

1977 — A Year Of Growth And Innovation

Fieldcrest Mills, Inc., achieved record sales and earnings for the third consecutive year in 1977. The graphic report on page three will show you the disposition of the 1977 sales dollar.

However, sales and earnings figures don't tell the whole story of Fieldcrest 1977. It was a year of innovation and growth for the company in two major areas particularly. First, a very satisfactory joint venture agreement with two Irish partners for the construction of a terry towel mill in Kilkenny, Ireland, was concluded. The two Irish partners are the Bank of Ireland and P. J. Carroll & Company, Limited. This represents a significant undertaking since the towels manufactured in Ireland will be for European common market consumption. The facility is now under construction and production expected to begin in 1979.

The second major event of the year was the acquisition of a new bath rug manufacturing plant in Scottsboro, Alabama, and the purchase of new equipment for that facility.

Three important factors contributed to the company's success during the year. These factors are fashion leadership, manufacturing skill and efficient management of assets, all of which are critical to the company's success, enabling it to not only sell its products but also to make it competitive within the industry.

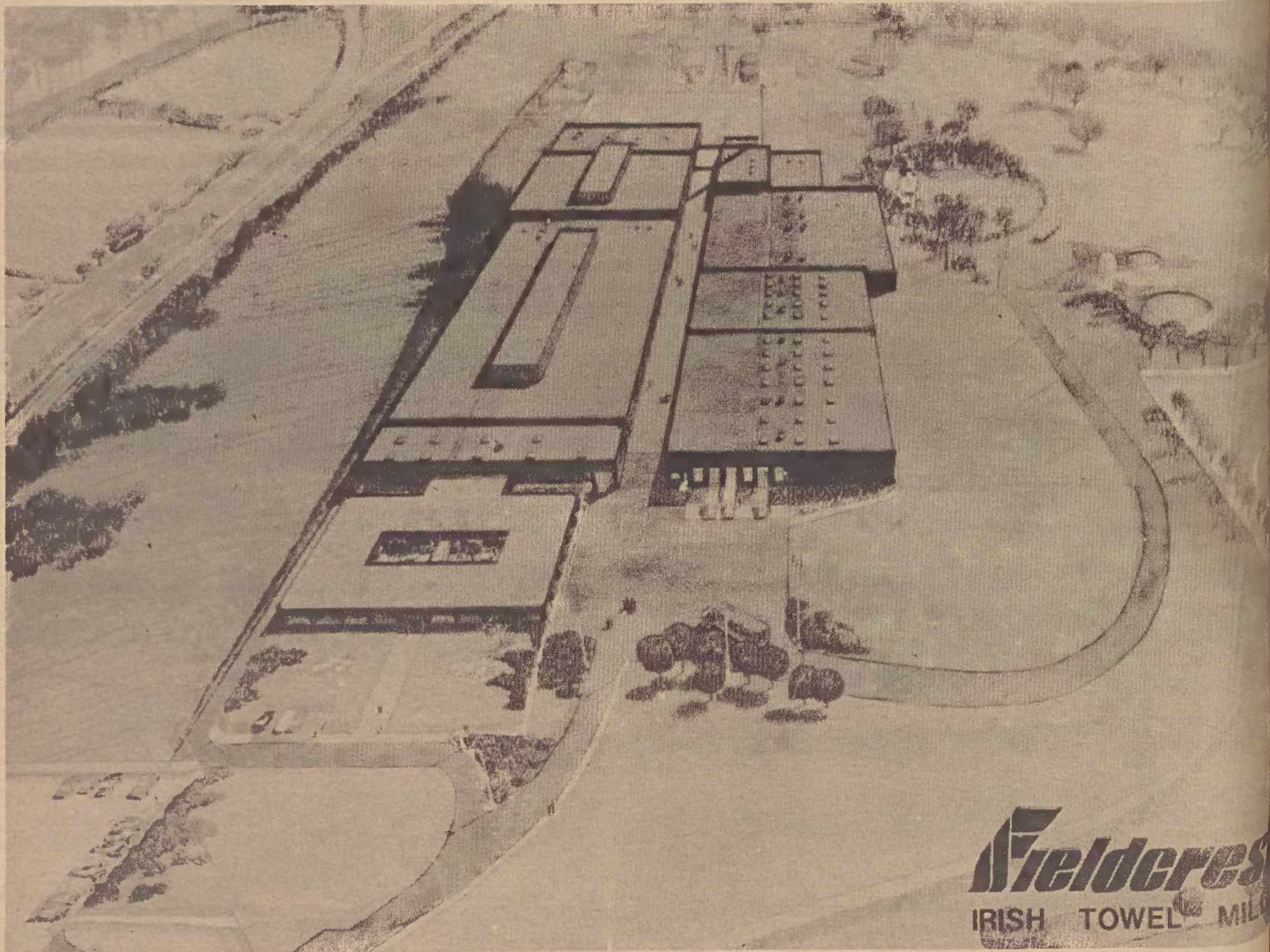
Other expansion and modernization projects during the year included the purchase of new dyeing equipment for blankets and bedspreads, new looms for the Columbus Towel Mill, a dust abatement and modernization program at the Fieldcrest Towel Mill, and installation of precipitators at North Carolina Finishing.

Total expansion and modernization expenditures for the year were \$12,693,000.

In the area of employment, at year-end Fieldcrest employed 2,300 salaried and 10,100 hourly people. Total employment of 12,400 was an 8 percent increase above the 11,500 level at the end of 1976.

While 1977 was an outstanding year for Fieldcrest in terms of sales, totaling \$416,860,000, the graphic report on page three shows that 95.8 cents of each sales dollar was spent on the actual costs of doing business, with 2.2 cents of each dollar remaining for reinvestment in the business and 2.0 cents out of each dollar going to our share holders.

The further breakdown shows that raw materials accounted for 32.5 cents of each sales dollar and manufacturing wages, salaries and benefits 23.8 cents.



Architectural drawing of Fieldcrest towel manufacturing plant under construction in Kilkenny, Ireland.