THE MARKET

Crayola LLC, based in Easton, Pennsylvania, and a subsidiary of Hallmark Inc., is the worldwide leader in children's creative expression products. Known for the iconic Crayola crayon, first introduced in 1903, the Crayola brand has grown into a portfolio of innovative art tools, crafting activities, and creative toys that give kids the power to express all that inspires them as they explore, discover, play, pretend, and dream. Consumers can find the wide array of Crayola products in the "Crayola Aisle" at all major retailers.

Crayola operates three manufacturing facilities in the Lehigh Valley; sales offices in the United States, Canada, Australia, and Mexico; and distributorships in Europe, Asia, and the Middle East. The Crayola brand name is recognized by 99 percent of U.S. consumer households, and is a longstanding favorite of kids, parents, teachers, and retailers.

ACHIEVEMENTS

According to Young Love, a study of U.S. parents' and children's most-loved brands, Crayola is the highest-ranking brand among parents and the 19th-most-adored brand of boys and girls 6 to 12 years old. Young Love surveyed over 4,500 children ages 6 to 12 and their parents, for a total of over 9,000 brand evaluations. More than 260 brands across 20-plus categories were included in the 2010 study of brand awareness, love, and popularity.

HISTORY

Originally named Binney & Smith, Crayola was established when cousins Edwin Binney and C. Harold Smith took over Edwin's father's pigment business in 1885. Early products included red oxide pigment used in barn paint and carbon black for car tires.

Listening to the needs of teachers, Binney & Smith made the first dustless school chalk in 1902. After noticing a need for safe, high-quality, affordable wax crayons, the company produced the first box of eight Crayola crayons in 1903 and sold them for five cents.

The Crayola name, coined by Edwin Binney's wife, Alice, comes from *craie*, the French word for chalk, and "ola," from "oleaginous," meaning oily.

The first 64-count Crayola crayon box with the built-in sharpener was introduced in 1958, and the company sold the first box of Crayola markers in 1978.

In 1984 Binney & Smith became a wholly owned subsidiary of Hallmark Cards Inc. of Kansas City, Missouri — the world's leader in social expression. The company celebrated its centennial in 2003.

Reflecting the company's number-one brand, Binney & Smith changed its name to Crayola in 2007. Crayola continues to grow, adding innovative products based on consumer insights, quality, and safety: values the company has held since its inception.

THE PRODUCT

Crayola products include crayons, markers, colored pencils, Model Magic®, Color Wonder®, Color Explosion®, Glow Explosion™, chalk, outdoor products, Crayola Beginnings®, clay, paint, and Silly Putty®. Over the years, Crayola has introduced innovations such as washability, erasability, 3D, and mess-free capability.

Crayola washable products — such as washable crayons, markers, and paint — are specially formulated to easily wash from skin and most children's clothing. The company's Color Wonder® products are clear, with color appearing only on Color Wonder paper, not on clothes, walls, skin, or furniture.

Products are sold in more than 80 countries and packaged in 12 languages: English, French, Dutch, German, Italian, Spanish,

GREEN FOCUS

Ensuring that today's kids have a healthy environment for their creative tomorrows is vitally important. Crayola continually looks for ways to use environmentally friendly materials, reduce energy use, minimize waste, and recycle. The company recycles 70 percent of all its waste.

In 2011 and beyond, Crayola will manufacture 1 billion crayons and 500 million markers with power from the sun. A 20-acre solar farm on Crayola's property containing more than 31,000 fixed solar panels will convert sunlight into electricity, generating 3 megawatts of electrical power. The solar facility provides more than 20 percent of Crayola's total annual energy consumption.

Portuguese, Danish, Finnish, Japanese, Swedish, and Norwegian.

RECENT DEVELOPMENTS

Crayons, markers, pencils, and notebooks have long been the basic school supplies in kids' backpacks on the first day of school. Now, Crayola has added a new essential to back-to-school lists — dry-erase tools. As whiteboards are replacing chalkboards in most classrooms around the United States and students are using smaller versions in class, dry-erase usage for learning and creative at-home fun is on the rise. Crayola created dry-erase tools that are washable, smudge-proof, have no odor, and will never dry out.

Crayola Washable Dry-Erase Bright Crayons come in eight intensely bold colors, including white for drawing and writing on black dry-erase surfaces. A machine-washable "E-Z Erase" cloth comes in each pack for easily wiping dry-erase surfaces clean, and Crayola's classic built-in crayon sharpener is on the back, so tips are always ready for action.

PROMOTION

Even though Crayola had long been a leader in crayons, markers, and pencils, in 2004 the decision was made to become more than what's inside a little yellow box at back-to-school time. Crayola moved to become an innovative brand that places unlimited opportunity for expression into the hands of children to nurture the power of creativity all year long.

"The Art of Childhood" campaign grew from the idea that the art of imagination is a natural part of being a child and raising a child.

In 2008 the company launched a broad media campaign to position Crayola products as the ideal gift for the holidays. A series of commercials, a multipage print campaign, and an online gift guide successfully made the holiday season a rival to back-to-school time as a top-selling season.

Crayola launched "Everything Imaginable" in 2009. Now, with coordinated campaigns occurring several times a year, Crayola is truly becoming a brand that provides everything children need to express themselves.

BRAND VALUES

Crayola aspires to help parents and teachers raise creative and inspired kids. The brand believes in giving kids an invitation that ignites, colors that inspire, and tools that transform original thought into visible form. It's important to unleash, nurture, and celebrate the colorful originality in every child — to give colorful wings to the invisible things in the hearts and minds of children.

Crayola also believes that an investment in the community is an investment in the company itself and in its employees. The company is committed to the role of corporate citizen in the Lehigh Valley of Pennsylvania. Hundreds of employees volunteer among numerous nonprofit organizations each year. Crayola provides cash and product donations to more than 300 nonprofit arts, education, and health and welfare organizations annually within the Lehigh Valley.

The company is committed to continual revitalization of downtown Easton. The Crayola Experience, a 20,000-square-foot hands-on discovery center at Two Rivers Landing, opened in 1996 in Easton and has brought more than 4 million visitors to the area. The Crayola Experience specializes in creative and imaginative fun for kids of all ages. In addition to seeing the manufacture of Crayola crayons and markers, visitors can experience dozens of hands-on exhibits and activities that encourage outside-the-lines thinking and playing.

Through the years, kids, creativity, color, and fun have remained the cornerstones of Crayola.

THINGS YOU DIDN'T KNOW ABOUT CRAYOLA

- **Since its debut in 1958 on *Captain Kangaroo*, more than 200 million Crayola 64 boxes, holding 13 billion crayons, have been sold. All those crayons would circle the earth 24 times.**
- **According to a Yale University study, the smell of a fresh box of Crayola crayons is among the 20 most recognizable scents to American adults. Coffee and peanut butter are numbers 1 and 2; Crayola crayons are number 18.**
- **All wood used to make Crayola Colored Pencils comes from reforested trees in a managed forest. For every tree that is harvested, another tree is planted.**