A s we look back at 2006, it will undoubtedly be regarded as one of the most defining years in the history of the Integrated Bagging Systems Division of Inteplast. During this time, IBS has grown its business in many ways, and specifically developed a global manufacturing program that is unrivaled in the industry.

The seeds for this change were planted in mid-2005, when IBS undertook a major restructuring of our approach to the market. We moved our focus from being product oriented to being customer oriented, creating 4 distinct Business Units: the Retail Grocery Unit; the Jan/San Unit; the Food Service Unit; and the Industrial Unit. Each of the units was given responsibility for bringing our varied products to a specific segment of the market.

There were two major goals to this restructuring. First, we hoped to enhance our image in the market, and ensure that each of the individual business units’ targeted accounts viewed IBS as ONE company. Second, we wanted to provide our customers with a “one stop shopping” experience, allowing them to purchase as many products from one vendor as possible. This was echoed in our motto – ONE PURCHASE ORDER, ONE SHIPMENT, ONE INVOICE.

With this second goal in mind, we created a “bundling” approach for all of our IBS products. Each of our business units were now able to provide our customers with a complete portfolio of all products offered by IBS – T-Shirt Bags, Produce Bags, Trash Can Liners, and Films, to name a few. This bundling concept allowed us to offer a cost reduction to our customers, specifically allowing them to consolidate vendors and services, lowering the total cost of procurement through a single purchase and delivery for many key items in their supply chain. This concept helps our customers improve their inventory turnover rate, thereby reducing their inventory cost, while creating a much improved cash flow for their respective companies. Not many companies are able to offer the plethora of products as IBS currently. We have a distinct advantage from that standpoint.

One effect of the increase in sales volume through this new business model was the need to offer an even more extended product offering. In order to truly maximize the cost savings of the “bundling” program to our customer, as well as to grow our business volume in the market, we realized that there were many different products that could be included in the IBS product offering. However, many of the new products requested by our customer base could not be manufactured in our Lolita, TX facility, either due to production limitations or cost limitations. Demand for such products as meat film, carryout bags, and sandwich bags already existed from our customers, but adding such products to our existing offering required a long-term commitment on our part.

As IBS began the process of selecting items to add to our product offering, we realized that as a manufacturer, we could not simply perform a “buy/sell” function with these new products. Instead, we set out to create joint business ventures with other overseas manufacturers that would allow us to diversify into these varied product lines without giving up control of the process. Over the past several years, IBS has partnered with several reputable companies overseas through the provision of capital investments, allowing us to offer a multitude of products. This added on to the wide product range manufactured in our Texas facility. Our joint ventures have to pass stringent requirements before we qualify them, and the QA/QC requirements for all remain as uncompromising as those in our Texas facility. We continue to take pride in the high quality of our product, regardless.

2006 - A DEFINING YEAR FOR IBS
Joe Chen
Integrated Bagging Systems Division President

Welcome Statement
By Dr. John D. Young
Group President

I have been asked to write this greeting note to all our readers. With this issue, the scope of coverage of Inteplast News is being expanded. Not only will it appear every 4 months, but it will tackle many areas of activity that our readers will find relevant. I hope that this newsletter will soon evolve to become a most important vehicle of internal communication, tying all the numerous facets of our organization into an enjoyable read.

Writing this note forces me to reminisce over our Inteplast Family newsletters first published some 15 years ago, at the beginning of our start-up days. We have definitely come a long, long way. Not only are the management foundations in place, but today we command solid leadership in all the market segments that we participate. Many of the same colleagues who helped start-up the plants are still with us today. It was particularly moving for me to read on some of them in the last few editions of our Inteplast News. Many more will be featured in the issues ahead; this was one of the reasons why we all felt compelled to increase the frequency of this publication.

A note of appreciation goes to Alisha Koehl, Brenda Wilson and the many colleagues who took the time and effort to make these pages as outstanding as they are today.

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of the manufacturing location. We are relentless in ensuring that our company is held in high regard by our customers.

