

FOURTH QTR. 2018

BOARDTALK



SIERRA
PACIFIC
INDUSTRIES

SUSTAINABLY MANAGED FORESTS

GROWING FORESTS FOR OUR FUTURE.

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MANAGING OUR FORESTS FOR FIRE

MARK EMMERSON

Northern California has experienced a horrific wildfire season in 2018. Several of our communities suffered unimaginable devastation. Over a dozen of our crew members lost homes in these destructive fires. Our hearts go out to the families impacted. As folks continue to cope with the aftermath of the fires and communities begin to rebuild, I felt it important to share some thoughts about what we have learned and steps we continue to take to mitigate the size, intensity, and destructiveness of fire.

As a company, Sierra Pacific understands that wildfires are going to happen and are always a risk to our forests and, in some cases, our operations. Obviously, we cannot control drought, humidity, or wind, which are all factors that affect the intensity and speed of a wildfire. However, we can control the volume of fuel available to a fire. In recent years and into the future, we are doing just that through increased fuels reduction efforts such as thinning and fuel breaks. A fuel break is a swath of land that is thinned, brushed, and cleared. It is designed to slow a fire's intensity and speed – and it works.

A compelling example of the effectiveness of fuels reduction can be found at Paradise Lake, where November's Camp Fire burned. Ravaging the town of Paradise, California, as well as nearby communities of Concow and Magalia, the Camp Fire destroyed over 18,000 structures, claimed at least 85 lives, and charred over 150,000 acres. Just a few miles north of Magalia is the community of Stirling City, which was spared from the historic fire. Residents had been evacuated and the town appeared to be directly in the path of the fire. So why was CAL FIRE able to gain control and hold defensible lines in that area? One of the most important factors was active forest management by way of fuels reduction work completed this past summer by Sierra Pacific.

Sierra Pacific owns and manages property on the south end of Paradise Lake – a lake that sits between Magalia and Stirling City and serves as a drinking water source for the city of Paradise. There are a hundred or so houses near the lake and, as part of a

responsible and active forest management plan, we conducted a considerable amount of fuels work in the summer of 2018. We thinned the stand to a fairly low density, put in a shaded fuel break, and removed the underlying brush and shrub layer. As the Camp Fire approached from the southeast at a high rate of speed, the fire raged in the crowns of the trees. When it hit our south property line where the fuels work had been done, the fire came out of the crowns and burned around on the ground. With the help of CAL FIRE crews who were staged in our fuel break, the fire's forward advancement was stopped. CAL FIRE was also able to build off SPI's shaded fuel break to extend a line to hold the Camp Fire from advancing further north, eventually backfiring from an old railroad grade and preventing the fire from reaching Stirling City.

Our fuels reduction work did what it was designed to do. It gave the firefighters on the ground a safer opportunity to do what they do well - fight the fire. When a wildfire is roaring through the crowns of trees or burning through dense forest litter and brush, firefighters on the ground are just simply outmatched. When that same raging fire hits a fuel break, the fire moves to the ground and firefighting forces have their opportunity to make headway towards containing the fire.

While we can demonstrate that forest management and fuels reductions work can protect communities and forests, Sierra Pacific's lands weren't untouched by this year's fires, with nearly 70,000 acres of our forests burned. Like our communities and neighbors who are focused on recovering and rebuilding, we are doing the same for our forests. Over the next couple of years, we will recover the useable timber to manufacture into lumber and we will reforest. We are committed to recovering and restoring our lands.

Likewise, we remain committed to completing more fuels reduction work and creating more fuel breaks across the landscape. While these efforts will not end wildfire, active forest management improves the odds of containing fire to save communities and our forests.

Mark
Mark

BUILDING HEALTHY COMMUNITIES

The Sierra Pacific Foundation has recently joined a widespread effort to fund the construction of a YMCA in Washington's Mason County in a big way. The Foundation has joined other local organizations and pledged \$100,000 to the project to be provided over a five-year period.

According to Darrin Moorcroft, SPI Shelton Manager, "This project will truly change this community, adding not only swim and fitness options, but sorely needed programs for our local youth." The Shelton area does not currently have a YMCA facility so this new addition to the community will mean new opportunities for its residents.

