



MAGNET Rewrites the Rules

support and champion Third Frontier Center

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investment in nonrenew

manufacture

Edison
Technology
Center

jobs
new product

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more competitive

to increase
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first three quarters
generate

Sales

50

traini
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MAGNET 2008 YEAR IN REVIEW

industry



David M. Fouts

A Message from the President

Having just completed my first six months with MAGNET, the old cliché, “the honeymoon is over,” leaps to mind. In just these last six months of 2008 we’ve all:

- ◆ been witness to the worst mortgage crisis since the 1930s;
- ◆ been confused by what seem to be the risky banking practices of hedging, bundling debt transactions and creating “swaps”;
- ◆ felt deeply the crushing credit crisis that ensued;
- ◆ observed the beginning of what seems to be a bottomless federal bailout of the financial sector;
- ◆ watched the engine that drives large parts of our economy, the American Consumer, lose confidence in the future and all but shut down;
- ◆ witnessed the devastating impact that this reduced demand has made on our region’s manufacturing sector, and in particular the North American automotive sector.

Yes, we are indeed living in a very challenging and confusing time. Answers to the urgent questions we have to face now are far from certain.

- ◆ What will be left of the North American automotive sector?
- ◆ Where will it be?
- ◆ What will be the price of energy a year from now?

- ◆ What will be the value of a dollar in relation to other currencies?
- ◆ Will Ohio be able to retain enough people to rebound quickly from this downturn?

Certainly, we could add to the above list of uncertainties. In fact, we are in danger of feeling paralyzed and doing nothing at all. But—be warned—that will simply magnify the challenges we all face.

I submit that now is the time for all of us to join together and work towards common solutions. And there are, indeed, hopeful signs.

A PLAN FOR SUCCESS

Unlike any other time in Ohio’s history that I am aware of, we actually have a plan. In September of 2008, Gov. Ted Strickland published a Strategic Plan for the Ohio Department of Development (go to <http://development.ohio.gov/strategicplan/>). This plan describes areas where Ohio is likely to find long-term success and where Ohio must be willing to make investments.

When you read the plan you can’t help noticing how much of it is devoted to the manufacturing sector. Consider just the list of targeted industries:

- ◆ Advanced Energy and Environmental Technologies
- ◆ Aerospace and Aviation
- ◆ Agriculture and Food Processing
- ◆ Biosciences and Bioproducts
- ◆ Instruments, Controls, and Electronics
- ◆ Motor Vehicle and Parts Manufacturing
- ◆ Polymers and Advanced Materials

Obviously, manufacturing is an essential part of Ohio’s future. The more we can all participate in creating the “how-to’s” of the plan, the better off we are likely to be.

TWO KINDS OF COMPANIES

During my travels to meet many of you these last six months, I have seen two types of manufacturing companies:

- ◆ those who define themselves as making one specific product and nothing else; and
- ◆ those who are adaptive and use their already successful capabilities to make new products or enter new markets.

It is the companies in that second category who will find a way to thrive and, in doing so, define our region's future.

In 2009, all of us at MAGNET will be working to help you improve your businesses and improve our region's business environment. MAGNET's colleagues and consultants are eager to assist you with creating new volume, top-line growth and improved bottom lines.

This will involve transferring manufacturing capabilities to more healthy markets, exporting more, introducing new products at a greater rate of success, and—as always—being efficient as possible. And, in view of the current historic economic crisis, we also plan to help Northern Ohio manufacturers access advice on attaining and managing capital.

Don't hesitate to call us during this critical year if you need help in improving any facet of your manufacturing operations. I'm proud to say that MAGNET has the people, resources, track record of success and enthusiasm needed to ensure your success in these difficult times.



David M. Fouts, President MAGNET

2008 AT-A-GLANCE

MAGNET HIGHLIGHTS FROM THIS YEAR

- ▶ **MAGNET product design engineers worked with companies to develop and bring to market 115 new products.**

50% of the clients for the product design and development team were new MAGNET customers.



- ▶ **In the first three quarters of 2008, MAGNET worked with manufacturers to increase their top lines by \$103 million.**



- ▶ **Increased investment in northern Ohio by manufacturers as a result of working with MAGNET was \$36 million.**



- ▶ **MAGNET helped manufacturers in the region create and/or retain 1,466 jobs last year.**



2008 YEAR IN REVIEW

JANUARY

To highlight our outstanding product design and development capabilities and award-winning engineers, MAGNET has created a new website—www.magnetpdd.org. Dedicated to showcasing the industrial and consumer products MAGNET has designed, developed and brought to market, the site wins the Outstanding Achievement recognition in the 2008 Interactive Media Awards.



