

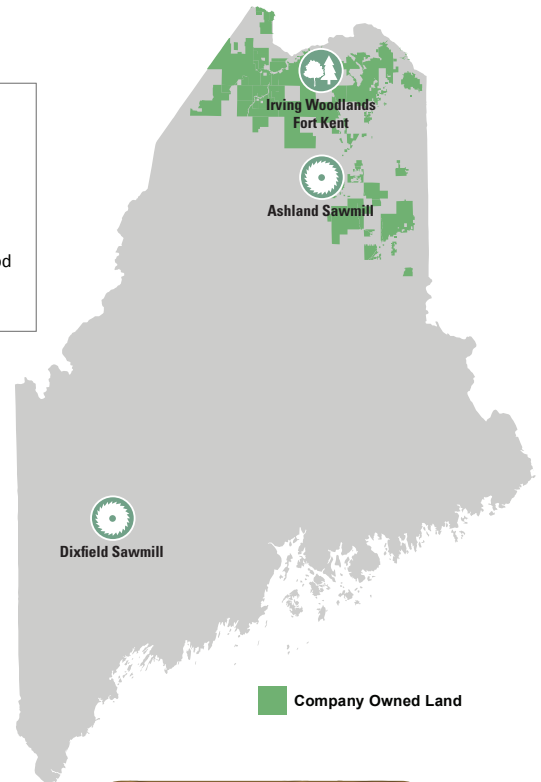
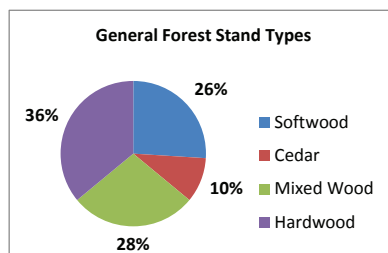
IRVING WOODLANDS IN MAINE



VITAL STATISTICS

- Over 60 years of operations in Maine
- 1.255 million acres in Maine (7% of the forested land in Maine)
- A team of 30 forestry professionals working on the ground in Maine
- Voluntary Conservation Program – 214 sites and growing
- Voluntary investments in forest science with UMaine, Manomet, Inland Fisheries & Wildlife and other partners
- Irving Woodlands LLC plants 70% of the planted trees in Maine – over 56 Million seedlings in the last 35 years
- Jobs: Over 1800 (direct, contractor and indirect)
- Annual employment Income: \$67 million (direct, contractor & indirect)
- NEW Sawmill underway in Ashland, 63 NEW full-time jobs, \$33 million investment
- Providing a sustainable wood supply to over 20 separate businesses in Maine

Irving Woodlands LLC Forest Composition



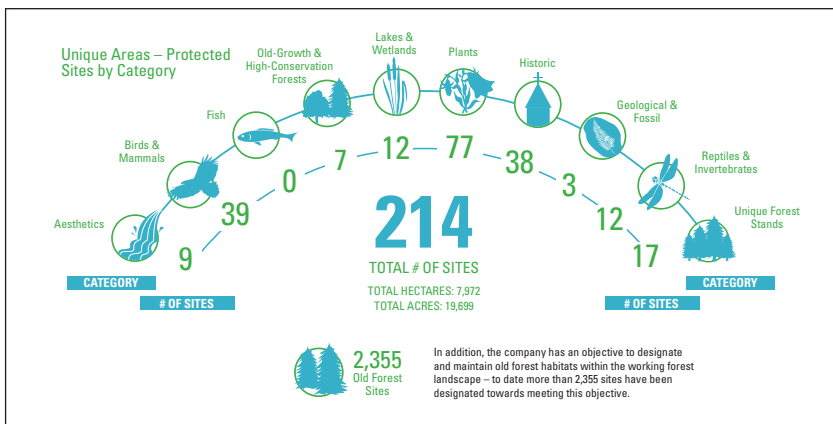
Sustainable Forest Management Planning 80-100 Years Ahead



