Key 2003 Managed Timberland Statistics

Estimation of Required Rate of Return: Class II Rates

A. *Safe Rate of Return (5 Year T-Bill Rate)*

Year	Rate	W/A %	W/A Rate	
2003	2.9683	33.33%	0.9894	
2002	3.8150	26.67%	1.0173	
2001	4.5500	20.00%	0.9100	
2000	6.1600	13.33%	0.8213	
1999	5.5408	6.67%	0.3694	4.107 %

B. **Nonliquidity Rate**
(12 Month T-Bills vs. 3 Month T-Bills)

Year	Rate	W/A %	W/A Rate	
2003	0.2142	33.33%	0.0714	
2002	0.3690	26.67%	0.0984	
2001	0.0100	20.00%	0.0020	
2000	(0.0400)	13.33%	(0.0053)	
1999	0.4175	6.67%	0.0278	0.194 %

C. **Risk Rate (30 yr T-bills vs 5 yr T-bills)**

Year	Rate	W/A %	W/A Rate	
2003	1.9892	33.33%	0.6631	
2002	1.5666	26.67%	0.4178	
2001	0.9400	20.00%	0.1880	
2000	(0.2200)	13.33%	(0.0293)	
1999	0.3250	6.67%	0.0217	1.261 %

D. **Management Factor** 0.500 %

E. **Property Tax Component**
(60% of Class II Rate)

Year	Rate	W/A %	W/A Rate	
2003	0.744	33.33%	0.2480	
2002	0.744	26.67%	0.1984	
2001	0.744	20.00%	0.1488	
2000	0.738	13.33%	0.0984	
1999	0.738	6.67%	0.0492	0.743 %

F. **Inflation Rate:**
(Bureau of Labor Statistics)

Year	Rate	W/A %	W/A Rate	
2003	1.900	33.33%	0.6333	
2002	2.400	26.67%	0.6400	
2001	1.600	20.00%	0.3200	
2000	3.400	13.33%	0.4533	
1999	2.700	6.67%	0.1800	(2.227) %

TOTAL REQUIRED RATE OF RETURN (REAL)	4.579 %
LESS: PROPERTY TAX COMPONENT	(0.743)
TOTAL DISCOUNT COMPONENT	3.836 %

2003 Stumpage Prices:

	Sawtimber	Pulpwood			
Stumpage Price Adjustment Fac	0.20%	-0.96%			
		1.0724	1.0941	1.1162	1.1733

SAWTIMBER

Region	Current $/MBF	$/MBF at age 35	$/MBF at age 45	$/MBF at age 55	$/MBF at age 80
Region 1	245.70	263.50	268.82	274.24	288.29
Region 2	225.52	241.85	246.73	251.71	264.61
Region 3	295.56	316.97	323.36	329.89	346.79
Region 4	223.65	239.85	244.69	249.62	262.41
Region 5	183.00	196.25	200.22	204.26	214.72

PULPWOOD:

		0.7135	0.6479	0.5883	0.4622
Region	$/Cord	$/cd at age 35	$/cd at age 45	$/cd at age 55	$/cd at age 80
Region 1	9.12	6.51	5.91	5.37	4.22
Region 2	6.24	4.45	4.05	3.67	2.89
Region 3	7.34	5.24	4.76	4.32	3.39
Region 4	6.20	4.42	4.01	3.64	2.86
Region 5	5.84	4.17	3.78	3.44	2.70

2003 Management Costs:

Region	Median $/acre	Avg $/acre	$/acre (1)
1	$2.87	3.16	2.50
2	$2.55	3.38	2.50
3	$2.82	4.64	2.50
4	$2.38	3.39	2.50
5	$2.56	2.26	2.50
State	*$2.56*	*$3.57*	

Note: (1) Set at $2.50/acre

Tax Rates:

Effective Federal Income Tax Rate		19.46%
Effective WV State Income Tax Rate	(4.57% * (1-.1946)	3.68%
Effective WV Severance Tax Rate	(2.47% * (1-.1946)	1.99%

Yield (Volumes) (80 year rotation)

Timberland Productivity Grades	Site Index	Yield - MBF	Yield - Cords
Grade I	75 or more	14.5	10.5
Grade II	65-74	9.7	14.9
Grade III	less than 65	4.5	18.5

Key 2003 Managed Timberland Statistics

Estimation of Required Rate of Return: Class III Rates

A. *Safe Rate of Return (5 Year T-Bill Rate)*

Year	Rate	W/A %	W/A Rate
2003	2.9683	33.33%	0.9894
2002	3.8150	26.67%	1.0173
2001	4.5500	20.00%	0.9100
2000	6.1600	13.33%	0.8213
1999	5.5408	6.67%	0.3694

4.107 %

B. Nonliquidity Rate

(12 Month T-Bills vs. 3 Month T-Bills)

Year	Rate	W/A %	W/A Rate
2003	0.2142	33.33%	0.0714
2002	0.3690	26.67%	0.0984
2001	0.0100	20.00%	0.0020
2000	(0.0400)	13.33%	(0.0053)
1999	0.4175	6.67%	0.0278

0.194 %

C. Risk Rate (30 yr T-bills vs 5 yr T-bills)

Year	Rate	W/A %	W/A Rate
2003	1.9892	33.33%	0.6631
2002	1.5666	26.67%	0.4178
2001	0.9400	20.00%	0.1880
2000	(0.2200)	13.33%	(0.0293)
1999	0.3250	6.67%	0.0217

