



hardwood HEADLINES

A Publication For Our Employees

WINTER 2006/2007

PRESIDENT'S MESSAGE

Season's greetings! I hope all of you have a joyful Christmas holiday. On the eve of the New Year, your management group is starting the annual planning process. Thanks to our employee dedication and tremendous work ethic, our present and future are bright. As we look toward the new year, I am reminded "the only thing permanent is change". What a stagnant existence we would have without some change. Without it, none of us would experience personal or business growth. We need to embrace change and take advantage of the business opportunities it creates.

Ten years ago, the word globalization hardly existed. Today, the effects of this phenomenon are continually changing our industry. In less than a decade, China has become the largest producer of furniture in the world. With an office in Foshan, China, Michelle Ye and Patrick Altham are aggressively pursuing new Asian customers. We now have significant lumber exports in more than ten international markets. Just a few years ago we were not even selling overseas. Today, exports represent about 20% of our lumber business.

New imported forest products are also flooding our country's marketplace. Our own distribution centers have all upgraded their facilities to expand offerings to our customers. Atlanta Wood Products is stocking more than sixty different species of lumber and veneer, many of which are imported. White County Moulding has retooled to remain competitive. This past year, we reinvested heavily in all of our operations and are confident we can compete well in a changing hardwood marketplace.

As we face this great global evolution, we must continuously improve. Our mandate for 2007 is "back to basics". To survive and prosper, we must adapt and change; however, we must also not forget the fundamental reasons for our current success. Quality products create their own demand. We differentiate based on excellence in serving our customers' needs. We value integrity, loyalty, determination, a strong work ethic and continuous improvement. We are a family business that strives to treat employees, suppliers and customers like family. Thanks again for the important part each of you has played in achieving our goals.

Here's wishing you and your family a wonderful holiday season, and all the best for 2007.

Jim Howard

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Visit our company website at www.hardwoodweb.com

EMPLOYEE BENEFITS

by Carolyn Carlin

We are very excited to announce that the company has selected American United Life (AUL) as our new 401K provider effective 12/1/06. Our new plan offers a wider variety of investment options that includes T. Rowe Price, Fidelity, Allianz and Russell Lifestyle managed funds. AUL will fully service the accounts for our employees via phone, internet and direct correspondence.

The revised Employee Handbook was distributed to all active employees this past summer. Everyone is encouraged to read it completely in order to understand all of the updates, additions, and deletions of policies and regulations. The employee survey feedback was incorporated into making changes in several key areas such as vacation schedules, paid holidays and fringe benefits.

December is Open Enrollment for the 2007 plan year. The Company is renewing the group health insurance with United Healthcare for the 2007 plan year. The 2007 rates will reflect an 8.5% increase, which is half of what the national insurance trends have continued to rise over the past few years. The Company will continue to pay 100% of Employee Only health insurance for 2007 which equates to \$2,950 per employee per year.

The group dental insurance will also be renewed this year with Genworth Financial. The rate increase for the dental insurance is 9%. We were very lucky to secure this renewal as our plan has been widely used by our employees and GE has seen a large loss with our group as the claims submitted have been much higher than the premiums being paid into the plan.

The flexible spending account continues to be a great addition to our benefit plan. If you notice that you and/or your family are incurring a lot of out of pocket expenses for medical related items, you may want to consider this tax saving option for 2007. If you would like more information on this plan, please call me at 404-214-4719 or email me at ccarlin@hardwoodweb.com.

2007 HOLIDAY SCHEDULE

Monday, January 1st	New Year's Day
Monday, May 28th	Memorial Day
Wednesday, July 4th	Independence Day
Monday, September 3rd	Labor Day
Thursday, November 22nd	Thanksgiving Day
Friday, November 23rd	Thanksgiving Holiday
Monday, December 24th	Floating Holiday *
Tuesday, December 25th	Christmas Day

* 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 thirty (30) hours per week
- work the last scheduled work day before and the next scheduled work day after the holiday
- work at least one other day of the work week in which the holiday occurs, unless your absence is with prior approval

TEN WAYS TO MAINTAIN A HEALTHY LEVEL OF INSANITY

1. At lunch time, sit in your parked car with sunglasses on and point a hair dryer at passing cars. See if they slow down.
2. Page yourself over the intercom. Don't disguise your voice.
3. Every time someone asks you to do something, ask if they want fries with that.
4. Put your garbage can on your desk and label it "IN".
5. Put decaf in the coffeemaker for three weeks. Once everyone has gotten over their caffeine addictions, switch to espresso.
6. In the memo field of all your checks, write "for smuggling diamonds".
7. When the money comes out of the ATM machine, scream "I WON! I WON!".
8. With a straight face, order diet water whenever you go out to eat.
9. Specify that your drive-through order is "to go".
10. Tell your children over dinner that "due to the economy, we are going to have to let one of you go".

