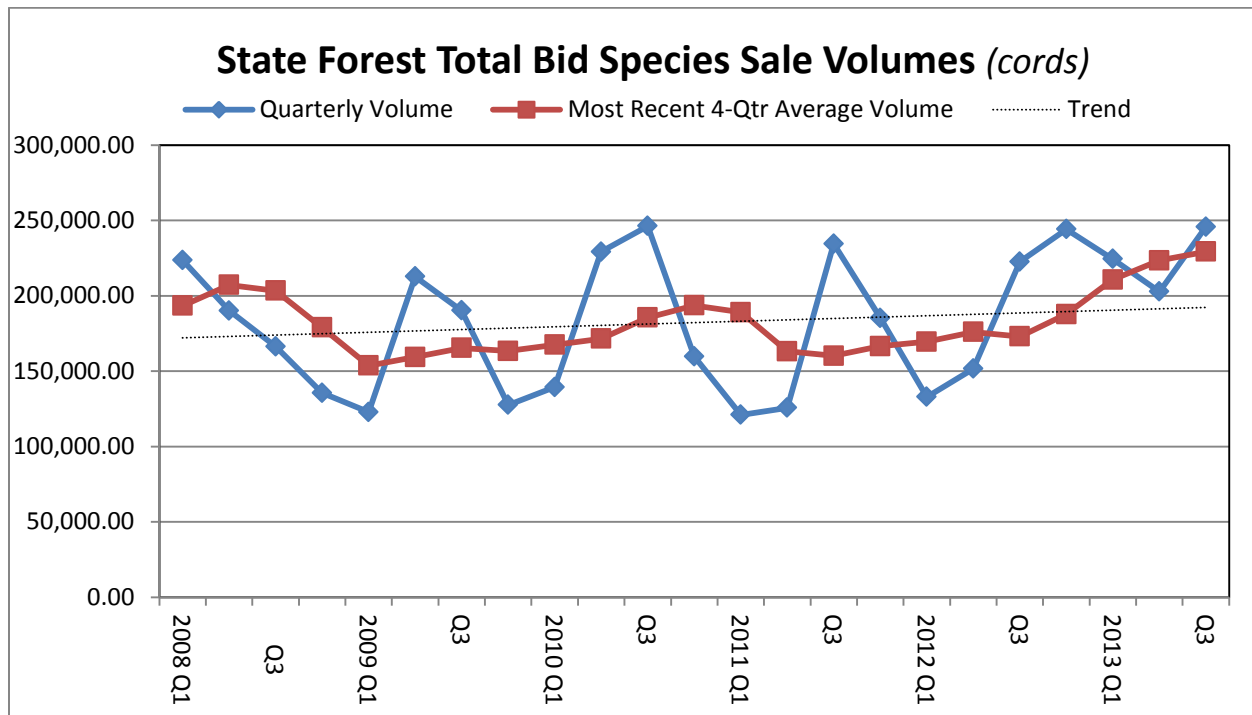
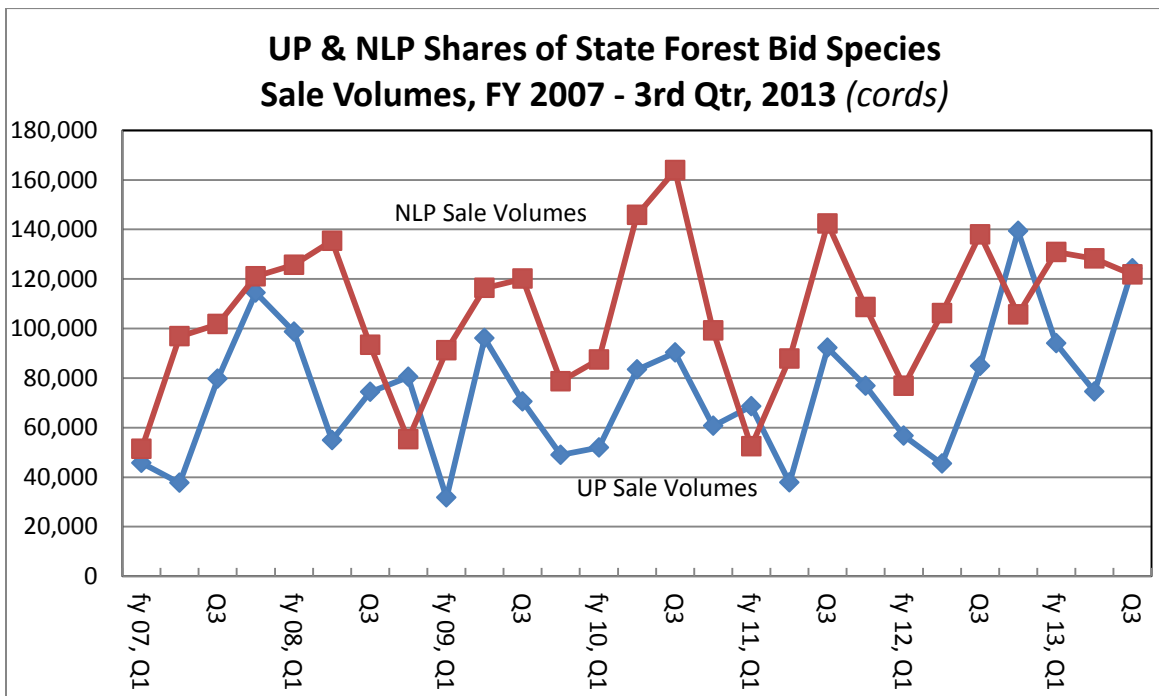


State Forest Timber Sales for Major Species & Products, FY 2008 – 3rd Qtr, FY 2013

