



2013 Iowa-Nebraska Chapter ESOP Company of the Year Nomination

Precision Pulley and Idler, PPI, is proud to submit our nomination for the 2013 ESOP Company of the Year Award. This past year has been a year of growth, hard work, and celebration for PPI. We want to share the lessons we have learned and our great accomplishments we have achieved this year.

The first Quarter of 2012 was full of educational meetings and surveys. We kicked off January with our annual ESOP meeting. Every January a presentation is given by the head of our ESOP Plan Administration to review and educate all employee owners on the ESOP Mechanics and the financial benefits of our ESOP. This presentation is given several times at several locations over the course of a few weeks to make sure all employees, from Texas to California to Tennessee, have the opportunity to hear the review. The meeting covers the basics of an ESOP as well as any changes that may have affected our Plan over the last year. The meetings also include a "state of our business" discussion presented by our CFO. The financial performance for the most recent year is reviewed as well as a discussion of our expectations for the coming year.

After our 2012 annual ESOP meeting our Communication Committee was asked by the Administration to conduct a survey about our annual ESOP meetings. The Administration wanted to make sure they were providing a beneficial meeting and fulfilling the employees' expectations. The surveys showed the employees really appreciated having the meetings and that the meetings are doing a great job of educating and sharing information to all employees. There was an overwhelming request to have an additional meeting each year. So, as requested, two meetings are scheduled in 2013.

Also, in the first Quarter of 2012 PPI participated, for the first time, in the Work Place Dynamics Survey. This is a survey to find the best place to work in Iowa. Although PPI did not win the survey, a lot of good has come from participating in it. The survey indicted a need to help improve our communication. The majority of our employees do not have access to company email; therefore, spreading information has always been considered a challenge. Since the survey, PPI has developed the TextVine. The TextVine is a new and efficient method of delivering messages throughout the company using cell phone and text messaging technology. The primary focus of this service is to include and inform the Employee Owner who does not have a company e-mail account but does carry a cell phone. Any Employee Owner may subscribe to this service and have messages sent to their cell phone. The general plan is to share information in a brief headline type format and, when applicable, include information on how to find out more.

Another benefit, as a result of the survey, was the formation of a Continuous Improvement Team. This team includes a cross section of employee owners from different departments of the company. The primary goal of this team is to focus on finding solutions to issues and concerns that are affecting all departments.

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In the second Quarter of 2012, the PPI ESOP Communication Committee had some fun with ESOP education. The committee got the entire team of PPI employees involved in ESOP BINGO. Several games of ESOP bingo were played and everyone from California to Pennsylvania was involved. An overwhelming amount of employees are anxiously awaiting the next opportunity to play ESOP bingo.

While in the second Quarter of 2012 we may have played games, our third quarter of 2012 reflects the dedication and diligence of our entire PPI team. A significant date was added to the PPI history timeline. August 24, 2012, is a date that will be forever recognized and celebrated at PPI. On that date, PPI became 100% debt free. Hard work from all employees contributed to the early payoff of the loan used to purchase PPI from the original owners. This loan was paid off 10 years earlier than the original scheduled date. All employees joined in the celebration of this achievement by attending a company-wide burning of the loan papers and an employee luncheon. Each employee also received a jacket and a T-shirt to commemorate this tremendous accomplishment.

Also, in the third quarter of 2012 it was confirmed that PPI achieved record sales and profits for the 2011-2012 fiscal year. This was phenomenal considering we also had record sales and profits in the 2010-2011 fiscal year. Two years in a row of this an amazing accomplishment, amidst a very tentative economy for the last few years is something we are very proud of!

In the fourth quarter of 2012, and in celebration of employee ownership month, our communication committee hosted our first internal poster competition. PPI has never participated in the Employee Ownership Month Poster Contest and we figured it was about time we had. The committee received thirty amazing entries for our internal poster contest. After a long time of deliberation over all the great entries, one poster was picked and will be submitted into this year's national poster contest. We are excited to participate this year and excited to be able to send the creator of the poster to the 2013 conference in Washington DC to reward him for all his hard work.

To wrap up another great year at PPI, we received our new share price in December. Employees were blown away at the 18% increase over last year's share price. Prior to receiving the new share price, the communication committee continued our "Guess the Share Value" contest. The committee has played this game for several years now, and it is impressive to see how good employees are getting at accurately predicting the new share value. This year we actually had nine employees correctly guess the amount.

The pride and hard work of each employee owner is evident by the success PPI has achieved. It takes all 430 owners to make PPI what it is-A SUCCESS!

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