

SPARTECH News

Summer
2007



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PROVIDER

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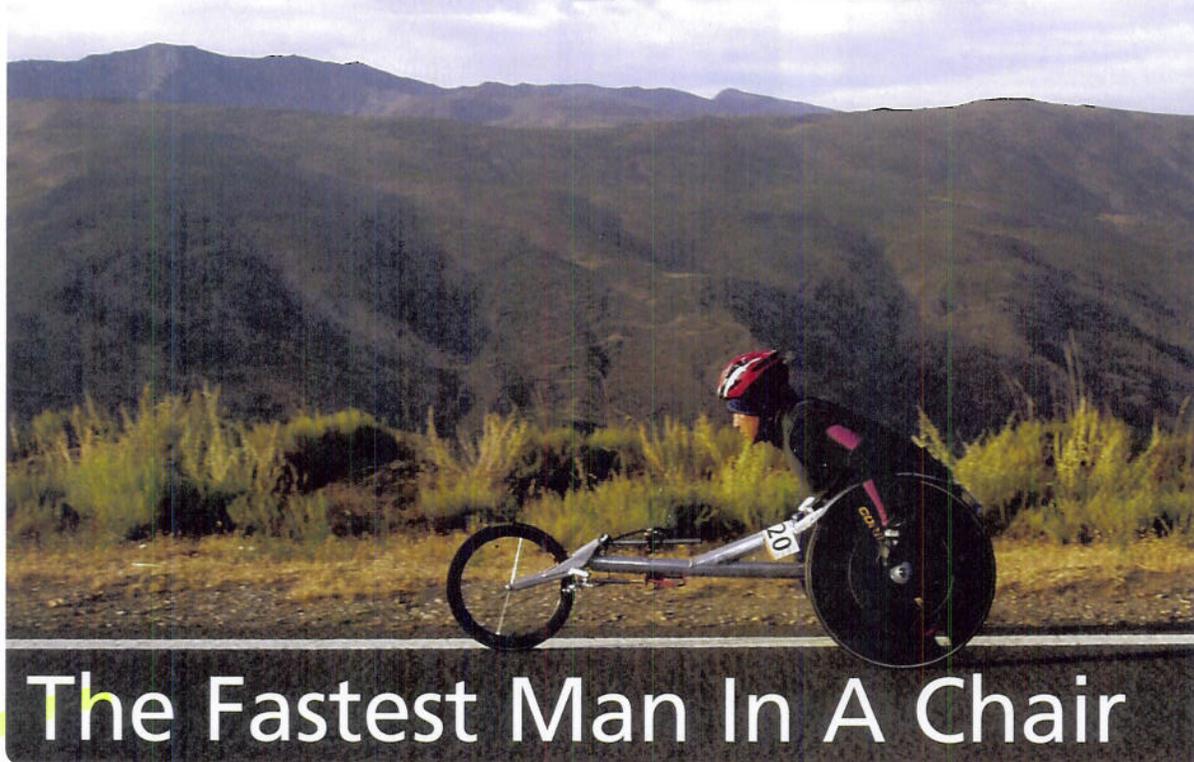
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The Fastest Man In A Chair

Spartech Sponsors Saul Mendoza

By Jon Mason

Saul Mendoza is accustomed to beating the odds. While growing up in Mexico City, Mexico, he contracted polio when he was just six months old. Instead of allowing his disability to define him, he chose a different route, one that would reward him with an Olympic gold medal and give him the title of Athlete of the Century.

Discovered on a basketball court at age 15, Saul's natural talent for speed brought him to the track. Trainers worked with him to coax as much strength and speed as possible from his arms, which he uses to propel his specially made wheelchair of carbon fiber, titanium and aluminum around the same track professional runners use.

When Saul is not off in the mountains training in programs that rival those of super athletes such as Lance Armstrong, he is racing around the globe. From marathons to sprints, Saul excels at all he attempts. Major companies and organizations invite him to speak every year to encourage motivation, goal setting and disability awareness. His story is one of inspiration to all.

