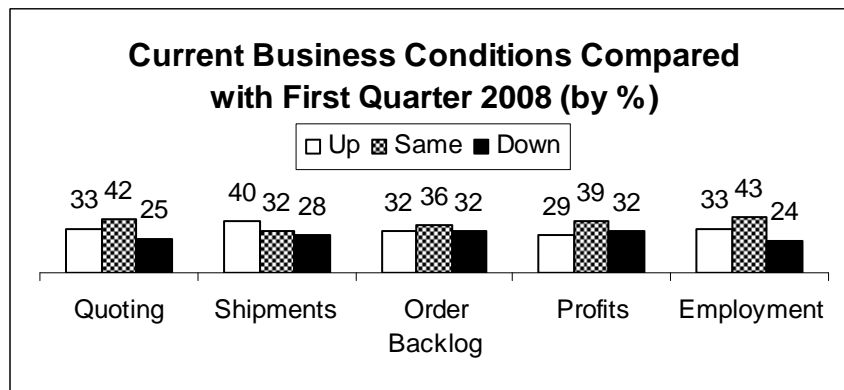
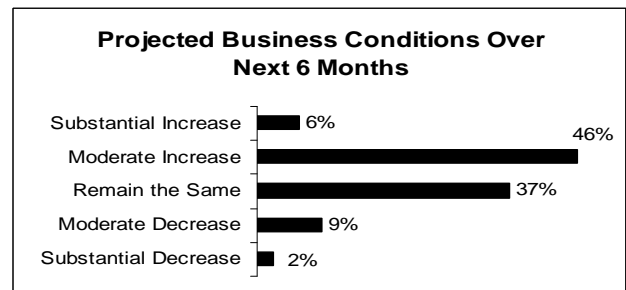
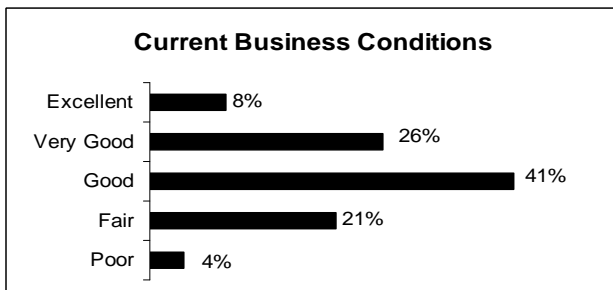
**USA**



**SPECIAL MACHINES SECTOR**  
(32 survey responses)



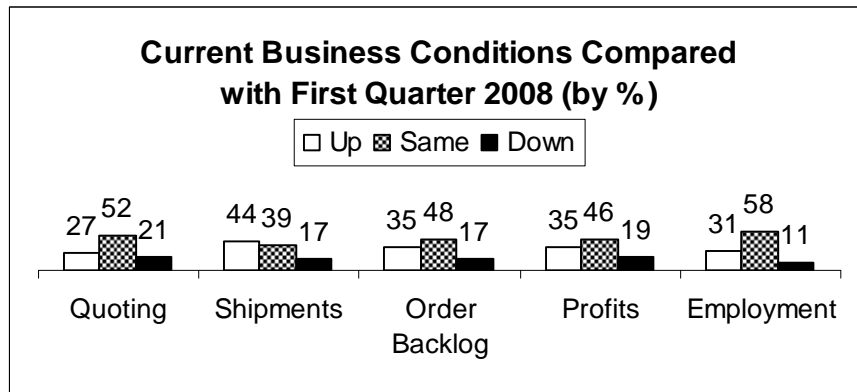
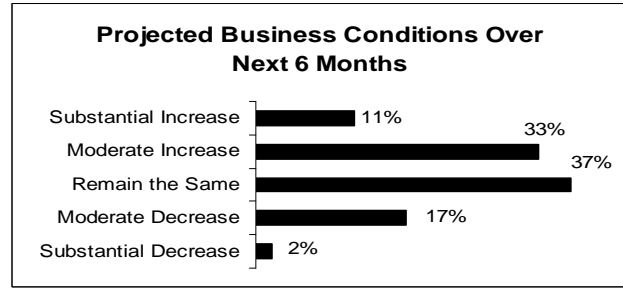
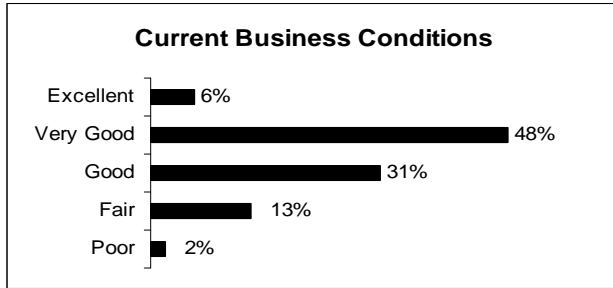
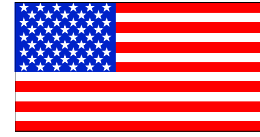
**PRECISION MACHINING SECTOR (excluding Aerospace)**  
(130 survey responses)



