

Reflections



PEG

PRECISION ELECTRONIC GLASS
Innovation. Technology. Service.

SPRING 2006

Industry Events



Going out "into the field" and meeting customers is a key part of PEG's business philosophy. Recently, PEG President Philip Rossi and Quality/Sales Engineer, Mark Andrews, have made extensive travels to many customer locations.

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www.pegglass.com

X-Ray Vision Benefits Tube Company

When is a piece of glass more than a piece of glass? When it encourages business expansion by improving cash flow. That's been the result of a relationship between Precision Electronic Glass and Superior X-RAY Tube Company.

Superior X-RAY is headquartered in Woodstock, Illinois and has been in business about 19 years: the last several under President Mark McDonnell. The company designs and manufactures x-ray tubes for the healthcare market.

When McDonnell was contacted by PEG last year, Superior was purchasing glass and transporting it to a local manufacturer of glass frames (the 'envelopes' into which x-ray tubes are sealed). Explains McDonnell: "The problem is that glass has to be purchased in large

quantities, so as a small company we had to buy a big chunk of inventory. Now we give PEG a long-term purchase order with releases; they buy the glass and we pay as we receive the frames." The result has been a leveling of cash flow.

"As well, PEG has more capacity than our previous vendor," he adds. "They're a large, very good operation and we don't have to worry about capacity with them." McDonnell says turnaround time has been cut, as well, even though the original supplier was local. A side benefit is that by having PEG store the glass and deliver product only when needed, Superior saves on floor space.

McDonnell is "very happy" with the product and service he gets from PEG and anticipates this productive relationship will continue.



Mark McDonnell at Superior X-RAY Tube Co., a leader in x-ray tubes for the healthcare market.



In this Issue...



Phil Rossi
President, PEG

The Case for Adaptation

Like individuals, businesses must be flexible and able to adapt to change. Faced with greater competition over the past year, PEG has responded by expanding our product base and capabilities, attracting new customers and striving to deliver top-drawer service. We also did some soul-searching to identify the characteristics that distinguish us among our competitors.

Chief among them, we believe, are customer relationships. I don't only mean that they know us and we know them. It goes beyond that to our ability to deliver strategic solutions. A case in point is Superior X-RAY Tube Company, profiled on page 1 of this newsletter. For this customer we not only provide a product, but a business-building strategy.

Even as the market improves, we'll continue to operate as if the competitors are nipping ever-closer at our heels. We will strive for improved delivery times, systems improvements and more efficient use of automation. If invited, we'll visit your sites to learn more about what you do, and how we can contribute.

The second half of 2006 looks most promising. Competition from China and beyond continues to challenge us, but it also has motivated us. And for that we are grateful.

With best wishes for a productive and enjoyable spring.

Philip Rossi
President

PEG In The News

The paparazzi may not swarm our employees when they head home at night, but PEG has attracted some media attention recently. The company was profiled in the *Business Review & Forecast of The Daily Journal*, a Cumberland County newspaper and online publication.

The article included a 2005 review which addressed investment in automation and a physical reconfiguration of the plant, including addition of the warehouse to accommodate the new automated lathe. Also described was PEG's collaboration with the World Trade Center of Greater Philadelphia on its trade mission to India. Our intensive program of customer visits and

marketing initiatives was also mentioned.

As well, the article presented an outlook for 2006. Our expansion into the medical and dental industries and overall global growth, especially into Western Europe and Asia, were highlighted. And, the article noted ongoing efforts to enhance the value customers realize from doing business with PEG.

We appreciate the recognition afforded us by *The Daily Journal* and promise to inform you of other media attention.



Customer Visits Travels With Mark

PEG Quality Sales Engineer Mark Andrews is racking up some impressive frequent-flyer miles these days. He's spending lots of time visiting customers and prospects. By sitting face-to-face with those whose production problems we are trying to solve, we believe we can serve them even better.

Among recent travels was a trip made by Mark and Engineer Steve Farside to Rugby, England. They met with leaders of GSI Lumonics, a producer of CO2 laser systems. Says Mark, "They connected with us through an existing customer and a number of months after the visit, we were pleased to welcome them as a customer as well."

While across the pond, Mark and Steve also spent time with executives from The Technical Glass Company of Suffolk. PEG provides the firm with glass rings used on an optical machining system. "During this visit

we were able to work out a technical issue. Better understanding the application will help us provide a better product," Mark adds.

A number of local visits have also been quite successful. Mark and Customer Service Manager BJ Polise called on Precision Medical in North Hampton. This long-term customer produces oxygen and vacuum regulators used in healthcare applications. "It was fascinating to understand the intricacy of the part

they make and how critical the assembly is," noted Mark. Other regional visits have included Supelco of Belfont, a leader in glass tubes used in the chromatography market, and Cannon Instruments in State College for which PEG produces flow tubes. Future trips are planned across the United States and Europe.

