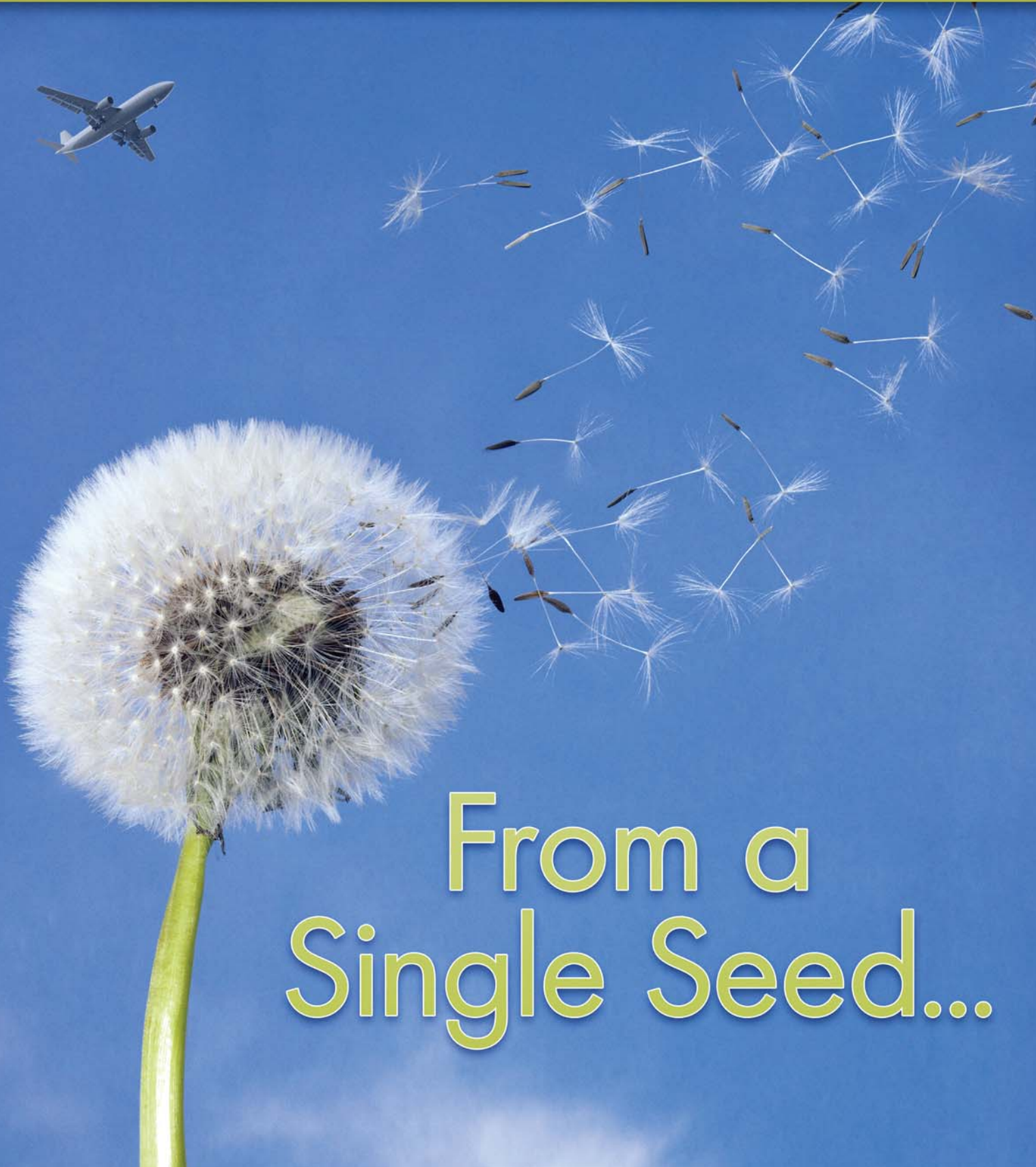


The Doorway™

M.C. Gill Corporation Group of Companies

High Performance Composite Products Since 1945 • www.mcgillcorp.com

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From a
Single Seed...

From a Single Seed...



