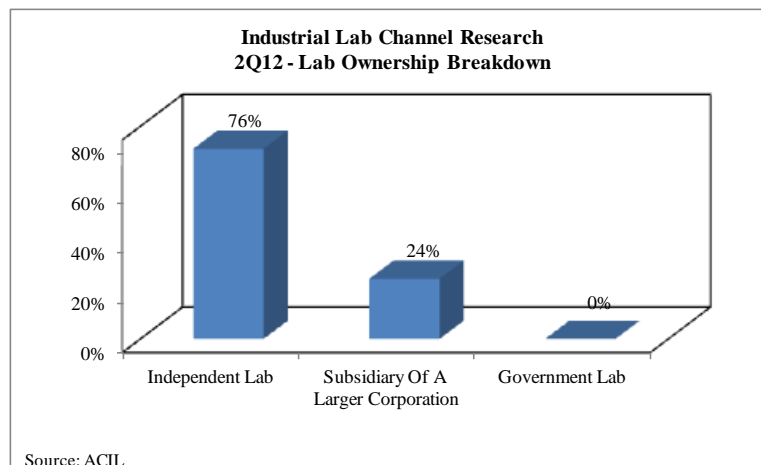
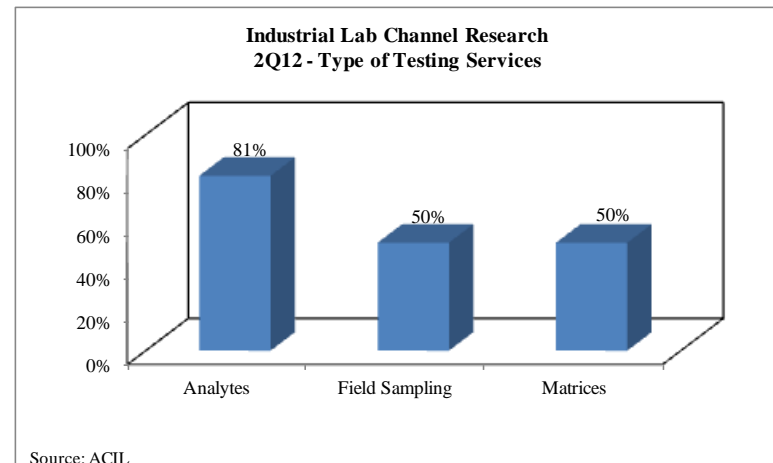
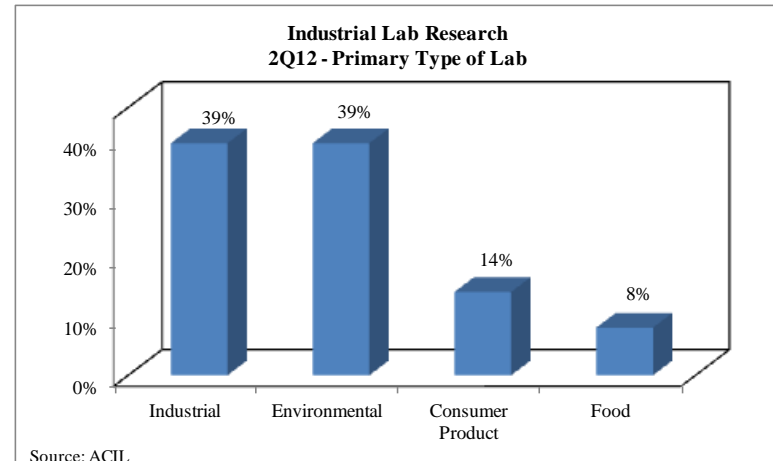


Industrial & Environmental Lab Survey Results
Second Quarter 2012

ACIL

Background

- The 2Q12 survey had 37 respondents. This quarter, 39% of participants reported they primarily managed industrial labs while another 39% manage environmental labs. 14% of respondents run primarily consumer product labs. 8% reported they manage food labs.
- Regarding services, 80% of participants reported they perform analyte services while 50% of labs conduct field sampling and another 50% do matrices.
- 76% of respondents reported being an independent lab and 24% reported being a subsidiary of a larger corporation. 0% of participants were a government lab.

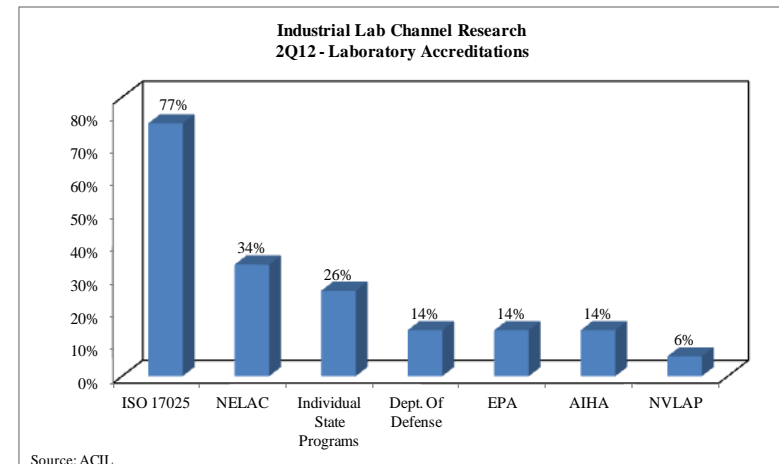
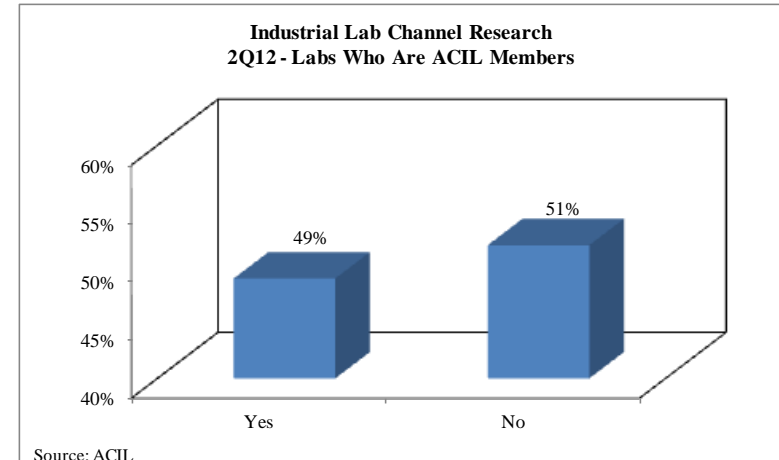
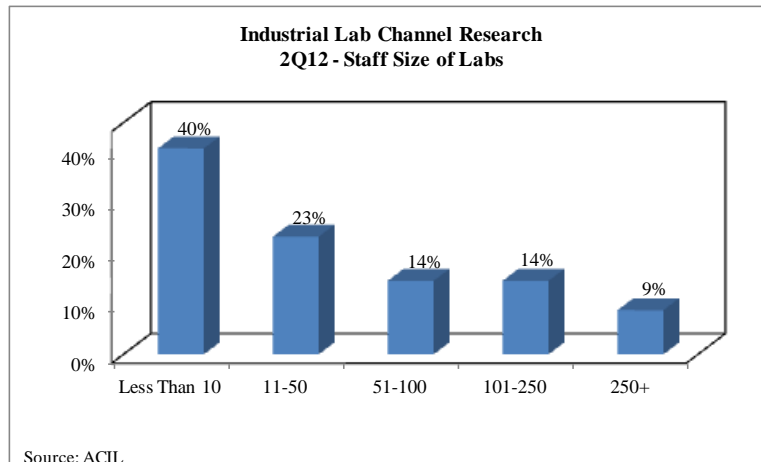


Background

- 49% of labs reported they were ACIL members.
- 77% of labs reported being ISO 17025 certified
 - 34% of labs are NELAC accredited.
 - 26% are accredited through individual state programs.
 - 14% are accredited through the Dept of Defense.
 - 14% are accredited through the EPA.

Staff Size

- 23% of the labs have a staff size of 11-50 people while another 40% reported less than 10 staff personnel. 14% of labs indicated they staff 51-100 people.



