

SUMMARY OF WEST VIRGINIA
MANAGED TIMBERLAND VALUES

Tax Year 2008

CLASS IV PROPERTIES

	<u>MANAGED TIMBERLAND VALUES</u>		
	T1	T2	T3
REGION 1	238	152	75
REGION 2	225	150	75
REGION 3	296	192	75
REGION 4	233	150	75
REGION 5	225	150	75

Tax Year 2008 Managed Timberland Statistics

Estimation of Required Rate of Return: Class IV Rates

A. Safe Rate of Return (5 Year T-Bill Rate)

Year	Rate	W/A %	W/A Rate
2006	4.7450	33.33%	1.5817
2005	4.0458	26.67%	1.0789
2004	3.4290	20.00%	0.6858
2003	2.9683	13.33%	0.3958
2002	3.8150	6.67%	0.2543

3.996 %

B. Nonliquidity Rate

(12 Month T-Bills vs. 3 Month T-Bills)

Year	Rate	W/A %	W/A Rate
2006	0.0845	33.33%	0.0282
2005	0.4050	26.67%	0.1080
2004	0.4920	20.00%	0.0984
2003	0.2142	13.33%	0.0286
2002	0.3690	6.67%	0.0246

0.288 %

C. Risk Rate (30 yr T-bills vs 5 yr T-bills)*

Year	Rate	W/A %	W/A Rate
2006	0.6070	33.33%	0.2023
2005	0.6000	26.67%	0.1600
2004	1.6180	20.00%	0.3236
2003	1.9892	13.33%	0.2652
2002	1.5666	6.67%	0.1044

1.056 %

D. Management Factor

0.500 %

E. Property Tax Component

(60% of Class IV Rate)

Year	Rate	W/A %	W/A Rate
2006	1.794	33.33%	0.5980
2005	1.758	26.67%	0.4688
2004	1.770	20.00%	0.3540
2003	1.770	13.33%	0.2360
2002	1.770	6.67%	0.1180

1.775 %

F. Inflation Rate:

(Bureau of Labor Statistics)

Year	Rate	W/A %	W/A Rate
2006	2.500	33.33%	0.8333
2005	3.400	26.67%	0.9067
2004	3.300	20.00%	0.6600
2003	1.900	13.33%	0.2533
2002	2.400	6.67%	0.1600

(2.813) %

TOTAL REQUIRED RATE OF RETURN (REAL)

4.801 %

LESS: PROPERTY TAX COMPONENT

(1.775)

TOTAL DISCOUNT COMPONENT

3.026 %

* 30 yr T-bills. 2002- 2005 not available, 20 yr. T-bill data used. 2006, 30 yr. T-bill data available

Stumpage Prices:

		<u>Sawtimber</u>	<u>Pulpwood</u>			
Stumpage Price Adjustment Factor		0.20%	-0.96%			
			1.0724	1.0941	1.1162	1.1733
SAWTIMBER		Current	\$/MBF at age	\$/MBF at age	\$/MBF at age	\$/MBF at age
Region	\$/MBF	35	45	55	80	
Region 1	259.89	278.72	284.34	290.08	304.94	
Region 2	214.52	230.06	234.71	239.44	251.71	
Region 3	314.31	337.08	343.88	350.82	368.79	
Region 4	256.18	274.74	280.28	285.94	300.58	
Region 5	220.26	236.22	240.99	245.85	258.44	
			0.7135	0.6479	0.5883	0.4622
PULPWOOD:		\$/Cord	\$/cd at age	\$/cd at age	\$/cd at age	\$/cd at age
Region	\$/Cord	35	45	55	80	
Region 1	7.21	5.14	4.67	4.24	3.33	
Region 2	7.43	5.30	4.82	4.37	3.44	
Region 3	8.73	6.23	5.65	5.13	4.03	
Region 4	5.36	3.83	3.47	3.15	2.48	
Region 5	9.04	6.45	5.86	5.32	4.18	

Management Costs:

Region	\$/acre (1)
1	2.50
2	2.50
3	2.50
4	2.50
5	2.50

Tax Rates:

Effective Federal Income Tax Rate		35.00%
Effective WV State Income Tax Rate	(9%*(1-.35))	5.85%
Effective WV Severance Tax Rate	(6.0%*(1-.35))	3.90%

Yield (Volumes) (80 year rotation)

Timberland Productivity Grades	Site Index	Yield - MBF	Yield - Cords
Grade I	75 or more	14.5	10.5
Grade II	65-74	9.7	14.9
Grade III	less than 65	4.5	18.5

