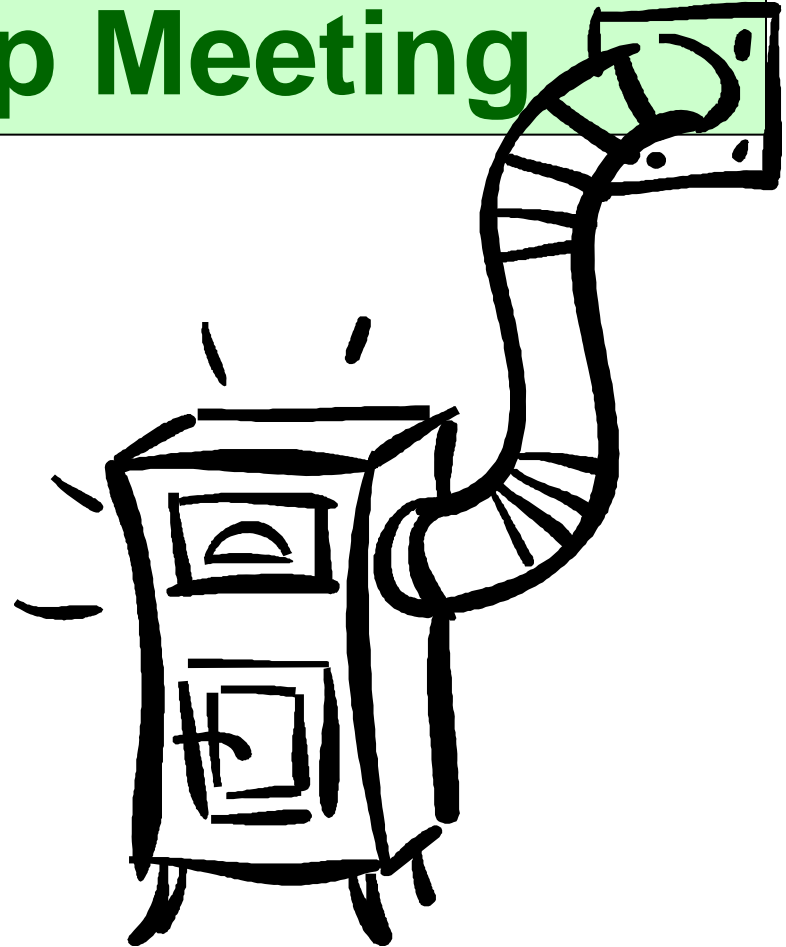


Pellet Fuels Institute Membership Meeting

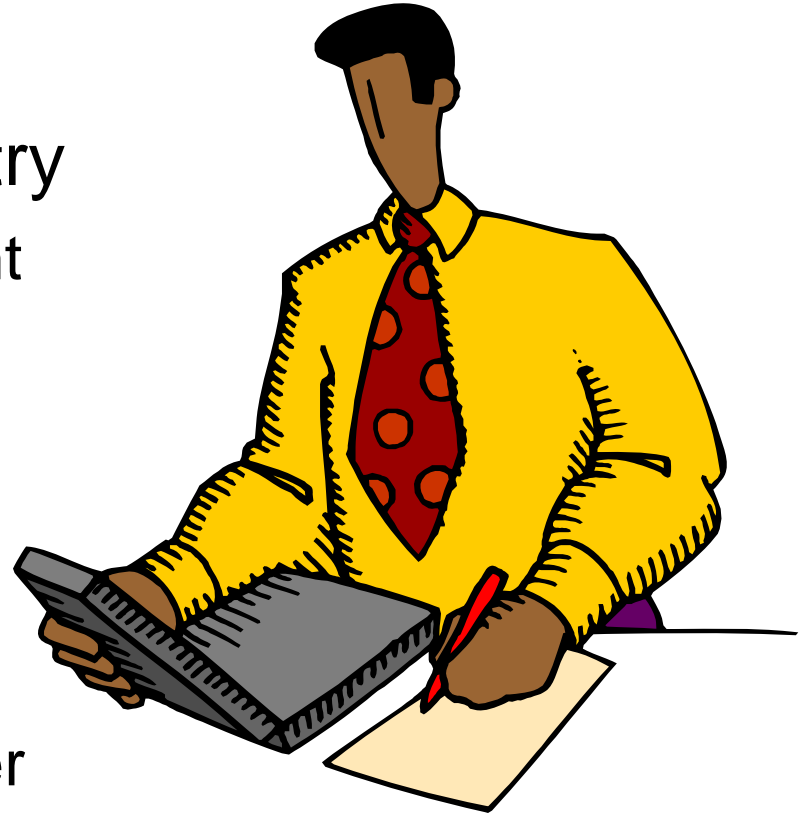
**Wednesday,
March 2, 2011**

Don Johnson,
*HPBA Director of
Market Research*



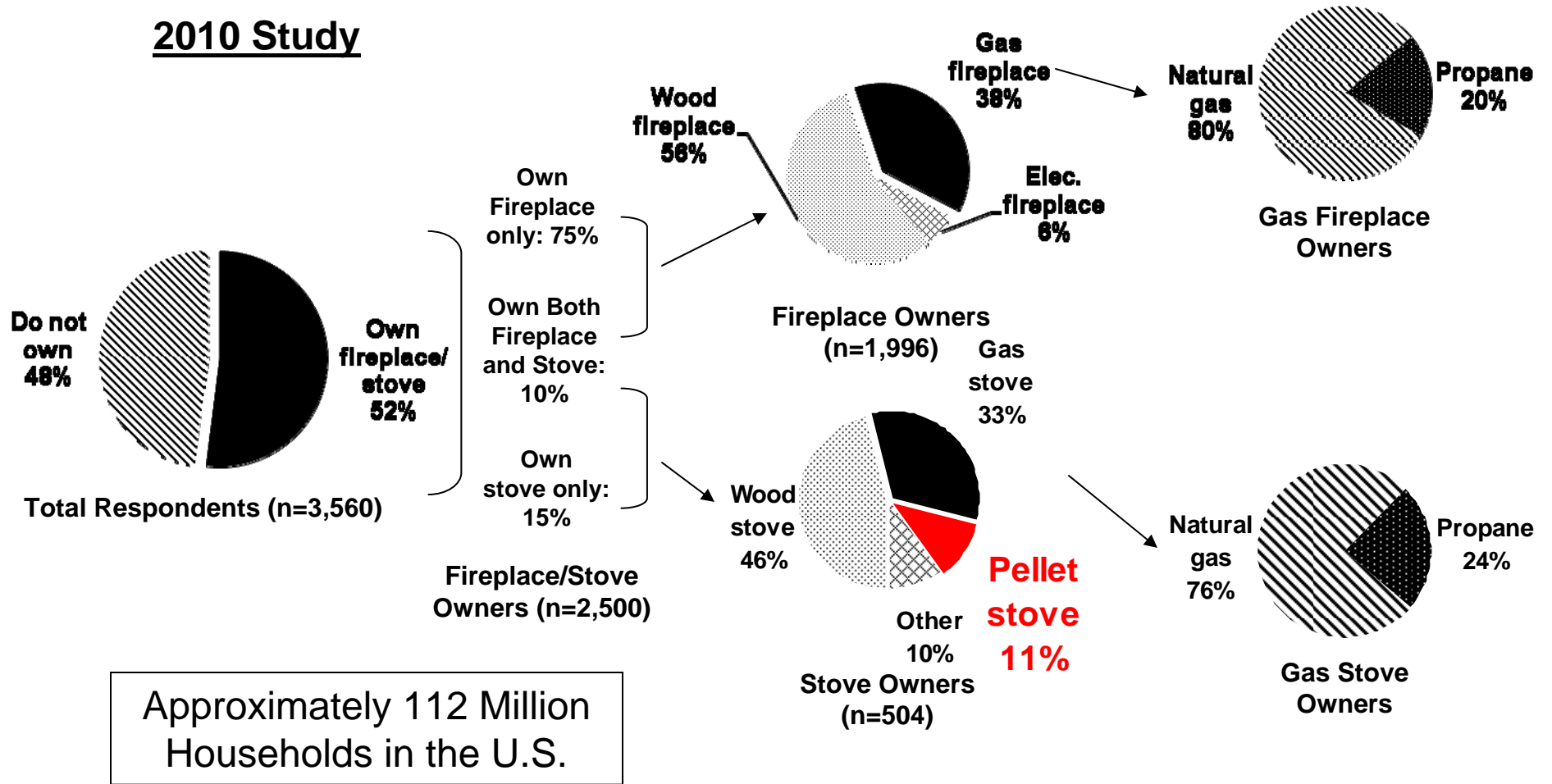
Presentation Agenda

- Set the stage – current status of the pellet industry
 - Hearth appliance shipment statistics
 - Pellet appliance shipment statistics
 - Biomass central heating shipment statistics
 - Select HPBA Manufacturer Rep survey results