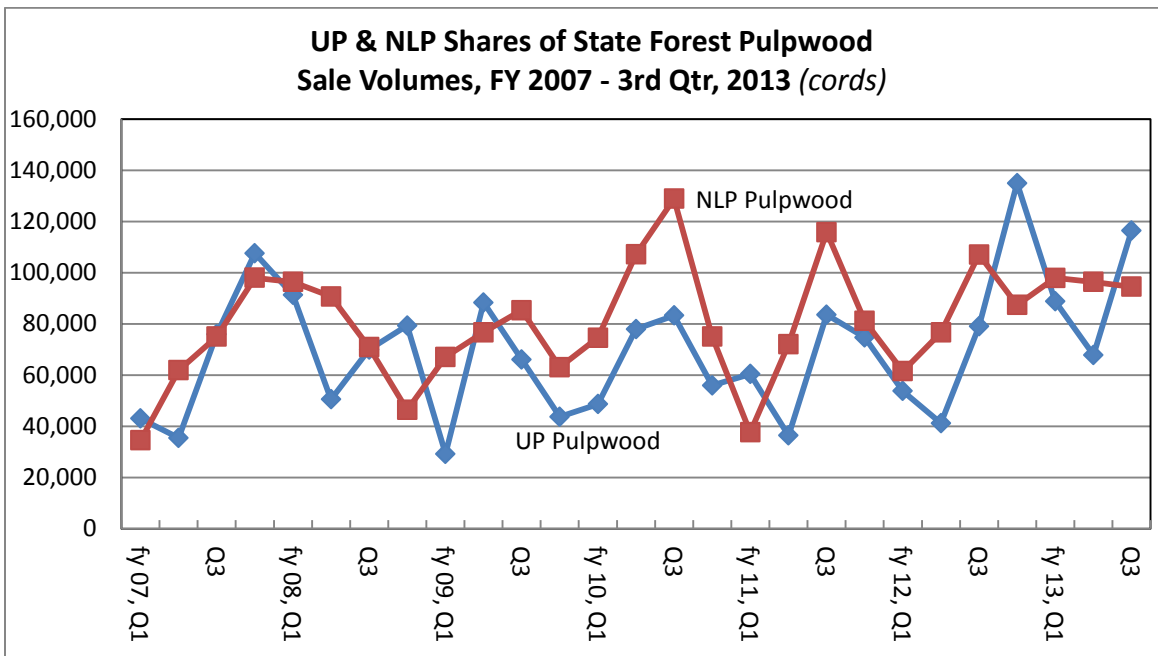
Graphs generally include a dotted trend line based upon the data set for the average of the most recent four quarters (this average is labeled below as "Most Recent 4-Qtr Avg" or "Avg4QtrVolWtdPrice"). This average eliminates variability in the quarterly data due to seasonal issues and natural variation in quarterly sales. It also may represent the values and volumes of stumpage that are available on the market better than the most recent quarter. Gaps in the blue quarterly line indicate no sales in the quarter where the gap occurs.



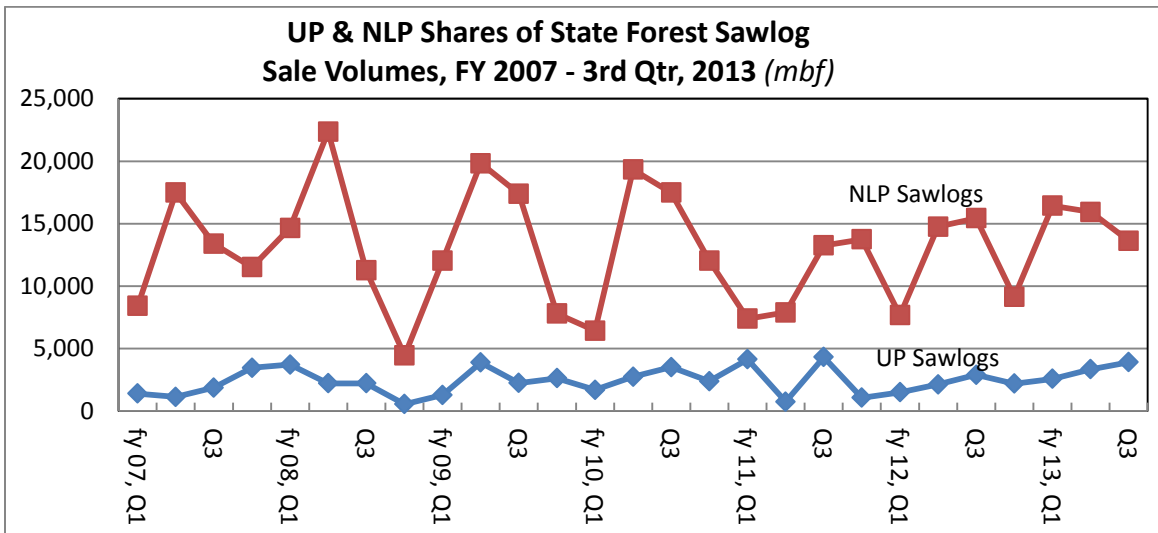
Sale volumes were up significantly in the most recent (March to June) quarter to over 245,000 cords for bid species. The total volume (298,083 cords) including nonbid species was just shy of 300,000 cords. The increase was largely due to higher UP pulpwood volumes as the following graphs illustrate. It is uncertain that the UP increases will be maintained.



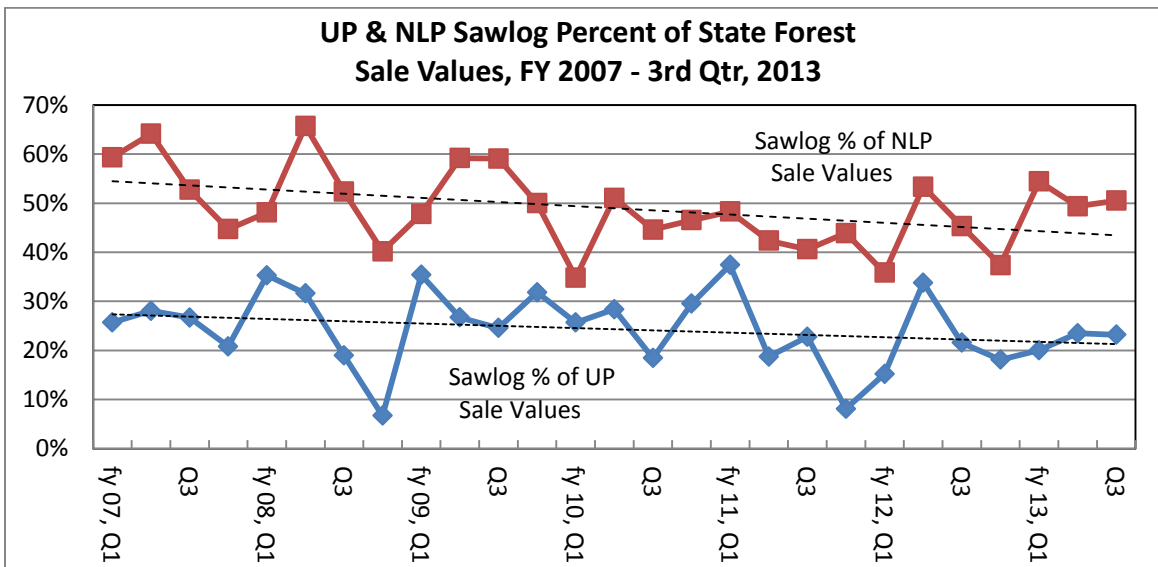
Generally, NLP State Forest sale volumes exceed UP volumes, sometimes appreciably, but UP volumes grew by almost 50,000 cords over the second quarter and were slightly higher than NLP volumes in the most recent (3rd) quarter.



