FLEXIBLE PACKAGING ASSOCIATION

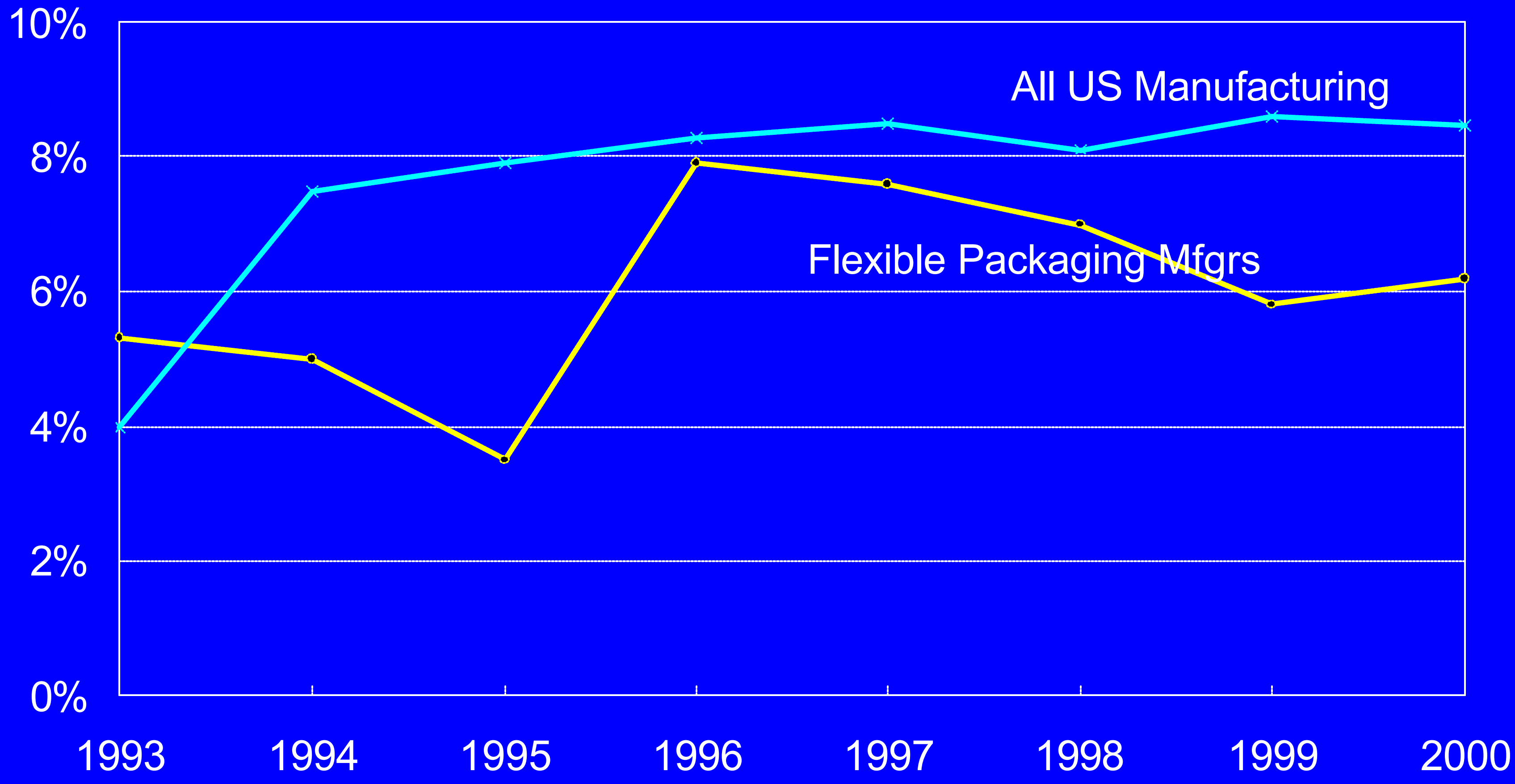
2001
STATE OF THE INDUSTRY REPORT

2001 FLEXIBLE PACKAGING

Growth Comparison	US Economy/GDP	Flexible Packaging
Annual Increase 2001 vs 2000	1.1 %	2.6 %
Compound Growth Rate 1992 to 2001	3.4 %	4.3 %

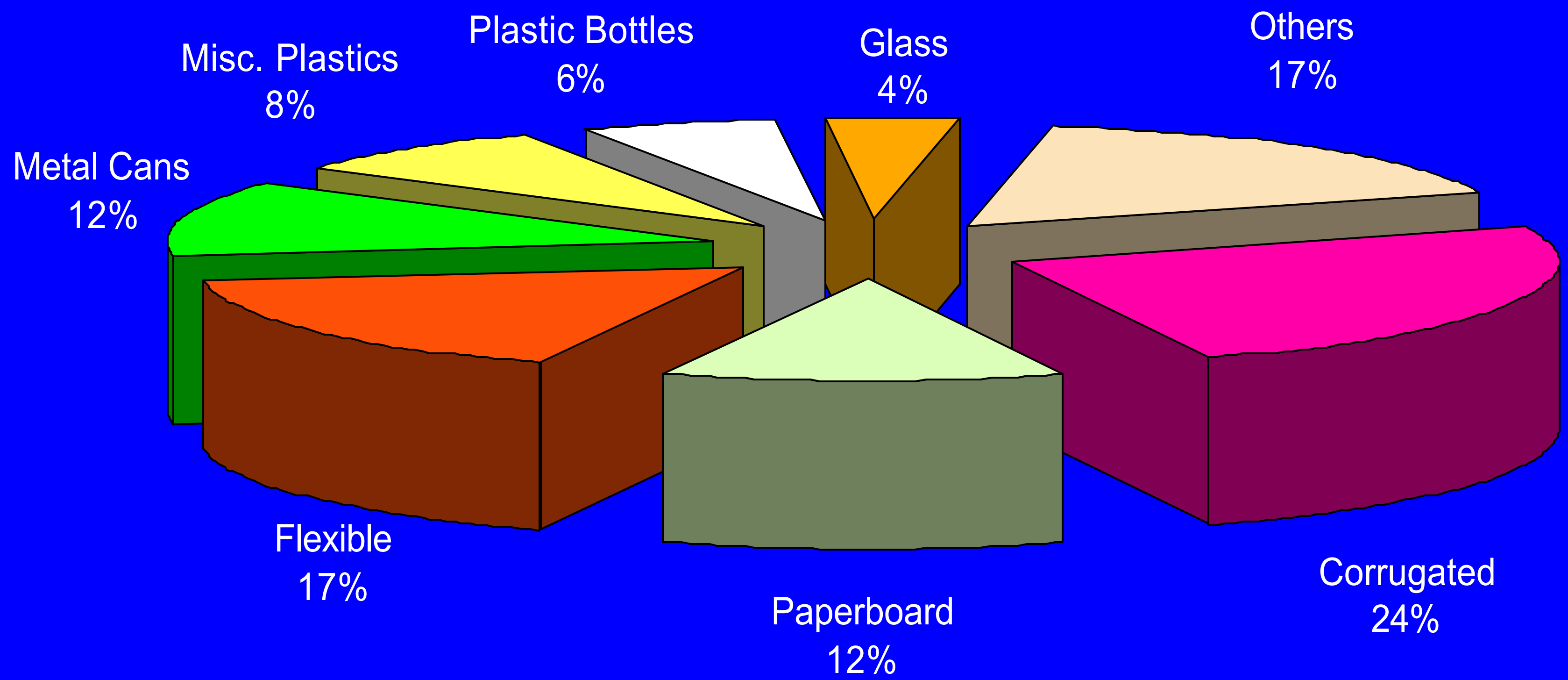
Commerce Dept., Flexible Packaging Assn.

Profit Before Tax as a Percent of Net Sales 1993 - 2000



Source: Flexible Packaging Association

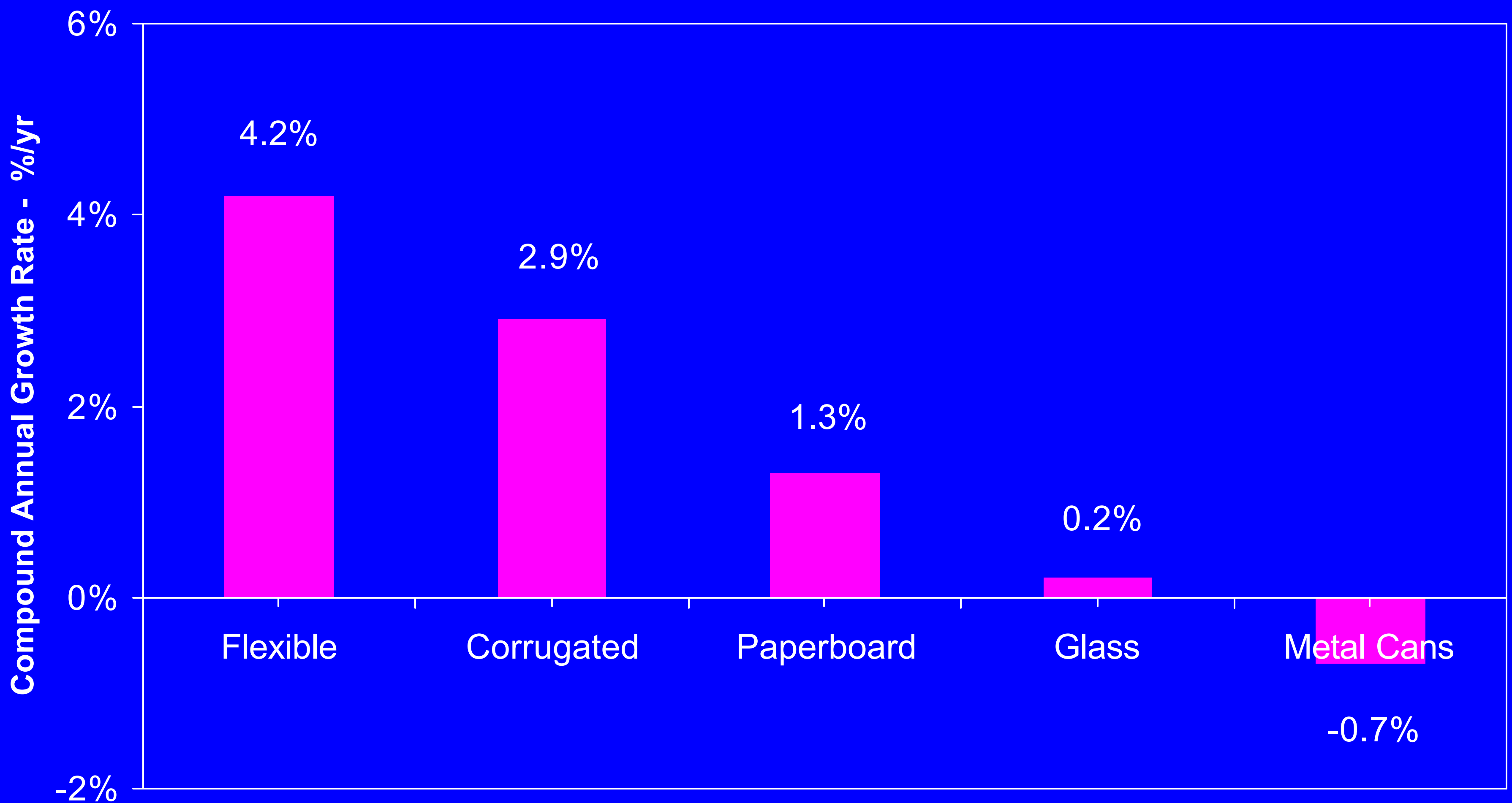
TOTAL US PACKAGING MARKET
% Breakdown by Segment



Total $ 114 Billion

Source: Census Bureau 1999 ASM, Flexible Packaging Association

PACKAGING SEGMENTS GROWTH COMPARISON 1996-2001



Source: Paperboard Packaging Council, Fiber Box Assn, GAMIS, Can Mfrs Institute, FPA

2001 FLEXIBLE PACKAGING STATE OF THE INDUSTRY

- FPA Strategic Overview Survey
  - 58 Suppliers and Converters
  - 35 Converters
  - Totals Approximately $ 10 Billion in US Flexible Packaging Revenue
  - 57 % of Flexible Packaging Industry
  - 180 Plants
- Census Bureau

