

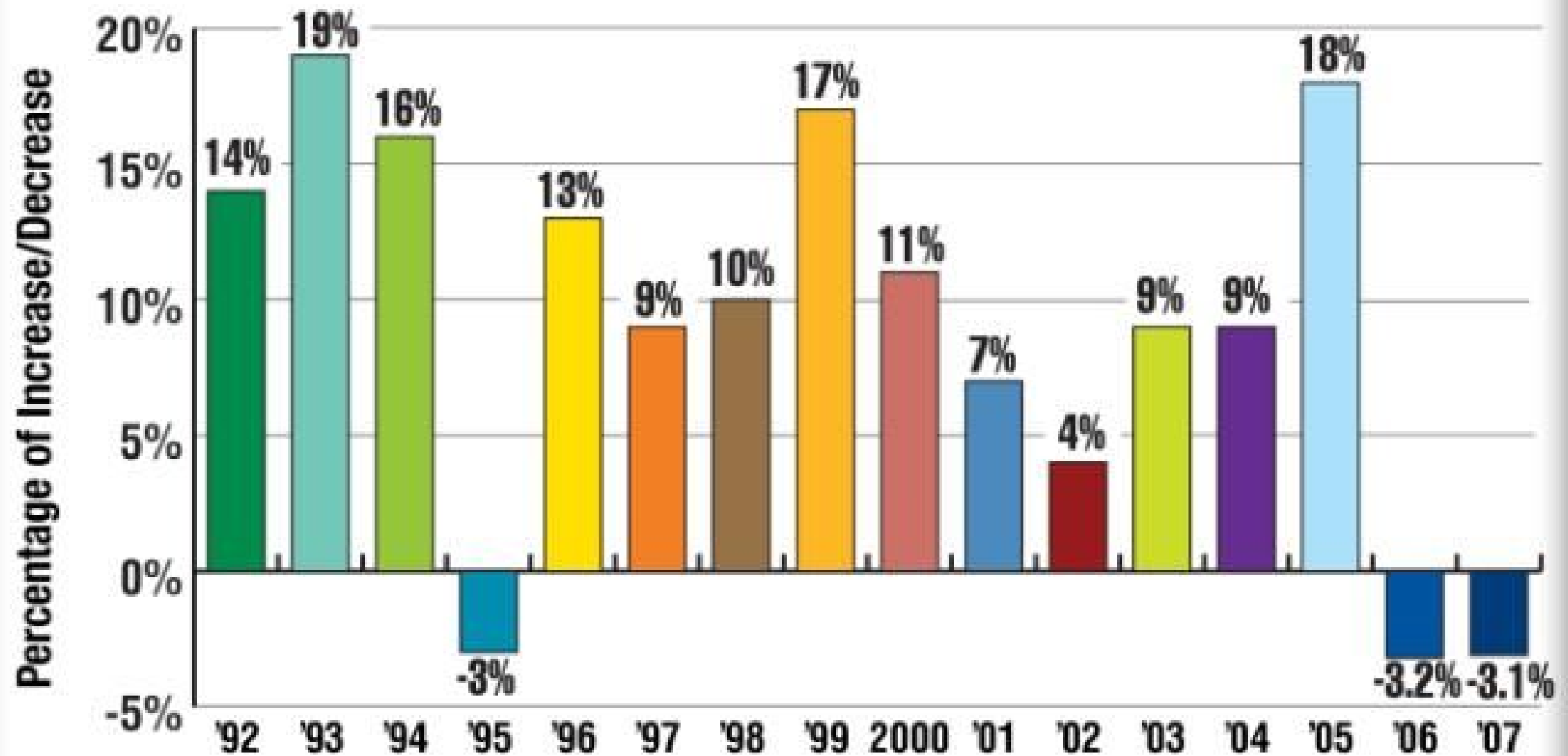
The background of the slide is a close-up photograph of a large quantity of wood pellets. The pellets are small, cylindrical, and light brown in color, packed closely together. A dark red horizontal band is superimposed over the center of the image, containing the title text in white.

