2012 Annual Report on Form 10-K
and
Proxy Statement

ENNIS®

Annual Meeting of Shareholders
June 28, 2012

Shareholder Letter 2012

We started the year with a strong balance sheet, a stable dividend of 15.5 cents a quarter, a profitable apparel business operating in a challenging market environment, and were the largest wholesale printer in the United States. The year ended with an improved balance sheet, a dividend increase to 17.5 cents per quarter, and an increase in our market share as the largest wholesale printer. While the apparel business continues to be a profitable venture, the challenges faced in fiscal year 2012 impacted their operational results for the year and will continue to impact their results into fiscal year 2013. Even so, our two business segments performed extremely well on many criteria, while dealing with market difficulties only marginally in their control.

In the Print Segment, notwithstanding the decline in transactional forms, revenue growth was accomplished, while profit margins were improved. The dozen new locations acquired in the Print Segment provide opportunities for increased market penetration and cost savings from our increased scale.

In the Apparel Segment the new facility in Mexico operated extremely well, although sales and profit margins were impacted by the tremendous swings in the price of cotton and the resulting effects to product pricing. The potential growth and efficiencies planned from the new apparel facility should give the Apparel Segment the opportunity for significant sales and profit growth in the upcoming years.

We completed the move of our textile operation in the first half of the year. Prior to the move, we built additional inventory by using the new machinery in Agua Prieta, MX and the existing equipment in Anaheim, CA to support the transition. This plan worked well and together with our inventory management system enabled us to complete our move without any noticeable impact on our sales or to our customers. We closed our manufacturing operation in Anaheim during the second quarter and are now producing all these products in our new plant in Mexico. We are also producing some additional products in this plant which we were not able to produce in Anaheim due to capacity constraints. While we are still facing some challenges, we are very pleased with the way our new operation is progressing.

Operating Segments: Print and Apparel

Acquisitions of 2012

We have been challenged for the past four years to find acquisitions which would allow management to bring value to our shareholders in a reasonable payback period. The buyers and sellers in our marketplace could not agree on a consensus value after the recession. Our one exception to that statement was the acquisition of Atlas Tag and Label, which has been successfully integrated and demonstrates future potential to grow profitably. The stalemate in deals began to change in late 2011. Many buyers came to recognize that the “new normal” often discussed about the U.S. economy may be a reality. Fiscal year 2012 presented us with two opportunities that expanded our number of Print locations. More importantly, the costs of these acquisitions were within the price range that has proven realistic in our previous acquisitions. The acquisition of Printgraphics allowed the Company to acquire high color print facilities with integrated forms capabilities. This acquisition enhanced our product offerings and expanded our presence in this market niche with locations in Ohio and Iowa. We acquired Printgraphics at a reasonable cost which will allow us to invest in the business. We are working on infrastructure changes, a new operating system and many internal procedural changes to reach the level of return of our previous acquisitions.

Just prior to the conclusion of the 2012 fiscal year, we completed a second print acquisition. This deal was much larger and involved ten locations from another public company. The acquisition was closed in February of 2012. Four of the locations further enhance our product lines with the VersaSeal product (self-sealing mailer) and additional high end color printing under the PrintXcel brand name. The addition of PrintXcel has expanded our capabilities in the construction of mail documents. A conversion to a self-sealing mailer allows the elimination of a standard envelope, as the printed document becomes the mailer. The resulting product is generally sold as a cost saving project to the end user. This allows the product to be sold differently than just a commodity sale. These facilities also give us the additional ability to produce higher color, which is of increasing demand in servicing new and existing customers evolving sourcing needs. Through the Printegra brand, we acquired six locations which provide additional check and print shop capabilities across the country. This establishes us as one of the premier business check producers in the country. These locations expand our geographic reach in existing states, as well as add a new state, bringing our actual printing presence to twenty states throughout North America. We believe the addition of these facilities will allow us to expand our footprint with larger check programs that require multiple production locations, as well as continue to serve the many regional end users. This is a capability unmatched in the wholesale print marketplace.

Acquisition activity in the Apparel Segment has been, to date, only exploratory by design. While we have discussed several potential opportunities, our attention has been focused on the successful launch of the new plant in Agua Prieta, MX and an orderly exit from our former manufacturing facility in Anaheim, CA. As the active wear market stabilizes from the various shocks of the past two years, we do see ourselves being a player in the apparel acquisition market.

Existing Marketplace

Our printing sales focus was to expand our reach into direct mail, financial organizations, and the commercial printer market. Our approach to commercial printers is as a vendor, since they often do not produce product in the transactional forms marketplace, but receive requests to supply the documents. The Print Segment continues to expand its distribution channels to non-traditional resellers. These new distributors are demonstrating the ability to sell the Company’s traditional and new products to their customers, where a current demand exists and our existing sales channels do not effectively reach them. This strategy is designed to address the overall decline in transactional forms that has been present over the last four to five years.

The state of the economy during the last few years, as well as the slow decline in traditional printed materials has caused financial turmoil for many of our competitors. We believe their weak balance sheets should give us opportunities to grow our top line, either through disintermediation of business to us, or through acquisitions. The overleveraged balance sheets which have occurred within our industry could force some of our competitors to deleverage their balance sheets through restructuring debt or selling off assets. Our financial strength is sufficient to take advantage of these opportunities and grow the Company at reasonable investment multiples.

Our e-Commerce strategy in the Print Segment involves increasing our connectivity to a broad array of existing distributors who have end user electronic networks. These electronic links allow our distributors a cost effective method to sell our traditional printed products to the Small Office Home Office ("SOHO") marketplace once served by printed catalogs. Our customers are discovering that our e-Commerce capabilities, available through a variety of front end platforms, are helpful in driving business to them efficiently. We see value in developing these relationships which enhances our distributor's business model, and adds value for the end user. This approach has opened doors to larger corporations. These opportunities require servicing needs for a number of store locations with a wide variety of products to be available. Desktop ordering, provided by an Internet interface, has proven to lower the cost of processing orders and the investment in inventory. We have become very flexible in dealing with the unique situations that arise and our focus on serving the customer has given us an edge in this arena.

Our Apparel Segment saw unprecedented volatility in its cotton costs. In the first half of the year, we were able to stay ahead of the increased cost of cotton flowing through our operational results, by increasing our selling prices. These higher selling prices and our inventory management system allowed us to generate higher sales revenue and profit margins during this period. Unfortunately, in the second half of our fiscal year, when the market needed to absorb additional increases to offset the even higher cost of cotton starting to flow through manufacturer's operational results, the market actually started to see a decline in selling prices, which continues to the present day. This decline in selling prices we feel was triggered by the steep decline in cotton futures, which caused unrealistic customer expectations in the mass retail sector and our competitors' reaction to those expectations. We also saw significant softness in demand in the second half of the year which added pressures to a market already acting irrationally. Most of our customers switched to at-once buys to avoid the risk of high-cost inventories if cotton futures were to continue to decline. While we adjusted our production to the softness in market demand, most of our competitors continued to run production above demand in the market, which created an oversupply situation, and put additional pressure on selling prices. Some of our competitors switched significant capacities to lower priced and lower quality promotional products in an effort to preserve their market share. We choose to continue to produce higher value and better quality products, maintaining our distinction as a supplier of premium quality t-shirts. While our revenues and margins have been negatively affected by the lower selling prices in the market, and the high cost of cotton moving through our cost of goods sold, we feel that our ability to flex our production to the demand is unparalleled in the industry and will help us navigate through these tough economic conditions more profitably than our competitors. In addition, the liquidity generated by our Print Segment allows the Apparel Segment to focus on selling their products for a fair price, and not be forced into selling their products at any price just to generate working capital. Although cotton futures have stabilized as compared to the past couple of years, cotton is still on a downward trend which continues to add uncertainty to the marketplace. We do expect market pricing to further stabilize as the year progresses and as the cotton costs in the producer's inventory begins to reflect the current pricing in the marketplace. This should allow our quality products to reclaim market share which we chose to relinquish, rather than sacrifice quality and a reasonable return on our investment. We also feel there is room for us to grow and diversify our business by participating more in the private label market.

Profit Margins

We are pleased that the Print Segment has continued to maintain its gross profit margins year over year. This was a great accomplishment as some of our peers have been challenged in controlling the inflation of their products and operations. Obviously, if cost savings, or, as a last resort, prices increases, are not realized, then our margins will begin to decline. We have been diligent in attaining cost improvements in our labor and burden costs, while passing through the material price increases. Generally the end users are accepting of the raw material increases (paper pricing) if the increases are spread out over a reasonable time frame. The problem arises in years, such as 2009, when the paper prices increased two or three times in a short period of time. The market pushed back strongly, and in some cases actually caused a conversion from paper based documents. The current paper market is not expected to show that type of instability in the foreseeable future. Assuming that continued pattern, we have been very successful in adjusting our pricing in tandem with material increases.

As we have stated in our previous letters, our philosophy is not to engage in special "cost cutting" programs. We find that those "one- time cost adjustments" can actually have the effect of causing plants to "hoard" resources for the next cut. We want our managers to believe it is their job to manage inflation as it occurs, not simply when top management wants to see an improved bottom line. Our manager's first priority is on controlling his/her variable expenses, by adjusting them almost daily to match their resources to their revenues. These actions provide the consistency which you see in our Print Segment financial statements. The best way to control inflation is to not incur any unnecessary expense in the first place. Our ERP system gives us the data to make operational adjustments during the month, rather than after the books have been closed. Additionally, we continue to keep fixed overhead of the Company at a minimum, realizing that the marketplace rarely, if ever, pays for non-value added costs. We are focused on spending our money prudently by avoiding unnecessary SG & A, and will continue to be diligent in the use of shareholders funds.

The Apparel Segment faced many challenges to its profit margin this past year, including the transition of its manufacturing plant to Agua Prieta, Mexico, the impact of unprecedented volatility in cotton prices and uncertain economic conditions. We absorbed most of the duplicate costs associated with the running of our manufacturing factories in Anaheim and Agua Prieta as planned during the transition to Agua Prieta, Mexico. We are very pleased that our management team kept the costs related to our move of Agua Prieta lower than our budgeted costs. During the year, the costs factors within our control all performed better than expected. Unfortunately, not all of the cost drivers, such as world cotton prices and market apparel pricing, were within our control. Those two factors did not react in a rational manner this past year in our opinion.

As the reader is probably aware, cotton is a commodity controlled on the world market. United States exports over 40% of the cotton harvested and supplies about 25% of the world's cotton exports. At no time since the American Civil War period has cotton prices shown such volatility in pricing. Events on the world stage appear to have played a major role in this volatility. While this unprecedented volatility, over the past two years, had an adverse impact on almost all apparel manufacturers in Western Hemisphere, some counties definitely benefited from this situation by shifting policies on raw cotton exports at critical times. While these countries continue to benefit from the trade policies of the United States, their maneuverings suggest a less than committed attitude to free trade in general. Hopefully, our trade negotiators, in Washington D.C. have noticed the damage these actions brought to the domestic apparel markets, and will encourage these countries to be better trading partners in the future.

While cotton futures have stabilized of late, as compared to past couple of years, they have declined significantly from the summer of 2011. Unfortunately, the summer of 2011 prices are the costs that most large manufacturers have been dealing with and will continue to deal with for the next quarter or so. As a result margins have been compressed and will continue to be until the higher cost cotton is worked through. Some of our competitors have devalued their inventory, taking major losses of a onetime nature. We have chosen to not pursue that route at this time as we cannot clearly see a benefit to the shareholders, and it does make the true market condition more difficult to identify in our financials.

During this past year we completed the construction of our manufacturing facility in Agua Prieta, Mexico (AP) and the transition of our existing manufacturing from Anaheim, CA to AP. While these projects were completed within costs, they were not completed without some governmental issues. The issues involved basic items such as right-of-ways for water lines and etc. In addition, we faced challenges due to different political parties being in power in the City of Agua Prieta, the State of Sonora and the Federal Government of Mexico. Some practices common in Mexico to expedite such problems were not, nor will ever be, acceptable solutions within our Company's ethics and practices. There has been much discussion in the news of late of questionable Mexican payments to various interests in Mexico to facilitate the resolution of issues, a situation we will never face. But our management team has been forced to spend non-valued added time working with these government officials to be sure the long term objectives of the project are met as planned. We remain diligent in the requirements of the Corrupt Foreign Practices Act, and remain steadfast in our position that all issues will be resolved accordance therewith and legally. No open issues are affecting production at this time. We continue to work with these officials and we are confident that they will continue to honor their commitments. As we are writing this report, most city and state officials are busy with the elections in Agua Prieta and Sonora. We expect the outcome of these elections will result in a continuing business-friendly political landscape in Agua Prieta. Actually, we hope for a similar result in the conclusion of the United States elections in order provide better visibility into future decision making for investments.

The Future

The upcoming year will see the full impact of last year's acquisitions in our print operations. We expect the attendant growth to continue to generate efficiencies in the businesses acquired, and deliver over time the type of earnings that you have come to expect from Ennis. The increased volume should allow us to generate improvements in material costs, but we believe additional efficiencies will be generated by the information gained in converting these locations to our ERP systems. This will allow us to manage these new locations within the same management framework as our existing locations. We will focus on the transition to ensure the Ennis culture is adopted by all of these locations. That will include an improved focus on proper quoting, accurate costing, internal processes, delivery and customer service. We have found all of these areas are critical in the proper integration of the new facilities in order to deliver the results expected in the acquisition plan.

We expect to see additional opportunities for growth in the print marketplace due to our competitors' financial position and further industry pressures to consolidate. In the current business and financial climate the excess leverage of some of our competitors, small and large, will weigh on their ongoing viability. We could see fallout in the form of restructurings or whole entity sales. We could be participants in these restructurings/sales, or the beneficiary of the disruption in the marketplace that could occur in the event of bankruptcy or the transfer of these assets to a new company. We will continue to be opportunistic buyers and will only engage in transactions which are accretive and generate reasonable amounts of goodwill and intangible value. We are, primarily, a buyer of tangible assets, and tend to avoid opportunities which generate abnormal amounts of intangible value. The Print Segment will continue to be an important business line for the Company. Our strategic plan will continue to focus on generating good returns and cash flow as we try to expand our market share.

While we believe we are successfully dealing with the tough apparel market conditions, some of our smaller competitors have struggled financially. Some competitors have focused on cash flow and pushed profit hopes to the future. This environment has resulted in some consolidation in the industry. While our focus currently is on indigenous growth by ramping up our new facility, we feel there will be opportunities for some acquisitions in the future. As we have often repeated, we are opportunistic buyers and we will look for acquisition opportunities that fit our management culture and are likely to deliver payback in a reasonable time period.

Closing Comments

While Ennis has demonstrated a strong resilience to make a reasonable return in all types of economic environments, our 2013 fiscal year is unusually loaded with a wide range of unknown factors. The Presidential Election is widely expected to have a huge effect on the business climate of the United States and the World at large. Most economists would have expected business to be in a period of robust growth after weathering the long recession. Unfortunately, GNP is advancing at a mediocre pace at best. In fact, the heavy credits risks in Europe are renewing recession concerns as I write this letter.

