John Tumazos Very Independent Research, LLC
11 Yellow Brook Road, Holmdel, NJ 07733
732 444 1083 or 732 740 3574 (cellular)
john@veryindependentresearch.com or
johntumazos@comcast.net or tumazos@monmouth.com

Joseph Reagor
joe@veryindependentresearch.com

September 18, 2007 @ 10 pm

Registration Effective August 27th and Now Operational

FOREST PRODUCTS INDUSTRY - - HOUSING PERMITS UP IN 12 STATES AND DOWN 3% OR LESS IN 6 STATES AND DC IN FIRST SEVEN MONTHS OF 2007; FOUR STATES REPRESENT OVER 2/3 OF NATIONAL DECLINE

We take a continued optimistic view of the "land" and "wood products" segments of the forest products and paper industry. We reiterate our Overweight investment ratings on Plum Creek (PCL $42) and Weyerhaeuser (WY $69).

Please excuse us for not accepting the sensational press reports and stock market psychology of the day. We question whether the national housing market is in decline, and the housing permit data does not support a national housing decline thesis.

Through July, nationwide housing permits are down 13.5% or 139,425 units. Florida, Nevada, California or Arizona are down 68.7% of the national total, or 55,357, 12,240, 21,564 and 6,564 units, respectively (Texas was down more in sheer volume as compared to Arizona, but is not part of the speculative aspects of our hypothesis and is only a larger volume due to the large number of housing permits there every year). Throughout 2006 and 2007 Florida has accounted for over 25% of the national decline every month, and singlehandedly accounts for much of the "national" housing problem. We interpret that the subprime, alt-1A and jumbo mortgage turmoil involves (1) second home land speculations and (2) unique jurisdictions with lax or ludicrous state banking supervisions permitting widespread fraud.

NINE states enjoy ytd permit gains of 10% to 31% - - Mississippi, Louisiana, New York, Montana, Washington, Wyoming, North Dakota, Kentucky and Hawaii. Three states enjoy minimal gains - - Delaware, Utah and Nebraska. Six states and DC enjoy declines of 3% or less - - Oklahoma, Tennessee, North Carolina, Iowa, PA, Indiana and DC. We emphasize YTD data as in some states the one-month data can be skewed with large subdivisions or state paperwork holidays.

Some money managers have wondered if the "second home" market collapse will "infect" first primary home markets. That is, will people sell their first home in a "good market" up north because there is no chance to sell in Florida? Thus far the data suggests that the Florida debacle has not infected first home markets.

Please note that many of the states enjoying housing market gains are rural states containing large commercial forest plantations important to the valuations of Plum Creek, Weyerhaeuser or some other fine forest products companies that we have not had time to cover. In general, the value of the timberlands at $1,000-$2,000 per acre bears little correlation to Florida, California or other very high priced homes.

"Absorption" improves the outlook each month. We estimate that the number of "declining" states currently at 32 will improve by one to two states each month, and that the severity of the declines will lessen as reduced housing starts reduce the standing excess inventory of homes.

JULY YTD HOUSING PERMIT DATA

The below chart lists year to date data up until July. Overall housing permits are down 13.5% as compared to the same period 2006. However, there are a number of states where the number of housing permits have actually increased year over year. The state that saw the largest increase in housing permits was Mississippi which was up 31%. The worst state was Nevada down 47%.

Table 1 Year to Date Housing Permits

	2007 YTD Through July	2006 YTD Through July	% Change
Mississippi	11,360	8,642	31%
North Dakota	1,739	1,478	18%
Kentucky	9,585	8,383	14%
Wyoming	1,805	1,555	16%
New York	33,387	27,524	21%
Washington	28,132	25,272	11%
Montana	2,975	2,528	18%
Hawaii	4,620	3,978	16%
Delaware	3,470	3,443	1%
Oregon	14,791	15,514	-5%
Oklahoma	9,029	9,094	-1%
Utah	13,650	13,399	2%
Louisiana	14,324	11,979	20%
Rhode Island	1,166	1,213	-4%
Tennessee	23,350	23,953	-3%
North Carolina	53,265	54,626	-2%
Georgia	48,627	55,192	-12%
Alabama	14,735	16,205	-9%
Iowa	6,632	6,827	-3%
Texas	111,977	119,315	-6%
Pennsylvania	21,439	22,033	-3%
Kansas	6,034	7,033	-14%
South Carolina	25,972	28,523	-9%
Arizona	34,926	41,490	-16%
Maryland	13,541	14,869	-9%