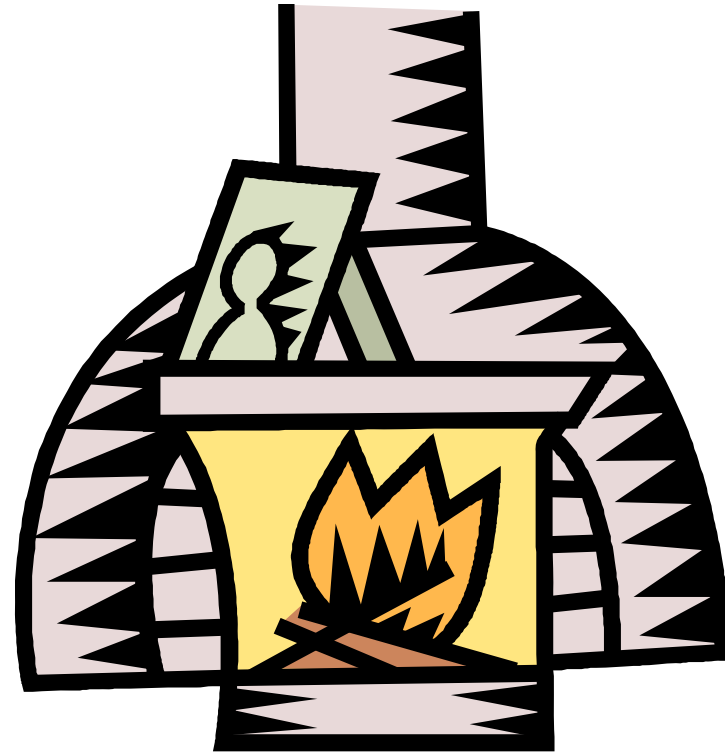


Own Fireplace/Stove in Primary Residence

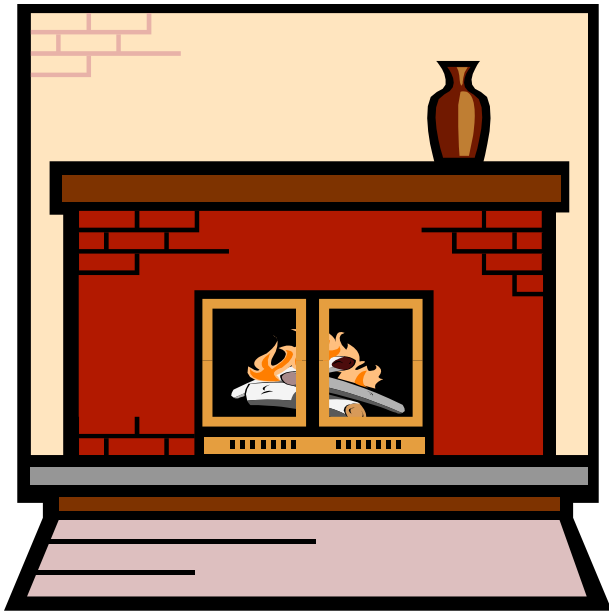
2010 Study



“Top of the Line” Hearth Industry Shipment Statistics



U.S. Hearth Appliance Shipments in 2010

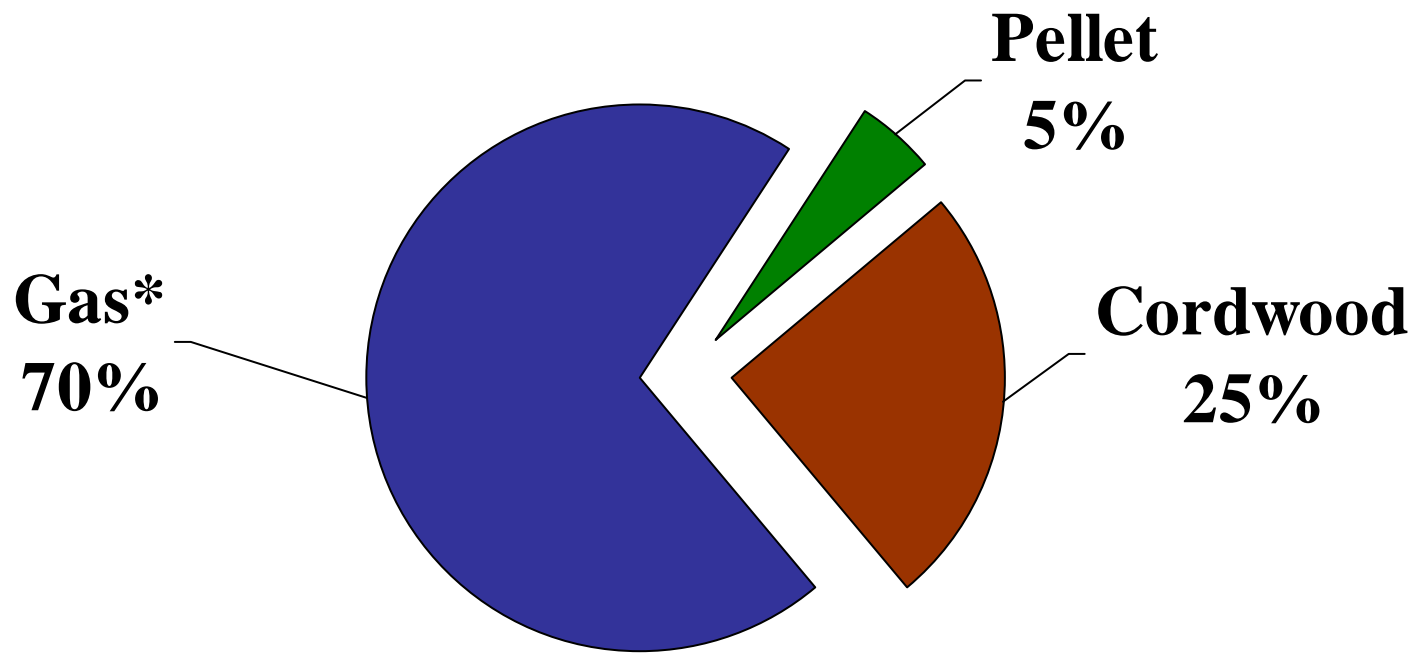


- Cordwood – 230,787
 - Gas* – 650,911
 - Pellet – 42,269
- **TOTAL – 925,967**

Electric Hearth Appliance Shipments – 1,400,000

*Includes Gas Log Estimated Data (279,400)

U.S. Hearth Appliance Shipments by Type of Fuel -- 2010



***Includes Gas Log Data**

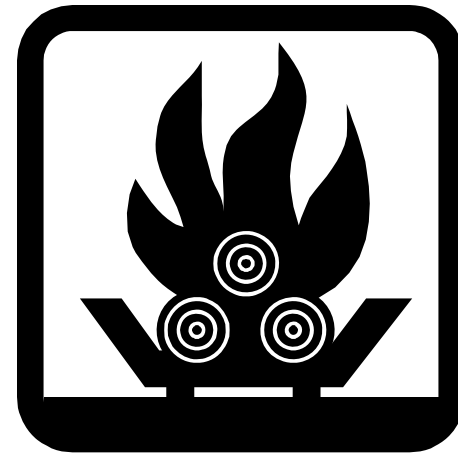
Electric Hearth Estimates Excluded

Between 2009 and 2010 . . .

- **Cordwood** appliance shipments **decreased 3%**
 - From 236,743 to 230,787
- **Gas** appliance shipments **increased 1%**
 - From 643,685 to 650,911
- **Pellet** appliance shipments **decreased 4%**
 - From 46,133 to 44,269

Electric hearth appliance shipments increased 16% between 2009 and 2010

**Overall, industry
Remained Stable
between 2009
and 2010**

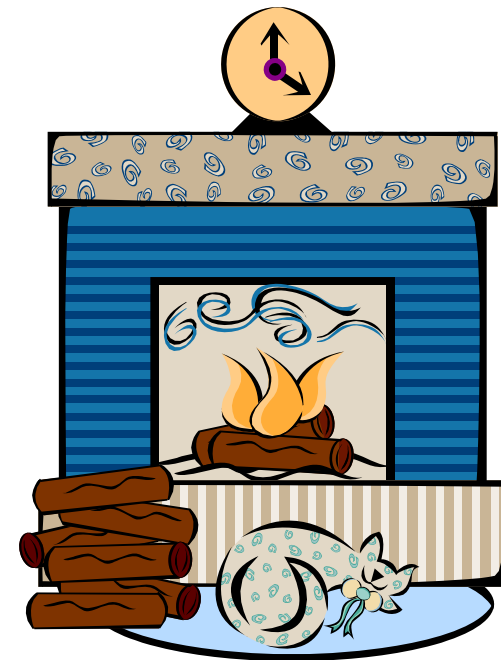


Since 1998 . . .

- **Cordwood** appliance shipments **decreased 65%**
 - From 652,500 to 230,787
- **Gas** appliance shipments **decreased 60%**
 - From 1,611,750 to 650,911
- **Pellet** appliance shipments **increased 30%**
 - From 34,000 to 44,269