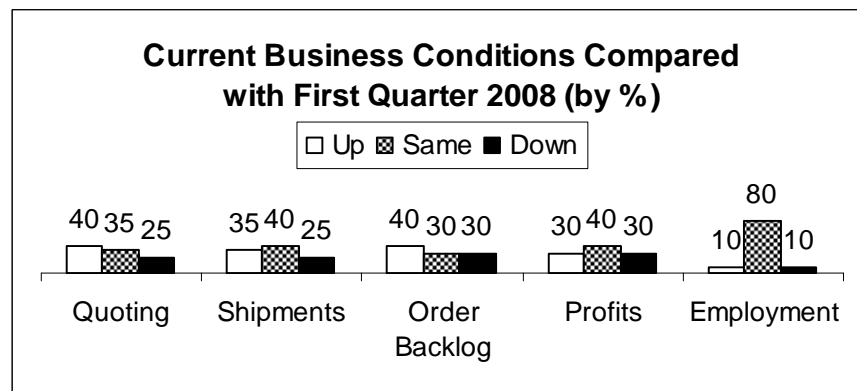
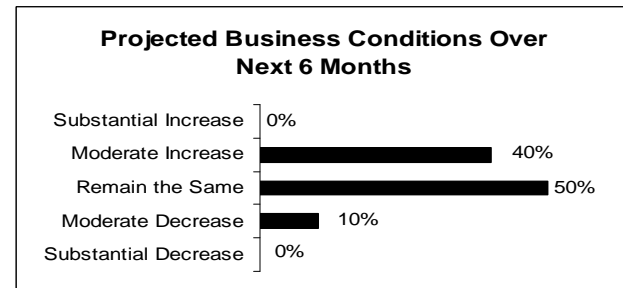
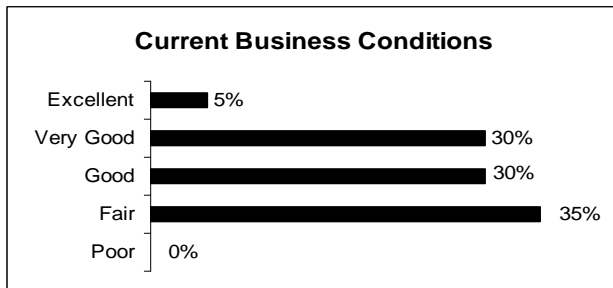
**ISTMA-AMERICAS BUSINESS CONDITIONS REPORT**  
(For the Period Ending June 30, 2008)

**USA**

**AEROSPACE MACHINING & FABRICATION SECTOR**  
(52 survey responses)



**METAL FABRICATION & STAMPING**  
(20 survey responses)



**ISTMA-AMERICAS BUSINESS CONDITIONS REPORT**  
**(6-Month Period Ending June 30, 2008)**

**Machining Business Activity Grows Faster in June**  
*A report from AgieCharmilles*

“In June machine shops grew and the delinquency rate on machine tool leases was unchanged. The delinquency rate on machine tools is about one-sixth of the delinquency rate on home mortgages. In contrast to the housing and mortgage markets, which are in such bad shape that they are severely damaging the rest of the U.S. economy and slowing down the world economy, machine shops are stable and machine tool leases are solid. Shops are uniformly in good financial shape judged by their ability to pay their bills. The stability, despite the housing market and oil prices, is helped by the lower U.S. \$ increasing competitiveness in both import and export markets, strength in aerospace, power generation, oil field equipment and medical. In addition, some work is coming back from other countries, partially because shipping costs have gotten so high that companies are reopening or expanding U.S. facilities to be near their customers” commented Harry Moser, Chairman of Agie Charmilles. (See Fig. 1)

Type of Debt	30 Day Delinquency Rate
Machine Tool Leases	<1%
Home Mortgages	6.35%

Fig. 1

The Agie Charmilles Machining Business Activity Index increased to 61 in June from 60 in May. The Index is created by surveying machine tool users concerning their current business level versus three months earlier (March 2008). Any reading above 50 indicates that business activity has improved. Activity was strongest in the Midwest and in Aerospace companies. The Index was inaugurated in October 2004 and is the only known monthly index of business activity in U.S. machining industries.

