



## A Chat With The Chairman

J. H. Millis  
Board Chairman and Chief  
Executive Officer

Excerpts of Mr. Millis' message to Adams-Millis Corporation's shareholders at their 1982 annual meeting in May at Plant 3 in Kernersville is published in lieu of his regular column in this space:

"For the past 21 years, I have stood before you with reasonably good news and reasonable optimism.

"There is no question that this country is in a recession and this recession has impacted our company. Unfortunately, signs of recovery are lacking as it relates to the country.

Therefore, it occurs to me that a very pertinent question is 'What is Adams-Millis doing to cope with the present economy?'

"There are two negative forces which impact our operation which we can do little or nothing about; I refer to high interest rates and the cost of utilities.

"There are other factors which we feel we do have a degree of control over and let me assure you we are attacking with abandon! These items include such things as conserving cash, cutting overhead, eliminating waste, reducing inventories, shopping for bargains in materials and, although it is unpleasant to reduce a work force, it is a must in this environment. Another example is our freeze on all capital expenditures.

"Although these facts paint a somewhat pessimistic picture, I would also like to address the positive. To begin with is the fact that for the most part we have 2,500 dedicated and loyal employees. We also have a number of hosiery programs that are exciting. These include those of Hanes-Millis Sales Corporation which is a 49% owned subsidiary of Adams-Millis Corporation. Hanes-Millis has been successful in placing the Hanes 'Red Label' brand in K-Mart Stores, the largest discount mass merchandising chain in the country. Hanes-Millis in the very near future will launch a pantyhose program under the 'Beverly Jane' label.

"It appears that our ABC Wide World of Sports Socks program has turned the corner and will reap a profit for the company. This brand also is under test with K-Mart.

"We have made one major machinery acquisition this year in the purchase of 45 knitting machines titled 'CKA'S and as these machines are not produced any longer; they will produce a short and long term profit for the company.

"Also, in 1981 we received the Sears' Symbol of Excellence Awards from both the boys' and men's department and for this we are very pleased and proud.

"In recent years, TexElastic has been the leader in increasing yarn package sizes and altering yarn constructions in the covered elastic yarn field. In 1982, we plan to introduce two new projects to the trade— direct tube take-up and the use of polyester yarn covers in the hope of obtaining new business, improving our customers' productivity and increasing TexElastic's profit margins.

"Our overall strategy with these two projects is three-fold: Improve our low profit margin styles, aggressively take on competitors for new business and improve styles which now are only adequate from a margin standpoint. The success of these two projects will continue to label TexElastic as an innovator and will continue to put pressure on our competitors to make the necessary changes in their equipment and marketing strategy to duplicate these projects.

"Fashion is becoming more important in the hosiery industry, therefore, we must be creative and innovative in our styling. We have the machinery in place to do just that.

"Our Corporate challenge is to posture ourselves whereby our cost per pound of yarn and cost per dozen of hosiery not only make us competitive in the marketplace, but also generates margins that are fair to our shareholders. We are not there today— but we are heading in that direction.

"Therefore, I close by saying that near term I am personally pessimistic— but hasten to also say that long term, I am quite optimistic.

*J. H. Millis*

J. H. Millis  
Chairman of the Board



## The President's Corner

William B. Mewborne, Jr.  
President and Chief  
Operating Officer

Containing health care costs for employees of Adams-Millis Corporation is one of our most pressing problems today, as it is for all companies throughout the country who offer such benefits.

Every phase of health care costs—including medical, doctors' and hospitals' fees—have risen so dramatically in recent years that companies and insurance firms must constantly seek ways to counteract these sharply rising costs.

Just recently, through an annual report released from our Employee Benefits office, we learned that some \$1,509,508 was paid out to employees in 1981 through Adams-Millis Corporation's health care plan. This was an average of \$621 for each employee covered under the plan, and represented a 22% increase over 1980's average of \$509 per employee.

When we consider that our health care plan is a cooperative effort by our Corporation and our employees, with the Corporation contributing 60% and employees contributing 40% toward its costs, we realize that it is to our mutual benefit to strive in every way possible to reduce these costs.

Of course, staying well is the key to lowering medical costs, as we all know. Recently the word "wellness" is being seen more and more in our health care program. The dictionary defines wellness as "the quality or state of being in good health." A term perhaps more familiar to us is the saying that "good health means more than anything." When we consider this, the truth of the saying becomes more clear: enjoying good health—feeling good, being free of pain and conditions that keep our body and mind from functioning at their highest potential, being able to work and to enjoy leisure time—is a "state of well being or good health," a goal for which all of us should be striving.