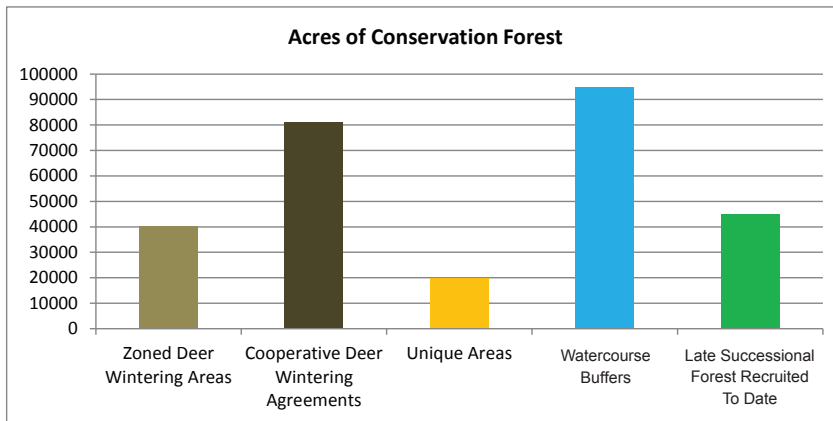
CONSERVATION & RESEARCH



VOLUNTARY CONSERVATION EFFORTS IN THE NORTH MAINE WOODS



122,000 Acres of Deer Wintering Habitat



94,000 Acres of Watercourse Buffers



RESEARCH PARTNERS

Our (voluntary) Forest Research Advisory Committee includes two UMaine scientists: Dr. R. Wagner and Dr. A. Weiskittel as well as Mr. A. Whitman from Manomet.

Dr. A. Weiskittel is the Irving Chair in Forest Ecosystem Management at UMaine.

Irving Woodlands, LLC has been a long term and active member of the Cooperative Forestry Research Unit.



OUTCOME-BASED FORESTRY OVERVIEW



In 2013 we finalized a new management plan for the 1,255,000 acres that we own in Northern Maine.

This forest management plan aligns with the criteria and objectives outlined within the Maine Forest Service's (MFS) Outcome Based Forestry (OBF) law. We are confident that our new plan can be implemented to meet the desired outcomes of the OBF agreement that we entered into with the MFS in May of 2012. At a broad level this agreement requires that our operations be implemented in a manner that is ecologically sustainable, economically viable and socially responsible; while achieving our objectives.

Outcome Based Forestry is the only system that requires economic, social and environmental assessment.

http://www.maine.gov/dacf/mfs/policy_management/outcome_based_forestry.html

Our OBF agreement obligates us to maintain independent third party certifications for our woodlands and relieves us from certain provisions of the Maine Forest Practices Act (FPA). Today, our woodland's are certified to meet the standards of the Forest Stewardship Council®

(FSC® C041515) and the Sustainable Forestry Initiative (SFI) forest certification systems. Under this agreement the FSC US Forest Management standards have been aligned (with additional indicators) with all federal and state laws.

Final OBF assessment is determined by a governor appointed panel of technical experts who report to the director of the MFS. The accompanying table provides a quick reference comparison between OBF and the Maine FPA and the benefits that have been achieved thus far. A summary of our forest management plan and our SFI and FSC certification reports are both publicly posted on our website.

Comparison Between OBF agreement and FPA

	OBF	FPA
State of Maine, Based Technical Experts Review	Yes ✓	No ✗
Independent 3rd Party Certification Required	Yes ✓	No ✗
Provisions to Improve Timber Supply and Quality	Yes ✓	No ✗
Provisions to Protect Forest Health	Yes ✓	No ✗
Provisions to Conserve Biological Diversity	Yes ✓	No ✗
Provisions to Consider Economic and Social Obligations	Yes ✓	No ✗
Reduced Administrative Work for Landowner and MFS Staff	Yes ✓	No ✗
Increased Reporting Transparency	Yes ✓	No ✗
Science Based Harvest Prescriptions	Required for all harvests	Only required for clearcuts
Regeneration of Clearcuts	Required	
Maximum Clearcut Size Allowable	250 acres	
Clearcut Separation Zone Requirements	Landowner can manage with scientifically based silviculture prescriptions	May only be harvested according to prescriptive standards in rule
	Buffering between clearcuts can utilize natural landscape features	Minimum 250 foot separation zones with short term 1:1 acreage requirement
**Required Compliance to All Local, State & Federal Regulations to Protect Water and Wildlife and Protected Resources (i.e. DEP, LUPC, MFS, AWW, Local Ordinances etc.)	Yes	

**The State of Maine has established laws that protect the wildlife, waters and unique natural resources in our State that are above and beyond the FPA. All of the laws protecting our natural resources remain intact and are still subject to compliance under OBF.

http://www.jdirving.com/environment.aspx?id=5334&ekmense1=8_submenu_168_btnlink

BENEFITS OF OUTCOME BASED FORESTRY



- ✓ Less road building (42 miles less in 2013 than 2012)
- ✓ Operate on less of the landbase – less fragmentation of the forest
- ✓ Science-based harvest prescriptions = better management
- ✓ Salvaging mortality due to wind damage and disease, improving forest health and reducing forest loss due to mortality
- ✓ Lower operating costs
- ✓ Improved earnings and productivity for 90+ contractors due to reduced equipment moves and related downtime
- ✓ A competitive wood supply for our Maine mills and over 20 others in the state
- ✓ Growing jobs and investment – \$33M in Ashland Sawmill, 63 new jobs, opening Summer 2014
- ✓ No increase in percentage of clear cutting

“Under outcome based forestry my machines spend less time on a low-bed and this has helped me improve my bottom line.”