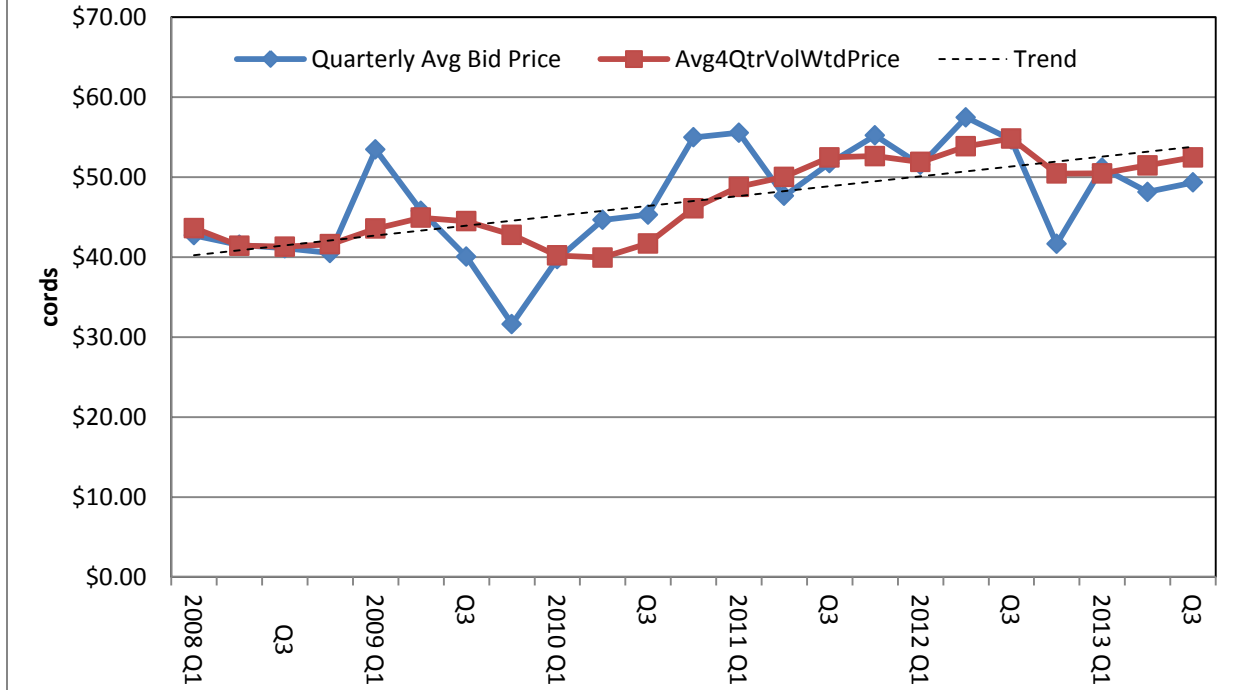
Almost the entire growth in 3rd quarter State Forest sale volume was due to a large increase in UP pulpwood.



UP sawlog volume also increased slightly, offsetting a dip in NLP sawlog volume.

