

product. It is further represented that the Minimum Bid is equal to the current fair market value of such product.

It is represented that to determine the fair market value (and consequently, the Minimum Bid) for a solicitation, a Field Forester reviews: (1) Information about recent sales of Timber Products in the area, gleaned from conversations with mill owners and other timber buyers on a regular basis, (2) information on sales of standing timber and so-called "gatewood" (harvested timber delivered directly to the gate of a mill), and (3) routine disclosures of actual recent winning and low bids received for Timber Products.

Once a Field Forester determines the fair market value for the Timber Product to be sold, the price is compared to the "per unit annual budgeted price" for the applicable Timber Product. It is represented that every year a budget for each Timber Asset is adopted. Among other things, the budget includes a projection of the average sales price for specific types of Timber Products to be sold during the year. If the Minimum Bid proposed by a Field Forester for a Timber Product is more than 10 percent (10%) below the budgeted price, a Hancock Forester must review the solicitation. It is the responsibility such Hancock Forester to then determine whether the price difference is justified by changes in circumstances, and whether or not to approve the proposed Minimum Bid. Rather than approve the proposed Minimum Bid, a Hancock Forester may insist that the sale of the Timber Product be delayed.

The applicants indicate that it is not customary at John Hancock or in the timber industry in which it operates to disclose the Minimum Bid in advance for a timber sale in a competitive bid situation. Minimum Bids are not disclosed because that disclosure could adversely affect the price received by the seller. The Minimum Bid is published with final bid results.

It is represented that the highest bid must meet or exceed the Minimum Bid and must be at least as favorable to ForesTree IP as the fair market value of the Timber Product being sold at the time that the contract for sale is legally binding on the parties involved. Where International Paper is the highest bidder for a Timber Product being sold by ForesTree IP, it is represented that the sale will not go forward, unless Hancock has received bids on such Timber Product from at least two (2) other bidders, in addition to International Paper, provided that each such bidder satisfies the definition of a bona fide bidder, as set forth in section III (i), below; and that neither Hancock's

general account nor any other account managed by Hancock is either of the two other bidders.

9. It is represented that the proposed transactions are administratively feasible, because each transaction involving the IP Retirement Plan can be readily identified and audited. Furthermore, the exemption will not require continued monitoring or other involvement on behalf of the Department or the Internal Revenue Service. Furthermore, John Hancock or an affiliate is responsible for maintaining or causing to be maintained certain records for a period of six (6) years from the date of any transaction covered by this exemption which will enable certain persons to determine whether the conditions of the exemption have been met.

10. In summary, the applicants represent that the proposed transactions meet the statutory criteria for an exemption under section 408(a) of the Act because:

(a) The price paid by ForesTree IP for the Timber Assets will be determined, as of the date of each transaction, by an independent, qualified appraiser; and will be documented in writing by an appraisal report;

(b) The price paid by ForesTree IP for the Timber Assets will not exceed the fair market value of such assets at the time of the purchase;

(c) Prior to soliciting bids for the sale of a Timber Product, John Hancock will establish a Minimum Bid based on its assessment of the fair market value of the Timber Product offered for sale;

(d) John Hancock (or its designee) will solicit from each party on the Buyer's List utilized by ForesTree IP for the relevant geographic area in which the Timber Product is located, a written bid for the purchase of the Timber Product offered for sale;

(e) The highest price bid for the Timber Product offered for sale must meet or exceed the Minimum Bid established by John Hancock and must not be less than the fair market value of such Timber Product at the time the contract for sale is legally binding on the parties involved;

(f) Where International Paper's is the highest price bidder for the Timber Product offered for sale, the transaction may not go forward, unless bids have been received on such Timber Product from at least two (2) other bidders, in addition to International Paper, provided that each such bidder satisfies the definition of a bona fide bidder, as set forth in section III (i), below; and provided further that neither Hancock's general account nor any other account

managed by Hancock is either of the two other bidders;

(g) any plan that invests in ForesTree IP will have total assets in excess of \$100 million;

(h) John Hancock or an affiliate will act as discretionary investment manager for ForesTree IP;

(i) John Hancock or an affiliate will negotiate on behalf of ForesTree IP the terms and conditions of the purchase of Timber Assets or the sale of Timber Products by ForesTree IP;

(j) prior to entering into the purchase of Timber Assets or the sale of Timber Products by ForesTree IP, John Hancock or an affiliate will determine on behalf of such account that each such transaction is feasible, in the interest of the account based on the investment policy and objectives of such account, and protective of the participants in such account;

(k) The terms and conditions of each transaction involving the purchase of Timber Assets or the sale of Timber Products by ForesTree IP are at least as favorable to such account as those obtainable in an arm's length transaction with an unrelated party;

(l) The transactions which are the subject of this exemption are not part of an agreement, arrangement, or understanding designed to benefit a party in interest;

(m) ForesTree IP will not purchase Timber Assets from or sell Timber Products to Hancock's general account or any other account managed by Hancock;

(n) The investment of plan assets by any IP Plan in ForesTree IP will not exceed 20 percent (20%) of the total assets of such plan;

(o) The total amount invested by International Paper on behalf of the IP Plans and allocated to ForesTree IP will not in the aggregate exceed \$100 million; and

(p) John Hancock or its affiliates shall maintain or cause to be maintained certain records for a period of six (6) years from the date of any transaction covered by this exemption.

Notice to Interested Persons

It is represented that those persons who may be interested in the publication in the **Federal Register** of the Notice of Proposed Exemption (the Notice) include International Paper, State Street Bank, and the active participants in the IP Retirement Plan.

John Hancock proposes to provide notification of the publication of the Notice to these interested persons through different methods. In this regard, John Hancock will provide notification to International Paper and