



A Letter from Warren Young, President & CEO

As many of you know, manufacturing capacity in the US was reduced by 5.4% over the past two and half year period from April 2008 to November 2010. Since the end of last year, it has begun to increase and is showing signs of recovery. As noted in an article in The Economist (March 12, 2011) entitled [Rustbelt Recovery](#), American factories are coming back to life. Against all odds, US manufacturing is on the upswing and has driven 18% of private job gains since December 2009.

As an industry thought leader, Acme Industries was tapped by The Economist as well as Fortune Magazine for our insights into the recovery of US manufacturing. As noted in our interview, we are experiencing an uptick in business. With orders, backlogs, and shipments up significantly in 2011, our company is fully participating in the recovery. Although we have seen increases across all of our customer industries, we are experiencing particularly strong growth in oil & gas, as well as mining equipment.

When asked by the media, “what is fueling the recovery of US manufacturing,” Acme shared that many original equipment manufacturers (OEM’s) are facing new challenges. As the world experiences economic and political change, global supply chain strategies are being negatively impacted. For instance, in China, costs are rising and there are increasing capacity constraints. And, in Mexico, there are valid concerns about the safety of workers and business visitors.

In addition, logistics from all global sources are critical and subject to interruption, and supply lead times are increasing, making matters worse if demand for material is variable. These global factors, along with competitive Lean Manufacturing practices by US manufacturers and implementation of new technology, are opening a window of opportunity for many domestic manufacturing suppliers.

In response to these growth opportunities, Acme Industries is adding new equipment and processes in order to expand the variety of parts and capabilities we provide our customers. We continue to hire additional employees to keep pace with our capacity utilization, all while maintaining our 95% on-time delivery performance rating.

Global supply chain challenges also magnify the importance of a strategic customer/supplier relationship. More than ever, customers require a supplier partner that solves problems, creates value, and positively impacts business. Acme’s focused approach and value-added deliverables surpass other suppliers’ simply machining parts and helps define our **Beyond Precision** philosophy. As the economy continues to improve and manufacturing comes back to the United States, we look forward to proving our commitment to our customers’ success.