



Accu-tec December 2007 Newsletter

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Accu-tec shall be an integral part of each customer's success

December 2007

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A message from our President & Chief Operating Officer

Accu-tec is committed to distribution, storage, and packaged manufacturing excellence. Last month I chronicled our efforts toward our investment as a Six Sigma manufactured-packaging entity. This month I want to share with you Accu-tec's directive into RFID technology. For those of you that are still unfamiliar with this early 21st Century based of consumer product management, let's "Wikipedia" the term.

Radio-frequency identification (RFID) is an automatic identification method, relying on storing and remotely retrieving data using devices called RFID tags or transponders.

An RFID tag is an object that can be applied to or incorporated into a product, animal, or person for the purpose of identification using radio waves. Some tags can be read from several meters away and beyond the line of sight of the reader.

Most RFID tags contain at least two parts. One is an integrated circuit for storing and processing information, modulating and demodulating a (RF) signal and can also be used for other specialized functions. The second is an antenna for receiving and transmitting the signal. A technology called chip-less RFID allows for discrete identification of tags without an integrated circuit, thereby allowing tags to be printed directly onto assets at lower cost than traditional tags.

Today, a significant thrust in RFID use is in enterprise supply chain management, improving the efficiency of inventory tracking and management. However, a threat is looming that the current growth and adoption in enterprise supply chain market will not be sustainable. A fair cost-sharing mechanism, rational motives and justified returns from RFID technology investments are the key ingredients to achieve long-term and sustainable RFID technology adoption.

RFID in inventory systems

An advanced automatic identification technology such as the Auto-ID system based on the Radio Frequency Identification (RFID) technology has two values for inventory systems. First, the visibility provided by this technology allows an accurate knowledge on the inventory level by eliminating the discrepancy between inventory record and physical inventory. In an academic study performed at Wal-Mart, RFID reduced Out of Stocks by 30 percent for products selling between 0.1 and 15 units a day. Second, the RFID technology can prevent or reduce the sources of errors. Benefits of using RFID include the reduction of labor costs, the simplification of business processes and the reduction of inventory inaccuracies.

RFID mandates

Wal-Mart and the United States Department of Defense have published requirements that their vendors place RFID tags on all shipments to improve supply chain management. Due to the size of these two organizations, their RFID mandates impact thousands of companies worldwide. The deadlines have been extended several times because many vendors face significant difficulties implementing RFID systems. In practice, the successful read rates currently run only 80%, due to radio wave attenuation caused by the products and packaging. In time it is expected that even small companies will be able to place RFID tags on their outbound shipments.

Since January, 2005, Wal-Mart has required its top 100 suppliers to apply RFID labels to all shipments. To meet this requirement, vendors use RFID printer/encoders to label cases and pallets that require EPC tags for Wal-Mart. These smart labels are produced by embedding RFID inlays inside the label material, and then printing bar code and other visible information on the surface of the label.

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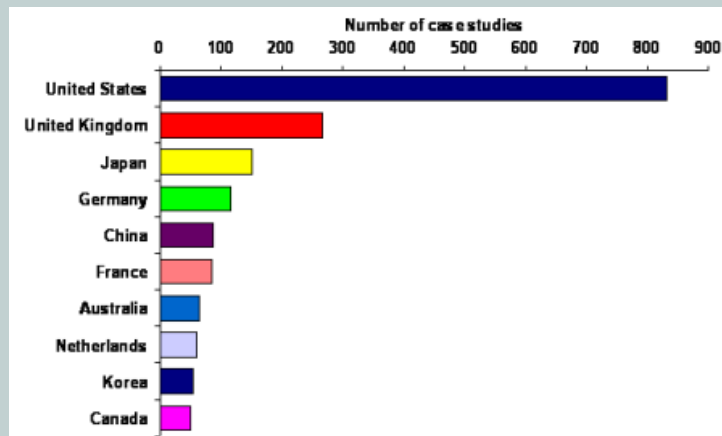
So, here we are. We know that our future will be based on embracing technology. We also know that we must be a part of the lead in our industry, rather than a follower as a "me-too", but later type of company. We, therefore, have begun investing our resources toward supplying, encoding, and providing RFID in our next fiscal year 2008. Wal-Mart has definitely made an impact. Accu-tec has had the distinct privilege, through its customer base, of supplying products directly to Wal-Mart/Sam's Club distribution centers throughout North America. It is apparent that progress will mean moving forward in this direction.

