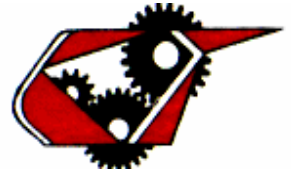


COMTEC MFG., INC.



DESIGNERS AND MANUFACTURERS OF POWDERED METAL COMPONENTS

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QUARTERLY NEWSLETTER

To Our Market:

June 30, 2009

These days the first item of interest is our country's depressed economy, and, although it is a global problem we feel the pain close to home. It is clearly evident just how delicate our trade system works and how a series of wrong or right decisions determine failure or success. There is no apparent logic in blaming one group of politicians over another, or, one presidential administration over another since these decisions were made by all who represent us in government at both the state and federal levels. Pushing forward, what we can expect in these times is our own success or failure determined by our right or wrong decisions. While many of our customers, competitors, and subcontractors struggle to survive through bankruptcy proceedings we at Comtec are confident to remain solvent through these times largely due to the decisions we make that reflect our optimistic approach to our business environment.

We would like to share several operating statistics with you since the beginning of 2009. Since the last quarter of 2008 we have laid off 34% of our hourly production workforce, and none of our salary personnel, with no cutbacks in compensation. Not bad considering our sales dollar volume dropped by 50% in 2009. As of May, 2009 our standard work week one third of the time consisted of a 5 day production activity week, with two thirds of the time consisting of a 3 day production activity week. Our sales dollar volume for May was only off by 21%, and our production activity weeks for June was 5 days per week.

"Hats off" to our sales department (reps too) for generating an average of 12 new job quotes per week, with a total of 22 new tooling order activity from 8 new customers so far for 2009, again, not bad for an economy that has largely been inactive for this year. We continue to solicit sales representation in territories that are uncovered, or sales territories that require additional coverage. We are committed to the full implementation of the "Sales & Marketing Plan" established for 2009 with a focus on developing prospects through databases, trade shows, web site enhancements, territory development, training, advertisement, and field support of sales and engineering activities.

We are confident that once economic conditions improve our production output will rebound to new records which will warrant our existing building & equipment expansion plans that will double our size. These plans are finalized with state and local government approvals, all we need to maintain is our optimistic outlook.

Showcase “Part of the Quarter”



Part Name: “Tread Head Insert”

Part Use: Automotive seat belt retractor system

Alloy: Pre-alloyed nickel-moly steel

Quantity: 208,000 pcs. month

Part Cost: Inquire at www.comtecmfg.com and ask for “showcase” part costs

Tool Cost: Inquire at www.comtecmfg.com and ask for “showcase” part costs

Part Specifics:

Geometry of this part requires multi-action top and bottom tool movement to evenly split density requirements throughout the different levels of the part which is a 7.35 gr./cc finished density. Tooling consists of two upper punches on independent levels, a bridged die, three split bottom punches on one level, and one bottom punch on a secondary level.

Part is handled with robotics throughout the molding process due to it’s complex shape and delicate nature.

This part replaces a “fine blanked” part that required a secondary operation to form radii on the three “leg” sections which could not be achieved in the fine blanking process.

Results are a lower cost part without sacrificing part integrity.

Notes:

Next quarterly newsletter will come out September 30, 2009. Until then, if you have questions on content or need design assistance please contact us at www.comtecmfg.com.