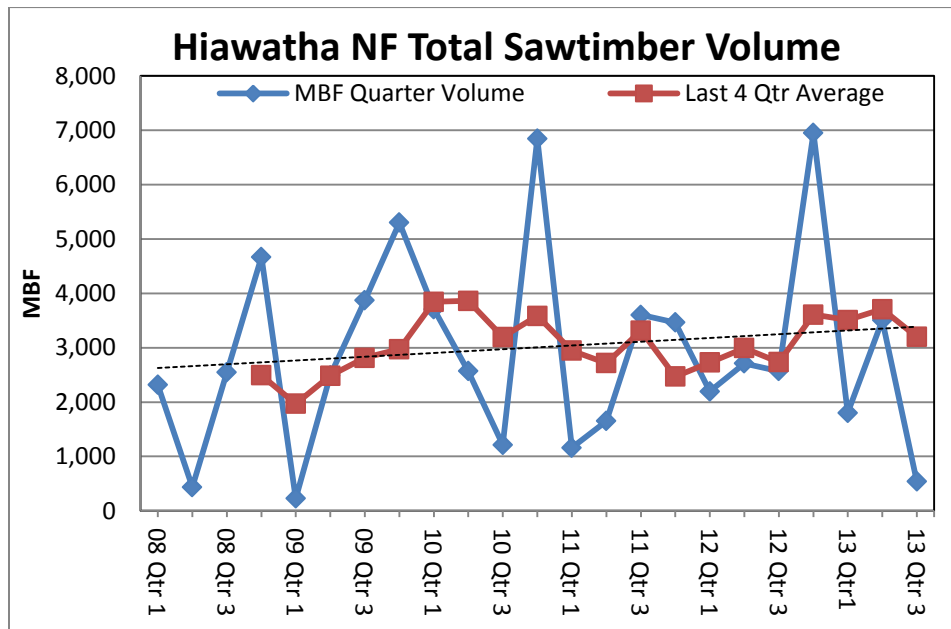
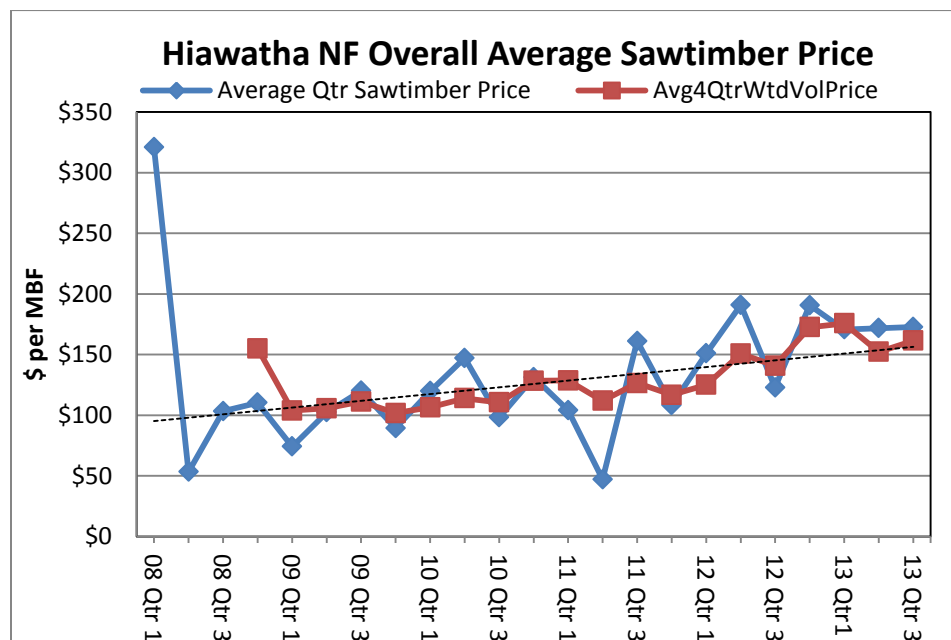


Hiawatha National Forest Major Species Product Timber Sales, FY 2008 – 3rd Qtr, 2013