# **Pellets at Retail**

## **Facts From 2007**

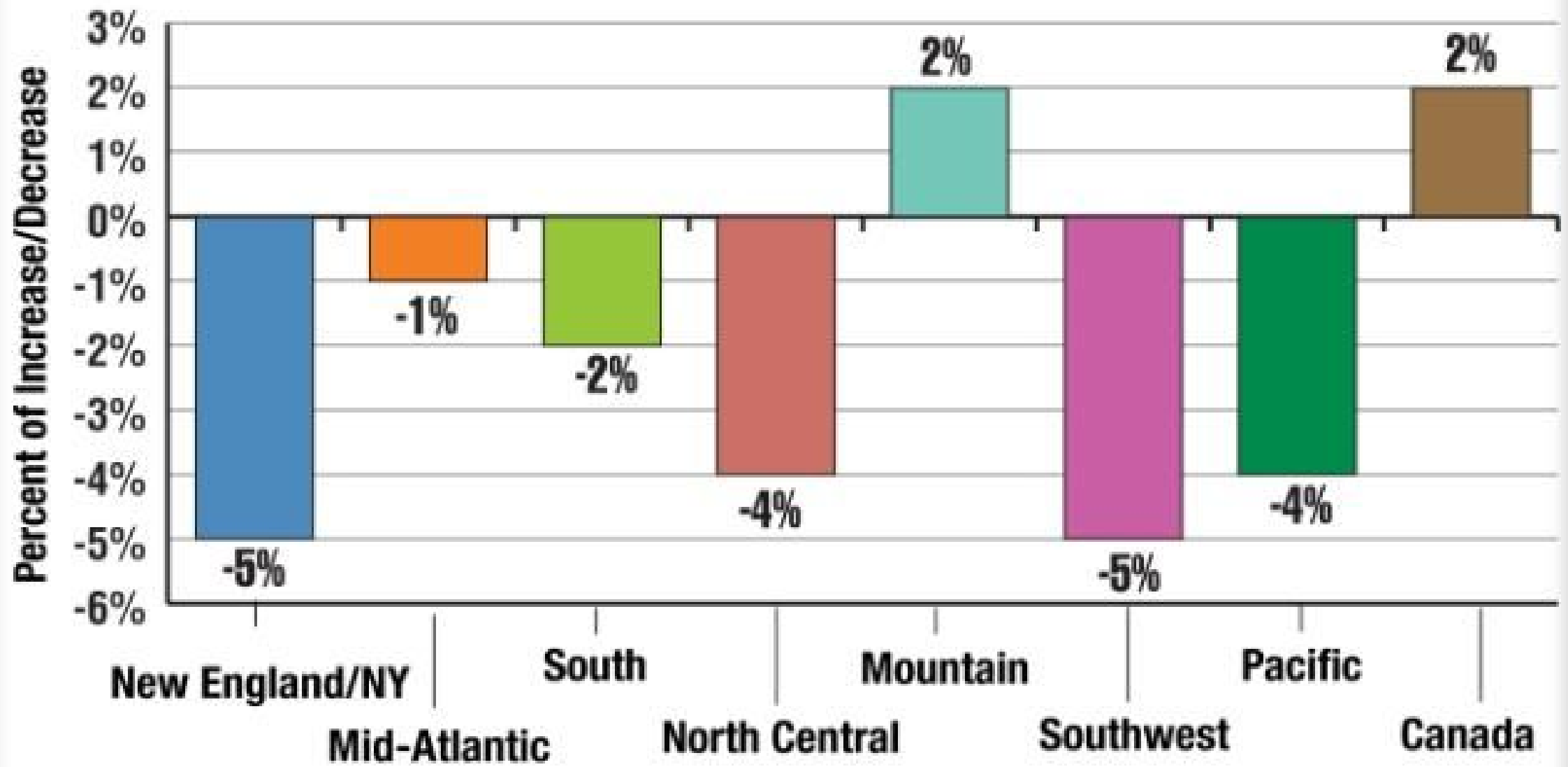
# U.S. Sales of Hearth Products

Year to Year

