



It's Not Just Texas Anymore

Brenda Wilson

Human Resources Manager

In May of 2007 Inteplast's IBS Division acquired two former plants of PCL Packaging. The plants are in North Dighton Massachusetts and Delta, British Columbia, Canada. Then in early 2008 a third former PCL plant in Saint John, New Brunswick, Canada joined Inteplast. IBS established joint venture production operations in several Asian Countries in 2007. (See related story, page 2, by Ronnie Chang.)

The North Dighton plant is a part of IBS in the same manner as the IBS plant in Lolita. Delta and Saint John are members of Inteplast Bag and Film Corporation (IBFC) which is a Canadian company owned by Inteplast. This is a technical distinction but explains who IBFC is for employees when they see the name.

North Dighton is located in an industrial area on the banks of Three Mile River in Massachusetts. It is between Boston to the east and Providence Rhode Island to the west. The 43 employees manufacture t-shirt bags for shipment to East coast markets. This location, near the huge population areas of the eastern United States, provides a competitive advantage for the plant. In addition to traditional t-shirt bags they make a unique Handi-Sac and Rack-N-Sac product that fits small spaces and is ideal for convenience store use.

North Dighton is managed by **Roy Ewart**. When visiting the plant a person quickly notices that Portuguese is the primary language for many of the employees. The competitive spirit and drive at work is evident as well. This apparently carries over into their free time. According to Ewart "most of our employees are huge Portuguese League Soccer fans. HUGE! The team of choice for most is team *Benfica of Portugal* (the equivalent of the New England Patriots in American football. Team *Porto* (equivalent of the Dallas Cowboys) is also popular. The employees are very involved with their community. **Sarafina Leandres** works full time packing and still finds time to participate in a program to assist special needs children and seniors. Each Thanksgiving **Ariovalda Leal** prepares over 30 turkeys for local families. This family atmosphere adds to the camaraderie of a group that has worked together for many years.

The Delta Plant in British Columbia is under the management of **Gordon Sedawie**. Sedawie has been with the plant since it began in 1983. He represents one of the major characteristics of the Delta plant and that is the loyalty and longevity of the workforce. Sedawie speaks of this with great pride. He notes **Bill Farden**, a key member of the leadership team, having been with the plant since 1984 and Production Manager since 1995. **Keith McLean** is in charge of maintenance and has been with Delta since '84 also. Of McLean, Sedawie says "single handedly he seems to do it all". **Tobi Smith**, an employee since '89, is

the shipper/receiver. **June Luck** is the Controller for all of IBFC and works out of the Delta office.

Delta is the largest manufacturer of t-shirts bags in Western Canada. Located in the greater Vancouver area, it has an ideal market location. Loblow's, Canada's largest food distributor is a customer of this plant.

Of course come the winter of 2010 the Vancouver area will host the Winter Olympics. Wonder how many bags used will come from IBS? A beautiful and scenic area, Delta is also home to the Burns Bog, 10,000 acres of natural wetlands set aside for wildlife habitat.

The Saint John Plant is the newest member of Inteplast Group. Notice that *Saint* is spelled out as opposed to abbreviated as *St.* This distinguishes Saint John, New Brunswick from St. John's Newfoundland. Saint John is a tourist destination for major cruise ships. It is located on the Bay of Fundy where the world famous reversing falls occur when the ocean tides reverse the water

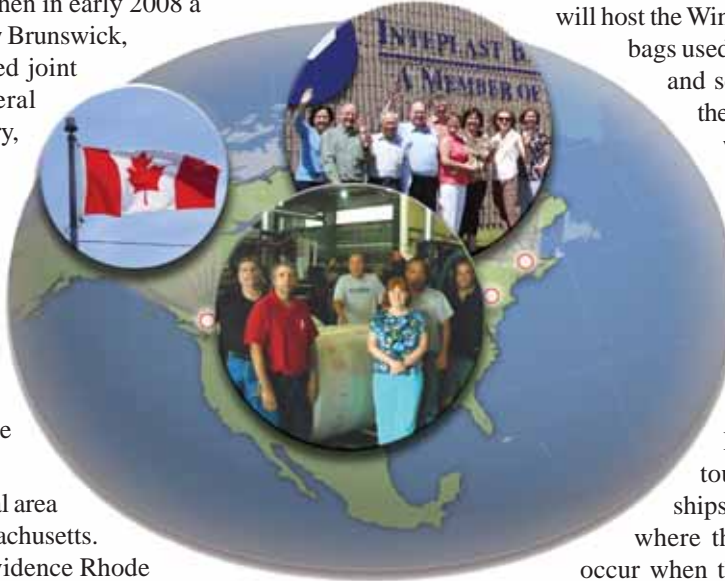
flow of the St. John River for several miles over several hours. The Bay of Fundy has the highest tides in the world.