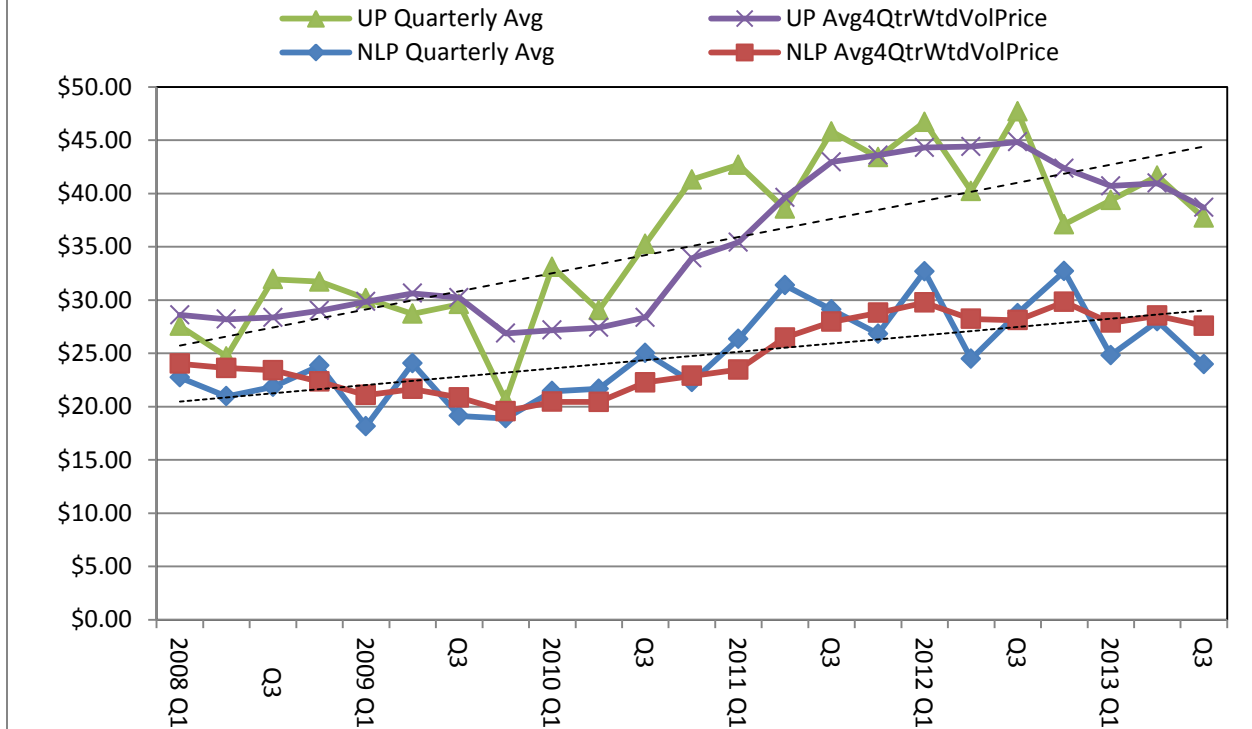


State Forest Overall Average Timber Price Index

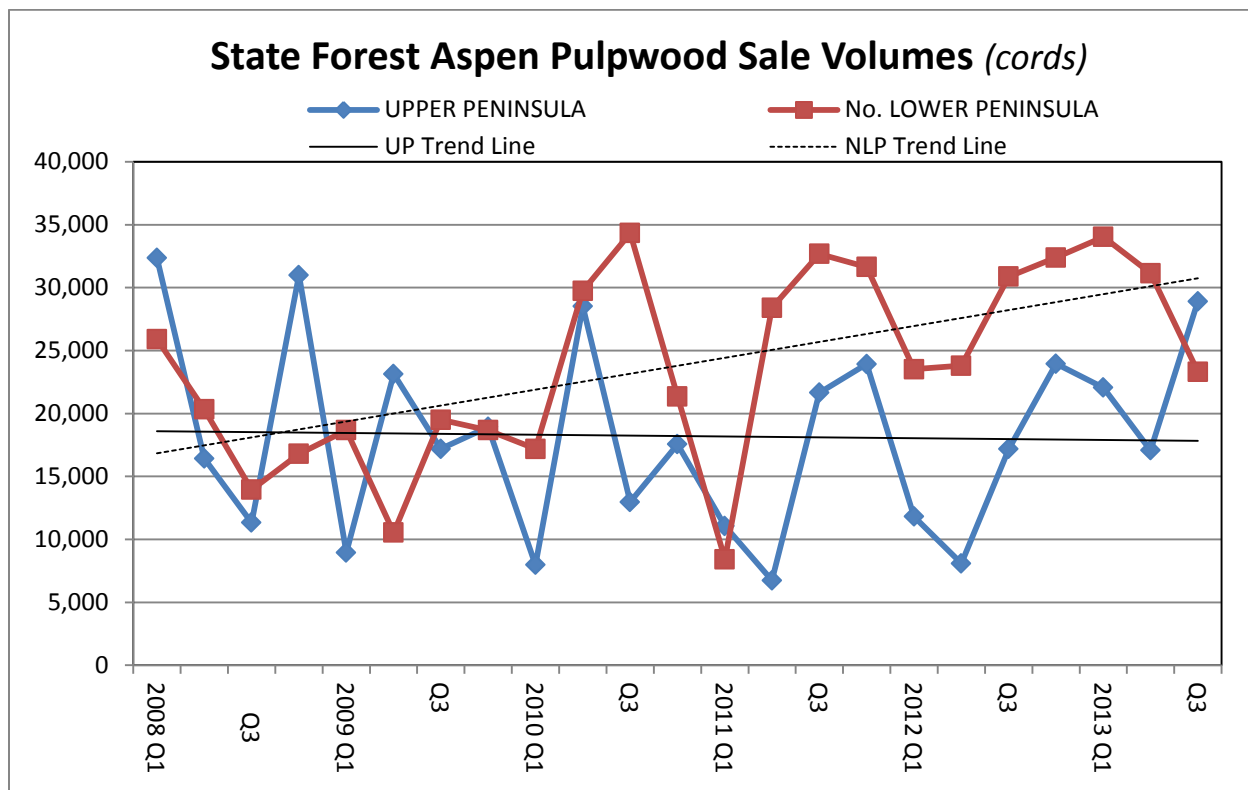


Overall, prices rose last quarter (April-June, 2013). While still below peak levels seen in 2011 and 2012, they have been on a relatively steady, since the beginning of fiscal year 2010 (with the exception of the 4th quarter of 2012).

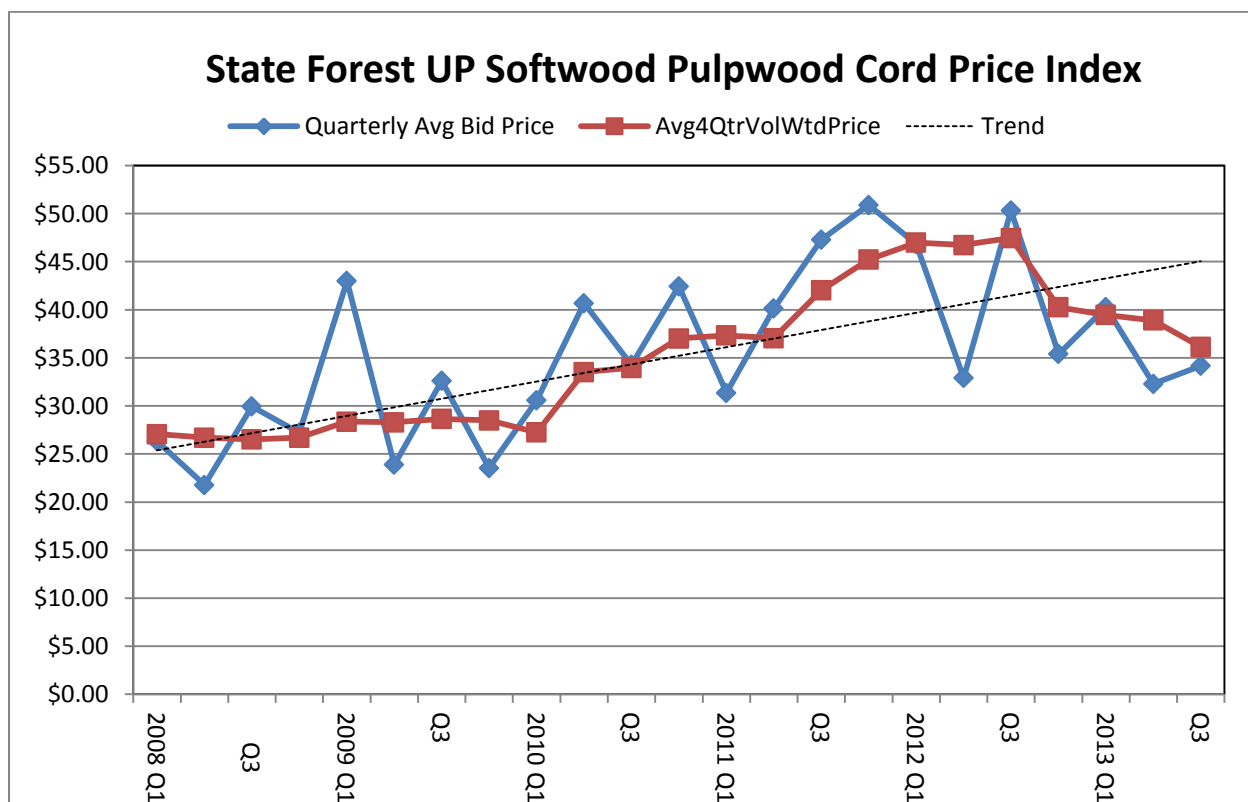
State Forest Aspen Pulpwood Cord Price Index



