



**STAFDA MFG LIAISON COMMITTEE MEETING
WEDNESDAY, FEB. 3, 2010
RENAISSANCE HOTEL, LAS VEGAS, NV
Lynn Collins, Ajax Tool Works, Inc, Franklin
Park, Illinois**

Ajax has provided demolition tools to the automotive, industrial and construction industries since 1946. A couple of years ago, I wanted to report that we were in a recession, however, everyone said, you can't say that, the government hasn't announced the recession. Eleven months later, low and behold, the government announced we were most definitely in a recession. Now the economists have stated we are out of the recession and we are in a "Post Recession Period!"

Ajax management continues to attend industry meetings such as HTI, STAFDA, ISA and others. Current economic conditions in all of these markets remain in recessionary times. STAFDA sales and attendance was down for a second year in a row as are most industries and trade shows around the World. At the HTI convention, a major presentation was put on by several steel companies. One prominent manufacturer stated, "Get used to surcharges, they are not going away!" They stated that their prices could go up as inflation rises during 2010. The USA is competing with countries that subsidize the steel industry and compete with countries that have labor rates considerably less than USA markets. At some point, this insanity has got to stop.

Washington passed a stimulus package in Feb. 2008. Four stimulus packages later, the national debt has increased by 2.9 trillion dollars and unemployment rose to its highest levels in 26 years. We have to create manufacturing jobs and a balanced budget. Helpful ideas might be to allow workers to keep more of their income. Maybe a 50% deduction in payroll taxes, small business to deduct 100% of new equipment expenses. In this globalized economy, it would be nice for everyone to find a way for America to be the best place to invest their money and start a business. How about reducing the tax burden on small business. In Ireland, the business tax is 12.5%. In the US it is three times that and the highest in the world. The Chinese rate of tax on capital gains is zero. Housing starts are at their lowest levels in years, large construction projects are almost non existent, 401K plans are attempting to match the loss in value of your house. China is now the #1 purchaser of automobiles. Who would of ever thought this would happen.

The specialty steel that we use in our manufacturing has to be ordered 6-12 months in advance depending on the World market, our industry continues to see imports from all over the World, with a significant difference of quality. All indications are that 2010 will be a better year. Business conditions have already shown improvements. The Commerce Department reported that the economy grew at a 5.7% annual growth rate in the 4th quarter, the fastest pace since 2003. We should see production increases that are mostly related to inventory liquidations of the past several years. Forecasts during 2010 and into 2011 will be a slow comeback toward more normal conditions. Automobile

demand will increase by 25%, housing starts could jump by 50%, non residential construction will be slow as banks will be stingy. Indications are that the worst is over for industrial America. The opportunity for improvement and profitability will definitely show improvement. I'm still working on my 401K as retirement is in the future.