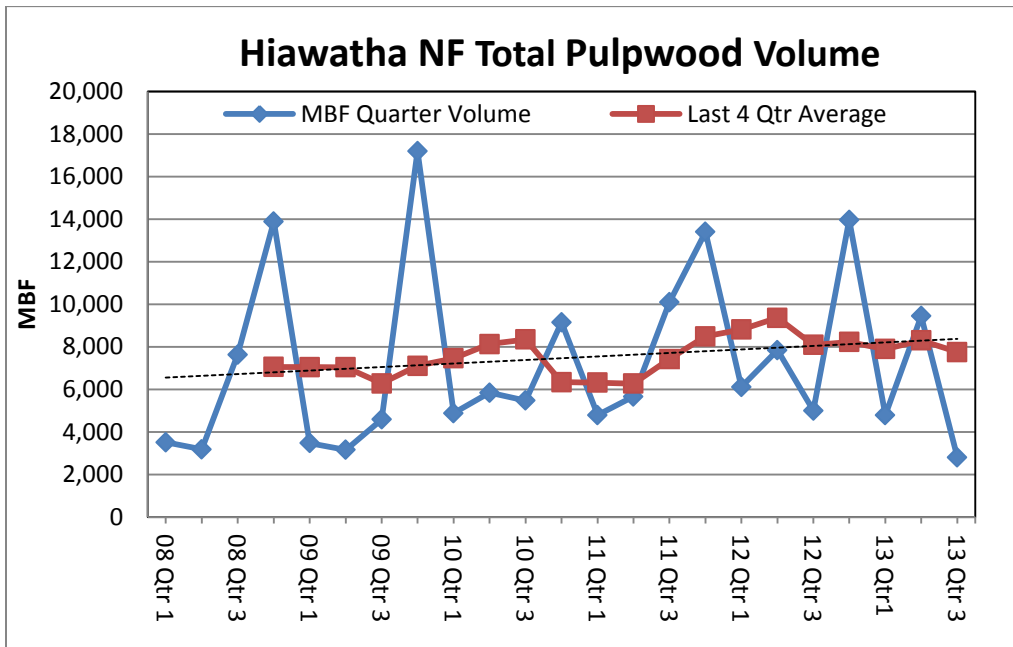
All graphs include a dotted trend line based upon the data set for the average of the last four quarters. Gaps in the blue quarter line indicate no sales in the quarter where the gap occurs. The National Forests follow the federal fiscal year from October 1 through September 30. The most recent (3rd) quarter runs from April through June.



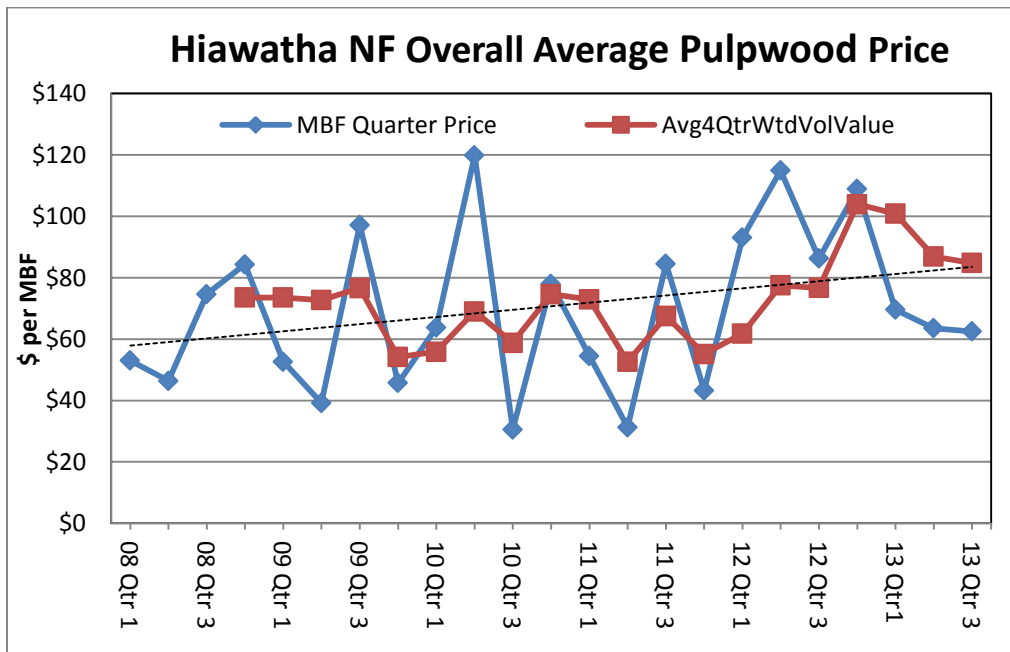
The above graph indicates there has been a modest increase in sawtimber volume sold on the Hiawatha over the past five to six years. It also indicates there are substantial seasonal swings in sales, with the 4th quarter (July-Sep.) being highest and 1st quarter (Oct.-Dec.) being lowest most fiscal years. However, the 3rd quarter for FY 2013 had the lowest sale volume since the 1st quarter of FY 2009. A substantial, record increase would need to occur during the current 4th quarter to bring the fiscal year total up towards the Forest's annual average.



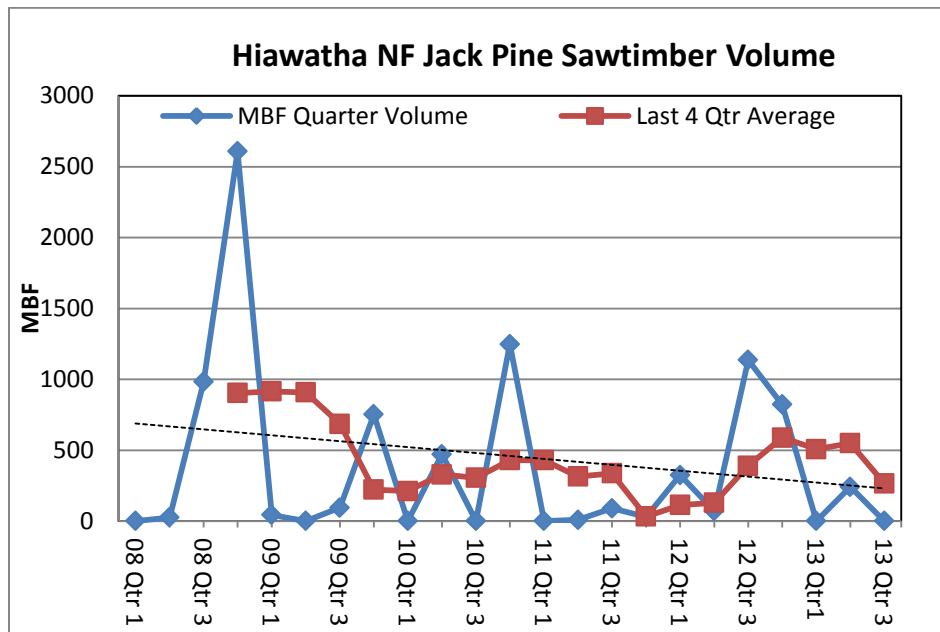
Overall, average sawtimber prices have been increasing, although they have held fairly steady for the past three quarters. The average price can be influenced by the mix of species and products offered; for example, the spike in early FY 2008 was due to a large amount of sugar maple sold in that quarter.



