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Registration Effective August 27th and Now Operational

PLUM CREEK (PCL \$41.84, Overweight) EARNINGS ESTIMATES CUT DUE TO UNFAVORABLE UNIT COST, VOLUME AND SALES PRICE TRENDS; SHARE REPURCHASES A PLUS, THOUGH CASH FLOWS SLOWING

	2007E	2008E	2009E	2010E
Earnings per share revised 10-22	\$1.39	\$1.35	\$1.69	\$2.00
Earnings per share revised 9-21	\$1.55	\$2.05	\$2.45	\$2.57

- We are pleased at the continued repurchase of 2.3 mm shares at \$38.94 per share or \$91 mm, which is like buying about 75,000 acres in the stock market near \$1,200 per acre, leaving 172.3 mm shares outstanding. We anticipate a new authorization as only \$20 mm remains, but we do not expect Plum Creek to have too much cash flow to buy back shares in the near term.
- Plum Creek bought 33,000 new acres in Oregon for \$80 mm, and sold 44,675 acres for \$94 mm leaving 11,675 fewer acres this quarter or 8.19 mm in the PCL portfolio down from 8,239,000 at year-end 2006.
- PCL indicated it will not borrow to pay its dividend, and will delay log sales should log prices soften. The implication is that share repurchases may be the first item to be cut back if land or log sales constrain cash flow. With unit volumes, selling prices and unit costs generally each moving the wrong way for logs and manufacturing, it would seem "something has to give" between share buybacks, replacement land purchases and dividends. We expect PCL will (a) buy new lands first when opportunities arise, (b) pay its \$0.42 per share regular dividend and (c) buy back shares as possible.
- Longer hauls, fewer customers and rising fuel costs increased log costs. Year-to-date unit log cash production costs have risen 7.1% or \$1.36 per ton to \$20.42 from \$19.06 per ton last year. Including depreciation and the effect of the third-quarter Montana fire loss of \$4 mm, total cash and noncash timber costs rose 7.8% to \$25.63 from \$23.76 per ton last year as timber costs of goods sold rose \$30 mm to \$391mm and tons rose 0.4% to 15.258 from 15.191 million tons.

- Year-to-date manufacturing costs fell \$4 mm as unit volumes fell 6% for lumber, 1% for plywood and 4 % for fiberboard. If we assume for simplicity the costs are the same, which is not really exact as plywood should cost more, it appears manufacturing unit costs rose about 2.8% per unit or 000 sq ft or 000 board feet which is a reasonably decent showing. Part of this reflects negative economies of scale and part the rise in fuel or other costs.
- PCL expects to develop a 2008 guidance similar to 2007 for land sales perhaps near \$330 mm, or maybe in the \$330-\$350 mm range. It does not expect log tonnage sales to rise, and log prices should be viewed as sensitive to future weather and demand. We expect operating costs will be higher if crude oil remains near record levels as harvest costs will rise. The 6.5% drop in average shares outstanding should benefit EPS slightly.
- Taken together, it may be reasonable to expect 2008 earnings to be in the 90% to 100% of 2007 range. Accordingly, we have cut our earnings estimates for 2007 from \$1.55 to \$1.39, 2008 from \$2.05 to \$1.35 per share, 2009 from \$2.45 to \$1.69, 2010 from \$2.57 to \$2.00 and . We cut 2009 and 2010 the same owing to reductions in shares outstanding, likely less depressed land sales environments and likely rebounds to log volumes despite Fed money stimulus.

OVERVIEW - - - MACRO STIMULUS DESIGNED TO IMPROVE RECOVERY, BUT NO "VISIBLE EVIDENCE" YET AND WE CHOOSE MORE CONSERVATIVE FUTURE EARNINGS OUTLOOK

The 0.5% Fed rate cut and \$1 trillion global stimulus seek to hasten the economic rebound, particularly in the housing sector key to PCL. Such expectation is reflected in our \$80 price target and the favorable swing in gold or other metals prices and the general stock market since mid-August. Chances are that such a stimulus will have some tangible result in 2008.

For the time being , no visibility to the housing market gain exists, however, Crude oil near \$87 and recent action of the PCL timber and manufacturing costs of goods of goods sold suggest higher costs while volumes and selling prices stagnate, which is a recipe for lower earnings.

