



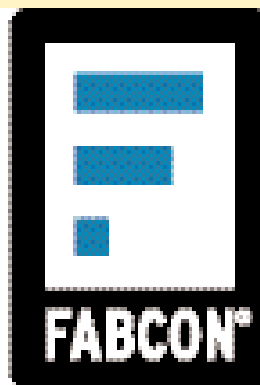
Fabcon's United Way Drive October 22-26

Silent Auction	Bags Tournament	Scratch Offs
	Fabcon Cookbook	Penny Wars
Pie in the Face Contest	Themed baskets	
Company Barbecue	Golf Contest	Guest Speakers

In 1887 a Denver priest, two ministers and a rabbi recognized the need for cooperative action to address their city's welfare problems. The Rev. Myron W. Reed, Msgr. William J. O'Ryan, Dean H. Martyn Hart and Rabbi William S. Friedman put their heads together to plan the first united campaign for ten health and welfare agencies. They created an organization to serve as an agent to collect funds for local charities, as well as to coordinate relief services, counsel and refer clients to cooperating agencies, and make emergency assistance grants in cases which could not be referred. That year, Denver raised \$21,700 and created a movement that would spread throughout the county to become the United Way. Over 118 years later the United Way is still focused on mobilizing the caring power of communities and making a difference in people's lives.



Be a part of the Fun!



For more information contact
Crystal Pekarna 952-882-7258 or Kevin Hammonds
317-748-0442

BETTER STRONGER FASTER



FABCON

A Quarterly Newsletter for Fabcon Employees

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...and Greener!

SUCCESS!

Fabcon Expands

An Interview with Mike Le Jeune



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Q: Why is Fabcon considering expanding its operations?

It's a reflection of our success and achieving our mission. We've created a market that we're having a hard time filling. Our mission of improving quality, efficiency, and customer service has paid off so well that demand exceeds supply for our product, particularly in the northeast.

Q: What is the company's growth strategy?

Our strategy has been one of reluctant growth, meaning that we would only grow in the event that our existing customers required more capacity than we had. That strategy did not foresee the enormous demand we're experiencing right now and it's possible that we may need to switch to a more proactive growth strategy which would mean that as soon as we're done building one plant we're starting to think about the next one.

Q: What would expansion mean to the company's customers, employees, and owners?

Customers: It would allow us to better fill their needs. They're the ones that are driving us to expand. Expansion is not easy; we don't do it because we would like to be bigger but because they require us to have larger capacity necessary to fill their needs.

Employees: It spells opportunity for growth within the company. A new plant needs new salespeople new project managers, new managers, as well as experts in every area, whether it be the field, the yard, the plant. So, people looking for opportunities to expand their careers should welcome Fabcon's potential expansion.

Owners: In order for it to make sense to the owners, it would need to add to the bottom line of the company as well as improve the overall financial strength and sustainability of the operation. Of course we wouldn't proceed unless we were certain that that was the case.

Q: What kind of plant will you build?

It will be a relatively small low overhead operation. We've already ordered a 12-foot wide by 500-foot long casting bed; it has not been produced but will be produced soon after we get the green light from the Board of Directors. The next step will be finding a place to put it. We would lease an existing facility, establish ourselves in the market, and then ultimately build something a little bit more permanent and larger. We would then take the existing equipment and use that to start up another plant in another

market.

Q: Rolling bed or fixed?

Fixed; there are efficiency gains to be had with a rolling casting bed, however the cost does not justify the savings at this time.

Q: 8' or Wider?

It will be at least 12' wide.

Q: What locations are being considered? Has a specific location been identified? How did you come to your decision?

Boston, Kansas City, and Toronto - in that order. At this moment in time we're analyzing a couple potential sites around Massachusetts and surrounding states. The main focus of our attention is the corridor from Hartford, CT to Boston. We've hired a commercial realtor to find existing facilities that meet our needs.

The enormous demand for our product has led to extended lead times beyond anything we've ever seen. And we feel that we need to protect our position in the market place, the idea being that if we cannot provide our customers with the product they want, than somebody else will. This has happened to us in Chicago, Indiana, Ohio, and Michigan; we don't want it to happen in the Northeast. We have a bad habit of creating excitement and demand for our product and then not following up with capacity.

