



March 11, 2011


Dear Technicote Customer :

Worldwide inflation continues to affect our economy, including the label industry, as the cost of raw materials used to manufacture these products increase on a monthly basis. Technicote continues to work hard to control costs in an effort to provide our customers with competitively priced label products. Despite our efforts we can no longer absorb these cost increases.

Therefore, effective April 18, 2011, the price of Technicote pressure sensitive and non-pressure sensitive roll label products will increase by 4.5%. Orders placed prior to April 18, 2011 and scheduled to ship with standard order lead times, will receive current MSI prices.

Additionally, Technicote has been absorbing increased freight costs for several months in association with our published freight fuel surcharge program that was established in August of 2008. We had maintained the below average rate of \$.002/MSI for our customers since January 2009, but can no longer absorb the increased cost. As of February 28, 2011 the monthly diesel price was \$3.716/gallon. Technicote must now increase our freight fuel surcharge to \$.004/MSI, effective April 18, 2011 on all orders shipped. This is below the surcharge rate established in our original program and we will continue to do all we can to minimize this necessary surcharge.

This surcharge is controlled by the D.O.E. published weekly table indicating the average U.S. retail cost for diesel fuel. Future freight fuel surcharges will be adjusted based on Technicote's published table which is shown below and on our web site.

 Fuel Freight Surcharge Table (Based on Department of Energy Average Monthly Diesel Fuel Price)		
Minimum per Gallon	Maximum per Gallon	MSI Surcharge
	\$1.99	Zero
\$2.00	\$2.49	\$0.0020
\$2.50	\$2.99	\$0.0030
\$3.00	\$3.49	\$0.0040
\$3.50	\$3.99	\$0.0050
\$4.00	\$4.49	\$0.0060
\$4.50	\$4.99	\$0.0070
\$5.00	\$5.49	\$0.0080
\$5.50	\$5.99	\$0.0090
\$6.00	\$6.49	\$0.0100

Your Technicote sales representative will be contacting you to review your specific label pricing as well as providing you with more information on the market conditions that make this price increase necessary. We thank you for your business and support.

Sincerely,

Doug O'Connell

Vice-President & General Manager