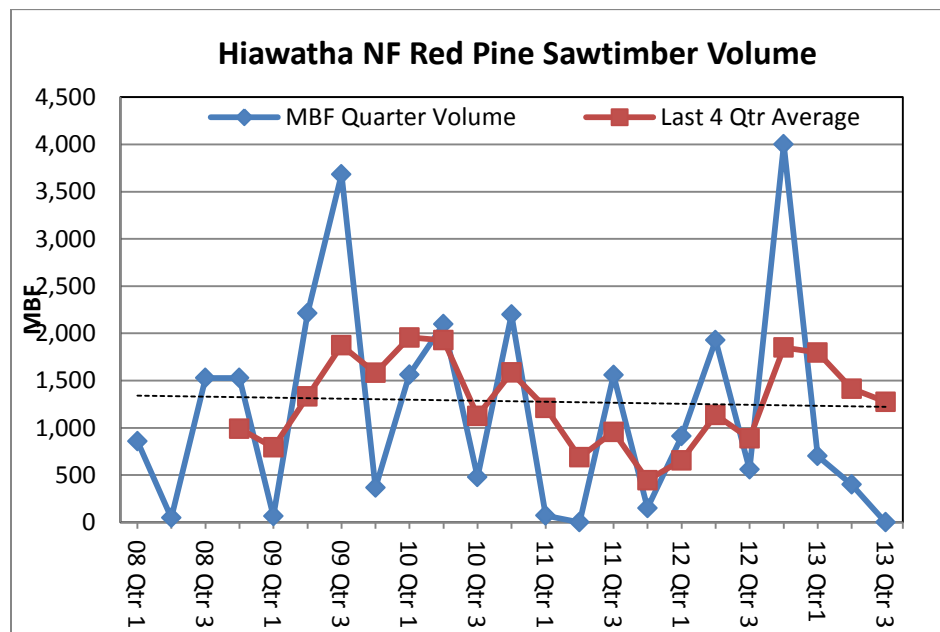
The above graph closely resembles the graph for sawtimber volume with respect to pronounced seasonal shifts in sale volumes. The dotted linear trend line indicates there has been a modest increase in pulpwood volume sold on the Hiawatha over the past five to six years. However, as with total sawtimber volume, there was a pronounced drop in sale volume in the most recent (3rd) quarter.



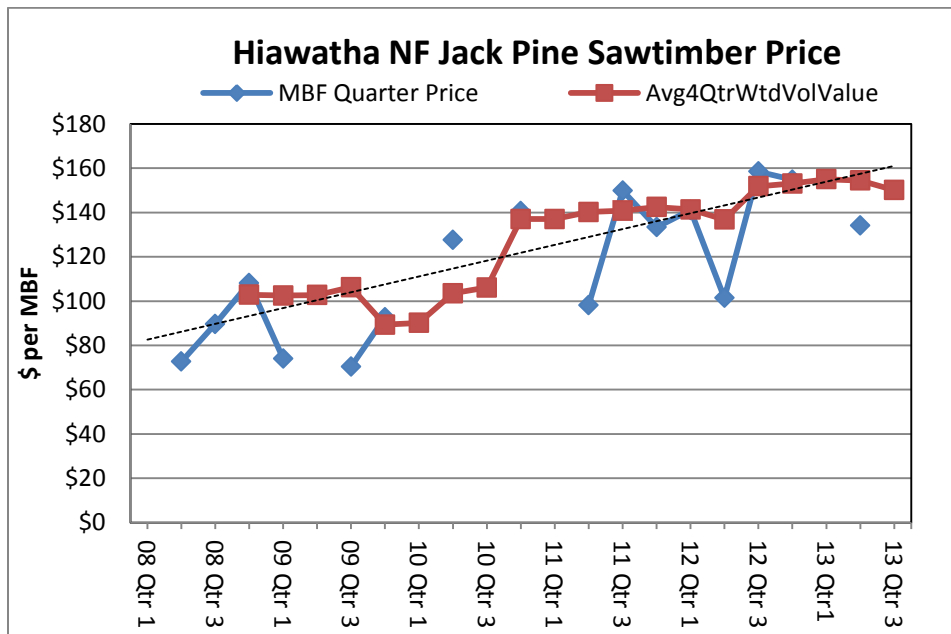
There has been a moderate, increasing price trend over the past 5 years; however, the average pulpwood price has fallen over the past three quarters. For most of FY 2012, the average price was hovering around \$100 per mbf, but for the first three quarters of 2013 it has been heading downwards towards \$60 per mbf.



