



What's Up

As we progress solidly into 2008, the management team and I have been looking to new markets and new opportunities for CUG.

For example, you'll read more in this newsletter about the work we've done for Country Coach and our efforts to expand into the transportation market. From a business point of view, we hope this strategy will broaden our client base and give us opportunity to spin off into new and varied types of production jobs.

We are not leaving behind our clients in aeronautics

and aerospace by any means, but this year we plan to explore new markets a bit. Whether the project is for an electric car, a horse trailer, an RV coach, or a sailing yacht, we'll be testing the waters in some new markets looking for a good fit.

The key to our success, however, depends on the efficiency of our tooling, R&D and CNC operations, and how able we are to keep the cost of raw materials down. We must meet these challenges if we are to be viable in these other markets where competition and budgets are tight.

By looking into new market niches we hope to convert more and more R&D work into recurring production jobs.

Stretching into new markets may present some challenges, but the opportunities may be well worth the effort in terms of building the stability and profitability of CUG. The more diverse our customer base is, and the more varied our services become, the less likely we suffer from economic downturns and market fluctuations.

- Steve

British Aerobatics Champion visits CUG

Renowned English aerobatics pilot, **Nigel Lamb**, visited CUG last month to try out the new MXS. Nigel gave the plane a test flight and talked with the CUG executive staff.

Nigel Lamb was born on August 17, 1957 in Zimbabwe and was inspired by his father, who was a Royal Air Force fighter pilot in World War II.

At the age of only 11, Nigel sent a letter to the Air Force asking to become a pilot. It wasn't until shortly after finishing school, however, that he joined the Air Force to fly helicopters during the late 1970s.

In 1980, Lamb left the Air Force as an instructor and moved to England to join a professional air display team. Since then, he has competed in more than 1,500 air shows around the world. He was captain of the Royal Air Force "Golden Dream" aerobatic team.

Nigel Lamb was crowned the British Unlimited Aerobatic Champion eight times consecutively. He made his debut in the Red Bull Air Race World Series in 2005.

He is also featured in some major movie productions, most notably as chief pilot in the 2006 film *Flyboys*, and

as a stunt pilot flying a variety of historical aircraft including a Spitfire, P-51 Mustang and a P-40 Kittyhawk.



LEAN Corner

Understanding the effects of LEAN is like watching your kids grow up, you don't really notice until you take a moment to step back and take a look.

I recently had an opportunity to do the same thing the other day during some job costing. It was clearly apparent that the LEAN improvements that we did in the Wet Layup shop had really made some huge improvements. This gave us great numbers and opened up new opportunity for us.

By stepping back, I realized that the Wet Layup VSM really helped optimize the process. CUG became more competitive as a result.

When I stop and consider where we were when we started this LEAN journey, I realize that we are so far ahead now. And even though we don't notice it all the time in our day-to-day operations, the results are significant. We can certainly see it in the operational results.

Ultimately, we have a long way to go on this journey, but I can tell we are just hitting our stride with LEAN.

I encourage everyone to continue to explore what LEAN can do to make your job better, more efficient and less stressful overall.

LEAN gives us information, clarity, and confidence to make meaningful process improvements. With your input we can be the best we can be!

- Dan

Employee Profile



Mellisa McVae

Mellisa McVae has been with CUG for about one and a half years. She works in the PrePreg department and is the lead of the Mooney project.

When asked what she likes most about working at CUG Mellisa says people and learning matter most. "I like the people and I like learning new things all the time," says Mellisa.

According to Mellisa, the most challenging project she has worked on was for Disney. "The Goofy and Donald Duck heads were hard work!"

But the effort is worth it when she sees a finished product. "I like seeing the Mooney parts when they come back from assembly. It's crazy how much different they look than when I'm working on them," says Mellisa.

When she's not at work, Mellisa likes hanging out with her friends, going to the beach, and watching movies.

Melissa says CUG has helped bring her a sense of accomplishment. "Becoming a lead was a big accomplishment for me, but I'm sure my greatest accomplishments are yet to come!"

Company Party Surprise

Thanks to Chuck, many of us were treated to a ride in a Giles 202, a two-seat unlimited class aerobatic aircraft; one of the hottest two-seaters out there.

Unfortunately, not everyone got to go up due to time restrictions (daylight hours), but those folks that did got a thrill; including some home fly-by's.



HR Corner

Congratulations to **Job Heathco** on his new promotion to Quality Assurance Inspector. We wish him well in his new position!



New Hires!

We have been pleased to recently create and fill 18 job new openings since the beginning of the year. This is only the first wave of hiring in 2008; we anticipate several more job openings later this year. The additional staffing is needed to support growing demand from our aeronautics and aerospace clientele, and for new projects in expanding markets such as the transportation and marine industries.

CUG is at the front of Scappoose airport expansion and this year looks to be a bellwether for the company. In the past we've been subject to market demand fluctuations, but our suite of key customers has become much more stable and we have expanded our customer base in more diverse markets which has positioned us for steady job growth and expansion.

Welcome aboard everyone! We are pleased to have you become part of the CUG family.

Wet Lay-up

Jones, Tom
Jones, Chris
Harrell, Gayla
Wiley, Julane
Moore, Erin
Jaeger, Lori
VanBuren, Kayla

MXR Assembly

Thomas, Paul
Hugo, Aaron
Langshaw, Dan

Pre Preg

Melling, Anthony
Prindel, Hyat
Pyl, Alexandra
Jones, Jana
Kent, Jason
Brixey, Joey
Tyree, Eva

Ship & Rec

Marble, Jeff

On the Floor

It has been a busy past three months "on the floor" at CUG. We continue to move forward with work for **SpaceX**, including two 45 foot payload fairings that will be used to protect satellite payloads during launch. Preliminary ultrasonic C Scan testing is scheduled for this week.

In general, we expect the work for SpaceX to be ongoing throughout the year, culminating with the delivery of the fairings near the end of the year.

As you know, we rolled out our first production **MXS** recently. Chris Anderson did an awesome paint job and flight testing with Nigel Lamb went great. We'll be delivering the plane to him next week.

The scope of our work may vary from project to project, but plans are to produce kit planes throughout the year...about one per month.

We are looking to expand our clients and markets, and with that goal in mind we completed a couple of jobs recently for **Country Coach** in

the RV market. Plus, we are bidding on a job for **Miles Fiberglass** that would have us provide master plugs for a new horse trailer design.

Our core customers in aviation and aerospace will always be a top focus, but we plan to "test the waters" with some of these new industries and gauge the potential opportunity for CUG.

Stay tuned...

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Tips to Prevent Back Injuries

It is important to use caution when lifting any heavy object, whether at home or at work. Here are some quick tips to prevent back injuries.

- Test every load before you lift by pushing the object lightly with your hands or feet to see how easily it moves. This tells you about how heavy it is.
- Make sure the weight is balanced and packed so it won't move around. Loose pieces inside a box can cause accidents if the box becomes unbalanced.
- To avoid hurting your back, use a ladder when you're lifting something over your head. Get as close as you can to the load. Slide the load towards you if you can.
- Use slow and smooth movements. Hurried, jerky movements can strain your back. Keep your body facing the object while you lift it. Twisting while lifting can hurt your back.
- "Lifting with your legs" should be done only when you can straddle the load. To lift with your legs, bend your knees, not your back, to pick up the load. Keep your back straight.
- Try to carry the load in the space between your shoulder and your waist. This puts less strain on your back muscles.

And remember...don't overdo it! Don't try to lift something too heavy for you. If you have to strain to carry the load, it's too heavy. Get some help and keep healthy!

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