

Perspective

Teel Plastics: Variety of Opportunity



At Teel Plastics we don't view variety as a challenge, we view it as an opportunity. Our plastic tubing manufacturing capabilities enable us to provide product to many industries including medical, converting, filtration, automotive, and other miscellaneous markets.

In the medical arena we are currently providing our customers with packaging for coronary stents. In addition, we recently began extruding components for Emergency Intravenous Administration sets that includes the cellulosic propionate drip chamber and the flex PVC extension tubing. We are also manufacturing multilumen tubing, as well as, alternatives to flex PVC.

For the converting industry, we offer a variety of standard cores designed for 3" and 6" mandrels. For a 3" mandrel we offer wall thicknesses that range from .070 - .300 in polyethylene or high impact polystyrene. When looking at the larger mandrels we have found that thicker walls and stronger materials are more appropriate so we offer a .250" and .375" wall thickness in high impact polystyrene or ABS for these applications.

Filtration is an industry that we are proud to be a part of. We are currently working with some of the largest companies in this industry to improve water quality. We are currently manufacturing components for softener and filtration systems including filters, filter housings, refrigeration tubing, liquid supply lines, brine well tubing, riser tubing, and other filtration components.



For the automotive industry Teel Plastics produces all types of automotive tubing including brake lines, cooling lines, vapor lines, fuel lines, push-pull cables, liquid transfer tubing, and breather tubes. With the capability to extrude tubing up to 6 layers, we are a perfect fit for manufacturers of automotive fuel lines.

With all of these specific industries, it is interesting that some of our most unique products are listed only as "miscellaneous". In this category are our bobbins, antennas, pens, cosmetic pencils, vacuum nozzles, insemination components, bird feeders, sporting goods, guards, and fluorescent products.

With the capability to manufacture tubing with an 0.080" O.D. to 8.5" O.D, cut lengths from .125" and up, wall thicknesses from 0.010" and up, and length tolerances of +/- .005 there really isn't much that Teel Plastics can't extrude. If you are interested in learning more about our current products, or would like to work with us to develop a new item, you can contact our customer service department at 1-800-322-8335 or e-mail us at getaquote@teel.com.

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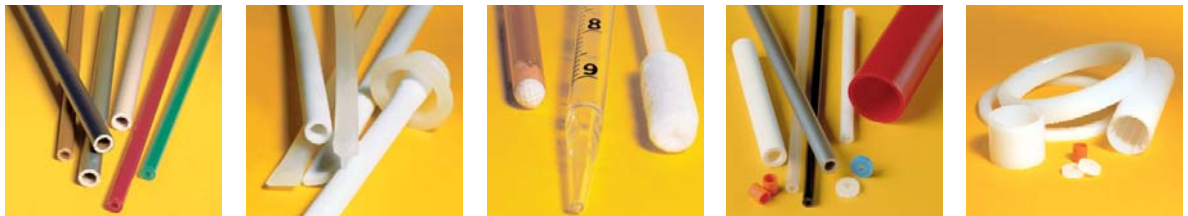
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426 Hitchcock St.
Baraboo, WI 53913
800.322.8335
www.teel.com





Message from the President

There Are Many Things Happening At Teel This Year



Teel Plastics is presently working on plans to build a new consolidated manufacturing facility and headquarters, implement a new ERP computer system, purchase new equipment, and expand its capabilities. All exciting projects that we look forward to sharing with you, our customers.

We are continuing to work towards finalizing the design and layout of the new manufacturing facility. This new facility will contain Teel's headquarters as well as its Extrusion/Finishing manufacturing operations. Although the final design is not complete it is estimated to be approximately 180,000 square feet. We hope to start construction on the new facility before the end of 2005. We have a lot of work ahead of us to hit that date as we continue to work with state and city officials to finalize roads and utilities that will lead into the new Baraboo location. The new site will allow us to grow and expand much more efficiently and give us greater flexibility as we continue with our ongoing lean manufacturing objectives.

We are very excited about implementing our ERP System. The implementation team continues to move forward and is making strides in having the new ERP system implemented by July 2005. The new system will also increase our efficiencies and give us more capabilities in working with our customers and suppliers. We will be able to integrate some aspects of our business real time objectives at little to no cost. This will allow us to better

serve and meet the demands that are required by our markets, as well as, prepare us for growth.

