



First Quarter 2010

Business Outlook Survey

Thank you for your participation in the business outlook survey sponsored by AIMCAL. Fifty-six member companies participated in the survey this quarter. This is an eight member increase over the number of members who participated in the fourth quarter survey.

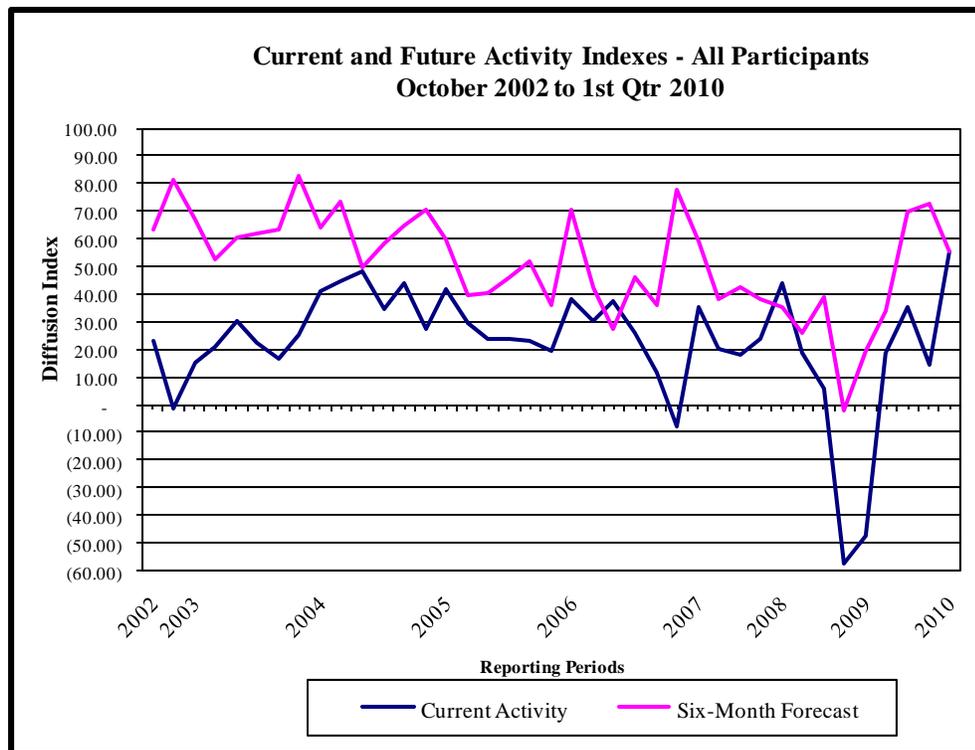
Survey conclusions are drawn from a diffusion index, which is defined as the percentage of participants indicating an increase minus the percentage indicating a decrease. A decrease in the index means that member expectations have fallen when compared to the prior reporting period. An increase in the index indicates that members are more optimistic about economic conditions than they had been in the last period. Conclusions drawn are based on a limited sample of data and should not be taken out of the context of this survey.

No individual replies have been quoted or published as part of this analysis. This data has been summarized by Alto Mila Consulting, LLC of Cleveland, Ohio.

Current General Activity Index Rises, Forecasted General Activity Index Falls for First Time Since 4Q 2008

The current general activity index rose a dramatic 40 points, rising from a reading of 14.58 to a reading of 55.36. This is the highest value reported for the current index since survey reporting began in 2002. This time last year, the current index was a negative 47.37. In contrast, the forecasted index fell for the first time since the fourth quarter of 2008. The forecasted index had risen more than seventy points before this decline. This quarter exhibits a rarity. Both the current and future indexes reported the same value of 55.36 for the quarter. Is this convergence of the indexes significant? Are members thinking that their situations have stabilized? Or are members saying six months from now it isn't going to be much better than it is now? Only time will tell, but the fact that expectations fell indicates that there are still pockets of uncertainty in the economic system.

Like the general indexes, the current individual company business indicators were



positive and the forecasted business indicators were less than positive. All ten of the current business indicators were positive for the quarter. Only the inventory indicator showed a single-digit increase this period. The nine other indicators all exhibited double-digit increases for the quarter with the new orders and shipments indicators increasing more than 32 points. The other current business indicator changes ranged from 14.29 to 23.76 points.