Q: What capacity will this add to Fabcon's current situation? A million and a half square feet a year, expandable to 3 million.

Q: How many and what types of new jobs do you anticipate will be created from the expansion?

Probably initially about fifty, and it will have all the operations that we have at our current plant. There will be sales, project management, estimating, plant and field operations. It will be similar to our existing facilities, but on a smaller scale.



~ Charlie Le Jeune
Marketing Intern

Around Fabcon



Lynette Reinart, Sara Corwin, and Serena Ruzicka donated 10" (the minimum requirement) of their lovely long locks to Locks of Love. Sara heard about the opportunity through Serena, while Lynette grew out her hair with the intent to donate it. Sara's beautiful thick hair was enough for two prosthetics!

Locks of Love is a public non-profit organization that provides hairpieces to financially disadvantaged children under age 18 suffering from long-term medical hair loss from any diagnosis. Most children helped by Locks of Love have lost their hair due to a medical condition called alopecia areata which has no known cause or cure.

Fabcon held its September Golf Outing at Crystal Lake in Lakeville. More than sixty golfers attended.

Anne Phal, Deb Stang, Rick Wagner & Andrea Custodio



First Place WINNERS: Mike Peters, Bob Dylong, Lee Runge & Wanda Triplett



Alaiksandr Bekish, Oleg Kossenko, Randy Clemens & Craig Pittman



Minnesota held their summer picnic in August at Circus Juventas. Circus Juventas is a performing arts youth circus that offers training and performance opportunities for youth ages 3-21. This is a nontraditional athletic activity which combines athleticism with the performing arts. Circus Juventas offers an environment where girls and boys train side by side as equals while learning the value of discipline and hard work.



Congratulations to Ryan and Sandy McHale on the birth of their third child, Dylan. Dylan was born September 15, weighing 7 lbs., 15 ozs. and was 20.5" long. Dylan has two sisters, Alexis 10, and Emily 4.

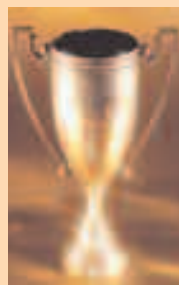
Congratulations to Jeff and Nicole Dietman who are the proud parents of their first baby, Marcus Michael Dietman. Marcus was born five weeks early on September 22, weighting 4 lbs. 13 ozs., and was 17.5" long.

Congratulations to Greg and Sheila Morford on the birth of their second daughter, Katelyn Riga Morford. Katelyn was born October 1, weighing 8 lbs. 6 oz. and was 19 3/4" long. Big sister Carly is 2 fi years old!



Anniversary Milestones

Name	DOH	YOS
Curt Leach	01-Jul-02	5
Mark Krieg	05-Jul-02	5
Craig Ritchie	08-Jul-02	5
Jeffrey Johnson	5-Jul-02	5
Douglas Bee	13-Aug-02	5
Philippe Neslund	19-Aug-02	5
Paul Gnitka	19-Aug-02	5
Sara Corwin	22-Aug-02	5
Marc Frederickson	02-Sep-02	5
William Hannon	23-Sep-02	5
Christopher Thomas	23-Sep-02	5
Scott Elwood	07-Jul-97	10



Name	DOH	YOS
Damien Mendenhall	14-Jul-97	10
Chad Nelson	10-Sep-97	10
Joseph Dammann	11-Sep-97	10
Morgan Denton	16-Sep-97	10
Scott Sinjem	29-Sep-97	10
Dennis Silvers	03-Aug-92	15
August Keller	19-Aug-87	20
Lawrence Erickson	11-Jul-77	30
Larry Wermerskirchen	18-Jul-77	30
Jacque Nadeau	14-Aug-72	35

Congratulations to all and thank you for your hard work over the years!

Fabcon on Track for Record Sales in 2007

An interview with Jim Houtman



Q: How do sales in 2007 compare to other years?

