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Spinnaker Coating Newsletter

Committed to providing every customer with the best service in the PS industry

2012 In Review

The year began on a high note for Spinnaker, with the announcement on February 1 that our investors had sold the Company to an Employee Stock Ownership Trust we created for the benefit of all current and future employees. Pursuant to our Employee Stock Owner Plan—which will be administered under the supervision of an independent Trustee — all future free cash flow will be used to provide retirement benefits to all employees. Due to the fundamental change that occurred with the creation of the ESOP, we have since been referring to everyone on the Spinnaker team as *Employee Owners* — because that is what we now truly are.

That having been said, we understand that the establishment of the ESOP is really just the creation of an *opportunity* for the Spinnaker team to create financial rewards for ourselves beyond the normal benefits of employment; it is *no guarantee* that such rewards will be forthcoming. That will depend on how our Company performs in the future. Spinnaker's formula for success has been to provide quality products at competitive prices, while truly distinguishing ourselves by providing the best service in the PS industry to all customers, regardless of size. To fulfill that mission, we have worked extraordinarily hard to create the systems,

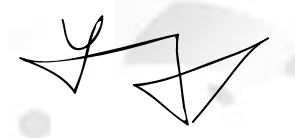
and to nurture the cooperation and teamwork, which is so critical to our being able to provide the outstanding service you have come to expect from us. It also requires us to listen to your suggestions as to how we can better satisfy your needs, and to make the appropriate changes and improvements where necessary.

I think that most would agree, though, that the single most important factor necessary to provide excellent customer service is the nature and fabric of an organization's people. And that is where I believe Spinnaker is extremely fortunate; we have a large core group of long-term, diligent and hard-working team members who are not only loyal to Spinnaker, *but to you — our customers*. And they set the tone and expectations for the important members we have added to our team in recent years. That is why I am so excited about the creation of our ESOP. As Employee Owners, everyone on the Spinnaker team, regardless of role, now has a tangible financial incentive to work together, as true partners, to service your needs and to find new ways to encourage you to increase your business with our Company. Experience has shown that this ownership factor translates into higher loyalty and productivity gains for ESOP companies generally, which we believe will

significantly enhance our ability to serve you even better in the future.

I would be remiss not to mention one very important step we took during 2012 to enhance our physical capabilities; we significantly expanded our slitting and distribution network, by opening company-owned and operated facilities in metro Atlanta and the greater Los Angeles area. With these additions to our existing facilities in Chicago, New York, and Troy, OH, nearly 90% of existing label converting capacity in the U.S. is now within a one-day delivery range of a Spinnaker distribution point. At the same time, we continue to increase the number of items included in our industry-leading Trimless program, which is now offered at all five distribution locations.

On behalf of all of our Employee Owners, I thank you for your continued support and extend best wishes for a happy, healthy, and successful New Year.



Lou Guzzetti, Chairman & CEO

Happy New Year!

Mission Statement

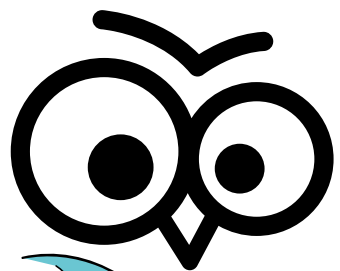
To be the provider of choice of pressure sensitive roll and sheet products to customers who value a supplier who invests the time to get it right.

Our success will be achieved by:

- Working with our customers to understand their needs and offering tailored solutions that provide a competitive advantage
- Delivering quality products our customers can count on every time
- Supporting our customers with responsive, personalized, and professional service and technical expertise

Spinnaker Coating is committed to being a trusted supplier who offers our customers fast, practical solutions to their changing business needs





Tech talk

THE CONVERTER'S GUIDE TO TECHNICAL KNOWLEDGE

Our Technical Consultants are available for PS Training sessions with your staff and your customers.

Can we help you? Call our Technical Consulting Hotline @ 877-210-5104 with *your* questions today.

