Economic Exhibits
In The Matter of
Woven Electric Blankets from China

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On Behalf Of:
Sunbeam Products, Inc. doing business as Jarden Consumer Solutions

Introduction

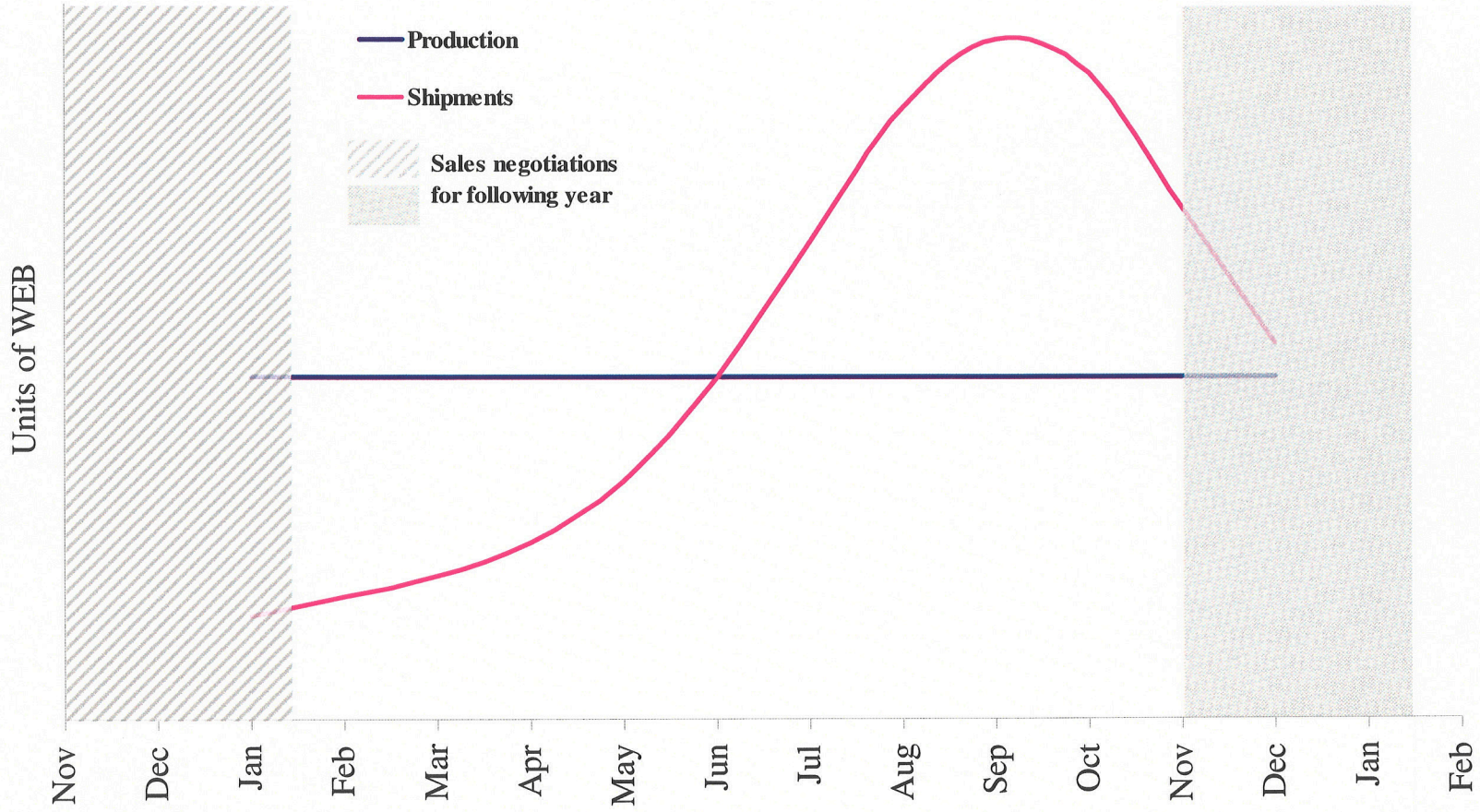
- Economic Overview
- Conditions of Competition
- Injury By Subject Imports: Trends
  - Volume of Imports
  - Price Underselling
  - Effects on the Industry
- Injury by Subject Imports: Effect of the Margin
- Threat of Material Injury

Conditions of Competition

- Conditions of Competition
  - Price is the key factor in retailer purchasing decisions
  - A small number of large customers account for the vast majority of sales
  - The industry operates on yearly supply commitments
  - Demand is seasonal while production is year around
  - Production requires industry specific capital and a trained workforce
  - High quality trumped by price

