

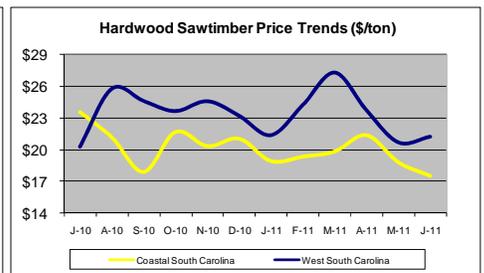
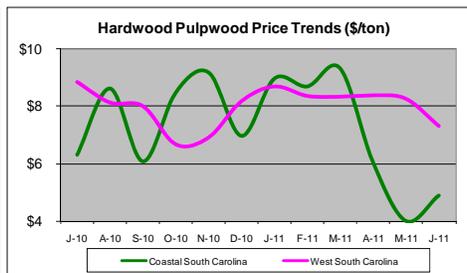
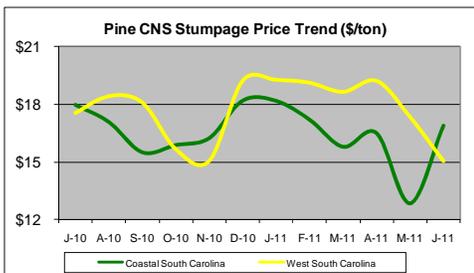
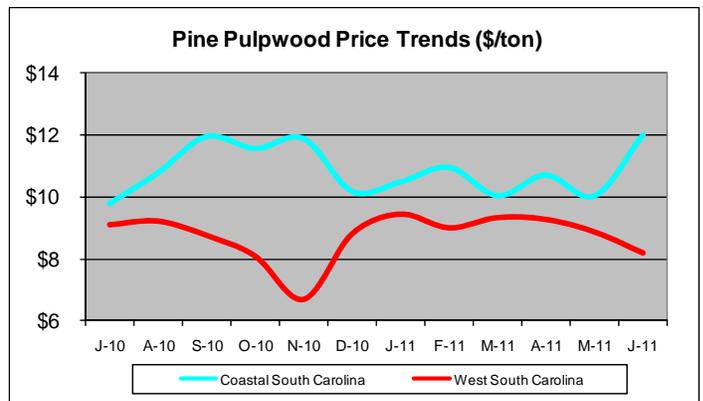
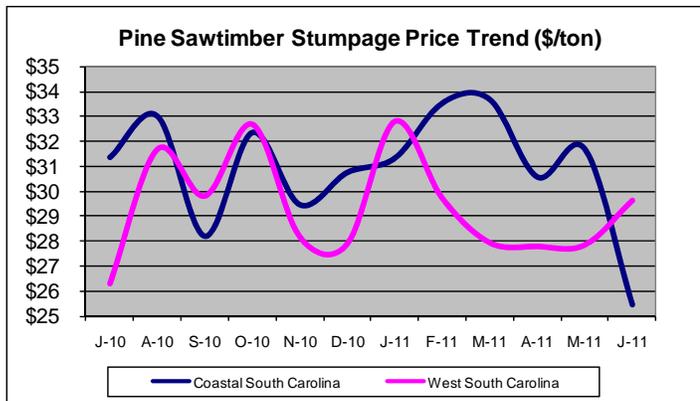


Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at www.forest2market.com for prices that are specific to your local area.

Forest2Market Market Regions

- West South Carolina
- Coastal South Carolina

SOUTH CAROLINA STUMPAGE PRICE TRENDS





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SOUTH CAROLINA STUMPAGE PRICES

Coastal South Carolina			
Weighted Average Stumpage Prices (\$/ton) 2nd Quarter 2011			
Product	Price	Price Change	Percent Change
Pine Pulpwood	\$ 10.73	\$0.26	2.5%
Pine Chip-n-Saw	\$ 16.74	-\$0.72	-4.1%
Pine Sawtimber	\$ 29.00	-\$3.20	-9.9%
Hardwood Pulpwood	\$ 5.10	-\$4.12	-44.6%
Hardwood Sawtimber	\$ 19.32	\$0.06	0.3%

West South Carolina			
Weighted Average Stumpage Prices (\$/ton) 2nd Quarter 2011			
Product	Price	Price Change	Percent Change
Pine Pulpwood	\$ 8.80	-\$0.54	-5.8%
Pine Chip-n-Saw	\$ 17.23	-\$1.78	-9.4%
Pine Sawtimber	\$ 27.07	-\$2.62	-8.8%
Hardwood Pulpwood	\$ 8.13	-\$0.23	-2.8%
Hardwood Sawtimber	\$ 23.08	-\$1.85	-7.4%

U.S. SOUTH TIMBER MARKET OUTLOOK

GDP growth in the first quarter of 2011 is now estimated at 1.9 percent, lower than many had predicted. We expect similar growth in the second quarter. Due to high unemployment and oil prices, a housing market that is resisting recovery, and the threat of the US being in technical default on its debt unless the Congress votes to raise the debt ceiling, we expect the second leg of the double-dip recession to strike during the third quarter.

The recession has proven that the floor for housing starts is roughly 500,000 per year. We expect the number to approach the 600,000 in 2011, with an increase of about 100,000 per year through 2014, when starts will hit 1 million once again. Despite this protracted downturn in housing, 90 percent of Americans still believe that homeownership is an integral part of the American dream, one they intend to pursue.

Pine Sawtimber Prices – U.S. South

Sawtimber markets remain soft. The Southwide average for pine sawtimber, for instance, is \$24/ton. To put this in perspective, when Forest2Market founder Pete Stewart started buying timber in Southeast Texas 21 years ago, the going price for sawtimber was \$24/ton.

As a result of market weakness, some pine sawmills closed their doors this summer and more reductions are expected. Many loggers are having their weekly quotas reduced with mills only taking wood three days a week. Landowners can expect low pine sawtimber prices until later this year, when wet weather conditions may provide a small bump in prices.

Pulpwood Prices – U.S. South

Demand for pulpwood remains strong. Fluff pulp producers have seen an increase in prices well above trendline in the last 18 months, so pulpwood prices have been holding up better than sawtimber. The Southwide average for pulpwood over the last three months is roughly \$8.20/ton, down less than \$0.80/ton since the end of 2010. They should remain near this level throughout 2011.