



ISTMA-AMERICAS BUSINESS CONDITIONS REPORT

For The 6-Month Period Ending
December 31st, 2007

Data Provided by the Members of:



CANADA
Canadian Tooling
& Machining
Association (CTMA)

Canadian Association
of Moldmakers (CAMM)

Moldmakers Council
of Canadian Plastics
Industry Association
(MMC-CPIA)



USA
National Tooling
& Machining
Association
(NTMA)

Results Compiled By:
Canadian Tooling & Machining Association
March 10th, 2008

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EXECUTIVE SUMMARY

The ISTMA-Americas Business Conditions Survey Report is a bi-annual geographical snapshot of business trends and conditions in the special tooling and machining sector. This survey covering the six-month period ending December 31, 2007 was conducted in February 2008. We wish to thank the combined 345 member companies covering 17,279 employees for providing data for this survey.

Canada's tooling sector remains in a major downturn with reduced prices, profits, work volumes and an increase in closures. The negative business conditions in our sector have resulted in the lowest level of participants to this survey ever. The high value of the Canadian dollar plus the decline within the North American automotive sector has depressed our traditional markets. Many of our association members are being forced into the aerospace, oil & gas and medical sectors; however, this shift is painful and expensive of course. The whole manufacturing sector within Canada has declined from 2.3 to 2.0 million workers. This 15% job loss could be used as a possible indicator to ascertain the number of plant closures. Other than manufacturing, the Canadian economy is performing well – mainly due to the oil & gas and natural resource sectors. During the second half of 2007 our participating members reported declining order books and business conditions and, compared to the first six months of 2007, they reported declining quoting, shipments, backlogs and profits.

*Les Payne, Executive Director
Canadian Tooling & Machining Association (CTMA)*

United States of America's business conditions remained at a healthy level for those NTMA members involved in the machining sectors during the second half of 2007. Nearly 83% of precision machining companies reported business conditions as good, very good, or excellent during the period. Those companies focused on aerospace machining and fabrication work fared even better with slightly over 93% of respondents reporting robust business conditions. Business conditions were less robust for those member companies specializing in the tooling sectors. Only about 51% of those companies providing tool, die and fixture work reported business conditions as good, very good, or excellent. Mold manufacturers fared a bit better with over 61% reporting similarly strong levels in their companies and Special Machine builders even better at over 65%. Overall 75% of the respondents reported business conditions as good, very good, or excellent...up from 74% in July, 2007 but down from 79% in January 2007 and 82% in July 2006. Respondents were generally upbeat regarding business levels for the near term. Eighty-nine percent (89%) of members projected that business levels in their companies would either remain the same or increase during the first half of 2008. Average reported backlogs jumped from 13.3 weeks in July 2007 to 15.4 weeks in December 2007 while the number of employees among reporting companies increased by slightly less than one percent (1%).

*Thomas H. Garcia, Director - Business Development
National Tooling & Machining Association (NTMA)*

**Our thanks to all of the member companies who participated in this survey.
We value your input and comments and hope that you find the
report to be informative.**