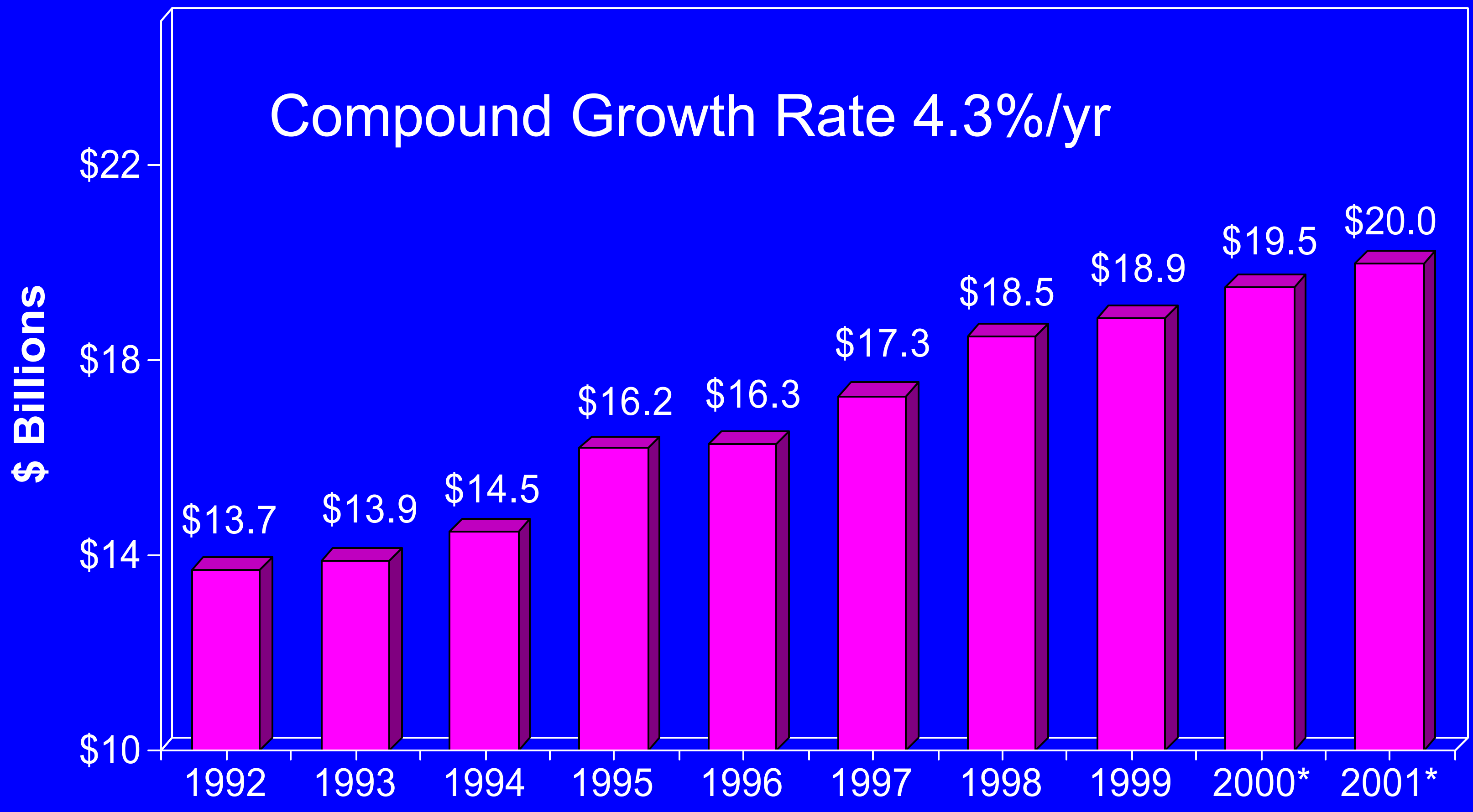
CONVERTER SURVEY PARTICIPANTS

Alcan Packaging-Lawson Mardon	Hood Packaging Corporation	Pliant Corp
Alcoa Flexible Packaging	Hueck Foils L.L.C.	Printpack Inc.
Amcor Stevens Flexible Packaging	InterFlex Group, Inc.	Progressive Packaging Ltd.
American Packaging Corporation	International Paper-Specialty Packaging Div	Rexam Medical Packaging
Amgraph Packaging, Inc	LPS Industries	RJR Packaging, Inc.
Automated Packaging Systems, Inc.	Mohawk Northern Plastics Inc.	RollPrint Packaging Products, Inc.
Beacon Converters, Inc.	North State Flexibles	Rol-Vac, LP
Bemis Flexible Packaging	Outlook Group	Sealed Air Corporation-Cryovac Div
Bryce Corporation	Paragon Films	Smurfit-Stone Container Corp.
Cadillac Products Packaging Company	Pechiney Plastic Packaging, Inc.	Sonoco Products Company
CLP Packaging Solutions, Inc.	Phoenix Packaging	Standard Packaging and Printing
Glenroy, Inc.	Plassein International	

SUPPLIER SURVEY PARTICIPANTS

Battenfeld Gloucester Engineering	Exxon Mobil Chemical Co. - Resin Div.	Nova Chemicals, Inc.
Black Clawson Converting Machinery LLC	Flint Ink	Plastic Suppliers
BST Promark	H.B. Fuller Company	Rohm and Haas
Color Converting Industries	Huntsman Corporation	SKC America, Inc
Dow Chemical	ISO Poly Films, Inc.	Smurfit Stone Container Corp. Core Division
DuPont Company	Mica Corporation	Sun Chemical Corp.
EVAL Company of America	Mitsubishi Polyester Film, LLC	Windmoeller & Hoelscher Corporation
Exxon Mobil Chemical Co. - Films Bus	National Starch and Chemical Co.	

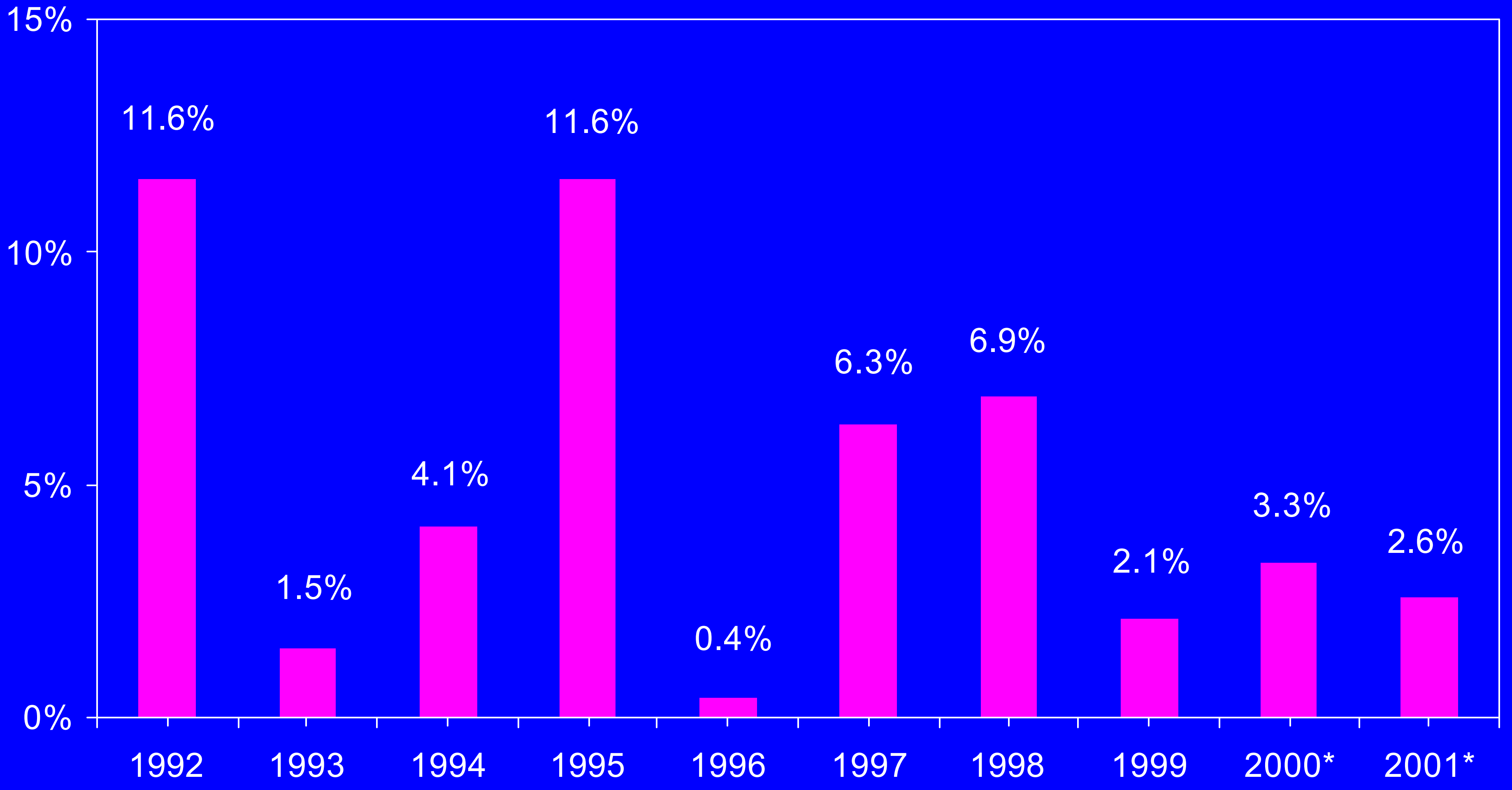
Growth in the Flexible Packaging Industry 1992-2001



*FPA Estimate; **FPA Projection
Source: Flexible Packaging Association

Growth in the Flexible Packaging Industry 1992-2001

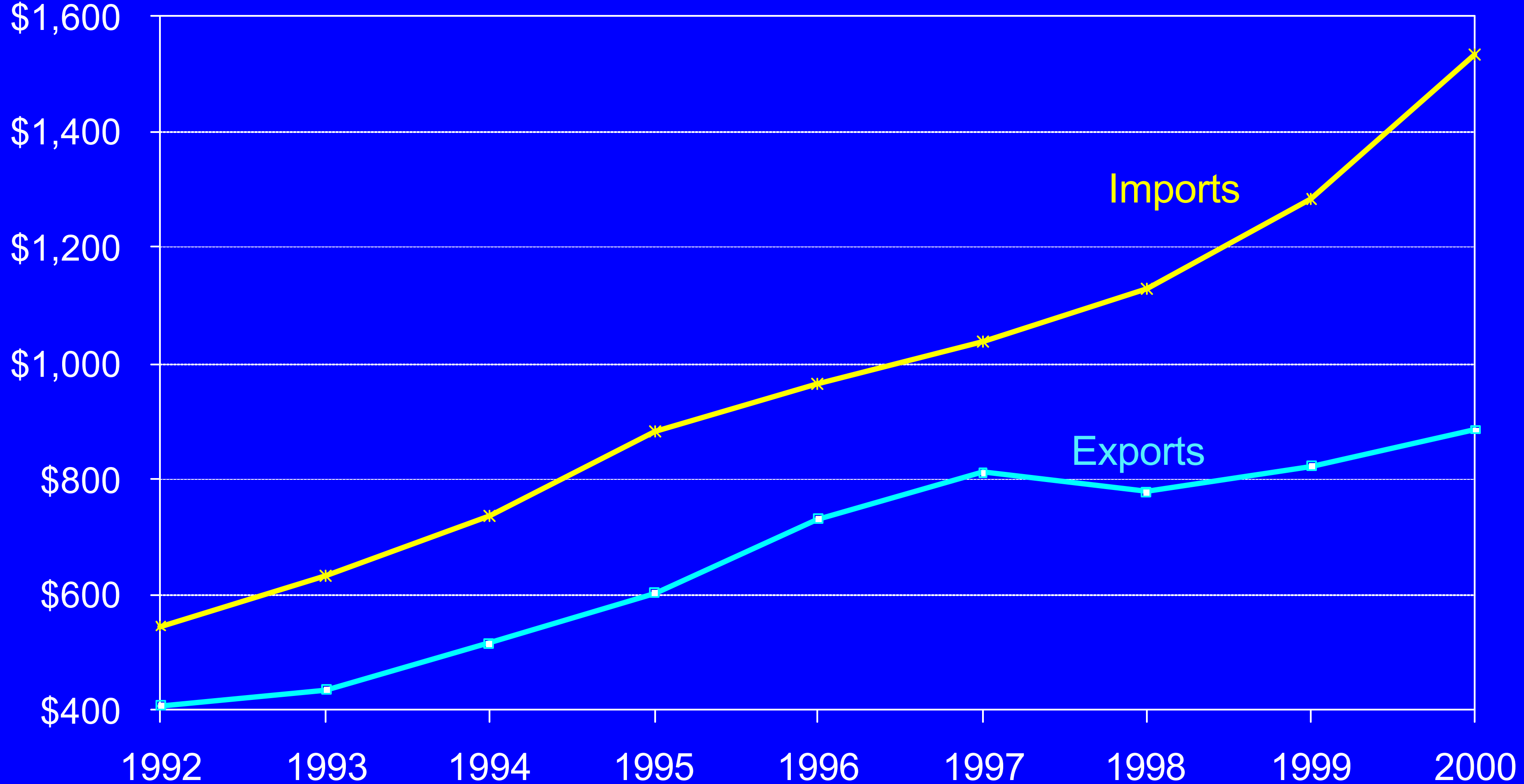
% Increase vs prior year



*FPA Estimate; **FPA Projection

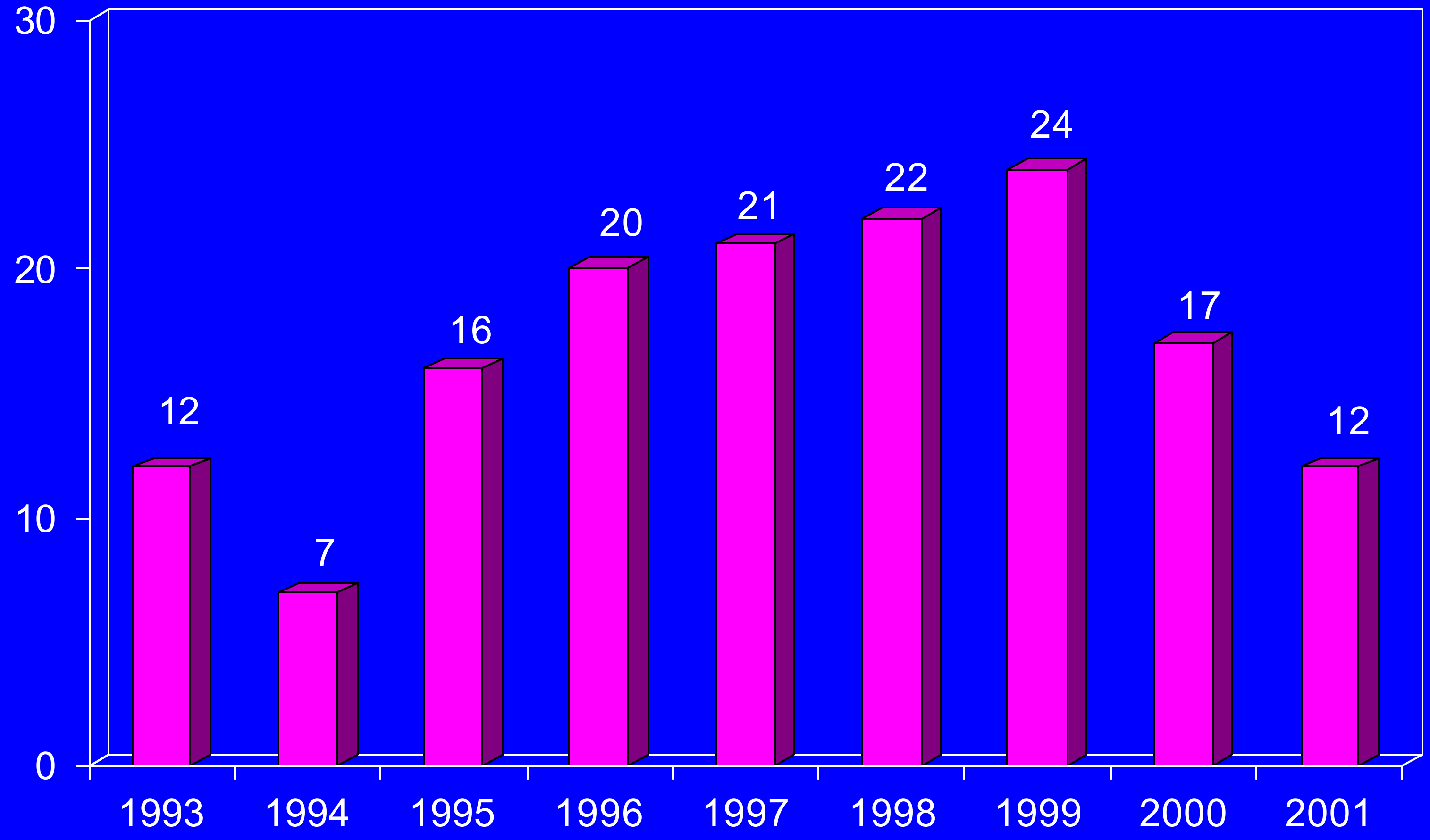
Source: Flexible Packaging Association

Dollar Value of Flexible Packaging Imports and Exports, 1992-2000
(Millions of Dollars)



