



# Newsletter

Technology • Chemicals • Machinery

Summer 2009



From the Chairman,  
Jim Dunstan

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## What's a trillion more or less?

For most of us, our eyes begin to glaze over as we come to grips with the financial fog arising from Washington. Attempting to put this into prospective, I will try to answer the question of where I think our economy is going.

I went out on a limb in my last newsletter by asserting that the fundamentals that drive the economy will pull us through and by stating that in late spring we would see some economic stabilization, but in general, activity would remain flat for the next two years. With recent announcements of Ford Motor reporting a profit, housing starts on the upswing and used homes beginning to sell again—all activity that seems to reinforce my predictions. According to a Wall Street Journal article that appeared early in August, more economists are forecasting an upgrade in the GDP (gross domestic product) for the second half of the year.

One perplexity that confronts us is the massive trillions of dollars of debt that those in the power seat seem to be saddling our children and grandchildren with for decades to come. The spending being proposed is in a sense like using play money—not even worth the paper that it is printed on.

Where will the money come from? Our current creditors—China and Japan—are now taking a second look at the value of the money they have already lent us. There is of course the prospect of increasing taxes for everyone. It is difficult to fathom

what the so-called policy-wonks in Washington are thinking. Do they not understand that in a recession with massive unemployment and businesses shuttering their doors that tax revenues would slide to

dangerous levels? If anything, this Achilles heel will bring the house of cards tumbling down. The ancient admonishment; “You should not build a house on sand, lest it fall” should be heeded. The attempted social engineering being foisted on Americans will not happen. And why not—because the debt repayment cannot be paid for with paper money!



In the magnitude of numbers, a trillion has 12 zeros (1,000,000,000,000) and if a trillion one dollar bills were stacked, it would reach 68 thousand miles or 1/3 of the way to the moon.

## No looking back

Our challenge as we all work our way back to prosperity is to not look back in a rearview mirror. There will be no return to the good old days. America has to recalibrate its economy based on the realities of the changing global dynamic. For those of us who are in the green business—helping others to save energy—the future is indeed bright.

Among other challenges we face, is the question “how is your business” when engaging in conversations both locally and globally. It would not be truthful or believable if we responded by saying “business is great.” Who in business worldwide

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# Trillion

(continued from page 1)

has not been impacted in some way during these times? Here in America at Azon USA and for our sister company in Europe, Azon UK Ltd., we began to feel the brunt of the downturn beginning a year ago—more so in the UK. We did not wait to take action to insure our viability as a company. Without jeopardizing our quality and service to our customers, we did have some staff reductions and modest wage cuts—all in the interest of remaining financially sound.

To our benefit, we enjoy a healthy diversification in our product offerings such as Warm-Light warm edge spacer for insulated glass, and Azo-Grout™ chemical water stops, along with our core thermal barrier chemicals and machinery business. We enjoy a good export business to Asia through

our sister companies, Azon Korea Ltd. and the newly formed Azon Polyurethane (Shanghai) Ltd. Co. in China (see related articles). We also have ongoing exports to Japan and Germany. Our machinery business is holding strong with an increasing number of sales for mechanical lock systems, namely the Azo-Brader and Lancer machinery.

July 31, 2009 marks the close of our thirty-second year in business. Early in its life, Azon summed up its mission in three words: “Azon Saves Energy” a motto that still rings true several decades later. Although our ESOP (Employee Stock Option Plan) shares dropped a couple of dollars from the previous year in comparison to the stock market the performance is still rather outstanding.

The employee-stakeholder ESOP shares are still a very important retirement asset for our workforce.

We begin our 2010 fiscal year with a sound balance sheet. Despite the political volatility and other things that challenge us, with diligence and hard work we expect to have a good report this time next year. ■

Jim Dunstan, Chairman  
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Endnotes)

<sup>1</sup> “How Much Is \$1 Trillion?” CNN News, 09 February 2009. Available <http://www.youtube.com/watch?v=oPFY0q-rEdY>.



