

SUMMER 2007

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Timber Products' particleboard plant in Medford, Ore., has achieved Environmentally Preferred Product status from the Composite Panel Association.

Green Building a Golden Opportunity for New Wood Products

Experts say green movement has plenty of room for growth

If you think everyone knows about the green building movement, think again. A recent survey by Wood & Wood Products magazine found that only 45 percent of respondents were familiar with the LEED® program.

Not surprising, say most experts. Although the term "green" seems to be everywhere these days, many of the leading wood products trade associations agree that green building is still in its infancy stage.

"The interest in green building is growing. So far as the market for kitchen cabinets and bathroom vanities is concerned, 'green' still is a niche market," said Dick Titus, Executive Vice President of the Kitchen Cabinet Manufacturers Association. "All indications are that the demand for green products is increasing and will continue to grow well into the future."

Marilyn LeMoine, Market Communications Director for APA-The Engineered Wood Association, agrees and says that legislation also is a big factor driving the green movement.

"More recently, green building has become a hot political topic, and requirements for green building are being legislated at municipal, state and federal levels," said LeMoine. "At the state level, 110 bills were introduced in 31 states this year."

While trends always come and go in the building products market, the rate of green building's rise has been unprecedented, say both Titus and LeMoine.

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Timber Products Company will officially announce and introduce its new GreenT product line at the upcoming 2007 AWFS Fair in Las Vegas, July 18 – 21. GreenT products are in direct response to many market factors, including the rapidly expanding green building movement.

GreenT products meet or exceed most wood related requirements of all major green building programs such as LEED. In addition, GreenT products were designed to meet or exceed federal regulatory standards for formaldehyde emissions as well as state emission requirements such as the recently adopted CARB rules in California (see accompanying story).

The roots of our commitment to the environment have been well entrenched in our corporate culture for decades. Timber Products Company has been a full member of the Sustainable Forestry Initiative®, or SFI, since that program's inception. As proud stewards of 118,000 acres of timberlands in northern California, we manage the entire eco system and harvest on a sustained yield basis. We took SFI to another level when Timber Products was the first company in the world to be certified to carry the SFI label on hardwood plywood and have since extended that commitment to our softwood plywood operations, softwood veneer mill, and to our particleboard manufacturing facility. The company is a Forest Stewardship Council (FSC) Chain of Custody certificate holder. In addition, we promote good forestry practices

worldwide through the strict standards and requirements we place on all wood products we procure and import from around the globe.



The heart of the GreenT product line is hardwood panel products:

GreenT™ Arreis™: Surpassing the most stringent emission standards in the world, GreenT Arreis Sustainable Design Fiberboard (SDF) core provides the same performance characteristics of standard MDF yet is produced with an innovative adhesive system and 100% post-industrial recycled wood fiber. GreenT Arreis hardwood panels are manufactured with an innovative resin.

GreenT™ Veneer Core: This product utilizes a cost-effective resin that delivers the highest performing characteristics in every category. It is CARB compliant and offers LEED credit support.

GreenT™ Particleboard Core: Offers the same excellent physical properties as our standard particleboard core panels, but with a special resin.

In addition to hardwood panels, the GreenT product line has been enhanced with these new products:

GreenT™ SpectraBoard: This hardwood face, decorative overlay back panel is extremely popular and a cost-effective solution for many woodworkers. The core is made from Arreis™ SDF or our innovative particleboard, and layed up with our innovative resin to meet the strict emission standards of the green building and regulatory sectors.

GreenT™ Decorative Overlays: The Spectrum Division of Timber Products manufactures decorative overlay panels using a wide variety of surfaces, including one to match most end use applications. These panels are all available under the GreenT product line.

GreenT™ Particleboard: A full line of raw particleboard made with an innovative resin.

GreenT™ Door Core: Our popular particleboard door core is now available with a special resin.

