2011 Annual Report on Form 10-K
and
Proxy Statement

Annual Meeting of Shareholders
June 30, 2011

Shareholder Letter 2011

We knew this year would present several tough business problems, such as the continued competitive print pricing environment, the building of the new apparel plant in Agua Prieta, Mexico, and the task of training and hiring the new staff in Mexico. Our management team was well prepared for these challenges. But we did not anticipate the huge increases in the commodities markets in which cotton, our largest single raw material, saw record increases and volatility. This development caused a complete shift in our planned strategy for the Alstyle product line, as record price increases were required to secure the cotton needed to supply our customer base. It was a difficult transition for everyone in the apparel supply chain. These adjustments enabled our fiscal year to come together much better than we had anticipated, as apparel demand continued strong in spite of the cotton driven price increases. Additionally, the investment in new capital projects provided cost savings to offset short falls in retail price pass-through.

The printing business continued to perform well in its challenging marketplace. While sales did continue to decline, the rate of decline had slowed considerably by the end of the year bringing some stability to the market. We are constantly impacted by pricing pressures from our raw material suppliers. While we understand their cost driven increases, this unfortunately pushes the end-users to try to find new ways to conduct their business with less paper in the supply chain. Even in this declining sales scenario our print margins continued to improve.

Key Points of Interest for Fiscal Year 2011

- Diluted earnings increased from $1.36 per share to $1.72 per share.
- Sales for the year increased by $32,300,000 or 6.2%.
- Gross profit margin improved from 26.1% to 28.1% in total and in both segments.
- EBITDA improved from $70,100,000 in 2010 to $81,500,000 in 2011.
- Construction of the new Agua Prieta plant and installation of equipment is essentially complete.
- Apparel group approximately 50% of revenue.

Financial Overview for Fiscal Year 2011

Ennis net sales increased from $517,700,000 for the year ended February 28, 2010 to $550,000,000 for the year ended February 28, 2011. The increase was $32,300,000 or sales growth of 6.2%. Our print sales decreased by 3.4% during the year, while our apparel sales grew by 17.8%. Our margins increased 200 bps, from 26.1% for fiscal year 2010 to 28.1% for fiscal year 2011 due to operational efficiencies and increased unit selling prices. The Print Group margin increased from 27.6% to 28.3%, while the Apparel Group margin increased from 24.4% to 27.9% for the year ended February 28, 2010 and 2011, respectively. Selling, general and administrative expenses increased from $76,700,000, or 14.8% of sales, to $83,700,000 or 15.2% of sales. The increase in our selling, general and administrative expenses was basically volume related. We did incur increases in our credit card fees due to increased customer usage as well as performance incentive costs during the year. Net earnings increased from $35,200,000, or 6.8% of sales, to $44,600,000, or 8.1% of sales. Our diluted earnings increased 26.5%, from $1.36 per share to $1.72 per share. We estimate that the start-up cost associated with the Agua Prieta facility impacted our operational results during the year by approximately $4,600,000 ($3,000,000 after tax). We still think that the total negative impact associated with the start-up of the Agua Prieta facility to be within our original guidance of approximately $9,000,000. We hope to contain the remaining portion of these costs to our first and second quarters of the fiscal year 2012. Ennis generated $81,500,000 of EBITDA (earnings before interest, taxes, depreciation, and amortization) compared to $70,100,000 in the previous fiscal year.

Print Business Unit Discussion

While sales declined 3.4% for the year, from $282,300,000 to $272,700,000, the decline slowed as the year progressed. By the fourth quarter, sales were flat year over year. Our refocused sales efforts, the pickup in the economy, and the acquisition of Atlas Tag & Label, increased our revenue which improved the Print segment's sales outlook. Unfortunately, the slow migration away from business forms is expected to continue. The rising cost of paper will continue to act as a catalyst, prodding businesses to look into new avenues of conducting business with less paper transactions. Ennis will continue to look at other printed products, like labels and packaging, where the printed products are still growing. We are migrating into those arenas organically and through acquisitions. Even with the migration, forms will continue to be around for many years to come.

Print margins and profits continue to be strong as the company maintained its discipline of controlling its costs. While price increases in our products were adjusted to reflect higher material costs, labor and burden increases were covered by improvements in operations. We do not plan formal "cost reduction programs", but believe that by continually driving for better utilization of our labor and equipment, it has become a part of our culture. We are constantly flexing our costs based on the level of sales generated, which avoids the need for formerly announced "cost reduction programs." While some companies announce their intent to reduce expenses by a given amount, Ennis quietly goes about the business of managing and reducing its expense levels, and maintains or grows its margins.

Essential to allowing the Company to maintain its margins is its growing use of its ERP system within its facilities. Close to 90% of our print facilities (both original and acquired plants) are fully integrated into the Company's ERP system, allowing managers to make adjustments in costs during the month. While the market sets the price of many of our products, the ability to understand our true cost is invaluable when it comes to a decision to accept the job and figuring out ways to improve the process.

We continue to expand our digital production with the addition of digital presses at more of our facilities. Our digital facilities allow for additional products, faster turnaround, and reduced labor and waste costs. This area will continue to grow as digital presses become faster, cheaper, add color, and add more bindery functions incorporated into the machine. We have also expanded into the short run plastic card business through our Ft. Scott, Kansas facility this year.

Our financial printed product line continues to do well. The Company boasts customers from small regional banks to some of the largest financial institutions in the country. The majority of these customers are serviced through our distributor sales force, while the larger banks require a direct relationship. Our facilities in Minneapolis and St. Paul, Minnesota; Nevada, Iowa; Bridgewater, Virginia and Anaheim, California provide these institutions with the quality, speed, and diversity at a cost effective price. The ability to produce the same product at any of these facilities gives financial institutions the type of disaster recovery necessary for their critical documents. Our web based front end system integrates well into their systems and allows their branches from all over the country to have “desktop” order entry on small orders quickly and accurately. We continue to expand into this marketplace. We feel we are uniquely qualified and positioned to expand even further into this market.

Our envelope product line is also doing well. Our three converting locations in Portland, Oregon; Columbus, Kansas and Tullahoma, Tennessee and two imprint locations located in Denver, Colorado and Sun City, California give us geographic advantages for this product line. The short run niche is a good area in the envelope market and has allowed us to maintain or improve margins, even as some of our larger competitors stumble into financial difficulties.

From the top line point of view, the Company continues to focus and rely heavily on the distributor and re-seller channels to provide sales. We have put more emphasis into our ecommerce strategy to support the distributor channel that traditionally struggles with technology. This strategy is providing more opportunities for the end user to access our products through website storefronts provided to distributors. Once in the website, it allows digital transfer of quotes, proofs and orders to eliminate personnel costs, errors and time from the process. The ability to work with Ennis through this process gives our distributors greater power in the marketplace and strengthens our relationships.

The Company is also expanding into other sales channels to create organic growth. The Company has looked at business arrangements with minority business enterprises to expand into the diversity channel. This will help a minority supplier extend their range of products and cross sell products to a larger corporation intent on expanding their diversity spend. We continue to focus on opportunities with large national companies, which will not buy through distributors, where our competition is one of the four major direct printing manufacturers. Our cost structure, geographic diversity, and product mix give us an opportunity to effectively compete and expand our top line growth as the opportunities are available in either market channel.

Finally, the Print Segment is proud of its financial stability. Many of our competitors have either stagnant to diminishing sales results, are heavily debt laden and interest charges take much of their profits. Our customers take note of the stability of the Company, and are more comfortable with long term relationships with Ennis because of this stability.

Apparel Business Unit Discussion

The performance of the apparel group was exceptional this year given the challenges faced. We began the year facing challenges, such as the transition of manufacturing to Agua Prieta, Mexico, the unparalleled escalation of cotton prices, and an uncertain consumer environment in the retail marketplace. While we are pleased with the way our apparel team managed these obstacles in the 2011 fiscal year, none of these concerns have totally disappeared, and require consideration again this year.

The transition to Agua Prieta from Anaheim, California, continues to progress close to schedule on both timing and cost. That is not to say that everything has gone according to plan. We have encountered many issues with the delivery of equipment, timing of proper occupancy permits in Mexico, establishing new transportation routing and the many local suppliers required to sustain such a large operation. One of the most troublesome problems came from the unexpected change in the local political party just as we were launching our project. While the new local government has been very proactive in helping us move the project forward, new personalities and a natural learning curve for the new officials caused much unanticipated stress for our management. We do believe things are now progressing well, and we thank all of those officials in helping us move forward. As we write this letter, about 50% of our current Alstyle production is coming from the new facility. By the time you are reading this letter, it should be even higher. The white and light colors have transitioned already and the dark colors are currently going through the testing and calibration process. The quality of our new equipment, coupled with the level of automation in this new facility, makes us very comfortable with the success of this project. Our plan is to essentially complete the relocation in the first two quarters of fiscal year 2012. We presently anticipate that to be a reasonable expectation. After the equipment is moved and connected, the focus will be on hiring, training, quality, and efficiency of the new labor force. Approximately 800 employees are currently employed at the new facility. This number will increase greatly as the sewing operation is expanded at this facility. The additional sewing personnel is not a time critical task as we currently have other sewing facilities, both company owned and sub contractors to cover our existing needs.

During the ramp up of the facility and the phase out of the current Anaheim facility, we will incur considerable duplicate costs, inefficiencies, moving costs, etc. that will have a negative impact on our 2012 operating results. The good news is that about half of those planned costs of $8,000,000 to $9,000,000 have already been absorbed in our 2011 results. Our plan is to contain the remaining $4,000,000 to $5,000,000 to the first two quarters of the 2012 fiscal year through an accelerated ramp up schedule. The success of this plan is dependent on meeting targets for installation of equipment, as delays could cause substantial overruns in our cost estimates. Once the facility is fully operational; has progressed to reasonable efficiency levels; and business has attained sell-through levels of 2,600,000 to 2,800,000 pounds per week, we continue to anticipate significant savings from the project. The original estimate of annualized cost savings of $10,000,000 to $15,000,000 still appears reasonable. However, a certain portion of this anticipated savings has been realized in this past fiscal year through the conversion of our existing dye machines. That was a one of the reasons for our improved performance in 2011.

The inventory levels in the apparel group did increase as planned this year. In anticipation of the Anaheim facility closing, the plan was to build approximately $20,000,000 in additional inventory. The plan did not anticipate the unprecedented rise in cotton prices, which caused the inventory levels to go higher than planned. In order to adjust, we did not build the amount of additional dozens originally planned and we used some additional cash to fund the increases in cotton. The total increase in inventory in 2011 was $24,000,000. In 2010, we actually decreased inventory by approximately $27,000,000, which greatly contributed to the cash needed to pay for our new manufacturing building and equipment.

In last year's letter, we discussed the possibility of being able to hold long term debt at the $50,000,000 level in spite of the major investment in Agua Prieta. The movement of the commodity price of cotton from the mid fifty-cent per pound to well over two dollars a pound did cause some unexpected demands on our cash. In addition, we were offered prompt pay discounts by several suppliers which we felt made economic sense, but the short-term cash demand was significant. In spite of those surprises, we were still able meet our long term debt objective. We have essentially paid for the building, except for less than 7% being held until final sign offs.

Net sales, for the apparel group, increased by $41,900,000, or 17.8% over fiscal year 2010. Due to the improving economic conditions, we were able to increase unit sales to new and existing customers by approximately 10.5% and increase our overall average unit selling price by approximately 7.3% during fiscal year 2011. The increased selling price was necessary as the price of cotton increased at an even greater percentage. Fortunately, our capital investment in new equipment and technology enabled us to cover cotton increases not recovered in the price increases. As a result, our apparel margin, as a percent of sales, increased from 24.4% in fiscal year 2010 to 27.9% in fiscal year 2011.

Acquisition Activity in 2011

Ennis acquired certain assets of Atlas Tag & Label, Inc., headquartered in Neenah, WI. No significant liabilities were assumed in the transaction and the deal was closed on September 30, 2010. The acquisition fit the current model of acquiring print companies with product lines with growth opportunities. The operation is conducting business under the trade name Atlas Tag & Label. This adds to Ennis' current tag and label facilitates in Wolfe City, Texas, and Dewitt, Iowa. The acquisition has proven to be accretive to Ennis' earnings as expected. This business has expanded Ennis's capabilities in the tag and label product lines, which are sold through the indirect sales (distributorship) marketplace. The majority of Atlas Tag & Label Inc.'s employees have remained with Ennis' new operation. Atlas has been serving the distributor market for more than 80 years, and we feel this addition will positively impact customers of both companies.

Acquisitions in the apparel sector were not actively pursued this year due to the transition of our knitting and dyeing facility from Anaheim, California to Agua Prieta, Mexico. As the expansion and relocation project is completed this year, we will be looking at possible apparel related opportunities.

Financial Condition and Dividend Policy

We are pleased to continue to show a strong balance sheet for fiscal year 2011. Something many of our competitors can't say. We ended the year with over $12,000,000 in cash, a current ratio of 3.9 to 1.0, and a long-term debt to equity ratio of .14 to 1.0. We had almost $100 million available under our credit facility, before exercising our $50 million expansion feature. This availability, along with our strong balance sheet, puts us in an excellent position to continue to look for promising acquisitions, as well as continue our history of returning a portion of our earnings to our shareholders through dividends.

The Year Ahead

While we expect the economic conditions to improve moderately this year, we do want to highlight some challenges and opportunities. One concern is the unstable markets in commodities. We are affected by oil, paper and cotton in particular. The oil prices impact us most in the increasing cost of freight. The print group is impacted to a larger degree due to the smaller shipments and the quick turnaround required by the end users. The freight in apparel is generally less per unit, but freight discounts by competitors can erode margins. In the pulp (paper) raw material, while to a large extent we are protected by long term contracts, that is not the case with cotton. Our cotton is purchased on the open market. Due to a shortage of supply and other international factors, domestic cotton is experiencing price levels never reached before. While there has been some abatement of late, spot and future prices are still at historically high levels. The current pricing in the marketplace does not fully cover the increased raw material costs which are now flowing through most manufacturers' inventories. Whether or not the retail market will continue to sustain even the current level of pricing is unknown. We do have some comfort in the fact that our new lower cost facility in Agua Prieta is rapidly coming on-line.

The opening of the Agua Prieta facility is both a challenge and an opportunity for us this year. As stated earlier we are well into production, which is certainly a positive. But we still have the Anaheim shutdown to complete, as well as moving the Agua Prieta plant from a start-up to our lead apparel plant. Fortunately, many of our top management have decided or already moved to the Agua Prieta/Douglas area. The quality of the product from the new plant has been excellent. This is testimony to both the employees, management, and the equipment we have purchased. In the fourth quarter we moved from concentrating on facility and equipment issues, to primarily workforce additions and training issues. We have hired several local executives to add to our management team on site. We believe local knowledge and experience is essential to a smooth start-up in a new area. It should be noted that Ennis is not new to the Mexico manufacturing environment. Of Ennis's approximately 6,000 employees, over 3000 employees currently work in our plants in Hermosillo, Mexico and Ensenada, Mexico.

Closing Comments

As I was writing this shareholders letter at my home, the national news was reporting on the lack of support by many U.S. corporations to the tax revenues of our country. Obviously, it is the management of Ennis' obligation to its shareholders not to pay taxes over the legally required amount. But I think it is important to point out that Ennis does contribute in a meaningful way to our country's revenue. Our effective tax rate for fiscal year 2011 was 35.7%. That was a slight reduction from the previous year of 36.8%. The income tax on net income alone was approximately $25.0 million, not to mention the millions of dollars paid in sales, property and other taxes. While U.S. tax policy does place many US Corporations at a competitive disadvantage to their foreign counterparts, I do believe most U.S. corporations do their share and certainly Ennis has been a good corporate tax paying citizen. I believe that is important to many of our shareholders.

We want to thank our shareholders for your continued support as Ennis begins its one hundred and third year in business. I hope to see some of you at the shareholders meeting on June 30, 2011.

Keith Walters
Chairman, CEO and President

2011 Annual Report on Form 10-K

Ennis, Inc.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☑ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended February 28, 2011

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _________ to _________

Commission File Number 1-5807

ENNIS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Texas	**75-0256410**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
2441 Presidential Pkwy., Midlothian, Texas	**76065**
(Address of Principal Executive Offices)	(Zip code)

(Registrant's Telephone Number, Including Area Code) (972) 775-9801

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $2.50 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated Filer ☐	Accelerated filer ☑	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of voting stock held by non-affiliates of the Registrant as of August 31, 2010 was approximately $388.0 million. Shares of voting stock held by executive officers, directors and holders of more than 10% of the outstanding voting stock have been excluded from this calculation because such persons may be deemed to be affiliates. Exclusion of such shares should not be construed to indicate that any of such persons possesses the power, direct or indirect, to control the Registrant, or that any such person is controlled by or under common control with the Registrant.

The number of shares of the Registrant's Common Stock, par value $2.50, outstanding at April 30, 2011 was 26,044,350.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2011 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

ENNIS, INC. AND SUBSIDIARIES
FORM 10-K
FOR THE PERIOD ENDED FEBRUARY 28, 2011

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PART I

ITEM 1. BUSINESS

Overview

Ennis, Inc. (formerly Ennis Business Forms, Inc.) was organized under the laws of Texas in 1909. Ennis, Inc. and its subsidiaries (collectively known as the "Company," "Registrant," "Ennis," "we," "us," or "our") print and manufacture a broad line of business forms and other business products (the "Print Segment") and also manufacture a line of activewear (the "Apparel Segment") for distribution throughout North America. Distribution of business products and forms throughout the United States is primarily through independent dealers. This distributor channel encompasses print distributors, stationers, quick printers, computer software developers, and advertising agencies, among others. The Apparel Segment produces and sells activewear, including t-shirts, fleece goods and other wearables. Distribution of our activewear throughout the United States, Canada and Mexico is primarily through sales representatives. The distributor channel encompasses activewear wholesalers and screen printers. We offer a great selection of high-quality activewear apparel and hats with a wide variety of styles and colors in sizes ranging from toddler to 6XL. The apparel line features a wide variety of tees, fleece, shorts and yoga pants, and two headwear brands.

Business Segment Overview

We are one of the largest providers of business forms to independent distributors in the United States and are also one of the largest providers of blank t-shirts in North America to the activewear market. We operate in two reportable segments - Print and Apparel. For additional financial information concerning segment reporting, please see Note 14 of the Notes to the Consolidated Financial Statements beginning on page F-25 included elsewhere herein, which information is incorporated herein by reference.

Print Segment

The Print Segment, which represented 50%, 55%, and 56% of our consolidated net sales for the fiscal years ended February 28, 2011, February 28, 2010, and February 28, 2009, respectively, is in the business of manufacturing, designing and selling business forms and other printed business products primarily to distributors located in the United States. The Print Segment operates 38 manufacturing locations throughout the United States in 17 strategically located domestic states. Approximately 96% of the business products manufactured by the Print Segment are custom and semi-custom products, constructed in a wide variety of sizes, colors, and quantities on an individual job basis depending upon the customers' specifications.

The products sold include snap sets, continuous forms, laser cut sheets, tags, labels, envelopes, integrated products, jumbo rolls and pressure sensitive products in short, medium and long runs under the following labels: Ennis®, Royal Business Forms®, Block Graphics®, Specialized Printed Forms℠, 360º Custom Labels℠, Enfusion®, Uncompromised Check Solutions®, Witt Printing℠, B&D Litho℠, Genforms® and Calibrated Forms®. The Print Segment also sells the Adams-McClure® brand (which provides Point of Purchase advertising for large franchise and fast food chains as well as kitting and fulfillment); the Admore® brand (which provides presentation folders and document folders); Ennis Tag & Label℠ (which provides tags and labels, promotional products and advertising concept products); Atlas Tag & Label℠ (which provides tags and labels); Trade Envelopes® and Block Graphics® (which provide custom and imprinted envelopes) and Northstar® and General Financial Supply® (which provide financial and security documents).

The Print Segment sells predominantly through private printers and independent distributors. Northstar and General Financial Supply also sell to a small number of direct customers. Northstar has continued its focus with large banking organizations on a direct basis (where a distributor is not acceptable or available to the end-user) and has acquired several of the top 25 banks in the United States as customers and is actively working on other large banks within the top 25 tier of banks in the United States. Adams-McClure sales are generally provided through advertising agencies.

The printing industry generally sells its products in two ways. One market direction is to sell predominantly to end users, and is dominated by a few large manufacturers, such as Moore Wallace (a subsidiary of R.R. Donnelly), Standard Register, and Cenveo. The other market direction, which the Company primarily serves, sells forms and other business products through a variety of independent distributors and distributor groups. While it is not possible, because of the lack of adequate statistical information, to determine Ennis' share of the total business products market, management believes Ennis is one of the largest producers of business forms in the United States distributing primarily through independent dealers and that its business forms offering is more diversified than that of most companies in the business forms industry.

There are a number of competitors that operate in this segment, ranging in size from single employee-owner operations to multi-plant organizations. We believe our strategic locations and buying power permit us to compete on a favorable basis within the distributor market on competitive factors, such as service, quality, and price.

Distribution of business forms and other business products throughout the United States is primarily done through independent dealers, including business forms distributors, stationers, printers, computer software developers, and advertising agencies.

Raw materials of the Print Segment principally consist of a wide variety of weights, widths, colors, sizes, and qualities of paper for business products purchased from a number of major suppliers at prevailing market prices.

Business products usage in the printing industry is generally not seasonal. General economic conditions and contraction of the traditional business forms industry are the predominant factor in quarterly volume fluctuations.

Apparel Segment

The Apparel Segment represented 50%, 45%, and 44% of our consolidated net sales for the fiscal years ended February 28, 2011, February 28, 2010, and February 28, 2009, respectively, and operates under the name of Alstyle Apparel ("Alstyle"). Alstyle markets high quality knitted activewear (t-shirts, tank tops and fleece) across all market segments. The main products of Alstyle are standardized shirts manufactured in a variety of sizes and colors. Approximately 98% of Alstyle's revenues are derived from t-shirt sales, with 91% domestic sales. Alstyle's branded product lines are sold mainly under the AAA and Murina® brands.

The Apparel Segment operates two manufacturing facilities, one in California (leased), and one in Mexico (owned) and six cut/sew facilities in Mexico (1 in Agua Prieta, 3 in Ensenada, and 2 in Hermosillo). Alstyle's manufacturing facility located in Anaheim, California, knits domestic cotton yarn and some polyester fibers into tubular material. The material is then dyed and then shipped to one of the cut/sew plants located in Mexico, where it is cut and sewn into finished goods. As part of our transition plan, the Anaheim, CA manufacturing operations will be moving to the new manufacturing facility located in Agua Prieta, Mexico, as construction is completed during fiscal year 2012. Alstyle also ships their dyed fabric to outsourced manufacturers in El Salvador for sewing. After sewing and packaging is completed, the product is shipped to one of Alstyle's nine distribution centers located across the United States, Canada, and Mexico.

Alstyle utilizes a customer-focused internal sales team comprised of 18 sales representatives assigned to specific geographic territories in the United States, Canada, and Mexico. Sales representatives are allocated performance objectives for their respective territories and are provided financial incentives for achievement of their target objectives. Sales representatives are responsible for developing business with large accounts and spend approximately 60% of their time in the field.

Alstyle employs a staff of customer service representatives that handle call-in orders from smaller customers. Sales personnel sell directly to Alstyle's customer base, which consists primarily of screen printers, embellishers, retailers, and mass marketers.

A majority of Alstyle's sales are branded products, with the remainder customer private label products. Generally, sales to screen printers and mass marketers are driven by price and the availability of products, which directly impact inventory level requirements. Sales in the private label business are characterized by slightly higher customer loyalty.

Alstyle's most popular styles are produced based on demand management forecasts to permit quick shipment and to level production schedules. Alstyle offers same-day shipping and uses third party carriers to ship products to its customers.

Alstyle's sales are seasonal, with sales in the first and second fiscal quarters generally being the highest. The apparel industry is characterized by rapid shifts in fashion, consumer demand and competitive pressures, resulting in both price and demand volatility. However, the imprinted activewear market to which Alstyle sells is generally "event" driven. Blank t-shirts can be thought of as "walking billboards" promoting movies, concerts, sports teams, and "image" brands. Still, the demand for any particular product varies from time to time based largely upon changes in consumer preferences and general economic conditions affecting the apparel industry.

The apparel industry is comprised of numerous companies who manufacture and sell a wide range of products. Alstyle is primarily involved in the activewear market and produces t-shirts and outsources such products as fleece, hats, shorts, pants and other such activewear apparel from China, Thailand, Pakistan, and other foreign sources to sell to its customers through its sales representatives. Alstyle competes with many branded and private label manufacturers of knit apparel in the United States, Canada, and Mexico, some of which are larger in size and have greater financial resources than Alstyle. Alstyle competes on the basis of price, quality, service, and delivery. Alstyle's strategy is to provide the best value to its customers by delivering a consistent, high-quality product at a competitive price. Alstyle's competitive disadvantage is that its brand name, Alstyle Apparel, is not as well known as the brand names of its largest competitors, such as Gildan, Delta, Hanes, and Russell. While it is not possible to calculate precisely, based on public information available, management believes that Alstyle is one of the top three providers of blank t-shirts in North America.

Raw materials of the Apparel Segment principally consist of cotton and polyester yarn purchased from a number of major suppliers at prevailing market prices, although we purchase 75% of our cotton and yarn from one supplier.

Patents, Licenses, Franchises and Concessions

We do not have any significant patents, licenses, franchises, or concessions.

Intellectual Property

We market our products under a number of trademarks and tradenames. We have registered trademarks in the United States for Ennis®, EnnisOnline℠, A Alstyle Apparel, AA Alstyle Apparel & Activewear, AAA Alstyle Apparel & Activewear®, American Diamond, Block Graphics®, Classic by Alstyle Apparel, Diamond Star®, Enfusion®, Executive by Alstyle, Gaziani®, Gaziani Fashions, Murina®, Tennessee River®, 360º Custom Labels℠, Admore®, CashManagementSupply.com, Securestar, Northstar®, MICRLink®, MICR Connection, Ennisstores.com, General Financial Supply®, Calibrated Forms®, Trade Envelopes®, Witt Printing℠, GenForms®, Royal Business Forms®, Crabar/GBF, Adams McClure®, Advertising Concepts, ColorWorx®, Uncompromised Check Solutions®, Star Award Ribbon, Canu℠, Platinum Canoe℠, and Printersmall.com℠, and variations of these brands as well as other trademarks. We have similar trademark registrations internationally. The protection of our trademarks is important to our business. We believe that our registered and common law trademarks have significant value and these trademarks are instrumental to our ability to create and sustain demand for our products.

Customers

No single customer accounts for as much as five percent of our consolidated net sales.

Backlog

At February 28, 2011, our backlog of orders was approximately \$33.8 million as compared to approximately \$22.1 million at February 28, 2010.

Research and Development

While we continuously look for new products to sell through our distribution channel, there have been no material amounts spent on research and development in the fiscal year ended February 28, 2011.

Environment

We are subject to various federal, state, and local environment laws and regulations concerning, among other things, wastewater discharges, air emissions and solid waste disposal. Our manufacturing processes do not emit substantial foreign substances into the environment. We do not believe that our compliance with federal, state, or local statutes or regulations relating to the protection of the environment has any material effect upon capital expenditures, earnings or our competitive position. There can be no assurance, however, that future changes in federal, state, or local regulations, interpretations of existing regulations or the discovery of currently unknown problems or conditions will not require substantial additional expenditures. Similarly, the extent of our liability, if any, for past failures to comply with laws, regulations, and permits applicable to our operations cannot be determined.

Employees

At February 28, 2011, we had approximately 5,812 employees. Approximately 3,260 of the employees are in Mexico, and approximately 23 employees are in Canada. Of the USA employees, approximately 375 are represented by three unions, under eight separate contracts expiring at various times. Of the employees in Mexico, four unions represent substantially all employees with contracts expiring at various times.

Available Information

We make our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 available free of charge under the Investors Relations page on our website, www.ennis.com, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Information on our website is not included as a part of, or incorporated by reference into, this report. Our SEC filings are also available through the SEC's website, www.sec.gov. In addition, the public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549. Information regarding the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this Annual Report on Form 10-K, before making an investment in our common stock. The risks described below are not the only ones we face in our business. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. If any of the following risks occur, our business, financial condition or operating results could be materially harmed. In such an event, our common stock could decline in price and you may lose all or part of your investment.

Our results and financial condition are affected by global and local market conditions, and competitors' pricing strategies, which can adversely affect our sales, margins, and net income.

Our results of operations are substantially affected not only by global economic conditions, but also by local market conditions, and competitors' pricing strategies, which can vary substantially by market. Unfavorable conditions can depress sales in a given market and may prompt promotional or other actions that adversely affect our margins, constrain our operating flexibility or result in charges. Certain macroeconomic events, such as the recent crisis in the financial markets, could have a more wide-ranging and prolonged impact on the general business environment, which could also adversely affect us. Whether we can manage these risks effectively depends mainly on the following:

- Our ability to manage upward pressure on commodity prices and the impact of government actions to manage national economic conditions such as consumer spending, inflation rates and unemployment levels, particularly given the current volatility in the global financial markets;

- The impact on our margins of labor costs given our labor-intensive business model, the trend toward higher wages in both mature and developing markets and the potential impact of union organizing efforts on day-to-day operations of our manufacturing facilities.

Declining economic conditions could negatively impact our business.

Our operations are affected by local, national and worldwide economic conditions. Markets in the United States and elsewhere have been experiencing extreme volatility and disruption due in part to the financial stresses affecting the liquidity of the banking system and the financial markets generally. The consequences of a potential or prolonged recession may include a lower level of economic activity and uncertainty regarding energy prices and the capital and commodity markets. A lower level of economic activity might result in a decline in demand for our products, which may adversely affect our revenues and future growth. Instability in the financial markets, as a result of recession or otherwise, also may affect our cost of capital and our ability to raise capital.

The terms and conditions of our credit facility impose certain restrictions on our operations. We may not be able to raise additional capital, if needed, for proposed expansion projects.

The terms and conditions of our credit facility impose certain restrictions on our ability to incur additional debt, make capital expenditures, acquisitions, asset dispositions, as well as other customary covenants, such as minimum equity level and total funded debt to EBITDA, as defined. Our ability to comply with the covenants may be affected by events beyond our control, such as distressed and volatile financial markets which could trigger an impairment charge to our recorded intangible assets. A breach of any of these covenants could result in a default under our credit facility. In the event of a default, the bank could elect to declare the outstanding principal amount of our credit facility, all interest thereon, and all other amounts payable under our credit facility to be immediately due and payable. As of February 28, 2011, we were in compliance with all terms and conditions of our credit facility, which matures on August 18, 2012.

Declining financial market conditions could adversely impact the funding status of our pension plan.

We maintain a defined-benefit pension plan covering approximately 11% of our employees. Included in our financial results are pension costs that are measured using actuarial valuations. The actuarial assumptions used may differ from actual results. In addition, as our pension assets are invested in marketable securities, severe fluctuations in market values could potentially negatively impact our funding status, recorded pension liability, and future required minimum contribution levels.

We may be required to write down goodwill and other intangible assets which could cause our financial condition and results of operations to be negatively affected in the future.

When we acquire a business, a portion of the purchase price of the acquisition may be allocated to goodwill and other identifiable intangible assets. The amount of the purchase price which is allocated to goodwill and other intangible assets is the excess of the purchase price over the net identifiable tangible assets acquired. The annual impairment test is based on several factors requiring judgment. A decline in market conditions may indicate potential impairment of goodwill. An impairment test was completed for our fiscal year February 28, 2011, and we concluded that no impairment charge was necessary. At February 28, 2011, our goodwill and other intangible assets were approximately $117.3 million and $76.3 million, respectively.

Digital technologies will continue to erode the demand for our printed business documents.

The increasing sophistication of software, internet technologies, and digital equipment combined with our customers' general preference, as well as governmental influences, for paperless business environments will continue to reduce the number of printed documents sold. Moreover, the documents that will continue to coexist with software applications will likely contain less value-added print content.

Many of our custom-printed documents help companies control their internal business processes and facilitate the flow of information. These applications will increasingly be conducted over the internet or through other electronic payment systems. The predominant method of our clients' communication to their customers is by printed information. As their customers become more accepting of internet communications, our clients may increasingly opt for the less costly electronic option, which would reduce our revenue. The pace of these trends is difficult to predict. These factors will tend to reduce the industry-wide demand for printed documents and require us to gain market share to maintain or increase our current level of print-based revenue.

In response to the gradual obsolescence of our standardized forms business, we continue to develop our capability to provide custom and full-color products. If new printing capabilities and new product introductions do not continue to offset the obsolescence of our standardized business forms products, and we aren't able to increase our market share, our sales and profits will be affected. Decreases in sales of our standardized business forms and products due to obsolescence could also reduce our gross margins. This reduction could in turn adversely impact our profits, unless we are able to offset the reduction through the introduction of new high margin products and services or realize cost savings in other areas.

Our distributors face increased competition from various sources, such as office supply superstores. Increased competition may require us to reduce prices or to offer other incentives in order to enable our distributors to attract new customers and retain existing customers.

Low price, high value office supply chain stores offer standardized business forms, checks and related products. Because of their size, these superstores have the buying power to offer many of these products at competitive prices.

These superstores also offer the convenience of "one-stop" shopping for a broad array of office supplies that our distributors do not offer. In addition, superstores have the financial strength to reduce prices or increase promotional discounts to expand market share. This could result in us reducing our prices or offering incentives in order to enable our distributors to attract new customers and retain existing customers.

Technological improvements may reduce our competitive advantage over some of our competitors, which could reduce our profits.

Improvements in the cost and quality of printing technology are enabling some of our competitors to gain access to products of complex design and functionality at competitive costs. Increased competition from these competitors could force us to reduce our prices in order to attract and retain customers, which could reduce our profits.

We could experience labor disputes that could disrupt our business in the future.

As of February 28, 2011, approximately 15% of our domestic employees are represented by labor unions under collective bargaining agreements, which are subject to periodic renegotiations. Four unions represent all of our hourly employees in Mexico. While we feel we have a good working relationship with all the unions, there can be no assurance that any future labor negotiations will prove successful, which may result in a significant increase in the cost of labor, or may break down and result in the disruption of our business or operations.

We obtain our raw materials from a limited number of suppliers, and any disruption in our relationships with these suppliers, or any substantial increase in the price of raw materials or material shortages could have a material adverse effect on us.

Cotton yarn is the primary raw material used in Alstyle's manufacturing processes. Cotton accounts for approximately 35% of the manufactured product cost. Alstyle acquires its yarn from three major sources that meet stringent quality and on-time delivery requirements. The largest supplier provided 75% of Alstyle's yarn requirements during the year and has an entire yarn mill dedicated to Alstyle's production. To maintain our high standard of color control associated with our apparel products, we purchase our dyeing chemicals from limited sources. If Alstyle's relations with its suppliers are disrupted, Alstyle may not be able to enter into arrangements with substitute suppliers on terms as favorable as its current terms, and our results of operations could be materially adversely affected.

We also purchase our paper products from a limited number of sources, which meet stringent quality and on-time delivery standards under long-term contracts. However, fluctuations in the quality of our paper, unexpected price increases or other factors that relate to our paper products could have a material adverse effect on our operating results.

Both cotton and paper are commodities that are subject to periodic increases or decreases in price, sometimes quite significant. There is no effective market to cost-effectively insulate us against unexpected changes in price of paper, and corporate negotiated purchase contracts provide only limited protection against price increases. We generally acquire our cotton yarn under short-term purchase contracts with our suppliers. While we generally do not use derivative instruments, including cotton option contracts, to manage our exposure to movements in cotton market prices, we believe we are competitive with other companies in the United States apparel industry in negotiating the price of cotton. During the previous fiscal year, spot cotton prices increased significantly , however, manufacturers were able to insulate themselves from some of these increases with forward purchase contracts. However, because spot cotton prices have remained at these levels for a sustained period of time, most of these favorable forward contracts have expired and higher cotton costs are starting to impact all manufacturer's inventory costs. When cotton or paper prices are increased, we attempt to recover the higher costs by raising the prices of our products to our customers. In the price-competitive marketplaces in which we operate, we may not always be able to pass through any or all of the higher costs. As such, any significant increase in the price of paper or cotton or shortages in the availability of either, could have a material adverse effect on our results of operations.

