

## A Very Good Year, A Future That's Bright

2005 was a very good year for the plastics industry as a whole and for Formosa Plastics in particular: prices were up, sales rose, operating rates were good. In short, it was the kind of year that anyone would be happy to see repeated again, and again, and again. If only things were so easy.

The plastics industry is historically a cyclical business, with sales and profits following a wave pattern. According to Mr. C.L. Tseng, Executive Vice President, 2004 and 2005 likely represented the top of the cycle. But while we may be on the downward side of the cycle, there are indications that the "trough" or bottom of the cycle won't be nearly so deep as in the past.

"The downturn in 2001 served to weed out weaker players, thus

*"In good times and in bad, we have maintained a relentless focus on keeping costs down while providing customers with the highest levels of quality and service. That has allowed us to consistently outperform the industry, no matter the state of the economy."*

**Mr. C.L. Tseng**  
*Executive Vice President*

eliminating excess capacity. And although there will be only minor new capacity coming online in the next few years, supply and demand will be in better balance, allowing higher operating rates along with higher margins," Mr. C.L. said.

Mr. C.L. points out that there is one important qualification to this outlook: the performance of the U.S. economy in light of increasing energy prices. "Thus far, the economy has absorbed the steeply increasing cost of oil and natural gas," Mr. C.L. said, "but with continued uncertainty in the Middle East driving up oil prices further, the U.S. economy could be affected. That, in turn, would impact our industry."

In either case, Formosa is better positioned than others in the industry. The company's philosophy of investing wisely and maintaining tight control over costs and quality puts us in a much better competitive position if business continues to be good while, at the same time, allows us to weather a downturn

*(Continued on Page 4)*

## Formosa Unveils New Brand Identity

It's very important to have an effective brand that customers can trust. Loyalty to our customers, high quality products and services, and dedication to our community are some of the valuable assets of our brand, Formosa Plastics.

Our visual identity should be consistent with these essential components and reflect our company's growth and vision.

That is why Formosa launched a new identity to deliver a uniform message and to strengthen our brand's image. The launch of the new identity, including logo, tagline, and brand identity standards, is the first step to raising awareness of the company to the public.



**Formosa Plastics®**

As displayed above, the new logo was designed to represent a strong and unified image to the public and throughout the company. The symbol, derived from the logo of the Formosa Plastics Group in Taiwan, remains

*(Continued on Page 3)*

## Employees Honored for Dedicated Service

*Mr. C.L. Tseng and Mr. C.T. Lee awarded 53 employees for their dedicated service to Formosa Plastics at the Employee Service Awards luncheon on March 2nd.*



**Five Years (L-R):** Kenny Yang (Management Center), Emily Mu (Polyolefins), Liz Henne (Polyolefins), Karen Ho (Credit), Cheryl Kent (Polyolefins), Jo Chiang (Management Center), Bob Mularz (Credit), Ida Chang (Credit), C.L. Tseng, Keith Stone (Logistics & Distribution), and Josephine Lin (Management Center). **Not pictured:** Sandy Schlussman (Vinyl), Judy Chen (Credit) and Gillian Tsai (Accounting).

**Ten Years (L-R):** Keith Hunt (Polyolefins), Mary Clark (Purchasing), Andrew Chen (Management Center), Carol Lee (Accounting), Josh Huang (Management Center), Maria Chen (Internal Audit), Nick Russo (Human Resources), Bill Brady (Purchasing), Charles Hung (Production/Sales Management), Kitty Lui (Production/Sales Management), Kelvin Wu (Chlor-Alkali), C.L. Tseng, Stephen Pieklo (Purchasing), Eric Chen (Polyolefins), Peter Yang (Management Center), and Artie Gouveia (Vinyl). **Not pictured:** Paula Ellentuch (Human Resources) and Alice Huang (Finance).



**Fifteen Years (L-R):** Wen-Ginn Tang (Business & Technology Development), Iris Jean (Olefins & Energy), M.T. Wang (Production/Sales Management), Rose Chou (Accounting), Yun Pan (Production/Sales Management), Hungyi Lee (Olefins & Energy), Joliette Chen (Purchasing), Percy Pao (Contracting & Construction), Renate Lacandalo (Purchasing), Shawn Chang (Production/Sales Management), Wesley Law (Vinyl), Bola Arowolo (Polyolefins), Tony Chen (Management Center), C.L. Tseng, Charles Chen (Production/Sales Management), Homer Chang (Production/Sales Management), Eric Woelfel (Production/Sales Management), and Ray Mines (General Affairs).

*(Continued on Page 4)*

# TX students receive Merit Scholarship awards



**The National Merit Scholarship winners for the 2006-2007 school year are Lisa Chang and Karl Chen, both from Port Lavaca, TX. Photos courtesy of their fathers, Brad Chang and Charlie Chen (both from FPC TX).**

Formosa Plastics congratulates two recipients of the Formosa National Merit Scholarship Awards for outstanding academic achievements. Each student will receive a \$1,500 stipend per year for four years of college.