West Virginia TY 2008 Wgt/Avg Managed Timberland Stumpage Prices

REGION 1 - Sawtimber

Year	Volume	\$/MBF	W/A%	\$/MBF
2006	0.00	250.00	33.33%	83.33
2005	27,014.00	286.32	26.67%	76.35
2004	31,149.31	266.78	20.00%	53.36
2003	64,675.59	239.23	13.33%	31.90
2002	200,074.10	224.29	6.67%	14.95
	322,913.00			259.89

REGION 1 - Pulpwood *

Year	Volume	\$/CORD	W/A%	\$/CORD
2006	0.00	8.00	33.33%	2.67
2005	925.90	8.10	26.67%	2.16
2004	1,930.00	10.07	20.00%	2.01
2003	0.00	0.00	13.33%	0.00
2002	98,497.60	5.50	6.67%	0.37
	101,353.50			7.21

REGION 2 - Sawtimber

Year	Volume	\$/MBF	W/A%	\$/MBF
2006	0.00	200.00	33.33%	66.67
2005	138,585.00	204.62	26.67%	54.57
2004	78,012.63	246.97	20.00%	49.39
2003	83,166.01	220.12	13.33%	29.35
2002	232,793.20	218.23	6.67%	14.55
	532,556.84			214.52

REGION 2 - Pulpwood

Year	Volume	\$/CORD	W/A%	\$/CORD
2006	0.00	8.00	33.33%	2.67
2005	41,666.70	9.06	26.67%	2.42
2004	9,748.00	6.14	20.00%	1.23
2003	2,315.20	5.44	13.33%	0.73
2002	16,667.18	5.98	6.67%	0.40
	70,397.08			7.43

REGION 3 - Sawtimber

Year	Volume	\$/MBF	W/A%	\$/MBF
2006	0.00	300.00	33.33%	100.00
2005	249,306.30	349.89	26.67%	93.30
2004	194,879.00	316.47	20.00%	63.29
2003	269,469.50	300.73	13.33%	40.10
2002	312,127.00	264.23	6.67%	17.62
	1,025,781.80			314.31

REGION 3 - Pulpwood

Year	Volume	\$/CORD	W/A%	\$/CORD
2006	0.00	8.00	33.33%	2.67
2005	163,133.00	9.51	26.67%	2.54
2004	116,021.00	9.47	20.00%	1.89
2003	173,790.00	8.41	13.33%	1.12
2002	135,978.00	7.61	6.67%	0.51
	588,922.00			8.73

REGION 4 - Sawtimber

Year	Volume	\$/MBF	W/A%	\$/MBF
2006	0.00	225.00	33.33%	75.00
2005	31,321.28	260.84	26.67%	69.56
2004	119,972.00	330.57	20.00%	66.11
2003	75,613.62	263.82	13.33%	35.18
2002	189,675.90	155.00	6.67%	10.33
	416,582.80			256.18

REGION 4 - Pulpwood

Year	Volume	\$/CORD	W/A%	\$/CORD
2006	0.00	4.00	33.33%	1.33
2005	9,814.80	4.94	26.67%	1.32
2004	6,036.30	7.18	20.00%	1.44
2003	11,832.50	6.41	13.33%	0.85
2002	23,044.50	6.31	6.67%	0.42
	50,728.10			5.36

REGION 5 - Sawtimber

Year	Volume	\$/MBF	W/A%	\$/MBF
2006	0.00	200.00	33.33%	66.67
2005	46,164.57	220.70	26.67%	58.85
2004	46,788.62	316.80	20.00%	63.36
2003	69,250.99	191.54	13.33%	25.54
2002	282,321.00	87.69	6.67%	5.85
	444,525.18			220.26

REGION 5 - Pulpwood

Year	Volume	\$/CORD	W/A%	\$/CORD
2006	0.00	10.00	33.33%	3.33
2005	25,775.90	12.44	26.67%	3.32
2004	34,607.50	5.66	20.00%	1.13
2003	8,180.40	6.88	13.33%	0.92
2002	129,934.10	5.10	6.67%	0.34
	198,497.90			9.04

* Data provided by Division of Forestry did not identify sales/prices for 2003+B47.

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 1 - T1)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0	0
3	Spray	0	Yes	0	0	0	0	0
8	PCT	0	Yes	0	0	0	0	0
18	Fert.	0	Yes	0	0	0	0	0
26	Fert.	0	Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>				
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>	<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>
35	4.60	5.14	24	(2)	-	21	-	-
	(PW -Cds)				(8)	13	38	51
35	1.50	278.72	418	(41)	-	377	-	-
	(S/Tbr - MBF)				(146)	231	671	902
55	2.60	4.24	11	(1)	-	10	-	-
	(PW -Cds)				(4)	6	7	13
55	4.40	290.08	1,276	(124)	-	1,152	-	-
	(S/Tbr - MBF)				(447)	705	798	1,503
80	3.30	3.33	11	(1)	-	10	-	-
	(PW -Cds)				(4)	6	0	6
80	8.60	304.94	2,622	(256)	-	2,367	-	-
	(S/Tbr - MBF)				(918)	1,449	0	1,449
	10.50							
Total:	14.50	-	4,363	(425)	0	(1,527)	6	6,348
							1,513	3,923