We face intense competition to gain market share, which may lead some competitors to sell substantial amounts of goods at prices against which we cannot profitably compete.

Demand for Alstyle's products is dependent on the general demand for shirts and the availability of alternative sources of supply. Alstyle's strategy in this market environment is to be a low cost producer and to differentiate itself by providing quality service and quality products to its customers. Even if this strategy is successful, its results may be offset by reductions in demand or price declines due to competitors' pricing strategies. Our Print Segment also faces the risk of our competition following a strategy of selling their products at or below cost in order to cover some amount of fixed costs, especially in distressed economic times.

The apparel industry is heavily influenced by general economic cycles.

The apparel industry is cyclical and dependent upon the overall level of discretionary consumer spending, which changes as regional, domestic and international economic conditions change. These include, but are not limited to, employment levels, energy costs, interest rates, tax rates, personal debt levels, and uncertainty about the future. Any deterioration in general economic conditions that creates uncertainty or alters discretionary consumer spending habits could reduce our sales, increase our costs of goods sold or require us to significantly modify our current business practices, and consequently negatively impact our results of operations.

Our apparel foreign operations could be subject to unexpected changes in regulatory requirements, tariffs and other market barriers, political and economic instability, and social unrest in the countries where it operates, which could negatively impact our operating results.

Alstyle operates manufacturing facilities in Mexico and sources certain product manufacturing and purchases from El Salvador, Thailand, India, Pakistan and China. Alstyle's foreign operations could be subject to unexpected changes in regulatory requirements, tariffs, and other market barriers, political and economic instability and social unrest in the countries where it operates. The impact of any such events that may occur in the future could subject Alstyle to additional costs or loss of sales, which could adversely affect our operating results. In particular, Alstyle operates its facilities in Mexico pursuant to the "maquiladora" duty-free program established by the Mexican and United States governments. This program enables Alstyle to take advantage of generally lower costs in Mexico, without paying duty on inventory shipped into or out of Mexico. There can be no assurance that the governments of Mexico and the United States will continue the program currently in place or that Alstyle will continue to be able to benefit from this program. The loss of these benefits could have an adverse effect on our business.

In addition, after the transition of its manufacturing operations in Anaheim, CA to Agua Prieta, MX, all Alstyle's knit and dye operations will be located in one facility. Any disruptions in operations through any of the above factors, as well as others, could have a material adverse effect on the Company's operational results.

Our apparel products are subject to foreign competition, which in the past have been faced with significant U.S. government import restrictions.

Foreign producers of apparel often have significant labor cost advantages. Given the number of these foreign producers, the substantial elimination of import protections that protect domestic apparel producers could materially adversely affect Alstyle's business. The extent of import protection afforded to domestic apparel producers has been, and is likely to remain, subject to considerable political considerations.

The North American Free Trade Agreement (NAFTA) became effective on January 1, 1994 and has created a free-trade zone among Canada, Mexico, and the United States. NAFTA contains a rule of origin requirement that products be produced in one of the three countries in order to benefit from the agreement. NAFTA has phased out all trade restrictions and tariffs among the three countries on apparel products competitive with those of Alstyle. Alstyle performs substantially all of its cutting and sewing in six plants located in Mexico in order to take advantage of the NAFTA benefits. It will be manufacturing all its products in Mexico, once the transition from its manufacturing plant in Anaheim, CA to Agua Prieta, Mexico is completed this fiscal year. Subsequent repeal or alteration of NAFTA could adversely affect our business.

The Central American Free Trade Agreement (CAFTA) became effective May 28, 2004 and retroactive to January 1, 2004 for textiles and apparel. It creates a free trade zone similar to NAFTA by and between the United States and Central American countries (El Salvador, Honduras, Costa Rica, Nicaragua, and Dominican Republic.) Textiles and apparel are duty-free and quota-free immediately if they meet the agreement's rule of origin, promoting new opportunities for U.S. and Central American fiber, yarn, fabric and apparel manufacturing. The agreement gives duty-free benefits to some apparel made in Central America that contains certain fabrics from NAFTA partners Mexico and Canada. Alstyle outsourced approximately 16% of its sewing to contract manufacturers in El Salvador during the year, and we do not anticipate that alteration or subsequent repeal of CAFTA would have a material effect on our operations.

The World Trade Organization (WTO), a multilateral trade organization, was formed in January 1995 and is the successor to the General Agreement on Tariffs and Trade (GATT). This multilateral trade organization has set forth mechanisms by which world trade in clothing is being progressively liberalized by phasing-out quotas and reducing duties over a period of time that began in January of 1995. As it implements the WTO mechanisms, the United States government is negotiating bilateral trade agreements with developing countries, which are generally exporters of textile and apparel products, that are members of the WTO to get them to reduce their tariffs on imports of textiles and apparel in exchange for reductions by the United States in tariffs on imports of textiles and apparel.

In January 2005, United States import quotas were removed on knitted shirts from China. The elimination of quotas and the reduction of tariffs under the WTO may result in increased imports of certain apparel products into North America. In May 2005, quotas on three categories of clothing imports, including knitted shirts, from China were re-imposed. A reduction of import quotas and tariffs could make Alstyle's products less competitive against low cost imports from developing countries.

Environmental regulations may impact our future operating results.

We are subject to extensive and changing federal, state and foreign laws and regulations establishing health and environmental quality standards, and may be subject to liability or penalties for violations of those standards. We are also subject to laws and regulations governing remediation of contamination at facilities currently or formerly owned or operated by us or to which we have sent hazardous substances or wastes for treatment, recycling or disposal. We may be subject to future liabilities or obligations as a result of new or more stringent interpretations of existing laws and regulations. In addition, we may have liabilities or obligations in the future if we discover any environmental contamination or liability at any of our facilities, or at facilities we may acquire.

Our new apparel manufacturing facility in Mexico is subject to certain risks regarding sales growth and cost savings, as well as transition risks associated with moving the current production.

Our new manufacturing facility is being built to capture anticipated future growth and savings in production costs over our current cost structure in Anaheim, CA. In conjunction with the completion of this new facility in Agua Prieta, Mexico, we will be transitioning our current knit and dye manufacturing capacity from Anaheim, CA to Agua Prieta, Mexico. Should such growth or production savings not materialize, or should the timeline for our transition from Anaheim, CA to Agua Prieta, Mexico be delayed, such events may impact our ability to achieve our expected return and/or could negatively impact our operational results and financial condition.

We are exposed to the risk of non-payment by our customers on a significant amount of our sales.

Our extension of credit involves considerable judgment and is based on an evaluation of each customer's financial condition and payment history. We monitor our credit risk exposure by periodically obtaining credit reports and updated financials on our customers. We saw a heightened amount of bankruptcies by our customers, especially retailers, during the recent economic downturn. While we maintain an allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, in times of economic turmoil, there is heightened risk that our historical indicators may prove to be inaccurate. The inability to collect on sales to significant customers or a group of customers could have a material adverse effect on our results of operations.

Our business incurs significant freight and transportation costs.

We incur significant freight costs to transport our goods, especially as it relates to our Apparel Segment where we transport our product from our domestic textile plant to foreign sewing facilities and then to bring our goods back into the United States. In addition, we incur transportation expenses to ship our products to our customers. Significant increases in the costs of freight and transportation could have a material adverse effect on our results of operations, as there can be no assurance that we could pass these increased costs to our customers.

The price of energy is prone to significant fluctuations and volatility.

Our apparel manufacturing operations require high inputs of energy, and therefore changes in energy prices directly impact our gross profit margins. We are focusing on manufacturing methods that will reduce the amount of energy used in the production of our apparel products to mitigate the rising costs of energy. Significant increases in energy prices could have a material adverse effect on our results of operations, as there can be no assurance that we could pass these increased costs to our customers, given the competitive environment in which our Apparel segment operates.

We rely on independent contract production for a portion of our apparel production.

We have historically relied on third party suppliers to provide a portion of our cut and sew apparel production. During the current year, approximately 16% of our production was provided by the third party suppliers. While we feel this risk has been and will continue to be mitigated over time as our new manufacturing facility in Agua Prieta, Mexico comes on line, any shortage of supply, production disruptions, shipping delays, regulatory changes, significant price increases from our suppliers, in the short-term, could adversely affect our apparel operating results.

We depend upon the talents and contributions of a limited number of individuals, many of whom would be difficult to replace.

The loss or interruption of the services of our Chief Executive Officer, Executive Vice President, Vice President of Apparel or Chief Financial Officer could have a material adverse effect on our business, financial condition or results of operations. Although we maintain employment agreements with these individuals, it cannot be assured that the services of such individuals will continue.

Increases in the cost of employee benefits could impact the Company's financial results and cash flow.

The Company's expenses relating to employee health benefits are significant. Unfavorable changes in the cost of such benefits could impact the Company's financial results and cash flow. Healthcare costs have risen significantly in recent years, and recent legislative and private sector initiatives regarding healthcare reform could result in significant changes to the U.S. healthcare system. The Company is not able at this time to determine the impact that healthcare reform could have on the Company-sponsored medical plans.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Midlothian, Texas. We operate manufacturing and distribution facilities throughout the United States and in Mexico and Canada. See the table below for additional information on our locations.

All of the Print Segment properties are used for the production, warehousing and shipping of the following: business forms, flexographic printing, advertising specialties and Post-it® Notes (Wolfe City, Texas); presentation products (Macomb, Michigan and Anaheim, California); and printed and electronic promotional media (Denver, Colorado); envelopes (Portland, Oregon; Columbus, Kansas and Tullahoma, Tennessee); financial forms (Minneapolis/St. Paul, Minnesota; Nevada, Iowa and Bridgewater, Virginia) and other business products. The Apparel Segment properties are used for the manufacturing or distribution of t-shirts and other activewear apparel.

Our plants are being operated at production levels required to meet forecasted customer demands. Production levels fluctuate with market demands and depends upon the product mix at any given point in time. Equipment is added as existing machinery becomes obsolete or not repairable, and as new equipment becomes necessary to meet market demands; however, at any given time, these additions and replacements are not considered to be material additions to property, plant and equipment, although such additions or replacements may increase a plant's efficiency or capacity.

All of the foregoing facilities are considered to be in good condition. We do not anticipate that substantial expansion, refurbishing, or re-equipping will be required in the near future.

All of the rented property is held under leases with original terms of one or more years, expiring at various times through December 2015. No difficulties are presently foreseen in maintaining or renewing such leases as they expire.

The accompanying list contains each of our owned and leased locations:

Location	General Use	Approximate Square Footage Owned	Approximate Square Footage Leased
Print Segment			
Ennis, Texas	Three Manufacturing Facilities	325,118	-
Chatham, Virginia	Two Manufacturing Facilities	127,956	-
Paso Robles, California	Manufacturing	94,120	-
DeWitt, Iowa	Two Manufacturing Facilities	95,000	-
Knoxville, Tennessee	Manufacturing	48,057	-
Ft. Scott, Kansas	Manufacturing	86,660	-
Portland, Oregon	Manufacturing	-	139,330
Wolfe City, Texas	Two Manufacturing Facilities	119,259	-
Moultrie, Georgia	Manufacturing	25,000	-
Coshocton, Ohio	Manufacturing	24,750	-
Macomb, Michigan	Manufacturing	56,350	-
Anaheim, California	Three Manufacturing Facilities (1)	-	63,750
Bellville, Texas	Leasing	70,196	-
Denver, Colorado	Four Manufacturing Facilities	60,000	101,600
Oklahoma City, Oklahoma	Sales Office	-	460
San Antonio, Texas	Manufacturing	47,426	-
Brooklyn Park, Minnesota	Manufacturing	94,800	-
Roseville, Minnesota	Manufacturing	-	42,500
Arden Hills, Minnesota	Warehouse	-	31,684
Nevada, Iowa	Manufacturing	232,000	-
Bridgewater, Virginia	Manufacturing	-	27,000
Columbus, Kansas	Manufacturing	201,000	-
Leipsic, Ohio	Manufacturing	83,216	-
El Dorado Springs, Missouri	Manufacturing	70,894	-
Princeton, Illinois	Two Manufacturing Facilities	-	74,340
Arlington, Texas	Manufacturing	69,935	
Mechanicsburg, Pennsylvania	Warehouse	-	7,500
Rancho Cordova, California	Administrative Offices	-	108
Tullahoma, Tennessee	Manufacturing	24,950	
Caledonia, New York	Manufacturing	138,730	-
Sun City, California	Manufacturing	52,617	-
Phoenix, Arizona	Manufacturing and Warehouse		59,000
Neenah, Wisconsin	Manufacturing		57,786
West Chester, Pennsylvania	Sales Office		1,150
		2,148,034	606,208
Apparel Segment			
Anaheim, California	Office and Distribution Center	-	200,000
Anaheim, California	Manufacturing (1)	-	304,536
Chicago, Illinois	Distribution Center	-	120,000
Atlanta, Georgia	Distribution Center	-	31,958
Carrollton, Texas	Distribution Center	-	26,136
Bensalem, Pennsylvania	Distribution Center	-	60,848
Mississauga, Canada	Distribution Center	-	53,982
Los Angeles, California	Distribution Center	-	31,600
Agua Prieta, Mexico	Manufacturing	700,000	-
Ensenada, Mexico	Two Manufacturing Facilities	112,622	53,820
Ensenada, Mexico	Car Parking	-	22,000
Ensenada, Mexico	Warehouse	-	2,583

Location	General Use	Approximate Square Footage Owned	Leased
Hermosillo, Mexico	Three Manufacturing Facilities	-	126,263
Hermosillo, Mexico	Yard Space	-	19,685
Hermosillo, Mexico	Vacant	-	8,432
Hermosillo, Mexico	Storage for Machines	-	1,640
		812,622	1,063,483
Corporate Offices			
Ennis, Texas	Administrative Offices	9,300	-
Midlothian, Texas	Executive and Administrative Offices	28,000	-
		37,300	-
	Totals	2,997,956	1,669,691

(1) Lease expires June 2011 and the Print manufacturing facilities will be moving to the Anaheim distribution center.

ITEM 3. LEGAL PROCEEDINGS

From time to time we are involved in various litigation matters arising in the ordinary course of our business. We do not believe the disposition of any current matter will have a material adverse effect on our consolidated financial position or results of operations.

ITEM 4. [REMOVED AND RESERVED]

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the New York Stock Exchange ("NYSE") under the trading symbol "EBF". The following table sets forth the high and low sales prices, the common stock trading volume as reported by the New York Stock Exchange and dividends per share paid by the Company for the periods indicated:

	Common Stock Price Range High	Low	Common Stock Trading Volume (number of shares in thousands)	Dividends per share of Common Stock
Fiscal Year Ended February 28, 2011				
First Quarter	$19.35	$15.52	3,134	$0.155
Second Quarter	18.12	14.33	4,779	$0.155
Third Quarter	19.61	15.60	3,208	$0.155
Fourth Quarter	19.10	15.46	3,001	$0.155
Fiscal Year Ended February 28, 2010				
First Quarter	$11.17	$6.91	3,844	$0.155
Second Quarter	15.25	10.35	3,966	$0.155
Third Quarter	17.34	13.33	2,766	$0.155
Fourth Quarter	17.39	13.75	2,147	$0.155

The last reported sale price of our common stock on NYSE on April 29, 2011 was $18.68. As of that date, there were approximately 1,027 shareholders of record of our common stock. Cash dividends may be paid or repurchases of our common stock may be made from time to time, as our Board of Directors deems appropriate, after considering our growth rate, operating results, financial condition, cash requirements, restrictive lending covenants, and such other factors as the Board of Directors may deem appropriate.

On October 20, 2008, our Board of Directors authorized the repurchase of up to $5.0 million of our common stock through a stock repurchase program. Under the board-approved repurchase program, share purchases may be made from time to time in the open market or through privately negotiated transactions depending on market conditions, share price, trading volume and other factors, and such purchases, if any, will be made in accordance with applicable insider trading and other securities laws and regulations. These repurchases may be commenced or suspended at any time or from time to time without prior notice. While no shares have been repurchased this fiscal year under the program, as of February 28, 2011, there have been 96,000 shares of the common stock that have been purchased under the repurchase program at an average price per share of $10.45. Unrelated to the stock repurchase program, the Company purchased 91 shares of common stock during the fiscal year ended February 28, 2011.

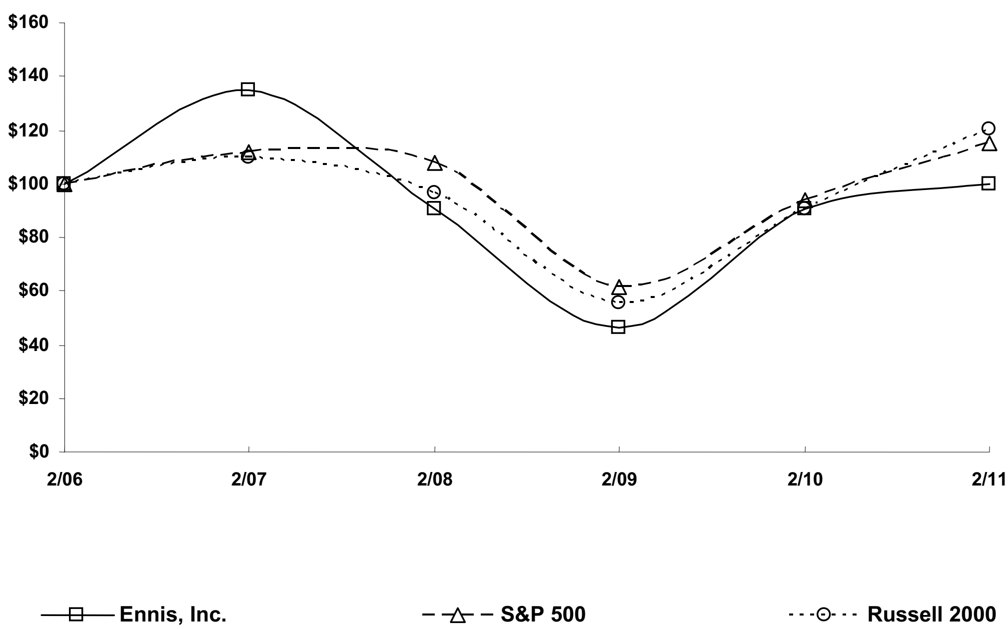
See Item 12 — "Security Ownership of Beneficial Owners and Management and Related Stockholder Matters" section of this Report for information relating to our equity compensation plan.

Stock Performance Graph

The graph below matches our cumulative 5-year total shareholder return on common stock with the cumulative total returns of the S & P 500 index and the Russell 2000 index. The graph tracks the performance of a $100 investment in our common stock and in each of the indexes (with the reinvestment of all dividends) from February 28, 2006 to February 28, 2011.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Ennis, Inc., the S&P 500 Index
and the Russell 2000 Index



*$100 invested on 2/28/06 in stock or index, including reinvestment of dividends.
Fiscal year ending February 28 or February 29.

	2006	2007	2008	2009	2010	2011
Ennis, Inc.	100.00	134.71	90.62	46.04	90.73	99.53
S&P 500	100.00	111.97	107.94	61.18	93.98	115.20
Russell 2000	100.00	109.87	96.21	55.43	90.88	120.50

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data has been derived from our audited consolidated financial statements. Our consolidated financial statements and notes thereto as of February 28, 2011 and February 28, 2010, and for the three years in the period ended February 28, 2011, and the reports of Grant Thornton LLP are included in Item 15 of this Report. The selected financial data should be read in conjunction with Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included in Item 15 of this Report.

	Fiscal Years Ended				
	2011	**2010**	**2009**	**2008**	**2007**
	(Dollars and shares in thousands, except per share amounts)				
Operating results:					
Net sales	$ 549,999	$ 517,738	$ 584,029	$ 610,610	$ 584,713
Gross profit margin	154,498	135,319	143,476	163,874	156,322
SG&A expenses	83,678	76,738	86,217	88,851	83,121
Impairment of goodwill and trademarks	-	-	67,851	-	-
Net earnings (loss)	44,631	35,206	(32,768)	44,590	41,601
Earnings (loss) and dividends per share:					
Basic	$ 1.73	$ 1.37	$ (1.27)	$ 1.74	$ 1.63
Diluted	1.72	1.36	(1.27)	1.72	1.62
Dividends	0.62	0.62	0.62	0.62	0.62
Weighted average shares outstanding:					
Basic	25,855	25,769	25,724	25,697	25,571
Diluted	25,888	25,797	25,790	25,860	25,759
Financial Position:					
Working capital	$ 135,300	$ 116,638	$ 138,374	$ 133,993	$ 102,269
Current assets	182,398	166,439	182,254	185,819	151,516
Total assets	473,728	432,699	436,380	513,131	478,228
Current liabilities	47,098	49,801	43,880	51,826	49,247
Long-term debt	50,000	41,817	76,185	90,710	88,971
Total liabilities	126,045	119,439	144,374	164,652	161,825
Equity	347,683	313,260	292,006	348,479	316,403
Current ratio	3.87 to 1.0	3.34 to 1.0	4.15 to 1.0	3.59 to 1.0	3.08 to 1.0
Long-term debt to equity	.14 to 1.0	.13 to 1.0	.26 to 1.0	.26 to 1.0	.28 to 1.0

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Management's Discussion and Analysis provides material historical and prospective disclosures intended to enable investors and other users to assess our financial condition and results of operations. Statements that are not historical are forward-looking and involve risk and uncertainties, including those discussed under the caption "Risk Factors" in Item 1A starting on page 6 of this Annual Report on Form 10-K and elsewhere in this Report. You should read this discussion and analysis in conjunction with our Consolidated Financial Statements and the related notes appearing elsewhere in this Report. While we believe these forward-looking statements are based upon reasonable assumptions, all such statements involve risks and uncertainties, and as a result, actual results could differ materially from those projected, anticipated, or implied by these statements.

In view of such uncertainties, investors should not place undue reliance on our forward-looking statements since such statements may prove to be inaccurate and speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This Management's Discussion and Analysis includes the following sections:

- *Overview* – An overall discussion on our Company, the business challenges and opportunities we believe are key to our success, and our plans for facing these challenges.
- *Critical Accounting Policies and Estimates* – A discussion of the accounting policies that require our most critical judgments and estimates. This discussion provides insight into the level of subjectivity, quality, and variability involved in these judgments and estimates. This section also provides a summary of recently adopted and recently issued accounting pronouncements that have or may materially affect our business.
- *Results of Operations* – An analysis of our consolidated results of operations and segment results for the three years presented in our consolidated financial statements. This analysis discusses material trends within our business and provides important information necessary for an understanding of our operating results.
- *Liquidity and Capital Resources* - An analysis of our cash flows and a discussion of our financial condition and contractual obligations. This section provides information necessary to evaluate our ability to generate cash and to meet existing and known future cash requirements over both the short and long term.

References to 2011, 2010 and 2009 refer to the fiscal years ended February 28, 2011, February 28, 2010 and February 28, 2009, respectively.

Overview

The Company – We are one of the largest providers of business forms to independent distributors in the United States and are also one of the largest providers of blank t-shirts in North America to the activewear market. We operate in two reportable segments – Print and Apparel.

Our Print Business Challenges - In our Print segment, we are engaged in an industry undergoing significant changes. Technology advances have made electronic distribution of documents, internet hosting, digital printing and print on demand valid, cost-effective alternatives to traditional custom printed documents and customer communications. In addition, the downturn in the economy and turmoil in the credit markets in 2009 and 2010 have created highly competitive conditions in an already over-supplied, price-competitive industry. Thus, we believe we are facing the following challenges in the Print Segment of our business:

- Transformation of our portfolio of products
- Excess production capacity and price competition within our industry
- Economic uncertainties

The following is a discussion of these business challenges and our strategy for managing their effect on our print business.

Transformation of our portfolio of products – Traditional business documents are essential in order to conduct business. However, many are being replaced or devalued with advances in digital technologies, causing steady declines in demand for a large portion of our current product line. The same digital advances also introduce potential new opportunities for growth for us, such as print-on-demand services and product offerings that assist customers in their transition to digital business environments. We currently have many innovative products, such as our recently introduced healthcare wristbands, secure document solutions, and innovative in-mold label offerings, which address important business needs, and we feel are positioned for growth. In addition, we will continue to look for new market opportunities and niches, such as our addition of our envelope offerings, that provide us with an opportunity for growth and differentiate us from our competition. Transforming our product offerings to continue to provide innovative, valuable solutions to our customers on a proactive basis will require us to make investments in new and existing technology and to develop key strategic business relationships.

Excess production capacity and price competition within our industry – Paper mills continue to adjust production capacity through downtime and closures to attempt to keep supply in line with demand. Due to the limited number of paper mills, paper prices have been and are expected to remain fairly volatile. In 2010, we saw our material prices stabilize due to the depressed economic conditions. However, during fiscal year 2011, with the improving economy, paper mills, as expected, returned to their past practices of increasing paper prices.

Despite a continued competitive marketplace, we have generally been able to pass through increased paper costs, although it can often take several quarters to push these through due to the custom nature of our products and/or contractual relationships with some of our customers. We expect this trend to continue; however, any downturn in the economy may limit our ability to recover all these costs. As such, we will continue to focus our efforts on effectively managing and controlling our product costs to minimize the effects of the foregoing on our operational results, primarily through the use of forecasting models, and production and costing models. However, an inherent risk in this process is that our assumptions are inaccurate, which could have a negative impact on our reported profit margins.

Economic uncertainties – As a result of the recessionary conditions of 2009 and 2010, the economic climate has been volatile and challenging. Decreased demand and intense price competition resulted in significant declines in our revenue during those fiscal years as well during most of fiscal year 2011. Although we have seen slight improvements in some economic indicators within our markets, a continued weak job market will continue to present a challenging environment for revenue growth. As we cannot predict the pace of the economic recovery or its continuance, we will continue to be focused on customer retention, expanding our growth targeted products and continuing to develop new market niches. In addition, we have proven a history of managing our costs and wouldn't expect this to change in the future.

Our Apparel Business Challenges - In our Apparel segment, our market niche is highly competitive, commodity driven and is generally dominated by a limited number of players. The downturn in the economy and turmoil in the credit markets in 2009 and 2010 created an over-supply situation which further increased competitive pressures in this market. Cotton, which represents 35% of our costs, is a commodity product and subject to volatile fluctuations in price, due to general market conditions, domestic and international demand, perceived availability, international actions, etc. As such, our operational costs are subject to significant swings, which may or may not be passed on to the marketplace due to competitive or economic conditions, competitors' pricing strategies, etc. Thus, we believe we are facing the following challenges in our Apparel Segment business in fiscal 2012:

- Cotton prices
- Start-up of and transition to our new manufacturing facility
- Economic uncertainties

Cotton prices – Due to shortage of supply and other international factors, domestic cotton prices are at high levels not seen in years. While there has been some abatement in prices of late, spot and future prices are still at levels significantly higher than historical averages. Whether or not prices will stay at current levels for a sustained period of time, or continue to recede is unknown. Due to current cotton pricing, we believe most large manufacturers are relatively short with respect to their cotton purchases, which increases their risk to potential volatility in swings in cotton prices. We believe we are competitive with other companies in the United States apparel industry in negotiating the price of cotton and as such we do not feel we are at a competitive disadvantage from a cotton cost perspective. While the market has over the past year absorbed a certain level of price increase due to previous increases in cotton costs, it is unknown at this time whether the market will allow the manufacturers to pass further price increases through to offset the current level of cotton pricing and whether our competitors will in fact attempt to pass through these costs.

Completion of new manufacturing facility – We are nearing the completion of Phase 1 on our new state-of-the art manufacturing facility located in Agua Prieta, Mexico (the “Project”). Upon completion, expenditures associated with this facility are still expected to be in the range of $50.0 million to $54.0 million ($26.0 million for the building and $24.0 million - $28.00 million for machinery and equipment), with approximately 93% of the money having been expended to date. At the completion of Phase 1 of the Project (expected to be by the end of May 2011), we expect this facility will be able to produce approximately 1.0 million pounds of fabric per week, with the eventual capacity to be between 2.6 million to 2.8 million pounds per week. This compares to our previous capacity of approximately 1.6 million to 1.8 million pounds per week in our Anaheim facility.

During the ramp up of this facility and the phase out of our current manufacturing facility in Anaheim, CA, there will be considerable duplicate costs, inefficiencies, moving costs, etc. that will have a negative impact on the apparel segment’s fiscal year 2012 operating results. Our plan is to try to contain the remaining portion of these costs to the first six months of fiscal year 2012, through an accelerated ramp up schedule. Our current estimate of the negative impact of the start-up and ramp up costs of this facility remains at approximately $4.0 million to $5.0 million in fiscal 2012. The negative impact associated with this facility was approximately $4.6 million for the fiscal year ended February 28, 2011. The success of this plan continues to be dependent on meeting key targets and any delay in the start-up/wind-down schedule could add significantly to these costs. Once fully operational and the transition complete, and with sell-through levels of 2.6 million pounds to 2.8 million pounds per week, we continue to anticipate significant manufacturing efficiencies will be realized. The original estimate of the annualized cost savings associated with this facility was between $10.0 million to $15.0 million per annum. However, a certain portion of the savings associated with the conversion of our dye machines have already been realized in our current manufacturing facility, hence part of the reason for the improvement in our operating margins in fiscal year 2011. Nonetheless, we continue to anticipate a substantial savings in costs associated with this facility once fully operational and the transition has been completed and the production levels have been obtained.

Economic uncertainties – As a result of the recessionary conditions of 2009 and 2010, the economic climate has been volatile and challenging. Decreased demand and intense price competition resulted in significant declines in our revenue during fiscal year 2009 and 2010. Although we have seen an increase in our apparel revenues during fiscal year 2011, and would expect such to continue, continued high unemployment and housing sector weakness and international instability all could potentially undermine the fragile state of the current economic recovery which could have a negative impact on our revenues. As we cannot predict the pace of the economic recovery, or the continuance of the recent positive trends in unemployment numbers, we will be highly focused on customer retention, expanding our growth targeted markets and managing our costs (both the start-up and operational costs).

Critical Accounting Policies and Estimates

In preparing our consolidated financial statements, we are required to make estimates and assumptions that affect the disclosures and reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates and judgments on an ongoing basis, including those related to allowance for doubtful receivables, inventory valuations, property, plant and equipment, intangible assets, pension plan obligations, accrued liabilities and income taxes. We base our estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We believe the following accounting policies are the most critical due to their affect on our more significant estimates and judgments used in preparation of our consolidated financial statements.

We maintain a defined-benefit pension plan for employees. Included in our financial results are pension costs that are measured using actuarial valuations. The actuarial assumptions used may differ from actual results. As our pension assets are invested in marketable securities, fluctuations in market values could potentially impact our funding status and associated liability recorded.

Amounts allocated to amortizable intangibles are determined based on valuation analysis for our acquisitions and are amortized over their expected useful lives. We evaluate these amounts periodically (at least once a year) to determine whether a triggering event has occurred during the year that would indicate potential impairment.

We exercise judgment in evaluating our long-lived assets for impairment. We assess the impairment of long-lived assets that include other intangible assets, goodwill, and property, plant, and equipment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In performing tests of impairment, we must make assumptions regarding the estimated future cash flows and other factors to determine the fair value of the respective assets in assessing the recoverability of our long lived assets. If these estimates or the related assumptions change, we may be required to record impairment charges for these assets in the future. Actual results could differ from assumptions made by management. At February 28, 2011, our goodwill and other intangible assets were approximately $117.3 million and $76.3 million, respectively. No impairment charge was required for the year ended February 28, 2011 based on the results of our annual impairment test. The carrying value of invested capital for each reporting unit as compared to their fair value at February 28, 2011 was as follows:

Reporting Unit	Carrying Value of Invested Capital	Fair Value of Invested Capital
Apparel	$299.9 million	$376.0 million
Print	$124.2 million	$272.0 million

We believe our businesses will generate sufficient undiscounted cash flow to more than recover the investments we have made in property, plant and equipment, as well as the goodwill and other intangibles recorded as a result of our acquisitions. However, we cannot predict the occurrence of future impairments or specific triggering events nor the impact such events might have on our reported asset values.

Revenue is generally recognized upon shipment of products. Net sales consist of gross sales invoiced to customers, less certain related charges, including discounts, returns and other allowances. Returns, discounts and other allowances have historically been insignificant. In some cases and upon customer request, we print and store custom print product for customer specified future delivery, generally within twelve months. In this case, risk of loss from obsolescence passes to the customer, the customer is invoiced under normal credit terms and revenue is recognized when manufacturing is complete. Approximately $10.4 million, $12.4 million, and $18.3 million of revenue were recognized under these agreements during fiscal years ended February 28, 2011, February 28, 2010, and February 28, 2009, respectively.

We maintain an allowance for doubtful receivables to reflect estimated losses resulting from the inability of customers to make required payments. On an on-going basis, we evaluate the collectability of accounts receivable based upon historical collection trends, current economic factors, and the assessment of the collectability of specific accounts. We evaluate the collectability of specific accounts using a combination of factors, including the age of the outstanding balances, evaluation of customers' current and past financial condition and credit scores, recent payment history, current economic environment, discussions with our project managers, and discussions with the customers directly.

Our inventories are valued at the lower of cost or market. We regularly review inventory values on hand, using specific aging categories, and write down inventory deemed obsolete and/or slow-moving based on historical usage and estimated future usage to its estimated market value. As actual future demand or market conditions may vary from those projected by management, adjustments to inventory valuations may be required.

As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each jurisdiction in which we operate. This process involves estimating our actual current tax exposure together with assessing temporary differences resulting from different treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheets. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income. To the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance, we must include an expense within the tax provision in the consolidated statements of earnings. In the event that actual results differ from these estimates, our provision for income taxes could be materially impacted.

In addition to the above, we also have to make assessments as to the adequacy of our accrued liabilities, more specifically our liabilities recorded in connection with our workers compensation and health insurance, as these plans are self funded. To help us in this evaluation process, we routinely get outside third party assessments of our potential liabilities under each plan.

In view of such uncertainties, investors should not place undue reliance on our forward-looking statements since such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") amended authoritative guidance for improving disclosures about fair value measurements. The updated guidance requires new disclosures about recurring or nonrecurring fair value measurements, including significant transfers into and out of Level 1 and Level 2 fair value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. The guidance also clarified existing fair value measurement disclosure guidance about the level of disaggregation, inputs, and valuation techniques. The adoption of the new guidance on March 1, 2010 had no impact on the Company's consolidated financial statements and disclosures.

Results of Operations

The discussion that follows provides information which we believe is relevant to an understanding of our results of operations and financial condition. The discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and notes thereto. This analysis is presented in the following sections:

- *Consolidated Summary* – this section provides an overview of our consolidated results of operations for fiscal years 2011, 2010 and 2009.
- *Segment Operating Results* – this section provides an analysis of our net sales, gross profit margin and operating income by segment.

Consolidated Summary

Consolidated Statements of Earnings - Data	Fiscal Years Ended 2011		2010		2009	
Net sales	$549,999	100.0%	$517,738	100.0%	$584,029	100.0%
Cost of goods sold	395,501	71.9	382,419	73.9	440,553	75.4
Gross profit margin	154,498	28.1	135,319	26.1	143,476	24.6
Selling, general and administrative	83,678	15.2	76,738	14.8	86,217	14.8
Impairment of goodwill and trademarks	-	-	-	0.0	67,851	11.6
Gain from disposal of assets	(1)	-	(1)	0.0	(514)	(0.1)
Income (loss) from operations	70,821	12.9	58,582	11.3	(10,078)	(1.7)
Other expense, net	(1,404)	(0.3)	(2,913)	(0.5)	(2,981)	(0.5)
Earnings (loss) before income taxes	69,417	12.6	55,669	10.8	(13,059)	(2.2)
Provision for income taxes	24,786	4.5	20,463	4.0	19,709	3.4
Net earnings (loss)	$ 44,631	8.1%	$ 35,206	6.8%	$(32,768)	-5.6%

Net Sales. Net sales began to rebound in fiscal year 2011 after being impacted by the significant economic downturn which began during the later part of our third quarter of fiscal year 2009. The volatile economic conditions of 2009 and 2010 and the resulting lower demand led an already competitive market environment to a weaker selling price environment, as manufacturers tried to maintain their production levels/market share. We saw this trend reverse somewhat during the latest fiscal year as the economy started to strengthen, which allowed manufacturers, for the most part, to pass along raw material costs increases and to realize some unit volume sales gains. Net sales for fiscal year 2011 were $550.0 million, compared to $517.7 million for fiscal year 2010, an increase of $32.3 million, or 6.2%. Net sales declined by $66.3 million, or 11.4% during fiscal year 2010 as compared to fiscal year 2009.

