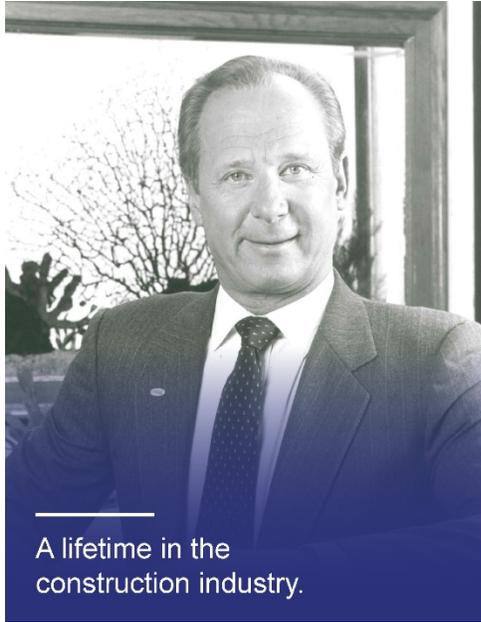


Ron Brady



A lifetime in the construction industry.

LEGENDS

I believe true success in life is a balance of Joy and High Performance. When I look at my life and at the success of our businesses, I know the American Dream is alive and well. Miracles do happen and opportunities are all around us.

My father was a plasterer. During WWII, the plasterers merged with the steam fitters. All pipe insulation on military installations was done with asbestos, the new miracle product, then wrapped with canvas tape. We moved a lot, living in six different cities in four states one of which was San Diego. Dad always said, “when the war is over, we will move back to San Diego”, which we did in 1946. What a blessing it was to come to Southern California

at a time when growth and opportunity were abundant. Dad went to work as a plasterer! In 1948 he started E.F. Brady Company, a plastering business. Gypsum plaster interior, cement plaster exterior, wood framed houses and apartments. Dad was a great role model of being the best you can be in all things; build relationships based on honesty, trust, quality and service; WALK YOUR TALK, what you do is who you are.

Dad built our original office in 1949-50. Dad and his partner laid the concrete blocks of which it was built. My brother and I carried and stocked the concrete blocks for them. Each block weighed 32 pounds, they made ramps so we could carry the blocks where they were laying them, we were 12 years old. It seemed we carried them forever! We spent many weekends working in the yard building wood flapjacks for wood scaffolding. E.F. Brady’s business was growing as they started doing large tracts of homes.

I had my first business experience in my sophomore year of high school when I bought a paper route. As our neighborhood grew, I was able to split my route and sell half of it. When I graduated from Helix High School in 1955, I became a plastering apprentice at \$1.44 per hour. In 1957 I enlisted in the Army, signing up for the new six-month active duty and five-and-half-year Reserve plan. I did my active-duty basic training at Fort Ord, CA completing my last four months in Fort Leonard Wood, MO. At the conclusion, I went by to visit my Uncle in Fort Worth, Texas. He ran a trucking company Container Corporation. I went with him to the local Chevrolet dealer where he was purchasing two trucks and I fell in love with the “latest greatest” 1958 white Corvette on the showroom floor. My uncle took one look at me and said, “let me see what I can get that for by adding it to my order,” he came back with a price of

\$3,300.00!! Driving home to California is one of my favorite memories.

I became our plastering superintendent in 1959, the man I replaced helped us open a lathing division. In 1960 we started specializing in school construction and started a drywall division much to my Dad's anguish. Once a plasterer always a plasterer! Between 1960 and 1965 we opened two branch offices and transitioned from wood frame to metal frame commercial work. Like I said, "Opportunities and growth were abundant". We were expanding rapidly.

I didn't have the time or the desire to go to college. I followed the Mark Twain quote, "I don't want schooling to get in the way of my experience and growth." I got married in 1959 at the age of 21. We had our first son, Scott, in 1960 and another son, Todd, in 1962, obviously our business was not the only thing expanding rapidly. Daughter, Kimberly, was born in 1963, followed by two more sons, Gregg and Lance. People told us it was good I was only in the reserves for 5 ½ years.

When we purchased our first house in 1961 it came with the greatest option available, a sliding glass door! 3 bedrooms, 2 baths for \$13,985! Didn't make much, but everything is relative. Gas was 31 cents a gallon, bread 22 cents a loaf, and milk was 49 cents a gallon.