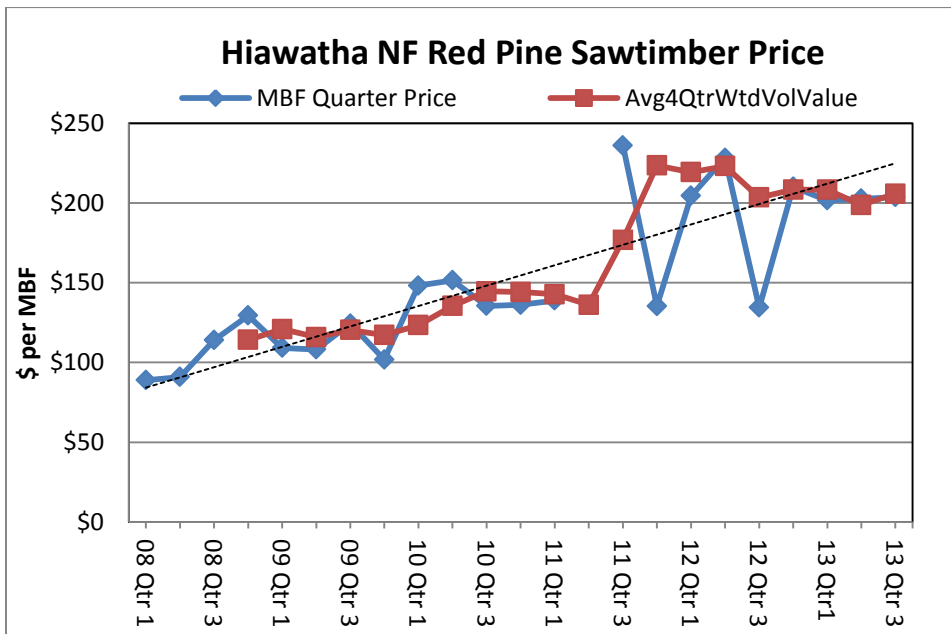
There were no sales of jack pine sawtimber in the 3rd quarter (nor the 1st quarter) of FY 2013. As with some other important species/products from Michigan's three national forests, often there are almost as many quarters without sales as there are with sales and one large quarter can impact a trend (as the above graph illustrates for the 4th quarter of 2008). Except for the 2008 4th quarter outlier, sales for jack pine sawtimber have been relatively stable (and modest).



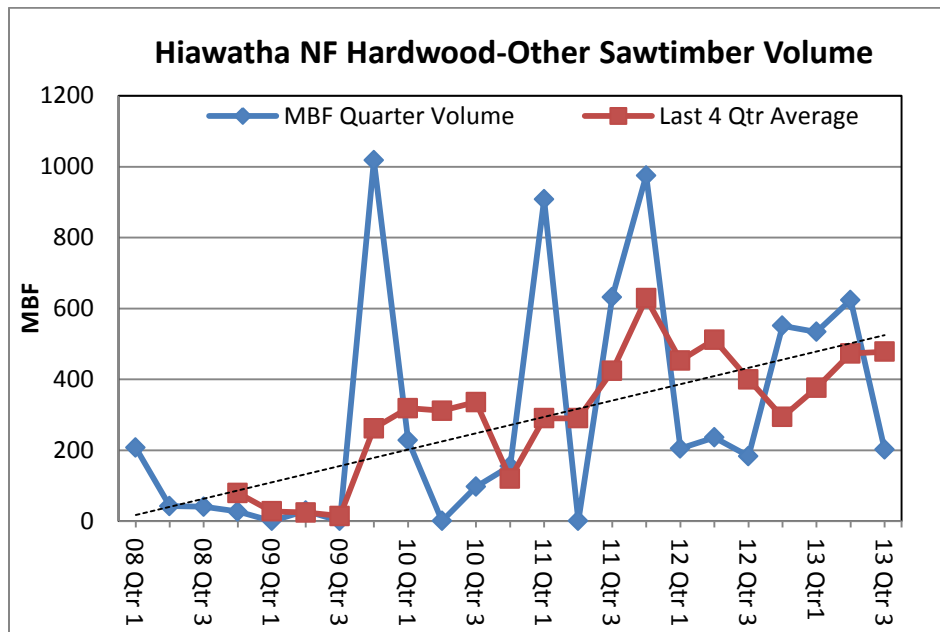
The Hiawatha has sold almost twice as much red pine sawtimber as jack pine sawtimber in the last five to six years. The five-year peak (4 mmbf) was in the 4th quarter of 2012, but the sale volume since then has fallen substantially to under 1 mmbf in the 1st quarter of this fiscal year to less than 500mmbf in the 2nd quarter to no volume in the 3rd.



