

2009 U.P. Energy Summit

A View from the Forest Products Sector



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September 17, 2009

- What does this all mean?
 - ATC's northern umbrella plan was important to stable delivery of power in the U.P.
 - It's on-going collaborative planning process should help provide new economic growth
 - Uncertainty over RPS, Cap'n Trade, and carbon sequestration delay important decisions
 - Failure to aggressively manage forests, particularly public forests
 - Dollars and cents matter – so does common sense

\$12.8 Billion – Shipments



154,000+ Jobs



\$51 Billion + Direct/Indirect

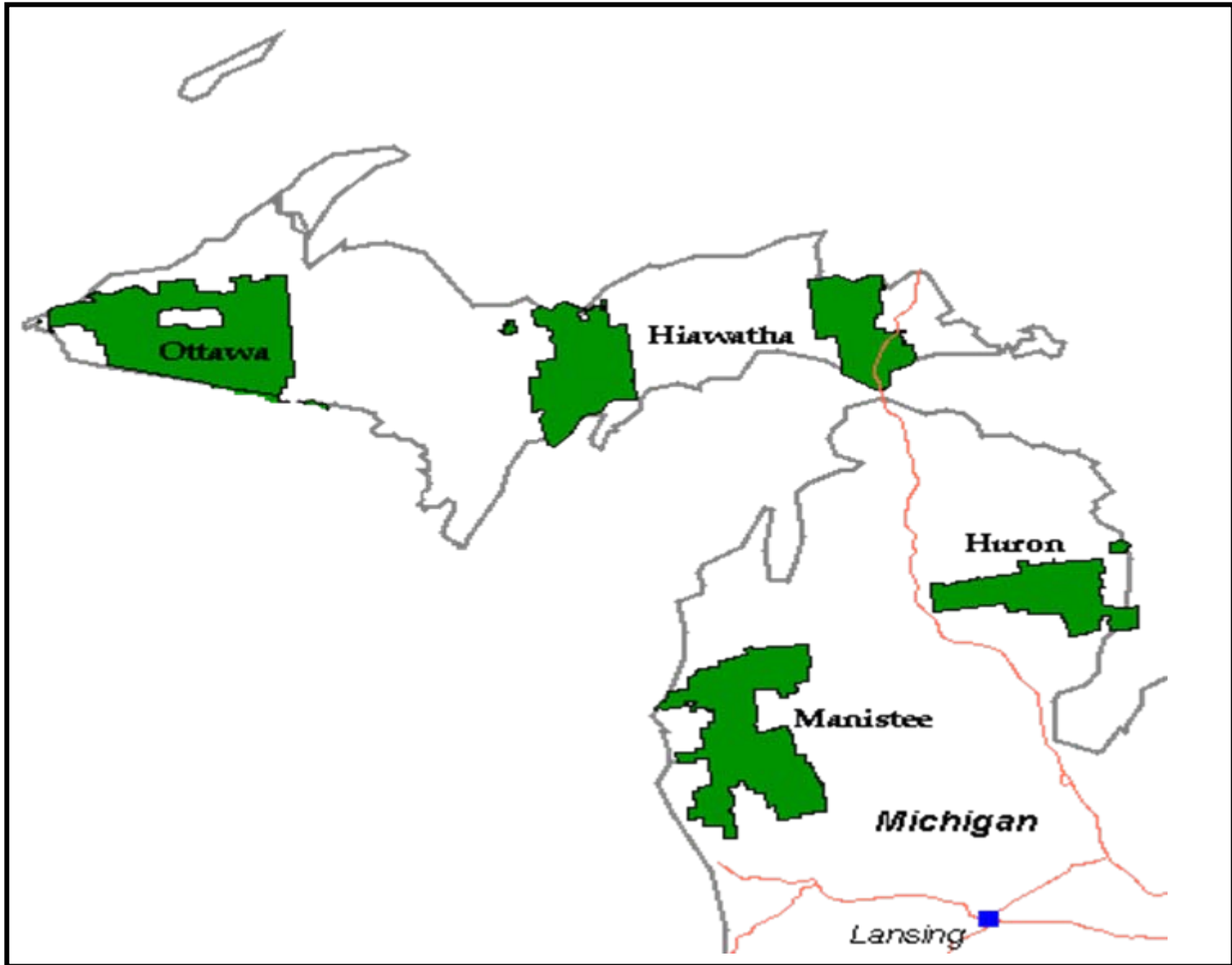
Employment	154,000+
Wages	\$2.9 Billion
Value of Shipments	\$12.8 Billion
Direct + Indirect Economic Impact	\$51 Billion+
# Business Units	3,098