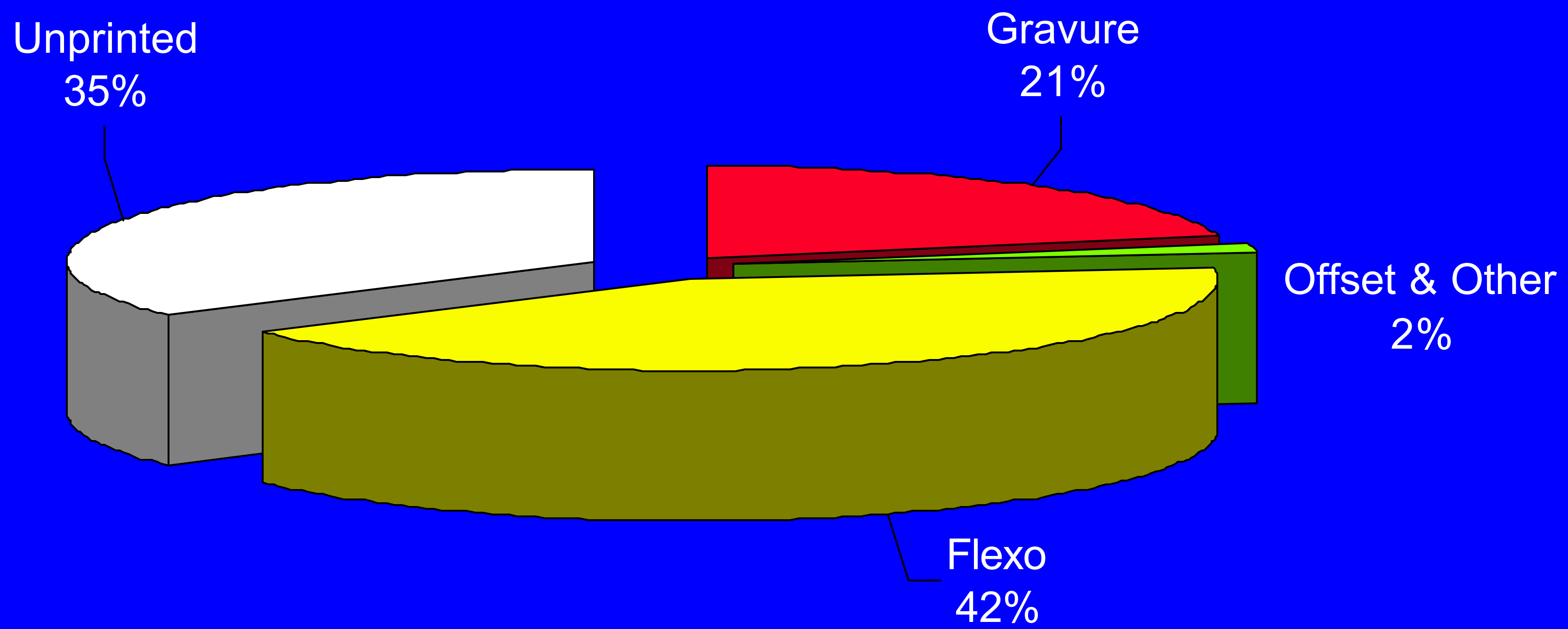
Sources: Census Bureau, Flexible Packaging Association

Total Number of *Domestic* Converter Mergers and Acquisitions, 1993-2000



Source: Flexible Packaging Association

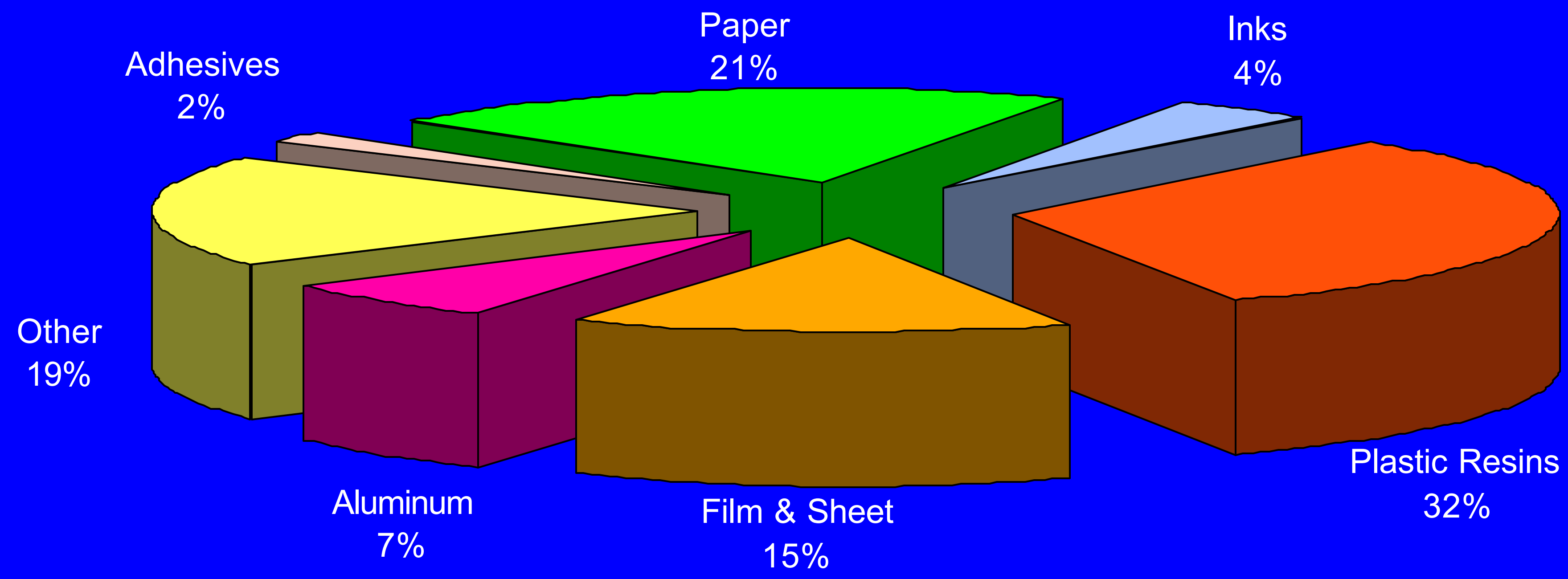
CONVERTERS PRINTING BY CATEGORY
% $ Value of Shipments for Respondents



Source: Flexible Packaging Association Strategic Overview Survey

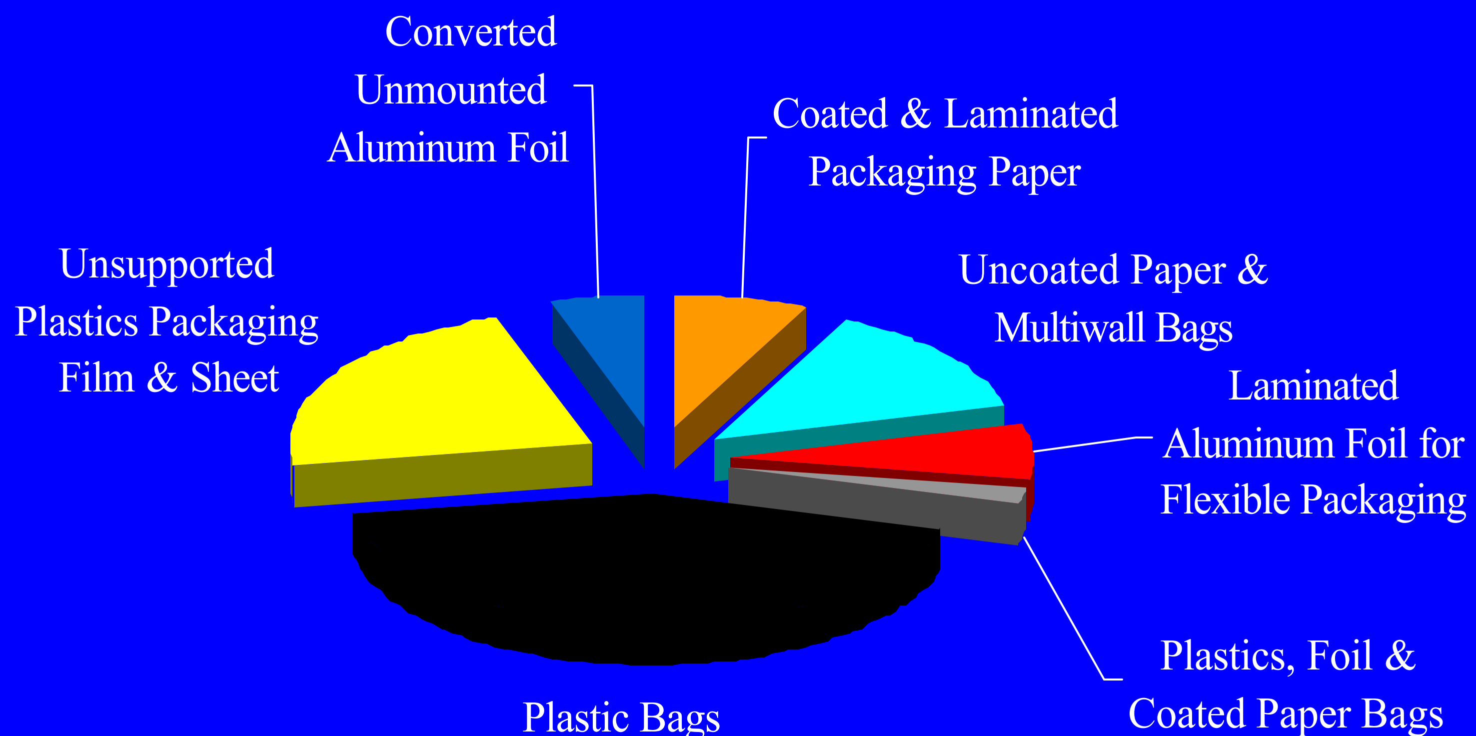
MATERIALS USED IN FLEXIBLE PACKAGING
excludes Shipping Materials

$ Value est. $ 10.4 Billion



Source: Census Bureau 1997 Full Economic Census, Flexible Packaging Association

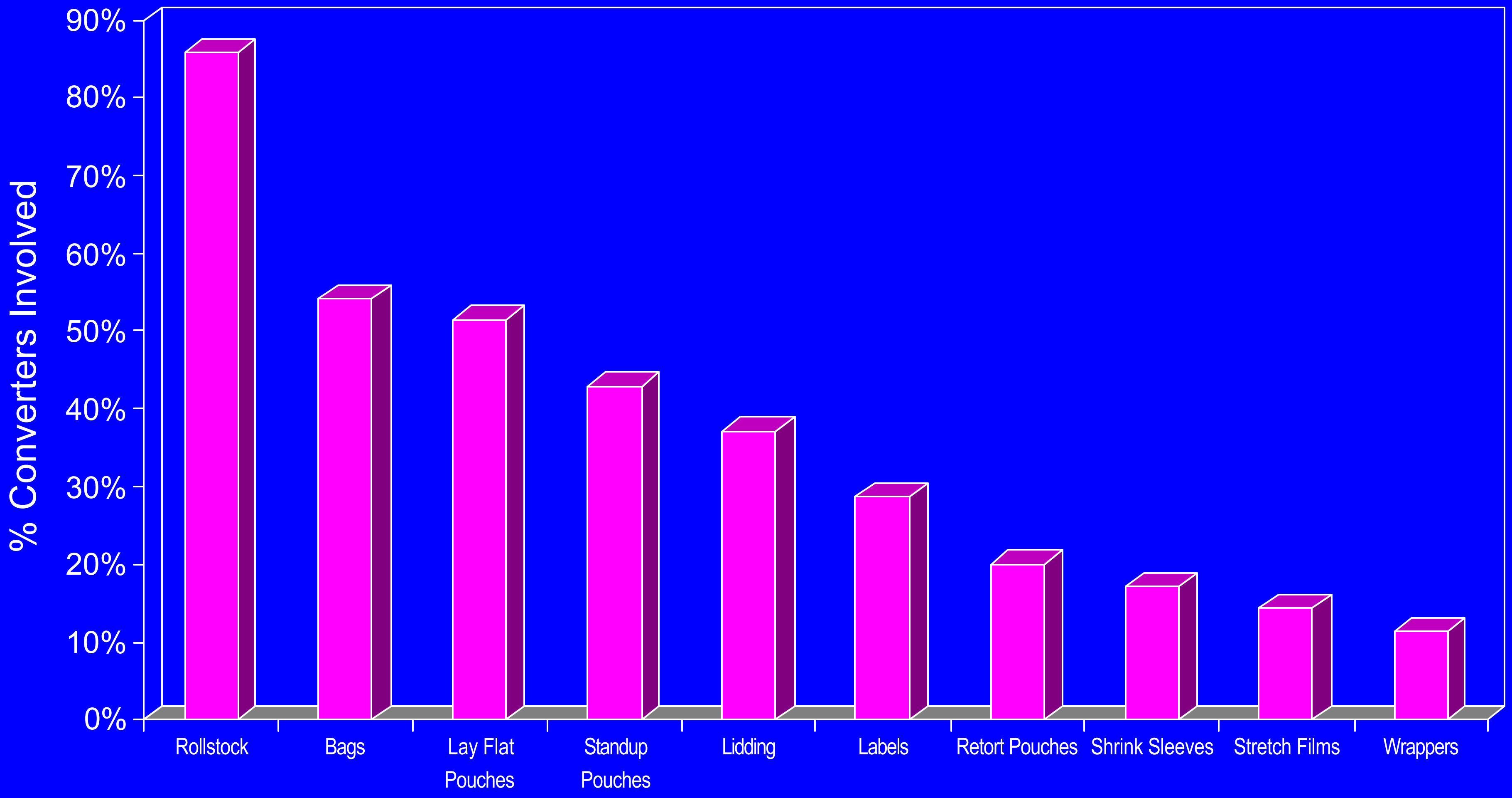
Flexible Packaging Industry By NAICS Shipment Value in $ Billions