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	3,923	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	3,373	
4. Present value of net income before property tax:	329	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(4.22)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(2.75)	
Total property tax payments per harvest cycle:	(220)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	711	
6. Land value after property tax (adj. for income tax deduction):	238	238

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	148	-	96	711	807
Subtotal:	148	-	96	711	807
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	425	-	276	-	276
Federal Income Tax on harvest revenue @ 35.0%	-	1,527	1,527	-	1,527
Subtotal:	425	1,527	1,803	-	1,803
Totals:	573	1,527	1,899	711	2,611
Tax burden as percent of gross revenues:	13.1%	35.0%	43.5%	16.3%	<u>59.8%</u>

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 1 - T2)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>							
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0
3	Spray	0	Yes	0	0	0	0
8	PCT		Yes	0	0	0	0
18	Fert.	0	Yes	0	0	0	0
26	Fert.		Yes	0	0	0	0
Subtotal:		0	-	0	0	0	0
Annual Expenses:							
Administration/management:		2.50	Yes	0.88	1.63	9	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	551
Total:		200	-	70.00	130.00	227	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35	3.30	5.14	17	(2)	-	15	-	-		
	(PW -Cds)				(6)	9	27	37		
35	1.00	278.72	279	(27)	-	252	-	-		
	(S/Tbr - MBF)				(98)	154	447	601		
55	7.00	4.24	30	(3)	-	27	-	-		
	(PW -Cds)				(10)	16	19	35		
55	3.20	290.08	928	(90.50)	-	838	-	-		
	(S/Tbr - MBF)				(324.89)	513	580	1,093		
80	4.60	3.33	15	(1)	-	14	-	-		
	(PW -Cds)				(5)	8	0	8		
80	5.50	304.94	1,677	(164)	-	1,514	-	-		
	(S/Tbr - MBF)				(587)	927	0	927		
	14.90									
Total:		9.70	2,946	(287)	0	(1,031)	6	4,287	1,073	2,701

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	2,701	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	2,150	
4. Present value of net income before property tax:	210	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(2.69)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(1.75)	
Total property tax payments per harvest cycle:	(140)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	453	
6. Land value after property tax (adj. for income tax deduction):	152	152

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	94	-	61	453	515
Subtotal:	94	-	61	453	515
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	287	-	187	-	187
Federal Income Tax on harvest revenue @ 35.0%	-	1,031	1,031	-	1,031
Subtotal:	287	1,031	1,218	-	1,218
Totals:	381	1,031	1,279	453	1,732
Tax burden as percent of gross revenues:	12.9%	35.0%	43.4%	15.4%	58.8%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 1 - T3)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>							
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0
3	Spray	0	Yes	0	0	0	0
8	PCT	0	Yes	0	0	0	0
18	Fert.	0	Yes	0	0	0	0
26	Fert.	0	Yes	0	0	0	0
Subtotal:		0	-	0	0	0	0
Annual Expenses:							
Administration/management:		2.50	Yes	0.88	\$1.63	9	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	551
Total:		200	-	70.00	130.00	227	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>				
45	3.10	4.67	14	(1)	-	13	-	-	
	(PW -Cds)				(5)	8	15	23	
45	0.80	284.34	227	(22)	-	205	-	-	
	(S/Tbr - MBF)				(80)	126	237	362	
80	15.40	3.33	51	(5)	-	46	-	-	
	(PW -Cds)				(18)	28	0	28	
80	3.70	304.94	1,128	(110)	-	1,018	-	-	
	(S/Tbr - MBF)				(395)	623	0	623	
	18.50								
Total:	4.50	-	1,422	(139)	0	2,068	252	1,037	

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	1,037	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	486	
4. Present value of net income before property tax:	47	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(1.33)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(0.87)	
Total property tax payments per harvest cycle:	(69)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	224	
6. Land value after property tax (adj. for income tax deduction):	75	34

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	106	-	69	224	293
Subtotal:	106	-	69	224	293
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%:	139	-	90	-	90
Federal Income Tax on harvest revenue @ 35.0%:	-	498	498	-	498
Subtotal:	139	498	588	-	588
Totals:	245	498	657	224	881
Tax burden as percent of gross revenues:	17.2%	35.0%	46.2%	15.8%	62.0%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 2 - T1)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>							
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Acc. Total at Harvest</u>
0.00	Prep./Plant	0	No	0	0	0	0
3.00	Spray	0	Yes	0	0	0	0
8.00	PCT	0	Yes	0	0	0	0
18.00	Fert.	0	Yes	0	0	0	0
26.00	Fert.	0	Yes	0	0	0	0
Subtotal:		0	-	0	0	0	0
Annual Expenses:							
Administration/management:		2.50	Yes	0.88	\$1.63	9	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	551
Total:		200	-	70.00	130.00	227	551

