



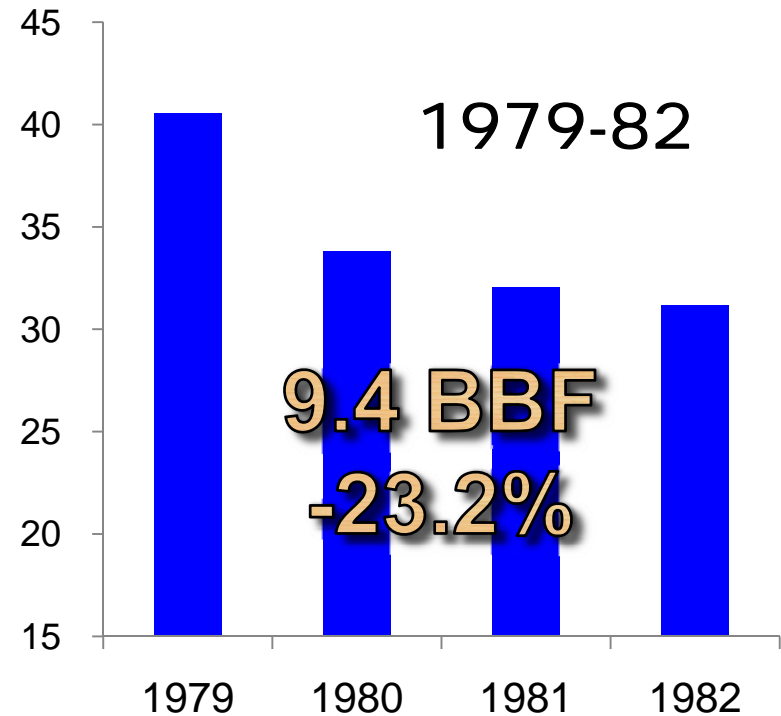
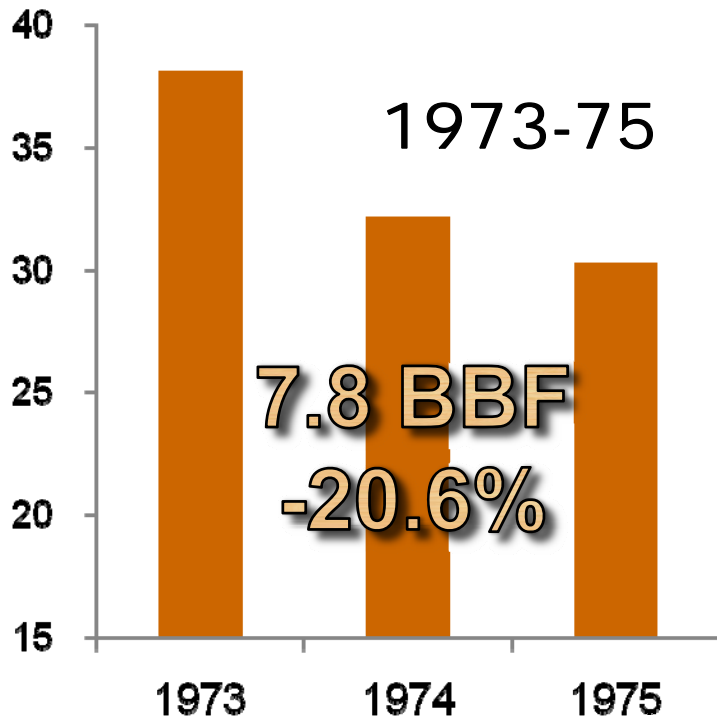
Making History

U.S. forest products supply and demand

*Marc Brinkmeyer
Owner and President,
Riley Creek Lumber Company
U.S. Delegation*

