FIBERMARK INC
Form 10-Q
May 15, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: March 31, 2003

Commission File Number: 0-20231

FiberMark, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**82-0429330**
(State or other jurisdiction of Identification No.)	(I.R.S. Employer Identification No.)

161 Wellington Road, P.O. Box 498, Brattleboro, VT 05302
(Address of principal executive office and zip code)

802-257-0365
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes o No ý

The registrant had 7,066,226 shares of FiberMark common stock outstanding as of April 15, 2003.

FIBERMARK, INC.

INDEX

PART I. FINANCIAL INFORMATION

FIBERMARK, INC.

Consolidated Statements of Operations

Three Months Ended March 31, 2003 and 2002

(In thousands, except per share amounts)

Unaudited

		2003		2002
Net sales	$	104,666	$	97,158
Cost of sales		84,465		78,552
Gross profit		20,201		18,606
Selling, general and administrative expenses		12,238		8,917
Income from operations		7,963		9,689
Other (income) expense, net		(43)		411
Interest expense, net		8,699		8,562
Income (loss) before income taxes		(693)		716
Income tax expense		4,710		322
Net income (loss)	$	(5,403)	$	394
Basic earnings (loss) per share	$	(0.76)	$	0.06
Diluted earnings (loss) per share	$	(0.76)	$	0.06
Average Basic Shares Outstanding		7,066		6,903
Average Diluted Shares Outstanding		7,066		6,947

See accompanying notes to consolidated financial statements.

3

FIBERMARK, INC.

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

Unaudited

		March 31, 2003		**December 31, 2002**
ASSETS				
Current assets:				
Cash	$	30,286	$	35,567
Accounts receivable, net of allowances		54,949		50,386
Inventories		67,339		64,569
Prepaid expenses		1,932		1,591
Total current assets		154,506		152,113
Property, plant and equipment, net		234,416		225,506
Goodwill		98,657		98,460
Other intangible assets, net		11,049		11,478
Other long-term assets		1,394		1,347
Other pension assets		5,011		5,011
Total assets	$	505,033	$	493,915
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Current portion of long-term debt	$	4,435	$	3,188
Accounts payable		24,370		27,344
Accrued liabilities		32,857		22,461
Accrued income taxes payable		5,687		4,330
Deferred income taxes		560		538
Total current liabilities		67,909		57,861
Long-term liabilities:				
Revolving credit line				
Long-term debt, less current portion		343,537		341,073
Deferred income taxes		15,676		14,952
Other long-term liabilities		44,317		43,800

Total long-term liabilities		403,530		399,825
Total liabilities		471,439		457,686
Stockholders equity				
Preferred stock, par value $.001 per share; 2,000,000 shares authorized, and none issued				
Series A Junior participatory preferred stock, par value $.001; 7,066 shares authorized, and none issued				
Common stock, par value $.001 per share; 20,000,000 shares authorized 7,070,026 and 7,066,226 shares issued and outstanding in 2003 and 6,911,058 and 6,907,258 shares issued and outstanding in 2002		7		7
Additional paid-in capital		65,496		65,496
Accumulated deficit		(35,334)		(29,931)
Accumulated other comprehensive income		3,460		692
Less treasury stock, 3,800 shares at cost in 2003 and 2002		(35)		(35)
Total stockholders equity		33,594		36,229
Total liabilities and stockholders equity	$	505,033	$	493,915

See accompanying notes to consolidated financial statements.

FIBERMARK, INC.

Consolidated Statements of Cash Flows

Three Months Ended March 31, 2003 and 2002

(In thousands)

Unaudited

	2003	2002
Cash flows from operating activities:		
Net income (loss)	$ (5,403)	$ 394
Loss on disposal of intangible assets	35	
Amortization of deferred gain	(222)	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	4,150	3,441
Amortization of bond discount	43	43
Deferred income taxes	134	
Changes in operating assets and liabilities:		
Accounts receivable	(4,163)	(4,304)
Inventories	(2,053)	889
Prepaid expenses	(325)	(68)
Other long-term assets	5	
Accounts payable	(3,407)	(2,612)
Accrued liabilities	10,208	6,488
Accrued income taxes payable	1,032	(133)
Other long-term liabilities	(59)	123
Net cash provided by (used in) operating activities	(25)	4,261
Cash flows used for investing activities:		
Additions to property, plant and equipment	(9,608)	(3,325)
Increase in other intangible assets		(32)
Net cash used in investing activities	(9,608)	(3,357)
Cash flows from financing activities:		
Proceeds from issuance of debt	5,595	1,895
Net borrowings under revolving credit line		677
Repayment of debt	(1,927)	(407)

Net cash provided by financing activities		3,668		2,165
Effect of exchange rate changes on cash		684		(718)
Net increase (decrease) in cash		(5,281)		2,351
Cash at beginning of period		35,567		23,266
Cash at end of period	$	30,286	$	25,617

See accompanying notes to consolidated financial statements.

FIBERMARK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2003 and 2002

(Unaudited)

1. Basis of Presentation

In the opinion of management the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of normal recurring items, necessary to present fairly the consolidated financial position and the consolidated results of operations and cash flows for the interim periods.

Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2002, included in the company s Annual Report on Form 10-K.

2. Changes in Accounting Principles and Recently Issued Standards

On January 1, 2003, we adopted Statement of Financial Accounting Standards (SFAS) No. 143, *Accounting for Asset Retirement Obligations* (SFAS No. 143). SFAS No. 143 applies to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and (or) the normal operation of a long-lived asset. Adoption of SFAS No. 143 did not have a material impact on our financial statements.

On January 1, 2003, we also adopted SFAS No. 145, *Rescission of FASB Statements No. 4, 44 and 64, Amendment of SFAS No. 13, and Technical Corrections* (SFAS No. 145). SFAS No. 145 rescinds SFAS No. 4, *Reporting Gains and Losses from Extinguishments of Debt*, and an amendment of that Statement, SFAS No. 64, *Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*. The pronouncement also rescinds SFAS No. 44, *Accounting for Intangible Assets of Motor Carriers* and amends SFAS No. 13, *Accounting for Leases*, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 had the effect of reclassifying the loss on early extinguishment of debt recorded in 2001 from an extraordinary item to other expense.