In 1961 I wrote my three subjective lifetime goals:

1. I will maintain my own inner peace and joy above all else for without it I cannot give it.
2. Leave the world and the people with whom I come in contact, better because I passed this way.
3. Have a lot of fun and make a ton of money on the way through.

These worked as a guide for me to write my annual objective goals for business, family, and health, which were specific to time, money and behavior.

During the 1960's my brother, Robert, learned the management side of the business from Dad. He had the support of our great CFO, Jay Elston. We acquired our first computer and started general accounting, receivables, payables and payroll with the help of our computer expert, Jim Schmidt, to lead the way. I became vice president in charge of operations assisted by Vince Lombardo.

In 1962 we followed our most significant customer in tract development to Central California and opened a division in the area, managed by Allen Larson and his wife Donna doing admin. San Diego estimating department supported them in the Get Work and the estimating side. Vince Lombardo supported them for about two or three years on projects other than tract work on the Do Work and Keep Score side. On the operation side of our business and later in management Vince was my right arm. As Vince moved on Allen became my right arm. Both were corner stones in developing our business.

In 1965 when Dad started a profit-sharing plan. it was the only profit-sharing plan that included non-union office staff as well as union field employees. Our annual profit-sharing dinners were

unbelievable. The theme and the amount of our contributions were always a surprise. In 1972 we had our dinner celebration for about 350 people at the world-famous San Diego Zoo. We were entertained, under the stars, by an inspirational singing group from Nashville and the famous UCLA basketball coach, John Wooden, spoke on his "Pyramid of Success". The presentation of the contribution was printed on a banner hung on the back of a small elephant!! \$200,000! No small amount in those days! In addition to profit sharing, we were very generous with performance bonuses and were committed to spending an amount of money equal to 10% of each person's bonus on how we made the announcement, whether it be a dinner or a trip.

Dad semi-retired in 1970 to enjoy his amazing success. He was very involved in IAWCC which became AWCI. In 1978 he became president. Dad passed away on May 10, 1978. Thirty-one fantastic years of building a very successful business. What a ladder to climb and set of boots to fill. I had gone through a divorce in 1976.

On June 27, 1979 I married the love of my life, Mary Alice. She had three children, two girls and a boy to add to my five. You can either call it Eight is Enough or The Brady Bunch! We have been married 41 years. We now have 26 grandchildren and 6 great grandchildren. We are truly blessed. All our children and grandchildren are healthy happy and are contributing members of their communities.

After my brother Robert decided to move to Tahoe and deal with some personal issues the business continued to grow and prosper with a great team of people. We had a strong CFO, experienced estimating team, and a substantial backlog that assured our business would double in the next year. I was very apprehensive and knew I would need a lot of help. I brought in outside professionals to seek their advice on doing a SWOT analysis, Strengths, Weaknesses, Opportunities and Threats for myself and the rest of our team. It was up to me to lead; I knew it would be a challenge! FMI helped determine where we had organizational lapse and gaps. It was survival mode that paid huge dividends. I hired Dave Dupree from the FMI analysis team. Could we survive with all the growth if another economic downturn were to occur soon? The last correction was in 1973 and every ten or eleven years we would have another correction.

Even though Robert was in Tahoe he still had his Ranch in Lyons Valley so I hoped he would come back to the company. In 1980 at our annual Presidents Breakfast, I presented him with a horse on the terrace of the Westgate Plaza Hotel. What a feat! We were able to lift the horse from the street below in a box from the San Diego Zoo (thanks to my relationship with Chuck Faust forged during the time we worked on animal enclosures at the zoo). When our guests saw the horse walking around no one was interested in finishing their meal it was all about the beautiful horse.

Mom wanted me to follow in Dad's footsteps and become involved in AWCI. In 1983, Joe Baker, the executive director, nominated me to the Executive Committee and on the Board of Directors. I was in Washington DC four times a year plus the convention and committee

meetings held all over the country. I also became active in our Continuing Study Council, CSC, which met twice a year, once at the convention and once overseas as our association is international. Over the years we have seen much of the world from Iceland to Africa. We made wonderful friendships with industry leaders including Bob & Toni Heimerl, Dick & Hatti Martin, Jim & Sheila Rutherford and many more. In 1984 I was nominated to go into the chairs and became President in 1989-90. Our companies have received many AWCI awards for Safety and Quality. In 2007 I was very proud to receive the highest honor presented by our association, the Pinnacle Award.