"It's all about personal relationships," concludes Mark, "getting out there in front of the customer is invaluable."



Mark Andrews (left) and Steven Farside (right) visit John Savage (middle) in Rugby, England

Spotlight on Service

Better Features

BJ Polise operates our new phone network.



Can you hear us now?

The telephone is a critically important business tool. Precision Electronic Glass has recently upgraded its phone system to provide better features and service. The most recent overhaul was eight years ago, with five system revisions during those years.

Both hardware and software were provided by TelLan Network Technologies. The primary change is the transition from analog to full-digital capability. Among benefits are enhanced voice quality and a much improved voice mail system. The "automated attendant"

offers a simple, intuitive menu designed to get callers where they're headed with easier transfers, fewer dropped calls and better clarity. The new system has also delivered improvements in the quality of our conference calls.

The bottom line for our customers? A seamless, easy-to-use phone system that helps them get, and stay, in touch.

Artisan profile

For Angel Castaneda, every job is worth doing to the max. Angel, a member of the PEG grinding department, has been with the company for nearly ten years. He has learned a great deal and enjoys doing things right. "I feel very good," the Columbia-native explains, "because I try to do the best I can on every job that comes in."

Angel likes the easy atmosphere within the grinding department. "It's a very good department—everybody tries to help the others and we work like a team," he says.

Before joining Precision Electronic Glass, Angel worked in New York City in jewelry repair, then later for a plastics company. He and his wife Aurea and their children live in Landisville.



Angel Castaneda—
Machine Operator,
Grinding Area

Daughter Rocio is a rising college freshman who hopes to specialize in voice.

Thanks Angel, for all that you do for PEG!

PEG Helping Others

Employees Association

Doing Good and Having Fun

At Christmas time 1997, a group of PEG employees "adopted" a family through a local social service agency. People enjoyed the opportunity to reach out and created the PEG Employees' Association so they could do more. Today, the spirit, and the association, live on.

According to association Secretary Valerie Petriano (PEG's Office Manager), employees who wish to participate donate a dollar per week.

Among recent efforts was a sizable donation to a Vineland soup kitchen. Other recipients include the American Heart Association, Deborah Hospital, SPCA and victims of Hurricane Katrina.

The association has also had great success with periodic "Bowl and a Roll" lunches. These highly anticipated events feature delicious employee-made soups and chilies served with fresh rolls in the PEG break room. Proceeds from tickets go to the association's charitable initiatives.

Valerie estimates the Employees' Association has donated at least \$2,000 per year since the late 1990s. "People really like doing it—and their generosity is amazing."



PEG Employee
Association Pasta Day
March 29, 2006

Questions? Email us at info@pegglass.com or call 1-800-982-4734



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Engineer's corner

Adding Value
Providing Solutions



Steve Farside

You know PEG as a maker of high-quality glass components, but lately we've also been reaching out to provide customers with assembly of finished parts. The idea, says PEG Manufacturing Engineer Steve Farside, is to take existing knowledge and skills to add value for customers who require assembly that is not strictly related to glass.

Among those benefiting from this additional capability is a customer in the automotive industry. As a component in a transmission fluid transfer system, this business uses a tube which was formerly made of glass by PEG. But due to an engineering redesign, the tube is now made from fiberglass. Despite the change, PEG continues to serve this customer, procuring all components for the finished part, including valves and metal castings, and assembling it to their specifications.

"We're pleased to be able to assist in this way," adds Steve. "By transferring in-house skills and capability we help streamline the manufacturing process for our customers." Using existing resources makes the process cost-effective, he adds. He encourages manufacturers in need of assembly-related assistance to contact PEG to see how we can meet their needs as well.

BURLE and Photonis Visit PEG



(Left to Right) Philip Rossi, Frederic Bigourie (Photonis), Vicki Hikes (BURLE), Bob Wilhelm, BJ Polise, Max Kirsch, Adam O'Ryan (BURLE), Domenic Ciancarelli, Olivier Merlin (Photonis), Mark Andrews

BURLE Industries of Lancaster, PA a long time customer of PEG was recently acquired by Photonis of Brive-La-Gaillarde, France. Having like interests in the Photomultiplier tube market, Photonis combined forces with BURLE to further penetrate this highly competitive arena. During their visit they observed PEG's advancements in automation. Automated manufacturing of their Photomultiplier bulbs provides higher quality and consistency, reducing their machine set up and assembly time. The collaboration of BURLE and Photonis utilizing PEG's automated manufacturing process ensures the best possible products for their customers.