



Michigan Forest Products Industry Overview



MICHIGAN
**FOREST
PRODUCTS**
COUNCIL

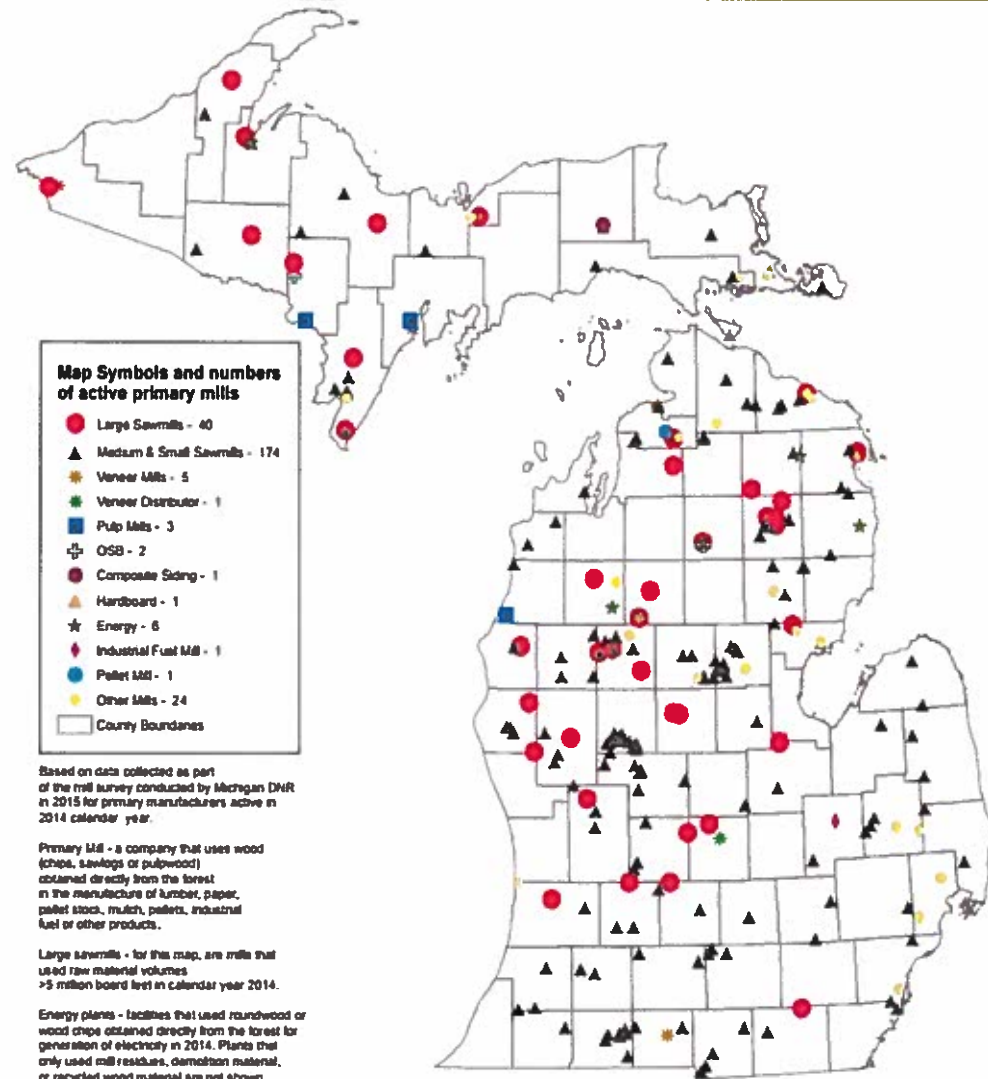


A background image of a forest with trees in autumn, showing yellow and orange foliage. The image is framed by a dark border.

Forest Industry By The Numbers

- Total contributions (direct and indirect) in 2014 totaled \$20 billion in economic output
- 87, 381 jobs
- 80 MFPC members

Forest Product Primary Mills Active in 2014



Based on data collected as part of the mill survey conducted by Michigan DNR in 2015 for primary manufacturers active in 2014 calendar year.