**Interest rate used in computations is: 3.03%

Step 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>		<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>		
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35	4.60	5.30	24	(2)	-	22	-	-		
	(PW -Cds)				(9)	13	39	53		
35	1.50	230.06	345	(34)	-	311	-	-		
	(S/Tbr - MBF)				(121)	191	554	744		
55	2.60	4.37	11	(1)	-	10	-	-		
	(PW -Cds)				(4)	6	7	13		
55	4.40	239.44	1,054	(103)	-	951	-	-		
	(S/Tbr - MBF)				(369)	582	658	1,240		
80	3.30	3.44	11	(1)	-	10	-	-		
	(PW -Cds)				(4)	6	0	6		
80	8.60	251.71	2,165	(211)	-	1,954	-	-		
	(S/Tbr - MBF)				(758)	1,196	0	1,196		
Total:		-	3,610	(352)	0	(1,264)	6	5,253	1,258	3,253

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	3,253	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	2,702	
4. Present value of net income before property tax:	263	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(3.99)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(2.60)	
Total property tax payments per harvest cycle:	(208)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	672	
6. Land value after property tax (adj. for income tax deduction):	225	191

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	140	-	91	672	763
Subtotal:	140	-	91	672	763
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	352	-	229	-	229
Federal Income Tax on harvest revenue @ 35.0%	-	1,264	1,264	-	1,264
Subtotal:	352	1,264	1,492	-	1,492
Totals:	492	1,264	1,583	672	2,256
Tax burden as percent of gross revenues:	13.6%	35.0%	43.9%	18.6%	62.5%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 2 - T2)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0	0
3	Spray	0	Yes	0	0	0	0	0
8	PCT	0	Yes	0	0	0	0	0
18	Fert.	0	Yes	0	0	0	0	0
26	Fert.	0	Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	\$1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35	3.30	5.30	18	(2)	-	16	-	-		
	(PW -Cds)				(6)	10	28	38		
35	1.00	230.06	230	(22)	-	208	-	-		
	(S/Tbr - MBF)				(81)	127	369	496		
55	7.00	4.37	31	(3)	-	28	-	-		
	(PW -Cds)				(11)	17	19	36		
55	3.20	239.44	766	(75)	-	692	-	-		
	(S/Tbr - MBF)				(268)	423	479	902		
80	4.60	3.44	16	(2)	-	14	-	-		
	(PW -Cds)				(6)	9	0	9		
80	5.50	251.71	1,384	(135)	-	1,249	-	-		
	(S/Tbr - MBF)				(485)	765	0	765		
Total:		-	2,445	(238)	0	(856)	6	3,557	895	2,246

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	2,246	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	1,695	
4. Present value of net income before property tax:	165	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(2.66)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(1.73)	
Total property tax payments per harvest cycle:	(138)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	448	
6. Land value after property tax (adj. for income tax deduction):	150	120

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	93	-	61	448	509
Subtotal:	93	-	61	448	509
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	238	-	155	-	155
Federal Income Tax on harvest revenue @ 35.0%	-	856	856	-	856
Subtotal:	238	856	1,011	-	1,011
Totals:	332	856	1,071	448	1,519
Tax burden as percent of gross revenues:	13.6%	35.0%	43.8%	18.3%	62.1%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 2 - T3)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>							
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0
3	Spray	0	Yes	0	0	0	0
8	PCT		Yes	0	0	0	0
18	Fert.	0	Yes	0	0	0	0
26	Fert.		Yes	0	0	0	0
Subtotal:		0	-	0	0	0	0
Annual Expenses:							
Administration/management:		2.50	Yes	0.88	\$1.63	9	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	551
Total:		200	-	70.00	130.00	227	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
45	3.10	4.82	15	(1)	-		13	-	-	
	(PW -Cds)				(5)	1	8	16	24	
45	0.80	234.71	188	(18)	-		169	-	-	
	(S/Tbr - MBF)				(66)	1	104	195	299	
80	15.40	3.44	53	(5)	-		48	-	-	
	(PW -Cds)				(19)	1	29	0	29	
80	3.70	251.71	931	(91)	-		841	-	-	
	(S/Tbr - MBF)				(326)	1	515	0	515	
Total:		-	1,187	(116)	0	(415)	4	1,727	211	867

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	867	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	316	
4. Present value of net income before property tax:	31	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(1.33)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(0.87)	
Total property tax payments per harvest cycle:	(69)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	224	
6. Land value after property tax (adj. for income tax deduction):	75	22