A successful business is akin to any living thing. Instead of genetic material, it evolves from the seed of a single idea. An idea that, if planted and nurtured, can grow into an organization that profitably provides a viable product or service. In 1945, Merwyn C. Gill envisioned a way to change the world through the introduction of composite materials. During the last 63 years, the seeds of his vision have flourished. M.C. Gill Corporation has blossomed into a company positioned on the leading edge of advanced composite technology.





M.C. Gill Corporation is a true pioneer in the composite industry. From a mom and pop operation in a rented garage to a multi-national company located in three different countries around the world, M.C. Gill Corporation has grown into a 150-million-dollar business with over 700 employees. Founder M.C. Gill swore an unyielding oath to offer superior products and exceptional customer service. He imbued this commitment throughout the organization, especially in his son, Stephen Gill, a graduate of the University of Southern California, who now serves as Chairman of the Board.

Stephen recalls, "I joined the company when I was 14 years old working during my summer breaks. Over the years I learned the business from the ground up." Armed with a lifetime of experience, Stephen and his management team are taking the steps to cultivate a culture focused on quality and customer service. Continuously improving the products, processes, facilities and workforce isn't just a slogan at M.C. Gill Corporation. It is a conscious corporate mindset. One of the most dramatic examples of how that is being implemented is evident in our honeycomb core business.

Initially, most of the non-metallic honeycomb M.C. Gill Corporation produced was for internal use in advanced composite sandwich panels. In 1994, M.C. Gill Corporation was chiefly a panel and laminate business. Following qualification to BMS 8-124, Boeing IRC (Interiors Responsibility Center) approached us to supply Nomex® honeycomb core. Their orders would require a 400% increase in manufacturing capacity from a process that was equipment and labor intensive. Regardless, M.C. Gill Corporation, under the leadership of Stephen Gill, made the astute strategic decision to expand its existing capacity and offer honeycomb core as a standard product to major OEMs.



From a Single Seed



By 2001, it was evident that M.C. Gill Corporation also needed a captive source of aluminum honeycomb to support the growing requirements for aluminum honeycomb panels. M.C. Gill Corporation made the decision to acquire a subsidiary on the east coast, Alcore, Inc. Alcore is a manufacturer of aluminum honeycomb located in Maryland. This acquisition allowed M.C. Gill Corporation to offer a full range of metallic and non-metallic honeycomb products. In addition, it provided the corporation the ability to offer its customers five-axis machining of metallic and non-metallic honeycomb core.

Prior to September 11, 2001 the airline industry was blossoming. M.C. Gill Corporation's business relied heavily on that industry. "In the August preceding 9/11, the airline industry experienced what was then a record high in the number of airline passengers for a given month when 65.4 million travelers took to the air. After 9/11, that number trailed off dramatically, and it took nearly three years, until July 2004, for the industry to match and finally surpass the pre-9/11 levels. The ripple effects from 9/11 were dramatic and immediate with the airline industry slowing as a whole. M.C. Gill Corporation saw the opportunity to turn the slowdown to its advantage, so manufacturing began to gradually streamline the honeycomb processes. The following year, another unfortunate event occurred. A devastating flu-like pandemic swept around the globe. SARS (severe acute respiratory syndrome) first



¹ www.bts.gov. Airline Travel Since 9/11, 11/6/2007

² www.Wikipedia.com, Severe Acute Respiratory Syndrome, 11/6/2007

appeared in Asia. Officials were slow to react before the World Health Organization got involved. Over 8,096 cases were identified with a 9.6% mortality rate. Airline travelers were blamed for spreading the disease and the industry felt the impact again as fear fueled a further reduction in commercial airline travel.



M.C. Gill Corporation scrutinized every detail of the honeycomb business, extracting greater efficiencies and increasing through-put. Automation increased capacity and the time it took to manufacture light-density blocks dropped from eight days to 16 hours.

Improving material flow had startling results as well. Prior to 2000, pressing a block took up to 30 hours. Manufacturing was now able to press a block in just over an hour. The new lean manufacturing mindset improved lead times and production costs, allowing M.C. Gill Corporation to offer exciting new products like Gillcore HK™ Kevlar Honeycomb.

Gillcore HK is a Kevlar® N636-reinforced honeycomb which offers significant weight savings over Nomex honeycomb.