The election outcome may cause many adjustments in the macro economic climate in which we operate. Major issues such as the national healthcare debate, increased financial regulations, U.S. and world budget deficits, and increasing regulatory policies from agencies such as, the Environmental Protection Agency, the Department of Labor, the Department of Energy, the Department of Health and Human Services, and the Department of Homeland Security all have new policies in discussion which could affect the business outlook. Of course, the normal regulatory issues with the Securities and Exchange Commission, Sarbanes Oxley, and accounting pronouncements evolving from Washington D.C. to "fix" the economy, continue to be of concern. The resulting decisions from these rule making bodies could have a profound effect on business moving forward beyond this year. Business now appears to be in a "wait and see" mode until the election results are known.

The states are also part of this uncertain political and regulatory environment. The budget short falls of many states, such as California, coupled with the state politician's reluctance to deal with their deficit spending, is driving the call for additional taxes. With the United States already disadvantaged as the world's highest corporate tax rate, additional state taxes and a punitive state regulatory climate is driving companies and jobs elsewhere. That only makes the budget situation worse. These considerations were a major factor in our apparel facility move from California.

As these issues are hopefully settled in our election process, we hope that the successful candidates make an effort to understand what drives prosperity in the United States and the free world. We must trust that the "cure" will not be worse than the "disease".

Thank you for your continued support as a shareholder of our company. We hope to see you at the annual shareholders meeting this year.

Keith Walters
Chairman, CEO, and President

2012 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 29, 2012

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, 2011 was approximately $401.0 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, 2012 was 26,152,863.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2012 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 29, 2012

TABLE OF CONTENTS

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 and shorts.

On February 10, 2012, we acquired certain assets of PrintXcel and Printegra Corporation (“Printegra”) for $40.0 million plus assumed certain trade liabilities. The acquisition was funded by a draw down on our line of credit facility. The combined sales of the purchased operations were $74.4 million during the most recent twelve month period ended December 31, 2011. The acquisition will continue its operations under their respective trade names of PrintXcel and Printegra. The acquisition will expand our pressure seal capabilities and will also expand our high color commercial print capabilities and business check product lines which will be sold through our independent distributor network.

On September 30, 2011, we purchased all of the outstanding stock of PrintGraphics, LLC (“PrintGraphics”), as well as the associated land and buildings for $6.0 million in cash. PrintGraphics has locations in Vandalia, Ohio and Nevada, Iowa, The sales of the purchased operations were $15.1 million during the twelve month period ended December 31, 2010. The acquisition of PrintGraphics continues the strategy of targeted growth in our print segment of products to further service our existing customer base.

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 15 of the Notes to the Consolidated Financial Statements beginning on page F-26 included elsewhere herein, which information is incorporated herein by reference.

Print Segment

The Print Segment, which represented 54%, 50%, and 55% of our consolidated net sales for the fiscal years ended February 29, 2012, February 28, 2011, and February 28, 2010, 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 50 manufacturing locations throughout the United States in 20 strategically located domestic states. Approximately 97% 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®, VersaSeal®, Witt Printing®, B&D Litho®, Genforms®, PrintGraphics℠, Calibrated Forms®, PrintXcel™ and Printegra®. 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 also sells direct to a small number of customers, generally large banking organizations (where a distributor is not acceptable or available to the end-user), as does Adams-McClure, where sales are generally through advertising agencies.

The printing industry generally sells its products either through sales made predominantly to end users, a market dominated by a few large manufacturers, such as Moore Wallace (a subsidiary of R.R. Donnelley), Standard Register, and Cenveo, or, like the Company, 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 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 46%, 50%, and 45% of our consolidated net sales for the fiscal years ended February 29, 2012, February 28, 2011, and February 28, 2010, 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 92% domestic sales. Alstyle's branded product lines are sold mainly under the AAA® and Murina® brands.

Effective July 2011, the Apparel Segment operates in an owned manufacturing facility located in Agua Prieta, Mexico. Previously, the Apparel Segment operated in a leased manufacturing facility located in Anaheim, CA, The Apparel Segment also has three cut/sew facilities in Mexico (1 in Agua Prieta, 1 in Ensenada, and 1 in Hermosillo). In addition to its own cut and sew facilities, Alstyle also uses outsourced manufacturers located in El Salvador from time to time to supplement a portion of the cut and sew needs. 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 20 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 being customer private label products. Generally, sales to screen printers and mass marketers are driven by price and the availability of products, which directly impacts our 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 60% 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℠, Alstyle®, A Alstyle Apparel®, AA Alstyle Apparel & Activewear®, AAA Alstyle Apparel & Activewear®, B&D Litho of AZ®, B&D Litho®, ACR®, Block Graphics®, Classic by Alstyle Apparel®, Enfusion®, Murina®, 360º Custom Labels℠, Admore®, CashManagementSupply.com℠, Securestar®, Northstar®, MICRLink®, MICR Connection™, Ennisstores.com™, General Financial Supply®, Calibrated Forms®, PrintXcel™, Printegra®, Trade Envelopes®, Witt Printing®, Genforms®, Royal Business Forms®, Crabar/GBF℠, BF&S℠, Adams McClure®, Advertising Concepts™, ColorWorx®, Atlas Tag & Label®, Printgraphics℠, Uncompromised Check Solutions®, VersaSeal®, Star Award Ribbon®, Canu℠, Platinum Canoe℠, EOSTouchpoint™, 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 29, 2012, our backlog of orders was approximately $23.3 million as compared to approximately $33.8 million at February 28, 2011. The decline in our backlog at February 29, 2012 related to the decline in our Apparel backlog. See Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this report on factors impacting our Apparel sales.

Research and Development

While we seek 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 29, 2012.

Environment

We are subject to various federal, state, and local environmental 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 29, 2012, we had approximately 5,816 employees. Approximately 3,383 of the employees are in Mexico, and approximately 22 employees are in Canada. Of the domestic employees, approximately 328 are represented by labor unions under collective bargaining agreements, which are subject to periodic renegotiations. Three unions represent all of our hourly employees in Mexico 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, all of what we have seen of late. 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 29, 2012, we were in compliance with all terms and conditions of our credit facility, which matures on August 18, 2016.

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

We maintain a defined-benefit pension plan covering approximately 10% 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 a potential impairment of goodwill. An impairment test was completed for our fiscal year February 29, 2012, and we concluded that no impairment charge was necessary. At February 29, 2012, our goodwill and other intangible assets were approximately $121.6 million and $87.4 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 29, 2012, approximately 12% of our domestic employees are represented by labor unions under collective bargaining agreements, which are subject to periodic renegotiations. Three 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 47.3% of the manufactured product cost at current pricing levels. Alstyle acquires its yarn from three major sources that meet stringent quality and on-time delivery requirements. The largest supplier provided 60% 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 fiscal year 2010, 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 remained at these levels for a sustained period of time, these favorable forward contracts expired and were replaced with higher-priced contracts which are now significantly higher than current spot cotton prices. These higher-priced contracts are what have been and will continue to be flowing into large manufacturer's cost of goods sold over the next several quarters. Generally, 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 foreign-based apparel 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, China and other foreign sources. 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, all Alstyle's knit and dye operations are now located in one facility in Agua Prieta, Mexico. 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 manufactures all of its products in the Agua Prieta manufacturing plant and performs substantially all of its cutting and sewing in five plants located in Mexico in order to take advantage of the NAFTA benefits. 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 did not outsource any of its production to outside contract manufacturers in the last two quarters of this fiscal year, and we do not anticipate that alteration or subsequent repeal of CAFTA would have a material effect on our operations, other than improvement over our competitive capabilities.

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 was built to capture anticipated future growth and savings in production costs over our cost structure in Anaheim, CA. Should such growth or production savings not materialize, 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 yarn from our domestic suppliers to our textile facility in Mexico. The internal freight from the textile to the sewing facilities, as well as the logistic cost of keeping our product in the distribution centers to maintain our product close to the customer and on time to market is also significant. 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 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 depend 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 January 2018. 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	-	103,402
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	-	49,000
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	Two Manufacturing	290,752	-
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	Two Manufacturing Facilities	69,935	30,700
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
Vandalia, Ohio	Manufacturing	47,820	
Fairport, New York	Manufacturing		40,800
Jaffrey, New Hampshire	Sales Office		647
Greensboro, North Carolina	Manufacturing		44,183
Indianpolis, Indiana	Manufacturing		24,754
Livermore, California	Manufacturing		21,568
Smyrna, Georgia	Manufacturing		65,000
Clarksville, Tennessee	Manufacturing	51,900	
Fairhope, Alabama	Manufacturing,Office, Warehouse	65,000	11,168
Toledo, Ohio	Manufacturing	51,900	
Visalia, California	Manufacturing		56,000
		2,423,406	842,742
Apparel Segment			
Anaheim, California	Office and Distribution Center	-	151,000
Chicago, Illinois	Distribution Center	-	82,100
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

Location	General Use	Approximate Square Footage Owned	Leased
Agua Prieta, Mexico	Manufacturing	700,000	-
Ensenada, Mexico	Manufacturing	87,145	-
Ensenada, Mexico	Car Parking	-	37,125
Ensenada, Mexico	Warehouse	-	16,146
Hermosillo, Mexico	Manufacturing	-	76,145
Hermosillo, Mexico	Yard Space	-	19,685
Hermosillo, Mexico	Vacant	-	8,432
Hermosillo, Mexico	Storage for Machines	-	1,640
		787,145	596,797
Corporate Offices			
Ennis, Texas	Administrative Offices	9,300	-
Midlothian, Texas	Executive and Administrative Offices	28,000	-
		37,300	-
	Totals	3,247,851	1,439,539

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. MINE SAFETY DISCLOSURES

Not applicable.

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 29, 2012				
First Quarter	$20.23	$14.91	2,660	$0.155
Second Quarter	19.04	13.81	3,109	$0.155
Third Quarter	16.43	12.08	3,575	$0.155
Fourth Quarter	17.74	12.80	2,171	$0.155
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

The last reported sale price of our common stock on NYSE on April 30, 2012 was $15.76. As of that date, there were approximately 973 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.

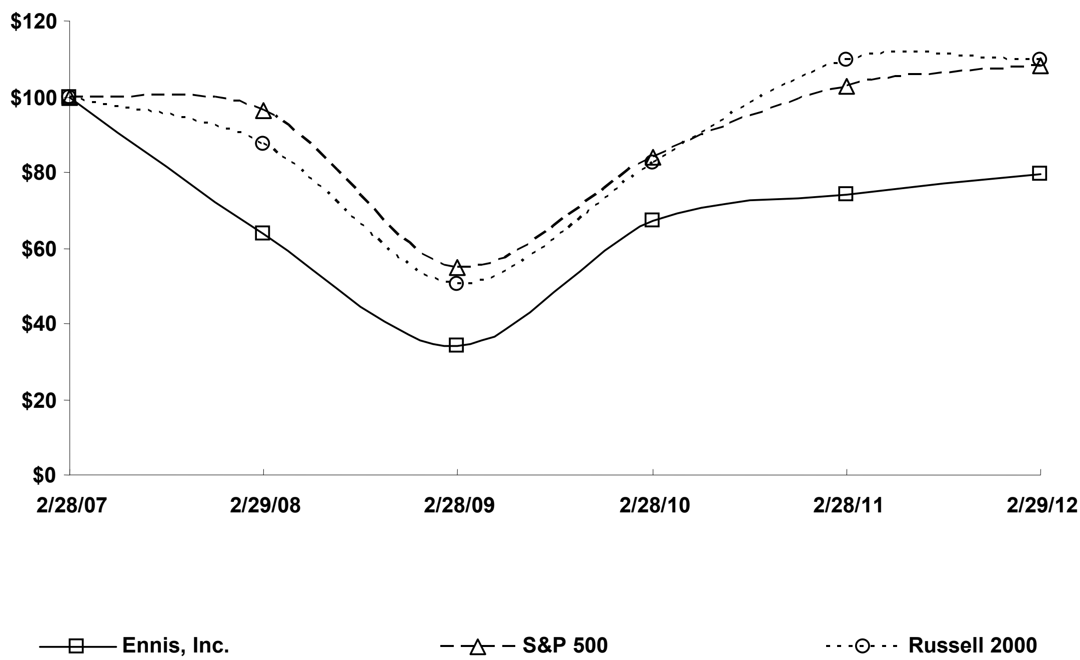
On October 20, 2008, our Board of Directors authorized the repurchase of up to $5.0 million of our common stock through a stock repurchase program. Under the board-approved repurchase program, share purchases may be made from time to time in the open market or through privately negotiated transactions 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 during the last two fiscal years, there have been 96,000 shares of common stock that have been purchased under the repurchase program since its inception at an average price per share of $10.45. On April 20, 2012, the Board increased the authorized amount available to repurchase our shares by an additional $5.0 million, bringing the total available to approximately $9.0 million. Unrelated to the stock repurchase program, the Company purchased 100 and 91 shares of common stock during the fiscal years ended February 29, 2012 and February 28, 2011, respectively.

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, 2007 to February 29, 2012.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

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



*$100 invested on 2/28/07 in stock or index, including reinvestment of dividends.
Fiscal year ending February 28 or February 29.

	2007	2008	2009	2010	2011	2012
Ennis, Inc.	$ 100.00	$ 63.68	$ 34.18	$ 67.36	$ 73.89	$ 79.33
S&P 500	100.00	96.40	54.64	83.93	102.88	108.15
Russell 2000	100.00	87.56	50.45	82.71	109.67	109.50

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 29, 2012 and February 28, 2011, and for the three years in the period ended February 29, 2012, 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				
	2012	**2011**	**2010**	**2009**	**2008**
	(Dollars and shares in thousands, except per share amounts)				
Operating results:					
Net sales	$ 517,014	$ 549,999	$ 517,738	$ 584,029	$ 610,610
Gross profit margin	130,513	154,498	135,319	143,476	163,874
SG&A expenses	78,962	83,678	76,738	86,217	88,851
Impairment of goodwill and trademarks	-	-	-	67,851	-
Net earnings (loss)	31,358	44,631	35,206	(32,768)	44,590
Earnings (loss) and dividends per share:					
Basic	$ 1.21	$ 1.73	$ 1.37	$ (1.27)	$ 1.74
Diluted	1.21	1.72	1.36	(1.27)	1.72
Dividends	0.62	0.62	0.62	0.62	0.62
Weighted average shares outstanding:					
Basic	25,946	25,855	25,769	25,724	25,697
Diluted	25,968	25,888	25,797	25,790	25,860
Financial Position:					
Working capital	$ 168,969	$ 135,300	$ 116,638	$ 138,374	$ 133,993
Current assets	219,210	182,398	166,439	182,254	185,819
Total assets	531,962	473,728	432,699	436,380	513,131
Current liabilities	50,241	47,098	49,801	43,880	51,826
Long-term debt	90,000	50,000	41,817	76,185	90,710
Total liabilities	172,087	126,045	119,439	144,374	164,652
Equity	359,875	347,683	313,260	292,006	348,479
Current ratio	4.36 to 1.0	3.87 to 1.0	3.34 to 1.0	4.15 to 1.0	3.59 to 1.0
Long-term debt to equity	.25 to 1.0	.14 to 1.0	.13 to 1.0	.26 to 1.0	.26 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 2012, 2011 and 2010 refer to the fiscal years ended February 29, 2012, February 28, 2011 and February 28, 2010, 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 recent downturn in the economy and credit markets which created highly competitive conditions in an already over-supplied, price-competitive industry, continue to present challenges today. 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
- Continued 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 and long run integrated products with high color web printing 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 paper mills returned to their past practices of increasing paper prices and this trend continued throughout fiscal year 2012.

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 or continued protraction of the current recovery 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.

