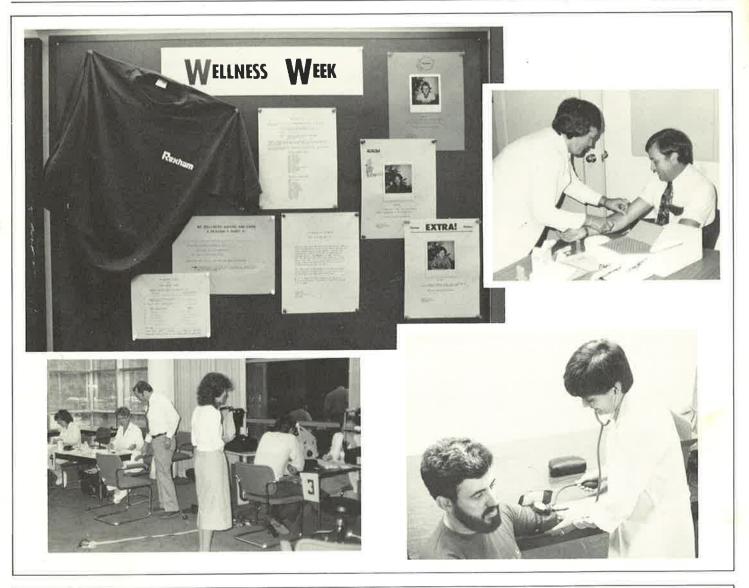


Employee Newsletter

Charlotte, North Carolina

Fourth Quarter 1985



On The Inside ...

Wellness Week New Carton, Film and Label Plant Under Construction New Program to Recognize Employee Community Service

Quality Improvement Process Update State of Our Business Rexham Welcomes Lamotite

New Product Line For Machinery Group

State of Our Business

As we move toward 1986, it is important to pause briefly and assess where we've been and make sure we all know where we're going.

While we're far from satisfied with 1985 financial results—not enough business and too many very costly mistakes—it's been a year characterized by a lot of very hard work in all of our organizations, some disappointments, and some significant accomplishments. We are going through a number of major changes in Rexham which will make the Corporation more profitable, more focused, more understandable and stronger; thus, benefiting our employees, customers and stockholders.

Customers: Having had the opportunity to make over 30 customer visits with our sales people, I am pleased to report that we have some outstanding positions with great customers. It is all of our jobs to do everything possible to beat our competition by better serving those customers.

Human Resources: We invested in further training and development of our people, and we welcomed our new members to a stronger organization. We introduced several important new programs to recognize and reward employees for contributions to the Corporation.

Innovation: To emphasize the need for and facilitate all of our people in contributing to new products, new markets, new customers and new ideas on how we can do things better, we introduced a formal innovation process to encourage, develop and recognize profitable new ideas.

Quality: We involved more people and invested significantly in further training. Importantly, we began to see some meaningful results in terms of individual and group contributions to "doing it right the first time," thus taking better care of our "customers" while reducing the cost of quality. The major need in 1986 is to accelerate the process, which is now in its fourth year, in order to get results which benefit Rexham in the marketplace and in reduced cost of quality.

Technology: Our manufacturing processes in coating, printing and machining were all strengthened with technology improvements.

Information Systems: While the implementation of major information systems is laborious, costly and at times frustrating, it is also an important long-term investment and we made needed progress in this important area during 1985.

Planning: The planning process was further improved in the divisions, and a long range plan for the Corporation was completed which is designed to build on our strengths, eliminate our weaknesses, and result in a corporation which is more focused, more efficient, and stronger in its markets.

New Business: We made some good progress in adding new business in a number of areas. New business in excess of \$15,000,000 was developed in 1985.

Capital: We allocated \$11,000,000 of capital primarily to Carton, Film & Label, Industrial, Speedring & Corporate businesses, most of it to enable us to better serve our customers, develop new business, and improve our productivity.

Acquisition: We welcomed Lamotite to Rexham Corporation as an important new addition to our Industrial Group. We continued to work aggressively on additional acquisitions as part of an ongoing commitment to build Rexham by both internal innovation and external acquisition.

Value Statement: As Rexham undergoes the changes we are implementing, it is important that we not lose sight of the fundamental values that drive the Corporation. We are communicating to our employees, our customers, our suppliers and our stockholders those values which have resulted in Rexham's successes in the past and which must guide our successes in the future. Rexham's value statement is the following: "We are in business to satisfy our customers' needs through excellent people, innovation, and quality products and services." This means key result areas for all of us in 1986 must be to take superior care of our customers, to be innovative in adding new business and managing costs, to develop our Human Resources, and to improve our quality both internally and externally.

