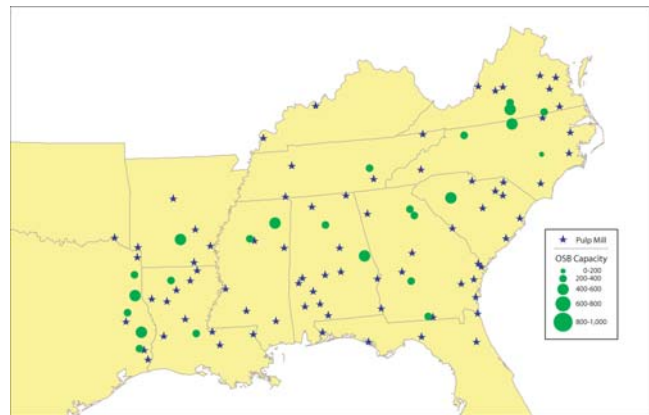


Study Prospectus

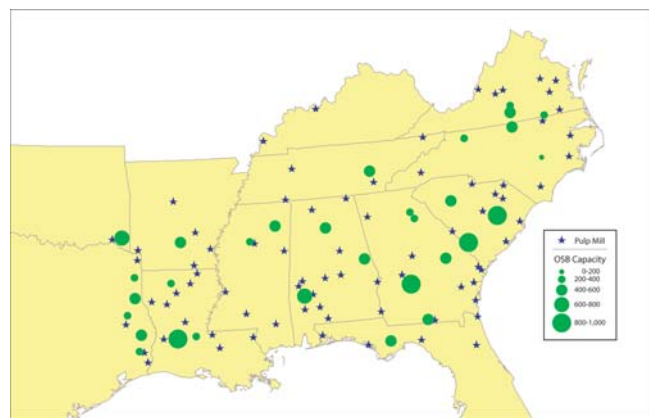
The U.S. South's pulp and paper mills are currently enjoying a favorable market environment: pulp and paper prices are at their highest level in 6 years; the weak U.S. dollar has boosted the international competitiveness of the southern producers; and, the availability of Southern Pine pulpwood continues to be good, with the real price of softwood pulpwood at its lowest level in 30 years.

While the current market is very favorable for southern pulp and paper producers, fundamental changes are occurring in the demand/supply balance for pulpwood in the U.S. South that will present the southern pulp and paper sector with major challenges for the remainder of this decade.

Between 1999-2003, nearly 5 million tons of pulp capacity (10% of total southern pulp capacity) was shut down in the U.S. South. These closures significantly reduced pressure on the South's pulpwood resource. More recently, southern pulp capacity has stabilized while investment in new OSB mills in the South has boomed. Since 2004, 2 new mills with a total annual wood consumption of nearly 2 million tons have begun operating, and another 5 mills, representing an additional annual pulpwood demand of over 6 million tons, are



US Southern OSB Capacity 2003



US South OSB Capacity 2008

scheduled to come on-line over the next 2 years. The expanding pulpwood demand tied to this sudden increase in OSB capacity will radically change southern pulpwood markets.

In addition to the direct competition for wood fiber from new OSB plants, the South's pulp, paper and paperboard mills will also face growing constraints on timber availability linked to the region's growing population. Over the past 25 years, the U.S. South's population has expanded by 45%, with the greatest growth in urbanized areas. This growth and resulting urban sprawl is placing greater pressure on the U.S. South's timberlands for conservation and recreation uses. These new demands placed on timberlands for higher and better uses coupled with recent shifts in timberland ownership are likely to reduce the timber-producing land base.

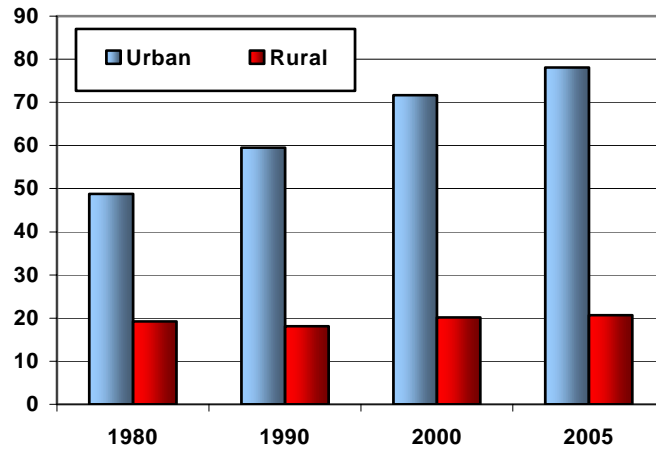


Figure 1. U.S. South Population Trends in Millions

A clear understanding of the fundamental changes that are occurring in southern small-log markets will be crucial to making informed decisions about:

- Wood fiber procurement strategies for pulp and OSB producers
- Investment and management of timberlands in the U.S. South
- Upgrading mill technology, or mill capacity closures

The new edition of the U.S. South Pulpwood study will provide an updated analysis of the 2003 report. As in the previous study, the new report will contain:

- An updated risk assessment of 81 integrated and market pulp mills in the U.S. South, identifying specific mills facing significant competitive pressures.
- Softwood and hardwood fiber consumption by mill, including roundwood consumption at the U.S. South's 26 existing OSB mills and the 5 OSB mills that will become operational between now and 2008.
- A regional assessment and five-year forecast of the pulpwood and chip supply, as well as the demand for pulp logs in the U.S. South.
- A history and a five-year forecast of pulpwood prices (stumpage and delivered) for the U.S. South.

The new edition of the U.S. South Pulpwood study will also feature the following brand-new content:

- Individual timber basket analysis of fiber demand/supply conditions for pulp mills
- Mill-level analysis of risk posed by the recent surge in OSB capacity
- Effects of population pressures on timber markets

- Mill risks resulting from proximity to coastal and urban areas
- Effects of changing land ownership and use patterns

This study will include a written analysis of the underlying markets for southern pulpwood. The analysis will assess the impact of changing use patterns for paper and paperboard, the competitive position of the southern U.S. pulp and paper industry in the global markets, identify the possibility of further closure of southern pulp capacity, and estimate future demand for small-diameter timber by pulp, OSB mills and other uses such as small-log lumber.

RISI Personnel

The study's principal authors are:

Keith Balter—Senior Vice President, Timber Service
MFS, Forest Economics, Yale Univ. School of Forestry and Environmental Science
MBA, Finance, University of Chicago, Graduate School of Business
BA, Biology, University of Chicago

Paul Jannke—Vice President, Industry Analysis and Forecasting
MA, Economics, Boston University
BA, Economics, University of Connecticut

Rocky Goodnow—Timber Economist, Timber Service
MS, Natural Resource Economics and Management, Virginia Tech
BS, Forestry, Virginia Tech

Erik Kankainen—Timber Analyst, Timber Service
BA, Economics, Dartmouth College

Brad Franchi—Consultant
MS Forest Biometrics, Southern Illinois University
BS Forestry, Southern Illinois University

John Maine—Vice President, Printing and Writing Papers
MS, Forest Economics, Virginia Tech
BS, Forestry, Virginia Tech

Kenneth Waghorne—Packaging Paper and Board
MS, Forest Economics, Virginia Tech
BS, Forestry, Louisiana State University

Kurt Schaefer—Director, Fiber Service
MS, Economics, University of Virginia
BA, Economics, Miami University

Mike Jones—Senior Product Manager, RISI Benchmarking Service
BS, Chemical Engineering, Georgia Tech

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