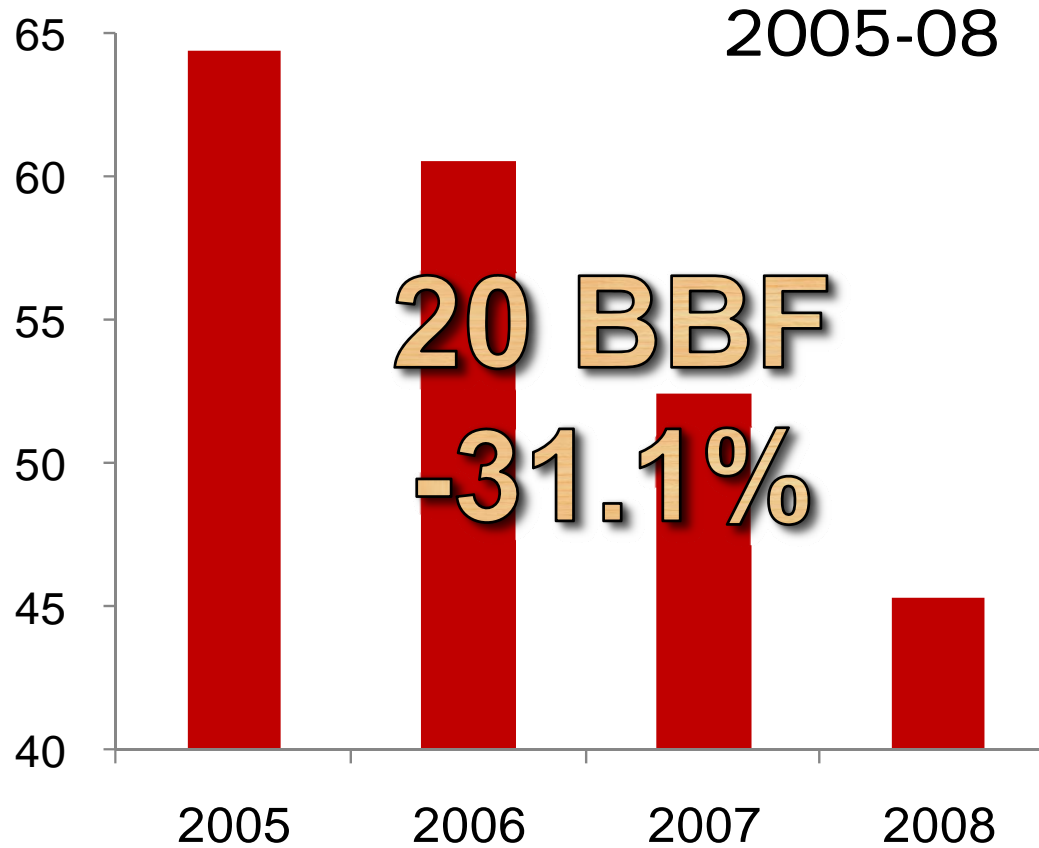


Historic downturn



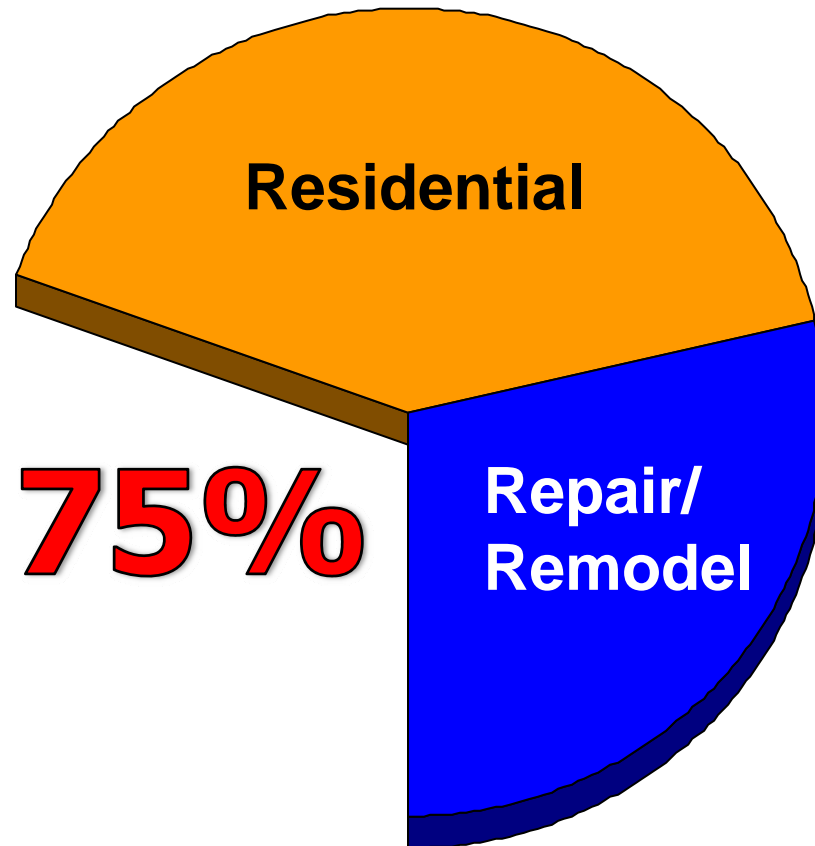


Historic downturn



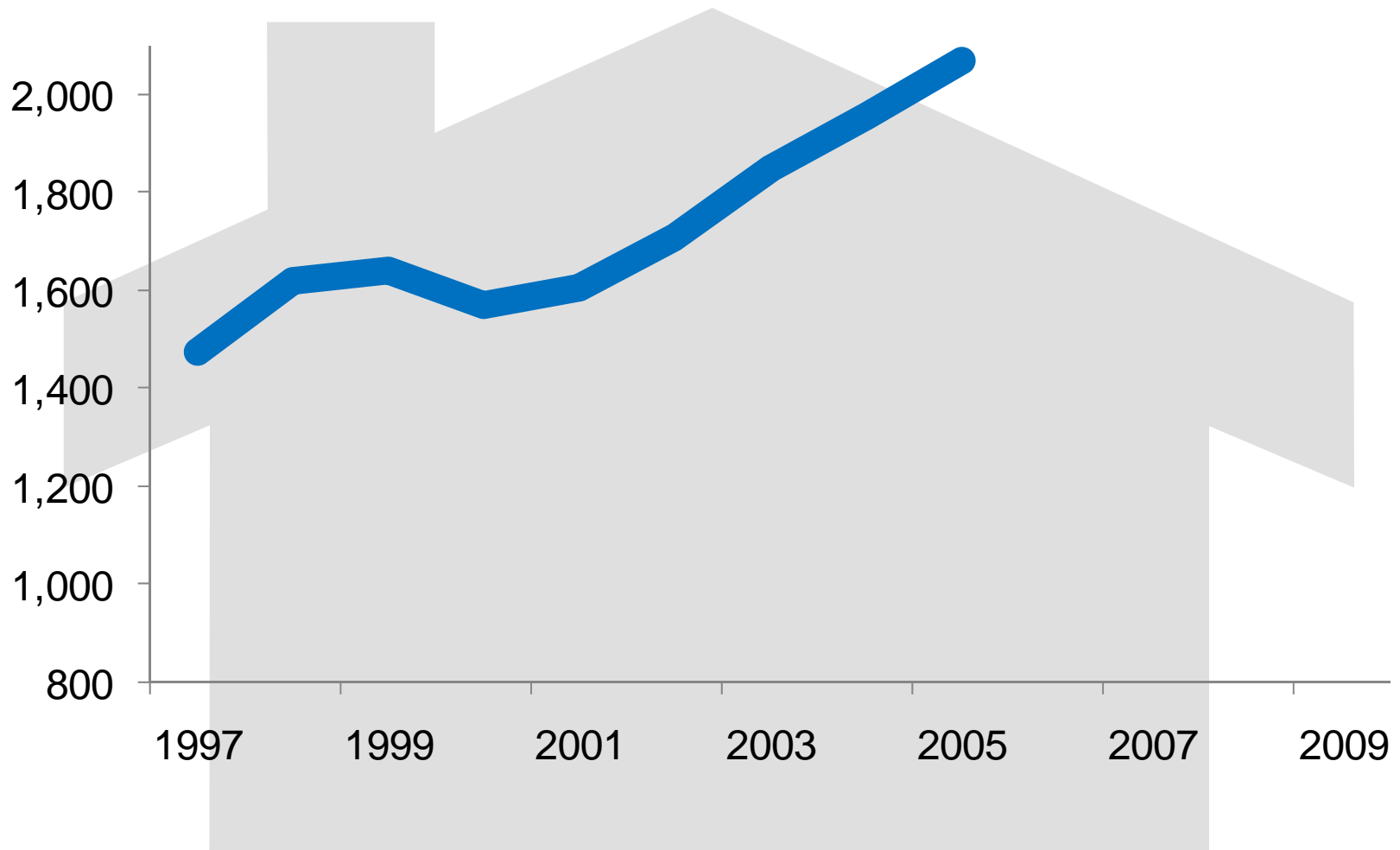


Consumption



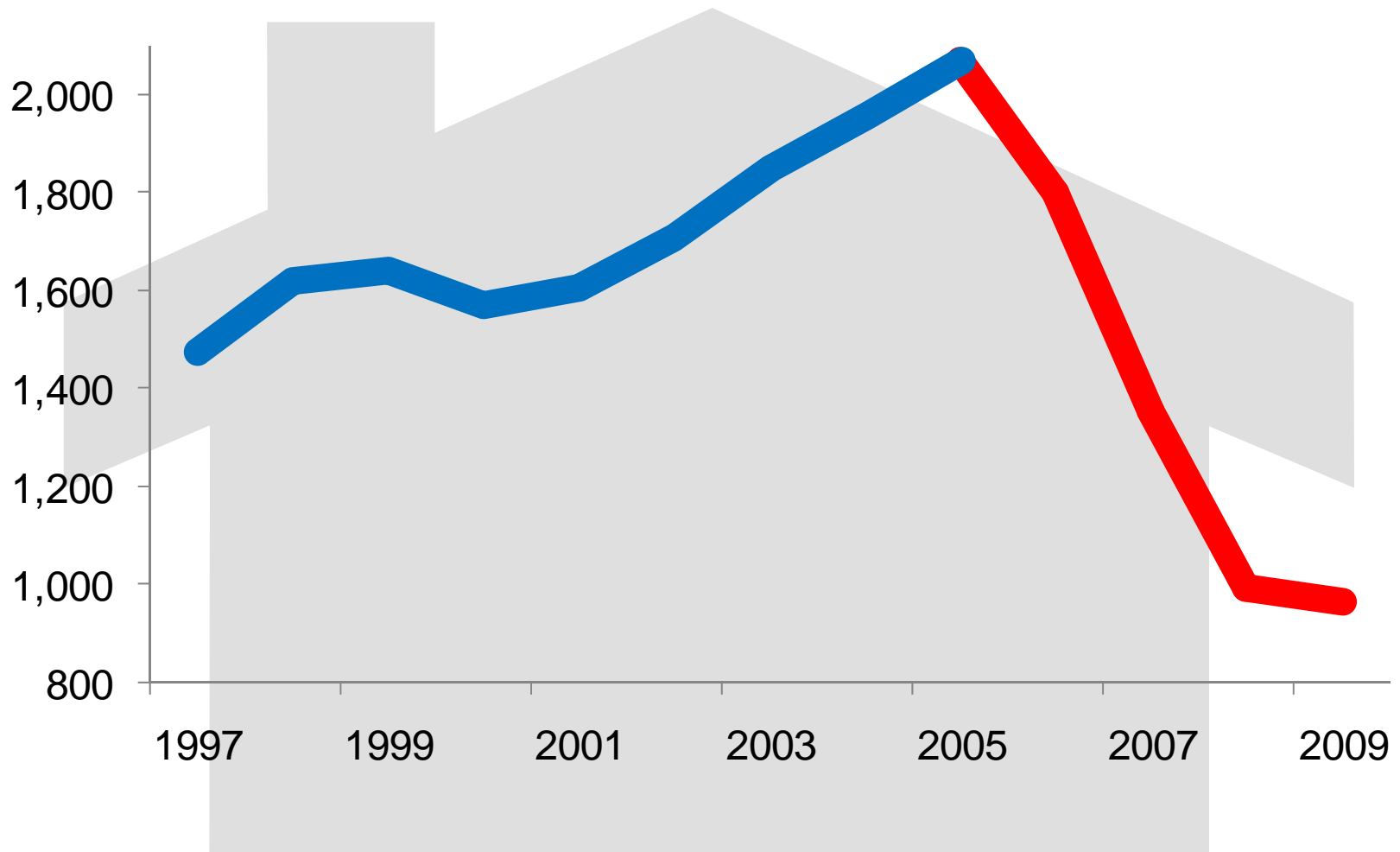


Housing hangover



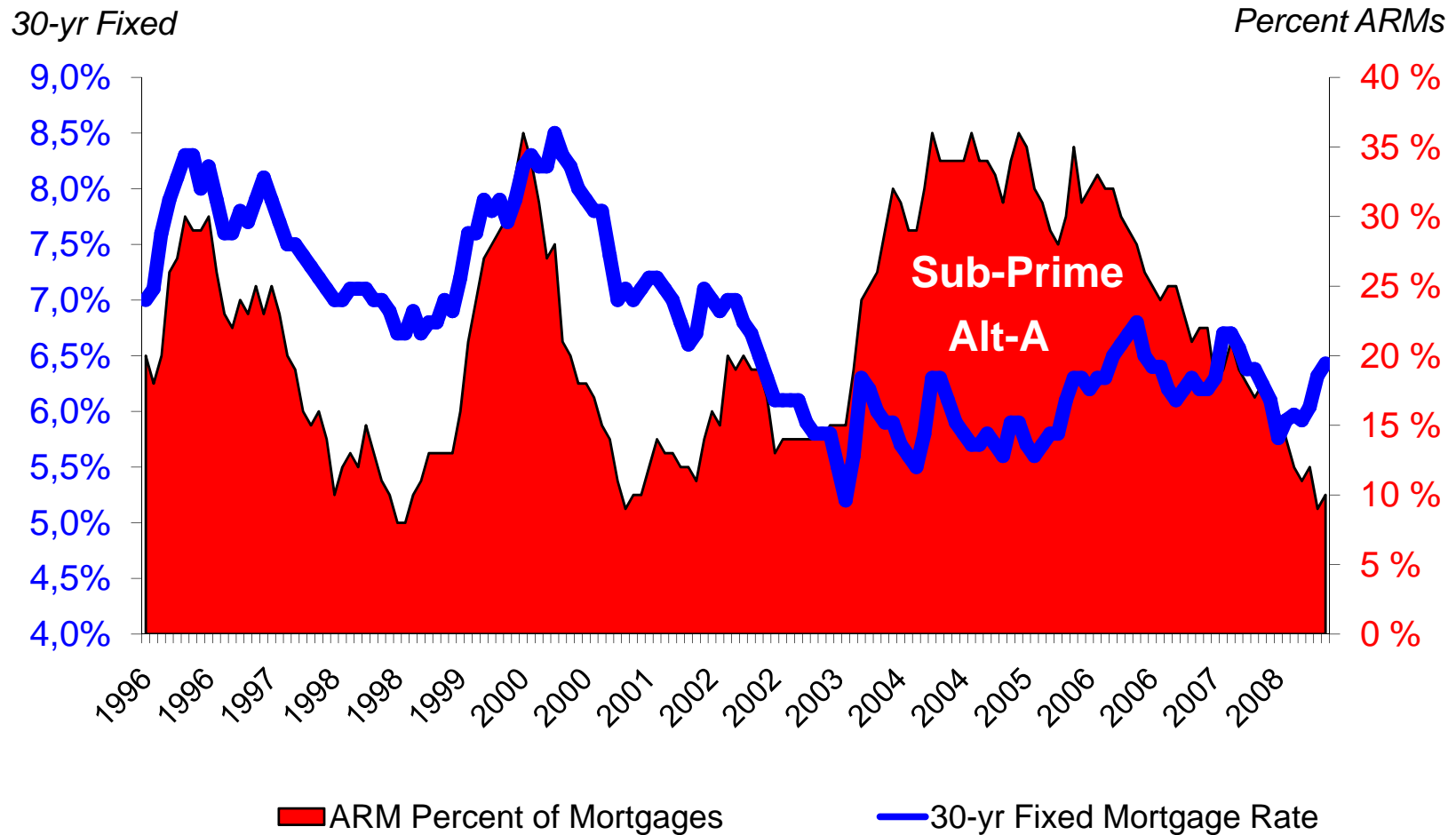


