



hardwood HEADLINES

A Publication For Our Employees

WINTER 2005/2006

PRESIDENT'S MESSAGE

'T is the season your management team starts planning for the new year by reviewing budgets and strategic objectives. This year during the budget process, I have been reading a fascinating book entitled The World is Flat by Thomas Friedman. This book highlights the fundamental shift in business caused by the onslaught of globalization. Today's emerging economic producers like India and China are now players in the global supply chain. The convergence of technology, digitization, the internet and global capital is leveling the playing field. Globalization is making the entire world one marketplace. Anyone can plug and play. We are seeing imported lumber species and alternative products introduced into the American marketplace daily. How do we compete? Continuous improvement, empowering and training employees, and exploiting niche opportunities are some of our strategic goals. We are reinvesting profits and expanding our capabilities. This includes our recent yard acquisition in Crystal Spring, Pennsylvania, new plant equipment at White County Mouldings, warehouse expansions in Cleveland, Georgia and Alabama, kilns in Huntersville, and a new wood waste boiler for Atlanta. We are committed to long-term growth and a prosperous future. In this supercharged, highly competitive world, we must find a profitable niche. I am reminded of the African proverb. Every morning in Africa a gazelle wakes up. It knows it must run faster than the fastest lion or it will be killed. Every morning a lion wakes up. It knows it must outrun the slowest gazelle or it will starve to death. It doesn't matter whether you are a lion or a gazelle. When the sun comes up, you better start running.

Thanks for another tremendous year and your dedication and commitment to excellence. Godspeed my friends, and happy holidays to you and your family.

Jim Howard

Feature Articles

Employee Benefits	Page 2
2006 Holiday Schedule.....	Page 2
"A Tree Guy's Best Friends"	Page 3
2005 at a Glance.....	Page 4
"The Cookie Thief"	Page 5
Employee Recognition	Page 5
Safety Corner	Page 6

EMPLOYEE BENEFITS

by Carolyn Carlin

I want to start by thanking everyone who participated in the employee benefits survey in May. Several months ago, I initiated a committee made up of a representative from the lumber yard, distribution center and moulding/production side to help come up with improvements to our employee benefit package. Using feedback from the representatives and the employee surveys, we came up with some changes that will enhance what the Company already provides. Some of the changes include increasing the vacation accrual schedule, adding a floating holiday and adding more options to our insurance benefits. More specific information on the changes were handed out in our Town Hall meetings held at each location in December and will also be included in an updated Employee Handbook that will be distributed early in 2006.

The Company is renewing the group health insurance plan with United Healthcare for the 2006 plan year. The 2006 rates are increasing 8.5%, which is almost half of what the national insurance trends have risen in the past year. **Even with another increase again this year, the Company will still pay 100% of Employee Only health insurance for 2006 which equates to \$2,750 per employee per year.** We looked extensively at other health insurance providers during the renewal process this year. Our current plan with United Healthcare still offers the most coverage and broadest provider network to all of our locations.

The biggest change to our benefit package is a new Dental insurance plan. Our new carrier, GE Financial, has provided us with two plan options so that our employees can choose the plan that works best for them. One option is similar to our existing plan at a lower rate. The second option is more expensive but it does offer more coverage options on major dental services such as crowns and root canals.

The company will also continue to provide each employee with \$15,000 of Life Insurance coverage through GE Financial. Supplemental coverage is available for family dependents.

In addition to these changes, the yearly Flexible Spending account limit is increasing to \$3000. We have also elected to extend the Flexible Spending deadline for those participating in the plan through February of the following year. This means that employees have an extra two months each year to spend the money in their account. For those of you who are not participating in the FSA and would like to learn more about it, please let me know. It is a great way to set aside pre-tax income to use towards medical related expenses such as eye glasses, prescription and office visit copays, etc.

If anyone has any questions about your insurance, I can be reached at the Atlanta Office at (404) 214-4719.

2006 HOLIDAY SCHEDULE

Monday, May 29th	Memorial Day
Monday, July 3rd	Floating Holiday
Tuesday, July 4th	Independence Day
Monday, September 4th	Labor Day
Thursday, November 23rd	Thanksgiving Day
Friday, November 24th	Thanksgiving Holiday
Monday, December 25th	Christmas Holiday
Monday, January 1st, 2007	New Year's Holiday

** The floating holiday will be designated each year by Company management. A yearly holiday schedule will be posted at each location.*

To qualify for Holiday Pay, employees must:

- have been employed for thirty (30) days and must work at least 30 hours per week.
- work the last scheduled workday before and the next scheduled workday after the holiday.
- work at least one other day of the workweek in which the holiday occurs, unless your absence is with prior approval.