Saint John produces LLDPE carryout bags in t-shirt, straight top, and pullbag (sine wave) style. In many respects Canada is ahead of the U.S. with green initiatives and Saint John is a player through the recycling program there. In Atlantic Canada they provide a closed loop service to their major customers by picking up used plastic bags for recycling into new carryout bags. They recycle over 200,000 pounds of post consumer and post industrial each month producing an average of 50,000 pounds. Products, especially pullbag are made with post consumer recycled content.

Tony Cosman the plant manager pointed out that "together our 52 employees have over 900 years of experience in the bag manufacturing business. Our employees are knowledgeable, innovative, and committed to producing quality products for our customers."

Joe Chen, President of IBS, remarked that "the addition of these three plants, with their seasoned and skilled workforce strengthen the IBS Division and Inteplast Group. They contribute to our goal to 'go global'."

So it appears that these three plants along with the Asian joint ventures certainly ensure it is not just Texas anymore.



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Global Manufacturer with Global Market

On April 19th, a group of corporate executives and business owners representing Network Services Company made a historical visit to our worldwide headquarters in Taipei, Taiwan. Group President, **Dr. John Young**, was there to greet our distinguished guests from the U.S. and personally hosted their visit.

Network Services Company is a prominent organization of more than 75 best-in-class member-distributors with combined annual revenue over \$15 billion. Founded in 1968 and headquartered in Chicago, Network Services Company has more than 400 warehouse locations in the U.S. and Canada. With the need to market beyond North America and service its customers globally, Network Services Company expanded its distribution network to Europe in 2005. Today, Network Services operates distribution services with over 270 locations from 25 European countries. They are the largest member-owned distribution company based in North America and one of the biggest customers of the IBS Division.

Network Services delegate was made up of six key corporate directors and distributor owners. In April, the delegates embarked on a 9-day tour to Inteplast manufacturing facilities in Asia and Taipei was the first stop of their trip. During their stay in Taipei, our guests were taken to tour Formosa Museum, where they learned the story of our Group Founder, **Mr. Y.C. Wang**, and the history of Formosa Plastics Group. They also visited Chang Gung University and Chang Gung Health & Culture Village, where accounts of Formosa philanthropies are detailed. Their trip in Taiwan reached a climax with the official visit to our worldwide headquarters in downtown Taipei. Dr. Young welcomed the guests and gave them a very thorough introduction of Chang Gung Biotechnology, including an impressive facility tour of the Heart Transformation Center and a luncheon full of many Chang Gung Biotechnology organic delicacies.

After Taiwan, the delegates continued on to Xiamen, a southern city in China, to see a Formosa power plant and an Inteplast can liner plant. The last stop on their itinerary was to learn how PVC gloves are made in one of Inteplast joint venture facilities outside of Shanghai. During the trip, they also participated in many culture and sightseeing activities. It has been a memorable trip, both professionally and personally, for our guests.



Ronnie Chang, Warren Noble, Marc Siskel, Dr. John Young, Pierre Gaudreault, Jim Smith, and David Brown at Chang Gung Biotechnology office.



Inteplast Bags & Can Liner Plant - Guanzhou, China



Port of Formosa Power Plant - Zhangzhou, China

Network Services Company is among a growing number of U.S. customers engaged in global sourcing. Customers have become interested in sourcing opportunities on a global basis and are more open to purchasing products manufactured overseas. A trip like this improves customer's understanding of our global roots and presence. Hence, it promotes our competitiveness on global supply. In the past few years, IBS Division has hosted tours to Asia for customers such as Target, Bunzl, and some independent distributors in our business council.

