



2009 STATE OF THE FLEXIBLE PACKAGING INDUSTRY REPORT PREVIEW

ANNUAL FINANCIAL BENCHMARKING REPORT IS A KEY SOURCE OF INFORMATION ON THE FLEXIBLE PACKAGING INDUSTRY.

The U.S. flexible packaging industry continues to produce outstanding packaging solutions for multiple products and uses. As innovation continues to drive the growth of the \$25.9 billion flexible packaging industry, the FPA 2009 State of the Flexible Packaging Industry Report provides a comprehensive overview of industry size, performance and trends.

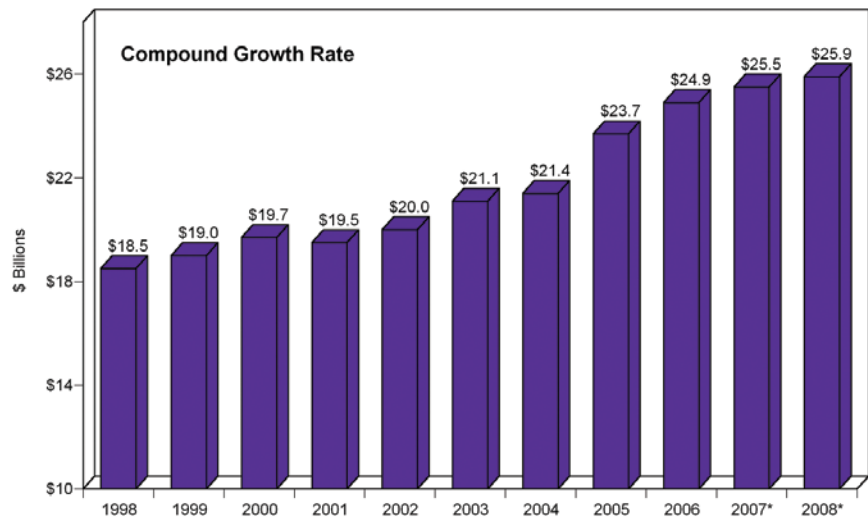
The data provided within the 2009 State of the Industry Report includes information collected from flexible packaging companies participating in the FPA Member State of the Industry and Industry-Wide Surveys. The 2009 Report also includes data from the U.S. Census Bureau's Annual Survey of Manufacturers, in addition to information from the U.S. Departments of Labor and Commerce, industry analysts, investment banking reports and other authoritative sources. The data collected and available within the Report verifies FPA information regarding industry size, structure, market segments and key packaging products.

Here are highlights of information available in the Report.

INDUSTRY PERFORMANCE

The flexible packaging industry continues to show steady and positive growth. Despite past and current economic and financial challenges, the industry has found new ways stimulate revenue and volume, which has been aided by the development of new and innovative flexible packaging products for a variety of markets.

Growth in the Flexible Packaging Industry, 1998-2008



*FPA Estimate

Source: U.S. Census Bureau and Flexible Packaging Association

The industry experienced an estimated annual growth rate of 1.5% (2007-2008), and has grown at a compound annual rate of 3.4% per year (1998-2008). Flexible packaging converters' expectations for the next three to five years are positive with revenue projected to increase slightly more than 3%, and volume to grow by approximately 3% per year.

INDUSTRY STRUCTURE

The State of the Industry Report notes that there are approximately 420 domestic flexible packaging converters. Over the past 10 years, the flexible packaging industry has become more consolidated. Industry M&A activity in

Among the data included in the 2009 State of the Industry Report is the size of the flexible packaging market, as well as its financial performance.

2008 included 10 completed domestic transactions, down from 21 in 2007, 16 in 2006 and 18 in 2005. Merger and acquisition activity for 2009 is anticipated to be lower than 2008 due to economic challenges slowing future M&A activity.

MATERIALS & PROCESSES

The converting of raw materials into a flexible package uses a variety of single or multiple processes including coating of films and paper, laminating or coextrusion, printing or fabrication.



Plastic resin, film and sheet account for more than two-thirds (approximately 71%) of the materials used. Other materials noted within the Report include ink (accounting for 7%), paper (6%), foil (4%) and coatings/adhesives (3%).

END USES

Due to innovative advancements in flexible packaging materials, production, design and printing, the flexible packaging industry provides myriad packaging solutions for a variety of uses. These outstanding flexible packaging applications are benefiting consumers, end users and the environment.

The Report details the top 10 flexible packaging end-use segments according to flexible packaging converters and suppliers, and provides a breakdown of the \$25.9 billion flexible packaging industry by end-use segments.

ISSUES/VISIONS

A comparison of the top 10 issues for 2009, as ranked by flexible packaging converters and suppliers, within the Report indicates that the economy, and the costs and availability of raw materials, are paramount concerns. In addition, flexible packaging companies indicated that government relations, imports, customers, growth/new product development, labor, competition, capital/financing and sustainability were among their top 10 issues for 2009.

GLOBAL PACKAGING

The global flexible packaging market is estimated to be \$52.2 billion. North America is the largest market accounting for 32% of the global flexible packaging market, followed by Europe (32%), Asia Pacific (28%), and Latin America (5%).

The global packaging industry is estimated to be \$505 billion, with Western Europe and North America accounting for a majority of the world's flexible packaging demand at 28% and 27%, respectively. The Report also details that the two largest material segments of the global packaging industry are plastics (37%), and paper and board (36%). ■

For more information on the 2009 State of the Industry Report and other FPA financial benchmarking reports, contact Bob Zaborowski, director of Business and Economic Research, at (410) 694-0800 or bzaborowski@flexpack.org. The Report is a benefit of FPA membership and can be downloaded within the Members Only section of the FPA website at www.flexpack.org. The Report is also available to FPA non-members for \$3,500.

FPA MEMBERS SPONSOR SUMMER INTERNS

FPA to award \$12,000 in academic scholarships to printing and packaging school students.

As participants of the FPA Academic Scholarship & Summer Internship Program, several FPA converter members will sponsor packaging and printing school interns this summer. Upon the successful completion of their internships, each student will be awarded a FPA academic scholarship, each valued at \$3,000.

Western Michigan University imaging major *Brian Diefenbach* has been selected by **Constantia Hueck Foils LLC** to participate in an internship at the company's headquarters in Blythewood, S.C.

Chetah Joshi, a graduate student at Pittsburgh State University, will join **Technipaq Inc.** in Crystal Lake, Ill., as a summer intern. Chetah is currently pursuing his Master of Science in Technology with an emphasis on Printing Management.

Christy Root, also a student at Western Michigan University, is looking forward to successfully completing a summer internship at **American Packaging Corp.** Christy will gain experience in printing management within the company's Columbus, Wis., facilities.

Chelsea Wilson, an image and printing student, will participate in a summer internship with **CL&D Graphics**. During her internship, Chelsea aims to apply what she has learned at Western Michigan University and "positively contribute to printing, graphics and research projects at CL&D Graphics."

Since 2005, the FPA Flexible Packaging Academic Scholarship & Summer Internship program has awarded more than \$45,000 in academic scholarships to packaging and printing school students participating in career-enriching summer internships sponsored by FPA converter members. For more information, contact FPA at 410-694-0800 or visit www.flexpack.org.

FPA Welcomes New Member

The Flexible Packaging Association is pleased to welcome Tredegar Film Products as an associate member of FPA. Tredegar Film Products is a leading supplier of plastic films, non-wovens and laminates for the packaging, personal care and surface protection market segments. Tredegar's FPA official representative is Fernando Grilo, general manager, Packaging and Specialty Films. Tredegar's FPA alternate representative is Richard Baker, finance manager.