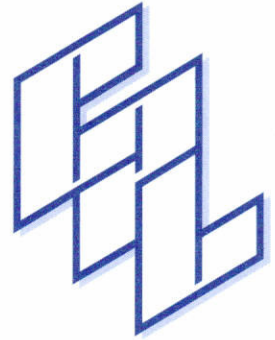


# CUMBERLAND PACKAGING LIMITED

MANUFACTURERS OF CORRUGATED PRODUCTS



20<sup>th</sup> July 2010

Dear Sir/Madam,

I am writing to inform you and your company of a further increase in paper prices that will take effect on all deliveries on or after 1<sup>st</sup> August 2010.

As you are undoubtedly aware there has been a lot of activity over the last eight months on both the cost and supply of paper based products. With this in mind I felt it prudent to summarise our current position and the prospects for the next seven months. We have no option other than to pay increases for our materials as demand is out stripping supply due to the closure of uneconomical mills.

I have attached two documents; the first document is the Paper and Pulp Index (PPI) which shows Kraft and Testliner increasing between 31 and 41 per cent over the last twelve months. The second document is from our supplier of raw material Smurfit Kappa, this shows the effect of the PPI on our suppliers which in turn effects Cumberland Packaging to the tune of 35% in material increases.

It is unrealistic for any company to absorb this amount of increase and stay in business so we have had to pass a proportion on to our customers. We do appreciate that these increases put pressure on your business and you may feel the need to go to the market and benchmark our prices to ensure we have stayed competitive. I would like to remind you that there has been no decline in supply from Cumberland Packaging where as some companies lead times have extended considerably. We have through good supplier relations been able to receive raw materials within 48 hours which we pass on to our customer.

However there now does seem to be some light at the end of the tunnel. We have been able to fix the price of our raw materials with our suppliers for the next seven months which will take us to 1<sup>st</sup> March 2011.

In summary the increases to date up to and including August 2010 are as follows:

Dec 2009	5%
Jan 2010	4%
Apr 2010	9%
Aug 2010	7%

I would like to thank you for your continued support during these increases and if there is any way we can help with your future business please don't hesitate to call the Sales Office on 01702 298014.

Yours Faithfully

Brian Thompson  
Sales Director