

Winter 2007

#### Headquarters

The Collins Companies  
1618 SW First Avenue  
Suite 500  
Portland, Oregon 97201

#### Sawmills and Forest Lands

Chester, California  
Kane, Pennsylvania  
Lakeview, Oregon  
Richwood, West Virginia

#### Engineered Products

Klamath Falls, Oregon

#### Retail Yards

Chester, Chico, Oroville and  
Paradise, California

[www.CollinsWood.com](http://www.CollinsWood.com)



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## Insights: Changes and Challenges

The holiday season is behind us. Winter is on us. The markets for our products are receding. Change is everywhere in the air. Because our businesses each involve wood products, we are accustomed to change. At the moment, the housing industry has gone very soft and that directly affects each and every one of us. A downturn in housing was not unexpected. For the last several years our goal has been to get prepared to absorb the next decline. We have learned how to maximize our talents. We have recognized how important communication is in finding ways to improve what we do. We listen better, hear more, and are beginning to act on it. We have realized how important every job is if we are to maintain and enhance our competitiveness.

To that end, we have made significant investments in improving our facilities by upgrading machinery, revamping operating systems, and increasing our mills' capabilities. We accomplished this by becoming better at building more open and honest relationships between employees and management. We understand that to improve we must accept and seek change. And, with each change comes the justified pride that we can do it.

As expected, our successes will be challenged by our competitors. They always are. We have gained a lot of momentum. While I can't ask machines or trees, buildings, or mills, to rise to the occasion, I can,

and am, asking you to. We have *"Done the Right Thing"* and it has rewarded us with remarkable improvements in every phase of our operations. For that, I thank you and thank you again. Your skills and dedication have paid off. We are now in the midst of *"Doing the Right Thing"* which means we have to continue to get better day-by-day. So while we revel in our past achievements, let's dig in our heels for our current challenges and know that we can meet the future with ingenuity, skill, and a continuing passion for working together.

As always... Carry on!

My good wishes for you and yours in 2007,

– Eric Schooler  
President / CEO



# Lakeview — Natural & Man-Made Acts

On the man-made side, we've shifted our work schedules to accommodate a shortage of logs east of the Cascade Mountains. On July 5, the sawmill went to a 60-hour work schedule instead of an 80-hour, 2-shift schedule. Individual employees now work a 40 hour-week, but the department works 6 days (Monday through Saturday). Individual employees get 3 days off per week, but not always consecutive days, and they work 2 Saturdays out of each 4-week rotation. So far, the new schedule has been well-received.

On the natural-act side of things, fire certainly took center stage. On July 11, the Fremont section of our company lands experienced a camper-caused fire that eventually burned about 120 acres. Unfortunately, we had

strong, gusty winds that fanned the flames and caused the fire to grow in a short time. The multi-agency crews responded, including several fixed-wing planes and helicopters that dropped fire retardant and water. Our own logging and mill crews also responded, providing CATs and drivers who quickly lined the fire, allowing the agency crews to contain the fire and put out hot spots. We want to specifically recognize our logging personnel, Ray Harlan, Bob Carlon, Sr., Bob Carlon, Jr., and Dave Holgate; our sawmill employees, Dee Brown, Doug Fairclo, and I.L. Pruitt for their special efforts; in addition to the Resource Group, Paul Harlan, Lee Fledderjohann,

Gary Johnson, Travis Erickson, and Trevor McConchie. Thank you one and all for protecting our forests.

We had a second fire on the Modoc portion of our lands on August 7, which was caused by lightning. Lucky for us, it was small and quickly contained.

Not to be outdone by changing schedules and fire, we also want to recognize Rick Strubel, Planer Leadman, who achieved 25 years of service on June 2, 2006. He joins a select group of 10 employees who have 25 or more years of service on this site.

