

## THE WORD

It has been one year since we embarked on the new strategic direction for our company and I am proud to say that now, in 2012, we are definitely a stronger, more vital organization.

Essex has always been a company that believed in reinvesting profits to grow the business, but this past year that commitment was more visible than ever. It could be seen in our facilities, in the implementation of new technologies and especially in our organization. We have purposefully strengthened our engineering staff, expanded our sales team, increased our customer support group and added a marketing department.

We recognized that this level of investment was needed to meet the aggressive sales goals that we have targeted. Over the past twelve months, we have followed our plan and the plan is working. Even with the capital investments made over the past year and an 8% increase in the number of employees, we are achieving solid growth in the face of a tough economy. This success has reinforced our belief in the strategy and confirmed that our best plan of action going forward is to stay the course and remain strong in our direction.

This year was not without challenges, however. It was not an easy task to merge five very different and separate entities (Cryogenics, Manufacturing, PB&R, TRG and Fluid Controls) into a cohesive organization, focused on selling by market, not product. Yet we succeeded in successfully establishing ourselves as one company, Essex Industries. Our transformation is visible both internally and externally, as we present ourselves in a manner that reflects who we really are—a modern, professional organization, known worldwide for engineered solutions, quality products and the highest level of customer service.

The benefits associated with this have already become apparent. When presented with an opportunity from the CDC to submit a proposal on the development of a new SCSR, we could draw on our experience and our abilities throughout

the organization as one company in the response. This broader scope allowed us to build a stronger case and ultimately win the award.

As we close the books on year one of our ten-year plan, we know that next year will present even more challenges. We have set a very aggressive sales goal that will take great effort throughout the organization to achieve. We are counting on strong organic growth in our four major markets, developed by our new sales people who are now settling into their roles and learning the business.

We are also expecting growth in 2013 to come through acquisitions. To facilitate this part of our strategy, we recently hired an outside firm that will provide advice, research and negotiation assistance.

As we look forward to 2013 and the years beyond, we see ourselves becoming a larger, more diverse organization. But even while we grow as a company, we recognize the importance of maintaining our culture. As a privately-owned, family business, we never want to lose the regular interaction with our employees and the strong connection with our customers. That personal touch has been the foundation of our business since 1947 and is what truly sets Essex Industries apart from our competition.

*Mickey Waldman*

President



**"We have followed our plan and the plan is working."**

MICKEY WALDMAN

# JAPANESE MINISTRY OF DEFENSE SELECTS ESSEX EQUIPMENT

On March 11, 2011, the most powerful earthquake ever known to hit Japan occurred off their Pacific coast. With a magnitude of 9.0, the earthquake triggered massive tsunami waves which travelled inland, causing meltdowns at three nuclear reactors.

The aftermath of the earthquake and tsunami created a humanitarian crisis of epic proportion—a reported 15,867 dead, 6,109 injured and 2,909 missing. Over 340,000 people were displaced from their homes and the area suffered shortages of food, water, shelter, medicine and fuel.

In response, the Japanese Ministry of Defense (JMOD) mobilized their Self Defense Forces (JSDF) to search for and aid survivors. In their medical relief efforts, they experienced a series of problems in locating and deploying oxygen in the field to the victims. The JSDF teams knew they needed ways to be more effective and efficient first responders in the event of future disasters.

Mr. Daiki Yamaguchi, Account Manager at

NASAM, has a strong relationship with JMOD, having been a member of the Japanese Air Force for ten years. Located in San Francisco, NASAM is the exclusive distributor for Essex platform controls and life support equipment to Japan.

When the earthquake occurred, Daiki was actually on the 11th floor of the JMOD building in

