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Raw Materials and Energy Expenses Top a List of Economic Concerns in 2008 for Small-to Mid-sized Manufacturers

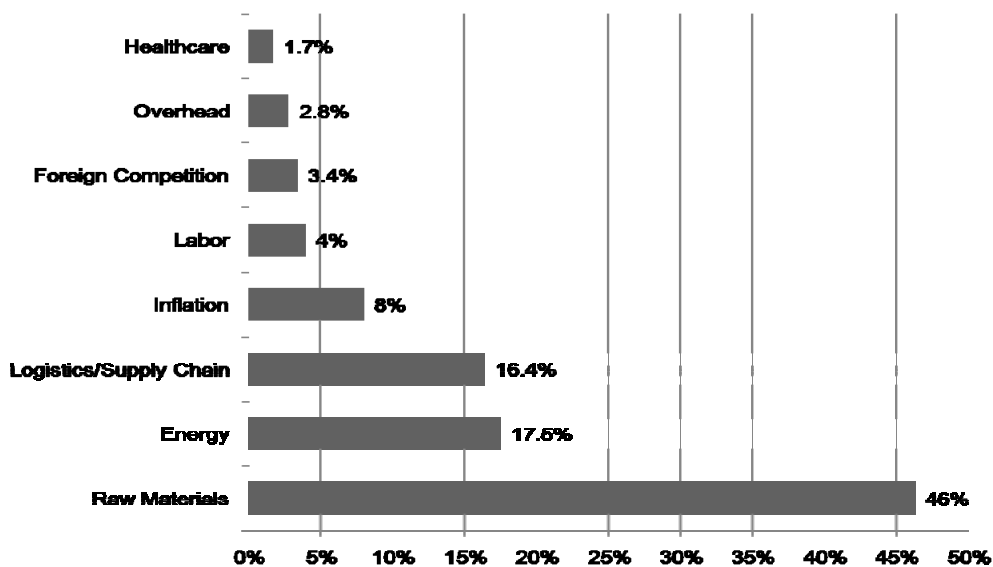
Manufacturers' Buying Group Releases Results of 2008 Group Outlook Survey

CHICAGO, February 15, 2008 - Prime Advantage, the leading buying consortium for small and mid-sized manufacturers, announced today the findings from its Group Outlook Survey, revealing the top economic concerns of these manufacturers in 2008. Raw material and energy costs topped the list of cost pressure concerns in 2008, according to nearly 100 respondents that include business owners, vice presidents of procurement and purchasing directors.

"The Prime Advantage Group Outlook Survey identifies key economic factors of influence for small and mid-sized manufacturers throughout North America," said Louise O'Sullivan, president and founder of Prime Advantage.

The survey was conducted in January and polled Prime Advantage members on issues that will shape their economic plans in 2008.

GRAPHIC: EXPECTED COST PRESSURES FOR SMALL AND MID-SIZED NORTH AMERICAN MANUFACTURERS IN 2008



More than 46 percent of respondents agreed that raw materials (including stainless steel, nickel, copper and other metals and plastics) were a major concern in 2008. Energy costs were the second biggest concern, with 17.5 percent and logistics and supply chain costs followed closely at 16.4 percent in agreement.

Inflation (8 percent), labor (4 percent), foreign competition (3.4 percent), overhead costs (2.8 percent) and healthcare costs (1.7 percent) were among the other concerns identified.

"More than rising energy costs or inflation, the uncertainty around pricing pressures for raw materials continues to be an obstacle to success for many small and mid-sized manufacturers," said O'Sullivan. "As a buying consortium, we've been successful in addressing that exact concern. Since its inception, Prime Advantage has returned more than \$60 million in rebates and discounts to its members; these are real savings that are helping U.S. manufacturers gain a powerful competitive advantage in the face of growing international competition."

PURCHASING AND SOURCING PRIORITIES

The survey also found that 66 percent of Prime Advantage members plan significant capital improvements in 2008, including equipment upgrades such as press brakes, turret punch presses, plus equipment for laser cutting, robotic welding and stamping.

This is supported by findings from the [Business Roundtable's](#) CEO Economic Outlook survey for the fourth quarter of 2007, in which CEOs were predicting a 35 percent increase in capital spending over the first six months of 2008.

Also, 88 percent of respondents to the Prime Advantage Group Outlook Survey indicate planned efforts to improve at least one of the following in 2008: cost savings, efficiency measurements or supplier diversity goals. Another 11 percent plan to address IT systems improvements, including investments in new applications, data visibility and data accuracy, while just two percent are planning investments in industry certifications or education.

JOB GROWTH ON HORIZON

The Prime Advantage Group Outlook Survey identified a positive outlook for revenue expectations and hiring, with 59 percent indicating a revenue boost in 2008. Meanwhile, just one percent indicated that job cuts in 2008 could occur, while 23 percent are planning new hires and 76 percent are planning to keep their current employee base at the same level as 2007.

"Even though indicators like the JPMorgan [Global Manufacturing PMI](#), which finished 2007 at a two-year low of 51.6, hint that manufacturing may be facing some trouble, it is clear that our members are confident and hopeful about 2008," O'Sullivan said. "They realize that while high oil prices may continue contributing to higher energy, transportation and materials costs, the collective buying power offered through Prime Advantage becomes an even more powerful asset to their bottom lines."

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About Prime Advantage

Founded in 1997, Prime Advantage is a buying consortium for industrial manufacturers with more than 450 members and more than 110 endorsed suppliers. For more information on Prime Advantage, visit the website at www.primeadvantage.com.

Prime Advantage Group Outlook Survey Findings: Expected Cost Pressures for Small and Mid-sized Manufacturers in 2008