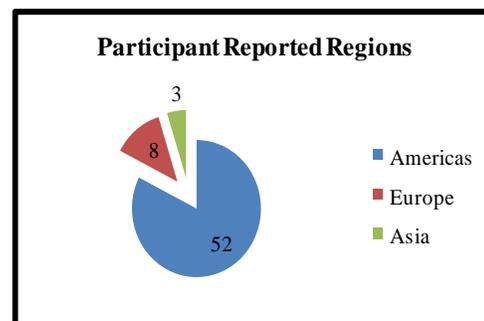
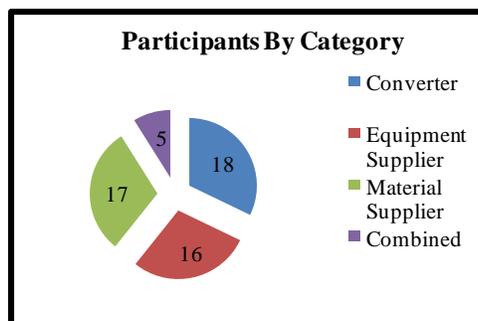
The forecasted individual company business indicators were less positive for the quarter. Seven of the ten forecasted indicators decreased for the quarter. Only the prices paid, prices received and number of employees indicators increased. Of the indicators decreasing, four experienced double-digit declines. The capital expenditures

indicator fell the most for the quarter, dropping more than 30 points.

The current inventory index increased for the third consecutive quarter. The current index reported an increase of 9.23 points for the quarter rising to -5.36. This is an increase of more than 32 points since the second quarter of 2009. The forecasted inventory index decreased by more than 6 points to a reading of 14.29, falling more than twenty points off its recent high of 35, reported only two quarters ago.

Prices Paid Indexes and Prices Received Indexes Continue to Climb

The current prices paid index, after a modest rise last quarter, more than doubled last quarter's value. The current index rose from 14.58 to 39.29. The index has risen



more than 86 points in the last year. The forecasted prices paid index also rose for the quarter. Its second consecutive increase of more than 4 points brings the index to 37.50. The forecasted index has risen more than 56 points over the last year. Both readings for the quarter are the highest readings for these indexes since the third quarter of 2008.

The current prices received index increased for the fourth consecutive quarter, rising to 14.29—a rise of more than 74 points since bottoming out a year ago. The forecasted prices received index continued its climb, increasing by more than 7 points—the fifth consecutive increase for the index.

Current Labor Indexes Rise and Forecasted Labor Indexes Split

The current number of employees index rose more than 18 points—its fourth consecutive increase. The index, which only turned positive last quarter has increased to 28.57. The index has increased more than 76 points since hitting bottom a year ago. The forecasted index increased by more than 12 points—reporting a value of 37.50—its highest value in two years.

The average employee workweek index increased significantly for the third consecutive quarter, rising by more than 22 points to a reported value of 41.07. This is the highest value reported for this index since survey reporting began in October 2002. The forecasted average employee workweek index decreased slightly more than 3 points for the second consecutive

quarter, falling to a value of 19.64. The index is still more than 28 points above its recent low point which occurred in the fourth quarter of 2008.

Members Report on their Plans for 2010 Employee Headcounts

This month’s special relevant issues question asked members about their plans for employee headcounts in 2010. While differences exist between industry segments (see table below), more than 50% of members, across all segments, reported that their companies were expecting to hold employee headcounts steady, within +/- 5 percent of 2009. But 35 percent of members reported that they expected to increase headcounts between 5 and 15 percent. Lastly, more than 5 percent of members expected to increase headcounts more than 15 percent. The equipment suppliers segment was the most optimistic in its expectations and the material suppliers and converters were fairly close in their expectations.

Current Capital Expenditures Rise as Forecasted Fall

The current capital expenditures index continued its rise for the third consecutive quarter, increasing 16.38 points, but the forecasted index fell by more than 30 points, erasing the gains made over the last two quarters. The forecasted index had increased more than 50 points over that last year before experiencing this decline. The reading reported by the current index is its highest reading in two years.

Summary

The survey results for the quarter appear to

offer the mirror opposite of the last survey. At that time we were saying the current period had fallen back and the forecasted period was continuing its trend. Now, the results for this quarter are just the opposite—the current period has charged ahead while the forecasted period has fallen back. It still seems that there are encouraging improvements in the labor market as evidenced by this quarter’s special relevant issues question responses. All together this tells us while there are signs of improvement that are still uncertainties that temper our optimism.

Segments, Tables and Charts

The following tables and charts report comparative diffusion index results for the entire population of data received and the results by segment. Upon review of the included tables, the reader will see the differences in the three segments reported for both the current and the forecasted activity periods. Analysis of the included tables makes these differences visible.

For this reporting period, there were 56 total participants. The participants can be further categorized into industry segments and region as shown in the pie charts on page 1. The data referring to all participants includes all responses received. Other data is labeled as to the segment it reports.