Lab Testing Volume Growth

Growth Over Last Year

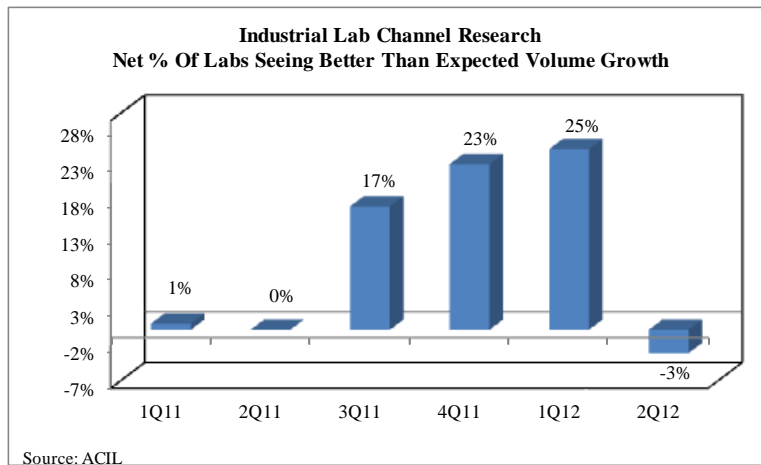
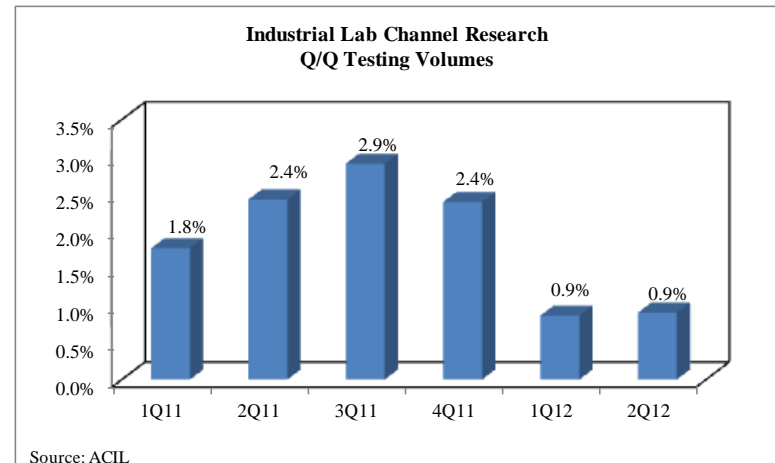
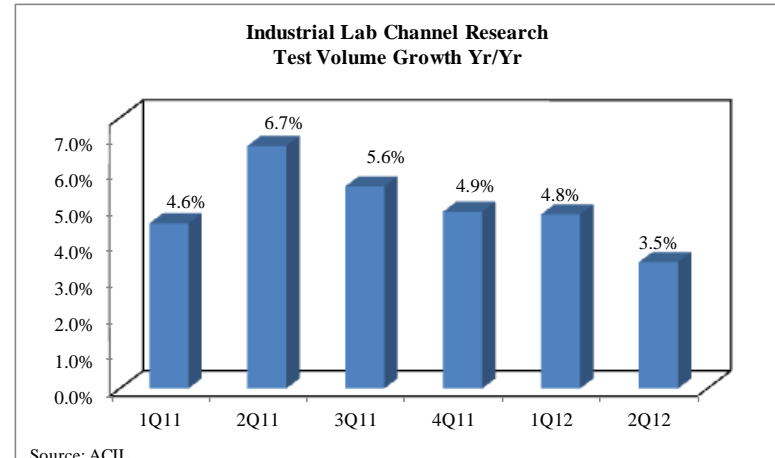
- On average, overall test volumes grew 3.5% in 2Q12 from the same time last year vs. 4.8% growth in 1Q12.

Sequential Growth

- Test volumes grew an average of 0.9% quarter-over-quarter in 2Q12, consistent with 1Q12.

Compared to Expectations

- 16% of labs reported volumes were above expectations and 19% reported they were below plan. This net (positive minus negative) -3% of labs having volumes below plan is a reversal from 1Q when a net 25% of labs reported beating plan.



Revenue Growth

Growth From A Year Ago

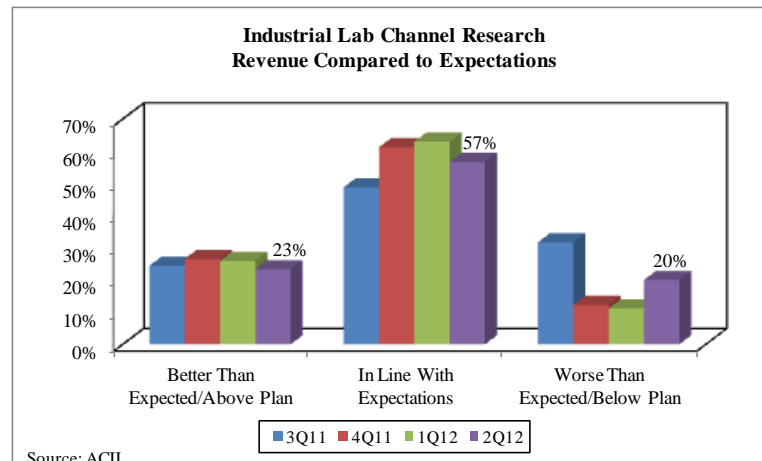
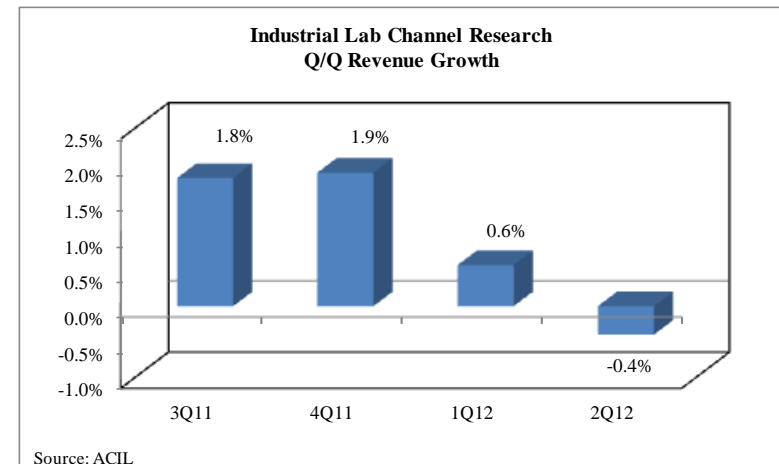
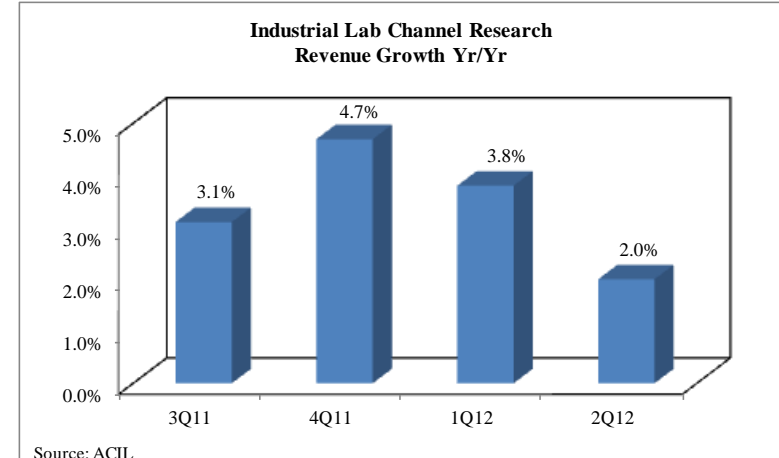
- On average, overall lab revenues grew 2.0% over last year in 2Q12 vs. 3.8% growth in 1Q12.

Sequential Growth

- Overall revenue was reported down -0.4% on average quarter-over-quarter in 2Q12 compared to being up 0.6% in 1Q12.

Compared to Expectations

- A net 3% of labs reported 2Q12 revenues were stronger than expectations, down from a net 15% in 1Q.