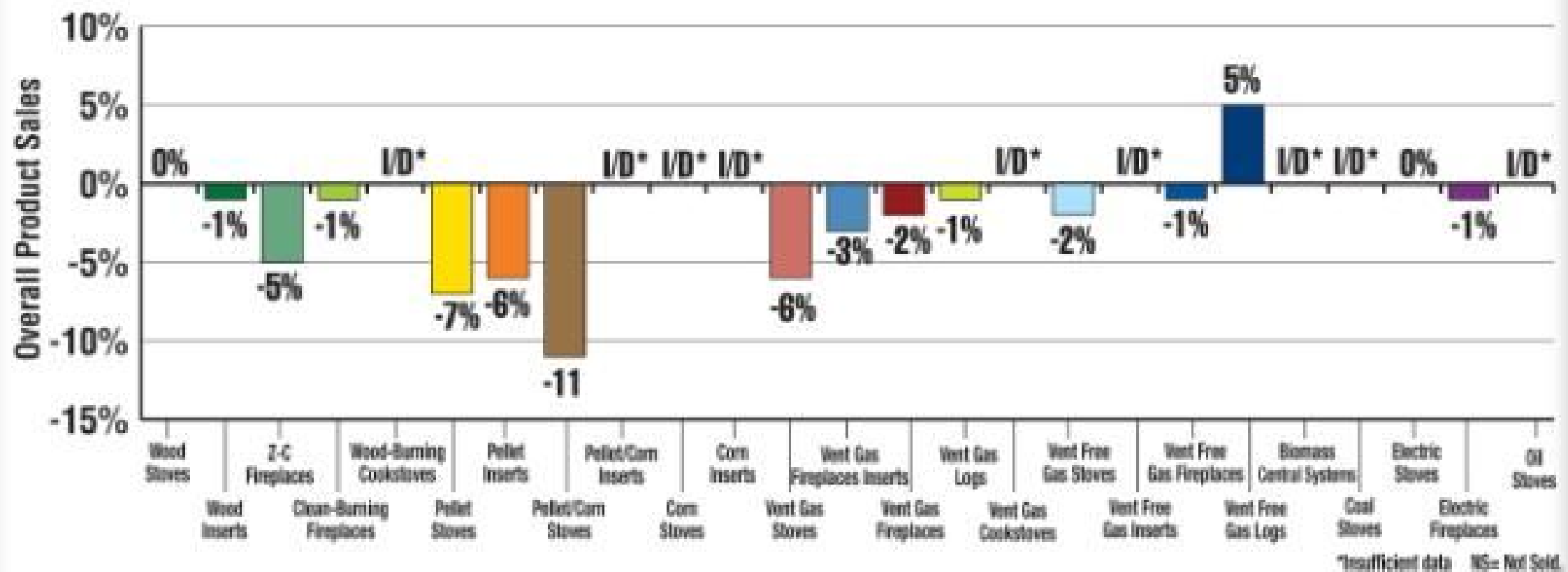


# Hearth Products Sales by Region

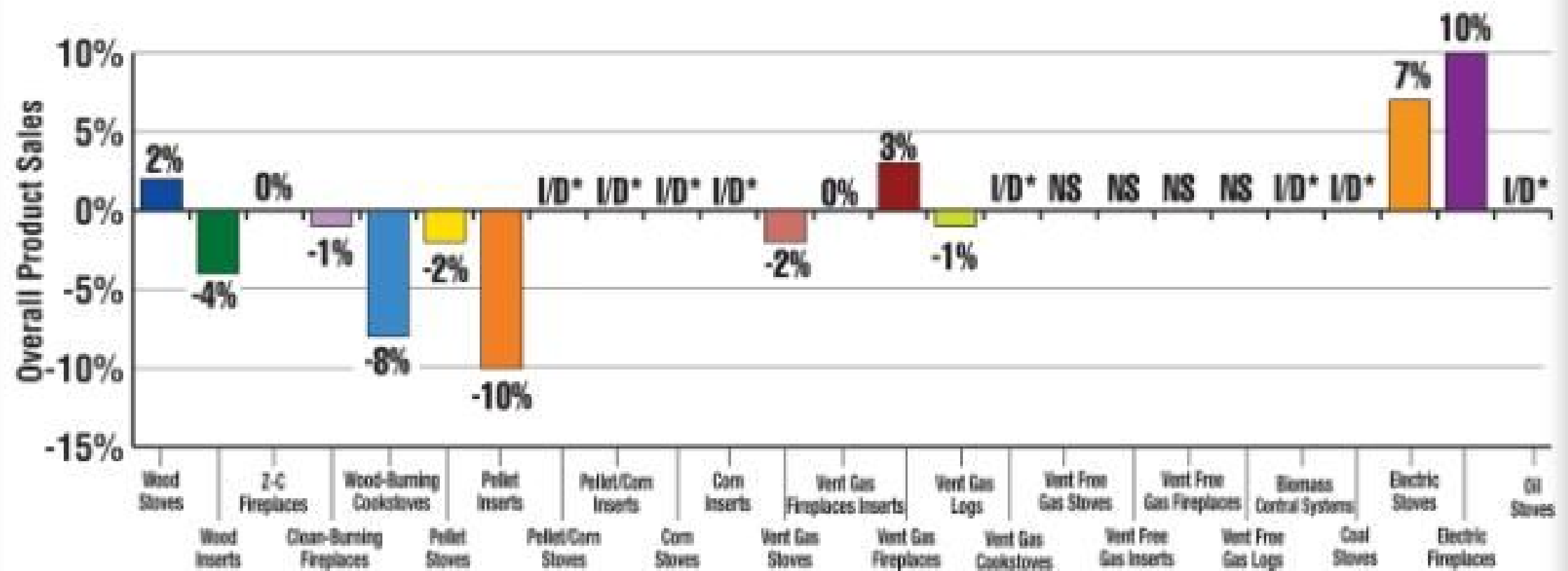
2007 Compared to 2006



