

SPRING 1998



The Collins Companies



Collins Pine Company  
Forest & Mill • Chester, California  
Headquarters • Portland, Oregon  
Collins Resources International  
Portland, Oregon



Kane Hardwood  
Kane, Pennsylvania



Collins Products, L.L.C.  
Klamath Falls, Oregon



Ostrander Resources  
Fremont Sawmill  
Lakeview, Oregon



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## Our Journey to Sustainability

**T**he forest products industry continues to be in an unusual state. Wood usage in the United States was at a near record level in 1997 at a little over 52 billion board feet of lumber. Despite the strong housing market, a strong repair and remodeling market, and limited timber resources in the Northwest, prices could not hold any increased level. This stable-to-declining price structure came about because of:

1. increased production in the South,
2. increased imports from Canada and other countries,
3. increased substitutions of other products such as composites and non-wood items.

In addition to these market impacts, we have also suffered both from the continuing railroad debacle - which has delayed shipments and caused extra cost in trucking to selected markets - and the effects of the El Niño phenomenon on the California markets.

On the composite panel front, oriented strand board (OSB) continues to push structural sheathing prices downward for plywood. There is excess capacity in the world for the production of medium density fiberboard (MDF) and particleboard. Our particleboard plant is holding its own in spite of these competitive markets. We are doing so by producing a high quality product out of a very high percentage of pine. Additionally, we are operating the plant at record efficiencies.

At a recent management meeting we initiated the concept of a quarterly award, voted on by the top management of the company for the purpose of recognizing positive contributions to the success of the

business. The first Corporate Award for Positive Actions (CAPA) resulted in a tie and is awarded jointly to the Particleboard Plant and to Kent Goodyear, Sales Manager, and his group. The Particleboard Plant was chosen for hard work and diligence in completing a combination of capital investments on time and under budget. Kent is being recognized for rapidly pulling together an experienced and effective sales team in Portland for the softwood lumber and plywood segments of our business. We plan to make this a quarterly recognition program, and it can go to teams or individuals depending upon the significance of the actions.

Our sales of Certified Sustainable CollinsWood continue to increase, particularly in hardwood lumber from Pennsylvania. As you will read later in this newsletter, our timberland in the Lakeview, Oregon area has now been certified as a Well-Managed Forest.

We continue to enhance our recognition as the leaders in sustainable forest products through our emphasis on our forest stewardship, our business integrity, and our commitment to quality products. The Journey to Sustainability program and a continuing focus on efficiency are also key aspects of this corporate culture.

**“We continue to enhance our recognition as the leaders in sustainable forest products”**

James E. Quinn  
President / CEO

## KANE

### The Hardwood Side of CollinsWood®

The Kane Team has been working very hard during the past year to make CollinsWood a success, as well as expand the awareness of FSC certified wood in general. After analysis, we now focus on three tactical areas:

- Architects and designers.
- Small to medium furniture manufacturers.
- Purchasing agents who can specify wood in items they buy (government agencies, universities, institutions, commercial designers).

Only one of these tactical areas directly purchases or uses lumber—the type of wood we sell. The other two do not take delivery on wood, but they do issue specifications. And the power of specification is that it directs the process; it literally creates pull-through demand for CollinsWood.

