



Liberty Corporate Backgrounder

Liberty is the leading supplier to global, regional and national retailers, professional labs, wholesale labs, and professional photographers, offering photofinishing services and related imaging products. Its product range consists of over 9,000 different SKUs including photofinishing supplies, equipment replacement parts, imaging equipment, and lifestyle photo products (photo gifting supplies). This huge product range along with its renowned logistics and sourcing engine, allows Liberty to support the “pre-capture” and “post-capture” photographic imaging value chain, helping vendors, partners and customers to stay ahead in the a shifting digital imaging industry.

History

Liberty was founded in 1984 as a supplier of plastic and stainless steel ball bearings, specializing in bearings for the photo finishing industry. Liberty’s ongoing tradition of unequaled customer support started early in its history as it met the demands of customer requests for many types of spare parts; from ball bearings to adhesives, to leader belts, to squeegees and machine leaders.

Meeting the varying needs of the industry paved the way for growth into other areas of expertise including a full range of equipment replacement parts, production supplies, innovative equipment, wide format and desktop inkjet media, inks, software, lifestyle photo products, and an exciting array of retail imaging products. After more than twenty years of servicing the industry, Liberty's product range has evolved to include thousands of different products catering to the retail onsite finisher, wholesale lab, school photo finisher, professional lab, commercial lab, motion picture, sign shop, professional photographers and consumers. To further improve its standing and commitment to excellence, Liberty recently became an ISO 9001:2000 certified company.

Through recent acquisitions and expansion, Liberty is further strengthening its ability to serve the photo specialty retailer, and broaden its product offering to include Kodak paper, film, and chemistry. Liberty, a Kodak certified partner and a longtime supplier for the professional lab trade, recently partnered with Kodak to exclusively service approximately 1000 professional Kodak lab accounts, supplying an extensive array of Kodak products such as paper, chemistry, film, single-use cameras and batteries. Professional labs continue to experience pricing that is comparable to direct Kodak factory pricing, and now with a new level of service to these customers; with orders turning around within 24 hours.

Liberty also acquired the assets of Minilab Supply Store and ProLab Imaging Products in the spring of 2007. Minilab Supply Store and ProLab Imaging Products, both based in Plymouth, Minn., continue to be operated as divisions of Liberty with a focus on paper, chemistry, photo imaging equipment, consumables and spare parts. This acquisition also

supports the pre-capture aspect of the Liberty value chain for professional photo products.

These acquisitions strengthened the company's position with independent photo retailers and serves to penetrate new markets while offering a greater breadth of products to current customers.

Liberty successfully services the full value chain of the photographic imaging industry, assisting the pre-capture (professional photographers) and the post capture (photo labs) with logistic, sourcing, equipment and consumable solutions. The acquisitions mentioned above along with new customers and sound business strategies have allowed Liberty to achieve year-over-year double digit sales growth.

Aligning Traditional Business Requirements with Strategic Solutions

At a time in many industries where price can become one of the only measures of a company's sales success, comes Liberty. The company combines a traditional outlook on business—emphasizing customer support and solution oriented partnerships—with a strategic approach to creative business solutions. This unique emphasis, between traditional and new strategies, ensures customers are continually able to stay ahead of the curve to manage a swiftly changing photo imaging industry.

Part of this ongoing success encompasses several key elements of its business strategy, including; a renowned logistics management and sourcing platform, an innovative in-house engineering team, the industry's most recognized customer support system and a contemporary vision for the next generation of the photo lifestyle products category.

Liberty's Sourcing Engine and Logistics Platform

As one of the largest suppliers to the photo imaging industry, Liberty's renowned logistics platform and sourcing abilities are key differentiators, and marks the company as a leader in the photofinishing and imaging industry. The logistics platform includes a state of the art multi-location ERP system, a loyal and well developed relationship-based supply chain, an emphasis on total cost of ownership (TCO) as well as several warehouses conveniently located in California, Pennsylvania and Minnesota, to save on freight costs and speed of delivery for customers. Liberty has also established highly competitive freight rates with key business partners and third party logistics providers.

A key to its supply chain strategy is to establish and maintain effective, reliable, and high quality global supplier partnerships. This, combined with improved coordination between sales, engineering, and the manufacturers, enables acceleration of new product development and improved time-to-market. Liberty's logistics emphasis has allowed it to be positioned as a key strategic partner to its retail customers and OEM partners alike.

As part of this logistics engine, Liberty consistently reengineers its products to substantially save its customers money over current industry sources. To that end, Liberty has invested in an Asian platform to help expedite the reengineering of consumables and parts. These cost savings have been, and will continue to be, passed on to its customers.

Examples of expanded product offerings resulting from these sourcing relationships include, Liberty Signature Series premium wide format media, private label flash memory, custom printed CD/DVDs—in superior and archival grade gold and silver media, and an extensive array of photo gift supplies and equipment.

In-House Engineering Team

Liberty is well poised to meet the digital processing needs of its customers through its focus on in-house design and engineering capabilities. The company has continuously improved upon its product offerings as the imaging industry evolves from analog to digital.

