

(g) The term, "Timber Product(s)," means standing timber or timber in the form of logs.

(h) The term, "independent, qualified appraiser," means an individual or firm which is qualified to serve in the capacity as an appraiser; is independent of the parties in interest engaging in the transaction and their affiliates; and satisfies the following conditions:

(1) Other than serving as the independent, qualified appraiser for a transaction which is subject to this exemption, the individual or firm has no current employment relationship with Hancock or with International Paper;

(2) No individual or firm may serve as an independent, qualified appraiser during any year in which the gross receipts such individual or firm received from business with Hancock and from business with International Paper for that year exceeds 5 percent (5%) of such individual's or firm's gross receipts from all sources for the prior year;

(3) If an individual is selected to serve as the independent, qualified appraiser, then such individual must:

(A) Have a forestry degree; and

(B) Have a minimum of five (5) years of experience as a timberland appraiser; or

(C) Otherwise demonstrate proficiency in timberland appraisal work which is equivalent to the level of expertise demonstrated by the requirements, as set forth in section III(h)(3)(A) and (B), above;

(4) If a firm is selected to serve as the independent, qualified appraiser, then such firm must have:

(A) A minimum of five (5) years of experience as a timberland appraiser; or

(B) Otherwise demonstrate proficiency in timberland appraisal work; and

(5) The individual or the firm that serves as the independent, qualified appraiser for transactions covered by this exemption must have the ability to access appropriate timberland sales comparison data.

(i) The term, "*bona fide* bidder," means a bidder on a Timber Product offered for sale by ForesTree IP, only if

(1) The bidder has made an offer to purchase the Timber Product, in accordance with the terms of the bid solicitation;

(2) The bidder's name appears on the Buyer's List at the time of bid solicitation and at the time of the bid;

(3) Hancock neither knows or should know of any impediment to the bidder's consummation of the purchase of the Timber Product offered for sale upon which the bidder has bid; and

(4) Hancock has no reason to believe that the bid was not made in good faith by the bidder with the present intent of procuring the Timber Product offered for sale by ForesTree IP.

#### Summary of Facts and Representations

1. The Retirement Plan of the International Paper Company, (the IP Retirement Plan), located in Memphis, Tennessee is affected by this proposed exemption. The IP Retirement Plan is an employee pension benefit plan covered by the Act. As of January 10, 2002, the estimated number of participants and beneficiaries in the IP Retirement Plan was: (a) 61,100 actives; (b) 35,600 retired or separated individuals; and (c) 30,600 terminated vested individuals.

International Paper and certain of its affiliates sponsor and maintain the IP Retirement Plan for their employees. As employers any of whose employees are covered by the IP Retirement Plan, International Paper and certain of its affiliates are parties in interest with respect to such plan, pursuant to section 3(14)(C) of the Act.

The fair market value of the total assets of the IP Retirement Plan was approximately \$6,884,329,000, as of June 30, 2001. The assets of the IP Retirement Plan are held in the International Paper Company Trust Agreement to Fund Pension Plans (the IP Trust). It is represented that the IP Trust may also, from time to time, hold the assets of other plans sponsored and maintained by International Paper and its affiliates for their employees. The trustee of the IP Trust is State Street Bank and Trust Company (State Street).

2. The application for this proposed exemption was submitted on behalf of JHLIC, Financial Services, Variable Life, Resources Group, and Timber Resource. JHLIC is a wholly-owned subsidiary of Financial Services. Variable Life is a wholly-owned subsidiary of JHLIC. Resources Group and Timber Resource are wholly-owned indirect subsidiaries of JHLIC.<sup>3</sup>

Through Resources Group, John Hancock manages timberland for its customers and for its own general account. In this regard, as of June 30, 2001, Resources Group managed over 2.4 million acres of timberland in the United States valued at approximately \$2.2 billion, and managed nearly .5 million acres of Australian timberland valued at approximately \$362 million.

<sup>3</sup> Throughout the Summary of Facts and Representations for this proposed exemption, JHLIC and Variable Life are referred to collectively as "John Hancock," and the term, "Hancock," is defined, as set forth in section III(e) of this proposed exemption.

3. John Hancock offers annuity contracts and funding agreements to customers (Contract Holders), including employee pension benefit plans subject to the Act. Such Contract Holders may invest directly or indirectly in timberland through pooled and non-pooled separate accounts available under John Hancock group annuity contracts and funding agreements. It is represented that these contracts and agreements provide that, in accordance with the Contract Holders' direction, the premium or contribution received from such Contract Holder will be allocated internally on the books of John Hancock to segregated asset accounts or "separate accounts." The separate account investments are held in John Hancock's name, but the value of the contract or agreement to the Contract Holder fluctuates with the value of the investments allocated to the separate account. The direct expenses of managing the investments and John Hancock's fees are charged against the value of the separate account.

4. John Hancock manages a number of separate accounts, both pooled and non-pooled, that invest in timber. These separate accounts are generally known as the ForesTree Separate Accounts. It is represented that these ForesTree Separate Accounts may invest in Timber Assets, including a fee simple (with appurtenant rights), as well as timber leases, and timber deeds. It is represented that a timber lease is a contract between a landowner (the lessor) and another party (the lessee) under which the lessee is granted the right to use the land for the production of lumber for a specified period of time. Timber leases typically specify how the land is to be managed and the condition to which the land is to be returned upon expiration of the lease. A timber deed is a contract under which the landowner grants to a third party the right (but not the obligation) to harvest existing timber.

It is represented that over one million acres of Timber Assets are allocated to the ForesTree Separate Accounts. As of June 30, 2001, these Timber Assets had a value of over \$1 billion.

As part of its timberland management, John Hancock or an affiliate also periodically sells Timber Products in the form of standing timber or logs from its ForesTree Separate Accounts to companies in the forest products industry. John Hancock, through its affiliates, has the discretion to determine when and how much of the Timber Products in the ForesTree Separate Accounts to sell, based on the market conditions for each type of timber and the geographic location.