1983 because of my involvement with AWCI and relationships I was asked by Bill Marek, who was the President of AWCI at that time, to come visit with the Marek Companies in Houston. He wanted me to act as a consultant for Ralph Marek's son, Stan and do what we had done with our company, a complete SWOT analysis. Out of this experience I realized the need to establish the peer group concept. Like kind companies based on values, size and geographically separated so that they would not compete with one another. We started in 1985 a G-5 peer group with compatible companies from California, Texas, Nebraska, Illinois and New York. We met twice a year once in Houston, TX and once in San Diego, CA. It has been a blessing and a phenomenal benefit for all involved. Twenty years ago, we established sub peer groups to cover safety, operations, estimating and IT. In many cases we are into the second generation of leaders. A very proud achievement!

Between 1985-1988 our business doubled, and we were on track to double again by 1994! We worked with Senn Delaney a prominent consulting firm to prepare us for future ownership transition. During this period, we hired Keith Eshelman as CFO and Brad Hixson to function as strategic analyst. They both were fundamental in helping us develop our Corporate Philosophy, Values and Vision on which we have built our business.

CORPORATE PHILOSOPHY

Growth and profitability through teamwork and the development of our people, providing quality results and service to our customers, effective efficient use of our resources including a lot of excitement and sharing as a part of our achievement!

VALUES

INTEGRITY-We Walk our Talk

OPENESS & TRUST-I Mean What I Say! I Say What I Mean!

COURAGE-We Confidently Remove Obstacles & Win!

ACCOUNTABILITY-What More Can I Do to Get Team Results?

PERSONAL & TEAM EXCELLENCE-We risk the Best We Are Against the Best that We Can Be

CREATIVITY & INNOVATION-Yes, I Can!

WINNING PERFORMANCE-We Win, You Win, I Win!

VISION STATEMENT

Cutting edge performance that constantly challenges each of us to have the courage to be accountable for being a winning team and being the best that we can be!

We built the business on this foundation; it is the glue that bonds us together. One of my greatest joys in life is watching people grow and develop, knowing I had a positive impact in helping them by providing the guidance and opportunity. And it still is! Everyone knows what is expected and what they can depend on. After any significant project or process we would do a post job analysis that only requires two questions: If we were doing this over what did we do that we wouldn't do again, and if we were doing this over, what didn't we do that we would do next time?

One of the gaps in my life was my lack of a College Education and it was suggested that I investigate a post graduate course. The first three colleges we contacted all asked what degree I held and from which college. The next statement was "What is it you don't understand about postgraduate?"

Eventually I was told about a small business administration course available at Harvard that required you to have managed a successful business with over 50 employees for ten years. Street smarts was the requirement. Three weeks a year for three years and what a great educational experience! I learned that a very small percentage of family-owned businesses succeed at being multi-generational. From this experience I revised my entire attitude towards the academic process. That is when Mary and I committed to starting a CollegeBound 529 plan which we call our Knowledge Fund to provide half of the tuition for our grandchildren for college or vocational training after the 12th grade of high school.

In 1991 we were offered the opportunity to join an offshore insurance company (American Contractors Insurance Group ACIG) by its President Bill McIntyre. We agreed to move our workers compensation for one year while we would evaluate becoming an owner in the group. One of the conditions of ownership was that you must have an active in-house Risk Manager. Hence, we hired Dave Dolnick January 2, 1992, based on results, two of the best decisions we have ever made was becoming an owner and hiring Dave! At that time, our experience modification rate was 1.72 and we had over 150 workers compensation claims and within three years open claims were reduced to 50. In September of 1994 I had the entire management team together down to field coordinators and issued an ultimatum to approximately our top 60 guys. We'll reduce our state mod or somebody else will. The state mod rate went from 1.72 to .53. Both moves proved that saving money by mitigation of risk, maximizing our effectiveness and safety is money to the bottom line just like profit without signing another project, hiring any additional labor or chasing collection on a billing.

In 1992 Andy Carlson, the General Manager of CRSS the largest construction management firm in the United States asked us to consider becoming involved in the construction of a two-tower addition to North Western University Hospital in Chicago, 18 and 24 stories. I asked Jim Cassidy of Cassidy Brothers, based in Chicago to join me in the original introduction. After visiting the

site, we established the criteria for us to pursue the project: We needed 2 joint venture partners and a three-day letter of credit for billing turn around as we could not furnish the financing. Cassidy Brothers, the local contractor in our trades, and McHugh, a local contractor who had successful experience doing the concrete work on the project became our joint venture partners. We finalized the bid at \$28 million, with approved change orders and add-ons the final amount was \$36 million! It was a wonderful experience in profitability, safety and relationship development. Allen Larson led our team with a project manager, superintendent and project engineer from our business. We all fell in love with Chicago.

