

1.0 YUPO BACKGROUND AND PERSPECTIVE

The following section provides background and perspective on Yupo Corporation America by outlining Yupo's products, applications, and strengths.

1.1 ABOUT YUPO CORPORATION AMERICA

Yupo Corporation's strategic global presence allows us to provide rapid and valuable support to our customers worldwide. The Oji-Yuka Synthetic Paper Research Institute was founded in Japan in 1969 as a joint venture between two industry leaders, Oji Paper Company and Mitsubishi Chemical Corporation. Oji-Yuka Synthetic Paper Company, which was established in 1970, changed its name to Yupo Corporation in 2001. Yupo Corporation is headquartered in Tokyo and operates three manufacturing facilities in Japan.

Yupo Corporation America was founded in 1996 as a wholly-owned subsidiary of Yupo Corporation. Yupo Corporation America operates a 160,000 square foot, state-of-the-art manufacturing facility in Chesapeake, Virginia and is responsible for marketing YUPO® synthetic papers throughout the United States, Canada and South America. To further enhance its position as a global leader in the manufacture of synthetic papers, Yupo Corporation established Yupo Europe GmbH in 1998. Yupo Europe is headquartered in Dusseldorf, Germany and provides marketing and customer support services throughout Europe, Africa, the Middle East and Russia.

Since its creation, Yupo Corporation America has pooled the technological and marketing expertise of its parent companies in paper manufacturing and plastic processing, to develop YUPO, a synthetic paper composed primarily of polypropylene. YUPO synthetic paper is a new breed of paper that stretches the boundaries of paper applications and keeps pace with modern society's thirst for innovation and advancement. Yupo Corporation America is a forward-thinking company that matches the paper's yearning to be a leader in the synthetic paper market.

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1.2 YUPO PRODUCTS

YUPO is a product designed to not only keep pace with new and emerging market applications, but to drive them.

YUPO papers are a family of ultra-smooth, multi-layered, biaxially-oriented, synthetic printing papers. They are manufactured from the highest quality polypropylene resins and inorganic fillers through the process of extrusion. The process creates innumerable micro-voids, giving YUPO superior opacity and whiteness characteristics. After cooling, the sheet's surface is treated to enhance its appearance and printing performance. The result is an extremely durable, dimensionally stable, synthetic printing paper that is water-repellent, flexible, scuff-resistant, and has unmatched folding endurance.

YUPO's strength comes from the base layer and its paper-like appearance from the surface layer. Since the micro-voids line along the stretched direction opposite to that of natural paper, YUPO has a grain direction. YUPO contains no natural fibers, common to existing paper products and is therefore waterproof. YUPO is UV stable and is resistant to most chemicals and grease—contact does not compromise its color or strength. YUPO's construction ensures that it also has excellent tear-resistance, tensile strength, and shock-resistance.

1.3 YUPO COMMERCIAL APPLICATIONS

YUPO synthetic paper has unique properties that include superior printability and high quality, combined with the added benefit of extreme durability. This makes YUPO ideal for a wide variety of commercial printing processes such as Offset, Gravure, Litho, Roto Press, Flexo, and others.

YUPO is more suited for the Commercial Printing Market than competitive alternatives because of its inherent physical properties, high quality and printability. Durability characteristics such as resistance to water, tearing and scuffing, make it ideal for applications that include maps, menus, manuals, point-of-purchase displays, posters, books and tags. Since YUPO offers outstanding surface smoothness, it also provides an excellent surface for coating and laminating. Furthermore, YUPO's unique style and unmatched whiteness have been a popular surface for many other creative applications, such as embossing, foil stamping, die-cutting, metallics, UV inks, scratch-n-sniff coatings, and engraving. Really, YUPO's options are endless.

1.4 YUPO TECHNICAL APPLICATIONS

Since YUPO is a polypropylene-based product, it is ideal for the Technical Product Market. Yupo's super smooth surface can be used for a variety of label uses from pressure-sensitive labels, in-mold labels and direct thermal printing; and it's versatility expands to specialty applications, personal care, and home and garden applications.