We Would Love to Hear From You

Do you have comments or a special relevant issue question? Send your comments or questions to Alto Mila Consulting, LLC via e-mail to alto@altomila.com.

Special Relevant Issue Questions By Participant Segment				
	All	Converters	Equipment Suppliers	Material Suppliers
What are your plans for employee headcount in 2010?				
We expect to reduce headcount by > 15%	1.79	-	-	-
We expect to reduce headcount by 5 - 15%	3.57	5.56	-	5.88
We expect headcount to remain the same (+/- 5%)	51.79	50.00	68.75	47.06
We expect to increase headcount by 5 - 15%	35.71	38.89	25.00	35.29
We expect to increase headcount by > 15%	5.36	5.56	6.25	5.88
Not Answered	1.79	-	-	5.88
Notes:				
(1) Items may not add up to 100 percent because of omissions by participants.				
(2) The diffusion index represents the percentage of participants indicating an increase minus the percentage indicating a decrease.				
(3) Survey results reflect data received thru March 20, 2010.				

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Summary of Returns

1st Quarter 2010

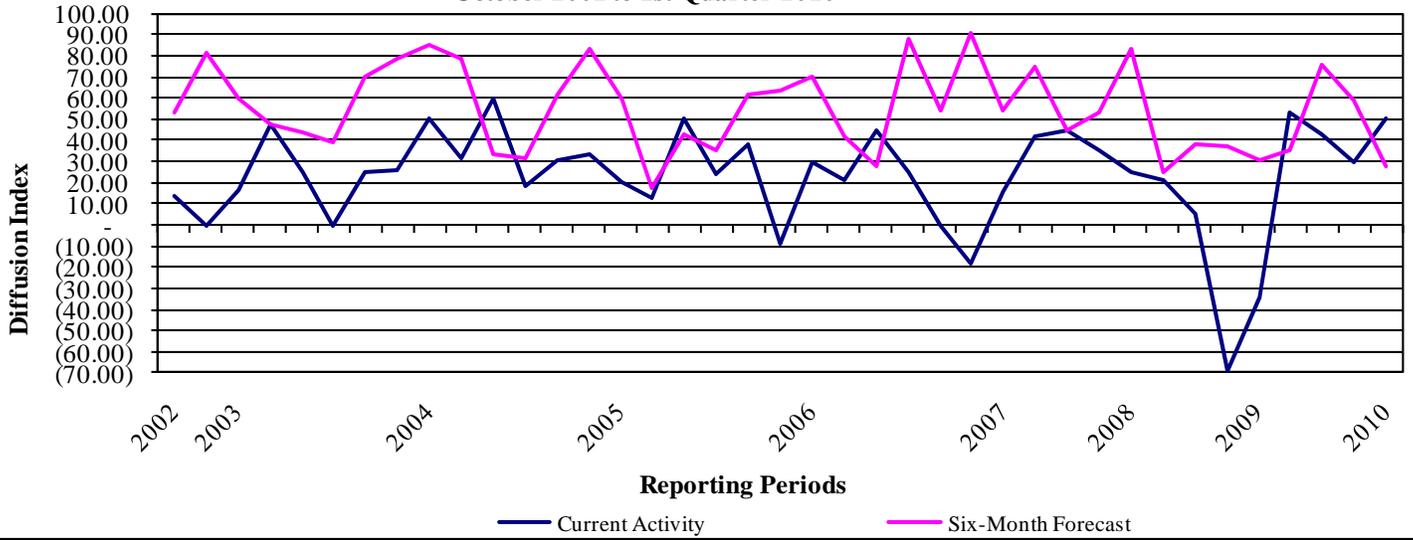
	1st Quarter '10 vs. 4th Quarter '09							
	All		Converters		Equipment Suppliers		Materials Suppliers	
	Previous		Previous		Previous		Previous	
	Diffusion	Diffusion	Diffusion	Diffusion	Diffusion	Diffusion	Diffusion	Diffusion
	Index	Index	Index	Index	Index	Index	Index	Index
What is your evaluation of the level of general business activity?	14.58	55.36	29.41	50.00	14.29	56.25	13.33	64.71
<u>Company Business Indicators</u>								
New Orders	20.83	53.56	17.65	55.55	28.57	50.00	33.33	64.71
Shipments	20.83	53.57	23.53	50.00	28.57	50.00	26.67	64.71
Unfilled Orders	10.42	21.43	11.77	22.22	7.15	18.75	6.66	35.30
Delivery Time	2.09	23.21	-	5.56	(7.15)	25.00	13.33	47.06
Inventories	(14.59)	(5.36)	5.88	-	(35.71)	(12.50)	(13.34)	5.88
Prices Paid	14.58	39.29	17.65	55.56	(7.14)	6.25	33.33	58.83
Prices Received	-	14.29	-	5.56	(14.29)	-	13.34	41.18
Number of Employees	10.42	28.57	11.76	22.22	7.14	37.50	13.34	23.53
Average Employee Workweek	18.75	41.07	23.53	44.45	21.43	50.00	13.34	41.18
Capital Expenditures	10.41	26.79	17.65	50.00	21.43	12.50	-	23.53