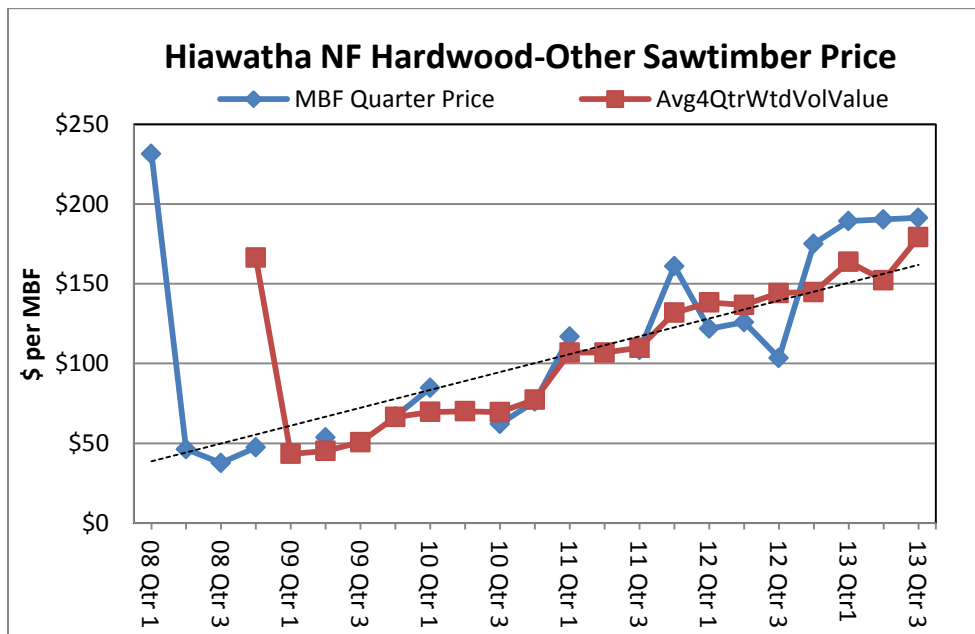
Hiawatha jack pine sawtimber prices have been on an increasing price trend over the five year period, although they did decline slightly in the most recent quarter there were sales (2nd quarter of 2013).



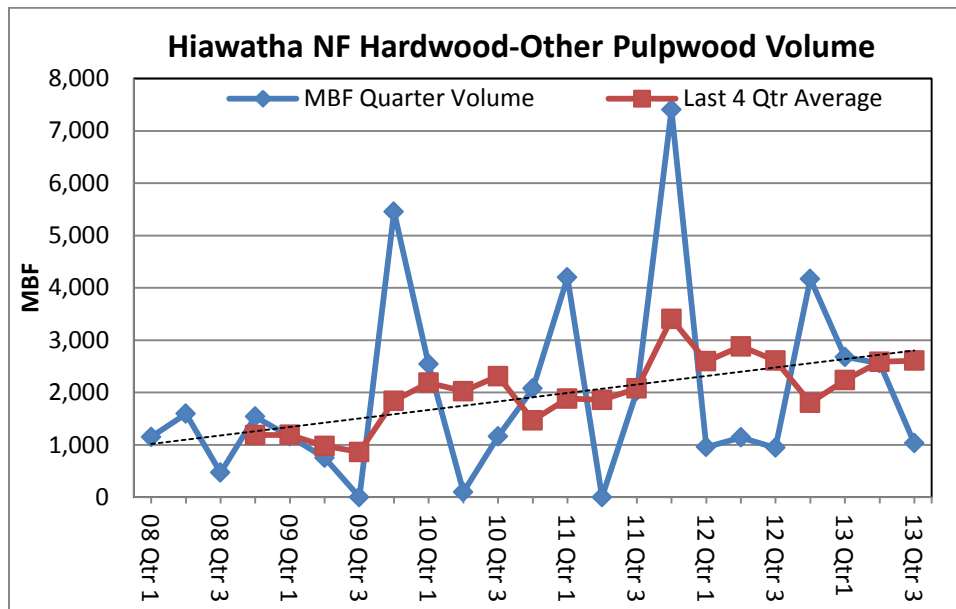
Red pine prices increased dramatically between the 2nd and 4th quarters of 2011- from under \$150 per mbf to over \$225 per mbf. For the past four quarters, they have fluctuated around the \$200 per mbf level. For the past five to six years, they have doubled in price, from slightly under \$100 to slightly more than \$200.