Cost of Goods Sold. Our manufacturing costs increased by $13.1 million from $382.4 million for fiscal year 2010 to $395.5 million for fiscal year 2011, or 3.4% while our sales increased 6.2% over that same period. As a result our gross profit margin (net sales less cost of goods sold) improved 200 basis points over the comparable period last year from 26.1% for fiscal year 2010 to 28.1% for fiscal year 2011, through increased operational efficiencies due to increased unit sales, increased unit selling price, and product mix changes.

Due to our cost-side focused approach during fiscal year 2010 and some favorable cotton pricing during the fourth quarter ended February 28, 2010, we were able to reduce our cost of goods sold by 13.2% during fiscal year 2010. This resulted in our consolidated gross profit margin (net sales less cost of goods sold) increasing by 150 basis points, from 24.6% in fiscal 2009 to 26.1% in fiscal 2010.

Selling, general, and administrative expenses. For fiscal year 2011, our selling, general and administrative expenses increased approximately $7.0 million, or 9.1% from $76.7 million, or 14.8% of sales for fiscal year 2010 to $83.7 million, or 15.2% of sales for fiscal year 2011. The increase in our selling, general and administrative expenses was basically volume related; however, we did incur increases in our credit card fees due to increased customer usage as well as performance incentive costs during the year. In addition, we had approximately $1.2 million in one-time credits during fiscal year 2010 which did not repeat in fiscal year 2011.

For fiscal year 2010, our selling, general and administrative expenses decreased approximately $9.5 million, or 11.0% from $86.2 million, or 14.8% of sales for fiscal year 2009 to $76.7 million, or 14.8% of sales for fiscal year 2010. As a percentage of sales these expenses remained the same for both years, while on a dollar basis, these expenses decreased primarily as a result of our continual cost control initiatives and the focus of being cost-side driven during these difficult economic times.

Gain from disposal of assets. The gain from disposal of assets of $1,000 for both fiscal years ended February 28, 2011 and 2010 resulted from sale of equipment.

Income from operations. Our income from operations for fiscal year 2011 increased $12.2 million from operational earnings of $58.6 million, or 11.3% of sales for fiscal year 2010, to operational earnings of $70.8 million, or 12.9% of sales for fiscal year 2011. The increase in our operational earnings during fiscal year 2011, related primarily to our improved consolidated gross profit margin, offset by slightly higher selling, general and administrative costs.

Our income from operations for fiscal year 2010 increased from an operational loss of $10.1 million, or -1.7% of sales for fiscal year 2009, to operational earnings of $58.6 million, or 11.3% of sales for fiscal year 2010. The increase in our operational earnings during fiscal year 2010, related primarily to our improved consolidated gross profit margin, reduced selling, general and administrative costs, and the lack of a comparable non-cash impairment charge in 2010 like we incurred in fiscal year 2009.

Other income and expense. Our interest expense was $1.2 million, $2.6 million and $3.4 million for fiscal years 2011, 2010 and 2009, respectively. Our interest expense decreased in fiscal year 2011 due mainly to increased capitalized interest related to our Agua Prieta facility and in fiscal year 2010 due to less debt on average being outstanding. During fiscal year 2011, we capitalized interest expense relating to our Agua Prieta, Mexico construction project of $1.7 million compared to $0.3 million for fiscal year 2010. No interest was capitalized during fiscal year 2009.

Provision for income taxes. Our effective tax rates for fiscal years 2011, 2010 and 2009 were 35.7%, 36.8% and -150.9%, respectively. Our rate for fiscal year 2011 reduced over our rate for fiscal year 2010 due to an increase in our Domestic Production Activities Deduction credit. Our effective tax rate for 2009 was impacted by the non-deductible goodwill impairment charge.

Net earnings. Our net earnings increased from $35.2 million, or 6.8% of sales for fiscal year 2010 to earnings of $44.6 million, or 8.1% of sales for fiscal year 2011. Basic earnings per share increased from earnings of $1.37 per share for fiscal year 2010 to earnings of $1.73 per share for fiscal year 2011. Diluted earnings per share increased from earnings of $1.36 per share for fiscal year 2010 to earnings of $1.72 per share for fiscal year 2011. The increase in net earnings during the period related primarily to our improved operational margin.

Our net earnings increased from a loss of $32.8 million, or -5.6% of sales for fiscal year 2009 to earnings of $35.2 million, or 6.8% of sales for fiscal year 2010. Basic earnings per share increased from a loss of $1.27 per share for fiscal year 2009 to earnings of $1.37 per share for fiscal year 2010. Diluted earnings per share increased from a loss of $1.27 per share for fiscal year 2009 to earnings of $1.36 per share for fiscal year 2010. The increase in net earnings during the period related primarily to the lack of a non-cash impairment charge as was incurred in fiscal year 2009.

Segment OperatingResults

Net Sales by Segment (in thousands)	**Fiscal Years Ended 2011**	**2010**	**2009**
Print	$ 272,689	$ 282,308	$ 327,034
Apparel	277,310	235,430	256,995
Total	$ 549,999	$ 517,738	$ 584,029

Print Segment. The print segment net sales represented 50.0%, 55.0%, and 56.0% of our consolidated net sales for fiscal years 2011, 2010, and 2009, respectively.

Our print sales declined by $9.6 million, or 3.4% during the fiscal year 2011 and $44.7 million, or 13.7% during fiscal year 2010, when compared to the preceding fiscal year. The decline in our print sales particularly in 2010, was primarily due to the severe economic recession which started during the later part of our third quarter of the fiscal year 2009. In addition to the general impact of the economic recession on our sales, the adoption of digital technologies continues to erode revenues from our traditional print business. The evolution to digital technology has been transpiring for some time now, and we would expect this to continue into the future. The turbulent economy also led to weaker pricing in an already competitive industry as our customers sought cost savings to improve their own profitability in the light of declining sales.

Apparel Segment. The Apparel Segment net sales represented 50.0 %, 45.0%, and 44.0% of our consolidated net sales for fiscal years 2011, 2010 and 2009, respectively.

Our fiscal year 2011 net sales for the Apparel Segment increased by $41.9 million, or 17.8% over fiscal year 2010, while our 2010 net sales decreased by $21.6 million, or 8.4% over fiscal 2009. Due to improving economic factors, we were able to increase our unit sales to new and existing customers by approximately 10.5% and increase our average unit selling price by approximately 7.3% during fiscal year 2011 . The decrease in our fiscal year 2010 sales, due to economic factors, was generally contained to the first three quarters where we saw our apparel sales decline by $33.3 million, or 15.6%. As the economy started to improve and retailers started to experience some comparable sales growth, we were able to partially offset this sales decline with a fourth quarter sales gain of $11.7 million, or 26.9%.

Gross Profit by Segment (in thousands)	**Fiscal Years Ended 2011**	**2010**	**2009**
Print	$ 77,236	$ 77,789	$ 85,295
Apparel	77,262	57,530	58,181
Total	$ 154,498	$ 135,319	$ 143,476

Print Segment. Our print gross profit margin ("margin"), as a percent of sales, was 28.3%, 27.6% and 26.1% for fiscal years 2011, 2010 and 2009, respectively. In fiscal 2011 we saw our material prices rise; however, we have been able to offset these price increases through selling price increases and operational improvements. In fiscal 2010 we saw our material prices stabilize due to depressed economic conditions. As such, we were able to fully realize the benefits associated with our costs control initiatives started during fiscal 2009.

Apparel Segment. Our apparel margin, as a percent of sales, was 27.9%, 24.4% and 22.6%, for fiscal years 2011, 2010 and 2009, respectively.

We were able to increase our margin by 350 basis points during fiscal year 2011 through an increase in our unit sales price and improved operational efficiencies which have been able to offset our higher raw material costs. During the previous fiscal year, spot cotton prices increased significantly, however, manufacturers were able to insulate themselves from some of these increases with forward purchase contracts. However, because spot cotton prices have remained at these levels for a sustained period of time, most of these favorable forward contracts have expired and higher cotton costs are starting to impact all manufacturer's inventory costs. As such, while we have to date been able to offset the higher costs of cotton, we continue to be concerned with current cotton pricing, and the potential impact upon our operation results for fiscal year 2012. Our ability to manage this potential cost increase will be dependent upon many factors, a number of which are outside of our control, such as the continued economic recovery of the United States, outside market factors such as availability of cotton and the actions of our competitors.

Cost control was a major factor in the improvement of our margin for 2010. Gas prices were more favorable in 2010 as compared to 2009 and, combined with lower chemical and other input costs, helped to partially offset the reduction in sales for the year. In addition all non-essential overtime was eliminated and a period of 4 day manufacturing was implemented in our main fabric producing plant in Anaheim for a portion of the year without impacting our reported margin. We were also able to take advantage, during the fourth quarter, of lower cotton prices which we had locked in at previously contracted prices earlier in the year when cotton was selling at a much lower price per pound.

	Fiscal Years Ended		
Profit by Segment (in thousands)	**2011**	**2010**	**2009**
Print	$ 46,002	$ 46,047	$ 51,553
Apparel	42,611	24,778	(49,416)
Total	88,613	70,825	2,137
Less corporate expenses	19,196	15,156	15,196
Earnings (loss) before income taxes	$ 69,417	$ 55,669	$ (13,059)

Print Segment. As a percent of sales, our Print Segment's profits were 16.9%, 16.3%, and 15.8% for fiscal years 2011, 2010 and 2009, respectively. Our Print Segment's profit for fiscal year 2011 remained level at $46.0 million, the same as for fiscal year 2010.

While our Print Segment's profit on a percentage basis increased for fiscal year 2010 over fiscal year 2009, on a dollar basis it decreased by approximately $5.5 million, or 10.7%. The decrease in our Print profit during fiscal year 2010 related to the 13.7% decline in our sales during the period, as previously discussed.

Apparel Segment. As a percent of sales, our Apparel Segment's profits were 15.4%, 10.5%, and -19.2%. During the fourth quarter of fiscal year 2009 we recorded a non-cash impairment charge of $63.2 million and $4.7 million to goodwill and trademarks, respectively. The increase in our Apparel profits during both fiscal year 2011 and 2010 related primarily to our improved gross profit margins for these years due to the factors previously discussed. In addition to the significant improvement in our gross profits margins as noted earlier, during fiscal year 2010 cost cutting in selling, general, and administrative expenses were achieved following a review of our advertising and marketing activities.

Liquidity and Capital Resources

	Fiscal Years Ended		
(Dollars in thousands)	**2011**	**2010**	**Change**
Working Capital	$ 135,300	$ 116,638	16.0%
Cash	$ 12,305	$ 21,063	-41.6%

Working Capital. Our working capital increased by approximately $18.7 million, or 16.0% from $116.6 million at February 28, 2010 to $135.3 million at February 28, 2011. The increase in our working capital during the period related primarily to the increase in our inventories on hand, which increased in anticipation of our transition of our manufacturing from Anaheim, CA to Agua Prieta, Mexico. Our current ratio, calculated by dividing our current assets by our current liabilities, increased from 3.3-to-1.0 at February 28, 2010 to 3.9-to-1.0 at February 28, 2011, due to the increased inventory on hand.

	Fiscal Years Ended		
(Dollars in thousands)	**2011**	**2010**	**Change**
Net Cash provided by operating activities	$ 32,766	$ 82,567	-60.3%
Net Cash used in investing activities	$ (35,985)	$ (20,244)	77.8%
Net Cash used in financing activities	$ (6,005)	$ (50,488)	-88.1%

Cash flows from operating activities. Cash flows from operations during fiscal 2011 decreased by $49.8 million, or 60.3% over fiscal year 2010, which had increased by $38.4 million, or 86.7% over fiscal year 2009. The change in our cash flows from operating activities from 2010 to 2011, of approximately $49.8 million, related primarily to the change in our inventory levels. During fiscal year 2011, we used cash to build our inventories by approximately $24.0 million in anticipation of our move to Agua Prieta, whereas during fiscal year 2010 we generated approximately $27.0 million in cash through reducing our inventory levels to help fund the construction of our new manufacturing facility.

Cash flows from investing activities. Cash used for our investing activities, which relates primarily to capital expenditures, increased by $15.7 million, or 77.8% from $20.2 million for fiscal year 2010 to $36.0 million for fiscal year 2011. The increase in our capital expenditures relates primarily to our new Apparel manufacturing facility located in Agua Prieta, Mexico. For contractual commitments remaining in connection with the construction of this facility – see “Contractual Obligations & Off-Balance Sheet Arrangements” section following in this Report.

Cash flows from financing activities. We used $44.5 million less in cash associated with our financing activities in fiscal year 2011 when compared to the same period last year. We did not repay any debt in fiscal year ended 2011, as compared to $34.2 million during fiscal year ended 2010. We borrowed an additional $10.0 million against our revolving credit line in fiscal 2011 relating to our inventory build of finished goods at our Apparel Segment.

Stock Repurchase **–** On October 20, 2008, our Board of Directors authorized the repurchase of up to $5.0 million of our common stock through a stock repurchase program. Under the board-approved repurchase program, share purchases may be made from time to time in the open market or through privately negotiated transactions depending on market conditions, share price, trading volume and other factors, and such purchases, if any will be made in accordance with applicable insider trading and other securities laws and regulations. These repurchases may be commenced or suspended at any time or from time to time without prior notice. While no shares have been purchased this fiscal year under the program, as of February 28, 2011, there have been 96,000 shares of our common stock that have been purchased under the repurchase program at an average price per share of $10.45. Unrelated to the stock repurchase program, we purchased 91 shares of common stock during the fiscal year ended February 28, 2011.

Credit Facility **–** On August 18, 2009, we entered into a Second Amended and Restated Credit Agreement (the “Facility”) with a group of lenders led by Bank of America, N.A. (the “Lenders”). The Facility provides us access to $150.0 million in revolving credit, which we may increase to $200.0 million in certain circumstances, and matures on August 18, 2012. The Facility bears interest at the London Interbank Offered Rate (“LIBOR”) plus a spread ranging from 2.0% to 3.5% (LIBOR + 2.25% or 2.51% at February 28, 2011 and 2.48% at February 28, 2010), depending on our total funded debt to EBITDA ratio, as defined. As of February 28, 2011, we had $50.0 million of borrowings under the revolving credit line and $3.2 million outstanding under standby letters of credit arrangements, leaving us availability of approximately $96.8 million. The Facility contains financial covenants, restrictions on capital expenditures, acquisitions, asset dispositions, and additional debt, as well as other customary covenants, such as total funded debt to EBITDA ratio, as defined. We are in compliance with all these covenants as of February 28, 2011. The Facility is secured by substantially all of our domestic assets as well as all capital securities of each Domestic Subsidiary and 65% of all capital securities of each direct Foreign Subsidiary.

During fiscal year 2011, we borrowed $10.0 million and we did not pay any additional amounts on the revolver. It is anticipated that the available line of credit is sufficient to cover, should it be required, working capital required for the foreseeable future.

We use derivative financial instruments to manage our exposures to interest rate fluctuations on our floating rate $150.0 million revolving credit maturing August 18, 2012. We account for our derivatives as cash flow hedges and record them as either assets or liabilities in the balance sheet, measure those instruments at fair value and recognize changes in the fair value of derivatives in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures, at which time the changes in fair value would be recorded in Accumulated Other Comprehensive Income.

On July 7, 2008, we entered into a three-year Interest Rate Swap Agreement (“Swap”) for a notional amount of $40.0 million. The Swap effectively fixes the LIBOR rate at 3.79%. The Swap was designated as a cash flow hedge, and the fair value at February 28, 2011 was $(0.6) million, $(0.4) million net of deferred taxes. The Swap was reported on the Consolidated Balance Sheet in current installments of long-term debt with a related deferred charge recorded as a component of other comprehensive income.

Pension **–** We are required to make contributions to our defined benefit pension plan. These contributions are required under the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”). We anticipate that we will contribute from $2.0 million to $3.0 million during our next fiscal year. We made contributions of $3.0 million to our pension plan during each of our last 3 fiscal years. As our pension assets are invested in marketable securities, fluctuations in market values could potentially impact our funding status, associated liabilities recorded and future required minimum contributions. At February 28, 2011, we had an unfunded pension liability recorded on our balance sheet of $2.0 million.

Inventories – We believe our current inventory levels are sufficient to satisfy our customer demands and we anticipate having adequate sources of raw materials to meet future business requirements. We have long-term contracts in effect (that govern prices, but do not require minimum volume) with paper and yarn suppliers. Certain of our rebate programs do, however, require minimum purchase volumes. Management anticipates meeting the required volumes.

Capital Expenditures – We expect our capital requirements for 2012, exclusive of capital required for possible acquisitions and the completion of our new manufacturing facility in Agua Prieta, Mexico, will be in line with our historical levels of between $4.0 million and $5.0 million. We expect to fund these expenditures through existing cash flows. We expect to generate sufficient cash flows from our operating activities to cover our operating and other normal capital requirements for our foreseeable future.

On June 26, 2008, we announced plans to build a new manufacturing facility in the town of Agua Prieta in the state of Sonora, Mexico. At the time we estimated that the total capital expenditures associated with this facility would be between $50.0 million and $54.0 million ($26.0 million for the building and $24.0 million - $28.0 million for machinery and equipment). The construction of the new state of the art manufacturing facility is close to completion, with most of the new equipment installed. To date we have spent approximately $50.5 million. We are now in the midst of transitioning both equipment and production from our existing manufacturing facility located in Anaheim, CA to our new manufacturing facility. We expect to be completed with this process by the end of the second quarter of this fiscal year. We continue to expect that the remaining funding for this project will be provided by internal cash flow and, as required, by our existing credit facilities. We expect this facility to be producing at 1.0 million pounds per week by the end of the first fiscal quarter of 2012 and between 1.4 to 1.6 million pounds per week by the end of our second fiscal quarter with an estimated capacity of approximately 2.6 to 2.8 million pounds per week.

Contractual Obligations & Off-Balance Sheet Arrangements – There have been no significant changes in our contractual obligations since February 28, 2011 that have, or are reasonably likely to have, a material impact on our results of operations or financial condition. We had no off-balance sheet arrangements in place as of February 28, 2011 (in thousands).

	Total	2012	2013	2014	2015	2016 to 2021
Debt:						
Revolving credit facility	$ 50,000	$ -	$ 50,000	$ -	$ -	$ -
Interest rate swap	586	586	-	-	-	-
Debt and interest total	50,586	586	50,000	-	-	-
Other contractual commitments:						
Estimated pension benefit payments	33,300	2,600	2,800	3,400	4,300	20,200
Letters of credit	3,199	3,199	-	-	-	-
Operating leases	12,306	5,438	3,183	1,871	1,006	808
Construction contract - Agua Prieta	8,175	8,175	-	-	-	-
Total other contractual commitments	56,980	19,412	5,983	5,271	5,306	21,008
Total	$ 107,566	$ 19,998	$ 55,983	$ 5,271	$ 5,306	$ 21,008

Subsequent to February 28, 2011 and through May 10, 2011, we made no additional repayments on our revolving credit facility. We expect future interest payments of $1.9 million for fiscal year 2012, and $0.6 million for fiscal year 2013 assuming interest rates and debt levels remain the same throughout the remaining term of the facility.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Cash

We have significant amounts of cash at financial institutions that are in excess of federally insured limits. With the current financial environment and the instability of financial institutions, we cannot be assured that we will not experience losses on our deposits.

Interest Rates

We are exposed to interest rate risk on short-term and long-term financial instruments carrying variable interest rates. We may from time to time utilize interest rate swaps to manage overall borrowing costs and reduce exposure to adverse fluctuations in interest rates. We do not use derivative instruments for trading purposes. Our variable rate financial instruments, including the outstanding credit facilities, totaled $50.0 million at February 28, 2011. We entered into a $40.0 million interest rate swap designated as a cash flow hedge related to this debt. The LIBOR rate on $40.0 million of debt is effectively fixed through this interest rate swap agreement. The impact on our results of operations of a one-point interest rate change on the outstanding balance of the variable rate financial instruments as of February 28, 2011 would be approximately $0.1 million.

Foreign Exchange

We have global operations and thus make investments and enter into transactions in various foreign currencies. The value of our consolidated assets and liabilities located outside the United States (translated at period end exchange rates) and income and expenses (translated using average rates prevailing during the period), generally denominated in Pesos and Canadian Dollars, are affected by the translation into our reporting currency (the U.S. Dollar). Such translation adjustments are reported as a separate component of shareholders' equity. In future periods, foreign exchange rate fluctuations could have an increased impact on our reported results of operations.

This market risk discussion contains forward-looking statements. Actual results may differ materially from this discussion based upon general market conditions and changes in domestic and global financial markets.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements and Supplementary Data required by this Item 8 are set forth following the signature page of this report and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No matter requires disclosure.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. An evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of February 28, 2011, pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures as of February 28, 2011 are effective to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive and financial officers as appropriate to allow timely decisions regarding required disclosure. Due to the inherent limitations of control systems, not all misstatements may be detected. Those inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people. Our controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The financial statements, financial analysis and all other information in this Annual Report on Form 10-K were prepared by management, who is responsible for their integrity and objectivity and for establishing and maintaining adequate internal controls over financial reporting.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Company's internal control over financial reporting includes those policies and procedures that:

i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company;

ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions of the Company's assets that could have a material effect on the financial statements.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

Management assessed the design and effectiveness of the Company's internal control over financial reporting as of February 28, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control—Integrated Framework*. Based on management's assessment using those criteria, we believe that, as of February 28, 2011, the Company's internal control over financial reporting is effective.

Grant Thornton LLP, an independent registered public accounting firm, has audited the consolidated financial statements of the Company for the fiscal year ended February 28, 2011 and has attested to the effectiveness of the Company's internal control over financial reporting as of February 28, 2011. Their report on the effectiveness of internal control over financial reporting is presented on page F-3 of this Report.

ITEM 9B. OTHER INFORMATION

No matter requires disclosure.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as set forth below, the information required by Item 10 is incorporated herein by reference to the definitive Proxy Statement for our 2011 Annual Meeting of Shareholders.

In the wake of well-publicized corporate scandals, the Securities and Exchange Commission and the New York Stock Exchange have issued multiple new regulations, requiring the implementation of policies and procedures in the corporate governance area. In complying with new regulations requiring the institution of policies and procedures, it has been the goal of the Ennis Board of Directors and senior leadership to do so in a way which does not inhibit or constrain Ennis' unique culture, and which does not unduly impose a bureaucracy of forms and checklists. Accordingly, formal, written policies and procedures have been adopted in the simplest possible way, consistent with legal requirements, including a Code of Ethics applicable to the Company's principal executive officer, principal financial officer, and principal accounting officer or controller. The Company's Corporate Governance Guidelines, its charters for each of its Audit, Compensation, Nominating and Corporate Governance Committees and its Code of Ethics covering all Employees are available on the Company's website, www.ennis.com, and a copy will be mailed upon request to Ms. Sharlene Reagan at 2441 Presidential Parkway, Midlothian, TX 76065. If we make any substantive amendments to the Code, or grant any waivers to the Code for any of our senior officers or directors, we will disclose such amendment or waiver on our website and in a report on Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is hereby incorporated herein by reference to the definitive Proxy Statement for our 2011 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12, as to certain beneficial owners and management, is hereby incorporated by reference to the definitive Proxy Statement for our 2011 Annual Meeting of Shareholders.

The following table provides information about securities authorized for issuance under the Company's equity compensation plan as of February 28, 2011.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of securities available for future issuances under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the security holders (1)	342,723	$14.31	274,556
Equity compensation plans not approved by security holders	-	-	-
Total	342,723	$14.31	274,556

(1) The 2004 Long-Term Incentive Plan of Ennis, Inc., as amended and restated on May 14, 2008, formerly the 1998 Option and Restricted Stock Plan, amended and restated as of June 17, 2004. Includes 80,823 shares of restricted stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is hereby incorporated herein by reference to the definitive Proxy Statement for our 2011 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is hereby incorporated herein by reference to the definitive Proxy Statement for our 2011 Annual Meeting of Shareholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as a part of the report:

(1) Index to Consolidated Financial Statements of the Company

An "Index to Consolidated Financial Statements" has been filed as a part of this Report beginning on page F-1 hereof.

(2) All schedules for which provision is made in the applicable accounting regulation of the SEC have been omitted because of the absence of the conditions under which they would be required or because the information required is included in the consolidated financial statements of the Registrant or the notes thereto.

(3) Exhibits

An "Index to Exhibits" has been filed as a part of this Report beginning on page E-1 and is herein incorporated by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENNIS, INC.

Date: May 10, 2011	BY: /s/ KEITH S. WALTERS Keith S. Walters, Chairman of the Board, Chief Executive Officer and President
Date: May 10, 2011	BY: /s/ RICHARD L. TRAVIS, JR. Richard L. Travis, Jr. Senior Vice President — Finance and CFO, Secretary and Principal Financial and Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: May 10, 2011	BY: /s/ KEITH S. WALTERS Keith S. Walters, Chairman of the Board, Chief Executive Officer and President
Date: May 10, 2011	BY: /s/ MICHAEL D. MAGILL Michael D. Magill, Executive Vice President and Director
Date: May 10, 2011	BY: /s/ FRANK D. BRACKEN Frank D. Bracken, Director
Date: May 10, 2011	BY: /s/ GODFREY M. LONG, JR. Godfrey M. Long, Jr., Director
Date: May 10, 2011	BY: /s/ THOMAS R. PRICE Thomas R. Price, Director
Date: May 10, 2011	BY: /s/ KENNETH G. PRITCHETT Kenneth G. Pritchett, Director
Date: May 10, 2011	BY: /s/ ALEJANDRO QUIROZ Alejandro Quiroz, Director
Date: May 10, 2011	BY: /s/ MICHAEL J. SCHAEFER Michael J. Schaefer, Director
Date: May 10, 2011	BY: /s/ JAMES C. TAYLOR James C. Taylor, Director

ENNIS, INC. AND SUBSIDIARIES
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Ennis, Inc.

We have audited the accompanying consolidated balance sheets of Ennis, Inc. (a Texas corporation) and subsidiaries as of February 28, 2011 and 2010, and the related consolidated statements of earnings, changes in shareholders' equity and comprehensive income, and cash flows for each of the three years in the period ended February 28, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ennis, Inc. and subsidiaries as of February 28, 2011 and 2010, and the results of their operations and its cash flows for each of the three years in the period ended February 28, 2011 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ennis, Inc. and subsidiaries' internal control over financial reporting as of February 28, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO*)* and our report dated May 10, 2011 expressed an unqualified opinion on the effectiveness of Ennis, Inc.'s internal control over financial reporting.

/s/ Grant Thornton LLP

Dallas, Texas
May 10, 2011

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Ennis, Inc.

We have audited Ennis, Inc. (a Texas corporation) and subsidiaries' internal control over financial reporting as of February 28, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Ennis, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Ennis, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Ennis, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of February 28, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Ennis, Inc. and subsidiaries as of February 28, 2011 and 2010 and the related consolidated statements of earnings, changes in shareholders' equity and comprehensive income, and cash flows for each of the three years in the period ended February 28, 2011 and our report dated May 10, 2011 expressed an unqualified opinion on those financial statements.

/s/ Grant Thornton LLP

Dallas, Texas
May 10, 2011

ENNIS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	Fiscal Years Ended	
	2011	**2010**
Assets		
Current assets		
Cash	$ 12,305	$ 21,063
Accounts receivable, net of allowance for doubtful receivables of $4,814 at February 28, 2011 and $4,446 at February 28, 2010	58,359	57,249
Prepaid expenses	5,335	6,867
Inventories	100,363	75,137
Deferred income taxes	6,036	5,319
Assets held for sale	-	804
Total current assets	182,398	166,439
Property, plant and equipment, at cost		
Plant, machinery and equipment	156,356	138,419
Land and buildings	73,482	55,430
Other	22,646	22,402
Total property, plant and equipment	252,484	216,251
Less accumulated depreciation	158,823	150,531
Net property, plant and equipment	93,661	65,720
Goodwill	117,341	117,341
Trademarks and tradenames, net	58,765	58,897
Customer lists, net	17,547	19,753
Deferred finance charges, net	648	1,079
Other assets	3,368	3,470
Total assets	$ 473,728	$ 432,699

See accompanying notes to consolidated financial statements.

ENNIS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except for share amounts)

	Fiscal Years Ended	
	2011	**2010**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 18,868	$ 27,463
Accrued expenses		
Employee compensation and benefits	16,503	14,374
Taxes other than income	585	1,539
Federal and state income taxes payable	2,935	705
Other	7,621	5,720
Current installments of long-term debt	586	-
Total current liabilities	47,098	49,801
Long-term debt	50,000	41,817
Liability for pension benefits	2,048	7,132
Deferred income taxes	25,379	19,821
Other liabilities	1,520	868
Total liabilities	126,045	119,439
Commitments and contingencies		
Shareholders' equity		
Preferred stock $10 par value,		
authorized 1,000,000 shares; none issued	-	-
Common stock $2.50 par value, authorized 40,000,000 shares;		
issued 30,053,443 shares in 2011 and 2010	75,134	75,134
Additional paid in capital	121,306	121,978
Retained earnings	234,636	206,062
Accumulated other comprehensive income (loss):		
Foreign currency translation, net of taxes	1,727	267
Unrealized losson derivative instruments, net of taxes	(372)	(1,154)
Minimum pension liability, net of taxes	(9,803)	(12,376)
Total accumulated other comprehensive income (loss)	(8,448)	(13,263)
Treasury stock		
Cost of 4,197,567 shares in 2011 and 4,292,080 shares in 2010	(74,945)	(76,651)
Total shareholders' equity	347,683	313,260
Total liabilities and shareholders' equity	$ 473,728	$ 432,699

See accompanying notes to consolidated financial statements.

ENNIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Dollars in thousands, except share and per share amounts)

	Fiscal Years Ended		
	2011	**2010**	**2009**
Net sales	$ 549,999	$ 517,738	$ 584,029
Cost of goods sold	395,501	382,419	440,553
Gross profit margin	154,498	135,319	143,476
Selling, general and administrative	83,678	76,738	86,217
Impairment of goodwill	-	-	63,151
Impairment of trademarks	-	-	4,700
Gain from disposal of assets	(1)	(1)	(514)
Income (loss) from operations	70,821	58,582	(10,078)
Other income (expense)			
Interest expense	(1,234)	(2,627)	(3,363)
Other, net	(170)	(286)	382
	(1,404)	(2,913)	(2,981)
Earnings (loss) before income taxes	69,417	55,669	(13,059)
Provision for income taxes	24,786	20,463	19,709
Net earnings (loss)	$ 44,631	$ 35,206	$ (32,768)
Weighted average common shares outstanding			
Basic	25,855,129	25,768,632	25,724,150
Diluted	25,887,995	25,796,553	25,790,166
Per share amounts			
Net earnings (loss) - basic	$ 1.73	$ 1.37	$ (1.27)
Net earnings (loss) - diluted	$ 1.72	$ 1.36	$ (1.27)
Cash dividends per share	$ 0.62	$ 0.62	$ 0.62

See accompanying notes to consolidated financial statements.

ENNIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME FOR THE FISCAL YEARS ENDED 2009, 2010, AND 2011
(Dollars in thousands, except share and per share amounts)

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Treasury Stock		
	Shares	Amount	Capital	Earnings	Income (Loss)	Shares	Amount	Total
Balance March 1, 2008	30,053,443	$ 75,134	$ 122,566	$ 235,624	$ (5,521)	(4,391,193)	$ (79,324)	$ 348,479
Net loss	--	--	--	(32,768)	--	--	--	(32,768)
Foreign currency translation, net of deferred tax of $1,142	--	--	--	--	(1,945)	--	--	(1,945)
Unrealized loss on derivative instruments, net of deferred tax of $797	--	--	--	--	(1,387)	--	--	(1,387)
Adjustment to pension, net of deferred tax of $3,252	--	--	--	--	(5,657)	--	--	(5,657)
Comprehensive loss								(41,757)
Dividends declared ($.62 per share)	--	--	--	(15,999)	--	--	--	(15,999)
Excess tax benefit of stock option exercises and restricted stock grants	--	--	249	--	--	--	--	249
Stock based compensation	--	--	993	--	--	--	--	993
Exercise of stock options and restricted stock grants	--	--	(1,360)	--	--	107,336	2,000	640
Stock repurchases	--	--	--	--	--	(52,700)	(599)	(599)
Balance February 28, 2009	30,053,443	$ 75,134	$ 122,448	$ 186,857	$ (14,510)	(4,336,557)	$ (77,923)	$ 292,006
Net earnings	-	-	-	35,206	-	-	-	35,206
Foreign currency translation, net of deferred tax of $754	-	-	-	-	1,283	-	-	1,283
Unrealized gain on derivative instruments, net of deferred tax benefit of $137	-	-	-	-	233	-	-	233
Adjustment to pension, net of deferred tax of $158	-	-	-	-	(269)	-	-	(269)
Comprehensive income								36,453
Dividends declared ($.62 per share)	-	-	-	(16,001)	-	-	-	(16,001)
Excess tax benefit of stock option exercises and restricted stock grants	-	-	101	-	-	-	-	101
Stock based compensation	-	-	1,079	-	-	-	-	1,079
Exercise of stock options and restricted stock grants	-	-	(1,650)	-	-	93,034	1,758	108
Stock repurchases	-	-	-	-	-	(48,557)	(486)	(486)
Balance February 28, 2010	30,053,443	$ 75,134	$ 121,978	$ 206,062	$ (13,263)	(4,292,080)	$ (76,651)	$ 313,260
Net earnings	-	-	-	44,631	-	-	-	44,631
Foreign currency translation, net of deferred tax of $811	-	-	-	-	1,460	-	-	1,460
Unrealized gain on derivative instruments, net of deferred tax benefit of $434	-	-	-	-	782	-	-	782
Adjustment to pension, net of deferred tax of $1,429	-	-	-	-	2,573	-	-	2,573
Comprehensive income								49,446
Dividends declared ($.62 per share)	-	-	-	(16,057)	-	-	-	(16,057)
Excess tax benefit of stock option exercises and restricted stock grants	-	-	(49)	-	-	-	-	(49)
Stock based compensation	-	-	982	-	-	-	-	982
Exercise of stock options and restricted stock grants	-	-	(1,605)	-	-	94,604	1,708	103
Stock repurchases	-	-	-	-	-	(91)	(2)	(2)
Balance February 28, 2011	30,053,443	$ 75,134	$ 121,306	$ 234,636	$ (8,448)	(4,197,567)	$ (74,945)	$ 347,683

See accompanying notes to consolidated financial statements.

ENNIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Fiscal Years Ended		
	2011	**2010**	**2009**
Cash flows from operating activities:			
Net earnings (loss)	$ 44,631	$ 35,206	$ (32,768)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation	8,066	8,976	9,993
Amortization of deferred finance charges	432	438	448
Amortization of tradenames and customer lists	2,399	2,403	2,419
Impairment of goodwill and trademarks	-	-	67,851
Gain from disposal of assets	(1)	(1)	(514)
Bad debt expense	1,952	2,182	3,609
Stock based compensation	982	1,079	993
Excess tax benefit of stock based compensation	49	(101)	(249)
Deferred income taxes	4,365	2,705	(4,265)
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Accounts receivable	(1,643)	(1,614)	10,580
Prepaid expenses	1,718	1,867	(5,313)
Inventories	(23,753)	27,096	(4,154)
Other current assets	(717)	409	2,058
Other assets	90	(3,927)	(4)
Accounts payable and accrued expenses	(3,945)	6,177	(7,789)
Other liabilities	652	(203)	(270)
Prepaid pension asset/liability for pension benefits	(2,511)	(125)	1,591
Net cash provided by operating activities	32,766	82,567	44,216
Cash flows from investing activities:			
Capital expenditures	(33,753)	(20,280)	(6,399)
Purchase of businesses, net of cash acquired	(2,237)	-	-
Proceeds from disposal of plant and property	5	36	1,049
Net cash used in investing activities	(35,985)	(20,244)	(5,350)
Cash flows from financing activities:			
Borrowings on debt	10,000	-	5,000
Repayment of debt	-	(34,210)	(21,755)
Dividends	(16,057)	(16,001)	(15,999)
Purchase of treasury stock	(2)	(486)	(599)
Proceeds from exercise of stock options	103	108	640
Excess tax benefit of stock based compensation	(49)	101	249
Net cash used in financing activities	(6,005)	(50,488)	(32,464)
Effect of exchange rate changes on cash	466	(58)	(509)
Net change in cash	(8,758)	11,777	5,893
Cash at beginning of period	21,063	9,286	3,393
Cash at end of period	$ 12,305	$ 21,063	$ 9,286

See accompanying notes to consolidated financial statements.