Conditions of Competition

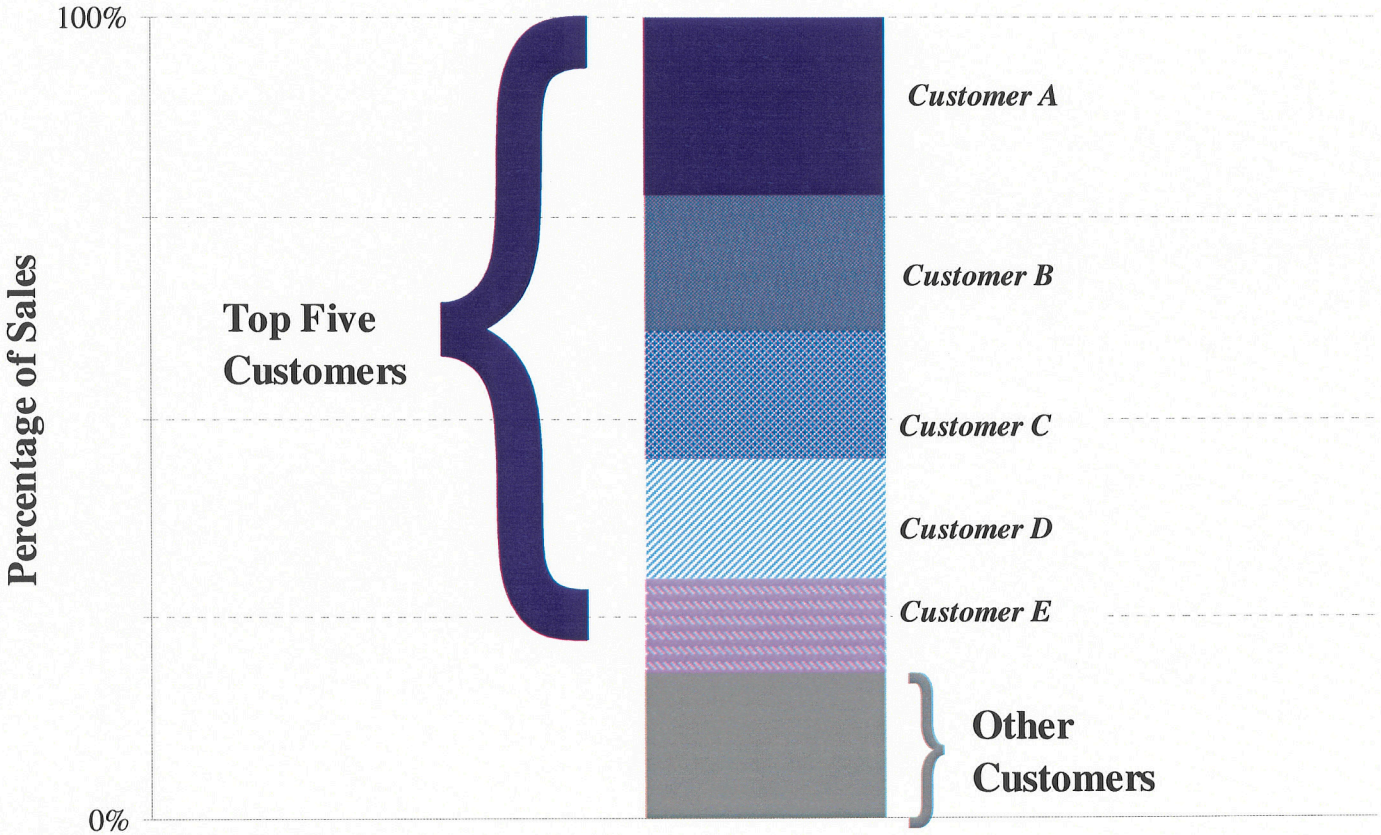
The Seasonality of Demand and Sales Negotiation Period for the Follwing Season



Note: Figures are for illustrative purposes only.

