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Welcome to Volume 2, No. 6 of the VISION News Consumer Products e-Report. VISION is sent monthly to executives within the consumer products and nonwovens industries. Vision reviews the news and events of each month in the disposable diaper, adult incontinence, feminine hygiene, household wipes/cleaning products and filtration markets, among other end-uses that utilize nonwoven fabrics.

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Lead Article

PGI EMERGES FROM BANKRUPTCY

Polymer Group, Inc.'s previously confirmed plan of reorganization became effective on March 5, 2003. Emerging from bankruptcy, PGI now has total debt of approximately \$500 million, down from approximately \$1.1 billion when it entered the proceedings. Virtually all of its continuing suppliers with pre-bankruptcy claims are being paid in full.

Commenting on the company's emergence, PGI Chairman, President & CEO, Jerry Zucker, stated, "We are very pleased to have this difficult period behind us. We have emerged as a stronger company with a solid future ahead of us."

Polymer Group, Inc., the world's third largest producer of nonwovens, is a global, technology-driven developer, producer and marketer of engineered materials. The company employs approximately 4,000 people and operates 25 manufacturing facilities throughout the world.

INDUSTRY NEWS

CALIFORNIA LEGISLATORS WANT TO TAX DIAPERS

California Democrats are seeking to raise taxes or fees on everything from packages of diapers to temporary employment agencies in a spectrum of bills winding their way through the Legislature. The dozens of measures to pump more money into the state's bank account range from creative to politically explosive, and many are crafted to circumvent a rule requiring some Republican votes for approval.

More than 40 bills that would boost taxes or fees — often labeled "revenue enhancements" to make them more politically palatable — already have landed in various committees. Among them: A 10-cents-per-bullet fee on ammunition and a nickel-per-alcoholic-drink fee to subsidize trauma centers, a fee on disposable diapers that would cost an extra quarter per 100 diapers to finance diaper recycling, and a \$1 hike on state bridge tolls in the Bay Area for transit projects.

CONCERT EXPANDS SUPPLY AGREEMENTS

Concert Industries Ltd. has finalized agreements extending the company's supply arrangements with a major multi-national customer. The agreements extend supply arrangements for Europe and North America through December 2005. These arrangements had been set to expire in December 2003 and March 2004, respectively. Aggregate annual volumes will increase by up to 10% each in years 2003 and 2004, and a potential further 5% in 2005.

The company has also entered into a new agreement for the supply of airlaid materials in South America. This agreement represents new business for Concert. Sales under these agreements are expected to total up to C\$230 million over the next three years. Airlaid materials will be supplied from Concert's manufacturing facilities located in Falkenhagen, Germany and Gatineau, Quebec.

BBA COMMENTS ON FUTURE OF NONWOVENS GROUP

BBA Group said recently that it will use some of the strong cash reserves earned last year to fund a share buyback and to increase dividends. The aviation services and materials technology company, which posted full-year profits in line with market expectations, would not reveal details on the size or timing of the buyback but this did not dampen the market's enthusiasm for the move.

CEO Roy McGlone said the company will continue its strategy of making targeted acquisitions in its aviation services business. McGlone also said BBA has no plans to sell its smaller material technology division, which makes industrial fabrics and feminine hygiene products among others, but has not ruled it out long term. He said buying Superior Nonwovens in the U.S. for \$34.5 million, the division's first acquisition in three years, was opportunistic and did not rule out a move to becoming a pure aviation services company down the track.

K-C BUYS POLISH PAPER BUSINESS

Kimberly-Clark Europe has purchased Klucze, the Polish tissue business of International Paper, to expand in Central and Eastern Europe. Terms of the transaction were not disclosed. K-C Europe said the transaction would allow it to offer a full portfolio of consumer tissue products in Poland. Kimberly-Clark's Western European brands include Andrex, Scottex, Page, Kleenex and Hakle.

K-C NAMES CEO FALK TO CHAIRMAN POSITION

Thomas Falk, CEO of Kimberly-Clark, has been elected to the additional post of Chairman. Falk succeeds Wayne Sanders, who said when he stepped down as Chief Executive last September that he would also retire as Chairman in February. Falk joined Kimberly-Clark in 1983 and he is credited with helping integrate Scott Paper Co. after a 1995 acquisition and with streamlining the company's manufacturing and distribution systems.

NEW NONWOVENS LINE FOR DIAPERS COMING IN THAILAND

The Charoen Pokphand Group and its British partner have invested \$25 million to expand their nonwoven fabric production line in Rayong. The plant is operated by CNC Co, a 50:50 joint venture between CP and the BBA Group. With the expansion, CNC's annual production capacity has increased to 15,000 tons and sales this year are projected at more than one billion baht, up substantially from only 200 million last year. The additional nonwoven fabric line is capable of making products for hygiene, medical and technical specialties, as well as industrial markets in the Asian region. CNC was established in 1994.