	Six Months from Now vs. 1st Quarter '10							
	All		Converters		Equipment Suppliers		Materials Suppliers	
	Previous		Previous		Previous		Previous	
	Diffusion	Diffusion	Diffusion	Diffusion	Diffusion	Diffusion	Diffusion	Diffusion
	Index	Index	Index	Index	Index	Index	Index	Index
What is your evaluation of the level of general business activity?	72.92	55.36	58.82	27.78	71.43	62.50	86.67	88.24
<u>Company Business Indicators</u>								
New Orders	75.00	53.58	58.82	38.89	78.57	68.75	86.67	64.71
Shipments	72.92	60.72	58.82	44.45	71.43	75.00	86.67	76.47
Unfilled Orders	16.67	8.93	17.65	(5.56)	28.57	25.00	6.67	17.65
Delivery Time	6.25	(5.35)	5.88	(5.56)	7.15	-	6.67	-
Inventories	20.83	14.29	17.64	(11.11)	14.29	43.75	33.33	23.53
Prices Paid	33.34	37.50	29.41	66.66	14.29	-	53.33	58.82
Prices Received	12.50	19.65	-	16.66	7.15	-	33.33	52.94
Number of Employees	25.00	37.50	29.42	33.33	-	43.75	46.67	52.94
Average Employee Workweek	22.91	19.64	23.53	5.56	42.86	37.50	6.67	29.41
Capital Expenditures	47.91	17.86	41.18	16.66	42.86	12.50	66.67	35.29

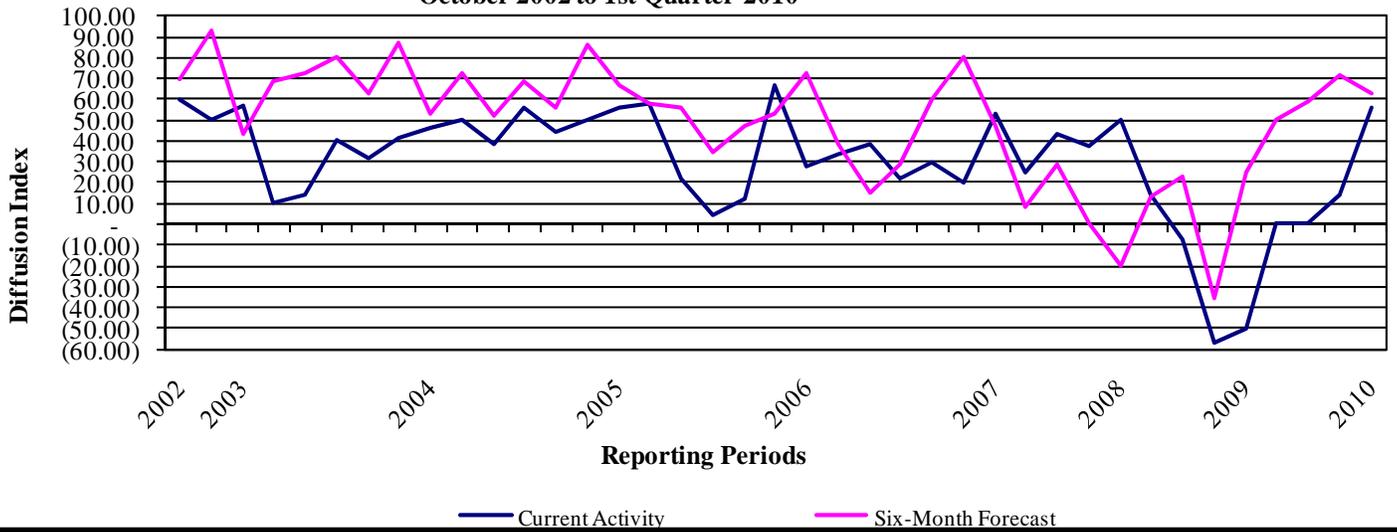
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Current and Future Activity Indexes - Converters
October 2002 to 1st Quarter 2010



Current and Future Activity Indexes - Equipment Suppliers
October 2002 to 1st Quarter 2010



Current and Future Activity Indexes - Materials Suppliers
October 2002 to 1st Quarter 2010