Conditions of Competition

Sales Dependent upon a Few Large Customers



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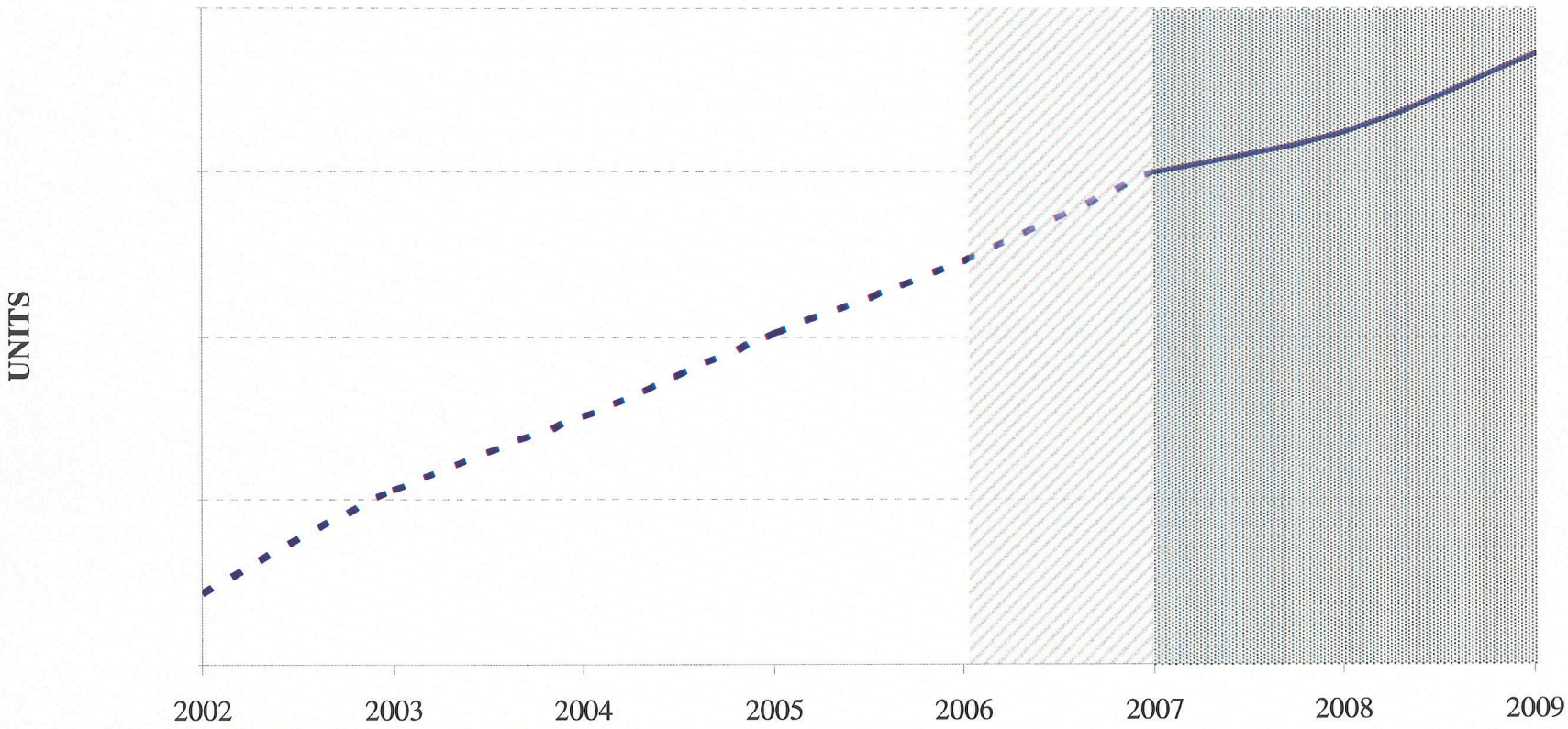
High Quality Trumped By Price

- Client Support, Dedicated Team
- Competitors Face Recalls
- US Manufacturing Base
- Market Leadership & Highest Brand Awareness
- Most Advanced Heating Technology
- Highest Quality Assurance
- 5,000+ Potential SKUs