The project has garnered community support from many organizations including the City of Shelton, Mason General Hospital, local businesses, foundations, and individual donors. After only three months, the fundraising campaign is at 68% of its goal, with plenty of momentum.



Artist rendering of the new Shelton area YMCA facility. The Sierra Pacific Foundation remains committed to growing healthy communities and supporting a project such as this is a great way for the Foundation to demonstrate that commitment.

SIERRA PACIFIC WINDOWS ON HOZZ

Interested to see what Sierra Pacific Windows has been up to? Search for us on architecture, interior design and home improvement online community [houzz.com](https://www.houzz.com) and check out some of the beautiful homes featuring Sierra Pacific windows and doors.

A screenshot of a Houzz profile for Sierra Pacific Windows. The main image shows a row of white, two-story houses with multiple windows, some of which are illuminated from within. In the bottom left corner, there is a logo for Sierra Pacific Windows featuring a stylized tree and the text "SIERRA PACIFIC WINDOWS". Below the logo, the profile name "Sierra Pacific Windows" is displayed, followed by "Window Dealers and Installers >". There is a "PRO" badge, a 5-star rating, and "5 Reviews | Review me >". A green "Contact Me" button is located in the bottom right corner. At the bottom of the screenshot, there is a navigation bar with links for "Overview", "Projects", "Ideabooks", "Reviews", "Questions", and "Activity". On the right side of the navigation bar, there are icons for "Click to Call" and "Website".

BENE-FACTS

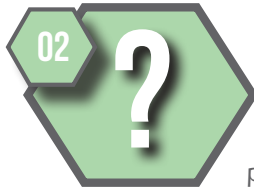


FAQ



Is my health coverage provided by Sierra Pacific Industries a Blue Cross plan, an Obamacare plan, or is it still the Sierra Pacific Industries Health Benefits Plan?

Your Health Plan is the Sierra Pacific Industries Health Benefits Plan. The Plan must conform to Obamacare rules and the Plan uses some services provided by Blue Cross; however, Sierra Pacific sponsors the Plan.



What is "preventive" care? Is it covered differently under the Plan?

Preventive care is when you undergo certain tests, exams, or procedures for the purpose of detecting health problems early, when they are easier to treat. The Health Plan covers certain in-network preventive care at 100%. Check the Plan for coverage details. Once you are diagnosed with, or have symptoms of a condition or illness, the treatment provided is no longer "preventive."



If my child is behind on his/her routine immunizations, will the immunizations still be covered under the Plan?

Yes, if you make sure to use a preferred provider and the immunizations are those recommended by the CDC (US Centers for Disease Control and Prevention.) It is not uncommon for children to fall a little behind on their immunizations. The CDC does have built-in catch up periods for children who get behind.



What is a PSA test? Is it covered by the Plan?

A PSA test (prostate-specific antigen) is a laboratory test that evaluates prostate health in adult males. It can be used both in routine screening for prostate cancer, or could be used to help diagnose a prostate problem. A PSA test is NOT covered for routine screening because it is not listed on the Healthcare.gov Preventive Services (Obamacare) List.

A PSA test requested by a physician for adult males already having problems with their prostate would not be considered preventive care. It would be considered a covered medical test subject to deductible and out-of-pocket limits.