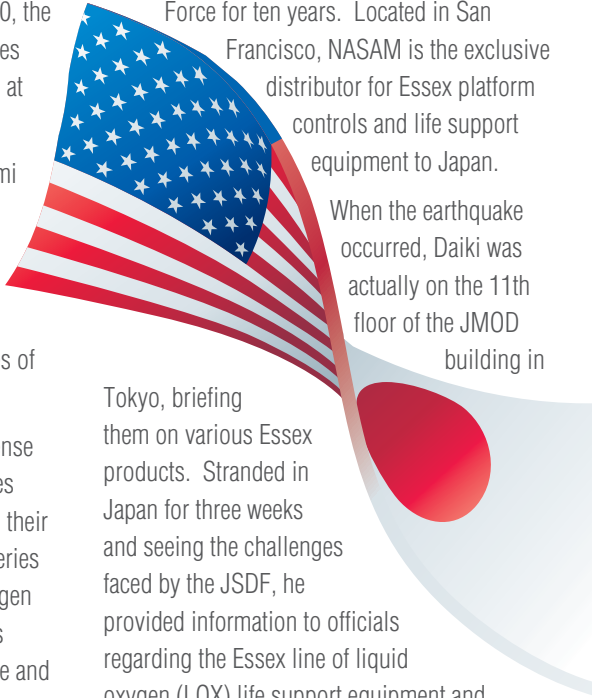
Tokyo, briefing them on various Essex products. Stranded in Japan for three weeks and seeing the challenges faced by the JSDF, he provided information to officials regarding the Essex line of liquid oxygen (LOX) life support equipment and how it could improve their rescue operations.

In October of last year, Daiki arranged a meeting

in Japan for Essex team members to brief and demonstrate our LOX equipment to over 100 key members of the JSDF. Impressed by the technology and the capability of these devices, JMOD placed an initial order for three Essex systems.

The JMOD selected our Backpack Medical Oxygen System (BMOS) device to support their fleet of air ambulances. BMOS Filling Stations were also purchased to provide a portable means of quickly filling/refilling the BMOS on location. The Essex OGL's were chosen to provide the capability for producing large quantities of LOX in remote locations.

The JMOD purchase agreement with Nasam extends through 2015 and the opportunity exists for Essex to supply them with other products. Currently, they are evaluating the NPTLOX for service on their aero-medical evacuation platforms, in the same manner as the United States Air Force.



## FOUR MARKETS, FOUR BROCHURES

Essex now offers literature on all four market segments with the introduction of the Safety and Medical brochures.

Fire-safe valve assemblies and actuators, along with emergency breathing equipment for industrial applications, are featured in the new **Safety brochure**. The **Medical brochure** highlights our capabilities with a variety of regulators as well as our custom design services.

These brochures can be found in both English and Spanish on [essexindustries.com](http://essexindustries.com) in the Document Center. You can request copies through the Contact Us form or by emailing us at [info@essexind.com](mailto:info@essexind.com).

## PRODUCTION MOVES >>>> ABOVE GROUND

The production operation for fire-safe valve assemblies and actuators has been relocated from the basement at Gravois to the Carr Lane Court facility. These products form the basis of our Safety market offering and the new location provides room for expansion as our sales efforts in this area increase.

*Left to right: Zach Herminghaus, Dave Etter and Kyle Schmitz.*



## VISIT ESSEX AT THESE UPCOMING SHOWS:

<b>October 9-14</b>	<b>Japan International Aerospace Exhibition</b>	<b>Nagoya, Japan</b>	<b>NASCO Booth #3C-10 Missouri Booth #3F-26</b>
<b>October 22-24</b>	<b>The 50th Annual SAFE Symposium</b>	<b>Reno, NV</b>	<b>Booth #300 &amp; #302</b>
<b>October 23-25</b>	<b>Fire Shows Reno Conference &amp; Expo</b>	<b>Reno, NV</b>	<b>Booth #606</b>
<b>October 26-Nov. 1</b>	<b>Emergency Management &amp; Homeland Security Expo (EMEX)</b>	<b>Orlando, FL</b>	<b>Attending</b>
<b>October 29-Nov. 2</b>	<b>C-130 Technical Coordination Group Worldwide Review</b>	<b>Orlando, FL</b>	<b>Booth #314</b>
<b>October 30-Nov. 1</b>	<b>National Business Aviation Association (NBAA) Meeting</b>	<b>Orlando, FL</b>	<b>Booth #4314</b>
<b>November 1-4</b>	<b>Airlift Tanker Association Conference (ATA)</b>	<b>Anaheim, CA</b>	<b>Booth TBD</b>
<b>November 12-15</b>	<b>F-15 Technical Coordination Group Worldwide Review</b>	<b>Orlando, FL</b>	<b>Booth #203</b>
<b>November 13-15</b>	<b>Industrial Fire Safety &amp; Security Conference &amp; Expo</b>	<b>New Orleans, LA</b>	<b>Attending</b>
<b>December 3-7</b>	<b>American Geophysical Union (AGU) Fall Meeting</b>	<b>San Francisco, CA</b>	<b>Booth #437</b>
<b>December 15-18</b>	<b>Special Operations Medical Association (SOMA) Conference</b>	<b>Tampa Bay, FL</b>	<b>Booth #410</b>

## NOTEWORTHY VISITORS

The Essex team at the Farnborough International Air Show was honored with two special visitors to their booth.