Yupo has a competitive advantage in the technical application market due to three decades of product development, technical support and customer service experience in the technical paper and commercial printing industries. Through aggressive R&D efforts, Yupo is continually improving its product to meet market demands and perform better. Global manufacturing and distribution network enables consumer products companies to deliver a consistent brand image across local and foreign markets. Responsive service and sales teams facilitate the YUPO product to various markets worldwide.

The YUPO Advantage:

- Super-smooth surface creates a premium bottle face
- Bright white sheet enables graphics and logos to “pop” on shelf
- Moisture, chemical, and scratch resistance protects brands during shipping and duration of shelf life
- Cuts and folds cleanly into various label forms
- Worldwide manufacturing and distribution network supports the needs of global CPG brand managers
- Surface holds inks with razor sharp precision for high print quality and effective direct thermal bar codes

1.5 YUPO STRENGTHS

- YUPO is the superior synthetic paper in the world.
- YUPO's high quality and high standard of manufacturing make it the leader in the industry.
- YUPO is durable, versatile, innovative, recyclable.
- YUPO's superior opacity and whiteness characteristics yield outstanding printability.
- YUPO is waterproof, stain-resistant and void of tearing and scuffing.
- YUPO keeps pace with technological advancements.
- YUPO comes in a wide variety of options and weights.
- YUPO is a refreshing change and a great solution for creatives that thirst for something new.

1.60 CASE STUDIES: COSMETIC ADVERTISEMENTS.

SMOOTH & CLEAR SOLUTIONS:

KraftWorks, Ltd. New York Creates Window Of Success for La Prairie

Located in New York City's SoHo district, KraftWorks, founded by Neil Kraft, is the agency of record in North America for the worldwide skincare company La Prairie. With a notable client roster including Aldo Shoes, Calvin Klein Cosmetics, In Style Magazine and Playtex Apparel (to name a few) the company has a track record for hitting the mark with branding campaign design. To help expand the La Prairie brand in North America, the company developed a print campaign using a unique approach.

La Prairie, Switzerland is renowned both for the scientific integrity of its skincare products and for its unparalleled commitment to luxury. KraftWorks set out to create a campaign that would reflect La Prairie's high standards of purity with highly advanced scientific technology. To garner exposure for several product lines throughout the campaign, KraftWorks designed a versatile two-page insert using a matte cover backsheet and a YUPO® translucent overlay sheet from Yupo Corporation America. A soft-focus visual on the translucent overlay creates a moving "window" effect. As the page is turned, the viewer's attention is drawn to the product image on the second page of the ad.

One example from the Kraftworks campaign is the La Prairie Skin Caviar ad which features a visual of a spoonful of caviar beads on the translucent overlay. Just visible from under the frost of the translucence is an open jar of the Skin Caviar, positioned to look as if the spoon has just been dipped in the product. In another insert for La Prairie's Cellular Serums, one bottle in the foreground is offset by the complete product line on the second sheet. "The window campaign has been extremely successful. The clean imagery on a unique substrate catches the reader's attention. It also creates an interactive element that invites readers to touch the paper and feel the texture," says Neil Kraft, President of KraftWorks.

As La Prairie prides itself on smoothing and firming skin, KraftWorks selected super-smooth substrates to reflect this attribute of the brand. Says KraftWorks production manager Pamela Sabatino, "During the production stages of this campaign we were in constant communication with our paper supplier, RIS Paper. We sampled relentlessly until we found YUPO 62lb. translucent, which we chose for its tactile appeal and flexibility."

The La Prairie campaign ran in *Vogue*, *Town and Country*, *W*, and *Harper's Bazaar* in 2001. Says Lynne Florio, President of La Prairie, "The campaign designed by KraftWorks captured the image we were looking to portray. Clean and luxurious feeling, the insert reflected our brand in print and drew the attention of our target market." The campaign was so successful that La Prairie extended its media purchases into the spring and fall of 2002. Most recently, the ads ran with a new series of creative in May's *W* magazine.

1.61 CASE STUDIES: MENUS.

SETTING THE TABLE WITH ART:

Canadian designer creates a winning menu for upscale Italian restaurant

Creating projects that successfully combine style and function is often a challenge for designers. This synergy between performance and creative appeal is the essence of many applications, especially restaurant menus. Through a combination of finishing applications and a super-smooth synthetic paper, Montana Creative Communications (Calgary, Canada) designed a menu for *Teatro* restaurant with great looks that could last for all seasons.

