

In recent weeks, we have concluded our year-end activities, which include performance reviews and goal setting, year-end incentive bonus awards and 401(k) profit sharing. Thanks to the efforts of all members of our team, and to the wonderful customers with whom we are fortunate to do business, we recorded an excellent year in 2006. The news was good and our team was energized for 2007.

Then, on the morning of February 3, our company was shocked and devastated by the news that Jim Lowry, our Youngstown, Ohio branch manager, had suddenly and unexpectedly fallen critically ill. Jim passed away on Monday, February 5, 2007. How quickly our perspective changes.

Words cannot express the loss that we all feel. I have known Jim for 12 years, and during that time our relationship transcended work and became one that had a strong emotional bond at its heart.

Jim was a veteran of the Vietnam War, where he undoubtedly faced adversity that none of us will face in our lifetime. He stood by his wife Barb as she bravely fought, and ultimately lost her battle with cancer in 2000. Through it all, he set an example of humility and selflessness that we should all strive to emulate.

What is most profound to me about our time with Jim was his genuine happiness in recent months. Part of me is sad that Jim left us during a time of great happiness for him, while another part of me senses something mystical in his peace and serenity these past months.

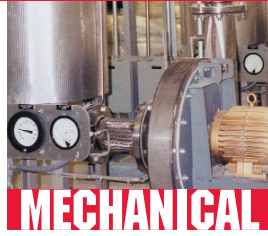
The gifts that Jim left us are everywhere; the memories of him, his knowledge, and most significantly, I think, the example that he set for us.

We honor Jim by moving forward and embracing his gifts to make us stronger. I know I speak for our entire company in being grateful that Jim was part of our lives.

Paul Grunau
President, Grunau Company



James E. Lowry, 7.11.46 - 2.5.07



MECHANICAL

GRUNAU DELIVERS ENVIRONMENTAL COMFORTS FOR OCCUPANTS OF MEDICAL RESEARCH CENTER

When the full-time residents of a new building are going to be animals involved in critical biomedical research, it's important that they be given a comfortable and reliable environment. Grunau Company's mechanical team did just that with the completion of the 320,000-square-foot biomedical research building to be shared by the Medical College of Wisconsin and Children's Hospital of Wisconsin.

The team provided mechanical services and HVAC and plumbing installation for the building, which includes labs and vivarium rooms where the animals are housed and research is performed. Consistency of conditions is crucial in medical research projects, so Grunau had to ensure that temperature, humidity and sound would be identical from one part of the building to another, according to the design by BR+A Engineers of Boston.

The United States Department of Agriculture and Center for Disease Control have very strict guidelines for cleanliness in vivarium labs, particularly because the Medical College has applied for a grant for avian flu research. For everyone's health and the integrity of the experiments, this building has decontamination showers for everyone entering or exiting the BSL-3 area of the vivarium.

The HVAC system's highly sensitive controls must allow a higher percentage of outside air to be circulated through the work areas. Grunau also installed stainless steel piping for animal watering systems and a vacuumsystem for the animals' bedding.

These special mechanical systems account for a remarkable 30 percent of the building's more than \$100 million budget.

The extra layers of piping and ductwork needed for the vivarium rooms were only one factor complicating construction of the biomedical research project. To make the best use of each trade's time, the interior space was

divided into 50' x 50' pods of eight or ten holding and procedure rooms. Each pod required roughly 500 hours to complete the sheet metal rough-in, but the space allowed only three workers at a time. This work was followed by the piping and plumbing trades to complete the layered construction of these rooms. With careful attention to communication and scheduling, the team managed to finish on time, even after last minute fine-tuning of the workspace design by the medical research staff.

A further challenge was the site itself, which is surrounded by existing buildings and borders a busy roadway. There was no room for storage, so scheduling material delivery and coordination with other trades was critical. The adjacent loading dock remained active while Grunau worked. Grunau teams also had to maintain the safety of pedestrians walking from a nearby parking lot to the adjoining buildings, which was a special concern when the crane was on site. Vibration had to be minimal to avoid disturbing other nearby labs.

