

**NWH Oregon Operations - Public Sourcing
January 1999**

Purpose: Display NPV effects of various scenarios

Incremental, After-tax NPV Impact (\$M)

Chart Data From Oregon Options Summary - Do not input on this worksheet

Scenario	NWH	WTL	WLB	Company Impact
Base Case - Continue current operations	-	-	-	-
Obtain Hrw'd Exemption; Export OR logs	-	5,005	1,483	6,488
No exemption; Export OR logs; Replace Public Volume	(15,742)	5,005	1,483	(9,254)
No exemption; Export OR logs; Close Garibaldi in 2000	(12,174)	5,005	1,483	(5,686)
No exemption; Export OR logs (+ \$??MM); Continue to run Garibaldi	(15,742)	14,258	1,483	(0)
No exemption; Export OR logs; Sell Garibaldi in 2000	(11,194)	5,005	1,483	(4,706)

EXHIBIT

CV 03-0551 PA

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**Incremental, After-tax NPV Impact (\$M)
Most likely case**

	NPV Impact 12%	Assumed 38% tax rate										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
<u>Base Case - Continue current operations</u>												
NWH Hardwood Operations	\$ -											
Western Timberlands	-											
Western Lumber Business	-											
Incremental Impact	N/A											
<u>Obtain Hrw'd Exemption: Export OR logs</u>												
NWH Hardwood Operations	\$ -											
Western Timberlands	5,005	837	837	837	837	837	837	837	837	837	837	837
Western Lumber Business	1,483	248	248	248	248	248	248	248	248	248	248	248
Incremental Impact	6,488											
<u>No exemption: Export OR logs: Replace Public Volume</u>												
NWH Hardwood Operations	\$ (15,742)	(2,633)	(2,633)	(2,633)	(2,633)	(2,633)	(2,633)	(2,633)	(2,633)	(2,633)	(2,633)	(2,633)
Western Timberlands	5,005	837	837	837	837	837	837	837	837	837	837	837
Western Lumber Business	1,483	248	248	248	248	248	248	248	248	248	248	248
Incremental Impact	(9,254)											
<u>No exemption: Export OR logs: Close Garibaldi in 2000</u>												
NWH Hardwood Operations	\$ (12,174)	(976)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)
Western Timberlands	5,005	837	837	837	837	837	837	837	837	837	837	837
Western Lumber Business	1,483	248	248	248	248	248	248	248	248	248	248	248
Incremental Impact	(5,686)											

Based on \$4,246M incremental log cost in WA & OR; increase of 5% from 1999 plan

Yr 2000: Earnings loss + after tax closure cash flows less Eugene/CB impacts
1999: Assumes 3/4 of year with incremental replacement costs