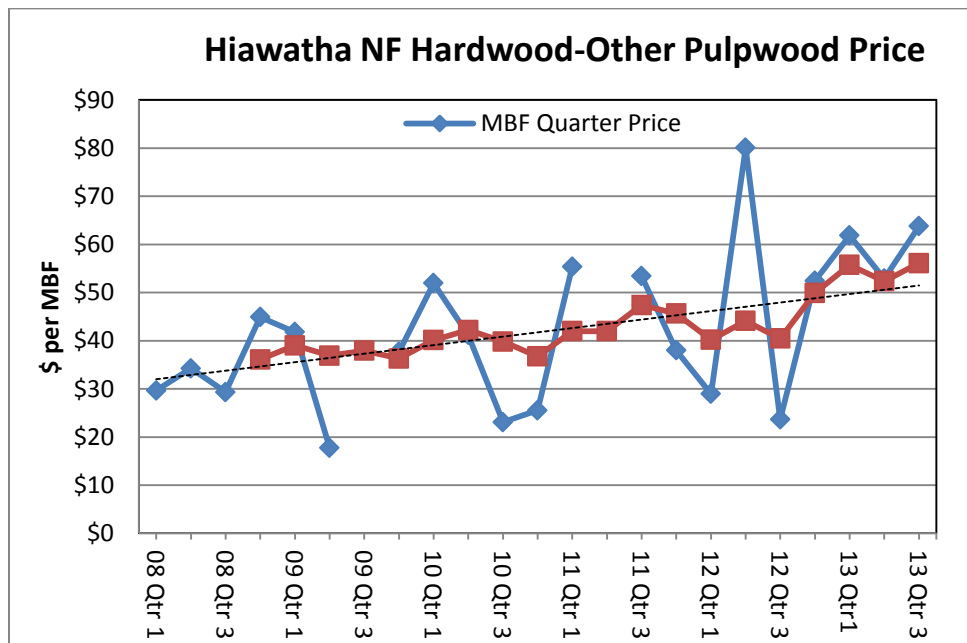
Sales of “Hardwood-Other” sawtimber - although erratic and modest in total - have trended upward over the past five to six years; however, volume dropped from 600mbf in the 2nd quarter of 2013 to 200 mbf in the most recent (3rd) quarter.



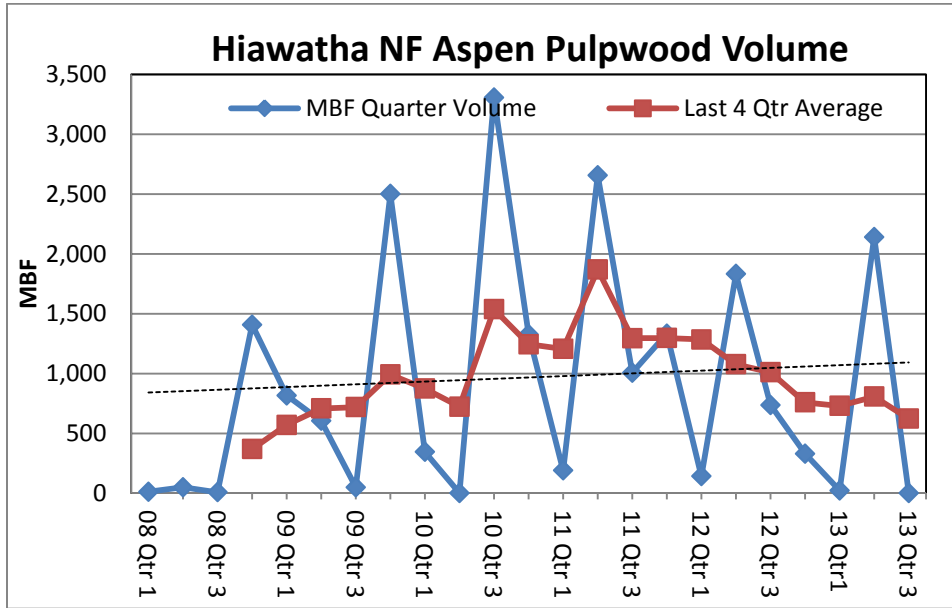
The price of Hiawatha’s “Hardwood-Other” sawtimber has risen quite steeply over the past five to six years, despite the increase in sale volume. Increases have moderated over the past three quarters, but at levels approaching four times what they were in the latter part of FY 2008.



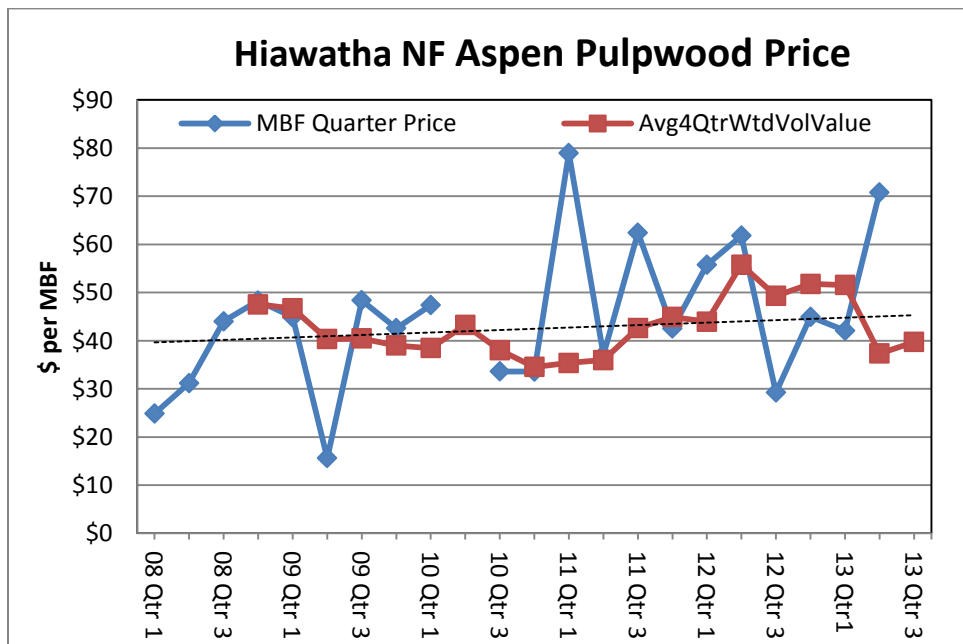
Sales of Hardwood-Other pulpwood are larger, but similar to the pattern for Hardwood-Other sawtimber sale volume except that the pulpwood volume has not climbed proportionately quite as steeply. There was also a sharp drop in sale volume for the first three quarters of 2013, especially in the most recent (3rd) quarter.