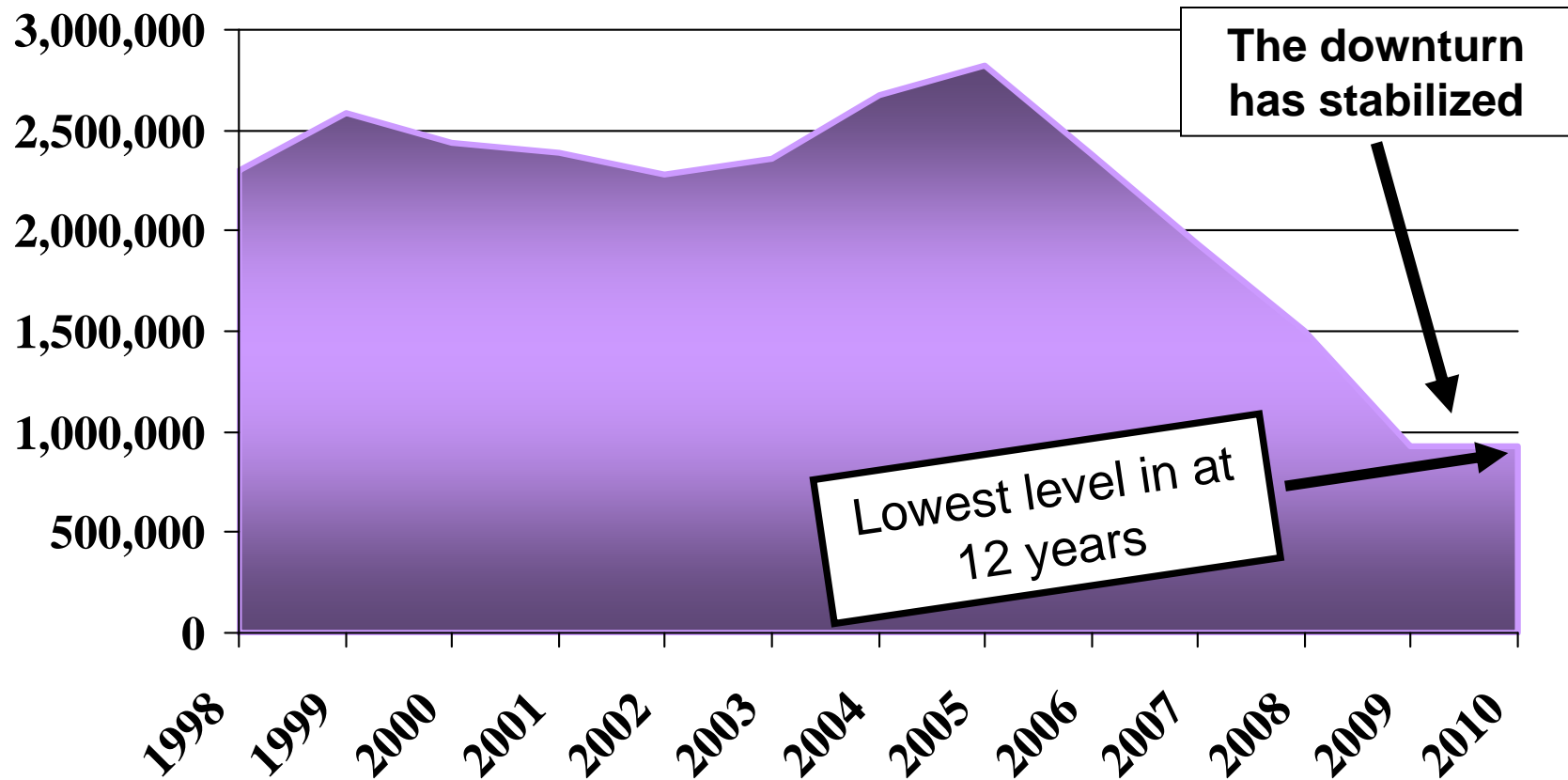
Electric Hearth Estimates Excluded

**Overall, industry
decreased 59%
between 1998
and 2010**



Total U.S. Hearth Appliance Shipments

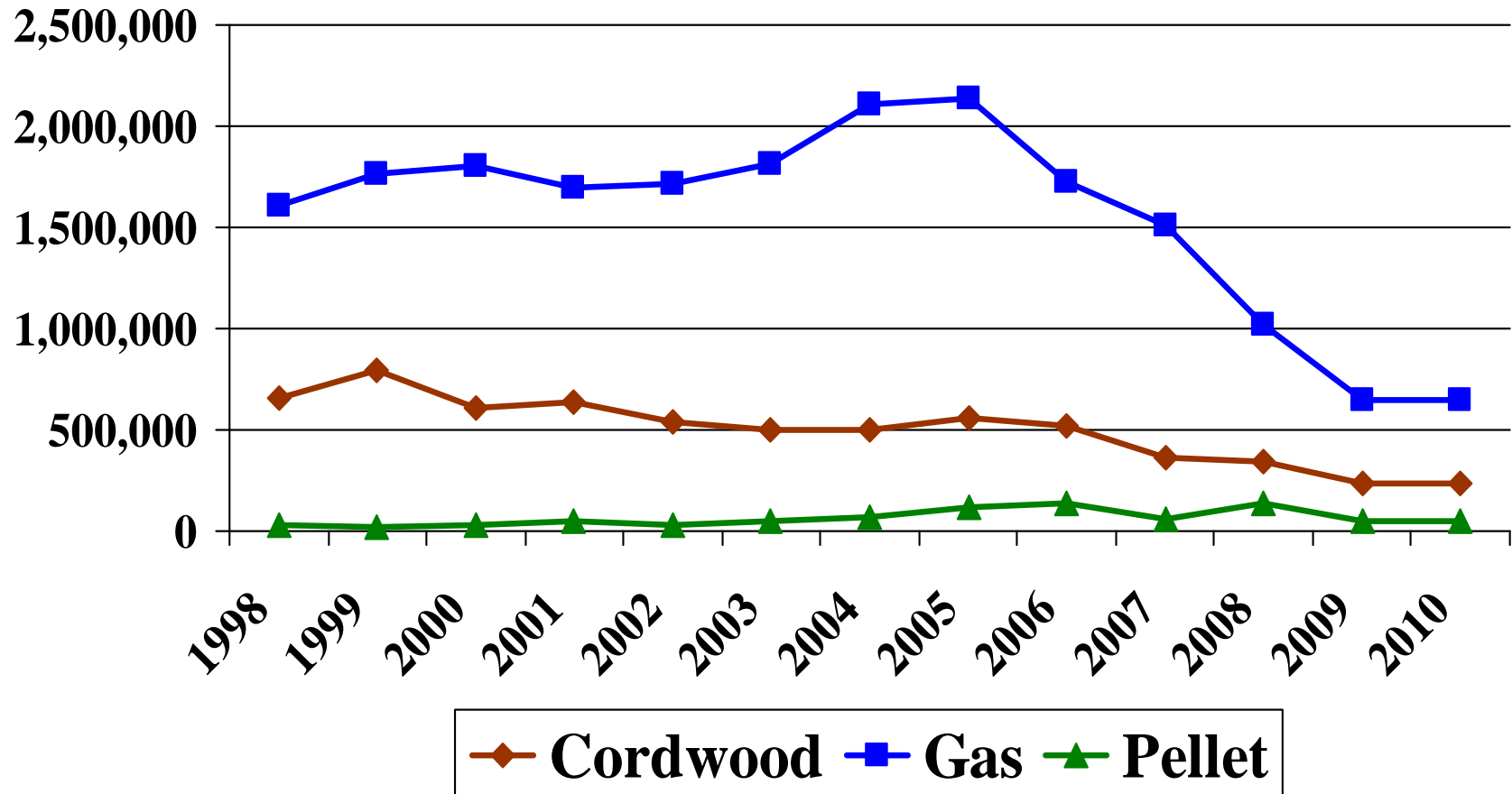
1998--2010



Electric Hearth Estimates Excluded