Source:

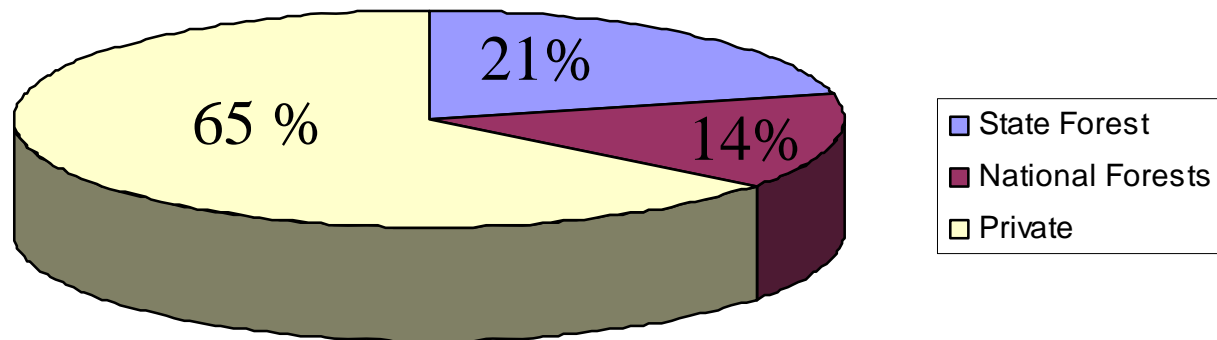
MI DLEG Wage and Employment Reports, 2005

U.S. Census 2005 Annual Survey of Manufacturers

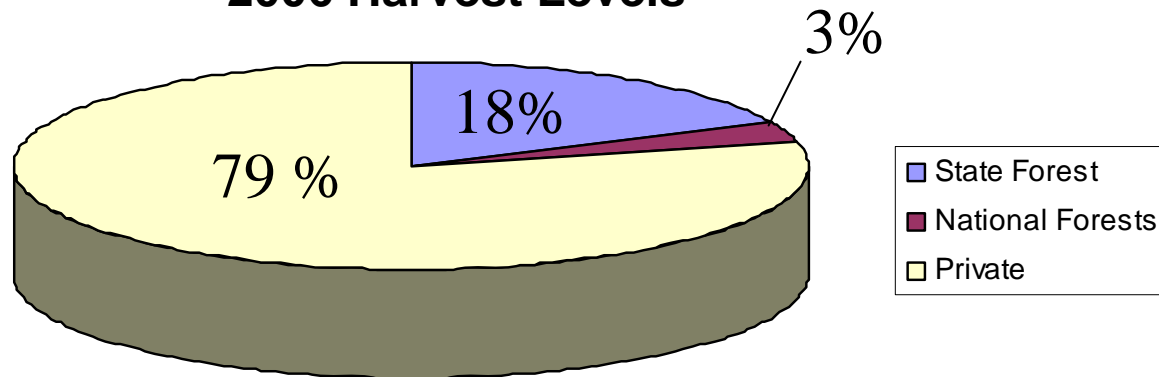
Carnegie Mellon University EIO-LCA Model