**Jeremy Fournier - Ironwood Logging
Eagle Lake, ME (7 employees)**

“KPeI Industrial Services, Inc., is based in Fort Fairfield, ME. We employ 26 people. In an area that has been challenged by out-migration and limited job creation, Irving’s decision to create 63 jobs by investing \$33 million in the Ashland Sawmill was good news for the County and for our business in a particular. This investment and the benefits we have received as a local business and employer are in large part because outcome based forestry ensures a sustainable, cost-efficient delivery of wood to the Ashland Sawmill.”

**Scott Colton
Co-owner
Fort Fairfield, ME**



Science Based
Harvest Prescriptions

“To be successful in the State of Maine, we need to do more than to preserve the status quo. Simply stated, we need to grow and develop opportunities for work, reverse the outmigration of our young people and cultivate a climate conducive to future capital investment.

Maine’s outcome based forestry law has created an opportunity to do just that for one of our suppliers, Irving Woodlands LLC. Under Outcome Based Forestry, Irving has increased its levels of silviculture investments to grow more wood for mills in the State of Maine. As you would expect, an improved and stable fiber supply is critical for employment and good for Maine mills. As well as building a new mill, Irving has worked hard to develop more contractors and increased investments in training operators for the labor pool in the region. These efforts all demonstrate long term commitment to the State, the forest and the people. Outcome based forestry has played a major role for helping Irving do its part.”

**Bert Martin, Director
Woodlands Pulp LLC**

ACCOUNTABILITY

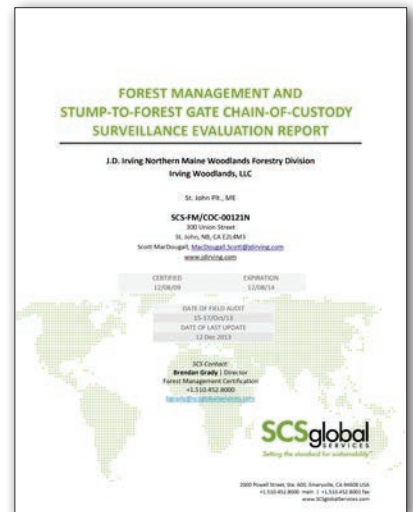
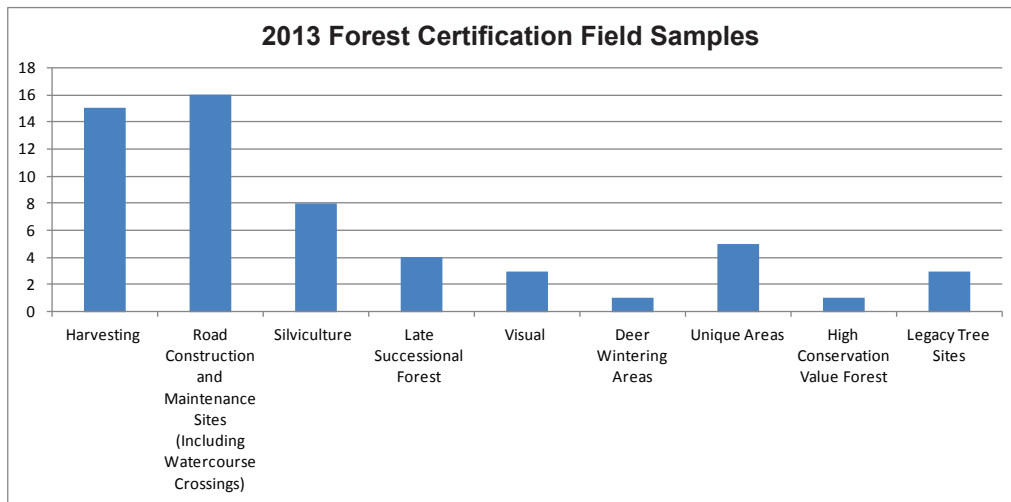


Independent 3rd party verification of our forest management is important for public credibility and confidence. Under the OBF agreement that we signed with the MFS in 2012, we are required to maintain independent 3rd party certification (aligned with all state and federal laws) for all of our Maine Lands with oversight and endorsement of auditing results by a governor appointed panel of experts.