High Gloss: Cast Coat vs. Top Coat

When looking at high gloss paper options, a choice has to be made between cast coated and top coated products. Specifically named "High Gloss" sheets, which have historically been cast coated, are the products of choice for certain end users who may not accept a top coated high gloss. Considering that both products are similar in gloss by laboratory standards, and the high gloss cast coat products cost 10-15% more, why do certain customers continue to choose them? Let's explore some basics to get a better understanding.

How are gloss papers made?

Most gloss papers, including semi gloss, are top coated sheets with a gloss level achieved by chemical means. Many high gloss choices in the market place are cast

coated.

What is a cast coated paper?

A cast coated paper is formed by applying pressure and heat to a top coated sheet against a highly polished chrome cylinder. The face then reflects the smooth surface, producing a high gloss effect with more depth than when the same gloss level is achieved via top coating alone. Cast coated papers also have the same appearance from any angle, while a top coated sheet might have a slightly different appearance at some angles.

Are there any reasons to avoid cast coated sheets?

While they print beautifully, they do cost more and typically have more dust at slitting and rewinding than other options. They are

also stiffer than other similar caliper/weight paper, which may cause flagging on a curved surface. Most cast coated high gloss papers are also lower in internal bond, which may result in failure in some removable applications.

If the customer wants to reduce costs, what options do I have?

The best choice to replace a cast coat high gloss is a product like our Xtraglos™ paper. It is a beautiful blue-white sheet with 90% gloss and good opacity. It is also laser printable with the appropriate adhesive and liner. It may thermal transfer print with some ribbon combinations, in less demanding thermal transfer print jobs. At 10-15% less cost, many converters are using it to replace cast coated high gloss where they can to reduce costs.

What about semi gloss?

In many cases, a UV varnish on a semi gloss stock can help achieve the look that your end-user prefers. As a comparison, semi gloss papers typically have about 15-20% less gloss than high gloss options. Semi glosses are not as smooth and may absorb slightly more ink, leading to dot gain and muddy graphics, compared to higher gloss options.

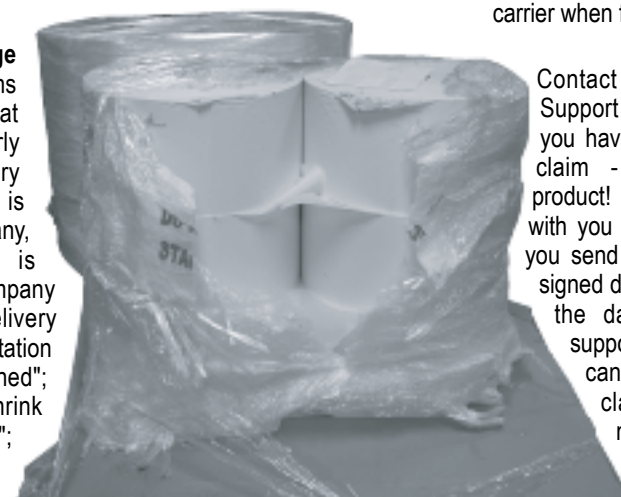
Why does a customer specify cast coat for some jobs, despite the higher price?

It really comes down to aesthetics. The cast coat's mirror-like finish has a more premium look that can't be measured in the lab via gloss alone, but is noticeable to the naked eye.

Freight issues fall into three categories: dar and concealed fri

Damage and Shortage Claims

are visible claims and it is very important that the issue(s) be clearly noted on the delivery receipt when an order is received by your company, because ownership is transferred to your company the moment the delivery receipt is signed. Notation examples: "Roll Crushed"; "Core Collapsed"; "Shrink Wrap Torn - Loose Rolls"; and "2 Rolls Damaged", etc. Also, please make a



notation on the delivery receipt if you suspect damage may be discovered once the shrink wrap is removed from the pallet/skid. Notation example: "Shrink wrap very soiled/torn - concerned about possible damage".