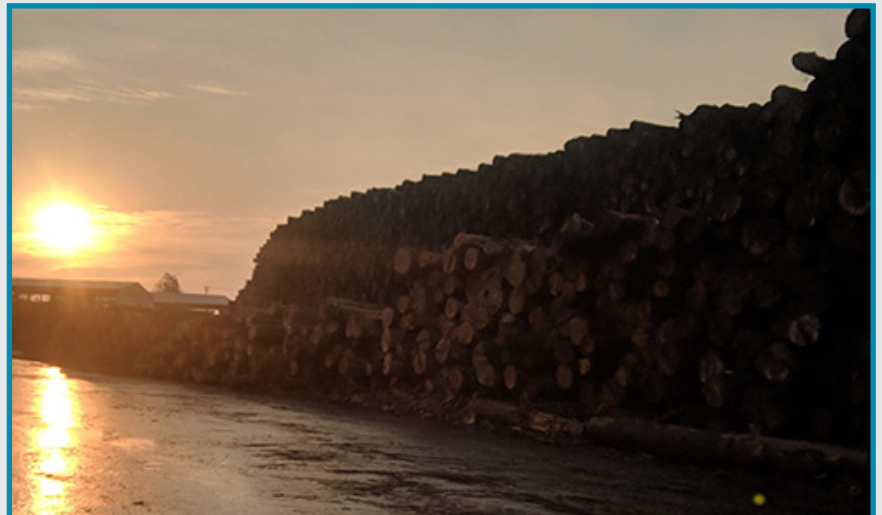
Please visit healthcare.gov/coverage/preventive-care-benefits to learn more about which services are covered preventive care when provided by a contracted provider.

The Fine Print: Not all details of these benefits are shown above. This summary is meant to highlight certain benefits and Plan provisions. This summary does not replace the Plan Document or Summary Plan Description. Please refer to these documents for details.

GET #CONNECTED

Congratulations to Nadine Raymond, Safety Coordinator at SPI Shasta Lake, for sharing the most popular crew member photo of the quarter. Nadine captured this beautiful fall sunrise shot over the log decks in October. The photo garnered a combined 81 likes, 6 comments, and 1 share.

Get **#CONNECTED**. Forward your photo via Facebook message or directly to broe@spi-ind.com with permission to re-post and you might see your photo here! Stay in touch with your [#spifamily!](https://www.facebook.com/spifamily/)





SCHOLARSHIP PROGRAM TURNS 40...APPLICATIONS OPEN NOW!

NEW for this year! BOTH new student and returning student applications must be completed ONLINE!

Did you know that the Sierra Pacific Foundation awarded \$663,000 to 209 students of Sierra Pacific crew members for the 2018-19 academic year? **And did you know 2019 marks the 40 YEAR ANNIVERSARY of our Foundation Scholarship program?**

Now open for the 2019-20 academic year, encourage your student to begin the online application process at spi-ind.com/foundation. **Applications are due February 22, 2019.**

Paper applications will no longer be accepted. Need access for your student to complete an online application? Most local libraries and schools have computer labs available to students.

If your student is planning on ANY post high school education, whether his/her plans include community college, 4-year university or college, trade school or apprenticeship learning, please have him/her submit an application! Perhaps your student has taken some time off after graduating high school but is now planning to enroll in an accredited certificate or degree program. Share this information with your child - he/she may qualify!

Check out the helpful online Frequently Asked Questions page at spi-ind.com/foundation/FAQ. Have a question that you don't see listed on the FAQ page? Please contact the Scholarship Specialist at foundation@spi-ind.com or **(530) 378-8416** or see your local HR Coordinator for assistance.



WHAT DOES THINNING LOOK LIKE?

In his "The Forester Artist" blog, SPI Anderson Poles manager Tim Livingston explains what you're seeing below. "This part of the forest had been thinned before the [Carr] fire. By spacing out the remaining trees, the fire burned at a lower intensity. The fire wasn't as hot, the flames were smaller, and the remaining trees were resilient enough to survive the fire. Thinning these trees in a logging operation saved them."



© TIM LIVINGSTON

SPOTLIGHT ON SUCCESS: FOREVER YOUNG

When Gary Young, Sierra Pacific's auditor, was just out of high school and working as summer help at Red Bluff Millwork, he could not have foreseen his eventual career taking him from pulling chain to becoming a key member of the accounting and finance team at Sierra Pacific Industries. Gary's story includes many chapters influenced by SPI, including education, marriage and career!

Gary is a third-generation Sierra Pacific crew member. His grandfather worked at Shasta Lake in the 1980s and his dad, lumber area manager Shane Young, started with SPI in 1986. Gary grew up in Red Bluff and graduated from Red Bluff High School in 2003. As the child of an SPI crew member, Gary applied for a Sierra Pacific Foundation scholarship to assist with his education costs at UC San Diego where he studied economics.

