

THE WORD

My father, Harold Guller, used to stop and look at a plane flying overhead and say how proud he was to be a part of the aerospace industry. Today we still look up and take pride in all things aerospace, but we also look around us and see the role our products play in saving lives in other markets. Our technology extends to protecting patients, first responders, factory workers, military personnel and disaster victims. This sense of purpose and wider focus was the basis of the strategic direction we implemented one year ago at Essex Industries.

As we reflect on 2012, we take stock of where we are now as a company. We have expanded our organization by 43 people and realigned departments. We sell to four major markets: Aerospace & Defense, including platform controls, life support, ground support and aircraft components; First Response; Medical and Safety. Our organization, while built on family values and traditions, is modern in its thinking, looking beyond and over "Fiscal Cliffs". We will not be sequestered. We are determined to leap tall buildings and react faster than a speeding bullet for our customers. We are a dedicated, family workforce where everyone, old and new, carries on the values and culture Harold and Sidney Guller originated 65 years ago.

Looking out at the horizon of 2013, I see the wide range of opportunities that are before us as a company. These are exciting times, but they are very uncertain times as well.

We are sitting on top of enormous growth potential, but we aren't really seated—we are pedaling as fast as we can. Most of us have grown up in this business, but each day we learn something new as we collaborate with

others in the organization in order to meet our customers' needs. Sales Summits, Engineering Product Development meetings and cross-functional teams improve our operational efficiencies. New technologies for information and accounting services expand our capabilities and improved communications from marketing help get the word out.

Some days it seems like it is all we can do to keep up with our everyday tasks and yet we make time to improve ourselves by learning through roundtables, APICS classes, personal improvement and professional development courses. The leadership team at Essex recognizes the importance of this in our roles, as well. An Advisory Board has been selected to garner external perspectives of our processes and performance. Organizational leadership training will be conducted next year and a consulting firm has been retained to assist in the development of a succession plan so that Essex continues as a family business through future generations.

There's a lot going on. We are a strong Essex family and I am most appreciative of everyone's shared commitments. Our family is just like any other. We have differences, but we are bonded by our family fortitude to persevere and succeed. The products we provide help save lives every day in the markets that we serve. That purpose unites and motivates us.

I am very proud of what we do at Essex as individuals, working together as one team to achieve greatness.



I hope you all feel the same for what we have done and who we do this for: our country, our fellow men and for the safety and security of our families.

Happy Holidays to everyone and a healthy New Year.

A handwritten signature in blue ink, appearing to read "K. Bell". The signature is fluid and cursive.

Chief Executive Officer



FIVE STEPS TO IMPROVEMENT



Manufacturing, Engineering and Quality teams at Essex have joined together to implement a 5S program at the Sunnen Drive facility. 5S is a key component to

establishing a Visual Workplace, which is a basis for Kaizen, or continuous improvement, in lean manufacturing.

A 5S program focuses on having visible order, organization, cleanliness and standardization. The five steps in the program are translated from the Japanese to all begin with the letter “S”—Sort, Set in Order, Shine, Standardize and Sustain.

At the Sunnen facility, Sort was accomplished by using catalogued bins to contain all components needed to build products. How-to diagrams on the manufacturing floor help to identify the various items and binders are located in

close proximity to the bins with reference material.

Set in Order deals with systemizing and straightening work areas. Current progress includes shadowed tools that line each workstation and tool cut-outs in drawers. These ensure that assemblers will know at a glance if they have the right tools needed for the job. Doing this also puts the most frequently used tools close at hand and available for immediate retrieval.



At the end of each shift or product build, workers return all items to their appropriate places, clearing their stations so that they Shine.

Standardize is when the sorting,

systemizing and cleaning become habit. Work practices are consistent so that employees performing the same job can do so at any of the stations set up for that function.



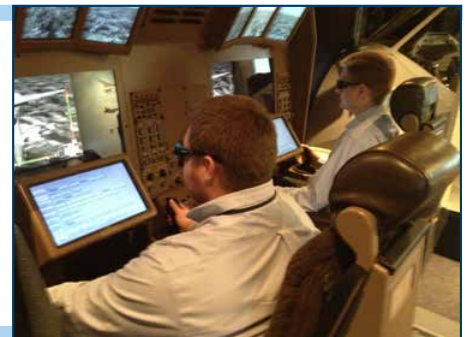
The final step is Sustain. Maintaining focus and not falling back into old behaviors is essential to capitalize on the benefits of continuous improvement.

“Employees are creating a system of organization with ‘infinite adjustability’ that will in turn, reduce costs, shorten cycle times and improve our overall process efficiency” according to Angelo Bendoff, Operations Manager at the Sunnen facility.

A HANDS-ON EXPERIENCE

The Boeing Company invited Essex personnel to a recent briefing on their KC-46A Refueling Tanker demonstrator. Essex manufactures the boom operator control grip assemblies that are used to both guide the receiver aircraft into position as well as fly the refueling boom probe into the receiver’s receptacle.