Lab Staffing Levels Growth

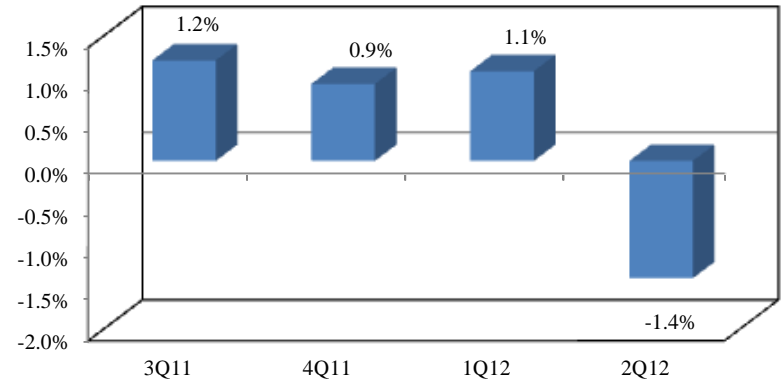
Growth Over Last Year

- On average, staffing levels were reported as down -1.4% in 2Q12 from last year vs. growth of 1.1% in 1Q12.

Compared to Expectations

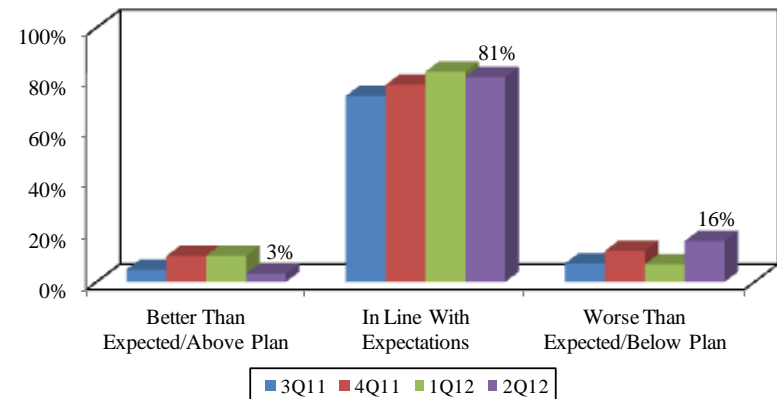
- 81% reported their 2Q12 staffing levels were in line with their expectations while 3% reported they were above plan and the remaining 16% reported they were below plan.

Industrial Lab Channel Research
Staffing Levels Growth Yr/Yr



Source: ACIL

Industrial Lab Channel Research
Staffing Levels Compared to Expectations

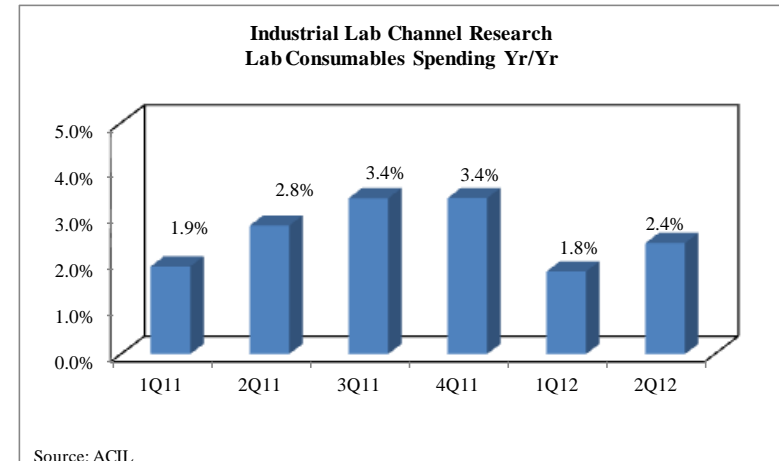


Source: ACIL

2nd Quarter Spending

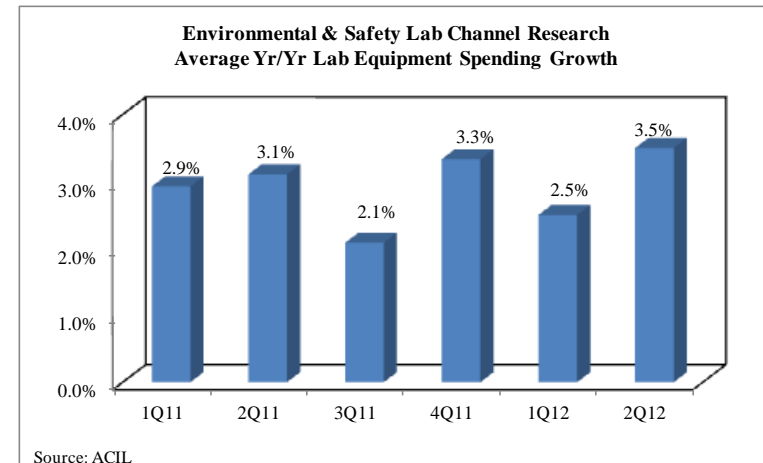
Lab Consumables Spending

- Lab consumables spending growth accelerated in 2Q12 as labs on average reported 2.4% growth, up from 1.8% in 1Q12.



Lab Equipment Spending

- Compared to the 2nd quarter of last year, lab equipment spending grew this quarter 3.5% versus 2.5% in 1Q.



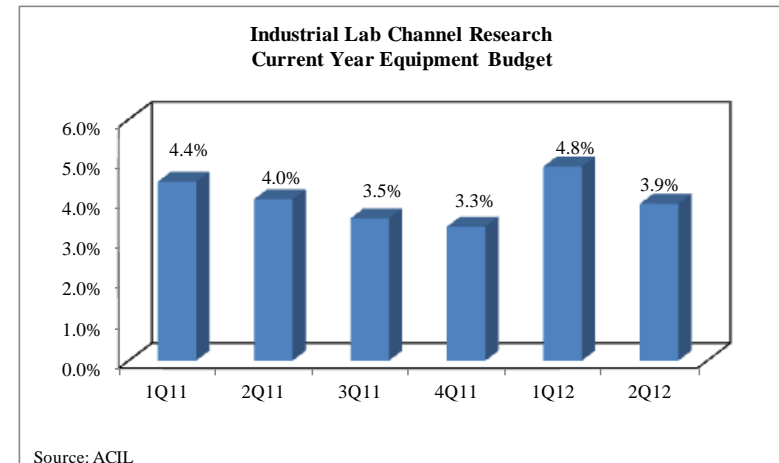
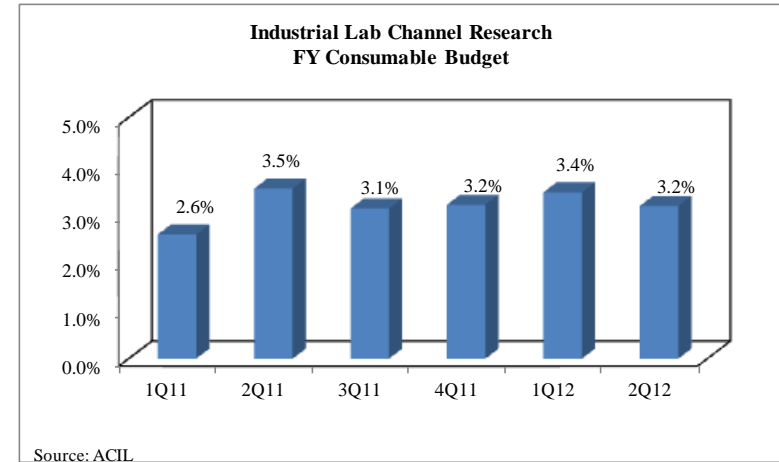
Full Year Budget

Consumables Budget

- Consumables budgets for the year for labs grew an average of 3.2%, down from last quarter's reading of up 3.4%.