1.261 %

D. Management Factor 0.500 %

E. Property Tax Component

(60% of Class III Rate)

Year	Rate	W/A %	W/A Rate
2003	1.350	33.33%	0.4500
2002	1.356	26.67%	0.3616
2001	1.350	20.00%	0.2700
2000	1.350	13.33%	0.1800
1999	1.350	6.67%	0.0900

1.352 %

F. Inflation Rate:

(Bureau of Labor Statistics)

Year	Rate	W/A %	W/A Rate
2003	1.900	33.33%	0.6333
2002	2.400	26.67%	0.6400
2001	1.600	20.00%	0.3200
2000	3.400	13.33%	0.4533
1999	2.700	6.67%	0.1800

(2.227) %

TOTAL REQUIRED RATE OF RETURN (REAL)	5.188 %
LESS: PROPERTY TAX COMPONENT	(1.352)
TOTAL DISCOUNT COMPONENT	3.836 %

2003 Stumpage Prices:

	Sawtimber	Pulpwood			
Stumpage Price Adjustment Facto	0.20%	-0.96%			
		1.0724	1.0941	1.1162	1.1733

SAWTIMBER

Region	Current $/MBF	$/MBF at age 35	$/MBF at age 45	$/MBF at age 55	$/MBF at age 80
Region 1	245.70	263.50	268.82	274.24	288.29
Region 2	225.52	241.85	246.73	251.71	264.61
Region 3	295.56	316.97	323.36	329.89	346.79
Region 4	223.65	239.85	244.69	249.62	262.41
Region 5	183.00	196.25	200.22	204.26	214.72

PULPWOOD:

		0.7135	0.6479	0.5883	0.4622
Region	$/Cord	$/cd at age 35	$/cd at age 45	$/cd at age 55	$/cd at age 80
Region 1	9.12	6.51	5.91	5.37	4.22
Region 2	6.24	4.45	4.05	3.67	2.89
Region 3	7.34	5.24	4.76	4.32	3.39
Region 4	6.20	4.42	4.01	3.64	2.86
Region 5	5.84	4.17	3.78	3.44	2.70

2003 Management Costs:

Region	Median $/acre	Avg $/acre	$/acre (1)
1	$2.87	3.16	2.50
2	$2.55	3.38	2.50
3	$2.82	4.64	2.50
4	$2.38	3.39	2.50
5	$2.56	2.26	2.50
State	*$2.56*	*$3.57*	

Note: (1) Set at $2.50acre

Tax Rates:

Effective Federal Income Tax Rate		27.58%
Effective WV State Income Tax Rate	(8.40%*(1-27.58'	6.08%
Effective WV Severance Tax Rate	(2.47%*(1-27.58'	1.79%

Yield (Volumes) (80 year rotation)

Timberland Productivity Grades	Site Index	Yield - MBF	Yield - Cords
Grade I	75 or more	14.5	10.5
Grade II	65-74	9.7	14.9
Grade III	less than 65	4.5	18.5

Key 2003 Managed Timberland Statistics

Estimation of Required Rate of Return: Class IV Rates

A. *Safe Rate of Return (5 Year T-Bill Rate)*

Year	Rate	W/A %	W/A Rate
2003	2.9683	33.33%	0.9894
2002	3.8150	26.67%	1.0173
2001	4.5500	20.00%	0.9100
2000	6.1600	13.33%	0.8213
1999	5.5408	6.67%	0.3694

4.107 %

B. Nonliquidity Rate

(12 Month T-Bills vs. 3 Month T-Bills)

Year	Rate	W/A %	W/A Rate
2003	0.2142	33.33%	0.0714
2002	0.3690	26.67%	0.0984
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1999	0.4175	6.67%	0.0278

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C. Risk Rate (30 yr T-bills vs 5 yr T-bills)

Year	Rate	W/A %	W/A Rate
2003	1.9892	33.33%	0.6631
2002	1.5666	26.67%	0.4178
2001	0.9400	20.00%	0.1880
2000	(0.2200)	13.33%	(0.0293)
1999	0.3250	6.67%	0.0217

1.261 %

D. Management Factor 0.500 %

E. Property Tax Component

(60% of Class IV Rate)

Year	Rate	W/A %	W/A Rate
2003	1.770	33.33%	0.5900
2002	1.770	26.67%	0.4720
2001	1.776	20.00%	0.3552
2000	1.764	13.33%	0.2352
1999	1.764	6.67%	0.1176

1.770 %

F. Inflation Rate:

(Bureau of Labor Statistics)

Year	Rate	W/A %	W/A Rate
2003	1.900	33.33%	0.6333
2002	2.400	26.67%	0.6400
2001	1.600	20.00%	0.3200
2000	3.400	13.33%	0.4533
1999	2.700	6.67%	0.1800

(2.227) %

TOTAL REQUIRED RATE OF RETURN (REAL)	5.606 %
LESS: PROPERTY TAX COMPONENT	(1.770)
TOTAL DISCOUNT COMPONENT	3.836 %

2003 Stumpage Prices:

	Sawtimber	Pulpwood			
Stumpage Price Adjustment Facto	0.20%	-0.96%			
		1.0724	1.0941	1.1162	1.1733

SAWTIMBER

Region	Current $/MBF	$/MBF at age 35	$/MBF at age 45	$/MBF at age 55	$/MBF at age 80
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