(1) Significant Accounting Policies and General Matters

Nature of Operations. Ennis, Inc. and its wholly owned subsidiaries (the Company) are principally engaged in the production of and sale of business forms, other business products and apparel to customers primarily located in the United States.

Basis of Consolidation. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. The Company's fiscal years ended on the following days: February 28, 2011, February 28, 2010 and February 28, 2009 (fiscal years ended 2011, 2010, and 2009, respectively).

Accounts Receivable. Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment generally within 30 days from the invoice date. The Company's allowance for doubtful receivables reserve is based on an analysis that estimates the amount of its total customer receivable balance that is not collectible. This analysis includes assessing a default probability to customers' receivable balances, which is influenced by several factors including (i) current market conditions, (ii) periodic review of customer credit worthiness, and (iii) review of customer receivable aging and payment trends.

Inventories. With the exception of approximately one third of its print segment inventories, which are valued at the lower of last-in, first-out (LIFO) cost or market, the Company values its inventories at the lower of first in, first out (FIFO) cost or market. At fiscal years ended 2011 and 2010, approximately 4.15% and 6.15% of inventories, respectively, are valued at LIFO with the remainder of inventories valued at FIFO. The Company regularly reviews inventories on hand, using specific aging categories, and writes down the carrying value of its inventories for excess and potentially obsolete inventories based on historical usage and estimated future usage. In assessing the ultimate realization of its inventories, the Company is required to make judgments as to future demand requirements. As actual future demand or market conditions may vary from those projected by the Company, adjustments to inventories may be required. The Company provides reserves for excess and obsolete inventory when necessary based upon analysis of quantities on hand, recent sales volumes and reference to market prices. Reserves for excess and obsolete inventory at fiscal years ended 2011 and 2010 were $2.6 million and $2.0 million, respectively.

Property, Plant and Equipment. Depreciation of property, plant and equipment is calculated using the straight-line method over a period considered adequate to amortize the total cost over the useful lives of the assets, which range from 3 to 11 years for plant, machinery and equipment and 10 to 40 years for buildings and improvements. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvements. Repairs and maintenance are expensed as incurred. Renewals and betterments are capitalized and depreciated over the remaining life of the specific property unit. The Company capitalizes all leases that are in substance acquisitions of property. As of February 28, 2010, the Company had land, building and equipment of approximately $0.8 million classified as assets held for sale on the consolidated balance sheet. This balance is comprised of land and building with a net book value of $0.7 million and equipment with a net book value of $0.1 million. During fiscal year 2011, management concluded that the sale of these assets within one year was no longer probable and reclassified them out of assets held for sale and into land and building and plant, machinery and equipment.

Goodwill and Other Intangible Assets. Goodwill is the excess of the purchase price paid over the value of net assets of businesses acquired and is not amortized. Intangible assets with determinable lives are amortized on a straight-line basis over their estimated useful lives. Intangible assets with indefinite lives are not amortized. Goodwill and indefinite-lived intangibles are evaluated for impairment on an annual basis, or more frequently if impairment indicators arise, using a fair-value-based test that compares the fair value of the related business unit to its carrying value.

Long-Lived Assets. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is based upon future discounted net cash flows.

(1) Significant Accounting Policies and General Matters-continued

Fair Value of Financial Instruments. The carrying amounts of cash, accounts receivables, accounts payable and long-term debt approximate fair value because of the short maturity and/or variable rates associated with these instruments. Derivative financial instruments are recorded at fair value. Refer to Note 7 for additional discussion of fair value measurements.

Treasury Stock. The Company accounts for repurchases of common stock using the cost method with common stock in treasury classified in the Consolidated Balance Sheets as a reduction of shareholders' equity.

Deferred Finance Charges. The Company accounts for deferred finance charges in connection with its revolving credit facility. The costs associated with the debt are amortized to interest expense over the term of the facility using the straight-line method, which approximates the effective interest method. If the facility is extinguished before the end of the term, the remaining balance of the deferred finance charges will be amortized fully in such year.

Revenue Recognition. Revenue is generally recognized upon shipment of products. Net sales represent gross sales invoiced to customers, less certain related charges, including sales tax, discounts, returns and other allowances. Returns, discounts and other allowances have historically been insignificant. In some cases and upon customer request, the Company prints and stores custom print product for customer specified future delivery, generally within twelve months. In this case, risk of loss passes to the customer, the customer is invoiced under normal credit terms, and revenue is recognized when manufacturing is complete. Approximately $10.4 million, $12.4 million and $18.3 million of revenue was recognized under these arrangements during fiscal years 2011, 2010, and 2009 respectively.

Advertising Expenses. The Company expenses advertising costs as incurred. Catalog and brochure preparation and printing costs, which are considered direct response advertising, are amortized to expense over the life of the catalog, which typically ranges from three to twelve months. Advertising expense was approximately $1.3 million, $1.6 million, and $1.7 million, during the fiscal years ended 2011, 2010 and 2009, respectively and is included in selling, general and administrative expenses in the Consolidated Statements of Earnings. Included in advertising expense is amortization related to direct response advertising of approximately $453,000, $817,000, and $693,000 for the fiscal years ended 2011, 2010 and 2009, respectively. Unamortized direct advertising costs included in prepaid expenses at fiscal years ended 2011, 2010 and 2009 were approximately $99,000, $104,000, and $409,000, respectively.

Income Taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Earnings (Loss) Per Share. Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding plus the number of additional shares that would have been outstanding if potentially dilutive securities had been issued, calculated using the treasury stock method. For fiscal years 2011, 2010, and 2009, 93,700, 98,950, and 90,200 of options, respectively, were not included in the diluted earnings (loss) per share computation because their effect was anti-dilutive.

Accumulated Other Comprehensive Income (Loss). Other comprehensive income (loss) is defined as the change in equity resulting from transactions from non-owner sources. Other comprehensive income (loss) consisted of the following: adjustments resulting from the foreign currency translation of the Company's Mexican and Canadian operations, changes in the fair value of interest rate swap and changes in the funded status of the Company's pension plan.

Derivative Instruments and Hedging Activities. The Company uses derivative financial instruments to manage its exposures to interest rate fluctuations on its floating debt agreements when the Company deems it prudent to do so. The Company recognizes all derivatives as either assets or liabilities in the balance sheet, measure those instruments

(1) Significant Accounting Policies and General Matters-continued

at fair value and recognize changes in the fair value of derivatives in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures.

Foreign Currency Translation. The functional currency for the Company's foreign subsidiaries is the applicable local currency. Assets and liabilities of the foreign subsidiaries are translated to U.S. dollars at year-end exchange rates. Income and expense items are translated at the rates of exchange prevailing during the year. The adjustments resulting from translating the financial statements of the foreign subsidiary are reflected in shareholders' equity as accumulated other comprehensive income or loss.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations in other income (expense), net as incurred. Transaction gains and losses totaled approximately $169,000, $290,000, and ($384,000) for fiscal years ended 2011, 2010 and 2009, respectively.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Shipping and Handling Costs. The Company records amounts billed to customers for shipping and handling costs in net sales and related costs are included in cost of goods sold.

Stock Based Compensation. The Company recognizes stock-based compensation expense net of estimated forfeitures (estimated at 3%) over the requisite service period of the individual grants, which generally equals the vesting period. The fair value of all share based awards is estimated on the date of grant. For a further discussion of the impact of stock based compensation on the consolidated financial statements, see Note 10, "Stock Option Plan and Stock Based Compensation."

Concentrations of Risk

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and trade receivables. Cash is placed with high-credit quality financial institutions which, at times, may exceed federally insured limits. The Company's credit risk with respect to trade receivables is limited in management's opinion due to industry and geographic diversification. As disclosed on the Consolidated Balance Sheets, the Company maintains an allowance for doubtful receivables to cover estimated credit losses associated with accounts receivable.

The Company, for quality and pricing reasons, purchases its paper, cotton and yarn products from a limited number of suppliers. To maintain its high standard of color control associated with its apparel products, the Company purchases its dyeing chemicals from limited sources. While other sources may be available to the Company to purchase these products, they may not be available at the cost or at the quality the Company has come to expect.

(2) Accounts Receivable and Allowance for Doubtful Receivables

Accounts receivable are reduced by an estimated allowance for amounts that are uncollectible. Approximately 96% of the Company's receivables are due from customers in North America. The Company extends credit to its customers based upon its evaluation of the following factors: (i) the customer's financial condition, (ii) the amount of credit the customer requests and (iii) the customer's actual payment history (which includes disputed invoice resolution). The Company does not typically require its customers to post a deposit or supply collateral. The Company's allowance for doubtful receivables reserve is based on an analysis that estimates the amount of its total customer receivable balance that is not collectible. This analysis includes assessing a default probability to customers' receivable balances, which is influenced by several factors including (i) current market conditions, (ii) periodic review of customer credit worthiness, and (iii) review of customer receivable aging and payment trends.

(2) Accounts Receivable and Allowance for Doubtful Receivables-continued

The Company writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance in the period the payment is received. Credit losses from continuing operations have consistently been within management's expectations.

The following table represents the activity in the Company's allowance for doubtful receivables for the fiscal years ended (in thousands):

	2011	2010	2009
Balance at beginning of period	$ 4,446	$ 3,561	$ 3,954
Bad debt expense	1,952	2,182	3,609
Recoveries	105	34	24
Accounts written off	(1,696)	(1,297)	(4,026)
Foreign currency translation	7	(34)	-
Balance at end of period	$ 4,814	$ 4,446	$ 3,561

(3) Inventories

The following table summarizes the components of inventories at the different stages of production for the fiscal years ended (in thousands):

	2011	2010
Raw material	$ 11,237	$ 11,089
Work-in-process	13,453	14,280
Finished goods	75,673	49,768
	$ 100,363	$ 75,137

The excess of current costs at FIFO over LIFO stated values was approximately $5.6 million and $5.3 million at fiscal years ended 2011 and 2010, respectively. There were no significant liquidations of LIFO inventories during the fiscal years ended 2011, 2010 and 2009. Cost includes materials, labor and overhead related to the purchase and production of inventories.

(4) Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets of acquired businesses and is not amortized. Goodwill and indefinite-lived intangibles are evaluated for impairment on an annual basis, or more frequently if impairment indicators arise, using a fair-value-based test that compares the fair value of the asset to its carrying value. Fair values of reporting units are typically calculated using a factor of expected earnings before interest, taxes, depreciation, and amortization. Based on this evaluation, no impairment was recorded. The Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets in assessing the recoverability of its goodwill and other intangibles. If these estimates or the related assumptions change, the Company may be required to record impairment charges for these assets in the future.

The cost of intangible assets is based on fair values at the date of acquisition. Intangible assets with determinable lives are amortized on a straight-line basis over the estimated useful life (between 1 and 10 years). In fiscal 2009, trademarks with indefinite lives, with a net book value of $63.2 million (fair value at time of acquisition) were evaluated for impairment and determined to have been impaired. A $4.7 million impairment charge was recorded to reduce the carrying value of the trademarks to their fair value of $58.5 million at fiscal year end 2009. No such impairment charges were necessary in fiscal 2010 or 2011.

The Company assesses the recoverability of its definite-lived intangible assts primarily based on its current and anticipated future undiscounted cash flows.

(4) Goodwill and Other Intangible Assets-continued

The carrying amount and accumulated amortization of the Company's intangible assets at each balance sheet date are as follows (in thousand):

As of February 28, 2011	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets (in thousands)			
Tradenames	$ 1,234	$ 1,007	$ 227
Customer lists	29,957	12,410	17,547
Noncompete	500	495	5
	$ 31,691	$ 13,912	$ 17,779

As of February 28, 2010			
Amortized intangible assets (in thousands)			
Tradenames	$ 1,234	$ 875	$ 359
Customer lists	29,908	10,155	19,753
Noncompete	500	483	17
	$ 31,642	$ 11,513	$ 20,129

	Fiscal years ended 2011	Fiscal years ended 2010
Non-amortizing intangible assets (in thousands)		
Trademarks	$ 58,538	$ 58,538

Aggregate amortization expense for each of the fiscal years 2011, 2010 and 2009 was approximately $2.4 million.

The Company's estimated amortization expense for the next five years is as follows:

2012	$2,396
2013	2,352
2014	2,259
2015	2,141
2016	2,083

The following table represents changes in the carrying amount of goodwill for the fiscal years ended (in thousands):

	Print Segment Total	Apparel Segment Total	Total
Balance as of March 1, 2009	$ 42,792	$ 74,549	$ 117,341
Goodwill acquired	-	-	-
Goodwill impairment	-	-	-
Balance as of March 1, 2010	42,792	74,549	117,341
Goodwill acquired	-	-	-
Goodwill impairment	-	-	-
Balance as of February 28, 2011	$ 42,792	$ 74,549	$ 117,341

There was no adjustment to goodwill during the fiscal years ended February 28, 2011 and February 28, 2010. In fiscal 2009, the Company recorded an impairment charge related to goodwill in the amount of $63.2 million.

(5) Other Accrued Expenses

The following table summarizes the components of other accrued expenses for the fiscal years ended (in thousands):

	February 28, 2011	February 28, 2010
Accrued taxes	$ 229	$ 265
Accrued legal and professional fees	499	392
Accrued interest	158	114
Accrued utilities	1,038	1,322
Accrued repairs and maintenance	684	547
Accrued construction retainage	2,020	582
Accrued phantom stock obligation	452	422
Accrued acquisition related obligations	243	594
Other accrued expenses	2,298	1,482
	$ 7,621	$ 5,720

(6) Derivative Instruments and Hedging Activities

The Company uses derivative financial instruments to manage its exposure to interest rate fluctuations on its floating rate $150.0 million revolving credit facility maturing August 18, 2012. On July 7, 2008, the company entered into a three-year Interest Rate Swap Agreement ("Swap") for a notional amount of $40.0 million. The Swap fixes the LIBOR rate at 3.79%.

The Swap was designated as a cash flow hedge, and the fair value at February 28, 2011 was $(0.6) million or $(0.4) million net of deferred taxes and at February 28, 2010 was $(1.8) million or $(1.2) million net of deferred taxes. The Swap has been reported on the Consolidated Balance Sheet as current installments of long-term debt with a related deferred charge recorded as a component of other comprehensive income (loss). During fiscal year 2011, the Company incurred an additional $1.4 million in interest expense related to the Swap.

(7) Fair Value Financial Instruments

The carrying amounts of cash, accounts receivable, accounts payable and long-term debt approximate fair value because of the short maturity and/or variable rates associated with these instruments. Derivative financial instruments are recorded at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. The Company categorizes each of its fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 - Inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

Level 3 - Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Derivatives are reported at fair value utilizing Level 2 inputs. The Company utilizes valuation models with observable market data inputs to estimate the fair value of its Swap.

(7) Fair Value Financial Instruments-continued

The following table summarizes financial liabilities measured at fair value on a recurring basis as of February 28, 2011 and 2010, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

Description	February 28, 2011	Fair Value Measurements (Level 1)	(Level 2)	(Level 3)
Derivative liability ("Swap")	$ (586)	$ -	$ (586)	$ -
	$ (586)	$ -	$ (586)	$ -

Description	February 28, 2010	Fair Value Measurements (Level 1)	(Level 2)	(Level 3)
Derivative liability ("Swap")	$ (1,817)	$ -	$ (1,817)	$ -
	$ (1,817)	$ -	$ (1,817)	$ -

(8) Long-Term Debt

Long-term debt consisted of the following at fiscal years ended (in thousands):

	February 28, 2011	February 28, 2010
Revolving credit facility	$ 50,000	$ 40,000
Interest rate swap	586	1,817
Long-term debt	$ 50,586	$ 41,817

On August 18, 2009, the Company entered into a Second Amended and Restated Credit Agreement (the "Facility") with a group of lenders led by Bank of America, N.A. (the "Lenders"). The Facility provides the Company access to $150.0 million in revolving credit, which the Company may increase to $200.0 million in certain circumstances, and matures on August 18, 2012. The Facility bears interest at the London Interbank Offered Rate ("LIBOR") plus a spread ranging from 2.0% to 3.5% (LIBOR + 2.25% or 2.51% at February 28, 2011 and 2.48% at February 28, 2010), depending on the Company's total funded debt to EBITDA ratio, as defined. As of February 28, 2011, the Company had $50.0 million of borrowings under the revolving credit line and $3.2 million outstanding under standby letters of credit arrangements, leaving the Company availability of approximately $96.8 million. The Facility contains financial covenants, restrictions on capital expenditures, acquisitions, asset dispositions, and additional debt, as well as other customary covenants, such as total funded debt to EBITDA ratio, as defined. The Company is in compliance with these covenants as of February 28, 2011. The Facility is secured by substantially all of the Company's domestic assets as well as all capital securities of each Domestic Subsidiary and 65% of all capital securities of each direct Foreign Subsidiary.

The Company capitalized $1.7 million of interest expense for fiscal year 2011 and $280,000 of interest expense for fiscal year 2010 relating to the construction of the Agua Prieta facility. There was no interest capitalized for fiscal 2009.

The Company's long-term debt maturities for the years following February 28, 2011 are as follows (in thousands):

	Debt
2012	$ 586
2013	50,000
	$ 50,586

(9) Shareholders' Equity

On October 20, 2008, the Board of Directors authorized the repurchase of up to $5.0 million of the common stock through a stock repurchase program. Under the board-approved repurchase program, share purchases may be made from time to time in the open market or through privately negotiated transactions depending on market conditions, share price, trading volume and other factors, and such purchases, if any will be made in accordance with applicable insider trading and other securities laws and regulations. These repurchases may be commenced or suspended at any time or from time to time without prior notice. While no shares have been repurchased this fiscal year under the program, as of February 28, 2011, there have been 96,000 shares of the common stock that have been purchased under the repurchase program at an average price per share of $10.45. Unrelated to the stock repurchase program, the Company purchased 91 shares of common stock during the fiscal year ended February 28, 2011.

The Company's revolving credit facility maintains certain restrictions on the amount of treasury shares that may be made and distributions to its shareholders.

(10) Stock Option Plan and Stock Based Compensation

The Company grants stock options and restricted stock to key executives and managerial employees and non-employee directors. At fiscal year ended 2011, the Company has one stock option plan: the 2004 Long-Term Incentive Plan of Ennis, Inc., as amended and restated on May 14, 2008, formerly the 1998 Option and Restricted Stock Plan amended and restated as of June 17, 2004 ("Plan"). The Company has 274,556 shares of unissued common stock reserved under the plan for issuance to officers and directors, and supervisory employees of the Company and its subsidiaries. The exercise price of each stock option granted equals the quoted market price of the Company's common stock on the date of grant, and an option's maximum term is ten years. Stock options and restricted stock may be granted at different times during the year and vest ratably over various periods, from grant date up to five years. The Company uses treasury stock to satisfy option exercises and restricted stock awards.

The Company recognizes compensation expense for stock options and restricted stock grants on a straight-line basis over the requisite service period. For the years ended 2011, 2010 and 2009, the Company included in selling, general and administrative expenses, compensation expense related to share based compensation of $982,000 ($624,000 net of tax), $1,079,000 ($680,000 net of tax) and $993,000 ($631,000 net of tax), respectively.

(10) Stock Option Plan and Stock Based Compensation-continued

Stock Options

The Company had the following stock option activity for the three years ended February 28, 2011:

	Number of Shares *(exact quantity)*	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life *(in years)*	Aggregate Intrinsic Value(a) *(in thousands)*
Outstanding at March 1, 2008	469,513	$ 10.97	2.9	
Granted	-	-		
Terminated	(46,450)	12.31		
Exercised	(104,500)	10.34		
Outstanding at February 28, 2009	318,563	$ 10.98	2.4	
Granted	105,000	8.94		
Terminated	(115,000)	8.69		
Exercised	(58,363)	7.06		
Outstanding at February 28, 2010	250,200	$ 12.09	6.0	$1,003
Granted	62,500	18.46		
Terminated	(11,300)	10.18		
Exercised	(39,500)	7.99		
Outstanding at February 28, 2011	261,900	$ 14.31	6.5	$757
Exercisable at February 28, 2011	128,150	$ 15.27	4.3	$237

(a) Intrinsic value is measured as the excess fair market value of the Company's Common Stock as reported on the New York Stock Exchange over the applicable exercise price.

The Company did not grant any stock options during fiscal year 2009. The following is a summary of the assumptions used and the weighted average grant-date fair value of the stock options granted during fiscal years ended 2011 and 2010:

	2011	2010
Expected volatility	34.63%	32.35%
Expected term (years)	3	4
Risk free interest rate	1.58%	2.01%
Dividend yield	4.24%	4.74%
Weighted average grant-date fair value	$3.35	$1.58

A summary of the stock options exercised and tax benefits realized from stock based compensation is presented below for the three fiscal years ended (in thousands):

	Fiscal years ended		
	2011	2010	2009
Total cash received	$ 103	$ 108	$ 640
Income tax (expense) benefit	(49)	101	249
Total grant-date fair value	38	42	134
Intrinsic value	339	408	536

(10) Stock Option Plan and Stock Based Compensation-continued

A summary of the status of the company's unvested stock options at February 28, 2011, and changes during the fiscal year ended February 28, 2011 are presented below:

	Number of Options	Weighted Average Grant Date Fair Value
Unvested at February 28, 2010	110,000	$ 1.64
New grants	62,500	3.35
Vested	(31,250)	1.79
Forfeited	(7,500)	1.58
Unvested at February 28, 2011	133,750	$ 2.41

As of February 28, 2011, there was $225,000 of unrecognized compensation cost related to unvested stock options granted under the Plan. The weighted average remaining requisite service period of the unvested stock options was 2.2 years. The total fair value of shares underlying the options vested during the fiscal year ended February 28, 2011 was $508,000.

The following table summarizes information about stock options outstanding at the end of fiscal year 2011:

	Options Outstanding			Options Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$8.9400 to $11.6700	101,750	7.6	$ 9.21	30,500	$ 9.84
13.2800 to 16.4200	66,450	3.2	15.69	66,450	15.69
18.4600 to 19.6900	93,700	7.8	18.87	31,200	19.69
	261,900	6.5	14.31	128,150	15.27

Restricted Stock

The Company had the following restricted stock grants activity for the three fiscal years ended February 28, 2011:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at March 1, 2008	73,916	$ 25.12
Granted	75,080	15.67
Terminated	(15,236)	19.89
Vested	(30,669)	24.05
Outstanding at February 28, 2009	103,091	$ 19.33
Granted	44,800	8.94
Terminated	-	-
Vested	(56,421)	17.48
Outstanding at February 28, 2010	91,470	$ 15.38
Granted	57,655	17.34
Terminated	(268)	15.49
Vested	(68,034)	16.79
Outstanding at February 28, 2011	80,823	$ 15.59

(10) Stock Option Plan and Stock Based Compensation-continued

As of February 28, 2011, the total remaining unrecognized compensation cost related to unvested restricted stock was approximately $709,000. The weighted average remaining requisite service period of the unvested restricted stock awards was 1.5 years. As of February 28, 2011, the Company's outstanding restricted stock had an underlying fair value at date of grant of $1.3 million.

(11) Employee Benefit Plans

The Company and certain subsidiaries have a noncontributory defined benefit retirement plan covering approximately 11% of their employees. Benefits are based on years of service and the employee's average compensation for the highest five compensation years preceding retirement or termination. The Company's funding policy is to contribute annually an amount in accordance with the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Company's pension plan asset allocation, by asset category, is as follows for the fiscal years ended:

	2011	2010
Equity securities	52%	54%
Debt securities	41%	42%
Cash and cash equivalents	7%	4%
Total	100%	100%

The current asset allocation is being managed to meet the Company's stated objective of asset growth and capital preservation. The factor is based upon the combined judgments of the Company's Administrative Committee and its investment advisors to meet the Company's investment needs, objectives, and risk tolerance. The Company's target asset allocation percentage, by asset class, for the year ended February 28, 2011 is as follows:

Asset Class	Target Allocation Percentage
Money Market	0 - 3%
Bonds	43 - 47%
Stocks	45 - 50%

The Company estimates the long-term rate of return on plan assets will be 8.0% based upon target asset allocation. Expected returns are developed based upon the information obtained from the Company's investment advisors. The advisors provide ten-year historical and five-year expected returns on the fund in the target asset allocation. The return information is weighted based upon the asset allocation at the end of the fiscal year. The expected rate of return at the beginning of the fiscal year ended 2011 was 8.0%, the rate used in the calculation of the current year pension expense.

(11) Employee Benefit Plans-continued

The following tables presents the Plan's fair value hierarchy for those assets measured at fair value as of February 28, 2011 and 2010:

Description	Assets Measured at Fair Value at 2/28/11	Fair Value Measurements (Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$ 2,742	$ 2,742	$ -	$ -
Government bonds	10,487	-	10,487	-
Corporate bonds	6,601	-	6,601	-
Domestic equities	18,002	18,002	-	-
Foreign equities	3,758	3,758	-	-
	$ 41,590	$ 24,502	$ 17,088	$ -

Description	Assets Measured at Fair Value at 2/28/10	Fair Value Measurements (Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$ 1,354	$ 1,354	$ -	$ -
Government bonds	9,750	-	9,750	-
Corporate bonds	6,750	-	6,750	-
Domestic equities	17,706	17,706	-	-
Foreign equities	3,562	3,562	-	-
	$ 39,122	$ 22,622	$ 16,500	$ -

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. The disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Pension expense is composed of the following components included in cost of goods sold and selling, general and administrative expenses in the Company's consolidated statements of earnings for fiscal years ended (in thousands):

(11) Employee Benefit Plans-continued

	2011	2010	2009
Components of net periodic benefit cost			
Service cost	$ 1,214	$ 1,138	$ 1,341
Interest cost	2,618	2,741	2,627
Expected return on plan assets	(3,062)	(2,423)	(3,249)
Amortization of:			
Prior service cost	(145)	(145)	(145)
Unrecognized net loss	1,344	1,698	766
Net periodic benefit cost	1,969	3,009	1,340
Other changes in Plan Assets and Projected Benefit Obligation Recognized in Other comprehensive Income			
Net actuarial loss (gain)	(2,854)	1,688	9,529
Amortization of net actuarial loss	(1,344)	(1,698)	(766)
Amortization of prior service credit	145	145	145
	(4,053)	135	8,908
Total recognized in net periodic pension cost and other comprehensive income	$ (2,084)	$ 3,144	$ 10,248

The following table represents the assumptions used to determine benefit obligations and net periodic pension cost for fiscal years ended:

	2011	2010	2009
Weighted average discount rate (net periodic pension cost)	6.05%	7.15%	6.40%
Earnings progression (net periodic pension cost)	3.00%	3.00%	3.00%
Expected long-term rate of return on plan assets	8.00%	8.00%	8.00%
Weighted average discount rate (benefit obligations)	5.85%	6.05%	7.15%
Earnings progression (benefit obligations)	3.00%	3.00%	3.00%

The accumulated benefit obligation ("ABO"), change in projected benefit obligation ("PBO"), change in plan assets, funded status, and reconciliation to amounts recognized in the consolidated balance sheets are as follows:

	2011	2010
Change in benefit obligation		
Projected benefit obligation at beginning of year	$ 46,254	$ 38,951
Service cost	1,214	1,138
Interest cost	2,618	2,741
Actuarial (gain)/loss	(865)	7,926
Benefits paid	(5,583)	(4,502)
Projected benefit obligation at end of year	$ 43,638	$ 46,254
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 39,122	$ 31,963
Company contributions	3,000	3,000
Gains on plan assets	5,051	8,661
Benefits paid	(5,583)	(4,502)
Fair value of plan assets at end of year	$ 41,590	$ 39,122
Funded status (benefit obligation less plan assets)	$ (2,048)	$ (7,132)
Accumulated benefit obligation at end of year	$ 39,785	$ 40,852

(11) Employee Benefit Plans-continued

The measurement dates used to determine pension and other postretirement benefits is the Company's fiscal year end. The Company expects to contribute from $2.0 million to $3.0 million during fiscal year 2012.

Estimated future benefit payments which reflect expected future service, as appropriate, are expected to be paid in the fiscal years ended (in thousands):

Year	Projected Payments
2012	$ 2,600
2013	2,800
2014	3,400
2015	4,300
2016	2,900
2017 - 2021	17,300

Effective February 1, 1994, the Company adopted a Defined Contribution 401(k) Plan (the 401(k) Plan) for its United States employees. The 401(k) Plan covers substantially all full-time employees who have completed sixty days of service and attained the age of eighteen. United States employees can contribute up to 100 percent of their annual compensation, but are limited to the maximum annual dollar amount allowable under the Internal Revenue Code. The 401(k) Plan provides for employer matching contributions or discretionary employer contributions for certain employees not enrolled in the pension plan for employees of the Company. Eligibility for employer contributions, matching percentage, and limitations depends on the participant's employment location and whether the employees are covered by the Company's pension plan, etc. The Company's matching contributions are immediately vested. The Company made matching 401(k) contributions in the amount of $376,000, $313,000 and $372,000 in fiscal years ended 2011, 2010 and 2009, respectively.

In addition, the Northstar Computer Forms, Inc. 401(k) Profit Sharing Plan was merged into the 401(k) Plan on February 1, 2001. The Company declared profit sharing contributions on behalf of the former employees of Northstar Computer Forms, Inc. in accordance with its original plan in the amounts of $289,000, $306,000, and $345,000, in fiscal years ended 2011, 2010 and 2009, respectively.

(12) Income Taxes

The following table represents components of the provision for income taxes for fiscal years ended (in thousands):

	2011	2010	2009
Current:			
Federal	$ 18,167	$ 16,357	$ 14,723
State and local	3,535	3,104	3,444
Foreign	866	857	573
Deferred	2,218	145	969
Total provision for income taxes	$ 24,786	$ 20,463	$ 19,709

The Company's effective tax rate on earnings from operations for the year ended February 28, 2011, was 35.7%, as compared with a 36.8% and (150.9%) in 2010 and 2009, respectively. Excluding the impairment the effective tax rate for 2009 would have been 39.4%. Provision for state income tax of (18.4)% in 2009 was due to a negative pre-tax income amount created by the impairment charge. The following summary reconciles the statutory U.S. Federal income tax rate to the Company's effective tax rate for the fiscal years ended:

(12) Income Taxes-continued

	2011	2010	2009
Statutory rate	35.0%	35.0%	35.0%
Provision for state income taxes, net of Federal income tax benefit	3.1	3.7	(18.4)
Impairment of goodwill	-	-	(169.3)
Domestic production activities deduction	(3.0)	(2.0)	8.6
Other	0.6	0.1	(6.8)
	35.7%	36.8%	-150.9%

Included in other assets on the balance sheet is approximately $2,700,000 of refund receivable related to amended Canadian tax returns for 2006-2008.

Deferred taxes are recorded to give recognition to temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. The tax effects of these temporary differences are recorded as deferred tax assets and deferred tax liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in future years. Deferred tax liabilities generally represent items that have been deducted for tax purposes, but have not yet been recorded in the consolidated statements of earnings. To the extent there are deferred tax assets that are more likely than not to be realized, a valuation allowance would not be recorded. The components of deferred income tax assets and liabilities are summarized as follows (in thousands) for fiscal years ended:

	2011	2010
Current deferred tax assets related to:		
Allowance for doubtful receivables	$ 1,833	$ 1,718
Inventories	1,910	1,916
Employee compensation and benefits	1,942	1,625
Other	351	60
	$ 6,036	$ 5,319
Noncurrent deferred tax liability (asset) related to:		
Property, plant and equipment	$4,940	$3,891
Goodwill and other intangible assets	21,527	20,898
Pension and noncurrent employee compensation benefits	(1,955)	(3,816)
Net operating loss and foreign tax credits	(315)	(378)
Property tax	881	-
Interest rate swap	(225)	(702)
Currency exchange	567	232
Stock options exercised	(303)	(570)
Valuation allowance	247	247
Other	15	19
	$ 25,379	$19,821

The Company maintains a valuation allowance to adjust the basis of net deferred taxes in accordance with accounting standards for approximately $250,000 as of February 28, 2011 and February 28, 2010, respectively, related to foreign tax credits. Included in other non-current deferred tax liability (asset) are currency exchange, stock options exercised, and the valuation allowance. The Company has federal and state net operating loss carry forwards as a result of an acquisition in the amount of $1,477,000 expiring in fiscal years 2019 through 2025. Based on historical earnings, management believes it will be able to fully utilize the net operating loss carry forwards.

12) Income Taxes-continued

Accounting standards require a two-step approach to determine how to recognize tax benefits in the financial statements where recognition and measurement of a tax benefit must be evaluated separately. A tax benefit will be recognized only if it meets a "more-likely-than-not" recognition threshold. For tax positions that meet this

threshold, the tax benefit recognized is based on the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with the taxing authority.

Unrecognized tax benefits, including accrued interest and penalties, at fiscal year end 2011 and 2010 of $163,000 and $169,000, respectively, related to uncertain tax positions are included in other liabilities on the consolidated balance sheets and would impact the effective rate if recognized. For fiscal year 2011, the unrecognized tax benefit includes an aggregate of $19,000 of interest expense. Approximately $54,000 of unrecognized tax benefits relate to items that are affected by expiring statutes of limitations within the next 12 months. A reconciliation of the change in the unrecognized tax benefits for fiscal years ended 2011 and 2010 is as follows (in thousands):

	2011	2010
Balance at beginning of year	$ 147	$ 243
Additions (reductions) based on tax positions related to the current year	43	(15)
Reductions due to lapses of statutes of limitations	(49)	(81)
Balance at end of year	$ 141	$ 147

The Company is subject to U.S. federal income tax as well as to income tax of multiple state jurisdictions and foreign tax jurisdictions. The Company has concluded all U.S. federal income tax matters for years through 2007. All material state and local income tax matters have been concluded for years through 2005 and foreign tax jurisdictions through 2008.

The Company recognizes interest expense on underpayments of income taxes and accrued penalties related to unrecognized non-current tax benefits as part of the income tax provision. Other than amounts included in the unrecognized tax benefits, the Company did not recognize any interest or penalties for the fiscal years ended 2011, 2010 and 2009.

(13) Earnings (loss) per Share

Basic earnings (loss) per share have been computed by dividing net earnings by the weighted average number of common shares outstanding during the applicable period. Diluted earnings per share reflect the potential dilution that could occur if stock options or other contracts to issue common shares were exercised or converted into common stock. The following table sets forth the computation for basic and diluted earnings per share for the fiscal years ended:

	2011	2010	2009
Basic weighted average common shares outstanding	25,855,129	25,768,632	25,724,150
Effect of dilutive options	32,866	27,921	66,016
Diluted weighted average common shares outstanding	25,887,995	25,796,553	25,790,166
Per share amounts:			
Net earnings – basic	$ 1.73	$ 1.37	$ (1.27)
Net earnings – diluted	$ 1.72	$ 1.36	$ (1.27)
Cash dividends	$ 0.62	$ 0.62	$ 0.62

The Company treats unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) as participating securities, which are included in the computation of earnings per share pursuant to the two-class method. The Company's participating securities are comprised of unvested restricted stock.

(14) Segment Information and Geographic Information

The Company operates in two segments – the Print Segment and the Apparel Segment.

The Print Segment, which represented 50% of the Company's consolidated net sales for fiscal year 2011, is in the business of manufacturing, designing, and selling business forms and other printed business products primarily to distributors located in the United States. The Print Segment operates 38 manufacturing locations throughout the United States in 17 strategically located domestic states. Approximately 96% of the business products manufactured by the Print Segment are custom and semi-custom, constructed in a wide variety of sizes, colors, number of parts and quantities on an individual job basis depending upon the customers' specifications.