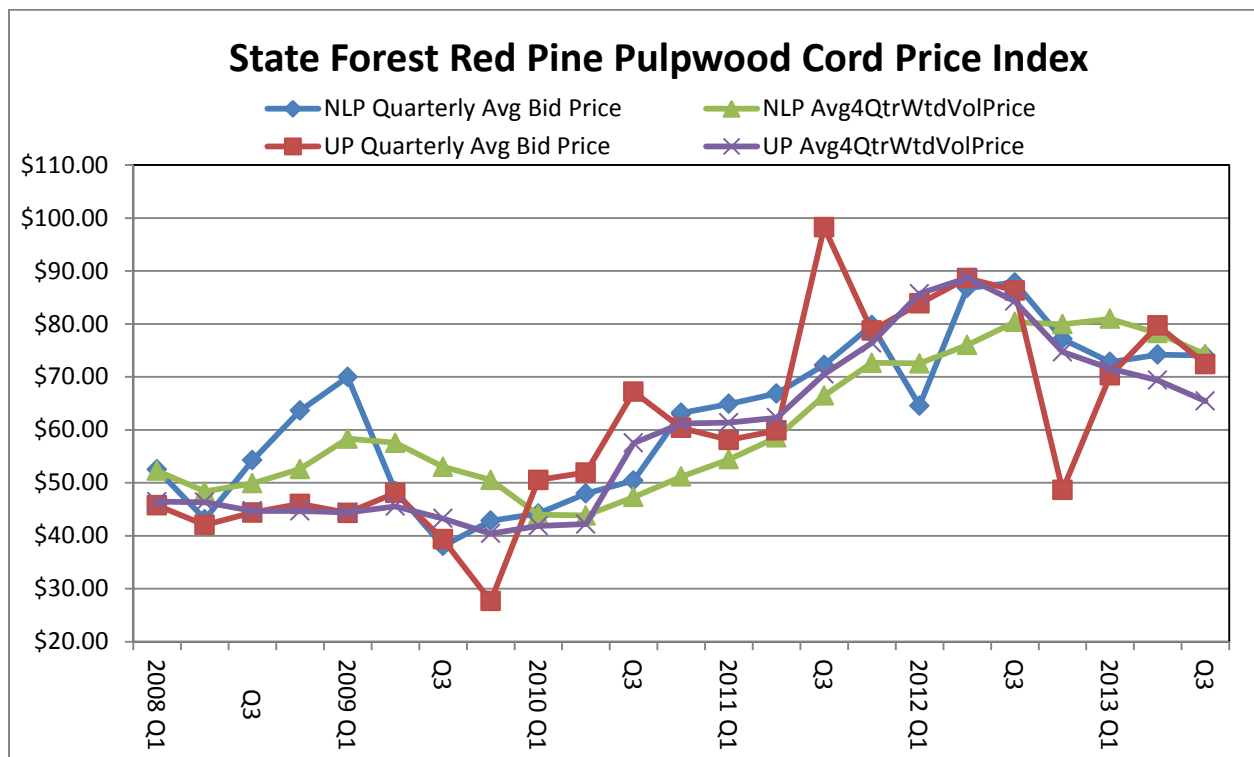
Aspen prices fell in both the UP and NLP, but the trend has been upward over the past 5 years. As noted last quarter, the gap in prices between the two peninsulas – with higher UP prices - has grown over the past five years, likely in part due to the differences in sale volume trends (see next graph).



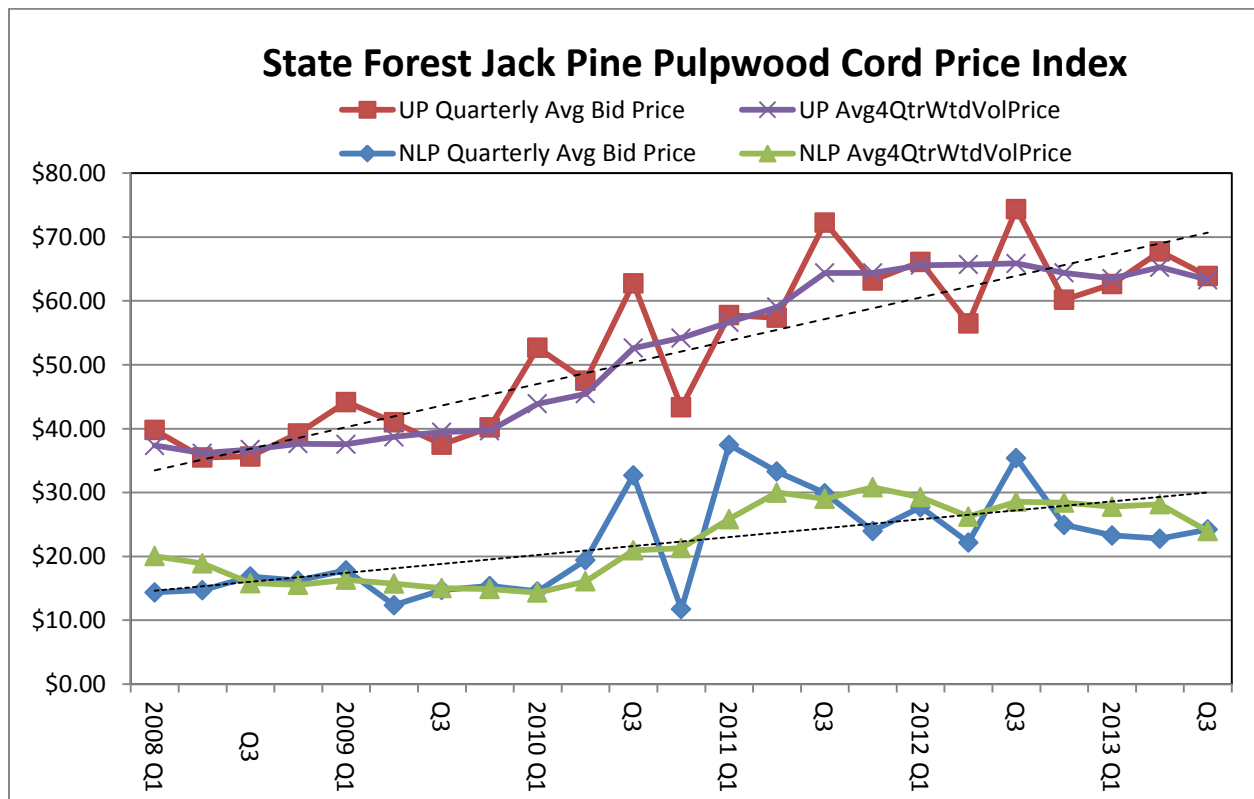
Aspen sale volumes dropped significantly this quarter in the NLP, but the drop was more than countered by an increase in the UP. Over the past five years, the NLP has generally had an increasing sale volume trend while the UP has had a somewhat erratic pattern from quarter-to-quarter, but flat trend for the 5-years. The most recent quarter volumes run counter to these trends.