We wish you the very best for a happy and safe holiday and a substantially improved 1986.

Scott C. Lea

Scott Lea President

Rexham Welcomes Lamotite

On September 30, Rexham purchased Lamotite, Inc. of Cleveland, Ohio. Lamotite is a manufacturer of coated products and film, foil, fabric and kraft paperlaminations for the construction, automotive and other specialty markets.

Although it will operate as a division of the Industrial Group, its product line is quite different and will open

new markets for Rexham. Their laminates are used for automotive engine ducting, waterbed resistance heaters and inner liners, ceiling tiles and insulation for commercial and residential buildings as well as a wide variety of specialty applications.

We welcome the 60 people of the Lamotite team to Rexham.

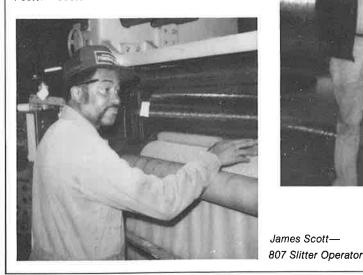
Meet Some "Great Faces" from Lamotite



Shirl Zimmerman—Secretary



Christine Weed—Manager, Customer Services (seated), Kathy Foster—Customer Service





Paul Hartman—Product Development Chemist



George Ramsey—First Shift Plant Superintendent (wearing hat), Al Soltis—Plant Manager



(L to R) Clarence Cousins—Laminator Assistant, Archie Dotson—B60 Laminator Operator, Bill Molek—860 Adhesive Mixer

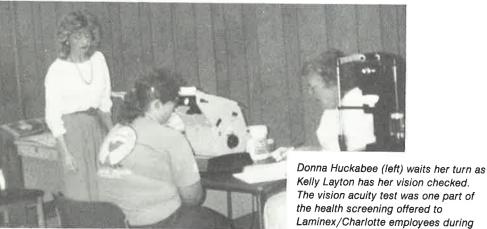


Employees Get Involve



Employees from Industrial's Matthews facility turned out on Saturday, October 26, for some healthy volleyball competition.

The week of October 21-25 was designated as Rexham's first "Wellness Week." During "Wellness Week," employees were encouraged to look at their health as more than just not being sick. Wellness was presented as a way of life aimed at reducing an individual's risk of serious life-style related diseases.





Sarasota employees took advantage of the mi health-related materials available to them in the



(L to R) Wade Seaborne, Michael Chasteen, Lu Cockerman, Anna Brown and Joe Findley of the Edinburgh plant complete another indoor mile. Although, two outdoor courses were available, inclement weather made the 10-lap walking track around the plant's warehouse the most popular with employees.



JoAnne Hovis has her lung function checked as a part of the health screenings offered to Matthews employees.



Susan Beaty's poster won Lam contest. "Don't let bad health h grip on you," she advised.



ed in "Wellness Week"

Activities during the week varied from location to location and included things such as health screenings, risk appraisals, "healthy walks," volleyball tournaments, exhibits and exercise sessions. Many employees earned Rexham T-shirts by participating in specific activities which were outlined by the local Human Resources Departments.



any teir canteen.



inex/Charlotte's poster abits sneak up and take a



At National Spectrographic Laboratories, employees took time out for a "healthy" game of football.





Bonnie Carlton (left) and Diane Mann of Bartelt finished one of their "Healthy Walks" as the sun came up in Sarasota.

Here, Greensboro Film and Label employees complete their Risk Appraisals.



James Oxendine, Press Supervisor, has his blood pressure checked during health screenings at the Greensboro Film and Label Plant.

More on Wellness Week . . .



Les Johnson (left), Jill Neely and Al Culp of the Corporate Office model the Rexham T-shirts they earned during Wellness Week.



Matthews employees Tony Benton (left) and Lennon Parson take advantage of information offered at the "Health Trends" display.



Carton Film and Label Division Building New Plant

In October, Rexham's Carton, Film and Label Division formally announced the construction of a new folding carton plant in Orange, Connecticut. Bridgeport, Connecticut operations will be relocated to the new facility, which is only minutes north of the present location, in late 1986.

The 123,000 square foot plant will be equipped with state-of-the-art equipment and will incorporate major advances in process control systems. Construction of the new facility responds to the concentration of served markets in the northeast. It demonstrates Rexham's commitment to consistently meet the needs of existing customers and to the development of new business.

Clarence Eck, Manager, Corporate Accounting, was still smiling—even after his flu shot!

