

requests an administrative exemption that would permit it or Resources Group periodically to sell Timber Products from ForesTree IP, to International Paper; provided certain general and specific conditions are satisfied at the time each transaction is entered.

7. In the opinion of John Hancock, the proposed transactions are in the interest of the IP Retirement Plan and any IP Plan subsequently sponsored by International Paper which participates through the IP Trust in ForesTree IP. In this regard, if permitted to purchase Timber Assets held by International Paper, ForesTree IP will have access to the broadest range of potential timber investments, in a market in which such investments are limited.

It is represented that an exemption permitting the sale of Timber Products from ForesTree IP to International Paper is in the interest of the IP Plan and its participants and beneficiaries, because it will enhance John Hancock's ability to maximize the return of such account. In this regard, the exemption will create a more competitive market in which to sell Timber Products harvested from the Timber Assets held on behalf of such account. John Hancock notes that the number of purchasers of Timber Products has declined in the last few years due to the consolidation of the forest products industry. In the opinion of John Hancock, in order to ensure that ForesTree IP is obtaining the highest value for its Timber Products, it should be able to market such products to all available purchasers, including International Paper. It is represented that, if International Paper is precluded from bidding on Timber Products sold by ForesTree IP, the account may not obtain the highest price for its timber to the detriment of the IP Retirement Plan.

8. It is represented that the proposed exemption contains sufficient safeguards to protect the participants and beneficiaries of the IP Retirement Plan. In this regard, before purchasing a Timber Asset from International Paper, John Hancock, as the investment manager of ForesTree IP, will independently determine that the purchase of such asset is in the interest of the account and consistent with the policies and objectives of such account. Moreover, John Hancock will obtain an appraisal from an independent, qualified appraiser of the value of the Timber Asset prior to purchase to ensure that ForesTree IP pays no more than the fair market value of such asset. The fair market value of the Timber Asset sold to ForesTree IP must be documented by an appraisal report in writing issued, as of the date of the transaction, by the independent,

qualified appraiser, and such report must be retained for a period of six (6) years from the date of the transaction.

Because of the ongoing nature of the requested exemption, it is represented that the applicants cannot now identify the appraisers who will perform the required appraisals. However, the Department notes that any appraiser selected to value the Timber Asset to be purchased by ForesTree IP from International Paper, pursuant to the terms of this exemption, must satisfy the requirements for independence and qualification, as set forth in section III(h) of this exemption.

Before selling a Timber Product, John Hancock will independently determine that the sale is in the interest of ForesTree IP. Further, it is represented that the price received by ForesTree IP for Timber Products offered for sale will be established through a competitive bidding process among the prospective buyers in the relevant geographic area in which the Timber Products are located.

It is represented that John Hancock's regional forest managers compile and maintain Buyer's Lists of the names of active forest products companies and timber buyers in each geographic region in which Timber Products are located for the purpose of selling such Timber Products for any timber account. The relevant geographic area is generally a 100-mile radius from the harvest area, because the cost to truck logs beyond this distance is typically uneconomical. However, there is no fixed requirement for such radius. It is represented that John Hancock's regional forest managers take into account the distance of a potential buyer from the location of the properties under management and determine what is the appropriate target area.

It is further represented that Buyer's Lists typically contain between 50 and 100 potential buyers. However, the number may vary from list to list depending upon the depth of the timber markets and the number of wood processing facilities in the relevant geographic area. It is in the interest of John Hancock, and all of its client accounts, to maintain the most comprehensive Buyer's Lists for all transactions. In this regard, prospective buyers are identified via word of mouth through day to day dealing with logging contractors and timber buyers by John Hancock's regional forest managers. In addition, prospective buyers may be added to a particular Buyer's List upon the request, either oral or written, of such buyers. It is represented that John Hancock's regional forest managers will add a potential buyer to the Buyer's List, so long as a manager has no knowledge

of unsatisfactory past performance by such buyer. The applicants have informed the Department that John Hancock's general account and the names of other accounts managed by John Hancock may appear on any of the Buyer's Lists. In this regard, the Department notes that section II(h) of this exemption precludes relief for the purchase by ForesTree IP of Timber Assets from or sale by ForesTree IP of Timber Products to Hancock's general account or any other account managed by Hancock.

With respect to the Buyer's List utilized by ForesTree IP, John Hancock's forest manager in the region where such Timber Products are located will solicit bids from all of the buyers in that geographic area whose names are on the Buyer's List then currently in effect. It is represented that John Hancock will not modify the Buyer's List for a geographical area to add International Paper's name to such list solely for the purpose of engaging in a sale by ForesTree IP of Timber Products in such area to International Paper. Further, with respect to the Buyer's List utilized by ForesTree IP, John Hancock's regional forest managers will not remove a buyer from the Buyer's List for a geographic area, unless the buyer has failed to perform satisfactorily in a previous transaction; is no longer in business; requests, orally or in writing, to be removed from such list; or has failed to respond for a period of two (2) years to previous solicitations by ForesTree IP to bid on Timber Products offered for sale in the geographic area.

Prior to sending out a solicitation for bids on Timber Products, John Hancock will establish a Minimum Bid based on its assessment of the fair market value of the Timber Products being sold. It is represented that John Hancock manages Timber Assets through individuals in its regional offices (the Hancock Forester(s)). The Hancock Foresters contract for management of Timber Assets in specific regions with affiliates or with third party forest managers (the Contract Forest Managers). Each of the Contract Forest Managers are represented by a timberland manager (the Timberland Managers). Individual field foresters (the Field Forester(s)) report to the Timberland Managers.

It is represented that Field Foresters are responsible for day-to-day management of ForesTree IP. Such Field Foresters determine when, consistent with annual budgets established by the Hancock Foresters, to sell specific Timber Products. Each time a Timber Product is sold using the bid solicitation process, a Field Forester determines the current fair market value of such