# Overall Product Sales – U.S.

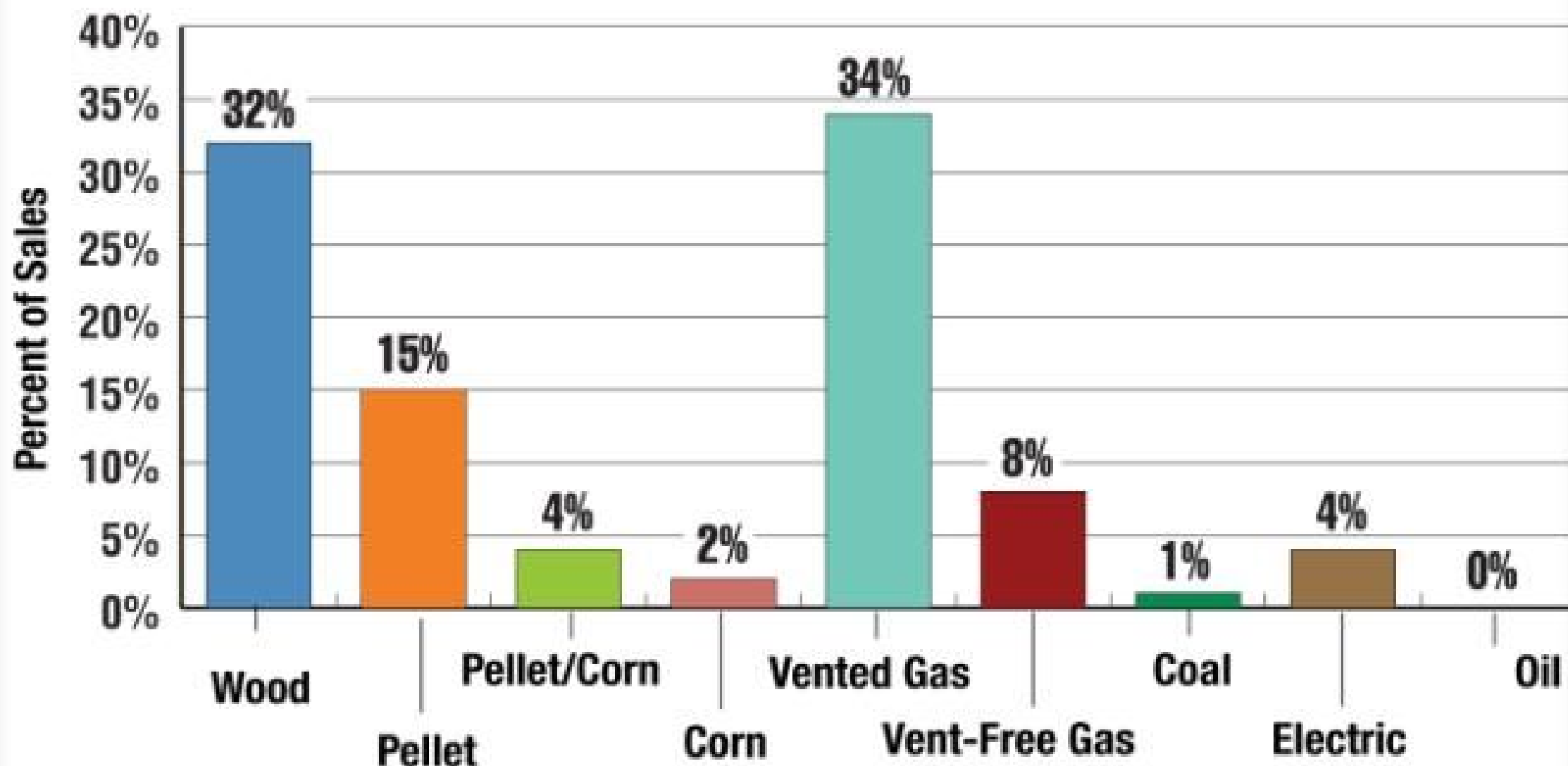


# Overall Product Sales – Canada

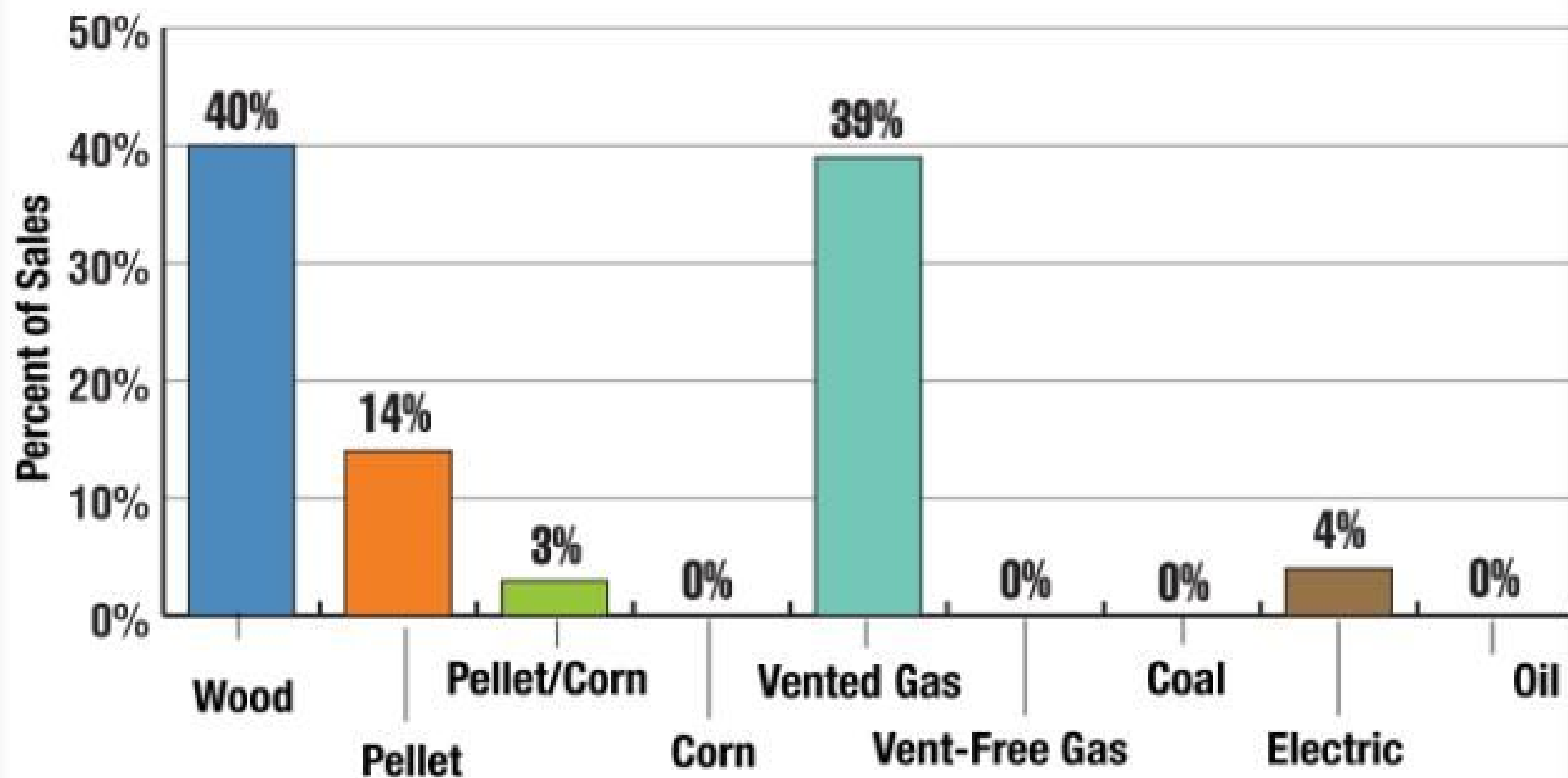