Continued economic uncertainties – As a result of the past recessionary conditions of 2009 and 2010, the economic climate has been volatile and challenging. Decreased demand and intense price competition resulted in a significant decline in our revenue during fiscal years 2010 and 2011. Although we have seen slight improvements in some economic indicators within our markets, a generally weak domestic job market, global economic instabilities and the rather anemic domestic economic recovery continue to present a challenging environment for revenue growth. As we cannot predict the pace or continuance of the domestic economic recovery or the impact of continued global economic instability, we continue to be focused on customer retention, expanding our growth targeted products and continuing to develop new market niches. In addition, we have a proven history of managing our costs during tough economic times 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. While the economic environment has improved some, which led to increased demand for our product during the later part of fiscal year 2011 and the start of fiscal year 2012, we have seen some recent softness in the market due to destocking strategies and current economic uncertainties both domestically and internationally. Whether the current softness in the market is just a temporary situation or one we will have to manage through for an extended period of time is unknown. However, such uncertainty and volatility in the marketplace could have unanticipated adverse effects on our business beyond this past fiscal year. In addition, the current spot price of cotton has contributed negatively to an already competitive marketplace and made it even more difficult for large manufacturers to maintain their margins given the high cost of cotton in their finished goods inventory. While current spot prices on various input costs are down somewhat from comparable periods, most larger manufacturers' costs in finished goods inventory are at considerably higher costs. We, and other large manufacturers, have been and will continue to work though these higher input costs over the next several quarters before the current lower costs will have a positive impact on our operational results. Currently, pricing in the marketplace is not commensurate with the manufacturer's higher costs in their finished goods inventory. The duration of this imbalance will be impacted by any continued softness in the market. As such, our operating costs are subject to significant swings, which may or may not be passed on to the marketplace due to competitive or current economic conditions, competitors' pricing strategies, etc. Thus, we believe we are facing the following challenges in our Apparel Segment business in fiscal 2013:

- Cotton prices and market pricing
- New manufacturing facility
- Continued economic uncertainties

Cotton prices – Cotton, which represents a significant portion of our cost, is a commodity product and subject to volatile fluctuations in price. Over the past several years we have seen cotton prices reach levels never before seen in its history and over the past 6 months have seen the prices recede back to levels, while still high from a historical perspective, are significantly off the highs reached this past fiscal year. Whether or not prices will stay at current levels for a sustained period of time, or continue to recede, is unknown. For the current quarter, our effective cost of cotton flowing into our operational results was 98.1% higher than during the comparable period last year. Costs for cotton yarn and cotton-based textiles vary based upon the fluctuating cost of cotton, which is affected by, among other factors, weather, consumer demand, commodities market speculation, currency fluctuations, international actions and other factors that are generally unpredictable and beyond our control. We are able to lock in the cost of cotton reflected in the price we pay for yarn from our primary suppliers in an attempt to protect our business from the volatility of the market price of cotton. However, our business can be affected by dramatic movements in cotton prices. Due to the high price of cotton during calendar year 2010, Alstyle, like most large manufacturers, was relatively short with respect to their cotton purchases entering calendar year 2011. However, during the middle part of the calendar year 2011 we locked in cotton contracts in order to guarantee an uninterrupted supply of cotton and price stability. Unfortunately, these locked in prices are significantly higher than the current spot price of cotton. While we believe we are competitive with other large apparel manufacturers in the United States, with the current spot pricing in the market, many of the smaller manufacturers who do not have the financial capacity to enter into longer term contracts are now able to compete on a favorable basis due to their lower input cost. As the costs incurred for materials are capitalized into inventory and impact a company's operating results as the inventory is sold, our peak cotton costs have been flowing into our operational results during the past several quarters. We believe this is a situation that all large manufacturers like Alstyle will need to continue to manage through over the next several quarters. One way to manage through the higher material cost is to manage selling price to be consistent with these higher costs. Unfortunately, while the market has absorbed a certain level of price increase, it has never reached a level that would effectively offset the current level of cotton costs. In addition, due to recent softness in the market, competitive pressures have started to have a negative impact on even these levels of market pricing. Some of our competitors have instituted stock/restock programs and have announced price decreases, which have put further downward pressure on current market pricing. These factors, along with domestic and international economic uncertainties, will make the next quarter or two extremely challenging to navigate through, and with margin compression expected until the current spot cotton pricing starts to flow through cost of sales.

New manufacturing facility – The new manufacturing facility in Agua Prieta, Mexico ("AP") is fully operational and all production has now been transitioned from our Anaheim, CA ("Anaheim") facility to the AP facility. We began producing fabric from this facility during the first quarter of fiscal 2012 and current production levels are on target with our original estimates. The negative impact associated with the start-up/ramp-up of the new facility and the shut-down of the Anaheim facility was in line with our previous estimates of approximately $7.5 to $8.5 million ($3.2 to $3.9 million impacting the current year's operational results). The negative operational impact of this facility during the current quarter was minimal. While the transition from Anaheim to AP has been completed, much still needs to be accomplished, such as the installation of transitioned equipment and improving the operational efficiency factors, which we believe will continue to occur over the coming quarters as experience and production levels increase.

Continued economic uncertainties – As a result of the recessionary conditions of 2009 and 2010, the economic climate has been and continues to be volatile and challenging both domestically and internationally. Decreased demand and intense price competition resulted in significant declines in revenues during fiscal year 2009 and 2010. Although we saw an increase in our apparel revenues during fiscal year 2011 due to improving economic conditions we saw a significant fall off in our sales this fiscal year due to competitive pricing pressures which we attributed to a softness in the market. International instability and continued domestic economic issues (i.e., high unemployment, housing sector weakness, etc.) have taken a toll on the domestic economic environment. In addition, the decline in spot pricing of cotton has also given some retailers/distributors/screen-printers reason to pause or be judicious with their replenishment orders. As such, we saw some softness in the market this fiscal year. Whether these market conditions are temporary or ones we will have to manage through for sometime is unknown. A prolonged softness in the market could have a negative impact on our revenues, operational results and lengthen the time it takes us to see through the higher cotton prices currently in our finished goods inventory.

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 29, 2012, our goodwill and other intangible assets were approximately $121.6 million and $87.4 million, respectively. No impairment charge was required for the year ended February 29, 2012 based on the results of our annual impairment test conducted as of November 30, 2011. The carrying value of invested capital for each reporting unit as compared to their fair value at November 30, 2011 was as follows:

Goodwill

Reporting Unit	Carrying Value of Invested Capital	Fair Value of Invested Capital
Apparel	$315.9 million	$340 million to $385 million
Print	$132.7 million	$226 million to $275 million

Trademarks/Tradenames

Reporting Unit	Carrying Value of Invested Capital	Fair Value of Invested Capital
Apparel	$56.3 million	$70.2 million
Print	$2.2 million	$4.7 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 $10.5 million, $10.5 million, and $12.4 million of revenue were recognized under these agreements during fiscal years ended February 29, 2012, February 28, 2011, and February 28, 2010, 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 May 2011, the Financial Accounting Standards Board ("FASB") issued further additional authoritative guidance related to fair value measurements and disclosures. The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between accounting principles generally accepted in the United States (U.S. GAAP) and International Financial Reporting Standards (IFRS). The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011, which will be the Company's fiscal year beginning March 1, 2012.

In June 2011, the FASB issued an accounting standards update regarding the presentation of comprehensive income in financial statements. The provisions of this standard provide an option to present the components of net income and other comprehensive income either as one continuous statement of comprehensive income or as two separate but consecutive statements. The Company will be required to incorporate the provisions of this new standard effective with its first quarter filing for fiscal year 2013.

In September 2011, the FASB issued guidance on testing goodwill for impairment. The new guidance provides an entity the option to first perform a qualitative assessment to determine whether it is more likely than not (a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. After assessing qualitative factors, if an entity determines that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, no further testing is necessary. If an entity determines that it is more likely than not that the fair value of the reporting unit is less than its carrying value, then the traditional two-step goodwill impairment test must be performed. The new guidance will be effective for annual goodwill impairment tests performed for fiscal years beginning after December 31, 2011, which will be the Company's fiscal year beginning March 1, 2012.

The Company does not expect the adoption of these standards will have a material impact on the Company's financial statements.

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 2012, 2011 and 2010.
- *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 2012		2011		2010	
Net sales	$517,014	100.0%	$549,999	100.0%	$517,738	100.0%
Cost of goods sold	386,501	74.8	395,501	71.9	382,419	73.9
Gross profit margin	130,513	25.2	154,498	28.1	135,319	26.1
Selling, general and administrative	78,962	15.3	83,678	15.2	76,738	14.8
Gain from disposal of assets	(137)	-	(1)	-	(1)	-
Income from operations	51,688	9.9	70,821	12.9	58,582	11.3
Other expense, net	(2,308)	(0.4)	(1,404)	(0.3)	(2,913)	(0.5)
Earnings before income taxes	49,380	9.5	69,417	12.6	55,669	10.8
Provision for income taxes	18,022	3.5	24,786	4.5	20,463	4.0
Net earnings	$ 31,358	6.0%	$ 44,631	8.1%	$ 35,206	6.8%

Net Sales. Our consolidated net sales decreased from $550.0 million for the fiscal year ended February 28, 2011 to $517.0 million for the fiscal year ended February 29, 2012, or a decrease of 6.0%. Our sales decline for the year related primarily to the decline in our apparel sales which were off $38.3 million, or 13.8% due to softness in the market and continued pricing pressures. Net sales increased by $32.3 million, or 6.2% from $517.7 million to $550.0 for fiscal years ended February 28, 2010 and February 28, 2011, respectively. The increase in our sales during fiscal year 2011 related to our apparel sales, which increased $41.9 million, or 17.8% due to improving economic conditions.

Cost of Goods Sold. Our manufacturing costs decreased by $9.0 million from $395.5 million for fiscal year 2011 to $386.5 million for fiscal year 2012, or 2.3.%. Our gross profit margin (net sales less cost of goods sold) decreased from 28.1% for fiscal year 2011 to 25.2% for fiscal year 2012 due to the decline in our apparel margin during the period which decreased from 27.9% to 21.6% from the comparable period last year. The decline in our apparel margin was caused by higher input costs (i.e., mainly cotton) and competitive pressures on selling prices.

Our manufacturing costs for fiscal year 2011 increased by $13.1 million from $382.4 million for fiscal year 2010 to $395.5 million, or 3.4% while our sales increased by 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 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.

Selling, general, and administrative expenses. For fiscal year 2012, our selling, general and administrative expenses decreased approximately $4.7 million, or 5.6% from $83.7 million, or 15.2% of sales for fiscal year 2011 to $79.0 million, or 15.3% of sales for fiscal year 2012. The decrease in our selling, general and administrative expenses in addition to being volume related, was caused by a decrease in our bad debt expense, due to improved aging of our accounts receivable, and a reduction in our performance incentive costs for the year.

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.

Gain from disposal of assets. The gain from disposal of assets of $137,000 for fiscal year ended February 29, 2012 resulted from sale of vehicles and equipment. The gain from disposal of assets of $1,000 for fiscal year ended February 28, 2011 resulted from sale of equipment.

Income from operations. Our income from operations for fiscal year 2012 decreased $19.1 million from operational earnings of $70.8 million, or 12.9% of sales for fiscal year 2011, to operational earnings of $51.7 million, or 10.0% of sales for fiscal year 2012. The decrease in our operational earnings during fiscal year 2012 was primarily related to our decreased apparel sales and apparel gross profit margin.

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.

Other income and expense. Our interest expense was $2.3 million, $1.2 million and $2.6 million for fiscal years 2012, 2011 and 2010, respectively. Our interest expense increased in fiscal year 2012 due mainly to the fact that we did not capitalize any interest related to our Agua Prieta facility as construction was completed. 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.

Provision for income taxes. Our effective tax rates for fiscal years 2012, 2011 and 2010 were 36.5%, 35.7% and 36.8%, respectively. The increase in our effective tax rate for fiscal year 2012 related to a reduction in the benefit associated with our Domestic Production Activities Deduction, which was caused by the moving of our apparel manufacturing from the United States to Mexico. Our rate for fiscal year 2011 decreased over our rate for fiscal year 2010 due to an increase in our Domestic Production Activities Deduction credit.

Net earnings. Due to the above factors, our net earnings decreased from $44.6 million, or 8.1% of sales for fiscal year 2011 to earnings of $31.4 million, or 6.1% of sales for fiscal year 2012. Basic earnings per share decreased from earnings of $1.73 per share for fiscal year 2011 to earnings of $1.21 per share for fiscal year 2012. Diluted earnings per share decreased from earnings of $1.72 per share for fiscal year 2011 to earnings of $1.21 per share for fiscal year 2012.

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.

Segment Operating Results

	Fiscal Years Ended		
Net Sales by Segment (in thousands)	**2012**	**2011**	**2010**
Print	$ 277,988	$ 272,689	$ 282,308
Apparel	239,026	277,310	235,430
Total	$ 517,014	$ 549,999	$ 517,738

Print Segment. The print segment net sales represented 54.0%, 50.0%, and 55.0% of our consolidated net sales for fiscal years 2012, 2011, and 2010, respectively.

Our print sales increased by $5.3 million, or 1.9% during the fiscal year 2012 while print sales declined $9.6 million, or 3.4% during fiscal year 2011, when compared to the preceding fiscal year. While our print sales continue to be challenged by technological and economic factors, we have seen revenue growth in this segment on both a sequential and comparative basis over the past several quarters. While our growth has related principally to our acquisitions this fiscal year, we have seen stability in our underlying existing business.

The decline in our print sales in 2011 was primarily due to the continued economic recession from fiscal year 2010. 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 is expected 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 46.0 %, 50.0%, and 45.0% of our consolidated net sales for fiscal years 2012, 2011 and 2010, respectively.

Our fiscal year 2012 net sales for the Apparel Segment decreased by $38.3 million, or 13.8% over fiscal year 2011, while our 2011 net sales increased by $41.9 million, or 17.8% over fiscal 2010. Our apparel sales decreased in fiscal 2012 due to decreased unit sales resulting from the following: soft market conditions; reduced retail and consumer sentiment attributed to the protracted and volatile economic recovery; the destocking of inventories at the retail/distributor/screen-print levels; a drop in commodity prices and competitors pricing strategies. The drop in commodity prices over the past 4 months has caused some unrealistic expectations with respect to selling prices. These unrealistic expectations caused some destocking of inventories during this time period, which added to the competitive pressures in the marketplace. Competitors motivated to maintain their capacity utilizations or to increase their market share, in an attempt to improve their inventory turns, instituted various rebate programs (stock/restock programs, etc.) or announced price decreases, all during a time when these same competitors were reflecting the high cotton costs in their cost of sales. Due to promotional pricing, products are being sold in the marketplace at prices less than their associated raw material costs. Since our pricing strategy has been to try to cover our costs, we feel this has negatively impacted our top-line results over the past several quarters and may continue to impact our top-line results for the next several quarters. However, as the higher priced inventory in the marketplace are worked through, sales volumes should return to more normalized growth levels, pricing should stabilize as selling prices and the cost of cotton in inventories being consumed are in better alignment, and as such we would envision a better business environment during the second half of fiscal year 2013.

During fiscal year 2011, 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%.