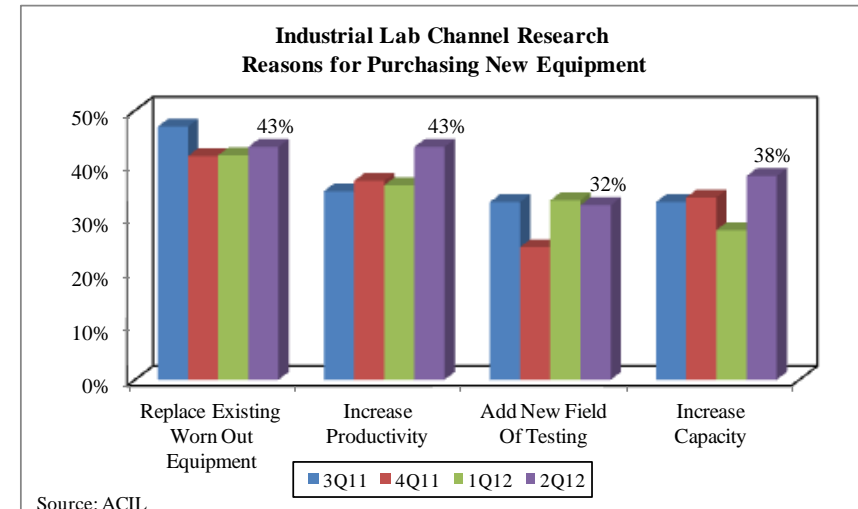
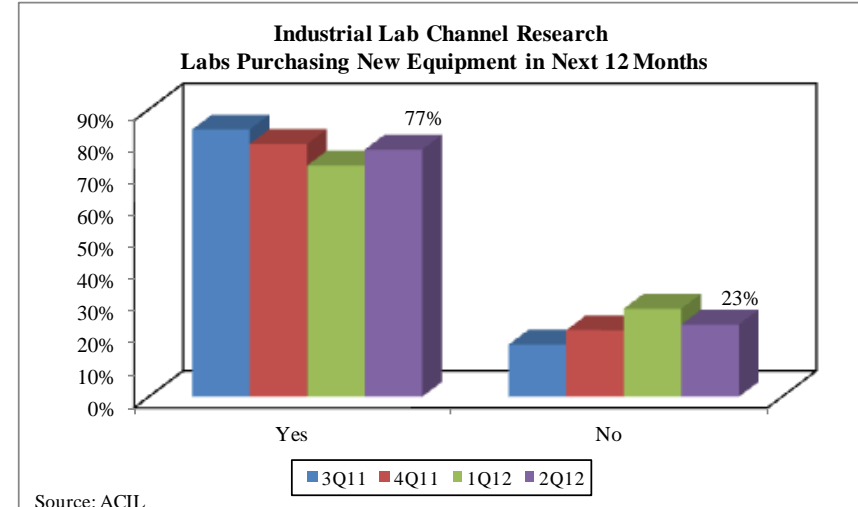
Equipment Budget

- Equipment budgets for the year for labs grew an average of 3.9%, down from last quarter's reading of up 4.8%.



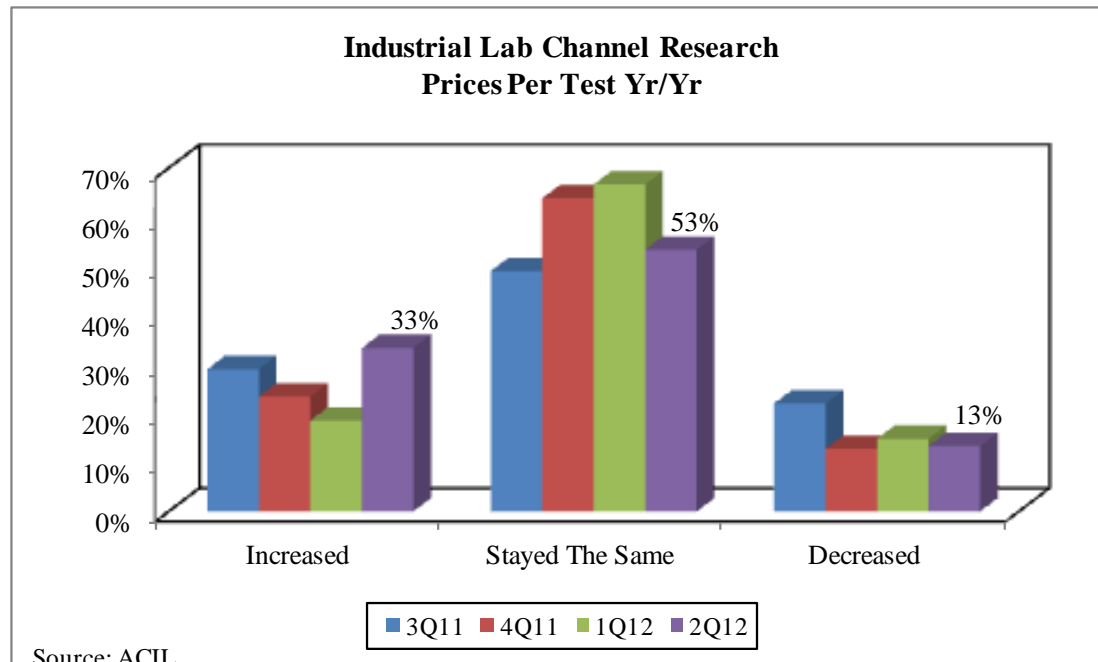
Future Analytical Equipment Purchases

- 77% of labs plan to purchase new analytical equipment over the next year, up from 72% of labs in 1Q.
- 43% reported they were replacing worn out equipment
- 43% indicated they were purchasing new equipment to increase productivity
- 32% are adding a new field of testing
- 38% are using equipment to increase capacity



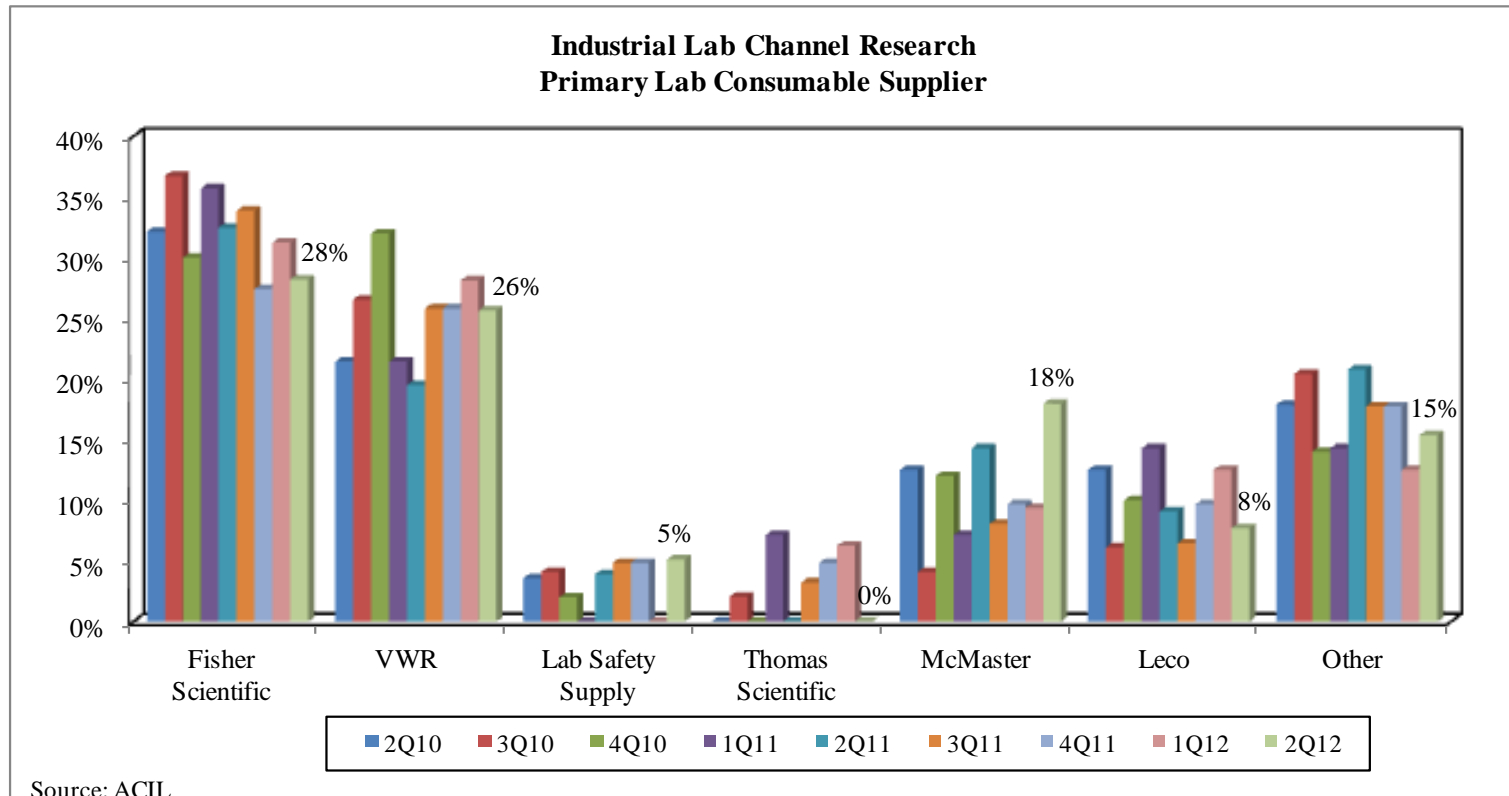
Pricing

- 33% of labs indicated their price per test has increased from this time last year while 13% reported prices have declined. This net (positive minus negative) 20% of labs seeing better pricing compares to a net 4% from 1Q12.
- Historical pricing information on copper, crude oil, and other commodities can be found on slide 17.