\*Insufficient data NS= Not Sold.

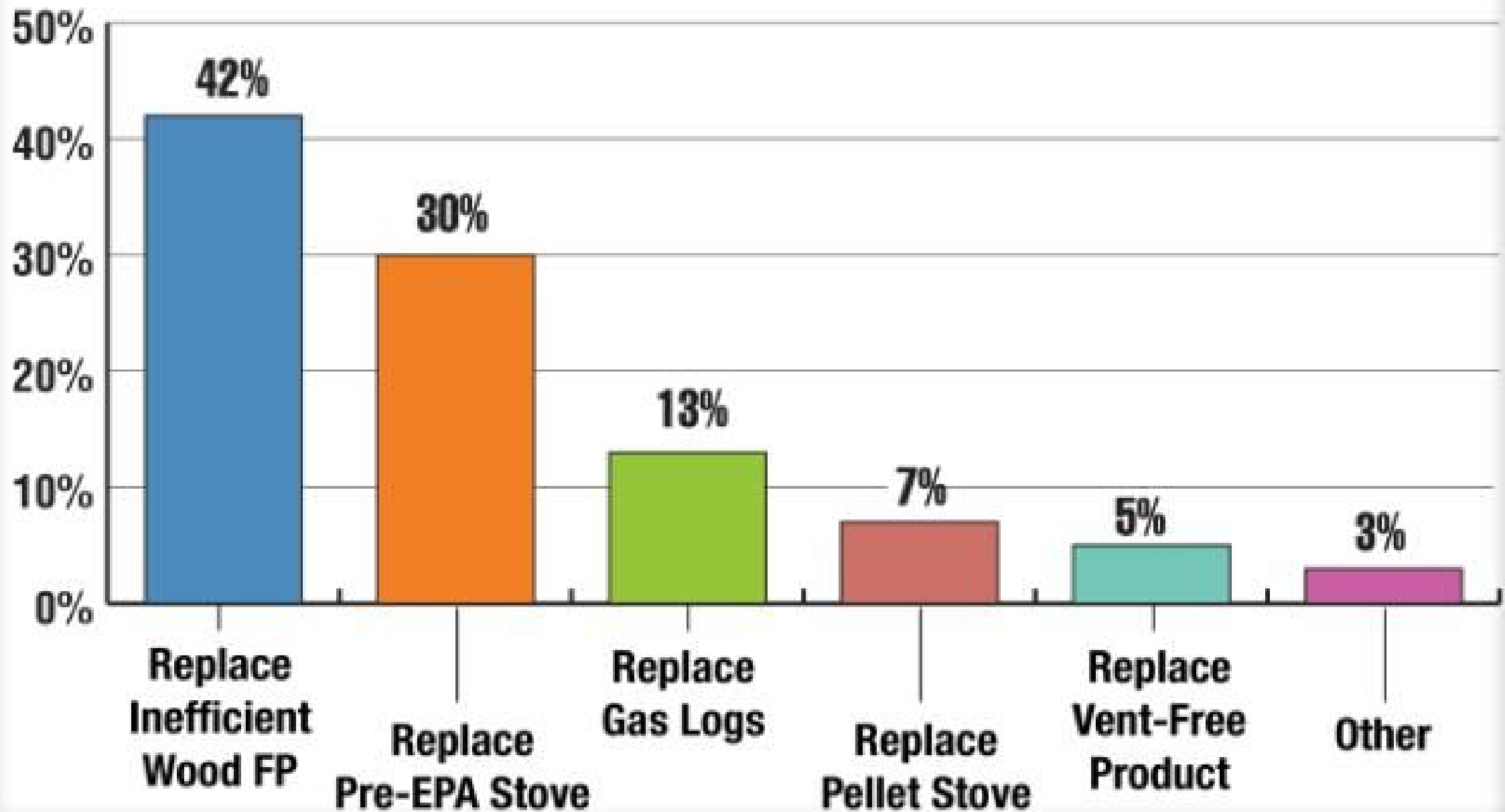
# 2007 Hearth Appliance Market Share United States



