

# MOD-PAC CORP. Q3 2009 Fact Sheet



Symbol: NASDAQ: MPAC

Web site: [www.modpac.com](http://www.modpac.com)

## Company Profile

MOD-PAC CORP. is a high value-added, on demand print services firm providing products and services in two product categories: folding cartons and personalized print. Within folding cartons, MOD-PAC provides CUSTOM FOLDING CARTONS for branded and private label consumer products in the food and food service, healthcare, medical and automotive industries. The Company also offers a line of STOCK PACKAGING primarily to the retail confectionary industry. MOD-PAC's PERSONALIZED PRINT product line is a comprehensive offering for consumer and corporate social occasions.

## Growth Strategy

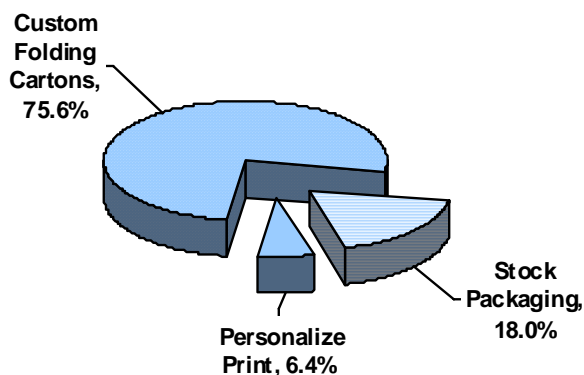
MOD-PAC's strategy for growth is to leverage its capabilities to innovate and aggressively integrate technology into its production operations providing cost-effective solutions for its customers. Through its large, centralized facility, the Company has captured significant economies of scale by channeling large numbers of small-to-medium-sized orders through its operations due to its rapid order change out skills. Applying its lean manufacturing processes coupled with state-of-the-art printing technologies, MOD-PAC is able to address short-run, highly variable content needs of its customers with quick turn around times relative to industry standards.

## Investment Considerations

- ◆ Ideally situated to meet the markets' needs and increase market share by aggregating the fragmented print market.
- ◆ Distinctive print operation focused on world class manufacturing, web-based technology and automation to create scale and efficiencies.
- ◆ Gain new customers in markets with larger opportunities.
- ◆ Healthy balance sheet.

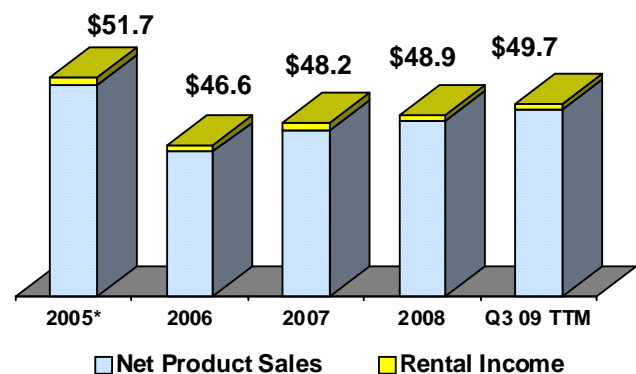
## Q3 2009 Net Sales by Product:

Revenue = \$12.4 million



## Total Revenue

(in millions):



## Market Data (as of Nov 2, 2009) & Financial Highlights

Common Shares Outstanding	2.78 Million	Price to Book	0.45 x
Total Shares Outstanding (including Class B)	3.43 Million	Price to Sales	0.20 x
Insider Ownership (including Class B)	24.0%	L-T Debt-to-Capitalization (Q3 09)	9.5%
Market Capitalization	\$9.9 Million	Gross Margin (Q3 09)	20.0%
Recent Price	\$2.89	Operating Margin (Q3 09)	5.4%
52-Week Range	\$3.48 – 0.81	Net Margin (Q3 09)	8.0%
Average Daily Trading Volume (3 mos)	4,377	Diluted EPS (Q3 09 TTM)	\$(0.92)

## Investor Relations Contact

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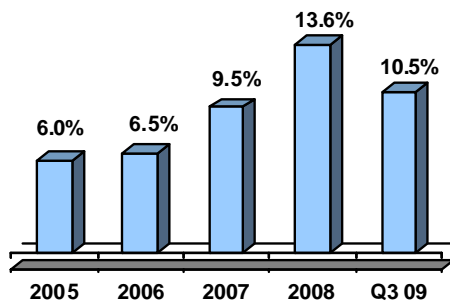
## Financial Highlights

(in thousands except where noted)