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▲ The Grunau mechanical team installed steam-to-water heat exchangers that provide hot water to heat the building and reclaim heat from the exhaust air handling units.





Survey reports affirm customer satisfaction

By Paul Grunau, *President*

As many of you know, Grunau conducted a customer survey last fall to measure customer satisfaction levels and to gain insight from customers on what we, as a company, do well and where we can improve. Thanks to everyone who worked to develop and implement the survey. We had an exceptional response rate of more than 40 percent, hearing from 126 people at 93 companies.

Overall, we received valuable insight and positive results. Approximately 87 percent of respondents reported that they were “satisfied” or “very satisfied” with Grunau. Another significant statistic is that nearly half of our customers have worked with Grunau for 10 years or longer.

It’s a testament to your hard work that we’ve built high-trust relationships with our customers over the years. Going forward, we pledge to maintain and improve satisfaction levels on future projects. According to the survey, customers consider reliability, responsiveness and knowledge as the top three criteria when choosing a mechanical contractor. Grunau team members consistently strive to deliver value in these areas.

In another area of interest, nearly half of survey respondents indicated that they prefer to work with a single vendor who can answer all their contracting needs. We capitalize on this preference in our customer meetings by explaining Grunau’s full range of services, across divisions, from mechanical contracting and metal fabrication to fire protection and HVAC and plumbing design, installation and service.

Congratulations on the great work. Positive customer feedback reinforces the value of what we do each day. We will continue to provide the best quality work and service for our customers.

To receive the GrunauGram electronically, please e-mail info@grunau.com and include your first and last name and the name of your company. Please indicate “Receive Electronic GrunauGram” in the subject. Thank you!

GRUNAU SERVICE SHOWS RIGHT STUFF WITH THE RIGHT CHOICE PLEDGE

Grunau Service has devised a customer service promise that expresses its strong commitment to anticipating and meeting customer needs. The Right Choice Pledge can be used as both a sales tool and customer retention program, reinforcing in our customers’ minds that they have made the right choice.

Research has shown that the three most important factors in customer satisfaction are 1) the quality of service providers, 2) the responsiveness and effectiveness of the service itself and 3) the best technology for the job. With that in mind, Grunau Service’s Right Choice Pledge focuses on three main areas:

The Right People. Grunau Service’s pledge affirms our customers’ right to clean, courteous service technicians who are well trained and highly experienced. The pledge acknowledges that customers want to see a comfortable, familiar face on each service call and if subcontractors are needed, they adhere to the same quality standards as our own employees.

Grunau’s responsibilities are to provide the necessary technical and customer service training, to make consistent service scheduling a priority and to develop relationships with vendors who are as dedicated to quality service as we are. Each technician has access to our experienced team members from every trade plus the resources of APi Group to solve any service challenges.

The Right Service. Our customers deserve safe, round-the-clock service and smart solutions for even the most challenging emergencies. They should only have to make one call to get the team they need assembled and ready to work on their project. And that team should communicate the job status to the customer each step of the way.

In response to those needs, Grunau Service promises a service technician within four hours of a customer call, day or night. As our customer’s strategic partners, we are familiar with their installations, saving time in identifying and correcting any problems. Our turnkey service department includes all specialists needed on the job, and they are trained to communicate the status of all jobs promptly and clearly.

The Right Tools. Information and technology is the key to customer satisfaction. Our customers expect technicians to have the tools and knowledge to meet their needs quickly and efficiently.

All Grunau Service technicians use hand-held FieldCentrix technology to stay informed about each job, from work orders to equipment maintenance history. We can also monitor our customers’ HVAC equipment remotely so we can anticipate needs and diagnose problems – sometimes before our customers even realize they need service. We’ve even implemented an organizational system in our trucks that guarantees our technicians will locate the correct tools in 30 seconds or less.

For a complete copy of the Right Choice Pledge and Talking Points, contact a member of the service team.