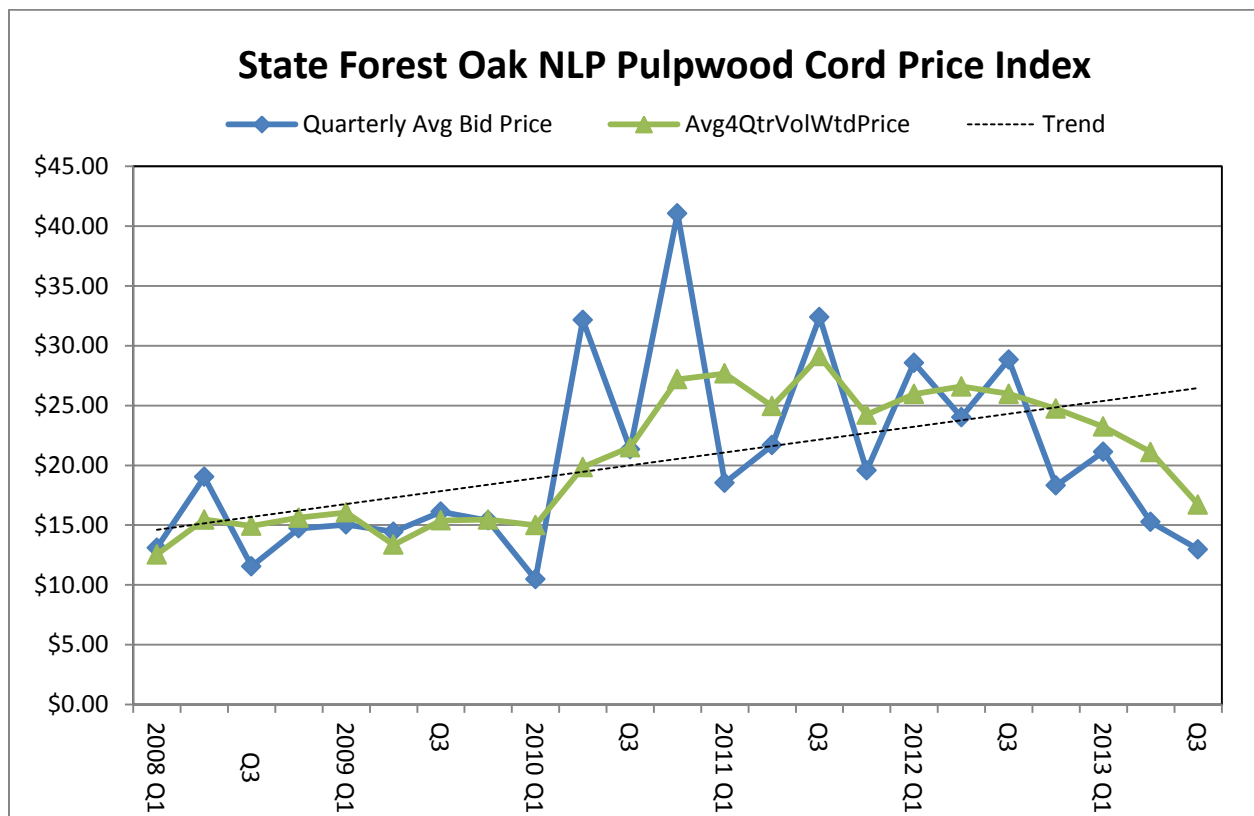
UP softwood pulpwood rose slightly in price in the most recent quarter. It had doubled in price between the start of 2010 and the end of 2011. Despite the most recent rise, it is still close to 30% off from the peaks it hit in 2011 and 2012. (The UP accounts for the vast majority of what is sold as "softwood pulpwood.")



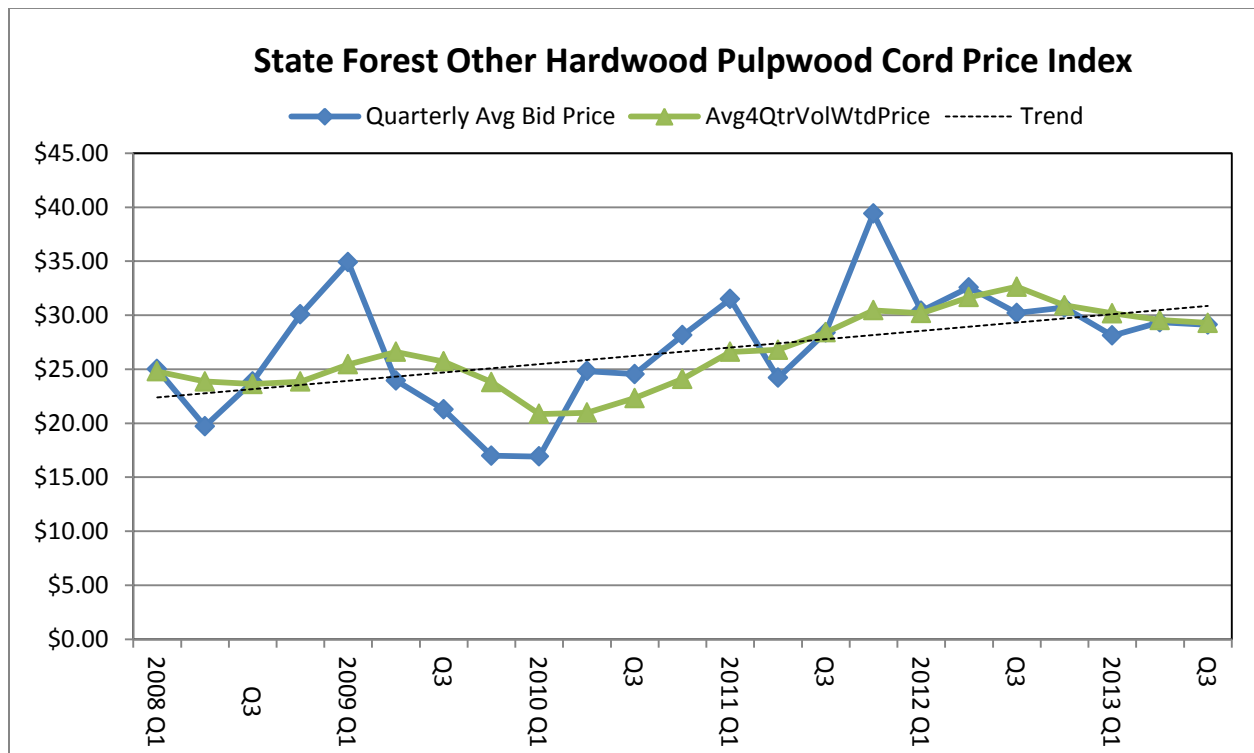
The NLP red pine pulpwood price remained stable while the UP price dropped this quarter. While they differ in their highs and lows, RP pulpwood prices are similar across the peninsulas, especially in contrast to JP pulpwood (see next graph).