MAGNET's product design and development website—MAGNETPDD.org

FEBRUARY

Partnering with NorTech, the economic development organization in northeast Ohio responsible for maximizing the region's technology, entrepreneurship and innovation assets, MAGNET introduces a series of workshops and activities titled the *Innovation Accelerator*. The goal is to help manufacturers increase their top and bottom lines, develop new products, explore new technologies that can make their existing products stronger and more effective and leverage ideas from employees, vendors, customers and competitors. The *Innovation Accelerator* helps small and midsize manufacturers develop innovative solutions and ideas to move their company to its next level of growth. By year's end, over 400 attendees have participated in *Innovation Accelerator* events.



MARCH

Manufacturing executives and educators from academic institutions throughout the region begin to be recruited by MAGNET for its Manufacturing Ambassador program. Seeking to connect manufacturers directly with students for the purpose of building the manufacturing workforce of tomorrow, MAGNET's Ambassadors hold plant tours, speak at schools, support student and teacher internships and promote manufacturing careers in science, engineering, production, business and technology.



APRIL

MAGNET's Global Affairs division holds the first in a series of meetings for manufacturers with international business representatives. Held throughout 2008, April's presentation is an introduction to the Hungarian marketplace which concluded with a follow-up session with April Foley, U.S. Ambassador to Hungary. Other meetings introduced manufacturers to international officials and the marketplaces of France, Croatia and Ethiopia. Global Affairs also co-sponsored a seminar for manufacturers on the European Union (EU) REACH regulations, rules which impact virtually all products and chemicals sold into the EU.

OUR PARTNERS IN ECONOMIC DEVELOPMENT



MAY

Recognizing the growing weakness of the automotive marketplace and the increasing necessity for manufacturers to take advantage of the vital importance of the medical industry in Northeast Ohio, MAGNET, in association with BioEnterprise, the economic development organization in Northeast Ohio designed to grow health care companies and commercialize bioscience technologies, co-hosts *Manufacturing for the Medical Marketplace*. Manufacturers in the region's auto supply chain are invited to hear from several area manufacturers who have successfully diversified from producing solely for the auto/truck market to also producing items for the medical industry. The event attracts 160 companies eager to hear from the manufacturers who have expanded their product lines to include parts and pieces for the medical industry.



MAGNET's May event with BioEnterprise was standing room only.

JUNE

As a provider of Manufacturing Extension Partnership (MEP) services through the U.S. Department of Commerce's National Institute of Standards and Technology (NIST), MAGNET held a meeting highlighting its services and initiatives to the manufacturers from Toledo and Northwest Ohio. Executives from 60 companies in the region, as well as area economic development agencies such as Rocket Ventures, attended the breakfast meeting held at the studios of public television station WGTE. To improve the image and awareness of MAGNET to manufacturers and opinion leaders in Northwest Ohio, MAGNET begins advertising on WGTE as well as radio station WSPD, creating *The WSPD Northwest Ohio Manufacturing Report*. This series of radio spots details the accomplishments and expertise of MAGNET's product design and development team and consulting services.



JULY

Great Lakes Manufacturing Council Meeting



MAGNET is one of the principal sponsors of The Great Lakes Manufacturing Forum, a meeting of manufacturers and public officials from the eight American states and two Canadian provinces, Quebec and Ontario, bordered by the Great Lakes. Cleveland Mayor Frank Jackson and Ohio Governor Ted Strickland were among the leaders addressing

the crowd of 275 attendees from throughout the region. Speakers addressed the increasingly important role of innovation in manufacturing, how heavy industry and the public sector can better cooperate to stress the many strengths of the Great Lakes region, and the role of the educational system in preparing the next generation of the area's workforce. The Forum receives print and broadcast media headlines throughout the Great Lakes and the two participating Canadian provinces.

AUGUST

To show manufacturers the wide range of technical assets and lab



facilities available at the region's academic institutions, MAGNET begins development of *LabLink*, a series of videos available on the MAGNET website that feature the many types of equipment and capabilities housed at the area's colleges and universities. The first video placed on the MAGNET website features footage and contact information for equipment housed at the University of Akron, such as their chromatography, spectroscopy, thermal analysis and ellipsometry machines, to name just a few. The site currently includes listings for 150 technical assets at regional universities that are available for testing needs of manufacturers.

SEPTEMBER

MAGNET sponsors its Third Annual Northern Ohio Energy Management Conference at the John S. Knight Center in Akron. With the deregulation of energy in Ohio starting on January 1, 2009, a sold-out audience of nearly 300 manufacturers heard lively debate between public and private sector officials on what deregulation will mean to both commercial and consumer customers in the state. A number of small break-out sessions were then held and allowed conference attendees to learn more about specific energy-related topics of interest such as; *Advanced Energy Efficiency and Carbon Reduction, Renewable Energy & Creating Economic Prosperity for Ohio, and Implementation of Sustainable Management Approaches to Energy.*



OCTOBER

The Global Affairs division of MAGNET continues a series of presentations for manufacturers on the basics of exporting. The meetings were held as part of MAGNET's membership initiative with the Greater Akron, Canton and Youngstown Regional Chambers of Commerce. MAGNET partners with ITAC and USEAC on these events to show manufacturers there are local and national resources available and willing to help them begin exporting their products throughout the world.