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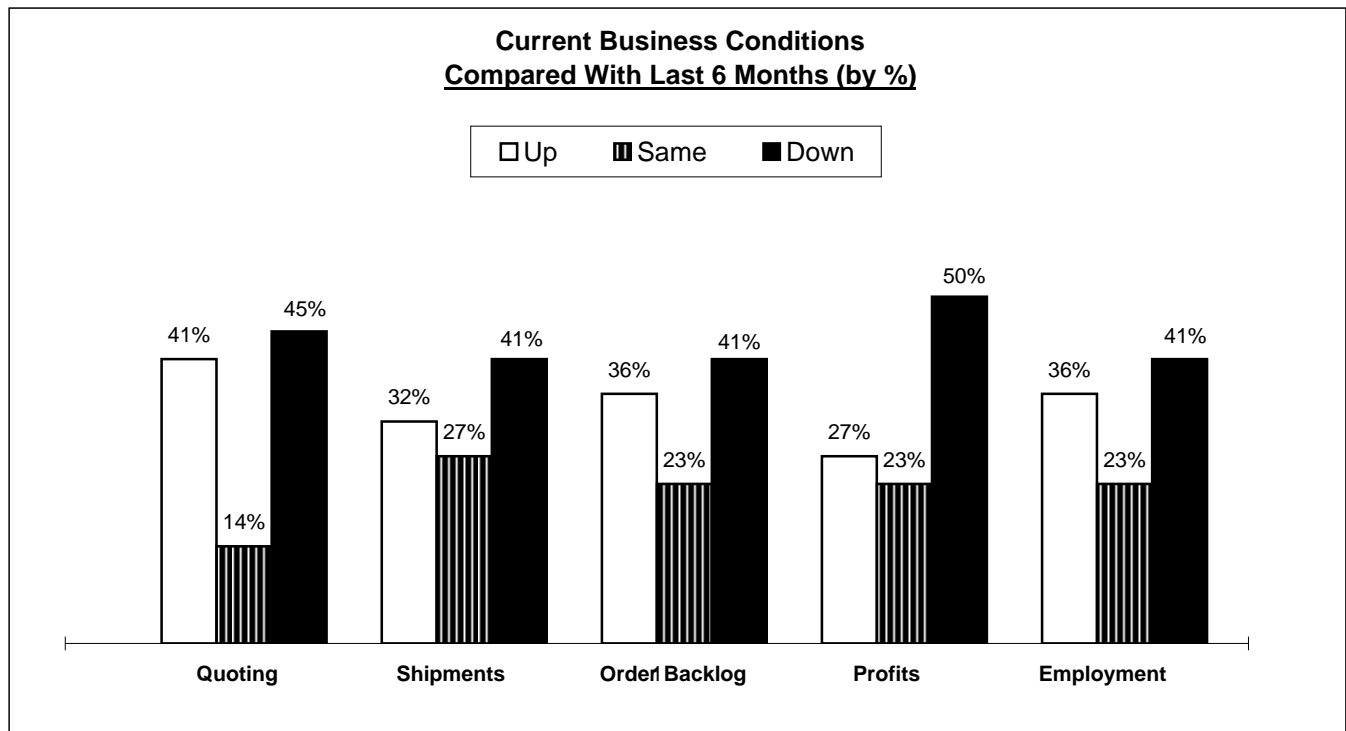
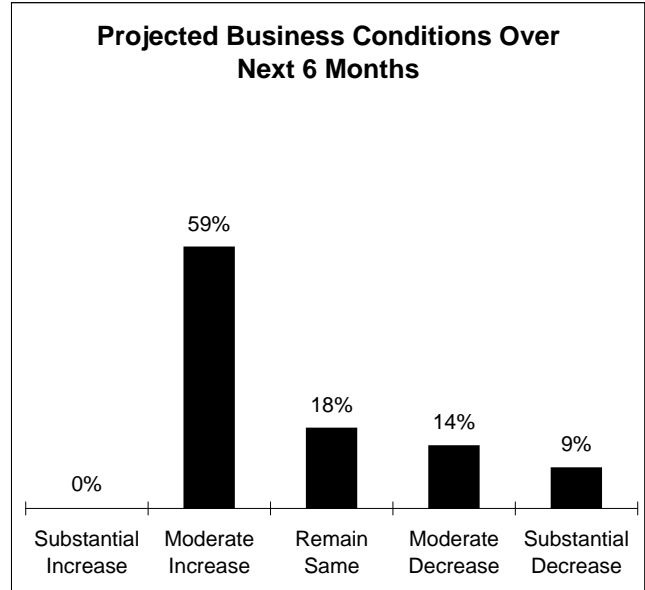
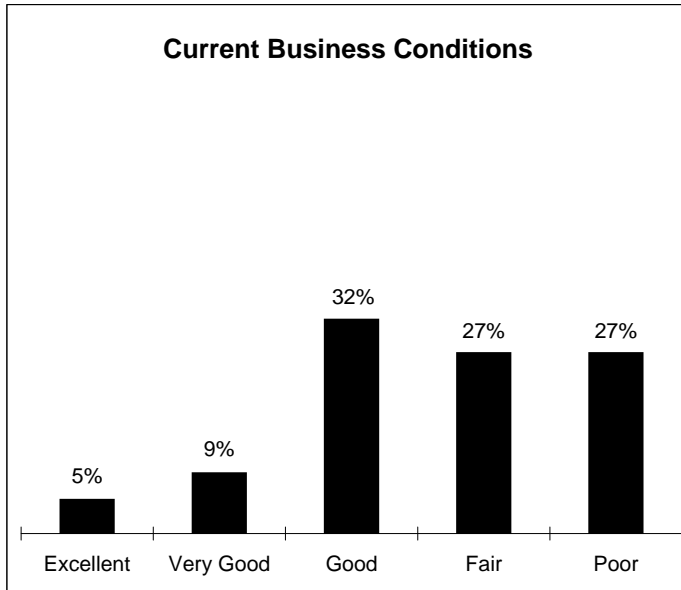
ALL SECTORS

(22 survey responses ... 15% of CTMA membership)

Total Number of Skilled Employees: 896 (at June 30, 2007) 814 (at Dec. 31, 2007)

Current Average Work Week Per Skilled Employee: 41.7 hours

Average Future Work on Order Books: 7.9 weeks

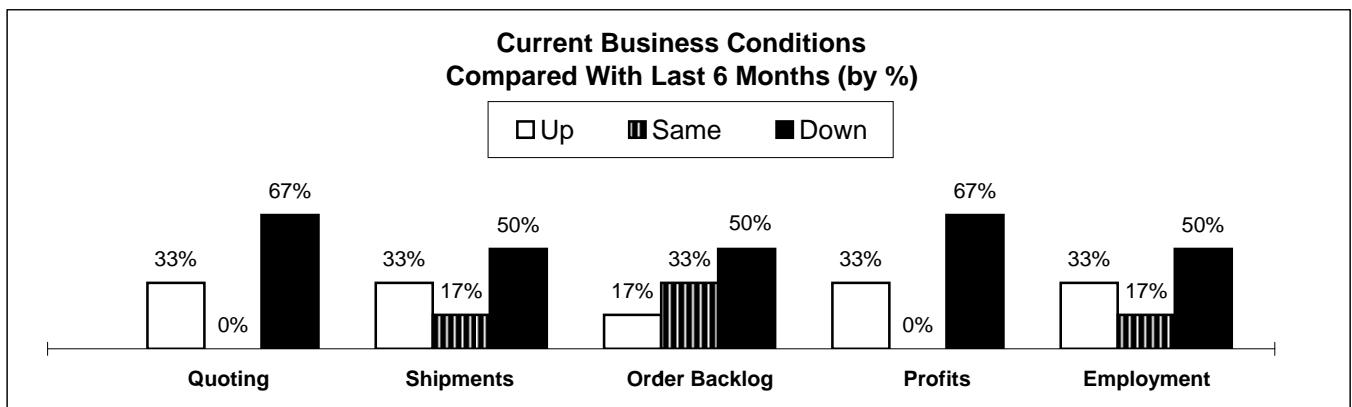
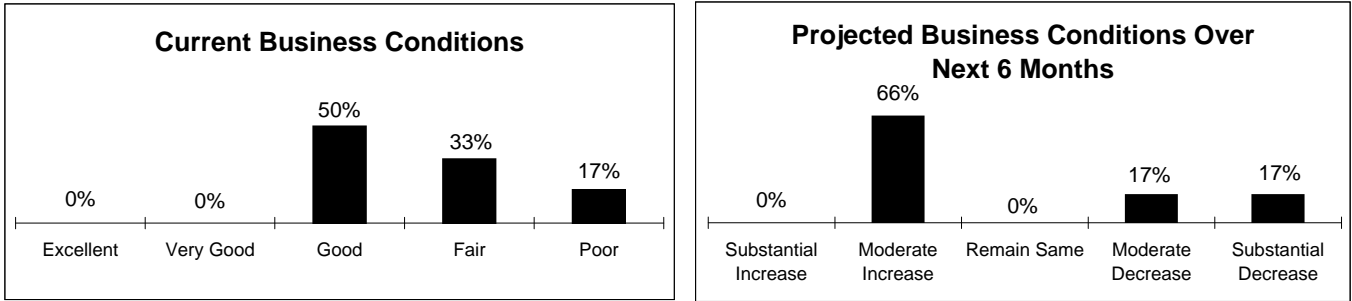