# 2007 Hearth Appliance Market Share Canada

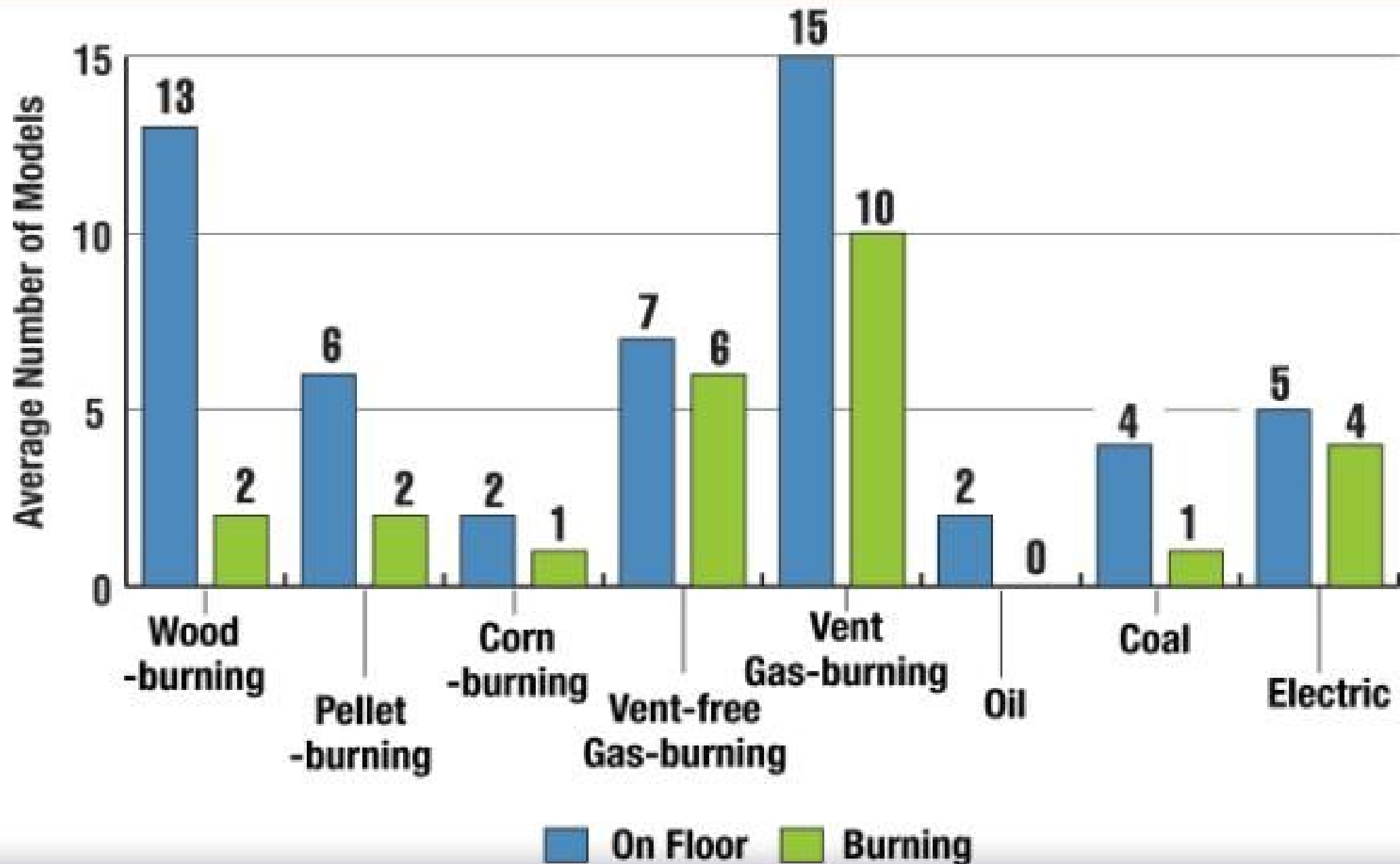


