

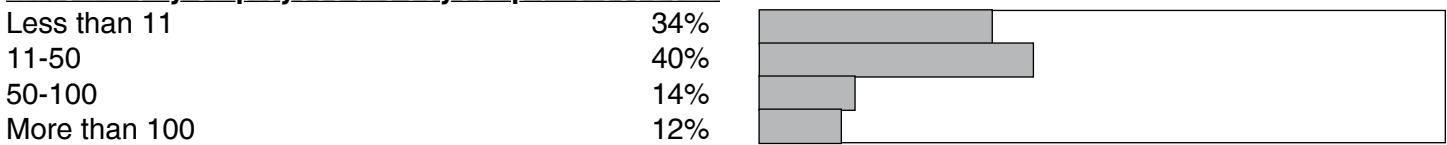
2011 FSEA Economic Survey

In 2009, the Foil & Specialty Effects Association conducted a survey of its membership to assess the effects of economic turmoil that was affecting the entire country and all industries. This survey, conducted through a third party organization specializing in online surveys and email marketing, provides a follow up to the original survey.

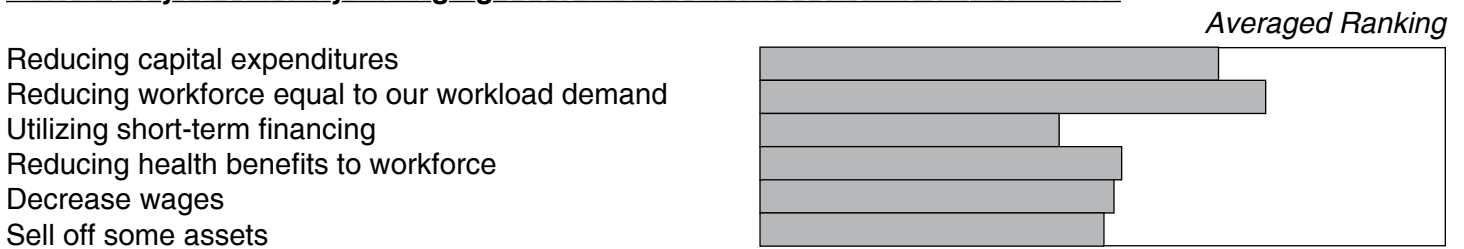


The 2011 survey received 76 responses, with the majority of respondents having fewer than 100 employees. Located across the US, the survey addressed issues such as sales volume, workforce growth plans and material cost increases. Key findings indicate a cautious optimism in regard to sales growth, with the expectation that sales levels will remain the same or increase slightly over the next six months while workforce size remains steady.

1. How many employees are at your plant location?



2. How are you currently managing costs in the current economic environment?

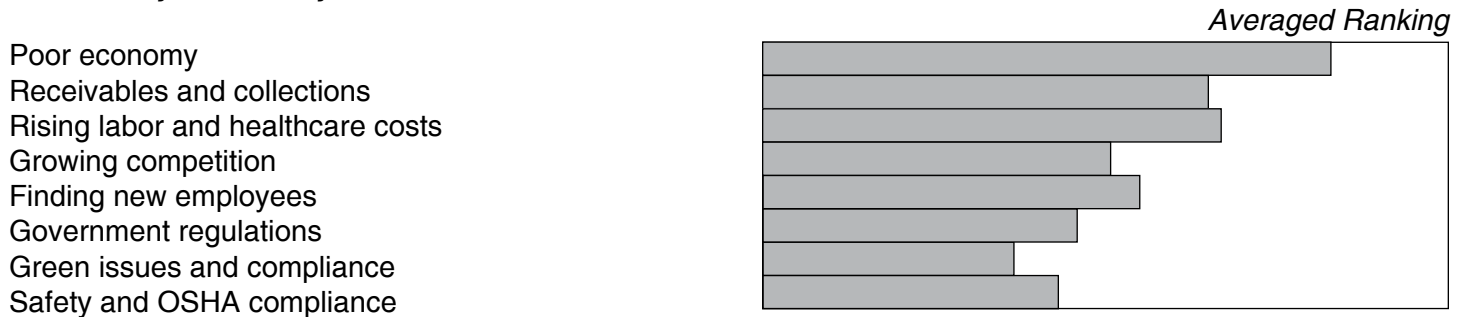


	Lowest-ranked				Highest-ranked	
Reducing capital expenditures	9%	12%	15%	11%	28%	25%
Reducing workforce equal to our workload demand	6%	8%	14%	12%	25%	35%
Utilizing short-term financing	32%	23%	15%	11%	5%	14%
Reducing health benefits to workforce	14%	17%	17%	31%	17%	5%
Decrease wages	15%	26%	15%	22%	11%	11%
Sell off some assets	23%	14%	23%	14%	15%	11%

Survey respondents ranked these options 1-6, with 1 representing the action least taken and 6 representing the primary action taken.

