

# GEORGIA-PACIFIC GP. NYSE-GP

RECENT PRICE **32.28** P/E RATIO **10.6** (Trailing: 10.7) (Median: NMF) RELATIVE P/E RATIO **0.57** DIV'D YLD **2.2%** VALUE LINE

<b>TIMELINESS</b> 3 Raised 5/6/05	High: 32.0	32.9	40.5	54.1	51.8	37.7	31.6	31.1	38.6	37.9	Target Price Range	2008	2009	2010																																					
<b>SAFETY</b> 3 Raised 7/9/04	Low: 29.6	29.6	18.7	28.2	19.3	25.4	9.8	12.8	26.6	31.0	120																																								
<b>TECHNICAL</b> 4 Lowered 7/6/05	<p><b>LEGENDS</b>                  6.0 = "Cash Flow" p sh                  . . . . Relative Price Strength                  2-for-1 split 6/98                  Options: Yes                  Shaded area indicates recession</p>																																																		
<b>BETA</b> 1.45 (1.00 = Market)	<p><b>2006-10 PROJECTIONS</b></p> <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total</th> </tr> <tr> <td>High</td> <td>65 (+100%)</td> <td>21%</td> </tr> <tr> <td>Low</td> <td>48 (+40%)</td> <td>71%</td> </tr> </table>											Price	Gain	Ann'l Total	High	65 (+100%)	21%	Low	48 (+40%)	71%																															
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Georgia-Pacific Corp. converted its 92.6 million shares of stock into "letter" stocks of G-P Group (NYSE: GP) and The Timber Co. (NYSE: TGP), share-for-share, on Dec. 17, 1997. GP represents the manufacturing operations. TGP represents the timber holdings. Voting power is allocated between the two issues in proportion to their market prices. New GP began trading at \$30 (adjusted for later split). TGP opened at \$26. TGP was subsequently acquired in 2001.	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	% TOT. RETURN 5/05	THIS STOCK INDEX	VL ARTH. INDEX	
Sales per sh <sup>A</sup>	..	..	70.29	76.43	103.34	98.18	108.72	93.00	80.07	76.48	71.25	72.10	73.90	1 yr.	-5.8	11.0
"Cash Flow" per sh	..	..	4.47	7.64	11.14	7.96	6.32	5.14	5.44	6.48	6.60	6.70	7.50	3 yr.	32.8	39.9
Earnings per sh <sup>B</sup>	..	..	d.47	.62	4.07	3.05	.49	1.08	1.32	2.77	3.05	3.10	3.55	5 yr.	6.5	66.5
Div'ds Decl'd per sh <sup>C</sup>	..	..	..	.50	.50	.50	.50	.50	.50	.50	.70	.70	.70			
Cap'l Spending per sh	..	..	3.88	3.65	4.19	4.03	3.21	2.77	2.81	2.77	3.20	2.90	3.05			
Book Value per sh	..	..	..	18.55	21.78	24.80	21.32	18.22	21.32	24.22	26.70	29.35	37.45			
Common Shs Outst'g <sup>D</sup>	..	..	184.50	173.00	172.21	224.84	230.10	250.24	252.98	256.99	259.00	260.00	268.00			
Avg Ann'l P/E Ratio	..	..	..	NMF	10.4	10.4	NMF	20.5	15.5	12.3	Bold figures are Value Line estimates	15.0	15.0			
Relative P/E Ratio	..	..	..	NMF	.59	.68	NMF	1.12	.68	.66		1.00	1.00			
Avg Ann'l Div'd Yield	..	..	..	1.7%	1.2%	1.6%	1.6%	2.3%	2.4%	1.5%		1.3%	1.3%			

<b>CAPITAL STRUCTURE as of 4/2/05</b>	14195	12901	12968	13223	17796	22076	25016	23271	20255	19658	18450	18750	Sales (\$mill)	19800
Total Debt \$8768 mill. Due in 5 Yrs \$2750 mill.	19.2%	10.2%	8.9%	13.5%	15.7%	12.2%	11.0%	9.7%	11.0%	14.0%	14.6%	14.5%	Operating Margin	14.8%
LT Debt \$7752 mill. LT Interest \$675 mill. (LT interest earned: 2.6x; total interest coverage: 2.3x)	871.0	880.0	910.0	1211.0	1293.0	1284.0	1343.0	1039.0	1045.0	938.0	900	920	Depreciation (\$mill)	1030
	921.0	34.0	866.0	111.0	716.0	535.0	111.0	255.0	332.0	728.0	810	825	Net Profit (\$mill)	960
	40.1%	61.4%	..	43.9%	38.5%	36.9%	66.5%	34.3%	28.8%	31.1%	35.0%	35.0%	Income Tax Rate	35.0%
Pension Assets-1/05 \$3.77 bill. Oblig. \$4.61 bill.	6.5%	.3%	..	.8%	4.0%	2.4%	4%	1.1%	1.6%	3.7%	4.4%	4.4%	Net Profit Margin	5.0%
	833.0	411.0	213.0	259.0	715.0	586.0	4350.0	661.0	175.0	331.0	235	320	Working Cap'l (\$mill)	625
Preferred Stock None.	4704.0	3340.0	3057.0	3395.0	4846.0	13218	10221	10185	9170.0	8070.0	7500	7000	Long-Term Debt (\$mill)	5250
	3519.0	3693.0	3523.0	3209.0	3750.0	5577.0	4905.0	4560.0	5394.0	6225.0	6920	7635	Shr. Equity (\$mill)	10040
Common Stock 260,135,476 shares as of 4/25/05	13.2%	2.6%	NMF	3.8%	10.2%	4.2%	2.8%	4.0%	4.8%	7.5%	7.5%	7.5%	Return on Total Cap'l	7.5%
MARKET CAP: \$8.4 billion (Large Cap)	26.2%	.9%	..	3.5%	19.1%	9.6%	2.3%	5.6%	6.2%	11.7%	11.5%	11.0%	Return on Shr. Equity	10.0%
	26.2%	.9%	..	.7%	16.8%	8.1%	..	3.0%	3.8%	9.6%	9.0%	8.5%	Retained to Com Eq	6.0%
<b>CURRENT POSITION</b> 2003 2004 4/2/05	..	..	..	81%	12%	16%	103%	46%	38%	18%	22%	22%	All Div'ds to Net Prof	19%

**BUSINESS:** Georgia-Pacific Group is one of the largest manufacturers of tissue products and disposable tabletop products, containerboard and packaging, pulp and paper, and building products in North America. Sold building products distribution business in 2004. Acquired Fort James in 2000. Sold 60% controlling interest of Unisource in 2002. 2004 depr. rate: 5.2%. Has about 55,000 employees. Barclays Global owns 8.3% of common stock; Capital Research & Mgmt., 7.6%; Vanguard Fiduciary Trust, 6.8%; Morgan Stanley, 6.7%; Off. & Dir., 1.9% (3/05 Proxy). Chairman & CEO: Alston D. Correll, President & COO: Lee M. Thomas, Incorporated: Georgia. Address: 133 Peachtree Street, N.E., Atlanta, GA 30303. Telephone: 404-652-4000. Internet: www.gp.com.

**Georgia-Pacific is on track to post a healthy 10% earnings gain this year.** Strong results from its building products unit should be a primary driver of profit increases this year, while we expect the company's consumer products and bleached pulp and paper units to also perform well. Lastly, although its packaging business has turned in a strong performance thus far this year, we believe that pricing will likely decline for the remainder of the year. On balance, we have raised our share-earnings estimate by a nickel, to \$3.05.

**The company's balance sheet continues to improve.** Debt reduction remains one of G-P's primary focuses. Indeed, we expect it will cut this burden by more than \$6 billion by the end of 2006 from the peak at year-end 2000. Going forward, we anticipate that G-P will use most of its generated cash to continue reducing debt levels. This will leave the company with greater financial flexibility and lower interest expenses, which will accommodate growth and/or larger dividend payouts.

**New asbestos claims declined to 3,300 in the first period, versus 8,800 a year ago.** This decrease seems to reflect the tort reform that has taken place in some southern states. There is also a federal attempt to address this issue in the works. If passed as proposed, it would reduce G-P's liability to \$27.5 million a year for 30 years. This would save the company money, since it now spends about \$50 million a quarter on liability and defense payments. In addition, it would add a high degree of visibility to G-P's future asbestos liabilities and would likely improve its creditworthiness.

**These shares have slid a bit since our last report.** The equity now offers good 3- to 5-year price appreciation potential based on our expectations of solid double-digit earnings growth. But, at the same time, the issue receives low marks for Price Growth Persistence and Price Stability. Meanwhile, this stock is an average selection for the year ahead.

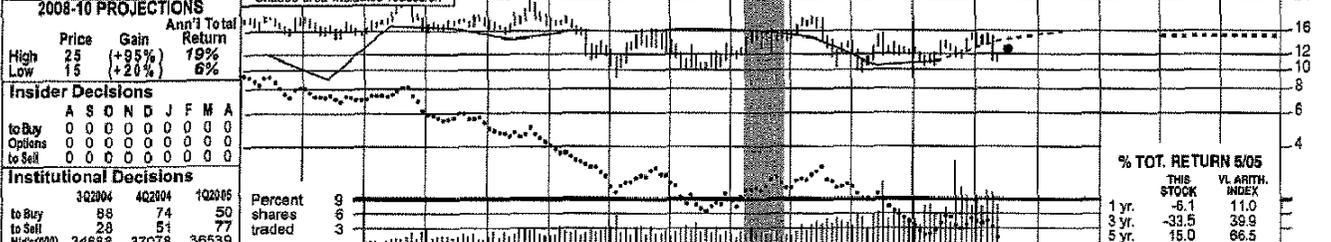
*Erik A. Antonson July 8, 2005*

<b>CASH POSITION</b>	5-Year Avg	4/2/05
Current Assets to Current Liabilities:	107%	107%
Cash & Equiv's to Current Liabilities:	2%	5%
Working Capital to Sales:	1%	1%

(A) Restated to show GP Group as of January 1, 1997. Pre-1997 figures are pro forma. (B) Diluted earnings. Excl. net nonrecurring, extraordinary, and discontinued: '00, d96; '01, d\$2.59; '02, d\$4.17; '03, d\$14; '04, d40. Next earnings report due early August. (C) Dividends historically paid in late February, late May, late August, and late November. (D) In millions, adjusted for split.

**P.H. GLATFELTER** NYSE-GLT RECENT PRICE **12.73** P/E RATIO **18.2** (Trailing: 31.0 Median: 15.0) RELATIVE P/E RATIO **0.98** DIVD YLD **2.8%** VALUE LINE

<b>TIMELINESS</b> 3 Lowered 2/11/05	High: 19.4	23.6	19.6	23.4	19.1	16.5	14.4	16.4	19.3	15.5	15.5	15.5	Target Price Range 2008   2009   2010
<b>SAFETY</b> 3 Lowered 7/22/04	Low: 14.6	15.4	15.6	15.4	11.2	9.1	9.8	11.3	10.2	9.6	10.4	11.0	
<b>TECHNICAL</b> 4 Lowered 6/24/05	<b>LEGENDS</b> --- 7.5x "Cash Flow" p/sh ..... Relative Price Strength 2-for-1 split 5/92 Options: No Shaded area indicates recession												
<b>BETA</b> .80 (1.00 = Market)	2008-10 PROJECTIONS Price Gain Ann'l To Total Return High 25 (+95%) 19% Low 15 (+20%) 6%												



<b>Insider Decisions</b>	A S O N D J F M A to Buy 0 0 0 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 0 0 0 to Buy Options 0 0 0 0 0 0 0 0 0 0 0 0 to Sell Options 0 0 0 0 0 0 0 0 0 0 0 0											
<b>Institutional Decisions</b>	3/28/04 4/28/04 10/28/05 to Buy 88 74 50 to Sell 28 51 77 High's (60) 34636 37078 36539 Percent shares traded: 9, 6, 3											
<b>% TOT. RETURN 5/05</b>	THIS STOCK VS. ARITH. INDEX 1 yr. -6.1 11.0 3 yr. -33.5 39.9 5 yr. 15.0 66.5											
<b>1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006</b>	© VALUE LINE PUB., INC. 08-10											

12.75	13.84	12.72	12.26	10.76	10.82	14.38	13.31	13.45	16.75	16.11	17.10	14.87	12.46	12.18	12.36	14.00	15.25	Sales per sh	17.60
2.56	2.82	2.39	2.01	1.80	1.19	2.27	2.21	1.92	2.14	2.11	2.18	2.14	1.94	1.39	1.48	1.90	2.10	"Cash Flow" per sh	2.85
1.86	1.88	1.67	1.27	.73	.22	1.49	1.41	1.07	1.00	.98	1.09	1.09	.90	.25	.30	.70	.80	Earnings per sh A	1.40
.50	.58	.60	.70	.70	.70	.70	.70	.70	.70	.70	.70	.70	.70	.82	.36	.36	.36	Div'ds Decl'd per sh B	.36
1.21	.78	1.04	2.05	2.55	1.69	.59	.88	1.37	.96	.57	.69	1.12	1.17	1.52	.42	.80	.85	Cap'l Spending per sh	.90
8.12	9.13	10.02	10.37	10.03	6.89	7.26	7.78	6.08	8.17	8.48	8.79	8.27	8.57	8.48	9.66	9.90	10.40	Book Value per sh	12.90
46.98	45.17	44.63	44.06	43.99	44.20	43.44	42.54	42.15	42.09	42.25	42.39	42.75	43.64	43.78	43.97	44.00	44.00	Common Shs Outst'g C	44.00
11.6	10.4	15.7	19.3	24.2	NMF	12.8	12.5	17.1	15.3	13.6	10.4	13.1	17.0	49.7	41.9	61.5	67.0	Avg Ann'l P/E Ratio	14.0
.88	7.7	1.00	1.17	1.43	NMF	.86	.78	.99	.60	.78	.68	1.07	.93	2.83	2.23	19.0%	19.5%	Relative P/E Ratio	.95
2.3%	2.9%	2.3%	2.9%	4.0%	4.2%	3.7%	4.0%	3.8%	4.6%	5.3%	6.2%	4.8%	4.6%	5.0%	2.9%			Avg Ann'l Div'd Yield	1.8%

<b>CAPITAL STRUCTURE as of 3/31/05</b>																																					
Total Debt \$211.9 mil. Due in 5 Yrs \$193.8 mil.																																					
LT Debt \$206.4 mil. LT Interest \$12.5 mil.																																					
(Total interest coverage: 4.6x)																																					
(30% of Cap'l)																																					
<b>Pension Assets-12/04 \$465.6 mil.</b>																																					
Oblig. \$295.2 mil.																																					
<b>Pfd Stock None</b>																																					
Common Stock 43,976,607 shs. as of 3/2/05																																					
<b>MARKET CAP: \$550 million (Small Cap)</b>																																					
<b>CURRENT POSITION (SMALL)</b>																																					
Cash Assets	15.6	40.0	23.8	<b>BUSINESS:</b> P.H. Glatfelter manufactures specialty printing papers (62% of '04 sales), along with other engineered papers (38%). The majority of the printing papers are aimed at the book publishing market. Foreign sales accounted for 34% of 2004 sales. About 29% of the company's pulp was purchased from external suppliers. Acqd S & H Papier Holding 1/98. Sold Ecusta Division 8/01. 2004																																	
Receivables	59.9	60.9	67.0	depr. rate: 4.6%. Has about 2,200 employees, 3,050 shareholders. PNC Fin. Services owns 11.8% of common stock; Dimensional Fund Advisors, 7.8%; Barclays Global Investors, 6.7%; other off's/dirs., 2.1% (3/05 proxy). Chrmn. and CEO: George H. Glatfelter II, Inc.; PA. Addr.: 96 South George Street, Suite 500, York, PA 17401. Tel.: 717-225-4711. Internet: www.glatfelter.com.																																	
Inventory (LIFO)	71.6	78.8	83.7	<b>P.H. Glatfelter has experienced better economic conditions lately.</b> Thanks to strong product pricing and volume growth in the Specialty Papers business, sales in the first quarter increased to \$143.9 million, compared to \$132.1 million in the same period last year. The North America segment—which is the combination of the former printing and converting, and engineered products business units—reported a volume increase of 4% year over year. We believe the demand for specialty papers is likely to be firm over the coming months, and the pricing environment is conducive to additional gains.																																	
Other	24.8	18.8	21.2	<b>The company continues to make headway in improving margins.</b> Glatfelter, particularly with its mostly new management team, is working to reduce operating expenses. The North American restructuring program is on schedule; the 20% workforce reduction at the Spring Grove, PA plant will likely yield around \$15 million to \$20 million in cost savings for the company. The closing of a paper machine at the Neenah, WI facility should contribute to additional cost reductions. We expect operating margins will widen significantly																																	
Current Assets	171.7	188.5	195.7	in time. In the meantime, operating margins for the March interim improved 350 basis points, to 7.8%.																																	
Accs Payable	31.5	30.2	28.7	<b>Glatfelter is monetizing its assets.</b> Over the past several years, the company sold approximately 30,000 acres of timberland for more than \$94 million. With a material amount used for repaying debt, Glatfelter lowered its debt-to-total capital ratio to a more manageable 30%. Although most of the "higher better-used" timberlands have been divested, management has not ruled out future sales.																																	
Debt Due	5.8	3.9	5.5	<b>These shares are ranked to perform in line with the broader markets for the year ahead.</b> With the successful continuation of the restructuring process, and good economic conditions in North America, we look for good earnings growth through the 3- to 5-year term. That said, this issue offers decent appreciation potential through 2008-2010.																																	
Other	75.2	69.9	59.9	William W. Lee July 8, 2005																																	
Current Liab.	112.5	104.0	94.1	<table border="1"> <tr> <td colspan="3"><b>CASH POSITION</b></td> <td>5-Year Av'g</td> <td>3/31/05</td> </tr> <tr> <td>Current Assets to Current Liabilities:</td> <td>178%</td> <td>208%</td> <td></td> <td></td> </tr> <tr> <td>Cash &amp; Equiv's to Current Liabilities:</td> <td>49%</td> <td>25%</td> <td></td> <td></td> </tr> <tr> <td>Working Capital to Sales:</td> <td>15%</td> <td>18%</td> <td></td> <td></td> </tr> </table>														<b>CASH POSITION</b>			5-Year Av'g	3/31/05	Current Assets to Current Liabilities:	178%	208%			Cash & Equiv's to Current Liabilities:	49%	25%			Working Capital to Sales:	15%	18%		
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<b>ANNUAL RATES</b>	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
of change (per sh)	1.0%	-4.5%	6.0%
Sales	--	-5.0%	8.0%
"Cash Flow"	--	-5.0%	8.0%
Earnings	-4.0%	-14.0%	NMF
Dividends	-2.0%	-4.5%	-7.0%
Book Value	--	1.5%	6.5%