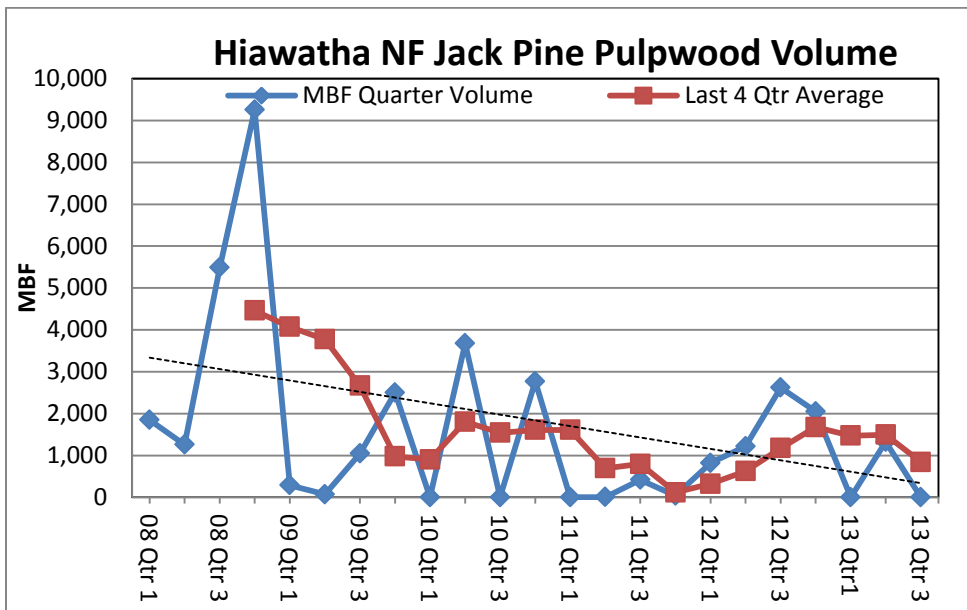
The pulpwood price for Hiawatha's "Hardwood-Other" category has approximately doubled in price over the past five to six years. Over the period, there have been several quarters where the price was \$30 or less per mbf, whereas in the most recent quarter it rose to almost \$64 per mbf. The most recent (3rd) quarter's average is the second highest it has been in the past five to six years.



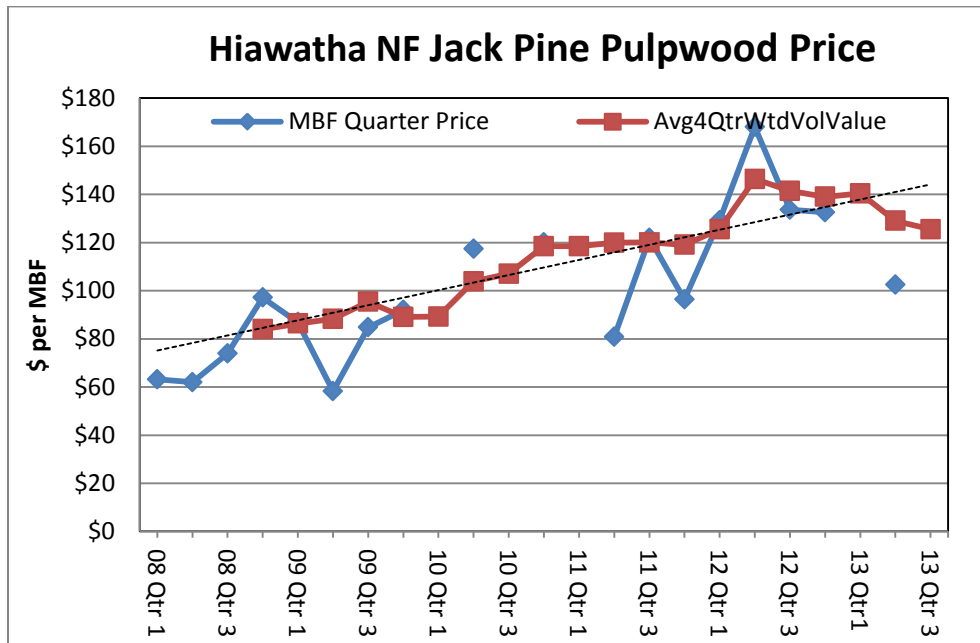
Aspen pulpwood volumes are quite erratic, often going from 2mmbf or more in sale volume one quarter to no volume the next quarter. There was no sale volume this past quarter nor in the 1st quarter of this fiscal year. There is a slight increase in sale volume from fiscal year 2008, but sales have been on an overall decline from three years ago.