Sales in 2007 were surprisingly strong. We are tracking 25 percent ahead on volume and 30 percent ahead on contribution. The economy is not strong but has been doing well. Our sales are better than what the economy would indicate they should be. It has been an exceptional year that way.

Q: Why is Fabcon experiencing record sales?

Fabcon is an innovative company and a leader in our industry. The development of VersaCore, VersaCore *Plus*, and most recently VersaCore+ *Green* and has really developed a lot of interest in the marketplace. The excitement over VersaCore+ *Green* is something that is going to be around for a long time; green has really taken hold in construction. Our timing of VersaCore+ *Green* is really exceptional; we will see a lot of its benefits still to come. It will be even bigger next year than it was this year.

Q: Do you anticipate this trend to carry over into 2008?

Yes. The LEEDS point system is gaining wide acceptance and it's reaching a point of being the accepted guideline in construction. The LEEDS point system is going to be around forever. Our focus will be staying ahead of competition in the development of new products that produce LEEDS points with increased energy efficiency and increased recycled content resulting in more sustainable buildings.

Q: We have all heard about the declining residential real estate market prevalent across the nation. Why hasn't this crisis affected the commercial real estate market?

That's a really good question. The decline in the residential market has actually helped the commercial market somewhat. The reason is that the residential market hasn't been using as much raw materials, hence there has been less demand on cement and steel. A larger factor is that development money that had been going into residential real estate development is now going into the commercial market. In other words, investors want to put their investment dollars somewhere and they see commercial real estate as a better investment.

Q: What is the sales structure at Fabcon?

We have national account managers who are responsible to pursue owners building multiple sites for their own use. Companies like Home Depot, Lowe's, Menards, Wal-Mart, and Target are examples of national accounts. National account managers work with the client to personalize the service and meet the unique demands of a national account. Our sales engineers are assigned geographic territories and are responsible for the volume generated in that area. Sales engineers focus mostly on general contractors, developers owners, architects, and engineers. And finally, but certainly not least, are the assistant sales engineers, or ASE. This is our "farm team". Their function is to provide support for the sales engineers and the national account managers so that they can focus more time on their clients. This is also an opportunity for the ASEs to pick up sales skills;

essentially giving them an opportunity to learn firsthand from the sales people – it's succession planning for sales.

Q: Is Fabcon enjoying exclusive success this year or is the entire precast industry including Fabcon's competition succeeding?

It's been a real mixed bag for the competitors this year. Some are as busy as we are, others are not. The construction industry as a whole is doing very well, the theory of "rising tide lifts all the boats". We haven't had extended leads times like this since 1999. Our competitive advantage is going to get stronger through our continued pursuit of innovative products and customer service.

Q: What percent of Fabcon's annual sales are from national accounts?

We started the national account program in the early nineties for the purpose of trying to even out production loads for the year. We found that national accounts allow us to make use of excess capacity during the winter months; it has been tremendously successful over the years. National accounts make up approximately 45% of our volume.

Q: How do Fabcon's national accounts customers differ from regular customers?

National accounts customers are constructing projects for their own use. National account customers want to have a consistent look with every building that they build. National accounts want personalized service, consistent performance, and to deal with people who meet their performance expectations. Because national accounts

have tight construction schedules it is critical that they work with reliable sources to deliver on time and to perform as promised. Internally Fabcon utilizes the "Big Mac Strategy" so that we can build in New York or Montana and it will be the same product, services and on-time delivery. This is a tremendous saving for national accounts customers not only in design costs but in the learning curve costs for building a store. In other words, they are building the same building over and over again; one less thing to worry about as they go into a new market.

Q: How do companies receive national account status with Fabcon?

Generally to qualify as a national account, a company has a direct relationship with Fabcon and uses "self-directed development," which means they control the location, materials, and construction schedule of their stores. In most cases they own their facilities, but not always. Generally, we look at companies that build six or more projects per year with us as a national account. They're building multiple projects, they may contract direct with us or not. Each national account is unique with varying priorities for example. When we were first working with Home Depot, they told us that there were two rules for working with Home Depot. Rule number one was never be late. And rule number two was that if you didn't understand rule number one, go work for somebody else.



-Charlie Le Jeune, Marketing Intern



Success in 2007 - A Cause to Celebrate!