<b>Cal-endar</b>	<b>QUARTERLY SALES (\$mill.)</b>				<b>Full Year</b>
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	132.0	137.5	136.0	138.3	543.8
2003	142.3	129.6	131.9	129.4	533.2
2004	132.1	129.0	143.1	139.3	543.5
2005	143.9	150	161	160.1	615
2006	155	165	175	175	670

<b>Cal-endar</b>	<b>EARNINGS PER SHARE A</b>				<b>Full Year</b>
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.26	.17	.25	.22	.90
2003	.17	.02	.08	--	.25
2004	.03	d.04	.14	.17	.30
2005	.14	.16	.20	.20	.70
2006	.18	.21	.25	.26	.90

<b>Cal-endar</b>	<b>QUARTERLY DIVIDENDS PAID B</b>				<b>Full Year</b>
	Mar.31	Jun.30	Sep.30	Dec.31	
2001	.175	.175	.175	.175	.70
2002	.175	.175	.175	.175	.70
2003	.175	.175	.175	.09	.62
2004	.09	.09	.09	.09	.36
2005	.09	.09			

(A) Basic eps. through 1996, diluted thereafter. Excl. net nonrec. gains/(losses): '89, 13¢; '93, (3¢); '94, (\$2.89); '98, (14¢); '00, 5¢; '01, (9¢); '02, (4¢); '03, 5¢; '04, \$1.15. Excl. loss from disc. ops.: '03, 1¢. '03 eps. do not sum to total due to rounding. Next eps. report due early August. (B) Dividends historically paid in early Feb., May, Aug., and Nov. (C) In millions, adjusted for stock split.

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**INT'L PAPER NYSE:IP** RECENT PRICE **31.05** P/E RATIO **20.7** (Trailing: 20.4 Median: 38.0) RELATIVE P/E RATIO **1.11** DIVD YLD **3.2%** VALUE LINE

<b>TIMELINESS</b> 3 Lowered 7/8/05	High: 40.3	45.7	44.6	61.0	61.8	59.5	60.0	43.3	46.2	43.3	45.0	42.6	Target Price Range	2008	2009	2010
<b>SAFETY</b> 3 Lowered 7/17/98	Low: 30.3	34.1	35.6	38.6	35.6	39.5	26.3	30.7	31.3	33.1	37.1	31.0				120
<b>TECHNICAL</b> 3 Raised 6/17/05	<b>LEGENDS</b> --- 7.5 x "Cash Flow" p/sh --- Relative Price Strength 2-for-1 split 9/95 Options: Yes Shaded area indicates recession															
<b>BETA</b> 1.15 (1.00 = Market)	<b>2008-10 PROJECTIONS</b> Price Gain Ann'l Total High 65 (+110%) 22% Low 45 (+45%) 72%															
<b>Insider Decisions</b> A S O N D J F M A to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 0 0 1 4 0 0 0 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 1 4 0 0 0 0 0 0 0 0 0 0 0 0																
<b>Institutional Decisions</b> 3Q2004 4Q2004 1Q2005 to Buy 215 224 223 to Sell 212 218 231 Net's (000) 427711 445380 432896																
Percent shares traded 15 10 5																
% TOT. RETURN 5/05 THIS STOCK VS. ARITH. INDEX 1 yr. -21.1 11.0 3 yr. -19.2 39.9 5 yr. 1.6 66.5																

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-1q
52.34	59.07	56.48	55.43	55.23	59.44	75.85	67.10	66.50	63.82	59.27	58.20	54.74	52.13	52.29	52.41	54.25	57.05	Sales per sh	58.80
6.46	6.26	5.05	5.12	4.89	5.23	8.37	5.42	5.19	4.85	5.00	5.96	4.33	4.44	4.21	4.51	4.80	5.40	"Cash Flow" per sh	6.70
3.86	3.24	1.98	1.67	1.27	1.73	4.50	1.49	1.03	1.00	1.33	2.16	.44	1.12	.80	1.30	1.50	2.00	Earnings per sh	3.00
.77	.84	.84	.84	.84	.84	.92	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Div'ds Decl'd per sh	1.00
4.08	5.77	5.32	5.58	3.85	4.42	5.82	4.84	3.68	3.42	2.75	2.79	2.19	2.11	2.42	2.59	2.75	2.85	Cap'l Spending per sh	2.65
23.68	25.87	25.52	25.23	25.12	25.87	29.87	31.13	28.82	28.98	24.85	24.86	21.37	15.39	17.11	18.93	17.35	18.35	Book Value per sh	23.20
217.40	219.40	224.91	245.32	247.78	251.80	261.00	300.20	302.20	307.15	414.58	484.16	481.60	479.10	481.50	487.50	490.50	491.00	Common Shs Outst'g	493.00
6.5	7.6	16.7	20.4	25.4	20.8	8.7	26.9	48.7	46.2	37.4	17.1	NMF	35.3	47.1	32.0	Bold figures are Value Line estimates	Avg Ann'l P/E Ratio	18.0	
4.9	5.8	1.07	1.24	1.50	1.36	5.8	1.68	2.89	2.40	2.13	1.11	NMF	1.93	2.89	1.70		Relative P/E Ratio	1.20	
3.0%	3.3%	2.5%	2.5%	2.8%	2.3%	2.4%	2.5%	2.1%	2.2%	2.0%	2.7%	2.6%	2.5%	2.7%	2.4%			Avg Ann'l Div'd Yield	1.9%

**CAPITAL STRUCTURE as of 3/31/05**

Total Debt \$13,858 mill. Due in 5 Yrs \$4,215 mill.	19797	20143	20098	19541	24573	28180	26363	24976	25179	25548	26600	28000	Sales (\$mill)	29000
LT Debt \$13,526 mill. LT Interest \$710 mill.	18.8%	13.9%	13.0%	12.2%	13.4%	16.7%	13.5%	14.3%	10.8%	13.7%	13.5%	14.5%	Operating Margin	16.5%
Includes \$464 million 5.25% convertible subordinated debentures ('25); \$1,141 million zero-coupon convertible debentures ('21).	1031.0	1194.0	1258.0	1186.0	1520.0	1916.0	1870.0	1587.0	1644.0	1565.0	1625	1675	Depreciation (\$mill)	1825
(LT interest earned: 2.5x; total int. coverage: 2.4x) (62% of Cap'l)	1153.0	434.0	310.0	308.0	551.0	969.0	214.0	540.0	382.0	634.0	740	985	Net Profit (\$mill)	1485
Pension Assets-12/04 \$8.7 bil. Oblig. \$8.3 bil.	35.5%	32.2%	33.1%	28.2%	29.0%	28.7%	28.7%	30.0%	30.0%	31.4%	33.0%	33.0%	Income Tax Rate	33.0%
	5.8%	2.2%	1.5%	1.6%	2.2%	3.4%	.8%	2.2%	1.5%	2.5%	2.8%	2.8%	Net Profit Margin	5.1%
	1010.0	104.0	1065.0	2374.0	2859.0	3042.0	2938.0	3159.0	2534.0	4447.0	4500	4550	Working Cap'l (\$mill)	4750
	6396.0	7141.0	7604.0	8212.0	9325.0	14453	14262	14847	13450	14132	12500	11000	Long-Term Debt (\$mill)	10000
	7797.0	9344.0	8710.0	8902.0	10304	10291	7374.0	8237.0	8254.0	8505	9000	9000	Shr. Equity (\$mill)	11440
	9.6%	4.2%	3.4%	3.2%	4.0%	5.0%	2.8%	4.2%	3.5%	4.5%	5.0%	6.5%	Return on Total Cap'l	8.0%
	14.8%	4.5%	3.6%	3.5%	5.3%	8.1%	2.1%	7.3%	4.6%	7.7%	8.5%	17.0%	Return on Shr. Equity	13.0%
	11.7%	1.5%	1.1%	0.7%	1.3%	4.3%	NMF	.8%	NMF	1.8%	3.0%	5.5%	Retained to Com Eq	8.5%
	21%	67%	97%	99%	76%	46%	NMF	89%	NMF	76%	66%	50%	All Div'ds to Net Prof	33%

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 to '08-'10

of change (per sh)	-1.0%	-3.5%	2.0%
Sales	-1.5%	-2.5%	7.5%
"Cash Flow"	-3.5%	-1.0%	18.5%
Earnings	2.0%	N/A	N/A
Dividends	-4.0%	-10.0%	6.0%
Book Value			

**QUARTERLY SALES (\$mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	6038	6305	6343	6290	24976
2003	6075	6264	6373	6467	25179
2004	6138	6229	6578	6603	25548
2005	6550	6425	6800	6825	26600
2006	6875	6775	7150	7200	28000

**EARNINGS PER SHARE A**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.12	.35	.32	.33	1.12
2003	.14	.19	.24	.23	.80
2004	.12	.33	.43	.42	1.30
2005	.34	.26	.40	.50	1.50
2006	.40	.42	.58	.60	2.00

**QUARTERLY DIVIDENDS PAID \$**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.25	.25	.25	.25	1.00
2002	.25	.25	.25	.25	1.00
2003	.25	.25	.25	.25	1.00
2004	.25	.25	.25	.25	1.00
2005	.25	.25	.25	.25	1.00

**BUSINESS:** International Paper Company is the world's largest paper and forest products firm. Products include paper, paperboard, pulp, lumber, panels, laminated products, minerals, chemicals, and packaging products. Also distributes paper and office supplies in the U.S. Manages about 6.8 mill. acres of timberlands. Recent major acquisitions: Union Camp, 4/99; Shorewood Packaging, 3/00; Champion Int'l, 6/00. Foreign ops.: 25% of '04 sales. '04 depr. rate: 5.0%. Employs 80,000. Offs. & dirs. own less than 1% of stock; employee benefit plans, 6.6%; Capital Research and Management, 11.9%; Lord Abbett, 5.3% (4/05 proxy). Chrmn. and CEO: John Faraci. Inc.: NY. Address: 400 Atlantic St., Stamford, CT 06921. Tel.: 203-641-8000. Internet: www.internationalpaper.com.

**International Paper continues to cut costs.** The company has spent the last few years rationalizing its capacity by permanently shutting down less-efficient mills and temporarily idling output from others as market conditions dictate. These efforts, combined with ongoing internal cost-containment initiatives, including reducing overhead, streamlining organizational structure, and automating processes, are helping to trim operating costs. But most of the benefits will be offset by pressures outside IP's control. In particular, energy, transportation, chemicals, and fiber prices remain high. The capital-intensive nature of the paper business makes IP's earnings highly vulnerable to swings in these costs. Overall, we've reduced our 2005 and 2006 share-net calls to reflect higher costs, as well as more tepid paper and forest product industry conditions. Due to weakness in the magazine ad and industrial box end-markets, implementation of price increases for several of the company's key printing and packaging products (i.e., uncoated and coated freesheet, containerboard, and linerboard) has become more difficult recently. As such, the degree of improvement to prices will likely be less robust than we had initially expected. They ought to remain in a firming mode, however, as IP and other industry players continue to idle mills. A generally weak dollar and labor strikes in Canada and Finland will also boost exports. But earnings growth ought to be solid in the years ahead. IP has effectively streamlined operations in the past few years. Thus far, high input costs have masked much of these gains. But, when expenses moderate, the benefits of these actions should become apparent, paving the way for strong long-term profit gains. The company's financial footing is improving. IP is using the proceeds from noncore asset sales (including its 50.5% stake in Carter Holt Harvey, the New Zealand-based forest products company), cash from operations, and the repatriation of about \$1 billion in overseas cash to reduce its debt burden. This neutrally ranked stock offers good upside potential to 2008-2010. The good yield is another plus.

*Deborah Y. Fung* July 8, 2005

# LONGVIEW FIBRE NYSE-LFB

RECENT PRICE **20.33** P/E RATIO **31.3** (Trailing: 36.3 Median: 44.0) RELATIVE P/E RATIO **1.68** DIV'D YLD **0.4%** VALUE LINE

**TIMELINESS** 2 Raised 6/4/04  
**SAFETY** 3 New 7/27/00  
**TECHNICAL** 2 Raised 6/17/05  
**BETA** 1.15 (1.00 = Market)

High: 23.6 19.6 19.3 22.4 17.4 17.4 17.8 14.3 12.3 12.5 18.4 21.9  
 Low: 14.9 13.3 14.1 14.8 9.4 10.3 10.6 8.3 5.4 5.9 10.0 14.9

LEGENDS  
 — 6.0 x "Cash Flow" p sh  
 ..... Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession

2008-10 PROJECTIONS

Price	Gain	Ann'l Total
High	25 (+2.5%)	7%
Low	18 (-1.0%)	-7%

Insider Decisions

A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	1	1
Options	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0

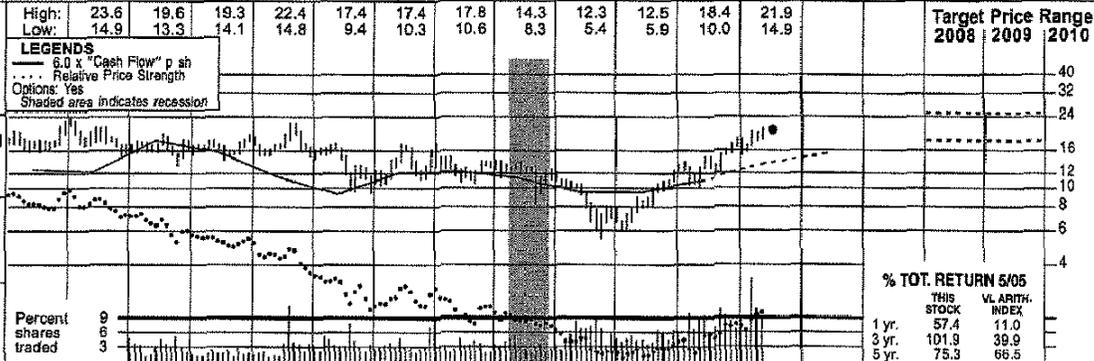
Institutional Decisions

3Q2004	4Q2004	1Q2005	
to Buy	71	85	65
to Sell	43	55	66
Net's (Net)	33000	35395	36379