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	106	-	69	224	293
Subtotal:	106	-	69	224	293
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	116	-	75	-	75
Federal Income Tax on harvest revenue @ 35.0%	-	415	415	-	415
Subtotal:	116	415	491	-	491
Totals:	222	415	560	224	784
Tax burden as percent of gross revenues:	18.7%	35.0%	47.2%	18.9%	66.0%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 3 - T1)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0	0
3	Spray	0	Yes	0	0	0	0	0
8	PCT		Yes	0	0	0	0	0
18	Fert.	0	Yes	0	0	0	0	0
26	Fert.		Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	\$1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35	4.60	6.23	29	(3)	-		26	-	-	
	(PW -Cds)				(10)	1	16	46	62	
35	1.50	337.08	506	(49)	-		456	-	-	
	(S/Tbr - MBF)				(177)	1	279	811	1,090	
55	2.60	5.13	13	(1)	-		12	-	-	
	(PW -Cds)				(5)	1	7	8	16	
55	4.40	350.82	1,544	(151)	-		1,393	-	-	
	(S/Tbr - MBF)				(540)	1	853	965	1,817	
80	3.30	4.03	13	(1)	-		12	-	-	
	(PW -Cds)				(5)	1	7	0	7	
80	8.60	368.79	3,172	(309)	-		2,862	-	-	
	(S/Tbr - MBF)				(1,110)	1	1,752	0	1,752	
Total:		-	5,276	(514)	0	(1,847)	6	7,677	1,830	4,745

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	4,745	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	4,194	
4. Present value of net income before property tax:	409	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(5.25)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(3.41)	
Total property tax payments per harvest cycle:	(273)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	884	
6. Land value after property tax (adj. for income tax deduction):	296	296

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		
	<u>State</u>	<u>Federal</u>	<u>Taxes</u>	<u>ccrued Intere</u>	<u>Total</u>
Cost-increasing:					
Property taxes on land:	184	-	120	884	1,004
Subtotal:	184	-	120	884	1,004
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	514	-	334	-	334
Federal Income Tax on harvest revenue @ 35.0%	-	1,847	1,847	-	1,847
Subtotal:	514	1,847	2,181	-	2,181
Totals:	698	1,847	2,301	884	3,185
Tax burden as percent of gross revenues:	13.2%	35.0%	43.6%	16.8%	60.4%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 3 - T2)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0	0
3	Spray	0	Yes	0	0	0	0	0
8	PCT	0	Yes	0	0	0	0	0
18	Fert.	0	Yes	0	0	0	0	0
26	Fert.	0	Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	\$1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35	3.30	6.23	21	(2)	-	19	-	-		
	(PW -Cds)				(7)	11	33	44		
35	1.00	337.08	337	(33)	-	304	-	-		
	(S/Tbr - MBF)				(118)	186	541	727		
55	7.00	5.13	36	(4)	-	32	-	-		
	(PW -Cds)				(13)	20	22	42		
55	3.20	350.82	1,123	(109)	-	1,013	-	-		
	(S/Tbr - MBF)				(393)	620	702	1,322		
80	4.60	4.03	19	(2)	-	17	-	-		
	(PW -Cds)				(6)	10	0	10		
80	5.50	368.79	2,028	(198)	-	1,831	-	-		
	(S/Tbr - MBF)				(710)	1,121	0	1,121		
Total:		-	3,563	(347)	0	(1,247)	6	5,184	1,298	3,266

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	3,266	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	2,715	
4. Present value of net income before property tax:	265	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(3.40)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(2.21)	
Total property tax payments per harvest cycle:	(177)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	573	
6. Land value after property tax (adj. for income tax deduction):	192	192

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	119	-	77	573	650
Subtotal:	119	-	77	573	650
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	347	-	226	-	226
Federal Income Tax on harvest revenue @ 35.0%	-	1,247	1,247	-	1,247
Subtotal:	347	1,247	1,473	-	1,473
Totals:	466	1,247	1,550	573	2,123
Tax burden as percent of gross revenues:	13.1%	35.0%	43.5%	16.1%	59.6%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 3 - T3)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0	0
3	Spray	0	Yes	0	0	0	0	0
8	PCT	0	Yes	0	0	0	0	0
18	Fert.	0	Yes	0	0	0	0	0
26	Fert.	0	Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	\$1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
45	3.10	5.65	18	(2)	-	16	-	-		
	(PW -Cds)				(6)	10	18	28		
45	0.80	343.88	275	(27)	-	248	-	-		
	(S/Tbr - MBF)				(96)	152	286	438		
80	15.40	4.03	62	(6)	-	56	-	-		
	(PW -Cds)				(22)	34	0	34		
80	3.70	368.79	1,365	(133)	-	1,231	-	-		
	(S/Tbr - MBF)				(478)	754	0	754		
Total:		-	1,719	(168)	0	(602)	4	2,502	305	1,255