Primary Mill - a company that uses wood (chips, sawlogs or pulpwood) obtained directly from the forest in the manufacture of lumber, paper, pallet stock, mulch, pellets, industrial fuel or other products.

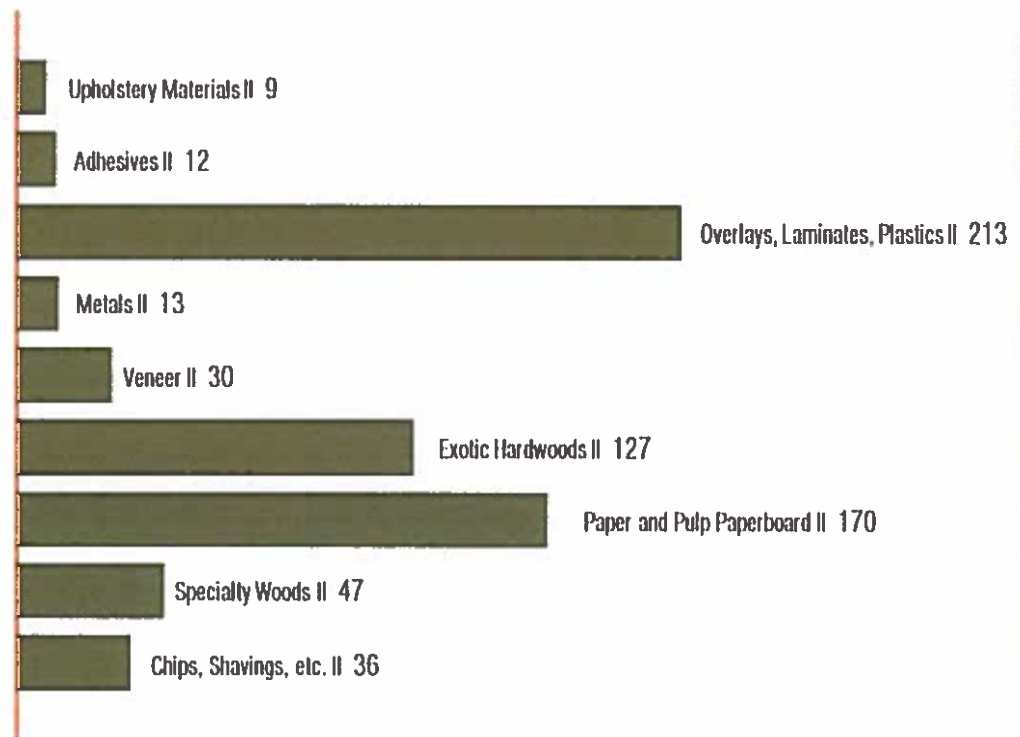
Large sawmills - for this map, are mills that used raw material volumes >5 million board feet in calendar year 2014.

Energy plants - facilities that used roundwood or wood chips obtained directly from the forest for generation of electricity in 2014. Plants that only used mill residuals, demolition material, or recycled wood material are not shown.

Industrial Fuel Mill - a company that processed roundwood or chips obtained from the forest or from utility ROW maintenance, land clearing or municipal tree removals to produce industrial wood fuel.

Industry By Sector

MICHIGAN INDUSTRY PRODUCTS:
NUMBER OF COMPANIES PER MATERIAL CATEGORY





Mission Statement

- MFPC's mission is to protect, promote and sustain a globally competitive forest products industry in Michigan
- The Michigan Forest Products Council Foundation is a non-profit 501c3 organization committed to its mission to educate and inform Michiganders about the benefits of sustainable management of Michigan's natural forest resources.

A background image of a forest with trees in autumn foliage, showing shades of yellow, orange, and brown. The image is partially obscured by a white text box.