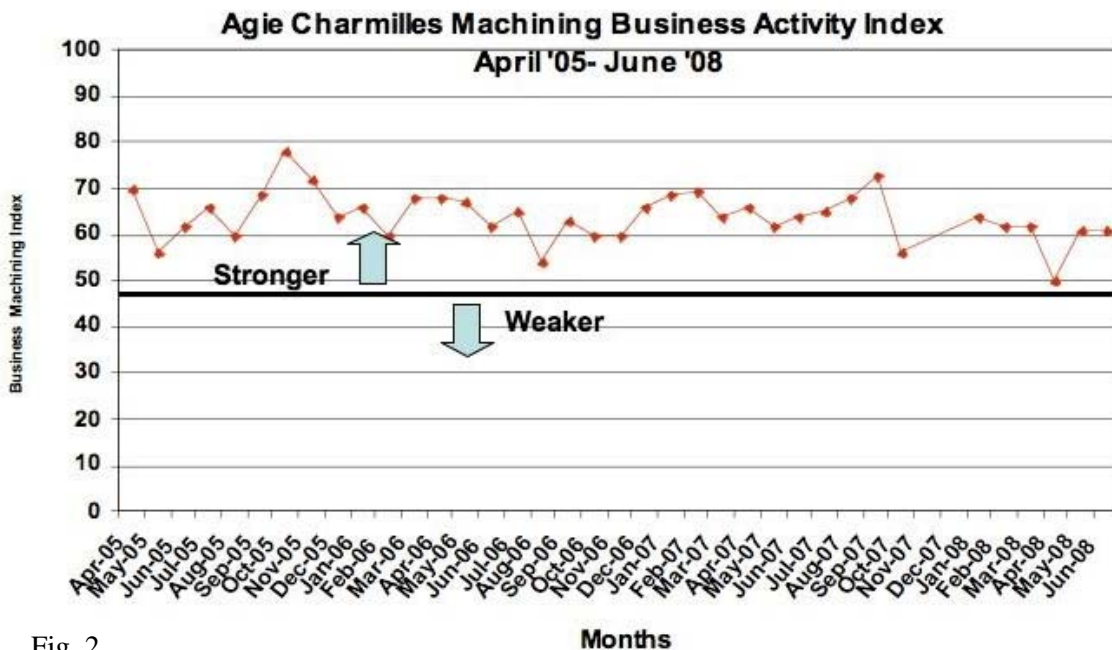


Fig. 2

Historical data is shown in Figure 2, along with a detailed breakdown of results by geographic region and application/sector, below.

#### Business Machining Index by Geographic Region

Region	Jan-07	Feb-07	Mar-07	Apr-07	May-07	June-07	July-07	Aug-07	Sept-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Central	70	70	62	50	50	50	70	70	67	60	60	80	85	73	60	50	60	65
Midwest	75	70	72	81	70	60	70	80	79	60	60	70	45	65	70	50	65	70
Northeast	70	60	57	69	50	60	60	70	69	55	55	65	75	75	50	50	60	55
South	65	65	55	72	75	65	65	60	72	50	50	60	55	65	75	50	60	60
West	65	75	59	63	55	60	65	60	68	55	55	65	60	70	55	50	55	55
Total	69	68	61	67	60	60	65	68	73	56	56	68	64	70	62	50	60	61

Survey responses are sorted geographically, using the same regional breakdown as does the USMTC (US Machine Tool Consumption) survey which is provided by AMT and AMTDA.