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	1,255	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	704	
4. Present value of net income before property tax:	69	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(1.33)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(0.87)	
Total property tax payments per harvest cycle:	(69)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	224	
6. Land value after property tax (adj. for income tax deduction):	75	50

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		
	<u>State</u>	<u>Federal</u>	<u>Taxes</u>	<u>ccrued Intere</u>	<u>Total</u>
Cost-increasing:					
Property taxes on land:	106	-	69	224	293
Subtotal:	106	-	69	224	293
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	168	-	109	-	109
Federal Income Tax on harvest revenue @ 35.0%	-	602	602	-	602
Subtotal:	168	602	711	-	711
Totals:	274	602	780	224	1,004
Tax burden as percent of gross revenues:	15.9%	35.0%	45.4%	13.0%	58.4%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 4 - T1)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0	0
3	Spray	0	Yes	0	0	0	0	0
8	PCT	0	Yes	0	0	0	0	0
18	Fert.	0	Yes	0	0	0	0	0
26	Fert.	0	Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	\$1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35	4.60	3.83	18	(2)	-	16	-	-		
	(PW -Cds)				(6)	10	28	38		
35	1.50	274.74	412	(40)	-	372	-	-		
	(S/Tbr - MBF)				(144)	228	661	889		
55	2.60	3.15	8	(1)	-	7	-	-		
	(PW -Cds)				(3)	5	5	10		
55	4.40	285.94	1,258	(123)	-	1,135	-	-		
	(S/Tbr - MBF)				(440)	695	786	1,481		
80	3.30	2.48	8	(1)	-	7	-	-		
	(PW -Cds)				(3)	5	0	5		
80	8.60	300.58	2,585	(252)	-	2,333	-	-		
	(S/Tbr - MBF)				(905)	1,428	0	1,428		
Total:		-	4,289	(418)	0	(1,501)	6	6,241	1,481	3,850

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	3,850	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	3,300	
4. Present value of net income before property tax:	322	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(4.13)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(2.69)	
Total property tax payments per harvest cycle:	(215)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	696	
6. Land value after property tax (adj. for income tax deduction):	233	233

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	145	-	94	696	790
Subtotal:	145	-	94	696	790
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%:	418	-	272	-	272
Federal Income Tax on harvest revenue @ 35.0%:	-	1,501	1,501	-	1,501
Subtotal:	418	1,501	1,773	-	1,773
Totals:	563	1,501	1,867	696	2,563
Tax burden as percent of gross revenues:	13.1%	35.0%	43.5%	16.2%	59.7%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 4 - T2)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0	0
3	Spray	0	Yes	0	0	0	0	0
8	PCT		Yes	0	0	0	0	0
18	Fert.	0	Yes	0	0	0	0	0
26	Fert.		Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	\$1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35	3.30	3.83	13	(1)	-		11	-	-	
	(PW -Cds)				(4)	1	7	20	27	
35	1.00	274.74	275	(27)	-		248	-	-	
	(S/Tbr - MBF)				(96)	1	152	441	593	
55	7.00	3.15	22	(2)	-		20	-	-	
	(PW -Cds)				(8)	1	12	14	26	
55	3.20	285.94	915	(89)	-		826	-	-	
	(S/Tbr - MBF)				(320)	1	506	572	1,077	
80	4.60	2.48	11	(1)	-		10	-	-	
	(PW -Cds)				(4)	1	6	0	6	
80	5.50	300.58	1,653	(161)	-		1,492	-	-	
	(S/Tbr - MBF)				(579)	1	913	0	913	
Total:		-	2,889	(282)	0	(1,011)	6	4,204	1,047	2,643

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	2,643	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	2,092	
4. Present value of net income before property tax:	204	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(2.66)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(1.73)	
Total property tax payments per harvest cycle:	(138)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	448	
6. Land value after property tax (adj. for income tax deduction):	150	148

