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Dear Bell Customer:

Here's an update on some big-picture paperboard packaging trends and how we at Bell Incorporated are insulating your business from much of their impact.

- As you're probably aware, the weak dollar has contributed to a lack of supply, and continues to drive the price of paper up. A year ago, it was easy to get board in one-to-two weeks. Backlogs now range from 30 – 50 days. In July, the mills increased SBS prices by \$50/ton. Companies have attempted to beat the increases by building inventory, a good strategy but it has further driven out mill back logs.
- Several years of weak economic conditions and overseas competition have driven a wave of consolidations, plant closings, bankruptcies and private equity company control of converting operations.

We at Bell think capacity could free up in 4Q, but for now, supply is tight and prices trends have not improved. We don't see an end in sight to the closings, consolidations, and other effects among converters.

You might be interested to know that independently owned companies like Bell Incorporated have weathered these trends better than most of our competitors. In fact, the Paperboard Packaging Council reports that the 30% share of market held by the independents has remained unchanged despite all of the negative trends.

Bell is ranked among the top 20 converters in the country and among the top 10 independents. We partner for the long-term with most of our customers – including some of the largest food manufacturers in the world – and this enables us to offer more pricing stability as well as the guarantee that we will be around – in our current form – for the long term.

The best testament to Bell's continued growth and stability throughout these tough times is our ongoing investment in people, customers and equipment. The latest is our new Heidelberg Speedmaster XL12 "very large format" press, the first of its kind in North America. It is now up and running full time.

Thank you for your business and your partnership. We hope you are finding doing business with Bell as rewarding as we find doing business with you.