Volume of Imports

IMPORTS OF ELECTRIC BLANKETS FROM CHINA



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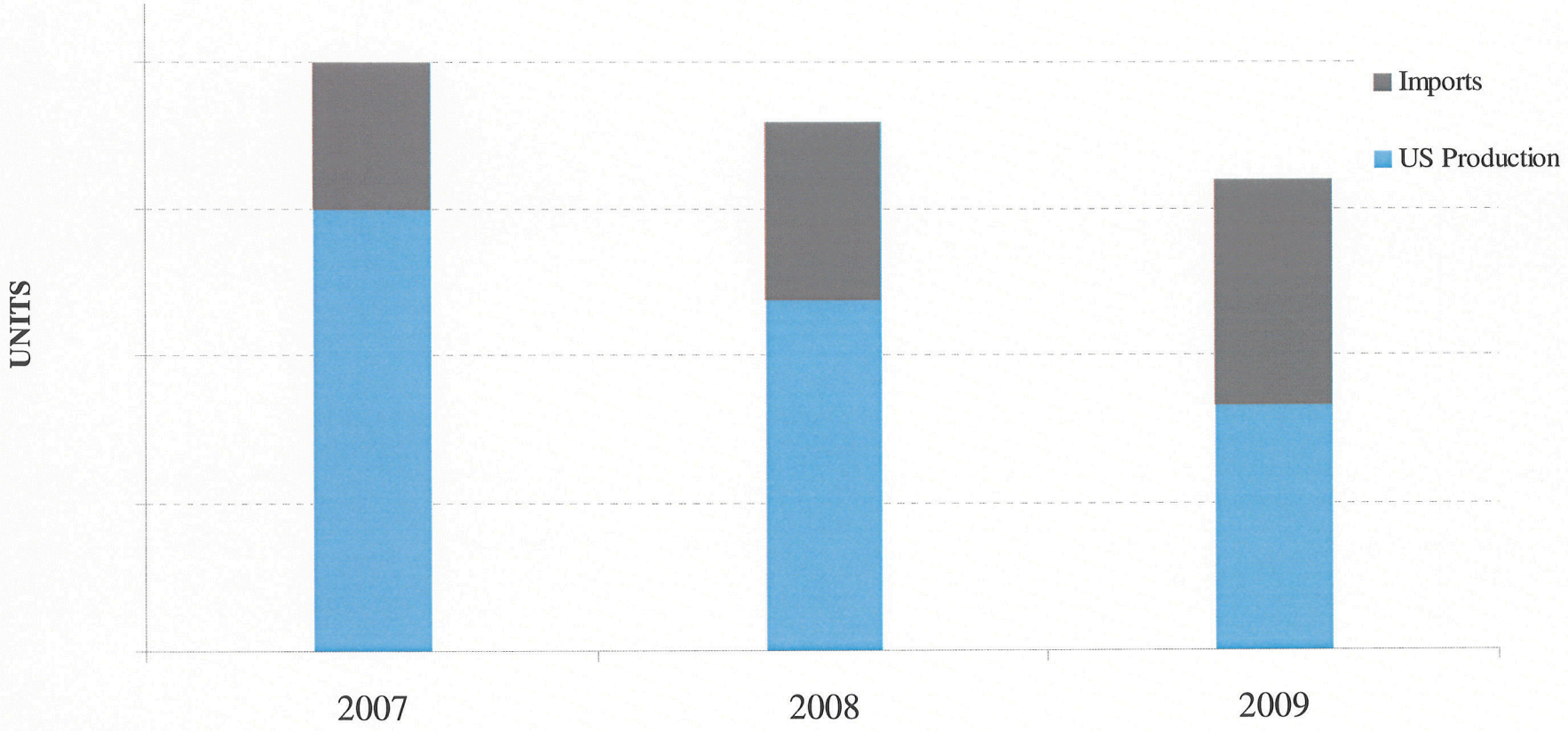
Volume of Imports