WHAT WILL MATTER...

*Michael Josephson,
reminding you that character counts*

As we begin the New Year of 2007 it is a good time to rethink and re-order our priorities. My hope is that this will help you focus on what really matters.

Ready or not, some day it will all come to an end.
There will be no more sunrises, no minutes, hours or days.
All the things you collected, whether treasured or forgotten, will pass to someone else.
Your wealth, fame and temporal power will shrivel to irrelevance.
It will not matter what you owned or what you were owed.
Your grudges, resentments, frustrations and jealousies will finally disappear.
So too your hopes, ambitions, plans and to-do lists will expire.
The wins and losses that once seemed so important will fade away.
It won't matter where you came from or what side of the tracks you lived on at the end.
It won't matter whether you were beautiful or brilliant.
Even your gender and skin color will be irrelevant.
So what will matter? How will the value of your days be measured?
What will matter is not what you bought but what you built, not what you got but what you gave.
What will matter is not your success but your significance.
What will matter is not what you learned but what you taught.
What will matter is every act of integrity, compassion, courage, or sacrifice that enriched, empowered or encouraged others to emulate your example.
What will matter is not your competence but your character.
What will matter is not how many people you knew, but how many will feel a lasting loss when you're gone.
What will matter is not your memories but the memories that live in those who loved you.
What will matter is how long you will be remembered, by whom and for what.
Living a life that matters doesn't happen by accident.
It's not a matter of circumstance but of choice.
Choose to live a life that matters.

EMPLOYEE RECOGNITION

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 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 2006:

5 YEARS OF SERVICE

AHC

Selso Roblero

AWPC

Jason Inge

CWPC

Tony Howd

HIA

Kenneth Shaw

NGH

Michael Thomas

NGHC

Marshall Reed

Rodney White

WCM

Armondo Lemmus

Claudio Chavez

Juan Pascual

Estela Perez

Lupita Bustamante

10 YEARS OF SERVICE

AWPC

Nathan Geter

Chris Stockton

15 YEARS OF SERVICE

AHC

Kevin McClure

NGH

Clyde Ramey

WCM

Steven White

2006 AT A GLANCE



SNEAKY SNAKE

*by Lester Wallack, General Manager,
Crystal Spring Hardwoods, Inc.*

During the years I spent taking care of trees, I did a lot of work for golf courses. One in particular was located in southern New Jersey and, whether you believe it or not, being in New Jersey, it is one of the most renowned golf courses in the world. Meticulously maintained and one of the more beautiful places I have had the pleasure to be involved with. My duties included rather basic tree care practices, designed of course, to improve the golfing experience. I was the Golf Course Arborist, and privileged enough to have an assistant that we will call Harvey. (Names have been changed to protect the innocent).

Harvey was an extremely motivated and determined individual. He was motivated to come to work at least a few days a week, and determined to do as little as possible. The grass on the golf course grew faster than Harvey moved. The hair on my head fell out faster than Harvey moved. A one-legged centipede could outrun Harvey. Snails could break the sound barrier compared to Harvey. Harvey was a slow moving individual. I always felt that Harvey missed his calling. The speed at which he accomplished things would have made him a great politician or lawyer. Having said all this about him, we got along well, and somehow seemed to get our chores completed every day.

One particular sunny spring day, we were on the 15th tee of this golf course. The 15th tee was an island in the middle of a pond, and there were brush, weeds and small trees growing up the banks of the tee. The golfers, who paid outrageous sums of money to play this course, found the brush, weeds, and small trees unacceptable to their golfing experience, so Harvey and I were sent down there to improve their golfing experience. I brought the basic implements of destruction: chain saws, hand saws, loppers, hand pruners, axes, hatchets, and pole saws. Harvey brought his cigarettes and a cup of coffee. I proceeded to get out all the implements of destruction and started ambling down the steep bank to whack away some brush. Harvey finished up his cigarette, worked on his coffee, and as break time approached, he too found it in his heart to join me down near the water line. We were whacking and slashing for about 10 minutes when I saw something move out of the corner of my eye.

