

The Purchase of Burlington Madison Yarn Company Strengthens Carolina Mills' Synthetic Yarn Business

With the goal of building our global market share, Carolina Mills has made some very important acquisitions in the closing months of 1998.

On November 6, 1998 Carolina Mills, Inc. acquired Burlington Madison Yarn Company, a division of Burlington Industries.

The acquisition strengthens Carolina Mills' position as a world leader in the manufacturing of synthetic spun yarns. The purchase improves our efficiency, expands our production capability, and

opens new markets, while the addition of new products and brands complements our offerings and expands our lines.

Plant 23

The Burlington Madison Yarn Co. manufacturing plant in Ranlo, NC, (now Plant 23) produces spun rayon yarns and processes coarse count synthetic fibers for industrial, apparel and home furnishings fabrics.

Plants 25, 26 and 27

The Burlington Madison Yarn Co. manufacturing plants of St. Pauls, NC, (now renamed Plants 25, 26 and 27) produce synthetic spun yarns for hosiery, window coverings, automotive upholstery, apparel and athletic wear. They are ISO 9002 registered.

(continued p.2)

Burlington Madison Yarn Co.

A Division of Burlington Industries

Burlington Madison Yarn Co. Corporate Profile:

of Plants: 4

Location: Ranlo
St. Pauls

of Employees: 780

Product:

Spun Synthetic Yarns

Markets Served:

Automotive
Industrial
Medical
Apparel
Home Furnishings

Brands: CoolMax®
Tencel®



Joyce Bradley (left) is Human Resource Administrator of Plant No. 23 and Bill Surrett (right) is Plant Manager of Plant No. 23.



Tom Palmer (left) is Human Resource Administrator for Plants No. 25, 26 and 27. Jack Ward (right) is Plant Manager of Plants No. 25, 26 and 27.

Rhyne Mills

of Lincolnton, North Carolina

Rhyne Mills Corporate Profile:

of Plants: 6

Location: Lincolnton

of Employees: 300

Product:

Air-Jet Spun,
Wrap Spun and
Ring Spun Yarns

Markets Served:

Home Furnishings
Upholstery
Automotive Seat
Specialty Knit
Apparel

Specialty Blends:

Heather Gray and
colored yarns

Dale Pope, Plant Manager
and Renee Reep,
Human Resource Administrator
Plants 41, 42, 44, 47, 48 and 49.



Special Edition

Burlington Madison Yarn Company (continued from page 1)

A significant portion of the production of Burlington Madison Yarn Company supports the manufacturing of other Burlington products. Carolina Mills will continue to fill Burlington's internal needs for these products.

In addition to increasing our production capability, the acquisition brings Carolina Mills two high-tech fiber brands: CoolMax® and Tencel®.

CoolMax® is a fiber with properties that produce quick and efficient movement of moisture away from the skin. It is used in the production of high performance products such as socks and active wear. Tencel® is a fiber that offers manufacturers the traditional advantages of rayon with added strength that delivers versatility to perform in fabrics where rayon couldn't. It is used in woven and knitted fabrics.

The Purchase of Rhyne Mills Increases Our Competitive Advantage in The Marketplace.

The purchase of Rhyne Mills gives Carolina Mills the capability of supplying color synthetic fashion yarns to the market.

On November 20, 1998 Carolina Mills, Inc. purchased Rhyne Mills of Lincolnton, North Carolina. The six plants: No. 41, 42, 44, 47, 48 and 49 employ 300 associates. They are ISO 9002 registered.

The acquisition of Rhyne Mills brings us valuable knowledge and experience in color and solution dyed blends that will give us a competitive advantage in synthetic fashion yarn markets. With new and increased production capability, we look to expand our gray heather product and other colored yarns.

Combining operations is made easier by our proximity. Rhyne Mills is a niche manufacturer of specialty synthetic yarns for sale to weavers and knitters, serving segments of home furnishings, upholstery, automotive seat and specialty knit apparel markets. Once competitors, together we become an even stronger market force in the global economy.

A Short History of Rhyne Mills

In 1885 D.E. Rhyne built a cotton mill on the South Fork River near the site of an old Confederate medicine laboratory. Not long after, he established another cotton spinning plant down river at the Southside community.

In the decades following 1958, the company added a new plant almost every five years, integrating new technology as it

was made available. At the time of the Carolina Mills purchase, seven plants were operating in Lincoln County. Six of these now become Carolina Mills' Plants No. 41, 42, 44, 47, 48 and 49.

These plants will continue to produce yarns that will find their way into socks, sweaters, suits, furniture coverings, vertical blinds, automobile seats and wall coverings.

We Extend a Warm Welcome To The New Members Of Our Sales Team

Acquisitions are just one way of achieving growth. Adding new technology, streamlining procedures and taking a fresh look at familiar processes—these are our goals in 1999.

We are pleased with the fit of Burlington Madison Yarn and Rhyne Mills with our products, markets, manufacturing capabilities and business philosophies. Their acquisitions puts Carolina Mills in an even better position to help our customers be more competitive in the marketplace. We have been world leaders in synthetic spun yarn business and now our position is even stronger.