In 2013 our operations were audited to the standards of the Sustainable Forestry Initiative (SFI) and ISO 14001 as well as the principles and criteria of the Forest Stewardship Council (FSC) – US Forest Management Standards. Auditors found our sustainable forest management system to be in conformance to the SFI program and that the ISO 14001 Environmental Management System (EMS) was being effectively implemented and that overall conformance to the applicable FSC standards was achieved. Two observations and corrective action requests for non-conformity were issued by auditors for two FSC indicators under the US Forest Management Standards. Corrective action requests require further training on legacy tree identification to improve consistency in application of policy and a more thorough cross referencing of policy documents with the forest management plan to improve understanding of desired future conditions or timber and non-timber resources.

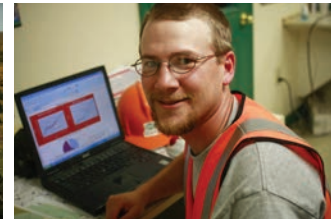
Our FSC and SFI certifications require us to minimize and strive to reduce our use of chemical pesticides.

Expert panel findings for 2013 can be found on the Maine Forest Service's website for Outcome Based Forestry. The following graphs depict focal areas for auditors in 2013.



http://www.jdirving.com/environment.aspx?id=5334&ekmensenl=8_submenu_168_btnlink

IRVING WOODLANDS DETAILED SCORECARD



MAINE WOODLANDS DETAILED SCORECARD

Sustainable Forestry	2013 Maine Data
Resource holdings (freehold - Maine) - Acres	1,255,000 acres in 2013
Land base harvested (%)	2% in 2013
Trees planted - # of seedlings	3 million in 2013
Forest lost from disease	0 acres in 2013
Forest lost from windthrow	900 acres in 2013
Forest lost from fire	8 acres in 2013
Forest lost from all causes	908 acres in 2013
Mapped watercourse buffers (total)	94,000 acres in 2013
Watercourse distances sustainably managed (total)	3,000 miles in 2013
Forestry road building (new roads)	72 miles in 2013
First year planted tree survival rates	85-95% in 2013
Second year planted tree survival rates	84-95% in 2013
Pre-commercial thinning & plantation cleaning completed	3,346 acres in 2013
Tree planting completed	4,296 acres in 2013
Sustainable Forestry Initiative Certification (SFI)	100% of Maine holdings
Environmental Management System Registration (ISO 14001)	100% of Maine holdings
Forest Stewardship Council Certification (FSC)	100% off Maine holdings
Certification Non-Compliances (FSC, SFI & ISO 14001)	0 in 2013
Volunteer Conservation areas on JDI land # of unique areas set aside	214 sites / 19,699 acres

From the Auditor's Report

"Numerous examples of effectively protected riparian areas and waterbodies were observed during the field audit."

"A number of vernal pools were observed during the field audit to be well protected under the Company's Vernal Pool Policy."

"JDI planners do an effective job of tailoring the silviculture system(s) being prescribed to the stand characteristics (species composition, structure, condition, age(s), etc.), site characteristics (fertility, trafficability) and broad management objectives pertaining to a particular stand. In addition to clearcut systems, a variety of partial cutting silviculture systems are prescribed and implemented by the Company."

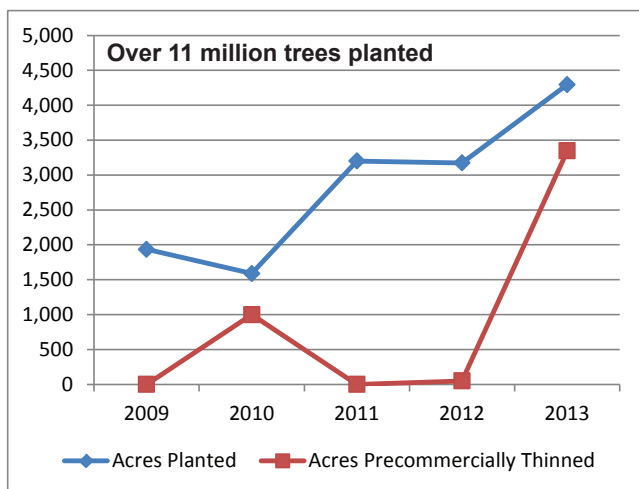
2013 Sustainable Forestry Initiative (SFI) Audit Report