It is this inspiration that Saul brings to the Spartech plant in Reynosa, Mexico. Saul is currently testing new carbon fiber thermoplastic wheels and experimental compounds of polyurethane tires. According to Jose Padilla, Business Manager of Spartech Industries in Reynosa, Mexico, "Saul is a great equipment tester because of the real-life demand he puts on his gear as he travels the globe. His wheels and tires take a lot of abuse by baggage handlers and all types of road surfaces and obstacles in places that wheelchairs do not normally see."

Last October, Saul was on hand at the Medtrade Show for the Spartech exhibit. The Medtrade Show is the nation's largest medical industry exhibition. Saul was able to provide show-goers his firsthand account of success with a Spartech product and to provide the Spartech team with valuable insight into life on wheels.

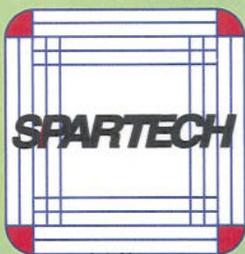
By refusing to do merely what is expected, by challenging his own personal goals and by being an inspiration to all, Saul truly defines excellence—a Spartech core value.

Jon Mason is a Sales Engineer at Spartech Industries in Warsaw, IN.

See PGS 5 & 12
for Arlington

For more on Saul Mendoza, please visit www.saulmendoza.org

FROM THE DESK OF GEORGE ABD



As a part of our continuing effort to strengthen communication throughout the Company, *Spartech News* is a publication for Spartech employees, by Spartech employees — and we are asking for your contributions.

Do you have newsworthy ideas for *Spartech News*? Please send your articles, ideas and pictures to Michelle Good.

A few ideas:

- New Product Launches
- Facility Events
- Training & Education
- Employee Spotlights
- Success Stories
- Upcoming Events

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*George Abd
President & CEO
of Spartech*

April 9, 2007

To All Employees,

I am writing to update you on the performance of the company in our recently completed first quarter and to thank you all for your efforts as we have continued through a period of restructuring and refocus. These changes can be disruptive and are difficult to manage and the company has performed reasonably well through these transitions. The stock market has responded favorably to our performance but we fell well below our budgeted expectations for the quarter and will have a challenging remainder of the year to make up that shortfall.

In terms of cash flow, the company set a record for first quarter performance and I thank you all for your dedicated focus on this key performance area of our business. While we did set a new record, our performance in managing inventory was disappointing and requires a refocused level of attention as we move forward.

Our first quarter earnings results represented a significant improvement over last year with our Custom Sheet and Engineered Products Groups performing very well. In particular our Polycast business and the North Region showed very strong performance for the quarter. Outlined below is the Operating Earnings performance of our business units for the past few first quarters.

	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>	<u>2004</u>	<u>2003</u>
<i>(Dollars in Millions)</i>					
Custom Sheet	\$16.1	\$12.7	\$ 7.9	\$14.7	\$12.6
Color & Compound	\$ 4.1	\$ 4.9	\$ 5.9	\$ 6.4	\$ 5.4
Engineered Products	\$ 1.6	\$ 1.0	\$ 0.7	\$ 1.2	\$ 0.5

**These years include VPI acquisition.
2007 Q1 was one week longer than previous years*

Our Sheet and Engineered Products businesses had their best first quarter in the last five years which helped to compensate for a very poor quarter in the Color and Compound business unit which was particularly hard hit by the turndown in domestic automotive sales and poor performance in our European business.

We have two major expansion projects currently under construction. We are expanding our Ramos, Mexico plant site by 110,000 sq-ft to keep up with very strong demand for refrigeration

sheet for Whirlpool and other customers in Mexico. The Ramos team has done a great job under David Carillo's leadership of managing the transition of new volume into the plant while in the middle of a construction site. We continue to see new opportunities to expand into the Mexican market as growth continues there at a strong pace.

