

TEAM NEWS

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SAY IT'S NOT SO! ANOTHER MATERIAL INCREASE IS COMING.

If you have been following the saga of the paper industry for the past 2 years, you will have witnessed an unprecedented consolidation of paper mills and the mothballing of their paper-making equipment. As a result we have hit a perfect storm with a shortage of pulp and the ability of the paper industry to pass on increases to their customers almost at will. Pulp prices have increased 3.5% in the first quarter alone and more increases have been announced. This combined with high prices in natural gas, oil, platinum, etc. have set the stage for continual price increases in the foreseeable future for the pressure sensitive marketplace. **RESULT: DO NOT LOCK IN LONG TERM PRICING COMMITMENTS WITH YOUR CUSTOMERS!**

This last paragraph was from our April 30th newsletter and unfortunately we were very prophetic with our thoughts. Our suppliers have recently announced a 6-8% increase effective in July and to further complicate what is happening in the marketplace, Dow Chemical announced a 20% increase on May 29th. This will only set the stage to possibly increase the percentage of the current price hike or accelerate the timing of the next increase. We have heard from our suppliers that their raw material suppliers are pegging their prices for their products at what they want using the threat of selling their products off shore due to the low valuation of the dollar on the international exchange.

These raw material increases are independent of the continual spikes in fuel surcharges we are receiving on all our inbound freight and increases in other production supplies such as cores, shrink film, bags, etc. We are fully committed to providing the distributor marketplace a quality competitive product and feel we are well positioned to survive through these tough economic times.

HOLD ON IT'S GOING TO BE A ROUGH YEAR OR TWO!!!

LEMONS OR LEMONADE

Tough economic times present great opportunities not only for you to grow your business, but also to make yourself a stronger partner with your customer.

- 1) Talk to your customer about the increase and the threat of additional ones down the road. Offer suggestions such as blanket orders or additional purchases prior to the increase date which will defer the increase and show that the customer's concerns are also yours.
- 2) Price increases make for opportunities. That account that you have been trying to quote may now be willing to give you that chance on the business you have been waiting for. Stay in front of your prospects as they will put their business into play at some point.

You will hear from us from time to time as we have new offerings. Please contact us for a full catalog and price list of our labels and ribbons, 800-397-3013 x2 or e-mail Dominick Manzo at dmanzo@teamdlsolutions.com.

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