Hence, we have made draconian cuts to our 2008-13 earnings profile while maintaining our price targets. This is our effort to "keep our eye on the long-term" in terms of the stock price target but realistically assess near term issues like earnings, share repurchases or dividends.

We do not model a dividend cut, but do not expect PCL to continue repurchasing shares given the lower earnings. PCL says they will not borrow to fund shareholder returns, but well-time reactions to future market opportunities could be tempting.

ANALOGY TO RECENT GOLD PRICE ACTION SUGGESTING INCREASING DEMAND AS A "STORE OF VALUE" FOR LAND OR ALTERNATIVE TO DECLINING DOLLAR

We think of Plum Creek as an alternative to buying Barrick Gold, Newmont Mining or other mining stocks. Land in the rural USA for \$1,000 to \$1,250 per acre might be safer than gold mines for \$200-\$300 per oz "in the ground" in distant places in the world. Expropriation, cost inflation, environmental rules, reserve replacement and other vagaries plague mining companies. PCL has less intrinsic volatility as the company can "sit tight" and just let the trees grow and land gradually appreciate.

Gold now is within \$90 of breaking its January 1980 all-time high. Gold closed above \$700 for the SEVENTH straight week and the EIGHTH individual week other than May 15, 2006 since January 1980. The trend remains encouraging.

Printing money can only enhance the gold market. A nearly \$1 trillion global injection to the world financial system, 0.5% rate cut, record oil prices and related stimulus can only benefit gold. It isn't clear to us that these measures will remedy loans or bonds for which borrower employment was not verified, but we just aren't qualified to be a monetary policymaker

Continued upward moves are conceivable given the size of the monetary injections from several of the world's largest central banks. It is conceivable that the U.S. Fed cuts interest rates another time in the months ahead, although it is also possible that market forces push them up too if bond buyers disappointed from the past year's event postpone purchases to force better yields

As gold continues to rise as a result of increased demand for a "store of value" as a result of the declining dollar and global injection of cash there is opportunity for investors to store value elsewhere in such things as land. This would increase the demand for land and thereby increase the value as well.

CHANGES IN COSTS OF SALES FOR TIME AND DRIVERS OF HIGHER COSTS

The unit cost for timber overall is up 7.13% year-to-date in 2007 compared to the first 9 months of 2006.

Plum Creek indicates there are fewer sawmills taking its logs as demand for lumber has fallen about 20% from peak levels. It has longer hauls to deliver logs to some customers a little more distant from its forests. Fuel costs are higher as well as productivity suffering, and crude oil remains high.

Plum Creek does not attribute the cost change to changes in species or mix.

Total log volume rose 67,000 tons or 0.4% across each region and log type. Southern sawlog and pulpwood volumes are up 0.58% and 9.33% respectively. Northern saw log

and pulpwood volumes were down 13.82% and 1.78% respectively. These decreases in northern areas are a result of Montana fires, sawmills closing and a shift in production to southern mills.

CHANGES IN COSTS OF SALES FOR MANUFACTURING

The Unit cost of manufacturing is up 2.8%. This can be attributed to minor inflation, higher energy and adverse economies of scale as volumes fell. Also, changes in the mix of logs used can have slight cost variances on manufacturing and the reduction in volume in Montana due to fires could have affected the overall mix of logs used in manufacturing.

The year-to-date costs of goods sold in manufacturing fell \$4 mm or just over 1% as volumes fell about 4% on average.

EARNINGS ESTIMATE REVISIONS

We lowered our 4th qtr earnings from \$.50 to \$.44 and lowered our 2007 estimate from \$1.55 to \$1.39 per share. We also lowered our 2008 to 2010 estimates from \$2.05, \$2.45, and \$2.57 to \$1.35, \$1.69, and \$2.00 respectively. We lowered our estimates due to continued low volumes, soft prices, lower real estate sales, and cost escalations.

We estimate annual land sales at \$349 mm. We expect Plum Creek to give guidance on Nov 14 regarding the tax basis for the current year in respect to land sales as a result of higher than expected tax basis to this point.

We estimated that total log volumes continue to grow, but at a more gradual rate due to continued soft prices and unpredictable costs. We expect the northern harvest to increase 3% in 2008 and 2009. We expect the southern harvest to increase 2% in those years as well.