Housing hangover





Rise of sub-prime loans



Source: FreddieMac

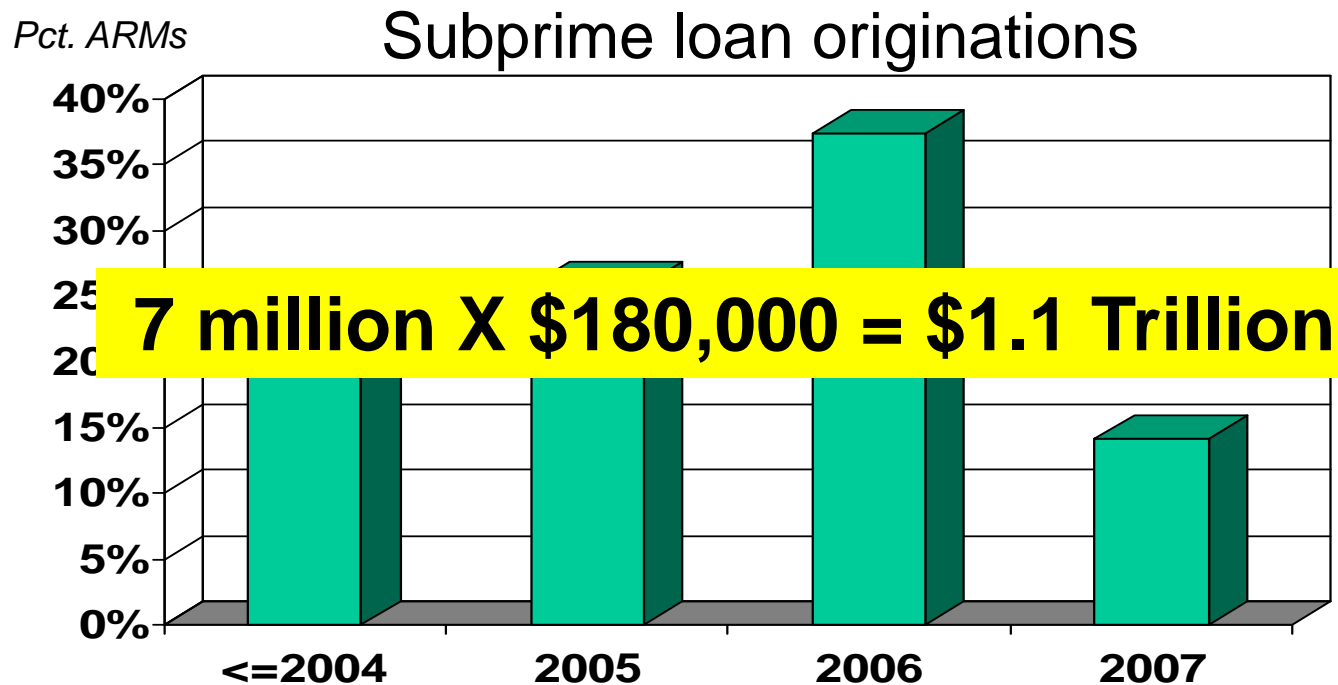




Subprime loans

July 2008

<u>Region</u>	<u># loans</u>	<u>+90 days</u>	<u>%FC/REO</u>	<u>RS: 12mo.</u>	<u>RS:13+mo.</u>	<u>Margin</u>
U.S.	7 million	9.2%	17.3%	33.1%	10.7%	6%