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		
	<u>State</u>	<u>Federal</u>	<u>Taxes</u>	<u>ccrued Intere</u>	<u>Total</u>
Cost-increasing:					
Property taxes on land:	93	-	61	448	509
Subtotal:	93	-	61	448	509
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%:	282	-	183	-	183
Federal Income Tax on harvest revenue @ 35.0%:	-	1,011	1,011	-	1,011
Subtotal:	282	1,011	1,194	-	1,194
Totals:	375	1,011	1,255	448	1,703
Tax burden as percent of gross revenues:	13.0%	35.0%	43.4%	15.5%	58.9%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 4 - T3)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>							
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0
3	Spray	0	Yes	0	0	0	0
8	PCT		Yes	0	0	0	0
18	Fert.	0	Yes	0	0	0	0
26	Fert.		Yes	0	0	0	0
Subtotal:		0	-	0	0	0	0
Annual Expenses:							
Administration/management:		2.50	Yes	0.88	\$1.63	9	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	551
Total:		200	-	70.00	130.00	227	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
45	3.10	3.47	11	(1)	-	10	-	-		
	(PW -Cds)				(4)	6	11	17		
45	0.80	280.28	224	(22)	-	202	-	-		
	(S/Tbr - MBF)				(78)	124	233	357		
80	15.40	2.48	38	(4)	-	34	-	-		
	(PW -Cds)				(13)	21	0	21		
80	3.70	300.58	1,112	(108)	-	1,004	-	-		
	(S/Tbr - MBF)				(389)	614	0	614		
Total:		-	1,385	(135)	0	(485)	4	2,016	245	1,010

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	1,010	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	459	
4. Present value of net income before property tax:	45	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(1.33)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(0.87)	
Total property tax payments per harvest cycle:	(69)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	224	
6. Land value after property tax (adj. for income tax deduction):	75	32

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	106	-	69	224	293
Subtotal:	106	-	69	224	293
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%:	135	-	88	-	88
Federal Income Tax on harvest revenue @ 35.0%:	-	485	485	-	485
Subtotal:	135	485	573	-	573
Totals:	242	485	642	224	866
Tax burden as percent of gross revenues:	17.4%	35.0%	46.3%	16.2%	62.5%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 5 - T1)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0	0
3	Spray	0	Yes	0	0	0	0	0
8	PCT	0	Yes	0	0	0	0	0
18	Fert.	0	Yes	0	0	0	0	0
26	Fert.	0	Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	\$1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35	4.60	6.45	30	(3)	-	27	-	-		
	(PW -Cds)				(10)	16	48	64		
35	1.50	236.22	354	(35)	-	320	-	-		
	(S/Tbr - MBF)				(124)	196	568	764		
55	2.60	5.32	14	(1)	-	12	-	-		
	(PW -Cds)				(5)	8	9	16		
55	4.40	245.85	1,082	(105)	-	976	-	-		
	(S/Tbr - MBF)				(379)	598	676	1,274		
80	3.30	4.18	14	(1)	-	12	-	-		
	(PW -Cds)				(5)	8	0	8		
80	8.60	258.44	2,223	(217)	-	2,006	-	-		
	(S/Tbr - MBF)				(778)	1,228	0	1,228		
Total:		-	3,716	(362)	0	(1,301)	6	5,407	1,301	3,354

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

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Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	3,354
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)
3. Net income before property tax:	2,803
4. Present value of net income before property tax:	273
5. Annual ad valorem property taxes:	
Property tax rate:	1.77%
Annual property tax payment:	(3.99)
Annual property tax payment adjusted for fed. inc. tax deduction:	(2.60)
Total property tax payments per harvest cycle:	(208)
Accrued interest on out-of-pocket tax payments per harvest cycle:	672
6. Land value after property tax (adj. for income tax deduction):	225

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Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	140	-	91	672	763
Subtotal:	140	-	91	672	763
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	362	-	235	-	235
Federal Income Tax on harvest revenue @ 35.0%	-	1,301	1,301	-	1,301
Subtotal:	362	1,301	1,536	-	1,536
Totals:	502	1,301	1,627	672	2,299
Tax burden as percent of gross revenues:	13.5%	35.0%	43.8%	18.1%	61.9%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 5 - T2)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>								
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Net Out.</u>	<u>Acc. Total at Harvest</u>
0.00	Prep./Plant	0	No	0	0	0	0	0
3.00	Spray	0	Yes	0	0	0	0	0
8.00	PCT	0	Yes	0	0	0	0	0
18.00	Fert.	0	Yes	0	0	0	0	0
26.00	Fert.	0	Yes	0	0	0	0	0
Subtotal:		0	-	0	0	0	0	0
Annual Expenses:								
Administration/management:		2.50	Yes	0.88	\$1.63	9	16	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	421	551
Total:		200	-	70.00	130.00	227	421	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
35.00	3.30	6.45	21	(2)	-	19	-	-		
	(PW -Cds)				(7)	12	34	46		
35.00	1.00	236.22	236	(23)	-	213	-	-		
	(S/Tbr - MBF)				(83)	131	379	509		
55.00	7.00	5.32	37	(4)	-	34	-	-		
	(PW -Cds)				(13)	21	23	44		
55.00	3.20	245.85	787	(77)	-	710	-	-		
	(S/Tbr - MBF)				(275)	435	492	926		
80.00	4.60	4.18	19	(2)	-	17	-	-		
	(PW -Cds)				(7)	11	0	11		
80.00	5.50	258.44	1,421	(139)	-	1,283	-	-		
	(S/Tbr - MBF)				(498)	785	0	785		
Total:		-	2,522	(246)	0	(883)	6	3,670	928	2,321

