



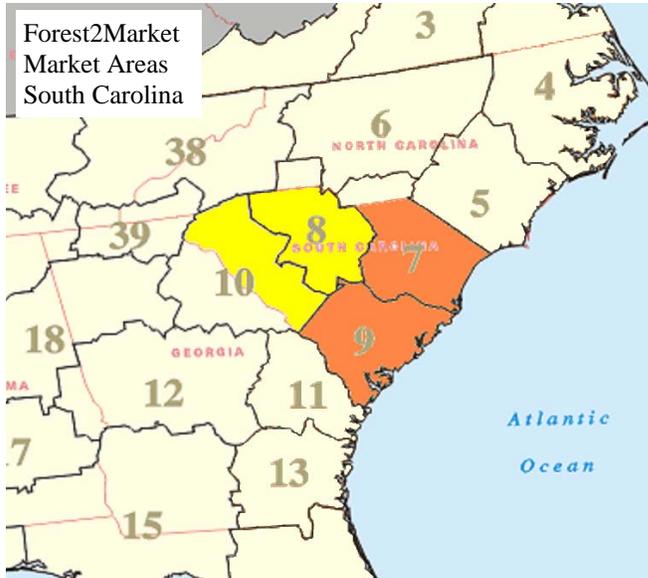
Forest2Market®
Solutions for the Forest and Wood Products Industries

South Carolina Timber Report

A PUBLICATION OF FOREST2MARKET®

**4th Quarter
2005**

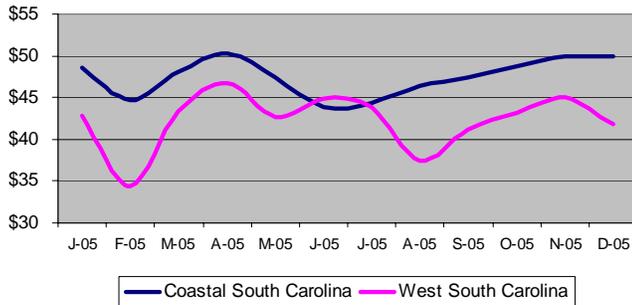
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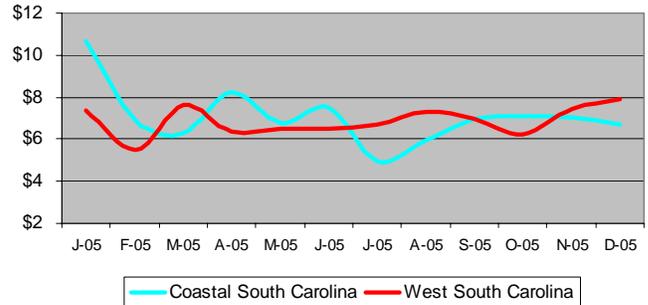
Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at www.forest2market.com for prices that are specific to your local area.

SOUTH CAROLINA STUMPAGE PRICE TRENDS

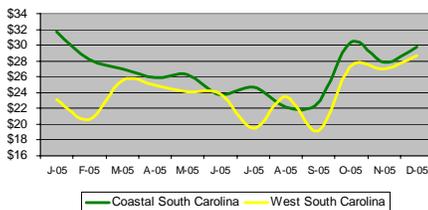
Pine Sawtimber Stumpage Price Trend (\$/ton)



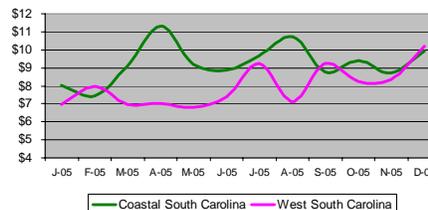
Pine Pulpwood Price Trends (\$/ton)



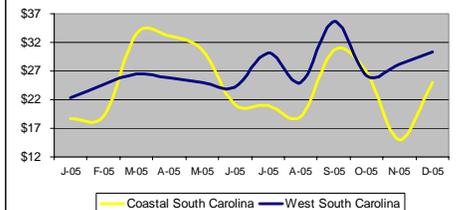
Pine CNS Stumpage Price Trend (\$/ton)



Hardwood Pulpwood Price Trends (\$/ton)



Hardwood Sawtimber Price Trends (\$/ton)