In keeping with our commitment to the environment, we have decommissioned a solid waste landfill on our property that we inherited from previous owners. While Collins never used it, we still wanted to clean it up and revert the property back to a forested glade, leaving a minimal impact on the earth, which is as much a part of our business philosophy as managing a sustainable forest. Maybe that's why Greenpeace toured the Lakeview Forest with Sealaska to look at the possibility of going through FSC-certification for their tribal timberlands. The idea of sustainable forestry is catching on.

– Lee Fledderjohann, *Resource Manager*  
Kerry Hart, *Manager*  
Lakeview Sawmill  
Lakeview, Oregon

# Back to the Future

I'd like to believe that we all take pride in our association with The Collins Companies and the role we play individually. But too often we only see our place as here and now in the workings of a relatively large company. We're busy concentrating on getting the trucks unloaded; ensuring that last night's maintenance was done correctly, so it will start without a problem in the morning; getting the invoice right on the shipment; monitoring the stack outputs; making the correct decision on when to start conditioning the kiln charge; purchasing a shipment of banding; getting the railroad to respond to our request; helping an employee with a benefit question; or laying out a cutting unit. These are all important to the ongoing operation and the safe and efficient execution of our collective jobs at Collins.

But have you ever stepped back and realized the role you play historically in this company? On a daily basis we create products that help perpetuate the business into the future. For example, the Kane sawmill designed and installed a linear scanning combination gang edger that is curve sawing and is the first in the country to be configured this way. That design will be a part of history and our people helped to make it happen. When we bought Collins Products, it was a bold, new step for The Collins Companies, adding panel manufacturing and 400 employees who have helped make it a success.

What we do today will become tomorrow's history. It lays the foundation for future decisions and enables the company to respond to change in a positive way.

This year we made history in West Virginia. Not only did we successfully purchase the Richwood facility in 2005, but this summer we purchased our first Collins timberlands in West Virginia! Though 130 acres does not qualify us as a large landowner, it is

the start of our Collins West Virginia Forest (CWVF). It joins the 126,000 acres of Collins Pennsylvania Forest (CPF), 94,000 acres of Collins Almanor Forest (CAF), and the 78,000 acres of the Collins Lakeview Forest (CLF). So the Richwood Resource staff made history in 2006. Congratulations!

Our credo in the forestry division helps define all of our forestlands.

*The overall goal is to manage the forest in such a way as to increase and maximize the sustainable growth of the timber resource and the financial return to the owners, while maintaining and enhancing all of the other forest values, including wildlife, aesthetics, clean water, soil productivity, and recreation. This should be accomplished without forfeiting any potential opportunities for future managers or generations of owners.*

What is most important is the last point of the credo — keeping the options open for future generations. This last year we celebrated a 150 years of the Collins family in the forest products business. It is a legacy of entrepreneurship, stewardship, and commitment to employees, family, and communities. It is what has set us apart from others in our industry.

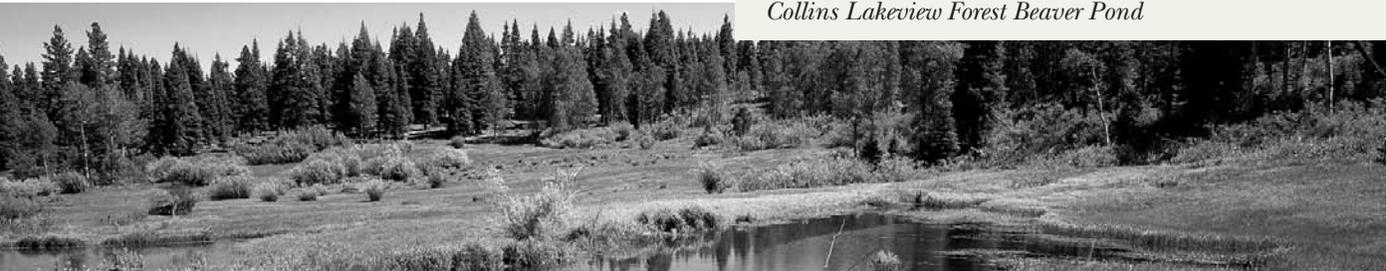
Every day we make history at Collins. The Resource staff recognizes the tremendous responsibility that Collins has entrusted to us. We are shaping the future and sustaining the resources, while providing for material and financial returns. Others will deal with what we have done and take our decisions forward. Our decisions, our direction, and our relationships are shaping the next 150 years.

