

COLOR. QUALITY. IMAGE.

Sound like a camera ad? Think again. It's the basis for the coatings strategy at North America's largest water/wastewater company

Coatings serve two primary purposes for US Filter, the water and wastewater treatment industry giant with more than \$3.9 billion in 2002 revenues.

Clearly the first is to preserve the functionality of the tanks, pumps, clarifiers, oxidation systems and other equipment that the company both manufactures and operates for municipal, commercial and industrial customers alike. For these purposes, the company entered a national agreement last year to make Sherwin-Williams the single-source supplier for the variety of epoxy systems and other coatings that measure up to these tasks.

"These coatings must work in extremely tough environments," says Andy Kefalonitis, the US Filter vice-president of engineering who is the point man for the firm's coatings specifications and purchases. "On the municipal side, our equipment faces constantly wet surfaces, odorous compounds and does so in continuous duty, 24-7, 365.

"And on the industrial side, we face all manner of corrosion issues. Coatings must play a critical role in keeping our customers' equipment working."

The second purpose — that the equipment present a clean, positive image for the company — might appear simply cosmetic and therefore less important than the first. But in a highly competitive market, Jim Force, US Filter's senior vice-president of corporate communications, is sensitive to the marketing value of the appearance of the company's equipment. To that end, US Filter equipment bears a signature color that has come to be known in the industry as "US Filter blue."

"We strive for consistency in everything we do, and that includes both performance and appearance," says Force. "Color, quality, image — they comprise a constant ethic for us. We want all the equipment that comes from US Filter to look like the top quality equipment it is."



UNDER ONE ROOF

US Filter first grew to such proportions as the result of an acquisitive investment strategy captained by Richard J. Heckmann in the early 1990s. Heckmann recognized that the fragmentation of the water industry made it impossible for customers to shop for the customized water solutions they wanted and were instead left to build single products and technologies into a system that best fit their needs. More often than not, the result was a facility in which no single entity could be held accountable for its successful operation.

Today, having acquired and integrated more than 200 smaller companies, US Filter offers customers one-stop shopping for truly custom water/wastewater solutions.

