ROYAL BANK OF CANADA
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The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated April 3, 2017.

Pricing Supplement SPBELN 228-C to the Prospectus dated January 8, 2016, the Series G Prospectus Supplement dated January 8, 2016, and the Product Prospectus Supplement PB-1 dated January 14, 2016

Royal Bank of Canada

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Leveraged Buffered S&P 500® Index-Linked Notes, due , 2019

The notes will not bear interest. The amount that you will be paid on your notes on the stated maturity date (expected to be the third scheduled business day after the determination date) is based on the performance of the S&P 500® Index (which we refer to as the "underlier") as measured from the trade date to and including the determination date (expected to be between 24 and 27 months after the trade date). If the final underlier level on the determination date is greater than the initial underlier level (set on the trade date and may be higher or lower than the actual closing level of the underlier on the trade date), the return on your notes will be positive, subject to the maximum settlement amount (expected to be between $1,155.55 and $1,183.00 for each $1,000 principal amount of the notes). If the final underlier level is less than the buffer level, the return on your notes will be negative. You could lose your entire investment in the notes.

To determine your payment at maturity, we will calculate the underlier return, which is the percentage increase or decrease in the final underlier level from the initial underlier level. On the stated maturity date, for each $1,000 principal amount of your notes, you will receive an amount in cash equal to:

- if the underlier return is positive (the final underlier level is greater than the initial underlier level), the sum of (i) $1,000 plus (ii) the product of (a) $1,000 times (b) the upside participation rate of 150% times (c) the underlier return, subject to the maximum settlement amount; or
- if the underlier return is zero or negative but not below -10.00% (the final underlier level is equal to or less than the initial underlier level but not by more than 10.00%), $1,000; or
- if the underlier return is negative and is below -10.00% (the final underlier level is less than the initial underlier level by more than 10.00%), the sum of (i) $1,000 plus (ii) the product of (a) 100/90.00 (which is approximately 1.1111) times (b) the sum of the underlier return plus 10.00% times (c) $1,000. This amount will be less than $1,000.

Our initial estimated value of the notes as of the date of this preliminary pricing supplement is $973.57 per $1,000 in principal amount, which is less than the original issue price. The final pricing supplement relating to the notes will set forth our estimate of the initial value of the notes as of the trade date, which will not be less than $953.57 per $1,000 in principal amount. The actual value of the notes at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. We describe our determination of the initial estimated value in more detail below.

Your investment in the notes involves certain risks, including, among other things, our credit risk. See the section "Additional Risk Factors Specific to Your Notes" beginning on page PS-7 of this pricing supplement.

Non-U.S. holders will not be subject to withholding on dividend equivalent payments under Section 871(m) of the U.S. Internal Revenue Code. Please see the section below, "Supplemental Discussion of U.S. Federal Income Tax Consequences," which applies to the notes.

The foregoing is only a brief summary of the terms of your notes. You should read the additional disclosure provided in this pricing supplement so that you may better understand the terms and risks of your investment.

Original issue date:	, 2017	Original issue price:	[100.00]% of the principal amount*
Underwriting discount:	[2.00]% of the principal amount	Net proceeds to the issuer:	[98.00]% of the principal amount

*The original issue price will be between 98.00% and 100.00% of the principal amount for certain investors, reflecting a foregone underwriting discount with respect to such notes; see "Supplemental Plan of Distribution (Conflicts of Interest)" on page PS-18 of this pricing supplement.

The issue price, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this pricing supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in the notes will depend in part on the issue price you pay for such notes.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this pricing supplement, the accompanying product prospectus supplement, the accompanying prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense. The notes will not constitute deposits that are insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other Canadian or U.S. governmental agency or instrumentality.

RBC Capital Markets, LLC

Pricing Supplement dated , 2017.

SUMMARY INFORMATION

We refer to the notes we are offering by this pricing supplement as the "offered notes" or the "notes." Each of the offered notes, including your notes, has the terms described below. Please note that in this pricing supplement, references to "Royal Bank of Canada," "we," "our" and "us" mean only Royal Bank of Canada and all references to "$" or "dollar" are to United States dollars. Also, references to the "accompanying prospectus" mean the accompanying prospectus, dated January 8, 2016, as supplemented by the accompanying prospectus supplement, dated January 8, 2016, of Royal Bank of Canada relating to the Senior Medium-Term Notes, Series G program of Royal Bank of Canada and references to the "accompanying product prospectus supplement PB-1" mean the accompanying product prospectus supplement PB-1, dated January 14, 2016, of Royal Bank of Canada.

This section is meant as a summary and should be read in conjunction with the section entitled "General Terms of the Notes" beginning on page PS-4 of the accompanying product prospectus supplement PB-1. Please note that certain features described in the accompanying product prospectus supplement PB-1 are not applicable to the notes. This pricing supplement supersedes any conflicting provisions of the accompanying product prospectus supplement PB-1.

Key Terms

Issuer: Royal Bank of Canada

Underlier: the S&P 500® Index (Bloomberg symbol, "SPX Index"), as published by S&P Dow Jones Indices, LLC ("S&P," or the "underlier sponsor")

Specified currency: U.S. dollars ("$")

Denominations: $1,000 and integral multiples of $1,000 in excess of $1,000. The notes may only be transferred in amounts of $1,000 and increments of $1,000 thereafter

Principal amount: each note will have a principal amount of $1,000; $ in the aggregate for all the offered notes; the aggregate principal amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this pricing supplement

Purchase at amount other than principal amount: the amount we will pay you at the stated maturity date for your notes will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to principal amount and hold them to the stated maturity date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at a price equal to the principal amount. Also, the buffer level would not offer the same measure of protection to your investment as would be the case if you had purchased the notes at the principal amount. Additionally, the cap level would be triggered at a lower (or higher) percentage return than indicated below, relative to your initial investment. See "If the Original Issue Price for Your Notes Represents a Premium to the Principal Amount, the Return on Your Notes Will Be Lower Than the Return on Notes for Which the Original Issue Price Is Equal to the Principal Amount or Represents a Discount to the Principal Amount" on page PS-11 of this pricing supplement

Cash settlement amount (on the stated maturity date): for each $1,000 principal amount of your notes, we will pay you on the stated maturity date an amount in cash equal to:

- if the final underlier level is greater than or equal to the cap level, the maximum settlement amount;
- if the final underlier level is greater than the initial underlier level but less than the cap level, the sum of (1) $1,000 plus (2) the product of (i) $1,000 times (ii) the upside participation rate times (iii) the underlier return;
- if the final underlier level is equal to or less than the initial underlier level but greater than or equal to the buffer level, $1,000; or
- if the final underlier level is less than the buffer level, the sum of (1) $1,000 plus (2) the product of (i) the buffer rate times (ii) the sum of the underlier return plus the buffer amount times (iii) $1,000. In this case, the cash settlement amount will be less than the principal amount of the notes, and you will lose some or all of the principal amount.

Initial underlier level (to be set on the trade date and may be higher or lower than the actual closing level of the underlier on the trade date):

Final underlier level: the closing level of the underlier on the determination date, except in the limited circumstances described under "General Terms of the Notes — Determination Dates and Averaging Dates" on page PS-5 of the accompanying product prospectus supplement PB-1 and subject to adjustment as provided under "General Terms of the Notes — Unavailability of the Level of the Underlier" on page PS-6 of the accompanying product prospectus supplement PB-1.

Underlier return: the quotient of (1) the final underlier level minus the initial underlier level divided by (2) the initial underlier level, expressed as a percentage
Upside participation rate: 150%
Cap level (to be set on the trade date): expected to be between 110.37% and 112.20% of the initial underlier level
Maximum settlement amount (to be set on the trade date): for each $1,000 principal amount of the notes, expected to be between $1,155.55 and $1,183.00
Buffer level: 90.00% of the initial underlier level (equal to an underlier return of -10.00%)
Buffer amount: 10.00%

Buffer rate: the quotient of the initial underlier level divided by the buffer level, which equals approximately 111.11%
Trade date:
Original issue date (settlement date) (to be set on the trade date): expected to be the fifth scheduled business day following the trade date
Determination date (to be set on the trade date): a specified date that is expected to be between 24 and 27 months after the trade date, subject to adjustment as described under “General Terms of the Notes — Determination Dates and Averaging Dates” on page PS-5 of the accompanying product prospectus supplement PB-1
Stated maturity date (to be set on the trade date): a specified date that is expected to be the third scheduled business day after the determination date, subject to adjustment as described under "General Terms of the Notes — Stated Maturity Date” on page PS-5 of the accompanying product prospectus supplement PB-1
No interest: the offered notes will not bear interest
No listing: the offered notes will not be listed on any securities exchange or interdealer quotation system
No redemption: the notes are not subject to redemption prior to maturity
Closing level: the official closing level of the underlier or any successor underlier published by the underlier sponsor on such trading day for such underlier
Business day: as described under “General Terms of the Notes — Special Calculation Provisions — Business Day” on page PS-11 of the accompanying product prospectus supplement PB-1
Trading day: as described under “General Terms of the Notes — Special Calculation Provisions — Trading Day” on page PS-11 of the accompanying product prospectus supplement PB-1
Use of proceeds and hedging: as described under “Use of Proceeds and Hedging” on page PS-13 of the accompanying product prospectus supplement PB-1
ERISA: as described under “Employee Retirement Income Security Act” on page PS-20 of the accompanying product prospectus supplement PB-1
Calculation agent: RBC Capital Markets, LLC (“RBCCM”)
Dealer: RBCCM
U.S. tax treatment: by purchasing a note, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat the note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the notes are uncertain and the Internal Revenue Service could assert that the notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the discussion in the accompanying prospectus under “Tax Consequences,” the discussion in the accompanying prospectus supplement under “Certain Income Tax Consequences,” and the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the accompanying product prospectus supplement PB-1 under “Supplemental Discussion of U.S. Federal Income Tax Consequences,” and the discussion below under “Supplemental Discussion of U.S. Federal Income Tax Consequences,” which apply to the notes.
Canadian tax treatment: for a discussion of certain Canadian federal income tax consequences of investing in the notes, please see the section entitled “Tax Consequences — Canadian Taxation” in the accompanying prospectus
CUSIP no.: 78012KG76
ISIN no.: US78012KG768
FDIC: the notes will not constitute deposits that are insured by the Federal Deposit Insurance Corporation, the Canada Deposit Insurance Corporation or any other Canadian or U.S. governmental agency
The trade date, the determination date and the stated maturity date are subject to change. These dates will be set forth in the final pricing supplement that will be made available in connection with sales of the notes.

HYPOTHETICAL EXAMPLES

The following table and chart are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that various hypothetical final underlier levels on the determination date could have on the cash settlement amount at maturity, assuming all other variables remain constant.

