

Pino Grande— Merchantable Timber (1303 acres) – Volume Reconciliation

	2007	2008	2009	2010	2010
		<i>IKE LOSS*</i>	<i>CUT</i>	<i>RESIDUAL</i>	<i>+ GROWTH</i>
<i>PRODUCT</i>	TONS	TONS	TONS	TONS	TONS
pine pulpwood	21,539	280	4,793	16,466	13,645
pine topwood	7,193	72	1,598	5,523	6,447
pine chip-n-saw	24,502	246	8,686	15,570	19,203
pine small sawlogs (11-13" dbh)	8,420	84	1,175	7,161	10,812
pine sawlogs	4,657	273	2,401	1,983	4,404
Total Pine	66,311	955	18,653	46,730	54,512
hardwood pulpwood	31,233	7,102	1,531	22,600	22,992
hardwood topwood	4,885	3,375	965	545	584
hardwood sawlogs	13,689	4,632	7,911	1,146	2,437
Total Hardwood	49,807	15,109	10,407	24,291	26,013
TOTAL	116,118	16,064	29,060	70,994	80,525

*assumes 50% salvage for pine & hardwood sawlogs (i.e., 50% of estimated 2008 Ike Loss is excluded from reduction for sawlogs. However, the salvage volume is included in the 2009 Cut column)

The 2009 harvest volume includes 875 tons of hardwood salvage under a 2008 contract

Growth = 6% per year for Pine and 3% per year for Hardwood

Product Transfer:

Pine Pulpwood to Chip-N-Saw = 29% (42% of pulpwood volume is not suitable for product transfer)

Chip-N-Saw to Pine Small Sawlogs = 25%

Pine Small Sawlogs to Pine Sawlogs = 25%

Hardwood Pulpwood to Hardwood Sawlogs = 5%

Mortality = 2%

Pino Grande— Merchantable Timber (1303 acres) - Value Reconciliation & Projection

	2010 TIMBER VOLUME	TIMBER UNIT PRICES	2010 TIMBER VALUE	PROJECTED 2012 TIMBER VALUE
<i>PRODUCT</i>	TONS	\$/TON	US DOLLARS	US DOLLARS
pine pulpwood	13,645	\$8.13	\$110,934	\$99,448
pine topwood	6,447	\$8.13	\$52,414	\$58,009
pine chip-n-saw	19,203	\$14.20	\$272,683	\$273,814
pine small sawlogs	10,812	\$20.83	\$225,214	\$258,186
pine sawlogs	4,404	\$25.83	\$113,755	\$168,271
Total Pine	54,512		\$775,000	\$857,728
hardwood pulpwood	22,992	\$10.81	\$248,544	\$251,933
hardwood topwood	584	\$10.81	\$6,313	\$6,597
hardwood sawlogs	2,437	\$25.00	\$60,925	\$69,548
Total Hardwood	26,013		\$315,782	\$328,078
TOTAL	80,525		\$1,090,782	\$1,185,806

Timber Unit Prices is an average of the most recent 12 months as reported by the Texas Forest Service in their bimonthly report, "Texas Timber Price Trends".

Projection based on:

2 yrs Growth @ 6% per year for Pine and 3% per year for Hardwood

Product Transfer:

Pine Pulpwood to Chip-N-Saw = 19% (42% of pulpwood volume is not suitable for product transfer)

Chip-N-Saw to Pine Small Sawlogs = 17%

Pine Small Sawlogs to Pine Sawlogs = 17%

Hardwood Pulpwood to Hardwood Sawlogs = 3%

Mortality = 1.5%

Pino Grande *other*

- Premerchantable Pine Plantations (501 acres)
- 2001 plantations – 405 acres
- 1996-97 plantations – 96 acres

Estimated Present Value of Future Worth at age 15 = **\$244,307**

- Premerchantable Natural Hardwood Stands (302 acres)
- Premerchantable Natural Pine-Hardwood Stands (251 acres)