Lab Vendors: Current and Past

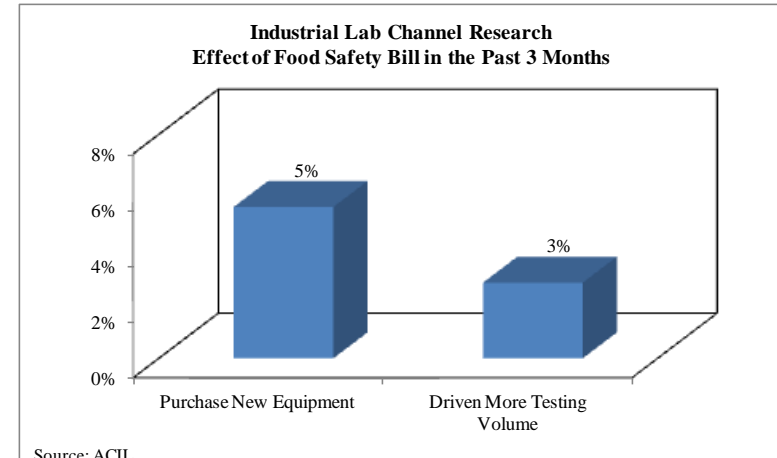
- 28% of respondents reported Fisher Scientific is their current primary lab consumable supplier which is slightly down compared to a year ago. VWR is the second most popular supplier with 26% of labs reporting them as their primary supplier.



Effects of Food Safety Bill and Fracking

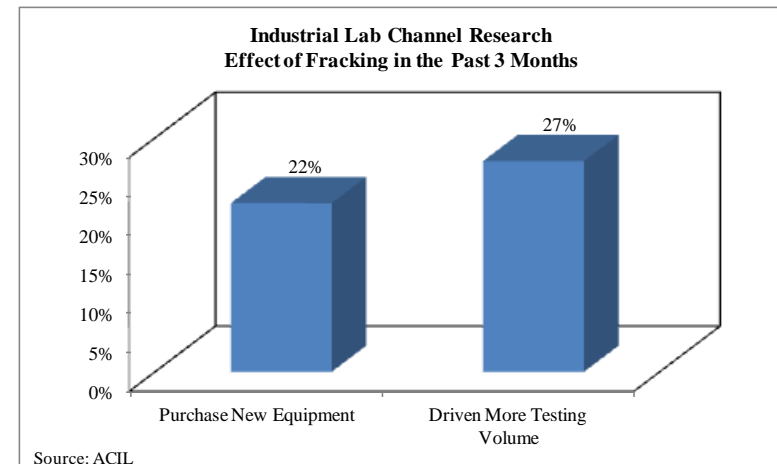
Food Safety Bill

- In response to the recent food safety bill, an average of 5% of labs reported purchasing new equipment while 3% saw their testing volumes increase in the past three months.



Fracking

- In response to fracking, an average of 22% of labs reported purchasing new equipment while 27% had higher testing volumes in the past 3 months as a result.

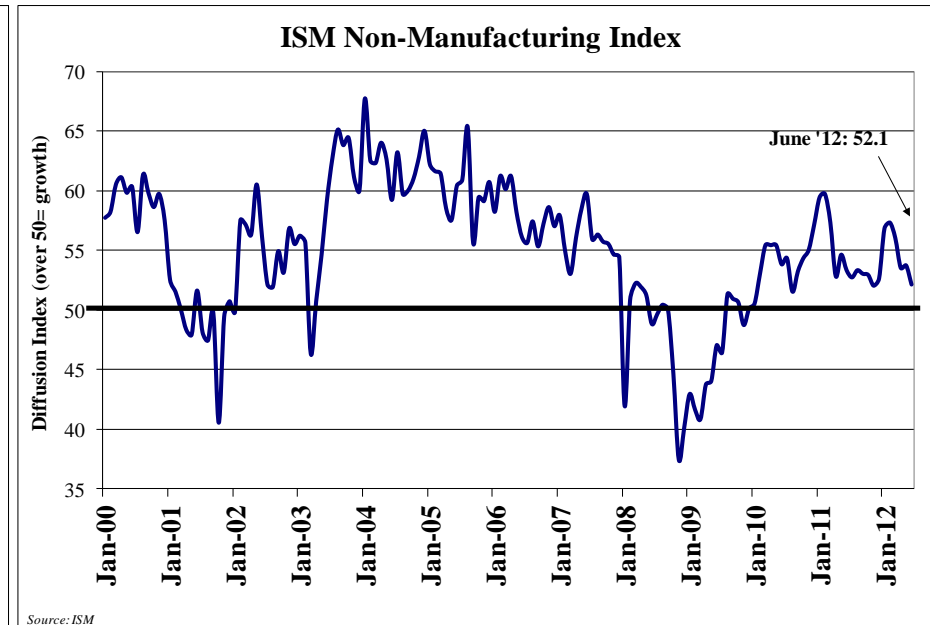


Manufacturing & Economic Data

ACIL

Manufacturing Sector Indicators

- The ISM Manufacturing index reported a 49.7 reading in June, down from 53.7 in May. June is the first month to be reported as slowing after thirty-four consecutive months above 50, the threshold for growth.
- The non-manufacturing index in June was 52.1, down from the 53.7 reading in May, marking the thirtieth consecutive month the index has been above 50, the threshold for growth.
- The charts below illustrate the long-term trends of these indices.