A TREE GUY'S BEST FRIENDS

by Lester Wallack, General Manager,
Crystal Spring Hardwood, Inc.



I was born and raised in New Jersey. If anybody asks "What exit?" I know a few people named Vinnie who would have no problem presenting you with some nice concrete footwear. Yes, it was New Jersey, but I was fortunate enough to live in a house that was surrounded by a 200 acre dairy farm that became my second yard, so moving to Bedford County after bouncing around from Baltimore to Philadelphia was like coming home to me.

My wife on the other hand, had a more difficult transition. She was raised in New York, just outside of New York City. The rural life has proven a little more taxing in some ways than I think she bargained for. Having said that, the transition has been made through some harrowing experiences, and I now officially call her a country girl.

I sometimes wonder why she stays, given everything she has to put up with. First of all, she's got me to contend with, and I don't do anything but talk about trees and wood. "Ooh, there's a catch!" Secondly, there are the two sons we have that seem to think loud noises are a good thing, especially when someone is on a long distance phone call. Then there is Wagger, our dog.

Wagger is a "mixed breed", which is a kind way of saying mutt and that his parents were not monogamous. Wagger has a habit of eating things that do not belong to him, mostly outdoor woodland creatures. We have tried to teach him that black woodland creatures with white stripes down their backs are not good food, but he has yet to catch on. The last time he made contact with one of these cuddly little stink bombs, I was sure my wife was going to kill one of us. If it wasn't for Wagger's later heroics and proper use of his instincts, I am confident that I would be sleeping in the barn, and Wagger would be sleeping permanently.

Why is it that people find chipmunks so wonderfully amusing, cute, and adorable, but mice and rats are generally considered creatures of unimaginable horror? Get a chipmunk in your house, you have to use a "humane" trap of some type, and release it back into the wild unharmed in any way. Get a mouse or rat in the house, bring out the poison RIGHT NOW, and if that doesn't do the job, get a bazooka. Chipmunks just have a stripe down their backs. It is pretty much the only thing that distinguishes them from a rat or mouse in my opinion.

We live in an old farmhouse. Not uncommon to have outdoor creatures take up residence indoors. We did not get the cute little chipmunks nor their squeaky little cousins, the mice. We got the granddaddy of them all: rats.

Oh yeah. Did I mention the bats too? Rats with leathery wings. We got them as well.

My wife likes to exercise. She was exercising one afternoon in our living room, and was lying on the floor stretching one of her well-tuned muscles. I was at the dining room table when I heard an ear piercing shriek and saw a black flash out of the corner of my eye. It took me approximately 2.3 seconds to get into the room to find out what type of exercise involves shrieking.

I did not expect to see Wagger, the aforementioned black flash, clamp his teeth down 1/4" from my wife's head.

A rat had come out and decided to exercise with my wife. Wagger had other ideas of where rats should be spending their time, not to mention it was, in his opinion, a small woodland creature. Yummy! One bite was all it took. He then spit it out and looked at my wife and I as if to say, "Look, no white stripe! I did good!"

I was jealous. Wagger got all the hugs and praise, which lasted for at least 3 weeks, and all I got was "The Look". 2.3 second reaction time, and I get "The Look". Every husband knows what "The Look" is, and no one wants it. Every skunk of the past had been forgotten, and all I could do was hunt for the bazooka I had misplaced.

But I still had hope. The bats. Remember the bats?

I was watching television one night with Wagger on the couch next to me, and my wife upstairs reading in bed. Both our heads turned at the same time as we saw a shadow fly by. "This one's mine" I whispered to him. The look in his eye told me I would have a fight on my hands if I wanted to take full credit. He was still relishing in the praise bestowed upon him from the rat incident. I figured all I had to do was keep it from going upstairs...

Uh oh. It went upstairs. Nothing to do now but wait for it. One, two, three, fo...SHREIK!!! C'mon Wagger. Let's put our differences aside and both take care of this one. I got into the hallway just in time to see my wife lock herself in the bathroom. My weapon was a shirt I had picked up out of the laundry basket, but I had taken Karate Shirt lessons earlier in the year from my Karate Master son, and felt confident with my chances. Wagger was lamenting his lack of wings and paltry vertical leap. On or about the fourth swing of the shirt, I was able to knock the bat within reach of Wagger's awaiting jaws. We both began to prance, and I added a gorilla-like chest beating. My redemption was complete and Wagger was going to get more praise.

She wouldn't come out of the bathroom until I could assure her it was no longer anywhere in the house, and I had buried it 37 feet deep several miles from the house. But out she came having survived another brush with rural life.