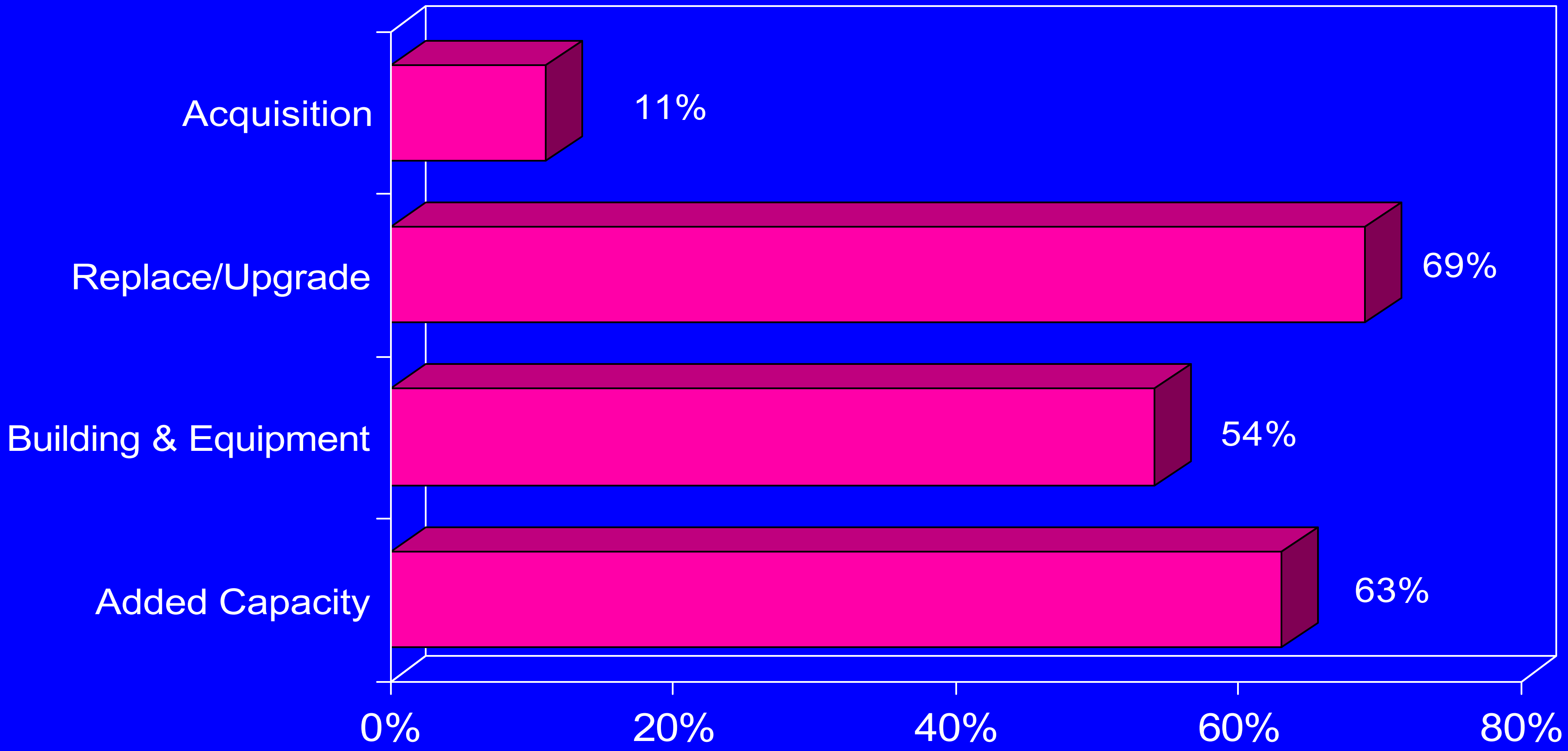
Total $ 20 Billion

Source: US Census Bureau

Major Flexible Packaging Products Sold By FPA Survey Participants

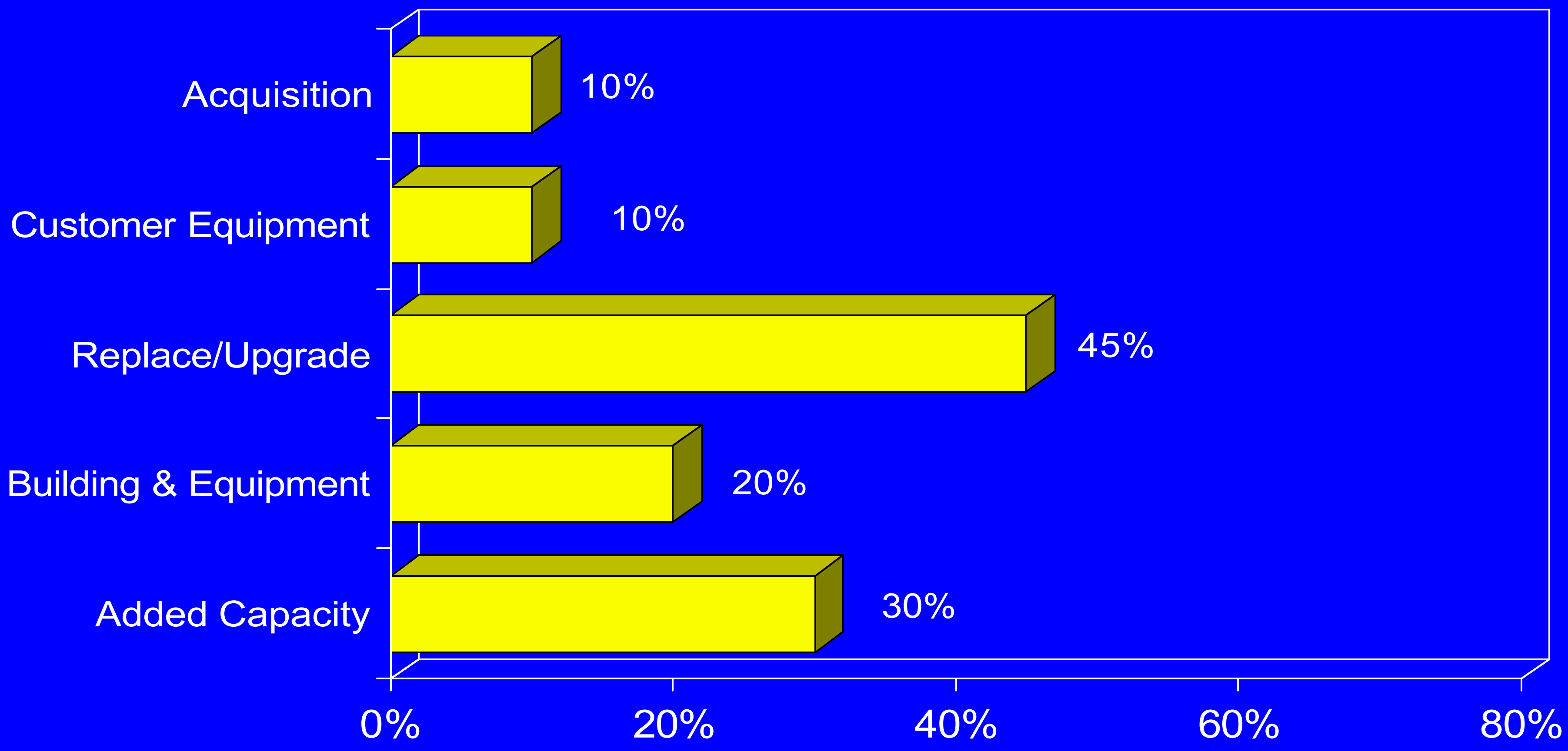


Converters Capital Spending Plans for 2002
(Percent of Converter Respondents)



Source: FPA 2001Strategic Overview Survey

Suppliers Capital Spending Plans for 2002
(Percent of Supplier Respondents)



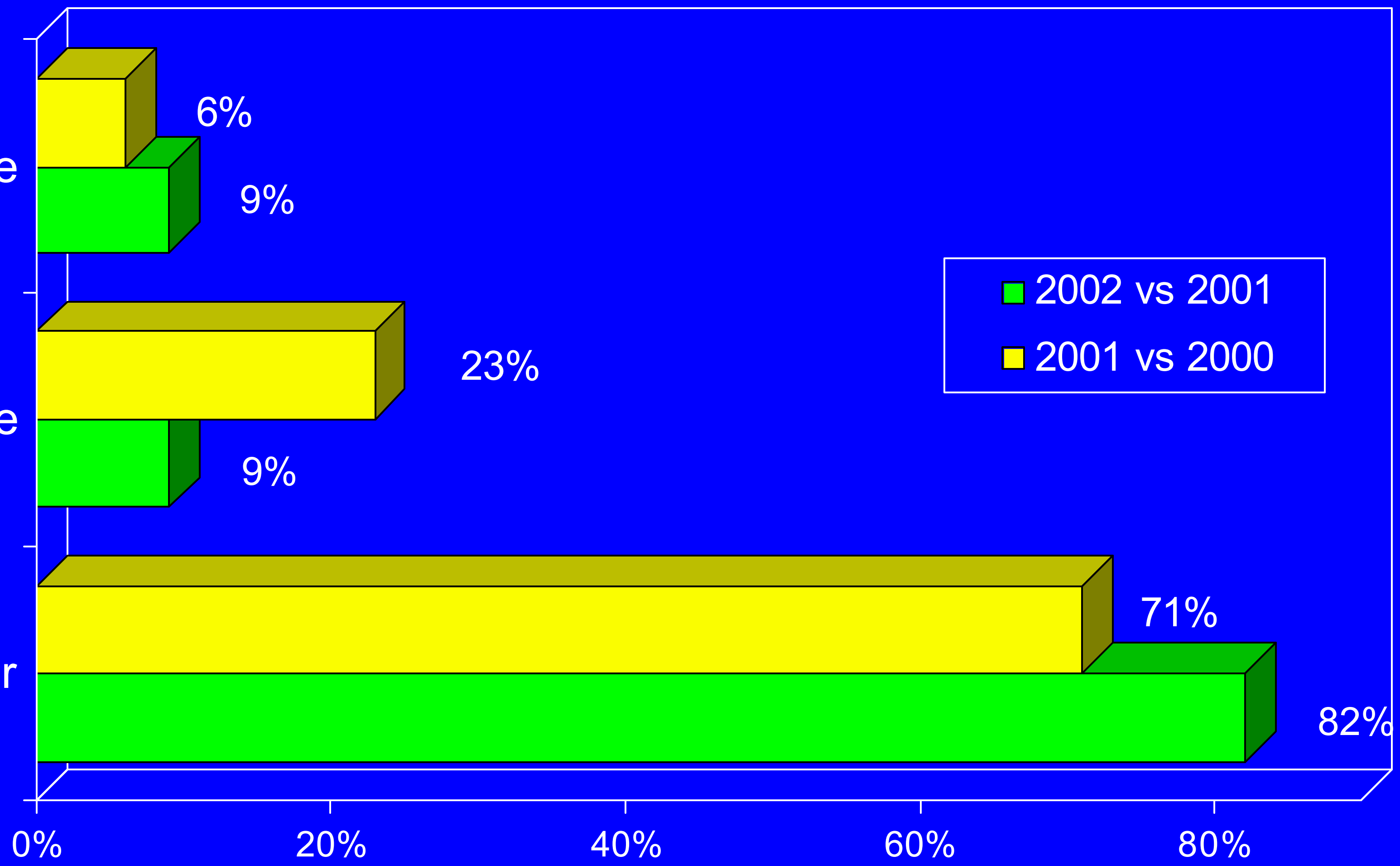
Source: FPA 2001Strategic Overview Survey

Converters' Capacity Utilization

(Percent 24/7 weighted average)

