



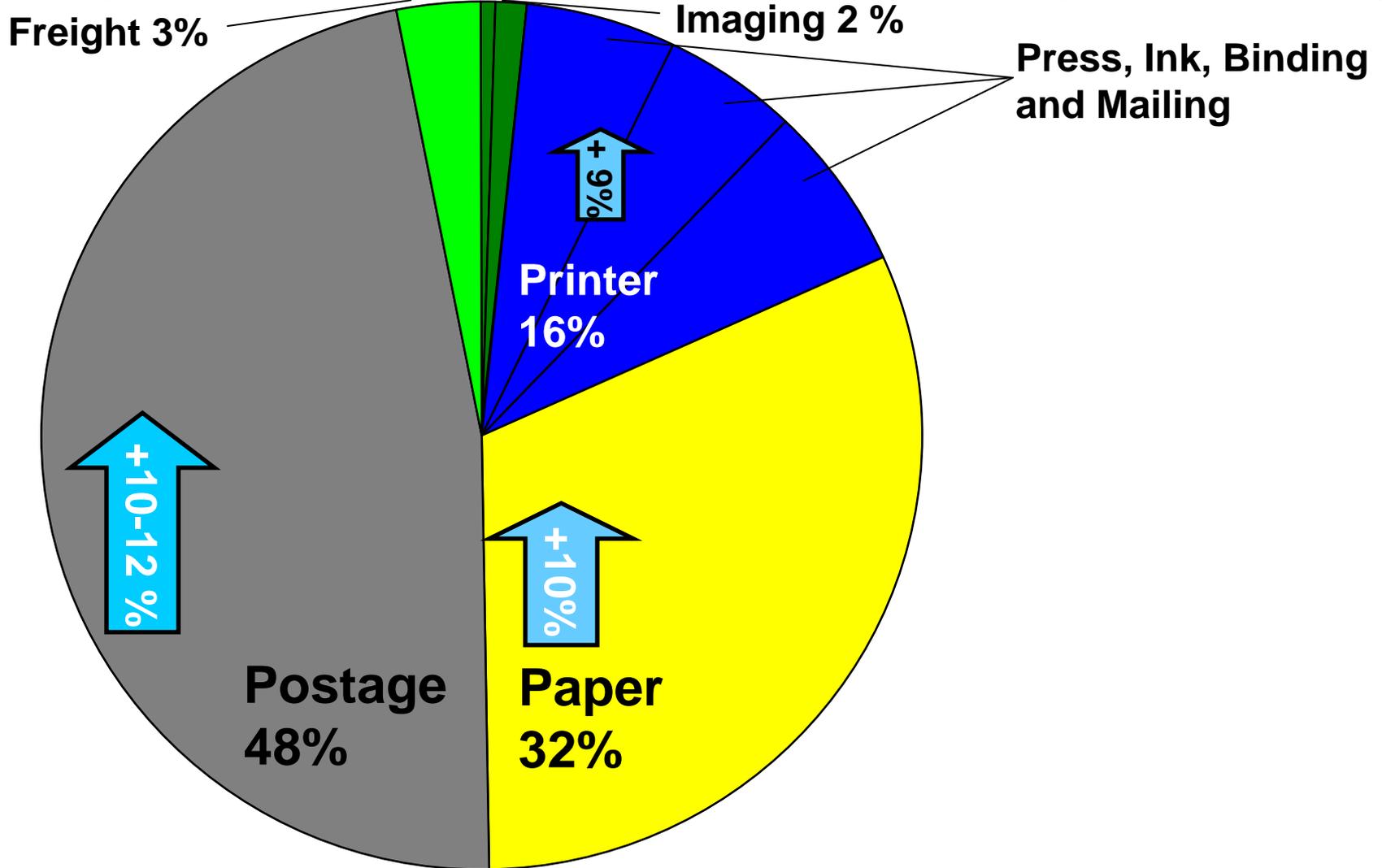
Catalog & Magazine Demand

SFI Annual Conference, Thursday September 25th

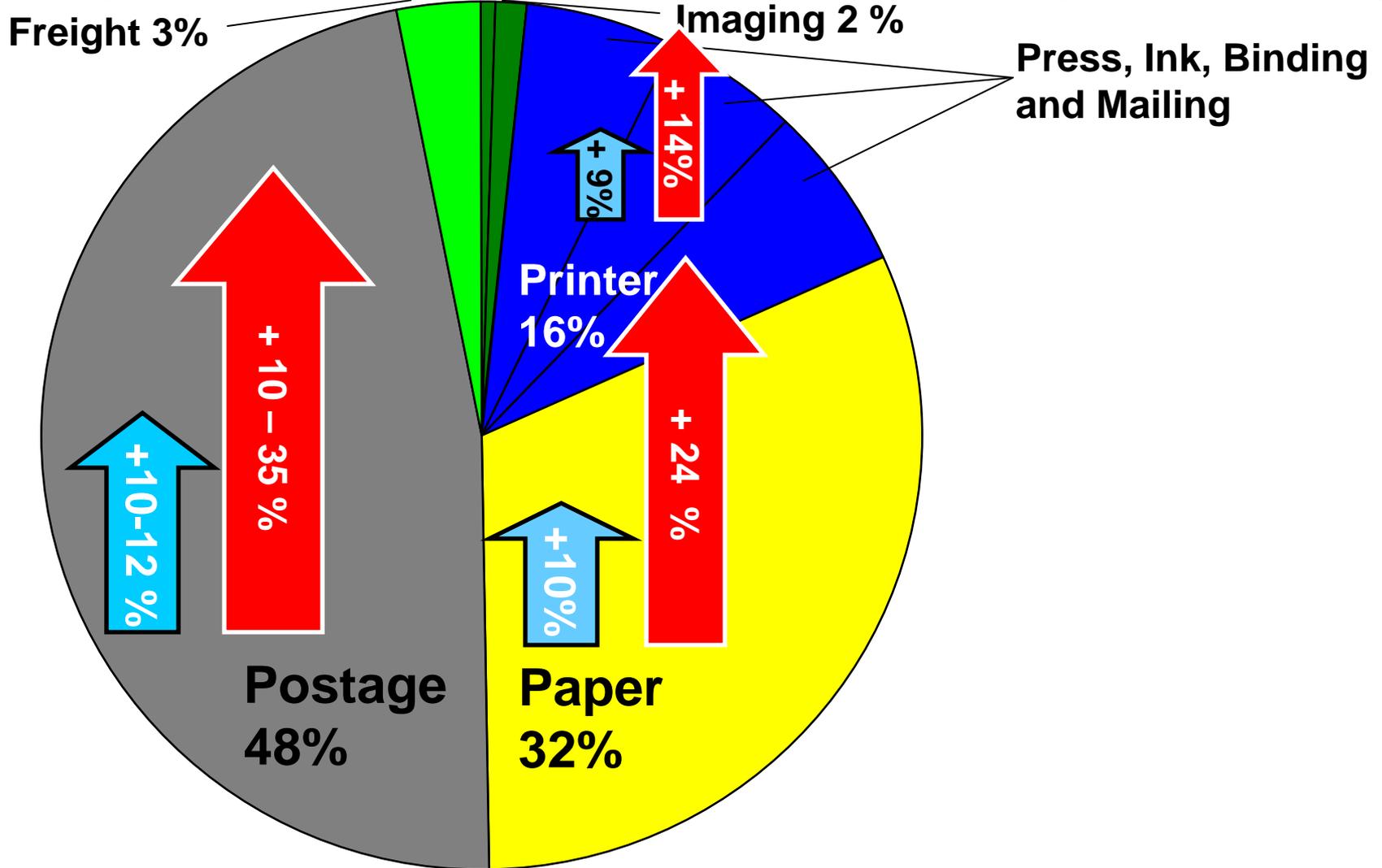


The bottom half of the slide features a close-up, artistic view of a printer's internal rollers and gears, rendered in shades of teal and blue.