To assist in our growth, we have purchased new equipment. We recently added a new specialized CNC (computer controlled) milling machine to the Tool Room. The new mill will allow us to make tooling and parts more accurately and consistently. It's also more automated, which in some cases allows us to run parts overnight and unattended. The new mill will be used to support all parts of the operation, but so far has been used primarily for extrusion tooling. We have also purchased new equipment for our large diameter tubing cell to meet our increased demand in this market area. We continue to implement our on line SPC programs and in line gauging software across the business, which will improve our manufacturing efficiencies and increase our quality even further.

The growth of our company is critical to our continued success and expanding our capabilities is key to that process. Building on this, we recently purchased a Posi Ratio Mini (PRM) Epoxy dispensing unit for our Pultrusion division. This unit is capable of dispensing many different types of epoxies in various amounts in 1:1 ratios. This enables us to expand our ability in gluing metal poles, plastic caps, threaded tips, and many other value added items to our pultruded fiberglass products.

Teel GRT, our natural fiber and plastic division, is in the final stages of taking new extruded and compression molded products to market. The new products are expected to be unveiled in the third quarter of the year.

Through the plant expansion, implementation of the new ERP system, purchase of new equipment, and our expanded capabilities we feel that we are prepared to continually grow while maintaining the high standards in production and service that you are accustomed to. We look forward to continuing to grow with you in 2005 and beyond.

Trade Show Update

Teel Plastics will be at the following trade shows. Don't forget to stop by our booth to see our new products and visit with your sales representative.

CMM International April 18 - 21, 2005
McCormick Place Complex
Chicago, Illinois
Booth #4239

East Pack June 13 - 15, 2005
Jacob K. Javits Convention Center
New York, NY
Booth # 4317

MDM MN November 2-3, 2005
Minneapolis Convention Center
Minneapolis, MN
Booth # 955

ERP System Update

Teel has selected Lilly Software Associates (LSA) as the provider of our new ERP system. LSA recently was purchased by Inform Global Systems. LSA was chosen over several other providers based on functionality and presence in plastics and discreet manufacturing.

Teel has been anticipating the replacement of our current manufacturing software for several years and beginning in November of 2003 started working on our efforts in earnest. We set a goal to research and recommend an ERP provider in 2004 for implementation in 2005. After reviewing systems from over forty software companies, we selected the system that we felt was the

best fit to take Teel into the next decade.

We expect to go live with the new LSA system in the 3rd Quarter of this year. The decision to purchase this software required a complete upgrade of our network hardware architecture and operating system software. That was completed in November 2004. Teel will be running the new software on MS SQL Server 2003 using clustered HP servers to insure zero unplanned downtime.

This investment in hardware and software is necessary to provide our business with a highly reliable, user friendly, state of the art manufacturing system that is scalable as our businesses continue to grow.

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Teel Awards Top Suppliers

In February 2005 Teel awarded two key suppliers for exceptional performance for 2004.

The first award, the "Supplier Excellence Award", is given annually to the one production supplier whose overall performance exceeded all others. It is the highest recognition that a supplier can receive from Teel. The award is for dedication and commitment to total quality in supplying products and services that exceeds our high standards. The criterion used to select the nominees included excellence in quality, cost reduction, delivery and service. Teel uses an ISO approved supplier evaluation system to collect the data in making our decision on the finalists.

For 2004 this award was presented to Total Petrochemical USA, Inc. Those of you familiar with Teel's extrusion operation may know this company formerly as FINA Chemical or Atofina. They have long been our supplier of High Impact Polystyrene (HIPS) and in recent years also began supplying Xtal Polystyrene. Total Petrochemical services Teel with LTL and bulk truck deliveries on a weekly basis. In 2004, Total Petrochemical USA, Inc., worked with Teel to qualify HIPS in place of higher cost ABS resin for several of our key customers. This helped offset some of the

rising resin prices that would have otherwise been passed on to customers. Teel values Total Petrochemical USA, Inc. commitment to excellence.

The second award is the "Supplier Value Award". This award recognizes outstanding service to Teel. For 2004 this award was presented to Chapter 2, Inc. Teel has been working with Chapter 2 since 1999 on specialized production machining primarily in our Pultrusion operation. The products machined by Chapter 2 ship directly to our customers with final inspection and packaging being performed by Chapter 2. These services provide Teel and our customer's value by saving time and money associated with inspection and freight costs.

Both of these suppliers were presented with plaques at a luncheon in their honor this past February. We look forward to more improvements and success in 2005.



Denise Krueger presents the Supplier Excellence Award to Jon Kuse of Total Petrochemical USA, Inc.



Roland Schultz (left) and Pete Johnson (right) present the Supplier Value Award to Tim and Tracy Johnston of Chapter 2, Inc.

Teel
PLASTICS, INC.