On January 1, 2003 we adopted SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. SFAS No. 146 requires companies to recognize costs associated with exit (including restructuring) or disposal activities at fair value when the related liability is incurred rather than at the date of a commitment to an exit or disposal plan as under current practice. Costs covered by the standard include certain contract termination costs, certain employee termination benefits and other costs to consolidate or close facilities and relocate employees that are associated with an exit activity or disposal of long-lived assets. The requirements of SFAS No. 146 are effective prospectively for exit or disposal activities initiated after December 31, 2002. We did not engage in any exit or disposal activities during the three months ended March 31, 2003.

We have reviewed all recently issued, but not yet effective, accounting pronouncements and do not believe any such pronouncements will have a material impact on our financial statements.

3. Net Income (Loss) Per Common Share

The reconciliation of the numerators and denominators of the basic and diluted income (loss) per common share computations for the company s reported net income (loss) follows (in thousands, except share and per share amounts):

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
Numerator:		
Income (loss) available to common shareholders used in basic and diluted earnings (loss) per share	$ (5,403)	$ 394
Denominator:		
Denominator for basic earnings (loss) per share:		
Weighted average shares	7,066,226	6,903,458
Effect of dilutive securities:		
Fixed stock options	*	43,386
Denominator for diluted earnings (loss) per share:		
Adjusted weighted average shares	7,066,226	6,946,844
Basic earnings (loss) per share	$ (0.76)	$ 0.06
Diluted earnings (loss) per share	$ (0.76)	$ 0.06

* Due to a loss for the period, 3,287 incremental shares are not included because the effect would be antidilutive.

4. Stock-Based Compensation

Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure*, amends Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of that Statement to require prominent disclosure about the effects on reported net income (loss) of an entity s accounting policy decisions with respect to stock-based employee compensation. The company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the company s stock at the date of the grant over the amount an employee must pay to acquire the stock.

7

No compensation expense has been recognized for stock options granted under the plans during the three months ended March 31, 2003 and 2002, as any options granted were at exercise prices that equaled the market value at the date of the grant. Had compensation expense for the company s stock option awards been determined based on the fair value at the grant date for awards granted after 1994 consistent with the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation,* the company s net income (loss) would have been reduced to the pro forma amounts indicated below (in thousands except per share amounts):

	Three Months Ended March 31,			
		2003		2002
Net income (loss), as reported	$	(5,403)	$	394
Total stock based employee compensation expense determined under fair value method		(155)		(317)
Net income (loss), pro forma	$	(5,558)	$	77
Basic earnings (loss) per share, as reported	$	(0.76)	$	0.06
Basic earnings (loss) per share, pro forma		(0.79)		0.01
Diluted earnings (loss) per share, as reported	$	(0.76)	$	0.06
Diluted earnings (loss) per share, pro forma		(0.79)		0.01

Pro forma amounts reflect only options granted after 1994. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma amounts presented above because compensation cost is reflected over the options vesting periods and compensation cost for options granted prior to January 1, 1995, is not considered.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for any grants in 2003 and 2002: risk-free interest rate of 4.4%, dividend yield of $0, expected volatility of 45% and expected lives per the plan agreements.

5. Comprehensive Loss

Comprehensive loss for the three months ended March 31, 2003 and 2002, consists of net income (loss) and foreign currency translation adjustments as follows (in thousands):

	Three Months Ended March 31,			
		2003		2002
Net income (loss)	$	(5,403)	$	394
Currency translation adjustment		2,768		(1,952)
Comprehensive loss	$	(2,635)	$	(1,558)

6. Inventories

Inventories at March 31, 2003 and December 31, 2002, consisted of the following (in thousands):

	March 31, 2003	December 31, 2002
Raw material	$ 21,298	$ 20,671
Work in progress	20,646	19,548
Finished goods	15,453	14,975
Finished goods on consignment	4,522	4,090
Stores inventory	3,761	3,562
Operating supplies	1,659	1,723
Total inventories	**$ 67,339**	**$ 64,569**

7. Goodwill and Other Intangible Assets

Effective January 1, 2002, we adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). Under SFAS 142, we no longer amortize goodwill and intangibles that have indefinite lives. SFAS 142 also requires that we assess goodwill and intangibles with indefinite lives for impairment at least annually, based on the fair value of the related reporting unit or intangible asset. On an ongoing basis, we expect to perform our annual impairment assessment in the fourth quarter of each year, based on information as of September 30. The change in goodwill during the three months ended March 31, 2003, was due to changes in foreign currency translations.

The following table provides the gross carrying value and accumulated amortization for each major class of other intangible assets as of March 31, 2003 and December 31, 2002 (in thousands):

	Gross Carrying Value		Accumulated Amortization	
	March 31, 2003	Dec. 31, 2002	March 31, 2003	Dec. 31, 2002
Amortizable intangible assets:				
Debt issue costs	$ 14,257	$ 14,467	$ 5,050	$ 4,875
Acquired technology	846	846	11	
Other	1,409	1,409	402	369
Total amortizable intangible assets	$ 16,512	$ 16,722	$ 5,463	$ 5,244

The total intangible amortization expense for the three months ended March 31, 2003 and 2002 was $431,000 and $413,000, respectively. The estimated amortization expense for each of the next five years ending December 31, is as follows (in thousands):

2003	$	1,724
2004	$	1,724
2005	$	1,687
2006	$	1,487
2007	$	1,043

8. Segment Information:

The following table categorizes net sales in each product family into the appropriate operating segment (in thousands):

	Three Months Ended March 31, 2003						Three Months Ended March 31, 2002					
	Operating Segments						Operating Segments					
	German Operations		North American Operations		Total		German Operations		North American Operations		Total	
Net sales												
Product Family												
Office products	$		$	19,446	$	19,446	$		$	21,174	$	21,174
Publishing and packaging				23,023		23,023				24,222		24,222
Technical specialties		47,719		14,478		62,197		36,512		15,250		51,762
	$	47,719	$	56,947	$	104,666	$	36,512	$	60,646	$	97,158

10

The following table presents selected financial data for each of our operating segments for the three months ended March 31, 2003 and 2002 (in thousands).