The examples below are based on a range of final underlier levels that are entirely hypothetical. No one can predict what the underlier level will be on any day during the term of your notes, and no one can predict what the final underlier level will be. The underlier has been highly volatile in the past—meaning that the underlier level has changed considerably in relatively short periods—and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the notes assuming that they are purchased on the original issue date with a $1,000 principal amount and are held to maturity. If you sell your notes in any secondary market prior to maturity, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the table below, such as interest rates and the volatility of the underlier. In addition, assuming no changes in market conditions or our creditworthiness and any other relevant factors, the value of your notes on the trade date (as determined by reference to pricing models used by RBCCM and taking into account our credit spreads) will be, and the price you may receive for your notes may be, significantly less than the principal amount. For more information on the value of your notes in the secondary market, see “Additional Risk Factors Specific to Your Notes — The Price, if any, at Which You May Be Able to Sell Your Notes Prior to Maturity May Be Less than the Original Issue Price and Our Initial Estimated Value” below. The information in the table also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions	
Principal amount	$1,000
Upside participation rate	150%
Hypothetical cap level	110.37% of the initial underlier level
Hypothetical maximum settlement amount	$1,155.55
Buffer level	90.00% of the initial underlier level
Buffer rate	, which equals approximately 111.11%
Buffer amount	10.00%
Neither a market disruption event nor a non-trading day occurs on the originally scheduled determination date	
No change affecting the method by which the underlier sponsor calculates the underlier	
Notes purchased on original issue date at a price equal to the principal amount and held to the stated maturity date	

Moreover, we have not yet set the initial underlier level that will serve as the baseline for determining the underlier return and the amount that we will pay on your notes, if any, at maturity. We will not do so until the trade date. As a result, the actual initial underlier level may differ substantially from the underlier level prior to the trade date and may be higher or lower than the actual closing level of the underlier on the trade date.

For these reasons, the actual performance of the underlier over the term of your notes, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical underlier levels shown elsewhere in this pricing supplement. For information about the historical levels of the underlier during recent periods, see “The Underlier—Historical Performance of the Underlier” below. Before investing in the notes, you should consult publicly available information to determine the levels of the underlier between the date of this pricing supplement and the date of your purchase of the notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the stocks included in the underlier (the “underlier stocks”).

The levels in the left column of the table below represent hypothetical final underlier levels and are expressed as percentages of the initial underlier level. The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlier level (expressed as a percentage of the initial underlier level), and are expressed as percentages of the principal amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical cash settlement amount of 100.000% means that the value of the cash payment that we would deliver for each $1,000 principal amount of the notes at maturity would equal the principal amount of a note, based on the corresponding hypothetical final underlier level (expressed as a percentage of the initial underlier level) and the assumptions noted above.

Hypothetical Final Underlier Level (as a Percentage of the Initial Underlier Level)	Hypothetical Cash Settlement Amount (as a Percentage of the Principal Amount)
150.00%	115.555%
140.00%	115.555%
130.00%	115.555%
120.00%	115.555%
110.37%	115.555%
110.00%	115.000%
107.00%	110.500%
105.00%	107.500%
100.00%	100.000%
95.00%	100.000%
90.00%	100.000%
80.00%	88.889%
75.00%	83.333%
50.00%	55.556%
25.00%	27.778%
0.00%	0.000%

If, for example, the final underlier level were determined to be 25.00% of the initial underlier level, the cash settlement amount that we would deliver on your notes at maturity would be approximately 27.778% of the principal amount of your notes, as shown in the hypothetical cash settlement amount column of the table above. As a result, if you purchased your notes at the principal amount on the settlement date and held them to maturity, you would lose approximately 72.222% of your investment.

If the final underlier level were determined to be 150.00% of the initial underlier level, the cash settlement amount that we would deliver on your notes at maturity would be capped at the maximum settlement amount (expressed as a percentage of the principal amount), or 115.555% of the principal amount of your notes, as shown in the hypothetical cash settlement amount column of the table above. As a result, if you purchased your notes at the principal amount on the settlement date and held them to maturity, you would not benefit from any increase in the final underlier level over 110.37% of the initial underlier level.

The following chart also illustrates the hypothetical cash settlement amounts (expressed as a percentage of the principal amount of your notes) that we would pay on your notes on the stated maturity date, if the final underlier level (expressed as a percentage of the initial underlier level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that any hypothetical final underlier level (expressed as a percentage of the initial underlier level) of less than the buffer level would result in a hypothetical cash settlement amount of less than 100.00% of the principal amount of your notes (the section below the 100.00% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. On the other hand, any hypothetical final underlier level that is greater than the initial underlier level (the section right of the 100.00% marker on the horizontal axis) would result in a hypothetical cash settlement amount that is greater than 100.00% of the principal amount of your notes on a leveraged basis (the section above the 100.00% marker on the vertical axis), subject to the maximum settlement amount.

No one can predict what the final underlier level will be. The actual amount that a holder of the notes will receive at maturity and the actual return on your investment in the notes, if any, will depend on the initial underlier level, the stated maturity date, the cap level and the maximum settlement amount that will be set on the trade date and the actual final underlier level determined by the calculation agent as described below. In addition, the actual return on your notes will further depend on the original issue price. Moreover, the assumptions on which the hypothetical table and chart are based may turn out to be inaccurate. Consequently, the return on your investment in the notes, if any, and the actual cash settlement amount to be paid in respect of the notes at maturity may be very different from the information reflected in the table and chart above.

ADDITIONAL RISK FACTORS SPECIFIC TO YOUR NOTES

An investment in your notes is subject to the risks described below, as well as the risks described under "Risk Factors" beginning on page S-1 of the accompanying prospectus supplement and page 1 of the accompanying prospectus. You should carefully review these risks as well as the terms of the notes described herein and in the accompanying prospectus, dated January 8, 2016, as supplemented by the accompanying prospectus supplement, dated January 8, 2016, and the accompanying product prospectus supplement PB-1, dated January 14, 2016, of Royal Bank of Canada. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the underlier stocks, i.e., the stocks included in the underlier. You should carefully consider whether the offered notes are suited to your particular circumstances.

You May Lose Your Entire Investment in the Notes

The principal amount of your investment is not protected and you may lose a significant amount, or even all of your investment in the notes. The cash settlement amount, if any, will depend on the performance of the underlier and the change in the level of the underlier from the trade date to the determination date, and you may receive significantly less than the principal amount of the notes. Subject to our credit risk, you will receive at least the principal amount of the notes at maturity only if the final underlier level is greater than or equal to the buffer level. If the final underlier level is less than the buffer level, then you will lose, for each $1,000 in principal amount of the notes, an amount equal to the product of (i) the buffer rate times (ii) the sum of underlier return plus the buffer amount (iii) times $1,000. You could lose some or all of the principal amount. Thus, depending on the final underlier level, you could lose a substantial portion, and perhaps all, of your investment in the notes, which would include any premium to the principal amount you may have paid when you purchased the notes.

In addition, if the notes are not held until maturity, assuming no changes in market conditions or to our creditworthiness and other relevant factors, the price you may receive for the notes may be significantly less than the price that you paid for them.

Our Initial Estimated Value of the Notes Will Be Less than the Original Issue Price

Our initial estimated value that is set forth on the cover page of this document, and that will be set forth in the final pricing supplement for the notes, will be less than the original issue price of the notes, and does not represent a minimum price at which we, RBCCM or any of our other affiliates would be willing to purchase the notes in any secondary market (if any exists) at any time. This is due to, among other things, the fact that the original issue price of the notes reflects the borrowing rate we pay to issue securities of this kind (an internal funding rate that is lower than the rate at which we borrow funds by issuing conventional fixed rate debt), and the inclusion in the original issue price of the underwriting discount and costs relating to our hedging of the notes.

The Price, if any, at Which You May Be Able to Sell Your Notes Prior to Maturity May Be Less than the Original Issue Price and Our Initial Estimated Value

Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your notes prior to maturity may be less than the original issue price and our initial estimated value. This is because any such sale price would not be expected to include the underwriting discount or our estimated profit and the costs relating to our hedging of the notes. In addition, any price at which you may sell the notes is likely to reflect customary bid-ask spreads for similar trades, and the cost of unwinding any related hedge transactions. In addition, the value of the notes determined for any secondary market price is expected to be based in part on the yield that is reflected in the interest rate on our conventional debt securities of similar maturity that are traded in the secondary market, rather than the internal funding rate that we used to price the notes and determine the initial estimated value. As a result, the secondary market price of the notes will be less than if the internal funding rate was used. These factors, together with various credit, market and economic factors over the term of the notes, and, potentially, changes in the level of the underlier, are expected to reduce the price at which you may be able to sell the notes in any secondary market and will affect the value of the notes in complex and unpredictable ways.

As set forth below in the section "Supplemental Plan of Distribution (Conflicts of Interest)," for a limited period of time after the original issue date, your broker may repurchase the notes at a price that is greater than the estimated value of the notes at that time. However, assuming no changes in any other relevant factors, the price you may receive if you sell your notes is expected to decline gradually during that period.

The notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your notes to maturity.

The Initial Estimated Value of the Notes Is an Estimate Only, Calculated as of the Time the Terms of the Notes Are Set

Our initial estimated value of the notes is based on the value of our obligation to make the payments on the notes, together with the mid-market value of the derivative embedded in the terms of the notes. See “Structuring the Notes” below. Our estimate is based on a variety of assumptions, including our internal funding rate (which represents a discount from our credit spreads), expectations as to dividends on the underlier stocks, interest rates and volatility, and the expected term of the notes. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the notes or similar securities at a price that is significantly different than we do.

The value of the notes at any time after the trade date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the notes in any secondary market, if any, should be expected to differ materially from our initial estimated value of your notes.

Your Notes Will Not Bear Interest

You will not receive any interest payments on the notes. Even if the amount payable on the notes at maturity exceeds the principal amount of the notes, the overall return you earn on the notes may be less than you would otherwise have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

The Potential for the Value of Your Notes to Increase Will Be Limited

Your ability to participate in any change in the level of the underlier over the term of your notes will be limited because of the cap level. The cap level will limit the amount in cash you may receive for each of your notes at maturity, no matter how much the level of the underlier may rise beyond the cap level over the term of your notes. Accordingly, the amount payable for each of your notes may be significantly less than your return had you invested directly in the underlier stocks.

Payment of the Amount Payable on Your Notes Is Subject to Our Credit Risk, and Market Perceptions About Our Creditworthiness May Adversely Affect the Market Value of Your Notes

The notes are our unsecured debt obligations. Investors are subject to our credit risk, and market perceptions about our creditworthiness may adversely affect the market value of the notes. Any decrease in the market's view on or confidence in our creditworthiness is likely to adversely affect the market value of the notes.

The Amount Payable on Your Notes Is Not Linked to the Level of the Underlier at Any Time Other than the Determination Date

The amount payable on your notes will be based on the final underlier level. Therefore, for example, if the closing level of the underlier decreased precipitously on the determination date, the amount payable at maturity may be significantly less than it would otherwise have been had the amount payable been linked to the closing level of the underlier prior to that decrease. Although the actual level of the underlier at maturity or at other times during the term of the notes may be higher than the final underlier level, you will not benefit from the closing level of the underlier at any time other than the determination date.

The Notes May Not Have an Active Trading Market

The notes will not be listed on any securities exchange. The dealer intends to offer to purchase the notes in the secondary market, but is not required to do so. The dealer or any of its affiliates may stop any market-making activities at any time. Even if there is a secondary market, it may not provide enough liquidity to allow you to easily trade or sell the notes. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade the notes is likely to depend on the price, if any, at which the dealer is willing to buy the notes. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your notes in any secondary market could be substantial.

If you sell your notes before maturity, you may have to do so at a substantial discount from the price that you paid for them, and as a result, you may suffer substantial losses.

The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors

The following factors, among others, many of which are beyond our control, may influence the market value of your notes:

- the level of the underlier;
- the volatility—i.e., the frequency and magnitude of changes—of the level of the underlier;
- the dividend rates of the underlier stocks;
- economic, financial, regulatory, political, military and other events that affect stock markets generally and the underlier stocks;
- interest and yield rates in the market;
- the time remaining until the notes mature; and
- our creditworthiness, whether actual or perceived, and including actual or anticipated upgrades or downgrades in our credit ratings or changes in other credit measures.

These factors may influence the market value of your notes if you sell your notes before maturity, including the price you may receive for your notes in any market making transaction. If you sell your notes prior to maturity, you may receive less than the principal amount of your notes.