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	2,321	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	1,771	
4. Present value of net income before property tax:	173	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(2.66)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(1.73)	
Total property tax payments per harvest cycle:	(138)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	448	
6. Land value after property tax (adj. for income tax deduction):	150	125

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		
	<u>State</u>	<u>Federal</u>	<u>Taxes</u>	<u>ccrued Intere</u>	<u>Total</u>
Cost-increasing:					
Property taxes on land:	93	-	61	448	509
Subtotal:	93	-	61	448	509
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%	246	-	160	-	160
Federal Income Tax on harvest revenue @ 35.0%	-	883	883	-	883
Subtotal:	246	883	1,043	-	1,043
Totals:	339	883	1,103	448	1,551
Tax burden as percent of gross revenues:	13.4%	35.0%	43.7%	17.8%	61.5%

Estimated Managed Timberland Value for Timber Production in West Virginia (REGION 5 - T3)

Step 1 - Investment Expenses, excluding Annual Property Tax--Harvest Age, 80 Years):

<u>Out-of-Pocket Expenses:</u>							
<u>Age</u>	<u>Activity</u>	<u>Expense</u>	<u>Fed. Tax Deductible</u>	<u>Fed. Tax Benefit</u>	<u>Net Expense excl. Taxes</u>	<u>Accrued Interest on Fed. Benefit</u>	<u>Acc. Total at Harvest</u>
0	Prep./Plant	0	No	0	0	0	0
3	Spray	0	Yes	0	0	0	0
8	PCT	0	Yes	0	0	0	0
18	Fert.	0	Yes	0	0	0	0
26	Fert.	0	Yes	0	0	0	0
Subtotal:		0	-	0	0	0	0
Annual Expenses:							
Administration/management:		2.50	Yes	0.88	\$1.63	9	18
Subtotal (80 yrs.):		200	"	70.00	130.00	227	551
Total:		200	-	70.00	130.00	227	551

**Interest rate used in computations is: 3.03%

Step. 2 - Revenues and Federal and State Tax Treatment

<u>Stand Age</u>	<u>Harvest Volume</u>	<u>Stumpage Price</u>	<u>Harvest Revenue</u>	<u>State and Federal Tax Payments:</u>			<u>Net Income After Tax</u>	<u>Accrued interest on Ne</u>	<u>Total Income</u>	
				<u>West Virginia State & Sev Tax</u>	<u>Fed. Income Tax</u>					
45	3.10	5.86	18	(2)	-	16	-	-		
	(PW -Cds)				(6)	10	19	29		
45	0.80	240.99	193	(19)	-	174	-	-		
	(S/Tbr - MBF)				(67)	107	201	307		
80	15.40	4.18	64	(6)	-	58	-	-		
	(PW -Cds)				(23)	36	0	36		
80	3.70	258.44	956	(93)	-	863	-	-		
	(S/Tbr - MBF)				(335)	528	0	528		
Total:		-	1,232	(120)	0	(431)	4	1,792	220	900

1 Less Site Prep/Plant Expense and adjusted for fed. tax deduction.

Step 3 - Estimated Timberland Value per Acre

1. Total Income including accrued interest on net thinning income to final harvest:	900	
2. Out-of-pocket expenses (silvicultural activities and taxes) and accrued interest:	(551)	
3. Net income before property tax:	349	
4. Present value of net income before property tax:	34	
5. Annual ad valorem property taxes:		
Property tax rate:	1.77%	
Annual property tax payment:	(1.33)	
Annual property tax payment adjusted for fed. inc. tax deduction:	(0.87)	
Total property tax payments per harvest cycle:	(69)	
Accrued interest on out-of-pocket tax payments per harvest cycle:	224	
6. Land value after property tax (adj. for income tax deduction):	75	25

Step 4 - Tax Burden on T1 Mgd Forest Land

	Total Tax Payments		Out-of-Pocket Expenses		Total
	State	Federal	Taxes	ccrued Intere	
Cost-increasing:					
Property taxes on land:	106	-	69	224	293
Subtotal:	106	-	69	224	293
Revenue-reducing:					
West Virginia State Inc. & Sev. Tax on harvest revenue @ 9.75%:	120	-	78	-	78
Federal Income Tax on harvest revenue @ 35.0%:	-	431	431	-	431
Subtotal:	120	431	509	-	509
Totals:	227	431	578	224	802
Tax burden as percent of gross revenues:	18.4%	35.0%	47.0%	18.2%	65.2%