The future will develop standards for everything from passports, driver's licenses, animal control, credit card anti-fraud strategies, license plates, to just about every durable and non-durable good that can be created. Have you been through Illinois? How do you think the EZ-Pass system works? I have a 2008 car that uses an RFID chip to allow me to open, start, and use all the accessories within the car, without the use of a conventional key. It knows who I am and adjusts all my personal preference settings. When I walk away, the car is totally disabled! Look out UPC/EAN bar-codes. The digital world is now taking over (at least for the moment).



Bio-compatible RFID ink can be used to tattoo cattle and can be read through animal hair. This is a passive RFID technology that contains no metals; the tattoos themselves can be colored or invisible.

Number of case studies in the IDTechEx RFID Knowledgebase for the top ten of 85 countries.



Accu-tec is making this investment to be the very best it can be. Our aspirations are to be a significant global player within the next five years. This is one of the many steps we shall walk toward making us the best in our industry. Contact me and I can tell you more.

Stephen J. Homola
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Accu-tec de Mexico

Accu-tec is expanding its business development to Mexico. We have been investigating this exciting prospect since July and have come into a joint business relationship with *Grupo Soldevila/Aromak s.a. de cv.*

During the week of November 12th, I, along with Jorge' Soldevila, Cecilia Madrigal de Antuna, and our Director of Latin America Operations (Sr. Paul Holsen) met with potential customers. The response was exceptional and the timing appears to be optimum.

We are engaging the business for Mexico to be a single-source manufacturer/supplier/packager and distribution outlet. We would handle raw product through end distribution points of marketing and consumer purchase.

We are currently looking at the economics of site location within Mexico and have narrowed three points of facility positioning. They are Lerma, Toluca, and Queretaro, Mexico. Grupo Soldevila/Aromak is already positioned in the heart of Mexico City. It is my desire to locate a suitable site by year-end and begin contracting business for operational delivery by April 1, 2008.

Accu-tec is already connected with some of its services in Mexico as an importer with redistribution in the United States. The natural evolution is to take our experience and fulfill a complete cycle of service that can be utilized throughout Latin America. Also, our manufacturing and distribution services experience make this a natural for company diversification.

I will keep you apprised as development progresses through upcoming Newsletters and of course our web-site..... www.accu-tec.com

WE AT ACCU-TEC WISH EACH OF YOU, YOUR FAMILIES, AND WORKERS THE VERY BEST THAT THIS HOLIDAY SEASON HAS TO OFFER. WE THANK YOU FOR ALLOWING US TO BE AN INTEGRAL PART OF YOUR SUCCESS!

Feliz Navidad, Feliz Año Nuevo, y Mucho Gracias!

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ANNOUNCEMENT

With my recent promotion from Director of Operations for the Louisville facility to Vice President/General Manager of Accu-tec, we have been working to fill my former job duties. In the process we have made the following changes.

Susan Browning is moving from Customer Service/Quality Manager to the new Plant Manager position at the Louisville facility. Susan has been with Accu-tec for 11 years and she was deeply involved in customer service, production scheduling, and quality control and has also served as the Assistant Plant Manager for the former College Park facility.

Larry Leopold our Production Engineer will be handling the duties as the Quality Assurance Manager. Larry has been with Accu-tec for 5 years and has been involved in the costing and production efficiencies.

Gary Klass is moving from handling the Purchasing and Inventory Control into the new Customer Service / Production Scheduler. Gary has been with Accu-tec for 11 years and has worked out of several offices. He has also worked several different positions for Accu-tec from production to the office he also has customer service experience from a previous job.