If the Level or Price of the Underlier or the Underlier Stocks Changes, the Market Value of the Notes May Not Change in the Same Manner

The notes may trade quite differently from the performance of the underlier or the underlier stocks. Changes in the level or price, as applicable, of the underlier or the underlier stocks may not result in a comparable change in the market value of the notes. Some of the reasons for this disparity are discussed under "— The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors" above.

The Return on the Notes Will Not Reflect Any Dividends Paid on the Underlier Stocks

The underlier sponsor calculates the levels of the underlier by reference to the prices of the underlier stocks without taking account of the value of dividends paid on those underlier stocks. Therefore, the return on the notes will not reflect the return you would realize if you actually owned the underlier stocks and received the dividends paid on those underlier stocks.

You Have No Shareholder Rights or Rights to Receive Any Underlier Stock

Investing in your notes will not make you a holder of any of the underlier stocks. Neither you nor any other holder or owner of your notes will have any voting rights, any right to receive dividends or other distributions, any rights to make a claim against the underlier stock issuers or any other rights with respect to the underlier stocks. Your notes will be paid in cash to the extent any amount is payable at maturity, and you will have no right to receive delivery of any of the underlier stocks.

We Will Not Hold Any of the Underlier Stocks for Your Benefit, if We Hold Them at All

The indenture and the terms governing your notes do not contain any restriction on our ability or the ability of any of our affiliates to sell, pledge or otherwise convey all or any portion of the underlier stocks that we or they may acquire. Neither we nor our affiliates will pledge or otherwise hold any assets for your benefit, including any of these securities. Consequently, in the event of our bankruptcy, insolvency or liquidation, any of those securities that we own will be subject to the claims of our creditors generally and will not be available for your benefit specifically.

Our Hedging Activities and/or Those of Our Distributors May Negatively Impact Investors in the Notes and Cause Our Interests and Those of Our Clients and Counterparties to Be Contrary to Those of Investors in the Notes

The dealer or one or more of our other affiliates and/or distributors expects to hedge its obligations under the hedging transaction that it may enter into with us by purchasing futures and/or other instruments linked to the underlier or the underlier stocks. The dealer or one or more of our other affiliates and/or distributors also expects to adjust the hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the underlier or one or more of the underlier stocks, at any time and from time to time, and to unwind the hedge by selling any of the foregoing on or before the determination date.

We, the dealer, or one or more of our other affiliates and/or distributors may also enter into, adjust and unwind hedging transactions relating to other basket- or index-linked notes whose returns are linked to changes in the level or price of the underlier or the underlier stocks. Any of these hedging activities may adversely affect the level of the underlier —directly or indirectly by affecting the price of the underlier stocks—and therefore the market value of the notes and the amount you will receive, if any, on the notes. In addition, you should expect that these transactions will cause us, the dealer or our other affiliates and/or distributors, or our clients or counterparties, to have economic interests and incentives that do not align with, and that may be directly contrary to, those of an investor in the notes. We, the dealer and our other affiliates and/or distributors will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions based on the potential effect on an investor in the notes, and may receive substantial returns with respect to these hedging activities while the value of the notes may decline. Additionally, if the distributor from which you purchase notes is to conduct hedging activities for us in connection with the notes, that distributor may profit in connection with such hedging activities and such profit, if any, will be in addition to the compensation that the distributor receives for the sale of the notes to you. You should be aware that the potential to earn fees in connection with hedging activities may create a further incentive for the distributor to sell the notes to you in addition to the compensation they would receive for the sale of the notes.

Market Activities by Us and by the Dealer for Our Own Account or for Our Clients Could Negatively Impact Investors in the Notes

We, the dealer and our other affiliates provide a wide range of financial services to a substantial and diversified client base. As such, we each may act as an investor, investment banker, research provider, investment manager, investment advisor, market maker, trader, prime broker or lender. In those and other capacities, we, the dealer and/or our other affiliates purchase, sell or hold a broad array of investments, actively trade securities (including the notes or other securities that we have issued), the underlier stocks, derivatives, loans, credit default swaps, indices, baskets and other financial instruments and products for our own accounts or for the accounts of our customers, and we will have other direct or indirect interests, in those securities and in other markets that may be not be consistent with your interests and may adversely affect the level of the underlier and/or the value of the notes. Any of these financial market activities may, individually or in the aggregate, have an adverse effect on the level of the underlier and the market value of your notes, and you should expect that our interests and those of the dealer and/or our other affiliates, or our clients or counterparties, will at times be adverse to those of investors in the notes.

In addition to entering into these transactions itself, we, the dealer and our other affiliates may structure these transactions for our clients or counterparties, or otherwise advise or assist clients or counterparties in entering into these transactions. These activities may be undertaken to achieve a variety of objectives, including: permitting other purchasers of the notes or other securities to hedge their investment in whole or in part; facilitating transactions for other clients or counterparties that may have business objectives or investment strategies that are inconsistent with or contrary to those of investors in the notes; hedging the exposure of us, the dealer or our other affiliates in connection with the notes, through their market-making activities, as a swap counterparty or otherwise; enabling us, the dealer or our other affiliates to comply with internal risk limits or otherwise manage firmwide, business unit or product risk; and/or enabling us, the dealer or our other affiliates to take directional views as to relevant markets on behalf of itself or our clients or counterparties that are inconsistent with or contrary to the views and objectives of investors in the notes.

We, the dealer and our other affiliates regularly offer a wide array of securities, financial instruments and other products into the marketplace, including existing or new products that are similar to the notes or other securities that we may issue, the underlier stocks or other securities or instruments similar to or linked to the foregoing. Investors in the notes should expect that we, the dealer and our other affiliates will offer securities, financial instruments, and other products that may compete with the notes for liquidity or otherwise.

We, the Dealer and Our Other Affiliates Regularly Provide Services to, or Otherwise Have Business Relationships with, a Broad Client Base, Which Has Included and May Include Us and the Issuers of the Underlier Stocks

We, the dealer and our other affiliates regularly provide financial advisory, investment advisory and transactional services to a substantial and diversified client base. You should assume that we or they will, at present or in the future, provide such services or otherwise engage in transactions with, among others, us and the issuers of the underlier stocks, or transact in securities or instruments or with parties that are directly or indirectly related to these entities. These services could include making loans to or equity investments in those companies, providing financial advisory or other investment banking services, or issuing research reports. You should expect that we, the dealer and our other affiliates, in providing these services, engaging in such transactions, or acting for our own accounts, may take actions that have direct or indirect effects on the notes or other securities that we may issue, the underlier stocks or other securities or instruments similar to or linked to the foregoing, and that such actions could be adverse to the interests of investors in the notes. In addition, in connection with these activities, certain personnel within us, the dealer or our other affiliates may have access to confidential material non-public information about these parties that would not be disclosed to investors of the notes.

Past Underlier Performance Is No Guide to Future Performance

The actual performance of the underlier over the term of the notes may bear little relation to the historical levels of the underlier. Likewise, the amount payable at maturity may bear little relationship to the hypothetical return table or chart set forth elsewhere in this pricing supplement. We cannot predict the future performance of the underlier. Trading activities undertaken by market participants, including certain investors in the notes or their affiliates, including in short positions and derivative positions, may adversely affect the level of the underlier.

As the Calculation Agent, RBCCM Will Have the Authority to Make Determinations that Could Affect the Amount You Receive, if Any, at Maturity

As the calculation agent for the notes, RBCCM will have discretion in making various determinations that affect the notes, including determining the final underlier level, which will be used to determine the cash settlement amount at maturity, and determining whether to postpone the determination date because of a market disruption event or because that day is not a trading day. The calculation agent also has discretion in making certain adjustments relating to a discontinuation or modification of the underlier, as described under “General Terms of the Notes—Unavailability of the Level of the Underlier” beginning on page PS-6 of the accompanying product prospectus supplement PB-1. The exercise of this discretion by RBCCM, which is our wholly owned subsidiary, could adversely affect the value of the notes and may create a conflict of interest between you and RBCCM. For a description of market disruption events as well as the consequences of the market disruption events, see the section entitled “General Terms of the Notes—Market Disruption Events” beginning on page PS-7 of the accompanying product prospectus supplement PB-1. We may change the calculation agent at any time without notice, and RBCCM may resign as calculation agent at any time.

The Policies of the Underlier Sponsor and Changes that Affect the Underlier or the Underlier Stocks Could Affect the Amount Payable on the Notes, if Any, and Their Market Value

The policies of the underlier sponsor concerning the calculation of the levels of the underlier, additions, deletions or substitutions of the underlier stocks and the manner in which changes affecting such underlier stocks or their issuers, such as stock dividends, reorganizations or mergers, are reflected in the level of the underlier, could affect the levels of the underlier and, therefore, the amount payable on the notes, if any, at maturity and the market value of the notes prior to maturity. The amount payable on the notes, if any, and their market value could also be affected if the underlier sponsor changes these policies, for example, by changing the manner in which it calculates the level of the underlier, or if the underlier sponsor discontinues or suspends calculation or publication of the level of the underlier, in which case it may become difficult to determine the market value of the notes. If events such as these occur, the calculation agent will determine the amount payable, if any, at maturity as described herein.

The Calculation Agent Can Postpone the Determination of the Final Underlier Level if a Market Disruption Event Occurs or Is Continuing

The determination of the final underlier level may be postponed if the calculation agent determines that a market disruption event has occurred or is continuing on the determination date with respect to the underlier. If such a

postponement occurs, the calculation agent will use the closing level of the underlier on the first subsequent trading day on which no market disruption event occurs or is continuing, subject to the limitations set forth in the accompanying product prospectus supplement PB-1. If a market disruption event occurs or is continuing on a determination date, the stated maturity date for the notes could also be postponed.
If the determination of the level of the underlier for any determination date is postponed to the last possible day, but a market disruption event occurs or is continuing on that day, that day will nevertheless be the date on which the level of the underlier will be determined by the calculation agent. In such an event, the calculation agent will make a good faith estimate in its sole discretion of the level that would have prevailed in the absence of the market disruption event. See "General Terms of the Notes—Market Disruption Events" in the accompanying product prospectus supplement PB-1.
There Is No Affiliation Between Any Underlier Stock Issuers or the Underlier Sponsor and Us or the Dealer, and Neither We Nor the Dealer Is Responsible for Any Disclosure by Any of the Underlier Stock Issuers or the Underlier Sponsor
We are not affiliated with the issuers of the underlier stocks or with the underlier sponsor. As discussed herein, however, we, the dealer, and our other affiliates may currently, or from time to time in the future, engage in business with the issuers

of the underlier stocks. Nevertheless, none of us, the dealer, or our respective affiliates assumes any responsibility for the accuracy or the completeness of any information about the underlier or any of the underlier stocks. You, as an investor in the notes, should make your own investigation into the underlier and the underlier stocks. See the section below entitled "The Underlier" for additional information about the underlier.

Neither the underlier sponsor nor any issuers of the underlier stocks are involved in this offering of the notes in any way, and none of them have any obligation of any sort with respect to the notes. Thus, neither the underlier sponsor nor any of the issuers of the underlier stocks have any obligation to take your interests into consideration for any reason, including in taking any corporate actions that might affect the value of the notes.

You Must Rely on Your Own Evaluation of the Merits of an Investment Linked to the Underlier

In the ordinary course of business, we, the dealer, our other affiliates and any additional dealers, including in acting as a research provider, investment advisor, market maker, principal investor or distributor, may express research or investment views on expected movements in the underlier or the underlier stocks, and may do so in the future. These views or reports may be communicated to our clients, clients of our affiliates and clients of any additional dealers, and may be inconsistent with, or adverse to, the objectives of investors in the notes. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to the underlier or the underlier stocks may at any time have significantly different views from those of these entities. For these reasons, you are encouraged to derive information concerning the underlier or the underlier stocks from multiple sources, and you should not rely solely on views expressed by us, the dealer, our other affiliates, or any additional dealers.

