



COMMUNICATION POSTED AT PALCO AND SCOPAC 7/18/08

BULLETIN

PACIFIC LUMBER

Friday, July 18, 2008

Post Immediately

This notice is being distributed to all Palco and Scopac Employees at the request of Mendocino Redwood Company

LETTER TO PALCO AND SCOPAC EMPLOYEES

If and when the MRC/Marathon plan of reorganization is allowed to proceed, we expect to take a short amount of time to interview and make offers of employment for all required positions before beginning operations. Our hope is to minimize business interruptions, and more importantly provide as much continuity of employment to folks as possible.

Monday through Thursday of next week, MRC and HRC management will initiate Employment Opportunity Meetings for all interested current employees. These individual meetings will be held each day between the hours of 2:30pm and 9:00pm at the Fortuna River Lodge Conference Center, 1800 Riverwalk Drive. This process will provide a forum for each individual to state their current position, work history, qualifications, and express their job preference or request. You will meet with the appropriate manager and a representative of Human Resources. Duration of each meeting will be between 20 and 30 minutes. Information about some HRC employee benefits will be shared including health, dental and eye care; company 401k contributions; holiday and vacations benefits; and our discretionary bonus program.

If you are interested in meeting with us next week please see Deb Barcelos in Human Resources. Deb has a list of available meeting times by department, and will help you schedule a convenient time outside your normal working hours. She will also provide you an HRC Employment Application form. These forms will be available at the conference center during your scheduled meeting time; however you may prefer to fill it out in advance. If you wish to attach a personal resume that would certainly be good too. While it would be nice to have most folks scheduled by the end of the day Friday, we understand this will not be possible for everyone. Some employees may have prior commitments next week such as vacation time off. We encourage you to stay with your plans as we will provide each person equal opportunity to meet with us either before or immediately after any transaction close date.

Conditional employment offers for a very few key positions could come quickly; however, the bulk of new positions will be filled immediately after close. For employees associated with the CoGen and the Town of Scotia, Marathon will come forward with a process of their own for extending offers of employment.

There are many other important questions you have that need to be answered. We certainly appreciate your patience as we try to get correct and appropriate responses to you. I encourage those of you who have computer access to go to www.hrcllc.com and sign up to receive email notifications when we post new information on our website.

Sincerely,

Richard Higgenbottom
CEO
MRC and HRC