Globalization is everywhere these days. Our customers have been moving quickly and expertly to cope with the rapidly changing global economy. The world shrinks with advanced technologies, better telecommunications, and more efficient global transportation networks available at competitive cost. Not only does globalization allow our customers to seek out business beyond their geographical boundaries, but it also provides more choices in product sourcing. Domestic buyers are able to source goods among suppliers worldwide and have products delivered to their locations on a consistent basis in the same way as their local manufacturers in the past. Large customers, in particular, greatly benefit from this global sourcing practice because of their collective bargaining powers in procurement. With increasing global sourcing activities by those customers, the need for domestic manufacturers to establish a global production platform has been a pressing issue. Seeing the trend of globalization, IBS Division

preempted competition by developing a global supply chain program 5 years ago. Thus far, our position in the industry on global manufacturing is solid and still unrivaled among domestic bag manufacturers.

To be a reliable global supply partner to our customers, IBS

Division has dedicated resources under the Global Department to manage every facet of global supply chain logistics. This includes product development, contracting, production scheduling, QA/QC, inventory management, warehousing, and customer service. Today, our global manufacturing base enables us to supply any kind of bag manufactured from facilities in Canada, China, Taiwan, Vietnam, Thailand and other countries in Southeast Asia. Deployment of production capacities globally also allows us to better cope with worldwide cost disparities on resins. We are able to quickly "swing" production from one facility to the other, as local raw material cost warrants. Our customers can always depend upon us for the cost stability of their finished goods. With a complete bundling of "World of Bags" and competitive products, we are a value-added supplier to most of our customers.

Because of our global supply capability, Inteplast has been an important global sourcing partner of Network Services since 2007. Our program continues to grow with them year after year. It is clear the world will continue to shrink and we already have it covered!

Ronnie Chang

General Manager/A.V.P

Jan/San Business Unit, IBS Division

Inteplast's Concierge?

They coordinate. That's what the Lolita site safety representatives said when asked how to describe their job functions. To keep up our series of job profiles within Inteplast, we tracked down the individuals with responsibility for plant site safety.

Generally when we discuss safety it becomes a load of statistics. The statistics are important because they are a measurement of how a plant is performing against the past and others in the industry. But safety is much more than the statistics. The job of the representative is to provide resources, information, tools, safety paraphernalia, and most importantly to educate. That is where the coordination comes in. The safe work environment is the job of every employee and particularly the job of managers and supervisors, but the person backing up that manager or supervisor is the position we call Safety Coordinator at Inteplast.

The plants with the larger populations have fulltime positions devoted to Safety. **Frances Garcia** in BOPP, **Jason Tumlinson** in Stretch Film, and **Jim Richter** in IBS fulfill those positions. The smaller operations have individuals with multiple responsibilities in addition to safety. **Karen Plant** in XF, **Cliff Shroyer** in PVC, and **Dee Fitzpatrick** in Profile are the Safety Coordinators for World-Pak. In North Dighton **Paulo Andre** is responsible for OSHA compliance and recordkeeping while **Dinis Faria** handles the training. For the Delta Plant in British Columbia, Safety is a committee affair with **Bill Farden**, **Tim Leeking** and **Brett King** keeping that facility in full compliance with all British Columbia and WorkSafe BC regulations. Also representing safety are **Mike Ramsey** in Utilities, **Tracy Gibson** at the Lolita Warehouse, and **Christine Jones** with General Affairs.

Garcia said that management support is essential to effectively doing her job. She sees her role as educating management on issues that might impede safety in the workplace. Richter spoke of education and the nature of the work being somewhat reactive. "If someone is injured you must respond with administering care, investigating causes, and working with management to impose solutions." Tumlinson added that their job involves risk assessment as well - "anticipating safety problems and working with operations and maintenance to prevent accidents from ever occurring."

The coordinators explained that THM (total housekeeping maintenance) goes hand in hand with safety. Garcia, Richter, and Tumlinson all pointed out that housekeeping is the first step in creating a safe environment. Eliminating hazards that could create trips or falls; efficient organization of tools and materials to prevent ergonomic injuries; and proper repair of facilities makes the workplace more livable. With housekeeping come other responsibilities such as overseeing audits like the American Institute of Baking in BOPP. The safety coordinators are often involved in greeting and touring visitors to the site. Jones and Plant mentioned that they get involved in employee relations as well. As a safety coordinator, people will often come to them with other problems. Richter said "yes, my job is like that guy at the hotel that everyone goes to for help or information, what do you call him?" "The concierge," replied Jones. All laughed at this and decided that should be their real title.

