

Date
Our reference
Your reference
Direct line

2nd April 2007

Mr J Williams
Interpac Ltd,
Desborough Ind Est
Desborough Park Road
High Wycombe
Bucks
HP12 3B



Dear Mr J Williams,

We wrote to you on a number of occasions during 2006 outlining the rapidly changing balance of supply and demand for paper both in the UK and mainland Europe which has led to a sustained period of rising paper prices.

We have to advise these pressures have continued into 2007 with supplies remaining tight and further paper price increases being implemented throughout Europe during March.

Unfortunately we are unable to absorb these additional costs and will therefore be increasing our prices on all deliveries effective Monday 30th April 2007, when our prices to you will increase by 8%.

Looking forward further increases in paper costs cannot be ruled out as the high demand for recycled materials from the Far East continues to restrict availability and drive prices higher in Western Europe. This is a worrying trend which we will continue to monitor carefully as the price of recycled materials is a key factor in paper pricing.

Please be assured that we will work with you to explore all avenues to minimise the effect of this necessary increase in the price of our products.

Thank you for your understanding during these difficult times.

Yours sincerely,

Peter Dillon
Sales Director Trade
SCA Packaging UK Industrial Division