



COMMUNICATION POSTED AT PALCO AND SCOPAC 7/16/08



Wednesday, July 16, 2008



Post Immediately

The following is a message to Palco and Scopac employees from Mendocino Redwood Company.

"We recognize that the current employees of Palco and Scopac have many good and important questions to ask. We are working in concert with Palco/Scopac management, the future leadership team of Humboldt Redwood Company (HRC) and our legal advisors to answer these important questions correctly and timely.

To that end, we will begin communicating directly to all current employees of Palco/Scopac and future employees of HRC via our website www.hrcllc.com beginning no later than early afternoon, this coming Friday (July 18th, 2008). These communications will also be distributed through normal channels at Palco/Scopac.

We remain hopeful that this somewhat difficult and unpredictable legal process will come to a positive conclusion within the next two weeks; however, we recognize the final outcome is still pending an appeal. We appreciate everyone's patience as we try to address all these extremely important employee issues in a proper and timely manner. Please stay tuned."

Sincerely,

Richard Higgenbottom
Chief Executive Officer
Mendocino Redwood Co., LLC.