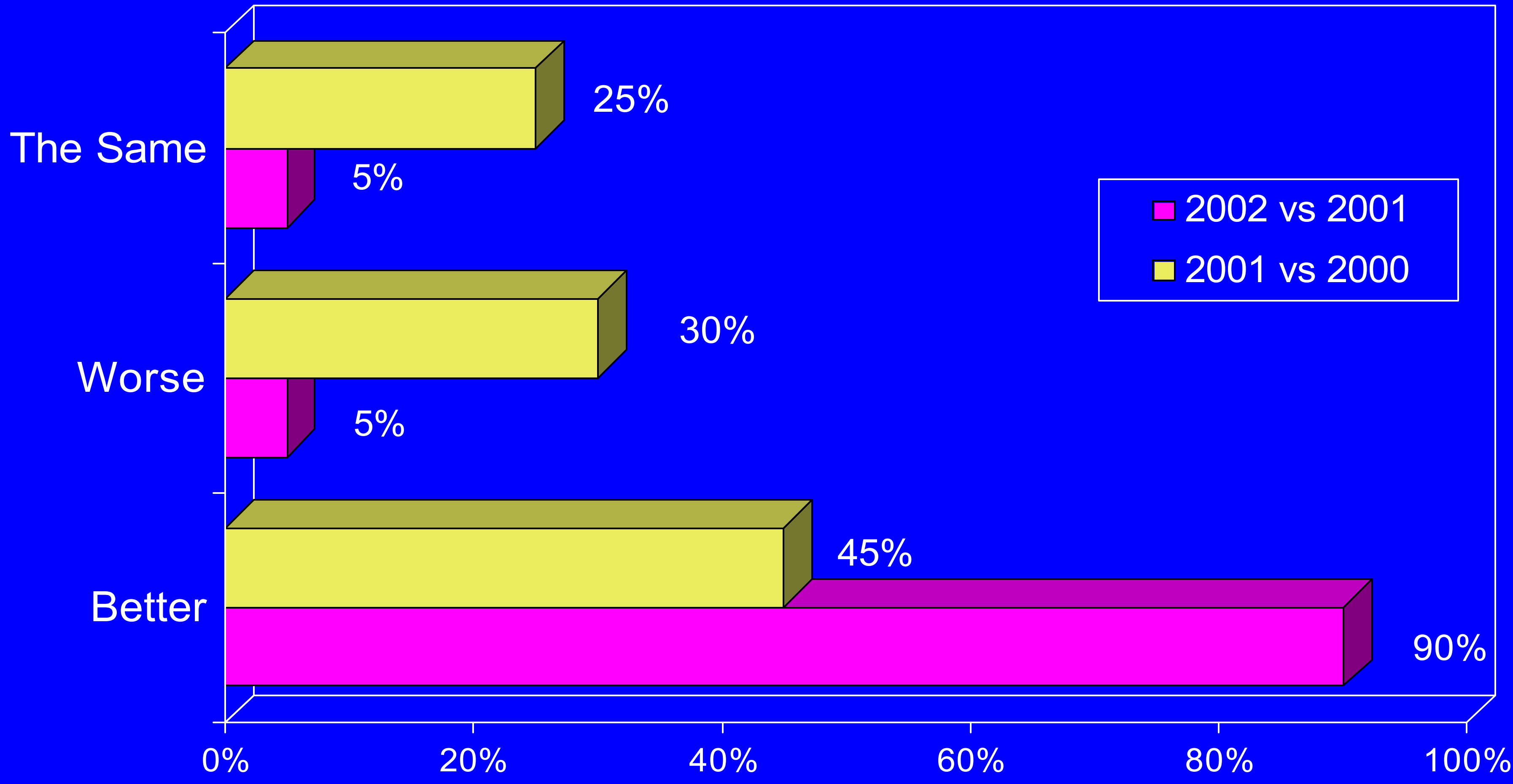
- 2000 Capacity Utilization 79.9 %
- 2001 Capacity Utilization 80.6 %
- Slight improvement in 2001 versus 2000 performance

Converters' 2001 vs 2000 Performance and Expected 2002 vs 2001



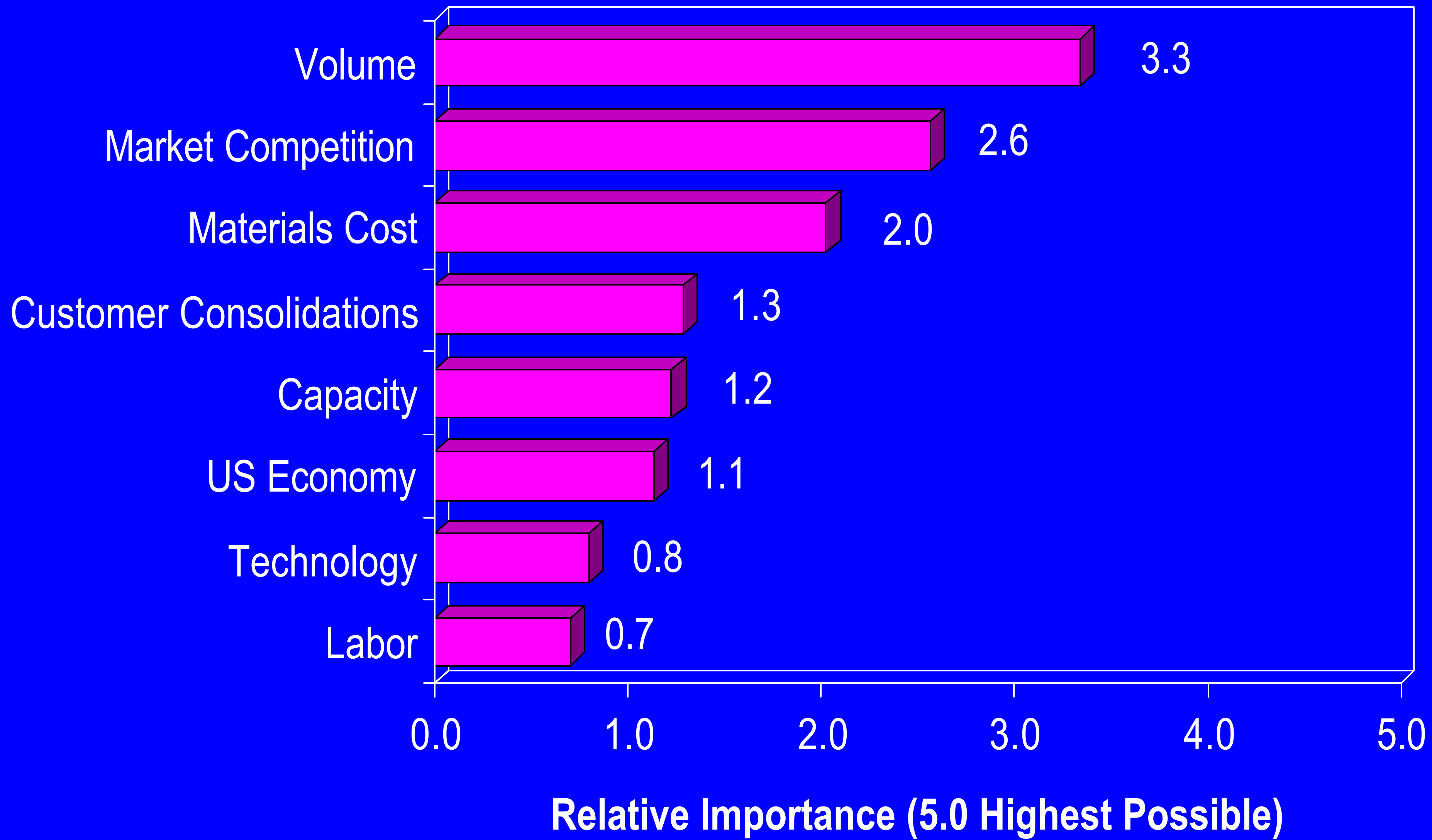
Source: FPA 2001 Strategic Overview Survey

Suppliers' 2001 vs 2000 Performance and Expected 2002 vs 2001



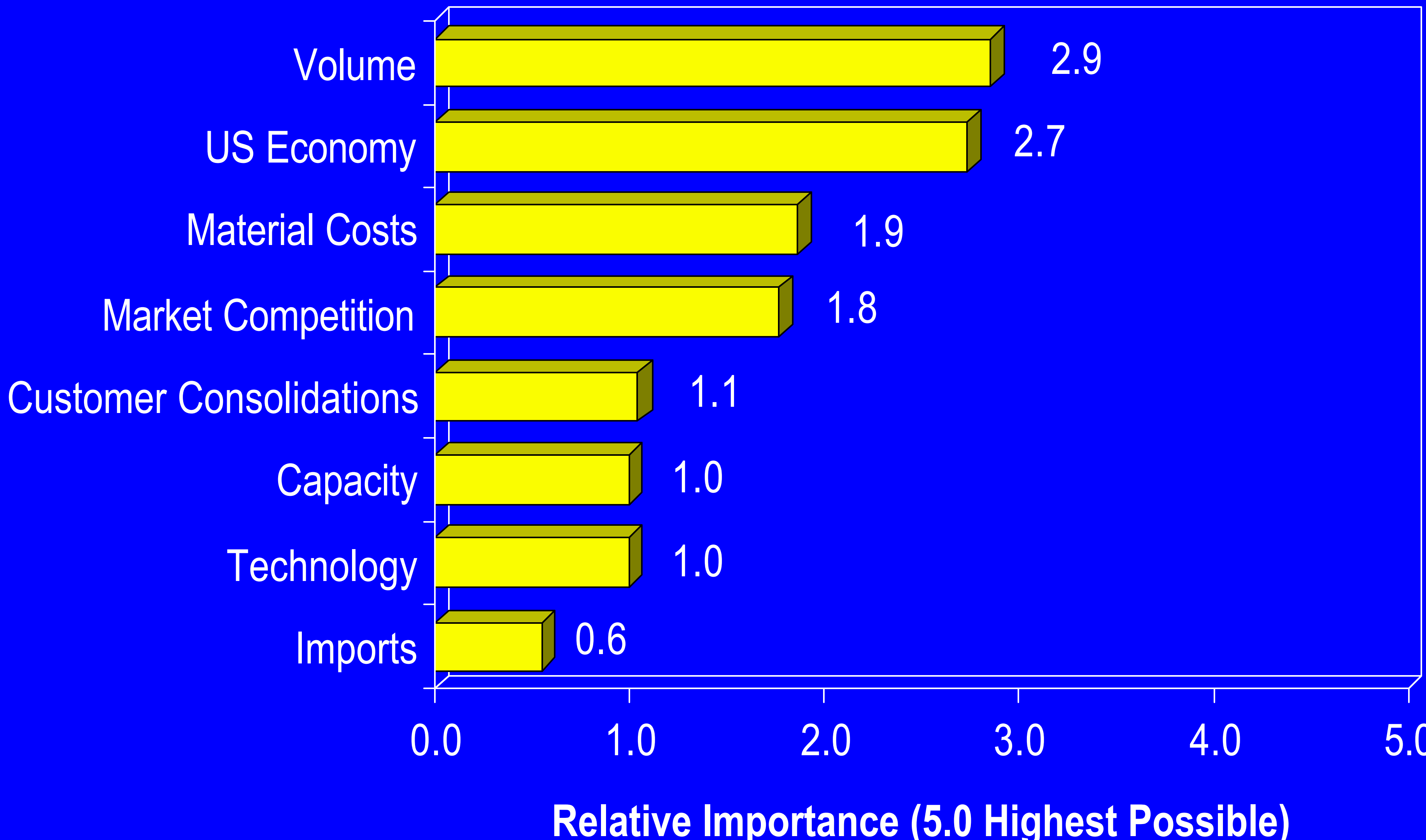
Source: FPA 2001 Strategic Overview Survey

Converters' Most Important 2002 Issues



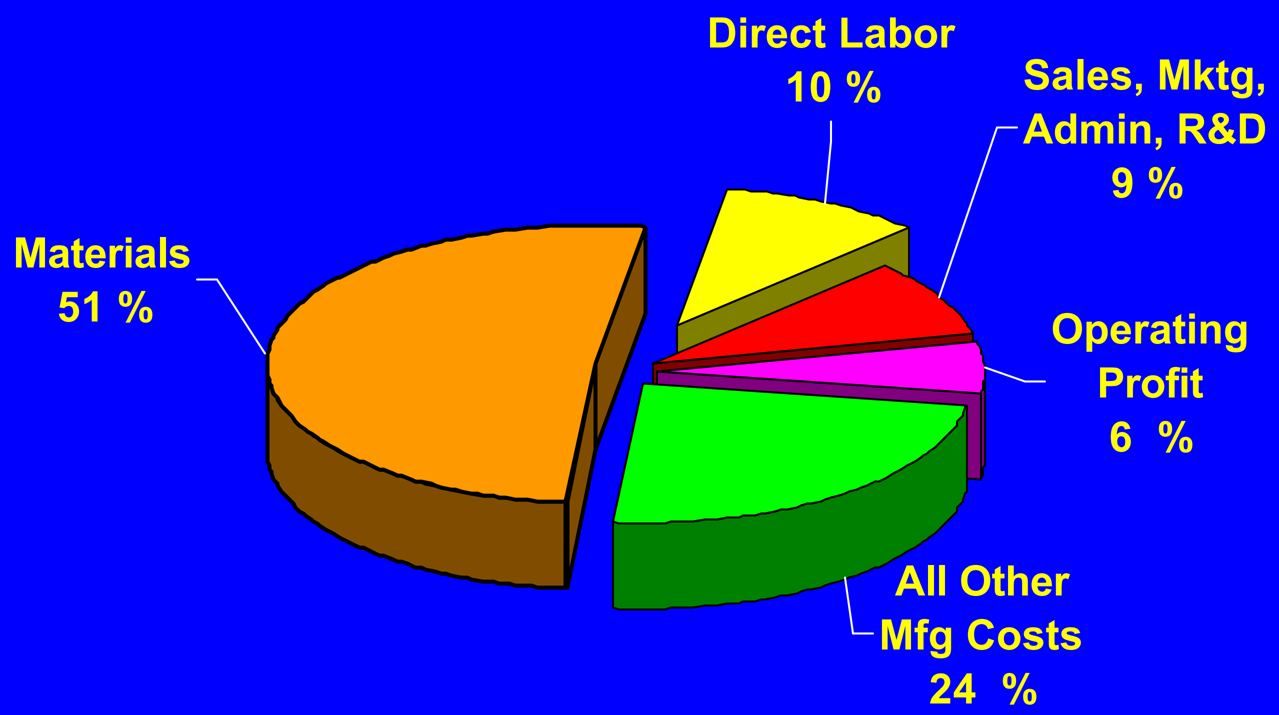
Source: FPA 2001 Strategic Overview Survey