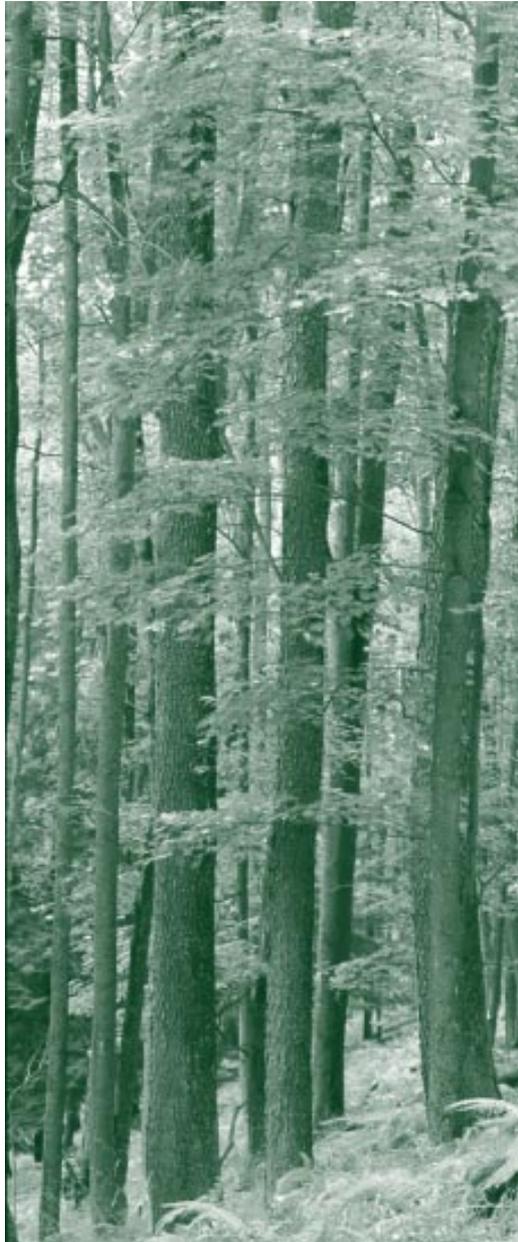
1997 was a year of learning (for ourselves), teaching (for external organizations), and building alliances. We started gaining momentum at the end of the year

with the addition of several new customers. We discovered that we need to continue to work with customers to help them sell FSC certified wood products. They must see a benefit for their business from using CollinsWood. That benefit, coupled with the nature of small manufacturers and low market exposure for certified wood, has led us to create a brand identity for [CollinsWood,] including our logo, the FSC logo, and some descriptive phrases of our philosophies as marketing tools. We now have CollinsWood hang tags and a video designed to help our customers sell their products *and* create market awareness for CollinsWood.

A new tactic is the CollinsWood Awards. This process was created to offer an incentive for a small furniture craftsman to use

CollinsWood in an original design. Winners will be selected in five categories. These winners will receive a cash award and the Collins Companies' commitment to help market their designs. The thought is simple – if we help them sell, they will use our wood. As they grow, our business grows.

This is all part of finding appropriate markets that value CollinsWood. To carry it further, it is not just the value of the product but the value of the story – our commitment to building a sustainable society. And we are progressing to that goal with our customers' help.



## CHESTER

Some exciting things are happening in Chester. Along with the new opportunities for employees brought about by the recent changes (see Personnel Perspectives section), we have some major physical plant improvements that will have dramatic impact on the operation.

The week of March 23<sup>rd</sup> saw the installation of the Newnes optimizer scanner, replacing the USNR scanner. The installation went very well, started up on schedule, and has exceeded expectations. We are seeing increased production, but more importantly, increased recovery. As in our forestry operations, we again see the benefits of efficiencies making the most of our resources/raw materials.

Also, the powerhouse economizer came back on line and the turbine was inspected. As a result, we will see increased efficiency and improved performance and recovery. Less fuel consumption, more consistent steam for the kilns, and more steam available to the turbine – all fit in with our credo of responsible conversion of our forest products.

Two important improvements and lots of people excited about the possibilities and the future – strong candidates for the Corporate Award for Positive Action (CAPA) !

## LAKEVIEW

In March 1998, the forest lands in Lakeview (Collins Lakeview Forest) were certified by Scientific Certification Systems (SCS) and join the Collins Almanor Forest (CAF) and the Collins Pennsylvania Forest (CPF) as being a “Well-Managed Forest”. Five years after certification was started on the Collins Almanor Forest, all of the three major landholdings have been certified.

This certification process has given us two important items: 1.) an independent audit of our management practices and 2.) the ability to produce certified “CollinsWood” from the raw materials in our forest.

The audit commends us on our long-term focus on our resource, our efficient recovery during the processing functions, and our long-standing commitment to our employees and the community. Additionally, it pointed out a need for better information about our forest resources and a more detailed management plan to ensure our forests will continue to be sustainable.

## KLAMATH FALLS

### JTS (Journey to Sustainability) Bulletin

The JTS team is proud to announce the release of our new logo. With the number of entries, and the fact that we used a combination of ideas and help from a local graphic designer, and the JTS team had to unanimously agree on the chosen logo—it was a long process.