	Three Months Ended March 31, 2003			Three Months Ended March 31, 2002		
	Operating Segments			Operating Segments		
	German Operations	North American Operations	Total	German Operations	North American Operations	Total
Total sales	$ 47,719	$ 57,568	$ 105,287	$ 36,512	$ 60,646	$ 97,158
Less: inter-segment net sales		(621)	(621)			
Total net sales	$ 47,719	$ 56,947	$ 104,666	$ 36,512	$ 60,646	$ 97,158
Income (loss) from operations	$ 10,133	$ (2,170)	$ 7,963	$ 7,123	$ 2,566	$ 9,689
Depreciation and amortization	$ 1,070	$ 3,080	$ 4,150	$ 794	$ 2,647	$ 3,441

The following table presents selected financial data for each of our operating segments at March 31, 2003 and December 31, 2002 (in thousands).

	March 31, 2003				December 31, 2002			
	Operating Segments				Operating Segments			
	German Operations	North American Operations	Other	Total	German Operations	North American Operations	Other	Total
Total assets	$ 151,677	$ 442,674	$ (89,318)	$ 505,033	$ 149,642	$ 434,793	$ (90,520)	$ 493,915

11

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three Months Ended March 31, 2003, Compared with Three Months Ended March 31, 2002

For the three months ended March 31, net sales were $104.7 million in 2003 compared with $97.2 million in 2002, a 7.7% increase.

Net sales from our German operations increased 30.7% to $47.7 million in the first quarter of 2003 from $36.5 million in the comparable 2002 period. Approximately $8.7 million of the increase in net sales was attributable to the effects of a stronger euro in the first quarter of 2003 compared with the first quarter of 2002. Excluding foreign exchange effects, sales from our German operations increased by 6.8%. This increase in net sales was primarily due to market share growth across German product families, with the exceptions of our coating base and printing materials, which did not grow during the quarter. Our German businesses continue to outperform the regional economy due to the strength of our market niches and our position within these markets.

Sales from our North American operations segment were $56.9 million in the first quarter of 2003, a 6.1% decline, from $60.6 million in the first three months of 2002 primarily due to continued weakness in the U.S. economy, and to a lesser degree by the sale of our North American industrial filter media business in December 2002 (accounting for $0.7 million of this decline).

Technical specialties sales in North America decreased 5.2% to $14.5 million in the first quarter of 2003 compared with $15.3 million in the 2002 period, driven by a combination of declines in sales of electrical transformer, building and abrasive base materials, partially offset by gains in tape business and matboard. The sales gains and losses reflect the relative strength and weakness of the markets we compete in and to a lesser degree, competitive pressures.

Sales in publishing and packaging grades, representing the decorative specialties product lines, were $23.0 million in the first quarter of 2003 compared with $24.2 million in the same period in 2002, a 5.0% decline. Our publishing business lagged historical levels, mirroring industry conditions for textbook manufacturers in the face of tighter state budgets. Our packaging business reflected weak luxury packaged consumer goods sales, offset in part by the contribution of new product lines.

Office products sales were $19.4 million in the first quarter of 2003 compared with $21.2 million in the comparable 2002 quarter, a decline of 8.5%. This decline reflects continued weakness in this sector and some substitution of lower quality material, tied to the rising influence of inexpensive imported finished products from the Pacific Rim.

Gross margin for the first quarter of 2003 was 19.3% compared with 19.2% in the first quarter of last year. Higher pulp and energy prices were offset by reduced fixed costs resulting from facility consolidations, reduced trial expenses and improved production rates, particularly on the new paper machine in Warren Glen, New Jersey. Capacity utilization during the first three months of 2003 was down slightly compared with the first three months of 2002.

General and administrative expenses for the first three months of 2003 were $12.2 million compared with $8.9 million for the same period in 2002. The increase was primarily due to an increase in the allowance for doubtful accounts and higher professional fees associated with a variety of projects.

In the first three months of 2003, we realized $8.0 million of income from operations (7.6% of sales) compared with $9.7 million in 2002 (10.0% of sales). In our German operations segment, income from

operations increased 42.3% to $10.1 million (21.2% of German operations sales) from $7.1 million (19.5% of German operations sales) in 2002. This increase was due to a stronger euro in 2003, higher volume, slightly higher production rates offset in part by higher pulp prices. In our North American operations segment we incurred a loss from operations of $2.2 million in the first three months of 2003 compared with income from operations of $2.6 million in 2002. The change from 2002 was primarily attributable to higher pulp and energy prices, an increase in the allowance for doubtful accounts, higher professional fees associated with a variety of projects and slightly lower capacity utilization partially offset by reduced fixed costs, reduced trial expenses and improved production rates.

Net interest expense was $8.7 million in the first quarter of 2003 compared with $8.6 million in the first quarter of 2002. Interest expense for the first quarter of 2003 increased due to interest on the capital lease resulting from the sale-leaseback transaction involving our Lowville, New York, facility and interest on borrowings under the sub-facility of our $60.0 million revolving credit facility.

Income tax expense was $4.7 million in the first three months of 2003 compared with income tax expense of $0.3 million in 2002. In 2003, we recorded a $4.4 million valuation allowance against our deferred tax assets because management determined that it was more likely than not that the deferred tax assets arising from the pretax loss incurred by our North American operations would not be realized.

The net loss for the first three months of 2003 was $5.4 million, or $0.76 per share, compared with net income of $0.4 million, or $0.06 per share in 2002.