Percent shares traded: 9, 6, 3

% TOT. RETURN 5/05

THIS STOCK	VL. ARRH. INDEX	
1 yr.	57.4	11.0
3 yr.	101.9	39.9
5 yr.	75.3	66.5



1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	VALUE LINE P/B, INC.	08-10
12.76	13.26	12.46	13.37	13.29	15.26	19.04	15.91	14.98	14.58	14.98	16.99	17.15	15.06	15.14	16.27	18.30	19.20	Sales per sh <sup>A</sup>	20.55
2.00	2.13	1.44	1.85	2.11	2.05	3.00	2.63	1.92	1.55	2.02	2.04	1.88	1.58	1.58	1.83	2.25	2.55	"Cash Flow" per sh	3.05
1.21	1.13	.32	.62	.78	.64	1.47	1.09	.25	d.13	.39	.73	.48	.10	.05	.27	.65	.90	Earnings per sh <sup>B</sup>	1.25
.48	.52	.52	.52	.52	.52	.60	.64	.64	.54	.28	.48	.39	--	.04	.05	.10	.20	Div'ds Decl'd per sh <sup>C</sup>	.30
2.34	2.57	1.97	1.29	1.03	1.57	2.68	2.47	3.01	1.72	.63	2.06	2.34	.86	.72	1.39	.90	1.15	Cap'l Spending per sh	1.35
7.05	7.49	7.29	7.39	7.69	7.80	8.65	9.10	8.70	8.03	8.14	8.38	8.33	8.40	8.46	8.69	9.20	9.90	Book Value per sh	12.35
54.68	51.71	51.69	51.58	51.88	51.83	51.75	51.71	51.68	51.68	51.68	51.58	51.08	51.08	51.08	51.08	51.70	51.70	Common Shs Outst'g <sup>D</sup>	51.70
11.6	10.4	39.2	24.3	22.3	30.6	11.3	14.9	71.0	--	33.3	17.6	26.5	NMF	NMF	46.7	<i>Bold figures are Value Line estimates</i>	2.44	Avg Ann'l P/E Ratio	18.0
.89	.77	2.50	1.47	1.32	2.01	.76	.93	4.09	--	1.90	1.14	1.36	NMF	NMF	2.44			Relative P/E Ratio	1.20
3.4%	4.4%	4.1%	3.5%	3.0%	2.7%	3.6%	3.9%	3.6%	3.7%	2.2%	3.7%	3.1%	--	5%	4%			Avg Ann'l Div'd Yield	1.3%

**CAPITAL STRUCTURE as of 4/30/05**  
 Total Debt \$452.5 mill. Due in 5 Yrs \$423.1 mill.  
 LT Debt \$415.3 mill. LT Interest \$34.4 mill.  
 Incl. \$14.5 mill. capitalized leases.  
 (LT interest earned: 2.3x; total interest coverage: 2.2x)

Pension Assets-10/04 \$462.2 million  
 Obligation \$416.4 million

Pfd Stock None

Common Stock 51,076,567 shs.  
**MARKET CAP: \$1.0 billion (Mid Cap)**

**CURRENT POSITION** 2003 2004 4/30/05 (\$mill.)

Cash Assets	--	--	--
Receivables	98.4	110.4	105.0
Inventory (LIFO)	65.3	83.5	77.3
Other	7.2	7.8	8.6
Current Assets	170.9	201.7	190.9
Accts Payable	53.1	66.1	61.9
Debt Due	55.2	62.4	37.2
Other	22.0	24.9	26.2
Current Liab.	130.3	143.4	125.3

985.5	822.7	772.8	753.2	774.3	876.3	876.0	769.3	773.3	831.2	935	980	Sales (\$mill) <sup>A</sup>	1050
23.1%	22.4%	17.3%	14.4%	19.6%	18.8%	16.8%	15.1%	15.9%	16.7%	18.0%	19.0%	Operating Margin	21.5%
79.4	79.5	86.4	87.0	84.2	67.4	71.6	75.8	78.3	79.5	81.0	83.0	Depreciation (\$mill)	90.0
76.0	58.4	12.7	d6.7	20.0	37.6	24.7	5.1	2.6	13.9	33.0	45.0	Net Profit (\$mill)	64.0
36.8%	35.1%	34.9%	--	36.5%	36.1%	34.5%	--	35.4%	39.3%	37.0%	37.0%	Income Tax Rate	37.0%
7.7%	6.9%	1.6%	NMF	2.6%	4.3%	2.8%	.7%	.3%	1.7%	3.5%	4.6%	Net Profit Margin	6.1%
42.8	51.0	40.4	55.3	66.0	42.4	38.1	37.1	40.6	58.3	70.0	80.0	Working Cap'l (\$mill)	95.0
409.4	426.3	498.1	547.0	495.9	490.9	540.4	510.2	463.0	442.2	400	385	Long-Term Debt (\$mill)	450
447.9	476.4	449.5	414.9	420.5	432.0	425.4	429.0	432.3	443.7	470	505	Shr. Equity (\$mill)	630
10.7%	8.1%	3.0%	1.2%	4.1%	6.2%	3.5%	2.4%	2.3%	3.3%	6.0%	6.5%	Return on Total Cap'l	7.5%
17.0%	12.0%	2.8%	NMF	4.8%	8.7%	5.8%	1.2%	.6%	3.1%	7.5%	9.0%	Return on Shr. Equity	10.5%
10.0%	4.9%	NMF	NMF	1.3%	3.0%	.0%	8%	.1%	2.6%	6.5%	7.0%	Retained to Com Eq	8.0%
41%	59%	NMF	NMF	72%	66%	100%	30%	80%	18%	15%	23%	All Div'ds to Net Prof	24%

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 to '08-'10

of change (per sh)	1.0%	1.0%	5.0%
Sales	-2.0%	-2.0%	10.5%
"Cash Flow"	-14.5%	-4.0%	44.0%
Earnings	-25.0%	-43.0%	40.0%
Dividends	1.0%	.5%	6.5%
Book Value			

**QUARTERLY SALES (\$mill.)<sup>A</sup>**

Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2002	177.6	183.2	193.2	215.3	769.3
2003	189.7	181.6	194.2	207.8	773.3
2004	169.9	213.4	220.5	227.4	831.2
2005	224.1	224.4	235	251.5	935
2006	225	240	250	265	980

**EARNINGS PER SHARE<sup>A,B</sup>**

Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2002	d.12	--	.06	.16	.10
2003	.03	d.05	--	.07	.05
2004	d.18	.12	.15	.18	.27
2005	.05	.17	.19	.24	.65
2006	.05	.20	.30	.35	.90

**QUARTERLY DIVIDENDS PAID<sup>C</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.12	.12	.12	.12	.48
2002	.03	--	--	--	.03
2003	--	.02	.02	--	.04
2004	--	--	--	.05	.05
2005	.02	.02	--	--	.04

**BUSINESS:** Longview Fibre Company operates in three business segments. Produces timber for sale domestically and internationally. Produces pulp, paper, and paperboard products (kraft paper and containerboard) at its plant in Longview, WA. Produces converted products (shipping containers and specialty packaging; represents about 50% of total sales) at 15 converting plants in 12 states. Owns and manages 585,000 acres of timberland in Oregon & Washington. Exports accounted for 13% of fiscal '04 sales. Has about 3,200 employees, 8,000 shareholders. Officers & directors own 6.4% of stock; Dimensional, 6.3% (2/05 Proxy). Chairman and CEO: Richard H. Wollenberg, Inc.: WA. Addr.: 300 Fibre Way, Longview, WA 98632. Tel.: 360-425-1550. Internet: www.longviewfibre.com.

**Longview Fibre is seriously looking to boost shareholder value.** In March, the company hired an advisor to evaluate a conversion into a Real Estate Investment Trust. Investors reacted positively to this news, driving up the share price. In its 2001 10-K filing, management estimated the value of its timberlands at between \$2,300 and \$3,100 an acre. Longview has not provided estimates since then. Conservatively assuming Longview's 585,000 acres are worth \$2,200 each, we arrive at a value of \$1,287 billion, or \$25.20 a share. Valuing the manufacturing assets is also difficult. Book value is about \$675 million. But this segment is volatile and has a history of underperforming the industry. Using 60% of book value, we arrive at a per-share price of \$7.95. Adding back working capital and subtracting long-term debt, we get a consolidated net asset value of \$26.30 a share, just above the high end of our 3- to 5-year projection range. We think there's a better-than-even chance Longview goes through with the REIT conversion of its timberlands, through an IPO or a spinoff to existing shareholders. But at this point, anything is possible, including doing nothing. If the status quo is maintained, then the share price would likely take a hit. Therefore, we recommend the issue only to aggressive investors. A decision is expected by the end of calendar 2005. Meantime, the issue is ranked Above Average for Timeliness.

**The near-term outlook for the paper-related businesses has improved somewhat.** The April-quarter combined operating loss of the Longview mill and the converting plants was reduced by 77%, to \$3.1 million. Recent industry statistics on box shipments and linerboard pricing have been disappointing. Longview, however, has a higher weighted exposure to markets that typically see increases in demand in the late summer and fall, such as agriculture, construction, and exports. The mill broke even in the April period with a 87% utilization rate. We're estimating the same operating level in the July quarter, versus 83% in the year-earlier period. In addition, Longview has had more success managing rising costs than its peers. As such, we're maintaining our earnings estimates.

*Craig Sirote* July 8, 2005

(A) Fiscal year ends October 31st.  
 (B) Based on average shares through 1996, then diluted. Excludes nonrecurring gain: '03, \$0.05. Incl. loss on asset sale: '04/Q4, \$0.04.  
 (C) Has recently paid dividends sporadically depending on profitability. Includes special dividends: 10/89, 8¢; 10/90, 3¢; 10/92 & 10/93, 12¢; 10/95, 5¢; 10/96, 4¢. (D) In millions.

Company's Financial Strength	B
Stock's Price Stability	60
Price Growth Persistence	10
Earnings Predictability	25

LOUISIANA-PACIFIC NYSE-LPX				RECENT PRICE	P/E RATIO	(Trailing: 6.8 Median: NMF)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE								
<b>TIMELINESS</b> — Suspended 5/17/02 <b>SAFETY</b> 3 Raised 1/2/04 <b>TECHNICAL</b> — Suspended 5/17/02 <b>BETA</b> 1.40 (1.00 = Market)				High: 48.0 Low: 25.8	30.5 20.9	28.1 19.6	25.9 17.0	24.2 16.4	24.9 11.4	15.8 7.1	14.0 5.5	12.5 5.4	19.3 7.1	28.3 18.0	28.7 22.1	<b>Target Price</b> 2008 2009 2010	80 60 50 40 30 25 20 15 10 7.5
<b>2008-10 PROJECTIONS</b> Price Gain Ann'l Total High 40 (+60%) 74% Low 25 (N/I) 2%				<b>LEGENDS</b> 7.0 x "Cash Flow" p sh Relative Price Strength 3-for-2 split 6/92 2-for-1 split 6/93 Options: Yes Shaded area indicates recession												<b>% TOT. RETURN 5/05</b> THIS STOCK VS. ARITH. INDEX 1 yr. 10.8 11.0 3 yr. 143.9 39.9 5 yr. 136.9 66.5	
<b>Insider Decisions</b> to Buy A S O N D J F M A to Sell 0 0 0 0 0 0 0 0 0 0 Options 2 0 0 2 3 6 6 3 0 to Sell 3 1 1 0 3 0 1 3 0				<b>Institutional Decisions</b> 3Q2004 4Q2004 1Q2005 to Buy 120 136 134 to Sell 118 122 107 Net's(100) 91550 93784 91249												<b>Percent shares traded</b> 18 12 6	
<b>1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006</b>				<b>© VALUE LINE PUB., INC. 08-10</b>													
<b>17.62 16.66 15.76 20.00 22.79 27.14 26.24 22.86 21.92 21.41 27.42 28.10 22.56 18.58 21.61 24.37 23.25 21.80</b>				<b>Sales per sh 21.80</b>													
<b>2.93 2.28 1.91 3.11 4.01 4.86 3.44 1.84 .94 2.08 4.04 2.56 4.42 .92 3.39 4.85 3.60 2.35</b>				<b>"Cash Flow" per sh 3.65</b>													
<b>1.68 .82 .52 1.63 2.36 3.15 1.59 .07 d.75 .35 2.09 .31 d14.42 d.28 2.12 3.87 2.30 1.40</b>				<b>Earnings per sh A 2.30</b>													
<b>.33 .35 .36 .39 .43 .49 .55 .56 .56 .56 .56 .56 .56 .56 .56 .56 .56 .56</b>				<b>Div'ds Decl'd per sh B .60</b>													
<b>2.28 3.48 1.87 1.85 1.88 2.55 3.35 2.24 1.41 1.14 1.12 2.11 .66 .42 .81 1.28 1.80 1.88</b>				<b>Cap'l Spending per sh 2.25</b>													
<b>10.32 10.84 11.15 12.46 14.26 16.51 15.28 13.13 11.73 11.40 12.98 12.41 10.34 9.62 12.31 15.12 18.25 18.90</b>				<b>Book Value per sh 21.75</b>													
<b>114.03 107.61 107.97 109.22 110.18 111.99 108.35 108.77 109.63 107.27 104.97 104.36 104.58 104.58 106.46 116.94 110.00 110.00</b>				<b>Common Shs Outst g C 110.00</b>													
<b>7.1 14.3 24.4 14.0 14.8 10.9 16.1 NMF -- 57.5 8.8 35.6 -- -- 5.7 6.2</b>				<b>Avg Ann'l P/E Ratio 14.0</b>													
<b>.54 1.08 1.56 .85 .87 .71 1.08 NMF -- 2.99 .50 2.31 -- -- .32 .33</b>				<b>Relative P/E Ratio .95</b>													
<b>2.7% 3.0% 2.9% 1.7% 1.2% 1.4% 2.1% 2.4% 2.7% 2.8% 3.0% 5.1% 2.4% -- -- 1.2%</b>				<b>Avg Ann'l Div'd Yield 1.6%</b>													
<b>CAPITAL STRUCTURE as of 3/31/05</b> Total Debt \$799.3 mill. Due in 5 Yrs \$352.0 mill. LT Debt \$621.3 mill. LT interest \$50.0 mill. (LT Int. earned: 15.1x; Total Int. coverage: 11.8x) (26% of Cap'l)				<b>2843.2 2485.0 2402.5 2297.1 2878.6 2932.8 2359.7 1942.7 2300.2 2849.4 2560 2400</b>													
<b>Leases, Uncapitalized \$6.9 mill.</b>				<b>18.6% 9.0% 4.0% 11.3% 20.1% 11.4% 3.1% 7.3% 25.5% 33.0% 19.5% 20.0%</b>													
<b>Pension Assets-12/04 \$216.0 mill. Oblig. \$258.3 mill.</b>				<b>202.6 191.8 183.9 185.4 202.0 235.5 195.2 131.9 135.0 143.8 140 140</b>													
<b>Pfd Stock None</b>				<b>170.1 7.8 d81.2 38.1 221.9 32.0 d150.8 d36.1 225.4 423.5 255 120</b>													
<b>Common Stock 110,865,122 shs. as of 4/28/05</b>				<b>36.4% 37.1% -- 44.5% 39.4% 38.8% -- -- 43.8% 40.0% 37.5% 37.5%</b>													
<b>MARKET CAP: \$2.8 billion (Mid Cap)</b>				<b>6.0% .3% NMF 1.7% 7.7% 1.1% NMF NMF 9.8% 14.9% 10.0% 5.0%</b>													
<b>CURRENT POSITION (2004 2005 3/31/05)</b>				<b>170.0 234.5 277.5 245.5 198.7 275.9 183.6 218.0 1022.8 1164.1 1240 1320</b>													
<b>Cash Assets 925.9 1152.9 1155.0</b>				<b>201.3 458.6 572.3 459.8 1014.8 1183.8 1152.0 1070.1 1020.7 622.5 525 475</b>													
<b>Receivables 136.1 185.5 185.5</b>				<b>1656.0 1427.6 1286.2 1222.8 1360.0 1295.2 1080.9 1006.0 1310.9 1767.8 2010 2080</b>													
<b>Inventory (LIFO) 183.0 215.7 215.9</b>				<b>9.5% .3% NMF 3.3% 19.3% 2.8% NMF .4% 11.5% 18.8% 11.0% 6.5%</b>													
<b>Other 80.2 50.0 129.9</b>				<b>10.3% .5% NMF 3.1% 18.3% 2.5% NMF NMF 17.2% 24.0% 12.5% 5.5%</b>													
<b>Current Assets 1325.2 1604.1 1686.3</b>				<b>6.8% NMF NMF NMF 12.0% NMF NMF NMF 17.2% 22.1% 10.5% 3.5%</b>													
<b>Accts Payable 122.5 139.5 130.0</b>				<b>34% NMF NMF NMF NMF 27% NMF NMF -- -- 8% 17% 41%</b>													
<b>Debt Due 6.3 178.0 178.0</b>				<b>BUSINESS: Louisiana-Pacific Corp. is the largest manufacturer of oriented strandboard (OSB) in North America. It also produces siding, engineered wood products (EWP), and other composite wood products. 2004 sales breakdown: OSB, 61%; Siding, 19%; EWP, 14%; Other, 6%. Acquired Evans Forest Products, 11/99; Le Groupe Forex, 6/99; ABT Building Products Co., 2/99. 2003</b>													
<b>Other 171.8 122.5 132.9</b>				<b>depreciation rate: 7.1%. Has about 6,500 employees, 16,400 stockholders. Barclays Global Investors own 11.5% of common stock, Mellon Financial Corp., 5.0%; officers &amp; directors, 0.7% (3/05 proxy). CEO: Rick Frost. Chairman: E. Gary Cook. Incorporated: DE. Address.: 414 Union Street, Suite 2000, Nashville, TN 37219. Tel.: 603-621-5100. Internet: www.lpcorp.com.</b>													
<b>Current Liab. 302.6 440.0 440.9</b>				<b>net income to continue its decline. Specifically, share net ought to hit the \$1.10 mark, less than half of our 2005 estimate. The company has attracted the interest of a private equity group. Texas Pacific Group (TPG) announced that it has acquired over 6% of outstanding LPX shares in the past few months, explaining it believed the stock is "significantly undervalued". Furthermore, TPG indicated it may try to influence operations and business strategy. We believe LPX's large cash position, which stood at over \$1.15 billion (\$10.42 a share) at the end of the first quarter, played a role in TPG's interest. It is our view that TPG won't try to take the company private in the near term, but may encourage it to distribute a portion of its large cash position. The company's earnings potential over the 3- to 5-year pull is only modest, due to declining OSB prices and stepped-up competition. Despite LPX's limited growth potential, its cash hoard may prove undervalued and the dividend yield may appeal to income-oriented investors.</b>													
<b>ANNUAL RATES Past 10 Yrs. 5 Yrs. Est'd '02-'04 to '08-'10</b>				<b>Annual Rates (per sh) 10 Yrs. 5 Yrs. Est'd '02-'04 to '08-'10</b>													
<b>Sales -1.0% -2.0% Nil</b>				<b>Sales -1.0% -2.0% Nil</b>													
<b>"Cash Flow" -2.5% 5.5% 3.0%</b>				<b>"Cash Flow" -2.5% 5.5% 3.0%</b>													
<b>Earnings -- -- NMF</b>				<b>Earnings -- -- NMF</b>													
<b>Dividends -- -- NMF</b>				<b>Dividends -- -- NMF</b>													
<b>Book Value -1.5% 0.5% 10.0%</b>				<b>Book Value -1.5% 0.5% 10.0%</b>													
<b>QUARTERLY SALES (\$ mill.)</b>				<b>QUARTERLY SALES (\$ mill.)</b>													
<b>Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year</b>				<b>Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year</b>													
<b>2002 474.5 531.3 505.3 431.6 1942.7</b>				<b>2002 474.5 531.3 505.3 431.6 1942.7</b>													
<b>2003 413.1 478.5 674.8 733.8 2300.2</b>				<b>2003 413.1 478.5 674.8 733.8 2300.2</b>													
<b>2004 695.3 825.3 740.5 588.3 2849.4</b>				<b>2004 695.3 825.3 740.5 588.3 2849.4</b>													
<b>2005 680.0 665 655 560 2560</b>				<b>2005 680.0 665 655 560 2560</b>													
<b>2006 570 620 650 560 2400</b>				<b>2006 570 620 650 560 2400</b>													
<b>EARNINGS PER SHARE A</b>				<b>EARNINGS PER SHARE A</b>													
<b>Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year</b>				<b>Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year</b>													
<b>2002 d.03 .05 d.05 d.25 d.28</b>				<b>2002 d.03 .05 d.05 d.25 d.28</b>													
<b>2003 d.08 .06 1.03 1.11 2.12</b>				<b>2003 d.08 .06 1.03 1.11 2.12</b>													
<b>2004 1.03 1.72 .96 .16 3.87</b>				<b>2004 1.03 1.72 .96 .16 3.87</b>													
<b>2005 .93 .60 .60 .17 2.30</b>				<b>2005 .93 .60 .60 .17 2.30</b>													
<b>2006 .35 .30 .25 .20 1.10</b>				<b>2006 .35 .30 .25 .20 1.10</b>													
<b>QUARTERLY DIVIDENDS PAID B</b>				<b>QUARTERLY DIVIDENDS PAID B</b>													
<b>Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year</b>				<b>Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year</b>													
<b>2001 .14 .05 .05 -- .24</b>				<b>2001 .14 .05 .05 -- .24</b>													
<b>2002 -- -- -- -- --</b>				<b>2002 -- -- -- -- --</b>													
<b>2003 -- -- -- -- --</b>				<b>2003 -- -- -- -- --</b>													
<b>2004 .05 .075 .075 .10 .30</b>				<b>2004 .05 .075 .075 .10 .30</b>													
<b>2005 .10 .125 -- -- --</b>				<b>2005 .10 .125 -- -- --</b>													