The products sold include snap sets, continuous forms, laser cut sheets, tags, labels, envelopes, integrated products, jumbo rolls and pressure sensitive products in short, medium and long runs under the following labels: Ennis®, Royal Business Forms®, Block Graphics®, Specialized Printed Forms℠, 360º Custom Labels℠, Enfusion®, Uncompromised Check Solutions®, Witt Printing℠, B&D Litho℠, Genforms® and Calibrated Forms®. The Print Segment also sells the Adams-McClure® brand (which provides Point of Purchase advertising for large franchise and fast food chains as well as kitting and fulfillment); the Admore® brand (which provides presentation folders and document folders); Ennis Tag & Label℠ (which provides tags and labels, promotional products and advertising concept products); Atlas Tag & Label℠ (which provides tags and labels); Trade Envelopes® and Block Graphics® (which provide custom and imprinted envelopes) and Northstar® and General Financial Supply® (which provide financial and security documents).

The Print Segment sells predominantly through private printers and independent distributors. Northstar and GFS also sell to a small number of direct customers. Northstar has continued its focus with large banking organizations on a direct basis (where a distributor is not acceptable or available to the end-user) and has acquired several of the top 25 banks in the United States as customers and is actively working on other large banks within the top 25 tier of banks in the United States. Adams-McClure sales are generally provided through advertising agencies.

The Apparel Segment, which accounted for 50% of the Company's fiscal year 2011 consolidated net sales, consists of Alstyle Apparel. This group is primarily engaged in the production and sale of activewear including t-shirts, fleece goods, and other wearables. Alstyle sales are seasonal, with sales in the first and second quarters generally being the highest. Substantially all of the Apparel Segment sales are to customers in the United States.

Corporate information is included to reconcile segment data to the consolidated financial statements and includes assets and expenses related to the Company's corporate headquarters and other administrative costs.

Segment data for the fiscal years ended 2011, 2010 and 2009 were as follows (in thousands):

	Print Segment	Apparel Segment	Corporate	Consolidated Totals
Fiscal year ended February 28, 2011:				
Net sales	$ 272,689	$ 277,310	$ -	$ 549,999
Depreciation	5,396	1,943	727	8,066
Amortization of identifiable intangibles	933	1,466	-	2,399
Segment earnings (loss) before income tax	46,002	42,611	(19,196)	69,417
Segment assets	136,255	321,908	15,565	473,728
Capital expenditures	2,176	31,549	28	33,753

(14) Segment Information and Geographic Information-continued

	Print Segment	Apparel Segment	Corporate	Consolidated Totals
Fiscal year ended February 28, 2010:				
Net sales	$ 282,308	$ 235,430	$ -	$ 517,738
Depreciation	5,970	2,168	838	8,976
Amortization of identifiable intangibles	937	1,466	-	2,403
Segment earnings (loss) before income tax	46,047	24,778	(15,156)	55,669
Segment assets	140,734	270,680	21,285	432,699
Capital expenditures	2,522	17,661	97	20,280
Fiscal year ended February 28, 2009:				
Net sales	$ 327,034	$ 256,995	$ -	$ 584,029
Depreciation	6,406	2,640	947	9,993
Amortization of identifiable intangibles	952	1,467	-	2,419
Impairment of goodwill and trademarks	-	67,851	-	67,851
Segment earnings (loss) before income tax	51,553	(49,416)	(15,196)	(13,059)
Segment assets	152,971	267,499	15,910	436,380
Capital expenditures	5,973	324	102	6,399

Identifiable long-lived assets by country of ownership include property, plant, and equipment, net of accumulated depreciation. The Company attributes revenues from external customers to individual geographic areas based on the country where the sale originated. Information about the Company's operations in different geographic areas as of and for the fiscal years ended is as follows (in thousand):

	United States	Canada	Mexico	Total
2011				
Net sales to unaffiliated customers				
Print Segment	$ 272,689	$ -	$ -	$ 272,689
Apparel Segment	253,172	22,227	1,911	277,310
	$ 525,861	$ 22,227	$ 1,911	$ 549,999
Identifiable long-lived assets				
Print Segment	$ 35,867	$ -	$ -	35,867
Apparel Segment	1,901	33	51,968	53,902
Corporate	3,892	-	-	3,892
	$ 41,660	$ 33	$ 51,968	$ 93,661
2010				
Net sales to unaffiliated customers				
Print Segment	$ 282,308	$ -	$ -	$ 282,308
Apparel Segment	217,442	15,183	2,805	235,430
	$ 499,750	$ 15,183	$ 2,805	$ 517,738
Identifiable long-lived assets				
Print Segment	$ 37,984	$ -	$ -	37,984
Apparel Segment	9,508	33	13,602	23,143
Corporate	4,593	-	-	4,593
	$ 52,085	$ 33	$ 13,602	$ 65,720

(14) Segment Information and Geographic Information-continued

	United States	Canada	Mexico	Total
2009				
Net sales to unaffiliated customers				
Print Segment	$ 327,034	$ -	$ -	$ 327,034
Apparel Segment	240,798	14,913	1,284	256,995
	$ 567,832	$ 14,913	$ 1,284	$ 584,029
Identifiable long-lived assets				
Print Segment	$ 42,272	$ -	$ -	42,272
Apparel Segment	5,856	38	1,173	7,067
Corporate	5,333	-	-	5,333
	$ 53,461	$ 38	$ 1,173	$ 54,672

(15) Commitments and Contingencies

The Company leases certain of its facilities under operating leases that expire on various dates through fiscal year ended 2016. Future minimum lease commitments under non-cancelable operating leases for each of the fiscal years ending are as follows (in thousands):

	Operating Lease Commitments
2012	$ 5,438
2013	3,183
2014	1,871
2015	1,006
2016	808
	$ 12,306

Rent expense attributable to such leases totaled $9.0 million, $9.3 million, and $9.4 million for the fiscal years ended 2011, 2010 and 2009, respectively.

In the ordinary course of business, the Company also enters into real property leases, which require the Company as lessee to indemnify the lessor from liabilities arising out of the Company's occupancy of the properties. The Company's indemnification obligations are generally covered under the Company's general insurance policies.

From time to time, the Company is involved in various litigation matters arising in the ordinary course of business. The Company does not believe the disposition of any current matter will have a material adverse effect on its consolidated financial position or results of operations.

(16) Supplemental Cash Flow Information

Net cash flows from operating activities reflect cash payments for interest and income taxes as follows for the three fiscal years ended (in thousands):

	2011	2010	2009
Interest paid	$ 2,938	$ 2,641	$ 3,838
Income taxes paid	$ 20,143	$ 15,539	$ 24,522

(16) Supplemental Cash Flow Information-continued

Supplemental disclosure of non-cash investing and financing activities (in thousand):

	2011	2010	2009
Fair value of assets acquired in acquisitions	$ 2,699	$ -	$ -
Liabilities assumed in acquisitions	$ 462	$ -	$ -

(17) Quarterly Consolidated Financial Information (Unaudited)

The following table represents the unaudited quarterly financial data of the Company for fiscal years ended 2011 and 2010 (in thousands, except per share amounts and quarter over quarter comparison):

For the Three Months Ended	May 31	August 31	November 30	February 28
Fiscal year ended 2011:				
Net sales	$ 140,741	$ 143,034	$ 134,817	$ 131,407
Gross profit margin	42,180	39,708	36,519	36,091
Net earnings	13,040	12,129	9,643	9,819
Dividends paid	4,006	4,017	4,017	4,017
Per share of common stock:				
Basic net earnings	$ 0.51	$ 0.47	$ 0.37	$ 0.38
Diluted net earnings	$ 0.50	$ 0.47	$ 0.37	$ 0.38
Dividends	$ 0.155	$ 0.155	$ 0.155	$ 0.155
Fiscal year ended 2010:				
Net sales	$ 130,830	$ 137,767	$ 127,756	$ 121,385
Gross profit margin	30,984	35,822	34,300	34,213
Net earnings	6,635	9,546	9,191	9,834
Dividends paid	4,002	3,994	4,003	4,002
Per share of common stock:				
Basic net earnings	$ 0.26	$ 0.37	$ 0.36	$ 0.38
Diluted net earnings	$ 0.26	$ 0.37	$ 0.36	$ 0.38
Dividends	$ 0.155	$ 0.155	$ 0.155	$ 0.155

Current Quarter Compared to Same Quarter Last Year

In each of the first three quarters for fiscal year ended February 28, 2011, the Company's gross profit margin ("margin") increased over the comparable quarters for fiscal year ended February 28, 2010. The primary reason for the increase related to the increase in its Apparel margins throughout the period. In the final quarter of fiscal year February 28, 2011, the margin, as a percentage of sales, decreased slightly over the comparable quarter last fiscal year due to higher cotton costs and the start-up of the Agua Prieta facility in its Apparel segment.

(18) Concentrations of Risk

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and trade receivables. Cash is placed with high-credit quality financial institutions. The Company's credit risk with respect to trade receivables is limited in management's opinion due to industry and geographic diversification. As disclosed on the Consolidated Balance Sheets, the Company maintains an allowance for doubtful receivables to cover estimated credit losses associated with accounts receivable.

(18) Concentrations of Risk-continued

The Company, for quality and pricing reasons, purchases its paper, cotton and yarn products from a limited number of suppliers. To maintain its high standard of color control associated with its apparel products, the Company purchases its dyeing chemicals from limited sources. While other sources may be available to the Company to purchase these products, they may not be available at the cost or at the quality the Company has come to expect.

For the purposes of the consolidated statements of cash flows, the Company considers cash to include cash on hand and in bank accounts. All funds in a "Non interest-bearing transaction account" are insured in full by the Federal Deposit Insurance Corporation from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least $250,000 available to depositors under the FDIC's general deposit insurance rules. Currently all of our cash balances meet these criteria. At February 28, 2011, the Company had $659,000 in Canadian and $531,000 in Mexican bank accounts.

(19) Subsequent Events

On March 31, 2011, the Company declared a quarterly cash dividend of 15 ½ cents a share on its common stock. The dividend was paid May 2, 2011 to shareholders of record on April 11, 2011. May 2, 2011 also has been set as the record date for shareholders entitled to notice of and to vote at the Annual Meeting of Shareholders to be held on June 30, 2011.

INDEX TO EXHIBITS

Exhibit Number	Description of Document
Exhibit 3.1(a)	Restated Articles of Incorporation as amended through June 23, 1983 with attached amendments dated June 20, 1985, July 31, 1985 and June 16, 1988 incorporated herein by reference to Exhibit 5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended February 28, 1993.
Exhibit 3.1(b)	Amendment to articles of Incorporation dated June 17, 2004 incorporated herein incorporated herein by reference to Exhibit 3.1(b) to the Registrant's Annual Report on Form 10-K for the fiscal year ended February 28, 2007.
Exhibit 3.2(a)	Bylaws of the Registrant as amended through October 15, 1997 incorporated herein by reference to Exhibit 3(ii) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 30, 1997.
Exhibit 3.2(b)	First amendment to Bylaws of the Registrant dated December 20, 2007 incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 20, 2007.
Exhibit 10.1	Second Amended and Restated Credit Agreement between Ennis, Inc., each of the other co-borrowers who are parties, Bank of America, N.A. as Administrative Agent, Swing Line Lender and L/C Issuer, Compass Bank, as Syndication Agent, Wells Fargo Bank, N.A., as Documentation Agent, the other lenders who are parties and Banc of America Securities, LLC, as Sole Lead Arranger and Sole Book Manager, dated as of August 18, 2009 herein incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on August 20, 2009.
Exhibit 21	Subsidiaries of Registrant*
Exhibit 23	Consent of Independent Registered Public Accounting Firm*
Exhibit 31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) (Chief Executive Officer)*
Exhibit 31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) (Chief Financial Officer)*
Exhibit 32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
Exhibit 32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed as part of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission.

Notice of Annual Meeting of Shareholders

Proxy Statement

Ennis, Inc.

Ennis, Inc.

2441 Presidential Parkway
Midlothian, TX 76065

NOTICE OF 2011 ANNUAL MEETING OF SHAREHOLDERS
To Be Held Thursday, June 30, 2011

To our shareholders:

We will hold the Annual Meeting of Shareholders of Ennis, Inc. on Thursday at the Midlothian Community Center located at One Community Circle, Midlothian, Texas 76065 (the "Annual Meeting"), June 30, 2011 at 10:00 a.m., local time. At the Annual Meeting, we will ask you to vote on the following proposals:

- The election of three Directors to serve as Directors for a three-year term or until their successors are duly elected and qualified;
- Ratify the appointment of the independent registered public accountants;
- Approval of an amendment to the 2004 Long-Term Incentive Plan of Ennis, Inc. as amended and restated, to provide an additional 1,000,000 shares and to extend the expiration date of the Plan through June 30, 2021;
- Approve a non-binding advisory vote on executive compensation;
- Approve a non-binding vote on the frequency of holding the non-binding advisory vote on executive compensation; and
- To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

If you were a shareholder of record as of the close of business on May 2, 2011, you are eligible to vote. You may either vote at the meeting or by proxy, which allows your shares to be voted at the meeting even if you are not able to attend. If you choose to vote by proxy:

- Please carefully review the enclosed proxy statement and proxy card.
- Select your preferred method of voting, including by telephone, Internet or signing and mailing the proxy card.
- You can withdraw your proxy and vote your shares at the meeting if you decide to do so.

Every vote is important, and you are urged to vote your shares as soon as possible.

We look forward to seeing you at the meeting.

By Order of the Board of Directors

/s/ Richard L. Travis, Jr.
Richard L. Travis, Jr.
Corporate Secretary
Midlothian, Texas
June 1, 2011

Important notice regarding availability of proxy materials for 2011 Annual Meeting of Shareholders: The proxy statement and 2011 Annual Report to Shareholders are available at www.ennis.com/investor_relations/index.html.

PROXY STATEMENT
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Ennis, Inc.
2441 Presidential Parkway
Midlothian, TX 76065

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Ennis, Inc., a Texas corporation (“Ennis,” the “Company,” “we,” “us,” or “our”), for use at the Annual Meeting of Shareholders of Ennis, Inc. (“Annual Meeting”) to be held on Thursday, June 30, 2011, at One Community Circle, Midlothian, Texas 76065, commencing at 10:00 am, local time, and at any adjournment or postponement, for the purpose of considering and acting upon the matters set forth in the accompanying Notice of Annual Meeting of Shareholders.

This Proxy Statement and accompanying forms of proxy and voting instructions are first being mailed on or about June 3, 2011 to shareholders entitled to vote at the Annual Meeting. For information about shareholders’ eligibility to vote at the Annual Meeting, shares outstanding on the record date and the ways to submit and revoke a proxy, please see - *What will occur at the Annual Meeting* and *How do I vote* sections below.

Annual Report

A copy of the Company’s Annual Report to shareholders for the fiscal year ended February 28, 2011 has been sent simultaneously with this Proxy Statement. Our Annual Report on Form 10-K as filed with the Securities and Exchange Commission is available without charge to shareholders upon written request to Investor Relations Department, Ennis, Inc. P.O. Box 403, Midlothian, Texas 76065-0403 or via the Internet at www.ennis.com.

Recommendation of the Board of Directors

The Board of Directors recommends a vote FOR the Board’s proposal to elect the nominated Directors, FOR the proposal to ratify Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2012, FOR the approval of an amendment to the 2004 Long-Term Incentive Plan, as amended and restated, to provide for an additional 1,000,000 shares and to extend the expiration date of the Plan through June 30, 2021, FOR the approval of our policies and practices for executive compensation of our named executive officers, and FOR 3 years with respect to the frequency of the holding non-binding votes on executive compensation.

QUESTIONS AND ANSWERS

Why did I receive this Proxy Statement?

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Ennis, Inc. of proxies to be voted at our 2011 Annual Meeting of Shareholders ("Annual Meeting").

You are invited to attend our Annual Meeting on June 30, 2011 at 10:00 a.m., local time. The Annual Meeting is open to all holders of our Common Stock. Each shareholder is permitted to bring one guest. The meeting will be held at the Midlothian Community center located at One Community Circle, Midlothian, Texas 76065.

The Notice of 2011 Annual Meeting of Shareholders, Proxy Statement, form of proxy and voting instructions are being mailed on or about June 3, 2011.

I may have received more than one Proxy Statement. Why?

If you received more than one Proxy Statement, your shares are probably registered differently or are in more than one account. Please vote each proxy card that you received.

How does the Board recommend that I vote my shares?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board. The Board's recommendation can be found with the description of each item in this Proxy Statement. In summary, the Board recommends a vote:

FOR, the Board's proposal to elect the nominated Directors,
FOR, the Board's proposal to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm,
FOR, the amendment to the 2004 Long-Term Incentive Plan, as amended and restated, to provide an additional 1,000,000 shares and to extend the expiration date of the Plan through June 30, 2021,
FOR, the Company's policies and practices for executive compensation of our named executive officers,
FOR, a 3 year frequency period of holding non-binding advisory votes on executive compensation.

What will occur at the Annual Meeting?

We will determine whether enough shareholders are present at the meeting to conduct business. Your shares are counted as present at the Annual Meeting if you attend the meeting and vote in person or if you properly return a proxy by mail. In order for us to hold our meeting, holders of a majority of our outstanding shares of our Common Stock as of May 2, 2011 must be present in person or by proxy at the meeting. This is referred to as a quorum. Absentions and broker non-votes will be counted for purposes of establishing a quorum at the meeting.

All shareholders of record at the close of business on May 2, 2011 will be entitled to vote on matters presented at the meeting or any adjournment thereof. On May 2, 2011, there were 26,044,350 shares of our Common Stock issued and outstanding. The holders of a majority, or 13,022,176 of the shares of our Common Stock entitled to vote at the meeting, must be represented at the meeting in person or by proxy to have a quorum for the transaction of business at the meeting and to act on the matters specified in the Notice.

If a quorum of shareholders are present at the meeting to conduct business, then we will vote to elect as members of our Board of Directors for a three-year term the following individuals: Keith S. Walters, Irshad Ahmad and Frank D. Bracken, ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2011, vote on the amendment to our 2004 Long-Term Incentive Plan, tabulate the non-binding votes relating to say on pay and say when on pay (Proposals 4 and 5), and any other business properly coming before the meeting.

After each proposal has been voted on at the meeting, we will discuss and take action on any other matter that is properly brought before the meeting. We have hired Computershare Investor Services, LLC, our transfer agent, to count the votes represented by proxies cast by ballot. Employees of Computershare Investor Services, LLC and our legal counsel will act as Inspectors of election.

We know of no other matters that will be presented for consideration at the Annual Meeting. If, however, other matters or proposals are presented and properly come before the meeting, the proxy holders intend to vote all proxies in accordance with their best judgment in the interest of Ennis, Inc. and our shareholders.

A representative of Grant Thornton LLP, our independent registered public accounting firm, is expected to be present at the Annual Meeting and will be afforded an opportunity to make a statement, if such representative so desires, and to respond to appropriate questions.

How many votes are necessary to elect the nominees for director?

The nominees for election as directors at the Annual Meeting who receive the highest number of "FOR" votes will be elected as directors provided a quorum is present. This is called plurality voting. Unless you indicate otherwise on your proxy card, the persons named as your proxies will vote your shares FOR all the nominees for director named in this Proxy Statement. Brokers are no longer permitted to vote for the election of directors, unless you provide specific instructions to them by completing and returning the Voting Instruction Form or following the instructions provided to you by your broker for voting your shares by telephone or the Internet.

With respect to the election of directors, shareholders have cumulative voting rights, which means that each shareholder entitled to vote (a) has the number of votes equal to the number of shares held by such shareholder multiplied by the number of directors to be elected and (b) may cast all such votes for one nominee or distribute such shareholder's votes among the nominees as the shareholder chooses. The right to cumulate votes may not be exercised until a shareholder has given written notice of the shareholder's intention to vote cumulatively to the corporate secretary on or before the day preceding the election. If any shareholder gives such written notice, then all shareholders entitled to vote or their proxies may cumulate their votes. Upon such written notice, the persons named in the accompanying form of proxy may cumulate their votes. As a result, the Board also is soliciting discretionary authority to cumulate votes.

How are votes counted for the election of directors?

In the election of directors, you may vote "FOR" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. Votes that are withheld will be counted for purposes of determining the presence or absence of a quorum but will have no other effect on the election of directors.

How many votes are necessary to ratify the selection of Grant Thornton LLP?

The ratification of the selection of Grant Thornton LLP, as our independent registered public accounting firm, requires the affirmative vote of a majority of votes cast by shareholders entitled to vote. Abstentions will have the same effect as a vote against this proposal. Brokers holding shares for beneficial owners have discretionary voting power to vote such shares in favor of this proposal, unless instructed otherwise.

How many votes are necessary to approve the amendment to the 2004 Long-Term Incentive Plan to provide an additional 1,000,000 shares and to extend the expiration date of the Plan through June 30, 2021?

Approval of the amendment to the 2004 Long-Term Incentive Plan requires the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the proposal. Abstentions will have the same effect as votes against the proposal. Shares representing broker non-votes will not be considered entitled to vote on this proposal.

How many votes are necessary to approve non-binding advisory votes on executive compensation or the frequency of the vote on executive compensation?

Approval of the non-binding advisory vote on executive compensation and the frequency of the vote on compensation will require an affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the proposal. Abstentions will have no effect on the vote on compensation or the frequency of the vote on compensation. Brokers will not have discretionary voting power on this proposal and are not permitted to vote on this proposal, unless you provide specific instructions to them by completing and returning the Voting Instruction Form or following the instructions provided to you by your broker for voting your shares by telephone or the Internet. As your vote is advisory, it will not be binding upon the Board. However, the Compensation Committee and the Board will take the outcome into account when considering future executive compensation arrangements.

How will my non-binding advisory vote as to the frequency of future votes on executive compensation be counted?

The option of one year, two years, or three years that receives the most votes by shareholders will be deemed the preferred frequency for the advisory vote on executive compensation that has been selected by the shareholders. However, because this vote is advisory, and not binding on the Board or Ennis in any way, the Board may decide that it is in the best interests of the Company's shareholders and the Company to hold an advisory vote on executive compensation more or less frequently than the preferred frequency selected by the shareholders.

What if a nominee is unwilling or unable to serve?

The persons nominated for election to our Board of Directors have agreed to stand for election. However, should a nominee become unable or unwilling to accept nomination or election, the proxies will be voted for the election of such other person as the Board may recommend. Our Board of Directors has no reason to believe that the nominees will be unable or unwilling to serve if elected, and to the knowledge of the Board, the nominees intend to serve the entire term for which election is sought.

How do I vote?

If you are a registered shareholder (that is, you hold Ennis stock directly in your name), you may vote by telephone, Internet or mail or by attending the Meeting and voting in person.

To vote by telephone or Internet: Please follow the instructions on the proxy card. The deadline for voting by telephone or Internet is 1:00 a.m., Central Time, on June 30, 2011.

To vote by mail: Please complete, sign and date the accompanying proxy card and return it in the enclosed postage-paid envelope. Only cards received and processed before 10:00 a.m., Central Time, on June 30, 2011 will be voted.

Even if you plan to attend the meeting, we encourage you to vote your shares by proxy. If you plan to vote in person at the Annual Meeting, and you hold your Company stock in street name, you must obtain a proxy from your broker and bring that proxy to the meeting.

If you hold your stock through the Company's employee benefit plans, you will receive a proxy card with instructions to vote, which are the same as any other shareholder.

What if I want to change my vote?

You can change or revoke your vote at any time before the polls close at the Annual Meeting. You can do this by:

- Signing another proxy card with a later date and returning it to us prior to the meeting, or
- Sending our Corporate Secretary a written document revoking your earlier proxy, or
- Voting again at the meeting.

Will my shares be voted if I don't provide my proxy and don't attend the Annual Meeting?

If you do not provide a proxy or vote your shares held in your name, your shares will not be voted.

If you hold your shares through one of the Company's employee benefit plans and do not vote your shares, your shares (along with all other shares in the plan for which votes are not cast) will be voted pro rata by the trustee in accordance with the votes directed by other participants in the plan who elect to act as a fiduciary entitled to direct the trustee of the applicable plan on how to vote the shares.

What if I return my proxy but don't vote for some of the matters listed on my proxy card?

If you return a signed card without indicating your vote, your shares will be voted FOR the nominee directors listed on the card.

How do I raise an issue for discussion or vote at the next Annual Meeting?

Under SEC rules, a shareholder who intends to present a proposal, including the nomination of directors, at the 2012 Annual Meeting of Shareholders and who wishes the proposal to be included in the Proxy Statement for that meeting must submit the proposal in writing to our Corporate Secretary. The proposal must be received no later than February 2, 2012.

All written proposals should be directed to Investor Relations Department, Ennis, Inc., P.O. Box 403, Midlothian, Texas 76065-0403.

The Nominating and Corporate Governance Committee is responsible for selecting and recommending director candidates to our Board, and will consider nominees recommended by shareholders. If you wish to have the Nominating and Corporate Governance Committee consider a nominee for director, you must send a written notice to the Company's Corporate Secretary at the address provided above and include the information required by the Nominating and Corporate Governance Committee Charter as discussed in the section entitled *Director Nominating Processes* of this Proxy Statement.

Who will pay for the cost of this solicitation?

Our Board has sent you this Proxy Statement. Our directors, officers, and employees may solicit proxies by mail, by telephone or in person. Those persons will receive no additional compensation for any solicitation activities. We will request banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries to forward solicitation materials to the beneficial owners of our Common Stock held of record by those entities, and we will, upon the request of those record holders, reimburse reasonable forwarding expenses. We will pay the costs of preparing, printing, assembling and mailing the proxy materials used in the solicitation of proxies.

Where can I find the voting results of the Annual Meeting?

We will announce the voting results at the Annual Meeting and will publish the results in our current report on Form 8-K. We will file that report with the Securities and Exchange Commission on or before July 7, 2011. This Form 8-K will be available without charge to shareholders upon written request to Investor Relations Department, Ennis, Inc., P.O. Box 403, Midlothian, Texas 76065-0403 or via the Internet at *www.ennis.com.*

How can I access the Company's proxy materials and Annual Report electronically?

The Company's 2011 Annual Report on Form 10-K as filed with the Securities and Exchange Commission is available on our website at *www.ennis.com* in the "Investor Relations" section.

PROPOSAL NO. 1

APPROVAL OF ELECTION OF EACH OF THE THREE DIRECTOR NOMINEES

The number of directors who shall constitute the Company's Board of Directors is currently set at nine. The Board of Directors consists of three classes serving staggered three-year terms. Directors for each class are elected at the Annual Meeting of Shareholders held in the year in which the term for their class expires.

Our Board of Directors proposes the election of Keith S. Walters, Irshad Ahmad and Frank D. Bracken as directors, to hold office for a term of three years, expiring at the close of our Annual Meeting of Shareholders to be held in 2014, or until their successors are duly elected and qualified. It is the Board's opinion that because of the candidates' business experience and/or their tenure as directors of the Company, they are sufficiently familiar with the Company and its business to be able to competently direct the Company's business affairs. Biographical information on Mr. Bracken is set forth in "Directors — Summary of Our Independent Directors" and on Mr. Walters and Mr. Ahmad is set forth in "Summary of Our Executive Officers."

If Mr. Walters, Mr. Ahmad, or Mr. Bracken becomes unavailable for election, which is not anticipated, the proxies will be voted for the election of such other person as the Board may recommend.

The Board of Directors recommends that shareholders vote "FOR" the Nominees for Director set forth above.

PROPOSAL NO. 2

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Grant Thornton LLP served as the Company's independent registered public accounting firm for fiscal 2011and has reported on our financial statements. The Audit Committee of the Board of Directors has selected Grant Thornton LLP as the Company's independent registered public accounting firm for fiscal 2012. The Board of Directors is asking shareholders to ratify this selection. Although SEC regulations and the NYSE listing requirements require the Company's independent registered public accounting firm to be engaged, retained and supervised by the Audit Committee, the Board of Directors considers the selection of an independent registered public accounting firm to be an important matter to shareholders and considers a proposal for shareholders to ratify such appointment to be an opportunity for shareholders to provide input to the Audit Committee and the Board of Directors on a key corporate governance issue.

Representatives of Grant Thornton LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions.

The Board of Directors recommends a vote "FOR" the proposal to ratify the selection of the Company's independent registered public accounting firm for fiscal year 2012.

PROPOSAL NO. 3

APPROVAL OF AMENDMENT NO. 1 TO THE 2004 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED, TO INCREASE THE SHARE RESERVE BY 1,000,000 SHARES AND TO EXTEND THE EXPIRATION DATE OF THE PLAN THROUGH JUNE 30, 2021

Introduction

The Company's Long-Term Incentive was adopted by our shareholders effective June 17, 2004, and was amended and restated effective May 14, 2008 (the "Plan"). The initial share reserve under the Plan in 2004 was 500,000 shares, plus 635,900 shares that remained under the prior plan, for a collective share reserve of 1,135,900 shares. We have made more than six years of grants under the Plan, and as of May 25, 2011 only 97,854 shares remain available for grant.

As discussed more fully below, we believe additional shares are needed to replenish shares granted over the prior six years. Additionally, our Plan is set to expire on April 15, 2014. We therefore ask our shareholders to approve Amendment No. 1 to the Plan to increase the share reserve by 1,000,000 shares and to extend the expiration date of the Plan through June 30, 2021.

Increase in Available Shares

The share reserve under the Plan has not been increased in more than six years. On April 21, 2011, our Board of Directors approved the proposed increase in the share reserve, subject to approval by our shareholders. Our Board of Directors believes that approval of Amendment No. 1 is in the best interests of our Company and its shareholders for the following reasons:

- continuation of our equity award program is important to our compensation philosophy;
- our shareholders benefit when we make equity grants to certain employees and directors because equity compensation motivates key employees and directors;
- equity grants also provide an incentive to produce a superior return to our shareholders by offering an opportunity to participate in such gains;
- equity grants facilitate stock ownership and reward the achievement of a high level of performance; and
- equity compensation grants also assist us in our ability to attract, retain and motivate highly qualified individuals in a competitive market.

Our Board of Directors understands that our shareholders are concerned about stock issuances that result in dilution. For this reason our Board of Directors is requesting an increase in the reserve equal to only 3.8% of our Company's outstanding shares on a fully diluted basis as of May 2, 2011. We believe that the benefits provided by being able to grant equity awards to employees will outweigh the costs of additional dilution. In addition, as further described below, our Plan includes features to limit the dilutive impact of the increased shares, such as:

- administration of the Plan by a committee composed entirely of independent directors;
- a fixed number of shares available for grant that will not automatically increase because of an "evergreen" feature;
- a holding period requirement under which 50% of the shares acquired for a specified holding period following the exercise, vesting or lapsing of restrictions on the award must be held by the participant;
- a prohibition against repricing;
- a prohibition against reload option grants;
- a requirement that exercise prices of stock options must be at least 100% of fair market value on the date the stock option is granted;
- the flexible nature of the Plan provides us the ability to respond to market trends by enabling us to grant a wide variety of awards and adjust the mix of awards between options and restricted stock; and
- the Plan authorizes the compensation committee to include claw back provisions in grants.

Extending Effectiveness and Term of the Plan

The Plan is set to expire and terminate on April 15, 2014, unless action is taken to extend the effectiveness and term of the Plan. An approval of Amendment No. 1 to the Plan by our shareholders would extend the effectiveness and term of the Plan through June 30, 2021. Our Board believes that maintaining the effectiveness of the Plan is important towards aligning the interests of the employees and shareholders of our Company.

Material Features of the Plan

The following summary of the principal terms of the Plan is qualified in its entirety by the full text of the Plan, which has been filed as an exhibit to this Proxy Statement that was filed electronically with the Securities and Exchange Commission and can be reviewed on the Securities and Exchange Commission's website at www.sec.gov. You may also obtain, free of charge, a copy of the Plan by writing to our Corporate Secretary at P.O. Box 403, Midlothian, Texas 76065-0403.

Purpose. The purpose of the Plan is to attract and retain employees and certain members of our Board of Directors by providing them with additional incentives, and to promote the success of our Company's business.

Administration. The Compensation Committee of our Board of Directors will administer the Plan. Within certain restrictions to satisfy tax and securities laws, the Compensation Committee may delegate some or all of its power under the Plan to our Chief Executive Officer or other executive officer of our Company. (The appropriate acting body, be it our Compensation Committee or an officer within his or her delegated authority, is referred to in this summary as the "Committee.") The Committee determines the number of shares that are subject to awards and the terms and conditions of such awards, including the price (if any) to be paid for the shares or the award. Along with other authority granted to the Committee under the Plan, the Committee may (i) determine fair market value, (ii) select recipients of awards, (iii) determine the number of shares subject to awards, (iv) determine the terms and conditions of awards, and (v) amend outstanding awards.

Eligibility. Persons eligible to receive awards under the Plan include our officers, employees, and non-employee directors. The Committee determines from time to time the participants to whom awards will be granted.

Authorized Shares; Limits on Awards. The maximum number of common shares that may be issued or transferred pursuant to awards under the Plan equals 1,097,854, all of which may be subject to incentive stock option treatment. The total number of shares that may be issued for awards to any single participant during a calendar year is 100,000, and for cash awards is $3 million.

Adjustments or Changes in Capitalization. In the event of any change in the outstanding shares of common stock by reason of a reorganization, merger, consolidation, combination, separation, exchange or other relevant change in capitalization, the Committee shall provide for a substitution or an adjustment in the (i) number and class of securities subject to outstanding awards, (ii) the consideration to be received upon exercise or vesting of an award, (iii) the exercise price of options, (iv) the aggregate number and class of securities for which awards may be granted under the Plan, and/or (v) the maximum number of securities with respect to which an employee may be granted awards during any calendar year.

Incentive Awards. The Plan authorizes options, phantom options, stock appreciation rights ("SARs"), restricted stock, restricted units, performance awards, as well as other incentive awards (described in the Plan) that are responsive to changing developments in management compensation. The Plan retains the flexibility to offer competitive incentives and to tailor benefits to specific needs and circumstances. Any award may be paid or settled in cash. An option or SAR will expire, or other award will vest in accordance with the schedule set forth in the applicable award agreement.

Option. An option is the right to purchase common shares at a future date at a specified price per share generally equal to, but no less than, the fair market value of a share on the date of grant. An option may either be an Incentive Stock Option ("ISO") or a nonqualified stock option ("NQSO"). ISO benefits are taxed differently from NQSOs, as described under "Federal Income Tax Treatment of Awards under the Plan," below. ISOs also are subject to more restrictive terms and are limited in amount by the Code and the Plan. Full payment for shares purchased on the exercise of any option must be made at the time of such exercise in a manner approved by the Committee.

SARs. A SAR is the right to receive payment of an amount equal to the excess of the fair market value of a common share on the date of exercise of the SAR over the base price of the SAR. The base price will be established by the Committee at the time of grant of the SAR but will not be less than the fair market value of a share on the date of grant. SARs may be granted in connection with other awards or independently.

Restricted Stock. A restricted stock award is typically for a fixed number of common shares subject to restrictions. The Committee specifies the price, if any, the participant must pay for such shares and the restrictions (which may include, for example, continued service and/or performance standards) imposed on such shares. A stock bonus may be granted by the Committee to any eligible person to reward exceptional or special services, contributions or achievements in the manner and on such terms and conditions (including any restrictions on such shares) as determined from time to time by the Committee. The number of shares so awarded shall be determined by the Committee and may be granted independently or in lieu of a cash bonus.

Restricted Units. A restricted unit is similar to a SAR except that it entitles the recipient to receive an amount equal to the fair market value of a common share.

Performance Awards. The payment of the value of a performance award is conditioned upon the achievement of performance goals set by the Compensation Committee at the time of granting the performance award and may be paid in cash, shares of our common stock, or a combination thereof. The maximum value of the cash that may be paid to a participant pursuant to a performance award granted in any year is $3 million.

Other Incentive Awards. The Plan also provides for grants of other incentive-based awards with terms determined by the Committee.

Transfer Restrictions. Subject to certain exceptions, awards under the Plan are not transferable by the recipient other than by will or the laws of descent and distribution and are generally exercisable, during the recipient's lifetime, only by him or her.

Termination of or Changes to the Plan. Our Board of Directors may amend, alter or discontinue the Plan at any time. No such amendment or termination, however, may impair the rights of any holder of outstanding awards without his or her consent, and no award may be amended or otherwise subject to any action that would be treated, for accounting purposes, as a "repricing" of such award.

Federal Income Tax Treatment of Awards under the Plan

Federal income tax consequences relating to awards under the Plan are summarized in the following discussion. This summary is not intended to be exhaustive and, among other considerations, does not describe the deferred compensation provisions of Section 409A of the U.S. Internal Revenue Code to the extent an award is subject to and does not satisfy those rules, nor does it describe state, local, or international tax consequences.

