



Fourth Quarter 2009

Business Outlook Survey

Thank you for your participation in the business outlook survey sponsored by AIMCAL. Forty-eight member companies participated in the survey this quarter. This is a twelve member decrease over the number of members who participated in the third quarter survey.

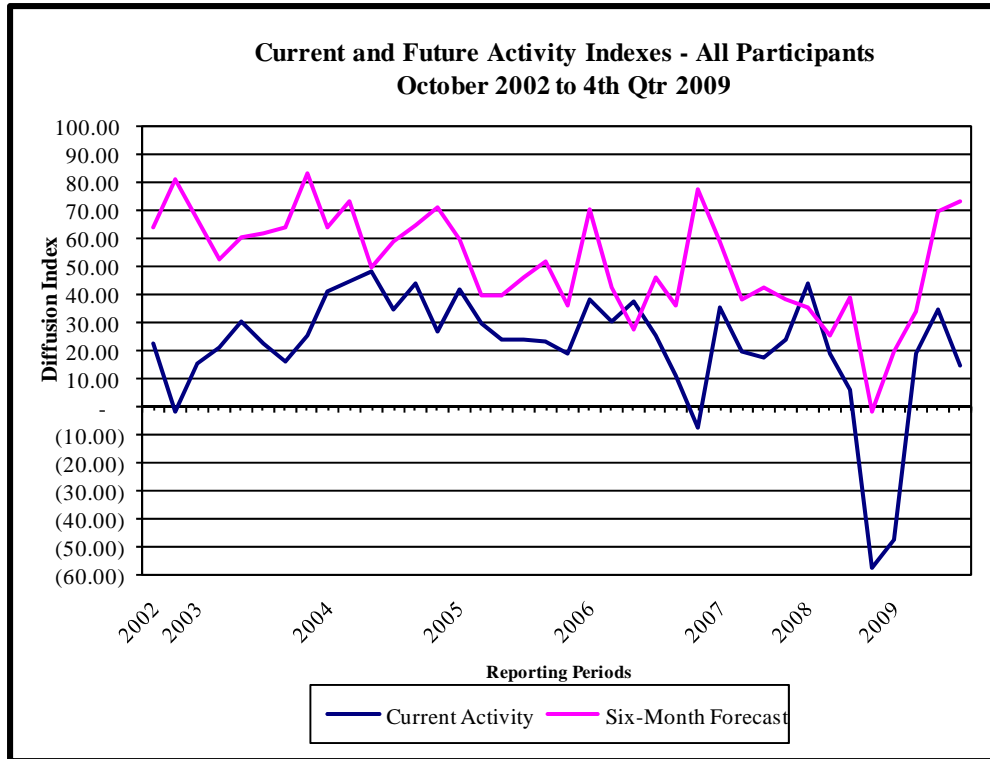
Survey conclusions are drawn from a diffusion index, which is defined as the percentage of participants indicating an increase minus the percentage indicating a decrease. A decrease in the index means that member expectations have fallen when compared to the prior reporting period. An increase in the 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 Falls as Forecasted General Activity Index Continues Rise

The current general activity index fell more than 22 points for the quarter ending its three consecutive quarter rise. This quarter's reading of 14.58 is less than half last quarter's reading. The current general activity index increased more than 72 points over the last year and has been positive three out of the last four quarters. The forecasted index increased more than 4 points to a value of 72.92. This is its highest value since December 2006 when a value of 77.50 was reported. The index has increased more than 75 points over the last year and has been positive each of the last four quarters.

The current individual company business indicators remain positive for the quarter. Eight of the ten current business indicators were positive. Four of the indicators showed increases of 10 points or less and three showed increases between 10 and 20 points. The number of employees index improved the most increasing by 23.76 points. The new orders and shipments in-



dex both decreased more than 20 points for the quarter. While still positive, both indexes have fallen to half their reported values for the third quarter. The other current business indicator changes ranged from .42 to 23.76 points.

The current inventory index, which had been trending downward, has increased for the second consecutive quarter. The current index reported an increase of 13.74 points for the quarter rising to -14.59. The forecasted inventory index decreased by more than 14 points to a reading of 20.83, falling from its reported value of 35.

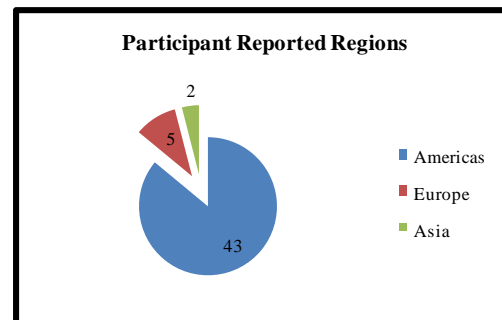
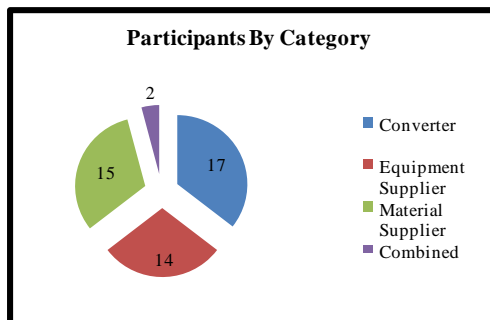
The current capital expenditures index continued its climb—rising by more than 17 points to its highest level since the second quarter of 2008. Likewise, the forecasted

capital expenditures index rose for the fourth consecutive quarter to 47.91, its highest reported level under this survey and its highest reported value since December 2002.

The forecasted business indicators continued their improvement with eight of the indicators reporting increases for the quarter. Only the inventory index and the average employee workweek indexes decreased for the quarter. The changes for the forecasted indexes ranged between -14.17 and 31.25. The prices paid and capital expenditures indexes increased the most for the quarter.