	Fiscal Years Ended		
Gross Profit by Segment (in thousands)	**2012**	**2011**	**2010**
Print	$ 78,878	$ 77,236	$ 77,789
Apparel	51,635	77,262	57,530
Total	$ 130,513	$ 154,498	$ 135,319

Print Segment. Our print gross profit margin ("margin"), as a percent of sales, was 28.4%, 28.3% and 27.6% for fiscal years 2012, 2011 and 2010, respectively. In fiscal 2012, our print margins rose slightly over the comparable period last year. In fiscal 2011, we saw our material prices rise; however, we were able to offset these price increases through selling price increases and operational improvements.

Apparel Segment. Our apparel margin, as a percent of sales, was 21.6%, 27.9% and 24.4%, for fiscal years 2012, 2011 and 2010, respectively.

The cost of cotton, our largest input, increased 98.1% over fiscal year 2011. Due to economic slowness, and competitors' production, inventory and market strategies, sale side pricing in the marketplace has not been consistent with the high level of cotton costs now flowing out of large manufacturers' finished goods inventories and into cost of sales. Hence industry margins, as ours, have been compressed as of late due to these higher input costs and marketplace pressures. In addition, our apparel margins have also been impacted by inefficiencies associated with the start-up of our new manufacturing facility in Agua Prieta, Mexico. This has only had a minimal impact during the last couple of quarters and has been well within our projected levels. We anticipate our apparel margins will continue to be challenged during next fiscal year as we manage our way through the remaining high priced cotton currently in our finished goods. How long this will take, will be dependent upon how quickly we can turn our finished goods inventory which is dependent on many factors some of which are outside of our control.

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 were 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 remained at these levels for a sustained period of time, most of these favorable forward contracts expired during the first half of fiscal 2012 and were replaced with significantly higher cotton cost contracts. As such, while we were able to offset these higher costs during fiscal 2011, we were extremely concerned with the potential impact of these higher cotton costs entering into our fiscal 2012 year.

Profit by Segment (in thousands)	Fiscal Years Ended 2012	2011	2010
Print	$ 46,238	$ 46,002	$ 46,047
Apparel	19,345	42,611	24,778
Total	65,583	88,613	70,825
Less corporate expenses	16,203	19,196	15,156
Earnings before income taxes	$ 49,380	$ 69,417	$ 55,669

Print Segment. As a percent of sales, our Print Segment's profits were 16.6%, 16.9%, and 16.3% for fiscal years 2012, 2011 and 2010, respectively. Our Print Segment's profit for fiscal year 2012 increased slightly from $46.0 million to $46.2 million for fiscal years ended 2011 and 2012, respectively. Our Print Segment's profit for both fiscal years 2010 and 2011 remained level at $46.0.

Apparel Segment. As a percent of sales, our Apparel Segment's profits were 8.1%, 15.4%, and 10.5%. The decrease in our Apparel profits for fiscal 2012 are a result of the decrease in our apparel sales and margin as discussed previously. The increase in our Apparel profits during fiscal year 2011 as compared to fiscal year 2010 related primarily to our improved gross profit margins during this time period. In addition to the significant improvement in our gross profits margins, we were able to continue cost cutting in selling, general, and administrative expenses following a review of our advertising and marketing activities during fiscal 2010.

Liquidity and Capital Resources

(Dollars in thousands)	Fiscal Years Ended 2012	2011
Working Capital	$ 168,969	$ 135,300
Cash	$ 10,410	$ 12,305

Working Capital. Our working capital increased by approximately $33.7 million, or 24.9% from $135.3 million at February 28, 2011 to $169.0 million at February 29, 2012. Our current ratio, calculated by dividing our current assets by our current liabilities, increased from 3.9-to-1.0 at February 28, 2011 to 4.4-to-1.0 at February 29, 2012. The increase in both our working capital and current ratio related primarily to the increase in our apparel inventory, which is due to the higher cotton costs in our finished goods inventory and slightly lower unit turns due to decreased sales and an increase in our print inventory, which is associated with our print acquisitions during the year.

(Dollars in thousands)	Fiscal Years Ended 2012	2011
Net Cash provided by operating activities	$ 24,573	$ 32,766
Net Cash used in investing activities	$ (50,810)	$ (35,985)
Net Cash provided by (used in) financing activities	$ 23,691	$ (6,005)

Cash flows from operating activities. Cash flows from operations during fiscal 2012 decreased by $8.2 million over fiscal year 2011, which had decreased by $49.8 million over fiscal year 2010. The decrease in cash flows during fiscal 2012 resulted primarily from a decrease in our earnings and an increase of prepaid expenses, which was offset by a decrease in our accounts receivable and an increase in our pension liability The change in our cash flows for 2011 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 increased by $14.8 million, or 41.2% from $36.0 million for fiscal year 2011 to $50.8 million for fiscal year 2012. This increase was as a result of our two new print acquisitions $46.0 million offset by the reduction in capital expenditures of approximately $28.7 million which related to the construction of our new apparel manufacturing facility in Agua Prieta, Mexico in fiscal 2011. For contractual commitments remaining in connection with the construction of this facility – see the "Contractual Obligations & Off-Balance Sheet Arrangements" section below.

Cash flows from financing activities. We used $29.7 million less in cash associated with our financing activities in fiscal year 2012 when compared to the same period last year. We borrowed $40.0 million under our revolver during fiscal year 2012 to fund our print acquisitions, whereas we borrowed only $10.0 million under our revolver during fiscal 2011 to build our apparel inventory in connection with the planned move of our apparel manufacturing facilities.

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 during the last two fiscal years, there have been a total of 96,000 shares of our common stock that have been purchased under the repurchase program since its inception at an average price per share of $10.45. On April 20, 2012, the Board authorized that an additional $5.0 million be added to our stock repurchase program. Unrelated to the stock repurchase program, we purchased 100 and 91 shares of common stock during the fiscal years ended February 29, 2012 and February 28, 2011, respectively.

Credit Facility – On February 22, 2012, we entered into the Second Amendment to 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 16, 2016. The Facility bears interest at the London Interbank Offered Rate ("LIBOR") plus a spread ranging from 1.0% to 2.25% (LIBOR + 1.5% or 1.74% at February 29, 2012 and 2.51% at February 28, 2011), depending on our total funded debt to EBITDA ratio, as defined. As of February 29, 2012, we had $90.0 million of borrowings under the revolving credit line and $3.5 million outstanding under standby letters of credit arrangements, leaving us availability of approximately $56.5 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 29, 2012. 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.

We did not pay any additional amounts on the revolver for fiscal year 2012. It is anticipated that the available line of credit is sufficient to cover, should it be required, our working capital needs for the foreseeable future.

On July 7, 2008, we entered into a three-year Interest Rate Swap Agreement ("Swap") for a notional amount of $40.0 million which matured on July 22, 2011. The Swap effectively fixed the LIBOR rate at 3.79%. 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. 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 as of February 28, 2011 as current installments of long-term debt with a related deferred charge recorded as a component of other comprehensive income (loss).

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 fiscal 2013. 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 29, 2012, we had an unfunded pension liability recorded on our balance sheet of $7.5 million. The increase in our liability during the year related primarily to the decrease in the discount rate used to calculate our benefit obligations and to the performance of our pension assets.

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 with paper and yarn suppliers that governs prices, but do not require minimum purchase commitments. 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 2013, exclusive of capital required for possible acquisitions 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 the foreseeable future.

Contractual Obligations & Off-Balance Sheet Arrangements – There have been no significant changes in our contractual obligations since February 29, 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 29, 2012. The following table represents our contractual commitments as of February 29, 2012 (in thousands).

	Total	2013	2014	2015	2016	2017 to 2022
Debt:						
Revolving credit facility	$ 90,000	$ -	$ -	$ -	$ -	$ 90,000
Other contractual commitments:						
Estimated pension benefit payments	36,000	3,500	3,800	4,000	4,200	20,500
Letters of credit	3,522	3,522	-	-	-	-
Operating leases	14,884	5,407	4,017	2,380	1,806	1,274
Construction contract - Agua Prieta	1,551	1,551	-	-	-	-
Total other contractual commitments	55,957	13,980	7,817	6,380	6,006	21,774
Total	$ 145,957	$ 13,980	$ 7,817	$ 6,380	$ 6,006	$ 111,774

Subsequent to February 29, 2012 and through May 11, 2012, we made no additional repayments on our revolving credit facility. We expect future interest payments of $1.6 million for each of the next four fiscal years through February 29, 2016, and $0.7 million for fiscal year ending February 28, 2017, 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

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 $90.0 million at February 29, 2012. We had entered into a $40.0 million interest rate swap designated as a cash flow hedge related to this debt, but this arrangement matured July 22, 2011, as such the entire balance of our line of credit is subject to fluctuations in the LIBOR rate. 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 29, 2012 would be approximately $0.9 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

Disclosure Controls and Procedures

A review and 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 and operation of our “disclosure controls and procedures” (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of February 29, 2012. In conducting our evaluation of the effectiveness of internal control over financial reporting, we have excluded the assets and liabilities and results of operations of PrintXcel and Printegra, which we acquired on February 10, 2012, in accordance with the Securities and Exchange Commission’s guidance concerning the reporting of internal controls over financial reporting in connection with a material acquisition. The assets and revenues resulting from this acquisition constituted approximately 8 and 1 percent , respectively, of the related consolidated financial statement amounts as of and for the year ended February 29, 2012,

Based upon that review and evaluation, which excluded the internal control over financial reporting of PrintXcel and Printegra, we have concluded that our disclosure controls and procedures were effective as of February 29, 2012.

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 29, 2012. 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*. In conducting our evaluation of the effectiveness of internal control over financial reporting, we have excluded the assets and liabilities and results of operations of PrintXcel and Printegra, which we acquired February 10, 2012, in accordance with the Securities and Exchange Commission’s guidance concerning the reporting of internal controls over financial reporting in connection with a material acquisition. The assets and revenues resulting from this acquisition constituted approximately 8 and 1 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended February 29, 2012. Based on management’s assessment using those criteria, we believe that, as of February 29, 2012, the Company’s internal control over financial reporting is effective.

Changes in Internal Controls

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.

Grant Thornton LLP, an independent registered public accounting firm, has audited the consolidated financial statements of the Company for the fiscal year ended February 29, 2012 and has attested to the effectiveness of the Company's internal control over financial reporting as of February 29, 2012. 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 2012 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 2012 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 2012 Annual Meeting of Shareholders.

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 2012 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 2012 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 11, 2012	/s/ KEITH S. WALTERS Keith S. Walters, Chairman of the Board, Chief Executive Officer and President
Date: May 11, 2012	/s/ RICHARD L. TRAVIS, JR. Richard L. Travis, Jr. Senior Vice President — Finance and CFO

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 11, 2012	/s/ KEITH S. WALTERS Keith S. Walters, Chairman of the Board, Chief Executive Officer and President
Date: May 11, 2012	/s/ IRSHAD AHMAD Irshad Ahmad, Vice President – Apparel Division and Chief Technology Officer and Director
Date: May 11, 2012	/s/ FRANK D. BRACKEN Frank D. Bracken, Director
Date: May 11, 2012	/s/ GODFREY M. LONG, JR. Godfrey M. Long, Jr., Director
Date: May 11, 2012	/s/ THOMAS R. PRICE Thomas R. Price, Director
Date: May 11, 2012	/s/ KENNETH G. PRITCHETT Kenneth G. Pritchett, Director
Date: May 11, 2012	/s/ ALEJANDRO QUIROZ Alejandro Quiroz, Director
Date: May 11, 2012	/s/ MICHAEL J. SCHAEFER Michael J. Schaefer, Director
Date: May 11, 2012	/s/ JAMES C. TAYLOR James C. Taylor, Director
Date: May 11, 2012	/s/ RICHARD L. TRAVIS, JR. Richard L. Travis, Jr., Principal Financial and Accounting Officer

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 (the "Company") as of February 29, 2012 and February 28, 2011, 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 29, 2012. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ennis, Inc. and subsidiaries as of February 29, 2012 and February 28, 2011, and the results of its operations and its cash flows for each of the three years in the period ended February 29, 2012, 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), the Company's internal control over financial reporting as of February 29, 2012, 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 11, 2012 expressed an unqualified opinion on the effectiveness of Ennis, Inc. and subsidiaries' internal control over financial reporting.

/s/ Grant Thornton LLP

Dallas, Texas
May 11, 2012

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 29, 2012, 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. and subsidiaries' internal control over financial reporting based on our audit. Our audit of, and opinion on, Ennis Inc. and subsidiaries' internal control over financial reporting does not include internal control over financial reporting of PrintXcel and Printegra Corporation, wholly owned subsidiaries, whose combined financial statements reflect total assets and revenues constituting approximately 8 and 1 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended February 29, 2012. As indicated in Management's Report, the assets of PrintXcel and Printegra Corporation were acquired on February 10, 2012 and therefore, management's assertion on the effectiveness of Ennis Inc. and subsidiaries' internal control over financial reporting excluded internal control over financial reporting of PrintXcel and Printegra Corporation.

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 29, 2012, 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 29, 2012 and February 28, 2011 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 29, 2012, and our report dated May 11, 2012 expressed an unqualified opinion on those financial statements.

/s/ Grant Thornton LLP

Dallas, Texas
May 11, 2012

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

	Fiscal Years Ended	
	2012	**2011**
Assets		
Current assets		
Cash	$ 10,410	$ 12,305
Accounts receivable, net of allowance for doubtful receivables of $4,403 at February 29, 2012 and $4,814 at February 28, 2011	58,790	58,359
Prepaid expenses	8,091	5,335
Prepaid income taxes	3,854	-
Inventories	132,572	100,363
Deferred income taxes	5,493	6,036
Total current assets	219,210	182,398
Property, plant and equipment, at cost		
Plant, machinery and equipment	153,818	156,356
Land and buildings	80,020	73,482
Other	22,997	22,646
Total property, plant and equipment	256,835	252,484
Less accumulated depreciation	157,319	158,823
Net property, plant and equipment	99,516	93,661
Goodwill	121,634	117,341
Trademarks and tradenames, net	63,473	58,765
Customer lists, net	23,188	17,547
Deferred finance charges, net	671	648
Other assets	4,270	3,368
Total assets	$ 531,962	$ 473,728

See accompanying notes to consolidated financial statements.

