Build a luxurious high-rise building in the dead of a Minnesota winter. Make it look fantastic. And do it in six months’ time. These were the marching orders delivered to the team assembled to build Melrose Apartments, a 10-story, 278-unit apartment building just a stone’s throw from the University of Minnesota campus in Minneapolis, Minnesota.

The team from Olympic Wall Systems was spot-on brilliant as they quickly ramped up and got the $44 million project moving fast forward. No less than four... the job site.

The assembly lines would have made Henry Ford proud, churning out flawless panels of Dryvit's Outsulation®, which featured Dryvit’s Sandpebble® finish.

“It was a total full-court press for us. We had 40 people assigned to the project. We produced approximately 1,500 panels of all sizes, and we did it successfully with a 1/8 of an inch tolerance for each panel. Four finishing colors were applied, “ said Olympic’s Vice President Mike Conroy.

Mike gives much of the credit to Project Manager Rob Hannibal and Specialty Coordinator Herb Hanson for devising the strategy. “They did an incredible job of ramping up for this project,” Mike said.

The panel frames were then transported to the site and erected from a special framing jig adapted by the Olympic production crew and the plasterers led by Foreman Greg Martin. It was flawless.”

“Dryvit was selected because the ease of panelization of the Dryvit system helped solve the scheduling and weather challenges this project presented,” said Dryvit’s distributor Anne Lutz of the Lutz Company. According to Anne, approximately 120,000 square feet of Outsulation was applied.

The project, which started in November 2001, was completed in July 2002.

“We initially considered masonry and then we looked at EIFS. EIFS was much more cost effective, and it allowed us to meet our tight construction schedule. Everyone was very, very satisfied,” said Julie Dotzenrod, Project Manager for general contracting firm Adolfson & Peterson.
Dryvit's Bill Preston Named EIMA Member of the Year

Congratulations are in order for Bill Preston, who was named EIMA Member of the Year for 2002! The honor was bestowed on Bill at EIMA's Annual Meeting in February 2003.

Preston has been a leading figure in the EIFS industry since 1985, when he joined Dryvit. He has served as President of the EIFS Industry Members Association (EIMA) and has been a vocal advocate for the industry's interests. His contribution to the industry is immeasurable.

For more information about homeowner insurance in the aforementioned states, visit the websites listed above.

Victory on Insurance Issue

The insurance issue continues to be a top-of-mind issue for many industries and businesses, including ours. We have some good news to pass along on the homeowner insurance front.

Dryvit has received confirmation that Grange Insurance (www.grangeinsurance.com) will continue to write coverage for homes clad with Dryvit in the following states: Georgia, Illinois, Indiana, Kentucky, Michigan, Ohio and Tennessee.

An affiliate of Grange Insurance, Integrity Mutual (whose website is www.integrityinsurance.com) will continue to write coverage for Dryvit-clad homes in Iowa, Wisconsin and Minnesota.

“This important victory is a direct result of the tireless work of Dryvit's Director of Industry Relations, Doug Mault. Doug has been pounding the pavement and working the phones on our behalf, building relationships with insurance companies across the country.” This is just one step in what we hope will be many victories in the future,” said Peter Balint.

For more information about homeowner insurance in the aforementioned states, visit the websites listed above.

Dryvit Projects Recognized for Excellence by EIMA and AWCI

Survey Says – It’s Dryvit

Dryvit Comes Out on Top in BUILDER’s Survey

We all need and, heck, all like a little positive affirmation that we’re doing a good job — even established leaders like Dryvit, who recently received that affirmation in BUILDER magazine’s 2002 Brand Use Survey. In the survey’s EIFS/Stucco Siding segment, Dryvit was selected by readers of BUILDER as the brand with the most familiarity, the most used brand, the brand with the highest quality and the brand that is best at communicating with builders.

Dryvit Leader Named EIMA President

Peter Balint, Chief Executive Officer and President of Dryvit Systems, Inc., has been appointed President of the EIFS Industry Members Association (EIMA), the non-profit trade association comprised of more than 500 leading manufacturers, suppliers, distributors and contractors involved in the exterior insulation and finish systems (EIFS) industry. Mr. Balint was appointed to the post, which has a one-year term, at EIMA’s annual meeting in February.

Winner: Gaylord Palms Resort & Spa, Orlando, FL.

Survey says — It’s Dryvit!

The lights were burning especially hot that day as the envelopes were brought up to the podium. The growing anticipation that hung in the air was so palpable that it could be cut with a trowel. “Who would win?” was the question that raced through the minds of everyone in the audience. Time stood still.