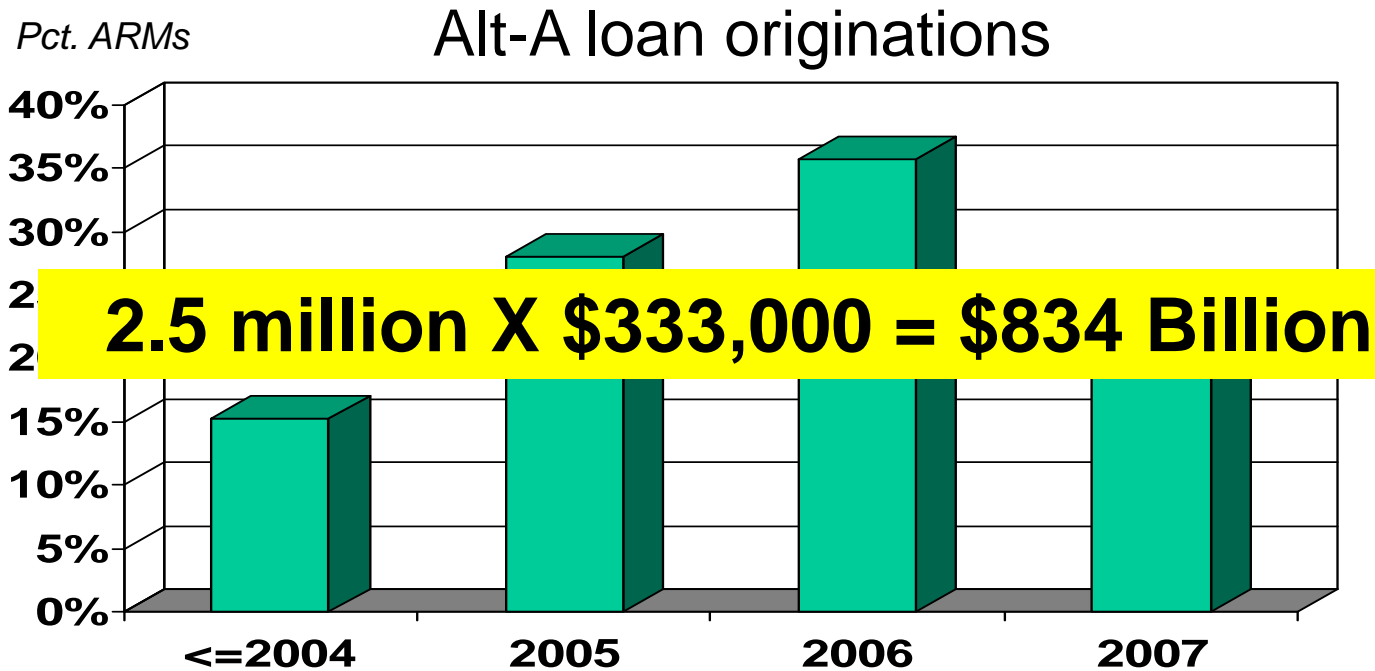




Alt-A loans

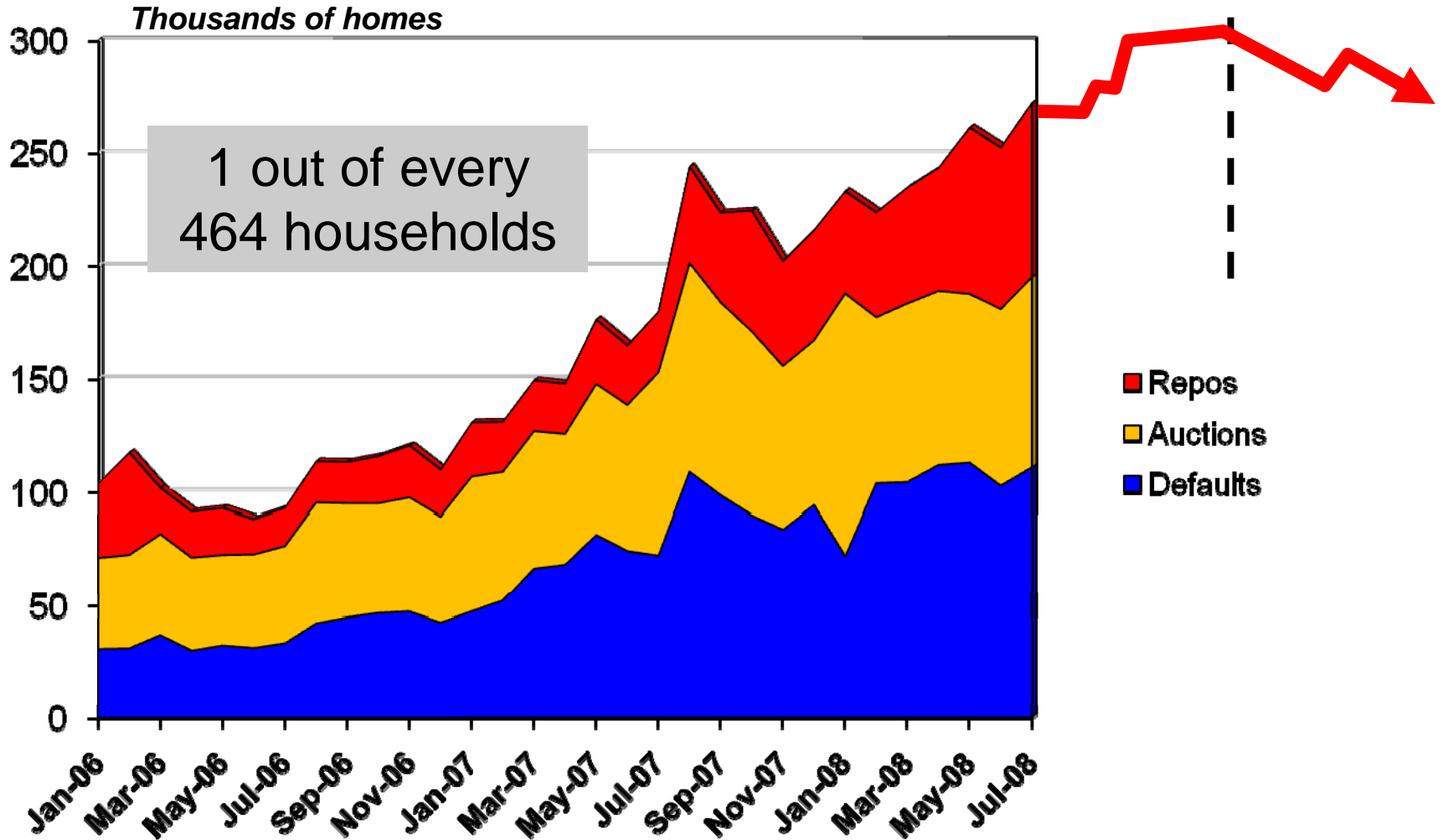
July 2008

<u>Region</u>	<u># loans</u>	<u>Unocc.</u>	<u>Low/No</u>	<u>I.O.</u>	<u>RS:12mo.</u>	<u>RS:13-24</u>	<u>RS24+</u>	<u>Margin</u>
U.S.	2.5 mill.	27.7%	73%	23.7%	4.8%	7.6%	43.5%	2.9%





Foreclosures surge





THE WALL STREET JOURNAL

Economy in Crisis

U.S. government bailout

Mounting Fears Steer Wall Street As Banking Giants Rush to Raise Capital

BY TOM IACONO
AND ANNE
MAYES



Morgan Stanley in Talks With Others

• \$700 billion in bad mortgages off books

• Govt. takeover of Fannie Mae, Freddie Mac

• Banking regulation overhaul

✓ "Global regulatory system" proposed

• Reduce foreclosures to aid housing

Treasury to try to keep owners in their homes

Democrats vow support will come with a price



GIVE AND TAKE: Treasury Secretary Henry M. Paulson is working with Democrats on a bailout bill.

By PATRICK HUI
Congressional Democrats are likely to demand more concessions from the new powers to keep people from losing their homes.

In the first of what are likely to be a series of concessions to Democrats, Treasury said it would use its leverage when acquiring defaulted loans to seek both borrower nonrecourse foreclosure, although it cautioned that not everyone can be saved.