Suppliers' Most Important 2002 Issues

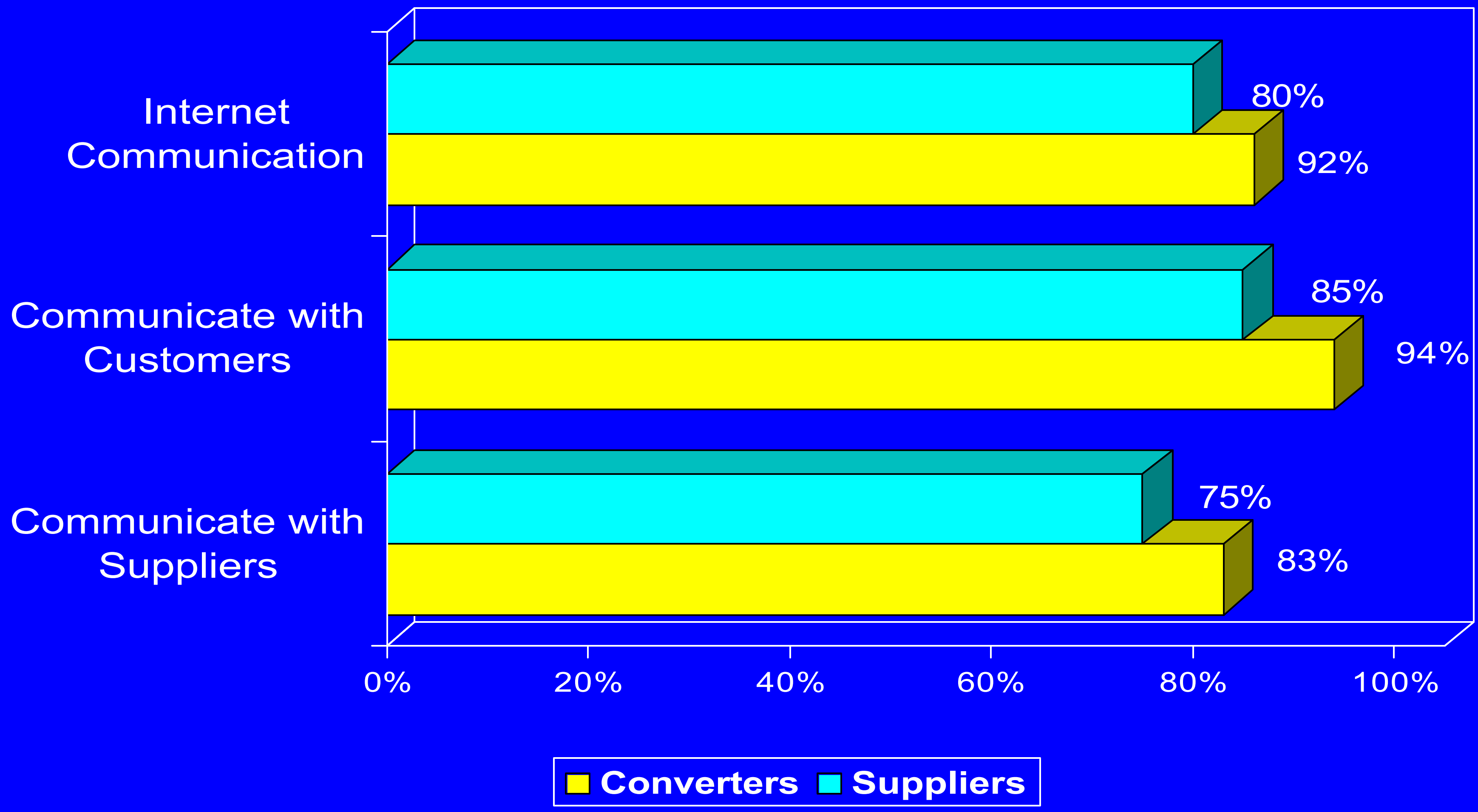


Source: FPA 2001 Strategic Overview Survey

Flexible Packaging Business Costs/Expense Breakdown

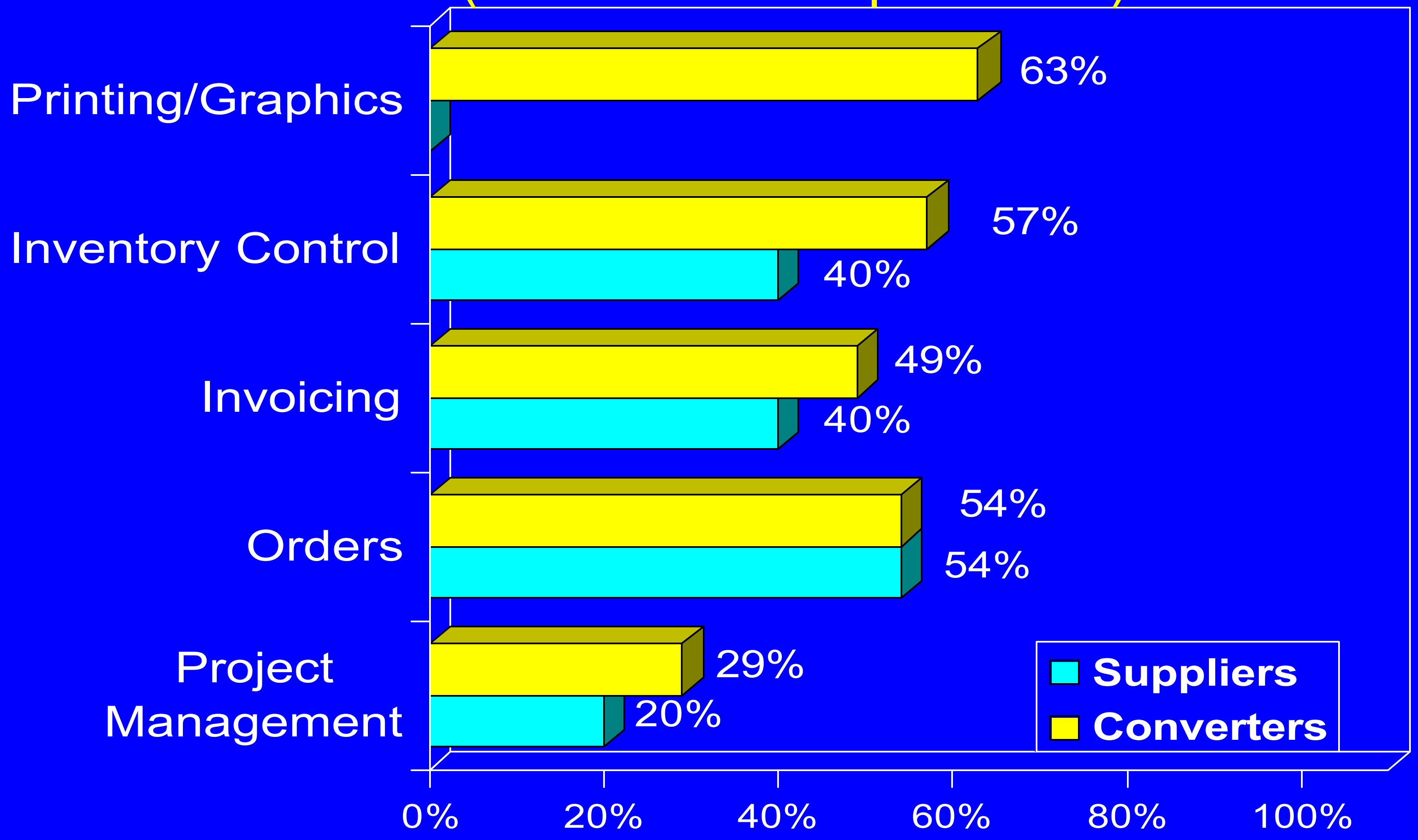


Converters & Suppliers Use of Internet
(Percent of Respondents)



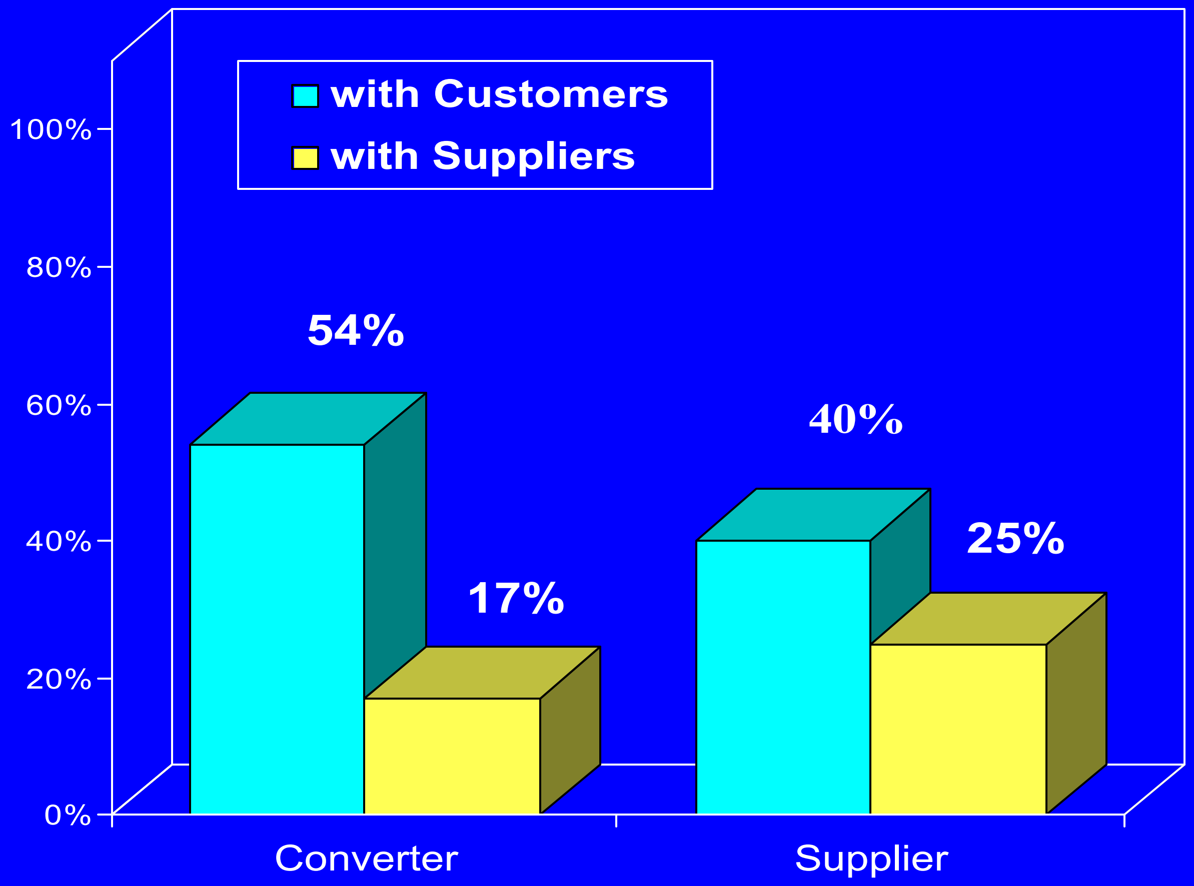
Source: FPA 2001 Strategic Overview Survey

Flexible Packaging Internet Business-to-Business Transactions
(Percent of Respondents)



Source: FPA 2001 Strategic Overview Survey

Companies Participating in Reverse Auctions on the Internet
(Percent of Respondents)



Source: FPA 2001 Strategic Overview Survey

Flexible Packaging:

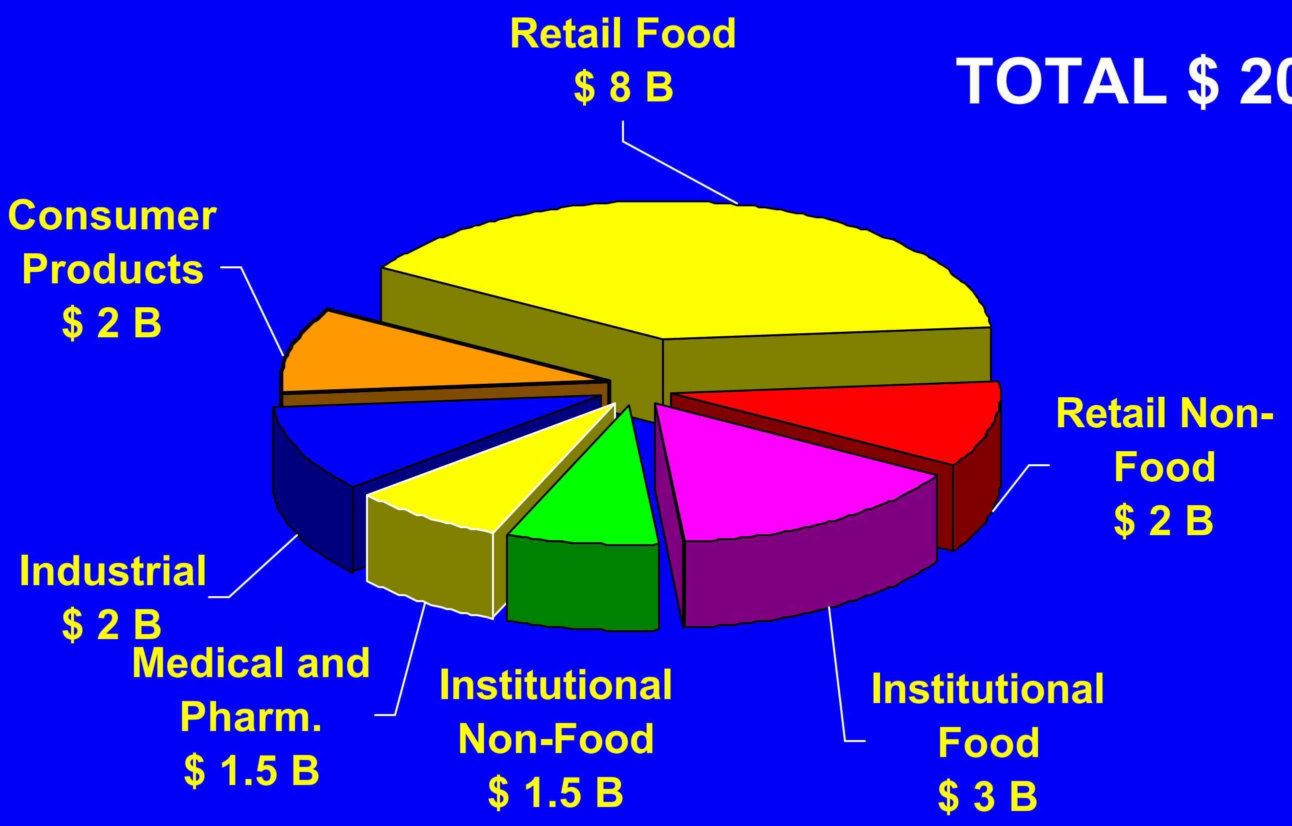
is any package or part of a package whose shape can be readily changed. It includes bags, pouches, liners, overwraps, etc. utilizing paper, plastic, film, foil, metalized or coated papers and film, or any combination of these materials.

Included: bags, pouches, liners, shrink wrap, bulk shipping sacks, rigid packaging membranes, and shrink sleeve or film wraparound labels.