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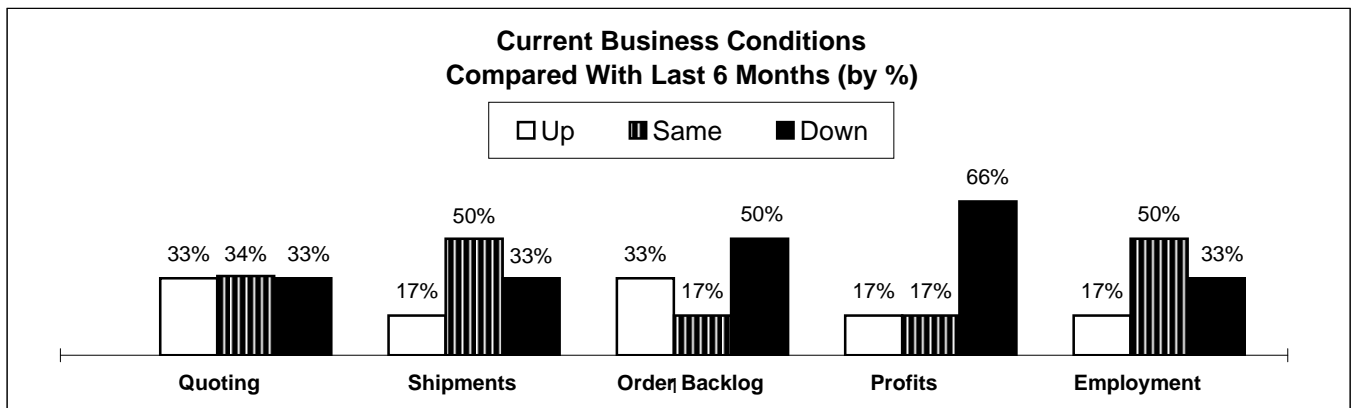
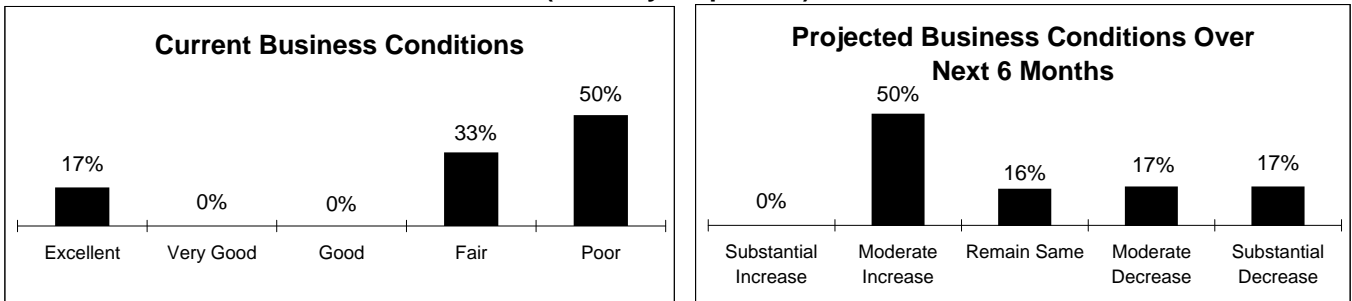
TOOL, DIE & FIXTURE SECTOR

(6 survey responses)



MOULD SECTOR

(6 survey responses)

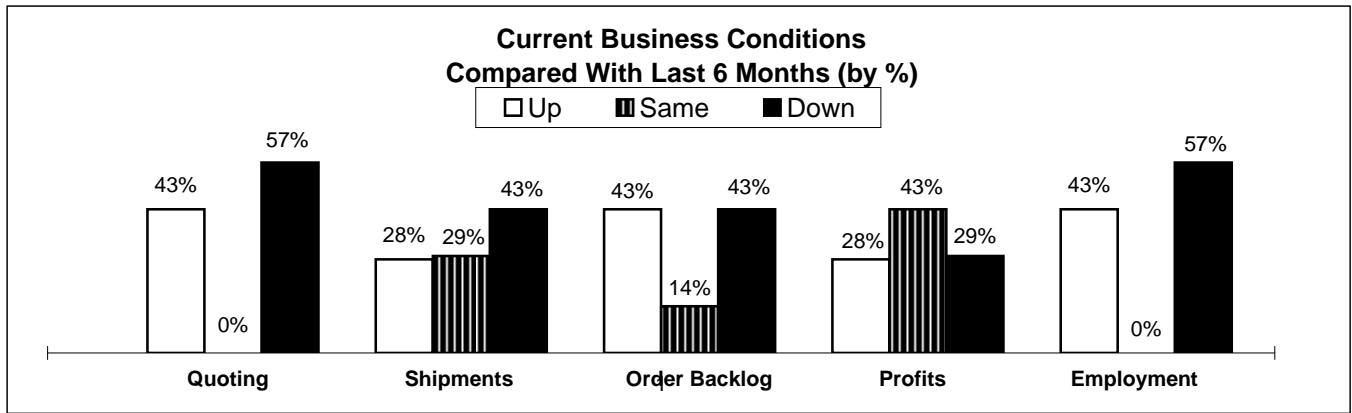
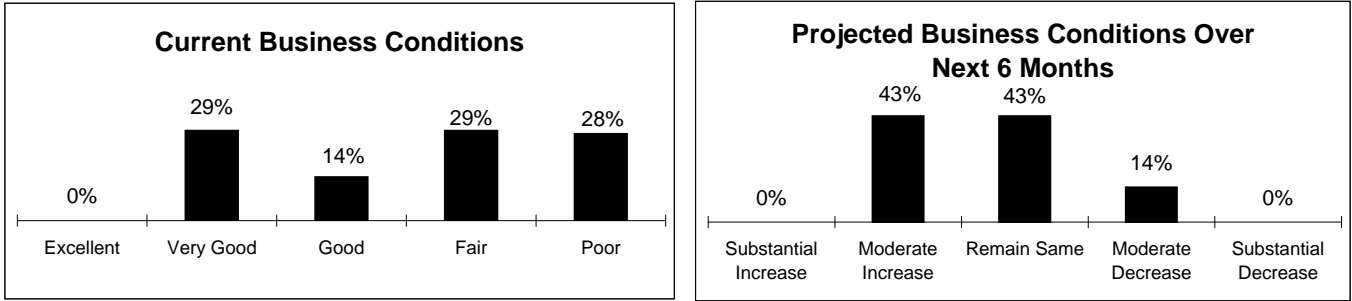