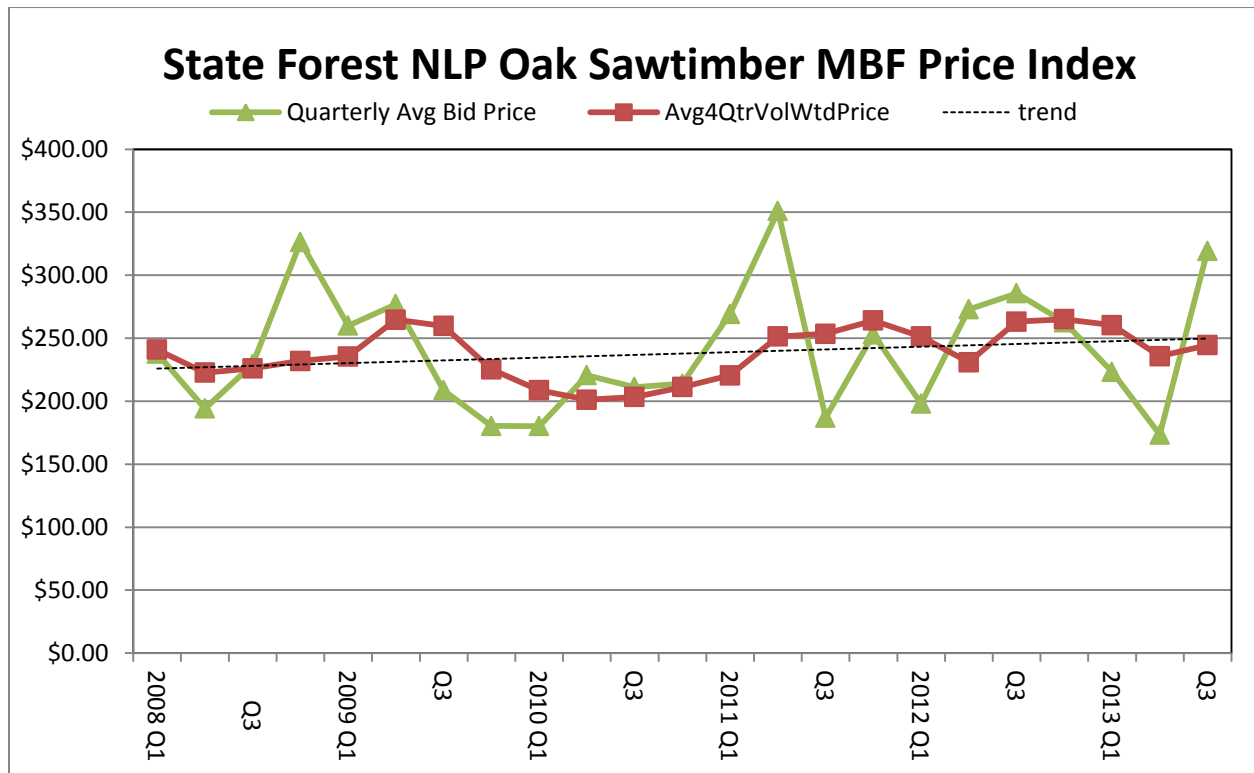
Jack pine pulpwood prices are quite different between the UP and NLP. Prices slightly rose in the NLP as they slightly fell in the UP in the most recent quarter. However, as the trend lines in the above graph illustrates, the UP price has generally been increasing at a sharper pace over the past 5 years, widening the gap between the two peninsulas. The UP JP pulpwood price has often been more than twice the NLP JP pulpwood price.



