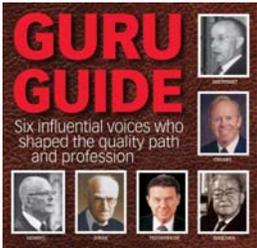


Press Release

April, 2011

Quality Costs Less at Labels, Inc./FlexPrint



The reality of worldwide competition in our present economy has made the lesson delivered by pioneering quality gurus like Deming, Juran and Crosby even more critical for healthy business survival in 2011. That lesson is this: better quality will increase productivity. To that end, Labels, Inc./FlexPrint continues to stress cross-the-board

training for all its employees as a means for increasing the value of our most important process component: our people.

Recent training sessions have included topics such as Process Set Up, Process Auditing, Traceability and Color Management. All these courses were designed to help improve the capabilities of our processes to meet our customers' needs. The recent Quality Cost course helped educate our employees on the bottom-line effect of not meeting those needs and emphasized the need for all our employees to contribute to minimizing quality costs in the future.

Quarterly and monthly quality cost graphs are now posted, showing the trends and reasons for both internal & external quality waste. Internal quality costs include all material and time lost to nonconforming material detected and reworked within the walls of Labels, Inc./FlexPrint. External quality costs include those same losses on returns or complaints received from our customers which are much more critical to prevent as we continue to grow the business.

Departmental quality objectives were established and published last year. The effect of striving to meet those objectives helped us witness very favorable trends in reducing overall Quality costs during the last two quarters of 2010. Those objectives included all key components of our processes: Supplier, In-Process, and Final Product Quality.

The critical material aspect of our process is determined by the ability of our suppliers to meet the increasing demands of our customers. To that end, we established a goal to increase the average grade of our top twenty suppliers' quality & service performance during the next year.

First Piece Success and Final Product Audit goals were established as mechanisms for minimizing overall waste through our Flexo, Pouch & Rewind Department processes. Indirectly, creating those goals has contributed to the success of meeting the overall waste targets established for each department.



Understanding the details of how our quality costs are tabulated and determining the major causes of our losses is only one step in further reducing costs. Future steps will require formation of process improvement teams from all job levels chosen from those employees who are most involved with the process being analyzed.

Knowing the process, understanding the related costs and assuming the responsibility for improvement are all traits associated with what it takes to be a valued Labels, Inc./FlexPrint employee. Participation of plant floor personnel in process improvement teams provides vital knowledge from the employee who deals with the process every day. Management valuing that input helps build ownership, pride in performance, and teamwork. Labels, Inc./FlexPrint's future business success and the partnerships we establish with our vendors and valued customers can only prosper from this team-driven effort. 🍀

—Allen Craig, Quality Assurance Manager



inside:



Adding a New Dimension
2D Barcode Technology

We've Got Your Back
Tamper-proof Seals & Tapes



Real Estate Available
Copy Expansion Products

QR Readers
Get Started With a Free App



Add a New Dimension with 2D Barcodes



Do you own a smartphone? Use it to scan the latest QR (Quick Response) barcode and you may be directed to a website, a video—or perhaps a movie trailer to see a preview of the latest Hollywood release. QR Codes are a new type of 2D barcode that's become a big hit in the marketing world. Because it enables precision tracking of response rates, it's being used to link to websites and videos as well as for trade shows, conferences and conventions. In San Francisco, audio reviews and snippets are embedded into codes and strategically placed on restaurants and historical landmarks, allowing food connoisseurs and tourists to take self-guided tours of the Bay Area.

Applications such as these, which require large amounts of data, are pushing the transition from traditional 1D to 2D barcodes. 2D barcodes store information across the width and the height of the barcode, and they can be read easily and accurately. While 1D barcodes are limited to a 20-character storage capacity, 2D codes can store up to 7,089 characters. Based on this extraordinary capacity, new applications for 2D technology are being created at a rapid pace.

Although 2D might still be considered a niche technology in the US, smartphones released on the Japanese market for the last several years have been pre-loaded with a QR reader. This makes the QR codes available to anyone with a phone, and today in Japan QR technology reaches about 95 million mobile subscribers.



Fashion magazines are filled with QR codes that link to mobile shopping pages or to competition entry forms. Hot Pepper, a popular coupon magazine in Japan, is loaded with QR codes. Scanning a code might bring up a mobile web site page with a discount offered at a nearby restaurant. QR Codes are often printed on business cards to make it quick and easy to add contact information.

There are other reasons to consider this new technology, as our "We've Got Your Back" article gets into in the following column. Tamper-proofing is becoming a significant concern and design consideration across many industries. 2D barcodes are much less susceptible to vandalism or tampering than traditional barcodes. Actual physical damage to the barcode is also less of a problem because 2D architecture includes built-in redundancy.

Of particular interest to Labels, Inc./FlexPrint is the adoption of 2D barcode technology by the healthcare industry, one of our core business focuses and a big part of our success. The healthcare industry holds a unique position in which there is no margin for error; 2D lends itself to these strict requirements through its inherent accuracy, redundancy and tamper-resistance.

The pharmaceutical sector of the healthcare industry, often faced with having to place large amounts of critical data on very small labels, may just be the perfect fit for utilizing 2D technology.

Naturally, Labels, Inc./FlexPrint has the latest software and hardware to handle 2D technology, from barcode creation to scanning and evaluation. We're ready when you are. 📱

—Neal Fitzgerald, Prepress Supervisor



Scan me!
(No QR reader?
See Page 3.)