# Type of Hearth Products Replaced

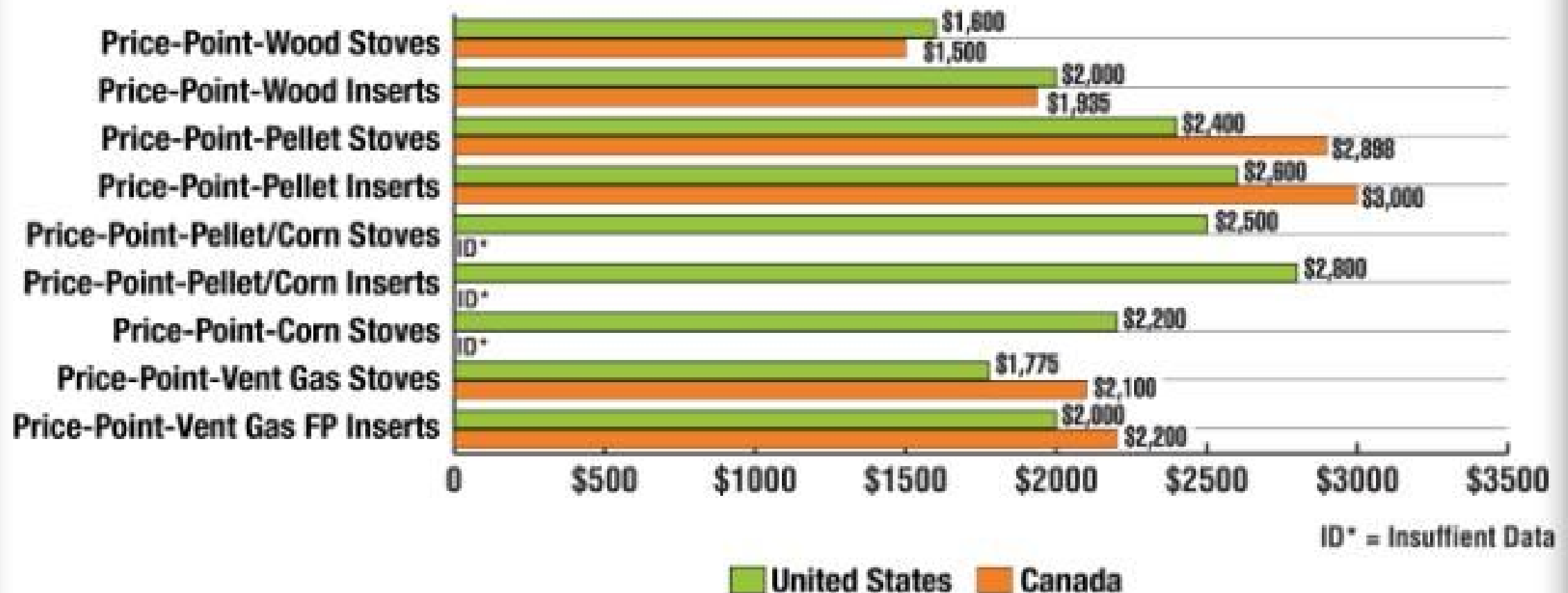




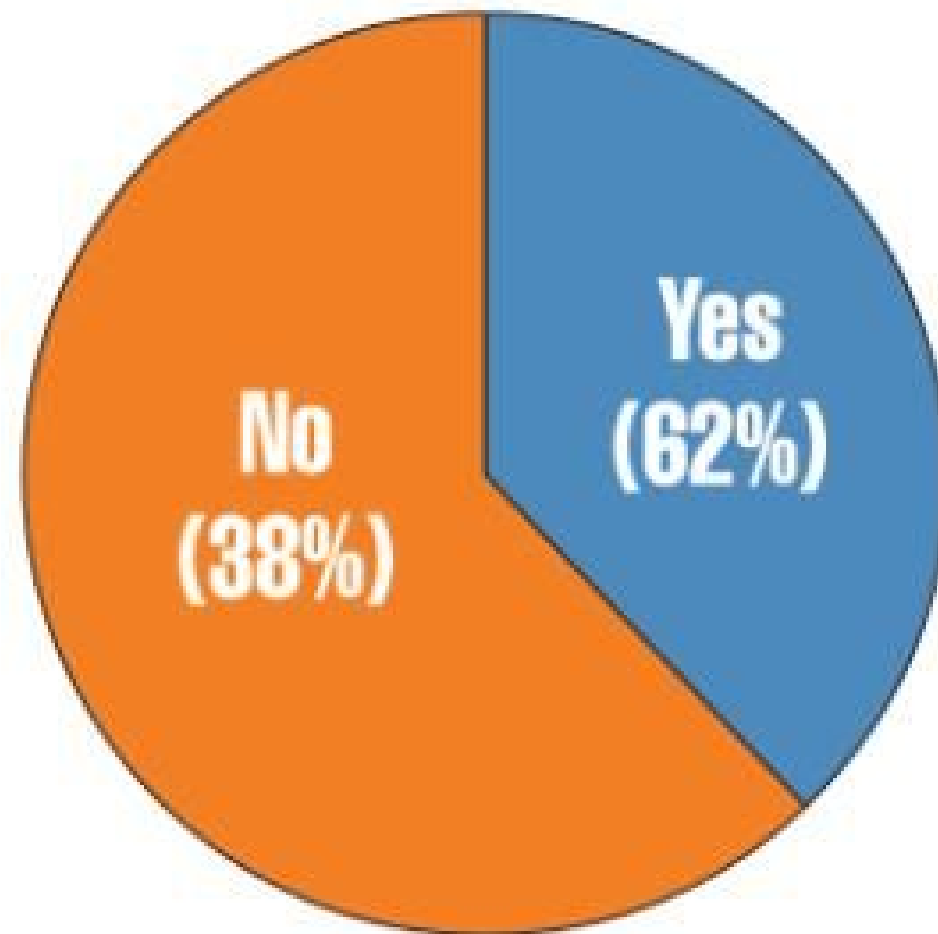