We May Sell an Additional Aggregate Amount of the Notes at a Different Original Issue Price

At our sole option, we may decide to sell an additional aggregate amount of the notes subsequent to the trade date. The price of the notes in the subsequent sale may differ substantially (higher or lower) from the principal amount.

If the Original Issue Price for Your Notes Represents a Premium to the Principal Amount, the Return on Your Notes Will Be Lower Than the Return on Notes for Which the Original Issue Price Is Equal to the Principal Amount or Represents a Discount to the Principal Amount

The cash settlement amount will not be adjusted based on the original issue price. If the original issue price for your notes differs from the principal amount, the return on your notes held to maturity will differ from, and may be substantially less than, the return on notes for which the original issue price is equal to the principal amount. If the original issue price for your notes represents a premium to the principal amount and you hold them to maturity, the return on your notes will be lower than the return on notes for which the original issue price is equal to the principal amount or represents a discount to the principal amount.

In addition, the impact of the buffer level and the cap level on the return on your investment will depend upon the price you pay for your notes relative to the principal amount. For example, if you purchase your notes at a premium to the principal amount, the cap level will only permit a lower percentage increase in your investment in the notes than would have been the case for notes purchased at the principal amount or a discount to the principal amount. Similarly, the buffer level, while still providing some protection for the return on the notes, will allow a greater percentage decrease in your investment in the notes than would have been the case for notes purchased at the principal amount or a discount to the principal amount.

Significant Aspects of the Income Tax Treatment of an Investment in the Notes Are Uncertain

The tax treatment of an investment in the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or the Canada Revenue Agency regarding the tax treatment of an investment in the notes, and the Internal Revenue Service, the Canada Revenue Agency or a court may not agree with the tax treatment described in this pricing supplement.

The Internal Revenue Service has issued a notice indicating that it and the U.S. Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity or earlier sale or exchange and whether all or part of the gain a holder may recognize upon sale, exchange or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled "Supplemental Discussion of U.S. Federal Income Tax Consequences" in the accompanying product prospectus supplement PB-1, the section entitled "Certain Income Tax Consequences" in the accompanying prospectus supplement and the section entitled "Tax Consequences" in the accompanying prospectus.

You should consult your tax advisor about your own tax situation.

Non-U.S. Investors May Be Subject to Certain Additional Risks

The notes will be denominated in U.S. dollars. If you are a non-U.S. investor who purchases the notes with a currency other than U.S. dollars, changes in rates of exchange may have an adverse effect on the value, price or returns of your investment.

This pricing supplement contains a general description of certain U.S. tax considerations relating to the notes. If you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of the notes and receiving the payments that might be due under the notes.

For a discussion of certain Canadian federal income tax consequences of investing in the notes, please see the section entitled “Tax Consequences — Canadian Taxation” in the accompanying prospectus. If you are not a Non-resident Holder (as that term is defined in “Tax Consequences — Canadian Taxation” in the accompanying prospectus) or if you acquire the notes in the secondary market, you should consult your tax advisor as to the consequences of acquiring, holding and disposing of the notes and receiving the payments that might be due under the notes.

Certain Considerations for Insurance Companies and Employee Benefit Plans

Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), including an IRA or a Keogh plan (or a governmental plan to which similar prohibitions apply), and that is considering purchasing the notes with the assets of the insurance company or the assets of such a plan, should consult with its counsel regarding whether the purchase or holding of the notes could become a "prohibited transaction" under ERISA, the Internal Revenue Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by purchasing and holding the notes. This is discussed in more detail under "Employee Retirement Income Security Act" in the accompanying product prospectus supplement PB-1.

THE UNDERLIER

General

The underlier is the S&P 500® Index (Bloomberg ticker "SPX"). All information contained in this pricing supplement regarding the underlier including, without limitation, its make-up, method of calculation and changes in its components and its historical closing values, is derived from publicly available information prepared by the underlier sponsor. Such information reflects the policies of, and is subject to change by, the underlier sponsor. The underlier sponsor owns the copyright and all rights to the underlier. The underlier sponsor is under no obligation to continue to publish, and may discontinue publication of, the underlier. The consequences of the underlier sponsor discontinuing or modifying the underlier are described in the section entitled "Description of the Notes—Unavailability of the Level of the Underlier" beginning on page PS-6 of the accompanying product prospectus supplement PB-1.

The underlier is calculated and maintained by the underlier sponsor. Neither we nor RBCCM has participated in the preparation of such documents or made any due diligence inquiry with respect to the underlier or underlier sponsor in connection with the offering of the notes. In connection with the offering of the notes, neither we nor RBCCM makes any representation that such publicly available information regarding the underlier or underlier sponsor is accurate or complete. Furthermore, we cannot give any assurance that all events occurring prior to the offering of the notes (including events that would affect the accuracy or completeness of the publicly available information described in this pricing supplement) that would affect the level of the underlier or have been publicly disclosed. Subsequent disclosure of any such events could affect the value received at maturity and therefore the market value of the notes.

We, the dealer or our respective affiliates may presently or from time to time engage in business with one or more of the issuers of the underlier stocks of the underlier without regard to your interests, including extending loans to or entering into loans with, or making equity investments in, one or more of such issuers or providing advisory services to one or more of such issuers, such as merger and acquisition advisory services. In the course of business, we, the dealer or our respective affiliates may acquire non-public information about one or more of such issuers and none of us, the dealer or our respective affiliates undertake to disclose any such information to you. In addition, we, the dealer or our respective affiliates from time to time have published and in the future may publish research reports with respect to such issuers. These research reports may or may not recommend that investors buy or hold the securities of such issuers. As a prospective purchaser of the notes, you should undertake an independent investigation of the underlier or of the issuers of the underlier stocks to the extent required, in your judgment, to allow you to make an informed decision with respect to an investment in the notes.

We are not incorporating by reference the website of the underlier sponsor or any material it includes into this pricing supplement. In this pricing supplement, unless the context requires otherwise, references to the underlier will include any successor underlier to the underlier and references to the underlier sponsor will include any successor thereto.

Description of the Underlier

The S&P 500® Index

The underlier includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The underlier is calculated, maintained and published by S&P Dow Jones Indices LLC. Additional information is available on the following website: http://www.standardandpoors.com. Information on that website is not included or incorporated by reference in this pricing supplement.

The underlier is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the underlier is based on the relative value of the aggregate market value (as defined below) of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. The "market value" of any underlier stock is the product of the market price per share times the number of the then outstanding shares of such underlier stock. The 500 companies are not the 500 largest companies listed on the New York Stock Exchange and not all 500 companies are listed on such exchange.

S&P Dow Jones Indices LLC chooses companies for inclusion in the underlier with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of its Stock Guide Database of over 10,000 companies, which S&P Dow Jones Indices LLC uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P Dow Jones Indices LLC include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock generally is responsive to changes in the affairs of the respective industry, and the market value and trading activity of the common stock of that company. S&P Dow Jones Indices LLC from time to time, in its sole discretion, may add companies to, or delete companies from, the underlier to achieve the objectives stated above.

Effective with the September 2015 rebalance, consolidated share class lines are no longer included in the S&P 500® Index. Each share class line is subject to public float and liquidity criteria individually, but a company's total market capitalization is used to evaluate each share class line. This may result in one listed share class line of a company being included in the S&P 500® Index while a second listed share class line of the same company is excluded.

In addition, a company must have a primary listing of its common stock on the NYSE, NYSE Arca, NYSE MKT, NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, or Bats EDGX.

Calculation of the S&P 500® Index

The underlier is calculated using a base-weighted aggregate methodology: the level of the underlier reflects the total market value of all 500 underlier stocks relative to the underlier's base period of 1941-43, which we refer to as the base period.

An indexed number is used to represent the results of this calculation in order to make the value easier to work with and track over time.

The actual total market value of the underlier stocks during the base period has been set equal to an indexed value of 10. This is often indicated by the notation 1941-43=10. In practice, the daily calculation of the underlier is computed by dividing the total market value of the underlier stocks by a number called the "S&P 500 index divisor." By itself, the S&P 500 index divisor is an arbitrary number. However, in the context of the calculation of the underlier, it is the only link to the original base period level of the underlier. The S&P 500 index divisor keeps the underlier comparable over time and is the manipulation point for all adjustments to the underlier, which we refer to as "S&P 500 index maintenance."

S&P 500 index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructurings or spin-offs.

To prevent the level of the underlier from changing due to corporate actions, all corporate actions which affect the total market value of the underlier require an index divisor adjustment. By adjusting the index divisor for the change in total market value, the level of the underlier remains constant. This helps maintain the level of the underlier as an accurate barometer of stock market performance and ensures that the movement of the underlier does not reflect the corporate actions of individual companies in the underlier. All index divisor adjustments are made after the close of trading and after the calculation of the closing level of the underlier. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the underlier and do not require index divisor adjustments.

The table below summarizes the types of index maintenance adjustments and indicates whether or not an index divisor adjustment is required:

Type of Corporate Action	Adjustment Factor	Divisor Adjustment Required		
Stock Split (i.e., 2-for-1)	Shares outstanding multiplied by 2; Stock price divided by 2	No		
Share Issuance (i.e., change ≥ 5%)	Cash and cash equivalents at the end of the period		$ 111,674	$ 150,765

Cash payments for:		
Interest, net of capitalized interest	$ 2,472	$ 3,224
Income taxes	6,439	8,170

See accompanying notes to unaudited condensed consolidated financial statements

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BANTA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JULY 1, 2006
(UNAUDITED)

1) Basis of Presentation

The unaudited condensed consolidated financial statements of Banta Corporation (the Corporation) included herein have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Corporation believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and the notes thereto included in the Corporation s latest Annual Report on Form 10-K.

In the opinion of management, the aforementioned financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods. Results for the three and six months ended July 1, 2006 are not necessarily indicative of results that may be expected for the year ending December 30, 2006. Certain prior year amounts have been reclassified to conform to the 2006 presentation.

2) Divestiture

The Corporation completed the sale of substantially all of the assets of its single-use healthcare products subsidiary, Banta Healthcare Group, Ltd. (Healthcare), which previously comprised the entire healthcare segment, on April 12, 2005. In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the results of operations of Healthcare up to the point of sale, the gain on the sale of a warehouse in Rialto, CA, related to Healthcare, and the sale of the remaining assets, have been reflected in discontinued operations in the accompanying condensed consolidated statements of earnings. The sale of the warehouse in the first quarter of 2005 resulted in net proceeds of $6.8 million and a gain of $2.1 million ($1.3 million net of related income taxes). The sale of the remaining assets of Healthcare in the second quarter of 2005 generated net proceeds of $62.4 million and a gain of $23.7 million ($20.1 million net of related income taxes). Proceeds resulting in additional gain of $0.1 million were recorded in the fourth quarter of fiscal 2005 upon the finalization of working capital adjustments pending at the end of the second quarter of 2005.

3) Cash Equivalents and Investments

The Corporation considers all highly liquid investments, with maturities of less than 90 days at the date of purchase, to be cash equivalents. As of July 1, 2006, the Corporation held $51.2 million of tax-exempt auction-rate municipal securities. These investments are AAA-rated by Moodys, Standard & Poors and/or Fitch, and are fully insured. The securities are municipal bonds with original stated maturities typically up to 30 years, however the interest rates are reset on a 7, 28, or 35-day basis using a Dutch auction process. Depending on the interest rate environment, these securities can offer a favorable tax-equivalent yield in comparison to taxable investments with similar credit quality and liquidity. The Corporation does not intend to hold these securities longer than one year and therefore has classified them as short-term investments considered available for sale in the condensed consolidated balance sheets.

