

FOR IMMEDIATE RELEASE

RICHARDS PACKAGING INCOME FUND

Richards Packaging Income Fund announces 2011 Second Quarter Results

July 29, 2011, (TORONTO) -- Richards Packaging Income Fund (TSX: RPI.UN) (the "Fund") announced today results for the quarter ended June 30, 2011.

Second quarter performance continued to track at the first quarter level, but below the profitability levels of 2010. Total revenue was down 0.7% with organic revenue growth at 2.3% being fully offset by the U.S./Cdn. 6¢ appreciation of the dollar. EBITDA¹ was down \$0.7 million, or 12.2%, due to price erosion in selected larger accounts and higher freight costs. Gross profit and EBITDA as a percent of sales mirrored first quarter performance to run at levels of 16.4% and 11.1% respectively. Net income was up \$1.2 million, or 5¢ per Unit, mainly reflecting the mark-to-mark gain on exchangeable shares.

The strikes and subsequent lockout at the Canadian Post Office resulted in unusually high receivables, inventories and payable as at June 30th, but with the Canadian Government passing back-to-work legislation on June 27th working capital should revert to normal levels by the end of July. The \$1.5 million of free cash flow generated in the second quarter was utilized to pay down \$0.5 million of debt in May and to cover June's working capital needs. Over the next six months Richards Packaging expects to lower its investment in inventories and make further payments towards its debt⁴.

The Fund paid monthly distributions of 6.55¢ per Unit during the first quarter, which represented an annualized yield of 9.2% on the June 30th closing price of \$8.58 per Unit. The payout ratio³ for the second quarter was 60%, at the same level as 2010.

Details of the Fund's results are currently available on Richards Packaging's website at www.richardspackaging.com and on July 30th on SEDAR at www.sedar.com.

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About Richards Packaging Income Fund

The Fund owns 91% of Richards Packaging Inc. ("Richards Packaging"), the leading packaging distributor in Canada, and third largest in North America. Richards Packaging is a full-service packaging distributor targeting small- and medium-sized North American businesses. Richards Packaging has operated for over 99 years and currently serves over 11,000 regional food, wine

and spirits, cosmetic, specialty chemical, pharmaceutical and other companies from 20 locations throughout North America.

- 1 Management defines EBITDA as earnings before amortization, interest, losses (gains) on financial instruments and taxes. EBITDA is the same as profit from operations as outlined in the annual financial statements after adding back amortization and patent defense costs. Management believes that in addition to net income, EBITDA is a useful supplemental measure for investors of earnings available for distribution prior to debt service, capital expenditures and taxes. Management uses this measure as a starting point in the determination of earnings available for distribution to unitholders and exchangeable shareholders. In addition, EBITDA is intended to provide additional information on the operating performance. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. EBITDA does not have a standardized meaning prescribed by GAAP and therefore method of calculating EBITDA may not be comparable to similar measures presented by other companies or income trusts.
- 2 Management defines distributable cash flow, in accordance with Richards Packaging's credit agreement, as EBITDA less interest, cash income tax expense, maintenance capital expenditures and loan payments. Free cash flow is distributable cash flow less distributions. The objective of presenting these measures is to calculate the amount which is available for distribution to unitholders or exchangeable shareholders and to determine the amount available to fund increases in working capital or expansion capital. Investors are cautioned that distributable cash flow should not be construed as an alternative to cash flow from operating, investing and financing activities as a measure of the liquidity and cash flows. Distributable cash flow does not have a standardized meaning prescribed by GAAP and therefore the method of calculating distributable cash flow may not be comparable to similar measures presented by other income trusts.
- 3 Management defines payout ratio as distributions and dividends declared over distributable cash flow². The objective of presenting this measure is to calculate the percentage of actual distributions in comparison to the amount available for distribution. Payout ratio does not have a standardized meaning prescribed by GAAP. The Fund's method of calculating the payout ratio may not be comparable to similar measures presented by other income trusts.
- 4 This release contains certain forward looking information and statements within the meaning of applicable securities laws (collectively "Statements") regarding future growth potential, results of operations, performance and business prospects and opportunities of the Fund. The Statements are frequently identified by the use of such words as "will", "may", "could", "expect", "plan", "anticipate", "believe" and other similar terminology. Specifically this release contains Statements with respect to compliance with certain financial covenants and the recommencement of distributions. These Statements reflect management's current beliefs and are based on information currently available to the management of Richards Packaging. A number of factors could cause actual events or results to differ materially from those predicted, expressed or implied in the Statements. Factors that could cause such differences include, among other things, changes in customer and supplier relationships, the extent and duration of the worldwide recession and the impact on order volumes and pricing, competition in the industry, inventory obsolescence, trade risks in respect to foreign suppliers and fluctuations in foreign exchange and interest rates. Although the Statements contained in this release are based upon what management believes to be reasonable assumptions, there can be no assurance that actual results will be consistent with these Statements. These Statements are made as of the date of this release and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.