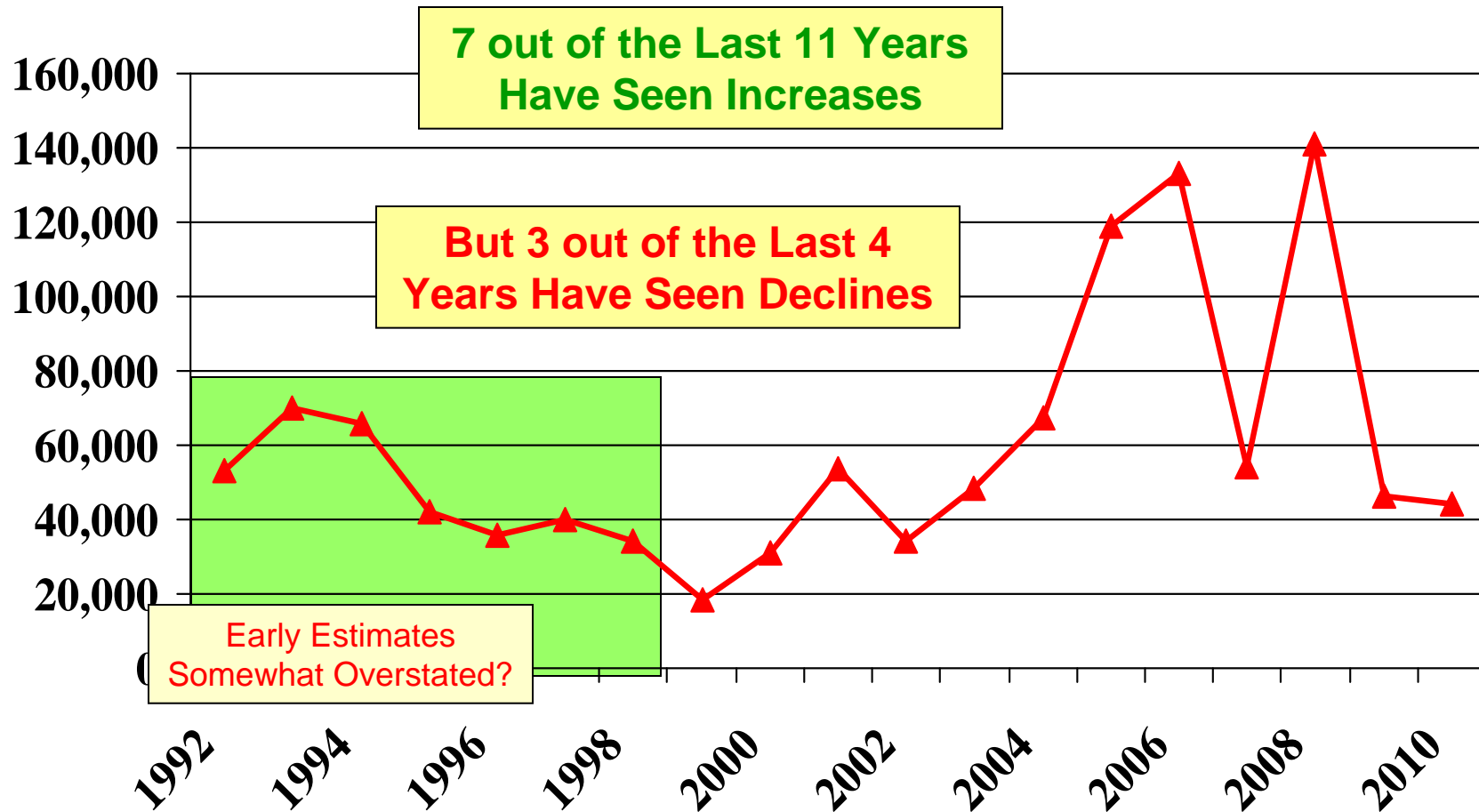
U.S. Hearth Appliance Shipments

1998--2010

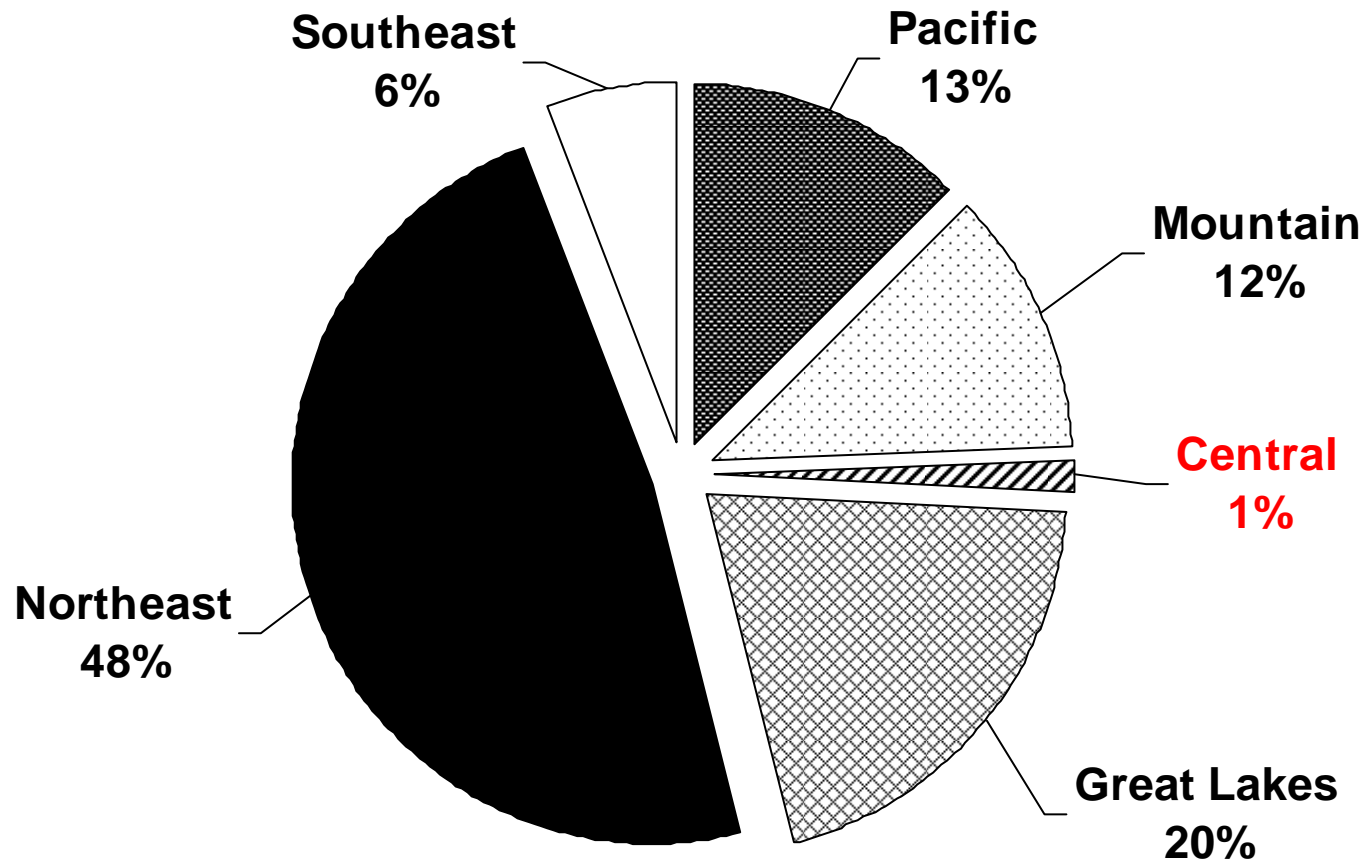


U.S. Pellet Appliance Shipments

1992--2010

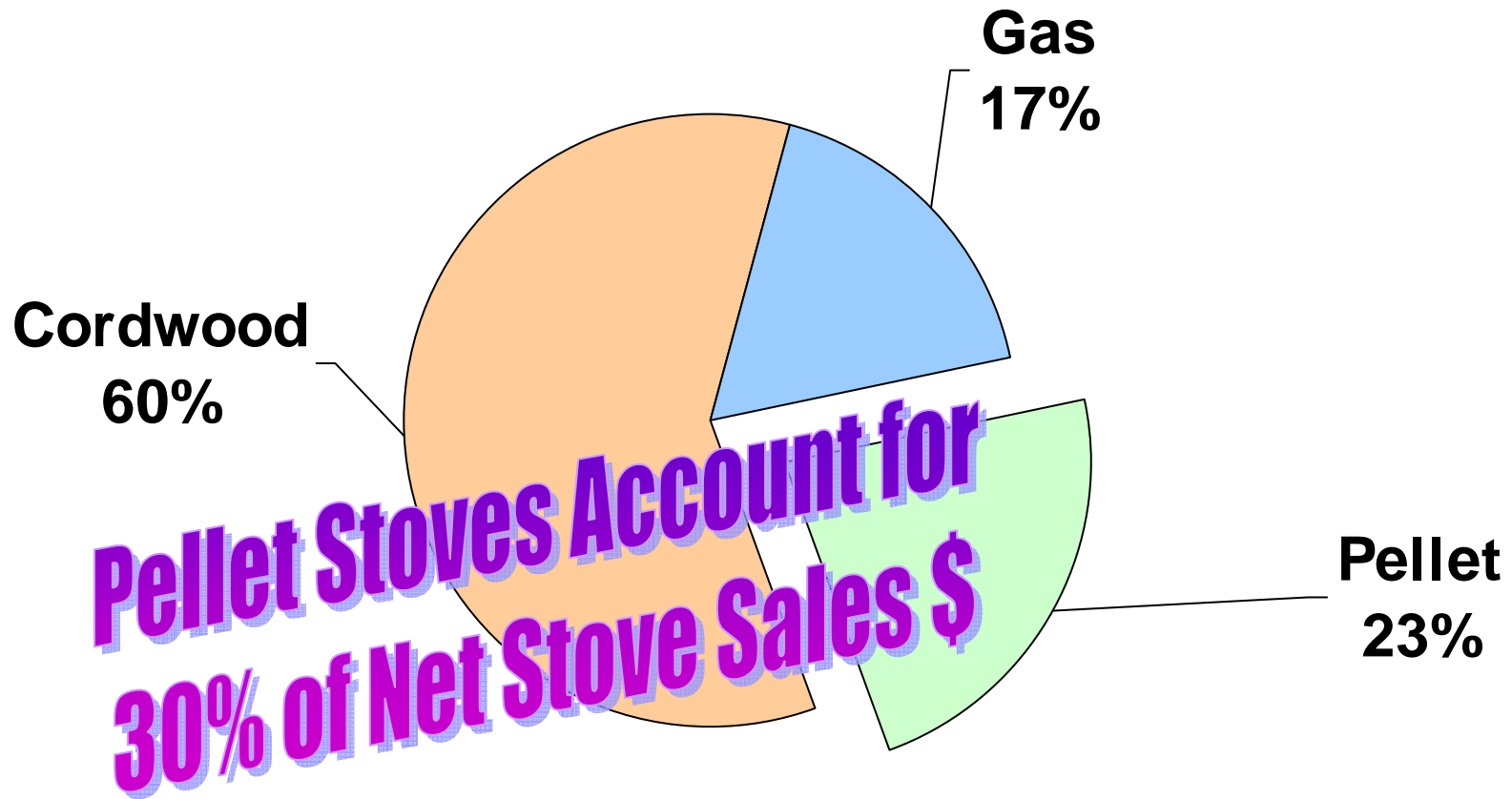


U.S. Pellet Appliance Shipments 2010



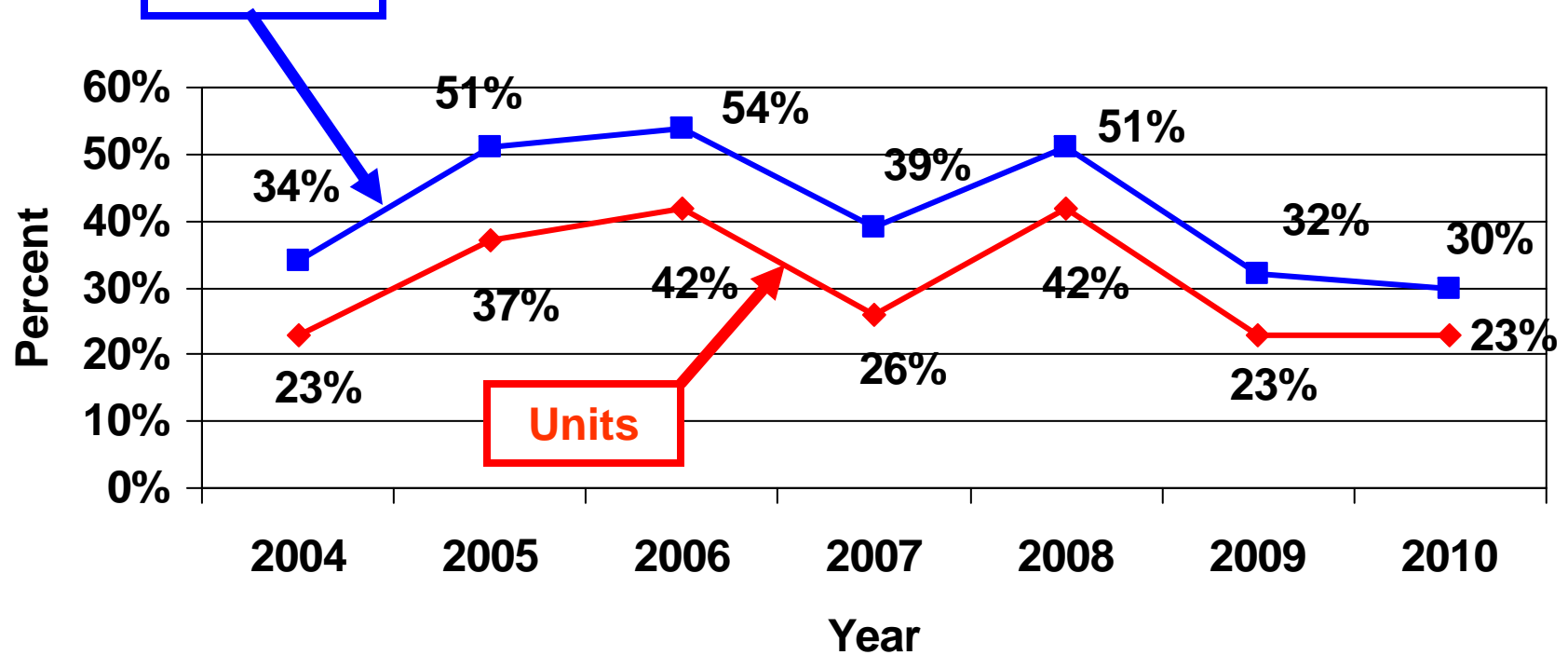
U.S. Freestanding Stove

Appliance Shipments by Type of Fuel -- 2010



Pellet Stoves vs. Freestanding Stoves

Percent of Pellet Stoves vs. Freestanding Stoves 2004-2010



Pellet Appliance Observations

- Pellet Appliance Shipments and Sales are the most **volatile** in the hearth industry
- When the consumers view the price of **heating their home to be expensive**, then **sales and shipments dramatically increase**
- When the consumers view the price of **heating their home to be reasonable**, then **sales and shipments are much less robust**

