

# AVON BROACH & PRODUCTION CO.

Specialists In

*Broaching Tools and Production Broaching*

July 12, 2005

Avon Broach & Production Company was established in 1950 at 1089 John R Road in Avon Township, which is now Rochester Hills. The original building size was approximately 10,000 square feet. We have grown considerably in the last 55 years requiring several additions, to the now present 30,000 square foot facility.

We serve a variety of industry including automotive OEM's, tier 1, and tier 2 (50%), heavy truck and equipment manufacturers (30%), aerospace (10%), and defense (10%).

Avon is a family owned and operated business currently employing 18 people of various skill levels. From machine operators to shop floor management, skilled tool & die makers, engineers and an office manager. Currently (4) employees are long term residents of Rochester Hills. As recently as 2001, we employed 28 people. Wages and benefits range from 12.50 per hour for entry level positions and for positions requiring lower skill levels up to \$ 38.00 per hour for managers and engineers.

Sales revenue for the preceding 5 years is as follows..

- 2000 .....	: \$ 1,989,584.00
- 2001 .....	: 1,921,111.00
- 2002 .....	: 1,646,260.00
- 2003 .....	: 1,485,043.00
- 2004 .....	: 1,702,014.00
- 2005 ( estimate ) ..	: 1,500,000.00 to 1,650,000.00

Despite fluctuating sales, we have been able to maintain profitability by tightly controlling cost.

To improve productivity and remain competitive, we have purchased several pieces of equipment over the last several years. Most notably was the purchase of a Charmilles wire-EDM machine in 1997 for a cost of approximately \$ 180,000.00. We are continually looking for opportunities to purchase newer more productive equipment as it becomes available on both the new and used markets.

Beginning in 2002, we began to experience significant losses to due customer bankruptcy.

- 2002 .....	: \$ 61,101.58; Exemplar Manufacturing
- 2003 .....	: 28,267.54; American Production Machining
- 2004 .....	: 134,348.47; Ultimate Precision
- 2005 .....	: 10,100.00; Sterling Supply Company

Total : \$ 233,817.59

Despite these bankruptcies, Avon remains healthy. We are persevering to position the company to remain competitive and ensure future success in these changing times.