Applications for our honeycomb have increased dramatically since 1994. Programs like the Airbus 380 and Boeing 787 have created a heightened demand for lightweight structural materials. Sensitive to this budding market trend, M.C. Gill Corporation made provisional plans for future expansion of our honeycomb manufacturing capabilities. Our plans were accelerated after an accident resulted in the loss of a key piece of equipment. Stephen Gill took decisive, immediate action to accelerate the expansion plan.

Orders for state-of-the-art equipment were expedited, and recruitment of additional skilled employees initiated. Plus, new industry experts joined the management staff to ensure a successful outcome. A capacity plan was developed based on a model using historic data and future growth projections. The data captured a snapshot of demand for a one-year period (blocks/slices and corresponding raw material). The approved plan spelled out a list of equipment and essential resources to accommodate demand for the next five years.





Coordinated Implementation

Implementing the plan would require a collective effort by Sales, Engineering, Manufacturing and Production. Our Director of Engineering would oversee installation of the new equipment and relocation of existing machinery. The biggest challenge would be setting up the new equipment without interrupting daily production. In the midst of this expansion we sought a way to trim overhead and M.C. Gill Corporation secured a grant from Southern California



Edison to utilize a new oxidizer unit on the manufacturing floor. The new oxidizer is more efficient, saving 30,000 dekatherms per year in gas by using vapors captured from the production process, thereby saving natural gas. The added efficiency from this unit increases capacity, saves 15% on gas usage and eliminates over 98% of production vapors, therefore benefiting the environment as well. As 2008 begins, the majority of the expansion plan is complete.



A comprehensive review of the improvements includes:

- 1 New sheeter/stackers that use an advanced Vision system for stacking blocks faster and more accurately.
- 2 Large-capacity bake ovens that increase capacity by 25-30%.
- 3 New Dielectric Press for curing the honeycomb blocks.
- 4 Saws dedicated to cut Gillcore HK™ Kevlar Honeycomb and Nomex Honeycomb.
- 5 Upgraded heat-set oven to increase capacity.

*"Make quality products.
Take care of your customers
and be profitable."*



Today, our weekly honeycomb capacity has nearly tripled. The addition of state-of-the-art equipment and 40 new employees is proof that the plan is real. Lean manufacturing, visual scheduling methodology and the theory of constraints is being applied to today's production process. The production schedule that drives manufacturing is based specifically on effective use of production assets and customer demand so we can respond with a quality product and shorter lead times.

The management at M.C. Gill Corporation agrees that the addition of equipment and personnel make us a more professional organization that is light years from our early mom and pop beginnings and positions us to better handle our customers' growing needs.

Expanding honeycomb machining capabilities at our Alcore subsidiaries is happening as well. Their unprecedented growth required immediate



New Alcore, Inc. facility in Edgewood, Maryland.

attention as they plan for the next five years, so Alcore has increased the floor space in the manufacturing area by more than 40%. The new facility is dedicated to non-metallic added-value honeycomb processing. The facility will house existing as well as new equipment with improved shipping and receiving access.

The last year has been a time of dramatic change. The expansion efforts are systemic and represent an investment of more than \$20 million in the future of M.C. Gill Corporation. More than ever, we are committed to produce high-quality products, improve lead times and deliver exceptional customer service. Chairman Stephen Gill has a simple philosophy for success. "Make quality products. Take care of your customers and be profitable."



M.C. Gill Corporation's R&D team continues to develop new honeycomb products that offer even greater weight savings, damage tolerance, structural integrity and fire retardant properties. Like seeds scattering in the wind, the applications for advanced composite materials appear endless. As more exciting new products emerge in 2008 we will explore more ways to capitalize on our strengths and stretch our boundaries.



M.C. Gill Concludes Product Rationalization

One of our biggest challenges is managing an immense list of products. M.C. Gill Corporation is proud to offer highly customized products. In addition, we've been able to identify a substantial list of standard products that meet multiple specifications and applications. These standard (R stock) products can be produced faster and are more readily available. Our sales force is working diligently to notify customers so that they can take advantage of this information.



