

Wisconsin Paper Group, Inc.

Parent of WPG Shippers Association

FROM: Tom Murray
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SUBJECT: Wisconsin Paper Group 2017 In Review

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Our goal entering 2017 was to build on WPG's strategic goals of adding to our talent pool and enhancing systems infrastructure. In retrospect we have achieved significant strides in our technical platform and are in the process of training, developing and improving staff levels. This is all part of our ongoing continuous improvement efforts.

For 2017, WPG forecast a market adjustment down from our record 2016 levels. In actuality, WPG experienced a substantial reduction in tonnage during 2017. This resulted in reduced revenue under budget expectations. However, we were able to maintain positive profitability as the tonnage levels dropped but our margins remained strong.

2017 was also a tumultuous year for freight transportation nationwide as capacity and weather produced havoc. This negatively altered and impacted our service expectations. WPG also experienced consequential reduced tonnage due to unexpected local business conditions and changes.

Looking forward, our challenge for 2018 is to manage through another reduction of tonnage while retaining a competitive pricing standard. In our 2018 budget, WPG management plans to continue to operate at our current pricing rate levels for services provided. We will offset the additional annual expense increases by utilizing established efficiencies that has generated operational profits from the previous two years. In other words, we are proposing no rate increases resulting in a negative budget for 2018.

The basis and goal of the 2018 budget is to meet and surpass the reality of the market requirement of maintaining a competitive position to gain, retain and replace volume.

Thank you for your continued support of the Wisconsin Paper Group.

Tom Murray
President & CEO
Wisconsin Paper Group, Inc.