Legislative Priorities

- Make Michigan the best state possible for the industry to do business in
- Grow fiber and wood supply chain
- Encourage competitive energy markets
- Expand use of the Good Neighbor Authority
- Continue to partner with DNR to fund independent audit of statewide forest best

management practices (BMPs)

MI Forest Products Summit Goals By 2018

Increase the economic impact of the timber industry on state and regional economies from \$14 billion in 2010 to \$20 billion

Increase the export of value-added timber products by 50%

Increase forest products-related careers by 10%

Support existing industry and encourage regionally based industry development

Verso Corporation

**House Natural Resources
Committee
March 22, 2017**



Verso At-A-Glance



WHO WE ARE

Verso makes printing papers used primarily in commercial printing, media and marketing applications, including magazines, catalogs, books, direct mail, corporate collateral and retail inserts. Our specialty papers are used primarily in label and converting, flexible packaging and technical paper applications. We also produce market kraft pulp, which is used to manufacture printing and writing paper grades and tissue products.

3.1
billion in sales*

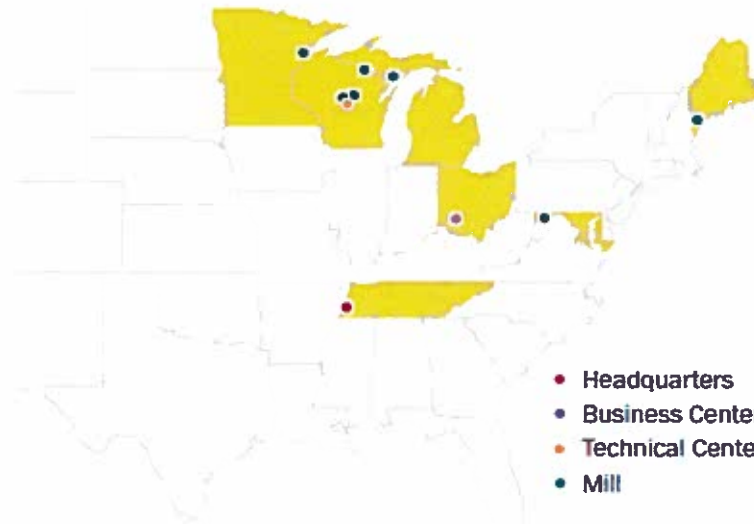
Verso's net sales are \$3.1 billion.

3.2
million tons**

Verso mills have a total annual paper production capacity of approximately 3.2 million tons of paper.

4,800
employees**

Verso employs nearly 4,800 people nationwide.



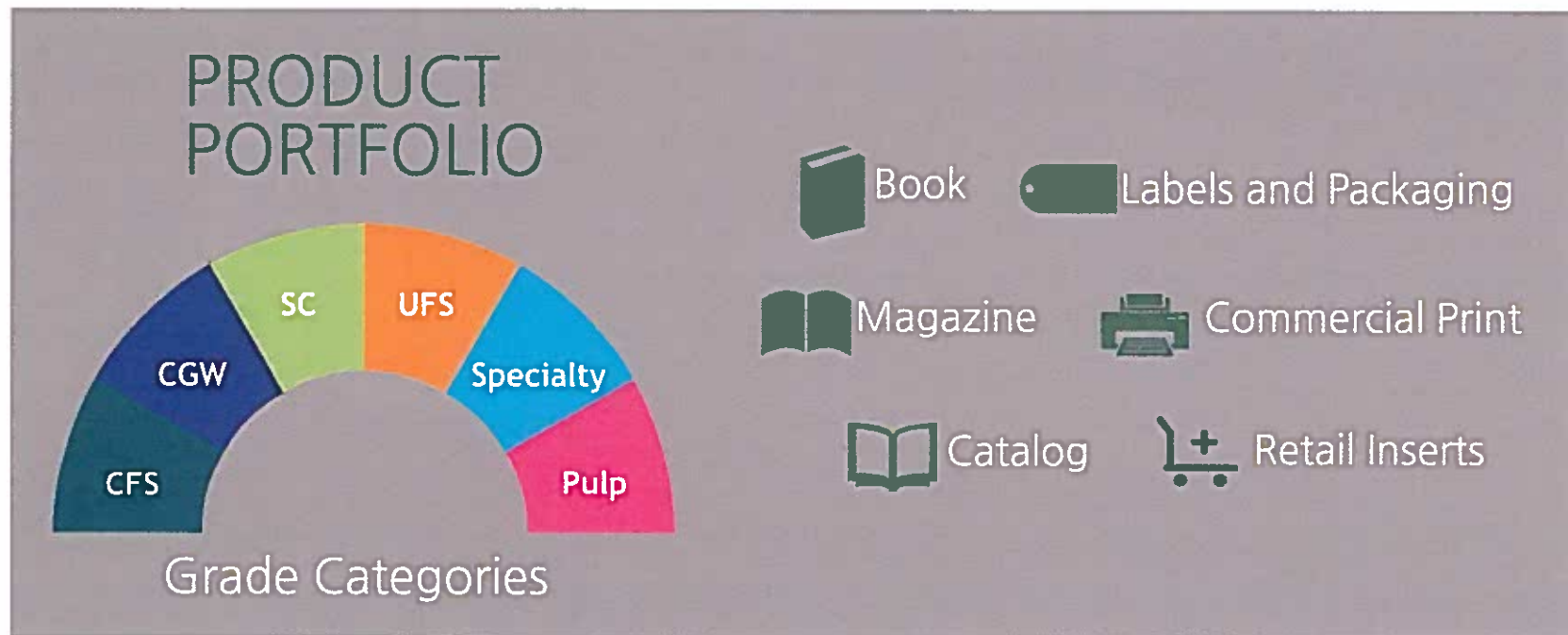
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locations