In 2009, the question was phrased as, "How will you most likely manage costs in the current economic environment." At that time, the survey was evaluating a planned response. In the 2011 survey, respondents were asked for the actual steps they were taking at this time. The earlier survey indicated that industry members were primarily willing to reduce capital expenditures and reduce the workforce equal to workload demand, temporary measures meant to 'ride out the storm'. The current survey shows those two methods are the most commonly used response, although members also have reduced wages and employee benefits, which indicates a need to implement more permanent measures to survive the economic uncertainties.

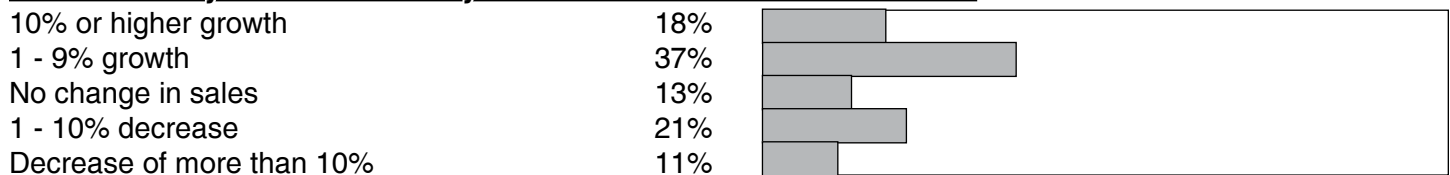
3. Currently, what are your main business concerns?



Survey respondents ranked these options 1-8, with 1 representing the least concern and 8 representing the primary concern.

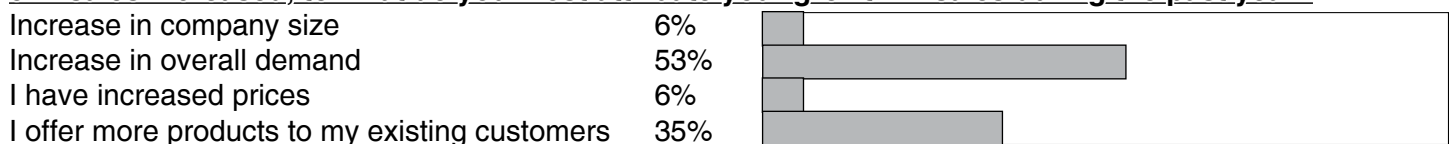
	Lowest-ranked					Highest-ranked		
Poor economy	7%	1%	4%	0%	6%	7%	18%	55%
Receivables and collections	9%	6%	3%	12%	15%	21%	19%	15%
Rising labor and healthcare costs	1%	9%	6%	7%	21%	27%	22%	6%
Growing competition	19%	13%	7%	12%	18%	9%	16%	4%
Finding new employees	13%	10%	6%	24%	10%	21%	7%	7%
Government regulations	9%	18%	27%	21%	9%	4%	9%	3%
Green issues and compliance	25%	21%	24%	10%	7%	3%	6%	3%
Safety and OSHA compliance	15%	21%	22%	13%	13%	7%	1%	6%

4. How would you best describe your sales in the last 6 to 8 months?

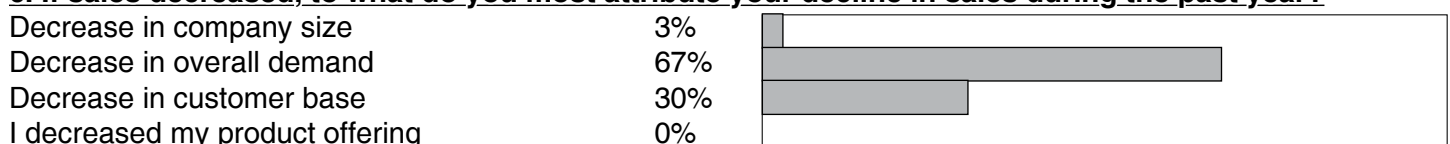


Measured by both the last four months and the prior year overall, the 2009 survey evaluated the impact of an economy that was beginning to decline. The 2011 survey measured sales growth or decline in the past 6-8 months in an attempt to measure the impact of an economy that is in recovery. In the previous survey, most industry members reported a 1-10 percent decrease, with a decrease of more than 10 percent following. In the most recent survey, the majority of industry members reported a 1-9 percent growth in sales. The growth in sales is primarily attributed to an increase in market demand and additional product offerings (Question 5).

