



July 4, 2008

Letter to All Mendocino Employees:

It is fair to say that the wildfires resulting from the unprecedented dry-lightning showers that began Friday evening, June 20<sup>th</sup> have moved beyond being a major news event; they are a “natural event of a lifetime” for the residents, firefighters, forestlands and ecology of Northern California. Mobilizing to fight 1000 fires, most of which were burning at the same time, proved to be a great challenge for local, state and federal public servants. Today, two weeks later, 80% of these fires have been contained. The number of impacted acres was held to a minimum by the quick and professional response of so many.

Fires have burned through about 2% of Mendocino County’s 3,509 square miles of land, with the loss of only 2 residences out of 680 resident structures directly threatened. The numbers continue to pile up:

- 131 fires recorded
- 38,000 acres burned
- two straight weeks of smoke
- 1700 plus fire personnel
- 123 fires burning in Mendocino County
- 40 active fires
- The Governor has declared Mendocino County a State of Emergency “due to redwood timber loss and significant threat to life, residential, commercial and resource loss.”

Mendocino Redwood Company, LLC owns approximately 350 square miles, or 10% of land area in our county. As of today, 18,300 acres or 8% of MRC lands have been directly affected by fire. There are still several active and uncontained fires, but our daily acreage loss is in the mid 100’s of acres versus the 2,000 per day just last week. Most of the current acreage losses are “back-burns” initiated by ground crews to control and contain the burn area. As of yesterday’s count, 75% of MRC’s total staff is still involved with the fires. More than half of these are directly working on fire suppression, with the remainder working in very important logistical or support roles.

In addition to MRC employees, more than 100 professional contract firefighters were hired to relieve, support and replace our heroic and faithful few on the frontlines. They brought with them much needed fire engines and foam trucks. MRC, through our own staff, contract fire fighters and long-time MRC contractors currently have about 170 people who are involved with fighting the fires. It is hard to estimate the growing additional frontline support from local, state, neighboring state, and federal fire suppression teams. With input from Cal Fire, we estimate there are as many as 500 Cal Fire personnel actively involved in fire suppression activities on MRC or closely neighboring properties. This includes 75 (crew of 3) fire engines, nine 17 person ground crews, and 27 staffed bulldozers and water tenders. The really encouraging news is the fires are mostly under control either as the result of human intervention or, in some areas, as a result of improved conditions where the fires “just died out”. Of the 23 fires on MRC lands, all but five are near or completely deemed contained. Rockport has four uncontrolled fires, but also has the most Cal Fire and MRC active resources working to gain control.

Letter to All Mendocino Employees

July 4, 2008

Page 2

We are bursting with respect, admiration, and affection for the great support we received from Cal Fire. Most days I joined Adam Steinbuck for a meeting with Cal Fire within their Command Center at the Ukiah Fairgrounds. Cal Fire was always very organized, professional and cooperative. While the weather often grounded air support, and there were too few troops or fire engines for deployment to forestland wildfires, we still benefitted significantly from much needed information and guidance supplied by Cal Fire. With Cal Fire's support, MRC brought in Grayback Forestry, Inc. fire fighting crews from other states. Cal Fire Incident Commander Joe Waterman told us "With this many fires and limited resources, we couldn't do it without the timber industries efforts." Mike Carr, Cal Fire Information Officer, said "Private timber companies are using their resources and equipment to protect their property from the fires. They are coordinating closely with us (Cal Fire) and the fire suppression efforts." Every place we went and looked there were more visible and tangible reasons to feel proud to be part of the MRC team, and to be proud of our State and the Cal Fire professionals protecting our homes and property.

Many wonderful stories will come from the heroics of so many, particularly during the first few days of the fires. We already know the initial early fire lines establish by MRC employees and regular contractors undoubtedly did the most to minimize the number of acres burned in our forest. These men and women worked tirelessly early on during the most critical time and under the most threatening conditions. In areas of highest risk to structures, help began to arrive quickly from various local and state levels. Because of the remoteness of the MRC fires and their lack of threat to residential structures, our folks held many fire lines for several days with limited equipment and little or no ground crew professionals. On behalf of our ownership and entire extended MRC family, I want to congratulate and thank those who did so much with so little, under such difficult circumstances.

From moment one of day one, the safety of our people was our primary concern. For example, MRC leadership carefully made sure each person on the frontlines knew they had multiple escape routes. Whenever news came of a possible threat to anyone, instructions were given to move out of the area and setup safer defense lines further back. Mike Wheelock (Grayback Forestry), Joe Waterman, and Sandy Dean all encouraged us to provide rest and relief to all, and to review and reinforce all safety measures and requirements. These reminders clearly paid dividends because within our span of influence and control, only a few minor injury incidents occurred.

Sadly, yesterday we received the worst possible news that volunteer firefighter Robert Roland, 63, was taken to Ukiah Valley Medical Center (UVMC) after becoming fatigued and short of breath while helping to lay water hoses at a fire near Philo just after noon on Wednesday, according to Colin Wilson, Chief of the Anderson Valley Volunteer Fire Department. Robert Roland died about 4 am Thursday in the Intensive Care Unit at UVMC. An autopsy is pending to determine the exact cause of death. We are trying to contact the family to express our sympathy and offer support. Flags at the State Capitol now fly at half staff in Roland's honor. Governor Arnold Schwarzenegger issued public condolences to his family. You can read a complete report in today's Santa Rosa Press Democrat or on our website [www.mrc.com](http://www.mrc.com)

Going forward we are pleased to report that 50% of our MRC employees will be able to have the whole Fourth of July holiday off, and almost everyone will have at least one full day of rest. This is a big accomplishment given that at our peak 58 of our 62 associates were in some way helping fight the fires.

Letter to All Mendocino Employees

July 4, 2008

Page 3

We have received a number of inquiries about the ecological and financial consequences of the fires; however, it will take some time to begin any accounting. Our efforts will remain focused on managing the logistics of the remaining fires and soon after restoring a semblance of routine for the forestry staff. As we learn more about the long-term affects of the fires we will share this information. Also, as soon as we can, we will post on our website a map of fire affected MRC forestlands.

Hopefully, we are through the most threatening and dangerous phase, but there are still fires to contain, much to learn and a significant amount restoration work ahead. We are very thankful to everyone who has given so very much to preserve, protect, and defend the redwood forestlands.

Sincerely,



Richard Higgenbottom

CEO

Mendocino Redwood Company, LLC

/lg