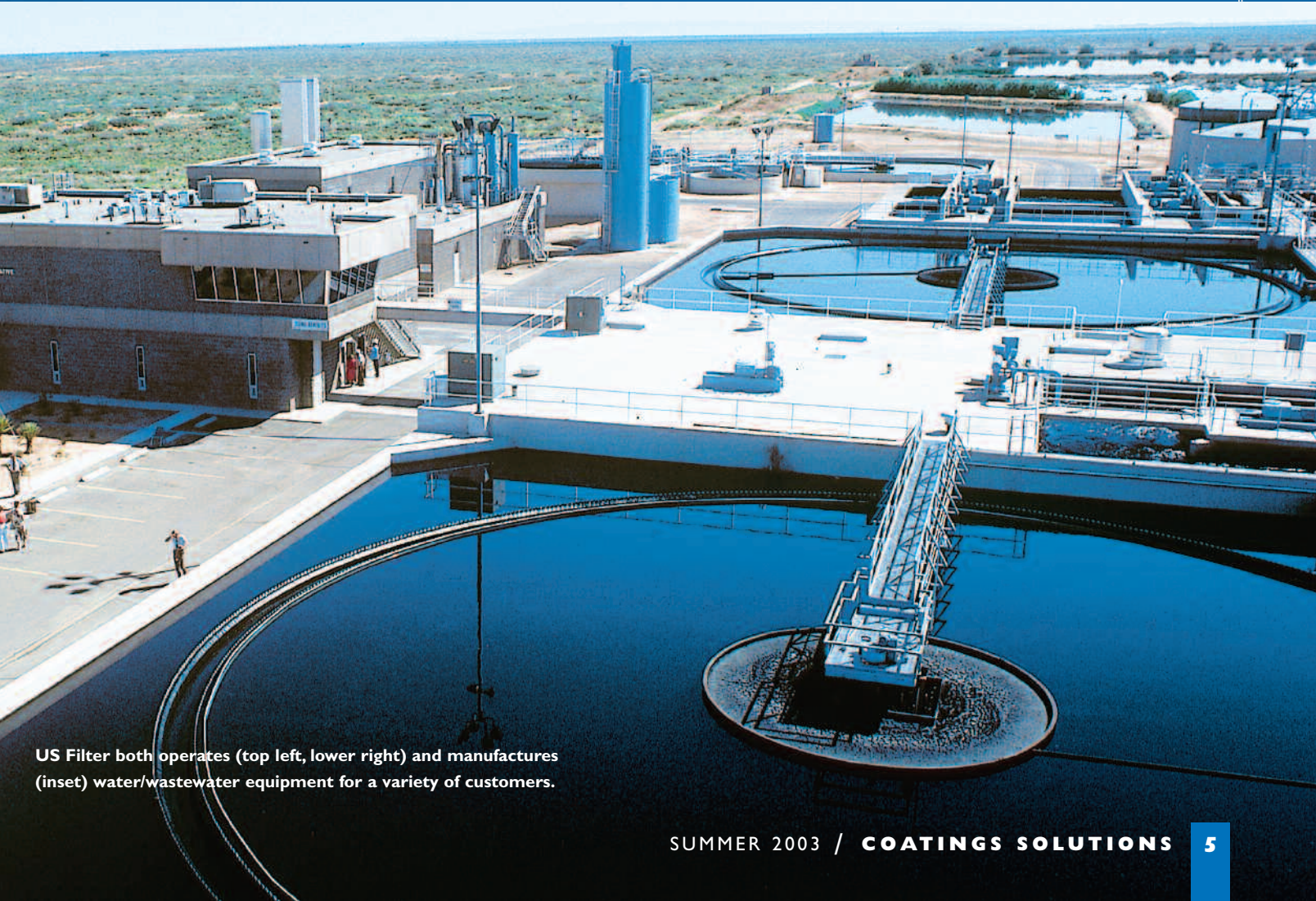
Under the direction of President and CEO Andy Seidel, the company's three operating groups account for roughly equal thirds of the revenue stream. The Consumer Water Treatment group, for example, features the

well-known product lines of Culligan and Everpure for the consumer market.

US Filter's Systems group and its Services group are each leaders in the water and wastewater industries, closely aligned but performing different functions. The Systems group manufactures and markets a complete range of treatment products and systems and includes the Envirex, Memcor, Wallace & Tiernan and Davis brands, among others.

The Services Group employs the equipment built by the systems group and operates it for a variety of municipal and industrial customers. The company has established more than 600 public-private partnerships with municipalities to provide turnkey management and operation of water and wastewater facilities.

"Obviously, we make a commitment to the customer we operate a system for, and that's equally true for the customer who buys our system," says Kefalonitis. "We fully expect our



US Filter both operates (top left, lower right) and manufactures (inset) water/wastewater equipment for a variety of customers.



Andy Kefalonitis,
Vice-President of
Engineering

relationship with them to be long-term and we'll work with them during the entire period of their ownership."

Whether the customer has purchased the equipment and will handle operations themselves or the customer has in effect hired US Filter to operate it for them makes no difference to Kefalonitis. Coatings, which are shop-applied at nine different production centers located throughout the United States, are critical in either case, according to Kefalonitis. "Many of these customers will face changing conditions, especially municipalities with growing populations," he says. "We want to be part of the solution to whatever maintenance or expansion issues they face, and coatings play a big part in that."