May we do it with passion, intelligence, and heart.

– Paul Harlan, *Vice President*  
Resources



Collins Lakeview Forest fire



Collins Lakeview Forest Beaver Pond

## HARDWOOD

### Kane — High Fives

... to the men of the boiler. Money saved. Energy saved. Water saved. It all started in 1974, when the original boiler was installed to heat the kilns. In the early years, all the debris from producing lumber went directly to the silo for fueling the fires. Being a mixture of bark (the biggest culprit), sawdust, and chips made it a challenge to burn because of the moisture content, especially in the winter months.

*“Denny has gone out of his way to make the boiler more efficient and user friendly.”*

– Connie Grenz

By the late 1980s, early 1990s, change was in the air. A sawdust trailer station was built, so that loads could be sold for a profit. Then a bark station was constructed that made it possible to load two trailers a day. And what do you know, another money maker was born. Today, our main fuel used in the boiler is roughly 90% sawdust. And thanks for that goes to Bruce Duncan, who drew up the designs for these stations.

Then there was the water usage. In the early years it ranged from 25,000 to 27,000 gallons per day. The boiler heats the sawmill building besides the kilns. Imagine

what the gas bill would be today! Enter Denny Anderson and his ideas that turned out to be real gems. First an altitude value was reconstructed so that the water level to a 250,000 gallon storage tank could be monitored. Add to that a deaerator tank to prevent water overflow and... beat the drums... we were able to reduce water usage from 27,000 gallons per day to 6,000 gallons per day. That’s what I call dramatic savings on our water bill. And since the amount of chemicals used is based on water usage, another significant savings has been realized.

But why stop there? Denny has plans that will make the draft air system operate up to its capabilities. This will lessen the amount of sawdust required, which in turn means we can sell more sawdust.

Our maintenance crew also deserves credit for their input and skill. I recently had the pleasure of seeing Don Morris work wonders by fine tuning feed controls and sensors. His sidekick, Don Micheau, is no slouch either when it comes to wielding a wrench.

– Connie Grenz, *Manager*  
Kane Hardwood  
Kane, Pennsylvania

## Richwood — Stepping Up

It’s capital improvement time at Richwood Sawmill in Richwood, West Virginia. We’ve completed a lean-to storage shed for dry lumber and our new kilns are up and running. But with every new piece of equipment, there’s a steep learning curve. For example, the twin-horizontal resaw is a new operation that takes a healthy bit of know-how to master, as does our new tagging

machine. New operations aside, we’d also like to welcome our new timber accountant, Mark Frontino.

– Ernest Lake, *Plant Manager*  
Richwood Hardwood  
Richwood, West Virginia

*Bob Hourigan (Sales Manager), Ernest Lake (Richwood Plant Manager), and driver picking up the first load at Richwood under Collins ownership*



## ENGINEERED WOOD

### Klamath Falls — Good Works and a Little Play

Let’s start with the play part. One hundred and thirty-one employees took to the golf links at Shield Crest Golf Course on July 15 for a Best Ball Scramble. There were 59 employees, 33 family members, and 39 vendors who putted, pitched, and drove their way through 18 pretty-much-fun holes according to Todd Laitinen, Chairperson. The winners were: Mike Negrevski, Jim Sargent, Jim Anderson, and Terry Melgares.