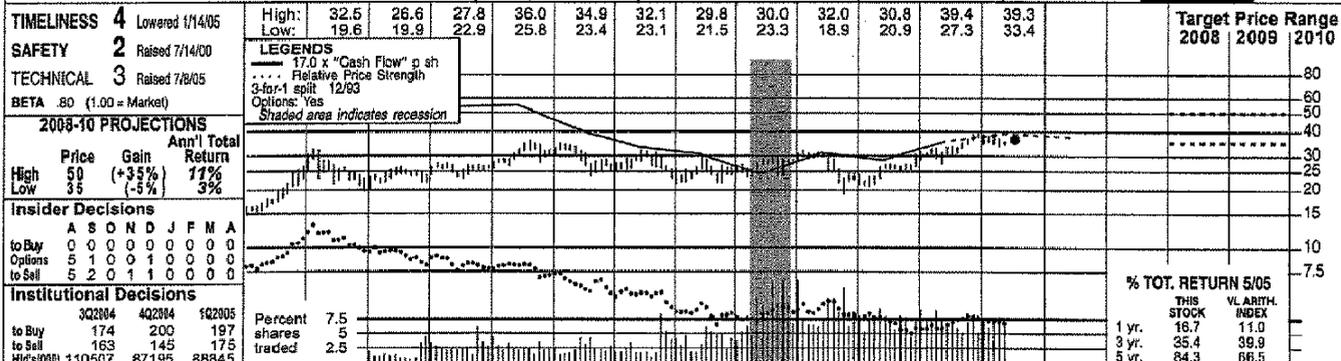
(A) Diluted eps. Basic eps through 1994. Excl. nonrec. gains(losses): '93 (\$1.46); '95 (\$2.07); '96 (\$1.01); '97 (19¢); '98 (33¢); '99 (5¢); '00 (44¢); '01 (21¢); '02 10¢; '03 56¢. Excl. losses on disc. items '02, 35¢; '03, 11¢; '04, 3¢. Next eps rpt. due late July. (B) Dividend reinstated: Feb. '04. Div'd. historically paid in mid-Feb., mid-May, mid-Aug., mid-Sept. (C) In mill., adjusted for stock splits. Includes intangibles. In 2004: \$283.6 mill., \$2.43/sh.

Company's Financial Strength B  
 Stock's Price Stability 35  
 Price Growth Persistence 10  
 Earnings Predictability 5

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# PLUM CREEK TIMBER NYSE-PCL

RECENT PRICE **36.61** P/E RATIO **22.2** (Trailing: 23.3 Median: 20.0) RELATIVE P/E RATIO **1.19** DIV'D YLD **4.2%** VALUE LINE



On July 1, 1999, PCL converted from a Master Limited Partnership (MLP) to a Real Estate Investment Trust (REIT). Each unitholder received one shr. in the REIT for each unit held and the General Partner's interest was converted into 17 million shrs. The conversion resulted in a financial reporting change that includes many of the company's operations (i.e., manufacturing and harvesting) as an unconsolidated subsidiary. Beginning 1/1/01, PCL's operating subsidiaries are consolidated with the REIT.

**CAPITAL STRUCTURE as of 3/31/05**

Total Debt \$1438.0 mill. Due in 5 Yrs \$685.0 mill.  
 LT Debt \$1404.0 mill. LT Interest \$110.0 mill.  
 (LT interest earned: 3.0x; total interest coverage: 2.9x)  
 (38% of Cap'l)

Pension Assets-12/04 \$75.0 mill.  
 Oblig. \$107.0 mill.

Common Stock 183,948,780 shares as of 4/29/05  
**MARKET CAP: \$6.7 billion (Large Cap)**

**CURRENT POSITION** 2003 2004 3/31/05

<b>Cash Assets</b>	260.0	347.0	349.0
<b>Receivables</b>	34.0	40.0	45.0
<b>Inventory (Avg Cst)</b>	54.0	71.0	70.0
<b>Other</b>	57.0	41.0	98.0
<b>Current Assets</b>	405.0	499.0	562.0
<b>Accts Payable</b>	27.0	41.0	29.0
<b>Debt Due</b>	33.0	32.0	32.0
<b>Other</b>	108.0	111.0	117.0
<b>Current Liab.</b>	168.0	184.0	178.0

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 of change (per sh)

Sales	-6.0%	-11.5%	3.5%
"Cash Flow"	-4.5%	-6.0%	6.5%
Earnings	-3.5%	-0.5%	7.5%
Dividends	0.5%	-8.5%	2.5%
Book Value	8.5%	6.0%	1.0%

**QUARTERLY SALES (\$mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	275.0	271.0	310.0	281.0	1137.0
2003	273.0	318.0	290.0	315.0	1196.0
2004	379.0	326.0	363.0	327.0	1395.0
2005	400.0	330	360	355	1445
2006	375	310	335	330	1350

**EARNINGS PER SHARE ^**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.30	.29	.38	.29	1.26
2003	.23	.31	.27	.30	1.11
2004	.48	.28	.42	.31	1.49
2005	.56	.32	.40	.37	1.65
2006	.52	.30	.38	.35	1.55

**QUARTERLY DIVIDENDS PAID ^**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.57	.57	.57	1.14	2.85
2002	--	.57	.57	.35	1.49
2003	.35	.35	.35	.35	1.40
2004	.35	.35	.36	.36	1.42
2005	.36	.35			

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	03-10
Sales per sh	14.41	13.68	15.66	15.10	6.66	3.05	3.25	6.15	6.46	7.51	7.90	7.40		8.35
"Cash Flow" per sh	3.51	3.18	3.24	2.40	1.96	1.81	1.42	1.83	1.69	2.09	2.30	2.20		2.70
Earnings per sh ^	2.17	2.16	1.72	.90	1.35	1.23	1.57	1.26	1.11	1.49	1.65	1.55		2.00
Div'ds Decl'd per sh ^	1.90	2.00	2.20	2.28	2.28	2.28	2.85	1.49	1.40	1.42	1.50	1.52		1.65
Cap'l Spending per sh	.76	.42	.61	1.19	.37	.32	.32	1.35	.45	.38	.50	.50		.40
Book Value per sh	5.76	10.61	10.15	8.75	7.70	7.39	12.22	12.02	11.45	12.06	12.20	12.15		12.40
Common Shs Outst'g ^	40.61	45.32	46.32	46.32	69.21	68.57	183.63	184.86	185.10	185.70	183.00	182.00		180.00
Avg Ann'l P/E Ratio	11.0	11.9	17.9	33.0	20.5	20.1	17.2	21.7	22.7	22.1	Bold figures are Value Line estimates			22.0
Relative P/E Ratio	.74	.75	1.03	1.72	1.17	1.31	.88	1.19	1.29	1.29				1.45
Avg Ann'l Div'd Yield	8.0%	7.8%	7.2%	7.7%	8.2%	9.2%	10.5%	5.4%	5.6%	4.3%				3.8%
Sales (\$mill)	585.1	633.7	725.6	699.4	460.6	209.1	698.0	1137.0	1196.0	1395.0	1445	1350		1500
Operating Margin	36.4%	35.0%	33.6%	30.1%	44.7%	79.5%	45.5%	39.0%	35.4%	31.8%	36.5%	37.0%		39.0%
Depreciation (\$mill)	54.1	56.9	70.2	69.3	59.7	38.9	55.0	105.0	107.0	114.0	115	115		125
Net Profit (\$mill)	110.7	117.9	111.7	75.4	92.8	85.1	206.0	233.0	205.0	273.6	305	280		360
Income Tax Rate	5.9%	1.2%	.1%	.7%	1.1%	--	--	.9%	.9%	.9%	Nil	Nil		Nil
Net Profit Margin ^	18.9%	18.6%	15.4%	10.8%	20.2%	40.7%	34.4%	20.5%	17.1%	19.6%	21.1%	20.7%		24.0%
Working Cap'l (\$mill)	111.5	153.0	158.3	129.6	59.1	14.9	157.0	223.0	237.0	315.0	325	335		400
Long-Term Debt (\$mill)	517.3	763.4	745.0	942.6	643.0	559.8	1647.0	1839.0	2031.0	1853.0	1400	1400		1400
Shr. Equity (\$mill)	233.9	491.6	470.3	405.4	533.0	506.7	2247.0	2222.0	2119.0	2240.0	2235	2210		2230
Return on Total Cap'l	17.9%	11.4%	11.7%	7.8%	10.6%	10.1%	5.7%	7.0%	6.1%	8.0%	10.0%	9.5%		11.5%
Return on Shr. Equity	47.3%	24.0%	23.7%	18.6%	17.4%	16.8%	9.2%	10.5%	9.7%	12.2%	13.3%	13.0%		16.0%
Retained to Com Eq	4.7%	1.6%	NMF	NMF	NMF	NMF	NMF	NMF	NMF	.6%	1.0%	.5%		3.0%
All Div'ds to Net Prof	90%	93%	119%	NMF	NMF	NMF	NMF	NMF	NMF	91%	91%	98%		83%

**BUSINESS:** Plum Creek Timber grows, harvests, and markets timber and logs, and manufactures forest products, such as lumber and plywood. It is the second largest timberland owner in the U.S., with a resource base of approximately 7.8 million acres, located in 19 states. Company is a Real Estate Investment Trust and is subject to minimal corporate taxation. Acquired 865,000 acres from

Champion Int'l., 11/93; 538,000 acres from Riverwood Int'l., 10/96; 905,000 acres from S.D. Warren Co., 11/98. '04 depr. rate: 31.5%. Off/dir. own less than 1% of common (4/05 proxy). Has about 1,990 employees. President and CEO: Rick R. Holley. Incorporated: DE. Address: 999 Third Avenue, Seattle, WA 98104. Telephone: 206-467-3600. internet Address: www.plumcreek.com.

**Plum Creek Timber started 2005 on a strong note.** Earnings in the first quarter advanced by nearly 17% from the same period last year. This improvement was led by good demand and favorable spot market sawlog prices. These conditions were especially robust in the South, which led the company to accelerate its harvests in Louisiana and Oklahoma. Greater-than-expected higher-and-better-use (HBU) real estate sales also helped.

off a few large parcels of this land each year, the company will be dealing away smaller pieces more frequently. Management believes that it can realize a much greater price for small blocks (as much as 50%) versus selling large tracts. So, of the 300,000 acres initially expected to be dealt away in 2005, only 100,000 acres will probably be sold. The remaining acres will be divested over the next few years.

**This business momentum ought to continue through the rest of this year.** We expect log markets to hold firm, especially as concerns over worker shortages in the Northeast and an early fire season in the West should keep log prices elevated. **The going may well get tougher in 2006.** A less robust housing market, due to higher interest and mortgage rates, will likely lessen demand for building materials and, subsequently, Plum Creek's log and lumber products.

**Meanwhile, the company is adding to its timberland portfolio.** While Plum Creek continually seeks to replace its timberlands, in the last several quarters, acquisition activity has slowed due to skyrocketing real estate values. However, the company recently announced the purchase of approximately 56,000 acres of timberland located mainly in the Florida Panhandle. Not surprisingly, Plum Creek paid a premium price (\$1,607 per acre). Still, we like this deal, which is expected to close in several phases over the next 18 months, since Florida is a high productivity and demand area.