On the following page of this paper are a few simple rules that can add greatly to our degree of "wellness"—and also reduce our medical costs. They are simple facts that each of us probably has read many times. We may not have attached enough importance to them, perhaps because they are so simple. Health research has shown conclusively, however, that practicing these simple rules can do much toward improving our health and reducing the cost of staying well and thus improve the quality of our lives on our jobs and in our homes. If each of us resolved to adhere to these rules, without question, for a certain length of time, we all would feel better and in time would find our medical costs would be reduced substantially.

As I said, the rules are simple, but certainly are worth trying.

*William B. Mewborne, Jr.*

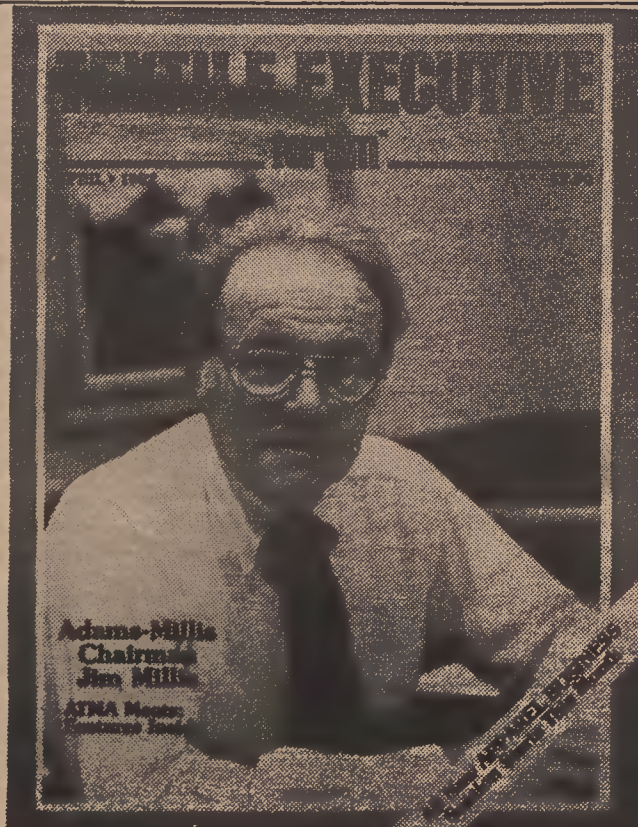
William B. Mewborne, Jr.  
President

## Directors Elected

Shareholders of Adams-Millis Corporation at the Annual Shareholders Meeting in May re-elected James H. Millis, Sr.; Nathan M. Ayers; Irwin Belk; Robert M. Bundy, Jr.; L. Hardwick Caldwell, Jr.; M. Neel Harrison; C. W. Hartsoe; William B. Mewborne, Jr.; and Bland W. Worley to serve as directors of the Corporation. Elected as a new director was Phillips L. Johnston. (See story on Page 3.)

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Mr. Millis on Magazine Cover

## Magazine Features Chairman

(con't from page 1)

Ladies hosiery is the firm's single largest concern, and Jim Millis says "there are lots of challenges in the area of ladies hosiery. Our hosiery is unbranded, and therefore the competition is fierce with L'Eggs (Hanes product) and No-Nonsense (Kayser-Roth product). We really compete more with L'Eggs, since we don't call on many department stores with hosiery. We do have a large supermarket business." Millis says his current hosiery strategy is to put his hosiery into the supermarkets' packages. But the design and packaging success enjoyed by L'Eggs and No-Nonsense, and the marketing strategy employed by both, intrigues Millis. "The girls go out in their little trucks and service each store, the retailer doesn't have to bother with it, as long as it turns. We are working on that kind of opportunity," Millis says with an enigmatic smile.

"In that same area," he adds, "we continue to explore products other than hosiery, but perhaps in the same general area. You might see some new products coming out soon."

Since Sears recently became the country's largest apparel retailer, TEF asked Millis whether Sears' growth would affect Adams-Millis. "I hate to pick out just one customer, because I love them all. But historically, as our customers grow, we grow with them," Millis replies with barely-restrained glee.

Raw materials for the hosiery industry, Millis says, are getting out of hand in their costs to the manufacturer. "There has been a steady rise in raw material prices, principally manmade fiber such as DuPont's Orlon nylon. There has also been a dramatic rise in the price of cotton, which we use less of today. Until recently, the prices rose faster than we had the ability to pass that cost along to our customers.

(con't on page 8)