My oldest son, Scott had worked in the field as drywall hanger to project manager prior to attending college. When he graduated from CU Boulder, CO with a business degree, he began moving through the ranks of operations manager, assistant estimating manager to company manager. In 1997 Scott started his own company, Brady Company/San Diego. My second son, Todd, our innovative genius, worked as a hanger, and went through the ranks much the same way. In 1997 Todd started his own company, Brady Company/Los Angeles. To commemorate their ownership-transition we had a "Passing of the Torch" celebration. We made a video of relay teams from both companies passing 24-inch torches made with leather handles a copper and bronze top with 8 pegs on top representing our 8 values. The torches were carried by relay teams made up of lead employees from San Diego and LA who both ran relays passing the torch from one to the other every mile for ten miles in both areas. The video was viewed during the black-tie dinner for about three hundred people where we formally passed the torch. With my torch lit, I asked Scott and Todd to join me on the podium I then lit their torches with mine and made the formal announcement. I then walked out of the room down the middle aisle, coming back to emphasize verbally, physically and officially, the next family generation was in charge. Scott led his SD team, increasing business in volume and expanding into acoustic ceiling, sound systems, doors and frames. Brady SD wound down operations and Brady So Cal was formed with Rick Marshall my former son-in-law as President/Manager. They have doubled the size of the former San Diego operation.

1999 Todd invented a product called Sliptrack Systems to be used in metal framing. Almost instantly it became successful internationally. He left Brady LA to pursue Slip Track as this was his passion. As Todd continued his passion, he created three more innovative products (ProX Header, ProMount Backing and ProFab Steel Solutions). They all concentrated on the same concept. Increasing fixed cost, material, minimally and reducing significantly variable cost, project labor. His most recent innovation is Hyperframe. If you haven't heard of it, you will.

At that time, I formed a group called BLAST (Brady Los Angeles Strategic Team) I was joined by our CFO Keith Eshelman, Strategic Analyst, Brad Hixson, Vice President of Operations, Allen Larson and our existing Operations Manager from Los Angeles, Bill Saddler. We met once a month to re-organize the Los Angeles business. After one year of success the company made Bill Saddler manager. He has been very successful helping develop our first BIM (Building Image Modeling) program, getting us involved in cost reimbursable fee-based contracts and became part owner in 2004.

My third son Gregg graduated from Arizona State and moved to Sacramento and followed the same process of development as the others. He moved from Sacramento to Central California in 2000 and became Chief Estimator, while working under Allen Larson and then transitioning into General Manager in 2002. On the 24th-25th of September 2004 we had two parties, one was for Allen Larson's retirement the night before and the other was patterned after the passing of the torch in San Diego for Scott, Todd and since Gregg started Brady Company/Central California.

Gregg had his own torch which Allen and I lit for him. The dinner was a black tie for about two hundred and fifty people. In the past sixteen years Gregg has doubled his business size and has done exceptionally well. Gregg is by far the most involved in our industry associations. He is very active in AWCI (Associated Walls and Ceiling International) and was a multi term board member. He was also a board member and past president of the NCDCA (Northern California Drywall Contractors Association). They merged into WACA (Wall and Ceiling Alliance), with several other Northern California associations where he was a founding board member. Additionally, as a representative of WACA he became a founding board member of SWACCA (Signatory Wall and Ceiling Contractors Alliance), a national association for the benefit of signatory contractors in our industry.

Looking back, I am very proud of the team I assembled and led for over thirty years. I chose attitude and desire over aptitude, we invested in the development of our people as our most important resource. The best possible investment. Their contribution to our success in business and in providing opportunity for growth to the development of our employees was phenomenal, all based on accountability, performance and results driven by our philosophy and values.

In 1982 we formed the Brady Family Foundation. It was to provide a rainy-day reserve to fund our philanthropic charitable desires during any downturn. The management will be passed to the next generation to be managed by other family members for generations to come. All committed to the charities we support.