The new logo is a symbol and constant reminder of Collins Products’ commitment to the future of this company, our employees, our families, our community, and the environment.



### Certification What is it?

Certification of timberlands focuses on three key elements of the forest resource in a scientific and quantitative manner. This allows people both inside and outside of professional forest management circles to measure and compare differences in forest management systems. The three elements briefly are as follows:

1. Timber Resource Sustainability  
Being sure that we do not harvest more timber than we grow.
2. Forest Ecosystem Maintenance  
The non-timber aspects of the forest are considered. For example, are fish and wildlife habitats being protected?
3. Socio-Economic Considerations  
This aspect addresses the human interaction with the forest. Are the practices financially sustainable and do the practices help sustain the local community and economy?

# Personnel Perspectives

from Human Resources

## Corporate Calendar of Events

April 30

Management Meeting, Klamath Falls

May 1

Board of Directors Meeting, Klamath Falls

May 25

Memorial Day Holiday

July 3

Independence Day Holiday Observed

July 22

Board of Directors Meeting, Portland

July 23

Timber Owners Meeting, Portland

*“Even if you are on the right track, you’ll get run over if you just sit there.”*

—Will Rogers

## Management Group Changes

*February 1, 1998*

Larry Potts, previously VP General Manager at the Chester Division of Collins Pine Company became VP of Sustainable Resource Development. His mission will be to increase our involvement in developing additional certified sustainable forest resources in a wider geographical spectrum and take on an enlarged role in government and public sector liaison.

Paul Harlan, VP & General Manager of Fremont Sawmill was promoted VP, Western Lumber Operations. In this new position Paul will be responsible for the operations at both our Chester, California Division of Collins Pine Company and the Fremont Sawmill, Lakeview, Oregon Division of Ostrander Resources Company.

## Salaried People Changes

Bill Howe, Forest Manager in Chester, has announced his resignation effective April 3, 1998. Bill’s immediate plans are to do some work with his church on various needs that they have as well as stay involved with the Forest Stewardship Council.

Aletha O’Kelley, previously assisting the Human Resources and Accounting departments, assumed the responsibilities for personnel and human resource functions in Chester as of March 23, 1998. Aletha will report to Paul Harlan, VP Western Lumber Operations with an indirect reporting relationship to Murf Karns, HR Manager in Klamath Falls.

Frank Lastinger, a 20+ year veteran at Chester, will be moving on at the end of April, 1998. He found an opportunity with Wellons in the southeastern part of the United States, which is a “return back home” for him.

## Chester Promotions:

Bob Birdsall to Resource Supervisor

James Pilgrim to Production Supervisor, sawmill

Pierce “PJ” Ward to Production Supervisor, sawmill

Ron McCoy to QIP Supervisor

Marty Mason to Production Supervisor, planing mill

Dan Caldwell (a self taught computer “wiz”) to MIS Supervisor

Richard Corona to Supervisor at CP Specialties

Eric O’Kelley and Lorreen Anderson join the salaried forestry staff

## Klamath Falls:

*Plywood* went to 2 shifts at the lathe, 3 shifts on the dryer, and 2 shifts on the lay-up line, affecting about 50 employees on lay off. The new shift configuration began April 6, 1998. Competition from OSB (Oriented Strand Board) played a big part in this decision.

## Accounting:

Vickie Francisco, payroll, left us March 31, 1998.

In her place is Debbie Scott who previously handled Accounts Payable. Pat Taylor will assume the Accounts Payable responsibilities.

## Hardboard:

Kevin Platte, our technical director, is off on an adventure to manage a mill in Australia and left us April 8, 1998.

## New employees in Portland

Trina Berger - Corporate Receptionist

Bryan Anderson - Accountant

Greg Shroyer - Assistant Controller

## Imagine...

- A marathon run
- 600 miles
- a runner
- in *galoshes & overalls*
- who is 62 years old
- and beat the best runner by a day & a half!

No one told him he was supposed to *sleep!*

His name was Cliff Young, an Australian runner.

*The moral:* Beliefs can be self-limiting; expand your comfort zone; look where you want to go and hold that image – even when difficulty surrounds you.