The safety personnel spoke of their jobs with pride and each one said it was rewarding work. To provide training like CPR or first aid where employees gained new skills and got involved in learning was particularly meaningful. Currently the coordinators are involved in researching new ideas like vending machines for PPE, online training, overseeing roof repairs in BOPP and programs that have resulted in noise reduction. This last program in IBS has eliminated the need for hearing protection for almost 50% of the IBS population.

The thing that brought the most reaction from the coordinators was when Tumlinson said "the best feeling is the knowledge at the end of a shift - every employee is going home without an injury." Garcia nodded knowingly and said "yes, every injury is something personal and it stays with you."

Brenda Wilson
Human Resources Manager



Jason Tumlinson, Jim Richter, Christine Jones, Karen Plant, and Cliff Shroyer check through some of their safety equipment.

Reap Rewards for Your IMPROVEMENT Ideas

All over the company ideas are generated as people carryout their job responsibilities. You think about what you are doing and how you could do it better. Some might think ...

"I could make this better if ..."

"When I do a change-over there is too much waste, if we would just"

"We'd save money by"

No one understands the job better than the person actually performing it. So the most likely source for job improvements should then be the person actually performing the job. Tapping into this reservoir of information is the purpose of the Presidential and Division Improvement Awards Program. This program began in 2006 and the awards recognize employees with outstanding achievements in improving production, output, quality, cost reduction or creating value. The awards, selected by a committee of senior management, receive recognition at a company dinner, a plaque and a monetary reward. As readers saw in the last issue of Inteplast News those recipients were mostly

managers or engineers. "The real value of the program will be realized when more ideas come from the operators and maintenance technicians on the production floor," according to **Robert Wang**, Assistant Vice President and Treasurer. "I would like to see managers encouraging their staff to speak up and give the staff's ideas for process or production improvements," Wang continued.

There are still 5 months left in 2009 and that is plenty of time to get ideas implemented and begin to make a difference. As a reminder Wang said, "Any employee wishing to participate needs to contact their Section or Plant Manager."

Come next January those individuals receiving recognition for the ideas they put forth will go home a little wealthier.

Joseph Wang
Vice President of Administration

MARKETING CONFIDENCE

The OPP market segments can vary from the very simple to the very complex – one will be very surprised at how diverse they are and where OPP can be used. The application can be as simple as 18" x 18" cut-sheets - with print graphics or color-tinted for wrapping cut-flowers. The other end of the spectrum can be a very complex multi-layer structure like MRE's (Meals-Ready-to-Eat packs) that unitize the foods and protect them for up to five years.

Tear open a bag of potato chips, which may look like it is made up of old fashion paper on the outside and aluminum foil on the inside – and be very surprised that it is all made up of OPP layers. The kettle cooked freshness of the product and the efficiency by which they can be stored and distributed all over the world months later, would not be possible without OPP and packaging. Crack open a bottle of your favorite soda, or a beer – and be amused that the labels were made of OPP. Tear open a pack of cookies, a candy bar...you guessed it, it *is* OPP.



Representatives responsible for BOPP sales throughout North, South and Central America and the Caribbean joined together with personnel at the Lolita plant site in May for a day's worth of presentations and discussion. The networking opportunity allowed the representatives to see firsthand the obvious cleanliness and pride of workmanship throughout plant operations so that they can best represent our BOPP products to customers.

As massive as the manufacturing equipment is, the OPP process is relatively simple to describe – melt PP resin and chill it to form a flat sheet, heat it, stretch it in one direction, then again in the cross direction, then wind it up in a roll – that's it. Hardly something to wow your kid's class on career day. The structure of the products, however, whether they are 3, 5 or more layers, each with different compositions, can be as varied and complex as the markets they serve. Equally complex are the supply-chains and the logistical dynamics of each market segment.

In the early AmTopp days, our product and market segment was the simplest of them all – floral wrap and carton sealing adhesive tapes. Few thicknesses of the simplest product structures, standard reel widths and lengths and truckloads shipped to a limited number of customers. Minimal efforts meant minimal profits – and market position, vulnerable to any competitors who wanted to get in. Simple products with simple logistics could be easier handled by importers from Asia and South America which flooded the U.S. market. It was quickly evident, that was not where we wanted to be in the long run.