Precision Machining Sector - too few responses to report.

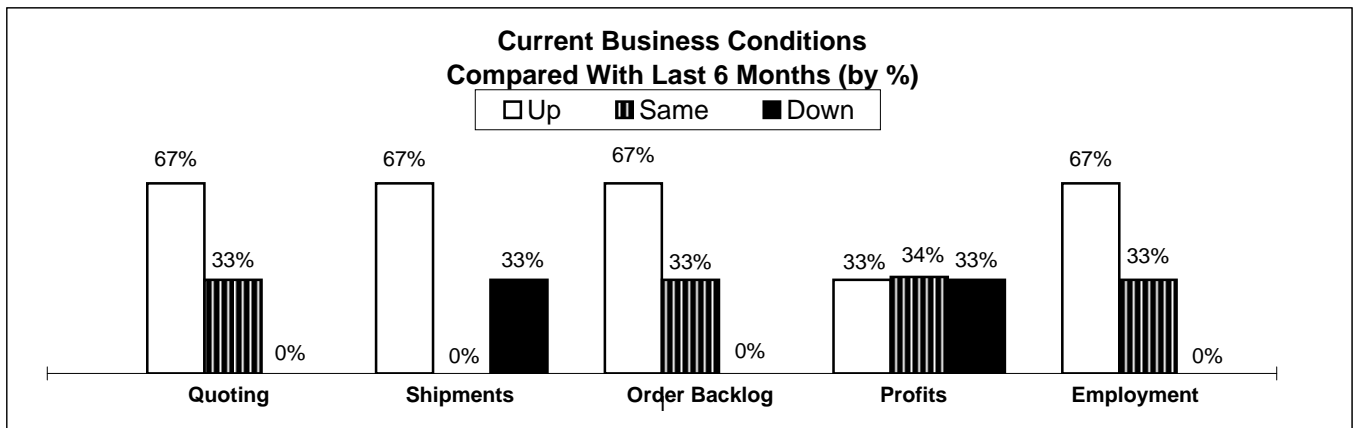
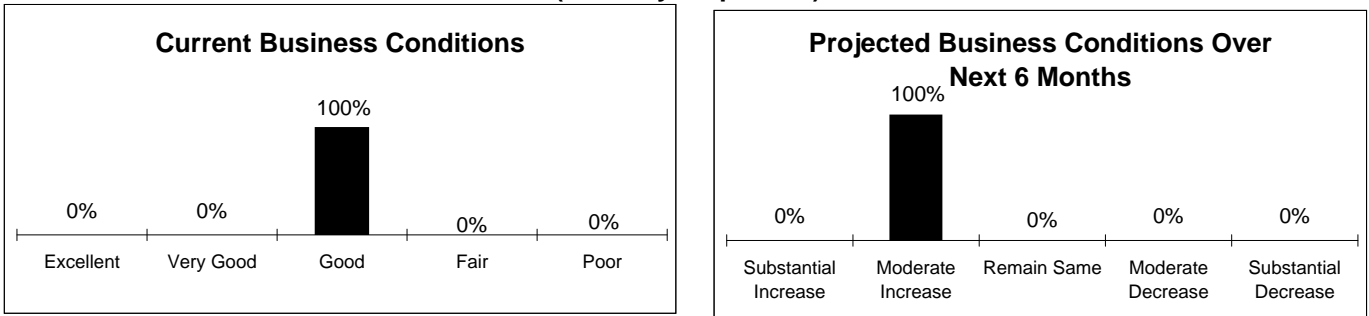
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SPECIAL MACHINES SECTOR
(7 survey responses)



CUTTING TOOL SECTOR
(3 survey responses)