For NQSOs, our Company is generally entitled to deduct (and the optionee recognizes taxable income in) an amount equal to the difference between the option exercise price and the fair market value of the shares at the time of exercise. For ISOs, our Company is generally not entitled to a deduction nor does the participant recognize income at the time of exercise. The current federal income tax consequences of other awards authorized under the Plan generally follow certain basic patterns: SARs are taxed and deductible in substantially the same manner as NQSOs; nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition equal to the excess of the fair market value over the price paid (if any) only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant); bonuses and performance share awards are generally subject to tax at the time of payment; cash-based awards are generally subject to tax at the time of payment; and compensation otherwise effectively deferred is taxed when paid. Our Company will generally have a corresponding deduction at the time the participant recognizes income. However, as for those awards subject to ISO treatment, our Company would generally have no corresponding compensation deduction.

If an award is accelerated under the Plan in connection with a change in control (as this term is used under the Code), our Company may not be permitted to deduct the portion of the compensation attributable to the acceleration ("parachute payments") if it exceeds certain threshold limits under the Code (and certain related excise taxes may be triggered). Furthermore, the aggregate compensation in excess of $1,000,000 attributable to awards which are not "performance-based" within the meaning of Section 162(m) of the Code may not be permitted to be deducted by our Company in certain circumstances.

New Plan Benefits

Awards are subject to the discretion of the Committee. Therefore, it is not possible to determine the benefits that will be received in the future by participants in the Plan.

Our Board of Directors recommends that you vote FOR approval of Amendment No. 1 to the Plan.

PROPOSAL NO. 4

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Ennis shareholders have the opportunity at the annual meeting to vote on an advisory resolution on our executive compensation package, otherwise known as "Say-on-Pay," to approve the compensation of Ennis's named executive officers, as described in the Executive Compensation section of this proxy statement. Because your vote is advisory, it will not be binding upon the Board; however, the Compensation Committee and the Board will take the outcome into account when considering future executive compensation arrangements.

Our Compensation Committee is committed to creating an executive compensation program that enables us to attract and retain a superior management team that has targeted incentives to build long-term value for our shareholders. The company's compensation package utilizes a mixture of cash and equity awards to align executive compensation with our annual and long-term performance. These programs reflect the Committee's philosophy that executive compensation should provide rewards for superior performance, as well as accountability for underperformance. At the same time, we believe our programs do not encourage excessive risk-taking by our management team. The Board believes that our philosophy and practices have resulted in executive compensation decisions that are appropriate and that have benefited the Company over time.

For these reasons, the Board requests our shareholders approve the Company's executive compensation policies and practices for our named executive officers as described in this proxy statement pursuant to the SEC disclosure rules, including the Compensation Discussion and Analysis, the executive compensation tables and the related footnotes and narrative accompanying the tables.

The Board of Directors recommends that you vote FOR the Company's policies and practices on executive compensation for our named executive officers.

PROPOSAL NO. 5

FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

Pursuant to recently adopted Section 14A of the Exchange Act, we are asking shareholders to vote on whether future advisory votes on executive compensation of the nature reflected in the Proposal on "Say-on-Pay" above should occur every year, every two years, or every three years.

After careful consideration, the Board of Directors has determined that holding an advisory vote on executive compensation every three years is the most appropriate policy for the Company at this time, and recommends that future shareholder advisory votes on executive compensation occur every three years. The Company's executive compensation program is designed to provide a long-term connection between pay and performance. The executive compensation program is simplistic in design and the current year reflects the first significant change in design in several years. We do not anticipate the necessity to make frequent significant changes to our executive compensation practices in the future and history supports this practice.

Although this is an advisory vote and is non-binding, the Board and the Compensation Committee welcomes shareholder input on our compensation philosophy, policies, and practices as disclosed in our proxy statement.

The option of one year, two years, or three years that receives the most votes by shareholders will be deemed the preferred frequency for the advisory vote on executive compensation that has been selected by the shareholders. However, because this vote is advisory and not binding on the Board or Ennis in any way, the Board may decide that it is in the best interests of the Company's shareholders and the Company to hold an advisory vote on executive compensation more or less frequently than the preferred frequency selected by the shareholders.

The Board of Directors recommends you vote for a frequency of every three years.

CORPORATE GOVERNANCE MATTERS

General

Our Corporate Governance Guidelines address the following matters, among others: director qualifications, director responsibilities, Board Committees, director access to officers, employees and independent advisors, director compensation, Board performance evaluations, director orientation and continuing education, CEO evaluation and succession planning. The Corporate Governance Guidelines also contain categorical standards, which are consistent with the standards set forth in the New York Stock Exchange ("NYSE") listing standards, to assist the Board in determining the independence of the Company's directors. A copy of these guidelines is available free of charge upon written request to Investor Relations Department, Ennis, Inc., P.O. Box 403, Midlothian, Texas 76065-0403 or via the Internet at *www.ennis.com.*

Board Size

The Company's By-laws provide that the number of directors is nine.

Director Independence

Our Governance Guidelines provide that the Board of Directors is to be composed of a majority of independent directors. The Board has determined that each non-employee director meets the standards regarding independence set forth in the Corporate Governance Guidelines of the Company and in compliance with NYSE rules and has no material relationship with the Company. The Board of Directors has determined that the independent directors, which consist of Mr. Price, Mr. Pritchett, Mr. Quiroz, Mr. Taylor, Mr. Long, Mr. Schaefer, and Mr. Bracken, after election, constitute a majority of the Board.

Criteria for Membership on the Board

When identifying director nominees, the Nominating and Corporate Governance Committee (the "Committee") seeks director candidates with high personal and professional ethics, integrity and values. In addition, the Committee looks for nominees that have outstanding records of accomplishments in their chosen business or profession, and are committed to representing the long-term interest of our shareholders. The Board seeks members reflecting a range of talents, ages, skills, diversity, and expertise, particularly in the areas of accounting and finance, management, domestic and international markets and leadership sufficient to provide sound and prudent guidance with respect to the Company's operations and interests. The Company also requires that its Board members be able to dedicate the time and resources sufficient to ensure the diligent performance of their duties on the Company's behalf, including attending Board and applicable committee meetings.

Director Nomination Process

The charter of our Nominating & Corporate Governance Committee (the "Nominating Committee") allows shareholders to recommend to the Nominating Committee candidates for membership on the Board of Directors. To recommend a candidate for director using this process, the shareholder must follow procedures set forth in the Nominating Committee Charter and the candidate must meet the qualification standards set forth in the Company's Corporate Governance Guidelines.

Only shareholders that have owned at least 5% of the outstanding shares of our Common Stock for more than one year from the date of the shareholder's recommendation may submit the name of a candidate for the Nominating Committee to consider for nomination. To propose a candidate, the shareholder must provide the following information in the shareholder's notice:

- Name of the candidate;
- A resume and brief biographical sketch of the candidate;
- Proof that the shareholder owns 5% or more of the outstanding shares of our Common Stock;

- Proof that the shareholder has owned at least 5% of the outstanding shares of our Common Stock for more than one year from the date of the shareholder's recommendation; and
- The candidate's consent and willingness to serve on the Board if elected.

To include a candidate in any proxy statement for the election of directors, the Company will also need the following information:

- The nominee's name, age and business and residence address;
- The nominee's principal occupation or employment;
- The class and number of shares of our Common Stock, if any, owned by the nominee;
- The name and address of the nominating shareholder as they appear on the Company's books;
- The class and number of shares of our Common Stock owned by the nominating shareholder as of the record date for the annual meeting (if this date has been announced) and as of the date of the notice;
- A representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the candidate specified in the notice;
- A description of all arrangements or understandings between the shareholder and the nominee; and
- Any other information regarding the nominee or shareholder that would be required to be included in a Proxy Statement relating to the election of directors.

Candidates recommended by the Company's shareholders are evaluated on the same basis as candidates recommended by the Company's directors, CEO, other executive officers, third party search firms or other sources. The Nominating Committee will request and review the resume of any of the candidates based on the qualifications set forth in the Nominating Committee Charter and the Company's Governance Guidelines. There can be no more than one shareholder nominee in our Proxy Statement for any given Annual Meeting.

Board Responsibilities

Our business is managed under the direction of the Board. The Board monitors management on behalf of the shareholders. Among the Board's major responsibilities are:

- Selection, compensation and evaluation of the Executive Officers and oversight of succession planning for the Chief Executive Officer;
- Assurance that processes are in place to promote compliance with law and high standards of business ethics;
- Oversight of Ennis' strategic planning;
- Approval of all material transactions and financings;
- Understanding Ennis' financial statements and other disclosures and evaluating and changing where necessary the process for producing accurate and complete reporting;
- Using its experience to advise management on major issues facing Ennis; and
- Evaluating the performance of the Board and its committees and making appropriate changes where necessary.

Directors are expected to maintain a good attendance record, and familiarize themselves with any materials distributed prior to each Board or committee meeting. All directors may place items on agendas for Board meetings. The chair of the Committee clears agendas for the meeting of committees of the Board, and committee members may place items on the agenda.

Board Leadership Structure, Board Meetings and Executive Sessions

The Board does not maintain a strict policy regarding the separation of the offices of Chairman and CEO. The Board does review its structure on an annual basis and definitely believes this is a matter that should be part of any succession planning process. We currently believe there is no benefit in separation of the two offices considering the open and effective relationship the Board enjoys with the incumbent CEO.

As discussed in our Corporate Governance Guidelines, we have an established policy for a Committee Chairman to act as lead director to liaison with the CEO, establish agenda items for Board meetings and executive sessions, and moderate the executive sessions. The lead director serves on a pre-established rotating basis with the other Committee Chairs.

The Board of Directors not only holds regular quarterly meetings, but also holds other meetings each year to review the Company's strategy, to approve its annual business plan and annual budget, and to act on the Company's regulatory filings with the SEC. The Board of Directors also communicates informally with management on a regular basis.

Non-employee directors meet by themselves, without management or employee directors present, at every regularly scheduled Board meeting. All Board Committees regularly meet in executive session without management, unless they are expressly invited to attend and provide information.

Committees of the Board

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee and are comprised entirely of independent directors. Each committee also holds regular executive sessions at which only committee members are present.

Director Access to Management and Independent Advisors

All directors are able to directly contact members of management, including, in the case of the Audit Committee, direct access to the head of internal audit. Broad management participation is encouraged in presentations to the Board, and executive management frequently meets with Board members on an individual basis. The Board and its Committees are empowered to hire, at the Company's expense, their own financial, legal and other experts to assist them in addressing matters of importance to the Company.

Board Self-Evaluation

The Board of Directors conducts a self-evaluation of its performance annually, which includes a review of the Board's composition, responsibilities, leadership and committee structure, processes and effectiveness. Each committee of the Board conducts a similar self-evaluation with respect to such committee. In addition, annually each member of the Board is individually evaluated by each other member of the Board.

Director Orientation and Education

Directors are provided extensive material regarding Ennis upon their initial election to the Board, including a binder containing information regarding Ennis and its policies and various administrative and legal matters. Other orientation procedures include meetings with senior executives of the Company in its major business units. Board meetings are occasionally held outside the corporate office to permit directors to visit operating locations of Ennis subsidiaries.

Non-Employee Director Compensation and Stock Ownership

The Board of Directors is responsible for establishing compensation for the Company's non-employee directors. Our Nominating and Corporate Governance Committee also reviews with the assistance of an outside consultant, non-employee director compensation and benefits on an annual basis and makes recommendations to the Board regarding appropriate compensation for their approval. It is the Company's policy that a portion of non-employee directors' compensation should be equity-based. For details on the compensation currently provided to non-employee directors, please see *Director Compensation* section of this proxy statement.

In 2011, a stock ownership policy for all non-employee directors was modified and adopted by the Board. This policy requires that all non-employee directors will maintain at all times a minimum ownership investment in the Company's common stock equal to six times their annual retainer with additional ownership investment encouraged. A newly elected non-employee director has five years to satisfy this minimum ownership investment. For additional information of non-employee director stock ownership, please see *Security Ownership of the Board of Directors and Executive Officers* section of this Proxy Statement.

The Company also expects all directors to comply with all federal and state laws regarding trading in securities of the Company and disclosing material, non-public information regarding the Company. The Company has procedures in place to assist directors in complying with these laws.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics for Directors and Employees designed to help Directors and employees resolve ethical issues in an increasingly complex global business environment. Our Code of Business Conduct and Ethics applies to all Directors and employees, including the Chief Executive Officer, the Chief Financial Officer, and all other executive officers. Our Code of Business Conduct and Ethics covers topics including, but not limited to, conflicts of interest, insider trading, competition and fair dealing, discrimination and harassment, confidentiality, payments to government personnel, anti-boycott laws, U.S. embargos and sanctions, compliance procedures and employee complaint procedures. Our Code of Business Conduct and Ethics is posted on our website under the "Corporate Governance" caption in the "Investor Relations" section. A copy of the Code of Business Conduct and Ethics is available free of charge by contacting Investor Relations Department, Ennis, Inc. P.O. Box 403, Midlothian, TX 76065-0403.

Risk Oversight

The Board exercises oversight of the Company's operational, financial, and strategic matters, as well as compliance and legal risk. The Board is responsible for assuring appropriate alignment of its leadership structure and oversight of management. Pursuant to delegated authority as permitted by the Company's By-Laws, Corporate Governance Guidelines, and committee charters, the Board's three standing committees oversee certain risks, and the Audit Committee coordinates the risk oversight role exercised by various committees and management.

Communication with the Board

The Board of Directors maintains a process for shareholders and interested parties to communicate with the Board. Shareholders and interested parties may e-mail, call, or write to the Board, as more fully described on the Company's website under the "Corporate Governance" caption. Communications addressed to individual Board members and clearly marked as shareholder/interested parties communications will be forwarded by the Corporate Secretary unopened to the individual addressed. Any communications addressed to the Board and clearly marked as shareholder and interested parties communications will be forwarded by the Corporate Secretary unopened to Thomas R. Price, Chairman of the Nominating and Corporate Governance Committee.

DIRECTORS

Term

The Company's directors consist of three classes serving in staggered three-year terms. Directors for each class are elected at the Annual Meeting of Shareholders held in the year in which the term for their class expires.

Director Independence and Qualifications

As set forth in the Company's Corporate Governance Guidelines, in selecting its slate of nominees for election to the Board, the Nominating and Corporate Governance Committee and the Board have evaluated, among other things, each nominee's independence, satisfaction of regulatory requirements, financial literacy, personal and professional accomplishments and experience in light of the needs of the Company, and with respect to incumbent directors, past performance on the Board. See *Corporate Governance Matters-Criteria for Membership on the Board* section of this proxy statement. The Board has determined that all three nominees have no material relationship with the Company either directly or indirectly and are "independent" within the meaning of the listing requirements of the NYSE. In addition, the Board has determined that each director nominee is financially literate and possesses the high level of skill, experience, reputation, and commitment that is mandated by the Board. Presented below is the biographical information of all our Board members, including nominee (Mr. Bracken).

Summary of Our Independent Directors

There is no family relationship among any of our directors and executive officers. The following table, listed in alphabetical order, sets forth the names of our current non-employee directors and nominees for director and their respective ages and positions with the Company.

Directors' Name	Age	Director Since	Term Expires	Positions
Frank D. Bracken	70	2008	2011	Director
Godfrey M. Long, Jr.	69	2006	2012	Director
Thomas R. Price	72	1989	2012	Director
Kenneth G. Pritchett	73	1999	2013	Director
Alejandro Quiroz	58	2003	2012	Director
Michael J. Schaefer	60	2007	2013	Director
James C. Taylor	69	1998	2013	Director

Set forth below is a description of the backgrounds of our non-employee directors, including the nominee for director. Information regarding our current employee directors (Messrs. Walters and Magill) can be found under *Executive Officers – Summary of Our Executive Officers* section of this Proxy Statement.

Frank D. Bracken, retired. President of Haggar Clothing Co. from 1994 to 2006. He held various positions with the Company during his 42 year tenure. Mr. Bracken sits on the Chancellor's Advisory Committee at the University of North Texas ("UNT") and is a director of the UNT Foundation, the UNT Athletic Board, and the UNT Business Board. He is the past president of the board of directors of Big Brothers Big Sisters of North Texas and Chairman of the Board for the National Big Brothers Big Sisters of America. Mr. Bracken is a member of both the Audit Committee and Compensation Committee. Mr. Bracken's public company experience as a President and board member, along with extensive experience in apparel manufacturing, marketing, branding, sourcing, and product development provide him with strong insight, particularly with regard to apparel manufacturing and marketing matters, and make him an appropriate and valuable member of our Board and of our Audit Committee and Compensation Committee.

Godfrey M. Long, Jr., Business Coach for owners of businesses and key executives focusing on effective management skills and strategic thinking. Mr. Long is a former Consultant and Director of Graphic Dimensions in Atlanta, Georgia, a printing company and forms manufacturer from 2003 to 2008. Mr. Long was Chairman and CEO of Short Run Companies, a forms manufacturer in Newport, Kentucky from 1984 to 2002. Mr. Long is a member of the Compensation Committee and Nominating and Corporate Governance Committee. Mr. Long's extensive experience in manufacturing and his seven years experience as a board member of the DMIA provide him with strong insight into the manufacturing, marketing and strategic planning challenges facing the print industry today, and make him an appropriate and valuable member of the Board and of our Compensation Committee and Nominating and Corporate Governance Committee.

Thomas R. Price, Owner and President of Price Industries, Inc., a real estate and investment company and Price Oil, L.P., a company engaged in oil and natural gas production. Mr. Price has been engaged in his present occupation since 1968. Mr. Price is the chair of the Nominating and Corporate Governance Committee and is a member of the Audit Committee. Mr. Price has served on numerous boards and was the President and CEO of Congress Drive, a power transmission products manufacturing company for 27 years. Mr. Price's strong manufacturing experience and prior Board experience provide him with a strong insight, particularly with respect to manufacturing, finance and corporate governance issues, and make him an appropriate and valuable member of our Board and of our Nominating and Corporate Governance Committee and Audit Committee.

Kenneth G. Pritchett, President of Ken Pritchett Properties, Inc. Ken Pritchett Properties, Inc. is a Commercial and Residential Development Corporation in the Dallas/Ft. Worth Metropolitan area since 1968, specializing in small commercial, medical, office parks and exclusive residential development. Mr. Pritchett is a member of the Board of Methodist Hospitals of Dallas and sits on the planning committee for 5 of the hospitals within the network. Mr. Pritchett has served as President of the Homebuilders Association of Dallas/Fort Worth and has been an executive officer of both the Texas and National Homebuilders Associations. Mr. Pritchett holds an MBA from U.C. Berkeley in Economics. Mr. Pritchett currently chairs the Audit Committee of the Company and was the past chair of the Company's Compensation Committee. Mr. Pritchett's extensive experience in finance, architecture and engineering provide him with a strong insight, particularly with regard to finance and construction aspects relating to our new manufacturing facility in Agua Prieta and make him an appropriate and valuable member of our Board and of our Audit Committee.

Alejandro Quiroz, Chairman of the Board of NEXT, a Mexican printing company, and President of Presto Capital, a commercial real estate company. Mr. Quiroz has served in his present position for over ten years. Mr. Quiroz, currently a resident of San Antonio, Texas, has been engaged in the printing business in both the United States and Mexico, primarily in an executive capacity, since 1975. Mr. Quiroz is a member of both the Compensation Committee and Nominating and Corporate Governance Committee. Mr. Quiroz was invited to be on the cover page of "Players of Life" business and leisure magazine of December 2010, where an article of his success story in the U.S.A was included. Also, he was named one of the 101 most influential Latino leaders in the U.S.A. by the "Latino Leaders" magazine in 2010. Mr. Quiroz was crucial in putting together a group of investors to form the Leader Graphic Arts Group in Mexico. He was one of the founders and President of the Mexican Franchise Association in Mexico and was one of the founders and President of the Mexican Entrepreneurs Association in San Antonio, Texas. Mr. Quiroz's extensive experience in running businesses in both the United States and Mexico provide him with a strong insight into cross-border, legal and cultural challenges facing United States companies doing business in Mexico. He has been an invaluable liaison between the Company and Mexico's political system in helping the Company build its new apparel manufacturing facility in Agua Prieta, Mexico. His skills and expertise make him an appropriate and valuable member of our Board and of our Compensation Committee and Nominating and Corporate Governance Committee.

Michael J. Schaefer, Executive Vice President, Chief Financial Officer and Treasurer of Methodist Health System, Dallas, TX ("Methodist"). Methodist owns and operates acute care hospitals and associated services in the Dallas metropolitan area. Mr. Schaefer has served in his present position with Methodist since 1982 and joined Methodist in 1979. Prior to Methodist, Mr. Schaefer was an audit supervisor with the public accounting firm of Ernst & Ernst (now Ernst & Young) where he worked from 1972 to 1979. Mr. Schaefer is a member of the American Institute of Certified Public Accountants. Mr. Schaefer is a member of the Audit Committee. Mr. Schaefer's extensive experience as a Chief Financial Officer and public company audit experience with Ernst & Young provide him with a strong insight, particularly with regard to accounting, corporate finance, internal/financial control environments and financial and system risks matters, and make him an appropriate and valuable member of our Board and of our Audit Committee.

James C. Taylor, retired. Former Principal of The Anderson Group, Inc. from 1989 until 2009, where he served as CEO of four manufacturing firms owned by the Company. Prior to 1989, Mr. Taylor was with United Technologies Automotive for 19 years in various capacities with the last seven years as a Senior Group Vice President of two separate manufacturing groups. Mr. Taylor is the chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee. Mr. Taylor's extensive experience in manufacturing provides him with a strong insight, particularly with regard to operations, cost systems strategic planning and business management and make him an appropriate and valuable member of our Board and of our Compensation Committee and Nominating and Corporate Governance Committee.

Attendance

During fiscal year 2011, the Board of Directors met four times. No incumbent directors attended fewer than 75% of the total number of meetings of the Board of Directors and the committees of which he was a member. In addition, the Directors are encouraged and expected to attend the annual meetings of the Company's shareholders. All of the incumbent directors attended the fiscal 2010 Annual Meeting of Shareholders and are expected to attend the fiscal 2011 meeting.

Committee Membership

The Company currently has three standing committees of the Board: Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee. Each committee currently is comprised of non-employee directors, all of whom are considered independent under NYSE listing standards and our Governance Guidelines. The Board of Directors and the members of each committee meet regularly in executive session without management. The charters for these committees can be found on the Company's website at *www.ennis.com* under the "Corporate Governance" caption in the "Investor Relations" section. A copy of these charters is available free of charge by contacting Investor Relations Department, Ennis, Inc., P.O. Box 403, Midlothian, TX 76065-0403.

The following table details the membership of each of our committees as of February 28, 2011 and the number of times during the year each of these committees met.

Directors' Name	Audit	Compensation	Nominating and Corporate Governance
Number of meetings held during fiscal year end February 28, 2011	5	5	1
Non-Employee Independent Directors			
Frank D. Bracken	X	X	
Godfrey M. Long, Jr.		X	X
Thomas R. Price	X		C
Kenneth G. Pritchett	C		
Alejandro Quiroz		X	X
Michael J. Schaefer	X		
James C. Taylor		C	X

C Committee Chairman

X Committee Member

Audit Committee

During fiscal year 2011, the Audit Committee met five times. The Audit Committee (i) discusses with management, the independent auditors, and the internal auditors the integrity of our accounting policies, internal controls, corporate governance, financial statements, financial reporting practices and significant corporate risk exposures, and steps management has taken to monitor, control and report such exposures; (ii) monitors the qualifications, independence and performance of our independent auditors and internal auditors; (iii) monitors our overall direction and compliance with legal and regulatory requirements and corporate governance, including our code of business conduct and ethics; and (iv) maintains open and direct lines of communication with the Board and our management, internal auditors and independent auditors.

Compensation Committee

During fiscal year 2011, the Compensation Committee met five times. The Compensation Committee oversees and administers our executive compensation policies, plans, and practices and assists the Board in discharging its responsibilities relating to the fair and competitive compensation of our executives and other key employees. In particular, the Compensation Committee is charged with assisting the Board in (i) assessing whether the various compensation programs of the Company are designed to attract, motivate and retain the senior management necessary for the Company to deliver consistently superior results and are performance based, market driven and shareholder aligned; (ii) its oversight of specific incentive compensation plans adopted by the Company, with the approval of this Committee, included stock plans, supplemental executive retirement plans and short term and long term incentive compensation plans for members of senior management of the company; (iii) assessing the effectiveness of succession planning relative to senior management of the Company; (iv) its approval, review and oversight of benefit plans of the company; (v) its oversight of the performance and compensation of the Chief Executive Officer of the Company and the other members of the senior management team of the Company. In addition, the Compensation Committee will direct the production of all reports that the SEC rules require be included in the Company's annual proxy statement; and (vi) assessing compensation programs for material risks to the health of the Company. For further information regarding the Compensation Committee's role in determining executive compensation, please see the *Compensation — Compensation Discussion & Analysis* below.

Nominating and Corporate Governance Committee

During fiscal year 2011, the Nominating and Corporate Governance Committee met one time. The Nominating and Corporate Governance Committee identifies, investigates and recommends to the Board director candidates with the goal of creating balance of knowledge, experience and diversity. Generally, the Committee identifies candidates through the personal, business and organizational contacts of the directors and management. Potential directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the Company's shareholders. In addition to reviewing a candidate's background and accomplishments, candidates for director nominees are reviewed in the context of the current composition of the Board and the evolving needs of the Company's businesses. It is the Board's policy that at all times at least a majority of its members meets the standards of independence promulgated by the NYSE and the SEC and as set forth in the Company's Corporate Governance Guidelines, and that all members reflect a range of talents, ages, skills, diversity, and expertise, particularly in the areas of accounting and finance, management, domestic and international markets and leadership sufficient to provide sound and prudent guidance with respect to the Company's operations and interests. The Company also requires that its Board members be able to dedicate the time and resources sufficient to ensure the diligent performance of their duties on the Company's behalf, including attending all Board and applicable committee meetings.

The Nominating and Corporate Governance Committee has no specific policy on diversity. However, one factor among the criteria used to evaluate nominees for the Board is diversity of viewpoints, background, experience, accomplishments, education and skills. The Board believes that such diversity provides varied perspectives which promote active and constructive dialogue among Board members and between the Board and management, resulting in more effective oversight of management's formulation and implementation of strategic initiatives. The Board believes this diversity is demonstrated in the varied experience, qualifications and skills of the members of the Board. In the Board's executive sessions and in annual performance evaluation conducted by the Board, the Board from time to time considers whether the Board's composition reflects such diversity and whether such diversity promotes a constructive and collegial environment. In determining whether an incumbent director should stand for re-election, the Committee considers the above factors, as well as that director's personal and professional integrity, attendance, preparedness, participation and candor, as well as the individual's satisfaction of the criteria for nomination of directors as set forth in our Corporate Governance Guidelines and other matters determined by the Board.

Compensation Committee Interlocks and Insider Participation

All of the members of the Compensation Committee are non-employee directors of the Company and are not former officers of the Company. During fiscal year 2011, no executive officer of the Company served as a member of the board or compensation committee of a corporation whose executive officers served on the Board or Compensation Committee of this Corporation

EXECUTIVE OFFICERS

Summary of Our Executive Officers

The following table, listed in alphabetical order, sets forth the names of our executive officers and their respective ages and positions with the Company. For those executive officers on our Board of Directors, it indicates the date they became a board member and when their current term expires. There is no family relationship among any of our directors and executive officers.

Name	Age	On Board Since	Term Expires	Positions
Irshad Ahmad*	43	—	—	Vice President - Apparel Division and Chief Technology Officer
Ronald M. Graham	63	—	—	Vice President - Administration
Michael D. Magill	63	2008	2011	Executive Vice President and Director
Richard L. Travis, Jr.	55	—	—	CFO, Vice President - Finance and Secretary
Keith S. Walters*	61	1997	2011	Chairman of the Board, CEO, President and Director

* Nominated for election as a director for a term expiring in 2014.

Set forth below is a description of the backgrounds of our executive officers.

Irshad Ahmad, Vice President - Apparel Division and Chief Technology Officer. Mr. Ahmad assumed the additional responsibilities of Vice President – Apparel Division in September 2008. In July 2008 Mr. Ahmad became an executive officer of the Company with his appointment to the Chief Technology Officer position. Prior to his promotion, Mr. Ahmad served as Vice President of Corporate Information Technology since 2007. He was the Vice President of IT for Alstyle Apparel (Ennis' Apparel Segment) since 2001 and assumed the additional role of Vice President of Operations at Alstyle in 2005 until moving to corporate in 2007. Prior to joining the Company, Mr. Ahmad worked with GoInvest.com as senior database engineer to design and support development of their online trading system and financial search engine. He also served as head of the software development team for Soft Integrated Systems in Pakistan, during which time he was engaged in an ERP development project in the U.S. He has an undergraduate degree in Physics and Math and a Master's of Computer Science.

Ronald M. Graham, Vice President - Administration. Mr. Graham joined the Company in January 1998 as Director of Human Resources and subsequently was elected to Vice President Administration and Officer in June 1998. Mr. Graham served as a Director from 1998-1999 by appointment and was elected and served as Director from June 2003 until June 2008. Prior to joining the Company, Mr. Graham was with E.V. International, Inc. (formerly Mark IV Industries, Inc.), an electronics manufacturing company, for 17 years as Director Employee Relations and Vice President Administration. Prior to that time, Mr. Graham was with Sheller-Globe Corporation, an automotive manufacturing company, for three years as Director of Labor Relations. Mr. Graham has primarily been responsible for managing the human resource functions and related administration including benefit plans, organizational planning, insurance, labor relations and payroll.

Michael D. Magill, Executive Vice President. Mr. Magill joined the Company in 2003 as Vice President and Treasurer and subsequently was elected Executive Vice President in February 2005. Prior to joining the Company, Mr. Magill was President and Chief Executive Officer of Safeguard Business Systems, Inc., a manufacturer and distributor of business forms, for six years. Prior to that time, Mr. Magill was Executive Vice President and CFO of KBK Capital Corporation, a publicly traded finance company. Mr. Magill joined KBK Capital Corporation after ten years with MCorp, a publicly traded bank holding company, where he held various positions beginning as head of corporate finance and ending as CFO during MCorp's bankruptcy.

Richard L. Travis, Jr., Vice President — Finance, Chief Financial Officer, and Secretary. Mr. Travis joined the Company in November 2005 as Vice President Finance and Chief Financial Officer. Previously, Mr. Travis was employed as the Chief Financial Officer and Senior Vice President of Human Resources with Peerless Mfg. Co. in Dallas, Texas, a publicly traded manufacturer of filtration/separation and environmental systems for the gas, petrochemical, refinery and power markets from February 2002 to November 2005. Prior to his experience at Peerless, Mr. Travis served as the Chief Financial Officer at TrinTel Communications, a provider of services to the wireless industry, from January 1999 to December 2001, as President/Chief Operating and Chief Financial Officer at CT Holdings, Inc., a publicly traded software development and incubation company, from December 1996 to December 1999, and as Executive Vice President and Chief Financial Officer for 10 years at Texwood Industries, Inc., a multi-state/country manufacturer of kitchen cabinets and doors. His 10 years of public accounting experience included positions as a Senior Audit Manager at Grant Thornton LLP as well as audit experience with Laventhol & Horwath and Ernst & Whinney (now Ernst & Young). Mr. Travis is a registered certified public accountant.

Keith S. Walters, Chairman of the Board, CEO and President. Mr. Walters joined the Company in August 1997 as Vice President-Commercial Printing Operations and was appointed Vice Chairman of the Board and Chief Executive Officer in November 1997. Prior to joining the Company, Mr. Walters was with Atlas/Soundolier, a division of American Trading and Production Company, a manufacturer of electronic sound and warning systems, from 1989 to 1997, as Vice President of Manufacturing. Prior to that time, Mr. Walters was with the Automotive Division of United Technologies Corporation, an automotive parts and manufacturing company, for 15 years, primarily in manufacturing and operations.

SECURITY OWNERSHIP

Security Ownership of the Board of Directors and Executive Officers

The following table sets forth information regarding the beneficial ownership of our Common Stock as of May 2, 2011 for our Common Stock beneficially owned by each director, each of the executive officers, and all directors and executive officers as a group:

The percentages of shares outstanding provided in the table are based on 26,044,350 voting shares outstanding as of May 2, 2011. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Unless otherwise indicated, each person or entity named in the table has sole voting and investment power, or shares voting and investment power with his or her spouse, with respect to all shares of stock listed as owned by that person. The number of shares shown does not include the interest of certain persons in shares held by family members in their own right. Shares issuable upon the exercise of options that are exercisable within 60 days of May 2, 2011 are considered outstanding for the purpose of calculating the percentage of outstanding shares of our Common Stock held by the individual, but not for the purpose of calculating the percentage of outstanding shares held by any other individual. In addition, the following shares have not been pledged by the respective officers or directors, unless otherwise stated in the footnotes following the table. The address of our directors and executive officers listed below is c/o Ennis, Inc., 2441 Presidential Parkway, Midlothian, Texas 76065.

			Vested (1)			Percentage of
Name/Group		**Shares Owned**	**Stock Awards**	**Option Awards**	**Total**	**Outstanding Shares**
Irshad Ahmad		15,401	-	14,966	30,367	*
Frank D. Bracken		7,766	2,222	-	9,988	*
Ronald M. Graham		54,288	-	10,200	64,488	*
Godfrey M. Long, Jr.	(2)	14,200	1,688	-	15,888	*
Michael D. Magill		31,124	-	30,966	62,090	*
Thomas R. Price	(3)	110,950	1,688	16,250	128,888	*
Kenneth G. Pritchett	(4)	45,950	1,688	11,250	58,888	*
Alejandro Quiroz		13,200	1,688	14,000	28,888	*
Michael J. Schaefer		14,200	1,688	-	15,888	*
James C. Taylor		38,850	1,688	20,000	60,538	*
Richard L. Travis, Jr.		28,265	-	14,700	42,965	*
Keith S. Walters		280,556	-	5,200	285,756	1.1%
All directors and officers, as a group (12 individuals)		654,750	12,350	137,532	804,632	3.1%

* Denotes ownership of less than 1%

(1) Amounts include those awards that would be vested within 60 days of the Record Date (5/2/11).

(2) Indirect shares attributable to Mr. Long include 1,000 shares held by Mr. Long's wife.

(3) Included in directly owned is 30,000 shares held in irrevocable trust that Mr. Price exercises sole voting control over. Mr. Price disclaims beneficial ownership of his sister-in-laws' portion of 20,000 shares jointly owned by her and Mr. Price's wife. Reflected in the table is his wife's interest only (10,000 shares).

(4) Shares attributable to Mr. Pritchett are held in trust for the benefit of the named director. Mr. Pritchett exercises sole voting rights with respect to such shares.

Security Ownership of Certain Beneficial Owners

The following table gives information regarding all of the persons known by us to own, in their name or beneficially 5% or more of our outstanding Common Stock as of May 2, 2011.

Name and Address of Beneficial Owner	Class	Number of Shares	Percent of Combined Voting Power (1)
Royce & Associates, LLC (2) 745 Fifth Avenue New York, NY 10151	Common	2,071,641	8.0%
Dimensional Fund Advisors, LP (3) 6300 Bee Cave Road, Building One Austin, TX 78746	Common	2,053,295	7.9%
Capital Research Global Investors (4) 333 South Hope Street Los Angeles, CA 90071	Common	1,733,692	6.7%
BlackRock Inc. (5) 40 East 52nd Street New York, NY 10022	Common	1,517,412	5.8%

(1) Calculated based on number of voting shares outstanding as of May 2, 2011.

(2) The information is based on a Schedule 13G filed pursuant to Rule 13(d)-1(b) with the Securities and Exchange Commission by Royce & Associates, LLC on January 12, 2011.

(3) The information is based on a Schedule 13G filed pursuant to Rule 13(d)-1(b) with the Securities and Exchange Commission by Dimensional Fund Advisors LP on February 11, 2011. Dimensional Fund Advisors LP ("Dimensional"), an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. Dimensional possesses investment and/or voting power over the securities of the Issuer described in this schedule that are owned by the funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the funds.