2013 OPERATIONS REPORT

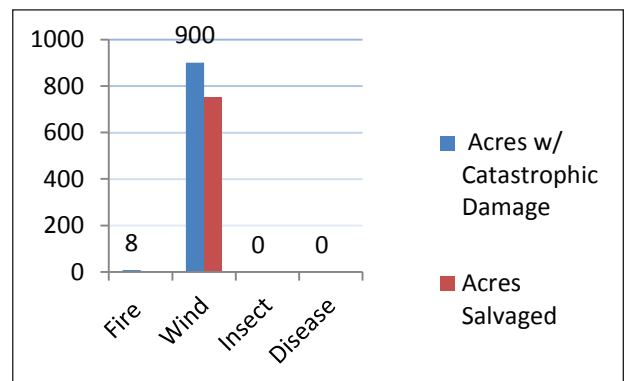


In 2013, our foresters implemented an operating plan that was designed to meet our sustainable forest management strategy as outlined in our management plan under OBF. Operations were conducted under complex environmental, market and economic conditions this past season. Major wind events across numerous ownerships in the County caused severe damage to the forest resource. The flexibility afforded by OBF to properly plan and execute operations to meet the daily challenges that our people face was a tremendous asset in closing a successful operating year.

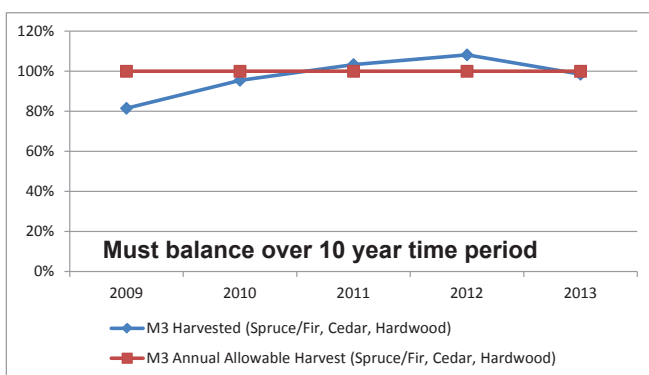
Trees Planted 2009-2013



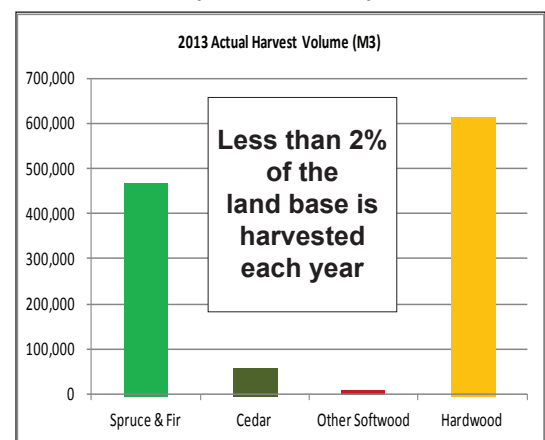
Forest Loss due to Wind, Fire, Insects and Disease



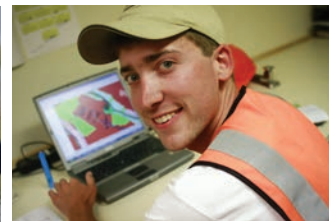
Harvesting by Species



2013 Actual Harvest Level Volumes (cubic meters)



FOREST MONITORING RESULTS



As part of our commitment to improve the health, growth and long term yield from our lands, we continuously monitor forest health, development and growth and yield (often in cooperation with the MFS). Monitoring is achieved through staff training and observation, stakeholder consultation and input, regular aerial reconnaissance, and an intensive ground sampling program. The following provides a sample of our 2013 monitoring program.

FOREST SURVEYS		
1 st Year Planted Stand Survival Plots	85%-95%	Survival issues that are believed to be related to weather extremes in July.
2 nd Year Planted Stand Survival Plots	84%-90%	Survival issues that are believed to be related to weather extremes over last two years.
3 rd Year Harvest Surveys	-	Not surveyed in 2013.
5 th Year Planted Stand Survey	2478 acres	Were surveyed and 98% were found to be free from significant competition.
10 th Year Planted Stand Survey	3883 acres	Were surveyed and 70% of the polygons had areas with significant natural competition that now required intermediate thinning treatments.
High Conservation Value Forest (HCVF) Survey	7 areas	No management activities occurred in or adjacent to any HCVF. No significant changes have occurred within the designated areas. Old trees continue to show signs of decline.
Insect Monitoring	-	Irving foresters assisted MFS personnel with insect monitoring, primarily looking for spruce budworm activity (see: MFS website for regional results of findings).