We estimated that log prices remain stagnant for the foreseeable future as demand for wood remains low due to low amounts of new housing permits and the continued downturn in the real estate market in a large number of states. We estimate 0 to 2% increase in price only as a result of minor inflation. This modeling may be overly conservative as it ignores "fuel" uses of wood fiber.

We estimated that manufacturing operating income rebounds very slowly, and returns to around \$12 mm by 2010. We estimate manufacturing incomes of \$6 mm and \$9 mm for 2008 and 2009 respectively.

PEAK PROFIT POTENTIAL NOT OUR "BASE CASE"

Plum Creek as currently structured could earn \$625-\$650 mm in EBIT or \$2.75-\$3.00 per share if its Southern, Northern, Land, Manufacturing and Other Resources each earned

past peak results SIMULTANEOUSLY. We havenot modeled the 1995 \$139 m Northern Resources record EBIT, the 2002 \$227 mm Southern Resources record EBIT, the 2004 Manufacturing \$58 mm record EBIT, the 2007 \$219 mm record Land and \$20 mm peak Other Resources profits occurring simultaneously.

However, it is possible that these other businesses do much better than we estimate for 2008 to 2013. It is possible that Land and Other Resources make new records, or that energy-related demands for pulp logs drive up volumes and prices, greater productivity makes over 25% more logs ready for harvest and that the “increased standing inventory” of logs not harvested from 2006-08 benefits the later years.

We value PCL with an \$80 price target as though it can earn more than \$3.00 per share, but we are too timid to model such a boom in the next few years. We think building blocks for greater profitability are in place.

CHOICES BETWEEN BUYING LAND AND BUYING SHARES

In 2008 or 2009 PCL's opportunities to buy land may improve. Some developers or investors may have difficulty obtaining financing as credit standards tighten, especially for smaller tracts. We expect pension funds or timber management organizations representing institutional investors to remain active, especially for large tracts. It is reasonable to expect PCL to buy 50,000 or 150,000 acres per year in tracts of 10,000 to 25,000 acres each several times per year.

The odds of maintaining the recent rate of stock repurchases is declining given the improving opportunities to buy land, declining earnings and desirability of paying the \$0.42 per share quarterly common dividend. Consequently, we have factored no 2008 or 2009 share repurchases into our models.

MONTANA FIRES IMPACT SOME DEVELOPMENT OPPORTUNITY

The 41,000 acre fire in Montana reduces or delays any property sale for that 0.5% of the total corporate or 3% of Montana land portfolio. Since PCL has enough land in Montana to sell gradually over 50 or 100 years, the delay of several portions of the land ought to be “rotated” to avoid any general disruption to future revenue planning.

We are less concerned about the 150,000 acre delay in harvest owing to fire safety risk. Those trees will be harvested some other time in the next several years.

PRICE OBJECTIVE AND INVESTMENT OVERVIEW

We rate Plum Creek Overweight as we expect its increased concentration on land sales will allow the company to grow its earnings per share, cash flow, and dividends. Plum Creek’s potential to maintain or modestly increase its 8.16-million-acre land base as it “sells retail” and “buys wholesale” appears

attractive financially. We expect Plum Creek's image as a mature logging company will improve as investors see property resale returns materialize from innovative development concepts.

The valuation methodology behind our price target of \$80 per share is based on an enterprise value of \$2,000 per acre, which seems to reflect the "retail value" of much of PCL's current lands at current values after PCL "breaks down forests into smaller parcels" targeted to specific uses. The current stock price represents a valuation of about \$1,150 per acre.

	3rd QTR 07	Price Target @ \$2,000/acre
Stock Price as of Oct 22, 2007 (\$)	41.16	81.59
Shares Outstanding (mm)	172.30	172.30
Market Capitalization	7091.87	
+ Total Debt (\$mm)	2573.00	2573.00
- Total Cash-equiv. (\$mm)	251.00	251.00
Acres of Timberland (mm)	8.19	8.19

Enterprise Value per Acre (\$) **\$ 1,149** **\$ 2,000**
Source: John Tumazos Very Independent Research, LLC

Table 2

Plum Creek Earnings Model

(\$ millions)