Declining Consumption with Increased Import Penetration



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Volume of Imports

Absolute volume of imports ↑

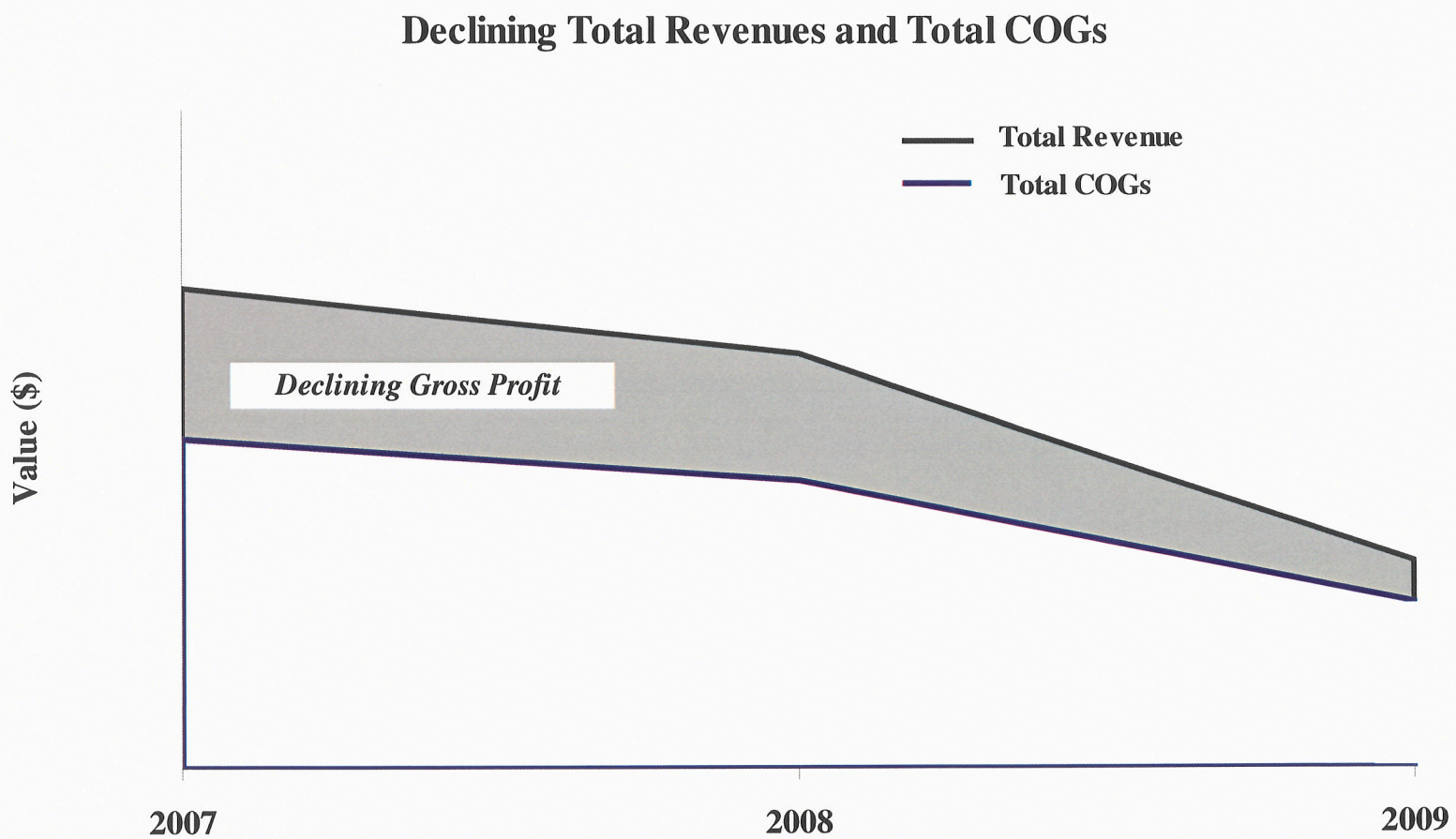
Imports as share of consumption ↑

Imports as share of production ↑

Price Suppression and Depression

- Price Suppression and Depression
  - Underselling
  - Declining Import AUVs
  - Price Depression
  - Cost Price Squeeze