Meanwhile, the massive restructuring of Wall Street continued Sunday night as the Federal Reserve announced that it has granted \$200 billion to Fannie Mae and Freddie Mac to help them acquire troubled loans.

They reopen Monday. The demands from Democrats, which would add to the overall cost of the package, include...

Government considers creating entity to aid failing financial system

WASHINGTON—The Treasury Department is considering creating a new government-owned entity to help stabilize the financial system...



BIG PUSH FOR BAILOUT PLAN, BUT CONGRESS WANTS LIMIT

WASHINGTON—The House of Representatives is pushing for a \$700 billion bailout plan, but Democrats want to limit the amount of taxpayer money...

CANDIDATES WEIGH IN

WASHINGTON—Senators and House members are weighing in on the proposed bailout plan...

FORECLOSURE DEVELOPMENTS

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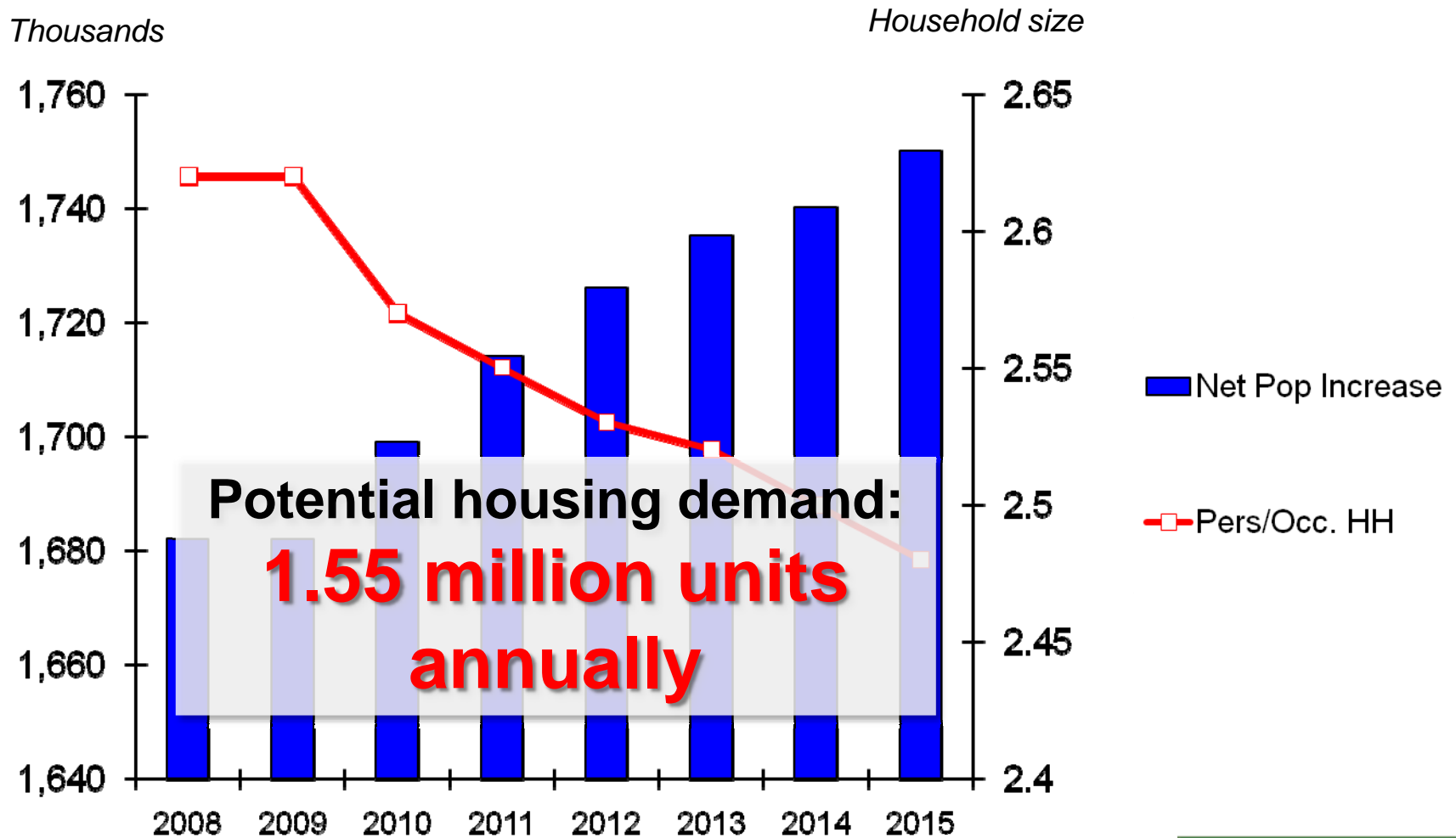
Home construction forecast

<i>thousands</i>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Single-family	1,046	664	641
Multifamily	309	329	322
Total	1,355	993	963