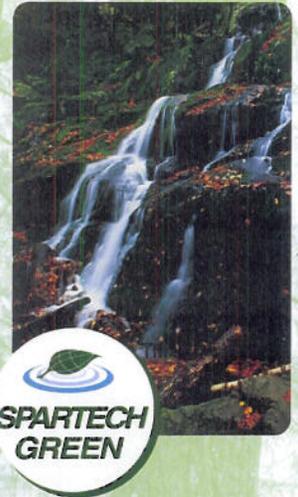
Last year we announced the construction of a new facility in Greenville, OH which will combine the production from our current Greenville, Richmond and Clare plant sites. The new 175,000 sq-ft building is substantially complete and equipment relocations will begin shortly. The design and layout of this plant will utilize Lean processes and a more modern design to help improve our cost and service in the most competitive segment of the sheet market. Mark Yde is leading a team of manufacturing, sales, EHS and accounting personnel as the Core Team focused on designing the new layout and processes for this soon-to-be World Class site.

Your sales and marketing teams are focused on key areas to help drive Spartech's growth in the future. Our Green Initiative products, materials that provide environmental value to our customers, increased in sales by more than 40% in 2006 to nearly 85 million pounds. This will be a key growth vehicle for our business in the high oil price environment we find ourselves in. New products, new solutions and new customers will be the key to Spartech's future and providing the quality and service they demand will ensure our success.

One key change that is going on in the company that will eventually impact each of you is our transition to one company-wide computer system, Oracle 11i. We have a dedicated and talented team of individuals who left their jobs in our operations to help lead, as part of the IT group this new system implementation. The first plant to switch to this new manufacturing system, in Donora and Washington, PA, transitioned on March 3. All of the other plants in the company will be converted to the new system over the next 18 months. This is a critical change for the company and will allow us to operate more effectively and efficiently.

This will be wrenching change in our business and will require changes in how everyone does their jobs. However when complete we will all have more tools, more data and more control over our individual areas of responsibility. Thank you all in advance for your help in successfully completing this key change.

Our employees are a key component of our success and your focus on serving the needs of our customers is critical. Thank you for your dedicated efforts in helping to achieve the progress we have made so far. I would ask that you please take the initiative to bring your ideas to help us achieve our vision of world class Safety, Service, Quality and Cost to your business and plant leaders.



did you know?

Spartech has initiated numerous recycling programs. With over 40 facilities and nearly 3,500 employees, even a small initiative like office recycling of aluminum cans, plastic containers, glass containers and paper materials results in a significant amount of recycled materials.

Spartech Receives Recognition from Strategic Customers



Spartech has recently been chosen by several key customers as the recipient of supplier recognition awards:

Most Notable Contribution Toward Whirlpool's Business Goals Award

– Whirlpool Corporation, México

Partners in Excellence Award

– Igloo Products Corp., Katy, TX

Strategic Supplier Award for 2007

– Brentwood Specialty Products Group, Reading, PA

“Our success is measured by our contribution to our customers’ success. We are truly honored to be recognized as the winner of these prestigious awards by three market leaders. **Spartech is committed to being an innovative solutions provider, while delivering extraordinary service, quality and value to our customers.**”

George Abd, President & CEO

Whirlpool México’s Supply Base Management Leader, Arnulfo Salinas stated, “Due to Spartech’s many contributions to Whirlpool México’s objectives and its continuous commitment regarding service, quality and cost, we are pleased to name Spartech Mexico, S.A. de C.V. as an excellent supplier.”

According to Scott Sticklus, Vice President - Supply Chain for Igloo Products Corp., Spartech was presented the Partners in Excellence Award for responsiveness to technical support, special requests, being proactive in managing orders and on-time delivery. He thanked the Company for their “invaluable support and dedication.”

Rich Partlow, General Manager of Brentwood Specialty Products Division, stated that Brentwood chooses strategic suppliers based on their ability to be top performers in quality, delivery and technical support. “Spartech has once again become our Strategic Supplier of the Year because of its performance in these critical areas and support of our strategic growth initiative.”

Arlington Facility Recognized by EPA

By Diane Potter

The Spartech Plastics plant in Arlington, TX was recognized by the EPA for their participation in the National Environmental Performance Track or P-Track. In this voluntary program, the plant identified areas to improve over and above the regulation limits, committed to a goal, then monitored and reported their performance for a three year period.

Diane Potter is the Administrative Manager & ISO Management Representative.



Ptrack Arlington certificate presentation – (L-R) Craig Weeks (EPA-Region 6); Steve Gilrein, (EPA Region 6); Diane Potter (Spartech Plastics); Larry Brooks (Spartech Plastics).