The Corporation held $4.3 million of non-rated, tax-exempt Wisconsin Industrial Revenue Bonds backed by a letter of credit from a Thompson rated A financial institution at July 1, 2006, and December 31, 2005, respectively. The bonds have a 7-day interest rate reset feature and put option. Based on the original maturity of the underlying investments, the Corporation has classified these instruments as long-term investments considered available for sale. It is the current intention of the Corporation to hold these instruments for more than one year.

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4) Inventories

Inventories consist of the following (dollars in thousands):

	July 1, 2006	December 31, 2005
Raw materials	$ 48,311	$ 44,541
Work-in-process and finished goods	33,196	36,215
	$ 81,507	$ 80,756

5) Earnings Per Share of Common Stock

Basic earnings per share of common stock is computed by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share of common stock is computed by dividing net earnings by the weighted average number of common shares and common equivalent shares outstanding during the period. The common equivalent shares relate to the assumed exercise of stock options and the assumed vesting of non-vested stock.

The weighted average shares used in the computation of earnings per share consist of the following (in thousands of shares):

	Three Months Ended		Six Months Ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Basic	23,976	24,601	24,014	24,800
Diluted	24,398	24,941	24,451	25,158

6) Comprehensive Earnings

Comprehensive earnings consist of the following (dollars in thousands):

	Three Months Ended		Six Months Ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Net earnings	$ 16,102	$ 33,781	$ 29,784	$ 49,788
Foreign currency translation adjustments	2,312	(10,460)	3,526	(16,925)
Comprehensive earnings	$ 18,414	$ 23,321	$ 33,310	$ 32,863

7) Goodwill

Changes in the carrying amount of goodwill by segment during the six months ended July 1, 2006 consist of the following (dollars in thousands):

	Printing services	Supply-chain management services	Total
Balance at December 31, 2005	$ 37,552	$ 5,966	$ 43,518
Translation adjustments for goodwill denominated in foreign currencies	--	423	423
Balance at July 1, 2006	$ 37,552	$ 6,389	$ 43,941

8) Stock-Based Compensation

At July 1, 2006, the Corporation had shares outstanding or available for grant under three stock-based compensation plans the 2005 Equity Incentive Plan (2005 Plan), the Equity Incentive Plan (1995 Plan) and the 1991 Stock Option Plan (1991 Plan). The 2005 and 1995 Plans provide for the issuance of non-qualified and incentive stock options, stock appreciation rights, and non-vested stock to officers and key employees. The exercise prices for options or stock appreciation rights under such plans may not be less than the fair value of the underlying common stock on the date of the grant. Options granted under the 1991 Plan (which provides for only the grant of stock options) may be exercised up to five years after the date of grant. Options granted under the 2005 and 1995 Plans may be exercised up to 10 years from the date of grant. The 2005 Plan includes automatic grants of stock options to non-employee Directors on an annual basis. The Corporation has historically issued new common stock in order to satisfy stock option exercises and intends to do so to satisfy future awards. Non-vested stock awards have been issued from previously acquired treasury shares and the Corporation intends to continue this practice. At July 1, 2006, 3,068,474 shares of the Corporation s common stock were reserved for future equity incentive awards.

The following table summarizes stock option activity under the equity incentive plans:

	Options	Price Range

			Weighted Average Price
Outstanding at January 3, 2004	2,736,647	$18 - $38	$31
Granted	553,254	$38 - $46	$40
Exercised	(360,832)	$18 - $38	$26
Canceled or expired	(71,831)	$28 - $38	$35
Outstanding at January 1, 2005	2,857,238	$18 - $46	$34
Granted	507,413	$40 - $50	$46
Exercised	(686,671)	$18 - $46	$29
Canceled or expired	(142,410)	$23 - $47	$39
Outstanding at December 31, 2005	2,535,570	$18 - $50	$37
Granted	363,104	$49 - $51	$51
Exercised	(237,688)	$18 - $38	$32
Canceled or expired	(46,815)	$38 - $51	$44
Outstanding at July 1, 2006	2,614,171	$18 - $51	$39

The following table summarizes weighted average information by range of exercise prices for stock options outstanding and exercisable at July 1, 2006:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number Outstanding at July 1, 2006	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at July 1, 2006	Weighted Average Exercise Price
$18-$27	219,200	3.7 years	$24	219,200	$24
$28-$34	234,647	5.6 years	$29	224,647	$29
$35-$38	1,176,981	6.8 years	$37	820,039	$37
$39-$51	983,343	8.9 years	$47	178,066	$44
$18-$51	2,614,171	7.2 years	$39	1,441,952	$34

The options outstanding but not exercisable at July 1, 2006, become exercisable at various times through 2009 in accordance with the vesting schedules of the options. The intrinsic value (defined as the difference between the market price of the underlying common stock and the grant price) of options outstanding at July 1, 2006, was $18,772,000, and the intrinsic value of options exercisable at July 1, 2006, was $17,072,000. During the first half of 2006, the aggregate market price of the underlying common stock of options exercised exceeded the aggregate grant price by $4,232,000.

The following table summarizes non-vested stock activity under the equity incentive plans:

	Shares	Price Range	Weighted Average Fair Value

	Shares	Price Range	Weighted Average Fair Value
Outstanding at January 3, 2004	--	$ --	$ --
Granted	23,988	$38 - $46	$45
Outstanding at January 1, 2005	23,988	$38 - $46	$45
Granted	25,537	$43	$43
Vested	(8,000)	$38 - $46	$45
Forfeited	(3,378)	$43 - $46	$44
Outstanding at December 31, 2005	38,147	$38 - $46	$43
Granted	45,209	$51	$51
Vested	(14,242)	$43 - $46	$43
Forfeited	(913)	$43	$43
Outstanding at July 1, 2006	68,201	$38 - $51	$ 48

The intrinsic value of non-vested shares at July 1, 2006, was $3,160,000. The aggregate market price of non-vested shares that vested during the six-month period ended July 1, 2006, was $660,000.

Effective January 1, 2006, the Corporation adopted SFAS No. 123 (R), Share-Based Payment. SFAS No. 123 (R) requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the fair value of the award at the grant date and recognition of the compensation expense over the period during which an employee is required to provide service in exchange for the award (generally the vesting period). The Corporation had previously accounted for its stock-based compensation plans under the recognition and measurement principles of Accounting Principles Board Opinion (APB) No. 25, Accounting for Stock Issued to Employees, and related interpretations. Because the number of stock options granted was fixed and the exercise price equaled the market price of the Corporation s underlying common stock on the date of grant, no compensation cost was previously recognized under APB No. 25 in the statements of earnings for stock options granted prior to January 1, 2006. The Corporation adopted SFAS No. 123 (R) using the modified prospective method, under which compensation expense related to stock options that were not vested as of January 1, 2006 and future grants of stock options and non-vested stock will be recognized in the consolidated statements of earnings. Prior period compensation expense related to stock options is presented on a pro-forma basis. The Corporation s stock option and non-vested stock awards primarily vest ratably over a 3-year period from the date of grant (subject to acceleration in certain cases). The Corporation has elected to recognize compensation expense using the straight-line method over the vesting period of the award.

The Corporation previously had and will continue to expense awards of non-vested stock based on the fair value of the Corporation s common stock at the date of grant. As a result of adopting SFAS No. 123 (R), unearned compensation previously recorded in equity was closed to the amount in excess of par value of stock on January 1, 2006. All stock-based compensation expense not recognized at January 1, 2006 and compensation expense related to future grants of stock options and non-vested stock will be recorded directly to the amount in excess of par value of stock.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes-Merton option pricing model with the following weighted average assumptions used for grants in the first six months of 2006, and the full fiscal years of 2005 and 2004, respectively: risk-free interest rates of 4.4%, 3.9% and 3.6%; expected dividend yields of 1.4%, 1.6% and 1.7%; expected option lives of 5.0, 5.0 and 5.3 years; and expected volatility of 20%, 22% and 26%. Based on these assumptions, the weighted average fair value of the options granted at the date of grant in the first six months of 2006 and the full fiscal years of 2005 and 2004, was $11.34, $10.17 and $9.40, respectively.

Total stock-based compensation expense recognized in the accompanying statements of earnings for the three months ended July 1, 2006 and July 2, 2005, was $1,992,000 ($1,196,000 net of related taxes) and $160,000 ($96,000 net of related taxes), respectively. Stock options and non-vested stock accounted for $1,653,000 ($992,000 net of related taxes) and $339,000 ($203,000 net of related taxes), respectively, of the expense recognized for the three months ended July 1, 2006. The expense recognized for the three months ended July 2, 2005 of $160,000 ($96,000 net of related taxes) was entirely related to non-vested stock.

Total stock-based compensation expense recognized in the accompanying statements of earnings for the six months ended July 1, 2006 and July 2, 2005, was $3,695,000 ($2,217,000 net of related taxes) and $314,000 ($188,000 net of related taxes), respectively. Stock options and non-vested stock accounted for $3,074,000 ($1,844,000 net of related taxes) and $621,000 ($373,000 net of related taxes), respectively, of the expense recognized for the six months ended July 1, 2006. The expense recognized for the six months ended July 2, 2005 of $314,000 ($188,000 net of related taxes) was entirely related to non-vested stock.

As a result of adopting FAS 123 (R) on January 1, 2006, the Corporation s earnings from continuing operations before income taxes, earnings from continuing operations and net earnings are $1,653,000, $992,000 and $992,000 lower, respectively, for the three months ended July 1, 2006, and $3,074,000, $1,844,000 and $1,844,000 lower, respectively, for the six months ended July 1, 2006, than if the Corporation had continued to account for stock-based compensation under APB No. 25. Basic and diluted earnings per share of common stock are $0.04 and $0.04 lower, respectively, for the three months ended July 1, 2006, and $0.08 and $0.08 lower, respectively, for the six months ended July 1, 2006, than if the Corporation had continued to account for stock-based compensation under APB No. 25. Had the Corporation not adopted FAS 123 (R) effective January 1, 2006, cash provided from operating activities and cash used for financing activities for the six months ended July 1, 2006, would have been $74,061,000 and $30,125,000, respectively.

Had all stock-based compensation expense been recognized in the three and six months ended July 2, 2005 based under the fair-value-method at the grant date for awards under the plans, the Corporation s pro forma net earnings and earnings per share would have been as follows (dollars in thousands, except per share amounts):

	Three Months Ended July 2, 2005	Six Months Ended July 2, 2005
Net earnings, as reported	$ 33,781	$ 49,788
Add: Stock based compensation expense included in net earnings, net of related taxes	96	188
Deduct: Stock based compensation expense determined under fair-value-based method, net of related taxes	(824)	(1,803)
Pro forma net earnings	$ 33,053	$ 48,173
Earnings per share		
As reported:		
Basic	$ 1.37	$ 2.01
Diluted	$ 1.35	$ 1.98
Pro forma:		
Basic	$ 1.34	$ 1.94
Diluted	$ 1.33	$ 1.91

As of July 1, 2006, the Corporation had unrecognized stock-based compensation expense for stock-based awards granted prior to July 1, 2006, of $11.0 million, net of estimated forfeitures. This expense is expected to be recognized as follows (dollars in thousands):

Remainder of 2006	$ 3,583
2007	4,698
2008	2,529
2009	151
Total	$ 10,961

9) Employee Benefit Plans

The Corporation and certain of its unions have two pension plans covering substantially all employees. The plans are non-contributory and benefits are based on an employee s years of service and earnings. The Corporation also maintains a non-qualified supplemental retirement plan, which is not funded. The disclosures for this plan for all periods presented are combined with the pension plans. The Corporation makes contributions to the pension plans each year in an amount that is at least equal to the minimum required contributions as defined by the Employee Retirement Income Security Act of 1974.

