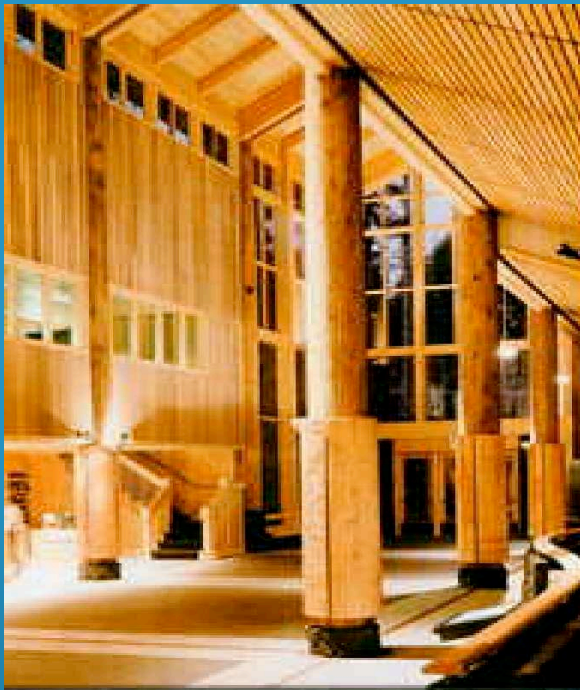


A New Century; A New Timber Industry



**Resource Development
Council**

February 2, 2006

Forest Resources of Alaska

• Alaska is rich in timber resources

- Sitka Spruce
- Western Hemlock
- White Spruce
- Western Redcedar
- Alaska (Yellow) Cedar
- Paper Birch
- Aspen



Products from Alaska wood



Western Hemlock

- doors
- window frames
- construction lumber
- plywood
- laminated veneer lumber
- dissolving pulp

Products from Alaska wood

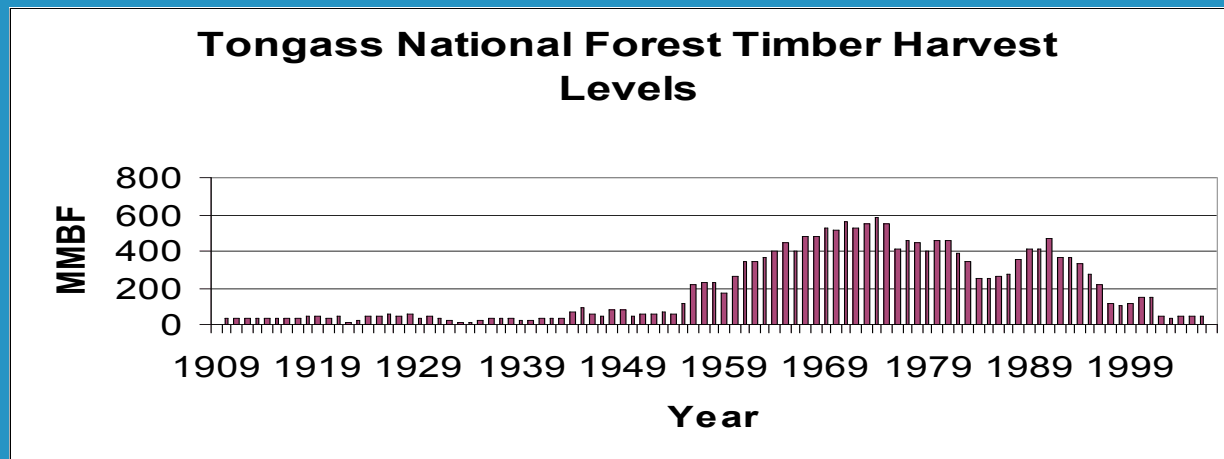


• Sitka Spruce

- musical instruments
- doors and windows
- aircraft parts
- decorative lumber
- construction lumber
- dissolving pulp

Southeast Alaska - Tongass

- **Devastated local economies**
 - 1990: 4000+ direct jobs
 - 2006: fewer than 700 direct jobs
- **Annual harvest below 50 mmbf (pre-WWII levels)**





Governor Murkowski is committed to rebuilding SE Alaska's timber industry

- ⚙ **9th Circuit Court remanded Forest Plan, August '05**
 - **Cumulative impacts**
 - **Timber demand calculations**
- ⚙ **State of Alaska signs 2 MOUs with FS, January '06**
 - **Cooperating agency agreement - TLMP**
 - **Economic timber sale planning**
- ⚙ **Focus is on full utilization - new manufacturing options**

Interior Opportunities

- **“New Growth” prospectus, December ‘03**
 - English
 - Chinese
 - Japanese
- **Current interest in birch board plant**
 - Test logs harvested, fall ‘05
 - Marketing tests under way
- **Allows expansion while supporting current small operators**

Southcentral Opportunities



- **Port Mckenzie chip plant**
 - white spruce - newsprint
 - birch - kraft pulp
- **Sustainable employment**
 - currently 90 valley jobs
- **Forest rejuvenation**
 - harvest mature birch
 - improve moose and bird habitat
 - second growth will allow improved value added opportunities

Typical hardwood logs from Alaska's boreal forest



Forestry in the MatSu

☉ Susitna Area Plan

- 15.8 million acres
- 464,000 acres allow timber harvest

☉ Susitna Forestry Guidelines

- limited unit size
- buffers between units
- buffers on streams & wetlands

☉ Susitna area allowable cut

- FY06 3.9 million cubic feet
- West Petersville sale = 900,200 cubic feet



Questions?

Thank you for your interest.