Ptrack Arlington Group with certificate – (Members representing Spartech Plastics-Arlington environmental team) (L-R) Desi Santana, Ron Jones, Efrain Quinones, Artemio Gonzalez, Jose E. Garibaldi (holding P-Track certificate), Earl Gilbert, Silvano Giron (holding Certificate of Appreciation from City of Arlington), Diane Potter.

Ptrack Arlington Group with flag – (Members representing Spartech Plastics-Arlington environmental team) (L-R) Desi Santana, Efrain Quinones, Artemio Gonzalez, Silvano Giron, Diane Potter, Earl Gilbert.

Also in attendance: Alan Raymond (Spartech Corporation – Director of Environmental Affairs), Mike Tordella (Spartech Polycom – EHS Manager), Alan Atwater (City of Arlington Water Resources – Environmental Analyst) & Chad McGowen (City of Arlington Water Resources – Environmental Analyst).



Certification Earned by Spartech Mexico

By Héctor Manuel Sánchez Maldonado

The Polycom Division of the Ramos Arizpe Plant received the TS 16949 Certification as a result of a two day audit by BSI. Héctor Manuel Sánchez Maldonado, Quality Manager, stated, "The Ramos team showed their commitment to generating value to Spartech through excellent customer services, demonstrating that Ramos could become certified. I would also like to highlight the leadership and perseverance of Nadia Padilla, making this possible."

Héctor Manuel Sánchez Maldonado is a Quality Manager at Spartech de México.



Environment to Reap Multiple Benefits from Spartech's New Rejuven8™ Sheet Based on Annually Renewable Resources

By Todd Niemuth

Less Energy Usage, Reduced Greenhouse Emissions Add to Eco Advantages of Innovative New Family of Materials Made with NatureWorks® PLA

Spartech formally introduced a new family of environmentally responsible plastics whose production can significantly reduce energy usage and greenhouse gas emissions compared to conventional materials. Spartech's new Rejuven8™ family of materials is made from annually renewable resources instead of petroleum and supports environmental protection in eight key ways. At the same time, this innovative new product line offers customers excellent high-performance for diverse printing and thermoforming applications.

New Materials for Printing and Thermoforming

New Rejuven8™ and Rejuven8™Plus sheet, the first two materials in this new product family, are made with polylactide (PLA) from NatureWorks®. The Rejuven8™ product is a custom sheet and rollstock product specifically developed for thermoforming applications. Its unique properties, however, also allow it to function well for printed applications. It has excellent clarity and die-cutting characteristics, with strength comparable to that of general purpose acrylic.

Rejuven8™Plus sheet is a strength-modified grade with enhanced physical properties vs. standard PLA and impact

properties similar to polyethylene terephthalate (PET). This white, opaque material was specifically developed for graphic art and printed applications, although it also works very well in most thermoforming processes. Innovative secondary processing criteria can raise heat resistance to well over 200°F vs. the 105°F-120°F maximum temperature resistance of standard PLA materials.

Eight Ways to Benefit the Environment

The Rejuven8™ family of plastics supports Spartech's mission of minimizing environmental impact in the following ways:

- 1 An estimated 15 percent less energy usage (to make the resin):** compared to polyvinyl chloride (PVC) and other conventional plastics, Rejuven8™ materials require a third less energy to produce.
- 2 An estimated 41 percent less emissions:** production of PLA releases less harmful greenhouse gas emissions than PVC and other conventional plastics.
- 3 Renewable resources:** Rejuven8™ and Rejuven8™Plus sheet are primarily (99 percent and 95 percent, respectively) based on annually renewable materials such as corn, compared to conventional, petroleum-based plastics.
- 4 Biodegradable:** using industrial composting, the materials are biodegradable in 90 days or less.
- 5 Elimination of chlorine gas:** this potentially harmful by-product of PVC production is eliminated with the Rejuven8™ products.
- 6 Elimination of dehp plasticizer offgassing:** this is another drawback of most PVCs that the Rejuven8™ products avoid.
- 7 Less energy used when extruding/processing applications.**
- 8 Support for North American farmers:** PLA is made from corn.



