



Made in China!

September
2007

Product Safety Concerns & Recalls

To all Vintex Customers....

Over the past several months there have been numerous retail recalls for products manufactured in China, ranging from pet foods (Menu Foods) to children's toys (Mattel® and Fisher-Price®) to baby bibs (Wal-Mart® and Toys"R"Us®). This has created expensive product recall and liability issues for the companies involved, damaging the market reputation they have worked hard to establish over the years. These recalls have raised three important issues for you to consider in your global procurement decisions: product safety, product consistency, and supply chain traceability.

Before getting started, we want to ensure you that Vintex's vinyl formulations contain no lead or other heavy metals. You can continue to have a high degree of confidence in the safety and consistency of our products for your employees and customers to use in any application. In addition, Vintex continues to have full traceability of its manufacturing process so you can be assured that you receive genuine Vintex product each and every time you place an order.

Product Safety...

First, we believe that it is very important that you understand that the vinyl baby bib product recalls issued by Wal-Mart and Toys"R"Us were due to offshore manufactured vinyl product and not a global "vinyl" industry-wide issue. In a story of frightening implications, in May of this year, Wal-Mart was forced to recall tens of thousands of vinyl-backed baby bibs because the vinyl contained lead. Just as with lead paint, the poorly formulated vinyl in these bibs could crack and peel after laundering and infants could conceivably ingest the pieces of vinyl and potentially suffer adverse health effects. The source of the bibs was a manufacturer in China. Toys"R"Us had a similar recall in Canada in August 2007.

Regarding flexible vinyl products (i.e., baby bibs), the product recalls were because of high lead levels found in the vinyl coating. In addition to these well publicized product recalls by

Wal-Mart and Toys"R"Us, our own internal testing over the years of product originating in China and other Asian countries more often than not reveals lead and/or cadmium within the vinyl formulations.

These heavy metals are found in older formulation technology, specifically heat stabilizers and pigments. This is very concerning, as lead poisoning can cause irreversible damage to the nervous system and kidneys. Cadmium, can also cause nerve damage. For these reasons all raw materials containing heavy metals were eliminated decades ago by Vintex and replaced with higher cost and safer-to-use materials to remove handling risks for our employees and our customers... and ultimately your employees and your customers. Most other North American flexible vinyl product manufacturers made

similar changes.

The reason these dangerous compounds are still used by some manufacturers in China and developing countries is, quite simply, that they are found in the lowest cost raw materials which also happen to provide the best efficiency in processing vinyl compounds. In the race to attain the lowest possible cost product which will nominally get the job done, many Asian companies or North American distributors of Asian products push their manufacturers to squeeze every last nickel of cost out of their products. While the publicized product recalls have centered on retail products, cost pressures could result in similar sourcing decisions in China-based business-to-business or industrial/commercial product manufacturing..... so buyer beware!

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Highlighting:

- Product Safety**
- Product Consistency**
- Supply Chain Traceability**
- The Vintex Way**

Product Consistency and Supply Chain Traceability

Equally as important are the areas of product consistency and product traceability of some supply chains in China. Trading companies do not always use the same company to produce products from order to order. For example, it may have been in the Wal-Mart or Toys"R"Us situation that initial product samples had been thoroughly tested and could have been approved as lead-free. Possibly, the trading company signed a hard to enforce "certification" that the product was lead-free. However, when the first sizeable order was placed, the trading company, seeking to make more of a profit, may have then found a company which could produce the product for less using alternative lower cost raw materials. Wal-Mart admitted that they did not test the incoming bibs (they likely do now!). The most telling part of the story was that it was a consumer advocacy group who bought the bib, had

the bib tested and took the story to the media forcing the recall...not the manufacturer, not the distributor, not the retailer and not any government agency. In the Toys"R"Us circumstance they stated in May that the bibs were within standards. How things changed by August!

We seem to be hearing of regular, if not weekly, instances of recall of potentially dangerous products originating from Chinese manufacturers. These products have the potential to harm people. The companies involved have damaged their brand and reputations and are now experiencing expensive recall and litigation processes.

"ADDITIONAL COST
OF TESTING EACH
SHIPMENT RECEIVED
FROM CHINESE
SOURCES"

Along with many of you, we have calculated the benefits of lower cost Chinese materials incorporating logistics, working capital, inventory increases and off-quality costs. Typically, we have found after this burdened cost analysis that seemingly lower prices aren't quite as low. Add to this the recent and ongoing currency appreciation and export incentive reductions, we believe remaining cost advantages will continue to erode further. Now we, as well as you, must factor in the cost and reputation impact of a potential product recall, as well as the additional cost of testing each shipment received from Chinese sources.

The Vintex Way...

Be assured that by choosing Vintex, you've chosen a product which provides you with exceptional value, consistent product quality and performance. In addition, you've chosen a product which is much more of a protective fabric than you may have originally thought. You've chosen a product that is safe for your workers to handle, safe for your customers to use and safe for your business reputation now, and in the future.

As a responsible North American manufacturer for over fifty years we pride ourselves in providing well designed, cost competitive products manufactured in a controlled process using the best available technology and the best available raw materials. We are proud to supply customers like you who, by your support of Vintex, obviously feel the same way we do!

Sincerely,



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