Key 2005 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	
2005	4.0458	33.33%	1.3486	
2004	3.4290	26.67%	0.9144	
2003	2.9683	20.00%	0.5937	
2002	3.8150	13.33%	0.5087	
2001	4.5500	6.67%	0.3033	3.669 %

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

Year	Rate	W/A %	W/A Rate	
2005	0.4050	33.33%	0.1350	
2004	0.4920	26.67%	0.1312	
2003	0.2142	20.00%	0.0428	
2002	0.3690	13.33%	0.0492	
2001	0.0100	6.67%	0.0007	0.359 %

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

Year	Rate	W/A %	W/A Rate	
2005	0.6000	33.33%	0.2000	
2004	1.6180	26.67%	0.4315	
2003	1.9892	20.00%	0.3978	
2002	1.5666	13.33%	0.2089	
2001	0.9400	6.67%	0.0627	1.301 %

D. Management Factor 0.500 %

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

Year	Rate	W/A %	W/A Rate	
2005	0.738	33.33%	0.2460	
2004	0.744	26.67%	0.1984	
2003	0.744	20.00%	0.1488	
2002	0.744	13.33%	0.0992	
2001	0.744	6.67%	0.0496	0.742 %

F. Inflation Rate:
(Bureau of Labor Statistics)

Year	Rate	W/A %	W/A Rate	
2005	3.400	33.33%	1.1333	
2004	3.300	26.67%	0.8800	
2003	1.900	20.00%	0.3800	
2002	2.400	13.33%	0.3200	
2001	1.600	6.67%	0.1067	(2.820) %

TOTAL REQUIRED RATE OF RETURN (REAL)	3.750 %
LESS: PROPERTY TAX COMPONENT	(0.742)
TOTAL DISCOUNT COMPONENT	3.008 %

2005 Stumpage Prices:

	Sawtimber	Pulpwood			
Stumpage Price Adjustment Fac	0.20%	-0.96%			
		1.0724	1.0941	1.1162	1.1733
SAWTIMBER	Current	$/MBF at age	$/MBF at age	$/MBF at age	$/MBF at age
Region	$/MBF	35	45	55	80
Region 1	261.47	280.41	286.06	291.84	306.78
Region 2	221.83	237.90	242.70	247.59	260.28
Region 3	315.44	338.29	345.12	352.08	370.12
Region 4	264.55	283.71	289.44	295.28	310.41
Region 5	223.91	240.12	244.97	249.91	262.71
		0.7135	0.6479	0.5883	0.4622
PULPWOOD:		$/cd at age	$/cd at age	$/cd at age	$/cd at age
Region	$/Cord	35	45	55	80
Region 1	6.87	4.90	4.45	4.04	3.18
Region 2	6.87	4.90	4.45	4.04	3.17
Region 3	8.81	6.28	5.71	5.18	4.07
Region 4	6.05	4.32	3.92	3.56	2.80
Region 5	8.05	5.74	5.21	4.73	3.72

2005 Management Costs:

Region	$/acre (1)
1	2.50
2	2.50
3	2.50
4	2.50
5	2.50
State	

Tax Rates:

Effective Federal Income Tax Rate		35.00%
Effective WV State Income Tax Rate	(6.5% * (1-.35))	4.23%
Effective WV Severance Tax Rate	(3.29% * (1-.35)	2.14%

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 2005 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		
2005	4.0458	33.33%	1.3486		
2004	3.4290	26.67%	0.9144		
2003	2.9683	20.00%	0.5937		
2002	3.8150	13.33%	0.5087		
2001	4.5500	6.67%	0.3033	3.669	%

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

Year	Rate	W/A %	W/A Rate		
2005	0.4050	33.33%	0.1350		
2004	0.4920	26.67%	0.1312		
2003	0.2142	20.00%	0.0428		
2002	0.3690	13.33%	0.0492		
2001	0.0100	6.67%	0.0007	0.359	%

C. Risk Rate (20 yr T-bills vs 5 yr T-bills)

Year	Rate	W/A %	W/A Rate		
2005	0.6000	33.33%	0.2000		
2004	1.6180	26.67%	0.4315		
2003	1.9892	20.00%	0.3978		
2002	1.5666	13.33%	0.2089		
2001	0.9400	6.67%	0.0627	1.301	%

D. Management Factor 0.500 %

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

Year	Rate	W/A %	W/A Rate		
2005	1.344	33.33%	0.4480		
2004	1.356	26.67%	0.3616		
2003	1.350	20.00%	0.2700		
2002	1.356	13.33%	0.1808		
2001	1.350	6.67%	0.0900	1.350	%

F. Inflation Rate:
(Bureau of Labor Statistics)

Year	Rate	W/A %	W/A Rate		
2005	3.400	33.33%	1.1333		
2004	3.300	26.67%	0.8800		
2003	1.900	20.00%	0.3800		
2002	2.400	13.33%	0.3200		
2001	1.600	6.67%	0.1067	(2.820)	%

