

2010 FSEA Labor and Healthcare Survey

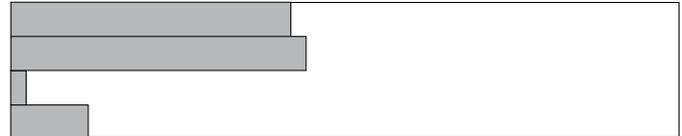


The 2010 FSEA Labor & Healthcare Survey was conducted in order to provide comparison data for FSEA members as they evaluate the benefits provided to their employees. By also asking questions about changes in sales volume, employee size and labor costs, FSEA members can assess their own growth position in light of recent economic conditions through comparison to other FSEA member companies.

The 2006-2007 FSEA Wage and Benefit Survey also included questions related to healthcare. Data from that survey was used to benchmark the 2010 findings.

1. How many employees are at your plant location?

| | |
|--------------------|-------|
| Less than 11 | 41.9% |
| 11 - 50 | 44.2% |
| 50 - 100 | 2.3% |
| Over 100..... | 11.6% |



43 member companies responded to the 2010 survey. More than 85 percent of respondents have fewer than 50 employees.

2. How does your 2010 Year-to-Date Sales compare with your 2009 YTD Sales?

| | |
|----------------------------------|-------|
| Increased by more than 10%..... | 27.9% |
| Increased by less than 10% | 11.6% |
| Decreased by more than 10%..... | 25.6% |
| Decreased by less than 10%..... | 11.6% |
| Stayed relatively the same | 23.3% |



YTD Sales results are mixed, with almost equal numbers of FSEA members reporting that sales increased by more than 10 percent, decreased by more than 10 percent or remained relatively the same.

3. How does your 2010 YTD Profit/Loss compare with your 2009 YTD Profit/Loss?

| | |
|----------------------------------|-------|
| Improved by more than 10% | 34.9% |
| Improved by less than 10% | 25.6% |
| Worsened by more than 10%..... | 13.9% |
| Worsened by less than 10%..... | 11.6% |
| Stayed relatively the same | 13.9% |

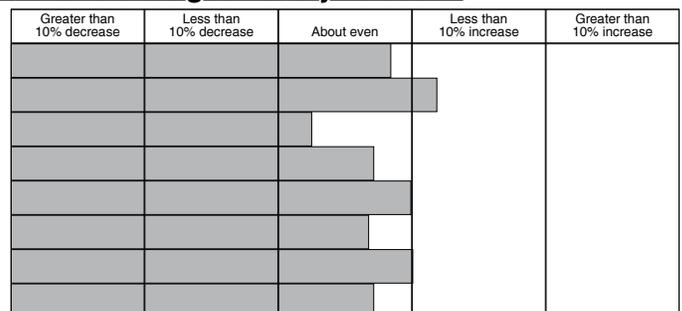


In contrast to the YTD Sales information reported, FSEA members' YTD Profit/Loss statements show an improvement for more than 60 percent of respondents despite the weak economy. This could reflect the belt-tightening done by FSEA members in response to weak sales numbers.

4. From a product type perspective, what type of sales volume changes have you seen?

(1. = No growth 5. = Most growth)

| |
|-----------------------------|
| Direct mail |
| Packaging (folding cartons) |
| Stationery |
| Brochures/Annual Reports |
| Presentation Folders |
| Paperback Book Covers |
| Other Covers |
| Greeting Cards/Invitations |



Overall, FSEA members have seen sales volume growth in packaging (particularly in folding cartons), with the most significant decrease seen in stationery products.

2010 FSEA Labor and Healthcare Survey

5. Do you offer health insurance for your employees?

Yes 83.7%
 No 16.3%



The 2006-2007 survey data shows that 96 percent of FSEA members were providing health insurance to employees. In 2010, that number dropped to less than 84 percent, which is a return to 2004-2005 survey levels.

6. If yes, how does your Company cover premium expenses for employees? (choose the answer that most closely represents your company's policy)

Pays 100% of individual only 16.3%
 Pays 100% of employee and dependents 9.3%
 Pays 75% of individual only 13.9%
 Pays 75% of employee and dependents 23.3%
 Pays 50% of individual only 16.3%
 Pays 50% of employee and dependent 9.3%
 Pays 25% of individual only 2.3%
 Pays 25% of employee and dependents 4.7%
 No Response(s) 4.7%



Responses are almost equally split between those that cover healthcare insurance premiums for the employee only and those that contribute to costs for the employee and family. The 2006-2007 survey results were skewed slightly in favor of coverage for both employee and dependent. In 2010, results slightly favor employee only coverage provided by the company.