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USA



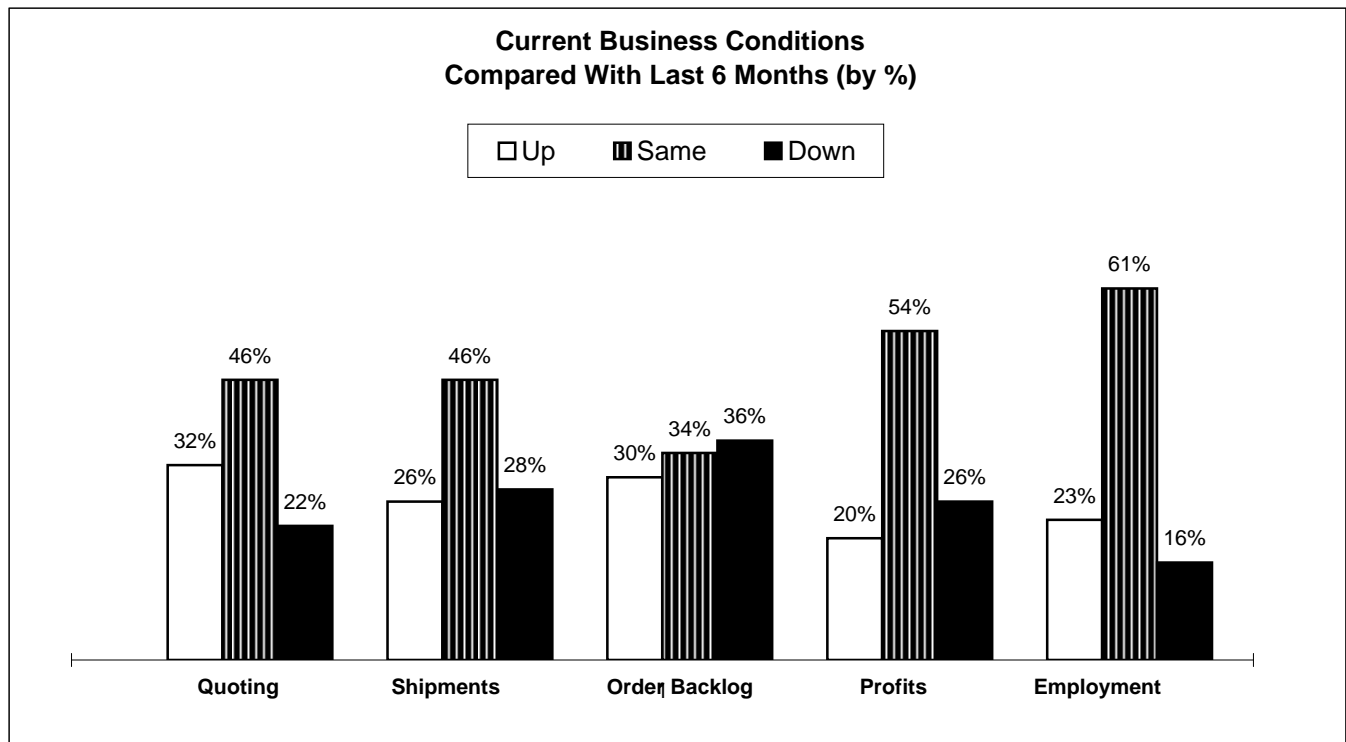
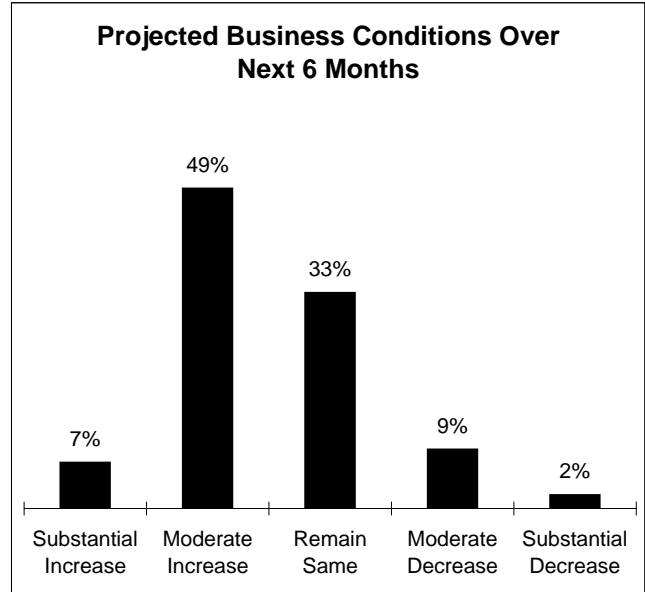
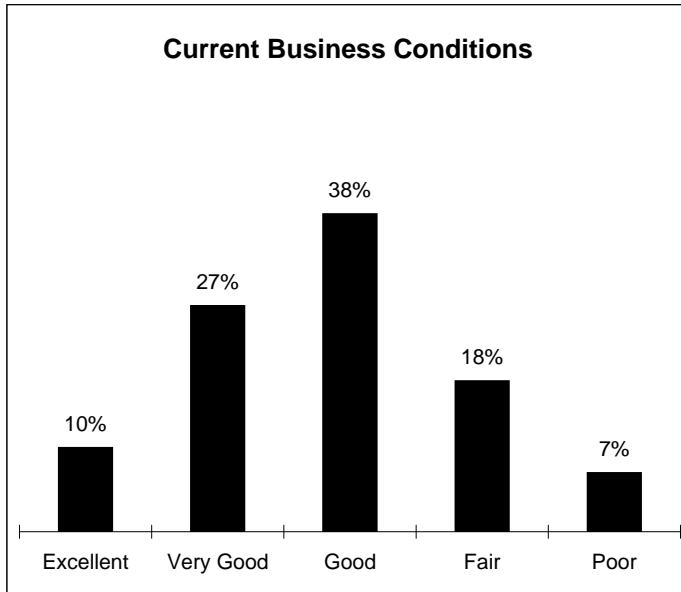
ALL SECTORS

(323 survey responses ... 20% of membership)

Total Number of Skilled Employees: 16,315 (at June 30, 2007) 16,465 (at Dec. 31, 2007)