Verso is headquartered in Memphis, Tennessee, with a business center in Miamisburg, Ohio; Technical Center in Biron, Wisconsin; and mills in Maine, Maryland, Michigan, Minnesota and Wisconsin.

Verso's mission is to create value for our stakeholders by providing business solutions and developing innovative products and services that exceed expectations.

Turn to Verso for quality products...

Printing Papers, Specialty Papers, Market Pulp



Economic Impact – By The Numbers (year end 2015)



- **Escanaba (\$404 million annual economic impact)**
 - 899 people
 - \$101.8 million wages & benefits
 - \$1.98 million property taxes
 - \$94.7 million pulpwood purchases
 - \$46.3 million energy purchases

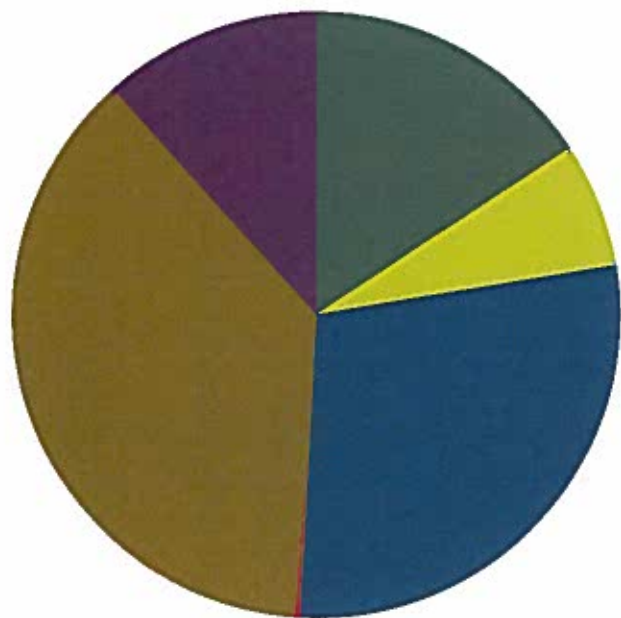
- **Quinnesec (\$586 million annual economic impact)**
 - 427 people
 - \$47 million wages & benefits
 - \$3.5 million property taxes
 - \$108 million pulpwood purchases
 - \$30 million energy purchases

