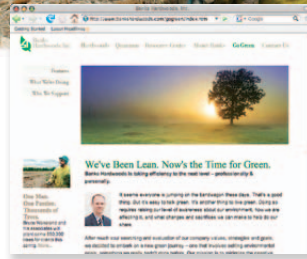
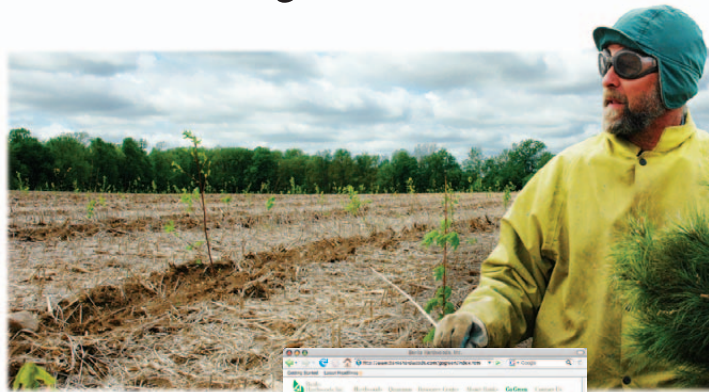


Growing Green Banks Environmental Program

In 2007, Banks Hardwoods established an environmental program. This program included a thorough audit of our business practices to find ways to conserve resources and minimize the impact we have on the environment as we conduct business. In a very short period of time, we've made tremendous changes at our facilities that are better for our environment. One exciting facet to our E Program this year is our launch into tree farming. In early April we planted 18,500 trees as a beginning to a long term effort in tree farming.

In addition, we have applied for FSC Chain-of-Custody Certification which should be completed by the fall of this year.



Our environmental program is comprehensive. For more details, please visit the Go Green section of our web site and discover all that we are doing.

New Banks School Established

Banks Hardwoods has formally established a company school for systematically educating and training all employees in a wide variety of fundamentals, as well as advanced job-specific classes. Most classes will be mandatory for all employees and will take place on a weekly basis throughout the year.



David Sieggreen has been appointed the school's new Director. David is also currently the Quality Control Manager for our Mottville location and has been teaching grading classes and Quality Standards with Corey Lutz for many years.

The Banks School will also be offering formal seminars to our customers in order to help provide better product knowledge and sales training for hardwood lumber, as well as value added products.

For more information about our school, please call Spencer Lutz at 800-221-7776. Information will be made available on our web site in the next few months.

New Sales Division in Little Rock, AR

Banks Hardwoods opened its newest division in Little Rock, Arkansas in the fourth quarter of 2007 when Thomas and Ashley Owens joined our company. Both Thomas and Ashley are formerly of Northwest Hardwoods. They bring extensive sales experience, a strong base of customer relationships and contacts, and a whole lot of energy! We're thrilled to have them on our team and look very forward to developing a new presence across the Southern United States.



Thomas and Ashley Owens

Newberry

Plans Further Expansion



In 2006, we added three 60,000 kilns to bring the capacity to 310,000'. We added a new automatic stacker, a new green chain system, a new 500HP wood waste boiler, a wood waste grinding system and have created several new jobs.

Our plans for the future include a new 36,000 square foot mill room and warehouse with a 150' sorting chain to increase our productivity and expand the number of grade sorts we can offer our customers. We plan to add a large air drying shed and increase our kiln capacity in Newberry to 500,000 feet.

These exciting improvements are being blueprinted this year. In the meantime, we are building a strong cross-trained team in Newberry giving our quality and productivity an extra boost and preparing our team for an increase in volume in the future.

YIC Program

Making Every Idea Count

For years, Banks has had a *Your Ideas Count Program* for its employees. We actively encourage ideas that may in some way improve our company. Be it the work environment, the quality of their work experience or career in some way, if it's an idea that improves efficiency, quality or customer service, we want to know about it. When an idea

Dick Peters

Our First 20 Year Veteran

In 2007, Dick reached a milestone at Banks Hardwoods. Dick Peters is the first employee to reach the 20 year mark, while the company was



only 22 years old. Steve Banks and Dick Peters have been best friends since the 5th grade where they met in elementary school. Four years after college, Steve started Banks Hardwoods and two years later he needed someone to help him. After many discussions, Dick decided to move back to Elkhart and join Steve.

Dick's first job was tallying in new lumber, which led to managing the inventory and warehouse operations at the fledging company. Dick has sold tens of millions of feet of hardwood lumber and has developed wonderful customer relationships all over North America, playing a huge role in helping the company grow. Congratulations Dick, on what has been a very successful career. We look forward to the next 20!

is submitted, it goes directly to Steve Banks who responds to that individual promptly. The idea is investigated and pursued. Whether it is implemented or not, it is celebrated to inspire additional ideas. This is an important part of our commitment toward excellence. We don't care where the ideas come from. If YOU, our valued customer, can think of a way we can improve our company, PLEASE, send Steve Banks an e-mail today! Your idea will be recognized! sbanks@bankshardwoods.com

Corey Lutz

Director of Manufacturing

For many years Corey Lutz has been at the heart of our quality control efforts, which serve as the foundation of our manufacturing operations.



He has been in the middle of almost every major quality issue, solving problems, making adjustments, working through claims, training graders, calling on customers, and traveling to our plants with great frequency to insure our customers remain happy. He is constantly looking for ways to improve quality and productivity.

Corey's dedication to the company and his tremendous experience in the field have proven invaluable. His overall knowledge and ability in the areas of kiln drying, trouble shooting, lumber inspection, plant management and production is second to none in the company, or the industry.

Corey will play a key role in working with our plant managers, and serve as a liaison between manufacturing and Executive Management in order to maintain a high level of communication and help carry out the new goals of the company. This position is important to allow for controlled growth, improved company performance and ensure that "Quality Everything" stays alive.



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