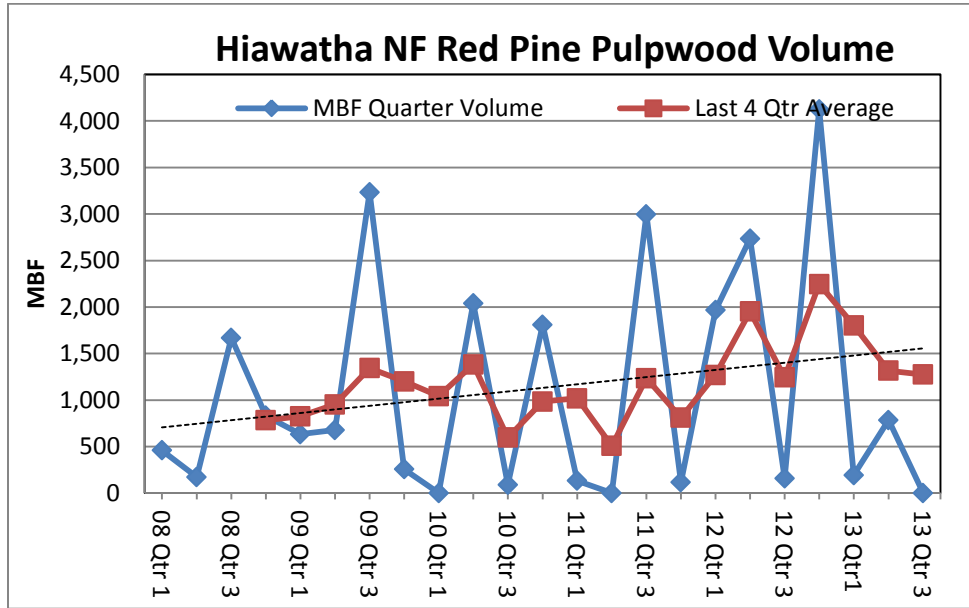
The lack of consistent sale volume from quarter to quarter makes it difficult to discern a clear price pattern over the past five to six years. Aspen pulpwood prices hit a three-year low in the 3rd quarter of 2012 (to slightly under \$30 per mbf), but since then they have more than doubled, with a steep jump in the 2nd quarter of 2013 to \$70.



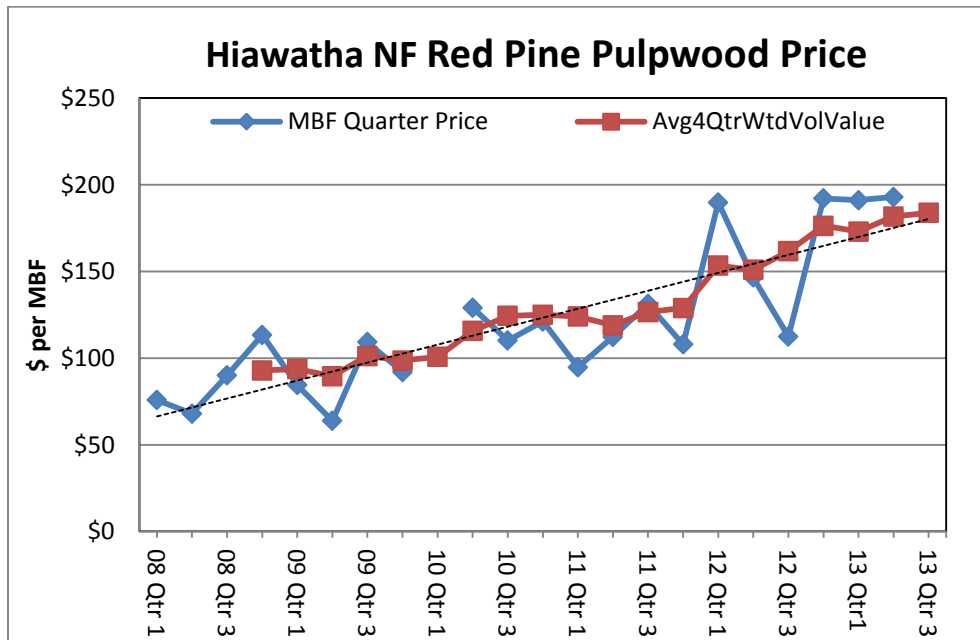
Jack pine pulpwood sales have been on a downward trend over the past 5 to six years and, like aspen pulpwood, there were no sales in the 1st and 3rd quarters of fiscal year 2013. With the exception of the 3rd and 4th quarters of 2012, sales of jack pine pulpwood have been very limited for the past three years.



Average jack pine pulpwood prices hit a peak one year ago at over \$160 mbf; in the most recent quarter there were sales (2nd quarter, FY 2013) they had fallen back close to a \$100 per mbf average, but that remains significantly higher than the \$60 level seen five years ago.



Similar to red pine sawtimber, red pine pulpwood sale volume is very erratic from quarter to quarter. It exceeded 4mmbf in the 4th quarter of 2012, but since then it was below 1mmbf in the first two quarters of this fiscal year and then there were no pulpwood sales in the most recent (3rd) quarter. High sale volumes in the 4th quarter of 2012 account for an overall increasing trend in sale volume for the past five to six year period.



Through the 2nd quarter of FY 2013, red pine pulpwood prices have remained at the same high level - just below \$200 per mbf - for three quarters in a row. (There were no red pine sales in the 3rd quarter with which to review prices.) The recent prices are more than double what they were during several quarters in FY 2008 and 2009.