Michigan Wood Supply Overview

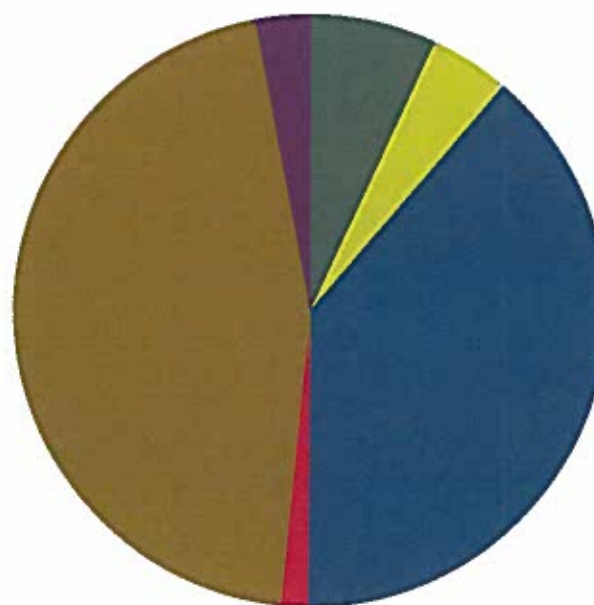
- **Purchase 4.3 MM green tons of pulpwood**
 - 3.9 Million for Quinnesec and Escanaba
 - 400,000 tons for Wisconsin Mills
- **Purchase 252 M green tons of wood fuel**
- **Wood Procurement System is Chain of Custody Certified**
 - SFI (Sustainable Forestry Initiative)
 - FSC (Forest Stewardship Council)
 - PEFC (Programme for the Endorsement of Forest Certification Schemes)
- **6 Procurement Foresters / 1 Chip and Residue Buyer / 1 Stumpage Forester**
- **5 Woodyards (Vanderbilt, Caffey, Gulliver, Bovine, Wakefield)**

Michigan Wood Purchases

Escanaba Sourcing



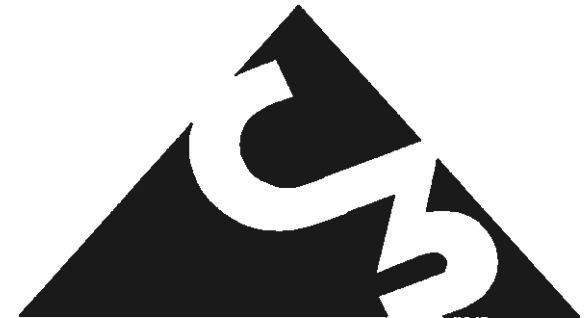
Quinnesec Sourcing



- State of Mich
- Federal
- Large Land Owner
- County Lands
- Private
- Residual Chips

Environmental Stewardship

- 100% of our wood from responsibly managed forests
- Bio-solids program with local farmers
- Strict air and water permits through the Michigan DEQ
- ISO 14001 Certified
- Clean Corporate Citizen Award
- Michigan Business Pollution Prevention Partnership



Chain-of-Custody Certifications



- All Verso mills have been independently audited and certified to the Forest Stewardship Council® (FSC®), Programme for the Endorsement of Forest Certification™ (PEFC™), and Sustainable Forestry Initiative® (SFI®) chain-of-custody standards.
- All Verso mills are certified to both FSC Controlled Wood and SFI Fiber Sourcing certification standards.



- Verso offers FSC, PEFC and SFI chain-of-custody certified products across all paper grades, upon request. Our customer have on-product labeling options for all three certifications.

Key Issues

- Attracting and Retaining Talent
- Electronic Media
- Input Costs: Wood, Gas, Electricity, Chemicals
- Fiber supply – maintain state supply
- Transportation
 - Rail Infrastructure
 - Truck Weights
 - ELD Mandate (Electronic Logbook)
- Good Neighbor Authority - State Forester Bill O’Neill is a great advocate
- Energy – preserve choice, affordable & reliable
- Environmental Regulations – air, water, chemical management
- Federal and State Harvest Restrictions
 - Late Entry Requirements – Northern Hardwood
 - Northern Long Eared Bat
 - State Minimum Bid Adjustments
 - Seasonality of bid offerings
- Erosion of the short line railroad infrastructure in Michigan
- Increased rate pressure from the CN
 - forced us to convert satellite woodyards into over the road hauling