TOTAL REQUIRED RATE OF RETURN (REAL)	4.359	%
LESS: PROPERTY TAX COMPONENT	(1.350)	
TOTAL DISCOUNT COMPONENT	3.008	%

2005 Stumpage Prices:

	Sawtimber	Pulpwood			
Stumpage Price Adjustment Factc	0.20%	-0.96%			
		1.0724	1.0941	1.1162	1.1733
SAWTIMBER	Current	$/MBF at age	$/MBF at age	$/MBF at age	$/MBF at age
Region	$/MBF	35	45	55	80
Region 1	261.47	280.41	286.06	291.84	306.78
Region 2	221.83	237.90	242.70	247.59	260.28
Region 3	315.44	338.29	345.12	352.08	370.12
Region 4	264.55	283.71	289.44	295.28	310.41
Region 5	223.91	240.12	244.97	249.91	262.71

		0.7135	0.6479	0.5883	0.4622
PULPWOOD:		$/cd at age	$/cd at age	$/cd at age	$/cd at age
Region	$/Cord	35	45	55	80
Region 1	6.87	4.90	4.45	4.04	3.18
Region 2	6.87	4.90	4.45	4.04	3.17
Region 3	8.81	6.28	5.71	5.18	4.07
Region 4	6.05	4.32	3.92	3.56	2.80
Region 5	8.05	5.74	5.21	4.73	3.72

2005 Management Costs:

Region	$/acre (1)
1	2.50
2	2.50
3	2.50
4	2.50
5	2.50
State	

Tax Rates:

Effective Federal Income Tax Rate		35.00%
Effective WV State Income Tax Rate	(9%*(1-.35))	5.85%
Effective WV Severance Tax Rate	(3.29%*(1-35))	2.14%

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 2005 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	
2005	4.0458	33.33%	1.3486	
2004	3.4290	26.67%	0.9144	
2003	2.9683	20.00%	0.5937	
2002	3.8150	13.33%	0.5087	
2001	4.5500	6.67%	0.3033	3.669 %

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

Year	Rate	W/A %	W/A Rate	
2005	0.4050	33.33%	0.1350	
2004	0.4920	26.67%	0.1312	
2003	0.2142	20.00%	0.0428	
2002	0.3690	13.33%	0.0492	
2001	0.0100	6.67%	0.0007	0.359 %

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

Year	Rate	W/A %	W/A Rate	
2005	0.6000	33.33%	0.2000	
2004	1.6180	26.67%	0.4315	
2003	1.9892	20.00%	0.3978	
2002	1.5666	13.33%	0.2089	
2001	0.9400	6.67%	0.0627	1.301 %

D. Management Factor — 0.500 %

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

Year	Rate	W/A %	W/A Rate	
2005	1.758	33.33%	0.5860	
2004	1.770	26.67%	0.4720	
2003	1.770	20.00%	0.3540	
2002	1.770	13.33%	0.2360	
2001	1.776	6.67%	0.1184	1.766 %

F. Inflation Rate:
(Bureau of Labor Statistics)

Year	Rate	W/A %	W/A Rate	
2005	3.400	33.33%	1.1333	
2004	3.300	26.67%	0.8800	
2003	1.900	20.00%	0.3800	
2002	2.400	13.33%	0.3200	
2001	1.600	6.67%	0.1067	(2.820) %

TOTAL REQUIRED RATE OF RETURN (REAL)	4.775 %
LESS: PROPERTY TAX COMPONENT	(1.766)
TOTAL DISCOUNT COMPONENT	3.008 %

2005 Stumpage Prices:

	Sawtimber	Pulpwood			
Stumpage Price Adjustment Factc	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	261.47	280.41	286.06	291.84	306.78
Region 2	221.83	237.90	242.70	247.59	260.28
Region 3	315.44	338.29	345.12	352.08	370.12
Region 4	264.55	283.71	289.44	295.28	310.41
Region 5	223.91	240.12	244.97	249.91	262.71

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	6.87	4.90	4.45	4.04	3.18
Region 2	6.87	4.90	4.45	4.04	3.17
Region 3	8.81	6.28	5.71	5.18	4.07
Region 4	6.05	4.32	3.92	3.56	2.80
Region 5	8.05	5.74	5.21	4.73	3.72

2005 Management Costs:

Region	$/acre (1)
1	2.50
2	2.50
3	2.50
4	2.50
5	2.50
State	

Tax Rates:

Effective Federal Income Tax Rate		35.00%
Effective WV State Income Tax Rate	(9.0%*(1-.35))	5.85%
Effective WV Severance Tax Rate	(3.29%*(1-.35))	2.14%

Yield (Volumes) (80 year rotation)

Timberland Productivity Grades	Site Index	Yield - MBF	Yield - Cords
Grade I	75 or more	14.5	10.5
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