US Filter's national agreement with Sherwin-Williams has allowed Kefalonitis to standardize specifications — to a degree. Since some customers, especially industrial customers, face different regional and business-specific corrosion issues, specifications might vary at US Filter's business manufacturing centers even for similar pieces of equipment. Teaming with a coatings supplier that

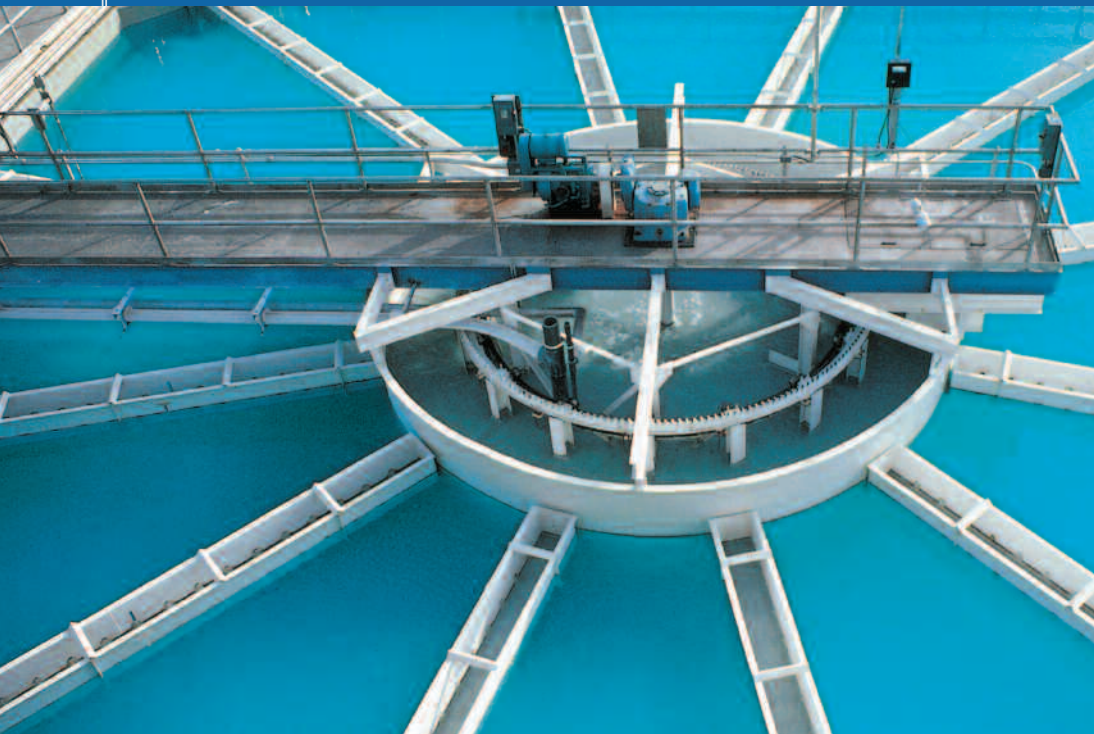
offers a versatile product line ensures a coating matched for the task at hand, according to Kefalonitis.

The fact that Kefalonitis now has a single contact at Sherwin-Williams in regional account executive Bob Wissinger to discuss coatings needs and concerns with is a key benefit of the national agreement, as is Sherwin-Williams' distribution capabilities.

"One of our concerns was the fact that we send a lot of business overseas," says Kefalonitis. "We're supplying quite a bit of equipment in Asia and Latin America. Sherwin-Williams is big enough to supply paint over there if we need it."

Closer to home, the agreement allows Kefalonitis to take full advantage of Sherwin-Williams' technical resources. US Filter has done some experimentation with coatings systems that significantly reduce dry and recoat times and some that turn what was formerly a two-coat system into a one-coat system, thereby improving throughput.

"We know the Sherwin-Williams people we see locally can access the resources to bring us the latest advances in these technologies," Kefalonitis says.



AESTHETIC VALUE

Force, meanwhile, has a full appreciation of the functional capabilities of the coatings borne by US Filter equipment. But being closer to the marketing end of the business than his colleague, he has an appreciation for the value of aesthetics as well.

"In the water industry, blue stands for purity and cleanliness," he says. "We're obviously not the only player in the industry to recognize that, but I like the image and identity our color brings us. It's very strong, very striking."

"And the coatings we use are important to present that image consistently, in all of our markets." ■