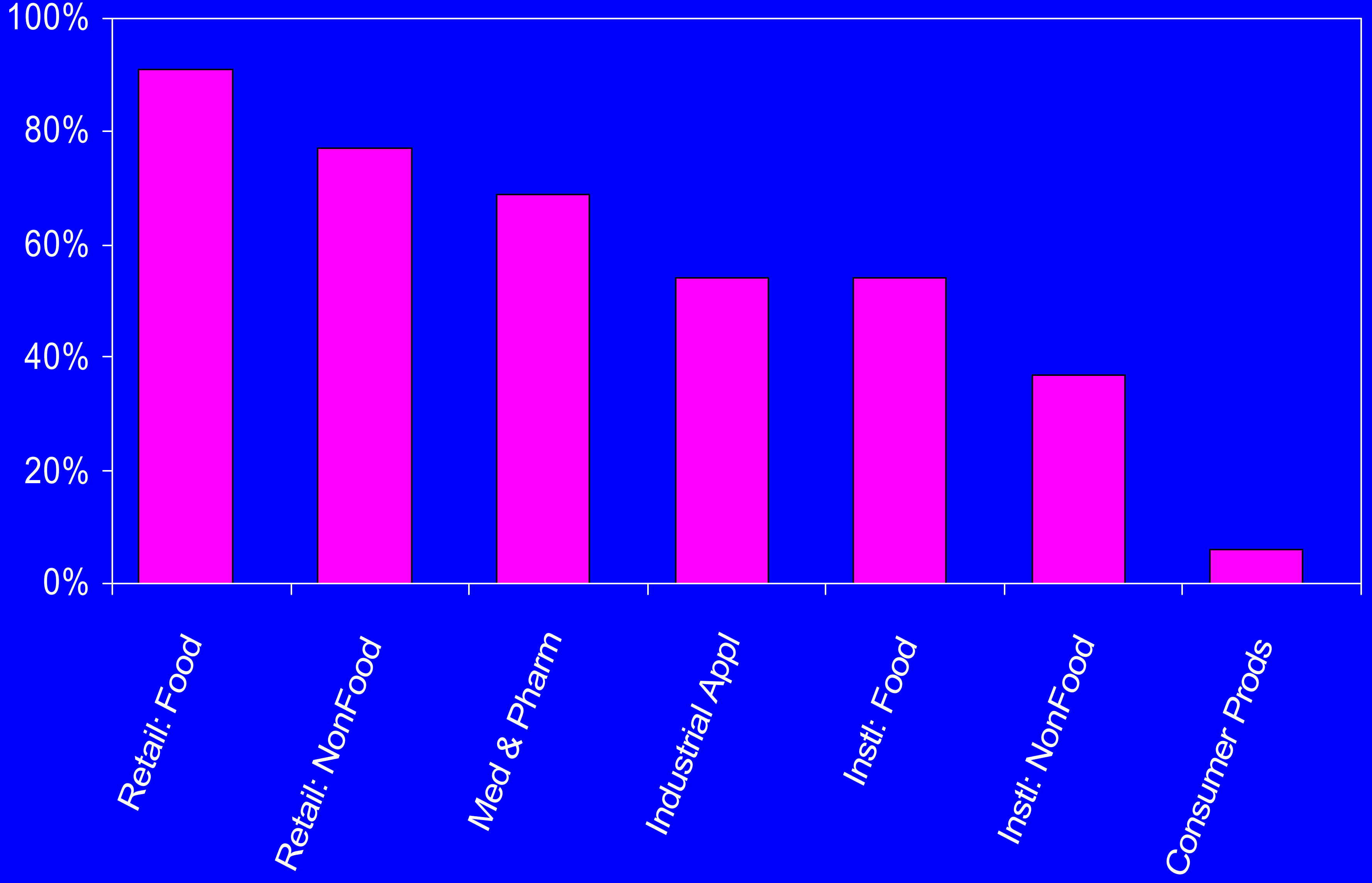
Not Included: labels, photographic film,photo paper, tape, toilet & facial tissues, feminine products and thermoforming materials whose shape can't be readily changed.

U.S. Flexible Packaging Market
Breakdown by Market Segment

TOTAL $ 20 Billion

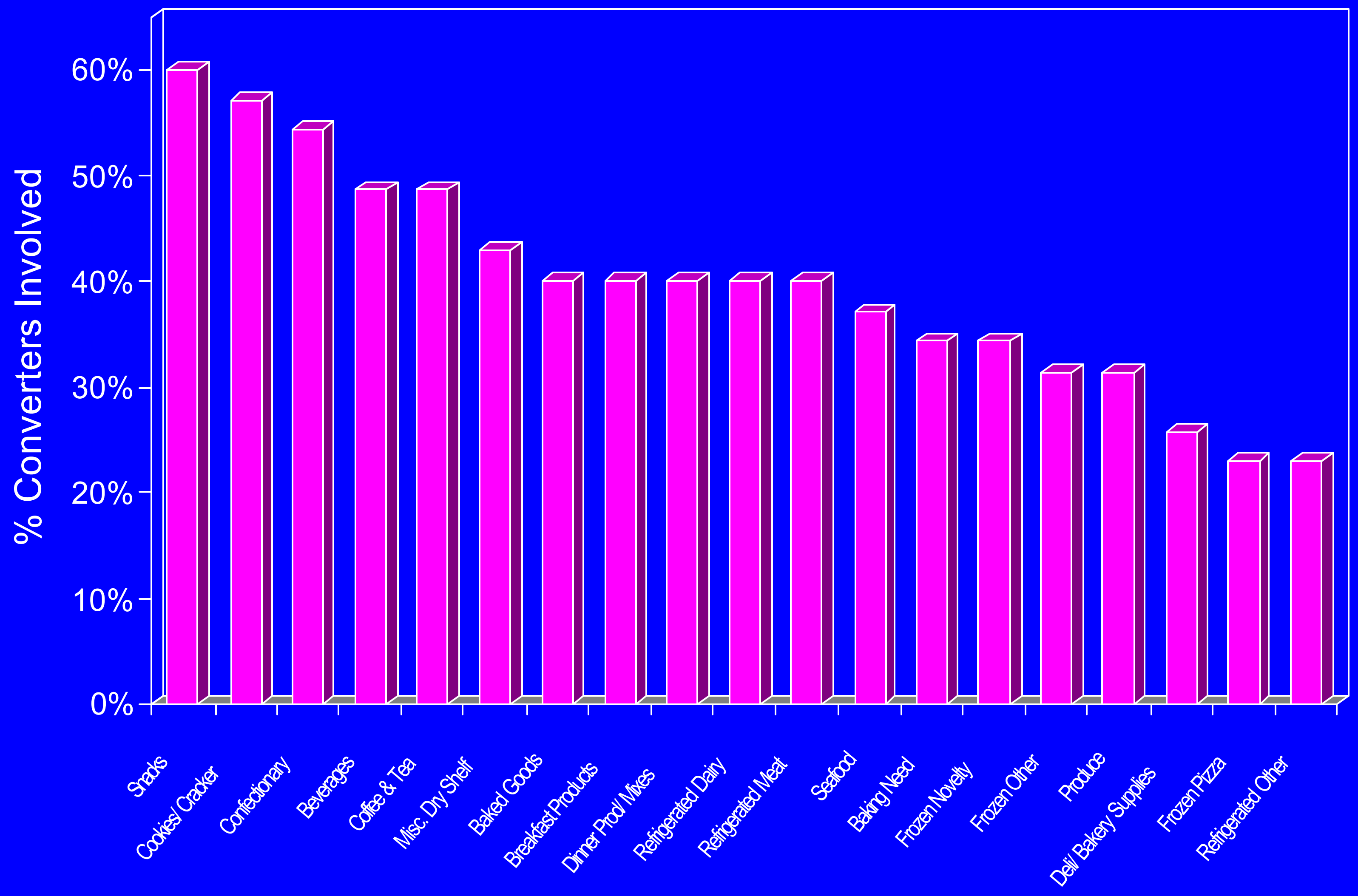


CONVERTERS' MARKET INVOLVEMENT
% of Respondents

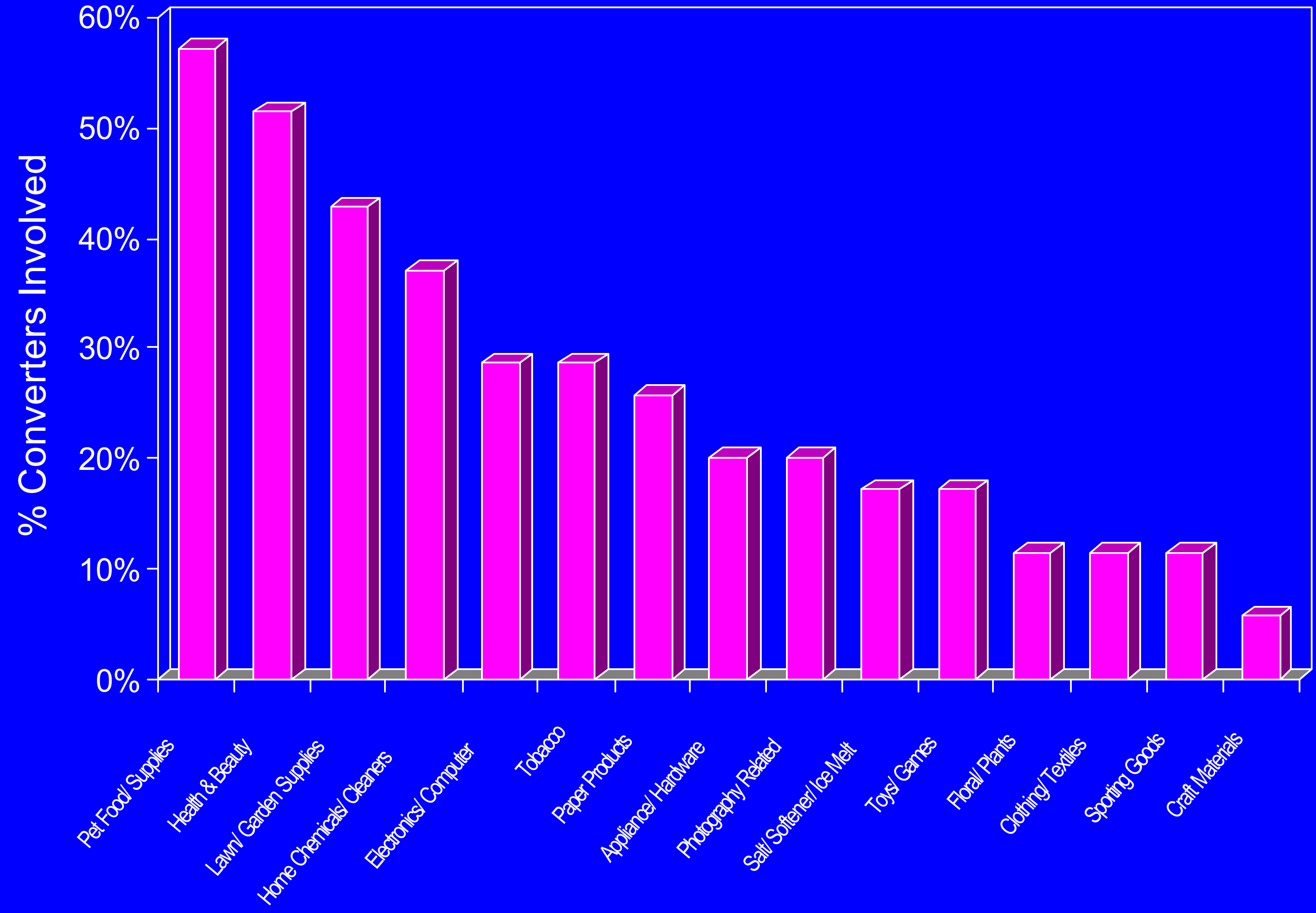


Source: Flexible Packaging Association 2001 Converter Strategic Overview Survey

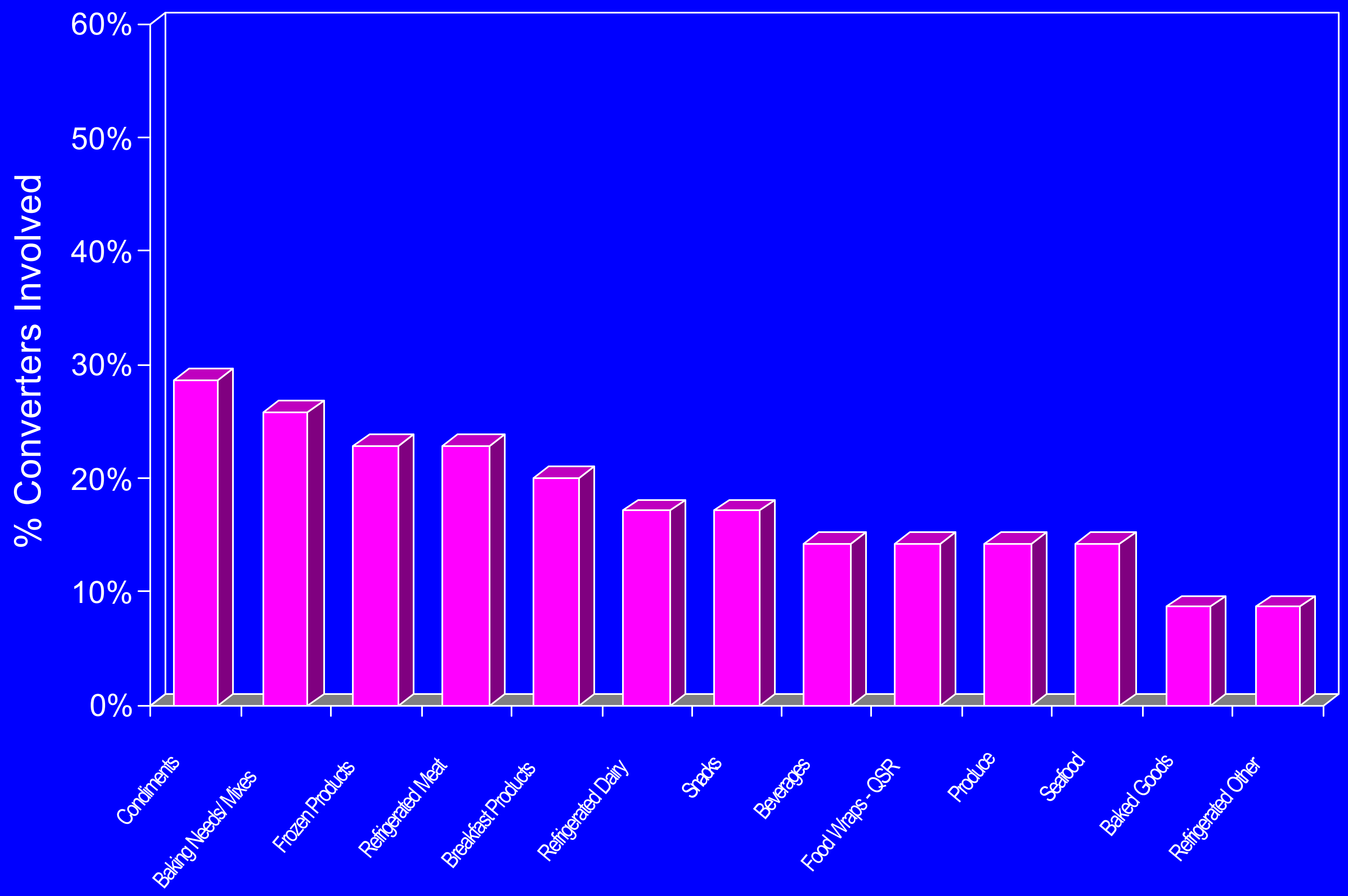
Retail Food Market
Converter Participation