Client's Print Cost Structure 2007-'08



Client's Print Cost Structure 2007-'08



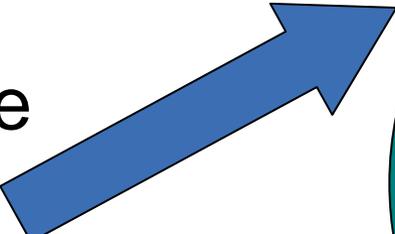
2 Year Cost of Production Increase



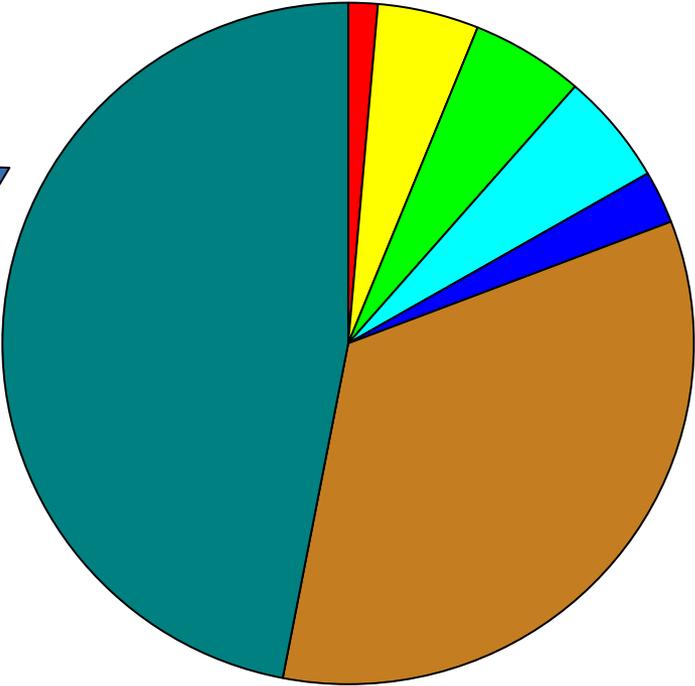
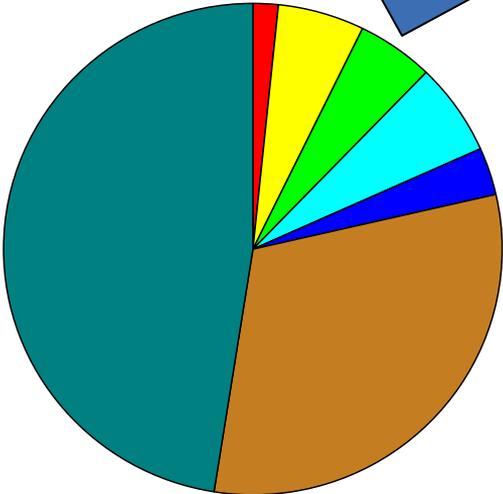
18% Increase