Presentation of food and art set the stage in *Teatro*, a five star Italian restaurant located in the heart of Calgary's theater district. The restaurant's new menus (released seasonally) reflect its creative atmosphere and upscale appeal with the help of a five star print and conversion job by Unicom Graphics. Embossed, die-cut, gold foil-stamped, and printed on an eight-color press, the menu's presentation is a testament to the artwork of many of Canada's most talented artists and the cuisine of one of Canada's finest restaurants.

Teatro has earned its five star rating through command of lavish detail. Before the wine is poured, menus must first be placed in the hands of customers. "Every detail matters to *Teatro* owners," says Nancy Goemans, creative director Montana Creative Communications. "A substrate with a quality feel conveys the quality of the establishment. The tactile appeal of YUPO synthetic paper was a perfect match for this application," she states.

When *Teatro's* management approached design firm Montana Creative Communications for the project their only direction was to mirror the restaurant's spotlight of well-known Canadian artists. Says Nancy Goemans, creative director Montana Creative Communications, "Like the restaurant's white marble interior, the menus are the canvas for the featured artwork. The bright white paper and smooth die-cut edges were chosen to make the menus simple yet distinctive." "Our challenge was to keep the restaurant's fare as the focal point of the menus, while simultaneously recognizing the artwork," states Goemans. To draw attention to the stamp-sized pieces, Goemans offset a single gold foil stamped star from the designs. "The stars are a small, attractive hint to bring the diners eye to the artist's work. We also incorporated a gold foil stamped 'T' to further enhance the menu's regal look."

The menus were printed on YUPO synthetic paper 86 lb. cover stock for its sturdiness and ability to hold the applied embossing and foil stamping. Unicom used a Heidelberg press to perform the finishing options and a MAN Roland eight-color press to achieve life-like reproductions of the prints on the menus. The menus were printed, finished, and shipped to *Teatro* in under a week and half. "YUPO handled the finishing easily which allowed us to quickly turn around the job," says Nugent. Says Montana Creative's Goemans, "The bright white styling of the paper made the printed designs jump off the sheet. YUPO held the crispness of the embossed letters which was also critical to this application."

An added benefit for the restaurant is YUPO's tear-resistant and waterproof qualities. If a menu becomes dog-eared or stained, *Teatro* discards it. In the past, several menus were lost as a result of damage at each sitting, which led to several print runs during the course of each menu season. With YUPO, *Teatro's* menus last longer and maintain the crisp white look that the restaurant wants to portray.

1.62 CASE STUDIES: MAPS.

ENGEFOTO “SURVEYS” AN INNOVATIVE NEW PRINTING SUBSTRATE

Map making is a unique craft that requires perfecting the synergy between the science of cartography, graphic design, and printing. For over 22 years, Engefoto Engenharia e Aerolevantamentos S.A. (Curitiba, Brazil) has been advancing this craft through the adoption of new technology and innovations.

Engefoto has stayed ahead of its competition with modern, specialized equipment, a skilled artisan team with a good eye for cartography, and innovative printing materials. The selection of a unique new substrate, YUPO® synthetic paper from Yupo Latin America (Chesapeake, VA, USA), has helped Engefoto enhance accuracy and provide its map customers with higher quality and durability. Yupo’s graphically sharp papers give Engefoto the enduring edge in their field.

“We have always aimed for the highest quality in terms of cartographic information and details. Using a strong and dependable paper has afforded us the perfect combination for our business,” says Mirian Isabel Say, Engineer and Cartographer at Engefoto.

To preserve the functionality and life spans of its finished maps, Engefoto constantly strives to make its maps stronger. “Longevity is key to quality map-making. We always want to ensure that our maps be used as resources that end-users can go to again, and again” says Say.

Engefoto worked with several printers and paper manufacturers to identify a high-performance synthetic paper and decided on YUPO. “YUPO does not need expensive lamination or chemical treatment,” says Say. “Quick turnaround is an issue in our business. Before, we needed to take time out to add a lamination. This cost extra time and money. By skipping the process of lamination, YUPO has allowed us to increase our efficiency.”

