



October 2, 2017

Dear Liberty Customer,

Over the last several months, the paper market had begun to tighten and upward pricing pressure was occurring. Most of that pressure was being blamed on increased input costs including chemicals, pulp, energy and freight. Additionally last week Hansol of Seoul South Korea announced that their main chemical supplier was shut down by the Chinese government with no word on when that plant would reopen and Hansol is no longer accepting orders. To add to this uncertainty, this morning Appvion Inc., formerly Appleton Paper of Wisconsin filed for Chapter 11 bankruptcy protection and deliveries have been pushed out 30 days beyond their normal turnaround times.

Based upon on the above situation Liberty Paper Products will be forced to raise pricing on all thermal grades, bond paper and carbonless products by 5% effective November 1, 2017. Additionally, all converters have been put on allocation and "extra" paper will be difficult to come by. Liberty's main supply of thermal paper is intact and has not been interrupted but we will be running product to order and not producing stock items at their normal levels until supply begins to come back on line which we expect to occur in the first quarter of 2018.

It is our expectation that given the supply challenges that are present in the market, that upward pricing pressure will continue into 2018. That being said, Liberty will do what it can to keep our customers competitive and stocked with product. Thank you for your continued support and we look forward to serving you through this challenging period.

Best regards,

*Mike Rapier*

Mike Rapier  
Liberty Paper Products