	2006	4Q 2007	2007E	2008E	2009E	2010E	2011E	2012E	2013E
Northern resources	413	90	354	365	384	382	381	382	380
Southern resources	479	76	450	461	479	484	494	504	512
Manufacturing (pre-2001 Lumber)	493	122	460	469	503	503	503	503	503
Land Sales	308	120	349	330	325	325	325	325	325
Other/Natural Resources	19	6	21	22	23	24	25	26	27
Inter-segment elimination	(85)	(18)	(67)	(88)	(88)	(88)	(87)	(86)	(85)
Total Third-party Revenues	1,627	396	1,567	1,559	1,626	1,630	1,640	1,653	1,662
Northern resources	105	8	49	37	77	88	88	88	88
Southern resources	178	24	150	138	168	194	197	201	205
Manufacturing (pre-2001 Lumber)	22	1	4	6	9	12	12	12	12
Land Sales	178	90	219	221	211	211	211	211	211
Other/Natural Resources	16	5	19	20	21	22	23	24	25
Unallocated expense	(38)	(11)	(54)	(50)	(60)	(60)	(60)	(60)	(60)
Total Operating Income	461	118	388	372	425	466	471	476	480
Cost of goods sold	925	248	931	937	949	910	913	919	922
Depreciation, depletion, amortization	128		130	132	134	136	138	140	142
SG&A	113	30	118	118	118	118	118	118	118
Interest expense	(133)	(34)	(143)	(136)	(125)	(113)	(98)	(83)	(67)

Interest income									
Gain (loss) on asset sales									
Reorganization costs									
Other (expense) income, net		(4)							
Pretax income	328	80	245	236	301	354	372	393	413
Income taxes	(13)	(3)	(1)	(5)	(10)	(10)	(10)	(11)	(11)
Equity income									
Change in accounting	2								
Net income	317	77	244	231	290	344	362	382	402
General partner interest									
Net income to unitholders	317	77	244	231	290	344	362	382	402
Units/shares out	180.5	172.7	174.3	171.2	171.2	171.2	171.2	171.2	171.2
FD units/shares out	180.9	173.1	174.7	171.6	171.6	171.6	171.6	171.6	171.6
Net income per share	\$1.75	\$0.44	\$1.39	\$1.35	\$1.69	\$2.00	\$2.11	\$2.23	\$2.34
Dividends per share	\$1.60	\$0.42	\$1.68	\$1.68	\$1.68	\$1.68	\$1.68	\$1.68	\$1.68

Source: John Tumazos Very Independent Research, LLC

Table 3

Plum Creek Sources and Uses of Cash

(\$ millions)

Sources	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E
Net Income (Loss)	317	244	231	290	344	362	382	402
Depreciation	128	130	132	134	136	138	140	142
Deferred income taxes	1	1	3	5	5	5	5	5
Equity earnings								
Dividends received								
Accounting change								
Asset sales	86	130	109	114	114	114	114	114
Issuance of common stock	(256)	(200)	0	0	0	0	0	0
Issuance of debt	3,699	10	0	0	0	0	0	0
Other	(7)							
Total Sources	3,968	314	475	543	598	619	641	663
Uses								
Capital Expenditures	86	35	75	75	75	75	75	75
Acquisitions, net cash	111	100	20	20	20	20	20	20
Debt repayment	3,606	30	100	250	250	250	250	250
Cash distributions	290	293	288	288	288	288	288	288
Payments/advances non-cons. Subs.								
Changes in non-cash w/c	(29)							
Changes in cash	(96)	(144)	(8)	(90)	(34)	(14)	9	31
Total Uses	3,968	314	475	543	598	619	641	663

Source: John Tumazos Very Independent Research, LLC

Table 4

Plum Creek Balance Sheet

(\$ millions)

	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E
Assets								
Cash and equivalents	273	129	121	31	(3)	(17)	(8)	23
Restricted cash	4	4	4	4	4	4	4	4
Accounts receivable	40	78	78	81	82	82	83	83
Inventories	83	110	109	114	114	115	116	116
Assets held for sale	82	82	82	82	82	82	82	82
Other current assets	31	31	31	31	31	31	31	31
Total current assets	513	434	425	343	309	297	307	339
Timberlands, net	3,876	3,751	3,606	3,453	3,299	3,142	2,984	2,823
Property, plant, equipment, net	216	216	216	216	216	216	216	216
Equity investments	28	28	28	28	28	28	28	28
Other assets	28	28	28	28	28	28	28	28
Total assets	4,661	4,457	4,303	4,069	3,880	3,711	3,563	3,434
Liabilities								
Short-term debt	125	50	50	50	50	51	52	53
Accounts payable and other current	156	221	220	228	229	230	231	232
Total current liabilities	281	271	270	278	279	281	283	285
Long-term debt	1,617	1,803	1,703	1,903	1,653	1,402	1,151	900
Line of credit	581	450	450	0	0	0	0	0
Deferred income	0	0	0	0	0	0	0	0
Deferred taxes	25	26	28	33	38	44	49	54
Other liabilities	68	68	68	68	68	68	68	68
Shareholders' equity	2,089	1,840	1,783	1,786	1,842	1,917	2,012	2,126
Total Liabilities and shareholders' equity	4,661	4,457	4,303	4,069	3,880	3,711	3,563	3,434