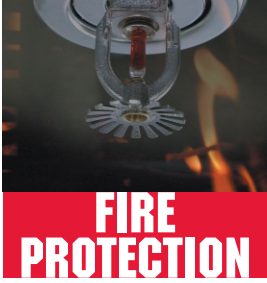
The Right Choice Pledge

Grunau Service pledges to provide every customer with the most satisfying service experience possible. You can expect the best service in the industry when you work with Grunau Service. It’s your right and our responsibility.

To ensure your satisfaction with every job, Grunau Service promises to provide:

- The Right People
- The Right Service
- The Right Tools

It’s the Grunau Service Right Choice Pledge.



FIRE PROTECTION

ORLANDO FIRE PROTECTION TEAM GIVES CINDERELLA'S CASTLE THE ROYAL TREATMENT

When a princess asked them to protect her castle, how could the gallant Grunau guys in the Orlando Fire Protection branch say no?

Late last year, when Walt Disney World was building a luxury guest suite in an unfinished, Disney family penthouse apartment in Cinderella's Castle, they needed a 21st century fire protection system that would blend into their 17th century décor. After all, Cinderella's Castle is probably the best-known Disney World icon. And inside the new suite, there are amenities worth a king's ransom to protect.

So, at the request of Disney and general contractor Buena Vista Construction Company (BVCC), Grunau's Orlando Fire Protection team came to the rescue by installing a new standpipe system to supply the entire castle and especially the new penthouse suite. To ensure there would be no lapse in fire protection, the new system had to be installed and functional before the team could begin to remove the outdated system, piece by piece.

The Orlando team faced several challenges in installing the new system. First, they had to work on an accelerated time frame. BVCC had just six weeks to complete the entire project, and it wasn't until the project started that it became apparent that the old fire protection system wasn't adequate. Also, Grunau had to reroute the new standpipe system around a newly expanded, handicap-accessible elevator.

To further complicate the project, most of the work had to be completed on third shift, to avoid interrupting visitors dining in the castle, the kitchen staff preparing meals or Disney performers using

the costume areas. Night Shift Supervisor Robert Taylor did an outstanding job of coordinating his staff on their hurried schedule.

Arguably the greatest challenge was keeping the sprinkler system as subtle and unobtrusive as possible in the midst of the castle's medieval motif. Cinderella's domed salon ceiling and bedchamber ceiling feature elaborate wood beaming, which meant each color-coordinated sprinkler head had to fit symmetrically in a geometric pattern. The Grunau team did the geometry on the floor below the dome and transferred it to the ceiling to ensure accuracy.

The 650-square-foot, three-room suite includes a 600-pound antique limestone fireplace, elaborate mosaics featuring 24K gold tiles, stained glass windows with jeweled crystal inlays, antique and reproduction furniture and, of course, a Steuben glass slipper.

If you'd like to stay in Cinderella's Castle Suite, you need to be invited by the princess herself. As part of the "Year of a Million Dreams" promotion, Disney World is selecting a family of visitors at random each day and moving them into the suite.

The lucky guests enjoy access to a butler, dinner with Cinderella at her Royal Table Restaurant and free tickets to a nighttime entertainment venue (there's no official word yet on what happens if the guests don't return to the suite by midnight). And, of course, all guests get a good night's sleep knowing they are safeguarded by Grunau Company's fire protection system.

Grunau Metals forges solid relationship with APi partners

Grunau's Metals is excited to partner with LeJeune Steel of Minneapolis on four projects. Like Grunau, LeJeune is a member of APi Group, a Minnesota-based company comprised of 29 independently-managed specialty contractors.

As members of APi Group, Grunau and other contractors like LeJeune can share ideas, resources and management strategies. Over the last 60 years, LeJeune has developed an outstanding reputation and diverse experience in structural steel fabrication and detailing. Grunau Metals has the opportunity to deliver miscellaneous metals for several of LeJeune's upcoming projects, including work on industrial, warehouse, medical, retail and entertainment facilities.

Grunau Metals looks forward to further expanding its partnerships with APi sister companies, leading to additional projects and learning experiences in the future.