Bob Dalrymple standing to the left of his first Azon machine drawing (circa 1976) with the caption that reads “It all began here” (standing with Jim Dunstan • February 2007)

## Remembering Bob D.

**W**e are saddened to announce the passing of Bob Dalrymple on August 3, 2009. Bob retired in 2002 after twenty-one years of remarkable service at Azon.

Bob was the first person that Jim Dunstan met forty-one years ago at the Acorn Building Component Acolor extrusion painting facility in Kalamazoo. Jim was an industrial paint salesman and Bob was employed as a spray painter at Acolor. Jim subsequently became the general manager at Acolor, thus beginning a close personal and working relationship with Bob that spanned over three decades.

Bob started working at Azon in 1980. His many years as chief draftsmen with Azon were invaluable in furthering the development of the company during the formative years. While Bob applied his talents to producing all the diagrams for the early machinery, he also drew most of the construction drawings for the ever-expanding Azon facilities.

Trained in the old school method of hand drafting, his tools became obsolete with the advent of computers. Not missing a beat, Bob went back to school to learn mechanical drawing on a computer—and much to his credit, he made the Deans List.

Bob lived a full and active life. He overcame many adversities—including the loss of his lower right arm and hand when he was in his teens. Losing part of a limb was never a handicap—for Bob it was just an inconvenience. Married for 53-years, he leaves a wife Laura, two daughters Rachel and Lori, a son Michael, eight grandchildren and nine great grandchildren

By every measure “Bob D.” was a great man— an individual whose memory will endure as one of the important people to leave an imprint in the history of Azon. ■

## Azon dedicates new facility in Korea

Our business endeavor in South Korea began decades ago with frequent visits with potential customers while working with Mr. C.H. Jung and his company, Kyungwon Trading as agents for our products in country.

After a long and fruitful relationship with Mr. Jung, in 1998 Azon Korea Ltd. was established as a joint venture company based in South Korea.

In 1999, Azon Korea dedicated its first facility in Kim Hae (Pusan). The facility grew quickly to full chemical production, Warm-Light® production, testing and warehousing to handle the customer base in Korea.

As the company outgrew the facility, a new location needed to be acquired to handle the thermal barrier growth in Korea and to support our growing presence in China. A site was chosen just south of Seoul in Choongju City in a new industrial development. Azon Korea was one of the first residents in this park.

I was fortunate to be in Korea for their official open house in late July. The industrial park is almost full with Azon having four buildings complete with offices, full customer test facilities, blending operations, warehousing, Warm-light production and a bulk chemical storage facility. In addition, construction will begin this fall on a fifth building to house research and development for several new product initiatives being developed. This last expansion will fill the new site.

The open house began with a ribbon cutting ceremony and short opening speeches, including a message that I read from Mr. Dunstan on his three-decade work in Korea and his long relationship with our joint venture partner, Mr. C.H. Jung. Tours of the facilities followed with demonstrations of testing and chemical blending operations. In addition to the ribbon cutting ceremony, the Koreans practice ancient dedication rites for new buildings. The formal rituals are meant to welcome new employees and protect the buildings with good fortune and safety in the years to come.



Building dedication for the Azon Korea Ltd. new factory took place 23 July, 2009. Photo: L to R: Mr. Jung, President of Azon Korea Ltd., Mr. David Mills (USA), Mr. Zhou Liang (China office), Mr. Cho, Plant Manager, Mr. Oh, Director, Sales

Our Korean joint venture has been growing since its inception in 1998, and continues that growth today. The construction industry in Asia is beginning its upturn. A free trade zone in Incheon is a massive 12-year, fully funded construction project that is 20% completed. A planned convention center, hotels, world trade zone and housing will eventually complete this project. ■

Dave Mills, CEO  
dmills@azonusa.com

### Staff promotions

**Patrick Muessig** was promoted to Vice President of Global Technical Operations. A 12-year veteran with the company, Muessig recently served as director of global technical services and he will continue to oversee the AZO/Tec® design and thermal simulation services for Azon.