Pictured are Mike Hill, Director of New Product Development and Charles Culp, Product Design & Development Engineer, “flying” a simulated mission to top off a B-1B bomber. Robert Geisz, VP of Sales & Business Development, was also in attendance.



FASTER THAN THE SPEED OF SOUND

On October 14, 2012, Felix Baumgartner jumped to Earth from a balloon 24 miles above New Mexico and made history. The 43 year-old Austrian became the first skydiver to break the sound barrier, reaching a maximum velocity of 834 mph (Mach 1.24) and setting records for highest balloon ascent, highest parachute jump and fastest speed by a human through the atmosphere.



As he rose to record heights in the stratosphere for his jump, Baumgartner was protected in a specially-built pressurized capsule. At his jump altitude, the air pressure is less than 2% of what it is at sea level, making it impossible to breathe without an oxygen supply. And that is where Essex comes in.

Two Essex 10 liter LOX converters were installed on the capsule which provided Baumgartner with oxygen to breathe at that elevated altitude. Additionally, an Essex 25 liter nitrogen converter and three heat exchangers were used for this record-breaking event.

Eight million YouTube viewers have watched Baumgartner’s achievement and National Geographic has released a documentary in conjunction with the BBC called “Space Dive”. If you have not yet done so, check it out to see if you can spot the Essex equipment.

A CLEAR VIEW TO SAFETY



Essex is pleased to announce their exclusive marketing and sales rights to all government agencies for

EVAS™, Emergency Vision Assurance System, a safety product from VisionSafe Corporation.

The Federal Aviation Administration (FAA), Office of Accident Investigation and Prevention receives over 900 reports a year on smoke or fumes in the cabin/cockpit, causing the flight crew to declare emergencies and divert to the nearest airport. If the smoke is intense, pilots may be unable to see their flight instruments and effectively conduct emergency procedures.

EVAS displaces all smoke in the line of sight, providing a clear space of air through which the pilot can see vital instruments and the flight path. If standard smoke evacuation procedures are not sufficient, EVAS can provide emergency backup, giving the pilot visual ability to safely land the plane.

This patented system is FAA tested and

certified to ensure pilot vision in the presence of dense, continuous smoke.



Normal cockpit visibility



Uncontrolled smoke - No visibility



Uncontrolled smoke - EVAS visibility

When needed, the pilot removes the Inflatable Vision Unit (IVU) from the EVAS case and pulls a tab to activate the system. In just seconds, the IVU inflates

with one lobe above and one lobe below the glare shield. The pilot leans forward, placing his smoke goggles in contact with the EVAS clear window for an unimpaired view of vital instruments and the outside world.

After activation, EVAS is continually pressurized with filtered cockpit air to maintain volume and preserve a clear view. EVAS is a self-contained system, designed to run for two hours on the battery power supply, pump and filter contained in each storage case. This compact system is very easy to install and has a 10 year warranty.



FAA regulations require smoke detectors, fire extinguishers, smoke goggles and oxygen masks onboard aircraft. However, these systems and equipment for flight safety might be useless if pilots cannot see to control and land the aircraft. In smoke-related emergencies, EVAS can provide a clear view to safety.



EVAS has been certified by the Federal Aviation Administration since 2001.

Over 3000 EVAS systems are in use in corporate, transport and military aircraft throughout the world.

NOTEWORTHY

APICS NAMES ESSEX INDUSTRIES COMPANY OF THE YEAR

The St. Louis Chapter of APICS, the Association for Operations Management, presented Essex Industries with its 2011-2012 Company of the Year Award in appreciation of the company's outstanding contributions to the chapter. At the October 9th awards dinner, Essex was recognized for their support and commitment to CPIM (Certified in Production and Inventory Management) certification and training for their employees.

ESSEX ONE OF TOP 50 COMPANIES IN GREATER ST. LOUIS

Essex was recently honored as a recipient of the 17th Annual Greater St. Louis Top 50 Award. Presented by the St. Louis Regional Chamber and Growth Association (RCGA) in conjunction with Rubin Brown certified public accountants, this award recognizes fifty local companies that make significant contributions to the region and positively affect the future growth, acquisitions, green/sustainable efforts and expansion/development of facilities.

NEW TEAM MEMBERS

➤ SALES

HUGO MORALES, *Business Segment Manager, International, Medical*

NEW ROLES

➤ SALES

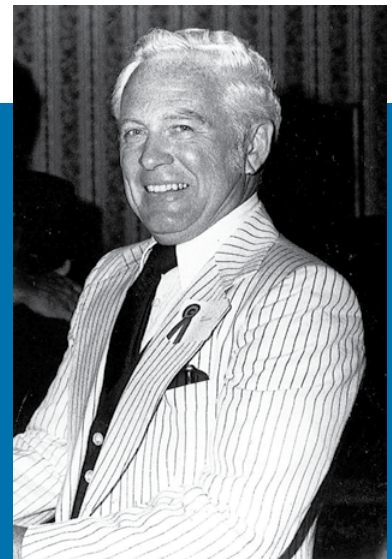
TIM MCDONOUGH, *Program Manager, Aircraft Components & Platform Controls*

LOSS OF A GREAT MAN

We regret to announce the passing of Mr. Roy Spaulding, Co-Founder and VP of Operations (Retired) for Essex Cryogenics of Missouri, Inc.

