



**INTERNATIONAL  PAPER**

**Corporate Forest Land  
Divestiture:  
Issues & Opportunities for  
Companies and Communities**

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# Forest Industry Forestland Ownership

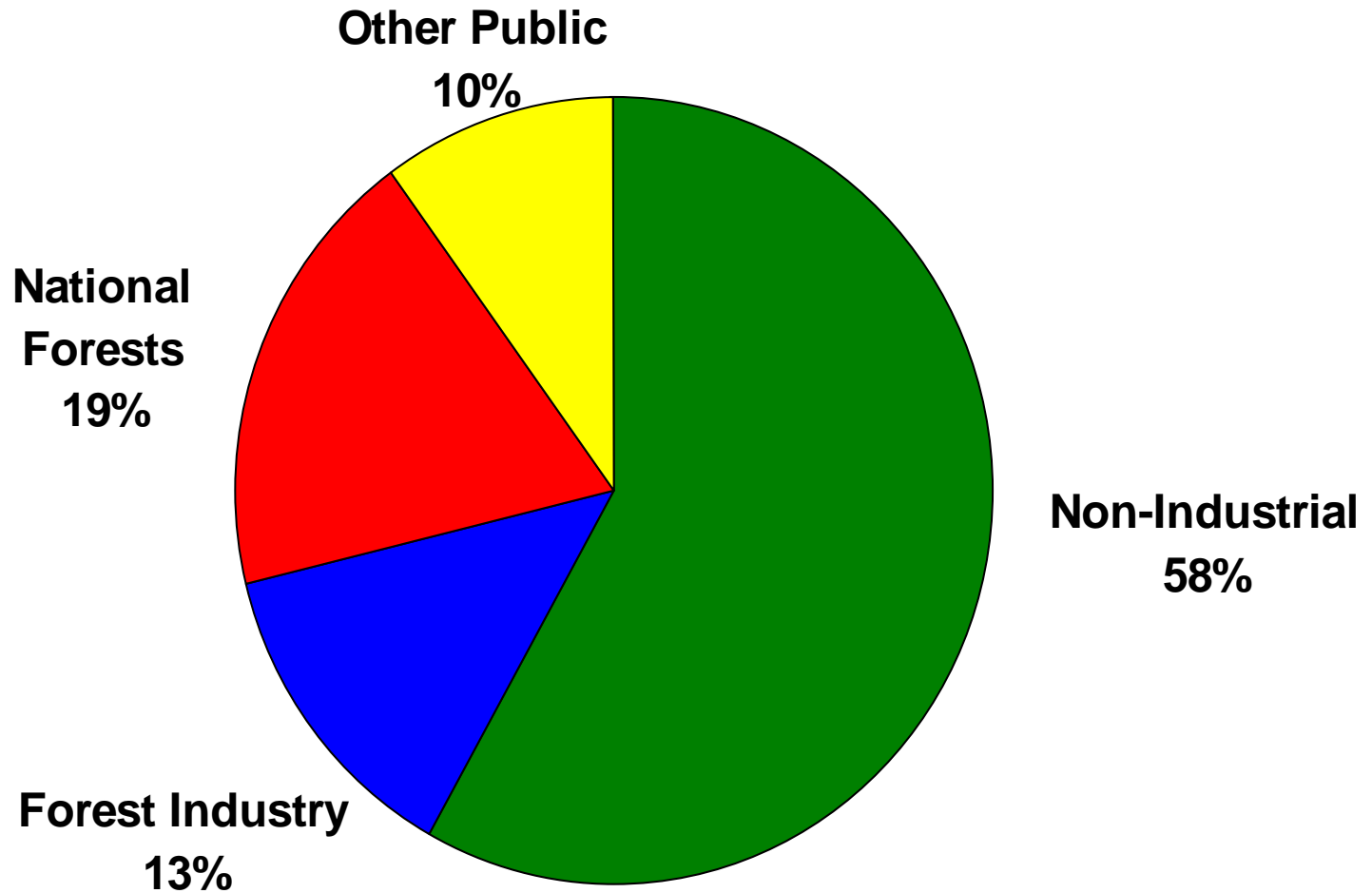
- 1898** International Paper formed
- 1920-30's** Pulp & Paper mills opened throughout the southeast
- 1930-40's** Industry purchased large blocks of land to support mills