Everyone has their phobias. With some people it is heights, some it is spiders, some it is in-laws coming for extended visits. With Harvey, it was Sneaky Snakes. Sneaky Snake was a term Harvey invented for any creature that slithered, had no legs, and was at least 6 inches long. Large earthworms could cause Harvey to break out in hives. Garter snakes looking at him from across a lawn could put him in the hospital. If any snake came within 3 miles of Harvey, he would scream "Sneaky Snake!", turn pale, pull out a shaky hand, and light a cigarette to calm his nerves. Yep, Harvey was deathly afraid of snakes.

As I stated, I saw something move out of the corner of my eye. What I saw moving was Harvey. That was something to

behold unto itself, since Harvey rarely moved, but what was most astonishing, was the speed at which he was moving and the way he was doing it. Until that moment, I had no idea that Harvey had ever been involved in gymnastics or cheerleading. I was looking at a man doing cartwheels up a very steep bank screaming "Sneaky Snake!" Olga Korbut and Nadia Comaneci had nothing on Harvey this day. He performed three of the most acrobatic cartwheels ever performed up a hill in brush, and once he reached the top, he became a blur, running for a place anywhere no snakes could be found. I was dumbstruck. I always thought he had it in him, but never expected to see it come out in such an admirable fashion. It took a few moments before I even looked to see what was causing him so much anguish, and when I finally did, I saw a 3' water snake coming up out of the water toward me.

I have phobias as well, and although I am not a big fan of snakes, they rarely cause me to do cartwheels of any kind. I climbed up the bank and waited for the snake to go away. This particular snake, however, proved to be rather aggressive, and decided to come up the bank after me. That got me annoyed. I looked around at the implements of destruction, and decided the pole saw would be a useful tool. As the snake got within about 8' of me, I picked it up with the blade on the end of the saw and tossed it about 25' away from me on the tee. As far as I was concerned, battle over, victory for me. But now the snake was annoyed. It did not disappear into the water as I thought it would, but came back at me faster than before. Too brave or too stupid, I still don't know which, I decided one chance to return it to its natural habitat was enough, and when it got about 8' from me again, the pole saw and I turned it into two 15" snakes.

The carnage was over, and it was time to locate Harvey, who, at the speed he was traveling when last spotted, could have been 3 states away at this point. I couldn't yell for him since we were on a golf course, so I had to simply walk around looking for Harvey signs. After about five minutes, I saw the smoke coming from behind a tree, and knew I had found our new Olympic gymnast. He was huddled behind a tree, breathing very hard, and on his 3rd cigarette. He was still pale and still shaking. He made it about 150 yards before his lungs and legs gave out. Being in my mid-twenties at the time, I was not sure how to comfort a man in his early to mid-forties, and a hug was just too weird. I applauded his gymnastics skills, and told him the snake was dead. That seemed to help, but what really got the color back in his face was when I told him it was break time. He wouldn't move from his spot, so I had to drive the truck over to him. His eyes darted all over the place looking for more Sneaky Snakes, and when none were found he made his way into the truck.

Harvey spent the rest of the day mowing fairways, and I got a new assistant for the brush on the 15th tee. In the following two years I spent working for that golf course, I never did see Harvey on the 15th tee again.

THE SAFETY CORNER

by Carolyn Carlin

The company wide safety incentive plan which began January 1, 2006 has already shown positive results. Through the first nine months of 2006, there have been 26 accidents company wide which is 26% lower than the 35 accidents for the same period of 2005. There have been six locations (CSH, HHI, AWPC, NGH, NGHC, & CWPC) to benefit from the quarterly incentive by not having any accidents for a quarterly period.

The Atlanta Hardwood Corporation yard location was inspected by OSHA during the spring of 2006. The inspection found no major issues due to our participation in OSHA's inspection program offered through Georgia Tech along with our own continuing self inspections. Most of the issues identified during the inspection were electrical issues such as breakers not labeled, use of electrical extension cords, blocked electrical panels, and exit signage over doors. Important tips to remember if OSHA arrives on site for an inspection is to immediately notify the Safety Director, notify all employees, provide only requested information, and respond to questions with honest answers.

The new Employee Orientation Program was rolled out at each location in the Supervisor Training held during the summer. The main focus of the program is to ensure that all new hires get a thorough orientation by providing them important safety information, company rules and guidelines, and an opportunity to ask questions prior to starting to work for the company.

THINK SAFETY!