Liquidity and Capital Resources

As of March 31, 2003, we had outstanding $100.0 million of senior notes, which mature on October 15, 2006, are non-amortizing and carry a fixed interest rate of 9.375%. Also outstanding at March 31, 2003 were $230.0 million of senior notes issued in conjunction with the DSI acquisition. These notes, which mature on April 15, 2011, are also non-amortizing, were issued at a discounted price of $228.3 million and carry a fixed interest rate of 10.75%.

At March 31, 2003, the company had a $60.0 million revolving credit facility that expires on September 30, 2005 (the Credit Facility). The Credit Facility includes a $10.0 million sub-facility (the Sub-facility) to be used for capital expenditures, working capital and general corporate purposes and is secured by a lien on substantially all of our U.S. accounts receivable and inventory and on the equipment and real estate located at our Brattleboro, Vermont, facility. In addition, the Sub-facility is secured by various machinery located at the Lowville, New York and Quakertown, Pennsylvania facilities. The Credit Facility contains certain covenants, which require the maintenance of financial ratios. Establishment and testing of these covenants has been waived until December 31, 2003. During this grace period there is an availability block on the Credit Facility, which limits the company s borrowing capacity. At March 31, 2003, our total borrowing capacity under the Credit Facility, including the Sub-facility, was $41.7 million. As of the same date, we had a total of $7.1 million outstanding under the Credit Facility comprising $4.8 million of outstanding letters of credit and $2.3 million outstanding under the Sub-facility. Advances under the Sub-facility are repayable in quarterly installments and bear interest at either the prime interest rate plus a margin of 2.0% or the London Interbank Offering Rate (LIBOR) plus a margin of 3.5%. Advances under the $60.0 million revolving credit facility bear interest at the prime interest rate plus a margin of between 0.50% and 1.5%, or LIBOR plus a margin of between 2.0% and 3.0%, depending on the company s leverage ratio. At March 31, 2003, the company had a total of $34.6 million available under the Credit Facility including $7.7 million available under the Sub-facility.

At March 31, 2003, $2.0 million was outstanding under a term loan with CIT secured by machinery at our Quakertown, Pennsylvania, facility. This loan bears interest at LIBOR plus 2.0% and is repayable in monthly installments through 2007.

At March 31, 2003, $10.8 million was outstanding on a term loan secured by a paper machine at our Warren Glen, New Jersey, facility. The interest rate on this loan is 8.47% with the balance amortizing over seven years.

In the fourth quarter of 2002, we entered into a sale-leaseback agreement involving our Lowville, New York facility. Under the sale-leaseback agreement, FiberMark paid $1,118,000 representing 20% of the project cost in January 2003, and is obligated to make 24 monthly payments of $100,000 plus interest on the outstanding principal, followed by a balloon payment of approximately $2,077,000 on January 31, 2005, when FiberMark will resume ownership of the entire site. At March 31, 2003, the balance outstanding on the capital lease was $4.3 million.

The company s historical requirements for capital have been primarily for servicing debt, capital expenditures and working capital. For the three months ended March 31, cash flows from operating activities were breakeven in 2003 and $4.3 million for 2002. During these periods, additions to property, plant and equipment totaled $9.6 million in 2003 and $3.3 million in 2002.

As of March 31, 2003, there were no material changes in our contractual obligations or long-term debt from the amounts disclosed in our Annual Report on Form 10-K for the year ended December 31, 2002, except for an additional $2.0 million letter of credit outstanding which matures in 2004. See Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2002.

The company believes that cash flow from operations, plus existing cash balances and amounts available under our credit facilities will be sufficient to fund our capital requirements, debt service and working capital needs in 2003.

Inflation

We attempt to minimize the effect of inflation on our earnings by controlling operating expenses. During the past several years, the rate of general inflation has been relatively low and has not had a significant impact on our results of operations. We purchase raw materials that are subject to cyclical changes in costs that may not reflect the rate of general inflation.

Critical Accounting Policies

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Differences from those estimates are recorded in the reporting period during which the difference becomes known. Estimates are used in accounting for, among other items, facility closures, acquisitions, deferred tax assets, excess and obsolete inventory, allowances for doubtful accounts receivable, long-lived assets and pension benefit obligations. Those estimates which require management s most difficult, subjective or complex judgments are defined as critical and their accounting policies are described in further detail as follows:

Facility Closures

Among those factors affecting the accruals for facility closures are estimates of the number and types of employees that will be affected, the benefit costs related to those employees and the length of time until the operations can be consolidated within other facilities. Generally, we base our estimates on historical patterns of past facility closures, influenced by judgments about current market conditions. In future years, the adoption of Statement of Financial Accounting Standards No. 146, *Accounting for Costs Associated with Exit or Disposal Activities,* will change the timing of recognition of costs associated with facility closures.

Acquisitions

We account for acquisitions under the purchase method which requires the purchase price to be allocated to the assets acquired and liabilities assumed based upon their respective fair values. For the many significant assets we acquire, such as property, plant and equipment, we obtain third-party appraisals to determine the fair value of those assets. In accounting for our acquisition of DSI in April 2001, we estimated the fair value of property, plant, equipment working capital and other assets and allocated $109.8 million of the purchase price to goodwill.

Income Taxes

We are required to estimate income taxes in each of our operational jurisdictions. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as property, plant and equipment, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, for which we must then assess the likelihood that deferred tax assets will be recovered from future taxable income and to the extent that recovery is not likely, a valuation allowance must be established. Significant management judgment is required in determining the provision (benefit) for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. In 2003, we recorded a $4.4 million valuation allowance against our deferred tax assets because management determined that it was more likely than not that the deferred tax assets arising from the pretax loss incurred by our North American operations would not be realized.