Spartech's Green Initiative is focused on developing more environmentally compatible products and

production methods. We've already received industry recognition for this program and we are continuing to invest in new material technologies that minimize environmental impact and help our customers meet regulatory requirements worldwide. The Rejuven8™ product family is a great example of this dual mission and underscores Spartech's seriousness about being champions for the environment.



The two Rejuven8™ grades are well-suited to a range of applications.

Rejuven8™ sheet is ideal for food packaging, drinking cups, and tableware applications. Typical applications for Rejuven8™Plus include consumer packaging, gift and phone cards, and plant tags. Cards using these materials were commercialized last year with Spartech card customers including several leading national retail brands.

Todd Niemuth is the Market Manager for Graphic Arts at Spartech Corporation.

Soft Feel ASA

By Tom Wanecke

Spartech has announced the introduction of Soft Feel ASA co-extruded sheet that utilizes a weatherable tactile top surface layer and a high impact ABS substrate. Soft Feel ASA sheet is directed towards replacement markets for soft feel paint, vinyl wrap fiberglass and wood surface applications requiring the properties of low gloss, high friction surface, in one thermoformed product. More key features of this product include:

- Superior weathering
- Impact strength
- Mold in colors
- Excellent formability

Soft Feel ASA sheet is a great choice for a wide range of applications and market segments which require a tactile feel without having to paint or vinyl wrap skins:

Heavy Truck - interior instrument panels, door panels, sleeper cab trim and housings.

Marine - instrument panels, light pods, storage covers and seating trim.

Power Sports - golf cart dashes and trim accessories.

Construction Equipment - interior dash assemblies, gear covers and window pillars.

Recreational Vehicles for driver station instrument panels, overhead electronic housings and door panels.



Soft Feel ASA sheet can be thermoformed in standard thermoforming ovens. Sheet material can be formed over wood, composite and aluminum cooled tooling. Care must be taken in forming to heat sheet evenly and not to overheat sheet. Stock temperatures of approximately 360°F - 380°F are recommended for proper forming. As with any thermoplastic material, care should be taken to account for the coefficient of thermal expansion when considering part fit and tooling design parameters.

Soft Feel ASA is a Spartech Plastics custom extruded sheet product available in Smooth, Calf, Deep Hair Cell, Level Hair Cell and Seville* embossing textures. Sheets Sizes are available with maximum widths of 100" and in gauges of 0.080 to 0.400.

**Seville texture maximum width is 95"*

Tom Wanecke is the Market Manager for Transportation at Spartech Corporation.

did you know?

PRODUCT DEVELOPMENT CENTER

Spartech's Product Development Center is the creative design and engineering location for innovative solutions. The most experienced plastic engineers and scientists, along with state-of-the-art processing machinery and testing laboratories lead our innovative programs. We serve our customers through development of advanced thermoplastic products to meet the needs of the ever-changing market place.

Development Laboratory

Multi-Layer Extrusion Capabilities

Thermoforming Capabilities



TUF-GLAS® LD

By Mike Malin

Spartech is pleased to announce new TUF-GLAS® LD light-diffusing modified acrylic sheet, specifically designed to enrich the appearance and improve the economics of channel letter signs using LED lights. TUF-GLAS® LD sheet has the same attractive qualities as TUF-GLAS® modified acrylic sheet, with an added benefit that provides the exceptional combination of high light transmission and LED light "hot spot" hiding capability. TUF-GLAS® LD sheet has a brilliant white color that is highly appealing when unlit during the day, and a high light transmission that allows graphics to "pop" at night.

Focusing on the channel letter and sign face market, TUF-GLAS® LD sheet has the potential to support and accelerate LED growth in the sign industry. While end users enjoy the look, performance, low maintenance, and energy savings of LED lights—TUF-GLAS® LD sheet benefits sign manufacturers by enabling them to satisfy customer demand for appearance and economics. Other benefits of Spartech's TUF-GLAS® LD sheet include:

- Excellent light transmission, decreasing the number of LED lights needed
- Eliminating the need for expensive diffusion film
- Enhanced design driven thermoforming opportunities
- The ability to create thinner cans which provide design freedom and savings

Spartech offers a wide range of materials for the sign industry. Other brands of sheet products for the sign industry include: TUF-GLAS®, TUF-GLAS® CR, CRYLEX®, SUNGARD®, PC-2000 and STA-TUF®.