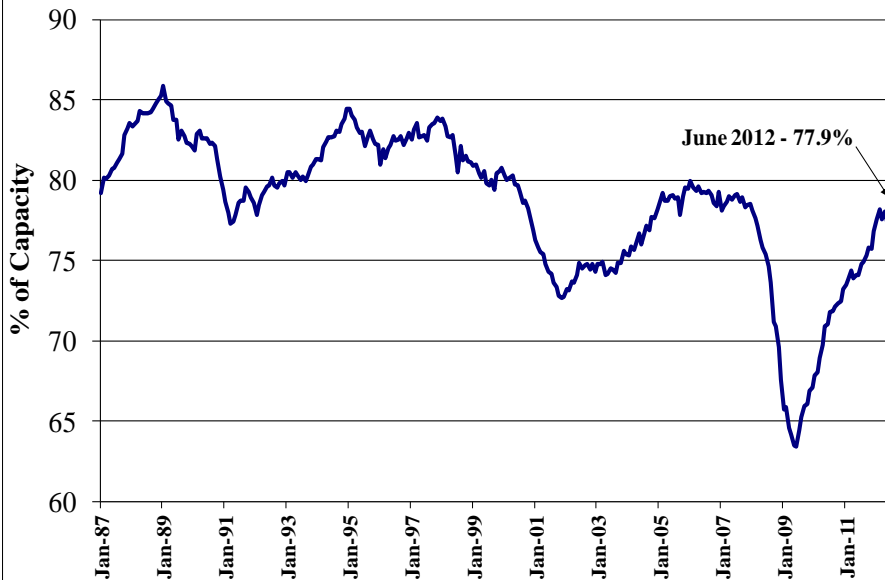


Manufacturing Sector Indicators



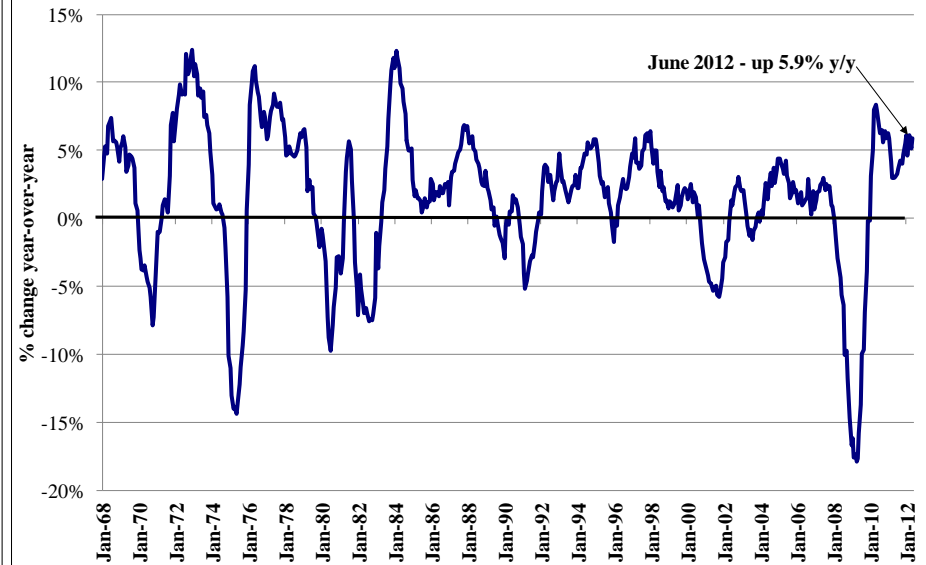
- Manufacturing industrial production growth was positive y/y in June at 5.9%, up from the May reading of 5.1%.
- Capacity utilization was 77.87% in June, up slightly from the 77.42% in May.

U.S. Manufacturing Capacity Utilization (excluding high tech)



Source: Census

U.S. Manufacturing Industrial Production (excluding high tech)

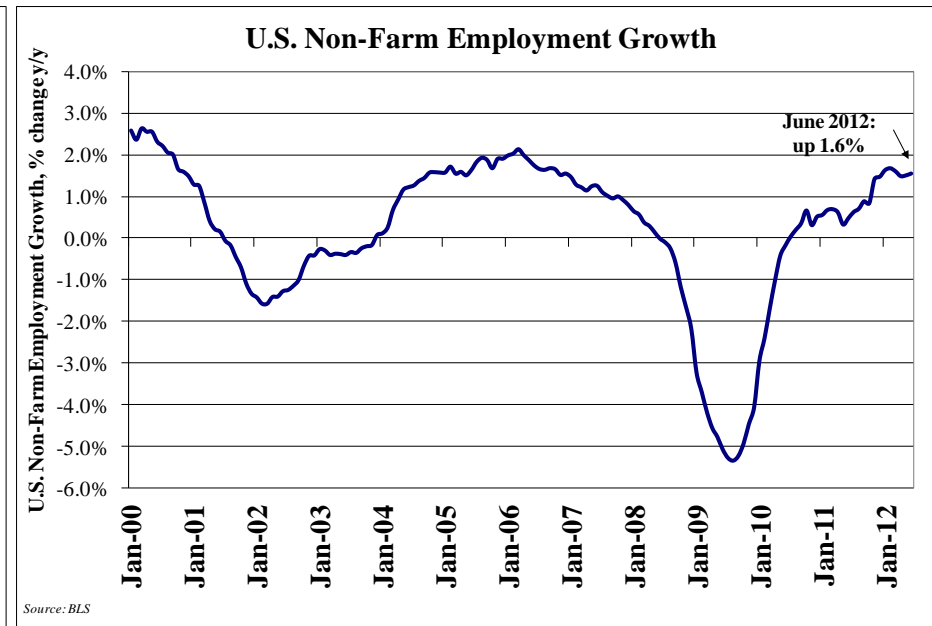


Source: Census

Employment Trends



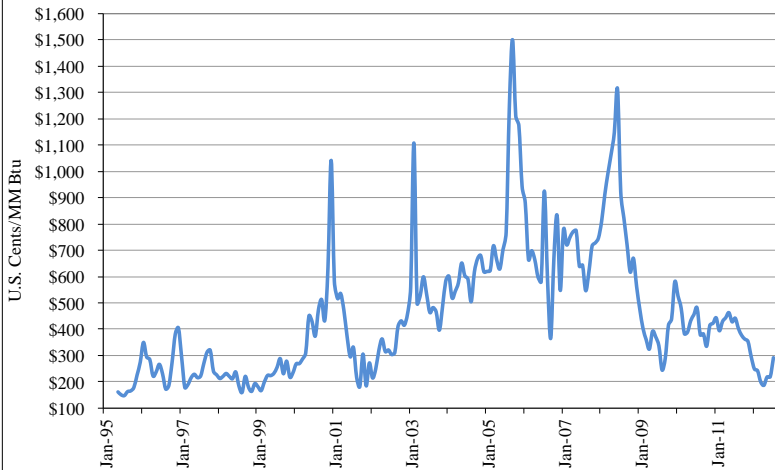
- Non-farm payroll employment was up 1.6% y/y in June, up slightly from the May reading of 1.5%.
- Manufacturing employment continued to improve with growth of 2.03% y/y in June, down from the 2.14% growth in May.
- The following charts show the long term employment growth trends for non-farm employment and manufacturing.



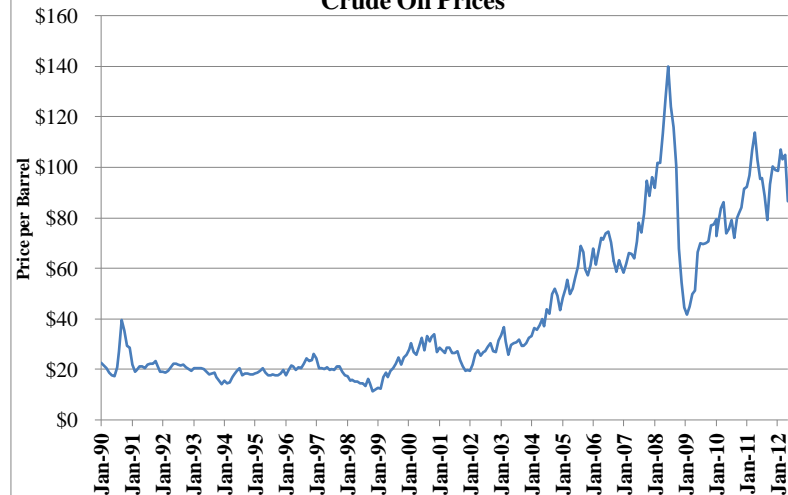
Commodity Price Trends



Natural Gas Prices

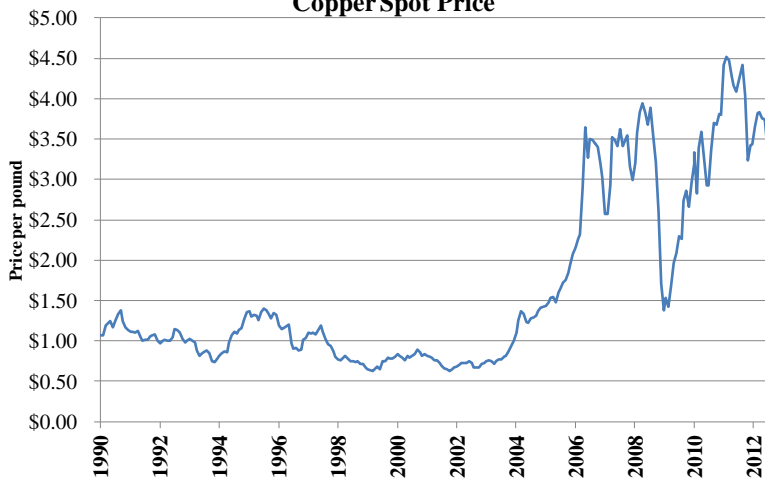


Crude Oil Prices



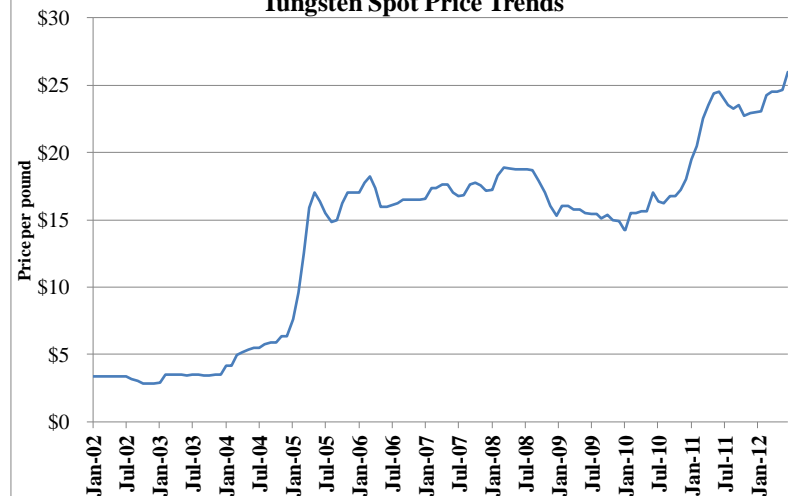
Source: Baseline, Cleveland Research estimates