Our other global manufacturing facilities currently exist in Vietnam (1), Thailand (1), Taiwan (1), and China (3). This global procurement approach has been a big source of growth for our division. The following highlights our growth in global procurement versus total IBS products:

<table>
<thead>
<tr>
<th>Year</th>
<th>% of global procurement vs. overall IBS products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>9%</td>
</tr>
<tr>
<td>2005</td>
<td>11%</td>
</tr>
<tr>
<td>2006</td>
<td>14%</td>
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Resin is a major component in the cost of finished goods manufactured by Inteplast. Over the past few years, resin prices have fluctuated dramatically in the USA. This trend had been mirrored overseas, albeit not in the same timeframes as domestically. We remain committed to maximizing the output of our Lolita manufacturing facility, however, by diversifying the manufacturing locations of our products, we have been able to route the manufacturing of additional products to the location that offers us the greater advantage.

IBS is constantly looking at new products that will help us to better serve our customers. As each business unit continues to work with their focused account base, we are able to better understand the customer and find solutions to their specific needs.

Our customers have a vendor – IBS – that is flexible enough to meet their product requirements, and allow for an uninterrupted flow of their products, regardless of any domestic or global events that could otherwise create instability. We have re-created ourselves as a reliable vendor based in the USA, able to procure global products for our customers, thus allowing for a vast product line, unparalleled by our competitors. We remain committed to expanding our product offering, while further exploring global opportunities, allowing for our continued growth in the industry.

**IBS truly is a “WORLD OF BAGS”**

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**Corporate Alignment Meeting**

In mid-February, Dr. John Young, Group President, conducted a meeting including the management teams from both New Jersey and Texas. Connected via videoconference, the entire leadership team of Inteplast heard the company’s historic progress and future challenges as one group. For the first time, both the Group Headquarters and the Plant Site met for a single meeting including senior management, sales and administrative support. In the past, such meetings were held at the headquarters in New Jersey and Dr. Young reviewed the information with the Texas site upon a later visit.

Dr. Young stated Inteplast now ranks in the top 3, in all major product lines. For each product, he reviewed the actual versus targeted 2006 performance; net income growth; and sales activity. He outlined the 2006 expansions and explained plans for 2007 and beyond.

Emphasizing a traditional strength of the company — he reviewed conversion costs from 2002 until 2006 and the targets for 2007. Trends were noted in productivity per person, by product, for the last 10 years. Various measures of expense control were analyzed as accomplishments and challenges were noted.

In addition to Dr. Young, marketing representatives from all product lines gave an overview of their sales and marketing strategies. Conducting the meeting with the involvement of the New Jersey and Texas associates allowed all to hear, not only Dr. Young’s perspective, but that of the AmTopp, IBS, and World-Pak Divisions. As a presenter from headquarters, Ting Chan, Director – BOPP, said “I particularly appreciated the opportunity to discuss AmTopp’s performance and goals with others from diverse areas of the company. Most of the time we are focused on our own market and do not get an opportunity to share with colleagues in other divisions. There is a lot of synergism to be gained in an open discussion such as this.” Peter Zamarripa, Manager of IBS TCL Operations went on to say “this meeting provided a great opportunity to learn from one another. I realized that by competing successfully internally, any product line in our company can ensure greater success in the marketplace.” As a relatively new engineering professional with World-Pak, Keong Kok Chain told Inteplast News he was in awe of the “scale of the entire operation” and was excited about the opportunities such an organization provided.

This meeting seemed to clarify for the participants the organization’s reach into the world of plastics, with the company’s diverse product offerings and capacity to deliver them. Characteristically, Dr. Young concluded the meeting by urging everyone to focus on production and sales goals, uphold our level of quality, and provide unbeatable customer service.