Gary recalls his first-time scholarship applicant interview as being very positive. "Of course I was nervous," he explains. "But everyone really just seemed to want to get to know me a little and find out what it was I wanted to do. They [scholarship committee members] were all friendly and just wanted to hear what my goals were. The scholarship is there for every crew members' kids. I would encourage everyone to take advantage of the program."

Gary earned his BS degree in economics from UC San Diego, continuing on to pursue his masters in accountancy from San Diego State University.

**"TAKE THE RISK.
APPLY FOR IT. GO
FOR IT."**

In the summer of 2004, while working at Red Bluff Millwork, Gary attended a company picnic. There Gary met a fellow Foundation scholarship recipient who was also attending school in San Diego. She and Gary hit it off and continued getting to know each other when they returned to southern California for the school year. In 2007, they were married and one more chapter was successfully written.

After Gary completed his masters program, he went to work for a large global CPA firm. He spent nearly a decade gaining experience and honing his skills before applying for the open accountant position at Red Bluff Millwork in 2017. Returning to his hometown, seeking a career position where his dad and his grandfather worked, and returning to where he had earned a good wage for two summers while in college, seemed to bring it all full circle. Gary was offered the accountant role and gladly accepted.

Soon after, Gary saw a job posting for an auditor at the main office in Anderson. He was a new hire just settling into his role. But he did not let that keep him from applying for the auditor position. "If you can fit into the position, if your skillset matches even a little, take the risk. Apply for it. Go for it," counsels Gary. "Sierra Pacific expects a lot but if you want to move up, you can. Hard work, extra effort, coming in early to learn new skills on your own time - that's noticed."

As SPI's auditor, Gary is responsible for making sure all divisions are following the appropriate rules, laws, and guidelines for sound accounting practices. He travels to our various company locations and reviews books and records at each one. He coordinates the external auditors that review SPI records. He shares responsibility for company compliance with accounting rule changes within Sierra Pacific business practices. Gary hopes to continue being a vital asset and resource to the accounting and finance team and is thankful for how his SPI story has so far played out. Who knows what's next?



Hometown: Red Bluff, CA
Education: University of CA, San Diego
BS Economics, Management Science; San Diego State University MS Accountancy
Kids: Son Pierce, 18 months
Hobbies: Go Chargers!; played rugby in college
Music: Alternative Rock - loving Arcade Fire right now
First Job: Worked at Tehama Family Fitness Center during high school
Goals: Maybe adding a couple more kids to the family

CONGRATULATIONS!

Thank you for your continued support. Glad to have you as part of our SPI family!

Red

35 Years!

Dan Bye
Phillip Hamilton
Carrie Jacobsen

Windows Red Bluff
Red Bluff Millwork
Red Bluff Millwork

30 Years!

Ann Carter
Robert Landingham
Bobby Rich Jr.
Doug Rogers
Darin Ruley
Irma Sanchez

Health Benefits
Richfield Reman
Anderson
Anderson
Windows Red Bluff
Richfield Millwork

25 Years!

Brian Adair
Curtis Davis
Mike Kelley
Craig Ludwig
Greg Patton
Karl Thompson

Forestry
Anderson
Shasta Lake
Red Bluff Millwork
Windows Red Bluff
Richfield Millwork

20 Years!

Bobby Bartell
Bobby Crouch
Chris Dailey
John Hawkins
Cory Jauch
John Johnson
Patrick Keenan
Randy Malchow
David Miesbauer
Dennis Pebley
Jason Taylor
Lorenzo Ubias

Lincoln
Red Bluff Millwork
Quincy
Forestry
Quincy
Richfield Reman
Trucking
Burney
Sales & Service
Lincoln
Burney
Lincoln

15 Years!

Jose Aldrete
Steve Bailey
Pam Beerbower
Joseph Brown
Augustin Caldera
Efren Casillas
Armando Cortes

Lincoln
Aberdeen
Aberdeen
Lincoln
Red Bluff Millwork
Chinese Camp
Richfield Millwork