Existing customers will receive a letter explaining this new program, but if you would like more information, please contact your M.C. Gill Corporation Sales Manager or Customer Service Representative today!

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*Alcore does not sell sandwich
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Trivia

Kooky Definitions

Afternoon: The part of the day spent figuring how we wasted the morning.

Apartment: A place where you start to turn off your radio and discover you've been listening to your neighbor's.

Argument: Something that gets better when you don't have facts.

Arthritis: Twinges in the hinges.

Bald: When one has less hair to comb but more face to wash.

Bargain: Something that's so reasonable they won't take it back when you find out what's wrong with it.

Class Reunion: Where everyone gets together to see who is falling apart.

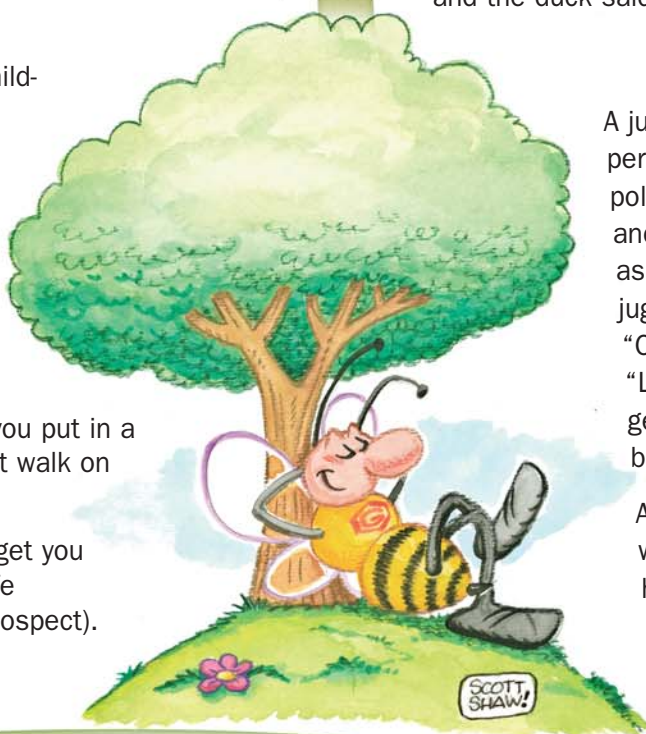
Conceited Person: One who mistakes a big head for greatness.

Conscience: A still, small voice that tells you when you are about to get caught.



Things You Learn from Having Children

- A 3-year-old's voice is louder than 200 adults in a crowded restaurant.
- There is no such thing as child-proofing your house.
- Baseballs make marks on ceilings.
- Play Dough and microwave should never be used in the same sentence.
- Super glue is forever.
- No matter how much Jell-O you put in a swimming pool you still can't walk on water.
- A good sense of humor will get you through most problems in life (unfortunately, mostly in retrospect).



THE FUNNY SIDE

Jokes and Oddities

Two women that are dog owners are arguing about which dog is smarter.... First woman: "My dog is so smart, every morning he waits for the paper boy to come around and then he takes the newspaper and brings it to me. Second woman: "I know..." First woman: "How?" Second woman: "My dog told me."



This duck walks into a convenience store and asks the clerk, "Do you have any grapes?" The clerk says no, and the duck leaves. The next day, the duck returns and asks, "Do you have any grapes?" The clerk again says no, and the duck leaves. The day after that, the duck walks in to the store again and asks "Do you have any grapes?" The clerk screams at the duck, "You've come in here the past two days and asked if we had any grapes. I told you no every time that we don't have any grapes! I swear if you come back in here again and ask for grapes, I'll nail your webbed feet to the floor!!" The duck left, and returned the next day. This time he asked, "Do you have any nails?" The clerk replied, "No," and the duck said, "Good! Got any grapes?"



A juggler, driving to his next performance, is stopped by the police. "What are these matches and lighter fluid doing in your car?" asks the cop. "I'm a juggler and I juggle flaming torches in my act." "Oh yeah?" says the doubtful cop. "Let's see you do it." The juggler gets out and starts juggling the blazing torches masterfully.

A couple driving by slows down to watch. "Wow," says the driver to his wife. "I'm glad I quit drinking. Look at the test they're giving now!"