Current Average Work Week Per Skilled Employee: 45.2 hours

Average Future Work on Order Books: 15.4 weeks



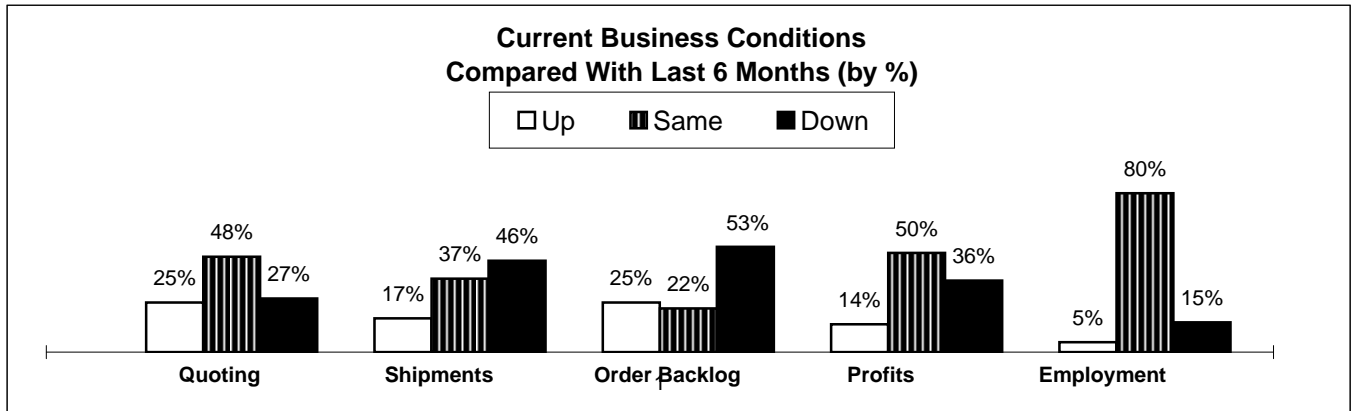
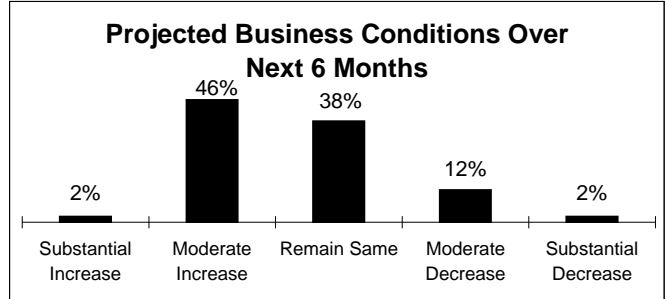
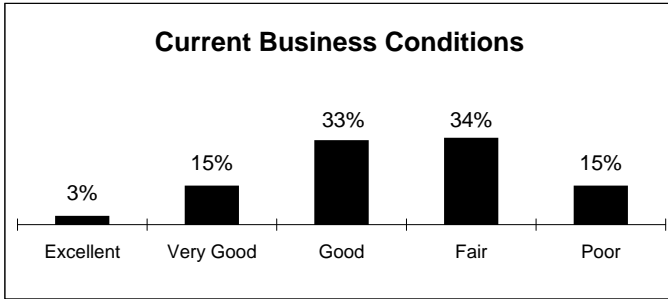
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USA



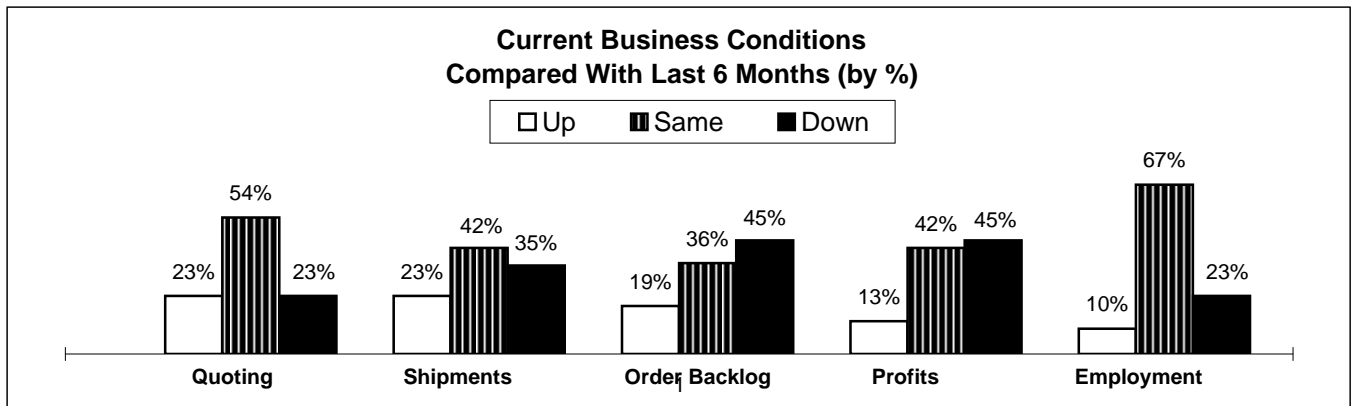
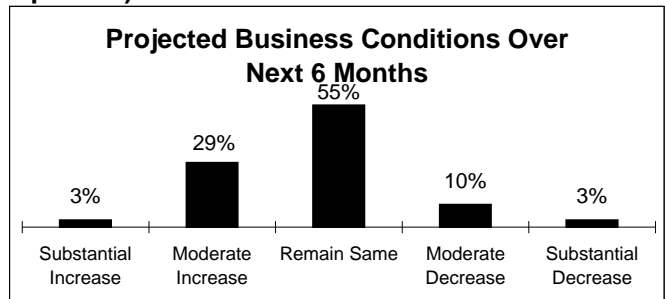
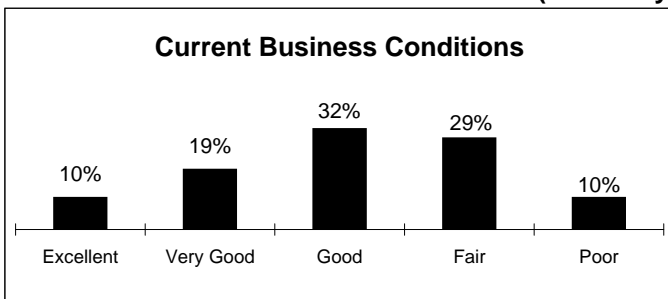
TOOL, DIE & FIXTURE SECTOR

(59 survey responses)



MOLD SECTOR

(31 survey responses)