Now onto the good works part. We’ve been pretty relentless in addressing ways to reduce negative impacts on the environment while increasing productivity. Two recent examples tell the story. We’ve installed a regenerative catalytic oxidizer in the hardboard plant. It’s connected to the bake oven and the humidifier, and its job is to clean up the air before being released. A just completed test shows a 95% to 98% destruction of the pollution. In addition, we are now taking the hot air and using it to heat the fiber dryers, which reduces the amount of heat necessary for the dryers. Before, the heat only came from steam.

Then there’s the new loader/unloader hydraulic on the particleboard press, whose benefits have really exceeded

expectations. The 14 opening loader saves energy and runs faster and smoother.

Good works also extend from machinery to personnel. In this case, summer hires, interns, and scholarship winners. We hired fourteen college students this past summer and hope we were able to put a little money in their pockets for the school year. In addition, four interns from the Oregon Institute of Technology and Klamath Community College came on board. Three were students majoring in mechanical engineering and one in management/accounting. They’ve done a great job and have been a real help to the company. Joining this group of students was Corey McBain, a mechanical engineering major at Montana State University. Corey won the \$5,000 Robert E. Dougherty Educational Foundation Scholarship from the Composite Panel Association. Corey’s father, Quitin McBain, is the maintenance superintendent for our hardboard division.

– Suzie Galloway, Todd Wilson, Todd Laitinen  
Collins Products  
Klamath Falls, Oregon

## SOFTWOOD

### Chester — Raising the Bar

The good news... we’ve gone 315 days without a lost-time injury. And in July, we celebrated with a safety BBQ on the front lawn. Nancy Helseth was down here flipping pancakes for the overnight crew, and the day crew was content with brautwurst and hamburgers.

We also took time to honor Pete Frelich, who started with us in 1970 and has just retired as headrig sawyer. I’ll tell you something — if I could clone him, I would.

And just so you don’t get the idea that all we do down here is celebrate — we’ve also been breaking production records. In one day, in July, we ran 743,000 board feet of white fir through the sawmill on two shifts. The planer set it’s own record running 840,000 board feet in a single day.

So we’ve got safety records and production records, and for all of that I say thank you! But I also want to thank the sawmill and planer crews who had to change their

working hours in order to maximize electricity during PG&E’s peak periods. It’s been no easy deal, but everyone pitched in and we got it done.

– Mike Zojonc, *Manager*  
Chester Sawmill  
Chester, California

*Blowing up balloons for the Chester picnic. Galen Smith (standing with two balloons), little girl is Eva Steffen, Kyle Simpson, Craig Wiser in back.*



# MARKETING & SALES

## The Tao of Logos and Names

During our long history we have assimilated a number of businesses in locations across the country. Because the names of these businesses had a strong affiliation with the employees and the community, we often left the existing names intact. But as we continued to grow, these disparate names confused our customers and wood product affiliates. Many were unaware that we were one company with a wide array of products.

To alleviate this problem, in the early 1990s, we “united” our various companies under one name: The Collins Companies. We developed a logo, a bract symbolizing a pine cone, that always accompanies that new name. But as all of you know, we continue to grow and that growth,

once again, necessitates change. Building on the name, The Collins Companies, we have created divisional titles based on product segments and brands that will, once again, reinforce the name Collins.

To aid in recognition, the bract logo will accompany these new titles except for TruWood, which is already a registered trademark.

Some of these logos, brands, and titles will start to show up on such items as stationery, advertisements, business cards, documents from LumberTrack, etc. They will be phased in with consideration for economies and effectiveness.

There is an additional change that also will help us consolidate our name to our customers. Collins Pine Company, which has represented the company since the late-1940s, has been replaced to better reflect our hardwood and softwood lines and to allow our mills to carry the name of the communities where they are located.

The existing and new names for our divisions are:

- **Chester Sawmill**
- **Lakeview Sawmill**
- **Richwood Hardwood**
- **Kane Hardwood**
- **Collins Products**
- **Collins Builders Supply**

Our existing “legal” entities will remain unchanged and be used as needed. This effort of building a unified market identity is oriented primarily toward our customers to create the image of a single company serving all their wood product’s needs.