The Second Annual Competitiveness Challenge Awards



NOVEMBER

Swiger Coil LLC of Cleveland, Cres Cor of Mentor, Shearer's Foods of Brewster and Swagelok of Solon are named the winners of MAGNET's Second Annual Competitiveness Challenge competition. Upon implementation and completion, projects from the 14 companies participating in the Challenge will generate \$250 million in economic impact. In addition, 20 new products were developed and brought to market and 136 manufacturing jobs were created or retained by the participating companies. A sold-out crowd of 350 manufacturers attended a gala dinner awards ceremony at Akron's John S. Knight Center honoring the winners and competition participants. Media sponsors 89.7 WKSU public radio and *The Akron Beacon Journal* provide positive coverage of the Challenge, highlighting the accomplishments of each of the 14 participating companies.

MAGNET's Business Incubation Program continues to see strong success. During the year, approximately 40 client companies and the 20 tenant companies alone generated nearly \$6 million in revenue while attracting almost \$2 million in capital investment.

DECEMBER

With the State of Ohio's Department of Development, MAGNET co-hosted a reception for Ohio-based companies interested in meeting the 800 members of the American Wind Energy Association. The members came to Cleveland from across the country, and around the world, for a two-



The American Wind Energy Association conference.

day conference. Cleveland, and Ohio as a whole, were chosen as the site for this annual conference because of the region's growing stature in the wind industry supply chain. With a growing number of American states like Ohio requiring the use of renewable energy resources, growth in the wind energy supply chain is inevitable. Over 100 Ohio-based manufacturers networked with leading companies in the wind industry, including companies from Spain and India who have expressed interest in investing in Ohio.

By the end of 2008, the nationally-recognized and award-winning Cuyahoga County New Product Development and Entrepreneurship Loan Fund, administered by MAGNET, has loaned \$3.7 million to 87 individuals and companies who commit to manufacture their new products developed through the fund in Cuyahoga County for seven years. A total of \$18.2 million additional private dollars have been invested in these projects which have generated \$8.8 million in revenue and created or retained 124 jobs in the County. To increase awareness of the Loan Fund, MAGNET produced a video describing the program which airs on municipal cable television stations in the region. ♦

FOR FURTHER INFORMATION

If you would like additional information on the capabilities or activities of MAGNET, contact Greg Krizman, Senior Director, Marketing at:

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MAGNET Supports Manufacturing

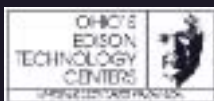


Since 1984, MAGNET, the Manufacturing Advocacy & Growth Network, has assisted thousands of manufacturers through its Edison Technology Center programs, Manufacturing Extension Partnership Services and business incubation programs.

Recently MAGNET has expanded its mission to assist manufacturers through programs that address manufacturing-related Education, Competitiveness, Innovation and Regulatory Affairs.

MAGNET is a "one-stop shop" for entrepreneurs and technology-driven manufacturers seeking resources to become or remain globally competitive.

MAGNET-AN EDISON TECHNOLOGY CENTER



MAGNET, designated by the Ohio Department of Development as one of the state's seven Edison Technology Centers, is also the Third Frontier Center of Excellence in Product Innovation.

MAGNET focuses its Edison Technology Center activities on a variety of product and process innovation and commercialization services to both established and early-stage technology based businesses.

These services include:

- ◆ New product design
- ◆ CAD/CAM
- ◆ Prototyping
- ◆ Materials selection and handling
- ◆ Quality systems
- ◆ Plant layout and design
- ◆ Biotechnology business consulting

MAGNET-A MANUFACTURING EXTENSION PARTNERSHIP (MEP) SERVICE PROVIDER

NIST MAGNET is a provider of Manufacturing Extension Partnership (MEP) services through the National Institute of Standards and Technology (NIST), an agency of the United States Department of Commerce.

MEP is a national network of specialists who understand the needs of manufacturers. In fiscal year 2008 alone, MEP helped to:

- ◆ Create or retain over 52,000 jobs
- ◆ Generate more than \$6.7 billion in sales
- ◆ Stimulate more than \$1.6 billion in economic growth

Through MEP, manufacturers can access public and private resources that enhance growth, improve productivity and expand capacity. Companies willing to invest in their future can make short-term improvements while positioning themselves to be stronger long-term competitors domestically and internationally.

For further information, visit: www.mep.nist.gov.



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