Mike Malin is the Market Manager for Building & Construction at Spartech Corporation.



Two-Piece Cup

By Jonathan Cage

Spartech is a leader in transitioning materials, such as metal, glass and paper into innovative plastic products for the packaging industry. Huhtamaki uses a proprietary polypropylene blend developed by Spartech for its Velocity™ line of packaging, providing improved performance and moisture barrier protection for applications requiring barrier not attainable with paperboard.

Jonathan Cage is the Market Manger for Packaging at Spartech Corporation.

global web site

Spartech now has a URL for China—www.spartech.cn and www.spartech.com.cn. These links will take you to the Spartech Web site.



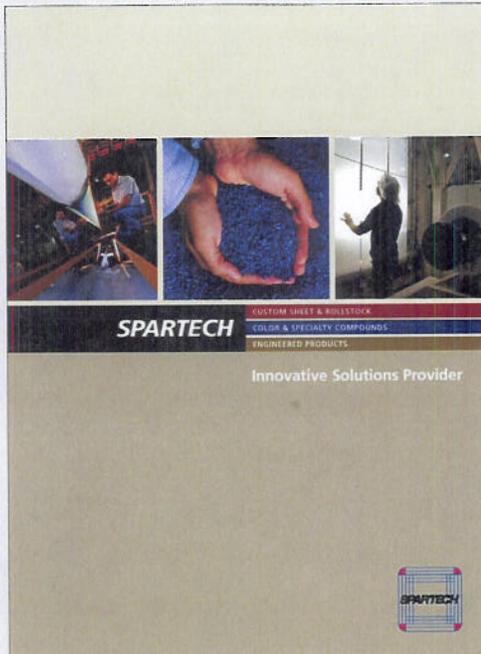
did you know?

MATERIAL DEVELOPMENT CENTER

Spartech's Material Development Center provides world class research and technical support for our customers and end user markets. Precision pilot scale compounding equipment, analytical testing laboratories and experienced scientists drive the Spartech Color & Specialty Compound Division's innovation directive.

Analysis Color Matching Molding Support Pilot Scale Compounding

Coming Soon – New Marketing Tools



The Spartech Corporate Overview Brochure will be available in June 2007. Additionally, the Spartech Marketing Communications team is developing:

New and Improved Literature

- **New!** Green Brochure
- Updated Polycom Brochure
- Updated Product Summary Guide
- **New!** Format for Data/Sales Sheets
- **New!** Spartech Packaging Brochure
- Improved Spartech Web Site
 - A New Look & Feel (Green)
 - Innovation & Technology Updates
 - Upcoming Events
 - Improved Search Capabilities
 - Improved Lead Retrieval

Other Projects

- **New!** Industry Publication Presence – Marketing News Releases & Ad Campaigns
- **New!** PowerPoint Presentation Sales Tool
- **New!** Customer Communications – Innovation & Technology
- Spartech Internal Newsletter



company tagline Our new company tagline is:
Innovative Solutions Provider

Greenville, OH Consolidation

By Jeff Dye



Architect's Rendering

In an effort to enhance Spartech's long term competitive position in quality, cost and service, the East Region is consolidating three facilities that produce similar products to eliminate duplication. We are building an innovative extruded sheet and rollstock facility in Greenville, OH. The Clare, MI, Richmond, IN and Greenville, OH plants will eventually be consolidated in this new facility.

The ceremonial groundbreaking was held in April of 2006 with the actual construction beginning in June. The 160,000 sq-ft manufacturing facility and 6,300 sq-ft office is estimated to be completed in the summer of 2007.

The consolidated facility will consist of approximately 180 employees who will focus on producing 100 million pounds of polyethylene each year. Many employees from Clare, Richmond and Greenville will have the opportunity to transfer to the new facility.

Our gratitude goes out to those who have contributed to the consolidation project, including the Spartech Consolidation Team and City of Greenville and State of Ohio officials.

Jeff Dye is the Operations Manager – East Region for Spartech Plastics in Paulding, OH.



