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My crystal ball does not work as well as it used to, but you do not need to be a fortune teller to see the short-term factors affecting us. Dramatically lowered new home starts, lumber and panel products selling at prices below their costs, and import products still coming in from Europe, South America and China. The Canadian dollar continues to test new highs against the U.S. dollar, while the once mighty U.S. buck is regularly being called "The New Peso."

Like everyone in the forest products industry, all of the companies in the Weston Forest Group are facing these same realities. We are watching some long-time customers close their doors for good, and others outsource their plants to China or Vietnam. And the competition is tougher than ever.

So what does it all mean? Is it the most enjoyable market we have ever enjoyed? Hell NO!

But are we out on the ledge preparing to jump? Absolutely not!

Our companies are com-

prised of excellent people who have bought into the message "Change or Die," and we are making changes on a daily basis.

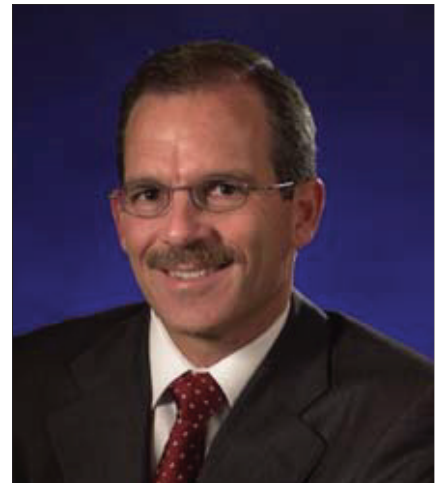
In 2007 as the Canadian dollar soared, we curtailed many of our export activities, but we dramatically increased our imports. We now have quality control people on the ground in South America and China, and these initiatives have helped us develop excellent partnerships with offshore manufacturers.

We have targeted some of the biggest and most financially sound manufacturing companies in North America, and our staff are bending over backwards to supply unsurpassed quality and services to them.

We are working with progressive suppliers to develop proprietary and branded products to have something unique and valuable to offer our customers.

We have upgraded our computers and information technology, giving our staff the tools they need to be effective in today's 24/7 world.

And we are investing in our



people. We have upgraded many of our financial and operations people to give us the best information possible, and we have added logistics people to our operations team who can bring our customer services to even higher levels. As my brother is fond to say, "If you put the best people on the bus, the bus will drive itself." He is absolutely correct, and we have some of the best!

So will 2008 be another year of change at Weston? Absolutely. But we are ready for it. We have the plan, we have the team, and we look forward to continued growth in all of our companies.

We wish all of our friends in this industry health, happiness and prosperity, and we look forward to working with you again in 2008.

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