Sometimes, during the course of our busy lives, it's easy to miss the big picture because we're so focused on the details and challenges we face every day. We've all been there at one time or another, and the situation usually unfolds something like this: When we have a little success at something, people notice and bring us new opportunities to do more of what we have done well. This means our lives get busier, with more details to manage. The process of managing those projects or details creates even more work for us to keep track of, on top of the work that made us successful to begin with. This cycle can repeat itself over and over a few times until before we know it we are so focused on managing all the details that we forget to step back and enjoy the successes themselves, and the paths we took to achieve those positive results.

It's been said that one good way to stay feeling positive during a busy or challenging time is to step back and remind yourself of all you've accomplished during that time. This seems appropriate for all of us at Fabcon this year, given that it has been a very busy year. So let's review what we've accomplished together, as a team, so far this year.

- Fabcon is currently on pace to achieve record sales listings for the year. Our historical track record of producing high quality precast wall systems with good value for the price, continue to attract new and repeat business.

- During September, Minnesota's Yard set a new all time record by shipping 279,000 SF, surpassing the old record of 255,000 SF. This is a testament to the solid work ethic and focus on continuous improvement of our production, yard and office personnel.

- Wide beds are now operational in every location, increasing Fabcon's capacity and signaling the importance of wide beds in our future expansion plans.

- Higher levels of automation (lasers, etc.) have been introduced in all plants.

- Beginning last year and continuing all through 2007, the IT department planned and has been implementing the new ERP and CRM systems throughout the company. This has been a huge undertaking, and has been accomplished with the support of vendor partners IFS and Virchow Krause and many hours of effort and problem solving by subject matter experts from all major departments around Fabcon.

- Research & Development led the development and introduction of Fabcon's new VersaCore+ **Green**™ panel, assisted along the way by Operations, Engineering, Sales / Marketing and others.

- Through Safety's leadership, consistency, teamwork, training and engagement of frontline supervisors and lead men, Fabcon has improved overall safety and is breaking last year's 1.0 lost time record with 0.8 this year.

- The Field is seeing an improvement of the bottom line in patching hours versus bid.

- By emphasizing the importance of holding detailed pre-planning meetings, Project Management has improved communication and seen growth in the relationships between Project Management and Field Operations personnel.

- ISO personnel continue to lead Fabcon personnel through successful audits while minimizing findings.

- Accounting has overcome seemingly insurmountable obstacles while guiding the rest of the company through the IFS implementation and keeping core business and financial processes going.

- Fabcon has been featured in the Star Tribune and Minneapolis Business Journal during the same week this summer, and in numerous business publications across the many markets we serve.

- Fabcon personnel continue to volunteer their time and many personal talents to support a wide variety of charities and other good causes. This level of personal involvement makes Fabcon a very visible employer in the communities we serve.

- Customer Satisfaction remains a high priority at Fabcon.

When you stop to look at all the accomplishments of the Fabcon team during 2007, it's no wonder we've felt busy this year. And the year isn't even over yet – there are plenty of projects yet to be successfully completed before we close out 2007 as one of the best years ever for Fabcon. Your accomplishments, and the contributions of those co-workers around you, are what makes it all possible. Keep up the good work. And let's all look forward to a strong finish to 2007 and a great 2008!

-Jim Houtman, VP of Sales & Marketing

Fabcon Named Tekne Award Finalist

Minnesota High Tech Association Announces Finalists for Eight Annual Tekne Awards

The 2007 Tekne award finalists represent a distinguished collection of technology companies and individuals that have positively impacted Minnesota's quality of life and helped secure Minnesota's place as one of the most technologically advanced regions across the globe. Awards are separated into categories that recognize the best and brightest in innovation, development, commercialization and management technology in Minnesota.

Fabcon has been named a finalist in the "Green Award" category. The Green Award honors businesses that practice environmental awareness/responsibility and incorporate sustainability principals into their business models. Finalists in this category are: Fabcon, Anderson Corporation, and Cortec Corporation.

The award will be presented on Thursday, November 1, at the Minneapolis Convention Center. The event will be emceed by Paul Douglas of WCCO-TV.