This was the moment when the winners of EIMA’s 11th annual 2003 Excellence in EIFS Construction Awards would be named. (This wasn’t exactly the moment, but work with us!). Needless to say, it was a very good day for the Dryvit organization. Winners were announced in four separate categories. The competition this year was especially fierce as 48 entries were considered and judged compared to 31 entries the year before. One by one, the envelopes were unsealed; and one by one, the winners were announced. All were Dryvit projects — a clean sweep!

Not to be outdone, Florida’s Gaylord Palms Resort & Spa was given the 2003 Excellence in Construction Quality Award, AWCI’s top honor. The Dryvit-clad project was nominated by KHS&S. The announcement was made at AWCI’s Annual Convention and Trade Show held in late March in New Orleans.

Congratulations to all the people involved in these outstanding projects!
Legally Speaking... An Update

Judge Approves National Settlement Agreement

On January 14, 2003, the judge assigned to preside over the national class action lawsuit by Posy et al v Dryvit Systems, Inc. in the Circuit Court for Jefferson County, Tennessee granted final approval on the proposed settlement. The Honorable Duane Sloane determined that the final settlement proposed by plaintiff's counsel was fair, adequate, reasonable and in the best interest of the settlement class following a fairness hearing held earlier in 2002. This development is good news for everyone involved, directly or indirectly, with the settlement, said Kenneth Nota, Dryvit's Vice President and General Counsel. "Dryvit will once again be able to focus on delivering industry-leading innovation to the marketplace. Great products, great service, delivered by good people has been and will continue to be what sets Dryvit apart."

Mr. Nota noted that, as a matter of law in such decisions, there is a "right to appeal" for anyone that filed a formal objection to the class. Several notices of appeal have been filed, and the Company is working to resolve those issues. Nonetheless, this certainly represents a significant step forward for Dryvit in resolving this issue, and we are confident that the court's decision will be upheld and look forward to moving ahead with a program that will provide eligible homeowners with a real and practical remedy," said Mr. Nota.

Virginia Case Resolved

Board of Directors of the Bay Point Condominium Association, et al v RML Corporation et al.

Following the issuance of a preliminary opinion letter by Judge Leafe on January 28, 2002, Dryvit immediately filed a Motion to Reconsider detailing the problems with the preliminary opinion letter. Kenneth Nota, Dryvit's Vice President and General Counsel, characterized the opinion letter as "difficult to understand and inconsistent with both our understanding of the law and the facts presented in the case."

At the same time, negotiations began with the plaintiffs to settle the matter. Mr. Nota stated that "although Dryvit firmly believed that the factual and legal rulings proposed by the judge in his preliminary opinion letter contained numerous reversible errors, Virginia, unlike other states, does not have an automatic right of appeal. Therefore, we felt there was some merit to pursue a negotiated settlement." Had Dryvit filed a petition for appeal and if the appellate court elected to hear the appeal, he had no doubt the ruling would have been overturned. The Company was able to negotiate a settlement with the plaintiffs at a substantially discounted amount from the judge's proposed award, which Mr. Nota said "clearly reflected the strength of the Company's arguments presented in the Motion to Reconsider and the merits of any appeal it would have filed."

In light of the Company's pending Motion to Reconsider and the ongoing settlement talks with the plaintiffs, the Judge agreed to hold the preliminary opinion letter in abeyance and an order was entered dismissing the case. No final adverse ruling or order was ever entered against Dryvit. Mr. Nota also noted that, following the Bay Point matter, Dryvit has been successful in having several other lawsuits in Virginia dismissed.

California Jursors Affirm Dryvit Position on Outsulation

Some great news to report on the legal front in California. On Nov 21, 2002, a jury in a persuasive 11-1 decision, that required fewer than three hours to deliberate, rejected plaintiff claims that Dryvit's Outsulation® System, which was installed on the Columbine Townhouse in California, was defective or that Dryvit was negligent in any way. "This verdict fully supports what we and tens of thousands of homeowners have known to be true for more than three decades: Outsulation is an outstanding, high-performance cladding system that has passed the test of time and offered thousands of homeowners innumerable benefits," said Peter Balint, President and CEO of Dryvit Systems, Inc. "We are gratified that a group of twelve men and women listened closely to the testimony reviewed the evidence and arrived at the same conclusion that thousands who are familiar with the product have already concluded: defective construction practices do not mean a defective product," Balint stated.