In addition to monitoring forest health and growth, we are obligated and required to measure our impact on the environmental and social aspects of our operations. We strive to protect our environment with programs to improve operations, lessen our impacts on water resources and improve our handling of dangerous goods such as fuel. Operations improvement is the focus of our daily work. It covers all of our operations from planning to reforestation of harvest areas. Programs to improve operations include sustainability of wood supply, public education and communication in forest management affairs, soil conservation by controlling equipment rutting, conservation of biodiversity by protection of habitat, respecting forest cover type distribution and site specific and forest level habitat protection.

Water protection programs include managing our use of dangerous goods near water, careful planning and management of riparian areas, management of siltation from harvest areas, proper installation and maintenance of watercourse crossings, and strict control of activities within municipal water supply areas. These programs all follow existing government regulations and are part of all staff and contractors' daily routines.

The environmental and social impact of our operations is monitored by following an Environmental Management System (EMS) that allows us to record, monitor and respond to incidents as they are reported. Our EMS system is based on a "top to bottom" communication system. Corporate leadership to our regional team flows through the operations. Staff meetings are regular, and operational issues in the form of Incident's and Non-conformances are discussed between staff and contractors every week. All incidents and non-conformances are entered into a database where corrective actions are reported, prioritized and tracked to monitor trends for determining where we are off plan and where improvements need to be made.

STAKEHOLDER ENGAGEMENT



Meeting with and formally addressing stakeholder concerns is part of our 3rd party certification requirements. We have met both formally and informally with individuals and organizations in an effort to incorporate responsible ideas, guidance, suggestions, information/data, positive comments, complaints and concerns into our management planning process.

Organization	Nature of Business
Maine Natural Areas Program	Gathering spatial information on any recent finds of Maine's rare and invasive plants as well as providing the state with details on staff finds. This is done annually.
Maine Inland Fisheries & Wildlife	Gathering spatial information on recent finds of Maine endangered/threatened fauna species and provide details to the State on any JDI staff finds. This is done annually. Spent time with MIFW staff in the field to confirm the use of a number of Great Blue Heron colonies. Regular discussions on issues such as deer and moose management, heron colonies, etc.
Maine Heritage Preservation Commission	Gathering spatial information on any recent archeological finds.
University of Maine (Presque Isle)	Discuss operational constraints on our harvesting equipment that will be in the vicinity of an historic native site.
New England Wildflower Society (NEWFS)	NEWFS provides Irving Woodlands, LLC with detailed information on the status of particular rare plant sites on our land in northern Maine.
Manomet Center for Conservation Sciences	Advice on rare/uncommon forest communities and late successional forests.
Penobscot Environmental Consulting	Advice on retaining and recording legacy trees.
SFI Fisheries Improvement Network (FIN)	Maine Forest Products Council / SFI led group consisting of Landowners, State and ENGO groups dedicated to improving fish habitat state-wide.
Maine Stream Connectivity Network	Regulator, landowner ENGO group formed to improve fish and aquatic connectivity on Maine watercourses.
MFPC Wildlife Technical Committee	Landowner group who discuss fish & wildlife issues, usually with state regulators and user groups like SAM.
Cooperative Forest Research Unit (CFRU)	UMaine researcher-landowner sponsored body which develops and researches a variety of forestry and wildlife interaction issues.
Maine Department of Environmental Protection	Issues concerning invasive forest plant species.

In 2013 we also met with the following:

- Numerous Individuals
- Local Town Boards
- Native Groups
- Sportsmen Organizations
- Technical Schools
- Other Landowners
- Numerous Forestry Organizations
- Sportsmen Forest Landowner Alliance
- Maine Snowmobile Association Clubs
- ATV Clubs
- North Maine Woods
- Allagash Wilderness Waterway
- Maine Forest Service
- Fish River Lakes Association



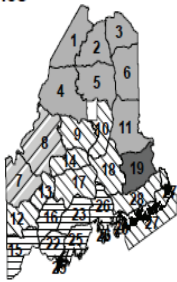
RECREATIONAL USE



Irving Woodlands LLC continues to provide historic, traditional recreational opportunities. Both inside and outside the North Maine Woods framework of Aroostook County, there is a well developed culture that provides public access to private land for engaging in traditional recreational uses. The working relationships developed with both individuals and groups from this sector has been mutually beneficial to all. Continued support of traditional uses such as hunting, fishing, trapping and hiking on our lands are welcome.