Copper Spot Price



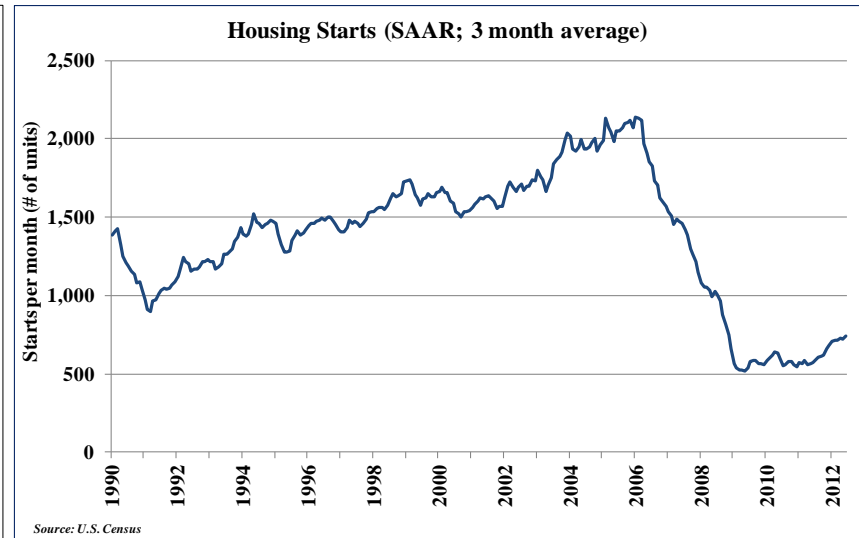
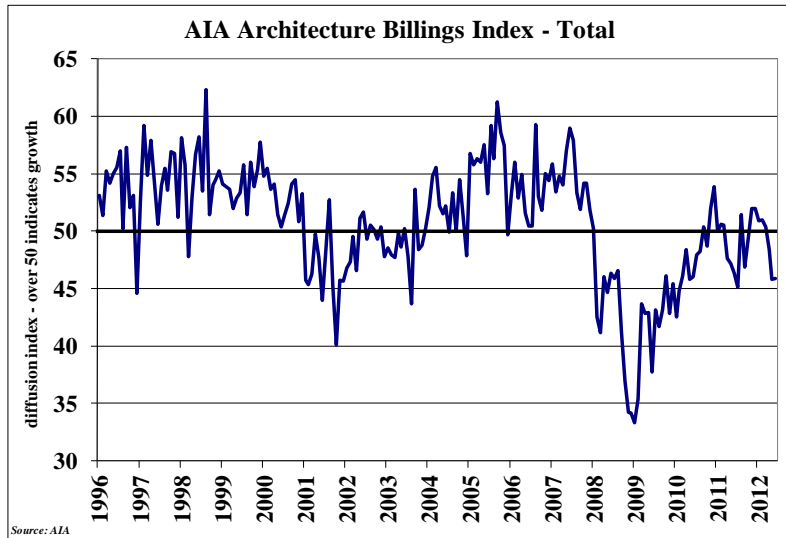
Source: Baseline, metalprices.com, Cleveland Research estimates