	Third Quarter Ended		Year Ended		
	Oct 3, 2009	Sept 27, 2008	2008	Dec 31, 2007	2006
Net product sales	\$ 12,446	\$ 12,504	\$ 48,412	\$ 47,670	\$ 46,015
Rental income	141	133	486	520	544
Total revenue	12,587	12,637	48,898	48,190	46,559
Cost of goods sold	10,071	10,662	42,174	43,725	42,243
Income (loss) from operations	675	121	(1,146)	(5,385)	(5,163)
Net income (loss)	1,011	14	(895)	(4,101)	(3,431)
Net income (loss) per share – diluted	\$ 0.29	\$ 0.00	\$ (.26)	\$ (1.19)	\$ (1.00)
Weighted average shares – diluted	3,470	3,430	3,434	3,450	3,442
Capital expenditures	139	335	1,993	2,707	1,028
Depreciation and amortization	663	860	3,737	4,970	5,011
(Excluding contract buy-out fee)					
Gross margin	20.0%	15.6%	13.8%	9.3%	9.3%
Operating margin	5.4%	1.0%	(2.3)%	(11.2)%	(11.1)%
Net margin	8.0%	0.1%	(1.8)%	(8.5)%	(7.4)%

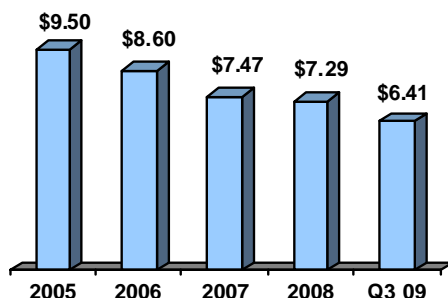
(\$, in thousands)	Oct 3, 2009	Dec 31, 2008	Dec 31, 2007
Current assets	\$ 10,296	\$ 9,620	\$ 8,154
Non-current assets	18,450	22,931	24,640
Total assets	28,746	32,551	32,794
Current liabilities	4,417	3,971	3,775
Long-term debt	2,301	3,413	2,450
Other liabilities	52	155	768
Stockholders' equity	21,976	25,012	25,801
Total liabilities and stockholders' equity	28,746	32,551	32,794
Book value per share	\$ 6.41	\$ 7.29	\$ 7.47
Return on average assets	(10.2)%	(2.7)%	(11.4)%
Return on average equity	(13.3)%	(3.5)%	(14.8)%

## Long-term Debt to Equity



## Book Value

[per common share]



## Third Quarter 2009 Highlights

- ◆ MOD-PC Corp reported total revenue of \$12.59 million in the third quarter of 2009, which ended October 3, 2009, relatively flat compared with revenue of \$12.64 million in the 2008 third quarter.
- ◆ Custom folding carton sales for the third quarter of 2009 were \$9.41 million, up \$1.21 million, or 14.8%, from 2008 third quarter sales of \$8.19 million. Greater sales from two large existing customers and the addition of one new customer, more than offset reduced sales from customers impacted by the economy and decreased waste sales due to a drop in the recycled paperboard market.
- ◆ Stock packaging sales were \$2.24 million in the 2009 third quarter, a decline of \$39 thousand, or 1.7%, from \$2.28 million the prior year period. The stock packaging line has been impacted by economic conditions over the last year.
- ◆ Print services sales, which are now solely comprised of personalized print, were down \$1.23 million, or 60.7%, to \$0.80 million in the 2009 third quarter compared with \$2.03 million in the same period in 2008.
- ◆ Net income for the quarter was \$1.01 million, or \$0.29 per diluted share compared with net income of \$14 thousand, or \$0.00 per diluted share, in the third quarter of 2008. Net income increased as a result of improved operating leverage from the rationalization and a \$263 thousand fair value adjustment to increase the specialty print and direct mail assets.
- ◆ MOD-PAC generated \$1.0 million in cash from operations during the 2009 third quarter from higher net income and reduced working capital requirements.
- ◆ The line of credit balance at October 3, 2009, was \$0.6 million, down \$1.7 million from \$2.3 million at July 4, 2009.

This fact sheet contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. One can identify these forward-looking statements by the use of the words such as "expect," "anticipate," "plan," "may," "will," "estimate" or other similar expressions. Because such statements apply to future events, they are subject to risks and uncertainties that could cause the actual results to differ materially. Important factors, which could cause actual results to differ materially, include the ability of the Company to continue to gain market share, the success of the application of technology in its marketing and printing processes, the likelihood that MOD-PAC will continue to maintain its favorable relationship with its customers, and other factors which are described in MOD-PAC's annual report on Form 10K on file with the Securities and Exchange Commission. The Company assumes no obligation to update forward-looking information in this fact sheet whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects, or otherwise.