#### Business Machining Index by Business Category

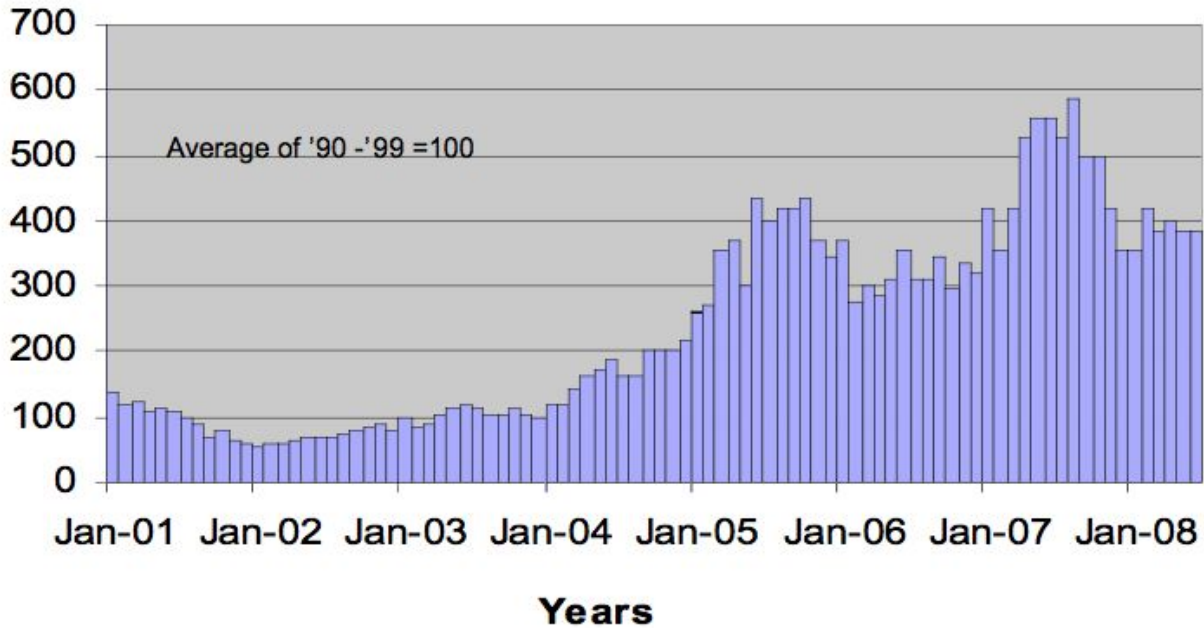
Business Category	Jan-07	Feb-07	Mar-07	Apr-07	May-07	June-07	July-07	Aug-07	Sept-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Alum Extrusion Dies	INR	50	INR	75	INR	100	INR	INR	INR	50	50	100	50	50	50	50	50	50
Captive Production	INR	75	50	67	60	67	50	50	50	50	50	75	50	75	60	50	70	70
Plastic Extrusion Dies	INR	66.6	90	30	60	60	83	83	85	50	50	50	50	68	60	50	63	70
EDM Job Shops	62.5	66.6	61	72	62	58	68	67	75	61	61	63	68	70	57	50	61	58
Plastic Injection Molds	80	53.8	50	75	60	59	64	68	INR	55	54	58	57	62	60	50	67	55
Medical	80	100	50	90	INR	50	75	75	75	100	100	50	100	100	50	50	50	50
Stamping Dies	72.2	75	50	50	69	54	62	63	64	54	54	65	50	75	75	50	50	58
Aerospace										50	50	75	100	67	67	50	50	83
Total	69	68	61	67	60	60	65	68	73	56	56	69	64	70	62	50	61	61

\*INR indicates that there was an Insufficient Number of Respondents to calculate an accurate index for that month in that category

Survey responses are also sorted by the primary Business Category of the respondent, defined by the kind of workpiece that is machined.

The Agie Charmilles/USBEP Machining Industry Financial Strength Index was unchanged at 385 in June 2008, down from 556 in June 2007 but up strongly from 55 in January 2002, the worst reading on record. The index shows a slow, steady deterioration over the last 12 months from a historic high in early 2007. Any reading above 100 indicates that US Bancorp Equipment Finance's (USBEP's) machine tool lease payment delinquencies (a good measure of machine tool users' liquidity and consistent profitability) are at a rate below the average rate of 1990 to 1999. In June the 30 day delinquency rate on machine tool leases remained close to the lowest level on record, approaching 1%, which is much lower than the credit card or the home mortgage delinquency rate (6.35% in the first quarter 2008 per the Mortgage Bankers Association). Even the home foreclosure rate of 2.47% was 2 to 3 times the machine delinquency rate. As profitability rises, liquidity rises, delinquencies fall and the Index rises. Historical data is shown in Figure 3 and is available at the Agie Charmilles URL mentioned above.

# AGIE CHARMILLES/USBEF MACHINING INDUSTRY FINANCIAL STRENGTH INDEX June 2008



1. Based on % of US Machine Tool Leases that are paid timely.
2. Calculation:  $100 \times \text{Average Delinquency Rate 1990 to 1999} + \text{Current Delinquency Rate}$ .

Fig. 3

The approximately 126,000 U.S. companies that use machine tools have about 2 million machine tools and 750,000 to 1,000,000 directly related employees (toolmakers, machinists, operators, programmers, etc.). Almost all mid-size to large manufacturing companies use, and periodically purchase, or lease, machine tools. Thus, these indices give timely insight into the condition of U.S. manufacturing. The Machining Business Activity Index is a coincident indicator of this key manufacturing sector. The Financial Strength Index lags business activity and leads capital investment.

### About Agie Charmilles

Agie Charmilles, a Swiss company, is the North American leading supplier of wire EDM, CNC, diesinking and manual EDM systems and high speed/performance and 5-axis CNC milling machines. For more information on the company's products and services, contact Gisbert Ledvon, Agie Charmilles, 560 Bond St., Lincolnshire, IL 60069-4224, Tel: 1-800-CTC-1EDM. Gisbert.Ledvon@AgieCharmilles.us, Fax: 847-913-5340, or visit [www.gfac.com/us](http://www.gfac.com/us).

### About US Bancorp Equipment Finance

The Machine Tool Finance Group of US Bancorp Equipment Finance (USBef) offers manufacturers and vendors, flexible and competitive lease financing for metal cutting, fabrication and plastics and wood manufacturing equipment. As a subsidiary of U.S. Bank, USBef is one of the largest bank-affiliated equipment finance companies in the nation. Telephone (800) 255-8029 ext. 492.