The Corporation and its subsidiaries also provide non-contractual limited healthcare benefits for certain retired employees. The program provides for defined initial contributions by the Corporation toward the cost of postretirement healthcare coverage. The balance of the cost is borne by the retirees. The program provides that increases in the Corporation s contribution toward coverage will not exceed 4% per year. Due to the terms of the Corporation s postretirement healthcare program, assumed healthcare cost rate trends do not materially affect the Corporation s costs.

Net periodic pension and postretirement benefit costs for the Corporation-sponsored plans were as follows (dollars in thousands):

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	Pension Benefits			
	Three months ended		Six months ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Service cost-benefits earned during the year	$ 2,796	$ 2,564	$ 5,592	$ 5,128
Interest cost on projected benefit obligation	2,921	2,674	5,842	5,348
Expected return on plan assets	(3,950)	(3,391)	(7,900)	(6,782)
Amortization of prior service cost	2	2	4	4
Amortization of net loss	601	352	1,202	704
Net pension expense	$ 2,370	$ 2,201	$ 4,740	$ 4,402

	Postretirement Benefits			
	Three months ended		Six months ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Service cost-benefits earned during the year	$ 117	$ 111	$ 234	$ 222
Interest cost on projected benefit obligation	112	111	224	222
Amortization of transition obligation	52	52	104	104

	Postretirement Benefits			
Amortization of net gain	(106)	(107)	(212)	(214)
Net postretirement benefits expense	$ 175	$ 167	$ 350	$ 334

The Corporation made a contribution of $10 million to the qualified pension plan during the first quarter of 2006, and currently expects to make no further contributions to its qualified pension plans during the remainder of 2006. A contribution of $775,000 is expected to be made in 2006 as benefit payments to retired participants under the supplemental retirement plan. A contribution of $254,000 is expected to be made in 2006 as benefit payments to retirees under the postretirement healthcare plan.

10) Repurchase of Common Stock

In February 2005, the Board of Directors approved a $150 million share repurchase program, which replaced the Corporation s previous program. As of December 31, 2005, the Corporation had purchased 1,458,500 shares of its common stock under this authority at an aggregate cost of $65,571,000.

During the quarter ended July 1, 2006, the Corporation purchased 4,000 shares of outstanding common stock under the repurchase program at an aggregate cost of $203,000. During the six months ended July 1, 2006, the Corporation purchased 272,600 shares under the repurchase program at an aggregate cost of $13,350,000.

The shares of common stock held in treasury may be reissued pursuant to the Corporation s equity incentive plans, or for other purposes. As of July 1, 2006, the Corporation had authority to repurchase up to an additional $71,079,000 in common stock under the current share repurchase program.

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11) Income Taxes

The effective tax rate related to the Corporation s continuing operations was 9.5% for the second quarter of 2006 and 32.0% for the second quarter of 2005. The reduction in the effective tax rate resulted primarily from reversal of certain tax contingency reserves related to the Corporation s operations in Singapore which are no longer required. These tax contingency reserves related to tax incentives granted by the Inland Revenue Authority of Singapore (IRAS) for tax years 2000 through 2005, based on the attainment of certain defined measures. Attainment of these measures was not assured until the end of the incentive period and required confirmation from IRAS. Accordingly, the Corporation provided tax contingency reserves for these incentives. In the second quarter of 2006, the Corporation received final approval of qualification for the tax incentives from the IRAS and appropriately reversed the tax contingency of $3.7 million associated with these incentives. Excluding the aforementioned reduction in the second quarter tax provision, the Corporation anticipates the effective tax rate for the full year of 2006 to be 30%.

12) Segment Information

The Corporation operates in two business segments, printing services and supply-chain management services. Summarized segment data for the three and six months ended July 1, 2006 and July 2, 2005 are as follows (dollars in thousands):

	Three Months Ended		Six Months Ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Revenue				
Printing services	$ 254,171	$ 256,747	$ 534,354	$ 531,684
Supply-chain management services	107,222	109,313	210,649	220,653
Total	$ 361,393	$ 366,060	$ 745,003	$ 752,337

	Three Months Ended		Six Months Ended	
Earnings from Operations				
Printing services	$ 14,447	$ 16,959	$ 30,588	$ 33,436
Supply-chain management services	10,367	11,114	21,813	23,521
Total	$ 24,814	$ 28,073	$ 52,401	$ 56,957

The following table presents a reconciliation of segment earnings from operations to the totals contained in the unaudited condensed consolidated financial statements for the three and six months ended July 1, 2006 and July 2, 2005 (dollars in thousands):

	Three Months Ended		Six Months Ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Reportable segment earnings from operations	$ 24,814	$ 28,073	$ 52,401	$ 56,957
Corporate expenses (not allocated to segments)	(7,168)	(7,304)	(15,122)	(15,566)
Interest expense	(1,206)	(1,541)	(2,519)	(3,097)
Interest income	1,648	923	3,069	1,660
Other income (expense), net	(296)	383	(495)	797
Earnings from continuing operations before income taxes	$ 17,792	$ 20,534	$ 37,334	$ 40,751

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Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS
SECOND QUARTER AND FIRST SIX MONTHS OF 2006 COMPARED TO 2005

Introduction

Management s Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of the Corporation. MD&A is provided as a supplement to, and should be read in conjunction with, the Corporation s financial statements and the accompanying notes to the financial statements. MD&A is organized in the following sections:

Overview
Results of Operations and Related Information
Liquidity and Capital Resources
Critical Accounting Policies
Forward Looking Statements

Overview

The Corporation operates in two business segments, printing services and supply-chain management services. The Corporation s printing services segment provides a comprehensive combination of printing, binding and digital imaging solutions to leading publishers and direct marketers. Services in this segment include printing and value-added services related to books, catalogs, publications, direct marketing materials and educational materials. This segment also provides literature management services and e-business services. The Corporation s global supply-chain management services segment provides a wide range of outsourcing capabilities, primarily to many of the world s largest technology companies. Services in this segment range from materials sourcing, product configuration and customized kitting, to order fulfillment and global distribution.

As discussed in the Corporation s latest Annual Report on Form 10-K, the Corporation completed the sale of substantially all of the assets of its single-use healthcare products subsidiary, Banta Healthcare Group, Ltd. (Healthcare), to an affiliate of Fidelity Capital Investors, Inc. on April 12, 2005. In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the results of operations of Healthcare, which previously comprised the entire healthcare segment, and the gain on the sale of the assets have been reflected in discontinued operations in the accompanying condensed consolidated statements of earnings. The following discussion and analysis relating to results of operations is based on a comparison of the Corporation s results of operations from continuing operations.

The Corporation announced on July 25, 2006 the reorganization of the five operating units of the printing services segment into two divisions. The reorganization is expected to generate annualized savings of approximately $3 million, beginning in 2007. The action will result in a third quarter 2006 cash charge of approximately $2 million, primarily related to employee severance costs. Further reorganization will result in additional charges in the second half of this year, with additional cost savings expected in 2007 and beyond.

Results of Continuing Operations and Related Information

Summary

The Corporation s revenue for the second quarter of 2006 decreased 1.3% to $361.4 from $366.1 million in the second quarter of the prior year. Revenue for the second quarter of 2006 decreased in both the printing and supply-chain management services segments when compared with the prior year s second quarter. Second quarter earnings from continuing operations for 2006 of $16.1 million were 15.3% greater than in the same period last year. Diluted earnings per share from continuing operations for the second quarter were 66 cents compared with 56 cents in the second quarter of 2005. Diluted earnings per share for the second quarter of 2006 were positively impacted by 15 cents per share as a result of the reversal of certain tax reserves which are no longer required, described in more detail in the Provision for Income Taxes section. In addition, diluted earnings per share were also positively impacted by higher interest income and fewer average shares outstanding. The Corporation had 543,000 fewer average diluted shares outstanding in the second quarter of 2006 compared with the prior year second quarter, the result of share repurchases in 2005 and the first six months of 2006. Net earnings from continuing operations for the second quarter of 2006 included $1,653,000 of expense ($992,000 net of related taxes) related to the recognition of stock-based incentive compensation expense under SFAS No. 123 (R), Shared-Based Payment (see Note 8 to the Condensed Consolidated Financial Statements). Non-vested stock was expensed in both periods; totaling $339,000 ($203,000 net of related taxes) for the three months ended July 1, 2006 and $160,000 ($96,000 net of related taxes) for the three months ended July 2, 2005.

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Revenue from continuing operations

Revenue from continuing operations for the quarter by segment is shown below (dollars in thousands):

	Three Months Ended		
Segment	July 1, 2006	July 2, 2005	Change %
Printing services	$254,171	$256,747	-1.0%
Supply-chain management services	107,222	109,313	-1.9%
Total	$361,393	$366,060	-1.3%

Printing services revenue for the second quarter of 2006 decreased 1.0% from the comparable prior year period. Key issues related to revenue for the second quarter of 2006 in this segment were:

Rising paper prices increased revenue approximately $2.6 million in the second quarter of 2006 compared to the prior year period. Average paper prices were approximately 3% higher than the prior year, and these increases are generally passed on to the customer.
Revenue in the Book operating unit was down 4% compared with the prior year second quarter. This reduction was primarily the result of some customers sourcing certain educational materials from printers in lower-cost countries, as well as the decision by one large educational publisher to transition the packaging of certain materials to an internal facility. This decrease was partially offset by higher paper prices, which increased revenue approximately 1 percentage point.

Revenue for the Literature Management operating unit increased 39% for the second quarter of 2006 compared with the prior year period. The strong revenue growth was the result of increased promotional activity from several existing key customers and new customers in both print and fulfillment.
Revenue in the Catalog operating unit decreased by 10% compared with the second quarter of 2005. This reduction was primarily the result of decreased customer volumes (from both reductions in page count per catalog and reduced quantities per print run), and a shift to more print work using customer provided paper, which combined to decrease revenue approximately 9 percentage points from the second quarter of 2005. Market pricing pressures also negatively impacted revenue in the second quarter by 2 percentage points over the comparable period in the prior year. These decreases were partially offset by higher paper prices, which contributed a 1 percentage point increase to revenue over the prior year period.
Publications operating unit revenue decreased 3% for the second quarter of 2006 compared with the prior year second quarter. Revenue decreased by a gross 6 percentage points as the result of lower volumes of commercial printing, reduced quantities per print run and a reduction in page counts per magazine. This decrease was partially offset by freight and paper price increases, which contributed 2 percentage points to revenue over the second quarter of 2005.
Direct Marketing operating unit revenue decreased by 2% in the second quarter of 2006 compared with the prior year second quarter. Pricing pressure from customers and a shift in mix to lower priced commercial printing combined to reduce revenue 6 percentage points compared to the prior year period. Partially offsetting this decrease were higher volumes and increased paper pricing which increased revenue by 3 percentage points and 1 percentage point, respectively, over the prior year period.

Printing services revenue for the first six months of 2006 was comparable with the first six months of 2005. The growth experienced in the Literature Management operating unit and increased paper pricing were offset by volume declines and decreased market pricing for printing services in the first half of 2006 compared with the same period in 2005.