Talk to us about your green building or other special green needs. We have invested time and other resources to become knowledgeable about the issues, the programs, and the products that are a part of this ever expanding market.

Timber Products Well Positioned to Meet New CARB Regulations



For the past six years, the California Air Resources Board (CARB) has been deliberating over new formaldehyde emission rules for particleboard, MDF and hardwood plywood. Timber Products Company has been actively involved in this process since its inception, and on April 26, 2007, CARB voted to institute the strictest formaldehyde emissions regulations in the world. Already in this early stage, we have seen the impact on companies nationwide that do business in California.

The important message to our customers is that Timber Products has the resin and technology to

meet Phase I and II of the CARB requirements today. This includes hardwood plywood and decorative overlays with any substrate, and also raw particleboard. The physical properties of these products are the same as what you now receive. Our work going forward will focus on manufacturing efficiencies that will help reduce the additional resin costs of these products, most of which come at a higher cost than the standard urea formaldehyde used regularly today.

Our new GreenT product line meets Phase I and Phase II emission level requirements. We continue to work on developing lower-cost

manufacturing processes that will bring all of our products into Phase II compliance.

The CARB ruling includes several requirements for panel manufacturers, distributors, importers, OEMs, and retailers doing business in California. Enforcement of these new regulations will be challenging.

CARB has pledged to guarantee a rigorous and comprehensive enforcement process of both domestically produced products and imports to create a level playing field. CARB has also said it wants to work with the industry to develop methods to evaluate and test finished products

to insure compliance. In that regard, California customers may be contacted by CARB to assist in developing these methods.

In summary, Timber Products Company can provide customers with cost-effective products that meet the CARB rules. For more details on these requirements, contact your Timber Products Company sales representative. **T**



Door Core Joins GreenT™ Product Line

We have manufactured particleboard door core for flush doors as part of our product line for more than 30 years. When customers started talking to us about the burgeoning demand for green products, we went right to work on a door core product to meet their needs.

Manufacturing particleboard door core requires special techniques, processes, and raw materials. Making door core to meet special emission and resin requirements presented many unique technical challenges. Using all of our collective expertise and that of our resin suppliers, we have accomplished what we set out to do, mainly to produce a low emissions door core product. The product has been fully lab and field tested and has the same physical properties as our standard door core.

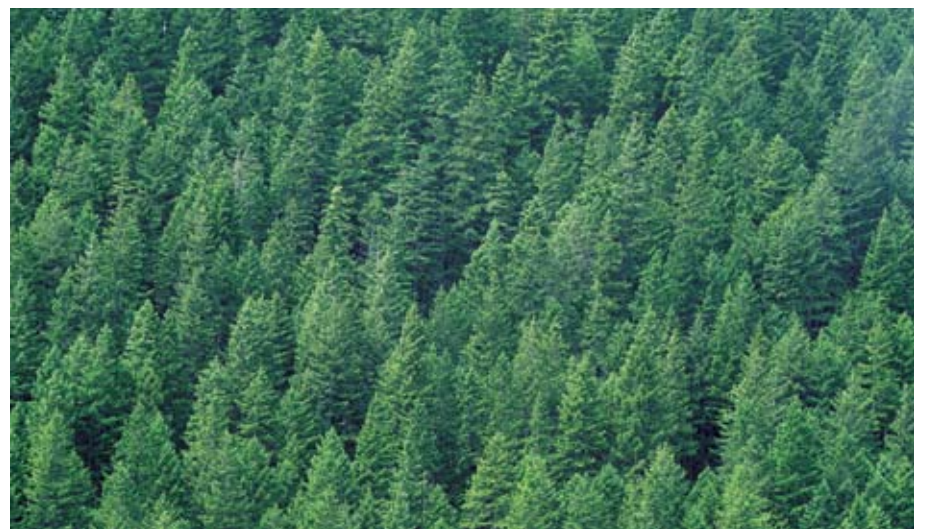
GreenT™ Door Core from Timber Products Company is now ready to be a part of your mix of products. **T**

Modern Forestry and Climate Change

From the California Forest Products Commission

Americans only have to look to our public and private forests when seeking ways to reduce the effects of carbon emissions, commonly called greenhouse gases, and climate change. Our working forests clear our air, keep our water clean, and are an important tool for addressing atmospheric carbon.

