

Appendix 3B

Product information on envelopes

- 1) Contract grades - These envelopes are produced to meet a need to match competitive pricing from other manufacturers at accounts where we have to supply "volume" items at keen prices so as to be able to secure their speciality and more lucrative work.

Many direct consumers wish to buy their envelopes from one source and if we couldn't offer contract items we would endanger other business.

- 2) Tanner Branded Items - e.g. Centenary, Metric, Crayseal, Supertuff and Deltamail

The Tanner branded envelopes are the commercial range developed over many years trading which compete with the major manufacturers - John Dickinson Red List and Wiggins Teape River Series.

Direct Consumers and Distributors (merchants and stationers) are all familiar with Tanners products and our strength is the ability to use a stock item be it quality or size, to produce bespoke or specials to customers specific needs - printed, window or nominated material - hence the high proportion of specials to stock, ratio of 60% which is far greater than other envelope manufacturers.

In this section of Tanner branded lines mention should be made of the newly developed range of mechanised mailing envelopes - Deltamail Omega/Sigma which was launched some three years ago on the arrival of our 328 envelope machine, which allows us to make the specialised envelopes used on inserting machines - Kern, Phillipsburg, Pitney Bowes, Alcatel etc, which have a preference for the side seams of the envelope to be on the outside. This range of product is sold primarily to direct consumers and as our machine is blank fed, unlike our competitors, we can produce small quantities of specified material or tinted paper in a standard mechanised envelope size.

3. High Value (Luxury envelopes) - Classic, Brightwater, Mellotex, Conservation

Some ten years ago we embarked on the production of Classic envelopes for G.B. Papers which involved the manufacture and distribution of these high value envelopes that competed

with the market leader Conqueror from Wiggins Teape, and were sold to our own customer base and to G.B. Papers distributors of Classic Paper. The concept behind this arrangement was a need that G.B. Papers had for matching envelopes to their quality letterhead paper Classic which they were unable to meet as they had no envelope conversion facilities "in house", unlike Wiggins Teape.

Tanners as an independent saw the potential and developed a comprehensive envelope range to compete with Conqueror along with increased packaging awareness which ensured that when Classic Paper and Envelopes were sold to the market, the products were seen to be identical in quality and presentation.

Distribution of Classic and now other lines developed as luxury envelopes have evolved to primarily two areas

- a) Tanners direct consumer accounts
- b) Paper Merchants/Distributors appointed by the paper mills.

Further benefits have helped the development of luxury envelopes . due to Tanners "flexible" manufacturing capabilities, where the growth and business secured for "specials" on luxury envelopes require overprinting or special window size etc. where the volume manufacturer can not compete.

In the case of G.B. Papers, one further bonus that has worked for the benefit of both companies, has been the development of private watermarked papers by G.B. Papers and for Tanners to supply matching envelopes to their specialised papers. The strength for Tanners to secure this business which often calls for varying envelope sizes and print in smallish quantities making it uncompetitive for other envelope manufacturers, is that Tanners can use one standard sheet size to supply a wide assortment, thereby offering the end user matching envelopes to a private watermarked paper in "managable" quantities.

Current high value (luxury) qualities and principles that Tanners work for:-

G.B. Papers Scotland - Classic, Brightwater, Flannel,
(owned by Victory Laser, Eden Grove,
James River Group Manhattan Lined Envelopes.
of U.S.A.)

Tullis Russell, Scotland - Mellotex

Weir Paper Products - Repeat Watermarked Stationery
Scotland (only mfg. not distributing)

Wm. Sommerville
Scotland
(owned by
James River Group
U.S.A.

- Conservation and Metaphor.
(Conservation is the market leader
in quality recycled letterhead
paper and matching envelopes)

(For Sommersilles we only
manufacture - all distribution is
currently controlled by the mill)

Empire Fine Papers,
Kent.
(owned by Norsk Skog
Norway)

- White Laid

Crane Paper Inc. USA
- Cranes Crest (100% Rag containing
paper)

Domtar, Canada

- Byronic Text

Green Consultancy
Reading

- Woodland Wove