The current Secretary of the United States Air Force, Mr. Michael Donley, came by and reviewed the range of products we provide for USAF applications.

In addition, Essex was chosen as a stop on the Ambassador's Tour of the U.S. International Pavilion, which provided the unique opportunity to meet with Louis Susman, the United States Ambassador to the United Kingdom. Mr. Susman has a St. Louis connection, having earned his law degree from Washington University.

## ESSEX RECEIVES MAJOR CDC CONTRACT AWARD

Essex Industries recently was awarded the contract from the Center for Disease Control and Prevention (CDC) for the Development of Components for Breathing Escape Apparatus.

This opportunity came as a result of an identified need by the Office of Mine Safety and Health Research for improvements to the current SCSRs (Self-Contained Self-Rescuers) used in the mining industry.

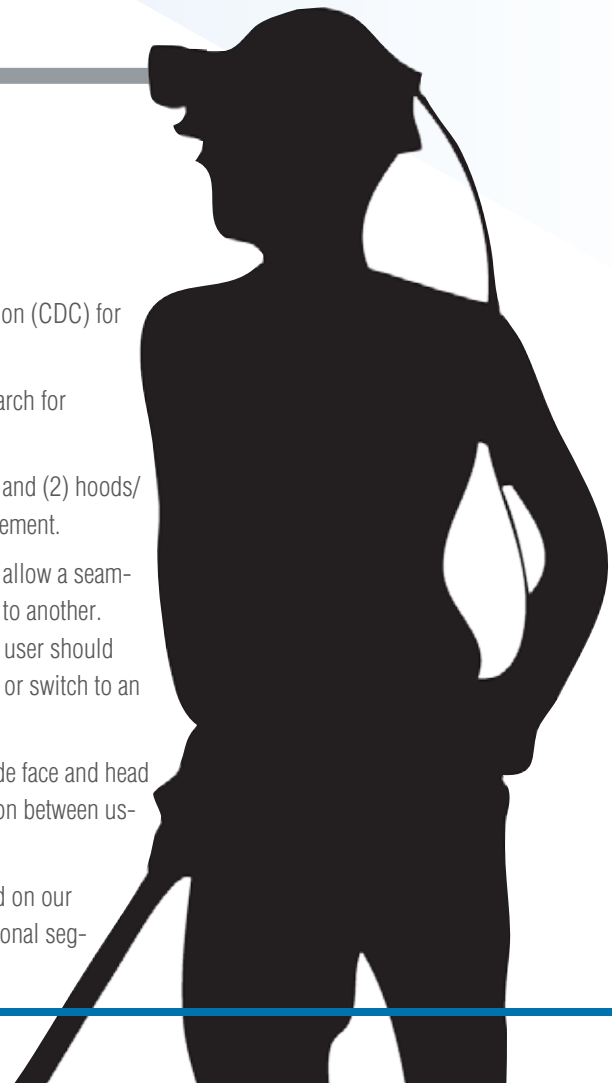
Our product development will focus on two major components: (1) docking and switch-over valves and (2) hoods/masks with a passive communications element.



The docking and switch-over valve must allow a seamless changeover from one escape device to another. While still breathing from the first unit, a user should be able to connect and start a new SCSR or switch to an SCBA.

The new hood/mask design has to provide face and head protection as well as allow communication between users in an emergency situation.

This opportunity will allow Essex to build on our experience with products such as the PBE and VRU+ to reach new customers and expand into additional segments of the Safety market.



# SPECIAL RECOGNITION

## OUR FACILITIES

The Essex **Sunnen facility** received the top level Nadcap (National Aerospace and Defense Contractors Accreditation Program) merit certification in their 2012 audit. The scope of this four day recertification covered Chemical Processing and as a result of their performance, the facility earned a 24 month interval between audits.