New Hampshire	2,711	3,120	-13%
Indiana	15,510	15,867	-2%
Arkansas	6,526	7,743	-16%
Missouri	12,552	14,778	-15%
Virginia	23,952	26,789	-11%
Vermont	1,294	1,457	-11%
Alaska	1,151	1,646	-30%
Illinois	27,732	32,774	-15%
Connecticut	4,673	4,876	-4%
Ohio	20,884	22,368	-7%
Maine	3,560	3,881	-8%
New Jersey	13,918	16,895	-18%
Idaho	8,797	10,005	-12%
Colorado	19,488	23,250	-16%
Wisconsin	12,697	14,830	-14%
California	69,737	91,301	-24%
West Virginia	2,446	2,775	-12%
Massachusetts	9,224	11,275	-18%
New Mexico	6,328	7,308	-13%
Washington, D.C.	1,525	1,539	-1%
Nebraska	4,433	4,416	0%
South Dakota	3,190	3,580	-11%
Minnesota	11,325	14,226	-20%
Michigan	11,093	16,338	-32%
Florida	71,564	126,921	-44%
Nevada	13,539	25,779	-47%
Total	890,380	1,029,805	-13.5%

Source: U.S. Census Bureau http://www.census.gov/const/www/C40/table2.html

FOUR WORST STATES 68.7% OF NATIONAL DECLINE
The four worst states, Florida, Nevada, California, and Arizona, (Texas excluded as mentioned earlier) were down a total of 95,725 permits where as the whole U.S. was only down 139,425 permits. Thus, these four states represent 68.7% of all drop offs in housing permits. Also if these states are removed from consideration the rest of the U.S. market is down only 5.9% which is still significant, but not quite as exaggerated as the 13.5% overall.

16 WORST STATES ACCOUNT FOR ENTIRE NATIONAL DECLINE

The 16 worst states in sheer volume combine to account for 140,704 permits or a little more than entire national decline. This means that the other 34 states are wither down an insignificant amount of permits or have an increase in the number of permits as compared to last year. Of these 34 other states only 16 or less than half had drop-offs in housing permits as compared to last year. This further confirms our hypothesis that the housing drop off is region specific and not a national phenomenon.

9 STATES DOWN UNDER 6% COULD BE NEXT QUARTER'S TURNAROUNDS

The states that are down less than 6% year over year are Oregon, Oklahoma, Rhode Island, Tennessee, North Carolina, Iowa, Pennsylvania, Indiana, and Connecticut. Washington D.C. was also down less than 6%. These states could see a turnaround in the next few months as they are not speculative markets except for possibly Pennsylvania and North Carolina as these are popular second home locations. We expect 1 or 2 of these will begin to show housing increase in the next month or two.

NINE "WINNERS" UP 10% TO 31%

There were nine states with significant increases in new housing permits year over year. These states include Mississippi, North Dakota, Kentucky, Wyoming, New York, Washington, Montana, Hawaii, and Louisiana. These are all non speculative markets with very minimal second home purchases and therefore these statistic continue to support our hypothesis.

JULY SINGLE MONTH HOUSING PERMIT DATA LESS MEANINGFUL

Overall housing permits were down 17.4% in the month of July year over year. In general the same patterns that have been prevalent year to date are consistent in the month of July. The data itself is more extreme which is expected when examining a smaller sample. An example of this would Washington D.C. where housing permits were up to 190 from 9 a year ago representing an increase of 2011%. Extremes like these make the monthly data less significant when attempting to make predictions.

Table 2 Monthly Housing Permits

	Jul-07	Jul-06	% Change
Mississippi	1,031	1,441	-28%
West Virginia	399	419	-5%
Montana	398	414	-4%
New York	5,805	4,592	26%
Kentucky	1,417	1,322	7%
Louisiana	2,027	1,737	17%
Iowa	1,164	1,162	0%
Nebraska	715	750	-5%
Missouri	1,768	2,471	-28%
Rhode Island	119	129	-8%
Kansas	663	1,215	-45%
North Dakota	280	236	19%
Hawaii	334	557	-40%
Connecticut	846	807	5%
South Dakota	407	465	-12%
South Carolina	2,996	3,829	-22%
Tennessee	3,302	3,479	-5%