Impairment of Goodwill and Other Long-Lived Assets

Long-lived assets are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Facility closures and the sale of technology are events that have triggered such impairment reviews in the past. Property, plant and equipment to be disposed of as a result of facility closures are reported at the lower of the carrying amount or fair value less cost to sell. Goodwill impairment as a result of the sale of technology was measured using the market value method prior to 2002. Generally, the company bases its estimates on historical patterns, influenced by judgments about current market conditions. Beginning in 2002, goodwill and other intangibles are assessed for impairment annually in accordance with Statement of Financial Accounting Standards No. 142*, Goodwill and Other Intangible Assets* (SFAS No. 142). We adopted SFAS No. 142 effective January 1, 2002.

In our transitional goodwill assessment on January 1, 2002, our review indicated that no impairment charge was necessary. However, as we progressed through the year, results in our North American operations were weaker than expected due to economic conditions in our markets and delays in implementation of our facility consolidations and the realization of related efficiencies. Consequently, we initiated a third-party appraisal of our North American operations in the fourth quarter 2002, using a September 30, 2002 measurement date to determine the carrying value of our goodwill and whether any impairment charge was indicated. Based on a fair market value determination reflecting the present value of our projected future cash flows (using a discount rate of 12%, and a compound sales growth rate of 4.6% through 2005 and 3.0% thereafter) and the value of our property, plant and equipment and intellectual property, including proprietary technology, we wrote down our goodwill, resulting in an impairment charge of $42.9 million.

Pension Assumptions

We have several defined benefit retirement plans covering our hourly employees. The defined benefit plan covering certain U.S. employees is an ERISA and IRS-qualified plan and we make annual contributions in amounts at least equal to the minimum amounts required by ERISA. The defined benefit plans covering all hourly employees in Germany were established by the company to provide a monthly pension benefit upon retirement. We have no legal obligation to fund the German plans.

Pension benefit obligations and the related effects on operations are calculated using actuarial models. Two critical assumptions, discount rate and expected return on assets, are important elements of plan expense and/or liability measurement. We evaluate these critical assumptions annually. Other assumptions involve demographic factors such as retirement, mortality and turnover. These assumptions are evaluated periodically and are updated to reflect our experience. Actual results that differ from the estimates may result in more or less future company funding into pension plans and more or less pension expense than is planned by management.

New Accounting Pronouncements

We have reviewed all recently issued, but not yet effective, accounting pronouncements and do not believe any such pronouncements will have a material impact on our financial statements.

Seasonality

Our business is mildly seasonal, with the second half of each year typically having a lower level of net sales and operating income. This seasonality is the result of summer manufacturing shutdowns and the impact of year-end holidays.

Forward-Looking Statements

This report contains forward-looking statements that involve substantial risks and uncertainties. Any statements that are not historical, which may include forward-looking words such as anticipate, believe, could, estimate, expect, intend, may, should, will and would fall within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements, based on assumptions believed to be valid at the time, discuss our future expectations, contain projections of our future results of operations or of our financial position or state other forward-looking information. The following items, Factors Affecting Future Results , as well as any cautionary language in this report, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We do not undertake to update any forward-looking statement made in this report or that may, from time to time, be made by us, or on our behalf.

Factors Affecting Future Results

Our future results of operations and our financial position may be affected by a number of factors and risks, including, but not limited to, the following:

Fluctuations in the costs and availability of raw materials could harm our business.

Our principal raw materials, hardwood and softwood pulp, and secondary fiber, are cyclical in both price and supply. The cyclical nature of pulp pricing presents a potential risk to our gross profit margins because we may not be able to pass along price increases to our customers. We may also be unable to purchase pulp in sufficient quantities, or at acceptable prices, to meet our production requirements during times of tight supply. DuPont is the sole source of Tyvek®, a critical component in our binding tapes. A significant price increase or any material limitation or interruption in our supply of key raw materials, including pulp, Tyvek®, or latex, particularly if we are unable to pass those increases through to our customers, could harm our financial condition, results of operations and competitive position.

Fluctuations in economic activity and demand for our products could harm our business.

The markets for our products are variable and are influenced to a significant degree by the global economic activity and fluctuations in our customers demand and inventory levels. Downturns in global economic conditions and decreased demand for specialty fiber-based materials could have a material adverse effect on our financial condition and results of operations.

Competition in specialty paper and materials markets could harm our financial condition and results of operations.

We face intense competition, which could harm our financial condition and results of operations. Our principal competitors include a small number of paper and specialty paper manufacturers. Additionally, we compete with producers of vinyl, plastic or other materials. Some of these producers have substantially greater resources than we do. Further concentration of our competitors through mergers and acquisitions may increase their competitive advantage. In addition, some of our customers have the internal ability to process some or all of the materials they buy from us, and have in the past elected to do so. To the extent our customers elect to do so in the future, our business could suffer. Industry and market-specific capacity levels can also affect competitive behavior and adversely impact pricing levels. Increased concentration of buying power in certain large direct or indirect customers can have similar effects.

Our industry is subject to many environmental and other governmental regulations. These regulations could give rise to significant additional liabilities or expenditures or restrictions on our business, any of which could cause our financial condition and results of operations to suffer.

Our operations and properties are subject to a wide variety of foreign, federal, state and local laws and regulations, including those governing the use, storage, handling, generation, treatment, emission, release, discharge and disposal of various materials, substances and wastes, the remediation of contaminated soil and groundwater, and the health and safety of employees. Such regulations can restrict our operations, and expose us to claims and other liabilities with respect to environmental protection, remediation and health and safety matters. We could incur material costs or other liabilities in connection with such regulations or claims. In addition, future events, such as new information, changes in environmental or health and safety laws or regulations or their interpretation, and more vigorous enforcement policies of regulatory agencies, may result in significant additional expenditures, liabilities or restrictions that could harm our financial condition, results of operations and competitive position.

Disruptions caused by labor disputes or organized labor activities may harm our business.

