

TAYLOR

COMMUNICATIONS

June 2019

Dear Valued Customers:

Over the last six months, our industry has experienced strong upward pricing pressure on all grades of paper. These increases are due to a tightening of supply, resulting from mills taking capacity offline at a time when an improved economy is actually boosting demand.

For context, in just the last quarter of last year, there have been nearly 40 product group price increases announced by more than 10 significant paper producers including International Paper, Verso, Glatfelter, Boise and Domtar. These increases apply across multiple grades and affect coated, uncoated, security, carbonless and thermal papers. Recent announcements from the mills supplying Taylor Communications have cited:

- An 8% loss of industry capacity from paper machine shutdowns or conversion to other paper/pulp grades,
- Increases of more than 20% in softwood pulp prices over 2017 due to greater offshore demand and diversion to other markets, and
- Truckload freight costs that are 22% higher than the previous year.

Please be assured that we are doing everything possible to mitigate and/or delay the impact of these trends for our clients. Every day, we leverage the vast purchasing power of Taylor Corporation, one of North America's largest communications providers, to ensure our costs remain low. This, in turn, enables us to provide your organization with affordable solutions and exceptional value, even during times of price pressure and tight supply.

Unfortunately, given the significant increases in paper and transportation costs, it will be necessary to increase prices for a number of the printed products we supply including business forms, envelopes, labels, stationery, commercial and digitally printed products. All pricing changes will be consistent with existing contract terms and conditions. You may, in fact, have already experienced changes in pricing through recent program changes.

Looking ahead, we have implemented a number of cost offset strategies to help insulate you from further upward pressure on our raw material costs. Electronic delivery is another option offered by Taylor Communications that may be advantageous to you. However, regardless of the specific solution, we value your business and will continue to seek new ways to deliver outstanding service to your organization. If you have any questions, please do not hesitate to contact your client services partner.

Best regards,



Sara Schlauderaff
SCS Vice President