The Defense Logistics Agency (DLA) Land and Maritime awarded the **Chivvis facility** with their Recognition for Excellence Award at the Gold Level for 2011. To achieve this distinction, a vendor must demonstrate exemplary contract performance with a perfect score of 100 in their rating system for on-time delivery and quality.



*Vicki Pettus, Manager of Customer Care/ Contract Admin., holds the DLA Award. In the background, an Oxygen Generator and Liquifier is tested by Scott Rall and Gary Schreckenber.*

## OUR EMPLOYEES

Four Essex employees, **Lanny Diedrich, John Eberhardt, Ray Kurczynski and Teresa Oliver**, earned the Association for Operations Management, Certified in Production and Inventory Management (APICS CPIM) designation. To obtain their certification, these individuals completed five training modules over the course of one year and passed a series of exams covering topics such as resource planning, supply chain management, production management and strategic planning.



*Terry Etter, Chief Operating Officer, presents Teresa Oliver, Master Scheduler & Planner, with her APICS CPIM certificate.*

## NEW TEAM MEMBERS

### > SALES

**ERIC CRAWFORD**, *Business Segment Manager, Aircraft Components & Platform Controls*

**BARRY HOEHN**, *Program Manager*

**DAN MCGOVERN**, *Business Segment Manager, Life Support Systems*

**SCOTT WILLIAMS**, *Business Segment Manager, Emergency Breathing Equipment*

### > BUSINESS DEVELOPMENT

**CHAD LEFTWICH**, *Manager of Acquisitions and Market Research*

## NEW ROLES

### > ENGINEERING

**KELLEY POSEY**, *Manager of Sustaining Engineering, Aircraft Components, First Response, Safety & Medical*

**ALLAN BONE**, *Manager of Sustaining Engineering, Aircraft Components & Platform Controls*

## ED WILKE RETIRES



*Keith Guller, Ed Wilke and Mickey Waldman.*

A celebration was held July 29 at the Sunnen facility to honor Ed Wilke as he retired from Essex Industries. Ed joined the company in 2001 and brought with him a wealth of experience from previous positions with McDonnell Douglas, Boeing and Emerson Electric.

As Program Manager for Platform Controls and Aircraft Components, Ed played a major role in establishing and maintaining a good working relationship between Essex and Boeing. His efforts helped the company secure projects such as the ATFLIR Panels and Trays, the T-45 Flap Control Quadrant and the Boresight Reference Unit.

We, at Essex, want to extend our appreciation to Ed for his years of dedicated service and we wish him all the best in the years to come.

# FLYING HIGH WITH LIQUID OXYGEN

In 1963, Essex Industries entered the cryogenics market with a line of liquid oxygen (LOX) converters designed to provide oxygen gas to aircrews of military fighter/transport aircraft.

Aircraft operating at high altitudes (above 12,000 feet) create circumstances where a supply of oxygen is needed on board to protect the crew from the dangerous effects of hypoxia. Hypoxia can occur when a person is deprived of an adequate supply of oxygen, with symptoms ranging from headaches to fatigue to total lack of consciousness.

Liquid oxygen systems provide several advantages over gaseous systems in these applications. Liquid oxygen increases in volume 860 times as it converts from a liquid to a gas. That means a smaller amount of LOX will produce a large volume of gas, eliminating heavy gas storage cylinders and saving both weight and space on the aircraft. Comparing liquid and gaseous oxygen systems, a relatively compact LOX system can meet the oxygen requirements of an aircrew for a longer period of time than a gaseous system of equal size and weight. This can be a significant safety factor on extended flights, especially those flown over bodies of water. Moreover, LOX converters are

low pressure systems, under 100 psi, which increases their safety factor.

Essex LOX systems provide key design features. They are lightweight, with small footprints and low operating pressures. Power is only needed to monitor the oxygen level—no power is required to operate the system. Essex LOX systems deliver increased oxygen capacity for improved duration, with unmatched safety and reliability.

Today, Essex is a leader in liquid

oxygen life support equipment, having delivered over 80,000 new LOX systems for military/commercial applications. In addition, thousands of LOX converters are sent to our Chivvis facility every year for routine maintenance, repair and overhaul to keep them in top operating condition.