From concept to implementation, its engineering team is often called upon to design new products and create new solutions—even when there were none previously—to manage industry changes on behalf of its customers. Through this process, Liberty is known for value-engineering products that enhance customers’ operating efficiency and profitability. In fact, engineers on staff have re-engineered parts that often exceed OEM specifications. One example of Liberty’s engineering accomplishments includes the development of reusable filters (a proprietary Liberty R&D investment). Also, intricate designs are created on SolidWorks and test samples are often produced through rapid prototyping. Liberty goes through an extensive procedure to inspect and test production samples in its own facilities as well as at customer locations to meet real-life demands.

Unparalleled Customer Support System

Liberty has always felt that its success was dependent on its ability to exceed the expectations of customers and to continually provide new products and solutions as the needs of the industry change. From the start, one of its key ingredients to success was following its customer service tenant of “You ask...we say, Yes,” and this message is even more important today. With the emergence of new digital picture taking technologies, the photo imaging industry has gone through a radical transformation and continues to face huge shifts. Because of Liberty’s engineering team, sourcing abilities and logistics platform plus shipping points in the Midwest and East and West coasts it has the ability to say “Yes!” As a result, Liberty is able to quickly service customers’ needs with complete confidence *and* success. Liberty also houses the most sophisticated sales force in the industry. With each sales representative offering an average of 25 years in customer solutions, there is no one in the industry that delivers that level of brain trust. A company would have to exhaust many vendor representatives to find one with the dedication to perfection that Liberty has for its customers, here is their customer service promise:

- **Commitment to Customer** – Liberty personally answers every inbound call to assure customers are connected efficiently to the correct team member.
- **Two Tiered Customer Representation** – There is a dedicated inside customer support and outside sales person assigned to every account.

- **Quick Order Processing** – Orders ship within 24 hours – most orders ship the same day but the company is committed to a 24 hour turnaround on all in-stock items.
- **Multiple Warehouses** – Three warehouses provide coverage across the continental United States for 2-3 business day shipping to most locations.
- **Sophisticated e-commerce web site platform** – Offering more ways to order, the Liberty business-to-business e-commerce website allows for ease-of-use, efficiency, complete account management, up-to-date order status and tracking. Customers can also order by phone or fax.
- **One-Stop Source** – Liberty inventories more than 9,000 different products enabling customers to consolidate orders, reduce freight costs, and generally operate more efficiently.
- **ISO 9001:2000 Certification** – this certification validates Liberty’s continuing commitment to excellence and quality management and enables a system to incorporate customer feedback into the entire production process.

Next Generation “Photo Lifestyle” Category Leadership

Liberty prides itself on identifying, sourcing and delivering the next generation in cutting edge solutions for its customers. One of the most important of those solutions is ensuring the changing retail photo lab environment establishes the optimum profitability per square foot *and* that consumers receive ongoing value for continued brand loyalty. Liberty offers many solutions that address these two needs, but its overarching philosophy is to go beyond “photo gifting” and “fun photos” and allow its customers to deliver a fashion-forward, cool-factor value proposition to consumers. Liberty provides the unique equipment and packaged solutions to its retail customers to do just that, everything from wide format printers, and sophisticated high end photo book binding, to kiosks and “fashion statement” focused photo printing. Liberty’s retail customers can turn these solutions into consumer photo lifestyle products.

Liberty’s category vision for these photo lifestyle products moves the industry past the gifting aspect of “a square image on a white t-shirt or a mug,” and into self expression through personal photographic compositions and the resulting photo lifestyle end products. These sophisticated technologies and compact applications are now available through Liberty enabling the local photo lab to help manage consumer lifestyle photo products while enhancing lab profitability.

Customers

Liberty’s customer base has grown to include over 16,000 retail locations. Liberty has provided its high level of service to customers including; Walgreens, Eckerd, Costco, Eastman Kodak, Fujicolor Processing, Longs Drugs, Safeway, Ritz Camera, HEB, Smith’s Food and Drug, Bartell Drug, Rite Aid, Fred Meyer, CVS, Cashmans, Picture

People, Lifetouch, Kiddie Kandids, MGM Grand, Government Agencies, Qualex and others. Liberty also services independent photo retailers, school photo finishers, professional lab, commercial lab, motion picture, sign shop, professional photographers and consumers.

Liberty services these customers with the newest products available to the industry. Some new product highlights include:

Product Highlights

Liberty Creativity Station – Powered by Oblo Multimedia



Liberty's innovative multimedia kiosk is a self service unit ideal for use on a countertop, as floor-standing kiosk or as part of a multi-kiosk configuration. It will accept images and video clips from all digital camera cards as well as other digital inputs like DVD, CD, camera phones, MP3 players, and via networks. It is just as versatile when it comes to printing and will output to dye-sub printers, inkjet printers, digital minilabs, and central labs.

The most remarkable feature of Liberty's kiosk is the beautiful, professional quality, photo products consumers can create on-the-spot.

- **Digital Prints** of any size with automatic image correction Easy-to-create single and multi-page **Calendars**
- Automatic creation of **Photo Books** with many different layouts to choose from

- **CD Archives** that combine images and video clips integrated with music. Includes a PC viewing software
- Images and video clips with music in a **DVD Slide Show** designed for easy TV viewing. The original images are archived for reprinting.
- Easily download **Video Clips** onto DVD or CD and transform the best frames into prints.