In 1986 I formed two companies RBCO, to hold real estate not affiliated with our basic business, and Brady Family Enterprises, a development company managed by Brad Hixson. We developed a 234 single home project in Henderson, Nevada, student housing in Utah and many apartment projects in San Diego. My youngest son, Lance graduated from CS Fort Collins, CO with a degree in Construction Management. He was the Project Manager for our development company. He and Brad were a very successful. When Brad retired, Lance became President of RBCO, Brady Family Enterprises and Brady Management Company, for management and expansion of all the property holdings. My daughter, Kimberly, is Vice President/Controller of Brady Management. Along with raising five children she has worked in the business for approximately twenty-two years. She and Lance are a great team.

PERSONAL HIGHLIGHTS

On July 4, 1986 I took my four boys and my younger brother Richard to New York for the unveiling of the Statue of Liberty for her 100th birthday. We were on a chartered boat and it was very inspirational. That moment will live in our hearts forever. Inspired by that I had a local artist produce an American Flag picture supported by the Statue of Liberty. In 1991 when our troops were coming home from Iraq, I had the artwork he had created airbrushed on to 30-foot by 50-foot banners to be displayed in San Diego, Santa Ana and San Jose with the words painted across the flag Welcome Home and United We Stand. These banners were intended as a simple statement of support and appreciation for our military personnel, and as the company's expression of gratitude for our freedom and those who risked and gave their lives to protect it.

Mary and I created and organized the Brady Family Council and hired a family counselor to help us present the idea to the family to ensure that it would accomplish our goals which was to enhance the compatibility, respect and appreciation of our blended family into the next generation. It was focused on education, teamwork, creativity, commitment, giving back to the less fortunate while having a lot of fun in the process. To be sure we had shared ownership in this endeavor, sharing or presenting the annual events was rotated between family members that were asked to lead presentations. These were annual events which started with an evening that was just social so that the agenda for the next day could be passed out. It would go all day the next day. They were all held at very nice destinations. We did these for ten years and they were a huge success completely satisfying the goal for which they were designed.

I have taken 22 of our 26 grandchildren on five-day Papa trips. The boys were individually with me, one on one and the girls' trips were 4 or 5 at a time with Mary and Kimberly joining us. We did river trips, floating, kayaking, fly fishing or Cabo. Memories to last a lifetime.

In 1984, I created two groups of 12 people each to enjoy a five-day fishing trip called Ron's Rogues, we still do one trip annually. They were made up of lead employees and lead customers. In 1986 I started our annual Alaska fly fishing trip with both family and employees at a wilderness lodge named Kulik, Angler's Paradise. There are daily float planes to different rivers, our target is the large rainbow trout that come upriver when the sockeye salmon are spawning to eat the eggs. It is all catch and release. We have caught rainbows up to thirty inches in length with seventeen-inch girth.

In 1992 I had three personal highlight experiences. One was a planned gift. I was the best man, at my son Gregg and Michelle's wedding. Wow! The other two were mainly just good luck. I hit my first hole in one on a 128-yard par 3 at Laguna Seca. The third 1992 highlight was catching a sixty-four-pound Salmon, forty-eight miles up the Rogue River. Incidentally, it was seventeen years before I hit my second hole in one, August 21, 2009, on a 178-yard par 3 at Steele Canyon.

More highlight luck in 1997 I caught a sixty-eight-pound Dorado in Cabo San Lucas on a ten-weight fly rod with my favorite fishing partner Kimberly, who simultaneously hooked up with a forty-five-pound Dorado on a twelve-weight fly rod. Miracles of miracles we landed them

both. With my lucky ten weight fly rod I also caught a sixty-two-pound Taimen in Mongolia and my wife was with me in the boat which was doubly exciting.

One of the most significant highlights for Mary and I was being primary lead donors for the Brady Family Boys and Girls Club House and the Brady Family Teen Center in La Mesa, CA. These facilities provide a safe and secure learning environment to about four hundred and fifty children a day. One of our proudest achievements!!!!

Mary was a foster child. In 2007 to honor her I established an endowment through San Diego Foundation to benefit foster children. We started the "Gr'Mere's Impossible Fund" to provide support for foster children of all ages.

I believe that my father knows that I climbed his ladder, extended it in size and scope, passing it to the next generation as he had. I loved every moment of it, and I can honestly say I looked forward to going to work every day.

I also believe everyone in this group would agree that we experienced the greatest opportunity ever to be in this industry, in this area during this time. We had great competitors great associations and great relationships with a lot of respect and appreciation among peers. It was rewarding and enjoyable! We were blessed and privileged to truly live the American Dream!