The scholarship winners for the 2006-2007 school year are the children of two FPC TX employees and are currently seniors of Calhoun High School in Port Lavaca, TX.

**Lisa Chang**, daughter of Brad

Chang of the Civil Engineering department, is attending Rice University in Houston to pursue Psychology and Pre-Medicine.

**Karl Chen**, son of Charlie Chen from the Utilities department, is attending the University of Texas in Austin to major in Business.

### **Scholarship Requirements**

Students have to be the children of employees of Formosa Plastics Corporation (including FPC USA,

FPC DE, FPC LA, FPC TX, FPC IL), Formosa Hydrocarbons Company, Formosa Utilities Venture, Ltd., Lavaca Pipeline Company, or Neumin Production Company.

Students must take the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/ NMSQT) during their junior year or 11th grade. Students must be U.S. citizens or permanent residents.

All winners are selected from a group of qualifying candidates who qualify as semifinalists based on their PSAT/ NMSQT scores and then advance as finalists by meeting several requirements, such as good academic standing, school and community activities, test scores, a high school recommendation, and a personal essay on their goals, plans, and their characteristics.

Students are automatically enrolled in the program based on these requirements. The selection and administration of the scholarship are handled by the National Merit Scholarship Program. FPC USA does not participate in the selection process.

## **Formosa's New Identity** *(Continued from Page 1)*

the same to maintain the company's history and values even though we are a separate U.S. entity.

Another step in enhancing the Formosa brand is by introducing the company's tagline: ***You expect more. And Formosa delivers.***® Used for marketing, promotional materials, and advertising, the tagline represents the company's dedication to our customers and our commitment to provide high quality products and services for their businesses.

The logo, tagline, and the company's trade names, **Formolene**®, **Formolon**®, and the online railcar tracking system, **FormosaVision**®, are registered under the U.S. Patent and Trademark Office (USPTO). Standardizing the

usage of Formosa's new logo and trademarks demonstrates that we have a unique brand that identifies the company.

Since our main goal is to consistently market Formosa Plastics to the public, promoting our visual identity starts internally. Brand Identity Standards have been created to establish the company's message throughout all levels of communications, including brochures, internal forms, presentations, stationary, and other documentation. The manual is available in print and on the Intranet (<http://ehs.fpcusa.com/communications/fpcbrand/index.html>).

If you have any questions regarding the Brand Identity Standards, please contact Corporate Communications at extension 7284.

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## Service Awards *(Continued from Page 2)*



### **Twenty-Five Years:**

C.M. Lin (Production/Sales Management). **Not pictured:** George Agens (General Affairs).



### **Thirty-Five Years:**

Kevin Tsai (Specialty PVC), C.L. Tseng (President's Office), C.T. Lee, and Bob Chou (Specialty PVC).

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## Long-Term Goals *(Continued from Page 1)*

better than the industry as a whole.

“Our strategic focus has, and will, continue to give us a significant advantage in the market,” Mr. C.L. said. “In good times and in bad, we have maintained a relentless focus on keeping costs down while providing customers with the highest levels of quality and service. That has allowed us to consistently outperform the industry, no matter the state of the economy.” (See right sidebar for detailed information on Formosa’s Corporate Focus.)

According to Mr. C.L., Formosa will continue to invest in projects that help lower our production costs and maintain our competitive advantage. “As our Corporate Focus states, we must work consistently to find ways to be more efficient in producing quality products that our customers want.”

*In future issues of HQ View, we will illustrate how the Corporate Focus is implemented across the company, highlighting projects that reduce production costs, improve quality, develop new added-value products, and improve service to our customers.*

*If you have such an example that you’d like to see in an article, please contact Rob Thibault at ext. 7688 or Yvette Bigornia at ext. 7284.*

## 2006 Corporate Focus

**Focus on new product development and expansion into new market segments to increase our high value products’ market share:** Pursue new product growth wisely, with a focus on higher value products, higher value customers, and higher profit margins for the company.

**Continue to strengthen product integration and optimize operational efficiency to support continuous growth and future competitiveness:** Maintain and improve our overall efficiency by strengthening integration in energy and natural resources, improving product quality, process improvement, on-stream production rates, and energy efficiency; while preventing and reducing work-related injuries and our impact on the environment.

**Increase our competitiveness by improving technical service and product development capabilities, focusing on timely support, and delivery of improved products to key customers:** Continue to improve the perception of the company as an industry leader by enhancing R&D capabilities, improving technical support, and partnering with key customers to develop the products they want.

**Focus on improving financial performance and strategic investments:** Continue to invest in selected projects to strengthen our strategic position, while maintaining our control on costs to protect our long-term financial performance.

**If you have any comments, suggestions, or news articles for future issues of HQ View, send them to the Corporate Communications Department or [corporate.communications@fpcusa.com](mailto:corporate.communications@fpcusa.com).**