Concealed Claims are damages and shortages that are discovered after the material is received and the monetary value of these

to all parties involved with the transaction - the shipper, the consignee and the carrier. Note: The carrier must be notified of a Concealed Claim within 7 days.

With any claim, the most important things to remember are to ensure that a proper notation has been made on the delivery receipt, that photos of the damage are taken, that the claim is filed in a timely manner, and that proper documentation is provided to the carrier when filing the claim.

Contact your Customer Support Rep immediately if you have any kind of freight claim - do not use the product! Your CSR will work with you and will request that you send them a copy of the signed delivery receipt, noting the damage, as well as supporting photos so they can process the freight claim in a timely manner.

PRODUCT SPOTLIGHT

Xtraglos™: Premium high gloss quality without the premium price

Xtraglos is an outstanding bright, blue-white paper with excellent ink receptivity and print quality equal to that of traditional cast coated papers. Xtraglos excels at a variety of printing methods with an "excellent" recommendation for flexo, letterpress, screen, offset, and gravure. It is laser printable with the proper adhesive and liner combination, and will thermal transfer print for less demanding jobs with the correct ribbon combination. With its inherent low machine direction stiffness, Xtraglos is a great option for pharmaceutical and health and beauty applications requiring small-diameter labeling (with the appropriate adhesive).

Several options are available Trimless in as little as 3" x 5,000':

- Xtraglos / SC-21 / 40# for cold-temp applications such as cheese and deli meats
- Xtraglos / GP-83 / 40# for pharmaceutical or health and beauty requiring small diameters
- Xtraglos / ATP / 40# for all temperature needs
- Xtraglos Laser / BP-52 / 3.2 mil for laser or other roll-to-sheet applications

Xtraglos Specs | Basis Weight: 54# | Caliper: 2.6 mil | Brightness: 90% | Gloss: 90% | Opacity: 56%

As always, feel free to ask your Sales Representative or our Technical Consulting Department (877-210-5104) for help when choosing the right product to fit your needs.

For samples or pricing, please contact your Sales Representative or go to spinp.com.



Brad Glass, Chris Caldwell, Darin Davis

Spinnaker enjoys 8th annual crockpot day!

In the chili category, Chris Caldwell (Pricing) took first place, followed by Darin Davis (IS) in second, and Brad Glass (IS) in third with his wonderful Cheesy Potato Soup. Try Chris's chili recipe for yourself!

Chili: Chris Caldwell

Brown 1lb ground sirloin
90% lean & 1lb jimmy dean spicy sausage together, drain. Cut 1lb stewing beef into approx. 1/4" chunks, brown & drain. Add meat to crock pot. Add remaining ingredients, stir, and set to medium. Cook at least 4 hours.

- 1 bag frozen corn (pref. white corn)
- 1/2 white onion - diced
- 1/2 green bell pepper - diced
- 1/2 orange bell pepper - diced
- 1/2 red bell pepper - diced
- 4 jalapeno peppers - cut
- 6 Serrano peppers - cut
- 1 red chili pepper - diced
- 2 cans spicy diced tomatoes (with chili peppers)
- 2 teaspoons ground red cayenne pepper
- 1 tablespoon normal chili powder
- 1.5 tablespoons hot chili powder
- 1 can regular kidney beans (drain all liquid from can prior to adding)
- 1 can red chili beans (drain all liquid from can prior to adding)
- 1 can hot & spicy chili beans (drain half liquid from can prior to adding)
- 2 large cans regular tomato sauce
- 2 tablespoons cumin
- 1.5 teaspoon salt
- 1 teaspoon paprika
- 2 teaspoons oregano
- 4 teaspoons white sugar
- 1 teaspoon brown sugar
- 1/2 cup water

In the Words of our Customers

"I would like to take this time to say thank you to a wonderful team I have been afforded. I think a lot of companies could learn a thing or two from you. It has been my pleasure to do business with you guys and the amount of effort put forth has been truly appreciated due in part because I have an actual vendor that makes my life easier and who has always made sure there was never a lack of communication."

- Tim, IL