# History of Forest Industry Forestland Ownership

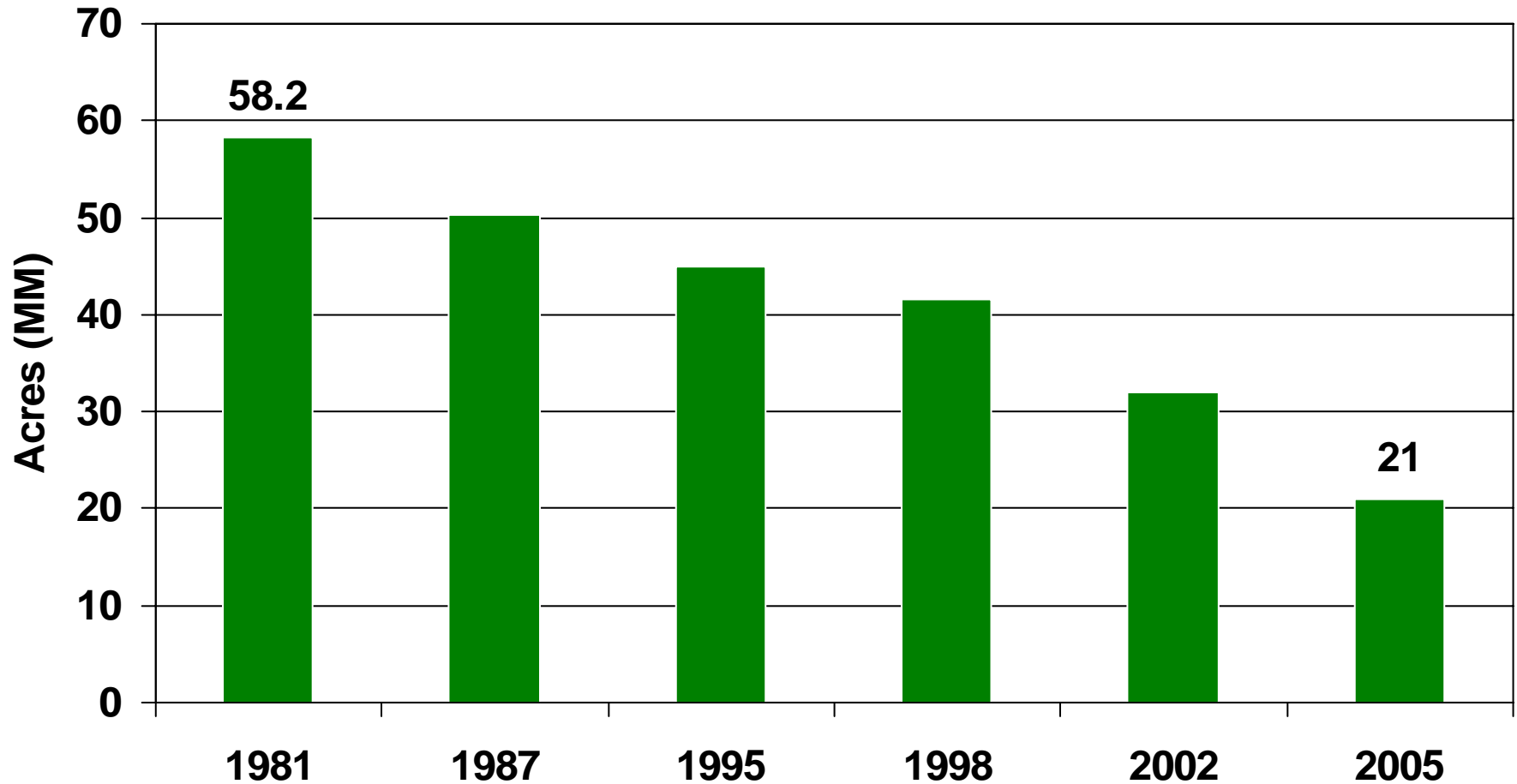
- |                    |   |
|--------------------|---|
| <b>1898</b>        | <b>International Paper formed</b>                               |
| <b>1920-30's</b>   | <b>Pulp &amp; Paper mills opened throughout the southeast</b>   |
| <b>1930-40's</b>   | <b>Industry purchased large blocks of land to support mills</b> |
| <b>1950's</b>      | <b>Forest Research started</b>                                  |
| <b>1960-70's</b>   | <b>Large-scale replanting efforts started</b>                   |
| <b>1980's</b>      | <b>Intensive forest management</b>                              |
| <b>1990-2000's</b> | <b>Corporate consolidation</b>                                  |