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

	Fiscal Years Ended	
	2012	**2011**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 27,924	$ 18,868
Accrued expenses		
Employee compensation and benefits	16,087	16,503
Taxes other than income	547	585
Income taxes payable	1,183	2,935
Other	4,500	7,621
Current installments of long-term debt	-	586
Total current liabilities	50,241	47,098
Long-term debt	90,000	50,000
Liability for pension benefits	7,494	2,048
Deferred income taxes	23,029	25,379
Other liabilities	1,323	1,520
Total liabilities	172,087	126,045
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 2012 and 2011	75,134	75,134
Additional paid in capital	121,390	121,306
Retained earnings	249,862	234,636
Accumulated other comprehensive income (loss):		
Foreign currency translation, net of taxes	1,022	1,727
Unrealized loss on derivative instruments, net of taxes	-	(372)
Minimum pension liability, net of taxes	(13,807)	(9,803)
Total accumulated other comprehensive income (loss)	(12,785)	(8,448)
Treasury stock		
Cost of 4,129,668 shares in 2012 and 4,197,567 shares in 2011	(73,726)	(74,945)
Total shareholders' equity	359,875	347,683
Total liabilities and shareholders' equity	$ 531,962	$ 473,728

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		
	2012	2011	2010
Net sales	$ 517,014	$ 549,999	$ 517,738
Cost of goods sold	386,501	395,501	382,419
Gross profit margin	130,513	154,498	135,319
Selling, general and administrative	78,962	83,678	76,738
Gain from disposal of assets	(137)	(1)	(1)
Income from operations	51,688	70,821	58,582
Other expense			
Interest expense	(2,285)	(1,234)	(2,627)
Other, net	(23)	(170)	(286)
	(2,308)	(1,404)	(2,913)
Earnings before income taxes	49,380	69,417	55,669
Provision for income taxes	18,022	24,786	20,463
Net earnings	$ 31,358	$ 44,631	$ 35,206
Weighted average common shares outstanding			
Basic	25,946,107	25,855,129	25,768,632
Diluted	25,967,677	25,887,995	25,796,553
Per share amounts			
Net earnings - basic	$ 1.21	$ 1.73	$ 1.37
Net earnings - diluted	$ 1.21	$ 1.72	$ 1.36
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 2010, 2011, AND 2012
(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, 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 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
Net earnings	-	-	-	31,358	-	-	-	31,358
Foreign currency translation, net of deferred tax of $(436)	-	-	-	-	(705)	-	-	(705)
Unrealized gain on derivative instruments, net of deferred tax benefit of $230	-	-	-	-	372	-	-	372
Adjustment to pension, net of deferred tax of $(2,476)	-	-	-	-	(4,004)	-	-	(4,004)
Comprehensive income								27,021
Dividends declared ($.62 per share)	-	-	-	(16,132)	-	-	-	(16,132)
Excess tax benefit of stock option exercises and restricted stock grants	-	-	63	-	-	-	-	63
Stock based compensation	-	-	1,025	-	-	-	-	1,025
Exercise of stock options and restricted stock grants	-	-	(1,004)	-	-	67,999	1,221	217
Stock repurchases	-	-	-	-	-	(100)	(2)	(2)
Balance February 29, 2012	30,053,443	$ 75,134	$ 121,390	$ 249,862	$ (12,785)	(4,129,668)	$ (73,726)	$ 359,875

See accompanying notes to consolidated financial statements.

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

	Fiscal Years Ended		
	2012	**2011**	**2010**
Cash flows from operating activities:			
Net earnings	$ 31,358	$ 44,631	$ 35,206
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	9,521	8,066	8,976
Amortization of deferred finance charges	432	432	438
Amortization of other intangible asseets	2,431	2,399	2,403
Gain from disposal of assets	(137)	(1)	(1)
Bad debt expense	144	1,952	2,182
Stock based compensation	1,025	982	1,079
Excess tax benefit of stock based compensation	(63)	49	(101)
Deferred income taxes	(2,022)	4,365	2,705
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Accounts receivable	7,951	(1,643)	(1,614)
Prepaid expenses	(6,134)	1,718	1,867
Inventories	(21,809)	(23,753)	27,096
Other current assets	564	(717)	409
Other assets	(68)	90	(3,927)
Accounts payable and accrued expenses	135	(3,945)	6,177
Other liabilities	(197)	652	(203)
Prepaid pension asset/liability for pension benefits	1,442	(2,511)	(125)
Net cash provided by operating activities	24,573	32,766	82,567
Cash flows from investing activities:			
Capital expenditures	(5,087)	(33,753)	(20,280)
Purchase of businesses, net of cash acquired	(45,956)	(2,237)	-
Proceeds from disposal of plant and property	233	5	36
Net cash used in investing activities	(50,810)	(35,985)	(20,244)
Cash flows from financing activities:			
Borrowings on debt	40,000	10,000	-
Repayment of debt	-	-	(34,210)
Deferred financing charges	(455)	-	-
Dividends	(16,132)	(16,057)	(16,001)
Purchase of treasury stock	(2)	(2)	(486)
Proceeds from exercise of stock options	217	103	108
Excess tax benefit of stock based compensation	63	(49)	101
Net cash provided by (used in) financing activities	23,691	(6,005)	(50,488)
Effect of exchange rate changes on cash	651	466	(58)
Net change in cash	(1,895)	(8,758)	11,777
Cash at beginning of period	12,305	21,063	9,286
Cash at end of period	$ 10,410	$ 12,305	$ 21,063

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 29, 2012, February 28, 2011 and February 28, 2010 (fiscal years ended 2012, 2011, and 2010, 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 sixth 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 2012 and 2011, approximately 3.12% and 4.15% 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 2012 and 2011 were $3.5 million and $2.6 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.

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.

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 8 for additional discussion of fair value measurements.

(1) Significant Accounting Policies and General Matters-continued

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 $10.5 million, $10.5 million and $12.4 million of revenue was recognized under these arrangements during fiscal years 2012, 2011, and 2010 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 $1.0 million, $1.3 million, and $1.6 million, during the fiscal years ended 2012, 2011 and 2010, 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 $436,000, $453,000, and $817,000 for the fiscal years ended 2012, 2011 and 2010, respectively. Unamortized direct advertising costs included in prepaid expenses at fiscal years ended 2012, 2011 and 2010 were approximately $155,000, $99,000, and $104,000, 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 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 2012, 2011, and 2010, there were 216,443, 93,700, and 98,950 of options, respectively, not included in the diluted earnings 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 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.

(1) Significant Accounting Policies and General Matters-continued

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 $(81,000), $169,000, and $290,000 for fiscal years ended 2012, 2011 and 2010, 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 4%) 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 11, "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. 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. Substantially all 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.

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.

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

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

	2012	2011	2010
Balance at beginning of period	$ 4,814	$ 4,446	$ 3,561
Bad debt expense	144	1,952	2,182
Recoveries	109	105	34
Accounts written off	(675)	(1,696)	(1,297)
Foreign currency translation	11	7	(34)
Balance at end of period	$ 4,403	$ 4,814	$ 4,446

(3) Inventories

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

	2012	2011
Raw material	$ 22,217	$ 11,237
Work-in-process	11,194	13,453
Finished goods	99,161	75,673
	$ 132,572	$ 100,363

The excess of current costs at FIFO over LIFO stated values was approximately $5.4 million and $5.6 million at fiscal years ended 2012 and 2011, respectively. There were no significant liquidations of LIFO inventories during the fiscal years ended 2012, 2011 and 2010. Cost includes materials, labor and overhead related to the purchase and production of inventories.

(4) Acquisitions and Disposal

On February 10, 2012, the Company acquired certain assets of PrintXcel and Printegra Corporation ("Printegra") for $40.0 million plus assumed trade liabilities. The acquisition was funded by a draw down on the Company's line of credit facility. The combined sales of the purchased operations were $74.4 million during the most recent twelve month period. The acquisition will continue its operations under their respective trade names of PrintXcel and Printegra.

The following is a summary of the preliminary purchase price allocations for PrintXcel and Printegra (in thousands):

Accounts receivable	$ 6,696
Inventories	9,190
Other assets	631
Property, plant & equipment	8,470
Customer lists	7,930
Trademarks	4,840
Patent	773
Goodwill	4,293
Other long-term asseets	71
Accounts payable and accrued liabilities	(2,924)
	$ 39,970

(4) Acquisitions and Disposal-continued

On September 30, 2011, the Company purchased all of the outstanding stock of PrintGraphics, LLC ("PrintGraphics"), a privately held company, as well as the associated land and buildings for $6.0 million in cash. PrintGraphics has locations in Vandalia, Ohio and Nevada, Iowa, The sales of the purchased operations were $15.1 million during the twelve month period ended December 31, 2010.

The following is a summary of the purchase price allocation for PrintGraphics (in thousands):

Accounts receivable	$ 1,867
Inventories	1,356
Other assets	94
Property, plant & equipment	3,572
Accounts payable and accrued liabilities	(903)
	$ 5,986

The results of operations for PrintXcel, Printegra, and PrintGraphics are included in the Company's consolidated financial statements from the dates of acquisition. The following table represents certain operating information on a pro forma basis as though all companies had been acquired as of March 1, 2010, after the estimated impact of adjustments such as amortization of intangible assets, interest expense, interest income and related tax effects (in thousand except per share amounts):

	Unaudited	
	2012	**2011**
Pro forma net sales	$587,316	$649,814
Pro forma net earnings	33,933	49,055
Pro forma earnings per share - diluted	1.31	1.89

The pro forma results are not necessarily indicative of what would have occurred if the acquisitions had been in effect for the periods presented.

(5) 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 their estimated useful life (between 1 and 10 years). Trademarks with indefinite lives are evaluated for impairment on an annual basis, or more frequently if impairment indicators arise. The Company assesses the recoverability of its definite-lived intangible assts primarily based on its current and anticipated future undiscounted cash flows.

(5) 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 thousands):

As of February 29, 2012	Weighted Average Amortization Period *(in years)*	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets (in thousands)				
Tradenames	0.75	$ 1,234	$ 1,139	$ 95
Customer lists	7.21	37,887	14,699	23,188
Noncompete	-	500	500	-
Patent	6.00	773	5	768
Total	7.00	$ 40,394	$ 16,343	$ 24,051

As of February 28, 2011	Weighted Average Amortization Period *(in years)*	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets (in thousands)				
Tradenames	1.76	$ 1,234	$ 1,007	$ 227
Customer lists	7.46	29,957	12,410	17,547
Noncompete	1.00	500	495	5
Total	7.14	$ 31,691	$ 13,912	$ 17,779

	Fiscal years ended 2012	Fiscal years ended 2011
Non-amortizing intangible assets (in thousands)		
Trademarks	$ 63,378	$ 58,538

Aggregate amortization expense for each of the fiscal years 2012, 2011 and 2010 was approximately $2.4 million.

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

2013	$3,278
2014	3,180
2015	3,063
2016	3,004
2017	3,004

Changes in the net carrying amount of goodwill for the fiscal years ended are as follows (in thousands):

	Print Segment Total	Apparel Segment Total	Total
Balance as of March 1, 2010	$ 42,792	$ 74,549	$ 117,341
Goodwill acquired	-	-	-
Goodwill impairment	-	-	-
Balance as of March 1, 2011	42,792	74,549	117,341
Goodwill acquired	4,293	-	4,293
Goodwill impairment	-	-	-
Balance as of February 29, 2012	$ 47,085	$ 74,549	$ 121,634

(6) Other Accrued Expenses

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

	February 29, 2012	February 28, 2011
Accrued taxes	$ 293	$ 229
Accrued legal and professional fees	852	499
Accrued interest	48	158
Accrued utilities	93	1,038
Accrued repairs and maintenance	775	684
Accrued construction retainage	1,759	2,020
Accrued phantom stock obligation	475	452
Accrued acquisition related obligations	205	243
Other accrued expenses	-	2,298
	$ 4,500	$ 7,621

(7) Derivative Instruments and Hedging Activities

The Company used 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 which matured on July 22, 2011. The Swap effectively fixed the LIBOR rate at 3.79%.

The Company accounts for its 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. 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 as of February 28, 2011 as current installments of long-term debt with a related deferred charge recorded as a component of other comprehensive income (loss). During fiscal year 2012, the Company incurred an additional $0.6 million in interest expense related to the Swap.

(8) 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.

(8) Fair Value Financial Instruments-continued

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.

The following table summarizes financial liabilities measured at fair value on a recurring basis as of February 28, 2011, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands). There were no financial assets or liabilities measured at fair value at February 29, 2012.

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

(9) Long-Term Debt

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

	February 29, 2012	February 28, 2011
Revolving credit facility	$ 90,000	$ 50,000
Interest rate swap	-	586
Long-term debt	$ 90,000	$ 50,586

On February 22, 2012, the Company entered into the Second Amendment to 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 16, 2016. The Facility bears interest at the London Interbank Offered Rate ("LIBOR") plus a spread ranging from 1.0% to 2.25% (LIBOR + 1.5% or 1.74% at February 29, 2012 and 2.51% at February 28, 2011), depending on the Company's total funded debt to EBITDA ratio, as defined. As of February 29, 2012, the Company had $90.0 million of borrowings under the revolving credit line and $3.5 million outstanding under standby letters of credit arrangements, leaving the Company availability of approximately $56.5 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 29, 2012. 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 relating to the construction of its apparel manufacturing facility in Agua Prieta, Mexico. There was no interest capitalized for fiscal year 2012 as construction was substantially complete at the beginning of fiscal year 2012..

The Company's long-term debt maturities for the years following February 29, 2012 are as follows (in thousands):

	Debt
2013	$ -
2014	-
2015	-
2016	-
2017	90,000
	$ 90,000

(10) 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. There have been a total of 96,000 shares of common stock that have been purchased under the repurchase program since its inception at an average price per share of $10.45. Unrelated to the stock repurchase program, the Company purchased 100 and 91 shares of common stock during the fiscal years ended February 29, 2012 and February 28, 2011, respectively.

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

(11) 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 2012, the Company has one stock option plan: the 2004 Long-Term Incentive Plan of Ennis, Inc., as amended and restated as of June 30, 2011, formerly the 1998 Option and Restricted Stock Plan amended and restated as of May 14, 2008 ("Plan"). The Company has 1,100,354 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 2012, 2011 and 2010, the Company included in selling, general and administrative expenses, compensation expense related to share based compensation of $1,025,000 ($651,000 net of tax), $982,000 ($624,000 net of tax) and $1,079,000 ($680,000 net of tax), respectively.

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

Stock Options

The Company had the following stock option activity for the three years ended February 29, 2012:

	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, 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	
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
Granted	82,743	17.57		
Terminated	(2,500)	8.94		
Exercised	(31,950)	10.68		
Outstanding at February 29, 2012	310,193	$ 15.60	6.6	$626
Exercisable at February 29, 2012	140,782	$ 15.71	4.5	$274

(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 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 2012, 2011 and 2010:

	2012	2011	2010
Expected volatility	43.76%	34.63%	32.35%
Expected term (years)	3	3	4
Risk free interest rate	1.16%	1.58%	2.01%
Dividend yield	3.66%	4.24%	4.74%
Weighted average grant-date fair value	$4.24	$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		
	2012	2011	2010
Total cash received	$ 217	$ 103	$ 108
Income tax (expense) benefit	63	(49)	101
Total grant-date fair value	54	38	42
Intrinsic value	200	339	408

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

A summary of the status of the company's unvested stock options at February 29, 2012, and changes during the fiscal year ended February 29, 2012 are presented below:

	Number of Options	Weighted Average Grant Date Fair Value
Unvested at February 28, 2011	133,750	$ 2.41
New grants	82,743	4.24
Vested	(44,582)	2.41
Forfeited	(2,500)	1.58
Unvested at February 29, 2012	169,411	$ 3.31

As of February 29, 2012, there was $358,000 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 1.6 years. The total fair value of shares underlying the options vested during the fiscal year ended February 29, 2012 was $747,000.

The following table summarizes information about stock options outstanding at the end of fiscal year 2012:

	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	75,250	6.9	$ 9.08	30,250	$ 9.28
13.2800 to 16.4200	58,500	2.4	15.94	58,500	15.94
17.5700 to 19.6900	176,443	7.9	18.26	52,032	19.20
	310,193	6.6	15.60	140,782	15.71

Restricted Stock

The Company had the following restricted stock grants activity for the three fiscal years ended February 29, 2012:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at March 1, 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
Granted	93,959	17.57
Terminated	-	-
Vested	(43,449)	15.34
Outstanding at February 29, 2012	131,333	$ 17.09

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

As of February 29, 2012, the total remaining unrecognized compensation cost related to unvested restricted stock was approximately $1.5 million. The weighted average remaining requisite service period of the unvested restricted stock awards was 1.8 years. As of February 29, 2012, the Company's outstanding restricted stock had an underlying fair value at date of grant of $2.2 million.