(4) This information is based on a Schedule 13G filed pursuant Rule 13 d-1(b) with the Securities and Exchange Commission by Capital Research Global Investors on February 11, 2011.

(5) This information is based on a Schedule 13G filed pursuant to Rule 13(d) with the Securities and Exchange Commission by BlackRock Inc. on February 4, 2011.

AUDIT-RELATED MATTERS

Audit Committee Report

The Audit Committee of the Board (the "Audit Committee") is responsible for providing independent, objective oversight of the Company's financial reporting functions and internal control systems. The Audit Committee is currently composed of four non-employee directors. The Board has determined that the members of the Audit Committee satisfy the requirements of the NYSE as to independence, financial literacy and expertise. The Board has determined that at least one member, Michael J. Schaefer, is an audit committee financial expert as defined by the SEC. The responsibilities of the Audit Committee are as set forth in the written charter adopted by the Company's Board and last amended on June 18, 2010. One of the Audit Committee's primary responsibilities is to assist the Board in its oversight of the integrity of the Company's financial statements. To assist it in fulfilling its oversight, the Committee regularly meets separately with the internal auditor, the independent auditors, management and the Company's outside counsel. The following report summarizes certain of the Committee's activities in this regard during the fiscal year ended February 28, 2011.

Independent Auditors and Internal Audit Matters

The Audit Committee has discussed with the Company's independent auditors their plan for the audit of the Company's annual consolidated financial statements, including the independent auditors' evaluation of the effectiveness of the Company's internal control over financial reporting, as well as reviews of the Company's quarterly financial statements. During fiscal 2011, the Audit Committee met regularly with the independent auditors, with and without management present, to discuss the results of their audits and reviews, as well as their evaluations of the Company's internal control over financial reporting and the overall quality of the Company's accounting principles. In addition, the Audit Committee has received the written disclosures and the letter from the independent auditors required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with the independent auditors the auditors' independence from the Company and its management. In determining that the auditors are independent, the Committee also considered whether the provision of any of the non-audit services described in *Independent Auditor's Services and Fees* section of this proxy is compatible with maintaining their independence. The Audit Committee has also appointed Grant Thornton LLP as the Company's independent auditors for fiscal year 2012, and the Board concurred in its appointment.

The Audit Committee has reviewed and approved the annual internal audit plan and has met regularly with the Company's internal auditor, with and without management present, to review and discuss the internal audit reports, including reports relating to operational, financial and compliance matters.

Financial Statements for the Fiscal Year Ended February 28, 2011

Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal and disclosure controls (including internal control over financial reporting). The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements and internal control over financial reporting and expressing opinions on (i) the conformity of the consolidated financial statements with U.S. generally accepted accounting principles and (ii) the effectiveness of the Company's internal control over financial reporting.

In this context, the Audit Committee has met and held discussions with management and the independent auditors with respect to the Company's audited financial statements for the fiscal year ended February 28, 2011. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles.

In connection with its review of the Company's year-end financial statements, the Audit Committee has reviewed and discussed with management and the independent auditors the consolidated financial statements, management's assessment of the effectiveness of the Company's internal control over financial reporting and the independent auditors' evaluation of the effectiveness of the Company's internal control over financial reporting. The Audit Committee also discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended, including the quality and acceptability of the Company's accounting policies, financial reporting processes and controls.

In performing its functions, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of the Company's management and independent auditors, which, in their reports, express opinions on the conformity of the Company's annual financial statements with U.S. generally accepted accounting principles and the effectiveness of the Company's internal control over financial reporting. In reliance on the reviews and discussions referred to in this Report and in light of its role and responsibilities, the Audit Committee recommended to the Board of Directors, and the Board approved, that the audited financial statements of the Company be included in the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2011 for filing with the SEC.

THE ENNIS, INC. AUDIT COMMITTEE

Kenneth G. Pritchett, *Chairman*
Frank D. Bracken
Thomas R. Price
Michael J. Schaefer

Policy Regarding Pre-Approval of Services Provided by the Independent Auditors

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services and tax services and may include, to a very limited extent, specifically designated non-audit services, which in the opinion of the Audit Committee, will not impair the independence of the registered public accounting firm. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. In addition, the Audit Committee may, as required, also pre-approve particular services on a case-by-case basis.

Independent Auditor's Services and Fees

Grant Thornton LLP served as our independent registered public accounting firm during our fiscal years ended February 28, 2011 and February 28, 2010. For the fiscal year ended 2011 and 2010, we were billed the following fees by Grant Thornton LLP:

	Fiscal 2011	Fiscal 2010
Audit Fees (1)	$ 688,145	$ 685,714
Tax Fees (2)	354,627	90,721
	$ 1,042,772	$ 776,435

(1) Aggregate fees for professional services billed for the audit of the Company's consolidated financial statements, including internal control over financial reporting, review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by the independent registered public accounting firm in conjunction with statutory and regulatory filings or engagements.

(2) Fees for tax services, tax advice, and state, federal and international tax consultation.

The Audit Committee has concluded that the provision of the non-audit services listed above is compatible with maintaining the independence of Grant Thornton LLP.

COMPENSATION

Director Compensation

The Company compensates its non-employee directors using a mix of compensation, including: an annual cash retainer, meeting fees and committee chair fees and stock option and restricted stock grants. Directors who are Company employees receive no additional compensation for serving on the Board.

Cash Compensation

All non-employee directors received $30,000 annual cash compensation (the retainer) and $2,000 per Board meeting fee. All retainers are paid monthly and meeting fees are paid as incurred. Non-employee directors serving in specified committee positions also received the following additional cash compensation.

- $6,000 Chair of the Audit Committee
- $6,000 Chair of the Compensation Committee
- $6,000 Chair of the Nominating and Corporate Governance Committee
- $1,500 All other Committee members — per meeting fee

Equity Compensation

In addition to cash compensation, all non-employee directors receive annual stock grants, which can take the form of stock options or restricted stock units. Stock option and restricted stock grants typically vest ratably over four years and three years, respectively. Options are granted with an exercise price equal to the fair market value of the Company's stock on the date of grant. In addition, new Board members, upon their initial election, receive either a grant of stock options or restricted stock. During fiscal year 2011, the Board adopted a policy of value defined equity awards for all non-employee directors. Each non-employee director received an award capped at $40,000 in the form of restricted stock.

The following table sets forth the information regarding compensation earned by the Company's non-employee directors during the year ended February 28, 2011:

Directors' Name	Fees Earned or Paid in Cash ($)		Stock Awards ($) (1)	Option Awards ($)	Non-Equity Incentive Plan Compensation	Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Frank D. Bracken	$ 51,000		$ 40,002	$ -	$ -	$ -	$ -	$ 91,002
Godfrey M. Long, Jr.	$ 43,500		$ 40,002	$ -	$ -	$ -	$ -	$ 83,502
Thomas R. Price	$ 51,000		$ 40,002	$ -	$ -	$ -	$ -	$ 91,002
Kenneth G. Pritchett	$ 49,500		$ 40,002	$ -	$ -	$ -	$ -	$ 89,502
Alejandro Quiroz	$ 49,500	(2)	$ 40,002	$ -	$ -	$ -	$ -	$ 89,502
Michael J. Schaefer	$ 43,500		$ 40,002	$ -	$ -	$ -	$ -	$ 83,502
James C. Taylor	$ 49,500		$ 40,002	$ -	$ -	$ -	$ -	$ 89,502

(1) The aggregate grant date fair value for stock awards grated in the applicable year. The assumptions used to calculate these values are set forth in Note 10 to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended February 28, 2011. Presented below are the grant date fair value of each stock award granted in fiscal year 2011 and the aggregate number of stock and option awards outstanding on February 28, 2011. No option awards were granted during fiscal year 2011.

(2) Includes $6,000 authorized by the Board to be paid to Mr. Quiroz for his services in connection with the construction of the new manufacturing facility in Agua Prieta, Mexico.

The following table sets forth the information regarding stock awards granted during and outstanding as of February 28, 2011 with respect to the Company's non-employee directors:

Directors' Name	Date of Grant	Restricted Stock Units Awarded	Grant Date Fair Value	Total Stock Awards Outstanding	Total Option Awards Outstanding
Frank D. Bracken	6/30/2010	2,665	$ 40,002	5,599	-
Godfrey M. Long, Jr.	6/30/2010	2,665	$ 40,002	5,065	-
Thomas R. Price	6/30/2010	2,665	$ 40,002	5,065	16,250
Kenneth G. Pritchett	6/30/2010	2,665	$ 40,002	5,065	12,500
Alejandro Quiroz	6/30/2010	2,665	$ 40,002	5,065	14,000
Michael J. Schaefer	6/30/2010	2,665	$ 40,002	5,065	-
James C. Taylor	6/30/2010	2,665	$ 40,002	5,065	20,000

Equity Ownership Policy for Independent Directors

All independent directors are required to acquire and maintain ownership of company shares of stock equal to not less than six times their annual cash retainer. Unvested stock awards do not count in the calculation. This level must be reached in a time period of not more than five years from date of election to the Board. Ownership over the minimum amount is highly encouraged.

Executive Compensation

Compensation Discussion and Analysis

The following section describes our compensation structure and programs for our named executive officers. The discussion primarily focuses on the compensation elements and decisions during our fiscal year ended February 28, 2011. We address why we believe the elements of our program are right for our Company and our shareholders as we explain how compensation is determined.

Ennis currently has five named executive officers. They have the broadest job responsibilities and policy authority in the Company. They are held accountable for the Company's performance and for maintaining a culture of strong ethics and integrity. The details of compensation for our CEO, CFO and three other named executive officers can be found in the tables within this section.

Executive Summary

Results for fiscal 2011 substantially exceeded the budgeted plan as to sales, profits, and EPS. This was achieved in spite of building and initiating the launch of a new world-class Apparel manufacturing facility and substantial raw material cost escalation. Many factors contributed to the positive results; exceptional management and direction by our top executive team being the primary contributor. Operational cost containment, manufacturing efficiencies, timely pricing and buying decisions as well as the successful launching of improved operations control systems were all factors.

In 2009-2010 the executive compensation program was approved by the Board, placing less emphasis on base salaries in favor of more at risk incentives for the top executives. The structure of this program incorporated several factors resulting from analysis and recommendations of an independent outside compensation consultant. Pay for performance is heavily emphasized as a key philosophy in our compensation programs.

The metrics of measurement for incentive bonus awards include Operating Profits, Sales Revenue, Return on Capital, and a newly added Personal Goal Achievement.

A greater emphasis has been placed on long-term incentives ("LTI") to bring the at risk elements of our compensation program more in line with shareholder interests for long term results. To coincide with the LTI emphasis the stock ownership policy for named executives was modified to require the following stock ownership guidelines: 4 times base salary for Mr. Walters, 2.5 times base salary for Mr. Magill and Mr. Ahmad, and 2 times base salary for Mr. Travis and Mr. Graham. The value of LTI awards is equal to median to 75 percentile of our peer grouping, with a specified percentage of equity awards including Non Qualified Stock Options, which vest ratably over a 3 year period, and Restricted Stock Awards which vest either ratably over 3 years or vest at the end of the three year period.

An expanded peer group was adopted in 2010 including companies involved in Printing and Apparel manufacturing as well as others in general manufacturing. We also subscribe to a compensation database incorporating the compensation information for several thousand companies. This information coupled with analysis provided by our outside consultant (Hewitt Associates, LLC) provides us with a measurement base to establish our competitive position regarding specific and overall executive compensation. Our targets as stated in percentiles is to compensate in the median to 75 percentile range for all elements of executive compensation, both more immediate and long term.

Our modified payout measurement structure allows for 50% at 85% achievement of Plan, 100% at Target, and 200% at 115% of Plan. Individual percentage factors range from 80% to 45%, thereby placing a cap on maximum non-equity awards (performance bonuses).

We have determined our compensation programs pose no material risk to the company. Factors considered were a balanced pay mix incorporating features for both short and long-term incentives, well balanced and capped metrics for earning performance pay, ability to recognize and access actions not reflecting the Company's conservative management philosophy, no excessive commission programs, ability to assess competitiveness of our compensation programs, stock ownership policies, adherence to the Company's ethics policies. We plan to incorporate a clawback policy to adhere to SEC requirements when released.

Overview

Who is responsible for determining the compensation of executive officers?

The Compensation Committee (the "Committee") of our Board of Directors determines compensation for all executive officers, including named executive officers. The Committee consists entirely of independent directors who are determined by the Nominating and Corporate Governance Committee of the Board of Directors. The Committee reviews the performance of the Company, assesses the performance of the individuals, and will from time to time retain the services of an independent consulting firm, obtaining "best practice" advice as well as research of compensation plans for comparable executives within the manufacturing industry and more specifically the printing and apparel sectors. During 2009-2010, the Committee retained the services of Hewitt Associates, LLC as an independent compensation advisor. The independent advisor provided assessments and recommendations relating to the compensation programs for the named top executives. Hewitt Associates, LLC performs no other services for our Company.

The ability of the Committee members to judge performance effectively is enhanced by the exposure they get to Ennis' operations as members of our Board of Directors. The Board participates in regular updates on our business priorities, strategies and results through attendance at regularly scheduled Board meetings. The independent Directors participate in frequent interviews with all key executives during the course of the year and have frequent interaction with and open access to all executive officers as well as other members of our management team. This gives them considerable opportunity to ask questions and assess the performance of individual executives and the Company. The CEO provides regular input relating to the performance of individual executives and is invited to attend portions of most Compensation Committee meetings.

The Committee has taken action where appropriate and possible, to preserve the deductibility of compensation paid to the named executive officers in compliance with Internal Revenue Code Section 162(m), which requires, among other things, that executive compensation must qualify as "performance-based compensation" to qualify for and preserve tax deductibility.

What are the objectives of our compensation program for executive officers and what is it designed to reward?

The objective of the compensation program for our executive officers is to hold them accountable for the financial and competitive performance of the Company and their individual contributions toward successful

Company results. While the design and structuring of our executive compensation program is performance based and will ultimately include a larger “at risk” percentage of overall compensation, we do not believe it encourages excessive risk-taking. We believe the combination of compensation elements in the program provides the Named Executive Officers with the appropriate incentives to create long-term value for our shareholders by taking thoughtful and prudent actions to properly manage the Company for the ultimate benefit of all stakeholders. The compensation program is based on the following principles:

1. Pay for performance — pay better than the market median for performance that is superior to competitors.
2. Provide rewards that motivate executives to think and act in the best interest of our shareholders and insure they consider themselves a meaningful part of that group.

The Committee judges performance based on four specific measures: revenue goals, operating margin and return on capital. Additionally, each executive including the CEO provides a list of predetermined personal objectives to be accomplished during the next fiscal year. These goals are submitted to and reviewed for approval by the Compensation Committee each year. The accomplishment level of these personal goals is provided to the Committee by the CEO in agreement with the executive group. This agreed to accomplishment level provides the fourth area of measurement for each executive. The Committee considers and assesses the Company’s progress in key strategic areas such as new markets served and acquisitions and the executive’s contribution in these key areas.

<u>What are the elements of our executive compensation</u>?

Our executive compensation consists of four basic elements:

1. Cash compensation, consisting of base salary and performance bonus.
2. Long-term compensation awarded as equity, consisting generally of stock options and restricted stock units.
3. Basic Company benefits, consisting of standard benefits as offered to other employees, including retirement benefits, health and life insurance.
4. Perquisites, consisting of auto allowance, opportunity to defer cash compensation, supplemental retirement contributions and company-paid supplemental life insurance.

<u>Why do we choose to pay each element and how do we decide how much to pay or include as compensation</u>?

We believe the combination of cash compensation and long-term equity compensation creates the right balance between performance, reward, retention and promotion of shareholders’ interests.

The Committee determines the combination and amount of each of these elements when setting the levels of our executive’s compensation. Executive compensation is reviewed annually at the first quarterly Board meeting following the conclusion of our fiscal year. From time to time the Committee may meet to consider any off cycle changes that it deems appropriate because of changes in job responsibility or regulatory requirements.

The specifics of each element are as follows:

<u>*Cash Compensation*</u>

Cash compensation is a combination of base salary and performance bonus. Our objective is to deliver total cash compensation that reflects the Company’s performance as well as the executive’s individual contribution to that performance. If the Company and individual perform better than competitors, the goal is to deliver total cash compensation that is generally above the market median. If performance is below expectation, the total cash compensation will be generally below the market median.

<u>Base Salary</u> — This is the least variable form of compensation intended to compensate the executive officers for the job duties assigned. The Company generally pays base salaries between the median and 75th percentile of the market for officers performing comparable jobs as indicated by market studies performed by outside independent consultants hired by and reporting only to the Compensation Committee. The base salary of executive officers can vary depending on the individual’s qualifications, experience, and performance and is at the Committee’s discretion.

The Committee determines the target range for executive positions by gathering specific information about base salaries and total cash compensation for similar positions in the relevant study category as specified by the Committee. The relevant study category typically includes matching positions at manufacturing companies within our industry and other companies of a similar size. This information is compiled and supplied to the Committee by the independent compensation consultant selected by the Committee and similarly assessed utilizing an independent compensation database subscribed to by the company. The Committee may or may not adjust base salaries based upon its analysis of the study data and performance. A summary of this analysis and relevant information is included in the *Discussion of Performance and Compensation Committee Actions for Fiscal Year 2010 and 2011*, section of this report.

Performance Bonuses — This element is variable and depends upon the Company's performance and the executive officers' contribution toward that performance. The Committee has full discretion to determine the participation in, and the allocation of, any developed bonus pool for the named executive officers.

The Annual Performance Bonus Plan is designed to reward executives for the attainment of Company performance measures. Each executive is assigned a percentage of base salary eligibility for reaching targeted performance. A threshold is established at 85% of targeted performance before a bonus is considered. Executives are eligible for up to 200% of their assigned target percentage should targeted goals be reached or exceed 115%. These percentages are based upon the Committee's determination of level of responsibility. The current percentages of base salary eligibility for the named executive officers are:

	Threshold 85% of Target	Target	Maximum 115% of Target
Keith S. Walters	40%	80%	160%
Richard L. Travis, Jr.	28%	55%	110%
Michael D. Magill	28%	55%	110%
Ronald M. Graham	23%	45%	90%
Irshad Ahmad	28%	55%	110%

A bonus pool is generated based upon these percentages if predetermined goals are met in the areas of profit, return on capital, sales and personal goals. These are weighted by importance at 30% profit, 30% return on capital, 20% sales growth, and 20% personal goals. These goals are established and approved by the Board at the beginning of the fiscal year based upon the approved business plan. The business plan is presented to the Board for approval after review and analysis, to assure that the plan meets or exceeds strategic objectives for the year. *Profit* as used in this calculation is equal to our net earnings before the after tax impact of all bonus awards. *Return on capital* is computed by dividing our *profit* by our average shareholders' equity during the fiscal year.

When the year-end audited financials are available, the bonus pool is finalized by Management and presented to the Committee. The Committee analyzes the performance of the executive officers and the performance of the Company against the predetermined goals to determine the extent of bonus to be awarded. The Committee arrives at its own conclusions as to the level of bonus awards. In 2011 the bonus awards were made strictly by formula with no discretionary adjustments. The Committee presents the recommendations to the Board for discussion and approval. Only independent directors vote on the final awards.

The Board may determine any discretionary bonus awards for the prior fiscal year period at the April quarterly meeting. Discretionary bonuses may be awarded to executives for exceptional performance that was not anticipated by the business plan used in establishing the annual performance goals. An example would be a successful acquisition of a business during the previous year. Another could be the successful sale of a business during the year. The independent directors have the sole authority in determining and awarding any discretionary bonus. All bonuses awarded during the fiscal year were performance based. A summary and discussion of Committee actions on performance bonuses is included in the *Discussion of Performance and Compensation Committee Actions for Fiscal Year 2010 and 2011*, section of this report.

Equity Awards

Equity awards for our named executive officers have been granted from our 2004 Long-Term Incentive Plan of Ennis, Inc., as amended and restated on May 14, 2008, formerly the 1998 Option and Restricted Stock Plan amended and restated as of June 17, 2004. All previously granted awards are disclosed in the Outstanding Equity Awards at Fiscal Year End Table.

When granted, equity awards are meant to align the interests of named executive officers with our shareholders, and to motivate and reward our executive officers to increase the shareholder value of the Company over the long term. The 2004 Long-Term Incentive Plan, as approved by shareholders, allocated 500,000 shares of stock to be available to management and non-employee directors in the form of options (either incentive stock options or non-qualified stock options), restricted stock grants, stock appreciation rights, restricted unit grants, phantom stock options or other incentive awards. The Compensation Committee determines eligible employees, the timing of options and award grants, the number of shares granted, vesting schedules, option prices and duration and other terms of any stock options and other awards.

We also believe that long-term incentive awards are a key element in retaining key individuals. The Committee believes it is important to retain a strong, capable executive team that has aligned interests with the Company's shareholders. To further promote alignment of interests with shareholders, the Committee has recommended guidelines for Executive Stock Ownership (See Corporate Governance Guidelines). The types of equity awards granted under the 2004 Long-Term Incentive Plan include:

Incentive Stock Options — Each stock option represents the right to purchase a specified number of shares of our Common Stock at the set exercise price subject to the terms of an option agreement. The exercise price is the fair market value of the Company's stock on the day the Committee grants the option. As a result, any value that an executive receives from a stock option is solely the result of increases in the value of the stock. Any increase in the value of the stock benefits all our shareholders, which aligns the executive and shareholder interests. These options generally vest ratably over three to five years. They have a term of ten years.

Non-Qualified Stock Options — This type of option is similar to the Incentive Stock Option and is typically used only when Incentive Stock Options are limited by the plan or IRS limitations.

Restricted Stock Grants — The Committee can also grant awards of restricted stock to the executive officers. Any granted shares are typically granted with a restrictive vesting schedule, which renders the shares subject to substantial risk of forfeiture if or when an executive terminates employment prior to vesting. The stock is granted at the fair market value of the Company's stock on the day the Committee awards the grant. The recipient of a grant is entitled to dividends on the shares beginning on the grant date. These grants typically vest ratably at 33 1/3 percent per year.

There are additional methods of rendering stock value to recipients under the terms of the shareholder approved Long-Term Incentive Plan including, stock appreciation rights, phantom stock options and dividend equivalent rights. The Committee has determined that these methods will not be used at this time.

Perquisites

The fourth basic element of compensation for the named executive officers is perquisites. The named executive officers typically enjoy the same benefit as all salaried employees; however, the Committee has determined that the named executive officers will receive an auto allowance as follows::

Mr. Walters	$	12,000	Annually
Mr. Travis	$	8,000	Annually
Mr. Magill	$	8,000	Annually
Mr. Graham	$	8,000	Annually
Mr. Ahmad	$	8,000	Annually

Other Benefits

Retirement Plans

All named executive officers participate in the Pension Plan for the Employees of Ennis, Inc. This is a Company funded defined benefit plan which promises a certain benefit to the eligible named executive officers upon normal retirement. Normal retirement is defined as the first day of the month of the latter of his 65th birthday or the fifth anniversary of participation if hired after age 60. This does not imply mandatory retirement at age 65. The pension plan provides for retirement benefits on a formula based on the average pay of the highest five consecutive compensation years during active employment, integration of certain Social Security benefits, years of service and reaching a normal retirement age of 65.

The Internal Revenue Code limits the maximum annual compensation covered by the plan. The limit for 2010 is $245,000. This limitation as well as the limitation on highly compensated participants in the Ennis 401(k), significantly limits the retirement benefit for the named executive officers. A supplemental executive retirement plan (SERP) under the Ennis Deferred Compensation Plan was established to make-up some of the retirement benefits lost due to the imposed limitations. Actuarial projections for the supplemental retirement plan (SERP) indicated all named executives with the exception of the CEO are currently sufficiently funded, assuming current salary levels, to provide the planned levels of benefits. The CEO was granted a $400,000 funding to partially bring his level of benefits closer to the planned level. Similar grants may be necessary over the next 3 years. The named executive officers were granted the following non-qualified deferred benefits during fiscal year 2011.

	Supplemental Retirement Benefit	Deferred 401(k) Match (non-qualified)
Mr. Walters	$ 165,444	$ 2,500
Mr. Travis	$ 60,924	$ 3,609
Mr. Magill	$ 78,937	$ -
Mr. Graham	$ 45,994	$ 2,724
Mr. Ahmad	$ 55,776	$ 3,981

All the named executive officers were eligible to participate in the Ennis 401(k) Plan, which is a qualified plan that allows all employees of the Company to save up to allowed limits on a before tax basis. The named executive officers did not receive any matching Company contributions under the qualified plan.

All named executive officers were eligible to defer cash compensation under the Ennis Deferred Compensation Plan, which is a non-qualified plan that allows deferral of compensation until retirement or termination. The amounts deferred by the named executive officers are indicated in the above table.

The named executive officers receive an annual non-qualified match of 25% limited to $5,000 for savings in the Company's 401(k) Plan. The match would accumulate in the Company's Non-qualified Deferred Compensation Plan.

The named executive officers are eligible for Company paid supplemental term life insurance at the following benefit amounts:

Mr. Walters	$ 1,000,000
Mr. Travis	$ 500,000
Mr. Magill	$ 500,000
Mr. Graham	$ 500,000
Mr. Ahmad	$ 500,000

The Company's contribution paid for this benefit is imputed as income to the executive and the named executive does not receive a tax gross up for this benefit.

In 2009, the Compensation Committee established certain company stock ownership guidelines coverings its executive officers. The guidelines were modified during the last fiscal year and currently are as follows:

Name	Multiple of Base Salary
Mr. Walters	4.0 X
Mr. Magill	2.5 X
Mr. Travis	2.0 X
Mr. Graham	2.0 X
Mr. Ahmad	2.5 X

It is the expectation that each executive officer will reach and maintain this minimum level of ownership commitment within the later of 5 years from the adoption of this guideline or 5 years from the date of their appointment as an executive officer.

Employment Agreements

The Committee has determined that it is in the best interests of the Company and its shareholders to enter into employment agreements with each of the named executive officers. The current agreements have initial terms, ranging from 1 to 3 years beginning January 1, 2009 and are automatically extended on a year-to-year basis after the initial term unless notification of non-renewal is given 60 days in advance of the agreement current expiration date. The employment contracts are referenced as exhibits to our Annual Report on Form 10K. We entered into these agreements to ensure the retention of covered executives and provide encouragement to perform their roles for an extended period of time with focus on annual and multiple year objectives.

The agreements establish the beginning base salary, eligibility for bonuses, benefits, perquisites, as well as, certain non-compete, non-solicitation, and confidentiality covenants that protect the Company.

Compensation upon termination is outlined in the agreements and described in detail below. If one of the named executive officers is terminated without cause or within two years after a change of control, or if the executive terminates the agreement for "good reason", as defined in the agreement, then the executive would receive a multiple of current base salary and the prior year's bonus as set forth in the following table.

	Without Cause	With Cause	Change of Control
	(base salary + bonus)	(base salary)	(base salary + bonus)
Mr. Walters	1X	0	2.99 X
Mr. Travis	1X	0	2.50 X
Mr. Magill	1X	0	2.50 X
Mr. Graham	1X	0	2.50 X
Mr. Ahmad	1X	0	2.50 X

In addition to these cash severance amounts, the named executive officer would be eligible for continuation of basic employee group benefits if terminated without cause, upon a change of control triggering event or resigns for good reason and would also vest for all qualified plan benefits and be eligible to receive either pay or reimbursement for employee costs and expenses for outplacement services, as is customary and reasonable in the Dallas area for the executive's level of responsibility. The basic benefit continuation period is three months for all named executive officers.

Definitions for Types of Termination Summarized from Employment Agreements.

Termination by the Company includes termination at death, total disability of 90 days or more in any 12 month period or retirement. There would be no requirement for severance payment for these reasons.

Termination for cause is defined to mean:

(i) conduct by Executive constituting a material act of willful misconduct in connection with the performance of duties, including without limitation, violations of Company's policies on sexual harassment, ethics, or any other policies then in effect; misappropriation of funds or property of Company or any of its affiliates other than the occasional, customary and de minimis use of Company property for personal purposes; or other willful misconduct that is below normal industry standards, as determined in the sole discretion of the Company;

(ii) continued willful and deliberate non-performance by Executive of his duties where non-performance continues for more than ten (10) days following written notice of such non-performance, unless ten (10) days notice would be futile in correcting issues related to non-performance;

(iii) Executive refuses or fails to follow lawful directives and such refusal or failure has continued for more than ten (10) days following written notice, unless the ten (10) days notice would be futile in correcting issues related to non-performance;

(iv) any criminal or civil conviction of Executive, a plea of nolo contendere, or other conduct by the Executive that has resulted in or would result in material injury to the reputation of the Company including, without limitation, conviction or fraud, theft, embezzlement or crime involving moral turpitude;

(v) a material breach by Executive of any of the provisions of the employment agreement;

(vi) alcohol/drug addiction and failure by Executive to successfully complete a recovery program; or

(vii) intentional wrongful disclosure of confidential information of Company or engaging in wrongful competitive activity with Company.

Termination <u>without cause</u> is defined, generally, as any termination of Executive's employment by the Company for any reason other than those specified above prior to the end of the term of the agreement.

Termination <u>by Executive</u>. The Executive can terminate his employment for <u>good reason</u> as defined below and after providing thirty (30) days written notice to the Company. Good reason means any of the following:

(i) Executive is removed from his position other than due to termination of the term of the employment agreement, discharge for cause, change of control, death, disability or retirement; or

(ii) Company fails to make payment to the Executive required to be made by the employment agreement.

<u>Severance Payment After Change of Control</u>

If any of the named executive officers is terminated within 90 days prior to or within two years after a change of control as defined by the employment agreements, the executive will be entitled to a lump sum severance payment and immediate vesting of benefits and long-term incentive awards and options. The value of these payments and benefits is set forth in the Potential Payments Upon Termination or Change in Control section.

Under the terms of the current employment agreements the named Executives are entitled to a "Tax Gross Up" in connection with a termination and severance as a result of change of control. If the Executive becomes subject to taxes of any state, local or federal taxing authority that would not have been imposed on such payments but for the occurrence of a change of control, including any excise tax under Section 4999 of the Code and any successor or comparable provision, then, in addition to any other benefits provided under or pursuant to the Agreement the Company shall pay to the Executive an amount equal to the amount of any such taxes imposed or to be imposed on the Executive. In addition the Company will "Gross Up" this amount in an additional amount equal to the aggregate amount of taxes that are or will be payable by the Executive as a result of this gross up payment. The amount of these gross up payments will be determined by a nationally recognized accounting firm selected by the Company.

<u>Discussion of Performance and Compensation Committee Actions for Fiscal Years 2010 and 2011</u>

The Committee met five times during fiscal year 2010-2011 for the purpose of considering overall compensation for the named executive officers of the Company. At those meetings, the members discussed and considered each officer's performance and relative contribution toward the performance of the Company during the fiscal year. The Committee also discussed the bonus generated for the fiscal year and the performance factors that contributed to the pool. There were discussions about the competitive positioning for the year, the named executive officers' 2010-2011 total compensation and all respective elements as compared to the compensation study supplied by the Committee's independent compensation consultant, Hewitt Associates, LLC. Hewitt Associates, LLC was selected and appointed by the Compensation Committee. They report directly to the Committee. Hewitt Associates, LLC does not perform any other services for the Company. The Consultant's study compared the named executive officers' compensation elements to those of direct competitors and similar sized general industrial companies. The industry competitors used in the study were:

Competitors:

Name of Company	**Business**
Cenveo, Inc.	Print Manufacturing
Standard Register, Inc.	Print Manufacturing
Delta Apparel, Inc.	Apparel Manufacturing
American Apparel, Inc.	Apparel Manufacturing
Bowne & Co. Inc.	Print Manufacturing
Consolidated Graphics Inc.	Print Manufacturing
Gildan Activewear Inc.	Apparel Manufacturing
Deluxe Corporation	Print Manufacturing

General Manufacturing:

Name of Company	**Business**
Enpro Industries Inc.	General Industry
Federal Signal Inc.	General Industry
Neenah Paper Inc.	General Industry
Viad Corp.	General Industry

A summary of the trended earlier study results comparing current base salaries is presented in the following table:

Executive Officers	**Base Salary**	**50th Percentile**	**75th percentile**
Mr. Walters	$854,760	$735,000	$819,000
Mr. Travis	$362,100	$341,250	$382,410
Mr. Magill	$469,200	$420,000	$510,300
Mr. Graham	$273,360	$266,280	$312,165
Mr. Ahmad	$400,000	$355,950	$417,480

The Committee reviewed and considered the performance of the Company relative to the competitors and made the determination that the Company performed better than its direct competitors and that the executive management of the Company had performed at or above expectations. However, considering the relative level of current salaries and the decision to place more emphasis on "at risk" and pay for performance compensation in the future, the Committee decided no increases would be granted for the 2011-2012 fiscal year. An exception was made for Mr. Ahmad who has the dual role of managing the apparel operations and the Company's information technology department. Mr. Ahmad received a 6.7% increase in base salary which was made effective as of February 28, 2011.

Executive Officers	**From**	**To**	**%**
Mr. Walters	$854,760	$854,760	0.0%
Mr. Travis	$362,100	$362,100	0.0%
Mr. Magill	$469,200	$469,200	0.0%
Mr. Graham	$273,360	$273,360	0.0%
Mr. Ahmad	$375,000	$400,000	6.7%

The Committee reviewed and considered the performance of the Company relative to the goals established in the annual incentive plan in order to determine the appropriate annual incentive awards for the named executive officers.

For the year ending February 28, 2011, the performance bonus targets were established as part of the annual planning process. Each operational division of the Company submits its business plans for review to the executive officers of the Company. This review includes the consideration of the market circumstances, material cost, operational challenges and the appropriate level of task. All of the divisional plans and corporate expenses are combined to determine the overall business plan for the Company. The sales, profit before bonus, and return on capital goals are determined and recommended by executive management as the targets for the business year. After review and discussion the Board adjusts or approves the business plan targets. The result is established as the business plan for the year with predetermined targets for sales, profit before bonus, and return on capital. The business plan targets for the year ended February 28, 2011 were:

Sales	$ 538,785,000
Profit before bonus	$ 31,221,000
Return on Capital	9.1%

Reaching these targets would result in the generation of 100% bonus pool for the named executive officers. The Committee evaluates the performance of the individual named officers and determines the amount of bonus to be awarded from the bonus pool. For the year ended February 28, 2011, the following performance was achieved:

Sales	$ 549,999,000
Profit before bonus	$ 46,573,000
Return on Capital	14.1%

Based on the results for the fiscal year, the following Achieved Multiple % factors were obtained.

	% of Target	Achieved Multiple %
Sales	102%	114%
Profit before bonus	149%	200%
Return on Capital	146%	200%

Based on the business plan achieved multiple percentage results and the achievement of individual goals the following percentages were earned by each executive officer during the fiscal year.

Executive Name	Sales* (20%)	Profit before bonus* (30%)	Return on Capital* (30%)	Individual Goals (20%)	Total (100%) A	Earned % at Target B	Actual Earned % A x B
Mr. Walters	23%	60%	60%	20%	163%	80%	130%
Mr. Travis	23%	60%	60%	9%	152%	55%	84%
Mr. Magill	23%	60%	60%	12%	155%	55%	85%
Mr. Graham	23%	60%	60%	19%	162%	45%	73%
Mr. Ahmad	23%	60%	60%	20%	163%	55%	90%

*Indicated % in the table are derived by taking the Indicated (%) for each category times corresponding Achieved Multiple %.

Based on the achievement the Committee recommended and the Board approved incentive plan bonuses for the named executives according to formula and no adjustments were made. The following bonuses were awarded April 21, 2011:

Mr. Walters	$1,113,239
Mr. Travis	$302,318
Mr. Magill	$401,025
Mr. Graham	$199,525
Mr. Ahmad	$360,000

In addition to any base salary adjustments and incentive plan bonus payments, the Committee determined that the following stock awards would be granted to the named executive officers and priced based on the opening market price of the Company's common stock on April 21, 2011:

Mr. Walters	22,059	Restricted Stock Grants (1)
Mr. Walters	25,394	Restricted Stock Grants (2)
Mr. Travis	23,641	Non-Qualified Options
Mr. Travis	5,397	Restricted Stock Grants (2)
Mr. Magill	29,551	Non-Qualified Options
Mr. Magill	6,818	Restricted Stock Grants (2)
Mr. Graham	4,706	Restricted Stock Grants (1)
Mr. Graham	4,071	Restricted Stock Grants (2)
Mr. Ahmad	29,551	Non-Qualified Options
Mr. Ahmad	6,985	Restricted Stock Grants (2)

These grants are made by the Committee under the terms of the Company's Long Term Incentive Plan. The non-qualified options vest 1/3 annually commencing on the first anniversary date of grant. All options/grants were priced based on the opening market price of the Company's stock on April 21, 2011 ($17.57). The restricted stock grants vest either 1/3 annually (1), or have a 3 year cliff vesting in which they vest 100% 3 years from the date of grant (2).