A large proportion of our workforce is represented by labor unions. In addition, we may from time to time experience union organizing activities in currently non-union facilities. Disputes with the current labor organizations with which we work or new union organizing activities may result in work slowdowns or stoppages or higher labor costs. A work slowdown or stoppage in any one of our facilities could slow or halt production from that facility and from any other facility which depends on that facility for its material. As a result, meeting scheduled delivery times for our customers could be difficult or impossible, which could result in loss of business.

Our substantial level of indebtedness could adversely affect our financial condition.

We have substantial indebtedness. As of March 31, 2003, we had approximately $348.0 million of indebtedness. In addition, subject to restrictions in the indenture for our outstanding 10.75% Senior Subordinated Notes due 2011, our revolving credit facility and the indenture for our outstanding 9.375% Series B Senior Notes due 2006, we may incur additional indebtedness. Our high level of indebtedness could have important consequences, which might include the following: impair our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes; reduce the funds available to us for other purposes such as capital expenditures; create a competitive disadvantage, to the extent that our indebtedness exceeds the level of some competitors, and reduce our flexibility in planning for, or responding to, changing conditions in our industry, including increased competition; increase our vulnerability to economic downturns and adverse developments in our business; incur restrictions that limit our ability and the ability of our subsidiaries, among other things, to incur additional indebtedness or liens; pay dividends or make other distributions; repurchase our common stock; make investments; sell assets; enter into agreements restricting our subsidiaries ability to pay dividends; enter into transactions with affiliates; and consolidate, merge or sell all or substantially all of our assets.

We expect to obtain funds to service our debt over time primarily from our operations. We cannot be certain that our cash flow will be sufficient to allow us to pay such debt service. If we do not have sufficient cash flow, we may be required to refinance all or part of our existing debt, sell assets or borrow more money. We cannot guarantee that we will be able to do so on terms acceptable to us. In addition, the terms of existing or future debt agreements may restrict us from adopting any of these alternatives. The failure to generate sufficient cash flow or to achieve such alternatives could have a significant adverse affect on our ability to make required payments.

In addition, a breach of any of the financial covenants could result in a default in respect of the related indebtedness. If a default occurs, the relevant lenders and holders could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that indebtedness.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We believe we have minimal exposure to financial market risks. The majority of our debt is at a fixed rate. Most of our sales transactions have been conducted in the currency where the shipment originated, limiting our exposure to changes in currency exchange rates. We do not use derivative financial instruments.

ITEM 4. CONTROLS AND PROCEDURES

1. *Evaluation of disclosure controls and procedures*. Based on their evaluation of the company s disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934) as of a date within 90 days of the filing date of this Quarterly Report on Form 10-Q, the company s chief executive officer and chief financial officer have concluded that the company s disclosure controls and procedures are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and are operating in an effective manner.

2. *Changes in internal controls*. There were no significant changes in the company s internal controls or in other factors that could significantly affect these controls subsequent to the date of their most recent evaluation.

PART II. OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

Not applicable

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

The company has received notification from the New York Stock Exchange (NYSE) that it has fallen below the NYSE s standard for continuing listing that requires an average market capitalization of at least $50 million over a 30 trading day period and a minimum of $50 million in stockholders equity. FiberMark s shortfall in stockholders equity resulted from a goodwill impairment charge taken during 2002. The NYSE has requested that the company develop a plan to regain compliance. If the company submits a plan, and the NYSE accepts it, the company will have up to 18 months for implementation, subject to quarterly monitoring for compliance with plan goals and targets. If the NYSE does not accept the plan, the company will be subject to delisting from the NYSE. In the event of delisting from the NYSE, the company believes an alternate trading venue would be available.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K:

(a) The exhibits listed in the accompanying index to exhibits are filed as part of this Quarterly Report on Form 10-Q.

(b) The following reports on Form 8-K were filed for the quarter for which this report is filed:

On March 31, 2003, FiberMark, Inc. filed a current report on Form 8-K dated March 31, 2003 announcing fourth quarter and full year results for 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FiberMark, Inc.

Date: May 15, 2003

/s/ Bruce Moore
Bruce Moore, Senior Vice President and
Chief Financial Officer

(Principal Financial and Accounting
Officer and Duly Authorized Officer)

CERTIFICATIONS

I, Alex Kwader, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FiberMark, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

6. The registrant s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: May 15, 2003

/s/ Alex Kwader
Alex Kwader
Chief Executive Officer (Principal Executive Officer)

I, Bruce Moore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FiberMark, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

6. The registrant s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: May 15, 2003

/s/ Bruce Moore
Bruce Moore
Senior VicePresident and
Chief Financial Officer
(Principal Financial Officer)

