



## 2008 Progress toward Vision 2011

Each year the Strategic Action Leadership Team (SALT) meets to update RoyOMartin's ongoing vision statement and to measure incremental attainment towards supporting each individual statement point. Below is a representation of success achieved by RoyOMartin during 2008.

### 1. RoyOMartin intends to ensure its long-term viability as a privately held, ethically based, and professionally managed company.

- Despite a weak economy, RoyOMartin maintained full employment at all locations.
- During 2008, land and timber revenues were the highest in the history of the company.
- Providing an opportunity for greater focus on pine timberlands and panel product manufacturing, the LeMoyen, Louisiana, sawmill was sold to The Forestland Group, L.L.C. The sale included approximately 10,000 acres of hardwood timberland, certain recreational rights, and 20-year timber-cutting rights on an additional 140,000 acres of hardwood timberland located in South Louisiana.



### 2. RoyOMartin will continue distinguishing itself as an employer of choice, resulting from a safe, committed, competent and contributing workforce; we will develop the maximum potential of each employee, strengthening individuality while growing team success. RoyOMartin will also be the workplace of choice for all contractors and vendors supporting our efforts to maximize long-term economic viability.

- Two classes of RoyOMartin University (ROM-U), an internal leadership program, were held. Between the two classes, over 745 hours were dedicated to classroom and hands-on training, and more than 100 employees participated.
- Under the leadership of ROM-U, RoyOMartin employees held a record-breaking campaign for the United Way of Central Louisiana and designated United Way organizations in Alabama. Employee pledges and contributions topped \$73,900!
- "Pay for Knowledge and Skill," a system designed to reward employees for their ability to learn and grow, was extended to the plywood mill.
- As a measure to reduce the strain of high gasoline prices on our employees, RoyOMartin initiated bus transportation to and from Natchitoches, Louisiana, and the Chopin plywood mill.
- Employees were introduced to two new benefits, an employee assistance program and vision coverage.
- RoyOMartin's employee wellness program, "Winning with Wellness," engaged 599 people for a record 60% participation rate. Of these, 179 met at least three of their health goals for the year.
- Employees held leadership positions in local, national and international organizations such as the American Red Cross, Black Bear Conservation Coalition, Blueprint Louisiana, Dean's Advisory Council of LSU's E.J. Ourso School of Business, Greater Alexandria Economic Development Authority, Habitat for Humanity, Louisiana Association of Business and Industry, Louisiana Business Group on Health, Louisiana Forestry Association, Louisiana Healthcare Quality Forum, Louisiana Recovery Authority, LSU Health Sciences Foundation, Orchard Foundation, Quality Deer Management Association, Reflective Insulation Manufacturers Association International, Salvation Army, Tiger Athletic Foundation, United Way, Workforce Investment Board, and others.
- Our health-and-wellness team sponsored a very successful spring Family Fitness Day and conducted 11 health fairs over all of our sites in Louisiana, Alabama and Arkansas.
- RoyOMartin employees participated in a number of community outreach projects, including Earth Day, Timber Fest, Pine Festival, American Cancer Society's Relay for Life, and American Heart Association's Heart Walk.

# 2008 Progress toward Vision 2011 (continued)

- Wood Works, RoyOMartin-designed curriculum covering the forestry and wood-products industry, expanded into a fourth Central Louisiana high school. Several graduates of the 2007-2008 class were hired into mill positions.
- RoyOMartin maintained its logger production and quality bonus incentives through these challenging economic times.
- Timber-harvesting contractors who contracted directly for RoyOMartin accounted for the employment of approximately 350 individuals.
- Further enhancing our solid relationship with raw-material providers, RoyOMartin contracted for services with 12 new logging crews during 2008.
- RoyOMartin piloted and expanded our bulk fuel supply for logging contractors at the OSB facility. This fuel island saved contractors significant fuel costs.
- All logging contractors participated in "town hall" meetings with RoyOMartin leadership in each of our forestry districts.
- Throughout the year, projects to improve safety, quality and productivity were managed at all locations. M-E-C Company, O&M Industries and Tri-Delta Systems were a few of the major vendors and installation contractors contributing to these improvements.

### **3. RoyOMartin will acquire and manage land, timber and mineral resources in order to optimize economic value while maintaining FSC certification of its timberland.**

- RoyOMartin successfully passed audits to renew FSC certification through April 2012.
- RoyOMartin retained ownership of the surface and mineral rights on The Forestland Group, LLC's new timberland and will monitor timber harvesting to ensure continued compliance with approved harvesting methods of the Forest Stewardship Council.
- RoyOMartin foresters planted 3.5 million trees across Louisiana.
- Nineteen permanent contractors utilized 31 crews to harvest approximately 2.1 million tons of timber. Seven of those each produced 100,000 tons or more and collectively accounted for 1.3 million tons of timber.
- In 2008, RoyOMartin led the region in timber-harvesting rate adjustments by increasing stump-to-mill turn-key harvest rates by 10-15%.
- At the end of the year, RoyOMartin's hunting-lease department had only 180 acres available for lease. This correlates to a 99.97% lease rate (total acres leased divided by total leasable acres).
- At their annual Cenla Bear Banquet, the Black Bear Conservation Committee presented an award to RoyOMartin for their years of dedication and support.
- Indigo Minerals, LLC, of which RoyOMartin holds a substantial equity interest, sold approximately 90,000 mineral acres to Encana Corporation for a substantial sum.
- Indigo Minerals completed what may be the largest Cotton Valley gas well in Lincoln Parish, Louisiana.
- Indigo Minerals has over 14 MMBTU per day gas production from wells in 13 states.

### **4. RoyOMartin intends to be recognized as an industry leader in each manufacturing segment as measured by safety, profit margin, environmental compliance and customer satisfaction.**

- Collectively, RoyOMartin's entities celebrated the best overall safety record in history. RoyOMartin's pole mill in Leola, Arkansas, went two straight years, and the land and timber department went one year, accident-free.
- RoyOMartin-OSB was granted CE certification from DanCert, the certification arm of the Danish Technological Institute, further expanding our ability to sell to a worldwide marketplace.
- RoyOMartin-OSB became real-time quality assurance (RTQA) certified. This certification is the final step in the APA's Quality Management System program.
- Colfax Treating Company-Pineville received a Certificate of Membership signed by Governor Bobby Jindal and Louisiana Department of Environmental Quality (LDEQ) Secretary, Harold Leggett, for the company's participation in the Environmental Leadership Program.
- RoyOMartin-OSB piloted a recycling program for cardboard, mixed office paper, aluminum cans, scrap metal and used oil. The recycling program will soon extend to the plywood mill and corporate office.
- Several RoyOMartin locations hosted tour groups by Louisiana teachers and high school students, Yale University forestry students, elected officials and others.

### **5. RoyOMartin intends to run each manufacturing plant at design capacity.**

- RoyOMartin maintained full production at all locations.
- Record mill production at RoyOMartin's plywood and OSB mills was safely achieved during October. The plywood plant had green-end production of 9.5 million feet in one week, while the OSB facility realized the most production in a 24-hour period (2,307,648 square feet) and in a week (14,109,816 square feet).
- Production records were also set at Rocky Creek Lumber, making and shipping over 90 million board feet in 2008.