



May 1, 2015

To All Mendocino Employees:

In recent months there has been growing public discussion about our practice of treating tan oak in the forest. The discussion was brought to the Board of Supervisors meeting last week. The Board was asked to consider a voluntary moratorium on the treatment of tanoaks.

Some neighbors are concerned the treatment of tan oak raises fire risk in the county. The request for the moratorium failed to pass. We committed to do all we can to support the formation of a working group to further study the fire risk associated with the treatment of tan oak. It is expected that the working group would bring its findings back to the Board of Supervisors for further consideration.

What caused this situation to develop? The short answer is harvest practices of prior industrial operators of Mendocino County redwood forestlands. These practices left the forest with an imbalance of tree species. Many tens of thousands of acres that were once healthy redwood and Douglas fir forests have been left in a state where trees dominating the landscape are tan oak. Tan oak is usually found in the understory of the forest, a minor player among all species. When tan oak dominates the forest, it can delay by decades or permanently inhibit the restoration of a healthy redwood and Douglas fir forest.

We have been working to address the overabundance of tan oak across our lands since MRC was formed in 1998. We spent a couple of years looking at alternative ways to reduce tan oaks, including an ill-fated effort to make tan oak flooring. After much effort, we concluded the most effective way to bring back a healthy conifer forest in our lifetime was to treat tan oak in the woods.

Treating tan oak involves using about two cups per acre of herbicide that is applied directly to the trunk of tan oak trees, following a cut made in the bark. The treatment results in trees losing their leaves in six to nine months (depending on the time of year), and falling down within three to four years. After several years, the treated trees largely decompose and their biomass is added to the duff layer of the forest. With competition for sunlight and water reduced in the forest, redwoods and Douglas fir trees can once again grow in a thriving manner.

Our commitment and our approach has been focused and successful:

1. Over 16 years, we have treated more than 65,000 acres in an effort to reduce the preponderance of tan oak in what was once an awesome conifer forest.
2. We have probably treated more than 1 million tan oaks. Sounds like a lot, and it is. We have done this to promote the healthy growth of more than 14 million conifer trees.
3. The goal is to make our forest lands be the best they can be in a timeframe that matters for people alive today.

We have worked and lived by our publicly declared mission to be good stewards of the forest and at the same time to be a successful business.

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May 1, 2015

Page 2

There will always be more work to do in that regard; however, we have made huge progress by your great work in your jobs every day:

1. Adopting policies to make MRCs forestlands FSC certified (since November 2000);
2. Adding more than 1 billion board feet of redwood and Douglas fir trees by lowering the rate of harvest;
3. Defining of old growth down to the level of an individual tree, along with implementation of a policy to protect all individual old growth trees across our property;
4. Elimination of traditional clear cutting from our property;
5. Long term investments to improve habitat for fish across the property by controlling or holding back more than 1 million cubic yards of sediment (more than 100,000 dump trucks of dirt) from the coastal streams flowing through our forest;
6. Removal of 36 long time fish barriers, increasing fish bearing streams by more than 20 miles.
7. Operating as an open and transparent business; including an open invitation to take interested individuals anywhere in the forest;
8. Completing a substantial rebuild of our Ukiah sawmill, assuring that Mendocino County will have infrastructure in the processing of wood products for many years to come; and
9. Employing over 300 skilled employees in Mendocino County earning family-level wages and benefits.

Working to address tan oak is just one aspect of our forest management work. We welcome the opportunity to discuss how we manage our lands and we support field visits in the woods for interested parties. We also realize it is not feasible for most people to make the journey or take the time off from work to visit our forest. In order to share with you and a broader group, in the coming weeks we will post video of activities and forest science work at MRC. Look for more information at www.mrc.com.

I want to thank you for the important work you do on behalf of our company. It takes our combined efforts to be successful in having a financially and environmentally sustainable business.

If you have any questions about this letter, your job or the company, please talk to your supervisor, manager or call me.

Sincerely,



Bob Mertz

CEO

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