Declining Revenues and Costs



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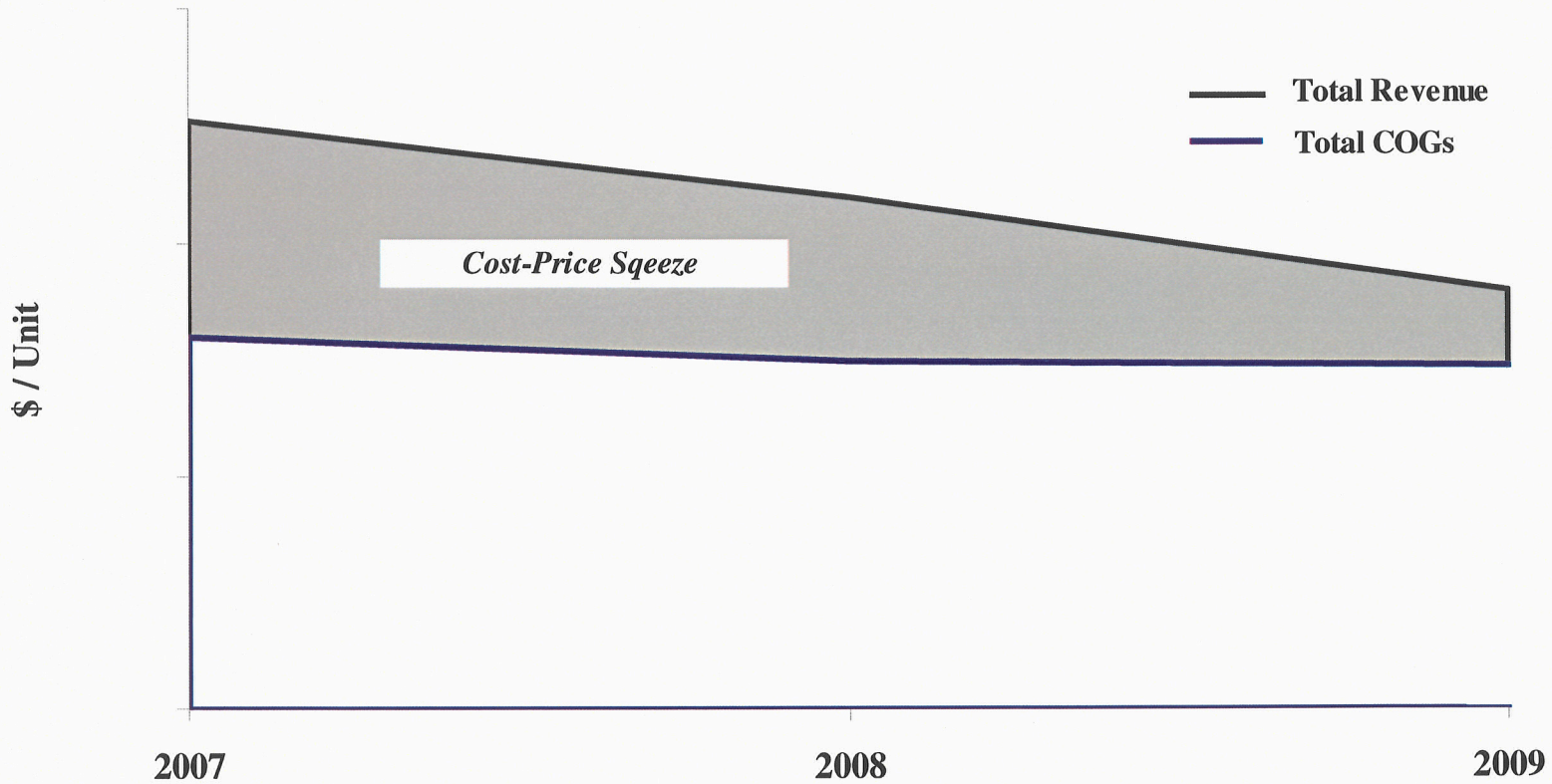
Cost-Price Squeeze