Utah	2,123	2,131	0%
Oklahoma	1,097	1,246	-12%
Wyoming	238	253	-6%
Georgia	5,090	7,485	-32%
Vermont	256	301	-15%
Washington, D.C.	190	9	2011%
Delaware	429	623	-31%
Indiana	2,264	2,233	1%
Alabama	1,928	2,624	-27%
Pennsylvania	3,047	3,311	-8%
New Mexico	821	1,027	-20%
Colorado	2,573	3,038	-15%
New Jersey	1,706	2,620	-35%
Wisconsin	1,924	2,227	-14%
Virginia	3,421	3,505	-2%
Washington	3,922	4,939	-21%
North Carolina	6,921	7,312	-5%
Maine	667	629	6%
Nevada	1,257	2,716	-54%
Alaska	170	195	-13%
Arkansas	750	1,017	-26%
Texas	16,459	17,279	-5%
Ohio	3,061	3,420	-10%
Minnesota	2,560	2,797	-8%
Oregon	1,997	2,107	-5%
California	8,601	10,624	-19%
New Hampshire	490	454	8%
Illinois	3,511	5,562	-37%
Arizona	3,726	4,896	-24%
Idaho	1,453	1,642	-12%
Michigan	1,999	2,941	-32%
Maryland	1,734	1,521	14%
Florida	8,591	16,206	-47%
Massachusetts	1,479	1,548	-4%
Total	120,126	145,463	-17.4%

Source: U.S. Census Bureau http://www.census.gov/const/www/C40/table2.html

CHANGE IN THIS RESEARCH OPERATION

This report reflects research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving Prudential Equities Group (PEG), which shut down on June 6, 2007 as noted. The continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain data, such as the logic of the earnings model, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

DISCLOSLURES

"John Tumazos Very Independent Research, LLC" (JTVIR) is a Delaware Corporation with registration effective on August 27, 2007 as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide "unbundled" metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than "day trading" sorts of near-term issues.

Neither JTVIR, its members or is employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries, though no positions were taken in companies within regular research coverage after July 2001 after joining Prudential Financial and until after one month of completed New Jersey registration of JTVIR. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to "put his or her money where his mouth is" to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

Our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees. Currently no such relationships exist.

Our policy is full disclosure of any advisory relationship or conflict going back three years. None currently exist.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or

Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d'Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or "due diligenced" for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

ANALYST UNIVERSE COVERAGE:

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Inc., Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport McMoRan Copper & Gold, Novelis Inc., FNX Mining.

Dynatec is a company not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to a pending takeover by Sherritt International.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of "Overweight," "Neutral Weight," and "Underweight" most closely correspond with the more traditional ratings of "Buy," "Hold," and "Sell," respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor's decision to buy or sell a security should always take into account, among other things, that the investor's particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to "balance" the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a "bottoms up" manner based on the assets of each individual company.

Price Target – Methods/Risks

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. Any statements nonfactual in nature constitute only current opinions, which are subject to change.

There are risks inherent in international investments, which may make such investments unsuitable for certain clients. These include, for example, economic, political, currency exchange rate fluctuations, and limited availability of information on international securities. John Tumazos Very Independent Research, LLC, and its affiliates, make no representation that the companies which issue securities that are the subject of their research reports are in compliance with certain informational reporting requirements imposed by the Securities Exchange Act of 1934.

If you did not receive this research report directly from John Tumazos Very Independent Research, LLC ("JTVIR"), you may be in violation of an existing subscription or copyright. Your access to, and receipt of, this report does not by itself operate to establish a relationship between you and JTVIR, as the case may be. Please note that JTVIR bears no responsibility for any recommendation(s) or advice that such firm or its representatives may provide to you, regardless of whether any such recommendation or advice is based in whole or in part on this report.

The views and the other information provided are subject to change without notice. This report and the others posted on www.veryindependentresearch.com are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments. The text, images, and other materials contained or displayed on any JTVIR product, service, report, email or website are proprietary to JTVIR. and constitute valuable intellectual property. No material from any part of http://www.veryindependentresearch.com may be downloaded, transmitted, broadcast, transferred, assigned, reproduced or in any other way used or otherwise disseminated in any form to any person or entity, without the explicit written consent of JTVIR. All unauthorized reproduction or other use of material from JTVIR shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. JTVIR expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. JTVIR reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights. The recipient should check any email and any attachments for the

Additional information on the securities discussed herein is available upon request. The applicable disclosures can be obtained by writing to: John Tumazos Very Independent Research, LLC, 11 Yellow Brook Road, Holmdel, NJ 07733 Attn: John C. Tumazos.