(12) Employee Benefit Plans

The Company and certain subsidiaries have a noncontributory defined benefit retirement plan covering approximately 10% 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:

	2012	2011
Equity securities	52%	52%
Debt securities	39%	41%
Cash and cash equivalents	9%	7%
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 29, 2012 is as follows:

Asset Class	Target Allocation Percentage
Cash	2 - 5%
Fixed Income	43 - 53%
Equity	45 - 55%

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 2012 was 8.0%, the rate used in the calculation of the current year pension expense.

(12) Employee Benefit Plans-continued

The following tables presents the Plan's fair value hierarchy for those assets measured at fair value as of February 29, 2012 and 2011 (in thousands):

Description	Assets Measured at Fair Value at 2/29/12	Fair Value Measurements (Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$ 3,746	$ 3,746	$ -	$ -
Government bonds	9,938	-	9,938	-
Corporate bonds	6,441	-	6,441	-
Domestic equities	19,107	19,107	-	-
Foreign equities	2,770	2,770	-	-
	$ 42,002	$ 25,623	$ 16,379	$ -

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	$ -

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.

(12) Employee Benefit Plans-continued

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):

	2012	2011	2010
Components of net periodic benefit cost			
Service cost	$ 1,214	$ 1,214	$ 1,138
Interest cost	2,523	2,618	2,741
Expected return on plan assets	(3,214)	(3,062)	(2,423)
Amortization of:			
Prior service cost	(145)	(145)	(145)
Unrecognized net loss	1,262	1,344	1,698
Net periodic benefit cost	1,640	1,969	3,009
Other changes in Plan Assets and Projected Benefit Obligation			
Recognized in Other comprehensive Income			
Net actuarial loss (gain)	7,923	(2,854)	1,688
Amortization of net actuarial loss	(1,262)	(1,344)	(1,698)
Amortization of prior service credit	145	145	145
	6,806	(4,053)	135
Total recognized in net periodic pension cost and other comprehensive income	$ 8,446	$ (2,084)	$ 3,144

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

	2012	2011	2010
Weighted average discount rate (net periodic pension cost)	5.85%	6.05%	7.15%
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)	5.05%	5.85%	6.05%
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 (in thousands):

	2012	2011
Change in benefit obligation		
Projected benefit obligation at beginning of year	$ 43,638	$ 46,254
Service cost	1,214	1,214
Interest cost	2,523	2,618
Actuarial (gain)/loss	6,229	(865)
Benefits paid	(4,108)	(5,583)
Projected benefit obligation at end of year	$ 49,496	$ 43,638
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 41,590	$ 39,122
Company contributions	3,000	3,000
Gains on plan assets	1,520	5,051
Benefits paid	(4,108)	(5,583)
Fair value of plan assets at end of year	$ 42,002	$ 41,590
Funded status (benefit obligation less plan assets)	$ (7,494)	$ (2,048)
Accumulated benefit obligation at end of year	$ 44,997	$ 39,785

(12) 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 2013.

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
2013	$ 3,500
2014	3,800
2015	4,000
2016	4,200
2017	4,500
2018 - 2022	16,000

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 $576,000, $376,000 and $313,000 in fiscal years ended 2012, 2011 and 2010, 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 $268,000, $289,000, and $306,000, in fiscal years ended 2012, 2011 and 2010, respectively.

(13) Income Taxes

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

	2012	2011	2010
Current:			
Federal	$ 12,650	$ 18,167	$ 16,357
State and local	2,575	3,535	3,104
Foreign	1,985	866	857
Total current	17,210	22,568	20,318
Deferred:			
Federal	794	2,085	223
State and local	18	133	71
Foreign	-	-	(149)
Total deferred	812	2,218	145
Total provision for income taxes	$ 18,022	$ 24,786	$ 20,463

(13) Income Taxes-continued

The Company's effective tax rate on earnings from operations for the year ended February 29, 2012, was 36.5%, as compared with a 35.7% and 36.8% in 2011 and 2010, respectively. The following summary reconciles the statutory U.S. Federal income tax rate to the Company's effective tax rate for the fiscal years ended:

	2012	2011	2010
Statutory rate	35.0%	35.0%	35.0%
Provision for state income taxes, net of Federal income tax benefit	3.5	3.1	3.7
Domestic production activities deduction	(2.6)	(3.0)	(2.0)
Other	0.6	0.6	0.1
	36.5%	35.7%	36.8%

Included in other assets on the balance sheet is approximately $2,800,000 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:

	2012	2011
Current deferred tax assets related to:		
Allowance for doubtful receivables	$ 1,683	$ 1,833
Inventories	1,952	1,910
Employee compensation and benefits	1,667	1,942
Other	191	351
	$ 5,493	$ 6,036
Noncurrent deferred tax liability (asset) related to:		
Property, plant and equipment	$4,362	$4,940
Goodwill and other intangible assets	22,280	21,527
Pension and noncurrent employee compensation benefits	(4,101)	(1,955)
Net operating loss and foreign tax credits	(285)	(315)
Property tax	506	881
Interest rate swap	-	(225)
Currency exchange	633	567
Stock options exercised	(382)	(303)
Valuation allowance	-	247
Other	16	15
	$ 23,029	$25,379

The Company maintained a valuation allowance of approximately $250,000 to adjust the basis of net deferred taxes as of February 28, 2011. In fiscal year 2012, the Company determined it would be able to utilize certain credits and carry forwards and released the valuation reserve. Included in other non-current deferred tax liability (asset) are currency exchange, stock options exercised, and the valuation allowance. The Company has federal net operating loss carry forwards of approximately $681,000 and state net operating loss carry forwards of approximately $937,000 expiring in fiscal years 2019 through 2031. Based on historical earnings, management believes it will be able to fully utilize the net operating loss carry forwards.

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.

13) Income Taxes-continued

Unrecognized tax benefits, including accrued interest and penalties, at fiscal year end 2012 and 2011 of $95,000 and $163,000, 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 2012, the unrecognized tax benefit includes an aggregate of $6,000 of interest expense. Approximately $32,000 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 2012 and 2011 is as follows (in thousands):

	2012	2011
Balance at beginning of year	$ 141	$ 147
Additions (reductions) based on tax positions related to the current year	243	43
Reductions due to lapses of statutes of limitations	(47)	(49)
Balance at end of year	$ 337	$ 141

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 2006 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 2012, 2011 and 2010.

(14) Earnings per Share

Basic earnings 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:

	2012	2011	2010
Basic weighted average common shares outstanding	25,946,107	25,855,129	25,768,632
Effect of dilutive options	21,570	32,866	27,921
Diluted weighted average common shares outstanding	25,967,677	25,887,995	25,796,553
Per share amounts:			
Net earnings – basic	$ 1.21	$ 1.73	$ 1.37
Net earnings – diluted	$ 1.21	$ 1.72	$ 1.36
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.

(15) Segment Information and Geographic Information

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

The Print Segment, which represented 54% of the Company's consolidated net sales for fiscal year 2012, 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 50 manufacturing locations throughout the United States in 20 strategically located domestic states. Approximately 97% 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®, VersaSeal®, Witt Printing®, B&D Litho®, Genforms®, PrintGraphics℠, Calibrated Forms®, PrintXcel™ and Printegra®. 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 also sells 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 46% of the Company's fiscal year 2012 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 2012, 2011 and 2010 were as follows (in thousands):

	Print Segment	Apparel Segment	Corporate	Consolidated Totals
Fiscal year ended February 29, 2012:				
Net sales	$ 277,988	$ 239,026	$ -	$ 517,014
Depreciation	5,129	3,979	413	9,521
Amortization of identifiable intangibles	964	1,467	-	2,431
Segment earnings (loss) before income tax	46,238	19,345	(16,203)	49,380
Segment assets	178,504	335,540	17,918	531,962
Capital expenditures	1,958	3,091	38	5,087

(15) Segment Information and Geographic Information-continued

	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
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

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 thousands):

	United States	Canada	Mexico	Total
2012				
Net sales to unaffiliated customers				
Print Segment	$ 277,988	$ -	$ -	$ 277,988
Apparel Segment	219,687	18,377	962	239,026
	$ 497,675	$ 18,377	$ 962	$ 517,014
Identifiable long-lived assets				
Print Segment	$ 44,712	$ -	$ -	44,712
Apparel Segment	196	29	51,062	51,287
Corporate	3,517	-	-	3,517
	$ 48,425	$ 29	$ 51,062	$ 99,516
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

(15) Segment Information and Geographic Information-continued

	United States	Canada	Mexico	Total
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

(16) Commitments and Contingencies

The Company leases certain of its facilities under operating leases that expire on various dates through fiscal year ended 2018. Future minimum lease commitments under non-cancelable operating leases for each of the fiscal years ending are as follows (in thousands):

	Operating Lease Commitments
2013	$ 5,407
2014	4,017
2015	2,380
2016	1,806
2017	781
Thereafter	493
	$ 14,884

Rent expense attributable to such leases totaled $7.5 million, $9.0 million, and $9.3 million for the fiscal years ended 2012, 2011 and 2010, 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.

(17) 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):

	2012	2011	2010
Interest paid	$ 2,395	$ 4,686	$ 2,921
Income taxes paid	$ 23,346	$ 20,143	$ 15,539

(18) Quarterly Consolidated Financial Information (Unaudited)

The following table represents the unaudited quarterly financial data of the Company for fiscal years ended 2012 and 2011 (in thousands, except per share amounts and quarter over quarter comparison):

For the Three Months Ended	May 31	August 31	November 30	February 29
Fiscal year ended 2012:				
Net sales	$ 143,258	$ 130,384	$ 121,846	$ 121,526
Gross profit margin	39,701	34,094	30,183	26,535
Net earnings	11,424	9,712	6,892	3,330
Dividends paid	4,020	4,038	4,035	4,039
Per share of common stock:				
Basic net earnings	$ 0.44	$ 0.37	$ 0.27	$ 0.13
Diluted net earnings	$ 0.44	$ 0.37	$ 0.27	$ 0.13
Dividends	$ 0.155	$ 0.155	$ 0.155	$ 0.155
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

Current Quarter Compared to Same Quarter Last Year

In each quarters for fiscal year ended February 29, 2012, the Company's net sales and gross profit margin ("margin") decreased in comparison to the previous quarter, primarily as a result of the Apparel segment operations. The primary reason for the decrease in Apparel sales throughout the period was as a result of softness in the market and continued pricing pressures. The primary reason for the decrease in Apparel margins throughout the period was due to higher input costs, primarily cotton .

(19) 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.

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.

(19) Concentrations of Risk-continued

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 ("FDIC") 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 the Company's domestic cash balances meet these criteria. At February 29, 2012, the Company had $0.6 million in Canadian and $1.2 million in Mexican bank accounts.

(20) Subsequent Events

On March 30, 2012, the Company declared a quarterly cash dividend of 17 ½ cents a share on its common stock. The dividend was paid May 1, 2012 to shareholders of record on April 16, 2012. May 1, 2012 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 28, 2012.

On April 23, 2012, the Company issued a press release announcing that its Board of Directors had authorized an additional $5.0 million to be allocated to the Company's stock repurchase program. With this addition, the Company will have approximately $9.0 million available for share repurchases. Under the repurchase program, shares may be purchased 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.

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 Amendment to 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, Regions Bank, as Syndication Agent, Comerica Bank, as Documentation Agent and the other lenders who are parties, dated as of February 22, 2012 herein incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on February 23, 2012.
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
Exhibit 101	The following information from Ennis, Inc.'s Annual Report on Form 10-K for the year ended February 29, 2012, filed on May 11, 2012, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Earnings, (iii) Consolidated Statements of Cash Flows, and (iv) the Notes to Consolidated Financial Statements, tagged as block of text and in detail.*

* As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

Notice of Annual Meeting of Shareholders

Proxy Statement

Ennis, Inc.

Ennis, Inc.

2441 Presidential Parkway
Midlothian, TX 76065

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS
To Be Held Thursday, June 28, 2012

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 28, 2012 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;
- Approve a 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 1, 2012, 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
May 30, 2012

Important notice regarding availability of proxy materials for 2012 Annual Meeting of Shareholders:
The proxy statement and 2012 Annual Report to Shareholders are available at
www.ennis.com/investor_relations/index.html.

PROXY STATEMENT
TABLE OF CONTENTS

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 28, 2012, 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 May 30, 2012 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 29, 2012 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 2013, and FOR the approval of our policies and practices for executive compensation of our named executive officers.

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 2012 Annual Meeting of Shareholders ("Annual Meeting").

You are invited to attend our Annual Meeting on June 28, 2012 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 2012 Annual Meeting of Shareholders, Proxy Statement, form of proxy and voting instructions are being mailed on or about May 30, 2012.

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 Company's policies and practices for executive compensation of our named executive officers.

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 1, 2012 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 1, 2012 will be entitled to vote on matters presented at the meeting or any adjournment thereof. On May 1, 2012, there were 26,152,863 shares of our Common Stock issued and outstanding. The holders of a majority, or 13,076,432 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: Godfrey M. Long, Jr., Thomas R. Price and Alejandro Quiroz, ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2013, tabulate the non-binding vote on executive compensation, 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 non-binding advisory vote on executive compensation?

Approval of the non-binding advisory vote on executive 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. 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 Instructions 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.

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 28, 2012.

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 28, 2012 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 2013 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 4, 2013.

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 6, 2012. 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 2012 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 Godfrey M. Long, Jr., Thomas R. Price and Alejandro Quiroz 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 2015, 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 all candidates is set forth in "Directors — Summary of Our Independent Directors."

If Mr. Long, Mr. Price, or Mr. Quiroz 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 2012 and 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 2013. 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 2013.

PROPOSAL NO. 3

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. This vote is required pursuant to Section 14A of the Securities Exchange Act. The current frequency of this shareholder advisory vote on executive compensation is each year and the next such shareholder advisory vote will occur at the next Annual Meeting of Shareholders in 2013.

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.

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 the nominees (Messrs. Long, Price and Quiroz).

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	71	2008	2014	Director
Godfrey M. Long, Jr.	70	2006	2012	Director
Thomas R. Price	73	1989	2012	Director
Kenneth G. Pritchett	74	1999	2013	Director
Alejandro Quiroz	59	2003	2012	Director
Michael J. Schaefer	61	2007	2013	Director
James C. Taylor	70	1998	2013	Director

Set forth below is a description of the backgrounds of our non-employee directors, including the nominees for director. Information regarding our current employee directors (Messrs. Walters and Ahmad) 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 was also a past board member of the public company Online Vacation Center (ONVC), where he was a member of their audit and compensation committees. 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 has served on 2 national bank boards and 2 government agency boards. 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 been directly involved in the printing industry in Mexico, as founder, shareholder and advisor for different print companies for more than twenty years. He has also been involved in the commercial real estate market in the United States as an investor in different partnerships. 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 crucial in putting together a group of investors to form the Leader Graphic Arts Group in Mexico. He was one of the founders and Chairman of the Mexican Franchise Association in Mexico and was one of the founders and Chairman 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 2012, 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 2011 Annual Meeting of Shareholders and are expected to attend the fiscal 2012 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 29, 2012 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 29, 2012	5	7	2
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 2012, 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 2012, the Compensation Committee met seven 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 2012, the Nominating and Corporate Governance Committee met two times. 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 2012, 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.