About the Case

In Columbine Place Homeowners Association v Dryvit, the plaintiffs sued Dryvit on behalf of 18 owners of town homes located in Modesto, California. The case was heard in the Superior Court of the State of California, Stanislaus County and presided over by Judge Girolami. At trial, the plaintiffs claimed that (continued on page 6)

Oak Ridge National Laboratory Study Determines Dryvit Most Thermally-Efficient Wall System Available on the Market

Dryvit Walls Outperform All Other Cladding in Independent Tests Conducted by ORNL

Do owners care about the thermal efficiency of their buildings? Of course they do. Well, we have some great news to share on this important subject.

In a study released by the prestigious Oak Ridge National Laboratory (ORNL) in 2002, Dryvit walls were rated hands down more thermally efficient than any competing wall system after being subjected to rigorous independent testing at the nation's preeminent scientific testing facility. The recently released landmark analysis provides further compelling new evidence of an important source of differentiation for choosing Dryvit, particularly in an environment where optimizing thermal efficiency is a priority for the building owner.

The Findings

ORNL engineers at the Oak Ridge, Tennessee facility performed a clear-wall comparison test on seven (7) common cladding types: Dryvit Outsulation®, brick, glass, stucco, concrete, wood and masonry. Each cladding was evaluated for clear-wall R-values under the same exact conditions with the identical building conditions. The ORNL report is significant because it considers a whole-wall assembly taking into account all the materials that make up the wall structure," said Steve Vachtle, Dryvit's Vice President of Marketing. "What is unique about the ORNL study is that it compares all claddings as they would be used in the field and not in an arbitrary lab setting."

A High-Performance Value

When building owners are seeking cost-efficient, high-performance building options, Dryvit Systems, Inc. offers the best alternative to suit their needs. Combined with extraordinary design flexibility and lower installed cost, Dryvit offers the best of all worlds.

For a copy of the complete study, visit the "What's New" or "Technical Data" sections of Dryvit's web site at www.dryvit.com.

Oak Ridge National Laboratory is a multi-program science and technology laboratory managed for the U.S. Department of Energy by UT-Battelle, LLC. Scientists and engineers at ORNL conduct basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science; increase the availability of clean, abundant energy; restore and protect the environment; and contribute to national security. ORNL was established in 1943 to carry out a single, well-defined mission: the pilot-plant-scale production and separation of plutonium for the World War II Manhattan Project. From this foundation, the Laboratory has evolved into a unique resource for addressing important national and global energy and environmental issues. For more information, visit www.ornl.gov
Dryvit's barrier EIFS product, known as Outsulation®, was defectively designed and was defective because it was sold with inadequate warnings. The plaintiffs also claimed that Dryvit negligently designed and tested Outsulation, that it negligently trained applicators of Outsulation and that it negligently failed to disclose material facts to users of Outsulation. Plaintiffs sought more than $2 million as compensation for water damages to their homes and to remediate what they characterized as "toxic mold."

New TerraNeo finishes feature natural mica chips and a wide array of colors

Enhancing its already industry-leading array of finish options for its exterior insulation and finish systems, Dryvit will be introducing the TerraNeo™ finish line to architects, designers, specifiers and building owners soon.

"TerraNeo, which loosely translates as "New Earth, " finishes offer architects, designers and building owners an exceptional natural aggregate finish. TerraNeo establishes a new and exciting exterior or interior finish with distinctive, rich features. Whether a project involves a new structure or the renovation of an existing structure in need of a contemporary facelift, TerraNeo finishes offer traditional Old World values to the exterior of a building with high-performance attributes that ensure a long-lasting radiant finish. TerraNeo is certain to enhance a building's stature.

TerraNeo trowels on smoothly and floats easily. The minimum temperature for application is 50 °F (10 °C). Suggested uses include TerraNeo over EIFS, cement plasters, stucco panels, cement board, precast structures or interior walls. Ten standard colors, as well as custom colors, will be available. A color chart with more detailed information will be available soon.

We are exceptionally pleased to be able to offer the design community and contractors yet another exciting option in finishing EIFS-clad structures, " said Steve Wachtler, Vice President of Marketing at Dryvit Systems, Inc. "The natural qualities of the finish, featuring the unique effects of natural mica chips in the aggregate, create distinctive impressions."

Dryvit Systems Meet Massachusetts Energy Code Standards

Dryvit's systems have always been known for the extraordinary energy efficiency they offer to design professionals and building owners alike. Now those energy advantages are taking center stage in Massachusetts, where new energy code standards (Massachusetts State Building Code 780 CMR 13 and 14) have recently been adopted. Importantly, Dryvit conforms to Massachusetts' revised Energy Code in two significant ways:

Backstop™ and Backstop NT™ both met the recently revised Chapter 13 requirements for exterior envelopes, including updated requirements for continuous air barriers.