Prices Paid Indexes and Prices Received Indexes Move Upward

The current prices paid index rose a modest



2.91 points to 14.58 from last quarter's reported value of 11.67. The forecasted prices paid index reversed course and rose by more than 20 points to a reported value of 33.34. This is the highest reported value for this index since the third quarter of 2008.

The current prices received index increased by more than 2 points, rising to a reading of 0 for the quarter. This is the third consecutive increase for the index since it bottomed out in the fourth quarter of 2008. The forecasted prices received index increased slightly more than 2 points to a reading of 12.50. The forecasted index has been on the rise for the past four quarters.

Current Labor Indexes Rise and Forecasted Labor Indexes Split

The current number of employees index rose more than 23 points—its third consecutive increase. The index has turned positive and has risen to 10.42—its first positive reading in a year. The index has increased more than 50 points this year. The forecasted index increased by more than 6 points and remains positive for the third consecutive quarter. This is the indexes highest value since the first quarter of 2008.

The average employee workweek index increased significantly for the second consecutive quarter, rising by more than 13 points to a reported value of 18.75. This is the highest value reported since the fourth quarter of 2007. The forecasted average employee workweek index

decreased nearly 4 points to a value of 22.91. This is the first decrease in the index since the second quarter of 2008.

Members Report on their Expectations for 2010 Compared to 2009

This month's special relevant issues question asked members about their expectations for their sales revenues for 2010. While differences exist between industry segments (see table below), more than 70% of members, across all segments, reported that their companies are expecting 2010 sales to be 5% or more higher than 2009. In fact, nearly 23 percent of members reported that they expect 2010 revenues to be 20% or more higher than 2009. Slightly more than 27 percent of the members reported that their sales would be within 5% of their 2009 sales. The material suppliers segment was the most optimistic in their sales expectations, the equipment suppliers segment was the least optimistic and the converters fell in between.

Capital Expenditures Continue Rise for Current and Forecasted Periods

Both the current and forecasted capital expenditures indexes increased for the quarter with the current index increasing 17.08 points and the forecasted index increasing more than 31 points. This is the second consecutive increase for the current index and fourth consecutive increase for the forecasted index. This current index reading is the highest reading reported for this index in more than a year. The reading for the forecasted index is the highest reported value since survey reporting started in October 2002.

Summary

The survey results for the quarter appear to be split with the forecasted outlook continuing to rise while the current outlook has fallen back. In reviewing the individual business indicators, it would seem that there are encouraging improvements in the labor market for the third consecutive quarter. Additionally, with the capital expenditures indexes continuing to rise, it would seem that members are continuing to invest in their businesses. Member expectations remain high and are at their highest point since 2006.

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 48 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
How do you expect sales revenues for 2010 to compare with 2009?				
20% or more higher than 2009	22.92	29.42	21.43	13.31
5 - 20 % higher than 2009	47.92	41.18	42.86	60.00
About the same as 2009 (+/- 5%)	27.08	29.41	28.57	26.67
5 - 20% lower than 2009	2.08	-	7.14	-
20% or more lower than 2009	-	-	-	-
Not Answered	-	-	-	-
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 January 4, 2010.				

Business Outlook Survey

Summary of Returns

4th Quarter 2009

	4th Quarter '09 vs. 3rd 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?	36.67	14.58	42.85	29.41	-	14.29	61.91	13.33
<u>Company Business Indicators</u>								
New Orders	41.67	20.83	47.61	17.65	23.53	28.57	52.38	33.33
Shipments	41.66	20.83	47.61	23.53	23.53	28.57	47.62	26.67
Unfilled Orders	10.00	10.42	9.53	11.77	11.77	7.15	9.53	6.66
Delivery Time	-	2.09	-	-	(23.53)	(7.15)	19.05	13.33
Inventories	(28.33)	(14.59)	(33.33)	5.88	(23.53)	(35.71)	(28.57)	(13.34)
Prices Paid	11.67	14.58	(9.53)	17.65	(5.89)	(7.14)	47.62	33.33
Prices Received	(1.67)	-	(19.05)	-	(23.53)	(14.29)	28.57	13.34
Number of Employees	(13.34)	10.42	(9.52)	11.76	(11.77)	7.14	(19.05)	13.34
Average Employee Workweek	5.00	18.75	9.52	23.53	-	21.43	4.76	13.34
Capital Expenditures	(6.67)	10.41	4.76	17.65	(23.53)	21.43	(4.76)	-

	Six Months from Now 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?	68.33	72.92	76.19	58.82	58.82	71.43	66.67	86.67
<u>Company Business Indicators</u>								
New Orders	61.67	75.00	57.14	58.82	64.71	78.57	61.90	86.67
Shipments	63.33	72.92	61.91	58.82	64.71	71.43	66.67	86.67
Unfilled Orders	6.67	16.67	9.53	17.65	5.88	28.57	4.76	6.67
Delivery Time	1.67	6.25	-	5.88	5.88	7.15	-	6.67
Inventories	35.00	20.83	33.34	17.64	17.65	14.29	52.38	33.33
Prices Paid	13.33	33.34	(9.53)	29.41	5.88	14.29	42.86	53.33
Prices Received	10.00	12.50	9.53	-	23.53	7.15	-	33.33
Number of Employees	18.33	25.00	19.05	29.42	5.88	-	28.58	46.67
Average Employee Workweek	26.66	22.91	28.57	23.53	17.64	42.86	28.57	6.67
Capital Expenditures	16.66	47.91	9.52	41.18	5.88	42.86	28.57	66.67

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