**The company is changing its strategy regarding the sale of its nonstrategic timberland assets.** Plum Creek still has about 7.8 million acres set aside to be divested over time. But instead of selling

**Investors seeking income will be attracted to this untimely stock's yield.**  
 Deborah Y. Fung July 8, 2005

(A) Avg. shs. o/s. thru '96; then diluted. Next EPS rpt. due late July. Excl. extra. & n/r gains (loss): '98, (194); '99, 699; '00, 676; '01, \$1.01; '03, (74); '04, 486; '05, 104. (B) Dividends historically paid in early Mar., Jun., Sep., Dec. (C) In mill., adj. for split. (D) Profit margins & rtns. are not comp. to those of other entities under review, since PCL pays minimal taxes. (E) Converted from a MLP to a REIT on 7/1/99. (F) '01 figures are restated to reflect merger with The Timber Company, 10/01.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	65

**To subscribe call 1-800-833-0046.**

# POPE & TALBOT NYSE:POP

RECENT PRICE **10.95** P/E RATIO **73.0** (Trailing: 12.7 Median: NMF) RELATIVE P/E RATIO **3.92** DIV'D YLD **2.9%** VALUE LINE

**TIMELINESS** 3 Lowered 11/5/04  
**SAFETY** 3 New 7/27/90  
**TECHNICAL** 4 Lowered 6/17/05  
**BETA** 1.10 (1.00 = Market)

High: 32.6 17.9 17.6 22.1 16.9 16.3 23.6 16.6 19.1 18.1 20.9 18.5  
 Low: 15.3 12.5 13.2 13.3 7.6 6.1 13.3 10.5 9.5 9.9 14.5 10.4

LEGENDS  
 4.5 x "Cash Flow" p/sh  
 Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession

**2008-10 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 19	+7.5%	17%
Low 13	+2.0%	7%

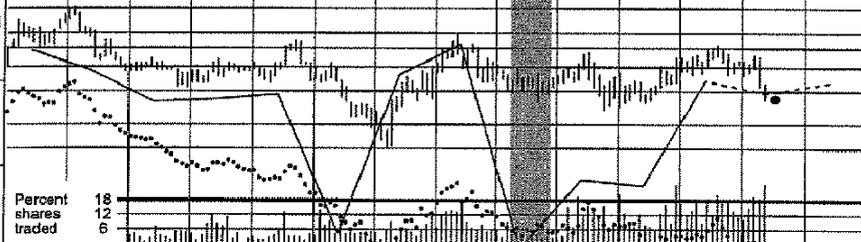
**Insider Decisions**

A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0
Options	4	0	0	0	0	0	0	0
to Sell	4	0	1	0	0	0	0	0

**Institutional Decisions**

to Buy	32204	42204	102495
to Sell	71	50	53
Hld's (000)	12320	53	54
	12515	12595	

Percent shares traded: 18, 16, 12



Target Price Range 2008 2009 2010  
 64  
 48  
 40  
 32  
 24  
 20  
 16  
 12  
 8  
 6

% TOT. RETURN 5/05  
 THIS STOCK VL ARITH INDEX  
 1 yr. -32.7 11.0  
 3 yr. -28.3 39.9  
 5 yr. -33.6 65.5

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	VALUE LINE PUB., INC.	08-10
52.49	48.57	43.31	46.88	53.68	49.38	39.24	33.49	24.47	31.21	33.51	41.86	31.97	34.94	39.14	48.94	50.30	51.20	Sales per sh	55.60
5.56	3.94	2.21	2.35	4.34	3.39	2.34	2.41	2.56	.48	3.25	4.65	.38	.92	.85	3.00	2.80	2.95	"Cash Flow" per sh	4.00
3.09	1.57	d.20	d.09	1.71	.48	d1.03	.06	.33	d1.74	1.05	2.24	d1.88	d1.34	d1.59	.69	.15	.40	Earnings per sh A	1.25
.60	.72	.76	.76	.76	.76	.76	.76	.76	.76	.44	.52	.60	.60	.32	.32	.32	.32	Div'ds Decl'd per sh B	.32
4.42	3.62	3.21	2.78	7.05	4.16	2.08	.54	.97	2.05	1.71	3.65	1.21	1.11	1.19	1.55	2.45	2.45	Cap'l Spending per sh	2.45
16.91	17.83	16.09	14.85	15.73	17.08	14.19	13.71	13.31	11.72	12.81	14.12	11.02	9.20	9.36	10.30	10.25	10.40	Book Value per sh	12.35
11.79	11.58	11.60	11.61	11.72	13.38	13.36	13.36	13.48	13.48	14.53	13.86	15.62	15.64	15.66	16.25	16.30	16.40	Common Shs Outst'g C	18.40
7.7	13.1	--	--	13.8	NMF	--	NMF	--	10.4	7.9	--	--	--	--	25.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	12.5
.58	.97	--	--	.82	NMF	--	NMF	--	.59	.51	--	--	--	--	1.34			Relative P/E Ratio	.80
2.5%	3.5%	5.0%	4.7%	3.2%	3.4%	4.9%	5.0%	4.5%	6.4%	4.0%	2.9%	4.4%	4.3%	2.5%	1.8%			Avg Ann'l Div'd Yield	2.0%

**CAPITAL STRUCTURE as of 3/31/05**  
 Total Debt \$253.3 mill. Due in 5 Yrs \$135.1 mill.  
 LT Debt \$246.6 mill. LT Interest \$17.0 mill.

(Total interest coverage: 1.2x) (60% of Cap'l)

**Pension Assets**-12/04 \$87.3 mill.  
 Oblig. \$115.3 mill.

**Pfd Stock** None

**Common Stock** 16,299,678 shs. as of 3/31/05

**MARKET CAP:** \$175 million (Small Cap)

**CURRENT POSITION (\$MILL)**

	2003	2004	3/31/05
Cash Assets	4.2	7.9	10.0
Receivables	54.2	60.0	71.9
Inventory (FIFO)	100.7	128.5	121.4
Other	20.0	13.8	14.1
Current Assets	179.1	211.2	217.4
Accts Payable	49.4	56.5	41.9
Debt Due	5.1	5.6	6.7
Other	35.2	50.8	54.6
Current Liab.	89.7	122.9	103.2

**ANNUAL RATES of change (per sh)**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Sales	-2.0%	6.5%	5.5%
"Cash Flow"	-7.0%	-5.5%	16.5%
Earnings	--	--	NMF
Dividends	-6.0%	-8.5%	-4.0%
Book Value	-5.0%	-5.5%	3.5%

**QUARTERLY SALES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	125.5	143.9	138.6	138.3	546.3
2003	148.2	140.5	169.0	155.0	612.7
2004	177.3	193.6	199.2	192.6	762.7
2005	207.2	212	215	185.8	820
2006	210	215	220	195	840

**EARNINGS PER SHARE A**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	d.37	.02	d.23	d.76	d1.34
2003	d.49	d.43	d.30	d.37	d1.59
2004	d.21	.58	.48	d.16	.69
2005	d.04	.12	.15	d.08	.15
2006	.05	.17	.20	d.02	.40

**QUARTERLY DIVIDENDS PAID B**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.15	.15	.15	.15	.60
2002	.15	.15	.15	.15	.60
2003	.08	.08	.08	.08	.32
2004	.08	.08	.08	.08	.32
2005	.08	.08	.08	.08	.32

**BUSINESS:** Pope & Talbot, Inc. produces lumber (43.3% of 2004 revenues), bleached kraft pulp and pulp chips (56.7%). Operates three pulp mills (one U.S., two Canadian) and five sawmills (one in the U.S. and four in Canada). Annual manufacturing capacity: pulp, 807,000 metric tons; lumber, 742 mill. board ft. Sold diaper business 2/96; tissue bus. 1/88. '04 depr. rate: 5.1%. The company has

**Pope and Talbot has been experiencing difficult times.** Despite increased year-over-year sales of 17% and the relatively strong pulp and lumber pricings, profits were hurt by a jump in cost of goods to \$207 million. Among the factors influencing the hike were higher-than-average energy costs and the tariffs resulting from a disagreement between the United States and Canada (discussed below). That said, earnings for the first quarter remained in the red, at a loss of \$0.04 a share.

**The U.S.-Canada trade dispute over softwood lumber continues to be a drag.** Following NAFTA's ruling against the U.S. International Trade Commission (ITC) concerning the tariffs imposed on Canadian softwood, the ITC filed an "extraordinary challenge" to an otherwise final decision. The ultimate resolution is unlikely for another couple of years. In the event that the NAFTA panel upholds its previous decision (and consequently deems the ITC's claims as unsubstantiated), Pope and Talbot would recover the amount imposed by the importation duty. For reference, the company

has paid approximately \$94 million since May, 2002. Pope and Talbot recently purchased the Fort St. James Sawmill from Canfor Corporation. The April, 2005 acquisition, for \$37.5 million, included the right to cut 640,000 cubic meters of timber annually, or a 70% self-sufficiency rate, compared to 50% in other facilities. This, however, placed an additional burden on the company's troubled balance sheet, with its 2005 debt-to-total capital estimated at 60%, up from 58% last year.

**This issue is not attractive at this time.** Pope and Talbot's heavy debt burden and exposure to commodity price and softwood tariff swings make this stock a risky holding, despite its decent appreciation potential over the 3- to 5-year term. However, if the import duties were to drop, our projections would likely be considerably higher.

William W. Lee July 8, 2005

**CASH POSITION**

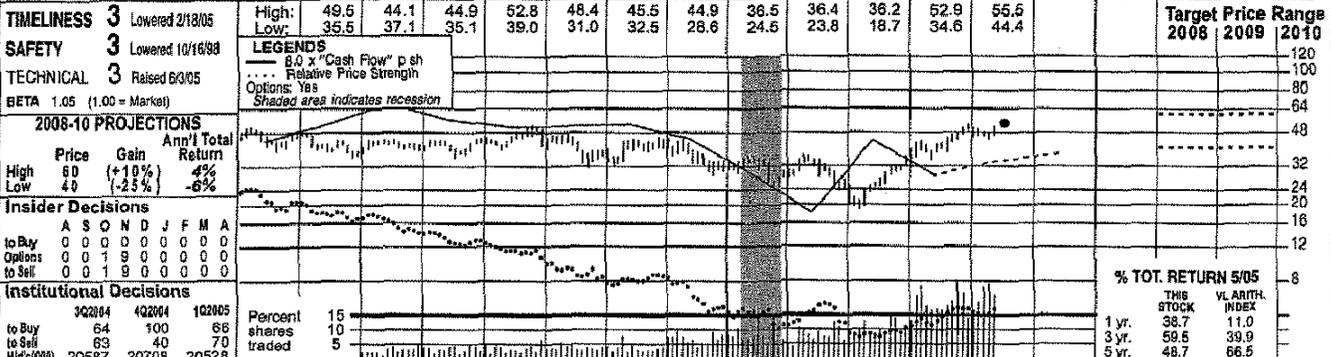
	5-Year Av'g	3/31/05
Current Assets to Current Liabilities:	202%	211%
Cash & Equiv's to Current Liabilities:	16%	10%
Working Capital to Sales:	17%	14%

Company's Financial Strength C++  
 Stock's Price Stability 40  
 Price Growth Persistence 20  
 Earnings Predictability 5

(A) Fully diluted, Excl. nonrecur. gains (losses): '88, 26¢; '90, 4¢; '91, (80¢); '92 (10¢); '93 (4¢). Excl. disc. ops.: '97, 42¢; '98, \$2.00. '04 quarterly earnings do not sum to total due to rounding. Next earnings report due late July.  
 (B) Dividends historically paid in mid-Feb., mid-May, mid-August, and mid-November.  
 (C) In millions.  
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# POTLATCH CORP. NYSE-PCH

RECENT PRICE **53.56** P/E RATIO **35.7** (Trailing: 62.3 Median: NMF) RELATIVE P/E RATIO **1.92** DIVD YLD **1.1%** VALUE LINE



1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	68-10
42.54	43.25	42.61	45.69	46.88	50.34	55.43	63.85	54.11	54.15	57.88	63.81	61.88	45.01	52.03	45.73	49.50	50.00	Sales per sh	53.35
7.42	6.38	5.26	6.02	5.45	6.82	8.48	7.03	6.41	6.48	6.60	5.54	3.67	2.28	5.48	3.58	4.25	4.65	"Cash Flow" per sh	5.35
4.58	3.41	1.92	2.20	1.22	1.89	3.72	2.13	1.24	1.28	1.41	d.17	d2.32	d1.79	1.88	.52	1.50	1.75	Earnings per sh <sup>A</sup>	2.00
1.08	1.23	1.34	1.43	1.52	1.57	1.82	1.68	1.71	1.74	1.74	1.74	1.17	.60	.60	.60	.60	.60	Div'ds Decl'd per sh <sup>B</sup>	.60
4.95	10.98	9.20	5.89	4.72	3.16	5.53	8.02	5.15	4.74	8.20	5.55	1.32	1.81	2.75	1.69	3.15	2.75	Cap'l Spending per sh	2.75
28.74	30.93	31.51	32.91	31.50	31.49	33.23	33.06	32.82	32.19	31.79	28.69	24.98	15.07	16.26	23.22	24.50	25.85	Book Value per sh	29.85
28.86	28.97	28.63	29.03	29.20	29.22	28.96	28.87	28.99	28.92	28.97	28.35	28.31	28.58	28.96	28.92	28.80	29.00	Common Shs Outst <sup>g</sup> c	30.00
7.6	10.4	18.7	20.2	37.1	22.0	11.1	19.2	38.6	31.6	28.2	--	--	--	14.3	NMF	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	24.0
.58	7.7	1.19	1.23	2.19	1.44	.74	1.20	2.11	1.64	1.61	--	--	--	.82	NMF			Relative P/E Ratio	1.60
3.1%	3.5%	3.7%	3.2%	3.4%	3.8%	3.9%	4.1%	3.8%	4.3%	4.4%	4.8%	3.7%	2.0%	2.3%	1.4%			Avg Ann'l Div'd Yield	1.6%

**CAPITAL STRUCTURE as of 3/31/05**  
 Total Debt \$336.5 mil. Due in 5 Yrs \$110.2 mil.  
 LT Debt \$335.3 mil. LT Interest \$28.0 mil.  
 (Estimated LT interest earned: 3.5x; total interest coverage: 3.4x)

**Leases** Uncapitalized Annual Rentals \$12.0 mil. (33% of Capital)

**Preferred Stock** None

**Common Stock** 28,974,039 shares

**MARKET CAP:** \$1.6 billion (Mid Cap)

**CURRENT POSITION (\$MIL.)**

2003	2004	3/31/05	
Cash Assets	47.3	120.6	109.9
Receivables	105.3	103.5	101.5
Inventory (LIFO)	159.7	167.0	177.4
Other	18.3	16.3	15.5
Current Assets	330.6	407.4	404.3
Accts Payable	169.3	47.8	59.0
Debt Due	.5	16.2	11.2
Other	--	88.3	101.4
Current Liab.	169.8	152.3	157.6

**ANNUAL RATES of change (per sh)**

Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04	'08-'10
Sales	--	-3.0%	2.0%
"Cash Flow"	-4.5%	-10.5%	6.0%
Earnings	-19.5%	-31.5%	47.0%
Dividends	-9.0%	-19.0%	N/A
Book Value	-5.5%	-11.0%	8.5%

**QUARTERLY SALES (\$ mil.)**

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	318.2	333.2	324.1	310.7	1286.2
2003	334.8	368.1	400.3	403.4	1506.6
2004	316.6	343.3	370.1	321.5	1351.5
2005	336.2	368.8	380	340	1425
2006	340	375	390	345	1450

**EARNINGS PER SHARE \$**

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	d.53	d.23	d.36	d.67	d1.79
2003	d.30	.24	.77	1.15	1.86
2004	d.21	.24	.82	d.33	.52
2005	.13	.37	.70	.30	1.50
2006	.15	.45	.85	.30	1.75

**QUARTERLY DIVIDENDS PAID \$**

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.435	.435	.15	.15	1.17
2002	.15	.15	.15	.15	.60
2003	.15	.15	.15	.15	.60
2004	.15	.15	.15	.15	.60
2005	.15	.15	.15	.15	.60

**BUSINESS:** Potlatch Corp. is a vertically integrated and diversified forest products company. Engaged in growing and harvesting timber and converting wood fiber into two product lines: wood products and bleached pulp products. Has four operating segments: Resource (8.1% of '04 revenues), Wood Products (32.5%), Pulp and Paperboard (35.7%), and Consumer Products (23.7%). Owns and

**Potlatch remains on track to post solid year-over-year earnings gains this year, though we have tempered our estimates some since April.** The company posted share earnings of \$0.13 in the March quarter versus a \$0.21 loss a year ago. Its wood products business reported good results, but it fell short of last year's levels. Although pricing and the housing markets should remain strong this year, higher log prices will likely offset these benefits. Potlatch's pulp and paperboard unit also did well in quarter, reporting operating income of \$2.9 million versus an operating loss of \$7.8 million last year. Higher paperboard selling prices were the primary driver behind these positive results and were enough to offset the lower volumes. However, it appears as though strong pricing trends will not hold up through the end of the year. All told, we have cut our 2005 share-earnings estimate by \$0.50, to \$1.50.

**Potlatch will probably convert into a real estate investment trust (REIT).** Management indicated that the board of directors is studying the potential for the possible conversion and expects a final de-

manages about 1.5 million acres of timberlands and operates 13 manufacturing facilities. Has 3,700 empls. Off. & dir. own 4.4% of common; Franklin Mutual, 10.0%; T. Rowe Price, 9.6%; Barclays Global, 9.3% (4/05 proxy). Chrmn. & CEO: L. Pendleton Siegel, Inc.: DE. Addr.: 601 W. Riverside Ave., Suite 1100, Spokane, WA 99201. Tel.: 509-835-1500. Web: www.potlatchcorp.com.

**by the end of the third quarter.** The company feels that it has the ability to qualify as a REIT with its current asset mix. Management also stated that a REIT is probably more valuable if it has less operating assets in taxable subsidiaries than otherwise. Therefore, we expect that Potlatch will sell some assets if a good offer comes along, to be afforded a higher multiple. We look for the timing of the conversion to coincide with the beginning of 2006 and anticipate the company will substantially increase the dividend at that time. Our projections will not reflect the conversion until the decision is finalized.

**This equity has surged about 15% since our last report.** The stock has also more than doubled off its early 2003 lows. This price movement seems to discount much of the equity's 3- to 5-year appreciation potential. Indeed, the stock now trades well within our Target Price Range. In addition, we suspect the total-return prospects of a REIT would about equal those of the current format, though more of the return would come from dividend payouts.

*Erik A. Antonson* July 8, 2005

(A) Diluted earnings. Excludes net nonrecurring and discontinued: '92, \$1.09; '93, d\$1.20; '94, d\$1.1; '96, d12; '98, d16; '00, d98; '01, d49; '02, d\$6.44; '03, d2; '04, \$8.67. Next earnings report due late July.