Statistics:

3 Plants Consolidated

180 Employees

**100 Million Pounds
of Polyethylene/Year**





Tupelo Undergoes “Plastic Surgery”

By Dave Robakiewicz

The Spartech Industries’ wheels division in Tupelo, MS underwent several major changes in 2006—“Plastic Surgery.”

The Tupelo plant reduced their raw material, regrind and supplies inventory by 63% from 2005 to 2006 inventory levels. This was through regrind and supplies “suction.” The Tupelo team put into place a plan and executed the steps that resulted in freeing up 40,500 sq-ft of warehouse. The regrind being pulled through our injection machines was

Raw material,
regrind and
supplies inventory
were reduced by
63%

converted into wheels for the lawn and garden business. The process was lead by Angelo Moroneso, Production Manager and Ricky Chaney, QA & EHS Supervisor to ensure we consumed regrind at the level agreed to by our customers. Our shape was manicured to the physique of a well trained and seasoned athlete.

Tupelo also received a face lift that made the plant look years younger. The Tupelo team engaged in a very vigorous and aggressive LEAN program. We trained technicians in 5S, TPM and SMED. Mike Hughes, Finished Goods Supervisor, was instrumental in realigning the flow of raw materials and the restructuring of the FG warehouse. We identified a place for everything—putting supplies, concentrates and raw materials in their place. The 5S activities allowed us to kanban concentrates and provide a visual method of replenishing our stock. Carefully overseeing the 5S and kanban of inventory was Lisa Tribble, Customer Service Buyer/Planner. Spartech Color, led by MaryAnne Baier, Customer Service Manager, has developed a stocking program that helps maintain lower inventory levels. Our LEAN initiative became contagious, as some of our suppliers followed the lead.

The reduction has resulted in improved production levels with reduced scrap generation. The Tupelo plant is a happier and fit operation as a result of our “Plastic” Surgery.

Dave Robakiewicz is the Plant Manager at Spartech Industries in Tupelo, MS.

NEWS FROM TUPELO *By Carolyn Salters*

Spartech Employees Honored

The Tupelo Spartech facility recently celebrated its 5 year anniversary and recognized several employees who have been there from the beginning:

- Betty Richey, Injection Operator
- Charles Shurden, Material Handler
- Lisa Tribble, Customer Service Buyer/Planner

Plant Manager Dave Robakiewicz presented the employees with flowers and a piece of McCarty Pottery.

Tupelo Spartech Safety Accomplishment

The Spartech team in Tupelo, MS, is proud of the fact they have gone over a year without a D.A.R.T. (Days Away from work, Restricted or Transferred). In honor of this admirable accomplishment, there was a safety party for the entire plant and a safety poster contest. The grand prize for the contest was dinner for two at the restaurant of their choice—the winner was chosen by the employees. Another prize was won via a drawing. Teresa Bennett, Shipping & Receiving, was the winner of both contests! Employees were presented with T-shirts proclaiming the accomplishment as a team.

Carolyn Salters is an Administrative Assistant at Spartech Industries in Tupelo, MS.

Employee Spotlight



DeWayne Waters
CoEx Material Handler
Spartech Plastics
Muncie, Indiana

DeWayne Waters has been with Spartech since 2002. Randy Ash, Production Manager, says Dewayne's job knowledge and reliability make him a valued Spartech employee.

Job Description: Keeping the CoEx lines supplied with materials.

When did you begin your career with Spartech? July 2002.

What is your favorite part of your job? Working with our railcar system and my co-workers.

What has been the most interesting moment at Spartech? When I filled in for one of our CoEx operators.

DeWayne's Family: Julie, wife for 23 years and three children—Miles, Adam and Vanessa.

Extracurricular Activities/Hobbies: I am a volunteer firefighter and also enjoy fishing and golfing.

Feelings about Spartech and the future: Spartech is a great place to work—it is the best job I have ever had. I hope to eventually retire from here.

Message to other Spartech employees: Go to work, put in a good day and go home to spend as much time with your kids as possible—they grow up way too fast.

Spartech Photo Journal



Larry Brooks, Facility Manager, describes the operation in the Arlington, TX facility to the Spartech Plastics Group.