Engefoto also wanted a substrate that would prove durable while providing a delicate canvas to faithfully reproduce the intricate details of cartography. “We tested various synthetic substrates in order to develop new, ‘lasting’ maps. After analyzing durability, accuracy, press performance, and print quality, we were not satisfied with any papers we sampled until we came across YUPO,” says Say. “Now our maps are extremely durable, dimensionally stable, consistent, and flexible.” Maps made from YUPO can be fully immersed in water, are easily written on, and can be folded and re-folded many times without tearing or scuffing images and text.

Accurately reproducing details such as roads and rivers is a critical component in map-making. In addition to its super-toughness, the synthetic surface of YUPO also holds razor sharp dots that yield bright, saturated colors and well-defined lines. “YUPO stood up to the challenge, doing more than just accurately reproducing our work,” tells Say. “The paper exceeded our expectations by providing vibrant colors and lines that really pop off the maps.”

1.7 YUPO'S ENVIRONMENTAL STATEMENT

At Yupo Corporation America, excellence in product manufacturing and environmental stewardship go hand in hand. At every level of our corporation, we consciously strive to provide our customers with products that meet and exceed their needs, while ensuring that they also respond to our own internal mandates for natural resource conservation and resolute environmental stewardship. Our parent companies, Oji Paper Company and Mitsubishi Chemical Company, join us in this commitment. Appropriate divisions of our parent companies have achieved, or are in the process of achieving, ISO 14001 certification: the worldwide standard for environmental compliance.

In all of our business practices, we are committed to identifying, understanding, and giving priority consideration to the critical environmental components of Yupo Corporation America's activities. Yupo Corporation America provides the organizational framework and resources to achieve the desired success in environmental practices. Our respect for the environment is unwavering, and is reflected in both our products and our processes.

Respect for our forests, seas, and air. The air that we breathe; the water that we drink; the timberlands that beautify our earth – Yupo Corporation America is vigilant about the need to preserve and protect all of these vital natural resources in the manufacture of YUPO® synthetic papers.

YUPO synthetic paper is a 100% tree-free product, containing neither timber nor any other organic fiber. As a manufacturer of man-made paper, Yupo Corporation America contributes to the preservation of our natural timber resources. Yupo Corporation America is proud to be a sponsor of, and endorsed by, the Waterless Printing Association (WPA), an international organization dedicated to the reduction and eventual elimination of water in the printing process. YUPO synthetic paper generates no detectable amounts of sulfur, chlorine, nitrogen, or dioxin gases when properly incinerated, and generates less heat energy as compared to other plastics. No ozone layer threatening emissions result from the manufacturing process.

100% Recyclable. All YUPO synthetic paper products are made from polyolefin resins and inorganic fillers and are 100% recyclable. Recycled YUPO paper can be reclaimed and regenerated into plastic resin for use in a wide range of industrial (and consumer) products that exhibit the same performance characteristics as if they were made with virgin plastics. As a result, YUPO synthetic paper need never end up in a landfill.

100% Responsible. YUPO synthetic papers are manufactured at Yupo's state-of-the-art facility in Chesapeake, Virginia. Local environmental authorities have officially recognized this facility and its employees with a prestigious Silver Award for "demonstrating a commitment to environmental excellence in the handling and discharge of wastewater."

Empowered Employees. Our concern for the environment is reflected at every level of the company, and our employees participate in an aggressive incentive program. This formal program is designed to encourage, recognize, and reward strict adherence to the highest environmental standards.

Our Legacy...Our Future. For over three decades, we have been in the forefront of the industry in the research and development of innovative manufacturing technologies. Our aggressive Research and Development Program is committed to continual process improvement and the genesis of environmentally friendly technology, products, and manufacturing techniques. In pursuing these objectives, a standard of 100% compliance with all applicable environmental laws and regulations is fundamental.

Yupo Corporation America's Environmental Stewardship Policy is a cornerstone of our business. Our products and processes not only give us a competitive advantage, they also make us an attractive partner for other environmentally conscious businesses. As our world's environmental questions and challenges become more complex, it is everyone's responsibility to practice eco-efficiency and promote sound resource management. We invite you to join us in our charge to protect the environment through responsible use of our natural resources.