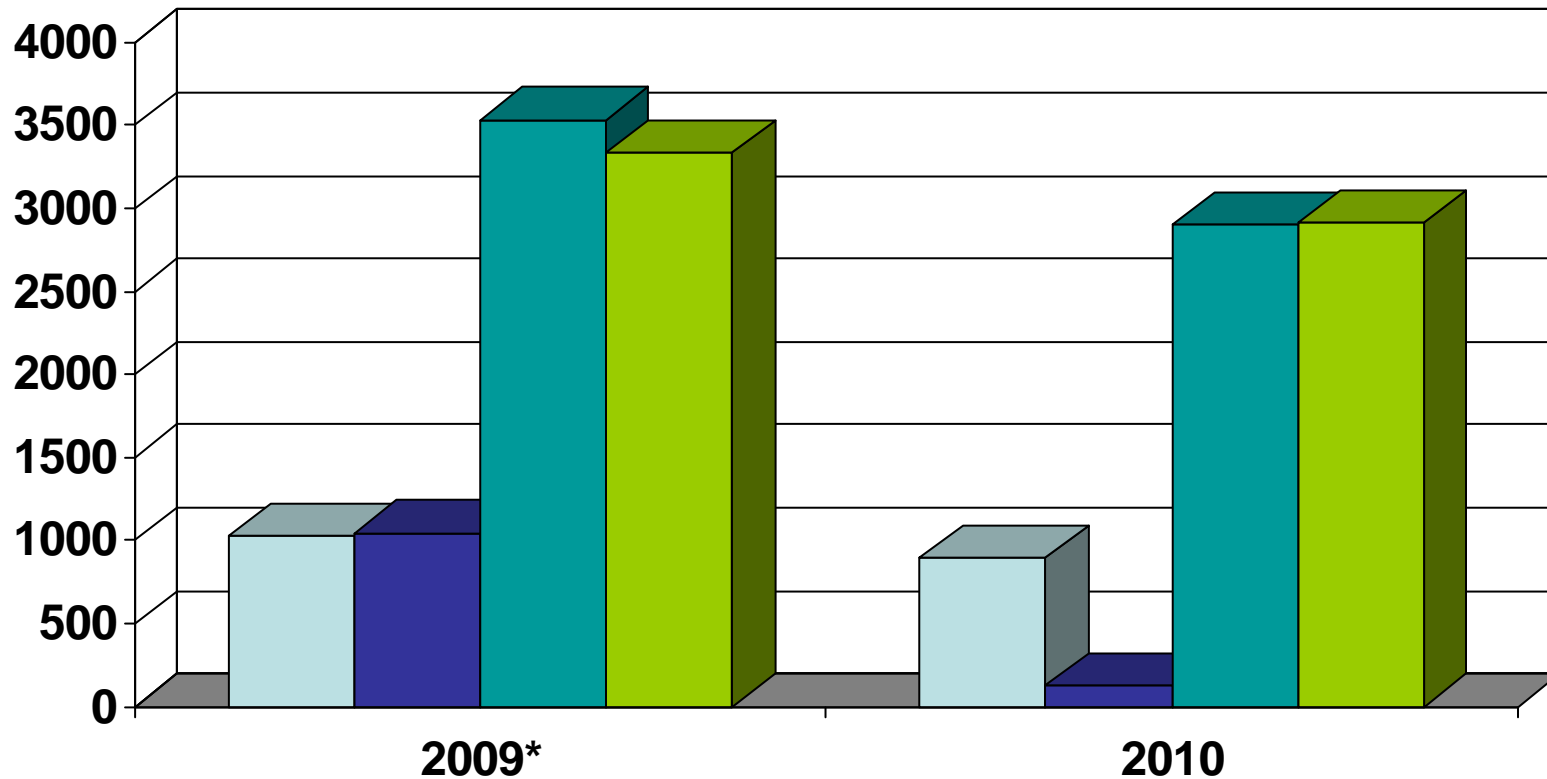


In 2009, HPBA Started Collecting Data About Central Heating Systems Fueled with Biomass Fuels



- Program started 2Q09
- Two categories collected:
 - Central Heating Systems fueled with Pellets
 - Central Heating Systems fueled with Cordwood/Wood Chips

Central Biomass Heating Units Shipped Since April 2009



■ Pellet (US) ■ Pellet (Canada) ■ Wood Chip (US) ■ Wood Chip (Canada)