– Lee Richardson, *Vice President*  
Marketing & Sales



### Legal Companies



### Divisions



### Product Lines



# ENERGY

## Blowin' in the Wind

*"How many times must a man turn his head and pretend he just doesn't see. The answer my friend, is blowin' in the wind..."*

Bob Dylan and Peter, Paul & Mary aside — the answer really is – blowin' in the wind. Today, wind power is the darling of the renewable energy markets. It's low cost to produce, releases no emissions into the atmosphere, and is, well, plentiful. Many states have adopted renewable portfolio standards (RPS), which mandates a specific percentage of renewable power being purchased by the state's utilities, by a set date. The types of power generation that are considered renewable, include wind power, biomass, solar, and geothermal. The hope is to replace power that is generated by fossil fuels, such as coal and petroleum-based products which create emission problems.

Pennsylvania has adopted an RPS that sets an 18% renewable power goal by 2020. If the standard is not met, the power companies would pay a hefty fine and face embarrassing publicity. This seems like a huge task for a state in which the power base is almost exclusively derived from coal. Our Collins Pennsylvania Forest is poised to become a leading player in this exciting rush to renewable energy technology. We are the largest privately-held landowner in Pennsylvania, so our forest manager, Blaine Puller, spends much of his time answering inquiries from potential wind power developers.

Aided by GIS forester Mike Hancharik, we've identified four potential wind farm sites on our property in Potter and McKean Counties and are negotiating long-term leases for development. A typical site would be a high ridge at 2000' elevation or higher, within 10 miles of a transmission line. The site must be large enough to place a minimum of twenty 1.5 MW turbines to make it economically feasible to operate. While the average wind farm has capacity in the 30MW to 50MW range, we've identified one site in Potter County that has a potential capacity of 100MW with transmission nearby

and a footprint of less than 1/2 acre per turbine. The impact on the forest is minimal.

The successful site should have a minimum wind velocity of 15 mph for a minimum of 30% of the time, measured at 120 meters above ground level. Local meteorological data is consulted to identify prime areas, then a meteorological tower (MET tower) is installed for a minimum of one year to ascertain the specific wind site attributes. If this meets the developer's standards, a lease is entered into for the installation of the wind turbines. Revenue is generated by the landowner from lease and royalty payments and, in our case, could result in substantial non-timber revenue which would subsidize our forestry operations.

We are dealing with two major wind power developers and have access agreements for MET towers in Pennsylvania and Oregon. Unfortunately, the meteorological data for our Collins Almanor Forest in California doesn't look promising for the existing windpower technology currently in commercial use. I think we can anticipate that construction of the wind farms in the Collins Pennsylvania Forest will begin in 2007 and continue for the next several years. In the Collins Lakeview Forest the decisions to build will be more difficult as the proposed site is composed of Collins and USFS ownership and strict regulatory issues will have to be resolved.

With the addition of windpower to our current Collins portfolio of biomass power, oil, and gas partnerships, the energy business becomes a strong and growing complement to our wood products business.

– Wade Mosby, *Senior Vice President*  
The Collins Companies

# INFORMATION TECHNOLOGIES

## Up the Down Staircase

There are several things going on with IT at each location, but the one that seems to have been generating a lot of questions recently is the new phone system. Below are just a few of the highlights.

### Okay – What are the Facts?

1. We have new Shoretel voice over IP PBXs (phone systems) in Portland, Klamath Falls, Kane, and Richwood.
2. Shoretel can use the internet to make free long distance calls.

### Here's the Good News

1. Calls to and from any of the Shoretel sites are free, including long distance calls. For an example: Let's say I'm in my office in Kane, Pennsylvania and I want to call a vendor in Portland, Oregon. The PBX will use the internet to connect Kane's PBX to Portland's PBX and it will place the local (free) call from there.
2. All other (outside) calls will be placed on high quality digital lines.