CONTINUED FROM MECHANICAL, PAGE 1

Finally, the consulting engineers – specialists in vivarium construction – were located in Boston. At the end of the project, BR+A Engineers praised Grunau's management and field team for producing coordination drawings before construction drawings were completed, permitting the project to stay on its ambitious schedule. Grunau's Jessica Rauch (HVAC) and Don Czajka (plumbing) acted as the consulting engineers' "eyes and ears" on site and provided quick response and workable solutions – with input from the trade foremen – when installation issues arose.

A follow-up survey sent to 20 key players on the Medical College project produced very positive reactions. "I would work with this team again," said one project partner. "They were very knowledgeable and professional. They all were willing to go the extra mile to complete the project and meet deadlines."

When asked if he would recommend Grunau to others, another respondent said, "Yes. I have and would continue to do so, particularly on larger and more complicated projects. I do not think there is a better full-service mechanical contractor in this market, and I do not believe any stand behind their work like Grunau."

Successfully coordinating a project of this size and complexity is a great enhancement for Grunau's reputation. Kwiatkowski said the experience and confidence gained on the Medical College project will prove very beneficial in procuring similar projects in size and complexity. "It gave us the opportunity to develop management strategies and incorporate the methods of 'lean' construction into a project of this magnitude."



▲ A HEPA filtering unit cleans exhaust air from the vivarium biocontainment area in the basement of the Medical College of Wisconsin Research Center so that it can be safely released into the atmosphere.



FIRE PROTECTION

GRUNAU FIRE PROTECTION AT HOME WITH RESIDENTIAL AND SPECIAL HAZARDS PROJECTS

High-tech system ensures low risk at hazardous site

It's not often that a new gasoline tanker loading dock — where trucks load gas to deliver to gas stations — is constructed in Milwaukee. So it's no surprise that Grunau was one of only two local companies with the experience and qualifications to handle the fire protection system.

Flint Hills Resources, an international petrochemical company, chose Grunau to design, fabricate and install a state-of-the-art fire protection system at its terminal on Milwaukee's northwest side. Grunau's special hazards fire protection team designed an AFFF (aqueous film-forming foam) deluge system that ensures maximum safety during the volatile gas-loading process.

When photo detection devices "see" a fire anywhere on the 130-foot-long truck rack, valves on the deluge system discharge. A 150-horsepower, 2,500-gallon-per-minute fire pump in an exterior pump house sends a mixture of AFFF foam and water through elevated pipes to the sprinkler heads to extinguish the fire.



In just six months, Grunau designed the system and installed the fire pump and a 1,000-gallon foam tank, along with 300 feet of galvanized six-inch piping, elevated on stanchions, to the truck rack. Fire detection equipment and alarms in the existing control building also were updated.

◀ *Grunau's fire protection team installed a 1000-gallon foam storage tank that supplies aqueous film-forming foam (AFFF) to extinguish any fires that erupt during the volatile fuel-loading process.*

Grunau worked within the EPA's strict regulatory conditions to eliminate risk, including daily safety meetings. Every Grunau team member completed OSHA training and, as a post-9/11 precaution, a thorough background check.

Each day, the team identified a "competent person," and implemented brass tag procedures: each person on site had to be accounted for at a central command site in the event of an emergency.

"The site restrictions and customer expectations could not have been any higher, and Grunau rose above the restrictions and led the effort to complete, commission and train the owner on a system that they were not familiar with," said Eric Kirchhofer, project manager for general contractor Burns & McDonnell of Kansas City, Missouri. "Grunau provided excellent services and delivered on their promise. It was a pleasure to work with the good people at Grunau."

Quick response earns home run at Ridgedale

Replacing another contractor late in the construction process might throw off other fire protection providers, but not Grunau. Ridgedale condominiums asked Grunau to install a residential sprinkler system at its 90,000-square-foot building in Hartford, Wisconsin. The system needed to meet appropriate residential codes.

Despite the late start and the fact that heating and plumbing piping already were installed, Grunau's team completed its work within the ambitious schedule and on budget. The size and experience of Grunau's fire protection team — including designers and field force — allowed them to accommodate the additional job on top of their existing workload.

Grunau has become the fire protection contractor of choice for Phase II of the Ridgedale Condos.

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