Machinery Group Acquires New Product Line

In early December, it was announced that Rexham would acquire the WECO product line of shrink labeling and banding applications machinery from Westlund Engineering Company, a Minnesota corporation. The WECO product line will become a part of the Machinery Group and will be produced at the Sarasota, Florida facility.

This machinery is used for shrink labeling and tamper-evident banding applications in the pharmaceutical, cosmetic, personal care, food and beverage industries. "Shrink banding and labeling," commented Charles Brown, Vice President and General Manager of the Machinery Group, "provides tamper-evident and improved labeling capabilities of many containers. We see this as a growth market supported by consumers' need to ensure when they purchase products they can see if they have been tampered with and for processors through shrink labels to obtain greater graphic capabilities on their containers."

Quality Improvement Process

The "E" Team Gets **Results**

The "E" Team-made up of members of the Corporate Credit Department—has found that there's always room for improvement-even in the most routine department activities.

Through biweekly meetings, the team is constantly looking for ways to improve department operations.

Recently, The "E" Team took a closer look at the practice of mailing monthly statements to customers. Further investigation showed that most customers pay their accounts by invoice and not by statement. The team decided to discontinue the "blanket" mailing of statements and to provide statements to individual customers on an "as requested" basis.

This new procedure has worked very well to date. The team reports that the annual savings to Rexham in material costs, postage, computer time and man-hours will be close to \$3,000!

Edinburgh Employees Complete Training

Twenty-three employees of Flexible's Edinburgh, Indiana plant have completed a 15 week, 30 hour Quality Education Seminar conducted by Larry Lamb, Manager of Quality Improvement for the Flexible Packaging Division.

As a demonstration of their individual commitment to the Quality Improvement Process, each employee completing the training signed a "Personal Pledge" poster. It will be displayed in the plant.

The pledge reads, "I freely pledge myself to make a constant, conscious effort to do my job right the first time, recognizing that my individual contribution is a vital part of the overall effort."

Tim Mages (left), Roy Findley and Jim Critney look on as Mike Smith signs the "Personal Pledge" poster.



The "E" Team: (clockwise) Rubina Grosso-Facilitator, Lynette Gerin, Debbie Frady, Doug Ponischil, Wes Soule, Sherry Miller, David Warren, Tom Hatcher-Team Leader, Mike Thrift

Carton, Film and Label **Recognizes Employee** Contributions

The Carton, Film and Label Division recently gave special recognition to eight employees for their outstanding contributions to the Quality Improvement Process during 1985.

Those employees recognized were:

Chris Emmons Sales Service Representative, Northeast Region

Bill Tucker Sales Service Manager, Eastern Region

Alba Volpe Administrative Assistant, National Accounts

Bob Tesar Senior Structural Designer, Package Development, Pineville

Ken Dunkley Markets Manager, Textiles—Household/Hardware

Ken McCorkle Quality Assurance Manager, Greensboro Film and Label Plant

Rick Fields Production Control Manager, Westfield plant

Gary Brogdon Manager, Technical Services, Pineville plant



New Program Will Recognize Employee Community Service

Rexham people are making a difference in the communities where they live. They're Big Brothers and Big Sisters. They're teaching illiterate adults to read. They're involved with Scouts, Little League and Volunteer Fire Departments. They're working with programs to feed the hungry, aid the elderly and help the disadvantaged.

Beginning in January, 1986, a new recognition program will be launched corporate-wide to recognize those employees who contribute their time and effort to make their communities better places to live.

Here's how the program will work:

- All Rexham employees in the U.S. and U.K. are eligible to be nominated for recognition. Individuals employed on a temporary basis are **not** eligible.
- Any Rexham employee or manager may submit nominations.
- Nomination forms will be available from your local Human Resources Department beginning January 1, 1986.
- Completed nomination forms should be returned to your local Human Resources Representative.
- Nominations may be submitted at any time throughout the year.
- Nominees meeting the requirements of the program will be presented with a Certificate of Employee Community Service.

- In January, 1987, representatives of the Corporate Human Resources Department will select one (1) employee to receive the annual Rexham Employee of the Year for Community Service Award.
- Announcement of the winner for 1986 will be made no later than February 1, 1987.
- The annual winner will be awarded a plaque and, in addition, the Rexham Foundation will contribute \$2,500 to the non-profit organization for which the employee performed the community service.

Questions concerning the Community Service Recognition Program may be directed to your local Human Resources Representative or Brenda Sawyer, Corporate Human Resources Department.

Do you know anyone who is "making a difference" in your community? If so, help Rexham recognize their efforts by nominating them through the Employee Community Service Recognition Program.

... Wishing you and yours a happy and safe new year.