It's true that forests release varying amounts of carbon into the atmosphere through respiration, decay, and wildfire. However, the cycle of planting, growth, and harvesting can remove this carbon and more, while also providing society with needed wood products. Forests take care of their own emissions while offsetting emissions caused by others.



Forests remove carbon from the air. The process of storing carbon, or sequestration, is a natural by-product of tree growth. Through photosynthesis, trees absorb carbon from the atmosphere in their leaves, roots, and wood fiber, and release oxygen in the same process. Wood products continue to store the carbon for hundreds of years.

As a result of this natural process, our forests are closely allied with the issues surrounding global climate change. They can be used effectively and efficiently to lessen the effect of carbon emissions. **T**

Composite Panels Enter New Era

Particleboard and medium density fiberboard (MDF) have become increasingly viewed as commodity products, and today we are seeing these products priced and sold that way based on published prices, just like a 2 x 4. Buyers are placing less importance on what company makes these products. However, the composite panel industry is starting to implement some dramatic changes in both the products it manufactures and the markets it serves. The number of new products on the market is impressive, the number of uses is constantly expanding, and how these products go to market is very different than just a few years ago. The composite panel business is truly entering a new era.

At the top of the list of market dynamics affecting the composite panel business is everything related to the “greening” of the wood products industry. From the need to prove recycled content to lowering formaldehyde levels, particleboard and MDF are being re-engineered to meet the demands of green building programs like LEED, and industry certification programs such as the Environmental Stewardship Program of the Kitchen Cabinet Manufacturers Association (KCMA). Moreover, the Composite Panel Association (CPA), comprised of the industry’s leading manufacturers, anticipated this trend in 2001 when it developed the Environmentally Preferred Product (EPP) certification program. The end

result of the green phenomenon is an array of new sustainable specialty composite products on the market today that didn’t exist just a few years ago. Timber Products Company and our affiliate company, SierraPine Ltd., have led the industry in introducing new composite panel products to meet this surging demand.

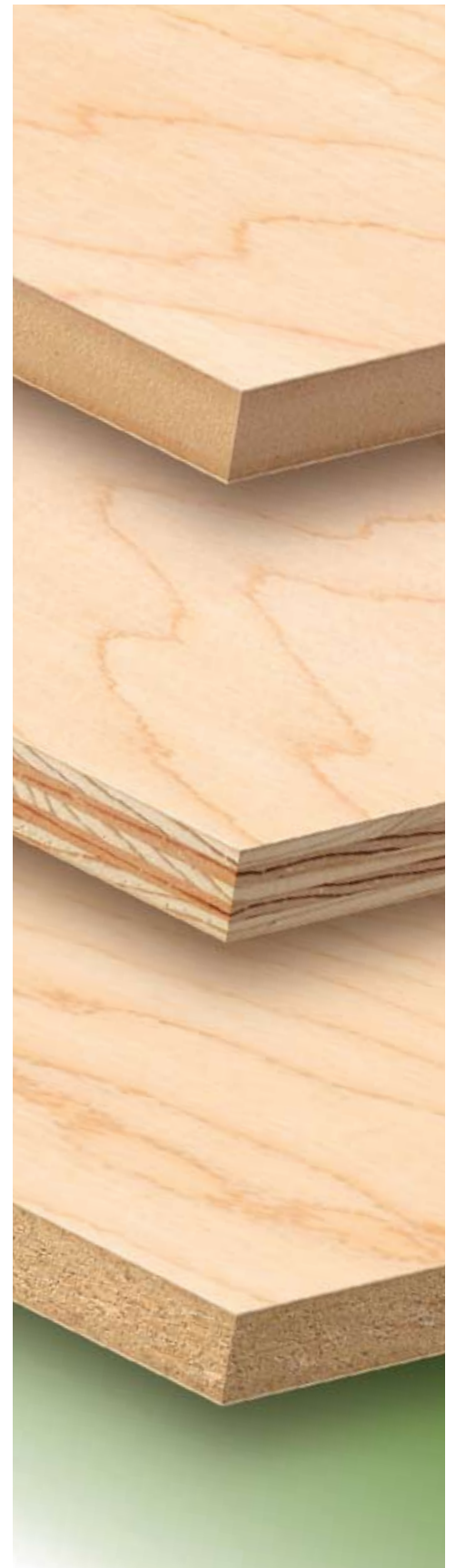
Another emerging trend is industry consolidation. “Big public companies have been selling particleboard and MDF plants,” stated Chris Leffel, Vice President, Sales & Marketing for SierraPine Ltd. “They have shifted their focus to manufacturing other more volatile wood products, like OSB and engineered lumber, where Wall Street likes the potential for higher profits. Manufacturing capacity has been consolidated into fewer companies, many of which are privately owned. Today’s total capacity has moved from being 80 percent in publicly traded companies to 20 percent.”