Danny Williams will be moving from the Logistics Manager to the Purchasing and Materials Manager. Danny has been with Accu-tec for 3 years. Danny has been involved with Accu-tec in the Warehousing, IT, and Inventory control departments during his 3 years as an Accu-tec employee.

Charles (Rusty) Green will be the Warehouse Manager for the Louisville facility taking over the job duties of Danny Williams. He has been with Accu-tec for 3 years and worked in production and the shipping and receiving departments in that time.

We are making these transitional changes the first of December and hoping to have the transition complete by January 1st of 2008. Please join us and congratulate these dedicated individuals for their past "well done" contributions and well wishes as we continue to evolve Accu-tec as an integral part of each customer's success!

Roy Kraemer

Vice President/General Manager

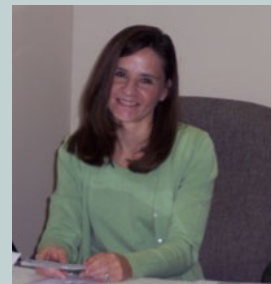


It's Never too Early to Start Saving for Retirement

December is Open Enrollment month for eligible employees who wish to participate in Accu-tec's 401(k) plan. Employees are eligible to participate in the plan if they have at least a year of service with the company. For those employees who are currently participating in the plan, now is the time to make any changes to the plan, including investment changes or increasing the amount you are contributing to the plan. Participating in the company 401(k) plan not only allows you to save for retirement, the contributions to the plan are tax-deferred. Plus, the company matches 40% of the first 5% that you elect to contribute to the plan.

Below is an article from the September, 2007 issue of the AAI Journal from the *American Association of Individual Investors*. The article highlights the importance of saving for retirement and dispels many common misconceptions people may have regarding retirement.

Please see me any time during the month of December for more information regarding new enrollments or any changes you wish to make to the plan.



Tina Mann

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The 10 Myths of Retirement Planning

Retirement planning requires a clear-eyed analysis of future needs and income. Yet many individuals view retirement through rose-colored glasses.

Here are some of the most common myths and how you can bring reality into focus.

Myth #1: You will not need as much money during retirement as you do now.

The general rule of thumb says that you will need approximately 70% of your pre-retirement income in order to maintain a lifestyle similar to that which you currently have. This may be true if you live your current lifestyle. However, when you retire, you will have more free time for travel, leisure activities, hobbies, and other things you might like to do during your retirement years.

In addition, medical expenses will increase at a faster rate than they likely did during pre-retirement years.

Also, your overall tax rate may not drop very much.

Myth #2: My retirement years won't last all that long.

The fact is, today individuals in their 50s and 60s are generally healthier than previous generations. Currently, if you are age 65 your life expectancy is approximately 21 years, which is a long time to plan for. And you may live longer than you think. A "life expectancy" of 21 years means you have a 50% chance of dying by year 21—and a 50% chance of living longer.

Myth #3: You can afford to start planning for your retirement a few years before your retirement date.

In fact, it is never too soon to begin planning for your retirement. Time is one of the most powerful tools in the accumulation of wealth. The sooner you start to accumulate assets and plan for your retirement years, the better—the less you will need to set aside each year in order to achieve the same objective.

In order to achieve your various financial objectives, you need to have an active savings and investment program. This should be geared not only for your retirement years but also for the large obligations you believe will be coming up in the future such as college funding, weddings, etc. You should start to discuss and set specific goals for your financial independence at least 25 years ahead of time.

Myth 4: Social Security will provide enough income for my retirement years.

The fact is that Social Security accounts for approximately 38% of the average retiree's income. Although increases in benefits have occurred and may continue to occur, it is likely they may become less generous than they have in the past.

In addition, the age that you must reach in order to receive full retirement benefits is increasing over the next few years. Thus, it is becoming ever more important for you to accumulate your own funds in addition to whatever the government programs can provide. Social Security should be considered a supplemental benefit to your retirement financial planning and not the foundation on which it should be built.