It took us literally 10 years to get sophisticated in the aspects – manufacturing practices, product technologies and marketing savvy – that propelled AmTopp to the position of being considered a “world-class OPP producer”. We are lucky to have management teams in all three areas that are not only experienced but are “multi-taskers”. I started in the industry twenty some years ago working for one of the biggest OPP suppliers. Comparing the marketing organization at that time with what is at AmTopp now – we are selling 3 times as much with only one-third the number of people. This roughly means each of us has to be ten times more efficient. I see this clearly throughout our organization.

Having the right products, knowing how to make them and doing so consistently, are the minimum prerequisites to participate in any market segment. We were focused and selective; guided by risk/benefit balance, and managed to make our own luck occasionally. Compared to the early days, we now have films that allow converting efficiently with eco-friendly inks and adhesives; metallized film that gives package longevity by blocking light and harmful external factors; cavitated films that provide the functionality of paper without its drawback; matte-finished films that are decorative and have shelf appeal...and the lists grows longer every day. Not surprisingly, the latest product development trend is along the sustainability trend – OPP being plastics, we are subject to degradability and reduction.

Then comes the marketing task of selling our customer – we don't sell films, we sell *confidence*: the confidence that we will be there with all the turmoil, uncertainty of the market and economy; the confidence that we will always make the products that meet their needs consistently; the confidence that we will then deliver our product *timely* and back its *performance* to the best of our ability.

The OPP industry in North America is well-educated, structured and mature: which means there are rarely any surprises. There are not that many OPP customers, in terms of number of buying accounts - especially through the last twenty years of merger and acquisitions - but each one does buy enormous amounts. We all joke in our group that if there is a customer we have not heard of, it is not a customer worth having. Within AmTopp, we have less than 100 active buying accounts – but the top 20 of them buy 80% of our volume. There is quite a bit of loyalty between buyers and suppliers within the industry (some call it “good-old-boy”, I call it *partnership*). Doubling our sales force would not double our sales – improving the competency of our people will. Those who don't buy from us are either very satisfied with our competition or unfairly negative towards AmTopp – changing them will not be easy. Glossy pamphlets and brochures are nice, but a solid technical report and informative product/market seminars impress more. What we say will be forgotten after a few drinks and hors d'oeuvre at fancy trade-show parties, what we do day-to-day will be remembered. When a potential customer departs Lolita with comments like “...impressive site, and your people seem to know what they are doing...” we know we have closed the deal. Don't forget...we sell confidence.

We will not sell any more film by promoting more or cutting our price lower – we can only do so by getting better. We get better by being more innovative and responsive. We get better by being more professional and businesslike. We get better by being more cost effective and committed to the industry we served.

Ting Chan
AmTopp Business Director

The Impact of Traffic Consolidation

LTL is a term used for “less than truckload”. This is a trucking shipment leaving the point of origin not completely filled. Early in the history of Inteplast this happened often. It was easy to ship out anywhere and anytime without waiting to consolidate the load with others going in the same direction. But the facts are: LTLs result in higher costs; longer transit times; incur more over/short/damage claims due to multiple reloading and dock-crossing in transit; and confusing communications among Inteplast’s marketing, shipping, transit and customers.

By mid 2004 the company recognized an urgent need for a solution. And that solution came in the form of a strategic partner, Priority Distribution, Inc. (PDI), which aided in the development of Inteplast’s own “Pooling Distribution Program”. This program was designed to overcome the problems outlined above and additional objectives were: transparency; best

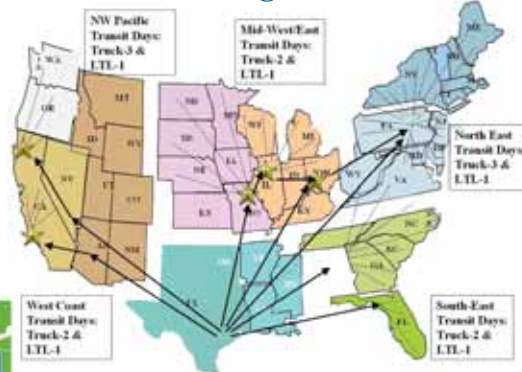
use technology; visibility among all parties; and a single point of contact and billing. Additionally the company wanted to continue its rapid growth and maintain uninterrupted services by elimination of internal logistical constraints.