Brenda Wilson
Human Resource Manager

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**New Stretch Film Extruder Placed into Production**

**Plant Manager, Benjamin Wang and staff, standing in front of Line 7, which was recently placed into production.**

Homer Hsieh, AmTopp Division President, invited the entire AmTopp Stretch Film sales team to attend a meeting on March 23rd at our Lolita plant site. The highlight of the meeting was a plant tour where our two new nine (9) layer, state of the art stretch film extruders were introduced to the sales team. Pictured above is Plant Manager Benjamin Wang, and Stretch Film staff standing next to line 7. They, along with the help of equipment vendors, have placed line 7 into production, with line 8 soon to follow.

AmTopp is bringing into the stretch film market a highly engineered machine and hand wrap. These new films will compete against the current trend of value added films which are more popular in our market. Our research and development team has been able to create a series of new films in very light guages. This was necessary so AmTopp could keep pace in our industry which is quickly moving to the 45 to 55 gauge films as a standard. Our entire sales team is excited about our new films and the higher potential sales opportunities the new films will create in the future.

Carl Grove
National Sales Manager - Stretch Film

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**Defining Year (Continued from page 1)**

of overall IBS products

explained plans for 2007 and beyond.

He outlined the 2006 expansions and performance; net income growth; and sales activity. He explained plans for 2007 and beyond.

**Corporate Alignment Meeting**

In mid-February, Dr. John Young, Group President, conducted a meeting including the management teams from both New Jersey and Texas. Connected via videoconference, the entire leadership team of Inteplast heard the company’s historic progress and future challenges as one group. For the first time, both the Group Headquarters and the Plant Site met for a single purpose. Over 70 people participated in the meeting including senior management, sales and marketing, financial staff, engineering, production and administrative support. In the past, such meetings were held at the headquarters in New Jersey and Dr. Young reviewed the information with the Texas site upon a later visit.

Dr. Young stated Inteplast now ranks in the top 3, in all major product lines. For each product, he reviewed the actual versus targeted 2006 performance; net income growth; and sales activity. He outlined the 2006 expansions and explained plans for 2007 and beyond.
The MAKING of a LUCKY FUTURE

(Part of our continuing series as we explore the early years of Inteplast.)

The Profile Plant experienced extraordinary success in 2006 and it did so under the very capable leadership of Phillip Wu. As Plant Manager, Wu is a busy man and finding time to sit down with him and discuss past accomplishments is not a priority with him. He is looking to the future and “what’s next”. He did however, agree to take time and discuss Profile’s development and future with Inteplast News. The first thing he wanted to say was that the accomplishments are the result of a coordinated effort and not his alone. He believes the good performance of 2006 was the result of the visionary thinking of the Chairman Y.C. Wang and Dr. John Young. It was their vision and belief in the product itself, that created the plant and facility in the early 90s. This provided Wu and his staff with the challenge to see it through.

Profile board is a “plastic cardboard” that has been around for over 30 years. It competes primarily with paper based products. The remarkable growth of the product has been achieved by working with potential customers to demonstrate the versatility of the product. Wu attributes most of the plant’s success to marketing. He believes that plant cooperation with marketing leads to more business, which in turn enables him to drive costs down, and this again creates more business. Inteplast actually works closely with the customer showing them how to convert from paper to plastic. If the customer is unable to convert the material at their facility, we do it for them. Such is the case with the five (5) million grape boxes made every year for California grape growers. With features like being waterproof, reusable, and recyclable, Profile is a true plastic. Profile has also replaced wood in some uses. One product is the hurricane board – built to withstand winds of 150 miles per hour, it is translucent and lighter weight than aluminum or plywood, making it more pleasing and easier to use.

Back in 1993, PP Profile, as it was known then, was a plant ahead of its time. Wu joined the Plant in 1995 as a Staff Engineer and thus his career with Inteplast grew along with the plant. Just Profile, as it is known today, went through the usual growing pains of any large scale manufacturing facility. Those early days saw the coming together of a team that is still largely in place. While turnover can be expected in any new process, Wu proudly points out that 63% of the Profile Team has 10 or more years of experience and 80% have more than 8 years. “I am lucky; I have good people to work with. If they need help, they can get it – I don’t let them feel overloaded, I just let them do their part”, Wu says.