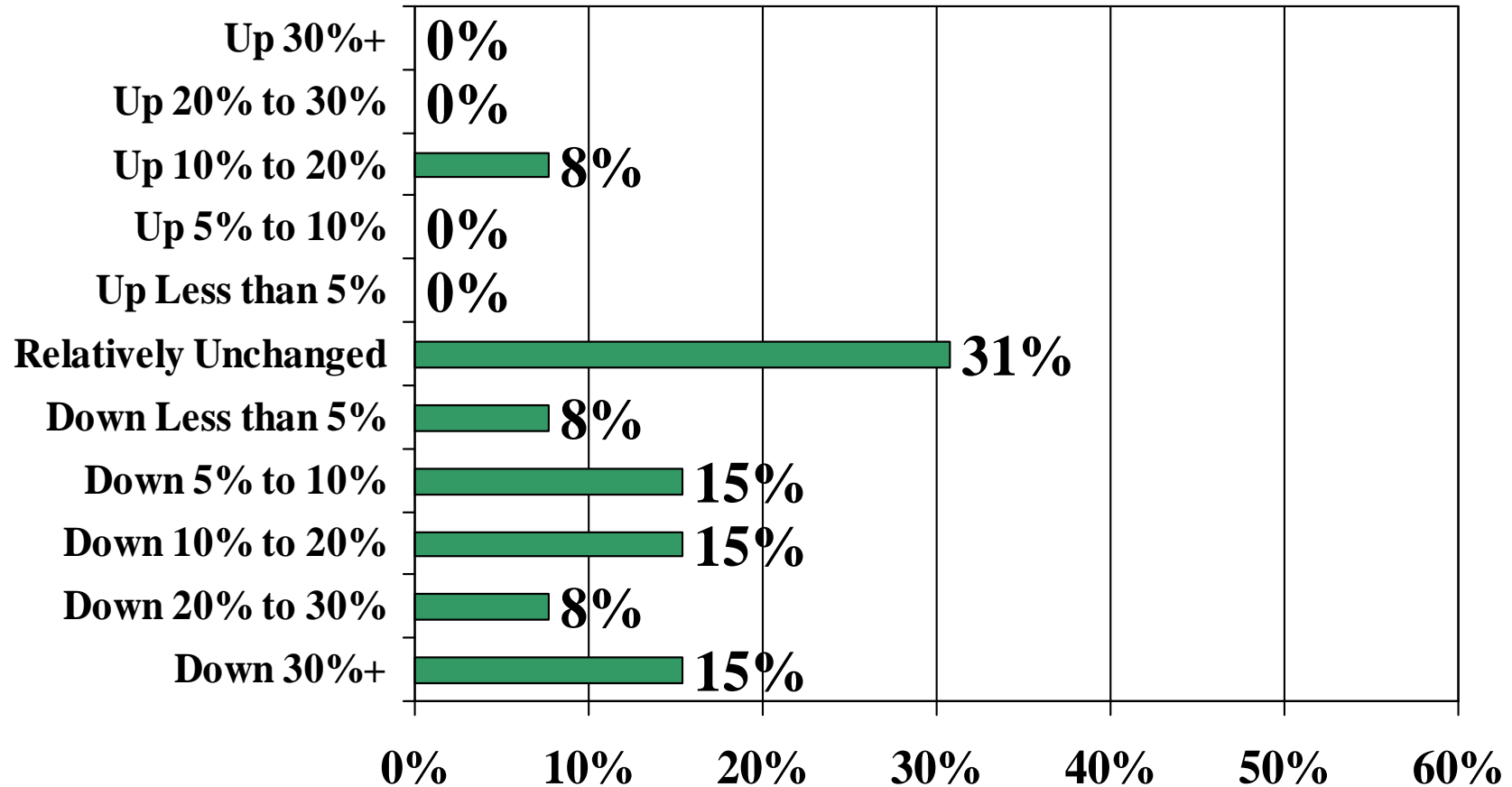
*April 2009 through December 2009

HPBA Manufacturers' Rep Survey



- **Conducted quarterly since June 2000 (43 quarters)**
- **FAXED to HPBA Manufacturing Reps**
- **Response rates range from 16% to 25% (recently)**
- **“Leading indicator” for Pellet industry**

Sales of Pellet Appliances Compared to a Year Ago*

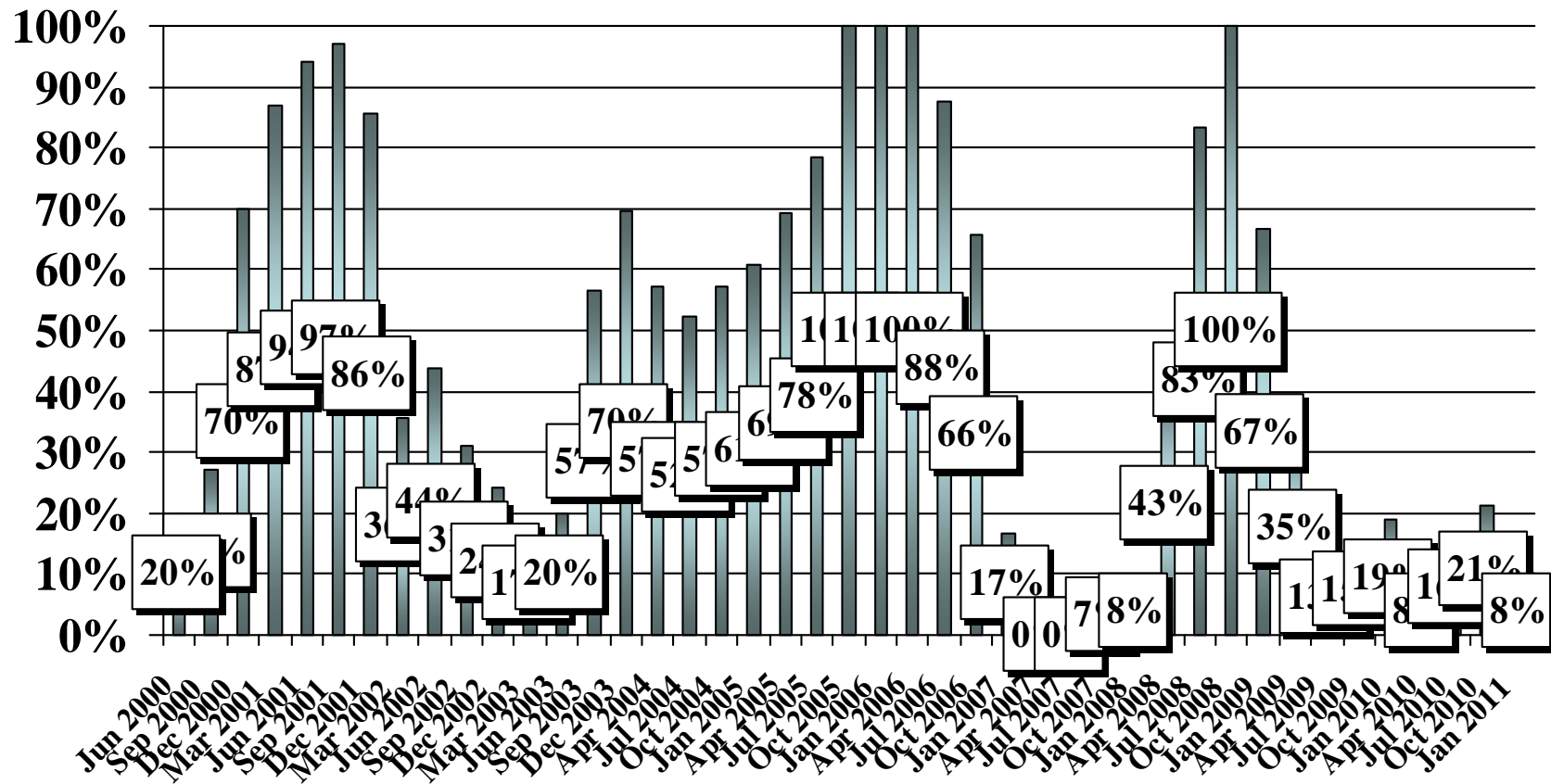


January 2011

*Of those respondents who rep cordwood appliances

% of Reps Who Feel Pellet Appliance Sales are Up Compared to a Year Ago

Quarterly--June 2000 through January 2011



Measurement Scale Changed April 2006



Questions?