Source: John Tumazos Very Independent Research, LLC

BUSINESS MIX OF THIRD-QUARTER EARNINGS

Revenues fell \$47 mm or 10.4% to \$407 from \$454 mm. Revenues from logs fell \$14 mm, land sales fell \$10 mm, lumber or plywood manufacturing fell \$30 mm and "other" fell \$1 mm. Northern log revenues fell \$20 mm while Southern log revenues rose \$6 mm. Southern sawlog prices fell 6% and Northern sawlog prices fell 3% from last year, while pulp log prices increased slightly in the south and decreased slightly in the north. The total log harvest fell 5% to 4.9 from 5.15 million tons as northern log harvests were down almost 300,000 tons.

Gross margin fell \$30 mm as costs of sales fell \$17 mm as revenues fell \$47 mm. Costs rose \$6 mm for timber log harvests, fell \$23 mm for land sales and remained constant for manufacturing.

Thus, the gross profit was \$67 mm for logs, \$62 mm for land sales, \$6 mm for manufacturing and \$3 mm for "other" such as hunting or mineral lease revenues. We were ecstatic that PCL avoided a loss from its lumber, plywood and related manufacturing. Net of SG&A and other, the EBIT operating profit was \$8 mm for Northern logs, \$39 mm for Southern logs, \$61 mm for Real Estate, \$2 mm for Manufacturing, \$4 mm for hunting or mineral lease and other and a \$15 mm intercompany elimination. EBIT fell to \$99 from \$134 mm last year.

Plum Creek sold approximately 45,000 acres in the September 2007 quarter, which was up from the 33,000 in the second quarter of 2006.

CASH ISSUES IN SEPT QUARTER WEIGH AGAINST SHARE REPURCHASES

Plum Creek has spent \$222 mm on dividends, \$202 mm on share repurchases, \$96 mm on new timberlands and \$59 mm on capital spending in the first nine months of 2007. Its other uses of funds were minor.

PCL generated \$164 mm in cash from net income, \$102 from depreciation, \$45 mm from the basis of land sold, used \$105 mm of its \$273 mm of beginning cash balances and borrowed a net \$165 mm of net new debt new of changes in various short- and long-term accounts.

We view the \$270 mm of cash drawdown and net debt increases as "nonsustainable," and conclude that share buybacks will probably slow accordingly. Further, opportunities to buy smaller parcels of land may benefit from tightening of some credit standards.

Plum Creek has \$20 million remaining on the new repurchase authorization, and its \$2.3 million in repurchases at \$38.94 in the third quarter is less than the current stock price

RISKS

Risks to the stock include weak paper and wood product markets, which could hurt its log harvesting business. Further risks include high interest rates, which could reduce land values as it could cool the real estate market, or increased competition for timberlands from institutional investors, which could drive up prices.

We worry about "reserve replacement," or Plum Creek's ability to find new land to replace the parcels it sells. Otherwise its earnings and dividends are "returns of capital" not "returns on capital."

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.

DISCLOSURES

"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.

Except for Polymet Mining and Canyon Resources, neither JTVIR, its members or its employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure. Our only financial interest in a stock we regularly cover is Polymet Mining shares bought in April 2007.

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. Alcan, which Rio Tinto soon will acquire, also will be discontinued from coverage. Bowater, which will merge with Abitibi-Consolidated, also will be dropped after the merger completion.

Subsequently, since September 2007 JTVIR, LLC has initiated coverage of new companies not previously covered in the former universe. These new companies include General Moly, Inc., Duluth Metals, Polymet Mining, Franconia Minerals, CVRD and Century Aluminum.

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.

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