Roy Spaulding was the first employee of the Essex Cryogenics Division when it was created in 1963. Roy came to Essex from The Aro Corporation, a cryogenics firm in Buffalo, New York. At that time, The Aro Corporation led the nation in the creation, fabrication and fielding of liquid oxygen (LOX) containment systems for military applications. Mr. Spaulding's expertise and knowledge was widely recognized throughout the industry. Referred to as "Mr. Cryogenics", Roy continued to work for Essex until his retirement in 2003.

Roy will be greatly missed by his Essex family.



PRODUCT SPOTLIGHT

NEW 2020 SERIES REGULATOR



Essex unveiled the new 2020 Series Regulator at the Meditech Conference in Bogota, Colombia, earlier this year. Designed specifically for the South American market, the 2020 Series meets local product requirements for a humidifier at the outlet of high pressure regulated cylinder systems. The long body of this design extends the clearance between the components and simplifies the task of attaching the humidifier bottle to the regulator. This customer-driven product provides a distinct advantage over standard sized regulators in the South American market.

AIR & CORE SAMPLING CANISTERS



An integral tool used by the atmospheric research community, Essex Air and Core Sampling Canisters provide a direct link to the future of our environment. These canisters securely store valuable samples taken from research stations around the globe. The samples aid in analyzing and predicting global trends and seasonal cycles that tell scientists what is happening with the environment today and what they can expect, and in some cases prepare for, tomorrow. Featured at the recent American Geophysical Union (AGU) Fall Meeting, these sampling canisters are a part of a highly specialized product line from Essex.



TRADESHOWS

VISIT ESSEX AT THESE UPCOMING SHOWS:

January 9-13	Army Aviation Symposium	National Harbor, MD	Booth #219
January 14-15	WEPTAC USAF	Nellis AFB, NV	Suritec Group/RFD Beaufort Inc. Booth
January 29-31	U.S. Army ALSE User Conference	Huntsville, AL	Booth #25
February 6-11	Aero India	Bengaluru, India	Millennium Booth
March 5-7	Heli-Expo	Las Vegas, NV	Booth #C2303

SEEKING NEW PERSPECTIVES



Essex has announced the formation of a new Advisory Board, designed to offer the executive team advice regarding strategy, management and leadership issues. Comprised of local business executives, each member of the board will draw on their own experiences to provide an outside perspective to the company. Lessons that the board members have learned from other successful, fast-growing businesses will help Essex achieve their strategic goals.

The Essex Advisory Board will meet quarterly, beginning in January 2013. Gina Hoagland, President of Collaborative Strategies, Inc., will facilitate the meetings. Joining her on the board will be Bob Rubin, Dave Smith and Joe Castellano.

GINA HOAGLAND	BOB RUBIN	DAVE SMITH	JOE CASTELLANO
<p><i>PRESIDENT, COLLABORATIVE STRATEGIES, INC.</i></p> <p>Gina Hoagland's corporate board experience with privately-held companies includes Triad Bank; Rubin, Brown; Major Brands; ANOVA; Pharma Tech Industries and Duke Manufacturing.</p> <p>She graduated cum laude from Georgetown University with majors in Economics and Government and holds an MBA from the Darden School at the University of Virginia.</p>	<p><i>OPERATING PARTNER, CATTERTON PARTNERS</i></p> <p>Bob Rubin is a senior business executive whose current role, as well as previous positions with Mindseye Group and Spectrum Brands, has provided him with extensive experience in strategic planning, capital management, mergers, acquisitions and creating successful business integrations.</p> <p>He has a B.S.B.A. in Marketing from Miami University.</p>	<p><i>DIVISION VP AND BUSINESS UNIT MANAGER, AMETEK O'BRIEN</i></p> <p>Dave Smith has an extensive background in manufacturing and operations from his current experience at O'Brien Corporation as well as his previous roles at MEMC.</p> <p>He has a B.S. in Aerospace Engineering from the U.S. Naval Academy and an M.S. in Industrial Technology from Purdue University.</p>	<p><i>CORPORATE OFFICER, ANHEUSER-BUSCH (RET)</i></p> <p>Twenty-six years at Anheuser-Busch provided Joe Castellano with experience in six different business disciplines ranging from Marketing to IT, including membership on the company's Strategy Committee.</p> <p>He has a B.S.J. from the Medill School of Journalism at Northwestern University.</p>



EXCERPTS

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65^{YEARS} OF EXCELLENCE



From humble beginnings in their father's basement, the company that Harold and Sidney Guller began in 1947 has grown to four facilities, with over 180,000 square feet of manufacturing space and close to 370 employees.

To commemorate Essex' 65 years of excellence, an Open House is being planned for late spring or early summer to showcase our three manufacturing facilities as well as our newly renovated headquarters.

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