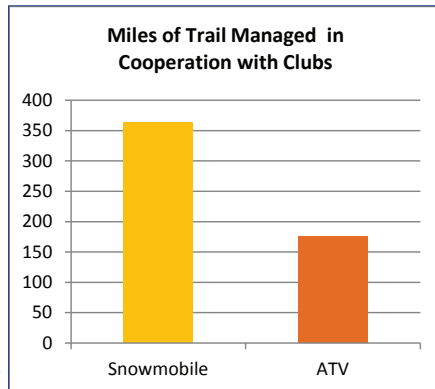
Hunting Zones

- Week 1,2
- ▣ Week 1,2,3
- ▣ Week 2
- ▣ Week 2,3
- November



Week 1: September 23 - September 28, 2013
 Week 2: October 14 - October 19, 2013
 Week 3: November 4 - November 9, 2013
 November Season: November 4 - November 30, 2013
 November 2, 2013 (Maine Residents Only)

Miles of Trail Managed in Cooperation with Clubs



North Maine Woods, Inc.

P. O. Box 425, 92 Main Street, Ashland, Maine 04752

"Experience the Tradition"



INVESTING IN MAINE



WE ARE COMMITTED TO CONTINUOUSLY IMPROVING EVERY ASPECT OF OUR MANAGEMENT AND OPERATIONS.

We want to be partners and good neighbors and we continue to actively work to support our state, our communities, workers, contractors, suppliers and customers.

- ✓ *In 2013 we worked with 30 commercial outfitters offering outdoor experiences in our woodlands.*

NEW SAWMILL AT ASHLAND

- ✓ \$30+ million investment
- ✓ 63 new full time jobs
- ✓ Local contractors assisting with construction
- ✓ State of the art technology

LOCAL MAINE CONTRACTORS WORKING ON NEW SAWMILL AT ASHLAND

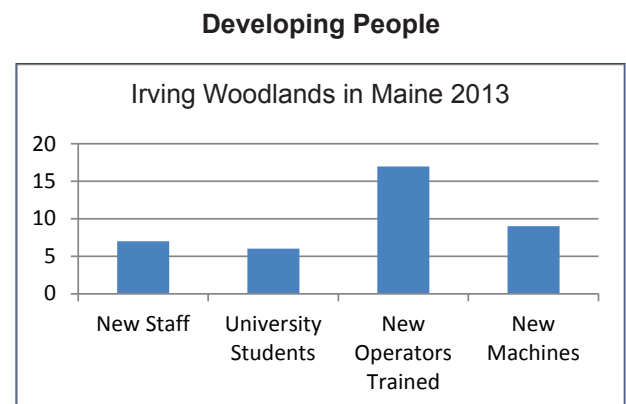
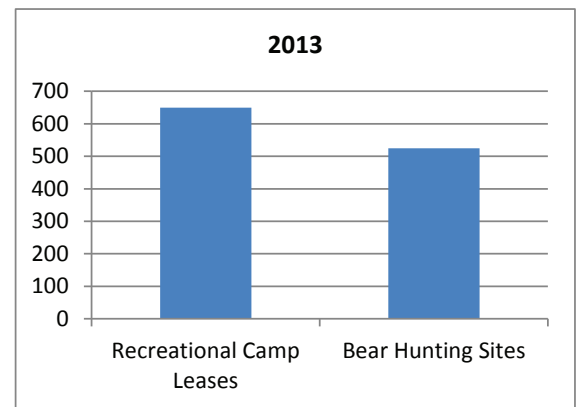
- ✓ Buck Construction
- ✓ Cianbro
- ✓ K-Pel
- ✓ PNM Construction
- ✓ Soderberg Construction
- ✓ Underwood Electric

2013 INVESTMENTS IN GROWING HEALTHY FORESTS

- ✓ 3,000,000 trees planted
- ✓ 3300 acre/forest thinning program
- ✓ \$3,000,000 invested in 2013