\$ 0.53/piece

\$ 0.45/piece



- Imaging
- Press
- Ink
- Bind
- Freight
- Paper
- Postage



Magazine and Catalog Demand

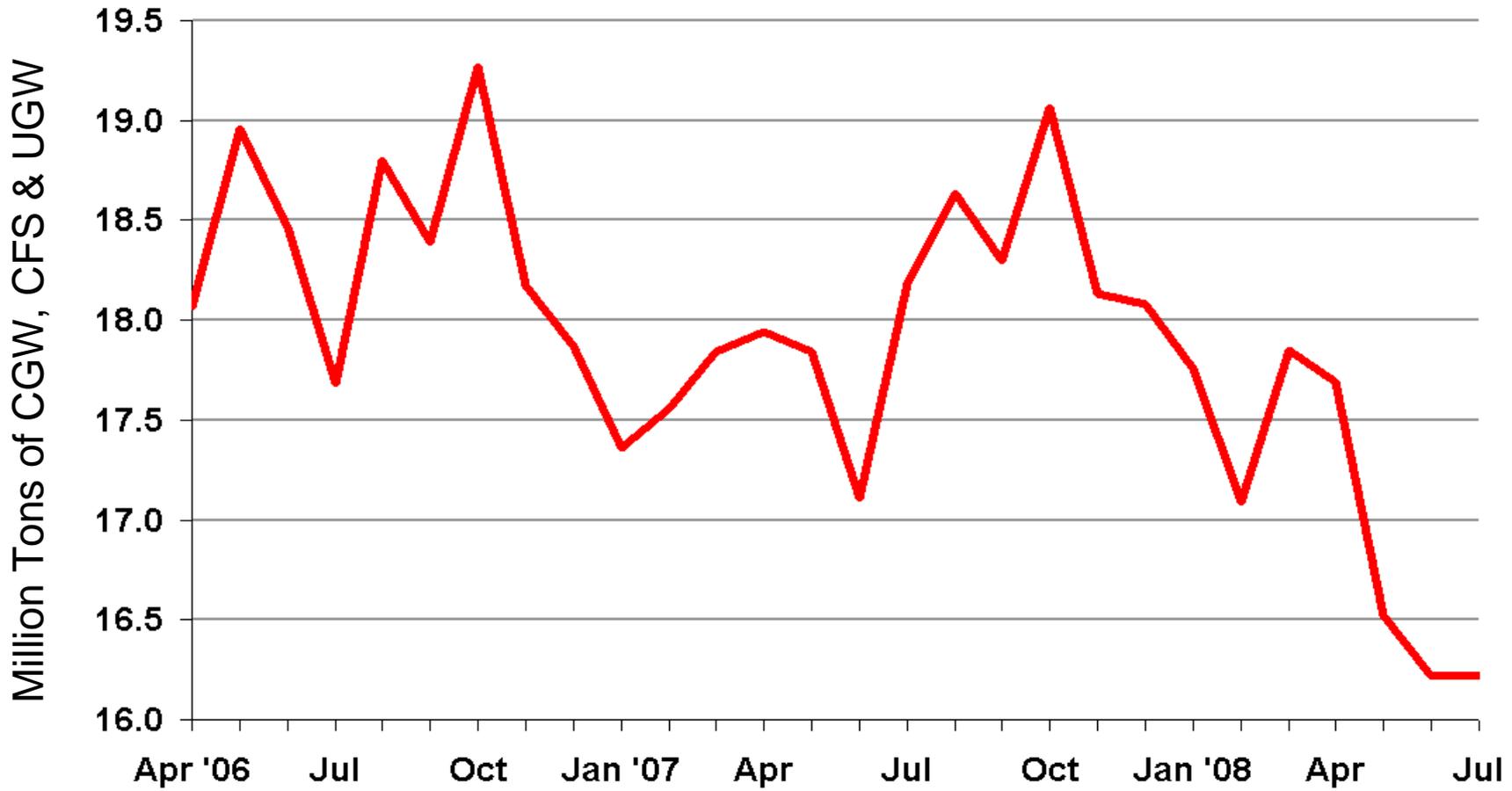


- YTD Magazine Ad Pages **Down 7.4%**
- YTD Catalogs Mailed **Down 4.8%**
- Closures: House & Garden, Elle Girl, Teen People, Sharper Image, Red Envelope, BlueSky Brands, Ziff Davis, Lillian Vernon (Acquisition)
- Cost Savings Strategies
 - Basis Weight Reduction
 - Grade Migration
 - Trim Reduction
 - Platform Migration