Maui

Natalia Flores
Pete Jackson
Cami Kramer
Larry Martinez
Alma Meza
Frank Mulhair
Jason Poukkula
Juan Ramirez
Luis Rivera
Mike Self
Bruce Solomon
Ryan Winn
Greg Yancy
Hoeung Yi
Renato Zaragoza

10 Years!

Silvana Cucuzza
Curtis Duncan
William Fern
Brenda Johnson
Adam Kennedy
Calvin LeRette
Michael Marrs
Bernardo Sanchez
Aaron Sulzer
Ker Yang

George

Windows Red Bluff
Burney
Windows Merrill
Windows Red Bluff
Windows Red Bluff
Forestry
Aberdeen
Richfield Millwork
Red Bluff Millwork
Shasta Lake
Windows Red Bluff
Richfield Millwork
Richfield Millwork
Aberdeen
Richfield Millwork

Chinese Camp
Chinese Camp
Burlington
Sales & Service
Burney
Windows Montana
Centralia
Burney
Sales & Service
Sales & Service

Thank You!

5 YEAR ACHIEVEMENTS

Leo Arteaga	Windows Red Bluff
Emma Ashbee	Workers' Comp
Kevin Azbell	Windows Medford
Lauren Bieber	Windows Montana
Gerald Bloom	Windows Red Bluff
Mathew Camacho	Sonora
Clay Campbell	Anderson
Cassie Canavan	Windows Red Bluff
Gerardo Carrillo	Windows Red Bluff
Matthew Clements	Quincy
Victor Crispin	Windows Red Bluff
Chris Cudia	Quincy
Jesse Cullens	Sonora
Lori Cypher	Windows Medford
Joseph Dean	Sonora
Becky Decker	Windows Medford
Alex Dietz	Sales & Service
Valerie Dole	Windows Orange Co.
Willie Eisner	Windows Medford
Cameron English	Anderson
Darren Gereau	Windows Medford
Brad Giroski	Aberdeen
Donna Hafner	Windows Merrill
Korey Harris	Shelton Fab Shop
Raymond Hawthorne	Sonora
Brett Hayslett	Quincy
Michael Herschell	Windows Medford
Christopher Hobson	Windows Pac Northwest
Chase Holliday	Windows Red Bluff
Sara Holloway	Forestry
Tony Jaegel	Main Office
Kendall Jones	Red Bluff Millwork
Joe Kilfoyle	Quincy
Kolton Klemm	Windows Medford
John Krajcirik	Richfield Millwork
Terry Krueger	Windows Merrill
Saul Lira Pinzon	Windows Red Bluff
Daniel Lopez	Centralia
Mireya Martinez	Windows Red Bluff
Charles McCartney-Barnes	Chinese Camp
Alex Mendonsa	Windows Red Bluff
Josh Miller	Quincy
Becky Monti	Windows Merrill
Joshua Mostert	Centralia
Phillip Oberman	Windows Montana
Maria Olivera	Windows Red Bluff
Daniel Partida	Windows Red Bluff
Anthony Pereira	Shasta Lake
Missy Petrick	Windows Medford
Louis Plourde	Windows Los Angeles
Nadine Raymond	Shasta Lake
Sabino Robles	Richfield Reman
Erick Ruelas Olivera	Windows Red Bluff
Moises Saucedo	Windows Los Angeles
Frank Schoerner	Windows Merrill
David Sisley	Shasta Lake
Dawn Smith	Windows Medford
Brian Sulla	Windows Colorado
Jared Tappero	Quincy
Felipe Valdez-Saucedo	Burlington
Ramon Velarde Jr.	Windows Arizona
Collin Walton	Windows Red Bluff
Dean Witts	Windows Red Bluff
Rebecca Zimmerman	Windows Merrill



RETIREES



DONALD BANKS

After retiring as a Filer at Red Bluff Millwork after 42 years, Donald is hoping to do some traveling. He recently purchased a patio boat, on which he is having fun working, and a travel trailer he hopes to put to good use! He has eight grandkids so he is looking forward to spending time with them. He shared, "This has been a great company to work for. It helped raise my kids." Thank you, Donald, for your years of service!