Liberty Vapor Apparel – Fashion Photo Wear



Liberty's Vapor Apparel is specially designed fabric engineered with patented, permanent moisture wicking technology, providing optimal temperature and moisture control, it allows wearers to stay cool and dry even in extreme conditions. There are over 60 styles and colors in adult and youth sizes of fashion photo wear apparel designed for consumers looking to personalize their clothing and show their self expression through personal photographic compositions on fashion.

The sophisticated line of fashion-forward apparel are specifically engineered to handle the challenges of sublimation and other heat-applied graphics. This apparel line takes lifestyle photo products to the next level of consumer story telling and expression.

captureRAW (ProLab Imaging)



Liberty is offering the next generation of powerful, precision digital backs, opening new opportunities for the world's leading photographers for digital image quality, flexibility, speed and durability. Liberty is partnering with Phase One to deliver a set of capture and imaging tools such as digital backs, workflow software and more, that provide professional photographers with more options and greater flexibility, saving time and effort.

Professional photographers have embraced digital and RAW formats. In fact according to InfoTrends, 89 percent of images are now being captured digitally and over 50 percent of them in RAW format. To serve the professional photographers, Liberty is offering products that help them achieve the highest quality from the images they have captured with Phase One P+ digital backs, designed to support all medium format, large format and technical cameras.

Advanced features such as Opticolor+ , patent-pending Dynamic+ and XPose+ offer unprecedented color accuracy in extreme environments (such as dusty, cold or hot), better high ISO image quality, and even longer exposure times – up to one hour at 15oC -- allowing photographers to push their creativity farther than ever before.

The P+ Series comes with Capture One 4 RAW workflow software, offering photographers the ability to work more efficiently with large image RAW files while maintaining high color accuracy and output quality. The combined products enable photographers to achieve clear, precise results at the moment of image capture – results that can be easily fine-tuned-if needed- in post-production.

Wide Format Media –Liberty Signature Series

Liberty Signature Series Media offers the best solutions for all your wide format needs. The Liberty team continually evaluates wide format media from the finest manufactures around the globe to determine the best products to make up their Signature Series Media. Only the best make it into its product line and its purchasing power allows them to offer pricing lower than the competition.

Liberty's Premium Banner Media line is easy to handle and compatible with HP UV ink and most dye, pigment, solvent, and oil base ink. To achieve the highest level of water resistance pigment based ink is recommended. Dye based ink can be used with the entire product line to obtain a high level of color gamut, although exposure to water or moisture could cause ink bleeding. For best results we recommend allowing printed material 24 hours to dry before exposure to water or moisture.

Liberty's line of wide format media includes: Premium Photo Papers, High Impact Photo Papers, Backlit & Clear Film, Premium Banner, Premium Matte, Fine Art Canvas, Fine Art Papers, Presentation Color Bond, and Poly Poster Media.

Most importantly, all of Liberty's Signature Series Media comes with something you can't find at the competition: best-in-class customer service.



Branded Memory



Liberty is committed to helping its customers increase their brand awareness and offer consumers the highest quality in image storage with Liberty's CD-Rs, DVD-Rs, Flash Memory, and Thumb Drives. All of these high quality memory products can be customized with logo and branding. Liberty's CD-Rs are available in superior duplication-quality silver as well as archival grade (200- and 300-year) silver and gold grades. These media can be custom-logo'ed and packaged in a variety of ways to suit customer needs. Flash media are available for standard as well as professional use at extreme data transfer rates for high-end pro-equipment applications. Flash media format includes SD, CF, XD, MMC, and other formats.

Liberty's Community Print Location Solution



Liberty is offering a unique solution to retail locations who can now service wireless consumers. Like a portable Kinkos for wireless devices, Liberty's retail customers can now offer their consumers the ability to print images; such as Word documents and PowerPoint documents, as well as images, from portable devices including PCs, Laptop, Wireless Handheld, PDA, Cell Phones etc. Consumers simply email, use the Web or interface directly with the printer via a print driver. Print data is encrypted using 128 bit AES and standard RSA public/private key pairs, ensuring that documents can only be decrypted with decryption keys known by the PrinterOn® software. Documents are held in an encrypted state until the user provides the code to release their document. All file forms are accepted.

Liberty has partnered with PinterOn® software and Ricoh printers to offer this solution to its customer base. The standard CPL hardware is a Ricoh- Liberty enabled color laser printer – no additional hardware is required. An embedded keypad allows for direct input of print release codes. Custom printer solutions are available by customer requirements.

This is a new business model for Liberty and delivers a way for retail customers to leverage the space vacated in the lab by new and smaller technologies to improve the profitability per square foot. It also builds improved loyalty with retail customers, offering advanced technologies to manage print imaging needs.

Liberty's unparalleled level of customer service, attention to quality and value, and its commitment to continually remain a leading innovator in the industry has positioned the company for growth into new market opportunities and expansion of current customer accounts.

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