Raw material supply has also been redefined. Particleboard and MDF plants have traditionally secured raw material, commonly called furnish, from a variety of sources such as sawmills, veneer mills, and primary wood products manufacturers. With the shrinking and consolidation of this sector, along with the recent downturn in housing construction, the sheer total volume of furnish has declined. In addition, there are many new demands on furnish that

range from biomass, to pet bedding, to pellets for wood stoves. The end result is a general shortage of furnish. Depending on the location of the composite panel manufacturing facility and the time of year, the shortage ranges from mild to severe and many composite plants across North America are operating at less than full capacity due to raw material shortages.

New market dynamics for composite panels will also be affected by the recent rulings of the California Air Resources Board (CARB). This six year process concluded by legislating the toughest formaldehyde emission requirements for particleboard, MDF and hardwood plywood and will impact raw board, panels using composites as a component, and finished products such as cabinetry. While this regulation is limited to California, its impacts will be felt nationally due to the reach of this state’s huge economic impact. Other states are considering similar regulations.

The composite panel world is changing rapidly to meet new regulatory requirements, market demand for green products, and the challenge of raw material supply. Fortunately, Timber Products and SierraPine are well positioned to take advantage of these changing dynamics. 



FREE TRADE MUST BE FAIR TRADE

Timber Products Company Calls For Continued Investigation Into Unfair Trade Practices By Chinese Manufacturers

Timber Products Company, along with representatives of Oregon’s leading hardwood plywood manufacturing companies, appealed to U.S. government leaders in May to continue their ongoing investigation into unfair trade practices by Chinese hardwood plywood manufacturers.

Speaking before a Senate Field Hearing sponsored by Oregon Sen. Ron Wyden, Joe Gonyea, III, Chief Operating Officer of Timber Products Company, testified on the far-reaching and growing negative impact that under regulated imports from China is having on the U.S. hardwood plywood industry. He pointed to a number of issues stemming from unfair trade conditions, ranging from environmental to economic concerns.

“When it comes to the hardwood plywood business and China, the playing field is far from level and the competition is far from fair,” said Gonyea. “Statistics from the Department of Agriculture on imports of Chinese hardwood plywood offer glaring evidence of these inequities.”


In his testimony, Gonyea cited federal government statistics that show during the last four years, Chinese hardwood plywood has grown more than 1000 percent and now represents a staggering 54 percent of all such imports in the United States.

Gonyea pointed to direct subsidies provided by the Chinese government to hardwood plywood exporters allowing them to sell below cost,

as well as documented attempts to avoid tariffs. With substandard environmental and quality oversights, which include illegal logging, lack of controls on wood sourcing and manufacturing processes in addition to fraudulently labeled product, China’s practices “fly in the face of international trade rules,” said Gonyea.