Source: WWPA



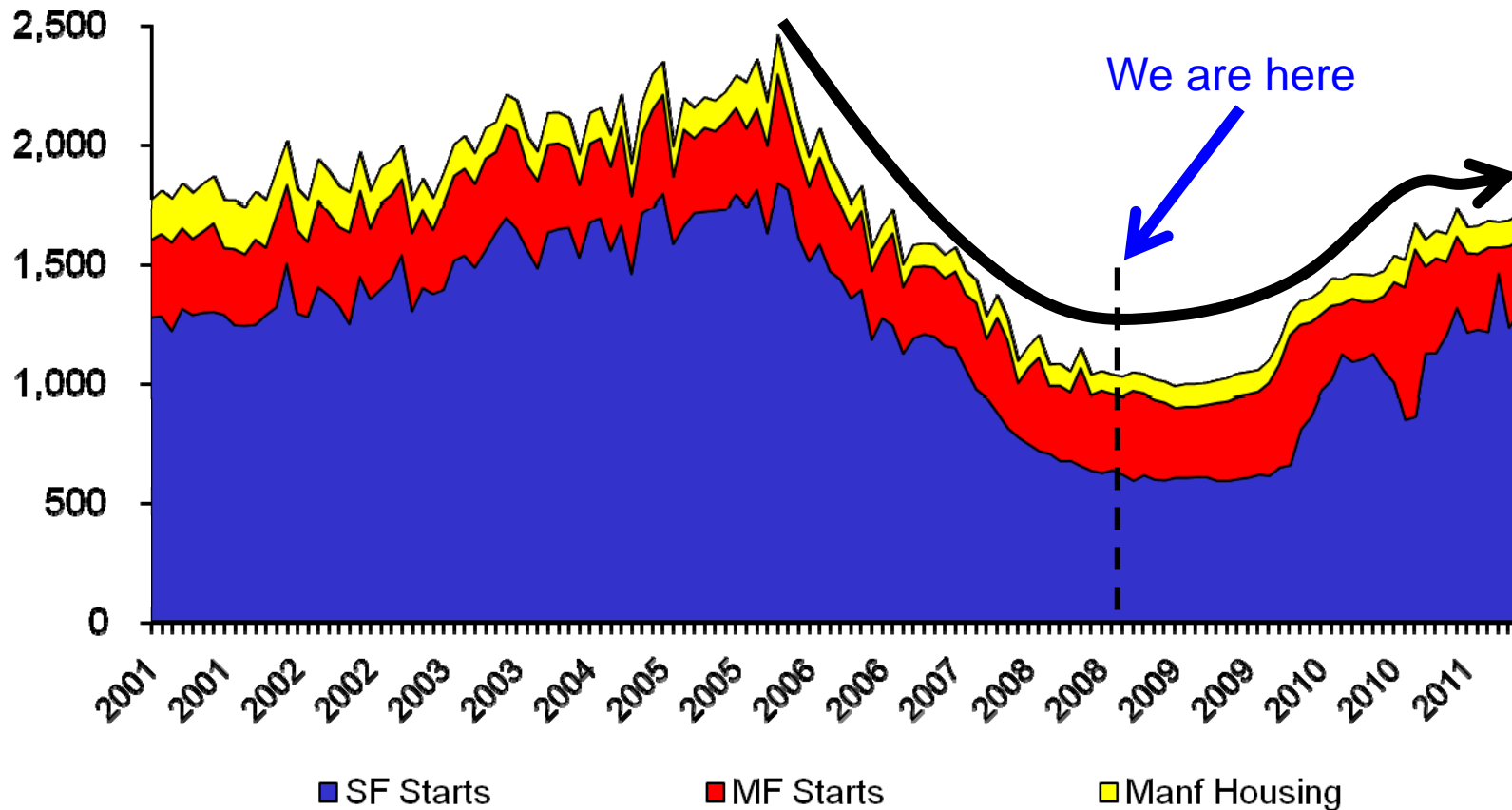
What is the sustainable rate?