Revenue for the supply-chain management services segment declined 1.9% in the second quarter of 2006 compared with the second quarter of 2005. Approximately 40% of the decrease ($0.8 million) resulted from unfavorable changes in foreign currency exchange rates. The remainder of the decrease in revenue is the result of negotiated price reductions to several major customers, continued reduction in the content requirements for certain products and general softness in demand for some technology products.

For the first six months of 2006, net revenue for the supply-chain management services segment was 4.5% lower than the first six months of 2005. Approximately $4.6 million, or 46%, of the decrease for the six-month period resulted from unfavorable changes in foreign currency exchange rates. The remaining decrease was the result of factors described above for the second quarter of 2006.

The Corporation has a contract with Hewlett-Packard Company in the supply-chain management services segment that runs through 2006, subject to one-year extensions pursuant to an evergreen provision. Pursuant to this evergreen clause, the contract was most recently extended through 2006. Revenue from Hewlett-Packard Company under this agreement totaled approximately $135 million in 2005 and comparable revenue is expected under this contract in 2006. The loss or the modification of this contract could have a material adverse impact on the Corporation s financial results.

Operating earnings from continuing operations (operating earnings)

Operating earnings from continuing operations (operating earnings) of $17.6 million in the second quarter of 2006 decreased 15.0% from $20.8 million in the prior year second quarter. Operating earnings as a percentage of revenue were 4.9% for the second quarter of 2006, down from 5.7% in the prior year period. Changes in operating earnings as a percentage of revenue are discussed below by segment.

Segment operating margins were as follows for the second quarter:

Segment	July 1, 2006	July 2, 2005
Printing Services	5.7%	6.6%
Supply-Chain Management Services	9.7%	10.2%

Operating margins for the printing services segment in the second quarter of 2006 decreased to 5.7% from 6.6% in the second quarter of 2005. Approximately one-half of the decrease in operating margins in the segment was due to the recognition of equity-based incentive compensation expense, which totaled $997,000 ($598,000 net of related taxes). The remaining decrease was primarily the result of price pressures in several operating units and the approximate $1 million bad-debt expense in the Catalog operating unit.

Printing services segment operating margins for the first six months of 2006 declined to 5.7% from 6.3% in the first half of 2005. The decrease was primarily the result of the recognition of equity-based incentive compensation expense, the second quarter 2006 bad-debt expense and market pricing pressures as discussed above.

The principal raw material used by the Corporation in the printing services segment is paper. Average paper prices in the second quarter of 2006 were approximately 3% higher than prices in the second quarter of 2005. The cost of paper is generally passed on to customers and has no significant impact on operating earnings.

Operating margins for the supply-chain management services segment decreased to 9.7% in the second quarter of 2006 from 10.2% in the prior year quarter. Approximately one-third of the decrease in operating margins in the segment was due to the recognition of equity-based incentive compensation expense, which totaled $259,000 ($155,000 net of related taxes). The remaining decrease was primarily the result of negotiated price reductions to several major customers.

Operating margins for the first six months in the supply-chain management services segment decreased to 10.4% from 10.7% in the comparable period in the prior year due to the recognition of equity-based incentive compensation expense and the price reductions discussed above. Operating margins in this segment continue to be at a level which may be higher than can be sustained long-term, and may decrease in the future based on the expectation of a lesser proportion of value-added content in the product mix and anticipated continued pricing pressure from existing and new customers.

Geographic analysis of revenue and earnings from operations

Revenue and earnings from operations (excluding unallocated corporate expenses) by geographic area for the three and six months ended July 1, 2006 and July 2, 2005 are presented below (dollars in thousands). Virtually all revenue for the printing services segment was from customers in the United States. Revenue in the supply-chain management services segment was from customers in the United States, Europe and Asia.

	Three Months Ended		Six Months Ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Revenue				
United States	$ 286,190	$ 289,604	$ 598,825	$ 592,705
Non-United States	75,203	76,456	146,178	159,632
Total	$ 361,393	$ 366,060	$ 745,003	$ 752,337
Earnings from operations				
United States	$ 17,255	$ 22,068	$ 36,179	$ 42,178
Non-United States	7,559	6,005	16,222	14,779
Total	$ 24,814	$ 28,073	$ 52,401	$ 56,957

Revenue in the United States decreased 1% in the second quarter of 2006 compared with the same period in 2005. This decrease was primarily the result of the decreased volumes and competitive pricing factors experienced by the printing services segment as described above. For the six months ended July 1, 2006, revenue in the United States increased 1% over the comparable prior year period. The volume and pricing factors discussed above for the second quarter were more than offset by increased volume and higher paper pricing experienced in the first quarter when compared to the prior year. Revenue in the United States in the supply-chain management services segment decreased 3% in the second quarter of 2006 and increased 6% for the six-month period ended July 1, 2006. Increased demand from the segments technology customers in the first quarter of 2006 was partially offset by the annual negotiated price reductions. Non-United States revenue decreased 2% in the second quarter and 8% in the first six months of 2006 from the comparable periods in the prior year. This decrease was the result of currency impacts, content reduction and softness of demand described above for results of the supply-chain management services segment.

Operating earnings in the United States decreased by 22% in the second quarter and 14% in the first half of 2006 compared with the respective prior year periods. These decreases were primarily the result of the recognition of equity-based incentive compensation expense, bad-debt expense in the second quarter of 2006, a mix shift to lower value-added content in certain supply-chain management locations and the pricing factors described above for the printing services and supply-chain management segments. Non-United States operating earnings increased by approximately 26% in the second quarter and 10% in the first six months of 2006 when compared with the prior year periods. The increase in both the second quarter and first six months was primarily the result of new business opportunities with customers outside the United States, which more than offset the pricing reductions.

Interest Expense, Interest Income and Other Income (Expense)

Interest expense for the second quarter of 2006 was $1.2 million, 22% lower than interest expense of $1.5 million in the comparable period in the prior year. Interest expense for the six-month period ended July 1, 2006 was $2.5 million, a reduction of 19% from the prior year first half. The reduction in interest expense for both the second quarter and the first half of 2006 was the result of scheduled repayments of long-term debt and new borrowings in the supply-chain management services sector with more favorable interest rates. Total long-term debt at July 1, 2006 of $72.1 million was 3% more than the $69.8 million of total long-term debt outstanding at the end of the second quarter of 2005. This increase was related to the $24.2 million of long-term borrowings at locations outside the United States in 2005 related to the repatriation of foreign earnings, reduced by scheduled re-payments of long-term debt. Essentially all of the Corporation s long-term debt is at fixed interest rates. As a result, changes in market interest rates have not significantly impacted the Corporation s interest expense.

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Interest income increased $0.7 million to $1.6 million in the second quarter of 2006 from $0.9 million in the second quarter of 2005. For the six months ended July 1, 2006, interest income of $3.1 million was $1.4 million higher than the prior year period. The increase in interest income in both the second quarter and first six months of 2006 was the result of the Corporation s movement of some of its cash reserves to higher-yield investments as well as to rising short-term interest rates.

Other expense of $0.3 million in the second quarter of 2006 was a $0.7 million reduction from the $0.4 million of other income during the comparable period in the prior year. Other expense for the six month period ended July 1, 2006 was $0.5 million, a decrease of $1.3 million from the $0.8 million other income in the prior year period. Other expense in the second quarter and first six months of 2006 was due primarily to losses on foreign currency transactions. Other income in the prior year periods resulted primarily from gains on foreign currency transactions and the sale of fixed assets.

Provision for Income Taxes

The effective tax rate related to the Corporation s continuing operations was 9.5% for the second quarter of 2006 and 32.0% for the second quarter of 2005. The reduction in the effective tax rate resulted primarily from the reversal of certain tax contingency reserves related to the Corporation s operations in Singapore which are no longer required. These tax contingency reserves related to tax incentives granted by the Inland Revenue Authority of Singapore (IRAS) for tax years 2000 through 2005, based on the attainment of certain defined measures. Attainment of these measures was not assured until the end of the incentive period and required confirmation from IRAS. Accordingly, the Corporation provided tax contingency reserves for these incentives. In the second quarter of 2006, the Corporation received final approval of qualification for the tax incentives from the IRAS and appropriately reversed the tax contingency of $3.7 million associated with these incentives.

Excluding the aforementioned reduction of the tax provision, the Corporation anticipates the effective tax rate for the full year 2006 to be 30.0%, consistent with the full year 2005 rate exclusive of the provision recorded in the fourth quarter of 2005 for earnings repatriated under the American Jobs Creation Act of 2004, as discussed in the Corporation s 2005 Annual Report on Form 10-K. The Corporation s effective tax rate is less than the statutory United States federal rate of 35.0% due to the proportion of foreign earnings generated by the supply-chain management services segment, which has extensive operations in countries whose tax rates are more favorable than the rates in the United States.

Earnings from Continuing Operations

Earnings from continuing operations for the second quarter of 2006 were $16.1 million, a 15.3% increase from the same period last year. Earnings from continuing operations were positively impacted by the reversal of a tax reserve, offset by the reductions in operating earnings in the operating units described above. Diluted earnings per share from continuing operations for the second quarter were 66 cents compared with 56 cents in the second quarter of 2005. Diluted earnings per share were positively impacted by 543,000 fewer average diluted shares outstanding in the second quarter of 2006 compared with the prior year second quarter, the result of share repurchases in 2005 and the first six months of 2006.

Earnings from continuing operations for the six months ended July 1, 2006 were $29.8 million, an increase of 7.4% from the same period last year. Diluted earnings per share from continuing operations for the second quarter were $1.22 compared with $1.10 in the second quarter of 2005. These increases were the result of the issues discussed above for the second quarter and full year 2006 results.

Liquidity and Capital Resources

On July 1, 2006, the Corporation had cash and cash equivalents of $112 million. The change in cash and cash equivalents for the periods ended July 1, 2006 and July 2, 2005 was as follows:

Dollars in thousands	July 1, 2006	July 2, 2005
Cash and cash equivalents at beginning of period	$ 148,895	$ 128,353
Cash provided by operating activities	73,082	61,682
Cash (used for) provided by investing activities	(83,493)	46,233
Cash used for financing activities	(29,146)	(70,357)
Effect of exchange rate changes on cash and cash equivalents	2,336	(15,146)
Net (decrease) increase in cash and cash equivalents	(37,221)	22,412
Cash and cash equivalents at end of period	$ 111,674	$ 150,765

Operating Activities

Cash generated from operating activities for the six months ended July 1, 2006 was $73.1 million compared with $61.7 million in the prior year period, an increase of 18%. The increase in cash from operating activities was driven by the collection of accounts receivable from the end of 2005, partially offset by the payment of incentive compensation accruals from the fourth quarter of 2005 and a $10 million contribution to the qualified pension plan made in the first quarter of 2006. Included in the cash flows from operating activities in 2005 were the cash flows from the discontinued Healthcare segment. Cash flows from operating activities related to the discontinued Healthcare segment through April 12, 2005 were approximately $4.5 million. The Corporation anticipates that the absence of these cash flows from the discontinued Healthcare segment will not have a materially adverse impact on future liquidity and capital resources.

Investing Activities

Investing activities in the first six months of 2006 used $83.5 million compared with providing $46.2 million in the comparable period in the prior year. The primary use of cash for investing in the first six months was the net purchases of $51.2 million of tax-exempt auction-rate municipal securities. These investments are AAA-rated by Moodys, Standard & Poors and/or Fitch, and are fully insured. The securities are municipal bonds with original stated maturities typically up to 30 years, however the interest rates are reset on a 7, 28, or 35-day basis using a Dutch auction process. Depending on the interest rate environment, these securities can offer a favorable tax-equivalent yield in comparison to taxable investments with similar credit quality and liquidity. The Corporation does not intend to hold these securities longer than one year and therefore has classified them as short-term investments considered available for sale in the condensed consolidated balance sheets. Capital expenditures of $32.8 million were $8.8 million greater than the $24.0 million in the first half of 2005. The Corporation is committed to maintaining modern, safe and efficient plants and to providing customers with enhanced supply-chain management services as well as new printing and digital imaging technologies. Proceeds from the sale of the Healthcare segment and related assets in the first half of 2005 were $69.1 million.