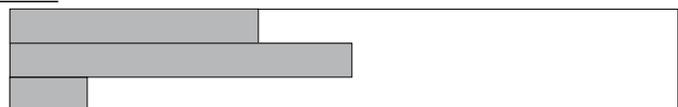
7. Do you understand the new healthcare regulations and timelines as they pertain to your organization?

Yes 13.9%
 No 27.9%
 Somewhat 58.1%



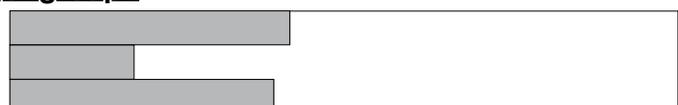
8. If you answered No or Somewhat, would you be interested in a webinar explaining the regulations and responsibilities as they pertain to your company size?

Yes 37.2%
 No 51.2%
 No Response 11.6%



9. Would you have an interest in a healthcare insurance plan that would be offered through FSEA that could potentially save you costs as a member of a larger group?

Yes 41.9%
 No 18.6%
 Maybe 39.5%

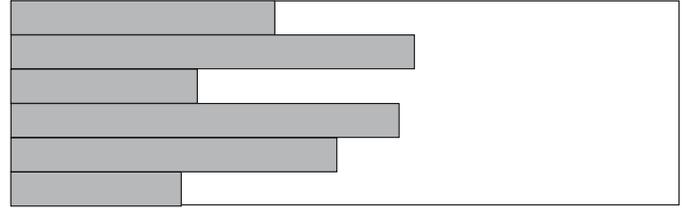


2010 FSEA Labor and Healthcare Survey

10. How have you acted to control labor costs during this current economic downturn?

(please mark all that apply)

- 39.5% have reduced hours worked
- 60.4% have reduced over-time worked
- 27.9% have reduced wages/salaries
- 58.1% have reduced workforce through attrition or layoffs
- 48.8% have added to employees' duties/responsibilities
- 25.5% have invested in new labor-saving technologies



With sales growth stalled or moving in a negative direction, FSEA members took action to control labor costs. The most common strategies, employed by half or more of survey respondents, included reducing overtime, reducing the workforce through either attrition or layoffs and adding to the remaining employees' responsibilities. As a result, direct labor costs for more than 70 percent of respondents either stayed relatively the same or decreased.

11. How have your overall direct labor costs changed from 2009 to 2010?

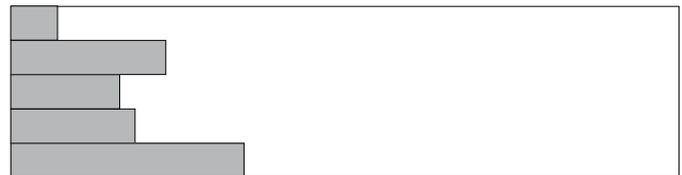
- Increased by more than 10%..... 9.3%
- Increased by less than 10% 18.6%
- Decreased by more than 10%..... 20.9%
- Decreased by less than 10%..... 11.6%
- Stayed relatively the same 39.5%



12. How have your labor costs changed from 2009 to 2010 as a percent of revenue

(Direct Labor Costs Divided by Revenue).

- Increased by more than 10%..... 7.0%
- Increased by less than 10% 23.2%
- Decreased by more than 10%..... 16.3%
- Decreased by less than 10%..... 18.6%
- Stayed relatively the same 34.9%



13. Currently, what are your main business concerns?

- Highest Concern..... Poor Economy
- ▼ Rising Labor and Healthcare costs
- ▼ Receivables and Collections
- ▼ Growing Competition
- ▼ New decorating/finishing technologies
- ▼ Finding New Employees
- ▼ Health, Safety, and Environmental issues
- Lowest Concern..... Green Sustainable issues and compliance

As FSEA members move into 2011, their primary business concerns remain the poor economy and rising labor and healthcare costs. Receivables and collections also top the list of concerns, further reflecting the current state of the economy. Sustainability is the least concern for FSEA members at this time, perhaps reflecting a 'carry over' attitude from customers and consumers for whom the increased costs of green initiatives make them less appealing.