Executives' Name	Age	On Board Since	Term Expires	Positions
Irshad Ahmad	44	2011	2014	Vice President - Apparel Division, CTO and Director
Ronald M. Graham	64	—	—	Vice President - Administration
Michael D. Magill	64	—	—	Executive Vice President
Richard L. Travis, Jr.	56	—	—	CFO, Vice President - Finance and Secretary
Keith S. Walters	62	1997	2014	Chairman of the Board, CEO, President and Director

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 1, 2012 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 26,152,863 voting shares outstanding as of May 1, 2012. 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 1, 2012 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.

		Shares Owned		Vested (1)			Percentage of
Name/Group		**Direct**	**Indirect**	**Stock Awards**	**Option Awards**	**Total**	**Outstanding Shares**
Irshad Ahmad		15,901	-	-	36,483	52,384	*
Frank D. Bracken		11,670	-	888	-	12,558	*
Ronald M. Graham		57,189	-	-	13,950	71,139	*
Godfrey M. Long, Jr.	(2)	17,570	1,500	888	-	19,958	*
Michael D. Magill		42,824	-	-	42,783	85,607	*
Thomas R. Price	(3)	104,320	10,000	888	13,750	128,958	*
Kenneth G. Pritchett	(4)	50,570	-	888	10,000	61,458	*
Alejandro Quiroz		16,570	-	888	14,000	31,458	*
Michael J. Schaefer		18,570	-	888	-	19,458	*
James C. Taylor		44,820	-	888	10,000	55,708	*
Richard L. Travis, Jr.		29,932	-	-	31,330	61,262	*
Keith S. Walters		294,576	-	-	5,200	299,776	1.15%
All directors and officers, as a group (12 individuals)		704,512	11,500	6,216	177,496	899,724	3.4%

* Denotes ownership of less than 1%

(1) Amounts include those awards that would be vested within 60 days of the Record Date (5/1/12).

(2) Indirect shares attributable to Mr. Long include 1,500 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. 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 1, 2012.

Name and Address of Beneficial Owner	Class	Number of Shares	Percent of Combined Voting Power (1)
Dimensional Fund Advisors, LP (2) 6300 Bee Cave Road, Building One Austin, TX 78746	Common	2,187,660	8.4%
Royce & Associates, LLC (3) 745 Fifth Avenue New York, NY 10151	Common	2,128,101	8.1%
Capital Research Global Investors (4) 333 South Hope Street Los Angeles, CA 90071	Common	1,733,692	6.6%
BlackRock Inc. (5) 40 East 52nd Street New York, NY 10022	Common	1,442,649	5.5%

(1) Calculated based on number of voting shares outstanding as of May 1, 2012.

(2) 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 14, 2012. 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.

(3) 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 11, 2012.

(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 14, 2012.

(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 13, 2012.

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 29, 2012.

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 2012, 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 2013, 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 29, 2012

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 29, 2012. 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. In conducting their review of the effectiveness of internal control over financial reporting, the Company excluded the assets and liabilities and results of operations of PrintXcel and Printegra Corporation, which the Company acquired on February 10, 2012, in accordance with the Securities and Exchange Commission's guidance concerning the reporting of internal controls over financial reporting in connection with a material acquisition. 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 29, 2012 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 29, 2012 and February 28, 2011. For the fiscal year ended 2012 and 2011, we were billed the following fees by Grant Thornton LLP:

	Fiscal 2012	Fiscal 2011
Audit Fees (1)	$ 719,927	$ 688,145
Tax Fees (2)	45,153	354,627
	$ 765,080	$ 1,042,772

(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 $2,500 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 in fiscal 2012 capped at $45,000 in the form of restricted stock, vesting over a 3 year period, 1/3 each year.

The following table sets forth the information regarding compensation earned by the Company's non-employee directors during the year ended February 29, 2012:

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	$ 56,000	$ 46,508	$ -	$ -	$ -	$ -	$ 102,508
Godfrey M. Long, Jr.	$ 51,500	$ 46,508	$ -	$ -	$ -	$ -	$ 98,008
Thomas R. Price	$ 54,500	$ 46,508	$ -	$ -	$ -	$ -	$ 101,008
Kenneth G. Pritchett	$ 51,500	$ 46,508	$ -	$ -	$ -	$ -	$ 98,008
Alejandro Quiroz	$ 52,500	$ 46,508	$ -	$ -	$ -	$ -	$ 99,008
Michael J. Schaefer	$ 45,500	$ 46,508	$ -	$ -	$ -	$ -	$ 92,008
James C. Taylor	$ 57,500	$ 46,508	$ -	$ -	$ -	$ -	$ 104,008

(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 11 to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended February 29, 2012. Presented below are the grant date fair value of each stock award granted in fiscal year 2012 and the aggregate number of stock and option awards outstanding on February 29, 2012. No option awards were granted during fiscal year 2012.

The following table sets forth the information regarding stock awards granted during and outstanding as of February 29, 2012 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	4/21/2011	2,647	$ 46,508	5,224	-
Godfrey M. Long, Jr.	4/21/2011	2,647	$ 46,508	5,224	-
Thomas R. Price	4/21/2011	2,647	$ 46,508	5,224	16,250
Kenneth G. Pritchett	4/21/2011	2,647	$ 46,508	5,224	10,000
Alejandro Quiroz	4/21/2011	2,647	$ 46,508	5,224	14,000
Michael J. Schaefer	4/21/2011	2,647	$ 46,508	5,224	-
James C. Taylor	4/21/2011	2,647	$ 46,508	5,224	10,000

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 29, 2012. 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

Our Annual Report documents the various factors that most significantly impacted our businesses last year. Therefore we will confine our discussion in this segment to the conclusions and actions of the Compensation Committee this last year.

Combined results of our two business segments show a decline from the previous year. Accordingly, variable compensation for our NEO's resulted in a reduction from prior year levels. While we are firmly convinced our executives have managed the various aspects of our business exceptionally well, we are committed to pay for performance as evidenced by results. While we have the option to recognize on a discretionary basis, exceptional management contributions, and there were some, the Committee elected to pay both non-equity incentive bonuses and LTI awards strictly by the formula calculations according to the measureable results achieved.

We adopted a new formula for awarding LTI equity that is tied to achievement of stated targets of Revenue, Return on Capital, Income, and personal performance. Each of the targets carries a weighted value and each executive has a weighted percentage achievable. This is more fully explained in another section of the discussion. This is the only significant change made to our compensation program this past year. We have been gradually increasing our emphasis on Long Term performance. However, we have elected to keep our LTI elements very simple by using equity awarded as Options or Restricted Stock vested over a three period. The amount of stock owned and held by the executive toward fulfilling the required multiple of their salary directly determines the ratio of Options versus Restricted Stock awarded. Stock Ownership Guidelines are 4x base salary for Mr. Walters, 2.5x base salary for Mr. Magill and Mr. Ahmad, 2x base salary for Mr. Travis and Mr. Graham.

We took into consideration the results of the Say-On-Pay voting by our shareholders last year when reviewing our current policies and practices related to compensation of our NEO's. Of the 22.1 million votes cast , 96.5% were in favor of our compensation plan. While we believe we have a fair and effective compensation plan, we are gratified to receive the vote of confidence from our shareholders. We therefore determined no need to make any significant changes except for establishing a more readily understood structure for determining LTI awards.

The Say-When-On-Pay vote on 1 year versus 3 years was nearly a tie, separated by less than 1 percentage point. However, the vote very slightly favored the 1 year frequency, so we will abide by the majority in favor of 1 year.

We have concluded our compensation programs pose no material risk to the company. The factors considered were a balanced and defined pay mix incorporating features for both short and longer term incentives, well balanced and capped metrics for earning performance pay, our ability to recognize and assess actions not reflecting the Company's conservative management philosophy and culture, no excessive commission programs, ability to readily assess competitiveness of our compensation elements and structure, stock ownership policies, and adherence to the Company's ethics policies. The Board is committed to implementing a clawback policy in accordance with forthcoming rules when they are issued.

We elected to forego the retention of an outside Compensation Consultant firm for last year and the current one as well. We believe with the access to one of the leading data bases, substantial literature availability, access to legal direction, educational seminars and Webinars, and information available on the Internet, we have ample information to make informed judgments concerning executive compensation. We may reconsider this decision in the future.

While we use a defined peer group to validate our competitiveness, we are moving away from "benchmarking". Our philosophy is to provide a base pay that is better than median but appropriate to the skills, achievements, experience, and leadership demonstrated by the individual. We believe we are positioned to know best what appropriate compensation elements and levels should be for our company and its officers. We have adopted a view toward making base pay a lesser percentage of total compensation. With that in mind we have limited the NEO salary increases for the current year to 2%. There were no increases last year.

The Compensation Committee met seven (7) times during the last fiscal year, with and without the presence of the CEO. The CEO provided assessment on individual performance of all NEO's except himself. The CEO provided insight and detail on the various segments of business activity during the course of the year.

<u>Overview</u>

<u>Who is responsible for determining the compensation of executive officers?</u>

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. We currently do not retain the services of any compensation consulting firm.

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.

What are the elements of our executive compensation?

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.

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

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:

Cash Compensation

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.

Base Salary — 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 85 th percentile of the market for officers performing comparable jobs as indicated by market studies performed by outside independent consultants previously hired by and reporting only to the Compensation Committee. A search utilizing our subscription data base was also performed. 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 2012*, 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 performance. 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 2012 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 2012*, 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 June 30, 2011, formerly the 1998 Option and Restricted Stock Plan amended and restated as of May 14, 2008. 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, initially 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. This was increased by 1,000,000 shares at the June 30, 2011 annual shareholders' meeting. 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 2012 is $250,000. 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 Mr. Walters, Mr. Magill and Mr. Graham are currently sufficiently funded, assuming current salary levels, to provide the planned levels of benefits. Mr. Walters, Mr. Magill and Mr. Graham were granted a $400,000, $30,000 and $15,000 funding, respectively, to partially bring their 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 2012.

	Supplemental Retirement Benefit		Deferred 401(k) Match (non-qualified)	
Mr. Walters	$	400,000	$	2,500
Mr. Travis	$	-	$	4,038
Mr. Magill	$	-	$	-
Mr. Graham	$	-	$	4,125
Mr. Ahmad	$	-	$	4,135

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 for 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:

	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 (base salary + bonus)	**With Cause** (base salary)	**Change of Control** (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 without cause 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 by Executive. The Executive can terminate his employment for good reason 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.

Severance Payment After Change of Control

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.

Discussion of Performance and Compensation Committee Actions for Fiscal Year 2012

The Committee met seven times during fiscal year 2012 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' 2011-2012 total compensation and all respective elements. The Committee elected to forgo the retention of an outside Compensation Consultant firm for last year and the current one as well. We believe with the access to one of the leading data bases, substantial literature availability, access to legal direction, educational seminars and Webinars, and information available on the Internet, we have ample information to make informed judgments concerning executive compensation. The Committee 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
G-III Apparel Group	Apparel
ACCO	Services, Office goods

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:

Executives' Name	Base Salary	50th Percentile	75th percentile
Mr. Walters	$854,760	$753,375	$839,475
Mr. Travis	$362,100	$349,781	$391,970
Mr. Magill	$469,200	$430,500	$523,058
Mr. Graham	$273,360	$272,937	$319,969
Mr. Ahmad	$400,000	$364,849	$427,917

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 current economic environment and the decision to place more emphasis on "at risk" and pay for performance compensation in the future, the Committee decided increases should be held to 2% percent.

Executives' Name	From	To	%
Mr. Walters	$854,760	$871,855	2.0%
Mr. Travis	$362,100	$369,342	2.0%
Mr. Magill	$469,200	$478,584	2.0%
Mr. Graham	$273,360	$278,827	2.0%
Mr. Ahmad	$400,000	$408,000	2.0%

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 29, 2012, 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 29, 2012 were:

Sales	$ 532,000,000
Profit before bonus	$ 35,000,000
Return on Capital	10.0%

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 29, 2012, the following performance was achieved:

Sales	$ 517,000,000
Profit before bonus	$ 31,500,000
Return on Capital	9.2%

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

	% of Target	Achieved Multiple %
Sales	97.2%	90.6%
Profit before bonus	89.7%	65.7%
Return on Capital	92.0%	73.3%

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.

Executives' 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	18.1%	19.7%	22%	20%	79.8%	80%	63.8%
Mr. Travis	18.1%	19.7%	22%	10%	69.8%	55%	38.4%
Mr. Magill	18.1%	19.7%	22%	19%	78.8%	55%	43.3%
Mr. Graham	18.1%	19.7%	22%	20%	79.8%	45%	35.9%
Mr. Ahmad	18.1%	19.7%	22%	20%	79.8%	55%	43.9%

*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 20, 2012:

Mr. Walters	$545,816
Mr. Travis	$139,046
Mr. Magill	$203,398
Mr. Graham	$98,188
Mr. Ahmad	$175,604

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. These grants are made by the Committee under the terms of the Company's Long Term Incentive Plan. Both the non-qualified options and restricted stock grants vest 1/3 annually commencing on the first anniversary date of grant. All options were priced based on the Black-Scholes value on April 20, 2012 of $2.83 per share. All grants were priced based on the closing market price of the Company's stock on April 20, 2012 ($15.48).

Executives' Name	Weight % (1)	Plan Achievement (2)	2012 Base Salary	Value of LTI Stock Awarded (3)	Current % of Stock Ownership requirement attained	Resstricted Stock Grant (4)	Non-Qualified Stock Options Awarded (5)
Mr. Walters	100%	79.8%	$854,760	$682,098	100%	44,063	-
Mr. Travis	50%	79.8%	$362,100	$144,478	80%	7,467	10,229
Mr. Magill	55%	79.8%	$469,200	$205,932	68%	9,046	23,327
Mr. Graham	50%	79.8%	$273,360	$109,071	100%	7,046	-
Mr. Ahmad	55%	79.8%	$400,000	$175,560	37%	4,196	39,151

(1) Individual NEO percentage of salary opportunity at 100% goal achievement for LTI stock awards.
(2) Percentage achievement FY 2012 Plan.
(3) The value of LTI stock to be awarded is derived by taking the NEO's base salary times the plan achievement percentage.
(4) The amount of Restricted Stock Grants to be awarded is derived by taking the value of the LTI stock to be awarded times the stock ownership requirement attained divided by the closing market price of the Company's stock on the date of grant.
(5) The amount of Non-Qualified Stock Options to be awarded is derived by taking the balance of the LTI stock to be awarded after deducting the value of Restricted Stock Grants divided by the Black-Scholes value as of the grant date.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management this Compensation Discussion and Analysis section of the Company's 2012 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 2012 and its Annual Report on Form 10-K for the fiscal year ended February 29, 2012.