Essentially the program calls for shipping an individual LTL to a Point of Redistribution (PORD). It is then redistributed from the PORD to the final destination via LTL next day service. It begins as the Lolita plants send their RTS (ready to ship) LTL orders to PDI to be consolidated into a truckload. PDI’s optimization program determines the load combination based upon best routing and lowest cost. They generate the manifest and coordinate among Lolita shipping, the carrier and customer. With maximum utilization of electronic data PDI provides accurate and real-time tracking. PDI pays all freight bills to carriers and provides Inteplast with only one bill per individual shipment. They also handle returns and reconsignments.

Currently the program operates with four major routes: Northeast, Midwest/East, Southeast and West Coast. It does so by combining 17 points of redistribution in major cities. Each route ships up to two trucks

per week on Tuesday and Thursday from Lolita. Depending on load optimization, more than one PORD can be utilized in the same trip and extra stops can be made before or after the PORD. The accompanying graphic illustrates the established PORDs.

With Pooling Distribution



Implementation takes different forms depending on the product. AmTopp and IBS Divisions are shipping to the North-East route together with 50% truck space devoted to each division. IBS credits the program with improved shipping to Canada. The program of

shipping diversion gives IBS the flexibility to meet its strict delivery dates and times. Small orders are brought to a LTL terminal to be redistributed avoiding excessive costs and conflicting schedules.

Since its inception, the program has saved hundreds of thousands of dollars, reduced LTL shipments and eliminated hundreds of damage claims. Pooling Distribution combines multiple modes of transportation compartmentalizing the specific transportation functions from pickup to line haul, cross-dock, and delivery. Each step is handled by a service provider, whose core competency is that specific function, maximizing efficiency in the supply chain. With a firm schedule, transparent transit and foreseeable delivery, marketing and the customer are confident knowing the exact delivery day at the time of order placement.

Looking to the future it is apparent that with the implementation of this program, multiple operations in the process of our supply chain can also be streamlined and improved from order commitment to production scheduling, inventory control, warehouse/shipping management and delivery lead-time control. In addition to these tangible business improvements, this effort results in improved customer service; and this intangible improvement gives Sales and Marketing a powerful tool.

John Chen
Director, Administration & Traffic

More TUF Talk from PVC

As we saw in the last issue of *Inteplast News* the PVC product TUFdeck® is a success in the marketplace. Shipments have increased, even in the current slow construction market. This success can be attributed to the features and quality of the product.

The low maintenance product will not rot, splinter, or warp. And termites do not like PVC! It is fire resistant due to the self-extinguishing nature of PVC resin. TUFdeck® meets the California and San Diego County fire resistance standards. They are the most stringent in the United States.

A new feature of TUFdeck® is a groove allowing for a hidden fastener to secure the planks. The PVC Plant developed a “foot” to pound the deck demonstrating the durability of the grooved deck. The deck was pounded 100,000 times. Also, a facial piece was developed to cover the end of the deck board, creating a more attractive unified appearance. These two improvements make the overall image of a deck made from TUFdeck® far superior to conventional products with nails and screws.

Currently, 5 lines are in production and a 6th will be added in August 2009.

Dr. Andy Yang
Research Manager, World-Pak



Foot simulator used to demonstrate the durability of TUFdeck®.

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CC Kuo Retires



Texas Site Manager, Bob Coen and Vice President of Administration, Joseph Wang, present CC Kuo with a token of appreciation at his farewell celebration in June.

After more than 18 years of continuous service, following two years as a contract engineer, **Chien-Cheng Kuo** (better known as C C) retired from Inteplast June 30, 2009.

His responsibilities varied through the years and perhaps **Dr. Young**, Group President, said it best when he stated in a farewell note "You are first and foremost reliable, loyal and dedicated, and you exemplify the highest work ethics possible. You have the admiration and respect of all your subordinates as well as your supervisors."

After raising three boys that are graduates of Harvard, MIT and the University of Michigan, CC and his wife Shioh are now settling into a new home in San Mateo, California. Good Luck CC and thanks for your exceptional contributions.

Bob Coen
Texas Site Manager



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World of Plastics