

PRESS RELEASE

August 28, 2006

Today marks a new beginning for one of the oldest yarn processing companies in the United States.

Jefferson Mills, Inc. located in Pulaski, Virginia, a textile company that processes textured and twisted synthetic fiber yarns, has been sold to a new company (Jefferson Yarns, Inc.) formed mostly by current management of Jefferson Mills, Inc.

Jefferson Mills, Inc. was started in 1898 in Brooklyn, New York as a silk mill under the name of Kahn & Feldman, Inc. and later moved to Martinsburg, West Virginia. In 1938 the company moved to Pulaski, Virginia where it has been operating under the name of Jefferson Mills, Inc. for 68 years. The company has struggled over the last five years while the textile industry in the U.S. has shrunk due to overwhelming influx of textile products from abroad.

Jefferson Yarns, Inc., a new Virginia corporation was formed by David B. Spangler, H. Duane Pace, Charles R. Ibach, Jr., and Charles R. Ibach, III. In late August, Hugh E. Wallace became a partner in the company. All of these stockholders will form the Board of Directors. This new company is unique in that it is made up of most of the previous ownership of Jefferson Mills with an added member whose background is also in textiles. Jefferson Yarns, Inc. will offer continued employment and benefits to all of the loyal and valuable employees that have made Jefferson Mills a leader in the fiber industry for over 100 years.

This new beginning is made possible in a large part to our many loyal customers and suppliers who have stood by the company through difficult times over the past five years. With their continued support we are determined to be the best domestic supplier of nylon and polyester yarns in the U.S. textile industry for many years to come.