The hallowed halls of Dryvit University welcomed yet another class of students in April 2003. More than two dozen professionals from regions far and wide participated in the value-added training programs held at Dryvit's world headquarters in West Warwick, Rhode Island. Congratulations to the graduates of Dryvit University's April 2003 class.

Graduates of April 2003 Dryvit University

If you start your mornings off with Katie, Matt, Al and Ann, you likely saw the five-minute live segment the Today Show aired on March 5 that showed how homeowners can create curb appeal. Co-hosted by Al Roker and home building expert Lou "Mr. Fix It" Manfredini, the show's Today's Home segment featured a handful of cladding choices that can add to a home's appeal including, of course, Dryvit.

According to Lou Manfredini, Dryvit is "quite possibly one of the most versatile products to come out in the building market in the last 20 years. " How come? " asked Al Roker. "Look at what you can do with it. You can do absolutely anything with it," responded Mr. Fix it.

In closing, Mr. Manfredini noted that "the reality of it is that any one of these products (vinyl siding, brick, wood), if they are not installed correctly can be a problem." For folks who missed the segment, don't despair. A link to the segment can be viewed by visiting Dryvit's Press Room at www.dryvit.com.

NBC's Today Show Features Dryvit in Home Curb-Appeal Segment

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Legally Speaking...

(continued from page 4)
Why Dryvit? For Tennessee distributor Colin Masters, who has been associated with Dryvit for 18 years, the answer is pretty simple. “You always want to be associated with Number One.”

Business is looking good in Tennessee. “Overall, 2002 was a good year for us. We hit our numbers, which was great; and we’re still sticking with the formula that made us successful in the past — to look at business not in terms of being just another order but as being another new customer. You treat them right, give them good products and great service; and you keep them,” reports Colin. While there wasn’t a lot of new construction business, there certainly was more retrofit work.”

One of the new products that is getting more and more traction in Tennessee is Dryvit’s Custom Brick™. “Custom Brick is beginning to get a lot more play down here. You show it to architects, and they love it,” said Colin.

In Tennessee, smack dab in the middle of brick country, folks like the look of brick. “But when you consider the total cost of a brick wall in these trying times when every penny counts, well, they’re just amazed. With Custom Brick, they get all the benefits of EIFS and still get the brick look they want,” said Colin. Those benefits include lower maintenance costs, greater design flexibility and a significantly better R-value over traditional brick.

EIFS contractor Doug Johnson of Johnson & Byrd agrees. “We’ve got quite a bit of work down here. The weather isn’t cooperating, but we’re still doing well.”

The team from Johnson & Byrd recently completed a Custom Brick project for a new U-Haul facility in Brentwood, Tennessee: “It’s one of the best brick buildings I’ve ever seen.”

So what’s the reaction from the local brick people? Doug relays the following encounter.

“We had a brick mason look at the U-Haul project; and he said, ‘Lord, you’re all gonna put us out of business with this Custom Brick.’ From his mouth to God’s ears.”

Dryvit Says Goodbye

It is with great sadness that Dryvit says goodbye to two longtime employees who passed away.

William C. Moore, 65, died on December 21, 2002 after a long battle with ALS (Lou Gehrig’s Disease). Bill worked for Dryvit as a Senior Development Chemist for 20 years before retiring in 1998 due to illness. Bill was instrumental in developing Dryvit’s line of elastomeric coatings and non-cementitious products as well as providing continuous quality improvement of Dryvit’s entire line. Bill had many interests and hobbies including kayaking, baking, gardening, learning languages and throwing boomerangs. His eclectic style will always be remembered.

Thomas C. O’Rourke, 62, died on January 17, 2003 after a two-year battle with cancer. Tom was Director, Corporate Logistics and Purchasing and worked for Dryvit for 10 years before retiring in September of 2002. His knowledge and experience in logistics allowed Dryvit to control its costs through the entire distribution channel. Tom also worked diligently to establish the National Unaffiliated Shippers Association (NUSA), which gave unaffiliated companies negotiating power to write ocean contracts and keep shipping costs down. Tom was very active in community youth sports; he enjoyed golf, bowling and all family activities.

Bill and Tom’s knowledge, professionalism and devotion to the company made them both highly respected by co-workers and industry people alike. They will be sadly missed.