### Then the Kinda' Ugly News

Because these free calls use the Internet to "carry" the call, the quality of the connection can be a little like your cell phone, which means - well, you know what it means.

### Now the Bad News

Extension numbers at our locations in Portland, Kane, and Richwood have changed. This is due to the fact that we were running out of three digit options. When the next location is added, we will be forced to go to four digits for internal calls thus requiring the internal numbers for all locations to change ...again.

### Next the Details

For the locations using Shoretel, you can dial by name. Enter the name into the Shoretel Call manager or by pressing the directory button on the phone, then entering the person's first or last name. The call manager will get information

from the company contact list and your personal contacts.

All four Shoretel locations are tied together, so if you dial the main number for Portland, then enter a three digit number for a user in Richwood at the greeting, you will be connected to that extension. This can be confusing to a caller who dials a local plant but is connected to a user at another state.

### Kane

The main number is 814.837.6941. For those who have a direct number, it is: 814.837.0 + their 3-digit extension number. Their 3-digit extension is 1 + the old extension number.

### Richwood

The main number is 304.846.2504. Their direct numbers are 304.846.4 + their 3-digit extension number for extensions 180 through 189.

### Klamath Falls

The main number is 541.884.2241. Extensions are the last 3 numbers of the direct number. For direct dialing, dial 885.3xxx for extension 200 to 399 and 885.4xxx for extensions 800 to 899. For extensions without direct numbers, you must call 541.884.2241 then enter the 3-digit extension number.

### Portland

The main number is 503.417.7755. Three digit extensions are 6 + the last two digits of their direct number.

### Chester and Lakeview

Each location has a few Shoretel extensions with limited capabilities to save on long distance.

### Still Confused?

Check with your local IT person or watch for a Shoretel lunch and learn at your location.

– Steve Stilwell, *Director of Information Technology*



**Cassie Dog**

For those of you who've seen the company brochure, you'll recall a photograph of now retired forest manager, Bill Howe, measuring a tree. Looking on with avid interest is his beloved dog, Cassie. Bill recently emailed us with the news of Cassie's passing with the note, "I buried her near the tree that she helped make known to the certified wood industry." RIP Cassie.

**Our History**

If you haven't picked up your copy of The Collins Story, a 150-year history of the company, the family, and the employees, then get on your horses and get one. Knowing who we are, where we came from, and the values that got us here is the best advice you'll ever get about where we're going. Every office has books — just ask your manager.

**Collins Pine Museum**

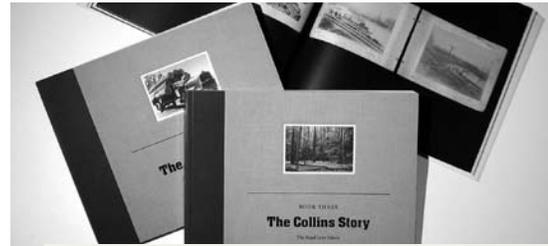
Memorial Day of 2007 will be the opening of the Collins Pine Museum, in Chester. The project, and the dream, are the inspiration of Terry Collins. "The purpose is to develop an outdoor display of restored trucks and equipment from the early years of the Chester operation and to construct a museum building inspired by the shape of the original Chester sawmill built in 1942-43. But I also wanted something else. I wanted the museum to highlight issues concerning forestry today and what role forestry can play in the overall health of the community, the economy, and the earth," remarked Terry.

**Greening**

Collins Products has recently been approved and accepted into the Composite Panel Association's (CPA) Environmentally Preferable Product Specification 2-06 program on our industrial particleboard production. The recent CPA certification demonstrates that Collins Pine Particleboard uses 100% recycled material as its fiber source; voluntarily maintains formaldehyde emissions below 0.20 parts per million; and agrees to quarterly fiber source audits and monthly emission audits. Great job everyone!