With a strong talented team the Profile plant faced equipment challenges. The extrusion process is similar to that in most plastics industries. Through years of engineering, testing, and development the Plant is able to consistently produce products made no where else in the world. The converting equipment used by Profile was actually developed for paper or cardboard. Inteplast 2006 development was the installation of the long annealing ovens. Applications for profile are continually being developed and improved at the Lolita facility. The ultra smooth version of profile is in demand for graphic art applications. The smooth surface conserves ink for the user and is ideal for digital printing technologies, especially signage. While some may already be tired of U.S. Presidential politics, the Profile plant see sales figures increasing as the 2008 elections draw closer and all those campaign signs blanket the county. The workers in Lolita and the staff in New Jersey have visions of their product proclaiming candidate attributes all over the United States. The 2006 Presidential race in Mexico was a large customer of the plant.

Wu acknowledges the support he has received from Inteplast Group Senior Vice President Y.L. Chang. He says Chang’s own ideas, his support for upgrades, new equipment, and automation has been instrumental in the plant’s success. Wu says under Chang’s leadership “we grew the market”, taking us to our current position in marketing and production.

In his modest manner Wu sums up Profile by saying “it’s all about the future” and he reminds us, he’s lucky.

Presidential Improvement Awards

One highlight of Group President, Dr. John Young’s visit to Texas recently, was the recognition of the Presidential Improvement Award winners. As mentioned in the preceding article the World-Pak Division winner was the Profile Plant. Profile received the award for the Extrusion Annealing Oven Project. Recipients were Maintenance, Production, and Technical departments, and Plant Office.

For AmTopp the award went to the TDO Chain Repair Improvement Project. The project team for this award was David Huang, William Bradbury, Miguel Barraza, and Chris D. Gutierrez.

And in IBS, Darrell Wood, Wade Koehl, and Gene Barker received the award for the Servo Upgrade with Motion Control Project.

These awards were presented for outstanding achievement in improvement of yield, quality, cost reduction, and output….core values at Inteplast.

Brenda Wilson
Human Resource Manager

Here’s to You Mr. Bud Light Label Supplier

The picture above was taken at a dinner party hosted by Dr. John Young on February 28, 2007 at the FPC Guesthouse in Point Comfort, Texas. The “official beer” at the party was Bud Light. The AmTopp team got together for a group photo in celebration of the effective teamwork (with input from all in the photo) to make our film a quality product for the beer labels (yes, every bottle in that picture and more).

Joanne Shiu
AmTopp Division Office
Integrated Bagging Systems customer service department consists of eleven customer service coordinators. We handle and coordinate all aspects of our company’s operations, from entering orders, credit, scheduling, production and shipping to ensure customers receive their orders on time and complete.


The customer service department handles a large and varied customer base within several market segments. This includes large retail chains such as Lord & Taylor, and Macy’s; and grocery supermarket accounts like Shop Rite, Albertson’s, and Kroger. We also service large distributors like Sysco and US Foodservice which in turn provide our products to food chains like Burger King, Red Lobster, Subway, etc.

Orders we receive are processed through various forums including electronic data interface and web orders based on our customers needs and systems. Many of our customers have very strict requirements on their orders as they cannot be out of stock on the products that we provide. In order to meet these strict requirements, we must monitor and track our orders closely and be proactive in preventing problems to ensure that our customers are not adversely affected.

Our service levels are something that we are extremely proud of, and we have received recognition from our customers in regards to this. Our division was recognized with the Network Vendor of the Year award twice, once in 1999 and again in 2003; Re-Distributors of America also awarded us with their Supplier of the Year award in 2003, and Restaurant Depot recently awarded us with their Vendor of the Year award in 2005.

We have also embarked on a Vendor Managed Inventory program with Winn-Dixie grocery stores in which we are provided access to Winn – Dixie’s inventory database and their purchasing system and we generate orders for Winn – Dixie to ship into their warehouse. This area will continue to expand as our customers are looking to us for more ways to improve their efficiencies.