# US Forestland Ownership



USFS Statistics - 2001

# Forestland Held By Publicly-Traded Companies



Source: SEC Filings & Business Publications

# What Happened to Forest Industry Forestland?

## By 2005:

**Only 21 Million Acres Still  
in Forest Industry C-Corps**

**1981**

**58 Million Acres  
owned by publicly-  
traded forest  
industry  
companies\***

\*Approximately 85% of  
forest industry  
timberland



10 Million Acres to Publicly-  
Traded REITs & MLPs

15 Million Acres to Large  
TIMOs

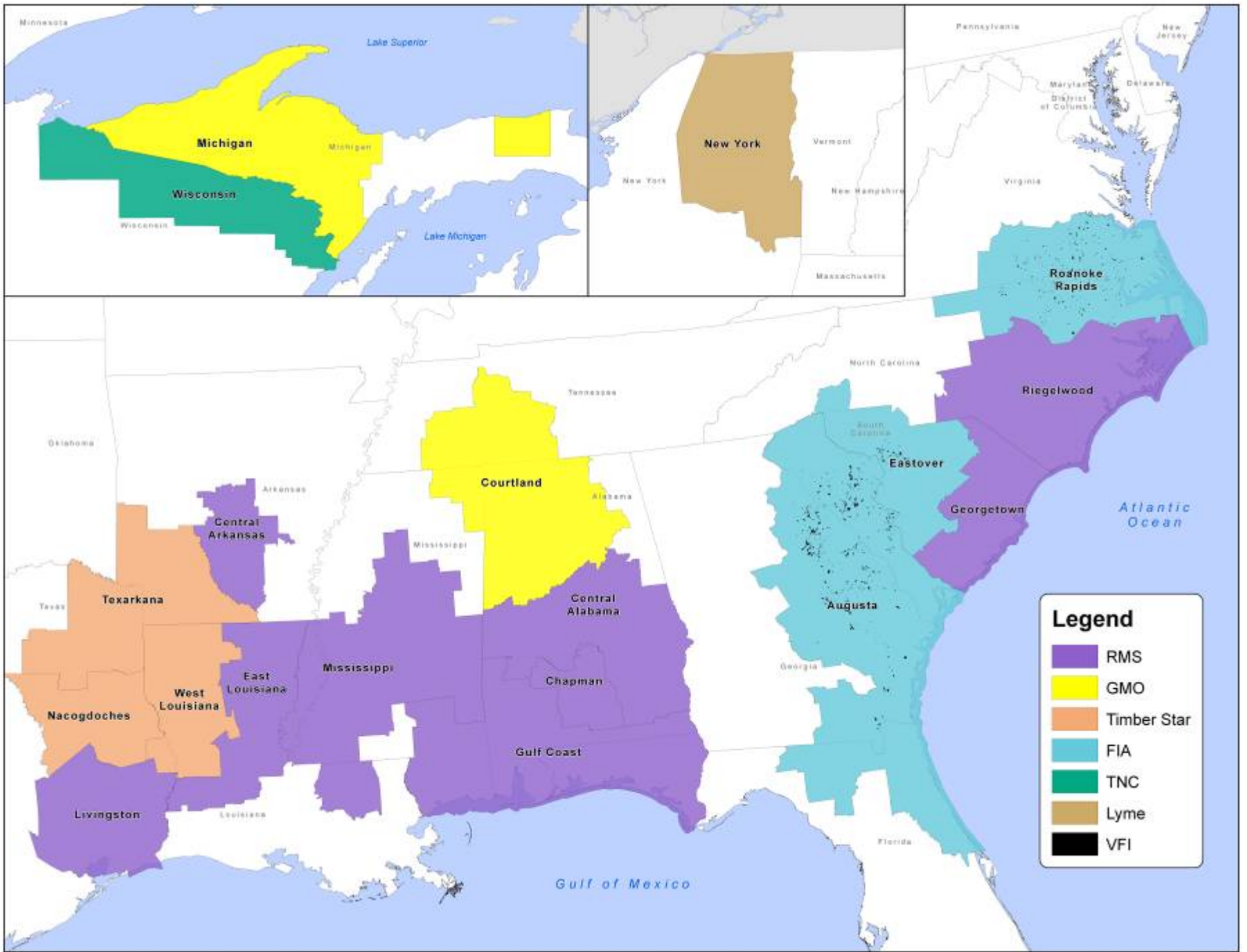
2 Million Acres to Large  
Privately Held Forest Industry  
Companies

10 Million Acres to Other  
Entities, Private Owners,  
Conservation Groups, Gov't

- **Changes in tax treatment**
- **Low stock valuations**
- **More supply from fewer acres**
- **Economies of specialization favor disaggregating timber growing from processing**
- **High carrying costs of land and forest management (also cheaper imports)**
- **Other higher valued uses for underlying real estate**

- **Timber Investment Management Organization (TIMO)**
- **Real Estate Investment Trust (REIT)**
- **Partnerships, S Corps and Master Limited Partnerships (MLP)**
  - **Includes privately-held forest industry**
- **Family Forests**
- **Conservation Organizations**

- **A new company vision**
- **Selling its forestland assets**
  - **Conservation sale**
  - **Forestlands sale**



- **A new company vision**
- **Selling its forestland assets**
  - **Conservation sale**
  - **Forestlands sale**
    - **Fiber supply**
    - **Forest certification**
  - **High value lands sale**

# Issues and Opportunities for Companies & Communities

## Issues

- Employment
- Ownership stability
- Building new partnerships / relationships

## Opportunities

- Working forests
- Conservation values recognized
- Building new partnerships / relationships

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