LEAN Manufacturing and Seven Kinds of Waste



The basic foundation of any LEAN process is the relentless elimination of waste. The elimination of waste ultimately leads to lower bottom line costs. Lower bottom line costs ensure that during good times Fabcon meets or exceeds its cost and schedule commitments and that when there are economic downturns, Fabcon will be a successful survivor because we can profitably bid lower against our competitors for the fewer remaining jobs in the market.

Toyota, in its early transformation into a LEAN manufacturer, broke waste into 7 different categories. These definitions and the elimination of these wastes have since become universal for all companies following a course of becoming LEAN. By differentiating the types of waste it becomes easier to identify them and eliminate them. In the months to come we must all learn to recognize and reduce or eliminate these wastes. We are currently training all plant managers, supervisors and leads to identify these wastes and begin to eliminate the seven types of waste at Fabcon. While our initial focus is on production, once we have the plant personnel trained (by the end of September), I will be available to meet with any department at any location to go over the process and techniques for identifying waste within your own group. Waste knows no organizational boundaries.

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The 7 types of waste are:

Defects: This is the easiest to waste to identify and is pretty self explanatory. Any time we have an error and we spend time and materials correcting that error that is waste. The cost of defects at Fabcon is in the millions of dollars annually.

Processing: I like to call this the waste of “further” processing. One of the easiest examples of this is cutting strand in completed blockouts. In many cases, we cut the strand 2” from the edge of the blockout, remove the blockout and then later cut the strand flush with the blockout. If we can come up with a better blockout process that would allow the removal of the blockout first and cut the strand once flush with the panel we have eliminated the waste of cutting each strand within a blockout twice.

Waiting: This is basically people waiting on something or someone to finish a task or deliver something to them so they can do their job. One of the most common examples I have seen at Fabcon is casting crews waiting (for a variety of reasons) on the next batch of concrete.

Transportation: One example of this at Fabcon is moving panels around

the yard. In a recent study of one Fabcon yard we found that over 1/2 of all movement of panels by the cranes was to move a panel for further processing (#2 above) or to get to a panel which needed to be shipped which was under another panel, requiring at least 3 moves just to get one panel.

Movement: By this we mean a production (or office) worker having to constantly move about to get tools or supplies rather than attending to producing the product. At one Fabcon plant we found that an employee involved in placing reveals on the bed prior to casting was walking almost 2 miles a day. By placing items closer to the work station or redesigning the work flow, we can significantly reduce movement waste at Fabcon.

Inventory: How can plates that are sitting around waiting to go into a cast be waste - we are going to use them right? Yes, but if we have more of those plates than we need at the moment, we are tying up our money (we had to pay the supplier) that could be used for other things. Inventoried parts can get lost or damaged, rust or become obsolete before we use them. These are all forms of waste. One of the best examples of good inventory management is the delivery of cement which happens several times a day at Fabcon. Can you imagine the expense of the silos and handling if we keep a weeks worth of cement on hand?

Over production: This is not a waste that you usually associate Fabcon with because we are a “build to order” business. In order to supply enough product during peak summer construction months we negotiate long term contracts that allow us to build sometimes months ahead. However, because this product is stored in our yard for long periods of time, it is subject to damage. The cost of replacing or repairing damaged panels which were in storage is a form of waste due to over production which we can and must address.

Now that you have the definitions above, identifying waste will be easy. Eliminating the waste you found is often just simple common sense. The hard part is the relentless pursuit of looking for the waste and eliminating it wherever you find it. But the payoffs, in terms of cost savings and production efficiencies, are worth the effort.

- Dave Henderson, Director of Operations

ICE Your Cell Phone



Make it easy for ER staff to reach your loved ones quickly: Program the numbers of two emergency contacts into your cell phone and name the entry ICE. It stands for In Case of Emergency, and if you're seriously hurt, medical responders know to check your contacts for ICE entries. A recent study found that 27% of mobile owners had heard of this, but only 9% had actually done it.