Exhibit Index

Number	Description
2.1(1)	Share Purchase Agreement dated as of November 26, 1997, among Steinbeis Holding GmbH (Steinbeis), Zetaphoenicis Beteiligungs GmbH and Thetaphoenicis Beteiligungs GmbH
2.2(1)	Acquisition Agreement dated September 15, 1999 by and between SIHL Beteiligungsgesellschaft GmbH and FiberMark GmbH and FiberMark Beteiligungs GmbH
2.3(2)	Purchase Agreement, dated March 6, 2001, by and among FiberMark, Inc., Rexam PLC, Mitek R-1 Holding Company and Rexam CFP Limited
3.1(3)	Restated Certificate of Incorporation of the company as amended through March 25, 1997
3.2(1)	Certificate of Ownership and Merger of FiberMark, Inc. with and into Specialty Paperboard, Inc. filed with the Secretary of State of Delaware on March 26, 1997
3.3(3)	Restated By-laws
4.1(3)	Reference is made to Exhibits 3.1, 3.2 and 3.3
4.2(3)	Specimen stock certificate
4.3(4)	Indenture dated as of October 15, 1996 (the 1996 Indenture) among the company, CPG Co., Specialty Paperboard/Endura, Inc. (Endura) and the Wilmington Trust Company (Wilmington)
4.4(4)	Specimen Certificate of 9 $^{3}/_{8}$% Series B Senior Note due 2006 (included in Exhibit 4.3 hereof)
4.5(4)	Form of Guarantee of Senior Notes issued pursuant to the Indenture (included in Exhibit 4.3 hereof)
4.6(5)	First Supplemental Indenture to 1996 Indenture dated April 18, 2001, among FiberMark, the Guarantors and Wilmington Trust Company
4.7(5)	Indenture dated as of April 18, 2001, (the 2001 Indenture) among FiberMark, the Guarantors and Wilmington Trust Company.
4.8(5)	Specimen Certificate of 10 ¾% Series A Senior Note due 2011 (included in Exhibit 4.7 hereof).
4.9(5)	Specimen Certificate of 10 ¾% Series B Senior Note due 2011 (included in Exhibit 4.7 hereof).
4.10(5)	Form of Guarantee of Senior Notes issues pursuant to the 2001 Indenture (included in Exhibit 4.7 hereof).
4.11(5)	Registration Rights Agreement dated as of April 18, 2001, among FiberMark, the Guarantors, UBS Warburg and RBD Dominion Securities.
4.12(16)	Rights agreement between FiberMark, Inc. and American Transfer & Trust Company, as Right Agent, dated May 9, 2002, which includes as Exhibit A Form of Certificate of Designation of the Series A Junior Participating Preferred Stock, s Exhibit B the Form of Rights Certificate, and as Exhibit C the Summary of Rights to Purchase Preferred Stock.
10.1(6)	Lease Agreement dated April 29, 1994, between CIT Group/Equipment Financing Inc. (CIT/Financing) and the company
10.2(6)	Grant of Security Interest in Patents, Trademarks and Leases dated April 29, 1994, between the company and CIT/Financing
10.3(5)	Bill of Sale dated April 29, 1994, to CIT/Financing
10.4(3)(7)	Form of Indemnity Agreement entered into between the company and its directors and executive officers
10.5(3)(7)	The company s 1992 Amended and Restated Stock Option Plan and related form of Option Agreement
10.6(3)	Paper Procurement Agreement, between the company and Acco-U.S.A
10.7(3)	Energy Service Agreement (Latex mill), dated as of November 19, 1992, between Kamine and the company
10.8(8)	Amendment No. 1 to the Energy Service Agreement (Latex mill), dated as of May 7, 1993, between Kamine and the company
10.9(3)	Energy Service Agreement (Lewis mill), dated as of November 19, 1992, between Kamine and the company

10.10(8)	Amendment No. 1 to the Energy Service Agreement (Lewis mill), dated as of May 7, 1993, between Kamine and the company
10.11(3)	Restated Ground Lease, dated as of November 19, 1992, between Kamine and the company
10.12(3)	Beaver Falls Cogeneration Buyout Agreement, dated as of November 20, 1992, between Kamine, Kamine Beaver Falls Cogen. Co., Inc. and the company
10.13(8)	Consent and Agreement (Energy Services Agreement), dated as of May 7, 1993, by the company
10.14(8)	First Amendment of Restated Ground Lease, dated as of May 7, 1993, between Kamine and the company
10.15(8)	Memorandum of Lease, dated as of May 7, 1993, between Kamine and the company
10.16(7)(9)	The company s 1994 Stock Option Plan and related forms of Option Agreements
10.17(7)(9)	The company s 1994 Directors Stock Option Plan and related form of Option Agreement
10.18(4)(9)	Amendment to the company s 1994 Directors Stock Option Plan
10.19(3)(10)	The company s Executive Bonus Plan
10.20(4)	Deed of Lease between James River Paper Company, Inc. and CPG-Virginia Inc. dated as of October 31, 1993
10.21(4)	Amended and Restated Agreement of Lease, between Arnold Barsky doing business as A&C Realty and Arcon Mills Inc., dated June 1, 1988
10.22(4)	Lease Agreement dated November 15, 1995, between IFA Incorporated and Custom Papers Group Inc. (Custom Papers Group)
10.23(4)	Master Lease Agreement dated January 1, 1994, between Meridian Leasing Corp. and Custom Papers Group
10.24(4)	Master Equipment Lease Agreement dated February 3, 1995, between Siemens Credit Corp. and CPG Holdings Inc.
10.25 (11)	Endura Sale Agreement, by and among W.R. Grace & Co. Conn., W.R. Grace (Hong Kong) Limited, Grace Japan Kabushiki Kaisha (collectively, the Sellers), the company, Specialty Paperboard (Hong Kong Limited) and Specialty Paperboard Japan Kabushiki Kaisha (collectively the Buyers), dated May 10, 1994
10.26 (12)	Loan Agreement dated as of November 24, 1997, between Steinbeis and Gessner
10.27 (12)	Expansion Land Option and Preemption Right Agreement dated as of November 13, 1997, between Steinbeis and Gessner
10.28 (13)	Third Amended and Restated Financing Agreement & Guaranty
10.29 (13)	Second Amended and Restated Security Agreement dated December 31, 1997, between FiberMark Office Products, LLC and CIT Group/Equipment Financing, Inc.
10.30 (13)	Second Amended and Restated Security Agreement dated December 31, 1997, between FiberMark, Inc. FiberMark Durable Specialties, Inc., and FiberMark Filter and Technical Products
10.31 (13)	Loan Agreement dated as of January 7, 1988, between Zetaphoenicis Beteiligungs GmbH and Bayerische Vereinsbank AG (Bayerische)
10.32 (13)	Working Credit Facility dated as of January 13, 1998 between Gessner and Bayerische
10.33 (13)	Capex Loan Agreement dated as of January 13, 1998, between Gessner and Bayerische
10.34 (14)	1998 Amended and Restated Non-Employee Directors Stock Option Plan
10.35 (14)	Loan Agreement dated September 15, 1999 between FiberMark GmbH (the Borrower) and Bayerische Hypo und Vereinsbank Aktiengesellschaft (Lender)