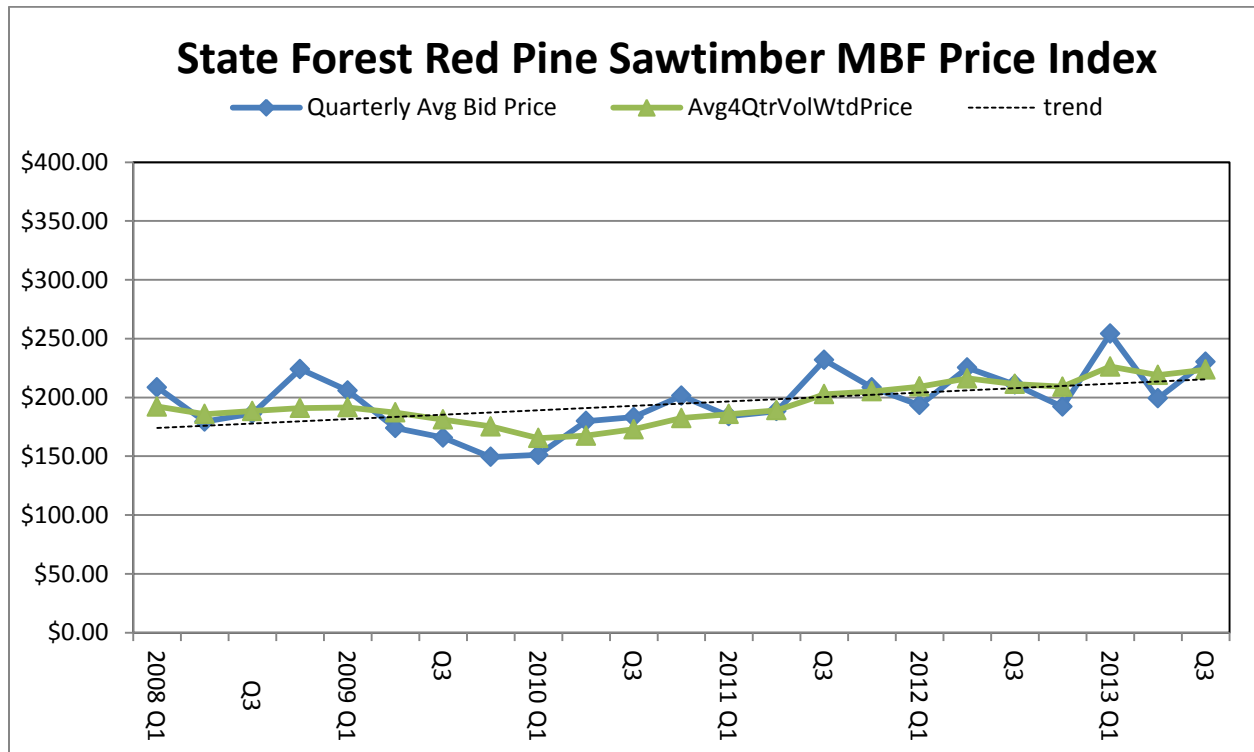
The NLP oak pulpwood price continued to fall in the most recent quarter. It reached a peak in 2010 and - with minor fluctuations - it has declined to less than half its value since then, from over \$40 per cord to under \$15 per cord.



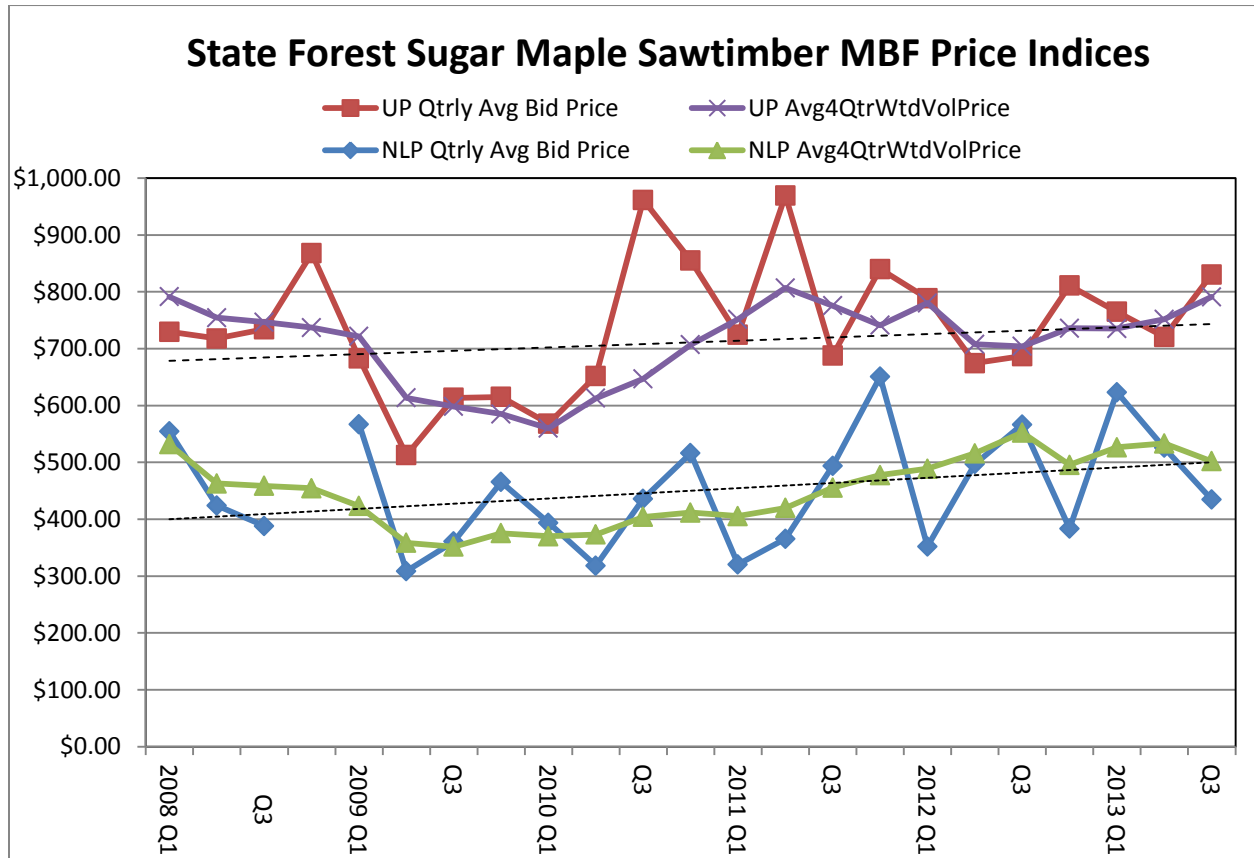
The "other hardwood pulpwood" has shown little change from \$30 per cord over the past 7 quarters, its 5-year peak was \$40 in the 4th quarter of 2011; its low was \$17 the 4th quarter of 2009 and the 1st quarter of 2010.



NLP oak sawtimber prices rose very sharply last quarter – from under \$175 to almost \$320 per mbf (on similar bid volumes) - after having fallen the prior 3 quarters. Over the past 5 years, there has been just a slight increasing price trend. The 5-year low was hit in the 2nd quarter of 2013, while the high of \$350 was hit in early 2011; however, another modest increase next quarter could set a new record high for the period.



Red pine sawtimber prices hit a 5-year high in the Oct.-Dec. quarter, 2012, dropped two quarters ago, but then rebounded again in the 3rd quarter. Overall, they have been gradually increasing over the 5-year period, hitting a low in late 2009 and early 2010. Similar to oak sawtimber, a modest price increase next quarter could result in a new price peak.



Sugar maple sawtimber prices fell for the second quarter in a row in the NLP last quarter while the UP price rose by about the same amount the NLP price fell in the last quarter. The result is that the gap has grown between the peninsular prices with the UP price being a bit shy of twice the NLP price (\$830 to \$435). The gap between the prices has closed slightly over the past five years - as NLP sugar maple has increased more than the UP price - but the 2013 3rd quarter prices buck that trend.