DIAPER VENTURE FORMED IN MEXICO

Mexican diaper manufacturer Mabesa and U.S. wipes supplier Rockline Industries have formed a joint venture to produce disposable diapers and training pants for North America. The company is being called Valor Brands and it will be headquartered in Alpharetta, GA. Gilberto Marin will serve as Chairman of Mabesa.

DUPONT NAMES NEW HEAD OF NONWOVENS UNIT

Mark Vergnano has been named VP&GM of the DuPont Nonwovens. Vergnano has worked for DuPont since 1980, most recently as Global Business Director for Tyvek and Typar. He replaces Keith McLoughlin, who served as VP/GM since 2001.

FREUDENBERG NAMES KEHL MANAGING DIRECTOR

Thomas Kehl has been named Managing Director at Freudenberg Nonwovens. He has previously worked in the nonwovens divisions at Hoechst AG and KoSa. Other members of the Freudenberg board include Christoph Josefiak, who is taking over full responsibility for production, quality and research and development divisions and Walter Schwarz, who has taken over the function of Chief Financial Officer and Controller while retaining regional responsibilities for America.

GEORGIA-PACIFIC NO LONGER PURSUING IPO

Georgia-Pacific has withdrawn a planned IPO. The company had initially delayed plans to offer its consumer products and packaging subsidiary in September, citing weak financial markets. Included in the consumer products business is G-P's Brawny paper towels, Dixie paper cups and nonwovens business, which it purchased from Fort James, Madison, WI, in 2000.

NEW PRODUCT: OLAY CUSTOMIZED FACIAL CLOTHS

Procter & Gamble has customized its Olay Daily Facials wipes with its new Daily Facials Lathering Cleansing Cloths. The cloths are available in three versions to accommodate varying skin types — hydrating for normal to dry skin, clarifying for combination/oily skin and soothing for sensitive skin.

WISCONSIN CONVERTERS EXPANDS PLANT

Wisconsin Converters is expanding its operations in Milwaukee. Included in the expansion is a new line to produce wipes for the industrial, janitorial and food service markets. A private company, Wisconsin Converters currently produces disposable wipes on 15 production lines, which include various folding capabilities to meet customer needs.

LEGISLATIVE ALERT

INDA ALERTS MEMBERS OF SEWER SYSTEMS CONCERN

INDA has been alerted to an issue that could have a growing impact on nonwovens manufacturers whose products can be flushed into residential sewer systems. Specifically, INDA has been informed that wipe products (together with tree roots) have recently been blamed for clogging a section of the sewer system in Grand Rapids, MI, which resulted in a spill. Government workers in Grand Rapids are concerned that wipes manufacturers may not be doing enough to discourage consumers from flushing these products down their toilets.

Similarly, in October, 2000 INDA learned that the City Council of Raleigh, NC, had approved an ordinance allowing for fines of up to \$25,000 for flushing anything other than "wastes from the human body" and toilet paper into the city's sewer system.

INDA is currently polling its members to learn whether these are isolated incidents, or can more municipalities be expected to take action against consumers who flush nonwoven products down their toilets. Members of INDA Wipes and Vision Committees, as well as INDA's Feminine Hygiene Task Force, may choose to discuss, and possibly determine if there are steps that our industry should be taking now to address this potentially growing issue. If so, INDA is willing to convene a meeting – either in person or via conference call – for any member companies who wish to participate.

Several years ago, the U.S. EPA adopted Federal regulations known as the Total Maximum Daily Loads (TMDL) program which, basically, make each state responsible for ensuring that bodies of water within its borders are not impaired. State governments, in turn, have been putting pressure on their municipalities to prevent sewer systems from backing up to prevent the run-off from entering other bodies of water.

While not directly related to the TMDL program, INDA received a call from a specialist with the Wastewater Treatment Facility in Grand Rapids. He said that the sewer had backed up and municipal workers had determined that wipes, together with tree roots, were the cause.

The specialist did his homework. He called the wastewater association and also found INDA and EDANA on the web. He called INDA and said that he had read that the wipes business is growing and was concerned that his problems would also grow. He did further

research and read the packaging on wipe products at a local supermarket. While conceding that many of the products he looked at advised "Do not flush," he also said, "the instructions are in small type and difficult to read, if they're read at all."

Similarly, when INDA discussed the basis of the Raleigh ordinance with city officials, the association was told that feminine hygiene products were regularly being found when back-ups occur, and that the law was enacted to educate consumers about the impact of disposing products by flushing them down the toilet, and to discourage them from doing so.

INDA is calling this issue to its members' attention in hopes of gauging whether it is necessary for the industry to begin efforts that could help identify possible solutions that could be offered in lieu of more legislation. To that end, INDA is inviting input from any companies affected by these concerns. Anyone with any input should contact Cos Camelio at INDA, by email at ccamelio@inda.org, or by fax at (919) 233-1282.

THAT'S ALL FOR THIS MONTH

The next issue of the Vision Consumer Products e-Report from INDA will be sent April 10. In the meantime, feel free to contact editor Michael Jacobsen at 201-612-6601 or email at [mjacobson@inda.org](mailto:mjacobsen@inda.org).

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