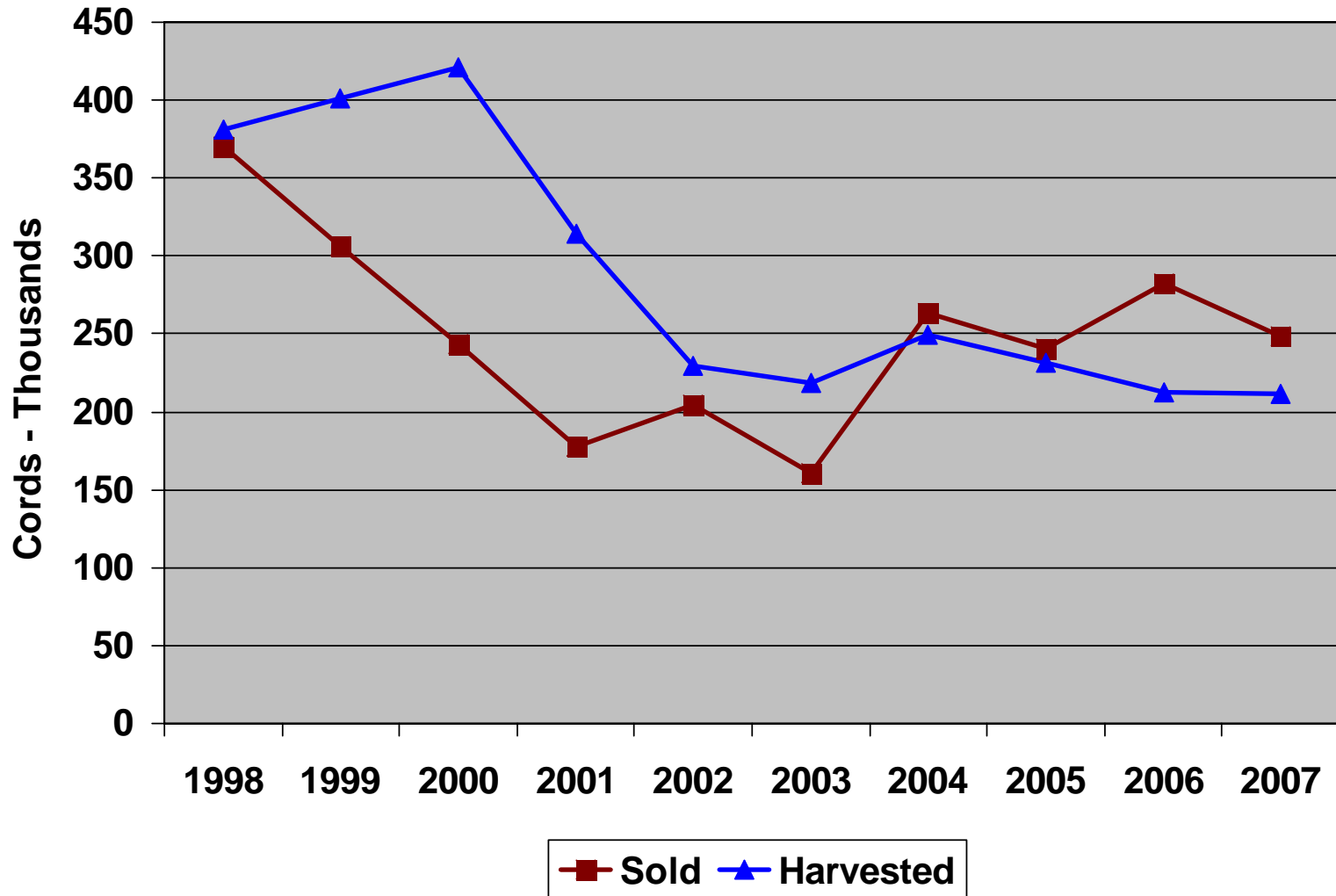
Timberland Ownership (18.75 Million Acres Total)



