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**UNITED STATES DISTRICT COURT
DISTRICT OF OREGON**

**WESTWOOD LUMBER COMPANY, INC.,
CASCADE HARDWOODS, INC., MORTON
ALDER MILL, INC., and ALEXANDER
LUMBER MILL INC.,**

Plaintiffs,

v.

WEYERHAEUSER COMPANY,

Defendant.

Civil No. CV-03-551-PA

**PLAINTIFFS' EXPERT WITNESS
STATEMENT OF GEORGE S. FENN**

By Plaintiffs

George S. Fenn
2471 Henderer Rd.
Elkton, OR 97436

Direct Testimony: 45 minutes

Mr. Fenn is a retired rocket scientist who for the past 25 years has devoted his scientific background to forest management. To the extent Mr. Fenn's factual testimony as set out in Plaintiffs' Witness List is considered expert testimony, the

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GEORGE S. FENN**

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following is duplicative of that factual testimony. A copy of his resume is attached as Exhibit A. Mr. Fenn has not testified in any capacity in a legal proceeding in the last four years.

Mr. Fenn has managed his own family tree farm in Douglas County for the last 25 years. He is a keen observer of forest management issues from the perspective of the nonindustrial private landowner.

Mr. Fenn has harvested alder over the last decade as a come along species on his own tree farm, Fenn Farms. Mr. Fenn has made the conscious decision not to replant alder, despite its relatively high price over the last several years, because of his concern that there will not be a competitive log market in the future. Mr. Fenn has also heard the same concern expressed by nonindustrial forest landowners in Oregon. Based upon his observation and experience, the opportunities to increase alder supply in response to price signals are extremely limited. The factual basis of this opinion is as follows:

1. Until the mid-1980's alder was considered a "weed" tree. Herbicides were used to eliminate alder from young forest plantations.

2. Planting of alder as plantations did not begin on an experimental scale until about 1988, and on an industrial scale until 1993-95. The oldest industrial plantations are therefore between eight and ten years old.

3. Alder does not reach merchantable size until after 25 years¹, so that there are not any alder plantations which could be used to alleviate the shortage.

4. All of the stands in which merchantable alder is present are natural stands. The alder content is highly variable, and usually occurs in patches of up to 20 acres. At about age 25, the conifer volume starts to exceed the alder volume.

5. At age 25, alder stands contain a small amount of merchantable volume. They reach maximum height at age 40, while the conifers are still growing vigorously. In stands that are 50 years old, the conifers become the dominant feature of the stand. Twenty conifers per acre will have a volume and value that exceeds the alder volume and value. Those stands containing the highest percentage of alder will yield about 20,000 board feet of alder per acre (these are very small areas) while the usual yield is 5,000-10,000 board feet per acre. On the same ground, the conifer volume will be 30,000-40,000 board feet per acre.

6. It is not practical to extract alder from a mixed alder/conifer stand. Alders have spreading crowns, and their felling would damage the conifers in addition to leaving holes in the stands. The only harvest option is to clearcut alder and conifers together. In the vast majority of these mixed stands, the harvest timing decision will be driven by the economic considerations of the conifers. The alder currently being

¹ According to the literature, small sawlogs can be produced in 25-30 years and complete rotations (clearcuts) in 40-45 years.

delivered to the market is a "carry along" to the principal conifer harvest.

7. The conifers are usually 20 years younger than the alder. In order to achieve reasonable conifer value, the harvest must allow the alders to reach age 60 and the conifers age 40, at the least.

DATED this 30th day of January, 2004.

HAGLUND, KELLEY, HORNGREN & JONES, LLP

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Biographical sketch of George S. Fenn

Currently owner and operator of Fenn Farms, a 425 forest property, at Elkton, Douglas County, Oregon. During this time, the mean annual growth increment (productivity) of the douglas fir stands has increased from 160 to a projected 580 cubic feet per acre per year.

For the last 25 years, the property has been managed with increasing silvicultural intensity.

In 1979, Mr. Fenn was named as the first Douglas County Tree Farmer of the Year.

Mr. Fenn has applied his scientific background to forest management. His property has been visited by the Oregon Board of Forestry, the senior faculty in forestry at Oregon State University, senior management groups from Weyerhaeuser and other industrial forest owners, and numerous professionals and academics from the U.S. and other countries. He has delivered several lectures at Oregon State University (OSU) and OSU sponsored events.

For the past 10 years, Mr. Fenn has consulted with private and industrial forest managers on methods of achieving accelerated forest growth and higher forest returns.

Mr. Fenn came to forestry from a diverse professional background:

- Undergraduate work in physics at the California Institute of Technology at Pasadena, California (Cal Tech)
- Graduate work in physics and electrical engineering at Cal Tech
- A decade of work leading a long-range missile guidance program at the Northrop Corporation
- Founder, president and CEO of FMA Inc., a pioneer in combining graphic and digital data in large databases. Much of this technology is now used in forestry as part of GIS (Geographic Information Systems)
- Senior consultant to CBS and its European partners in the development of electronic video recording
- Chairman and CEO of Kratos, Inc, a publicly owned manufacturer of civil engineering and scientific instruments in the U.S. and England

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing **PLAINTIFFS'**
EXPERT WITNESS STATEMENT OF GEORGE S. FENN on the following
party(ies):

Thomas H. Tongue X By hand delivery
George J. Cooper By facsimile
Dunn, Carney, et al. By overnight mail
851 SW 6th, Suite 1500 By first-class mail
Portland, OR 97204

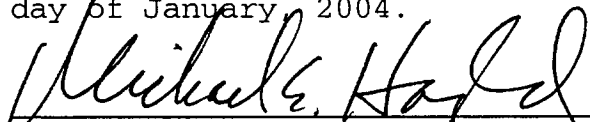
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Attorneys for Defendant

by hand delivering a true and correct copy thereof to said
party(ies) on the date stated below.

DATED this 30th day of January, 2004.



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