SOURCE: American College of Emergency Physicians

Indiana Hot Project - Logan College of Chiropractic

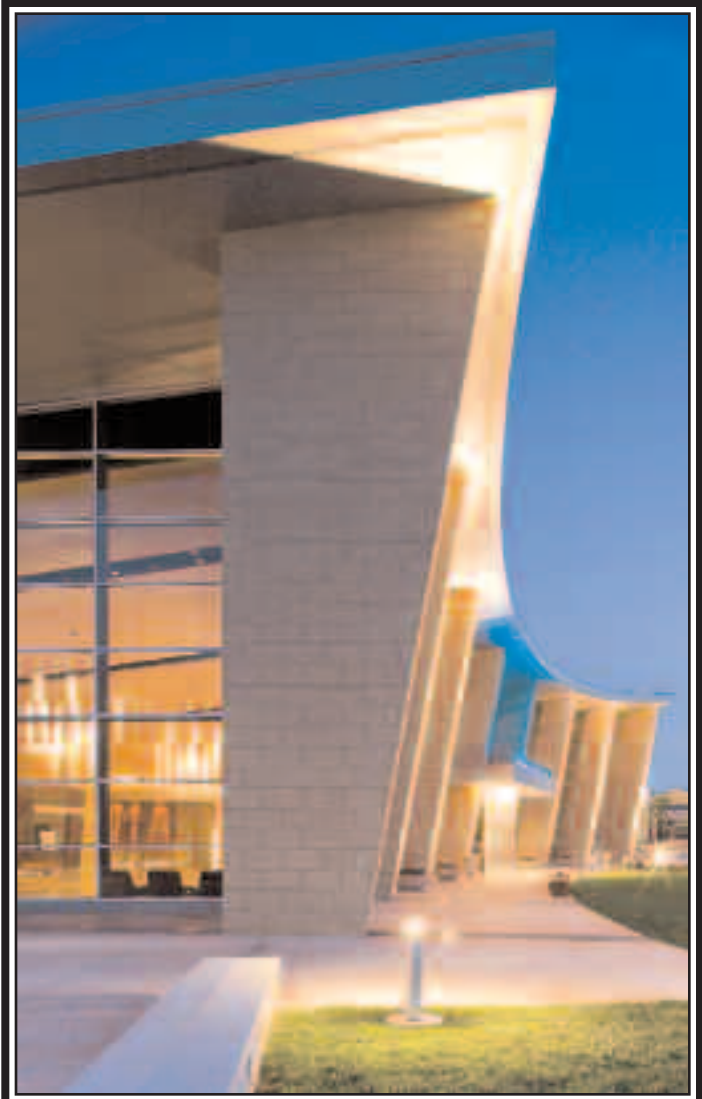


The open and airy entry of Logan College's auditorium and the fact that the college is located in a high fault area with high seismic design requirements made this project engineering intensive. Fabcon provided the shell load bearing walls and the hand laid brick finish was supplied by others. The final results are beautiful!

- Sq. Ft. 46,715**
- Sales Bud Moore**
- Estimator Deb Rushton**
- Drafter Christopher Perseke**
- Engineer Naeem Ghani**
- Project Manager Steve Fredwell**
- Job Foreman Joe Fox**
- Field Superintendent Robert Murray**



**PRIDE
SAFETY
QUALITY**



Plant Competition

Fabcon's four manufacturing plants regularly hold a competition vying to be the leanest, meanest manufacturer of precast wall panels. Daily records measuring Safety, Quality FTQ (first time quality) Quality Scrap, Variable Manufacturing, and House Keeping are kept. These records are given scores of 1-4, (1 being the best) and are tallied and at the end of the month, quarter and year to determine a winner. The employees of the winning plant enjoy a barbecue and also receive a variety of great prizes such as tools and Carhartt jackets. The competition continues and the results for 2007 to date are:

Monthly Competition

- January – Pennsylvania
- February Pennsylvania
- March – Indiana
- April – Minnesota
- May – Minnesota
- June – Pennsylvania
- July – Minnesota
- August - Minnesota

Quarterly Competition

- Q1 Pennsylvania
- Q2 Minnesota



Good luck to all plant employees on the quest to be Fabcon's Plant of the Year in 2007 !