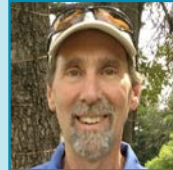
JOHN MEISENHEIMER

John recently retired from his Chipper/Hog Operator position at SPI Anderson after 16 years. Sounds like he will be keeping busy! He said he wants to watch his grandkids play sports and grow up. Beyond that, he plans to hang out and help his wife at the bowling alley. Have fun John!



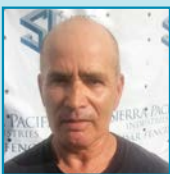
KENNETH BURGESS

After 14 years with SPI, Kenneth recently retired from his Tail Off position at Red Bluff Windows. He plans on taking up climbing and doing a lot of camping. He also plans to start baking. Sounds delicious, Kenneth!



BRAD RIX

After 36 years with SPI, Brad has retired from his lumber sales position in Anderson. His future plans include more traveling with his wife, Jamie and more time spent with his family. He also would like to squeeze in more hunting, fishing and golf when not working on a few house projects. Congratulations, Brad!



JUAN GARCIA

Juan, Hog Operator for SPI Oroville, has retired. He is moving back to Mexico to enjoy hanging out at the bar and grill he owns. Juan says he will only pitch in if he wants to - ha ha! Three months out of each year, he will spend time in California to visit his kids and grandkids. Enjoy your retirement, Juan!



GARY STALLIONS

"If it requires an alarm clock, it's too early." Sage advice from Gary as he enters retirement after 35 years driving log trucks for SPI. Gary's main retirement goal is to never have to wake up to an alarm clock again. You've earned it Gary!



JEFF HALL

Upon retirement from his Electrician #1 role at the Anderson Fab Shop after 39 years, Jeff plans on remodeling his house and doing some traveling. He especially wants to spend time in Alaska and Kentucky. Congratulations, Jeff!



DAN WOLTER

After 23 years with Sierra Pacific, Dan Wolter looks forward to retiring on December 31 from his Structural Lumber Sales Manager role in Anderson. He plans to do some traveling in Europe as well as spending some time in our National Parks. He plans on hitting the links and spending time with his six grandkids. Dan also intends to spend some time in the kitchen improving his culinary skills by experimenting with flavors. You'll rock retirement, Dan!



JANE HUME

Jane has plans. Big plans! After 30 years, she has retired from her Accountant role at SPI Oroville. She is looking forward to lots of road trips to visit family and friends. She has many adventures on her horizon too! Rafting on the Rogue River, ziplining, sky diving (again) and hiking are all included on her retirement to-do list. Kudos, Jane!



CARING FOR OUR COMMUNITIES

In the aftermath of California's devastating wildfire season, entire communities are faced with the overwhelming task of rebuilding. Homes, businesses, and infrastructure have been severely damaged or entirely destroyed. Even in the midst of tragedy, the kindness and generosity of individuals, organizations, foundations, and non-profits has been witnessed over and over again. The devastation seen on our TV screens, in our social media feeds, and on the pages of our local newspapers brings heartbreak and tears, but the shared humanity poured out in response is something to be celebrated and cherished.

Sierra Pacific is grateful for our crew members, our customers, our vendors and our competitors who have reached out to ask what they can do to help. Some organized clothing drives, some donated funds to our local community foundations tasked with administering relief support to those that need it, and others gave directly to their neighbors and co-workers. In our operating communities hardest hit by the Carr and Camp Fires, the Sierra Pacific Foundation has given a total of \$138,000 to local community foundations doing great work on the ground in the affected areas. In addition, Sierra Pacific crew members, customers, and other industry partners have given over \$190,000 collectively.

BOARDTALK

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**HAPPIEST AND WARMEST
HOLIDAY WISHES TO YOU,
OUR VALUED SPI FAMILY!**

**THANK YOU FOR YOUR
SERVICE AND DEDICATION
THROUGHOUT 2018.**

**WE LOOK FORWARD TO
SHARING MANY MORE SUCCESSES
WITH YOU IN 2019!**

Red *George*
Mail