Home construction forecast

Thou. Housing Units, SAAR



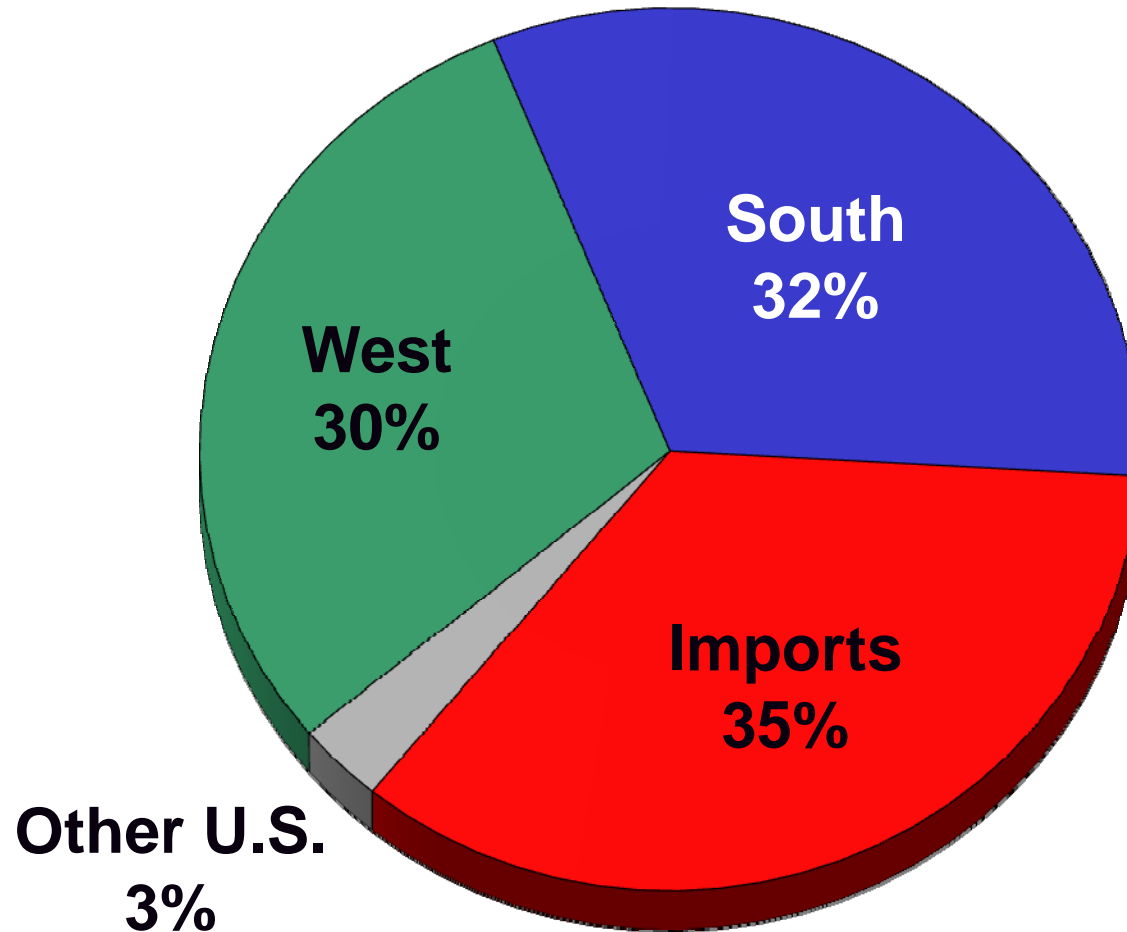
Source: FreddieMac



Lumber supply



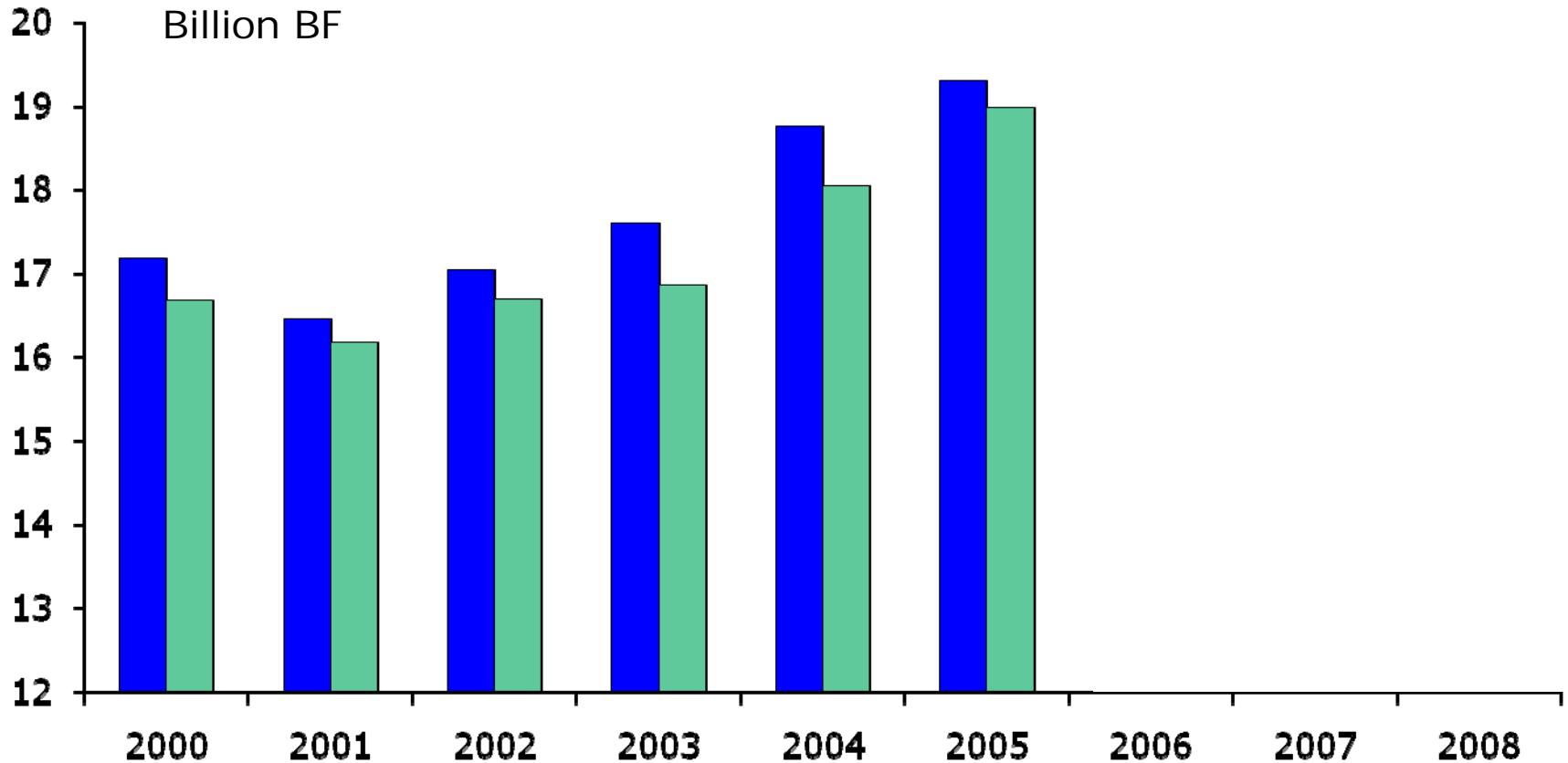
Sources - 2007



Source: WWPA



U.S. production



Source: WWPA



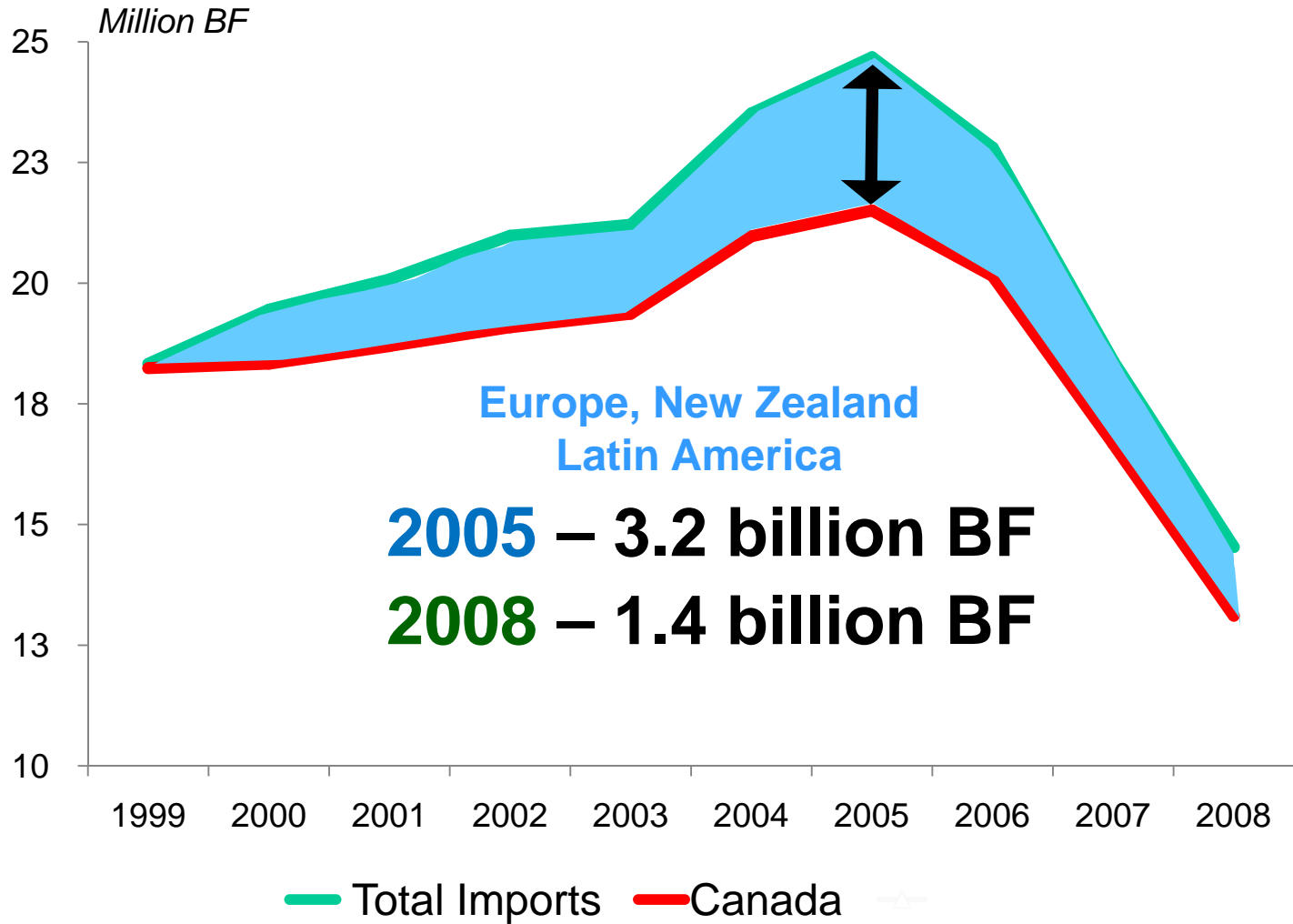
U.S. lumber production

<i>Million Board Feet</i>	<u>2007</u>	<u>2008</u>	<u>2009</u>
West	16,215	13,983	13,700
South	16,662	15,235	15,010
Other	1,950	1,650	1,600
TOTAL	34,827	30,868	30,310