Financing Activities

Cash used for financing activities in the first six months of 2006 reflected share repurchases, payment of dividends to shareholders and repayments of long-term debt, partially offset by proceeds from stock option exercises.

The Corporation has in effect a stock repurchase program pursuant to which it may repurchase shares of its common stock on the open market or in privately negotiated transactions from time to time. During the first half of 2006, the Corporation purchased 272,600 shares of common stock under the repurchase program at an aggregate cost of $13.3 million. The 2006 share repurchases were financed by cash provided by operating activities. As of July 1, 2006, the Corporation had authority to repurchase up to an additional $71.1 million in common stock under the current share repurchase program. The Corporation may continue its repurchase of shares in the future pursuant to this authorization if market conditions warrant. Any future stock repurchases are expected to be funded by a combination of existing cash, cash provided from operations and short-term borrowings.

Management believes the Corporation s financial condition is strong and that its ability to generate cash from operations and its ability to issue short-term and long-term debt are adequate to fund working capital, capital spending, payment of dividends, repurchases of common stock and other investments for the foreseeable future.

Critical Accounting Policies

The Corporation s accounting policies are more fully described in Note 1 to the consolidated financial statements included in the Corporation s Annual Report on Form 10-K for the fiscal year ended December 31, 2005. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and footnotes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements.

The most significant accounting estimates inherent in the preparation of the Corporation s consolidated financial statements include estimates as to the recovery of receivables and the realization of inventories, plant and equipment, and goodwill. Significant assumptions are also used in the determination of liabilities related to pension and postretirement benefits, obligations for lease terminations, income taxes and environmental matters. The process of determining significant estimates is fact specific and takes into account factors such as historical experience, current and expected economic conditions, product mix and, in some cases, actuarial assumptions. The Corporation re-evaluates these significant factors as facts and circumstances dictate. Historically, actual results have not differed significantly from those determined using the estimates described above.

The Corporation believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

Revenue recognition. Revenue is recognized, net of estimated discounts, allowances and returns, when title and risk of loss transfers to the customer and the earnings process is complete. The Securities and Exchange Commission s (SEC) Staff Accounting Bulletin (SAB) No. 104, Revenue Recognition, provides guidance on the application of accounting principles generally accepted in the United States to selected revenue recognition issues. In addition, revenue in the supply-chain management services segment is recognized in accordance with Emerging Issues Task Force (EITF) Issue No. 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent. Each major contract is evaluated based on various criteria, with management judgment required to assess the importance of each criterion in reaching the final decision. In general, revenue is recognized on a gross basis if the Corporation has the risks and rewards of ownership, latitude in establishing component vendors and pricing, and bears all credit risk. Revenue from contracts that do not meet these criteria are recognized on a net basis, recording only the portion that is related to services or products provided directly by the Corporation.

The Corporation records shipping and handling fees billed to customers as revenue, and records the related costs as cost of printing and supply-chain services, when incurred.

Goodwill. In accordance with SFAS No. 142 Goodwill and Other Intangible Assets, goodwill is no longer amortized, but is reviewed for impairment on an annual basis. The Corporation completed the annual impairment tests in the fourth quarter of 2005, 2004 and 2003. This analysis was based on the comparison of the fair value of its reporting units to the carrying value of the net assets of the respective reporting units. The Corporation concluded that no impairment of goodwill existed at the time of the annual impairment tests in 2005, 2004 and 2003.

Stock-based compensation. Effective January 1, 2006, the Corporation adopted SFAS No. 123 (R), Share-Based Payment. SFAS No. 123 (R) requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the fair value of the award at the grant date and recognition of the compensation expense over the period during which an employee is required to provide service in exchange for the award (generally the vesting period). The Corporation had previously accounted for its stock-based compensation plans under the recognition and measurement principles of Accounting Principles Board Opinion (APB) No. 25, Accounting for Stock Issued to Employees, and related interpretations. Because the number of stock options granted was fixed and the exercise price equaled the market price of the Corporation s underlying common stock on the date of grant, no compensation cost was previously recognized under APB No. 25 in the statements of earnings for stock options granted prior to January 1, 2006. The Corporation adopted SFAS No. 123 (R) using the modified prospective method, under which compensation expense related to stock options that were not vested as of January 1, 2006 and grants of stock after January 1, 2006 will be recognized in the consolidated statements of earnings. The Corporation s stock option and non-vested stock awards primarily vest ratably over a 3-year period from the date of grant (subject to acceleration in certain cases). The Corporation has elected to recognize compensation expense using the straight-line method over the vesting period of the award. The Corporation continues to use the Black-Scholes-Merton valuation model to determine the fair value of stock options at the date of grant.

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Retirement benefits. The Corporation has significant pension and postretirement benefit costs that are developed from actuarial valuations. The valuations reflect key assumptions regarding, among other things, discount rates, expected return on plan assets, retirement ages and years of service. The discount rate is based upon the 10-year Moody s Aa bond rate at the end of each year. Consideration is given to current market conditions, including changes in interest rates and investment returns, in making these assumptions. Changes in these assumptions will affect the amount of pension and postretirement expense recognized in future periods.

Asset impairments. Impairments of long-lived assets are accounted for under SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Income taxes. The Corporation s annual tax rate is determined based on income, statutory tax rates and the tax impacts of items treated differently for tax purposes than for financial reporting purposes. Tax law requires some items to be included in the tax return at different times than the items reflected in the financial statements. As a result, the annual tax rate in the financial statements is different than the rate reported on the Corporation s tax return. Some of these differences are permanent, such as expenses that are not deductible in the tax return and some differences are temporary, reversing over time, such as depreciation expense. These temporary differences create deferred tax assets and liabilities.

Inherent in determining the annual tax rate are judgments regarding business plans, planning opportunities and expectations about future outcomes. Significant management judgments are required for the following items:

Management reviews the Corporation s deferred tax assets for realizability. Valuation allowances are established when management believes that it is more likely than not that some portion of the deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the tax provision.

The Corporation establishes accruals for certain tax contingencies when, despite the belief that the Corporation s tax return positions are fully supported, the Corporation believes that certain positions may be challenged. The tax contingency accruals are adjusted in light of changing facts and circumstances, such as the progress of tax audits, case law and emerging legislation.

The Corporation has not provided for possible U.S. taxes or foreign withholding taxes on the undistributed earnings of foreign subsidiaries that are considered to be reinvested indefinitely.

Forward-Looking Statements

This document includes forward-looking statements. Statements that describe future expectations, including revenue and earnings projections, plans, results or strategies, are considered forward-looking. The statements that are not purely historical should be considered forward-looking statements. Often they can be identified by the use of forward-looking words, such as may, will, could, project, believe, anticipate, expe estimate, continue, potential, plan, forecasts, and the like. Such statements are subject to certain risks and uncertainties which could cause ac results to differ materially from those currently anticipated. Factors that could affect actual results include, among others, unanticipated and/or yet-to-be-determined restructuring costs to be incurred in future periods, unanticipated difficulties in achieving expected cost savings through reorganization actions, changes in customers order patterns or demand for the Corporation s services, pricing pressures imposed by competitive factors and the Corporation s customers, changes in raw material costs and availability, unanticipated changes in sourcing of raw materials (including paper) by customers, unanticipated changes in operating expenses, unanticipated production difficulties, unanticipated issues associated with the Corporation s non-U.S. operations, changes in the pattern of outsourcing supply-chain management services by customers, unanticipated acquisition or loss of significant customer contracts or relationships, unanticipated difficulties and costs associated with the design and implementation of new administrative systems, the impact of any acquisition or divestiture effected by the Corporation, changes in the Corporation s effective income tax rate, unanticipated swings in foreign currency exchange rates, unanticipated changes in the pattern of sourcing printed material in low cost countries by customers, any unanticipated weakening of the economy and other risks described under the Item 1A Risk Factors of the Corporation s Annual Report on Form 10-K for the year ended December 31, 2005. These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements. The forward-looking statements included herein are made as of the date hereof, and the Corporation undertakes no obligation to update publicly such statements to reflect subsequent events or circumstances.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the Corporation s exposure to market risk since December 31, 2005. See Item 7A in the Company s Annual Report on Form 10-K for the year ended December 31, 2005.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Corporation s management, with the participation of the Corporation s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Corporation s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, the Corporation s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Corporation s disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Corporation in the reports that it files or submits under the Exchange Act.

Changes in Internal Controls. There were no changes in the Corporation s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal period to which this report relates that have materially affected, or are reasonably likely to materially affect, the Corporation s internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes in the Corporation s risk factors from those disclosed in the 2005 Annual Report on Form 10-K.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about repurchases of common stock effected by the Corporation during the quarter ended July 1, 2006:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
April 2, 2006 - May 6, 2006	4,000	$ 50.72	4,000	$71,079,000
May 7, 2006 - June 3, 2006	--	--	--	$71,079,000
June 4, 2006 - July 1, 2006	--	--	--	$71,079,000
Total	4,000	$ 50.72	4,000	

During the quarter ended July 1, 2006, the Corporation purchased 4,000 shares of outstanding common stock under its repurchase program at an aggregate cost of $203,000. The share repurchase program was approved in February 2005 and authorizes the repurchase of shares with an aggregate value of up to $150 million. The share repurchase program does not have an expiration date.

In addition, during the three months ended July 1, 2006, 1,088 shares at a cost of $55,303 were tendered by and reacquired from employees to satisfy tax-withholding requirements in connection with the vesting of non-vested stock, and 913 shares valued at $44,799 were returned to treasury due to employee forfeitures of non-vested stock.

Item 4. Submission of Matters to a Vote of Security Holders

At the annual meeting of shareholders held on April 25, 2006, shareholders elected each of the ten director nominees and ratified the selection of the Corporation s independent registered public accounting firm.

1. All of the persons nominated as directors were elected for terms expiring at the 2007 annual meeting. The following table sets forth certain information with respect to such election:

Name	Shares Voted For	Shares Withholding Authority
Jameson A. Baxter	21,598,864	379,815
John F. Bergstrom	21,840,533	138,147
Henry T. DeNero	20,285,633	1,693,046
David T. Gibbons	21,867,608	111,072
Janel S. Haugarth	21,705,195	273,485
Pamela J. Moret	21,687,427	291,253
Paul C. Reyelts	21,723,203	255,477
Raymond C. Richelsen	21,884,341	94,339
Stephanie A. Streeter	21,615,551	363,128
Michael J. Winkler	20,779,216	1,199,464

		Number of Shares	
	Voted For	Voted Against	Abstained
2. To ratify selection of independent registered public accounting firm	21,824,543	130,921	23,215

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Item 6. Exhibits

(a) Exhibits

10.1 Supplemental Executive Retirement Plan, as amended
31.1 Certification by the Chief Executive Officer pursuant to Rule 13a-14(a).
31.2 Certification by the Chief Financial Officer pursuant to Rule 13a-14(a).
32 Written Statement of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements 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.

BANTA CORPORATION

/s/ Geoffrey J. Hibner
Geoffrey J. Hibner

Chief Financial Officer (Principal Financial Officer)
Date: August 9, 2006

BANTA CORPORATION
EXHIBIT INDEX TO FORM 10-Q
For The Quarter Ended July 1, 2006

Exhibit Number

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32	Written Statement of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.