Building on nearly 50 years of experience, Essex continues to move forward in the design and development of liquid oxygen life support systems—investigating new technologies,

increasing capacity rates and improving features for converters and means of distributing life-saving oxygen to aircrew throughout the world.

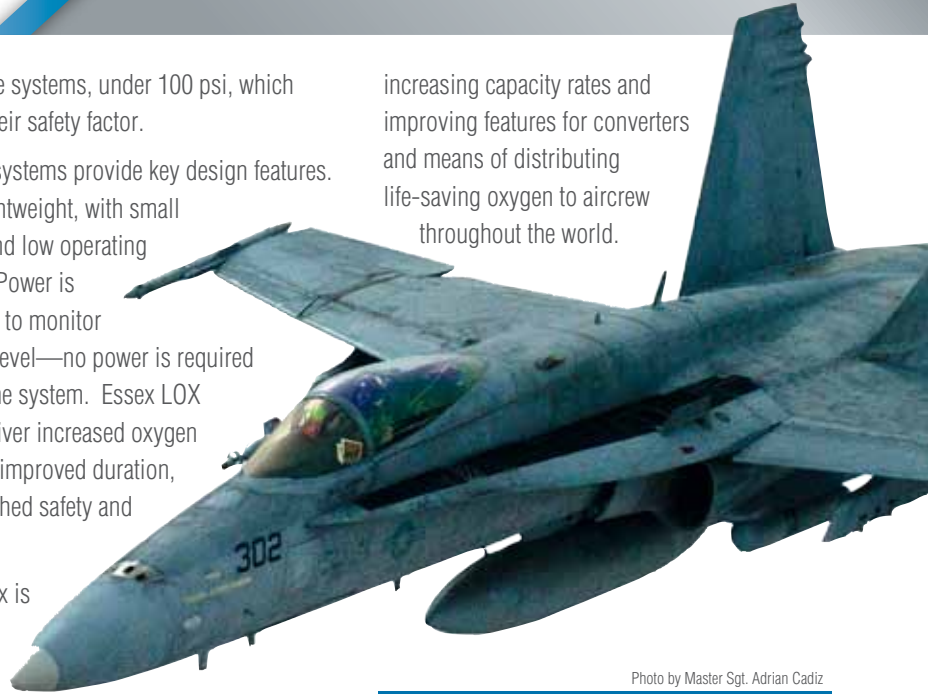


Photo by Master Sgt. Adrian Cadiz

## Flying with Essex 5-15 Liter Systems

A-10 Thunderbolt, F-4 Phantom, F-14 Tomcat, F-15 Eagle, T-38, A-6 Intruder, EA-6B Prowler, E-2C Hawkeye, F-5, T-2, A-7, F-111 Aardvark, F-16 Fighting Falcon, S3 Viking, F-117 Nighthawk, F-18 Hornet

## Flying with Essex 25-75 Liter Systems

C-130 Hercules, C-141 Cargo, HC-130, AWACS, B-52 Bomber, C-5 Galaxy, C-17 Globemaster

## SX PERFORMANCE LINE SOLD

Essex Industries completed the sale of their automotive fuel systems line, SX Performance, to Edelbrock LLC, located in Torrance, California. This strategic move allows Essex to focus resources on their core markets: Aerospace and Defense, First Response, Safety and Medical. In turn, SX Performance is well aligned with Edelbrock's main business of performance automotive products.

Edelbrock was founded in 1938 by Vic Edelbrock Sr. as an aluminum intake manifold company and has been in the forefront of performance automotive industry ever since. Their operation spans six facilities throughout southern California, totaling more than 500,000 sq. ft. Edelbrock's core products include carburetor, fuel injection systems and components, cast aluminum engine components and accessories, forced induction systems, nitrous components and Russell fluid transfer products. We are confident that Edelbrock's manufacturing and engineering expertise will enable them to produce the same high quality fuel pumps and fuel pressure regulators that customers received from Essex.





## EXCERPTS

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## GREAT FIRST IMPRESSION

Visitors to our newly renovated headquarters at 7700 Gravois are greeted by a graphics display showcasing our major market segments. Employees moved back to this location July 25.



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