Source: WWPA

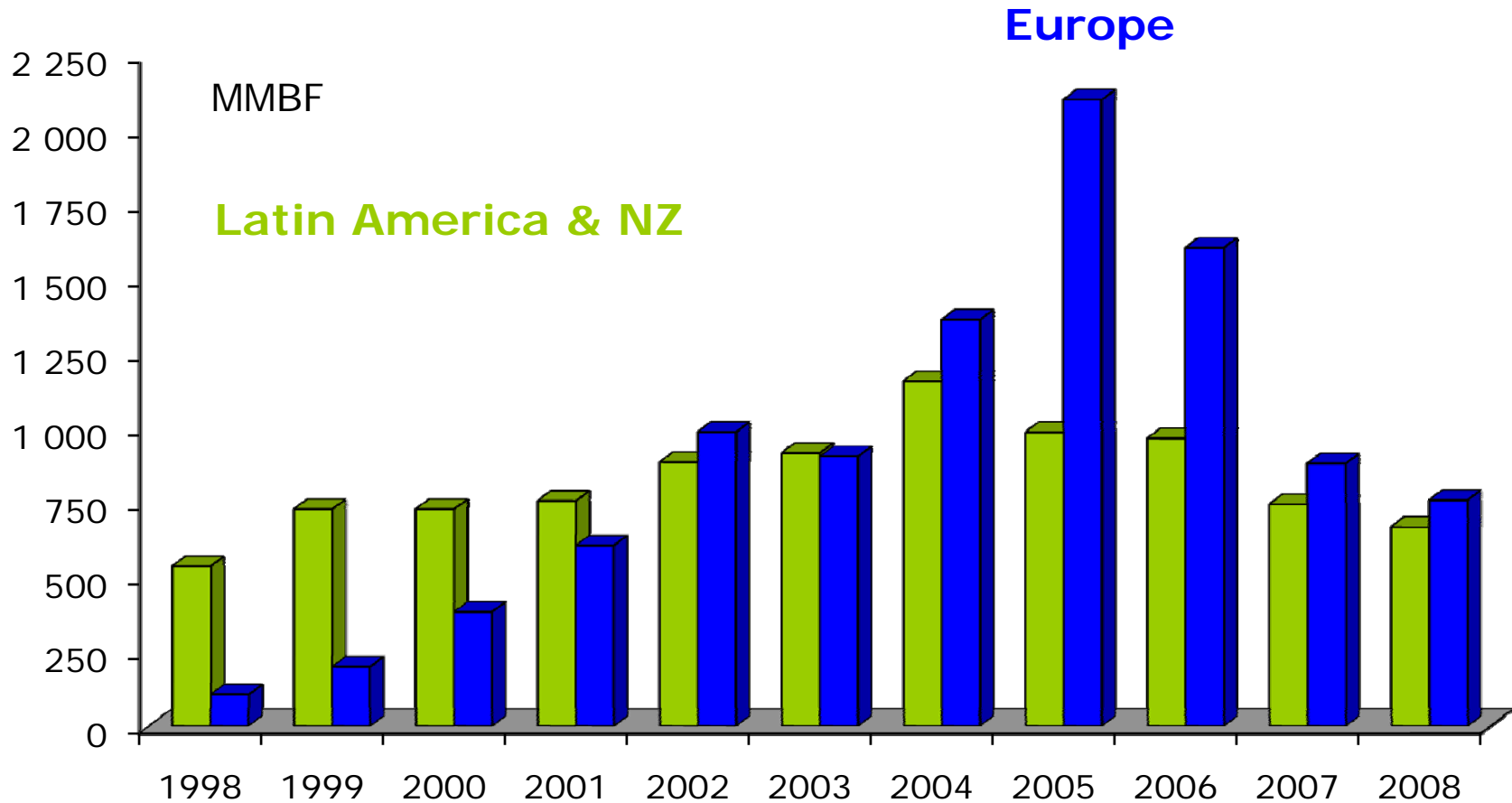


Lumber imports





Non-Canadian imports





2009 and beyond



Outlook: 2009

Housing starts	<i>Worse, before improving</i>
Other markets	<i>Emerging weakness</i>
U.S. production	<i>Another poor year</i>
Canadian imports	<i>Losing market share</i>
European imports	<i>Hasty retreat</i>



Outlook: Beyond

Housing starts

Recovery ahead

Other markets

Good potential

U.S. production

Ready for upturn?

Canadian imports

Post-beetle supply

European imports

Poised to return

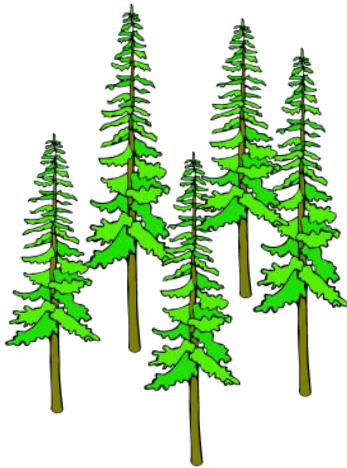


Producer's perspective



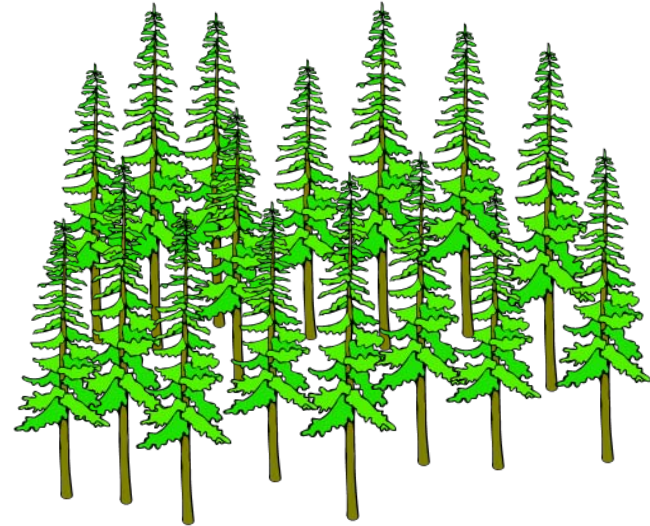
TIMO forest investment

1989



\$1 billion

2006



+\$16 billion



Producer's Perspective

New Administration

Environmental Impact

Taxes and Regulation

Energy Costs Major impact on Western Producers

Ethanol Production

Cogeneration Opportunities Renewable Initiatives State Regulations.



Producer's Perspective

Distribution Chain Financially Impaired.

Age of work force, challenge to attract young talent.

Technology gap, machinery suppliers failing, lack of investment in R&D.

Logistics, we can learn for the Europeans