(B) Dividends historically paid in early March, June, September, and December. \* Dividend reinvestment plan available. In 2004, a special one-time dividend of \$2.50 a share was declared on October 25th and paid on November 29th.

(C) In millions.

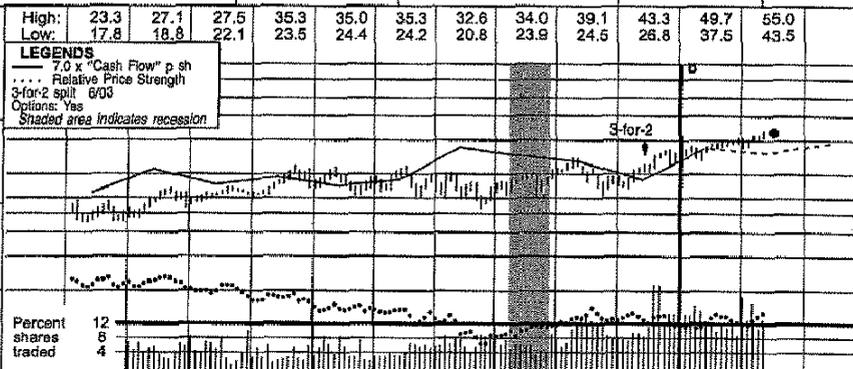
Company's Financial Strength B  
 Stock's Price Stability 85  
 Price Growth Persistence 10  
 Earnings Predictability 5

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# RAYONIER INC. NYSE:RYN

RECENT PRICE **53.08** P/E RATIO **22.1** (Trailing: 25.6 Median: 17.0) RELATIVE P/E RATIO **1.19** DIV'D YLD **5.0%** VALUE LINE

**TIMELINESS** 4 Lowered 2/4/05  
**SAFETY** 3 New 8/18/95  
**TECHNICAL** 3 Raised 7/1/05  
**BETA** 1.00 (1.00 = Market)



High	Low	23.3	27.1	27.5	35.3	35.0	35.3	32.6	34.0	39.1	43.3	49.7	55.0
23.3	18.8	27.1	27.5	35.3	35.0	35.3	32.6	34.0	39.1	43.3	49.7	55.0	
18.8	18.8	22.1	23.5	23.5	24.4	24.4	20.8	23.9	24.5	26.8	37.5	43.5	

**2008-10 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 63	+6.0%	16%
Low 55	+5%	6%

**Insider Decisions**

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	2	1	0	3	1	3	0	0	0
to Sell	2	1	0	3	2	0	0	0	0

**Institutional Decisions**

	3Q2004	4Q2004	1Q2005
to Buy	103	114	119
to Sell	74	74	85
Holds(%)	33586	32964	31984

Percent shares traded: 12.8

Rayonier's origins can be traced to the founding of Rainier Pulp and Paper Company in Shelton, WA, in 1926. With the consolidation of several pulp companies in 1937, the company became Rayonier Incorporated. In 1968, Rayonier became a wholly owned subsidiary of ITT Corporation and in February of 1994 again became an independent company when ITT distributed all of the common shares to stockholders.

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
28.34	26.82	26.03	24.21	25.20	30.18	28.40	26.87	22.46	24.15	25.55	28.00
4.83	4.00	4.40	3.95	4.23	6.27	5.71	5.29	4.24	6.22	5.90	6.60
2.85	1.75	1.98	1.48	1.63	1.88	1.39	1.28	1.16	3.08	2.40	2.75
.67	.77	.80	.83	.86	.96	.96	.96	1.05	2.24	2.48	2.60
3.13	3.99	3.42	2.14	2.24	2.17	1.88	1.84	1.74	1.79	2.00	2.00
17.30	14.19	14.91	15.34	15.88	16.73	17.28	17.07	14.51	15.94	16.00	16.30
44.48	43.82	42.43	41.65	41.11	40.66	41.02	41.58	49.02	49.98	50.00	50.00
8.7	14.3	14.6	19.7	18.1	14.2	20.9	25.3	30.0	14.3	Bold figures are Value Line estimates	
.58	.90	.84	1.02	1.03	.92	1.07	1.38	1.71	.76		
2.9%	3.1%	2.8%	2.8%	2.9%	3.6%	3.3%	3.0%	3.0%	5.1%		

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1280.5	1178.0	1104.2	1008.6	1035.9	1226.9	1164.9	1117.4	1100.9	1207.0	1275	1400
25.7%	32.2%	23.4%	22.0%	22.6%	31.0%	27.7%	28.2%	22.9%	26.2%	24.5%	25.0%
96.0	96.9	99.3	101.1	105.4	176.9	177.1	165.7	157.9	153.8	175	190
118.7	78.8	87.3	83.6	68.7	78.2	56.9	54.2	50.0	156.9	120	140
31.5%	29.1%	27.8%	29.4%	30.0%	28.0%	30.5%	22.4%	10.4%	NMF	30.0%	30.0%
9.4%	6.7%	7.9%	6.3%	6.6%	6.4%	4.9%	4.8%	4.5%	13.0%	9.4%	10.0%
185.9	128.8	104.0	109.0	77.7	74.8	82.2	57.1	97.3	58.2	100	100
446.7	430.7	421.3	485.9	1132.9	970.4	842.2	649.6	614.9	610.3	600	600
769.4	623.4	632.7	639.0	662.9	680.1	708.8	709.7	711.1	796.4	800	815
11.1%	8.7%	9.5%	7.1%	5.0%	7.2%	5.8%	6.2%	5.5%	12.8%	8.5%	10.0%
15.4%	12.6%	13.8%	10.0%	10.5%	11.5%	8.0%	7.6%	7.0%	19.7%	15.0%	17.0%
11.8%	7.2%	8.3%	4.5%	5.1%	5.7%	2.5%	2.0%	.8%	5.7%	N/A	1.0%
25%	43%	40%	55%	52%	50%	69%	74%	89%	71%	103%	95%

**CAPITAL STRUCTURE as of 3/31/05**  
 Total Debt \$681.4 mill. Due in 5 Yrs \$400.0 mill.  
 LT Debt \$607.8 mill. LT Interest \$45.0 mill.  
 (Total interest coverage: 3.5x) (43% of Cap'l)

**Leases, Uncapitalized Annual rentals \$4.1 mill.**  
**Pension Assets-12/04 \$169 mill. Oblig. \$216 mill.**  
**Pfd Stock None**  
**Common Stock 50,257,168 shs.**

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
28.34	26.82	26.03	24.21	25.20	30.18	28.40	26.87	22.46	24.15	25.55	28.00
4.83	4.00	4.40	3.95	4.23	6.27	5.71	5.29	4.24	6.22	5.90	6.60
2.85	1.75	1.98	1.48	1.63	1.88	1.39	1.28	1.16	3.08	2.40	2.75
.67	.77	.80	.83	.86	.96	.96	.96	1.05	2.24	2.48	2.60
3.13	3.99	3.42	2.14	2.24	2.17	1.88	1.84	1.74	1.79	2.00	2.00
17.30	14.19	14.91	15.34	15.88	16.73	17.28	17.07	14.51	15.94	16.00	16.30
44.48	43.82	42.43	41.65	41.11	40.66	41.02	41.58	49.02	49.98	50.00	50.00
8.7	14.3	14.6	19.7	18.1	14.2	20.9	25.3	30.0	14.3	Bold figures are Value Line estimates	
.58	.90	.84	1.02	1.03	.92	1.07	1.38	1.71	.76		
2.9%	3.1%	2.8%	2.8%	2.9%	3.6%	3.3%	3.0%	3.0%	5.1%		

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1280.5	1178.0	1104.2	1008.6	1035.9	1226.9	1164.9	1117.4	1100.9	1207.0	1275	1400
25.7%	32.2%	23.4%	22.0%	22.6%	31.0%	27.7%	28.2%	22.9%	26.2%	24.5%	25.0%
96.0	96.9	99.3	101.1	105.4	176.9	177.1	165.7	157.9	153.8	175	190
118.7	78.8	87.3	83.6	68.7	78.2	56.9	54.2	50.0	156.9	120	140
31.5%	29.1%	27.8%	29.4%	30.0%	28.0%	30.5%	22.4%	10.4%	NMF	30.0%	30.0%
9.4%	6.7%	7.9%	6.3%	6.6%	6.4%	4.9%	4.8%	4.5%	13.0%	9.4%	10.0%
185.9	128.8	104.0	109.0	77.7	74.8	82.2	57.1	97.3	58.2	100	100
446.7	430.7	421.3	485.9	1132.9	970.4	842.2	649.6	614.9	610.3	600	600
769.4	623.4	632.7	639.0	662.9	680.1	708.8	709.7	711.1	796.4	800	815
11.1%	8.7%	9.5%	7.1%	5.0%	7.2%	5.8%	6.2%	5.5%	12.8%	8.5%	10.0%
15.4%	12.6%	13.8%	10.0%	10.5%	11.5%	8.0%	7.6%	7.0%	19.7%	15.0%	17.0%
11.8%	7.2%	8.3%	4.5%	5.1%	5.7%	2.5%	2.0%	.8%	5.7%	N/A	1.0%
25%	43%	40%	55%	52%	50%	69%	74%	89%	71%	103%	95%

**MARKET CAP: \$2.7 billion (Mid Cap)**

**CURRENT POSITION (SMALL)**

	2003	2004	3/31/05
Cash Assets	21.4	84.1	96.2
Receivables	91.4	91.5	93.0
Inventory (FIFO)	94.9	90.9	89.3
Other	36.9	34.2	32.2
Current Assets	244.6	300.7	310.7
Accts Payable	65.3	76.3	73.2
Debt Due	3.5	48.6	53.6
Other	78.5	117.6	114.2
Current Liab.	147.3	242.5	241.0

**BUSINESS:** Rayonier Inc. became a REIT in 1/04; formerly a leading international forest products company engaged in the trading, merchandising and manufacturing of logs, timber and wood products (52% of '04 sales), and in the production and sale of chemical, fluff and specialty paper pulps (48%). The company manages 2.2 million acres of timberland in the U.S. and New Zealand. It operates

two pulp mills and three lumber manufacturing facilities in the U.S. 38% of '04 sales were exports, primarily to Asia Pacific (18%) and Western Europe (11%). Has about 2,100 emp.; 12,825 stockholders. Off. & dir. own about 1% of common stock ('04-'10K). Chrmn., Pres. & CEO: W.L. Nutter, Inc.: NC. Addr.: 50 North Laura Street, Jacksonville, FL 32202. Tel.: 904-357-9100. Web: www.rayonier.com.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 of change (per sh)

Sales	1.0%	-5%	6.0%
"Cash Flow"	5.5%	4.5%	7.0%
Earnings	4.5%	1.5%	9.0%
Dividends	11.5%	18.0%	
Book Value	1.0%	.5%	4.0%

**Rayonier is forming a new real estate subsidiary to maximize the value of its timberland.** Due to demographic shifts in Florida and Georgia, a large portion of the company's timberland holdings have significantly higher value for development, recreation, or conversion than for growing timber. RYN's timberland properties in the coastal counties along Interstate 95 between Savannah, Georgia, and Daytona Beach, Florida are particularly well suited for higher and better use (HBU). The company owns roughly 200,000 acres through this stretch of land. The new real estate enterprise, named TerraPointe, will evaluate RYN's timberlands and plan and execute near-term and long-term sales of HBU properties. Real estate sales have already made a sizable contribution to the company's earnings and cash flow in recent years, and the new real estate subsidiary has been put in place to maximize the value of the timberland holdings. Rayonier is currently the seventh-largest private timberland owner in the U.S., with around two million acres in Florida, Georgia, Alabama, and Washington.

**In the meantime, the company's earnings will likely continue to retreat in 2005.** Rayonier's share net more than doubled last year, mainly due to strong timber and land sales and the tax benefit of its REIT conversion. But the company's decision to hold some properties off the market in anticipation of higher values over the next few years is hurting comparisons in 2005. On the bright side, lumber prices remain firm and demand for timber continues to rise in the Northwest. The company has also been able to implement a number of price increases for its cellulose specialty products this year. Nevertheless, we still look for a 20%-25% share-net decline in 2005.

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	268.7	269.3	293.1	286.3	1117.4
2003	265.9	295.9	267.6	271.5	1100.9
2004	293.7	336.9	278.9	297.5	1207.0
2005	288.4	338.6	325	325	1275
2006	325	375	350	350	1400

**The company's conversion to a real estate investment trust (REIT) is working out quite nicely.** In addition to shareholders receiving much higher cash distributions, RYN has been able to obtain more favorable equity financing for timberland. These shares are not timely for the year ahead. But the equity's 3- to 5-year total-return potential is attractive.

**The company's conversion to a real estate investment trust (REIT) is working out quite nicely.** In addition to shareholders receiving much higher cash distributions, RYN has been able to obtain more favorable equity financing for timberland. These shares are not timely for the year ahead. But the equity's 3- to 5-year total-return potential is attractive.

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.22	.38	.37	.31	1.28
2003	.19	.74	.19	.04	1.16
2004	1.49	.86	.47	.26	3.08
2005	.67	.73	.55	.45	2.40
2006	.70	.85	.65	.55	2.75

**These shares are not timely for the year ahead.** But the equity's 3- to 5-year total-return potential is attractive.

**These shares are not timely for the year ahead.** But the equity's 3- to 5-year total-return potential is attractive.

(A) Diluted earnings. Excl. non-recurring gain (losses): '92, (\$3.09); '95, \$0.53; '96, (\$3.94). Next earnings report due late July.  
 (B) Dividends historically paid late March.  
 (C) Special cash dividend of \$61 million, \$1.44 a share, paid December 19, 2003 for REIT conversion.  
 (D) Became REIT in 1/04.  
 \* Dividend reinvestment plan available.

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.24	.24	.24	.24	.96
2002	.24	.24	.24	.24	.96
2003	.24	.27	.27	.27	1.05
2004	.56	.56	.56	.56	2.24
2005	.62	.62			

Company's Financial Strength	B+
Stock's Price Stability	B0
Price Growth Persistence	55
Earnings Predictability	55

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# TEMPLE-INLAND NYSE-TIN

RECENT PRICE **37.50** P/E RATIO **16.0** (Trailing: 28.4 Median: 23.0) RELATIVE P/E RATIO **0.86** DIV'D YLD **2.4%** VALUE LINE

<b>TIMELINESS</b> 3 Raised 5/7/04	High: 28.4, 27.9, 27.7, 34.7, 33.6, 38.8, 33.8, 31.1, 30.0, 31.4, 35.0, 42.4	Low: 21.5, 20.8, 19.9, 24.8, 21.3, 26.8, 17.3, 20.2, 16.3, 18.4, 28.6, 31.6	Target Price Range 2008 2009 2010																																								
<b>SAFETY</b> 3 New 7/27/90	<b>LEGENDS</b> - - - - - 6.0 x "Cash Flow" p sh . . . . . Relative Price Strength 2 for 1 split 4/05 Outlines Yes Shaded area indicates recession																																										
<b>TECHNICAL</b> 2 Raised 6/17/05																																											
BETA 1.25 (1.00 = Market)	2008-10 PROJECTIONS Price Gain Return High 45 (+20%) 7% Low 36 (-20%) -3%																																										
<b>Insider Decisions</b>	<table border="1"> <tr><th></th><th>A</th><th>S</th><th>O</th><th>N</th><th>D</th><th>J</th><th>F</th><th>M</th><th>A</th></tr> <tr><td>To Buy</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>To Sell</td><td>1</td><td>0</td><td>0</td><td>0</td><td>1</td><td>0</td><td>2</td><td>0</td><td>0</td></tr> <tr><td>To Sell</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td></tr> </table>				A	S	O	N	D	J	F	M	A	To Buy	0	0	0	0	0	0	0	0	0	To Sell	1	0	0	0	1	0	2	0	0	To Sell	0	1	0	0	0	1	0	0	0
	A	S	O	N	D	J	F	M	A																																		
To Buy	0	0	0	0	0	0	0	0	0																																		
To Sell	1	0	0	0	1	0	2	0	0																																		
To Sell	0	1	0	0	0	1	0	0	0																																		
<b>Institutional Decisions</b>	<table border="1"> <tr><th></th><th>3Q2004</th><th>4Q2004</th><th>1Q2005</th></tr> <tr><td>To Buy</td><td>124</td><td>140</td><td>153</td></tr> <tr><td>To Sell</td><td>99</td><td>120</td><td>129</td></tr> <tr><td>Holds</td><td>90274</td><td>91458</td><td>97404</td></tr> </table>				3Q2004	4Q2004	1Q2005	To Buy	124	140	153	To Sell	99	120	129	Holds	90274	91458	97404																								
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Holds	90274	91458	97404																																								