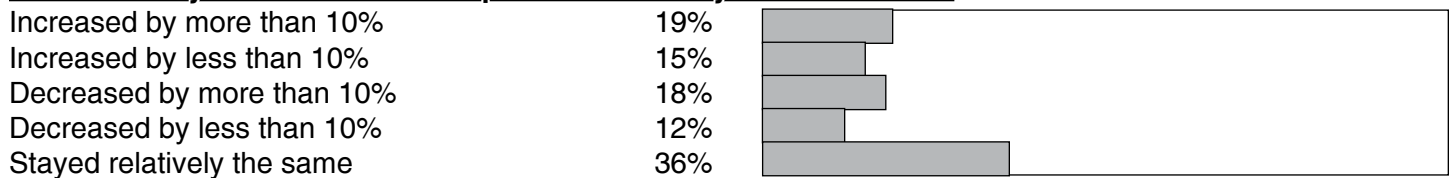
5. If sales increased, to what do you most attribute your growth in sales during the past year?



6. If sales decreased, to what do you most attribute your decline in sales during the past year?



7. How does your Profit/Loss compare now to last year at this time?



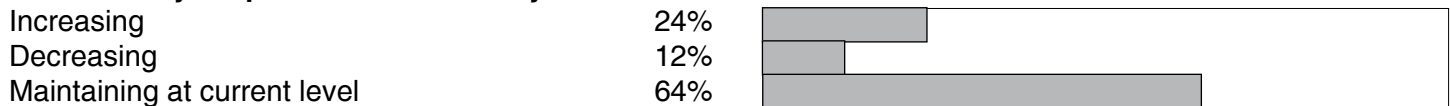
8. From a product type perspective, please indicate what type of sales volume changes you have seen in the last 12 to 18 months?

Number indicates percentage of respondents selecting the option.

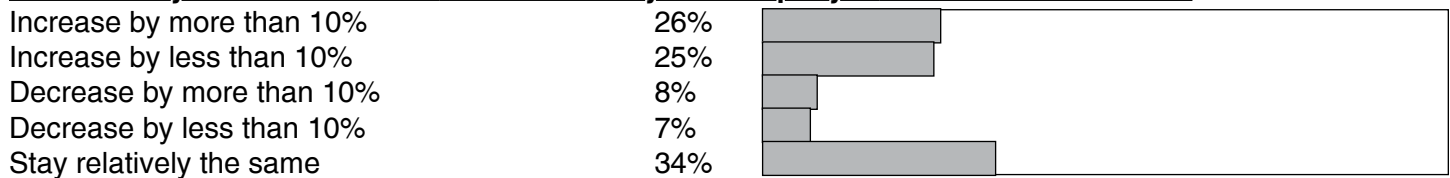
	Not Applicable	Decrease	No Change	Increase
Direct mail	53%	12%	24%	12%
Packaging (folding cartons)	38%	20%	11%	31%
Stationery	35%	27%	26%	12%
Brochures/annual reports	23%	40%	28%	9%
Presentation folders	22%	34%	31%	12%
Paperback book covers	49%	25%	21%	4%
Other covers	33%	24%	35%	8%
Greeting cards/invitations	33%	24%	27%	16%

The next two questions seem to indicate a cautious optimism that a recovery is indeed at hand – or, at the very least, that economic conditions will not worsen. 88 percent of respondents indicated that their companies would be maintaining or increasing current workforce levels (Question 9), and 51 percent believe sales volume will increase over the next six months (Question 10).

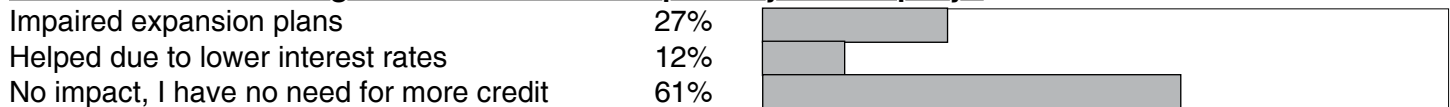
9. What are your plans for the size of your workforce in the next six months?



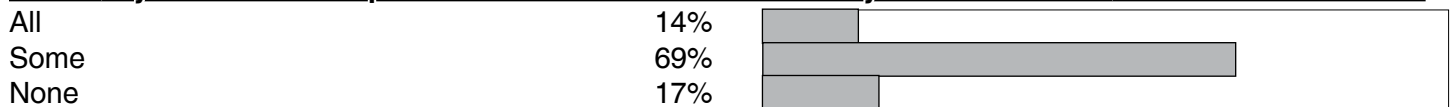
10. What is your estimate on overall sales for your company over the next 6 months?



11. How have current tight credit conditions impacted your company?



12. Have you been able to pass on increased material costs to your customers over the last 12 months?



In the 2008 survey, respondents answered the question, “In your opinion, what do your customers value most highly.” 49 percent indicated ‘great service’, while 33 percent chose high quality and only 16 percent indicated ‘low prices’. The 2011 survey question, “Have you been able to pass on increased material costs to your customers over the last 12 months?” strikes at the same sentiment. If customers truly valued low price, rather than the service and quality they received, then industry members may have found it difficult to pass on increased material costs. However, nearly 83 percent of survey respondents shared some or all of material cost increases with their customers.