



Proposed Changes to PPI Pulp & Paper Week Boxboard Price Assessments

November 13, 2015

Summary

In order to provide more useful price assessments, PPI Pulp & Paper Week (PPW) proposes to introduce new “Series B” price assessments for boxboard and to gradually phase out the existing List and Transaction prices.

PPW publishes reference boxboard price assessments that represent the price negotiated each month that may serve as a basis from which customer-specific contract terms are given. Over time, discounts have grown so large that PPW’s price assessments have lost some of their value as an indicator of real market prices.

PPW therefore proposes to:

- Introduce new “Series B” price assessments for boxboard at levels 13-22% lower than existing Transaction prices.
- Narrow ranges for kraft grades to \$30, retain recycled grade ranges at \$20.
- Phase out the existing List and Transaction prices after a long transition period.

Please register for the webinar on **November 20 at 2pm ET** to learn more about proposed changes. www.risi.com/Boxboard_Proposed_Changes_webmeeting

Any feedback about these proposed changes should be sent to Todd Petracek, VP of Markets & Compliance, tpetracek@risi.com, 781-734-8915. **Feedback must be received by December 7, 2015.**

A final decision about implementing these changes will be announced by December 14.

Details of proposed changes

Introduce new “Series B” price assessments

- The new “Series B” price assessments for boxboard will represent the level at which a typical market participant would be able to purchase tonnage, not including discounts for volume or fidelity. Series B price assessments would be from 13-22% lower than existing Transaction prices.

For instance, if Series B prices were published for October 2015, they would tentatively be as follows:

| Grade | Transaction prices | Series B prices (proposed) | Difference (based on midpoint) |
|---|--------------------|----------------------------|--------------------------------|
| Solid bleached sulfate board (SBS) | | | |
| 16-pt folding carton, C1S | \$1,155 - \$1,205 | \$1,005 - \$1,035 | \$160 |
| 14-pt cup stock, PE2S | 1,450 - 1,505 | 1,225 - 1,255 | 237 |
| Coated unbleached kraft board (CUK) | | | |
| 20-pt folding carton, C1S | 1,075 - 1,135 | 945 - 975 | 145 |
| Recycled folding boxboard (CRB, URB) | | | |
| 20-pt clay coated news | 995 - 1,015 | 775 - 795 | 220 |

- Series B prices would be launched with one year of historical prices.
- Once the Series B prices are launched, the differential between Series B, Transaction and List prices will remain constant.

Phase out “list” and “transaction” prices over time

- List prices would be discontinued July 1, 2016.
- Transaction prices would be discontinued December 1, 2017.
- Over the transition period, List and Transaction prices would be reported less prominently in PPW to make clear that the Series B prices are the series that will be reported going forward.

Introduction of lower Series B prices doesn’t mean the market price has gone down. Rather, Series B prices represent something different than Transaction prices. Transaction prices reflect price levels from which most standard customers receive discounts even if they don’t have significant volume or other factors typically associated with higher discounts. Series B assessments reflect prices which a standard customer that doesn’t qualify for volume or other specific discounts would pay.

Illustration of the transition

Timeline

| Series | Current | January 2016 | April 2016 | January 2018 |
|---------------------------|-----------------------------------|---|--------------------------------------|-----------------------|
| Transaction prices | Shown in Price Watch table | Shown in a separate section in the Price Watch table | Moved to explanation in the footnote | Footnote discontinued |
| List prices | In parenthesis next to grade name | Moved to explanation in the footnote | Footnote discontinued | |
| Series B prices | -- | Introduced as a separate section in the Price Watch table | Shown in Price Watch table → | |

Current price table

| BOXBOARD | Oct. 2015 |
|---|---------------|
| Solid bleached sulfate board (SBS) | |
| 16-pt folding carton, C1S | 1,155 - 1,205 |
| 14-pt cup stock, PE2S | 1,450 - 1,505 |
| Coated unbleached kraft board (CUK) | |
| 20-pt folding carton, C1S | 1,075 - 1,135 |
| Recycled folding boxboard (CRB, URB) | |
| 20-pt clay coated news | 995 - 1,015 |
| 20-pt bending chip | 720 - 750 |

Disclaimer

The following images present how Price Watch tables will be presented in the future. They include prices for illustration only – these are in no way predictions of what prices will be or should be.