Declining per Unit Revenues and Constant per Unit COGs



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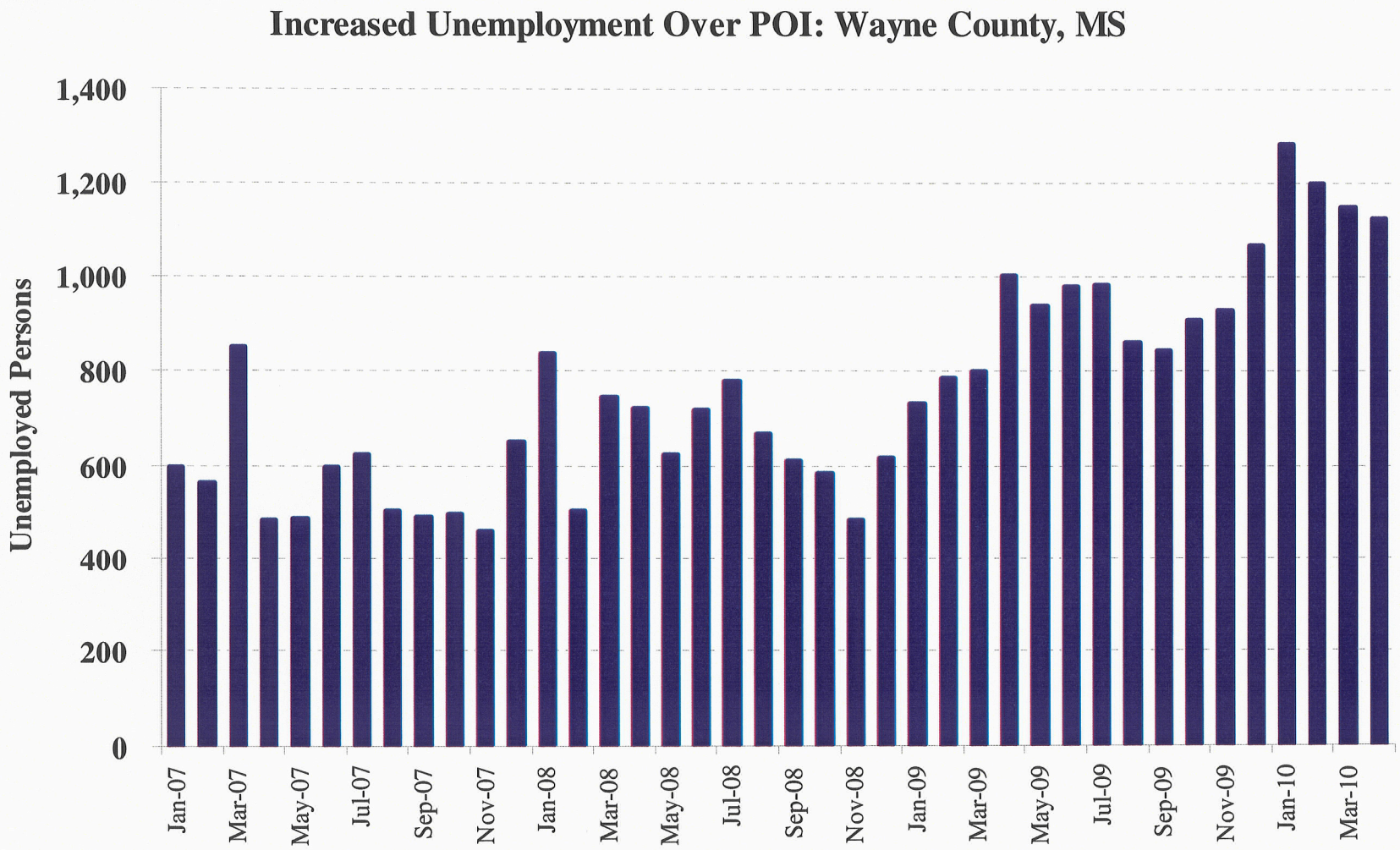
Effects on Domestic Industry

- Injury Indicia

Trade		Finance		Employment	
Production	↓	Gross Profits	↓	PRWs	↓
Shipments	↓	Operating Income	↓	Hours	↓
Capacity	↑	Cash Flow	↓	Hours Per Worker	↓
Capacity Utilization	↓	Operating Margin	↓	Wages	↓
		Investment	↓		