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Myth #5: I have my pension plan to provide for my retirement income and will not need additional savings.

The truth is that without planning well in advance, it will be difficult to tell whether your pension, combined with Social Security, will or will not achieve your financial objectives.

If you are at a company that offers a defined-benefit plan, your retirement benefit will be a monthly income stream based on some percentage of your salary during the last few years of your employment as the firm and the number of years you worked there. However, most employees do not stay with one employer for a long period of time and are unable to accumulate much in earned benefits. In addition, many employers have replaced defined-benefit plans with 401(k) plans, allowing employees more say in the management of these funds.

It will be increasingly important for you to make the proper investment decisions if you are to achieve the accumulation level you need in order to live the lifestyle you would like during your retirement years.

Myth #6: Medicare will take care of my health insurance.

Typically, Medicare pays less than half of a retiree's medical bills, and you usually cannot start collecting this until age 65. In addition, many employers are cutting back on medical coverage for retirees due to the cost. You will need to look at and plan for the costs involved for your health insurance during the retirement years and consider Medicare supplements and possibly long-term care insurance coverage. These are costs that many current workers never had, or incurred minimally, during their working years but which will be a major part of their annual budget in retirement.

Myth #7: All of my assets are in safe vehicles for long-term accumulation and do not need to be watched closely.

The fact is that all investments need to be watched. And that is true whether you are invested in more volatile but lower-returning fixed-income investments. The loss of purchasing power can be a devastating risk to deal with because it happens gradually over a long period of time and many times goes unnoticed year to year. The only thing you know is that things seem to get a little bit tighter each year, but you still try to make it. By the time you realize you need to make major adjustments, it is almost too late.

Myth #8: I can always use the equity in my home to add to my retirement income.

While it is possible that this could occur, it is unlikely that this will add much to your retirement income, especially without making you extremely uncomfortable. Some areas of the country have seen price drops in homes at various time periods. In addition, other costs to maintain your home such as property taxes, repair costs, etc., will tend to increase. If you use your home to supplement your retirement income, remember to take advantage of all the tax breaks available to you, especially when downsizing.

Myth #9: If need be, my family can always help me out.

The fact is that many people use this as an excuse for delaying retirement planning. But, in reality, no one wants to rely on other family members to help them financially fund their retirement years. In anything, these are the years when you want true financial independence and do not want to feel as if you are a burden to your family.

Myth #10: Money is everything when it comes to retirement planning.

Nothing could be further from the truth! While money is important, it is the lifestyle decisions that are really the most important concerns for your retirement years. Money is important in that it is needed in order to finance the lifestyle decisions you make. For that reason, it is important to plan as early as possible for funding the lifestyle you would like to lead.



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ACCU-TEC PERSONNEL NOTES

December Birthdays

Brandon Peters 12/02

James Flemming 12/04

Shawn McIntyre 12/04

Kirandeep Dhani 12/12

Valencia Jones 12/16

Mercy Opoku 12/16

Christine Desnoyers 12/18

Ron Kepley 12/23

Art Frye 12/25

November Anniversaries:

Mandeep Sidhu 7 years

Jeet Brar 1 year

Surjit Kainth 1 year

Matilda Oduro 1 year

Rafika Sadek 1 year

Happy Holidays What's under OUR Christmas Tree?



Christmas is a time for giving, and giving is the act of generosity. It nourishes love in our relationships and builds the human spirit. Research shows that people who give without expectation and who do not feel diminished by the act of giving are the most psychologically healthy in our society today.

Giving is an expression of our love. We give in many ways with our supportive words, our listening, attention and giving of our time and of course through material giving too. Giving materially, emotionally and physically is the glue that holds people together and is a way to renew our love for one another, create lasting cherished memories, deepen relationships and create psychological health and happiness for ourselves!

We wish to extend warm Holiday wishes to all our customers, employees and their families.



Susan Browning