

# PRESS RELEASE

## CORPORATE PRESS RELATIONS

Direct line  
+31 26 366 43 43

### **Tencel® Production to be Concentrated on New U.K. Facility**

**Arnhem, the Netherlands, January 26, 1999. - Acordis, the wholly-owned subsidiary of Akzo Nobel, which combines the fibre operations of Akzo Nobel and the former Courtaulds, announced today that it proposes for the time being to concentrate all production of Tencel at its new plant in Grimsby, U.K. In consequence, production at the original Tencel plant in Mobile, Alabama, U.S.A., will shortly be suspended. The Mobile plant will be maintained in operational condition, however, and will be brought back into use once there is sufficient level of demand. Regrettably, these proposals will result in the loss of 96 jobs in Tencel manufacturing in the U.S.A. They will also entail a reduction of 62 in the numbers of Tencel support staff, mainly in the U.K.**

Folkert Blaisse, Chief Executive Officer of Acordis, commented: "Tencel is a capital intensive business, with characteristically volume sensitive economics, and it has been in loss since the onset of the economic crisis in Asia. Our proposals are designed to restore Tencel's profitability while retaining the flexibility to increase production rapidly as demand rises. Central to this is the superior flexibility of the new Grimsby plant, which is equipped to produce a new Tencel variant, A100. A100 has surface characteristics which open up a much wider range of end uses. Initial market reaction has been extremely positive. The A100 capability can be retrofitted to the Mobile operation as demand increases."

David Wilkinson, Acordis Director responsible for Tencel, commented: "Tencel was the first new textile fibre for 30 years when it was launched in 1992, and introduced radically new standards of aesthetics. Until the Asian crisis, demand frequently exceeded our ability to supply. This is a temporary setback. We remain convinced that, the current situation notwithstanding, Tencel is a fibre of exceptional market potential. Programmes with major retailers in the U.S.A., South America, Europe and Asia continue to advance strongly, with high annual growth rates."

There will be full consultation with employees affected and with their representatives. The company will also provide support facilities for job search and counselling.

Acordis is a multinational group of businesses, supplying customers throughout the world with man-made fibres and speciality materials for industrial, textile, medical and hygiene applications. The Acordis group has sales of some NLG 6 billion (approximately USD 3 billion / GBP 2 billion / DEM 5 billion / EUR 2,5 billion), employs 19,000 people worldwide and has production facilities in Germany, the Netherlands, the United Kingdom, the United States of America, Brazil, Italy, Spain and Poland.

Akzo Nobel nv  
Velperweg 76  
P.O. Box 9300  
6800 SB Arnhem  
The Netherlands  
Fax +31 26 366 49 40

Akzo Nobel, based in the Netherlands, serves customers throughout the world with healthcare products, coatings, chemicals and fibres. The fibres businesses, now known as Acordis, will be demerged in the course of the second half of 1999. The company currently employs some 87,500 people in more than 60 countries. Consolidated sales for 1997 totaled NLG 24.1 billion (USD 12 billion / GBP 7.5 billion / EUR 10.8 billion). Financial results for 1998 will be announced on February 22, 1999.

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Internet: <http://www.akzonobel.com>

**Note for the editor / not for publication**

For more information please contact:

Akzo Nobel N.V.

John C.S. Jennings, tel. +31 26 366 4343

Acordis

Donald Anderson, tel. +44 171 969 2917