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 2012 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 29, 2012, 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	2012	$ 854,760	$ -	$ 833,749	$ -	$ 545,816	$ 191,261	$ 416,920	$ 2,842,506
Chairman of the Board,	2011	$ 854,760	$ -	$ 553,800	$ -	$ 1,113,239	$ 220,959	$ 182,364	$ 2,925,122
President and Chief	2010	$ 838,000	$ -	$ 232,440	$ -	$ 540,696	$ 486,487	$ 182,363	$ 2,279,986
Executive Officer									
Richard L. Travis, Jr.	2012	$ 362,100	$ -	$ 94,825	$ 100,238	$ 139,046	$ 58,090	$ 13,753	$ 768,052
Vice President - Finance, Chief	2011	$ 362,100	$ -	$ 36,920	$ 50,220	$ 302,318	$ 74,603	$ 74,248	$ 900,409
Financial Officer and Secretary	2010	$ 355,000	$ -	$ -	$ 23,745	$ 152,703	$ 97,046	$ 74,188	$ 702,682
Michael D. Magill	2012	$ 469,200	$ -	$ 119,792	$ 125,296	$ 203,398	$ 69,062	$ 9,550	$ 996,298
Executive Vice President	2011	$ 469,200	$ -	$ 27,690	$ 66,960	$ 401,025	$ 49,555	$ 88,487	$ 1,102,917
	2010	$ 460,000	$ -	$ -	$ 31,660	$ 197,868	$ 155,502	$ 88,494	$ 933,524
Ronald M. Graham	2012	$ 273,360	$ -	$ 154,212	$ -	$ 98,188	$ 104,904	$ 15,130	$ 645,794
Vice President - Administration	2011	$ 273,360	$ -	$ 73,840	$ 25,110	$ 199,525	$ 86,280	$ 59,723	$ 717,838
	2010	$ 268,000	$ -	$ 17,880	$ 7,915	$ 115,280	$ 145,521	$ 59,679	$ 614,275
Irshad Ahmad (6)	2012	$ 400,000	$ -	$ 122,726	$ 125,296	$ 175,604	$ 28,097	$ 12,699	$ 864,422
Vice President - Apparel Division,	2011	$ 375,000	$ -	$ 27,690	$ 66,960	$ 360,000	$ 32,983	$ 68,321	$ 930,954
Chief Technology Officer	2010	$ 325,000	$ -	$ -	$ 31,660	$ 139,798	$ 35,798	$ 64,340	$ 596,596

(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 2012, 2011 and 2010. 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 11 to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended February 29, 2012.

(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 2012, 2011 and 2010. 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 11 to our consolidated financial Statements, which are included in our Annual Report on Form 10-K for the year ended February 29, 2012.

(3) The amounts for fiscal year ended February 29, 2012 were awarded strictly by the formula calculations according to the measureable results achieved as defined in the Company's Bonus Plan (the "Plan"). The amounts awarded for fiscal years ended February 28, 2011 and February 28, 2010 represent amounts paid under 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.

(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:

Executives' Name	Company Contribution to Benefit Plans (a)	Perquisites and Other Personal Benefits (b)	Other (c)	Total
Keith S. Walters	$ 402,500	$ 12,000	$ 2,420	$ 416,920
Richard L. Travis, Jr.	$ 4,038	$ 8,000	$ 1,715	$ 13,753
Michael D. Magill	$ -	$ 8,000	$ 1,550	$ 9,550
Ronald M. Graham	$ 4,125	$ 8,000	$ 3,005	$ 15,130
Irshad Ahmad	$ 4,135	$ 8,000	$ 564	$ 12,699

(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 contribution for Mr. Walters was $400,000. 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, $4,038; Mr. Magill, $0; Mr. Graham, $4,125; and Mr. Ahmad, $4,135.

(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 29, 2012.

Executives' Name	Date of Grant	Number of Shares Awarded	Grant Date Fair Value of Awards (b)
Richard L. Travis, Jr.	04/21/2011	23,641	$ 100,238
Michael D. Magill	04/21/2011	29,551	$ 125,296
Irshad Ahmad	04/21/2011	29,551	$ 125,296

(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 opening 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 29, 2012.

Executives' Name	Date of Grant	Number of Shares Awarded (a)	Grant Date Fair Value of Awards (b)
Keith S. Walters	04/21/2011	47,453	$ 833,749
Richard L. Travis, Jr.	04/21/2011	5,397	$ 94,825
Michael D. Magill	04/21/2011	6,818	$ 119,792
Ronald M. Graham	04/21/2011	8,777	$ 154,212
Irshad Ahmad	04/21/2011	6,985	$ 122,726

(a) 22,059 of Mr. Walters' 47,453 restricted stock grants and 4,706 of Mr. Graham's 8,777 restricted stock grants vest in equal installments on successive anniversaries over 3 years. All of the remaining awards of restricted stock granted cliff vest at 100% after 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 — $17.57. For the value of these grants as of 2/29/12 — 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 29, 2012.

	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	-	-
	4/29/2010		-			13,334	$ 223,478
	4/21/2011		-			47,453	$ 795,312
Richard L. Travis, Jr.	2/27/2006	5,200	-	$ 19.69	2/27/2016	-	-
	4/29/2009	4,500	7,500	$ 8.94	4/29/2019	-	-
	4/29/2010	5,000	10,000	$ 18.46	4/29/2020	-	-
	4/21/2011		23,641	$ 17.57	4/21/2021	-	-
	4/29/2010		-			1,334	$ 22,358
	4/21/2011		-			5,397	$ 90,454
Michael D. Magill	6/17/2004	12,000	-	$ 15.64	6/17/2014	-	-
	2/27/2006	2,600	-	$ 19.69	2/27/2016	-	-
	4/29/2009		10,000	$ 8.94	4/29/2019	-	-
	4/29/2010	6,666	13,334	$ 18.46	4/29/2020	-	-
	4/21/2011		29,551	$ 17.57	4/21/2021	-	-
	4/29/2010		-			1,000	$ 16,760
	4/21/2011		-			6,818	$ 114,270
Ronald M. Graham	2/27/2006	5,200	-	$ 19.69	2/27/2016	-	-
	4/29/2009	2,500	2,500	$ 8.94	4/29/2019	-	-
	4/29/2010	2,500	5,000	$ 18.46	4/29/2020	-	-
	4/29/2010		-			2,667	$ 44,699
	4/21/2011		-			8,777	$ 147,103
Irshad Ahmad	2/27/2006	1,300	-	$ 19.69	2/27/2016	-	-
	4/29/2009	7,000	10,000	$ 8.94	4/29/2019	-	-
	4/29/2010	6,666	13,334	$ 18.46	4/29/2020	-	-
	4/21/2011		29,551	$ 17.57	4/21/2021	-	-
	4/29/2010		-			1,000	$ 16,760
	4/21/2011		-			6,985	$ 117,069

(1) The stock option awards granted on April 29, 2009 vest in equal annual installments over 4 years and the stock option awards granted on April 29, 2010 and April 21, 2011 vest in equal annual installments over 3 years.

(2) The awards of restricted stock granted on April 29, 2010 as well as 22,059 of Mr. Walters' 47,453 restricted stock grants and 4,706 of Mr. Graham's 8,777 restricted stock grants that were granted on April 21, 2011 vest in equal annual installments over 3 years. All of the remaining awards of restricted stock granted on April 21, 2011 cliff vest at 100% after 3 years.

(3) Calculated using the NYSE closing price of $16.76 per share of our Common Stock on February 29, 2012.

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 29, 2012, including: (i) the number of shares of Common Stock underlying options exercised during fiscal year ended February 29, 2012; (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 29, 2012; and (iv) the aggregate dollar value realized upon such vesting on February 29, 2012, 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 (#)	Value Realized on Exercise ($) (1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (2)
Keith S. Walters	-	$ -	13,334	$ 244,345
Richard L. Travis, Jr.	1,750	$ 11,358	3,466	$ 62,757
Michael D. Magill	9,700	$ 74,363	3,768	$ 68,066
Ronald M. Graham	-	$ -	3,293	$ 60,122
Irshad Ahmad	3,000	$ 19,800	968	$ 17,750

(1) 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.

(2) 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 11% 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 2012, the maximum is $250,000).

The following table shows the present value as of February 29, 2012 of the benefit of the named executive officers under our qualified defined benefit pension plan.

Executives' 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 2012
Keith S. Walters	Ennis, Inc. DB Pension Plan	14.5	$ 86,119	$ 408,351	$ -
Richard L. Travis, Jr.	Ennis, Inc. DB Pension Plan	6.2	$ 41,120	$ 128,159	$ -
Michael D. Magill	Ennis, Inc. DB Pension Plan	8.2	$ 62,381	$ 254,795	$ -
Ronald M. Graham	Ennis, Inc. DB Pension Plan	14.0	$ 88,344	$ 442,193	$ -
Irshad Ahmad	Ennis, Inc. DB Pension Plan	5.0	$ 21,874	$ 54,700	$ -

(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 12 to Ennis Annual Report on Form 10-K for the year ended February 29, 2012.

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 2011, and the account balances on February 29, 2012.

Executives' Name	Executive Contribution in Fiscal Year 2012 (1)	Registrant Contribution in Fiscal Year 2012 (2)	Aggregate Earnings in Fiscal Year 2012 (3)	Aggregate Withdrawals/ Distribution	Aggregate Balance at February 29, 2012
Keith S. Walters	$ 120,000	$ 402,500	$ 105,142	$ -	$ 4,864,388
Richard L. Travis, Jr.	$ 209,426	$ 4,038	$ 16,970	$ -	$ 1,188,120
Michael D. Magill	$ -	$ -	$ 6,681	$ -	$ 582,320
Ronald M. Graham	$ -	$ 4,125	$ 16,560	$ -	$ 420,978
Irshad Ahmad	$ 11,925	$ 4,135	$ 6,223	$ -	$ 253,833

(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 34.

(2) Amounts represent contributions to be made by the Company for the 2012 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, $4,038; Mr. Magill, $0; Mr. Graham, $4,125 and Mr. Ahmad, $4,135. Amounts indicated have been included in the "All Other Compensation" column of the *Summary Compensation Table* on page 34.

(3) Amounts represent earnings on Company contributions during the year on each named executives' deferred compensation account. Mr. Walters' amount also includes $22,600 gained during the year on his 20,000 shares of phantom stock. These earnings have been included in "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the *Summary Compensation Table* on page 34.

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 29, 2012.

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	$ 5,884,317	$ 3,557	$ 1,311,362	*	$ 408,351	$ 4,864,388	$1,018,790	$ 13,490,765
Richard L. Travis, Jr	$ 1,661,045	$ 1,470	$ 356,341	*	$ 128,159	$ 1,188,120	$ 206,652	$ 3,541,787
Michael D. Magill	$ 2,175,563	$ 4,668	$ 441,413	*	$ 254,795	$ 582,320	$ 222,670	$ 3,681,429
Ronald M. Graham	$ 1,182,213	$ 3,557	$ 269,558	*	$ 442,193	$ 420,978	$ 230,902	$ 2,549,401
Irshad Ahmad	$ 1,900,000	$ 4,316	$ 456,484	*	$ 54,700	$ 253,833	$ 266,769	$ 2,936,102

(1) Amounts indicated in the table are as of February 29, 2012. 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 2011) bonus. All other named executive officers would receive amounts equal to 2.5 times their base salary and prior years' (fiscal year 2011) 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 2012) bonuses were used (i.e., amounts currently payable), the calculated amounts would be approximately as follows: Mr. Walters, $4,239,000; Mr. Travis, $1,271,000; Mr. Magill, $1,705,000; Mr. Graham, $943,000; and Mr. Ahmad, $1,459,000.

(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. Also included are "tax gross up" amounts (see Item 6 below) for each named executive officer of: Mr. Walters-$1,291,362, Mr. Travis-$336,341, Mr. Magill-$421,413, Mr. Graham-$249,558 and Mr. Ahmad-$436,484.

(4) Aggregate account value as of February 29, 2012. The amounts shown in the *Nonqualified Defined Contribution and Deferred Compensation in Last Fiscal Year* table on page 39 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 29, 2012 ($16.76), multiplied by the number of such options as of February 29, 2012 plus (ii) the outstanding stock grants as of February 29, 2012 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	$ 1,967,999	$ 3,557	$ 20,000	$ 408,351	$ 4,864,388	$1,018,790	$ 8,283,085
Richard L. Travis, Jr	$ 664,418	$ 1,470	$ 20,000	$ 128,159	$ 1,188,120	$ 206,652	$ 2,208,819
Michael D. Magill	$ 870,225	$ 4,668	$ 20,000	$ 254,795	$ 582,320	$ 222,670	$ 1,954,678
Ronald M. Graham	$ 472,885	$ 3,557	$ 20,000	$ 442,193	$ 420,978	$ 230,902	$ 1,590,515
Irshad Ahmad	$ 760,000	$ 4,316	$ 20,000	$ 54,700	$ 253,833	$ 266,769	$ 1,359,618

(1) Amounts indicated in the above table are as of February 29, 2012. 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 2012 base salary and prior years' (fiscal year 2011) bonus. If current salary and prior years' (fiscal year 2012) bonuses were used (i.e., amounts currently payable), the calculated amounts would be approximately as follows: Mr. Walters, $1,418,000; Mr. Travis, $508,000; Mr. Magill, $682,000; Mr. Graham, $377,000; and Mr. Ahmad, $584,000.

(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 29, 2012. The amounts shown in the *Nonqualified Defined Contribution and Deferred Compensation in Last Fiscal Year* table on page 39 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 29, 2012 ($16.76), multiplied by the number of such options as of February 29, 2012 plus (ii) the outstanding restricted stock grants as of February 29, 2012 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	$ -	$ -	$ -	$ 408,351	$ 4,864,388	$ -	$ 5,272,739
Richard L. Travis, Jr	$ -	$ -	$ -	$ 128,159	$ 1,188,120	$ 35,190	$ 1,351,469
Michael D. Magill	$ -	$ -	$ -	$ 254,795	$ 582,320	$ 13,440	$ 850,555
Ronald M. Graham	$ -	$ -	$ -	$ 442,193	$ 420,978	$ 19,550	$ 882,721
Irshad Ahmad	$ -	$ -	$ -	$ 54,700	$ 253,833	$ 54,740	$ 363,273

(1) Aggregate account value as of February 29, 2012. The amounts shown in the *Nonqualified Defined Contribution and Deferred Compensation in Last Fiscal Year* table on page 39 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 29, 2012 ($16.76), multiplied by the number of such options as of February 29, 2012.

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	$ -	$ 180,000	$ 1,250,000
Richard L. Travis, Jr.	$ -	$ 540,000	$ 750,000
Michael D. Magill	$ -	$ 60,000	$ 750,000
Ronald M. Graham	$ -	$ 60,000	$ 750,000
Irshad Ahmad	$ -	$ 1,260,000	$ 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 29, 2012.

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)	441,526	$15.60	1,100,354
Equity compensation plans not approved by security holders	-	-	-
Total	441,526	$15.60	1,100,354

(1) The 2004 Long-Term Incentive Plan of Ennis, Inc., as amended and restated on May 14, 2008 and amended on June 30, 2011. Includes grants of 131,333 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 2012, 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 29, 2012, 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.

ENNIS BOARD OF DIRECTORS

Keith S. Walters
Chairman of the Board, CEO
and President

Michael J. Schaefer
Executive Vice President, CFO
and Treasurer of Methodist
Health Systems

Irshad Ahmad
Vice President – Apparel Division
Chief Technology Officer

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 of
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

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

Irshad Ahmad
Vice President – Apparel Division
Chief Technology Officer and Director

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 1, 2012, there were approximately 26,152,863 million shares outstanding and approximately 973 shareholders of record.

FISCAL YEAR 2012
STOCK PRICE PERFORMANCE

High:	$20.23
Low:	$12.08
Close (2/29/12)	$16.76

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held on June 28, 2012, 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 5,816 worldwide at February 29, 2012

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 29, 2012, 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

DIRECTIONS TO ENNIS 2012 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