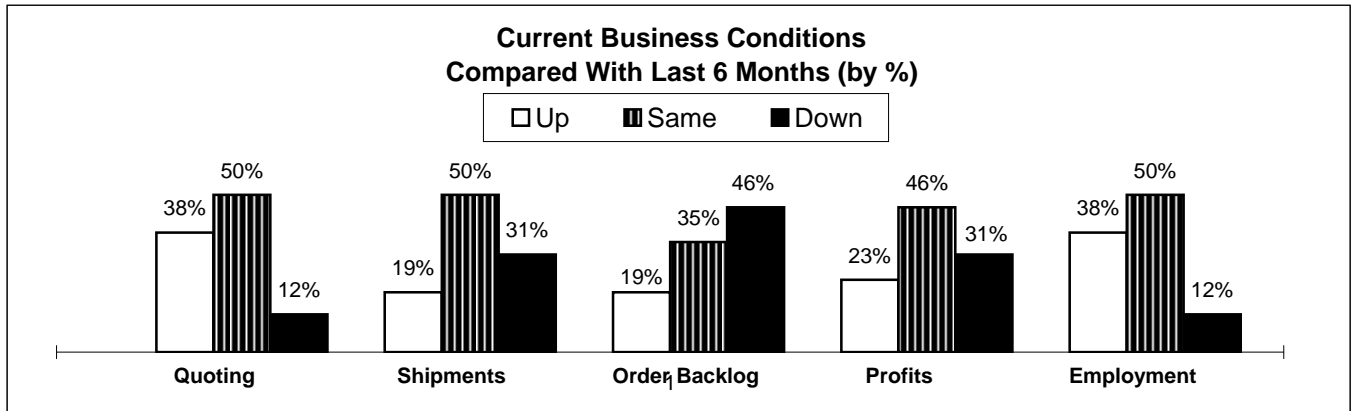
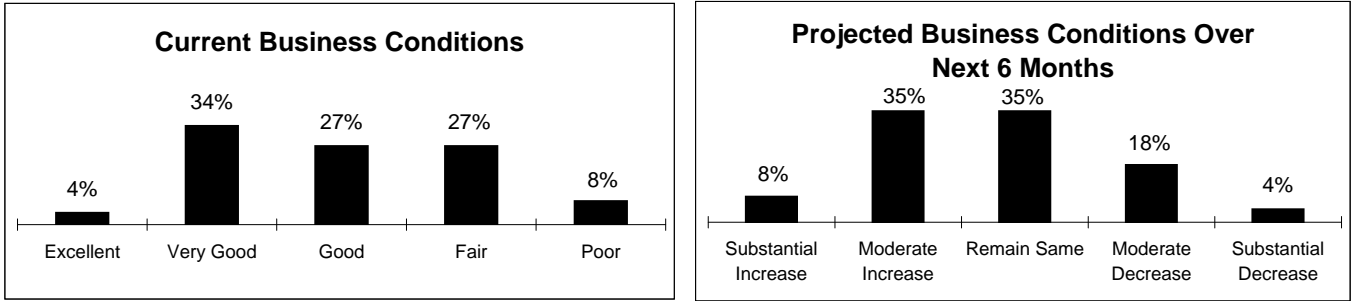
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USA



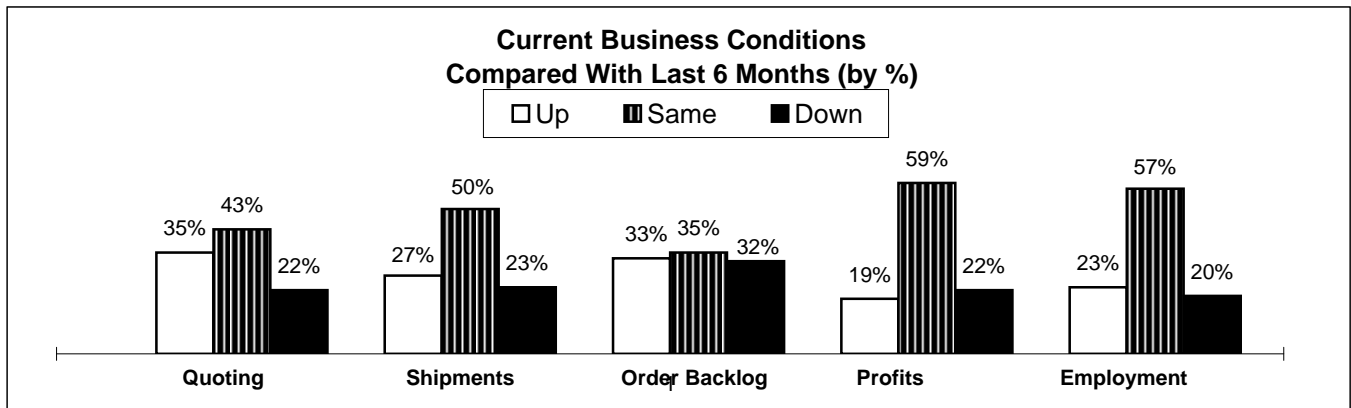
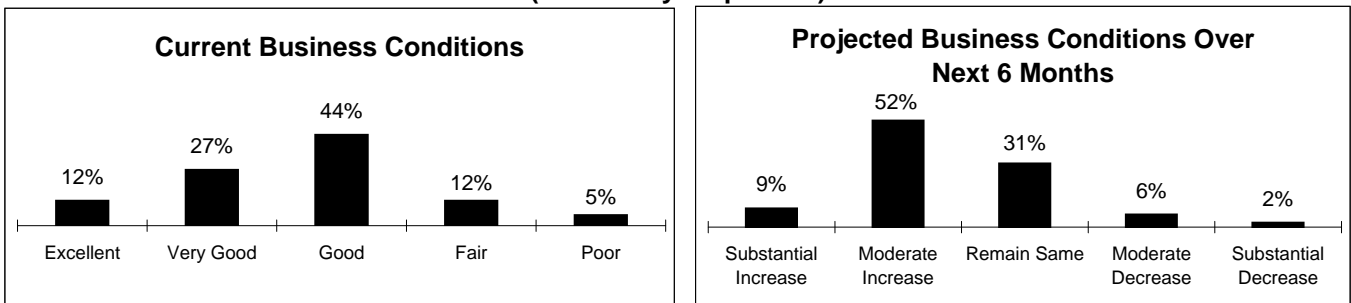
SPECIAL MACHINES SECTOR