**Nancy Peterson** was promoted to Director of Market Communications and will join the Azon Board of Directors effective August 2009. Peterson's responsibilities include branding and corporate communications for the global company. She also will serve as a member of the Azon Management Committee, which oversees the day-to-day activities of the company.

## Our China story: Yesterday and today

Jim Dunstan likes to tell the story about his first trip to China in 1986 of how the small crowded bus dropped him off outside his little hotel in Shanghai with his suitcase and boxes of literature as he prepared to attend his first trade show. Jim always knew that China would become a big player in the global economy, but what really caught his interest was the fact that 1.5 billion people lived in China, and everyone needed a place to stay. The fact that most of the population lived in high density urban areas really fueled the fire of his imagined dream of high-rise apartments with aluminum thermal barrier windows. Most of the ensuing years were focused on finding those interested in Azon technology.

The Azon role in China took an accelerated turn in August 2000 when we established a representative office, hiring Mr. Liang Zhou (Joe) as chief representative. Joe came to us from a German PVC window profile company. Both Joe and Jim shared the belief that aluminum would be the *King of China*.

Just imagine entering a market the size of China with unknown American technology—with few customers or prospects, no government support or standards in place. While this would intimidate most people, Joe saw the challenge, and knew in his mind what the future would hold. Joe knew that if people were going to accept our energy-saving technology, they would certainly need processing machinery and the Dosermill proved to be a sure advantage. The simple dual-purpose machine performs both the pouring and debridging function with a small plant floor footprint. It did not take long before numerous customers installed the Dosermill machines—but there was a fundamental lack of technical knowledge about window design. Our AZO/Tec® designer, Dave Gillespie, completed the next piece of the puzzle by creating guidelines to demonstrate how to incorporate Azon thermal barrier technology into the window designs.



Azon staff (December 2008)

As our customer base has grown, so has the need to expand our business to better suit the growing demand.

We are now on the threshold of our newest chapter of the China story—the establishment of a manufacturing facility and a new business venture called **Azon Polyurethane (Shanghai) Systems, Ltd. Co.** We have secured a building lease and we are in the process of equipping this facility to blend Azon polyurethane chemicals to better serve our growing list of customers. We expect the facility to be fully functional by the end of 2009. Stay tuned for more exciting news as the next chapters in the life of our company unfolds.

Jerry Schwabauer, VP Sales and marketing  
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## Easier to be green with new Warm-Light® HPP

Warm-light® HPP warm edge spacer is now available in a high performance, environmentally compliant\* polymer coating. Three colors in architecturally pleasing tones are now offered: Silver Matte, Stone and Monumental Bronze.

The principle reason for a high performance polymer (HPP) coating on Warm-Light is to inhibit oxidation on the aluminum surface. Oxidation is a deterrent for adhesion to subsequent compounds such as paint finishes or sealants.

The new Warm-Light HPP spacer exhibits excellent adhesion to primary and secondary sealants, it has improved ductility with superior bending properties.

Fabricated Warm-Light HPP assemblies have been thoroughly tested for sealant compatibility, and outgassing in the air space by an independent laboratory passing the following standards:

- ASTM E 2190 (Standard Specification for Insulating Glass Unit Performance and Evaluation)
- ASTM E 2189 (Standard Test Method for Testing Resistance to Fogging in Insulating Glass Units)
- ASTM E 2188 (Standard Test Method for Insulating Glass Unit Performance)

It is our purpose that every impression Azon leaves in this world—whether it's through our manufacturing practices or our energy-saving products—is an expression of our goal for a sustainable and profitable future.



[Endnotes] \*Reduced water usage, less waste, less energy consumption and the highest EPA standards with a closed loop process and 98% reduction of volatile organic compounds leaving a smaller environmental footprint.

Source: <http://www.coilcoatinginstitute.org>



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