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	VALUE LINE PUB., INC.	88-10
17.27	17.33	17.28	18.78	18.93	20.58	24.22	23.85	23.79	23.65	23.67	29.65	28.44	31.35	32.06	33.04	37.75	38.65	Sales per sh A E	50.00
3.04	3.41	2.70	2.85	2.33	2.96	4.39	3.40	2.72	2.96	3.61	4.00	2.95	2.55	3.05	3.43	4.65	3.75	"Cash Flow" per sh	5.75
1.88	2.10	1.26	1.33	.61	1.18	2.51	1.20	.45	.61	1.72	1.92	1.11	.51	.89	1.44	1.25	1.25	Earnings per sh B	2.50
.29	.40	.44	.48	.50	.51	.57	.62	.64	.64	.64	.64	.64	.64	.68	1.22	.90	.90	Div'ds Decl'd per sh C	1.00
2.37	2.96	3.44	3.25	3.19	4.31	3.47	2.48	2.07	1.57	1.64	2.27	1.86	1.04	1.15	1.99	2.00	2.20	Cap'l Spending per sh	2.50
11.48	13.18	13.95	14.77	15.32	15.91	17.74	18.17	18.16	17.97	17.77	18.64	19.21	18.11	18.02	18.65	20.20	20.55	Book Value per sh	28.50
109.70	109.18	109.83	110.50	110.96	112.04	111.32	110.90	112.64	111.21	108.42	98.35	98.72	107.51	109.19	112.19	110.00	110.00	Common Shs Outst'g D	100.00
7.8	7.5	17.0	19.0	37.7	21.1	9.5	20.3	NMF	45.6	18.8	12.5	23.6	50.0	26.9	22.3	Bold figures are Value Line estimates	Avg Ann'l P/E Ratio	15.0	
.59	.58	1.09	1.15	2.23	1.38	.64	1.27	NMF	2.37	1.07	.81	1.21	2.73	1.53	1.19		Relative P/E Ratio	1.00	
2.0%	2.5%	2.1%	1.9%	2.2%	2.1%	2.4%	2.6%	2.2%	2.3%	2.0%	2.7%	2.4%	2.5%	2.9%	3.8%		Avg Ann'l Div'd Yield	2.4%	

CAPITAL STRUCTURE as of 4/2/05 E		2896.2	2644.9	2680.2	2630.6	2566.0	2917.0	2808.0	3374.0	3501.0	3707.0	4160	4250	Sales (\$mill) A E	5000				
Total Debt \$1585.0 mill. Due in 5 Yrs \$925 mill. LT Debt \$1582.0 mill. LT Interest \$132 mill.		22.6%	16.7%	12.0%	14.4%	17.4%	14.5%	9.7%	9.3%	6.7%	11.4%	16.0%	10.0%	Operating Margin E	73.0%				
Pension Assets -12/04 \$882 mill. Oblig. \$1.14 bill. (43% of Cap'l)		208.0	244.0	255.2	261.0	200.0	198.0	182.0	221.0	238.0	223.0	250	275	Depreciation (\$mill)	325				
Pfd Stock None		281.0	132.8	50.8	67.7	191.0	195.0	109.0	53.0	66.0	162.0	260	140	Net Profit (\$mill)	250				
Common Stock 111,922,484 shs.		34.8%	14.8%	46.5%	45.6%	37.6%	39.1%	37.7%	44.2%	44.2%	30.5%	40.0%	40.0%	Income Tax Rate	45.0%				
MARKET CAP: \$4.2 billion (Mid Cap)		10.4%	5.0%	1.9%	2.6%	7.4%	6.7%	3.9%	1.6%	2.7%	4.4%	6.3%	3.3%	Net Profit Margin	5.0%				
CURRENT POSITION F 2003 2004 4/2/05		316.0	330.0	337.0	322.0	301.0	297.0	275.0	275.0	271.0	400.0	350	425	Working Cap'l (\$mill) E	600				
Cash Assets	20	9	8	1489.0	1521.5	1438.1	1582.9	1253.0	1381.0	1339.0	1883.0	1611.0	1485.0	1700	1700	Long-Term Debt (\$mill) E	1750		
Receivables	359	404	469	1975.0	2015.0	2045.0	1998.0	1927.0	1833.0	1896.0	1949.0	1988.0	2092.0	2220	2260	Shr. Equity (\$mill)	2850		
Inventory F	330	402	433	9.7%	5.2%	3.0%	3.4%	7.5%	7.7%	4.9%	3.1%	4.5%	6.2%	6.5%	3.5%	Return on Total Cap'l	5.5%		
Other	69	98	78	14.2%	6.6%	2.5%	3.4%	9.9%	10.6%	5.7%	2.7%	4.9%	7.7%	11.5%	6.0%	Return on Shr. Equity	9.0%		
Current Assets	778	913	988	11.0%	3.2%	NMF	NMF	6.2%	7.1%	2.4%	NMF	1.2%	1.2%	6.5%	1.5%	Retained to Com Eq	5.5%		
Accts Payable	218	220	215	23%	52%	NMF	105%	37%	33%	56%	NMF	76%	84%	38%	7%	All Div'ds to Net Prof	40%		
Debt Due	4	3	3	<b>BUSINESS:</b> Temple-Inland Inc. owns or leases 2.0 million acres of timberland in Texas, Louisiana, Georgia, and Alabama. Operates five linerboard mills, one corrugating medium mill, 72 converting and other facilities, five lumber mills, and 14 building product plants. '04 production: 3.7 mill. tons corrugated packaging, 926 mill. bd. ft. lumber, 600 mill. sq. ft. particleboard. Financial services include S&Ls, mortgage banking, real estate devel. and insurance. Acquired Gaylord Container, 4/02. Discontinued bleached paperboard operations, 10/99. Has 16,000 employees and 5,000 stockholders. Off. and dir. own 4.7% of stock (3/05 proxy). CEO: Kenny Jastrow. Inc.: DE. Address: 1300 MoPac Expressway South, Austin, TX 78746. Telephone: 512-434-5800. Internet: www.templeinland.com															
Other	285	290	293	<b>Temple-Inland's earnings momentum may slow in the second half of 2005.</b> Demand for corrugated boxes has weakened significantly of late. Average selling prices for containerboard are currently hovering around \$435 per ton, down 3% from April. Although containerboard prices are still running around 9% higher than last summer, further price cuts for the grade may be looming before the end of the third quarter. Several major containerboard manufacturers, including TIN, did not modify their production schedule earlier this year to reflect slowing market conditions results. As a result, containerboard inventories at box plants have risen to very high levels. Containerboard mills scaled back their production to 90.7% of capacity in April, down from 94.6% in March. May and June production levels were likely ratcheted down even further. Nevertheless, these corrective measures may not prevent further price erosion for containerboard. Despite improving economic conditions, box shipments have declined by roughly 1.2% so far this year, and we do not anticipate much improvement in the near term.															
Current Liab.	507	513	511	<b>Cost reduction and improved efficiency remain top priorities.</b> The company continues to phase out or close its older, high-cost capacity. Temple is currently in the process of closing its Antioch, California converting facility, the eighth box plant closed over the past two years. Despite the closures, TIN shipped 6% more boxes in 2004, versus the prior year. Moreover, the company's box shipments have outpaced the industry for seven consecutive quarters. Temple's high degree of integration allows it to run its containerboard mills at full capacity. Moreover, Temple has expanded its cost-cutting endeavors beyond its core packaging segment. The company completed the repositioning of its mortgage business in the fourth quarter of 2004, selling off its third-party mortgage servicing portfolio and eliminating 1,500 positions. <b>These shares are an average selection for the year ahead.</b> But the stock's 3- to 5-year appreciation potential is not attractive, reflecting the volatile demand for packaging and building materials and the resulting wide earnings swings. <i>Perry H. Roth July 8, 2005</i>															

Cal-endar	QUARTERLY SALES (\$mill) A E				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Year
2002	747	921	874	832	3374
2003	847	877	878	899	3501
2004	893	940	955	919	3707
2005	967	1033	1050	1000	4150
2006	1000	1100	1100	1050	4250

Cal-endar	EARNINGS PER SHARE A B				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Year
2002	.05	.14	.14	.18	.51
2003	0.16	1.43	0.03	0.35	.89
2004	.12	.49	.36	.47	1.44
2005	.52	.73	.65	.45	2.35
2006	.40	.40	.30	.15	1.25

Cal-endar	QUARTERLY DIVIDENDS PAID C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	Year
2001	.16	.16	.16	.16	.64
2002	.16	.16	.16	.16	.64
2003	.17	.17	.17	.17	.68
2004	.18	.18	.18	.18	.72
2005	.225	.225			

(A) Fiscal year ends last Saturday in December. Interim periods end on 13th Saturday.  
 (B) Diluted earnings. Excludes nonrecurring losses: '98, '99. Discontinued operations loss: '99.  
 (C) \$1.65. Next earnings report due late July.  
 (D) Dividend reinvestment plan available.  
 (E) Includes financial service subsidiaries.  
 (F) Mostly FIFO.

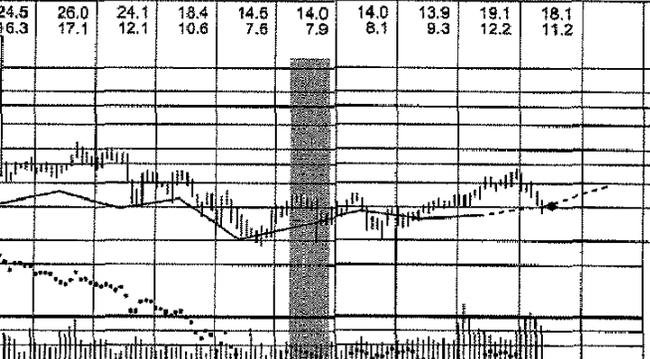
Company's Financial Strength	B+
Stock's Price Stability	70
Price Growth Persistence	35
Earnings Predictability	40

# WAUSAU PAPER NYSE:WPP

RECENT PRICE **12.29** P/E RATIO **27.3** (Trailing: 33.2; Median: 27.0) RELATIVE P/E RATIO **1.47** DIV'D YLD **2.8%** VALUE LINE

**TIMELINESS** 5 Lowered 6/24/05  
**SAFETY** 3 New 7/27/90  
**TECHNICAL** 4 Lowered 6/3/05  
**BETA** 1.10 (1.00 = Market)

High: 25.6 22.8 24.5 26.0 24.1 18.4 14.6 14.0 14.0 13.9 19.1 18.1  
 Low: 15.8 16.2 16.3 17.1 12.1 10.6 7.6 7.9 8.1 9.3 12.2 11.2



Target Price Range  
 2008 2009 2010  
 64  
 48  
 40  
 32  
 24  
 20  
 16  
 12  
 8  
 6

**2008-10 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 30 (+145%) 27%  
 Low 19 (+55%) 14%

**LEGENDS**  
 7.0% Cash Flow p sh  
 Relative Price Strength  
 2-for-1 split 1/92  
 4-for-3 split 1/93  
 4-for-3 split 1/94  
 10% Div 12/94  
 5-for-4 split 1/96  
 Options: No  
 Shaded area indicates recession

**Insider Decisions**  
 A S O N D J F M A  
 to Buy 0 0 0 0 0 0 0 0  
 to Sell 0 0 1 0 0 1 0 0  
 to Buy 0 0 0 0 0 0 0 0

**Institutional Decisions**  
 3Q2004 4Q2004 1Q2005  
 to Buy 63 63 62  
 to Sell 39 46 52  
 Net Buy 24 17 10  
 Percent shares traded 9 9 9

**3Q2004 4Q2004 1Q2005**  
 to Buy 63 63 62  
 to Sell 39 46 52  
 Net Buy 24 17 10

Percent shares traded 9 9 9

**1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006**

**1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006**

**1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006**

**% TOT. RETURN 5/06**  
 THIS STOCK VL ARITH. INDEX  
 1 yr. -16.3 11.0  
 3 yr. 1.1 39.9  
 5 yr. 44.0 66.5

8.60	9.18	9.46	10.02	10.30	11.55	13.28	14.66	15.62	17.65	18.37	18.57	18.32	18.41	18.84	20.13	22.55	25.00
.78	.69	1.18	1.45	1.45	1.62	1.32	1.76	2.07	1.69	1.89	1.16	1.37	1.62	1.49	1.55	1.75	2.20
.57	.38	.82	1.08	1.04	1.13	.85	1.12	1.34	.73	.81	.01	.19	.45	.31	.39	.45	.80
.09	.11	.12	.14	.15	.17	.20	.22	.25	.28	.32	.33	.34	.34	.34	.34	.34	.36
1.48	1.23	.67	.81	1.38	1.14	1.66	1.68	1.01	1.44	1.57	1.89	.58	.37	.47	.57	.65	.65
2.50	2.82	3.51	4.48	4.94	5.82	6.09	7.25	8.31	7.40	7.66	7.34	7.08	6.91	6.79	6.91	7.15	7.60
36.89	37.03	37.03	37.04	37.07	36.93	36.84	36.51	36.52	53.81	51.42	51.28	51.51	51.54	51.56	51.70	51.00	50.00
9.1	16.0	10.4	15.4	17.0	18.0	20.9	18.7	14.3	26.1	18.5	NMF	62.4	25.1	37.4	39.2	39.2	39.2
.69	1.19	.66	.93	1.00	1.18	1.40	1.17	.82	1.36	1.05	NMF	3.20	1.37	2.13	2.09	2.09	2.09
1.7%	1.9%	1.4%	.8%	.9%	.9%	1.1%	1.0%	1.3%	1.5%	2.1%	3.2%	2.9%	3.0%	2.9%	2.2%	2.2%	2.2%

14.1%	17.1%	19.0%	17.4%	14.3%	10.5%	10.5%	9.7%	11.4%	9.9%	9.8%	10.0%	11.4%	9.9%	9.9%	12.0%	12.0%	12.0%
19.9	23.1	28.6	49.8	55.0	58.9	60.9	60.8	60.8	60.0	65.0	70.0	70.0	60.8	60.0	65.0	70.0	70.0
31.3	41.2	48.9	40.8	42.4	7	9.7	23.1	15.9	20.4	23.0	40.0	40.0	23.0	20.4	23.0	40.0	40.0
38.5%	38.3%	37.8%	38.0%	37.6%	36.9%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%
6.1%	7.6%	8.6%	4.3%	4.5%	1%	1.0%	2.4%	1.6%	2.0%	2.0%	3.4%	3.4%	1.6%	2.0%	2.0%	3.4%	3.4%
67.2	60.1	67.1	81.4	140.8	138.6	101.7	118.4	136.4	139.5	150	175	175	136.4	139.5	150	175	175
68.6	53.1	83.5	127.0	220.5	250.5	192.3	162.8	162.2	161.8	200	200	200	162.2	161.8	200	200	200
236.7	264.7	303.6	396.6	393.8	376.5	364.9	355.9	350.3	357.1	365	380	380	350.3	357.1	365	380	380
10.6%	13.4%	13.1%	8.5%	7.9%	1.3%	2.9%	5.4%	4.1%	4.9%	4.0%	7.0%	7.0%	4.1%	4.9%	4.0%	7.0%	7.0%
13.2%	15.6%	16.1%	10.3%	10.3%	2%	2.6%	6.5%	4.5%	5.7%	6.5%	10.0%	10.0%	4.5%	5.7%	6.5%	10.0%	10.0%
10.2%	12.6%	13.2%	6.4%	6.6%	NMF	NMF	1.6%	NMF	8%	1.5%	6.0%	6.0%	NMF	8%	1.5%	6.0%	6.0%
23%	19%	18%	38%	38%	NMF	NMF	76%	110%	86%	76%	43%	43%	110%	86%	76%	43%	43%

1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110
38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%
7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
550	550	550	550	550	550	550	550	550	550	550	550	550	550	550	550	550	550
15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%

**VALUE LINE PUB., INC.** 08-10  
 Sales per sh <sup>A</sup> 27.25  
 "Cash Flow" per sh 3.65  
 Earnings per sh <sup>B</sup> 2.00  
 Div'ds Decl'd per sh <sup>C</sup> .45  
 Book Value per sh 10.00  
 Common Shs Outst'g <sup>D</sup> 55.00  
 Avg Ann'l P/E Ratio 12.0  
 Relative P/E Ratio .80  
 Avg Ann'l Div'd Yield 1.9%

**CAPITAL STRUCTURE as of 3/31/05**  
 Total Debt \$161.7 mill. Due in 5 Yrs \$103.9 mill.  
 LT Debt \$161.6 mill. LT Interest \$10.6 mill.