(26 survey responses)



PRECISION MACHINING SECTOR (excluding Aerospace)

(149 survey responses)



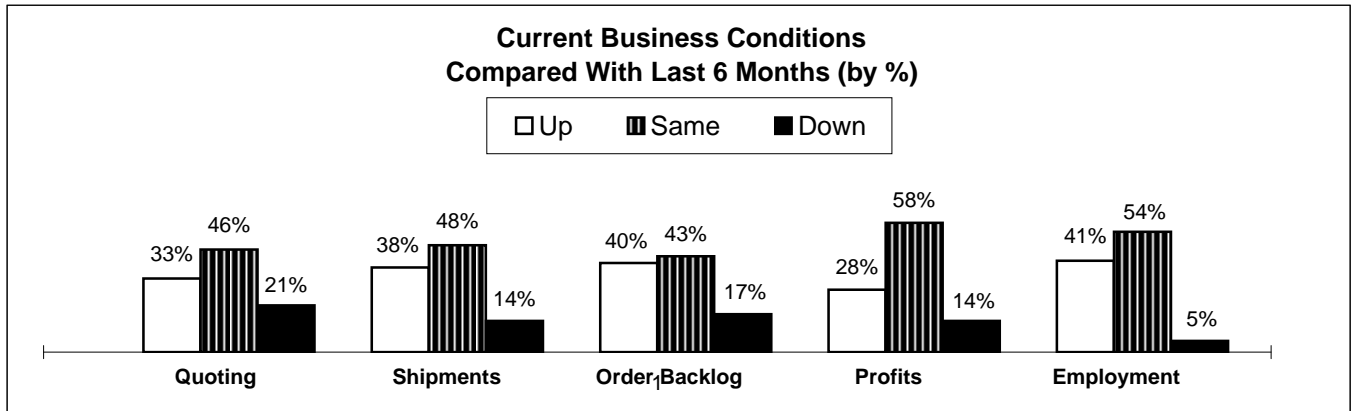
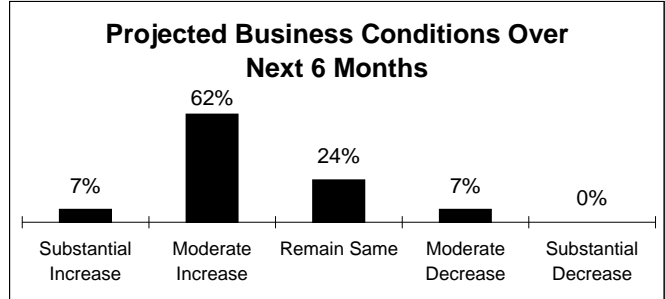
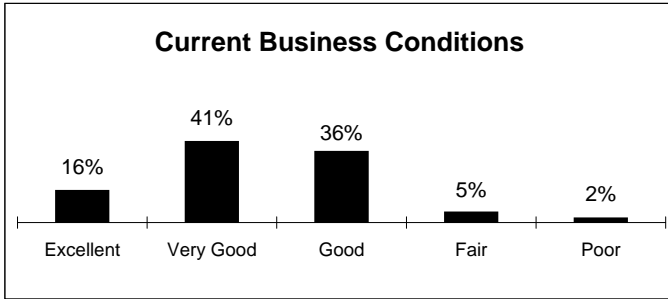
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USA



AEROSPACE MACHINING & FABRICATION SECTOR

(58 survey responses)



ISTMA-AMERICAS BUSINESS CONDITIONS REPORT
(6-Month Period Ending June 30th, 2007)

USA – Machine Tool Lease Delinquencies

Machine Shops Growing More Slowly
A report from Agie Charmilles

“In January machine shops grew less rapidly and the delinquency rate on machine tool leases remained unchanged at a low level about one-third of the 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 economy, machine shops are growing and machine tool leases are solid. Shops are uniformly in good financial shape judged by their ability to pay their bills. The continued growth, despite the housing market and oil prices, is due to increased exports driven by the lower U.S. \$, strength in aerospace, power generation, oil field equipment and medical plus some work coming back from China” commented Harry Moser, Chairman of Agie Charmilles (see Fig. 1).

Type of Debt	30 Day Delinquency Rate
Machine Tool Leases	<<2%
Credit Cards	5.2%
Home Mortgages	5.6%

Fig. 1

The Agie Charmilles Machining Business Activity Index decreased to 64 in January from 68 in December. The Index is created by surveying machine tool users concerning their current business level versus three months earlier (October 2007). Any reading above 50 indicates that business activity has improved. The Index was inaugurated in October 2004 and is the only known monthly index of business activity in U.S. machining industries. Business activity was strongest in the EDM Job Shop Category and the Central Region. Historical data along with a detailed breakdown of results by geographic region and application/sector is available from <http://us.gfmc.com/newsroom/businessindex/index.cfm>.

The Agie Charmilles/USBEF Machining Industry Financial Strength Index was 357 in January 2008, unchanged from December 2007, down from 417 in January 2007 but up strongly from 55 in January 2002, the worst reading on record. The index shows a slow but steady deterioration over the last 9 months from a historic high in early 2007. Any reading above 100 indicates that US Bancorp Equipment Finance’s (USBEF’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 October 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 5.2% credit card (Source: Experian) or the 5.6% home mortgage delinquency rates (Source: Experian). As profitability rises, liquidity rises, delinquencies fall and the Index rises.

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.

Agie Charmilles, a Swiss company, is the North American leading supplier of wire EDM, CNC die sinking and manual EDM systems and the world leader in high speed 3 and 5 axis CNC milling machines. For more information on the company’s other products and services, contact Gisbert Ledvon, Agie Charmilles, 560 Bond Street, Lincolnshire, IL 60069-4224. Tel: 1-800-CTC-1EDM. Fax: 847-913-5340, or visit www.charmillesus.com

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.