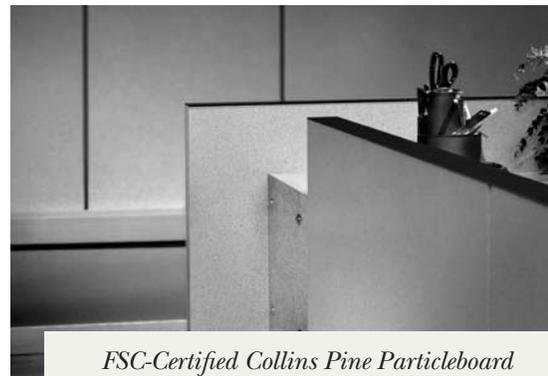
*Bill Howe measuring growth with Cassie*



*Three volume history of The Collins Companies, family, and employees*



*Collins Pine Museum in Chester, CA*



*FSC-Certified Collins Pine Particleboard was used in the City of Portland Office of Sustainable Development*

**Doing the Right Thing**

Every day, in all our locations, people are making the choice to do the right thing. Sometimes it's the extra effort to do a good job, sometimes it's bucking old habits, and sometimes it's taking a problem and turning it into a solution (the lemons into lemonade story). Here is just one, of many, examples. And for all those I don't have room to mention – thank you for your commitment to excellence in every job, in every way.

**Derailed in Klamath Falls**

On Saturday, April 8, several cars from the particleboard operation derailed on our plant site. Steve Coleman, Steve Fisher, Jim Nolan, Dave Keeney, Bob White, Craig Hays, Nat Garlitz, and Scott Revis came in on Saturday and gave up their weekend in an effort to get the material off the cars, so the railroad could get the cars back on the track. This is a great example of working as a team to provide stellar customer service. If we had waited until Monday, the customers would have been delayed another two days or more in the fulfillment cycle. Thanks to the particleboard team. Great effort!!

– Nancy Helseth, *Vice President*  
Human Resources

**RETAIL**

*Builder's Supply — Who's on First?*

We pride ourselves on outstanding customer service and quality products at a competitive price. We're not the biggest around or the smallest, but we may very well try the hardest. I recently received a letter from one of our customers in Chester. The letter indicated how difficult this customer's order was because it was changed five times. The letter went on to say how our team took the time to make sure they got each change-order correct, and when the order was finally shipped, that it was also correct. The customer commented on how nice and friendly our driver was and how he took extra time to put the order exactly where the customer wanted it. Because of this, they assured me they would definitely be a repeat customer and will suggest our store to their friends.

Who said kindness doesn't count? A fool to be sure. Our customers always come first.

– Art Thomas, *General Manager*  
Builder's Supply



*Roger Ruiz, lead person in the finishing department of the hardboard plant*

## FAMILY

### *What's Happening with the Collins Family?*

The fourth generation has now taken the helm of The Collins Companies and The Collins Foundation. At 87 years young, Maribeth Collins decided it was time to pass the torch to her children. Cheri Collins Smith is now the chair of the board of The Collins Companies; Truman W. Collins, Jr. is president of The Collins Foundation; and Terry Collins is president of the family's timberland companies and is currently building a Collins forestry museum in Chester, California.

And if you're wondering about the fifth generation, they've got their hearts in the company, too. Terry's son, Craig, has worked summers in Kane. Cheri's daughter, Alayna, spent this past summer working in Human Resources in Portland and last summer in the Chester office. And Galen, Cheri's son, is currently working in Chester.

And Maribeth? Don't kid yourself. She remains active on the board of The Collins Foundation and continues to attend the company's quarterly meetings. Not exactly retired, just passing a few torches.



*Maribeth Collins at the two billionth board foot celebration in Chester, CA*



*From left to right: Tim, Cheri, Truman, and Terry Collins (children of Maribeth and Truman W. Collins)*



*Collins Family Reunion (photo circa 2002)*