Paper Demand



YTD Apparent Consumption Reduction of 5.5%

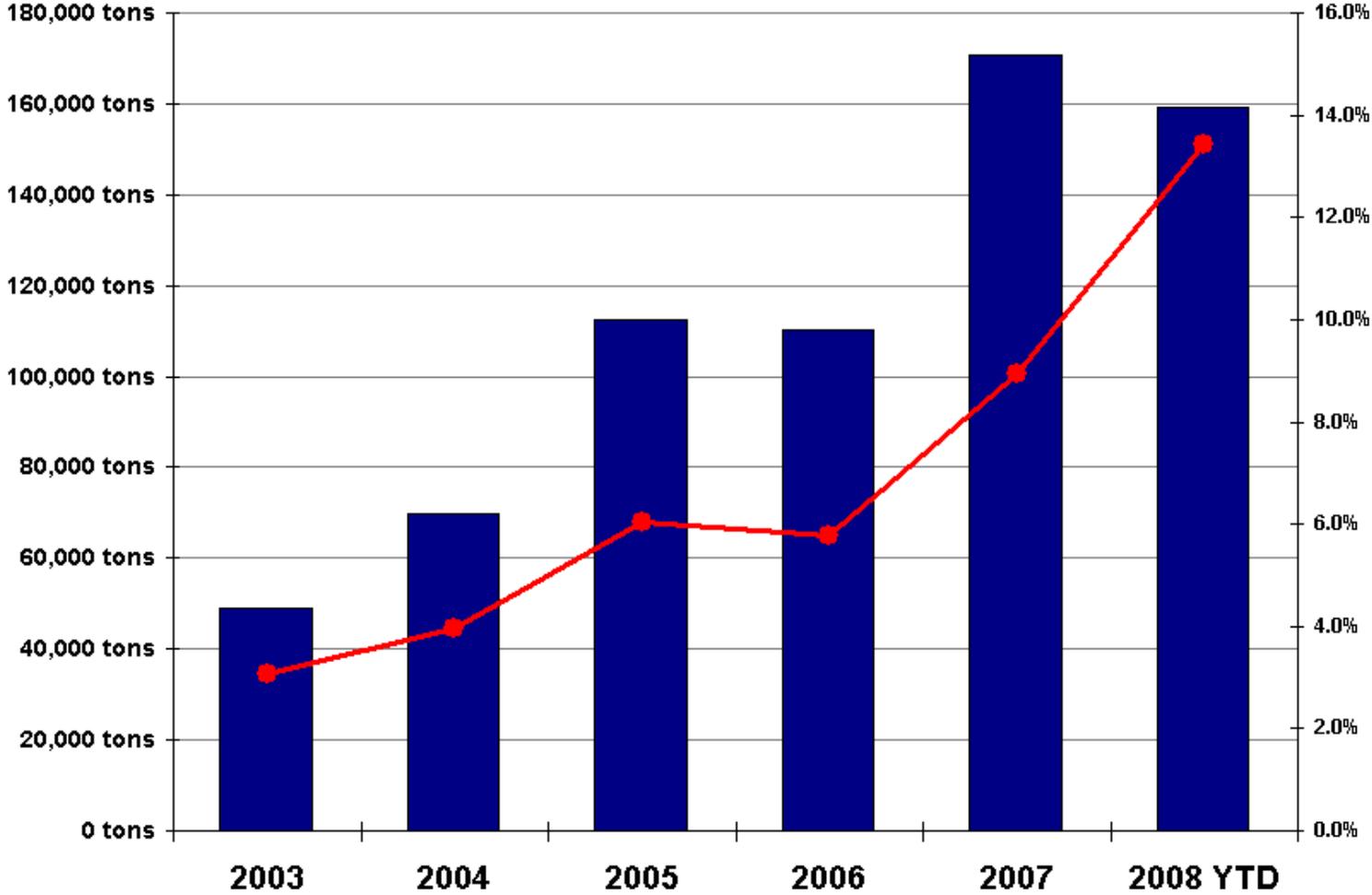


Source: RISI Paper Trader

Recycled Paper Demand



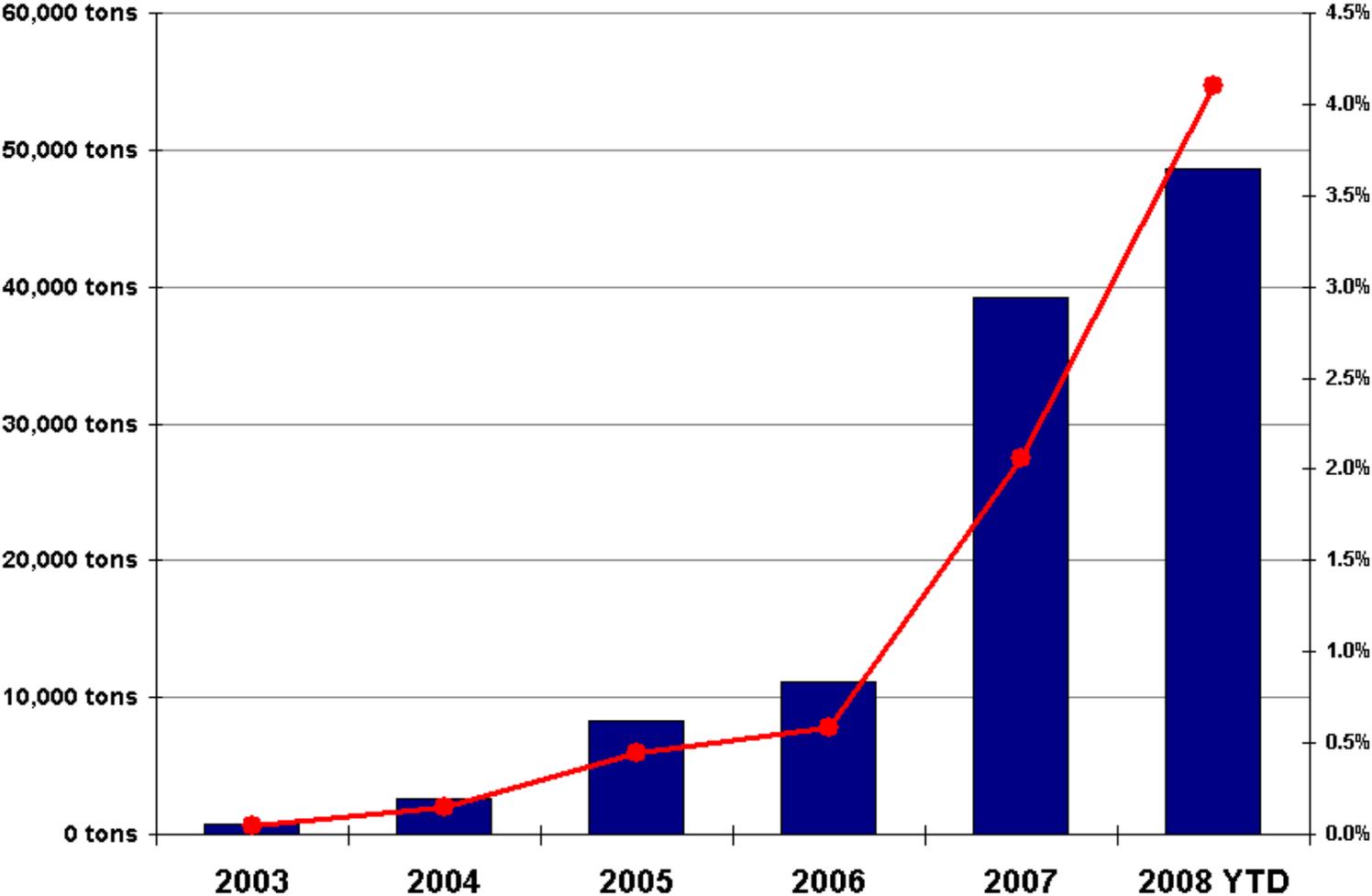
Consumption of Paper with Recycled Content



Forest Certification Demand



Consumption of Chain-of-Custody Certified Paper



Drivers of Environmental Demand



1. NEGATIVE MARKETING

Catalogs with retail outlets

&

Magazines/Catalogs with high public visibility



2. POSITIVE MARKETING



3. STRICT ENVIRONMENTAL CONCERN

Usually small run; most difficult to service

Catalog and Magazine Needs



•RISK

- Activist Fear / Insurance
- Environmental Commitments & Single Sourcing

•MARKETING VALUE

- Consumer Recognition
- Advertiser Recognition

•COST

- Increased Paper Cost
- Decreased Flexibility
- Increased Hassle