Tungsten Spot Price Trends



Source: Metalprices.com, Cleveland Research estimates

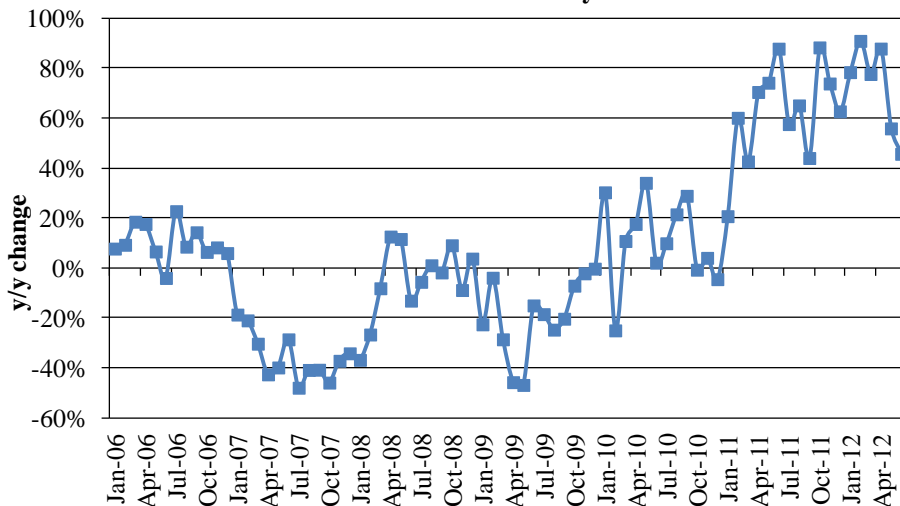
Construction Indicators



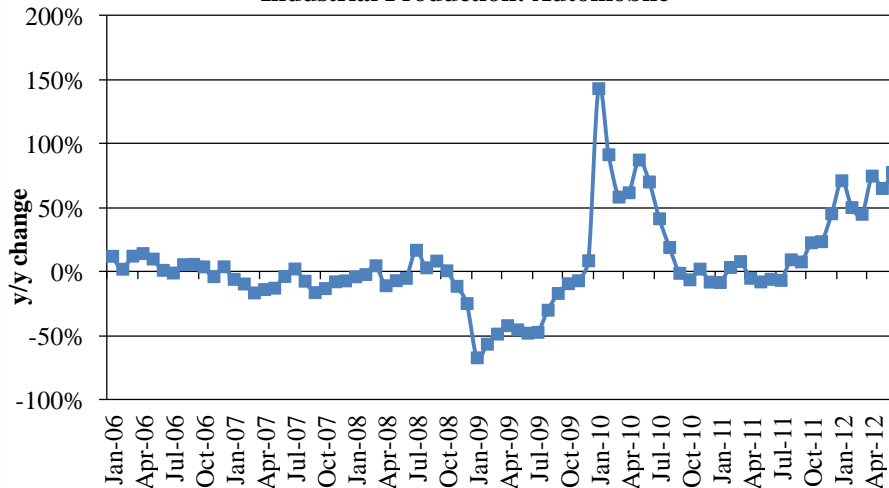
Production Growth Rates by Industry



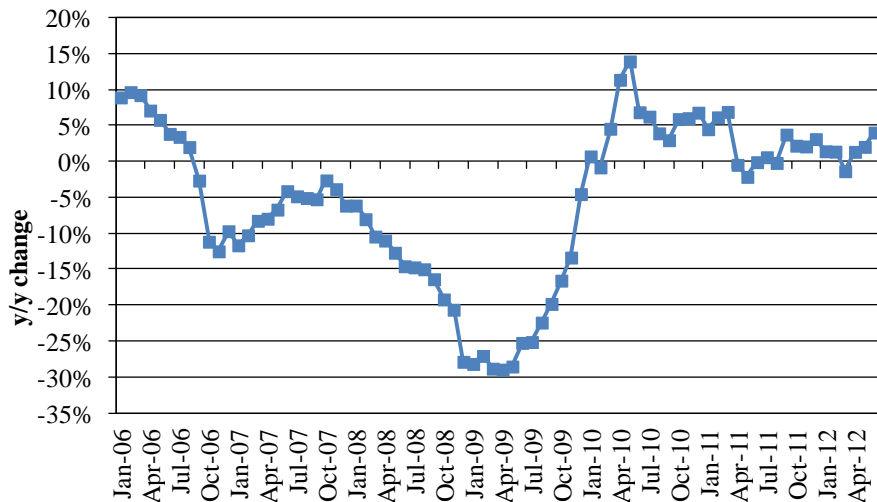
Industrial Production: Heavy Truck



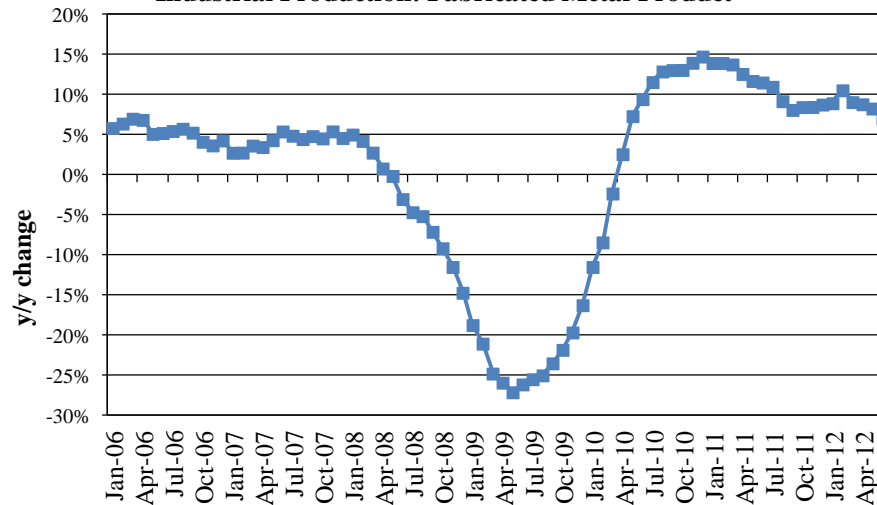
Industrial Production: Automobile



Industrial Production: Wood Product



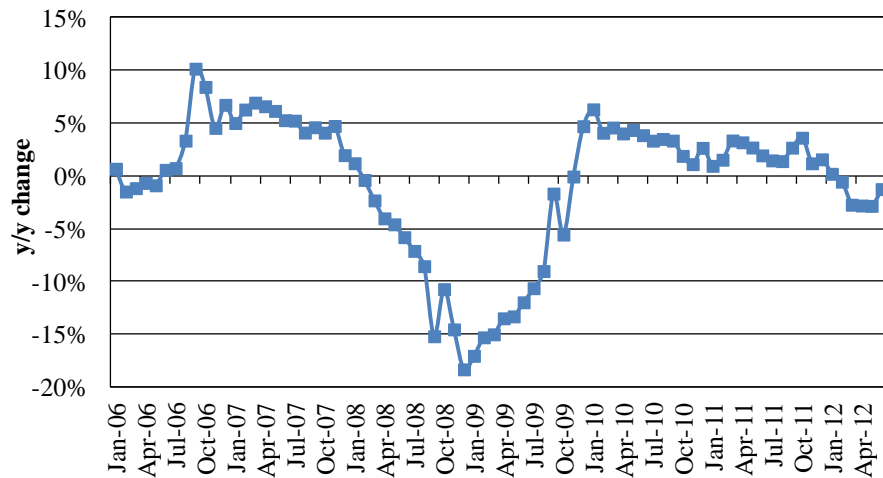
Industrial Production: Fabricated Metal Product



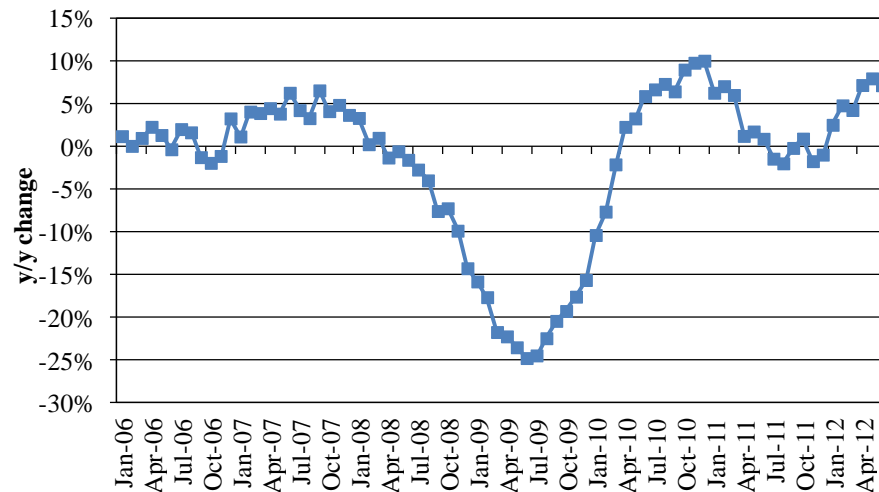
Production Growth Rates by Industry



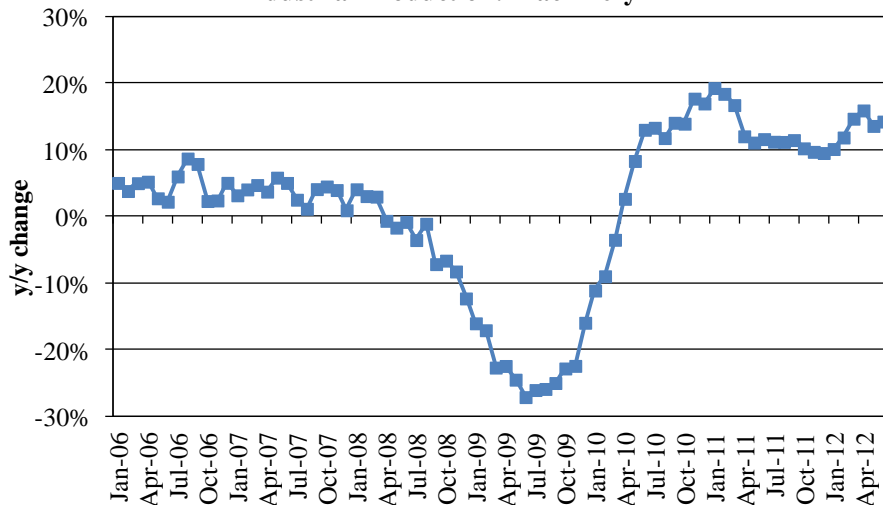
Industrial Production: Chemical



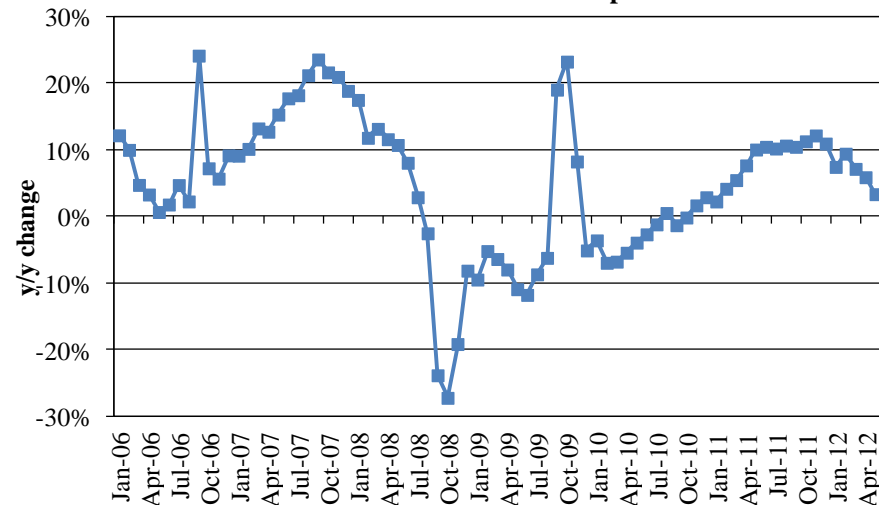
Industrial Production: Electrical Equipment, Appliance, and Components



Industrial Production: Machinery



Industrial Production: Aerospace



Thank you!

Thank you for participating in the 2Q12 Industrial Labs Survey.

Please look for our 3Q12 survey in early October 2012.

If you have any questions, please e-mail Adam Doehrel at adoehrel@cleveland-research.com