ADDITIONAL PROJECTS UNDERWAY

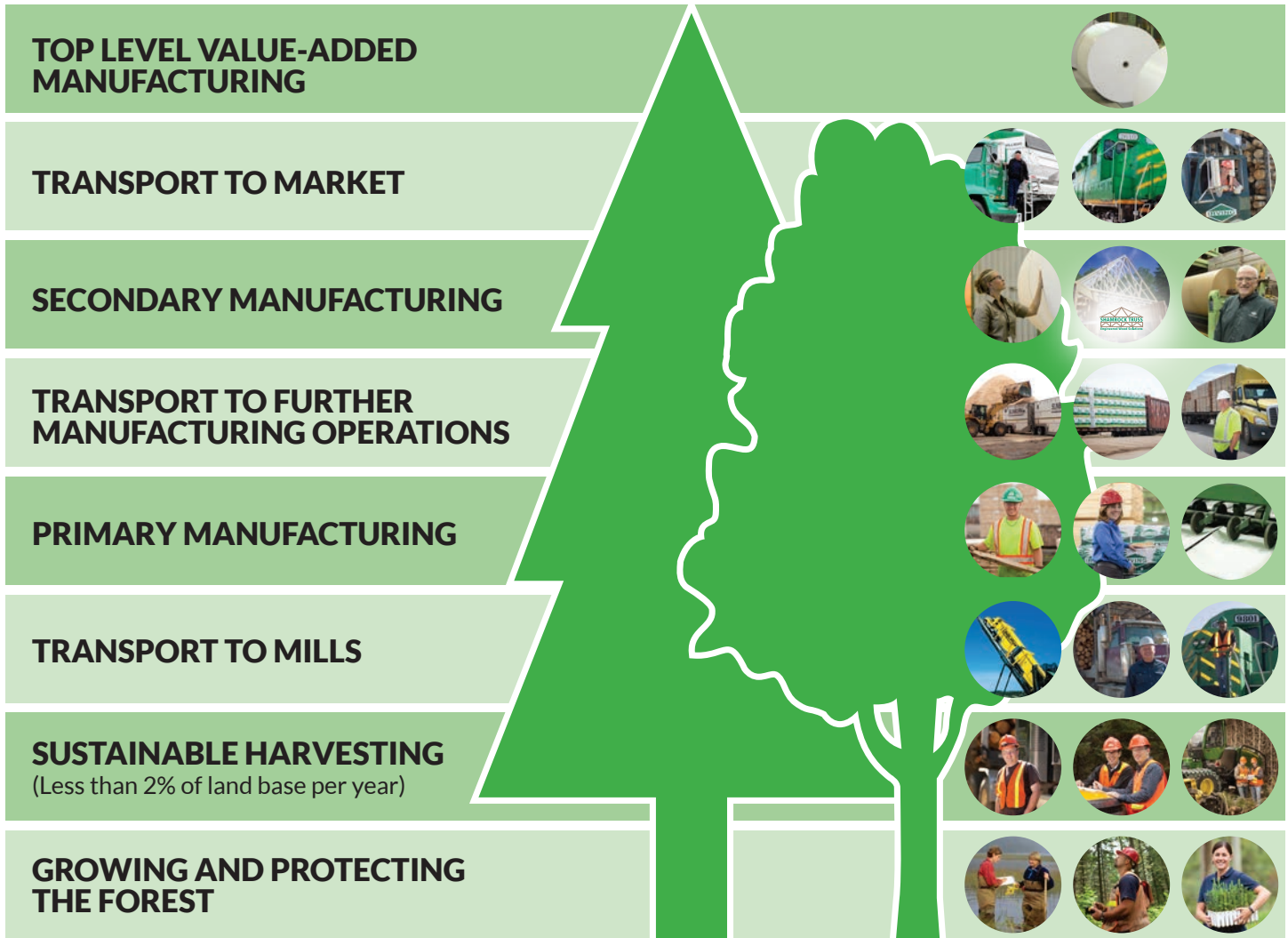
- ✓ Revised riparian best management practices (BMP) for 2014
- ✓ Further development of specialized riparian harvest crews
- ✓ Reviewing LiDAR mapping capabilities
- ✓ Implementation of commercial thinning operations



OUTCOME BASED FORESTRY SUSTAINS A VALUE-CHAIN OF JOBS THROUGHOUT MAINE



HEALTHY FORESTS • GROWING JOBS • VIBRANT COMMUNITIES



Outcome based forestry means a competitive wood supply to many non-Irving mills in the state, including:

B & A Fort Kent
C&W Kennedy Farms
Carrier Chip Plant
Columbia Forest Products
Costigan Chip Plant
Gardner Chipmills

Huber
Katahdin Paper
Louisiana Pacific
Lumbra HW Sawmill
UPM - Madison

Moose River-Jackman
New Page - Rumford
Old Town
Pleasant River Lumber
Re-Energy Fort Fairfield

Sappi
Skills Inc
Verso Bucksport
Verso Jay
Woodland Pulp