Our department is excited about these new developments and look forward to the future as we strive to be the leader by advancing our information technology to enhance our service levels and provide a good foundation for our company’s future growth.

Urvi Desai
Customer Service Manager
Dr. Young’s Philosophy on Marketing

Dr. John Young, Group President, continues to answer questions posed by Alisha Koehl, the Editor of Inteplast News.

Q: Dr. Young, what is your philosophy of marketing and its role?
A: In my view, marketing is more than just a bridge between production and sales. It is more than just preparation for consummating sales. It needs to reflect the company values and strengths to customers. It serves to position the company successively and stand out in the marketplace. It projects the image that a company wishes to be seen and known by customers.

In our particular case, we are privileged to have a long-term commitment to the marketplace. We do not have the short-term pressures that many of our competitors have, being traded publicly and needing to make drastic moves to ensure the attainment of quarterly projections. Simply said, we are here to stay, for the long run. Thus, our thinking is always geared towards long-term benefits for our company and for our customers. Area by area, we are consolidating as the top leader in all the market segments that we participate. As leaders in any field, Marketing must play a crucial role of collecting market intelligence, of projecting market leadership, and of ensuring product and service innovations that match with our customers’ demands.

Q: With an organization as complex as Inteplast, how is our marketing organization set-up to support our varied products?
A: If there is one strength that captures our corporate strength as well as philosophy, that would be a systems-support. By this, I mean we are meticulous in using a systematic approach to managing every order, providing both our sales force and the customer with detailed information that can be used not only to track orders down quickly but also to provide our managers with detailed analyses based on all kinds of sorting principles. In this sense, our marketing management is rigorously based on a number-driven or exact approach. I emphasize this point because on numerous occasions, when talking with managers from the outside, I have noticed the relative lack of attention to this same systematic approach that we ourselves value so much. In my view, without an exact, systems-based approach to marketing or to any other area of management, often we are unable to understand the problems beyond a superficial level and we are unable to confront issues with a pragmatic, solutions-driven approach; it is all too easy at times to react emotionally to problems without really grasping the underlying core issues which can only be done through a data- or a systems-driven methodology. This relentless systematic and fact-based approach is what I am most proud of and I believe it represents our unique Inteplast trademark.

Along the lines of systematic approach, while we pride to be able to come up with a database that contains all vital information needed by our sales force to function, we are also concerned with making this information accessible and timely. Towards this end, we have developed systems that allow our sales force to check on all orders for their customers through remote access, at their convenience. After all, this is the Internet age and we must take full advantage of all technological advances.

Q: What type of sales structure do we have? Commissioned sales representatives? Brokers? What is the role of the marketing team in New Jersey?
A: We do not have one unique model for all our product lines. In fact, it is better to describe our market approach as a “mosaic,” driven by the market and customer needs. I can probably say that practically every conceivable sales structure is represented within our Inteplast organization. We have commissioned sales representatives, we work with brokers, we work with salaried employees driven by performance-based bonuses, we have in house sales persons calling direct on accounts, etc.

We have all our customer service representatives located in NJ. This centralization provides a point of focus that allows efficient exchange of information with our managers and with Texas, which include scheduling and shipping. Our CSCs have done a remarkable job supporting the sales and marketing teams over the years. IBS has the largest team of CSCs, which was consolidated two years ago to provide a more efficient service to support all the various sales areas; the sales in turn were split into market segments with each customer serviced by only one sales person, who in essence bundles multiple products. In some areas, like BOPP, CSCs work hand-in-hand with the field sales as a team, calling and servicing the same customers, and I have only received the best of feedback from our customers regarding our CSC’s responsiveness and friendliness.