Approximately 70 percent of all hardwood plywood manufacturers in North America are headquartered in Oregon, accounting for an estimated 2,600 employees. According to Gonyea, cheap, under regulated Chinese imports effectively cripple local companies that work to ensure a strong market for the sustainable wood products industry and promote sound environmental practices to

protect forest health. He also called upon consumers and retailers to buy local and support companies that adhere to sustainable forestry practices.

“The domestic hardwood plywood industry, like other North America wood products industries, is facing an onslaught of unfairly traded imports from China,” said Gonyea. “My primary message is that free trade must be fair trade. We at Timber Products can compete on a global scale. Just help us ensure that it is fair competition.” 

MEDFORD PARTICLEBOARD FACILITY ACHIEVES ENVIRONMENTALLY PREFERRED PRODUCT (EPP) STATUS

Timber Products Company is proud to announce that our particleboard plant in Medford, Oregon, has been approved for and accepted into the Composite Panel Association's Environmentally Preferable Product (EPP) specification 2-06 program. This designation covers our industrial particleboard, underlayment, and door core products.

Participation in this program reflects commitment to do the following:

- Strict adherence to using 100% recycled material as a fiber source
- Voluntarily maintaining formaldehyde emissions below .20 parts per million
- Performing quarterly fiber source audits
- Conducting monthly emissions audits

Achieving EPP status with particleboard production is another part of our ongoing commitment to the environment and determination to provide our customers with the products they demand in today's ever changing marketplace. 




In Memoriam – Larry Moore

It is with great sadness that we announce the passing of our longtime Timber Products family member, friend, and former partner, Larry Moore.

Larry was hired by Wil Gonyea in January, 1951 and was an advisor and confidante to three generations of the Gonyea family. He left his mark on us individually and as a company. Shortly before his retirement in March of 1998, Larry celebrated his 47th year with Timber Products Company. He developed, then managed, our Sales Division for more than 40 years, and was a mentor to many in our organization. Larry's legacy lives on in our able team today. We are grateful for Larry's many invaluable contributions. He will be missed.

Larry was the father of Gary Moore of TP Trucking division and uncle to Craig Smith of our Springfield Sales division.

Please remember Larry's sons, Steve, Gary, Doug, and Jeff and their families, and Craig Smith and his sister, Sheryl Lane, and their families in your thoughts and prayers. 



Come See us at AWFS!

The woodworking industry will be in Las Vegas July 18 – 21 for the 2007 AWFS Fair.

Drop by and see us:
**North Hall
Booth # 1238**

Our booth will feature the new GreenT™ line of panels that meet or exceed green building program and governmental requirements. Be sure you are fully informed about the exploding green trend going on in the industry today. Talk to us about how Timber Products Company can help you and your business take advantage of this market opportunity.


GREEN BUILDING A GOLDEN OPPORTUNITY

Continued from page 1

"We have seen a lot of attention directed to topics such as treated wood products, and construction systems for high wind, seismic and fire, but nothing with this kind of national focus on standards for green and sustainable building," said LeMoine.

"Green building is unique in the scope of its socio, economic and even political impact," said Titus. "I am aware of no building trend since post-World War II and urbanization that compares."

The current green building movement gives the wood products industry an ideal platform to showcase the environmental practices that have been standard procedure for decades, and to tout the fact that wood products are made from sustainable, renewable sources.

"Plywood and other engineered wood products are ideally suited for green building," said LeMoine. "Wood products come from a renewable resource and require less energy to manufacture than steel, aluminum or concrete." 

Learn more about
Timber Products Company's
tremendous resources.
Give us a call:

Springfield, Oregon: (800) 547-9520
Germantown, Tennessee: (800) 477-6195



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Timberline
is a publication for our
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and customers.

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