January 2016 – Introduce new Series B prices

| BOXBOARD | Jan. 2016 | |
|--|------------------|--|
| SERIES B PRICES* | | |
| Solid bleached sulfate board (SBS) | | <div style="border: 1px solid black; padding: 5px; background-color: #ffffcc;"> New Series B prices. Differential between Series B and Transaction prices will be constant going forward. </div> |
| 16-pt folding carton, C1S | 1,005 - 1,035 | |
| 14-pt cup stock, PE2S | 1,225 - 1,255 | |
| Coated unbleached kraft board (CUK) | | |
| 20-pt folding carton, C1S | 945 - 975 | |
| Recycled folding boxboard (CRB, URB) | | |
| 20-pt clay coated news | 775 - 795 | |
| 20-pt bending chip | 605 - 625 | |
| TRANSACTION PRICES** | | |
| Solid bleached sulfate board (SBS) | | <div style="border: 1px solid black; padding: 5px; background-color: #ffffcc;"> Transaction prices to be discontinued after December 2017. </div> |
| 16-pt folding carton, C1S | 1,155 - 1,205 | |
| 14-pt cup stock, PE2S | 1,450 - 1,505 | |
| Coated unbleached kraft board (CUK) | | |
| 20-pt folding carton, C1S | 1,075 - 1,135 | |
| Recycled folding boxboard (CRB, URB) | | |
| 20-pt clay coated news | 995 - 1,015 | |
| 20-pt bending chip | 720 - 750 | |
| <p>*Series B prices were introduced in January 2016 and will replace the Transaction price series.</p> <p>**Transaction prices will be discontinued after December 2017.</p> <p>List prices will be discontinued after March 2016. List prices can be calculated by adding the following to the Series B prices: SBS folding carton: \$380 (low side of range), \$360 (high side of range) CRB: \$365 CUK: \$340 (low side of range), \$320 (high side of range) URB: \$260 (low side of range), \$250 (high side of range)</p> | | |
| | | <div style="border: 1px solid black; padding: 5px; background-color: #ffffcc;"> List prices moved to footnote. To be discontinued after March 2016. </div> |

(continued...)

April 2016 – Transaction price moves to footnote

| BOXBOARD | Apr. 2016 |
|---|---------------|
| SERIES B PRICES* | |
| Solid bleached sulfate board (SBS) | |
| 16-pt folding carton, C1S | 1,005 - 1,035 |
| 14-pt cup stock, PE2S | 1,225 - 1,255 |
| Coated unbleached kraft board (CUK) | |
| 20-pt folding carton, C1S | 945 - 975 |
| Recycled folding boxboard (CRB, URB) | |
| 20-pt clay coated news | 775 - 795 |
| 20-pt bending chip | 605 - 625 |

*Series B prices were introduced in January 2016 and will replace the Transaction price series.

** Transaction prices will be discontinued after December 2017. Transaction prices can be calculated by adding the following to the Series B prices:
 SBS folding carton: \$150 (low side of range), \$170 (high side of range)
 CRB: \$220
 CUK: \$130 (low side of range), \$160 (high side of range)
 URB: \$115 (low side of range), \$125 (high side of range)
 Cup stock: \$225 (low side of range), \$250 (high side of range)

Transaction prices no longer in table, but moved to footnote describing how Transaction prices are calculated based on the Series B prices. The footnote to be discontinued after December 2017.

January 2018 – Transaction price footnote discontinued

| BOXBOARD* | Jan. 2018 |
|---|---------------|
| Solid bleached sulfate board (SBS) | |
| 16-pt folding carton, C1S | 1,005 - 1,035 |
| 14-pt cup stock, PE2S | 1,225 - 1,255 |
| Coated unbleached kraft board (CUK) | |
| 20-pt folding carton, C1S | 945 - 975 |
| Recycled folding boxboard (CRB, URB) | |
| 20-pt clay coated news | 775 - 795 |
| 20-pt bending chip | 605 - 625 |

*Series B prices were introduced in January 2016, replacing the Transaction price series.



Feedback

We encourage feedback from any stakeholders on this proposal. Please send any feedback about these proposed changes to Todd Petracek, VP of Markets & Compliance, tpetracek@risi.com, 781-734-8915. **Feedback must be received by December 7, 2015.**

We will consider all feedback received and announce a final decision on whether to proceed with these changes, and whether any modifications will be made to the plan, by December 14.