Perhaps the greatest assets we have acquired in these unions is the valuable

talent and experience of the new members of our team. In four months we have grown from 13 plants to 22; from 1700 employees to 3,000. We welcome all of our new associates including the newest members of our sales group:

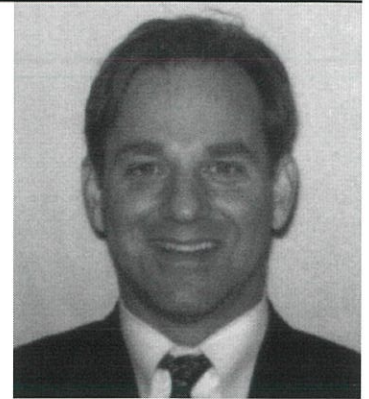
Conrad Rhyne, Product Manager for Colored Yarns.

Mike Slocumb, Product Manager for Specialty Yarns

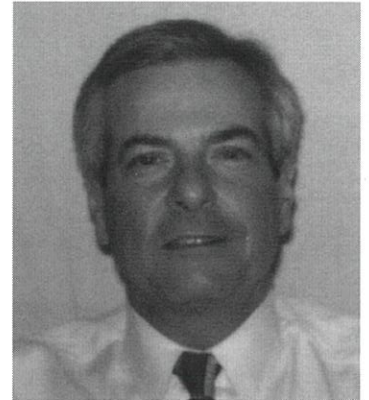
Johnny Smith, Sales Manager for South Carolina and Georgia, as well as liaison for customers of Rhyne Mills' colored yarn business.

Robert Hughes who will lead sales efforts of the hosiery industry as well as former house accounts.

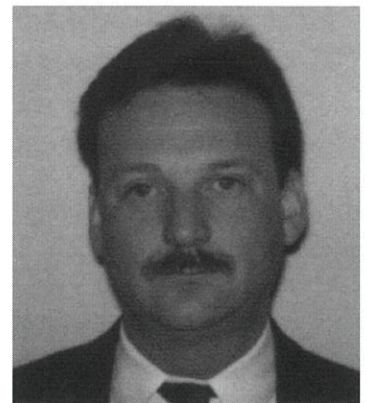
The recent expansion of Carolina Mills offers new challenges and a renews our commitment to customer service and technical performance.



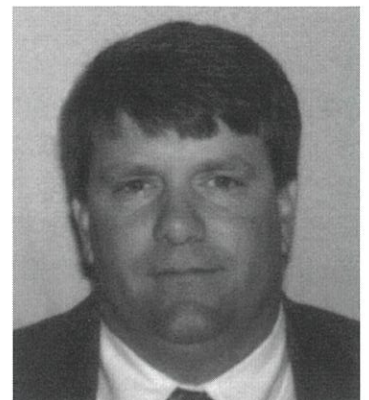
Conrad Rhyne



Mike Slocumb



Johnny Smith



Robert Hughes

Yarn Division

Plant No. 1
Maiden, NC
(J.W. Abernethy Plant)
Gary Hefner, Plant Manager

Plant No. 2
Newton, NC
Bob Harrison, Plant Manager

Plant No. 5
Lincolnton, NC
Bill Canipe, Plant Manager

Plant No. 6
Lincolnton, NC
Bill Canipe, Plant Manager

Plant No. 8
Maiden, NC
Allen Hooper, Plant Manager

Plant No. 12
Statesville, NC
Steve Sparks, Plant Manager

Plant No. 21
Ranlo, NC
Khal Shreitah, Plant Manager

Plant No. 22
Ranlo, NC
Khal Shreitah, Plant Manager

Plant No. 23
Ranlo, NC
Bill Surrett, Plant Manager

Plant No. 24
Ranlo, NC
Khal Shreitah, Plant Manager

Plant No. 25
St. Pauls, NC
Jack Ward, Plant Manager

Plant No. 26
Robeson, NC
Jack Ward Plant Manager

Plant No. 27
St. Pauls, NC
Jack Ward, Plant Manager

Plant No. 41
Lincolnton, NC
Dale Pope, Plant Manager

Plant No. 42
Lincolnton, NC
Dale Pope, Plant Manager

Plant No. 44
Lincolnton, NC
Dale Pope, Plant Manager

Plant No. 47
Lincolnton, NC
Dale Pope, Plant Manager

Plant No. 48
Lincolnton, NC
Dale Pope, Plant Manager

Plant No. 49
Lincolnton, NC
Dale Pope, Plant Manager

Finishing Division

Plant No. 4
Conover, NC
Robert Bristow, Plant Manager

Plant No. 9
Valdese, NC
Robert Bristow, Plant Manager

Weaving Division

Plant No. 3
Newton, NC
Kermit Goodson, Plant Manager

Plant No. 14
Hickory, NC
Gary Bowers Plant Manager

Subsidiaries

Carolina Maiden Corporation
Maiden, NC & New York, NY

Corporate Headquarters

Carolina Mills, Inc.
Maiden, NC

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 **Carolina Mills** INC.

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