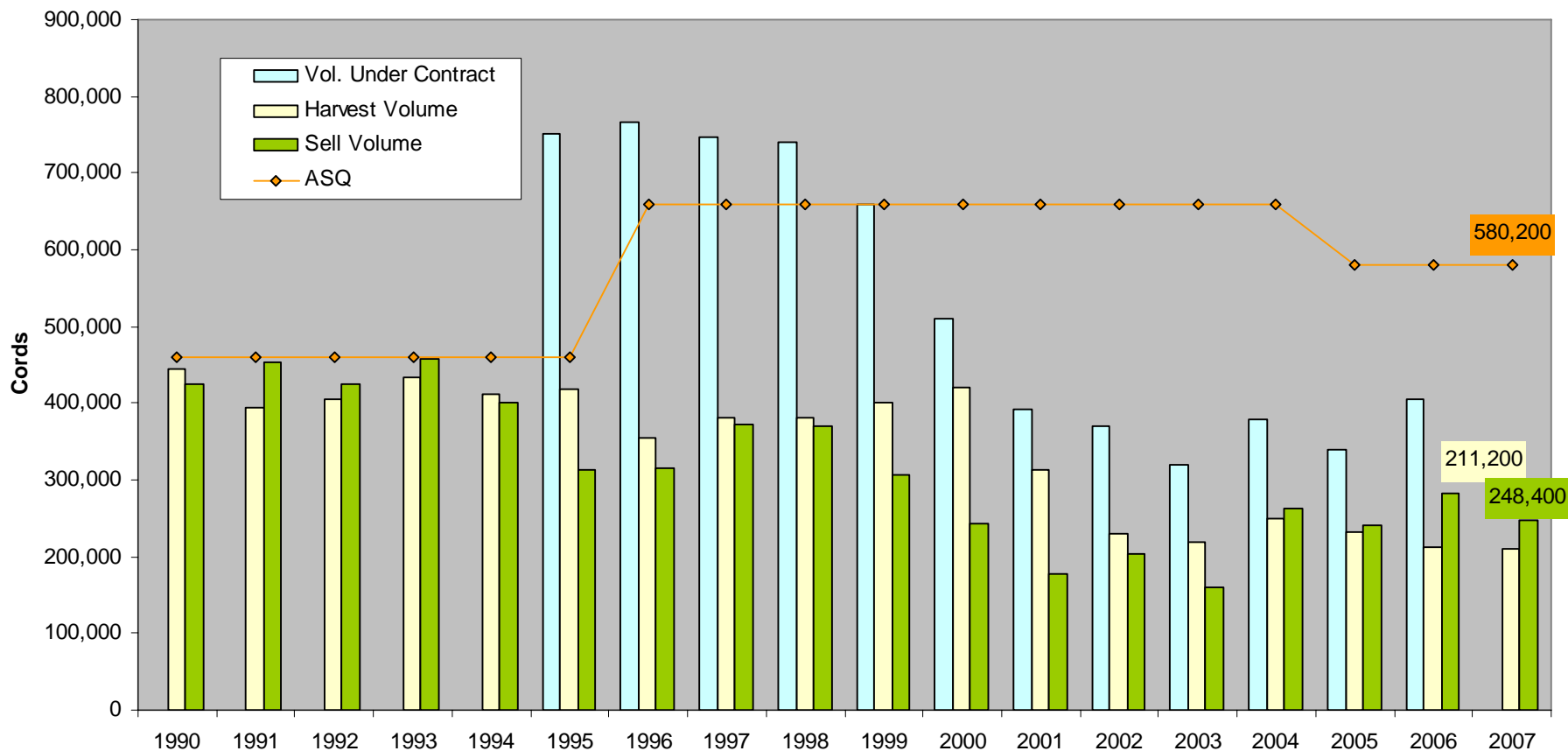
2006 Harvest Levels



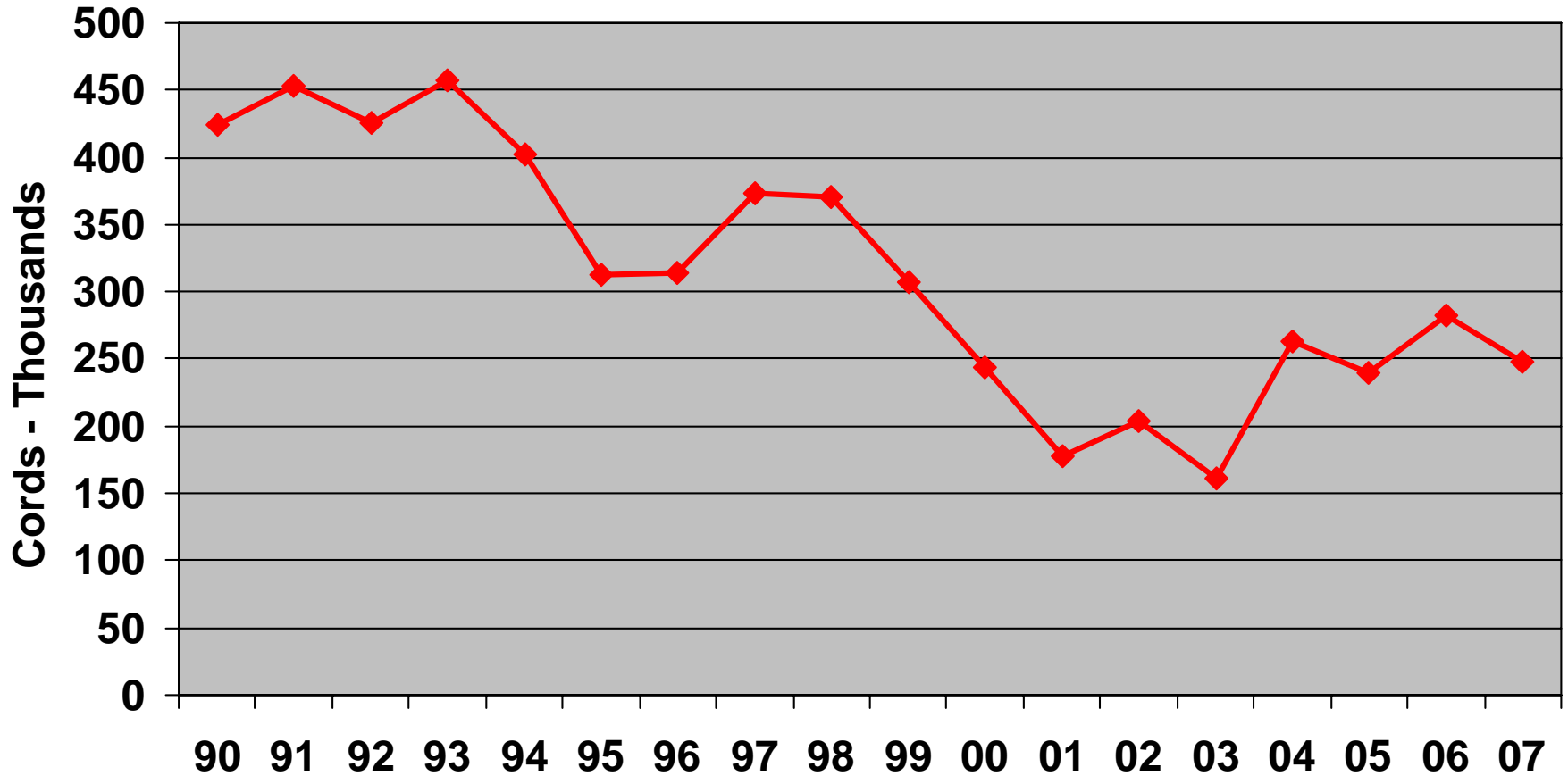
- Declining public timber sales
- Increasing competition
- RPS driving biomass conversions / new construction
- Government incentives driving other alternatives
- Forest Management is deteriorating
- We are losing suppliers and will be challenged to replace them