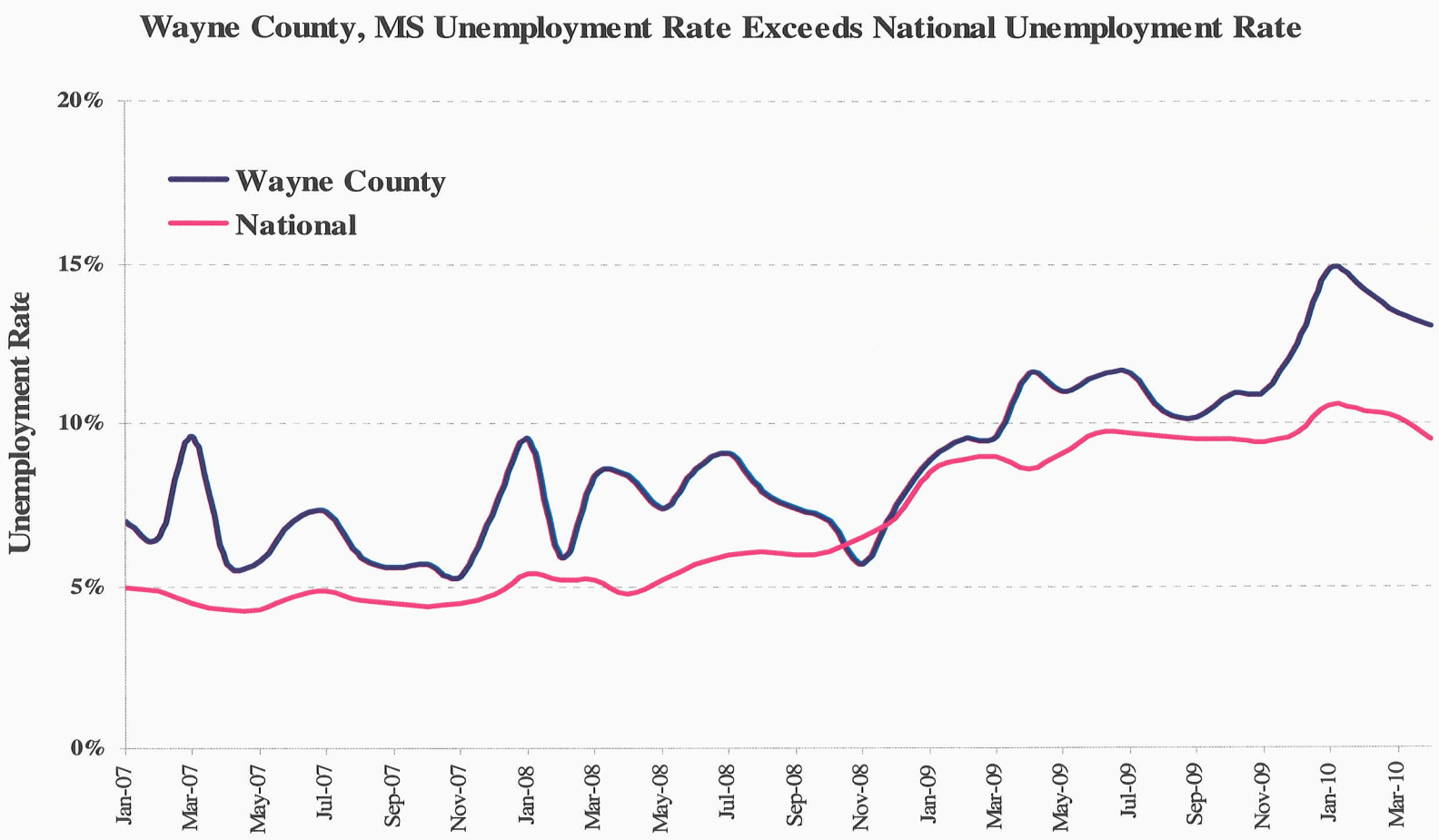
Wayne County, Mississippi

Unemployed Persons: Wayne County, Mississippi



Source: http://www.bls.gov; Wayne County series is LAUCN28153005.

Unemployment Rate: Wayne County, MS > US



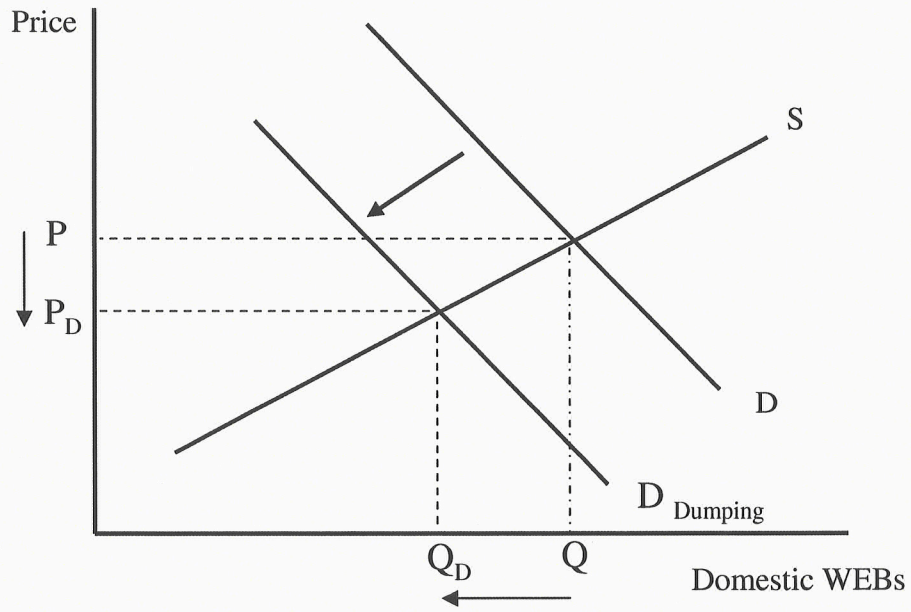
Source: http://www.bls.gov. Wayne County series is LAUCN28153006, National rate seris is LNU04000000.

Effects of Dumping

- Dumping Causes Material Injury
  - High Dumping Margins
  - High and Increasing Chinese Market Share
  - High Degree of Substitutability
  - Inelastic Demand

Effects of Dumping

The Effect of Dumping on the Domestic Industry's Prices and Shipments



Threat Factors

- Threat Factors
  - Excess Capacity in China
  - Increased Import Volumes
  - Falling AUVs
  - Recent Loss of Major Account
  - Negative Effects to Develop a Derivative or More Advanced Version of the Domestic Like Product