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(parent of WPG Shippers Association)

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Subject: **WPG's 2014 In Review**



As outlined in my presentation to membership at the WPG Annual Meeting in February 2014, the transportation industry was in a troublesome state as capacity had become a critical issue nationwide. The supply chain was posed to fail in an inevitable pending fashion. The effect on the truckload market would be paramount as this is where the shortages of drivers and equipment would primarily fall. In turn, this impacted WPG's business model as securing truckload equipment is the backbone of WPG's services.

As an escalator, the infamous "Winter 2014 Polar Vortex" compounded the supply chain capacity situation. The trucking industry has not recovered. I personally feel this capacity crisis will linger nationally for the long term. Transportation management seems to be taking advantage of the high demand without any intention of increasing supply.

Our WPG staff efforts have been notable throughout these unprovoked transportation challenges and have endured additional duties and tasks while requiring long work days. The amounts of binding communications, notifications and updates between all parties have increased at a staggering pace. Freight and carrier status seemingly change by the minute. Our motto is to be truthful to a fault, but that can be taxed by the continuous and instantaneous changes perpetrated by transitory available equipment.

Financially WPG ended 2014 with an operating loss, as planned. This will effectively end our no general rate increase budget strategy of the last several fiscal years. We will return to the more traditional budget planning which will enable vital adjustments to operating income and expenses that have gone without modifications for many years. This includes application of a modest 2015 general rate increase, although the effect on specific lanes and shipments may vary.

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