USFS MICHIGAN Volume Performance

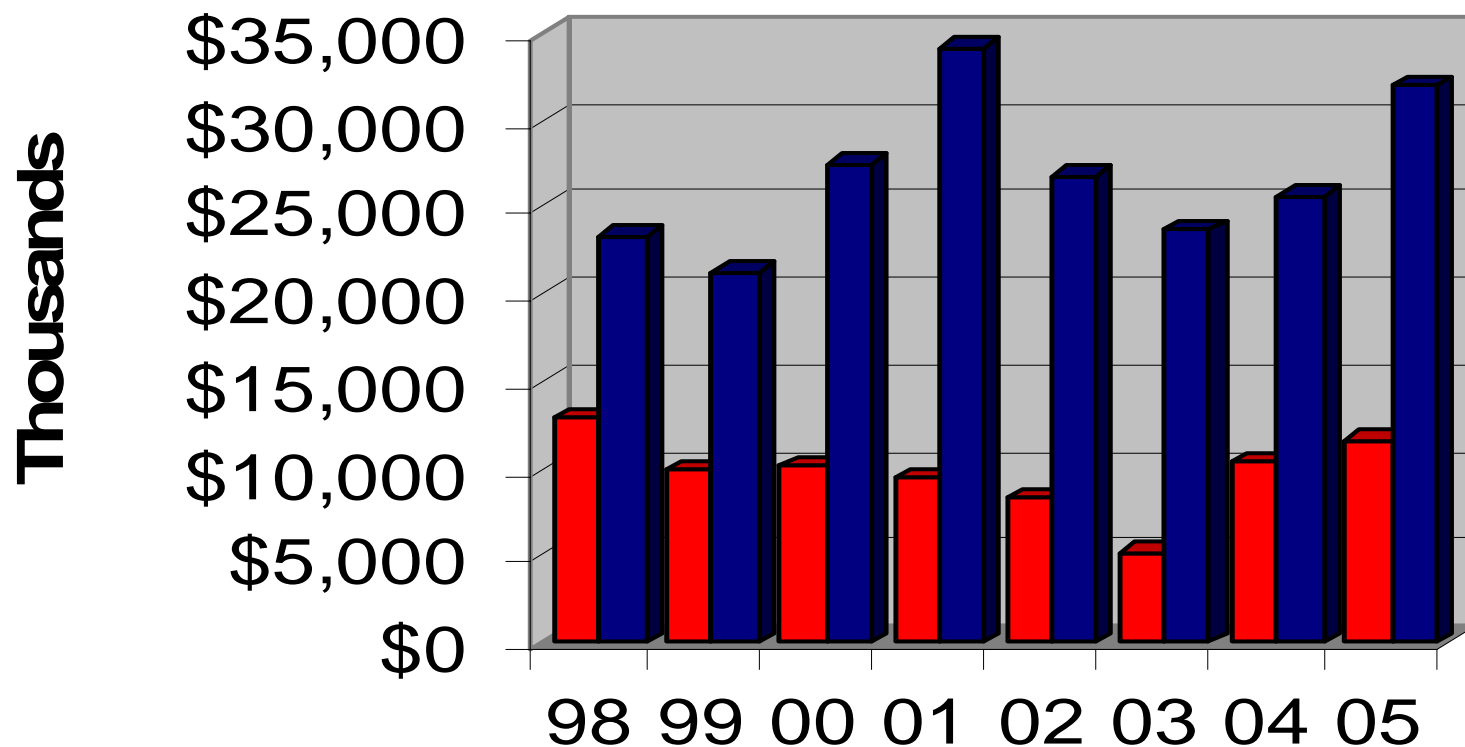


Collapse of the Michigan National Forest Timber Sale Program



- It's the economy, stupid!
- Utilities, industry being forced to meet RPS, have REC's
- Simultaneously, federal and state governments reduce a hold steady on fiber and biomass' availability
- Long-term, good economics trump poor incentives or bad mandates
- Playing field must be level

Michigan National Forests: Unrealized Economic Opportunity



■ Sold

■ Potential \$ at ASQ