SOUTH CAROLINA STUMPAGE PRICES

Coastal South Carolina Weighted Average Stumpage Prices (\$/ton) 4th Quarter 2005			
Product	Price	Price Change	Percent Change
Pine Pulpwood	\$ 7.06	\$0.92	15.0%
Pine Chip-n-Saw	\$ 29.57	\$6.70	29.3%
Pine Sawtimber	\$ 49.13	\$2.79	6.0%
Hardwood Pulpwood	\$ 9.36	-\$0.71	-7.1%
Hardwood Sawtimber	\$ 25.44	\$2.30	9.9%

West South Carolina Weighted Average Stumpage Prices (\$/ton) 4th Quarter 2005			
Product	Price	Price Change	Percent Change
Pine Pulpwood	\$ 7.27	\$0.23	3.2%
Pine Chip-n-Saw	\$ 27.65	\$5.28	23.6%
Pine Sawtimber	\$ 43.87	\$1.08	2.5%
Hardwood Pulpwood	\$ 8.55	-\$0.50	-5.5%
Hardwood Sawtimber	\$ 27.16	-\$2.85	-9.5%

U.S. SOUTH TIMBER MARKET OUTLOOK

PINE SAWTIMBER PRICES - U.S. SOUTH

The year of 2005 ushered in sweeping changes throughout the forest products industry. The largest timberland holder in the United States, International Paper, announced the divestiture of over six million acres in the southeast as part of a massive restructuring aimed at increasing shareholder value. The announcement follows the trend of large forest product companies divesting of core timberlands set by Georgia-Pacific and Boise Cascade in prior years. The announcement also fueled speculation as to the future of the constantly changing land base in the southeast. Koch Industries, a privately held conglomerate, purchased Georgia-Pacific, a publicly held company. The buy-out will put to the test Koch's business model assertion that public companies operating in cyclical industries will be more profitable if privately held. By the end of the year, stocks of the nation's largest producers of wood-based construction materials were showing signs of anxiety due to pessimistic forecasts for 2006 by top homebuilding companies. Random Length's Southern Lumber Composite Price dipped sharply, declining 7.9% during the fourth quarter, but finished the year 8.2% above last year's average. Random Length's Southern Plywood Composite Price finished the year down 1.0% from last quarter's number and down 8.0% compared to 2004.

Another robust year for housing markets gave way to modest predictions for 2006. In 2005, housing starts increased 5.5% over last year's number eclipsing the two million mark and consuming an estimated 27 billion board feet of lumber. Analysts expect housing markets to revert back to 2004 levels in the upcoming year with overall starts reaching 1.94 million units. Hurricane related rebuilding efforts may add to the number depending on how many people return to gulf coast communities affected by the hurricanes. Interest rates on 30-year fixed mortgages ended the year 0.5% higher than last year's average with most of the increase (8.0%) occurring during the fourth quarter of 2005. Because inflationary pressures have remained stable, the Federal Reserve is expected to raise rates only slightly in 2006 to an estimated 6.75% by the third quarter. F2M expects mortgage rates to average 6.6% for the upcoming year.

Expect stumpage prices to show modest increases due to seasonality as the new year begins then decrease as the year progresses. Two factors could unite in 2006 lowering stumpage prices from 2005 levels. First, the scorching pace of housing starts from the last two years will subside, affectively lowering the demand for lumber. Second, 2006 could possibly be the year the U.S./Canadian softwood lumber dispute finally ends. Recent developments such as the repeal of the Byrd Amendment and the lowering of duty rates suggest the U.S. is losing ground in the dispute. If this happens expect Canadian lumber imports to further erode lumber prices in the U.S.

PULPWOOD PRICES - U.S. SOUTH

Pulp and paper markets faced a challenging year in 2005. Demand continued to wane for paper during the year and overcapacity combined to bring prices down. Capacity closures by International Paper, Weyerhaeuser and Domtar should help remedy over-supply and provide an upswing in prices during the upcoming year. The two largest producers of newsprint, Bowater and Abitibi, are making efforts to reduce capacity in order to meet declining North American demand. Abitibi alone plans to shutter several of its Canadian operations effectively taking 4.0% of North American capacity off the market.

Expect pulpwood stumpage prices to show a moderate increase in 2006 due to improved economic conditions. The economy in 2005 ended with a positive overtone and F2M expects moderate GDP growth in the range of 3% to 5% for 2006. Recent price hikes for containerboard and uncoated-free sheet are also positive signs. In addition the NBSK index finished the year 1.7% above 2004's average price and is forecasted to maintain small to moderate increases in 2006 if in fact inflation is kept in check.