Q: What do you see as our marketing strength in the eyes of the customer?
A: Our size, our wide portfolio of products making us a one-stop for most customers, our commitment to operational efficiency, our professionalism with regards to attending their needs, and our long-term perspectives with regards to market involvement. Our being a private company, with managers making decisions and resolutions expediently on order-related issues, also helps. Most customers like to work with straightforward and honest suppliers, and I believe we fit into this categorization as well. I cite one example. When we entered into the trash can liner market, there were no standards; each manufacturer made its own standards. These were not published and definitely never printed on the product cases or as part of the specs. There are no printed weights, for example. We changed this practice. We were the first ones to publish all our weights, and customers immediately knew that we would never cheat on the bag sizes and weights. Soon, our products became the standard in the industry, and today, I dare say that most serious suppliers have modeled after our approach. I can say the same of T-shirt bags and other areas. Sure, we paid a heavy price initially for taking this approach since we gave more to the customers for the same prices, but over the years, somehow this practice caught on, changing some fundamental practices in the marketplace.

Q: How do we capture current marketing intelligence and perhaps more importantly for our future?
A: Here, we depend mostly on the experience and mean new product lines and new market segments. We have seldom bought any market intelligence through surveys and studies. Instead, we have always taken a hands-on approach here. Each sales person generally knows his/her customers best in terms of sales activity, potential sales volumes, and sales enjoyed by competitors. When compiled together, this information makes up for our total budgeted sales volumes. Over the years, we have become quite accurate with these breakdowns. Recently, for instance, we went through a 5-year budget plan, and the sales forecasts outlined by each sales person and, in turn, manager, were quite representative of our expectations of aggressive growth for Inteplast in the years ahead.

Q: What can you tell us about future marketing efforts?
A: In addition to aggressive volume growths in existing markets, the next challenge for all of us is “product and market diversification.” By this I mean new product lines and new market segments. Our efforts in the areas of industrial films and food services are such examples for IBS. New construction materials, especially what I call “green housing” materials, represent challenges for World-Pak, and so forth.

At this time, we have only scratched the surface of the packaging market in North America. We have spent years building a solid platform of excellence in terms of personnel training and systems edification, and I believe we can now pretty much tackle any market with this foundation in place. I believe it should be telling that we have always referred to Inteplast as the “world of plastics,” which we are and which gives us the challenge to become even better in the years ahead. As for each individual Division, it should also be telling that each has its own niche or concentration of interests. Amtopp, for instance, is definitely a “world of films,” projecting aggressive growths in stretch wrap films and continuing its dominance in BOPP films. IBS presents itself as a “world of bags,” and its immediate mission is to become the leader of plastic bags of all kinds in North America. World-Pak represents itself as a “world of green plastics,” and with this important vision lies the burden of making real, substantive contributions to the housing and construction industries, with the ultimate view of conserving precious natural resources and of decreasing the impact of human activities on the environment.

There is still much for us to do ahead.
WORLD OF PLASTICS
New Corporate Identity for Inteplast

As part of Inteplast’s overall “brand strategy”, we have developed a new corporate identity for the entire company. The Inteplast Group, Ltd. has now become Inteplast Group - World of Plastics. In keeping with this theme, the three divisions are now AmTopp - World of Films, IBS – World of Bags, and World-Pak – World of Green Plastics. The NJHQ Marketing Committee has already applied for the trademarks and we are in the process of updating our website with this new logo. We believe that a strong corporate brand will add depth and value to Inteplast’s product offerings.

Be on the lookout for further use of this new corporate identity in our product literature and other marketing materials. Also be sure to review with the NJHQ Marketing Committee prior to creating any new promotional literature. The purpose of this new identity is to take the first step in developing an important campaign of corporate branding, which is all about establishing a long-term vision for our company and crafting our operations to meet that objective. We hope that everyone is excited about this new direction Inteplast is taking. Only with all of our personnel’s support and cooperation can we make this a success. Any questions can be sent to Valerie Kaiser (AmTopp), head of the NJHQ Marketing Committee (email: valkaiser@inteplast.com).

Valerie Kaiser
AmTopp Technical Engineer

World Of Plastics