

THE CROWELL CORPORATION HISTORY

In 1906, Charles Crowell left Nashua Corporation and started Crowell in Brooklyn, NY. In 1916 he went blind and in 1921 he moved to Yorklyn, DE to be close to Joseph Bancroft and Sons, his supplier of clay filled fabric from which he made box tapes for the newly emerging corrugated box business. In the 1930's, Crowell invented a less expensive way of making the tape, instead of applying glue to the clay filled fabric, he used greige goods and laminated a sheet of paper to one side and applied the glue coat to it. Around 1940, Sisal tape was invented and Crowell refused a license to make it and its market share declined. Along came WWII, and Crowell was able to sell all of the cloth tape it had raw material for. After WWII, Crowell's market share once again declined and by the time it accepted a license, it was too late. In December 1951, Crowell shut the plant. On February 1, 1952, the Adelman family bought the business for Herbert Adelman to revive and run.

The newer part of the building was built in 1902 and the older part Civil War era. HBA was told by then plant manager, the only thing the company needed was sales, and so HBA became a salesman. Six months later, he hired a salesman away from the competitor. In 1953, the Rosenberg family from NYC bought out the Adelman family interest except for HBA. The company started to grow, and by 1964 the company was looking to build a new modern plant. In December 1964 an electrical fire burned the building down. HBA immediately rented space in an old warehouse in Wilmington, bought a slitter and a printing press and was soon converting product bought from competitors. In September 1965, the Company moved into a new 50,000 square foot building on 3.5 acres. Additional equipment was purchased and the company continued its growth.

In about 1966, an arrangement was made for Crowell to gum the bottom sheet for Compac Corp. of Netcong, NJ and they laminated and reinforced it; kept their needs and sold back to us our requirements. In 1969, they also wanted to buy the interest of the Rosenberg family. As a consequence, the Rosenberg family contacted Saxon industries and offered Crowell to them. HBA resisted that takeover, and at about that time, he discovered theft on the part of the Rosenberg's, and in accordance with the shareholder Agreement the issue went into arbitration. HBA was given 30 days to buy out the Rosenberg's interest for \$1,280,000 in cash. A mini conglomerate, CGS Scientific, bought the company. HBA was president of the Crowell subsidiary and ran it until fraud was uncovered at CGS. He sued for rescission and prevailed. Crowell was back in the domain of HBA. Key employees were permitted to invest in the company. Their interests were eventually bought out at their request or their demise.

Around 1977, HBA invented Cro-Nel® as a way to diversify. This was a lamination of Microfoam to kraft paper or linerboard, with a cohesive coating on the foam. Even to this day, it is the most versatile packaging material known.

About 1980, Crowell added to their building to create a 105,000 square foot plant.

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Due to limited resources, the market grew slowly. Introducing a totally new product in the marketplace is slow and expensive. The applications for the product grew and many more patents followed.

Robert Adelman joined the company on a full time basis in 1977. He had been working here in the summers while a student. He is the co-inventor of an inflatable tire safety chamber and was involved in production. He has assumed the responsibility for our converting sales, which is growing nicely and has successfully melded his knowledge of our production capabilities with excellent sales skills.

Joan Adelman joined the company on a full time basis in 1979. She had also been working summers while a student. Starting out as a clerk in the accounting department, she was soon able to do all of the office functions. She became VP Administration, being responsible for HR, labor, benefits, finance, and eventually becoming COO.

Concurrently, pressure sensitive tape grew and took market share from the gummed tape manufacturers in the USA. About 1992, Tape, Inc. sold out to investment bankers and this initiated a price war. Central was sold by Alco Standard to Spinnaker, and these two companies were in a battle. Later, Tape, Inc. was sold to Intertape.

In 1984, Crowell received defective APP from Himont, which caused the reinforced tape to delaminate. A suit was instituted, and Himont was found liable. Eventually, Himont and their insurance carriers paid Crowell \$1.6 million.

In November of 1998, we hired Raymond Hajek as Vice President of sales. He was Executive Vice President of sales at AVI, and then V.P at Tenneco Packaging. He brought with him immediate knowledge of the packaging business and how to go to market through the paper and packaging distributor.

About 12 years ago, Crowell formed a strategic alliance with Microfoam (now part of Pactiv) wherein Crowell bought foam from them and they sold Cro-Nel made by Crowell. This has been a strong relationship and has grown and continues to grow.

In the summer of 1999, Intertape bought Central Products from Spinnaker. This reduced the number of domestic integrated manufacturers of gummed tape to only three. Since this acquisition, it appears there are many opportunities for us to supply WAT to the distributor due to the arrogance of Intertape and poor service. Often, the distributor wants a second source of supply and this helps our position.

About 1997, STA approached Crowell to make a line of gummed tape for them. This would enable them to blunt the advantage Intertape had of being able to offer P/S tape as well as water activated.

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Other P/S tape manufacturers have contacted Crowell to make tape for them. The problem has to be handled delicately, as it could create a schism with STA.

In December of 1998, Crowell became the exclusive licensee to make Tru-Seal® tape. After expending substantial sums to develop the product, it was found to be uneconomical, and Crowell terminated the license. Tru-Tech instituted a suit against Crowell for anticipatory breach of contract. Crowell's attorneys feel this suit has no merit. Attempts are being made to settle it. Should it go to trial, Crowell would have substantial counterclaims.

In 1999, the year of the Internet seems to have created the opportunity for dramatic growth in water activated tape. Often the fulfillment houses, contract packagers, and catalog houses have found WAT to be the product of choice to seal their cartons. With many more individual packages going to the consumer's home rather than in bulk to the retail store, it is felt WAT will once again grow. Cro-Nel would also benefit, as it is ideal for making individual pouches automatically. For the first time we appear to be in the right place at the right time. I have read where Internet sales will grow 100% per year for the next five years.