We've Got Your Back Tamper-proof Seals and Tapes

Have you ever wondered about the security of your product once it has left your facility?

Your company works hard to develop and manufacture a product that will be marketed and sold to customers with high expectations of quality and performance. What are you doing to ensure your product has not been tampered with once it has left your dock?

We've got your back, and the possibilities and options are endless. Labels, Inc./FlexPrint has a variety of security seal and tamper-indicating product labels and tapes that will provide you, and more importantly your customers, the confidence that your product has arrived as expected.

Working together, we can design a tamper-evident label or seal that will be used to support warranty guarantees, serial number marking or expiration dates.

- *Unique die cut shapes that break down if removal is attempted.*
- *Open-indicating, patterned or VOID messages left on the opened surface.*
- *Pouch materials designed to provide indication that a seal has been opened or tampered with.*
- *Seals and labels that will flake and destruct upon removal.*
- *Customized messages also available.*

Through our unique ability to provide world class products and services without the large company challenges, we are redefining medical device packaging and labeling. It's what we are all about.

Contact your Sales and Customer Service Representatives at 1-603-929-3088 to find out more. 📱

Zake's Place

As I have mentioned many times, Donna and I have three grandchildren: Will, fourteen, Mary, eight and Jacob, five. I cannot put into words how much pleasure and happiness they have brought into our lives. Whoever it was that stated "If I knew grandchildren were so much fun, I would have bypassed children" echoes our sentiments.

With that being said, I would like to strike a more serious note about what is happening to our wonderful country. It doesn't matter what your political beliefs are, you should be concerned with the financial crisis that is worsening every day. At my age, my life probably won't change much but what about our children and grandchildren? I for one don't think it's fair to place that burden on them.

As JFK said in his speech in 1961, "ask not what your country can do for you, ask what you can do for your country." I have always had the belief that it should be good for the country before it can be good for me. If we adopt this attitude, we have a chance to make things right. I have been hesitant to put these words in this column and hope that I haven't offended anyone with my opinions.

To end on a positive note, spring has sprung. It has been a long, cold, snowy winter, but now we can look forward to warmer weather. Until the next Press Release, as always, I wish you health and happiness. 🐣

—BZ

Free QR Readers

How can I tell if my smartphone has a QR reader?



You can tell if a QR code reader is installed on your smartphone by looking at your pre-loaded apps or doing a search for the word "QR." There's no harm in downloading another one anyway—most are free.

For a list of QR code reading software available on the internet, go to www.mobile-barcodes.com/qr-code-software/. "If it's not on our list, it's not worth worrying about," claims Mobile Barcodes.com. With over 10 different QR readers on the list, it appears they've got it covered. 🐣

Employee Anniversary Dates

Robert Zakian.....	34 yrs	President
Peter Carro	24 yrs	Sales Representative
Rick Rokes	22 yrs	Director of Regional Sales
Mike Labrecque	19 yrs	Operations Manager
Butch Jacklin.....	17 yrs	Flexo Press Operator
Ed Paquette	12 yrs	VP Finance
Diana Burkholder.....	11 yrs	Document Specialist
Kevin Elder	8 yrs	Die Cutter
Nancy Hill	6 yrs	Rewind Supervisor
Bernice Howell	5 yrs	Screen Press Operator
Paul Curley	5 yrs	Pouch Machine Operator
Peter Smith.....	4 yrs	Manufacturing Support Tech
Marilyn Millette	3 yrs	Rewind Inspector
Neal Fitzgerald	3 yrs	Prepress Supervisor
Patrick McMahon.....	2 yrs	Shipping/Receiving

Real Estate Available

Are you *cramped* for space? We can help.

If your products are required to be marked or labeled with an extensive amount of regulatory information, Labels, Inc./FlexPrint offers a variety of solutions. We can provide you with a product that will increase your text space by 1000%. It's also a perfect solution for cross-promotional marketing, product instructions, instructions for use, patient records, multiple languages, barcoding, recipes; the opportunities are endless. Imagine the benefits of ordering your flexible packaging or labels with the instructions pre-applied rather than put into a carton. This will save money on material, inventory management and labor.



Let's get creative. The opportunities are endless and Labels, Inc./Flexprint can help develop a solution for you.

Contact Rick Rokes at rrokes@labelsinc.com to find out more.



Chris's Corner

Smart Converting with a Personalized Touch

As New England emerges from another long, cold winter, the vibe around Labels, Inc./FlexPrint is one of excitement and anticipation. We've spent a lot of time this past winter working on improvements. Some of our marketing materials are getting an update as you may have seen, but we're also updating communication tools that we plan to use to interface more seamlessly with our customers.

One of our primary goals is to work with you to reduce packaging and labeling costs. We do this through any means possible, and we strive to do it throughout the course of our relationship. Sometimes a change in how we share information internally (orders, artwork changes, etc.) can be the key to unrealized savings. There are some technology changes coming that we feel will fall into this category. We'll keep you updated through this newsletter and on the website.

Speaking of new technologies, this edition of the Press Release has an article on 2D barcodes that can be scanned with any smartphone or pda. This is exciting to me because I've always been a technology buff—someone who assumes there is an easier way to get a task accomplished. I envision a world where we are able to provide shortcuts to tools and/or information. I call this “smart” converting, to which we'll add a personalized touch.

As always, feel free to visit us at www.labelsinc.com. Check in to see what's new or leave a comment letting us know how we are doing!

—Chris Snow
VP Sales & Marketing