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management this Compensation Discussion and Analysis section of the Company's 2011 Proxy Statement. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Proxy Statement for 2011 and its Annual Report on Form 10-K for the fiscal year ended February 28, 2011.

THE ENNIS, INC. COMPENSATION COMMITTEE

Frank D. Bracken
Godfrey M. Long, Jr.
Alejandro Quiroz
James C. Taylor, Chairman

Summary Compensation Table

The following table sets forth fiscal year end 2011 compensation information regarding the Company's Chief Executive Officer, Chief Financial Officer and the three remaining most highly paid executive officers during the year ended February 28, 2011, collectively, the "named executive officers".

Name and Principal Position	Year	Salary ($)	Bonus	Stock Awards (1)	Option Awards (2)	Non-Equity Incentive Plan Compensation (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4)	All Other Compensation (5)	Total
Keith S. Walters	2011	$ 854,760	$ -	$ 553,800	$ -	$ 1,113,239	$ 220,959	$ 182,364	$ 2,925,122
Chairman of the Board,	2010	$ 838,000	$ -	$ 232,440	$ -	$ 540,696	$ 486,487	$ 182,363	$ 2,279,986
President and Chief	2009	$ 827,802	$ -	$ 309,800	$ -	$ 105,000	$ (373,820)	$ 232,180	$ 1,100,962
Executive Officer									
Richard L. Travis, Jr.	2011	$ 362,100	$ -	$ 36,920	$ 50,220	$ 302,318	$ 74,603	$ 74,248	$ 900,409
Vice President - Finance, Chief	2010	$ 355,000	$ -	$ -	$ 23,745	$ 152,703	$ 97,046	$ 74,188	$ 702,682
Financial Officer and Secretary	2009	$ 348,884	$ -	$ 130,116	$ -	$ 26,500	$ (54,248)	$ 95,965	$ 547,217
Michael D. Magill	2011	$ 469,200	$ -	$ 27,690	$ 66,960	$ 401,025	$ 49,555	$ 88,487	$ 1,102,917
Executive Vice President	2010	$ 460,000	$ -	$ -	$ 31,660	$ 197,868	$ 155,502	$ 88,494	$ 933,524
	2009	$ 450,075	$ -	$ 151,802	$ -	$ 30,000	$ (107,608)	$ 114,550	$ 638,819
Ronald M. Graham	2011	$ 273,360	$ -	$ 73,840	$ 25,110	$ 199,525	$ 86,280	$ 59,723	$ 717,838
Vice President - Administration	2010	$ 268,000	$ -	$ 17,880	$ 7,915	$ 115,280	$ 145,521	$ 59,679	$ 614,275
	2009	$ 264,333	$ -	$ 91,081	$ -	$ 21,500	$ (43,859)	$ 78,505	$ 411,560
Irshad Ahmad (6)	2011	$ 375,000	$ -	$ 27,690	$ 66,960	$ 360,000	$ 32,983	$ 68,321	$ 930,954
Vice President - Apparel Division,	2010	$ 325,000	$ -	$ -	$ 31,660	$ 139,798	$ 35,798	$ 64,340	$ 596,596
Chief Technology Officer	2009	$ 253,842	$ -	$ 21,686	$ -	$ 30,000	$ (13,242)	$ 35,081	$ 327,367

(1) The amounts in this column represent the aggregate grant date fair value, computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, of restricted stock units granted during fiscal year 2011, 2010 and 2009. All of the amounts in this column are consistent with the estimate of aggregate compensation expense to be recognized over the applicable vesting. The assumptions used to calculate these values are set forth in Note 10 to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended February 28, 2011.

(2) The amounts in this column reflect the aggregate grant date fair value, computed in accordance with ASC Topic 718, for awards of stock options granted during the fiscal years ended 2011, 2010 and 2009. All of the amounts in this column are consistent with the estimate of aggregate compensation expense to be recognized over the applicable vesting period. The assumptions used to calculate these values are set forth in Note 10 to our consolidated financial Statements, which are included in our Annual Report on Form 10-K for the year ended February 28, 2011.

(3) The amounts awarded for fiscal years ended February 28, 2011 and February 28, 2010 represent amounts paid under the Company's Bonus Plan (the "Plan") for the accomplishment of pre-set performance goals. In these years, the Company exceeded predetermined combined performance goals for profit, return on capital and sales. The incentive awards reflect this performance and awards are at or slightly above the named executive officers' target award levels. The amounts for the fiscal year ended February 28, 2009 represent discretionary bonus amounts paid under the Company's Plan.

(4) The actuarial increase in the present value of the named executive officer's benefits under the Company's pension plan using the actuarial process specified by the pension plan. For named executive officers who leave and have not completed five years vesting service, amounts assume vesting in all cases and retirement at age of

65. In addition, the earnings on Company contributions in the Deferred Compensation Plan are reflected in the column. The Company contributions are invested in an array of mutual funds held in a Rabbi Trust. The investment returns are consistent with the type of funds available for retirement funds and are similar to the funds available in the Company's 401(k) Plan. Mr. Walters, also, has 20,000 share units of phantom stock in the Company Deferred Compensation Plan. The amount in this column for Mr. Walters includes the increase (decrease) in value and dividends accrued during this year.

(5) Information regarding the amount included in this column is as follows:

	Company Contribution to Benefit Plans (a)	Perquisites and Other Personal Benefits (b)	Other (c)	Total
Keith S. Walters	$ 167,944	$ 12,000	$ 2,420	$ 182,364
Richard L. Travis, Jr.	$ 64,533	$ 8,000	$ 1,715	$ 74,248
Michael D. Magill	$ 78,937	$ 8,000	$ 1,550	$ 88,487
Ronald M. Graham	$ 48,718	$ 8,000	$ 3,005	$ 59,723
Irshad Ahmad	$ 59,757	$ 8,000	$ 564	$ 68,321

(a) The contributions made to the Ennis Deferred Compensation Plan for supplemental retirement benefits. The amounts are awarded by the Compensation Committee on an annual basis. The actual contributions were as follows: Mr. Walters, $165,444; Mr. Travis, $60,924; Mr. Magill, $78,937; Mr. Graham, $45,994; and Mr. Ahmad, $55,776. In addition, each of the named executive officers was eligible for an additional 25% match to any savings in the Company's 401(K) Plan. The match contributions were: Mr. Walters, $2,500; Mr. Travis, $3,609; Mr. Magill, $0; Mr. Graham, $2,724; and Mr. Ahmad, $3,981.

(b) The amount received by the named executive officers for auto allowance.

(c) The amount paid for supplemental executive life insurance premiums during this fiscal year for Mr. Walters, Mr. Travis, Mr. Magill, Mr. Graham and Mr. Ahmad.

Grants of Plan-Based Awards

The following table provides information on stock option grants to the named executive officers during fiscal year ended February 28, 2011.

	Date of Grant	Number of Shares Awarded	Grant Date Fair Value of Awards (b)
Richard L. Travis, Jr.	04/29/2010	15,000	$ 50,220
Michael D. Magill	04/29/2010	20,000	$ 66,960
Ronald M. Graham	04/29/2010	7,500	$ 25,110
Irshad Ahmad	04/29/2010	20,000	$ 66,960

(a) Stock options have ten-year terms and vest in equal annual installments on successive anniversaries over 3 years. The exercise price of all options is the closing price of the Company's stock on the grant date. The stock options are awarded as part of the Company's Long-Term Incentive Program.

(b) The grant date fair value of options is based on the Black-Scholes value at the time of grant times the number of shares awarded.

The following table provides information on restricted stock grants to the named executive officers during fiscal year ended February 28, 2011.

	Date of Grant	Number of Shares Awarded (a)	Grant Date Fair Value of Awards (b)
Keith S. Walters	04/29/2010	30,000	$ 553,800
Richard L. Travis, Jr.	04/29/2010	2,000	$ 36,920
Michael D. Magill	04/29/2010	1,500	$ 27,690
Ronald M. Graham	04/29/2010	4,000	$ 73,840
Irshad Ahmad	04/29/2010	1,500	$ 27,690

(a) 10,000 of the 30,000 restricted stock grants awarded to Mr. Walters vested immediately. All of the remaining awards of restricted stock granted vest in equal annual installments on successive anniversaries over 3 years. The restricted stock grants are awarded as part of the Company's Long-Term Incentive Program.

(b) Calculated based on the closing market price of the Company's common stock as of the date of grant — $18.46. For the value of these grants as of 2/28/11 — see the following table.

Outstanding Equity Awards at Fiscal Year End

The following table provides information regarding stock options and restricted stock held by the named executive officers as of February 28, 2011.

	Option Awards					Stock Awards (2)	
Executives' Name	Date of Option Grant	Number of Securities Underlying Unexercised Options Excercisable	Number of Securities Underlying Unexercised Options Unexcercisable (1)	Option Exercise Price	Option Expiration Date	Stock Awards Number of Shares or Units of Stock Awards That Have Not Vested	Market Value of Shares or Units of Stocks That Have Not Vested (3)
Keith S. Walters	2/27/2006	5,200	-	$ 19.69	2/27/2016	-	-
	4/23/2008		-			6,668	$ 108,355
	4/29/2010		-			20,000	$ 325,000
Richard L. Travis, Jr.	2/27/2006	5,200	-	$ 19.69	2/27/2016	-	-
	4/29/2009	2,500	11,250	$ 8.94	4/29/2019	-	-
	4/29/2010		15,000	$ 18.46	4/29/2020	-	-
	4/23/2008		-			2,800	$ 45,500
	4/29/2010		-			2,000	$ 32,500
Michael D. Magill	6/17/2004	13,700	-	$ 15.64	6/17/2014	-	-
	2/27/2006	2,600	-	$ 19.69	2/27/2016	-	-
	4/29/2009	3,000	15,000	$ 8.94	4/29/2019	-	-
	4/29/2010		20,000	$ 18.46	4/29/2020	-	-
	4/23/2008		-			3,268	$ 53,105
	4/29/2010		-			1,500	$ 24,375
Ronald M. Graham	2/27/2006	5,200	-	$ 19.69	2/27/2016	-	-
	4/29/2009	1,250	3,750	$ 8.94	4/29/2019	-	-
	4/29/2010		7,500	$ 18.46	4/29/2020	-	-
	4/23/2008		-			1,960	$ 31,850
	4/29/2010		-			4,000	$ 65,000
Irshad Ahmad	2/27/2006	1,300	-	$ 19.69	2/27/2016	-	-
	4/29/2009	5,000	15,000	$ 8.94	4/29/2019	-	-
	4/29/2010		20,000	$ 18.46	4/29/2020	-	-
	4/23/2008		-			468	$ 7,605
	4/29/2010		-			1,500	$ 24,375

(1) The stock option awards granted on April 29, 2009 and April 29, 2010 vest in equal annual installments over 4 years and 3 years, respectively.

(2) The awards of restricted stock granted vest in equal annual installments over 3 years.

(3) Calculated using the NYSE closing price of $16.25 per share of our Common Stock on February 28, 2011.

Option Exercises and Stock Vested

The following table provides information as to each of the named executive officers information on exercises of stock options and the vesting of restricted stock awards during fiscal year ended February 28, 2011, including: (i) the number of shares of Common Stock underlying options exercised during fiscal year ended February 28, 2011; (ii) the aggregate dollar value realized upon the exercise of such options; (iii) the number of shares of our Common Stock received from the vesting of awards of restricted stock during fiscal year ended February 28, 2011; and (iv) the aggregate dollar value realized upon such vesting on February 28, 2011, which is the vesting date of the restricted stock awards reflected in the table.

	Option Awards		Stock Awards	
Executives' Name	Number of Shares Acquired on Exercise (#) (1)	Value Realized on Exercise ($) (2)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (3)
Keith S. Walters	25,000	$ 215,498	34,466	$ 632,552
Richard L. Travis, Jr.	1,250	$ 8,563	4,800	$ 84,240
Michael D. Magill	2,000	$ 17,700	5,600	$ 98,280
Ronald M. Graham	5,000	$ 42,600	4,360	$ 77,948
Irshad Ahmad	-	$ -	800	$ 14,040

(1) Mr. Walters exchanged 10,580 shares of Ennis common stock for 21,990 shares of Ennis common stock. The value of the shares being exchanged was used to acquire the 21,990 options being exercised.

(2) The amount realized equals the difference between the fair market value of Common Stock on the date of exercise and the exercise price, multiplied by the number of shares acquired on exercise.

(3) The amount realized is based on the market value of the stock at date of vesting.

Pension Benefits

We have a noncontributory retirement plan that covers approximately 14% of our employees. The plan provides for retirement benefits on a formula based on the average pay of the highest five consecutive compensation years during active employment, integration of certain Social Security benefits, length of service and a normal retirement age of sixty-five. All forms of remuneration, including overtime, shift differentials and bonuses, are covered by the plan. However, due to restrictions imposed by the Internal Revenue Code, effective January 1, 2002, the maximum annual compensation covered by the plan is limited to $205,000. Future years' maximum can be increased for inflation (for 2011, the maximum is $245,000).

The following table shows the present value as of February 28, 2011 of the benefit of the named executive officers under our qualified defined benefit pension plan.

Name	Plan	Number of Years Credited Service (1)	Change in Present Value of Accumulated Benefit During the Year	Present Value of Accumulated Benefit (2)	Payments During Fiscal 2011
Keith S. Walters	Ennis, Inc. DB Pension Plan	13.5	$ 56,972	$ 322,232	$ -
Richard L. Travis, Jr.	Ennis, Inc. DB Pension Plan	5.2	$ 24,850	$ 87,039	$ -
Michael D. Magill	Ennis, Inc. DB Pension Plan	7.2	$ 44,553	$ 192,414	$ -
Ronald M. Graham	Ennis, Inc. DB Pension Plan	13.0	$ 62,185	$ 353,849	$ -
Irshad Ahmad	Ennis, Inc. DB Pension Plan	4.0	$ 11,253	$ 32,826	$ -

(1) Credited service began on the date the named executive became eligible to participate in the plan. Participation began on January 1 following the year of employment. Accordingly, each of the named executives has been employed by Ennis for longer than the years of credited service shown above.

(2) The assumptions and valuation methods used to calculate the present value of the Accumulated Pension Benefits shown are the same as those used by Ennis for financial reporting purposes and are described in Note 11 to Ennis Annual Report on Form 10-K for the year ended February 28, 2011.

Nonqualified Defined Contribution and Deferred Compensation in Last Fiscal Year

The following table shows the information about the contributions and earnings, if any, credited to the accounts maintained by the named executive officers under nonqualified defined contribution and deferred compensation agreements, any withdrawals or distributions from the accounts during fiscal year 2010, and the account balances on February 28, 2011.

Executives' Name	Executive Contribution in Fiscal Year 2011 (1)	Registrant Contribution in Fiscal Year 2011 (2)	Aggregate Earnings in Fiscal Year 2011 (3)	Aggregate Withdrawals/ Distribution	Aggregate Balance at February 28, 2011
Keith S. Walters	$ 120,000	$ 167,944	$ 163,987	$ -	$ 4,140,200
Richard L. Travis, Jr.	$ 150,925	$ 64,533	$ 49,753	$ -	$ 925,284
Michael D. Magill	$ -	$ 78,937	$ 5,002	$ -	$ 575,634
Ronald M. Graham	$ -	$ 48,718	$ 24,095	$ -	$ 399,489
Irshad Ahmad	$ 10,000	$ 59,757	$ 21,730	$ -	$ 231,727

(1) The named executive officers are able to defer a percentage of their salary and bonus upon voluntary elections made by them into the Ennis Deferred Compensation Plan. The amounts indicated represent the portions so deferred by each named executive last fiscal year. The amounts indicated have been included in the salary column of the *Summary Compensation Table* on page 40.

(2) Amounts represent contributions to be made by the Company for the 2011 fiscal year to the Ennis Deferred Compensation Plan for Supplemental Retirement Benefits. The amounts are awarded each year by the Compensation Committee. In addition, amounts indicated include the Company's 401(K) Plan match of the following amounts: Mr. Walters, $2,500; Mr. Travis, $3,609; Mr. Magill, $0; Mr. Graham, $2,724 and Mr. Ahmad, $3,981. Amounts indicated have been included in the "All Other Compensation" column of the *Summary Compensation Table* on page 40.

(3) Amounts represent earnings on Company contributions during the year on each named executives' deferred compensation account. Mr. Walters' amount also includes $30,000 gained during the year on his 20,000 shares of phantom stock. These earnings have been included in "Change in Pension Value and Non Qualified Deferred Compensation Earnings" column of the *Summary Compensation Table* on page 40.

Potential Payments upon Termination or Change in Control

The following tables summarize the estimated payments to be made under certain circumstances to each named executive officer as more completely described in the *Employment Agreements* section in the *Compensation Disclosure and Analysis*. For the purposes of the quantitative disclosure in the following tables, and accordance with SEC regulations, we have assumed that the termination took place on February 28, 2011.

The following table describes payments that would be required to each of our named executive officers in the event of a "Change in Control" as defined by the Employment Agreements.

	CHANGE IN CONTROL						
Executives' Name	Base Salary and Bonus (1)	Group Benefit Plans Continuation (2)	Other Benefits (3)	Pension Benefits	Deferred Compensation (4)	Equity Awards (5)	Total
Keith S. Walters	$ 4,172,413	$ 3,251	$ 20,000	$ 322,232	$ 4,140,200	$ 433,355	$ 9,091,451
Richard L. Travis, Jr	$ 1,287,008	$ 1,354	$ 271,724	$ 87,039	$ 925,284	$ 178,513	$ 2,750,922
Michael D. Magill	$ 1,667,670	$ 4,261	$ 20,000	$ 192,414	$ 575,634	$ 217,417	$ 2,677,396
Ronald M. Graham	$ 971,600	$ 3,251	$ 20,000	$ 353,849	$ 399,489	$ 133,400	$ 1,881,589
Irshad Ahmad	$ 1,286,995	$ 3,942	$ 293,718	$ 32,826	$ 231,727	$ 178,180	$ 2,027,388

(1) Amounts indicated in the table are as of February 28, 2011. When termination is a result of change in control as defined in Employment Agreements and qualifies for change in control, severance payment is equal to 2.99

times Mr. Walters' base salary and prior years' (fiscal year 2010) bonus. All other named executive officers would receive amounts equal to 2.5 times their base salary and prior years' (fiscal year 2010) bonus. All wages and salary, bonuses, fringe benefits, pension benefits and other deferred compensation arising out of the employment relationship are treated as compensation. Transfers of stock options and stock grants are also treated as compensation payments. If current salary and prior years' (fiscal year 2011) bonuses were used (i.e., amounts currently payable), the calculated amounts would be approximately as follows: Mr. Walters, $5,884,000; Mr. Travis, $1,661,000; Mr. Magill, $2,176,000; Mr. Graham, $1,182,000; and Mr. Ahmad, $1,900,000.

(2) All named executive officers receive three months of continued group benefits.

(3) All named executive officers would receive up to $20,000 toward outplacement services. Mr. Travis and Mr. Ahmad include "tax gross up" of $251,724 and $273,718 respectively, see Item 6 below.

(4) Aggregate account value as of February 28, 2011. The amounts shown in the *Nonqualified Defined Contribution and Deferred Compensation in Last Fiscal Year* table on page 45 include the amounts shown in this column.

(5) Calculated as the (i) difference between the exercise price of all outstanding in-the-money options and the closing price of our common stock as of February 28, 2011 ($16.25), multiplied by the number of such options as of February 28, 2011 plus (ii) the outstanding stock grants as of February 28, 2011 multiplied by the closing price of our common stock.

(6) Under the terms of the employment agreements the named executive officers are entitled to a "tax gross up" in connection with a termination and severance in connection with a change in control. If the executive becomes subject to taxes of any state, local, or federal taxing authority that would not have been imposed on such payments but for the occurrence of a change of control, including any excise tax under Section 4999 of the Code and any successor or comparable provision, then in addition to any other benefits provided under or pursuant to the Agreement the Company shall pay to the executive an amount equal to the amount of any such taxes imposed or to be imposed on the executive. In addition, the Company will "gross up" this amount in an additional amount equal to the aggregate amount of taxes that are or will be payable by the executive as a result of this gross up payment.

The following table describes payments that would be required to each of our named executive officers in the event of a "Without Cause" termination as defined by the Employment Agreements.

	WITHOUT CAUSE						
Executives' Name	Base Salary and Bonus (1)	Group Benefit Plans Continuation (2)	Other Benefits (3)	Pension Benefits	Deferred Compensation (4)	Equity Awards (5)	Total
Keith S. Walters	$ 1,395,456	$ 3,251	$ 20,000	$ 322,232	$ 4,140,200	$ 433,355	$ 6,314,494
Richard L. Travis, Jr	$ 514,803	$ 1,354	$ 20,000	$ 87,039	$ 925,284	$ 178,513	$ 1,726,993
Michael D. Magill	$ 667,068	$ 4,261	$ 20,000	$ 192,414	$ 575,634	$ 217,417	$ 1,676,794
Ronald M. Graham	$ 388,640	$ 3,251	$ 20,000	$ 353,849	$ 399,489	$ 133,400	$ 1,298,629
Irshad Ahmad	$ 514,798	$ 3,942	$ 20,000	$ 32,826	$ 231,727	$ 178,180	$ 981,473

(1) Amounts indicated in the above table are as of February 28, 2011. When a termination is "Without Cause" as defined by the Employment Agreements, the severance amounts would be calculated as follows: 1.0 times fiscal year 2011 base salary and prior years' (fiscal year 2010) bonus. If current salary and prior years' (fiscal year 2011) bonuses were used (i.e., amounts currently payable), the calculated amounts would be approximately as follows: Mr. Walters, $1,968,000; Mr. Travis, $664,000; Mr. Magill, $870,000; Mr. Graham, $473,000; and Mr. Ahmad, $760,000.

(2) All named executive officers receive three months of continued group benefits.

(3) All named executive officers would receive up to $20,000 toward outplacement services.

(4) Aggregate account value as of February 28, 2011. The amounts shown in the *Nonqualified Defined Contribution and Deferred Compensation in Last Fiscal Year* table on page 45 include the amounts shown in this column.

(5) Calculated as the (i) difference between the exercise price of all outstanding in-the-money options and the closing price of our common stock as of February 28, 2011 ($16.25), multiplied by the number of such options as of February 28, 2011 plus (ii) the outstanding restricted stock grants as of February 28, 2011 multiplied by the closing price of our common stock.

The following table describes payments that would be required to each of our named executive officers in the event of a "With Cause" termination, as defined by the Employment Agreements.

	WITH CAUSE						
Executives' Name	Base Salary and Bonus	Group Benefit Plans Continuation	Other Benefits	Pension Benefits	Deferred Compensation (1)	Equity Awards (2)	Total
Keith S. Walters	$ -	$ -	$ -	$ 322,232	$ 4,140,200	$ -	$ 4,462,432
Richard L. Travis, Jr	$ -	$ -	$ -	$ 87,039	$ 925,284	$ 18,275	$ 1,030,598
Michael D. Magill	$ -	$ -	$ -	$ 192,414	$ 575,634	$ 30,287	$ 798,335
Ronald M. Graham	$ -	$ -	$ -	$ 353,849	$ 399,489	$ 9,138	$ 762,476
Irshad Ahmad	$ -	$ -	$ -	$ 32,826	$ 231,727	$ 36,550	$ 301,103

(1) Aggregate account value as of February 28, 2011. The amounts shown in the *Nonqualified Defined Contribution and Deferred Compensation in Last Fiscal Year* table on page 45 include the amounts shown in this column.

(2) Calculated as the difference between the exercise price of all vested in-the-money options and the closing price of our common stock as of February 28, 2011 ($16.25), multiplied by the number of such options as of February 28, 2011.

The following table describes payments that would be required to each of our named executive officers in the event of a disability, or death termination as defined by the Employment Agreements.

	TERMINATION DUE TO DISABILITY		TERMINATION DUE TO DEATH
Executives' Name	Compensation	Benefits (1)	Benefits (2)
Keith S. Walters	$ -	$ 240,000	$ 1,250,000
Richard L. Travis, Jr.	$ -	$ 600,000	$ 750,000
Michael D. Magill	$ -	$ 120,000	$ 750,000
Ronald M. Graham	$ -	$ 120,000	$ 750,000
Irshad Ahmad	$ -	$ 1,320,000	$ 750,000

(1) Reflects monthly long term disability benefits of $5,000 until the age of 65.

(2) All named executive officers benefits include basic life insurance benefits of $250,000. Mr. Walters' benefits include $1,000,000 non-qualified life insurance benefits and Mr. Travis, Mr. Magill, Mr. Graham and Mr. Ahmad include $500,000 non-qualified life insurance benefits.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

Equity Compensation Plan Table

The following table provides information about securities authorized for issuance under the Company's equity compensation plan as of February 28, 2011.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of securities available for future issuances under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the security holders (1)	342,723	$14.31	274,556
Equity compensation plans not approved by security holders	-	-	-
Total	342,723	$14.31	274,556

(1) The 2004 Long-Term Incentive Plan of Ennis, Inc., as amended and restated on May 14, 2008. Includes grants of 80,823 shares of restricted stock.

CERTAIN RELATIONSHIIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

See "Executive Compensation – Employment Agreements" for a description of employment agreements between us and our named executive officers.

During fiscal year 2011, there were no transactions to be disclosed in which we were a participant and the amount involved exceeded $120,000 and in which any related person, including our named executives and directors, had or will have a direct or indirect material interest. Any transaction involving a related party or a potential conflict of interest must be reviewed and approved by our Board of Directors prior to being entered into by the Company.

See "Corporate Governance Matters – Code of Business Conduct & Ethics" for a discussion of our policies and procedures related to conflicts of interest.

Director Independence. See "Corporate Governance Matters – Director Independence."

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership of the Company's Common Stock with the SEC and the NYSE, and to furnish the Company with copies of the forms they file. To the Company's knowledge, based solely on a review of the copies of such reports furnished to it and written representations of our officers and directors, during the year ended February 28, 2011, all Section 16(a) reports applicable to its officers and directors were filed on a timely basis.

OTHER MATTERS

The Board does not intend to present any other items of business other than those stated in the Notice of Annual Meeting of Shareholders. If other matters are properly brought before the meeting, the persons named as your proxies will vote the shares represented by it in accordance with their best judgment. Discretionary authority to vote on other matters is included in the proxy.

APPENDIX A

ENNIS, INC.
AMENDMENT NO. 1
TO
2004 LONG-TERM INCENTIVE PLAN
(AS AMENDED AND RESTATED)

THIS AMENDMENT NO. 1 (this "Amendment") to the Ennis, Inc. 2004 Long-Term Incentive Plan, as amended and restated effective May 14, 2008 (the "Plan") is made by Ennis, Inc., a Texas corporation (the "Company"), and is as follows:

WHEREAS, approximately 97,854 shares remain available for issuance under the Plan as of as of May 25, 2011, which the Board of Directors of the Company (the "Board") has determined will not be sufficient to meet the future needs of attracting and retaining employees of the Company;

WHEREAS, Section 15.1 of the Plan provides the Board with the authority and discretion to amend the Plan;

WHEREAS, the Board deems it to be in the Company's best interest to amend the Plan to increase the number of shares available therein by 1,000,000 shares;

WHEREAS, the Board desires to extend the effectiveness and term of the Plan by an additional ten years from the date this Amendment is approved by the Company's shareholders; and

WHEREAS, the rules of the New York Stock Exchange applicable to the Company require that the Company's shareholders approve this Amendment.

NOW, THEREFORE, pursuant to the authority granted to the Board in Section 15.1 of the Plan, the Plan is hereby amended as follows:

1. Increase in the Share Reserve. Section 4.1 of the Plan shall be deleted in its entirety and replaced with the following:

> **4.1 Available Shares.** Subject to adjustment as provided in Section 4.2, the maximum number of shares of Common Stock that shall be available for grant of Awards under the Plan shall not exceed the sum of (i) 1,097,854 shares, and (ii) any shares of Common Stock that become available under this Plan, including with respect to Awards outstanding under the Superseded Plan as of the Effective Date, as a result of cancellation, termination, expiration, forfeiture or lapse of an Award or as otherwise provided in Section 4.3. The maximum number of shares of Common Stock for which Options, SARs, Restricted Stock and other Awards may be granted under the Plan to any one Participant during a calendar year is 100,000. The maximum aggregate number of shares that may be issued pursuant to Incentive Stock Options is 1,097,854. Shares of Common Stock issued pursuant to the Plan may be shares of original issuance or treasury shares or a combination of the foregoing, as the Committee, in its absolute discretion, shall from time to time determine.

2. Effectiveness and Term. Section 1.3 of the Plan shall be amended for the limited purpose of extending the termination of the Plan to the earlier of: "(a) the termination of the Plan by the Board or (b) June 30, 2021." To the extent not inconsistent with the foregoing, the remaining provisions of Section 1.3 of the Plan shall remain in full force and effect.

3. Effect on Plan. Except as otherwise set forth in this Amendment, the Plan shall remain in full force and effect.

4. Effective Date of this Amendment. This Amendment shall become effective on the date the Company's shareholders act to approve the increase in the share reserve at the annual shareholder meeting to be held on June 30, 2011.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Amendment No. 1 on this 30th day of June, 2011.

ENNIS, INC.
a Texas corporation

/s/ Keith Walters
By:
Keith Walters, President and CEO

ENNIS BOARD OF DIRECTORS

Keith S. Walters
Chairman of the Board, CEO
and President of Ennis, Inc.

Michael J. Schaefer
Executive Vice President, CFO
and Treasurer of Methodist
Health Systems

Michael D. Magill
Executive Vice President
Ennis, Inc.

Frank D. Bracken
Retired and Former President of
Haggar Corp.

Godfrey M. Long, Jr.
Former Director of Graphic Dimensions
and Former Chairman and CEO of Short
Run Companies

Thomas R. Price
Owner and President
Price Industries, Inc.

Kenneth G. Pritchett
President of Ken Pritchett
Properties, Inc.

Alejandro Quiroz
Chairman of the Board – NEXT
President of Presto Capital

James C. Taylor
Retired and Former Principal of
The Anderson Group, Inc.

ENNIS CORPORATE EXECUTIVE OFFICERS

Keith S. Walters
Chairman of the Board, CEO and
President of Ennis, Inc.

Richard L. Travis, Jr.
Vice President of Finance,
Chief Financial Officer and Secretary

Ronald M. Graham
Vice President – Administration

Michael D. Magill
Executive Vice President and Director

Irshad Ahmad
Vice President – Apparel Division
Chief Technology Officer

ENNIS®

SHAREHOLDER SERVICES

Registered shareholders [who hold shares in their name] with questions or seeking services, including change of address, lost stock certificate, transfer of stock to another person and other administrative services, should contact the Transfer Agent at:

Computershare Investor Services, LLC
Attn: Shareholders Services
2 North LaSalle Street
Chicago, Illinois 60602
312-588-4990

www.computershare.com

Beneficial shareholders [who hold their shares through brokers] should contact the broker directly on all administrative matters.

FINANCIAL & OTHER COMPANY INFORMATION

Copies of our financial information, such as this Annual Report on Form 10-K and our Proxy Statement to our shareholders, as filed with the Securities and Exchange Commission (SEC), Quarterly Reports on Form 10-Q, and other filings with the SEC may be viewed or downloaded from the Company's website:

www.ennis.com/investor_relations.html

Alternatively, you can order copies, free of charge, by contacting Ms. Sharlene Reagan – Executive Assistant to our Vice President of Finance.

COMMON STOCK

Ennis, Inc. common stock is listed on the New York Stock Exchange under the tickler symbol "EBF."

As of May 2, 2011, there were approximately 26,044,350 million shares outstanding and approximately 1,027 shareholders of record.

FISCAL YEAR 2011
STOCK PRICE PERFORMANCE

High:	$19.61
Low:	$14.33
Close (2/28/11)	$16.25

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held on June 30, 2011, beginning at 10:00 a.m., local time. The meeting will take place at the Midlothian Community Center located at One Community Circle, Midlothian, Texas 76065.

NUMBER OF EMPLOYEES

More than 5,812 worldwide at February 28, 2011

CORPORATE ADDRESS

2441 Presidential Parkway
Midlothian, Texas 76065

INVESTOR RELATIONS

Keith S. Walters
Chairman of the Board, CEO and President
2441 Presidential Parkway
Midlothian, Texas 76065
(800) 752-5386

keith_walters@ennis.com

INDEPENDENT ACCOUNTANTS

Grant Thornton, LLP

OUTSIDE CORPORATE COUNSEL

Winstead PC

CERTIFICATIONS

Ennis has filed with the SEC as exhibits to its Annual Report on Form 10-K for the year ended February 28, 2011, the certification of each of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act. In addition, Ennis has submitted to the New York Stock Exchange the required certification of the Chief Executive Officer with respect to Ennis' compliance with the New York Stock Exchange's corporate governance listing standards.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This document includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectation and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to changes in economic, business, competitive, technology, strategic and or regulatory factors. More detailed information about these factors is set forth in our Quarterly Reports on Form 10-Q, as filed with the SEC, and in this Annual Report on Form 10-K under the caption "Certain Risk Factors." Ennis is under no obligation to [and expressly disclaims any such obligation to] update or alter its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

CORPORATE PUBLICATIONS

Copies of Ennis, Inc.'s Annual Report on Form 10-K (excluding exhibits) and other filings with the SEC are available without charge upon written request to Ennis, Inc., 2441 Presidential Parkway, Midlothian, Texas 76065, Attn: Investor Relations, or by email: investor@ennis.com. All such filings are also available on our website: www.ennis.com/investor_relations.html.

TRADEMARK INFORMATION

All trademark and service marks referenced herein are owned by the respective trademark or service mark owners.

DIRECTIONS TO ENNIS 2011 ANNUAL MEETING

If traveling from the North on I-35 East:
If on I-35E, travel South to US Hwy 287 (Ft. Worth exit), exit and take US Hwy 287 North toward Ft. Worth until you reach Midlothian **(Do not take 287 Business in Midlothian)**. Exit at Midlothian Pkwy, turn left onto Midlothian Pkwy and proceed to Mount Zion Rd. Turn right and continue to Community Circle and turn right. The Conference Center will be on the right in the larger of the two buildings.

If traveling from the North on US Hwy 67:
If traveling on US Hwy 67, travel South to Hwy 287 South **(Do not take 287 Business)**. Take Hwy 287 South and exit at FM 663/14th St, proceed to 14th Street, and turn right. Follow 14th St. until you reach Mount Zion Rd. and turn left. Continue approximately 1 block to Community Circle and turn left. The Conference Center will be on the right in the larger of the two buildings.

If traveling from the East:
If traveling from the East, take US Hwy 287 North until you reach Midlothian **(Do not take 287 Business in Midlothian)**. Exit at Midlothian Pkwy, turn left onto Midlothian Pkwy and proceed to Mount Zion Rd. Turn right and continue to Community Circle and turn right. The Conference Center will be on the right in the larger of the two buildings.

If traveling from the West:
If traveling from the West, take Hwy 287 South until you reach Midlothian and take the FM 663/14th St. exit. Proceed to 14th Street, turn right and continue to Mount Zion Rd. Turn left onto Mount Zion Rd. and proceed to Community Circle and turn left. The Conference Center will be on the right in the larger of the two buildings.

If traveling from the South:
If traveling from the South, take I-35E and head North to US Hwy 287 North (Ft. Worth exit). Exit and take US Hwy 287 North until you reach Midlothian **(Do not take 287 Business in Midlothian)**. Exit at Midlothian Pkwy, turn left onto Midlothian Pkwy and proceed to Mount Zion Rd. Turn right and continue to Community Circle and turn right. The Conference Center will be on the right in the larger of the two buildings.

MIDLOTHIAN