(31% of Cap'l)  
 Pfd Stock None

515.7	542.7	570.3	946.1	944.6	952.1	943.7	948.7	971.4	1040.7	1150	1250	1500
14.1%	17.1%	19.0%	17.4%	14.3%	10.5%	10.5%	9.7%	11.4%	9.9%	9.8%	10.0%	12.0%
19.9	23.1	28.6	49.8	55.0	58.9	60.9	60.8	60.8	60.0	65.0	70.0	70.0
31.3	41.2	48.9	40.8	42.4	7	9.7	23.1	15.9	20.4	23.0	40.0	40.0
38.5%	38.3%	37.8%	38.0%	37.6%	36.9%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%
6.1%	7.6%	8.6%	4.3%	4.5%	1%	1.0%	2.4%	1.6%	2.0%	2.0%	3.4%	3.4%
67.2	60.1	67.1	81.4	140.8	138.6	101.7	118.4	136.4	139.5	150	175	175
68.6	53.1	83.5	127.0	220.5	250.5	192.3	162.8	162.2	161.8	200	200	200
236.7	264.7	303.6	396.6	393.8	376.5	364.9	355.9	350.3	357.1	365	380	380
10.6%	13.4%	13.1%	8.5%	7.9%	1.3%	2.9%	5.4%	4.1%	4.9%	4.0%	7.0%	7.0%
13.2%	15.6%	16.1%	10.3%	10.3%	2%	2.6%	6.5%	4.5%	5.7%	6.5%	10.0%	10.0%
10.2%	12.6%	13.2%	6.4%	6.6%	NMF	NMF	1.6%	NMF	8%	1.5%	6.0%	6.0%
23%	19%	18%	38%	38%	NMF	NMF	76%	110%	86%	76%	43%	43%

**Sales (\$mill) <sup>A</sup> 1500**  
**Operating Margin 17.5%**  
**Depreciation (\$mill) 90.0**  
**Net Profit (\$mill) 110**  
**Income Tax Rate 38.0%**  
**Net Profit Margin 7.3%**  
**Working Cap'l (\$mill) 200**  
**Long-Term Debt (\$mill) 200**  
**Shr. Equity (\$mill) 550**  
**Return on Total Cap'l 15.5%**  
**Return on Shr. Equity 20.0%**  
**Retained to Com Eq 12.5%**  
**All Div'ds to Net Prof 23%**

**Common Stock 51,695,251 shares**  
**MARKET CAP: \$625 million (Small Cap)**

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 of change (per sh)  
 Sales 6.0% 2.0% 5.5%  
 "Cash Flow" .5% -4.0% 14.0%  
 Earnings -10.0% -17.0% 30.0%  
 Dividends 8.0% 3.5% 4.5%  
 Book Value 3.0% -2.5% 5.5%

**BUSINESS:** Wausau Paper Corp. manufactures and sells paper to paper merchants and converters throughout the U.S. Brokaw division manufactures writing, printing, and specialty papers for printed advertising, office, and converted products markets. Rhinelander subsidiary manufactures dense, technical specialty papers for pressure sensitive products, medical packaging, food packaging, and multiple laminated products. Acquired Mosinee Paper Corp., 8/97. Has about 3,200 employees; 2,900 shareholders. Officers and directors own 11.7% of stock; Wilmington Trust Co., 13.9% (3/05 proxy). Chairman: San Orr, Jr. Pres. and CEO: Thomas J. Howatt, Inc. WI. Address: 100 Paper Place Wisconsin, Mosinee, WI 54455-9909. Tel.: 715-693-4470. Web: www.wausaupaper.com.

**Wausau Paper continues to face weak paper pricing and demand.** The company's printing and writing group posted a hefty \$4.6 million loss in the first quarter, mainly due to higher operating costs for the Brainerd mill. The Brainerd mill has been idle for most of the past three years, and WPP is having difficulty upgrading the facility to improve the product mix. Wausau purchased the uncoated freesheet mill in Brainerd, Minnesota for \$9.6 million late last year. The mill has an annual production capacity of 170,000 tons. The company is attempting to substitute higher value-added, specialty paper products instead of lower-margin, commodity-oriented grades at the mill. Nevertheless, slow selling conditions have also impacted sales for specialty products, with shipments declining by 2% in the March quarter, compared to the same period last year. In the meantime, energy costs continue to rise. On the bright side, pulp prices dropped by roughly \$20 per ton, or 3%, last month, and may fall even further before the end of the summer. For every \$30-a-ton variation in pulp costs, WPP's share net fluctuates by roughly \$0.15.

**CURRENT POSITION** 2003 2004 3/31/05 (\$MILL)  
 Cash Assets 36.3 51.9 21.7  
 Receivables 81.3 95.7 106.3  
 Inventory (LIFO) 115.6 128.9 136.2  
 Other 18.0 12.8 16.4  
 Current Assets 251.4 287.3 280.6  
 Acc'ts Payable 55.4 74.6 73.8  
 Debt Due .1 .1 .1  
 Other 69.5 73.1 53.6  
 Current Liab. 115.0 147.8 127.4

**QUARTERLY SALES (\$ mill.) <sup>A</sup>**  
 Cal- Mar.31 Jun.30 Sep.30 Dec.31 Full Year  
 2002 226.0 237.8 251.2 233.8 948.7  
 2003 239.8 242.8 249.5 239.3 971.4  
 2004 251.8 264.1 262.4 262.4 1040.7  
 2005 267.7 282.3 300 300 1150  
 2006 300 310 325 315 1250

**EARNINGS PER SHARE <sup>A, B</sup>**  
 Cal- Mar.31 Jun.30 Sep.30 Dec.31 Full Year  
 2002 .07 .11 .15 .12 .45  
 2003 .03 .08 .12 .10 .31  
 2004 .07 .07 .15 .10 .39  
 2005 .04 .07 .19 .15 .45  
 2006 .15 .20 .25 .20 .80

**QUARTERLY DIVIDENDS PAID <sup>C</sup>**  
 Cal- Mar.31 Jun.30 Sep.30 Dec.31 Full Year  
 2001 .085 .085 .085 .085 .34  
 2002 .085 .085 .085 .085 .34  
 2003 .085 .085 .085 .085 .34  
 2004 .085 .085 .085 .085 .34  
 2005 .085 .085 .085 .085 .34

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 of change (per sh)  
 Sales 6.0% 2.0% 5.5%  
 "Cash Flow" .5% -4.0% 14.0%  
 Earnings -10.0% -17.0% 30.0%  
 Dividends 8.0% 3.5% 4.5%  
 Book Value 3.0% -2.5% 5.5%

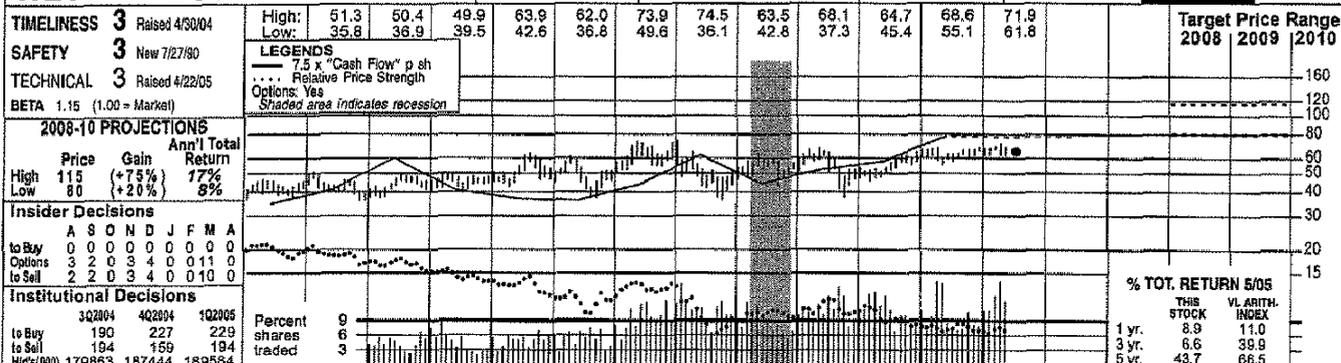
**QUARTERLY SALES (\$ mill.) <sup>A</sup>**  
 Cal- Mar.31 Jun.30 Sep.30 Dec.31 Full Year  
 2002 226.0 237.8 251.2 233.8 948.7  
 2003 239.8 242.8 249.5 239.3 971.4  
 2004 251.8 264.1 262.4 262.4 1040.7  
 2005 267.7 282.3 300 300 1150  
 2006 300 310 325 315 1250

**EARNINGS PER SHARE <sup>A, B</sup>**  
 Cal- Mar.31 Jun.30 Sep.30 Dec.31 Full Year  
 2002 .07 .11 .15 .12 .45  
 2003 .03 .08 .12 .10 .31  
 2004 .07 .07 .15 .10 .39  
 2005 .04 .07 .19 .15 .45  
 2006 .15 .20 .25 .20 .80

**QUARTERLY DIVIDENDS PAID <sup>C</sup>**  
 Cal- Mar.31 Jun.30 Sep.30 Dec.31 Full Year  
 2001 .085 .085 .085 .085 .34  
 2002 .085 .085 .085 .085 .34  
 2003 .085 .085 .085 .085 .34  
 2004 .085 .085 .085 .085 .34  
 2005 .085 .085 .085 .085 .34

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 of change (per sh)  
 Sales 6.0% 2.0% 5.5%  
 "Cash Flow" .5% -4.0% 14.0%  
 Earnings





1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	VALUE LINE PUB., INC.	08-10	
49.36	44.87	43.02	45.13	46.54	50.56	59.30	56.04	56.19	54.10	54.25	74.71	67.16	84.59	90.25	94.30	96.30	99.35	Sales per sh <sup>A</sup>	102.10	
5.18	4.46	3.38	4.26	4.63	5.46	8.07	5.45	4.90	4.80	5.64	8.31	5.88	6.95	7.72	10.43	10.35	10.35	"Cash Flow" per sh	12.45	
2.93	1.87	.90	1.83	2.26	2.86	4.83	2.34	1.76	1.70	3.31	4.07	1.81	1.34	1.72	5.01	4.95	4.85	Earnings per sh <sup>C</sup>	6.50	
1.20	1.20	1.20	1.20	1.20	1.20	1.50	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.90	2.10	2.10	Div'ds Decl'd per sh <sup>D</sup>	2.40
4.68	4.75	3.23	3.02	4.72	5.36	5.40	6.69	3.35	3.09	2.50	4.44	3.77	4.41	2.92	2.17	3.50	3.50	Cap'l Spending per sh	3.86	
18.55	19.21	17.25	17.85	19.34	20.86	22.57	23.21	23.30	22.74	31.73	31.94	30.91	30.25	32.28	38.50	41.35	44.90	Book Value per sh	52.35	
204.75	201.13	202.26	204.28	205.09	205.64	198.77	198.34	199.49	199.01	226.04	213.90	216.57	218.95	220.20	240.36	243.00	243.00	Common Shs Outs'g <sup>E</sup>	238.00	
10.0	12.5	28.0	18.7	18.5	14.9	9.0	19.5	29.4	28.6	18.5	12.2	29.7	41.5	31.6	12.7			Avg Ann'l P/E Ratio	16.0	
.76	.93	1.85	1.13	1.09	.98	.60	1.22	1.89	1.49	1.06	.79	1.52	2.27	1.80	.67			Relative P/E Ratio	1.09	
4.3%	5.1%	4.6%	3.5%	2.9%	2.8%	3.5%	3.5%	3.1%	3.3%	2.6%	3.2%	3.0%	2.9%	2.9%	2.5%			Avg Ann'l Div'd Yield	2.5%	

**CAPITAL STRUCTURE as of 3/27/05**

Total Debt \$9361 mill. Due in 5 Yrs \$2772 mill.	11788	11114	11210	10766	12262	15980	14545	18521	19873	22865	23400	24140	Sales (\$mill) <sup>A</sup>	24300
LT Debt \$9263 mill. LT Interest \$723 mill.	21.3%	15.2%	13.3%	12.5%	15.3%	16.1%	11.8%	12.8%	13.0%	16.6%	16.5%	15.5%	Operating Margin <sup>B</sup>	18.0%
(LT interest earned; 3.8x; total interest coverage: 3.7x)	621	617	628	616	640	859	876	1225	1318	1322	1300	1330	Depreciation (\$mill) <sup>B</sup>	1400
	983	463	350	339	681	918	398	297	382	1184	1210	1190	Net Profit (\$mill)	1560
	35.9%	35.7%	36.8%	36.5%	36.5%	36.8%	32.9%	34.9%	29.0%	34.4%	35.0%	35.0%	Income Tax Rate	35.0%
	8.3%	4.2%	3.1%	3.1%	5.6%	5.7%	2.7%	1.6%	1.9%	5.2%	5.2%	5.2%	Net Profit Margin	6.4%
	632	742	910	671	1609	584	1198	894	1496	2144	2400	2345	Working Cap'l (\$mill)	2600
	2983	3546	3483	3397	3974	3974	5095	11907	11503	9277	8100	7900	Long-Term Debt (\$mill)	8500
	4486	4604	4649	4526	7173	6832	6685	6623	7109	9255	10050	10745	Shr. Equity (\$mill)	12460
	15.8%	8.0%	6.8%	6.3%	7.6%	10.2%	4.8%	3.9%	4.4%	8.6%	8.5%	8.0%	Return on Total Cap'l	9.0%
	21.9%	10.1%	7.5%	7.5%	9.5%	13.4%	5.8%	4.5%	5.4%	12.8%	12.0%	11.0%	Return on Shr. Equity	12.5%
	15.1%	3.2%	.7%	.4%	5.0%	8.1%	-.7%	NMF	4%	8.8%	7.5%	6.5%	Retained to Com Eq	8.0%
	31%	68%	91%	94%	47%	40%	68%	119%	93%	31%	38%	43%	All Div'ds to Net Prof	37%

**BUSINESS:** Weyerhaeuser Company is the world's largest private owner of softwood timberlands. Wood products incl.: lumber, plywood, particle board, and other paneling. Paper products incl.: pulp, uncoated and lightweight coated papers. Packaging products incl.: containerboard, boxes, and recycling. Has 6.4 mill. company-owned acres of timberland and 30.4 mill. acres of license arrangements. Also has real estate and related services with '04 assets of \$2.5 bill. Acquired MacMillan Bloedel 11/09; TJ Int'l 1/00; Willamette 3/02. As of 12/31/04 had 53,650 empls.; 12,820 shareholders. Off. & dir. own 3.5% of common, CR&M 13.0% (3/05 proxy). Chairman and CEO: Steven R. Rogel, Inc.; WA. Address: Tacoma, WA 98477. Tel.: 253-924-2345. internet: www.weyerhaeuser.com.

**Very strong housing markets should support Weyerhaeuser through the balance of 2005.** Indeed, the two biggest contributors to first-quarter earnings were powered by new home demand and prices. Higher log prices drove a 26% year-over-year increase in the Timberland segment's pretax income, to \$200 million. We expect log prices to remain firm. Soaring land and home prices boosted Real Estate's pretax profit by 53%, to \$183 million. Excluding a major land sale in this year's March quarter, income would have been up a more modest 5%. A land sale of that size wasn't likely repeated in the second quarter, so we expect a decline in the unit's sequential results. But WY's inventory of homes sold, but not yet closed, at the end of March stood at six months. Robust housing markets also benefit the Wood Products segment, though product pricing is volatile. The segment's income fell 31%, year to year, to \$131 million. And average lumber and panel prices in the recently completed June quarter were lower than in the year-earlier period. Housing markets should remain strong in the near term, given robust new construction and continued low mortgage rates. The expected rebound in the pulp, paper, and packaging markets has not materialized, however. WY's paper-related operations had pretax income of \$83 million in the first quarter, versus a \$1 million loss in the year-earlier period. But announced price increases for Spring, 2005 failed to hold. In addition, raw material, energy, and freight costs remain painfully high. Accordingly, we've lowered our consolidated 2005 and 2006 earnings estimates by 12% and 16%, respectively. A major asset sale should bring debt levels to the desired levels. In late May, WY sold the assets of British Columbia Coastal Group for \$1.1 billion. Proceeds from the sale are being used to reduce indebtedness, bringing the debt-to-capital ratio to within the target range of 35% to 45%. As such, the dividend payout was recently raised by 25%. This issue offers worthwhile 3- to 5-year total return potential. The vast timberland holdings are particularly attractive, both for their monetary value and the strong cash flow they deliver.

*Craig Sirois* July 8, 2005

Cal-endar	Q1	Q2	Q3	Q4	Full Year
2002	3991	4922	4890	4718	18521
2003	4614	4930	5184	5145	19873
2004	5037	5893	5849	5886	22665
2005	5404	5885	6025	6086	23400
2006	5780	6070	6190	6100	24140

Cal-endar	Q1	Q2	Q3	Q4	Full Year
2002	.27	.46	.20	.41	1.34
2003	.19	.41	.65	.47	1.72
2004	.62	1.67	1.62	1.07	5.01
2005	1.03	1.25	1.35	1.32	4.95
2006	.90	1.30	1.40	1.25	4.85

Cal-endar	Q1	Q2	Q3	Q4	Full Year
2001	.40	.40	.40	.40	1.60
2002	.40	.40	.40	.40	1.60
2003	.40	.40	.40	.40	1.60
2004	.40	.40	.40	.40	1.60
2005	.40	.40	.40	.40	1.60

(A) Years end last Sun. in Dec. (B) Incl. real estate subsidiaries. (C) Prim. earnings through '96, then dil. Excl. net nonrecr. gain (losses); '99, (\$1.27); '01, (\$1.70); '03, (\$7.4); '04, 42¢; '05, (5¢). (D) Dividends historically paid near the end of Feb., May, Aug., and Nov. Div'd reinvt. plan avail. (E) In millions. (F) Excludes real estate subsidiary.