I gave my first best friend a hug and a kiss on the cheek, and my second best friend got a belly rub. You can decide who got which. I have to go and get the snakes out of the springhouse.

2005 at a Glance



THE COOKIE THIEF

There's a nice poem circulating on the Internet about a woman who bought some cookies and a book at an airport and sat down to read and nibble while waiting for her plane. Soon she noticed that a man sitting next to her casually took a cookie from the bag in between them. The lady was shocked but remained silent, seething, as this man, without the slightest sign of shame or gratitude, quietly helped himself, matching her consumption cookie for cookie.

When there was only one cookie left, she watched in amazement as he picked up, smiled at her as if he were being gracious, and broke the cookie in half. He ate one half and gave her the other. She congratulated herself for maintaining her cool and saying nothing to this rude cookie thief, simply astonished at the nerve of some people.

Later, when she was settling in her seat on the plane, she rummaged through her purse and discovered the bag of

cookies she'd purchased, still unopened. The moral message is contained in the closing stanza:

"If mine are here," she moaned with despair,
"Then the others were his and he tried to share."
Too late to apologize, she realized with grief,
That she was the rude one, the ingrate, the thief.

Being sure is not the same as being right. Certainty without humility can lead to self-righteousness that distorts our view and understanding of the world and of people.

Humility does not require that we be equivocal or doubtful about our deepest convictions about religion and right and wrong. What it asks of us is that we hold and even advocate our beliefs without dismissing the possibility that others may be right too, or as in the cookie case, instead.

Character Counts! Commentary by Michael Josephson

EMPLOYEE RECOGNITION

As we continually seek to improve our employee benefits, we are pleased to announce the implementation of a new program to recognize our employees. Beginning this year, we would like to pay tribute to all employees who have achieved important milestones of five, ten, fifteen, and twenty years of loyal service to the Company. This special recognition is awarded with a Visa gift card in the amount of \$25 for five years of service, \$50 for ten years of service, \$75 for fifteen years of service, and \$100 for 20 years of service. Congratulations to the following employees who have reached these milestones during 2005:

5 YEARS OF SERVICE

AHC

Carolyn Carlin
Paul Harris
Guadalupe Herrera
Sandra Willis

Kenneth Ragan
Alejandro Suarez
Donald Van Dale

NGH

Albert Rankl

AWPC

Larry Jacobson
Donna Van Nus

WCM

Elana Aguirre
Howard Ebert
Guadalupe Martinez

HIA

Leroy Atchison
Roy Martin

Ruben Olandes
James Partin
Randall Peral

HHI

John Gray

Clara Rincon
Laura Thomas

10 YEARS OF SERVICE

AHC

Edward Farley
Sid Howard
William Wilburn

AWPC

Jere McCorkle
Curtis Smith
David Snidow

15 YEARS OF SERVICE

AWPC

Paul Carter

HHI

Joe Williams

NGHC

Juan Morales

WCM

Mark Vann

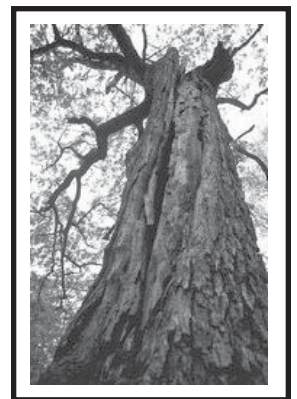
20 YEARS OF SERVICE

AHC

Dan Caldwell

HHI

Harold Herron



*The mighty oak
was once a little nut
that held its ground.*

THE SAFETY CORNER

By Carolyn Carlin

The Company has established the following 2006 Safety Incentive Plan in order to recognize and reward employees for utilizing a safe behavior in the workplace. The Safety Incentive Plan was designed in conjunction with the objective of our safety program which is to minimize the frequency and seriousness of accidents resulting in employee injuries. Since a successful safety program requires cooperation and assistance from all of our employees and managers, we have established the following standards for our initial year of the program which will be effective January 1 – December 31, 2006.

- All locations that have no accidents for the quarter will be eligible for a group lunch, gift certificate or comparable incentive based on the discretion of the General Manager/Safety Manager.
- All locations that maintain zero lost time accidents (mandated by doctor's order) for 12 consecutive months will receive one personal day that can be used as a pre-approved personal day. (All employees that have completed a 90-day probationary period are eligible for award).
- General Managers/Safety Managers that do not complete the administration and timely reporting of the safety program will forfeit the quarterly award for the entire location.

Thanks in advance for your commitment to ensuring that we maintain a safe and healthy work environment for our employees.

THINK SAFETY



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