



## **Belco Forest Products Consolidating to Shelton, Washington**

(Tacoma, WA. February 13, 2008) – **Belco Forest Products Inc.**, a leading Northwest manufacturer and distributor of specialty building supplies, plans to sell its' headquarters and distribution yard located on seven acres in Fredrickson, Washington and consolidate operations to their Shelton, Washington location. Belco maintains various forest product manufacturing facilities on nearly 16 acres in Shelton and plans to further develop this property to meet their distribution requirements. By consolidating, Belco will improve overall efficiency and drive cost out of the supply chain.

Along with other product lines, the Shelton manufacturing facilities produce Armor Coat Trim & Fascia™; a premium, factory primed, water-borne acrylic coated whitewood product engineered for residential applications. And soon, Belco will be applying FrameGuard™ wood coating through its' Custom Services division in Shelton. Designed by Arch Chemicals, FrameGuard™ protects wood intended for interior use during its storage and construction by utilizing a blend of anti-mold chemicals and borate technology that alleviates problems from mold, termites and fungi. Belco is the exclusive Northwest provider of FrameGuard™ wood coating.

"Our business has changed from a pure wholesaling and distribution operation to one where a significant portion of our product sales derive from the manufacturing facilities in Shelton." Said Bill Staley, President and CEO of Belco. "We looked at this very carefully and attempted to come up with compelling reasons not to consolidate, but the benefits to both Belco and our customers are too overwhelming. Consolidation allows us to use our assets more effectively and simplifies the supply chain, which reduces costs and contributes significantly to our goal of improving efficiency while adding value. Ultimately, it will allow us to better serve our customers."

Some long-time customers and industry analysts may question the timing of the move, given the recent slow down in the market and looming potential of a recession. "This is the perfect time to do it." Staley counters. "We actually considered it before but consolidation on this order can be a major distraction and a drain on company resources, something you would regret if the market was booming. We believe the current market will turnaround and when it does, consolidation puts Belco in the perfect position to take advantage of that opportunity."

Belco does not anticipate any negative effects on overall customer service resulting from consolidation. The distance to Shelton may be an issue for some "Will Call" customers but it is a small part of Belco's business and that will encourage implementation of more effective supply chain management processes. Belco is actively marketing the property in Fredrickson and until a sale is complete will maintain inventory in both locations.

Transition to Shelton will occur in phases during 2008. The consolidation involves moving the current corporate offices, warehouse and distribution operations in Fredrickson to Shelton as facilities become ready. Customers are encouraged to contact Belco if they have any questions or concerns.

Belco Forest Products leads the forest products industry by relentlessly delivering quality products and exceptional service through innovative manufacturing and a knowledgeable team of professionals. We create and nurture long-lasting, mutually beneficial business partnerships with our customers and suppliers, consistently employing and maintaining a "Make it Happen" approach.

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