10.36 (14)	Loan Amendment Agreement dated September 15, 1999 between FiberMark GmbH (the Borrower) and Bayerische Hypo und Vereinsbank Aktiengesellschaft (Lender)
10.37 (14)	Share Pledge Agreement dated September 15, 1999 between FiberMark Beteiligungs GmbH and FiberMark GmbH (the Pledgors) and Bayerische Hypo und Vereinsbank AG (the Pledgee)
10.38 (14)	Pledge Amendment Agreement dated September 15, 1999 between FiberMark Beteiligungs GmbH and FiberMark GmbH (the Pledgors) and Bayerische Hypo und Vereinsbank AG (the Pledgee)
10.39 (14)	Third Amended and Restated Financing Agreement and Guaranty dated September 30, 1999 among FiberMark, Inc.; FiberMark Durable Specialties, Inc.; FiberMark Filter and Technical Products, Inc. and FiberMark Office Products, LLC (as Borrowers and Guarantors) and The CIT Group/Business Credit, Inc., The CIT Group/Equipment Financing, Inc. (as Lenders)
10.40 (14)	Termination and Release Agreement among FiberMark Office Products, LLC; FiberMark, Inc.; FiberMark Durable Specialties, Inc.; FiberMark Filter and Technical Products, Inc., and The CIT Group/Equipment Financing, Inc.
10.41 (15)	Asset Purchase Agreement dated August 18, 2000, between Ahlstrom Engine Filtration, LLC (the Purchaser), and FiberMark, Inc. (the Seller)
10.42 (17)	Fourth Amended and Restated Financing Agreement and Guarantee dated January 31, 2002 among FiberMark, Inc.; FiberMark Durable Specialties, Inc.; FiberMark Filter and Technical Products, Inc.; FiberMark Office Products, LLC; and FiberMark DSI, Inc.; and the CIT Group/Business Credit, Inc., and the CIT Group/Equipment Financing, Inc.
10.43 (17)	Revolving credit note between FiberMark Durable Specialties, Inc. and the CIT Equipment/Financing, Inc. (Identical agreements also apply between each of the following: FiberMark Filter and Technical Products, Inc.; FiberMark Office Products, LLC; and FiberMark DSI, Inc. and the CIT Equipment/Financing, Inc.)
10.44 (17)	Revolving credit note between FiberMark Durable Specialties, Inc. and the CIT Equipment/Financing, Inc. (Identical agreements also apply between each of the following: FiberMark Filter and Technical Products, Inc.; FiberMark Office Products, LLC; and FiberMark DSI, Inc. and the CIT Group/Business Credit, Inc.)
10.45 (18)	First Amendment to Financing Agreement dated April 8, 2002 among FiberMark, Inc.; FiberMark Durable Specialties, Inc.; FiberMark Filter and Technical Products, Inc.; FiberMark Office Products, LLC; and FiberMark DSI, Inc., and the CIT Group/Business Credit, Inc.
10.46 (18)	Second Amendment to Financing Agreement dated October 31, 2002 among FiberMark, Inc.; FiberMark Durable Specialties, Inc.; FiberMark Filter and Technical Products, Inc.; FiberMark Office Products, LLC; and FiberMark DSI, Inc., and the CIT Group/Business Credit, Inc.
10.47 (18)	Third Amendment to Financing Agreement dated December 27, 2002 among FiberMark, Inc.; FiberMark Durable Specialties, Inc.; FiberMark Filter and Technical Products, Inc.; FiberMark Office Products, LLC; and FiberMark DSI, Inc., and the CIT Group/Business Credit, Inc.
10.48 (18)	Lease agreement dated May 30, 2002 between Group Three Properties, Inc. and FiberMark DSI, Inc.
99.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 dated May 15, 2003.

Notes to Exhibits

* Filed herewith.

(1) Previously filed.

(2) Incorporated by reference to exhibits filed with the company s report on Form 8K filed March 26, 2001.

(3) Incorporated by reference to exhibits filed with the company s Registration Statement on Form S-1 (No. 33-47954), as amended, which became effective March 10, 1993.

(4) Incorporated by reference to exhibits filed with the company s report on Form 10-K for the year ended December 31, 1996, filed April 1, 1997.

(5) Incorporated by reference to exhibits filed with the company s Form S-4 Registration Statement filed July 13, 2001.

(6) Incorporated by reference to exhibits filed with the company s report on Form 10-Q for the quarter ended March 31, 1994, filed May 14, 1994.

(7) Indicates management contracts or compensatory arrangements filed pursuant to Item 601(b)(1) of Regulation S-K.

(8) Incorporated by reference to exhibits filed with the company s report on Form 10-Q for the quarter ended June 30, 1993, filed August 13, 1993.

(9) Incorporated by reference to exhibits filed with the company s Registration Statement on Form S-8 filed, July 18, 1994.

(10) Incorporated by reference to exhibits filed with the company s report on Form 10-K for the year ended December 31, 1993 (No. 0-20231).

(11) Incorporated by reference to exhibits filed with the company s report on Form 8-K, filed July 14, 1994.

(12) Incorporated by reference to exhibits filed with the company s Registration Statement on Form

S-3, filed December 15, 1997.

(13) Incorporated by reference to exhibits filed with the company s report on Form 10-K for the year ended December 31, 1997, filed March 31, 1998.

(14) Incorporated by reference to exhibits filed with the company s report on Form 10-K for the year ended December 31, 1999, filed March 31, 2000.

(15) Incorporated by reference to exhibits filed with the company s report on Form 10-K for the year ended December 31, 2000, filed February 23, 2001.

(16) Incorporated by reference with the company s Registration Statement on Form 8-K, which became effective May 13, 2002.

(17) Incorporated by reference to exhibits filed with the company s report on Form 10Q for the quarter ended March 31, 2002, filed May 15, 2002.

(18) Incorporated by reference to exhibits filed with the company s report on Form 10-K for the year ended December 31, 2002, filed March 31, 2003.