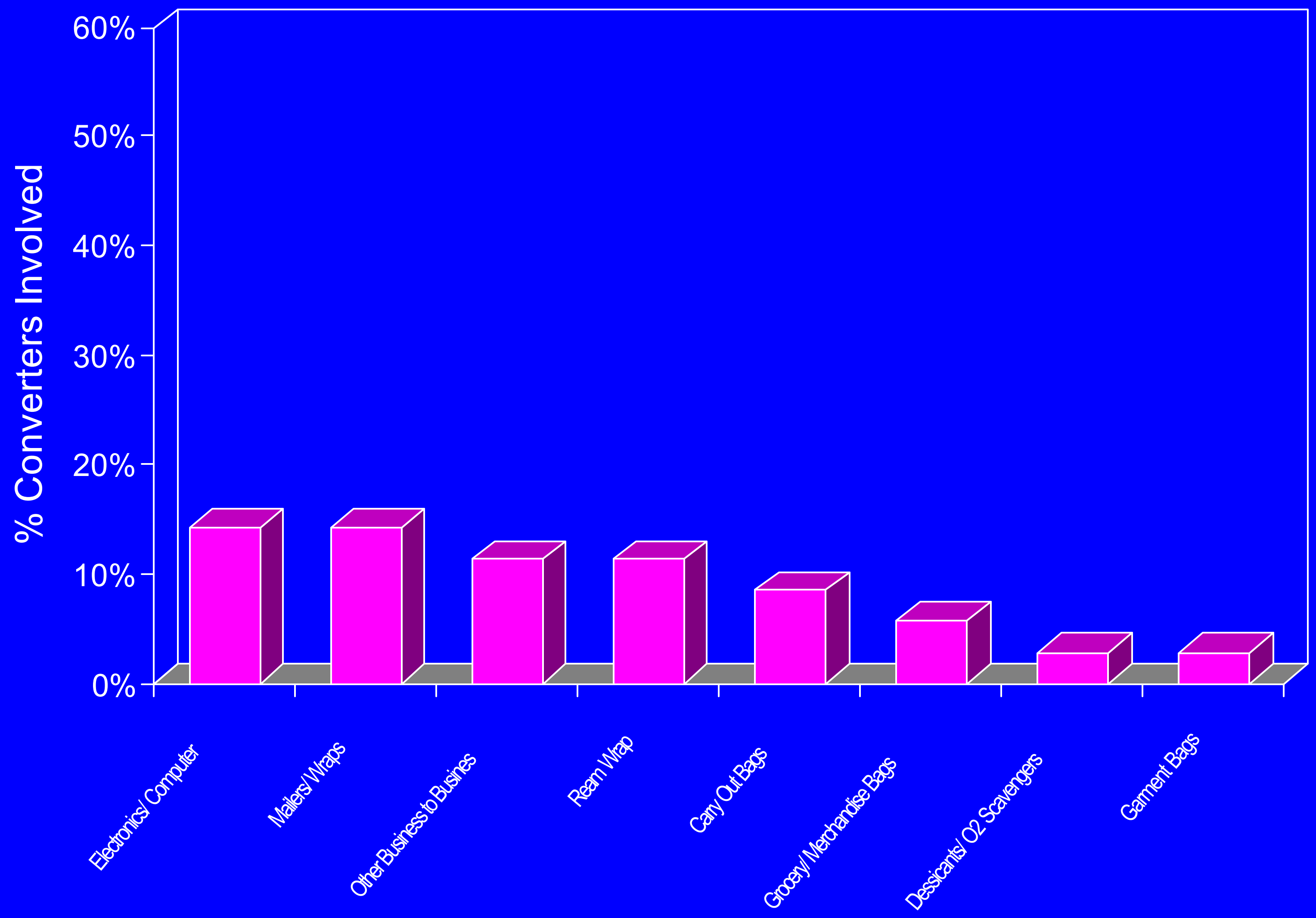
Retail Non Food Market Converter Participation



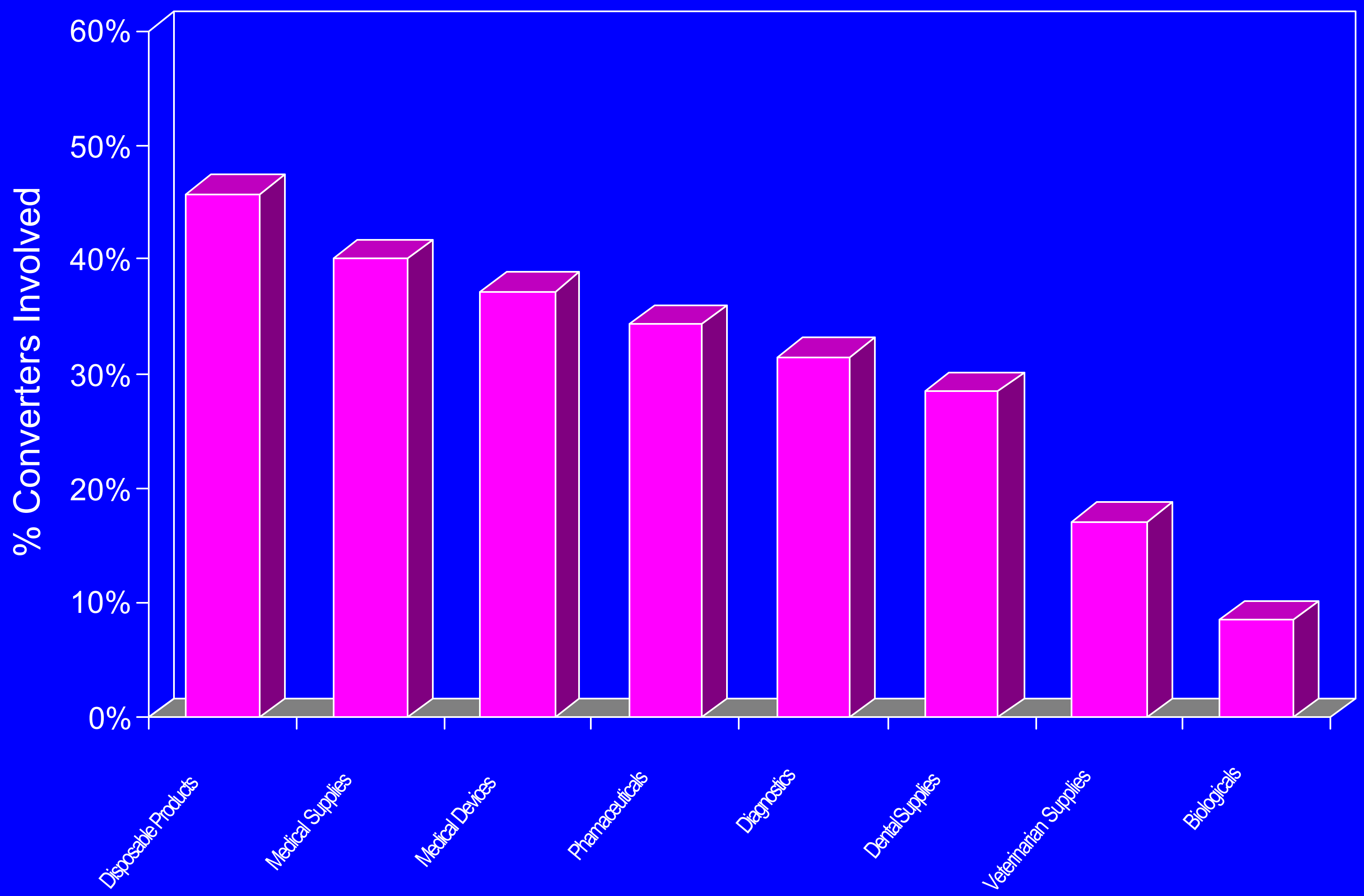
Institutional Food Market Converter Participation



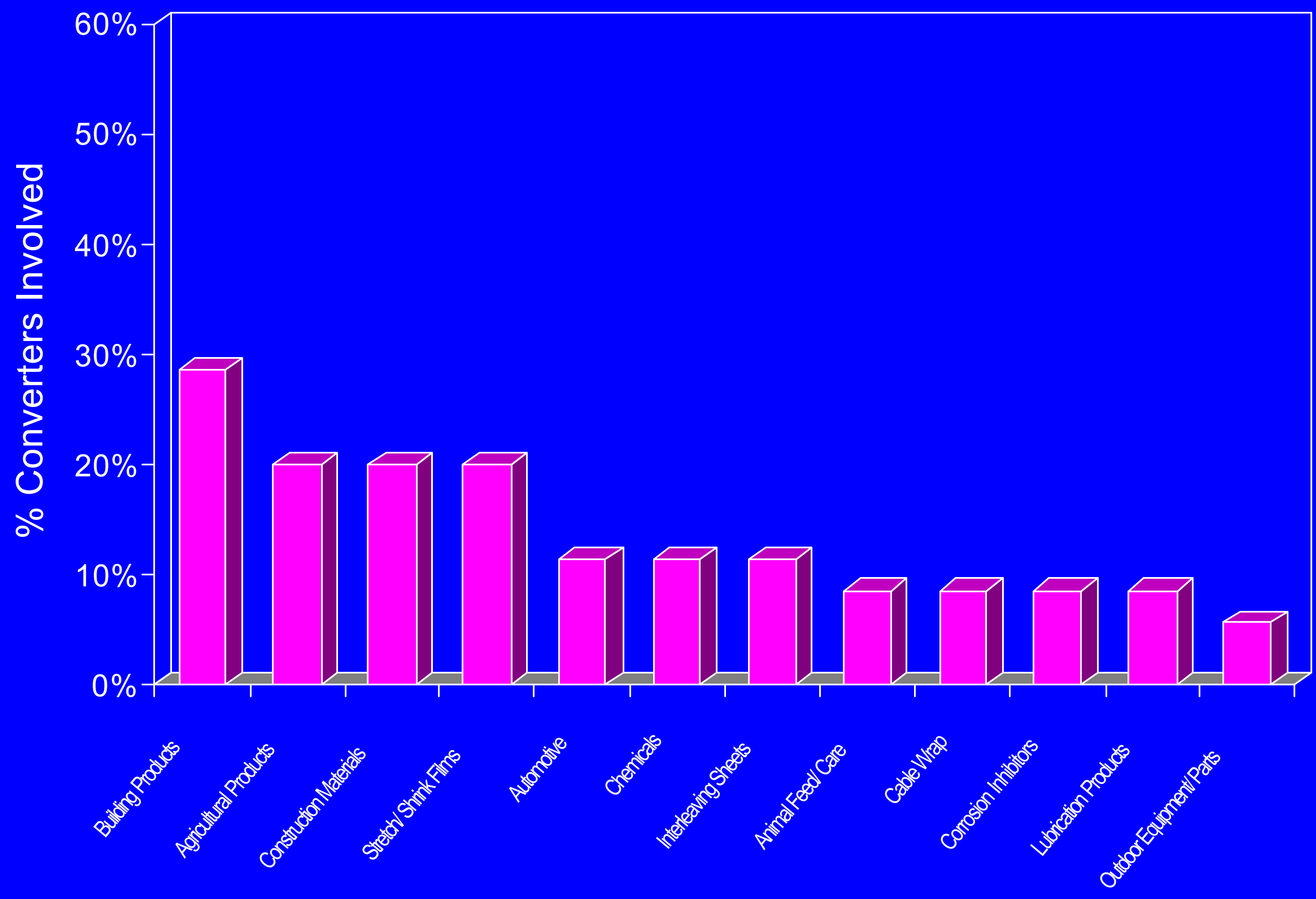
Institutional Non Food Market Converter Participation



Medical & Pharmaceutical Market Converter Participation



Industrial Applications Market Converter Participation



Top Flexible Packaging Targeted End-Use Growth Markets

- FPA Survey results – ‘targeted markets’
  - Pet Food & Supplies
  - Lawn & Garden Supplies
  - Frozen Novelties
  - Pharmaceuticals
  - Produce
  - Condiments

STATE OF THE INDUSTRY SUMMARY

- Total US Packaging Market $ 114 Billion
  - Flexible Packaging 17 %, second largest
- Flexible Packaging Industry $ 20 Billion
  - Growing at 4.3 % per year historically
- Flexible Packaging Operating Profit continues to be short of results for All US Manufacturers
- Rigid to Flexible conversions continuing
- Solid Survey participation 60+ %

STATE OF THE INDUSTRY SUMMARY

- Total Materials Used in Flexible Packaging has value of $ 10.4 Billion
- Imports outpacing Exports
  - Flexible Packaging trade deficit increasing
  - Also more competition for US markets
- M & A activity slowed considerably
- Volume & Market Competition cited as ‘important issues’ for converters & suppliers

FPA's STATE OF THE INDUSTRY

- The State of our Industry is sound
- FPA made good progress in 2001
- Better understand Flexible Industry
  - Census Bureau – NAICS codes
  - FPA End-Use Market Segmentation
- Established solid base/foundation for moving forward in the future