# Models on Floor/Burning



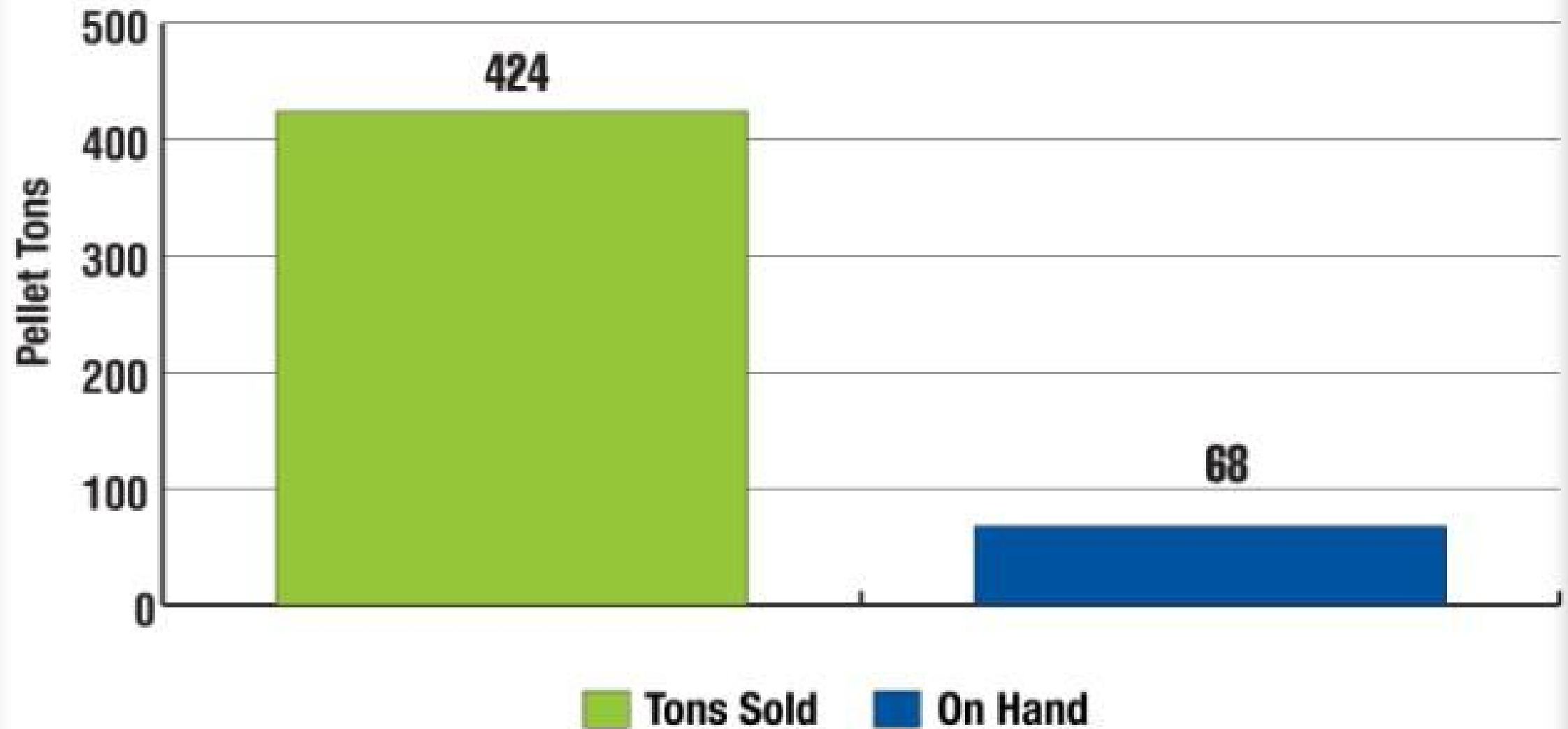
# Average Price Points



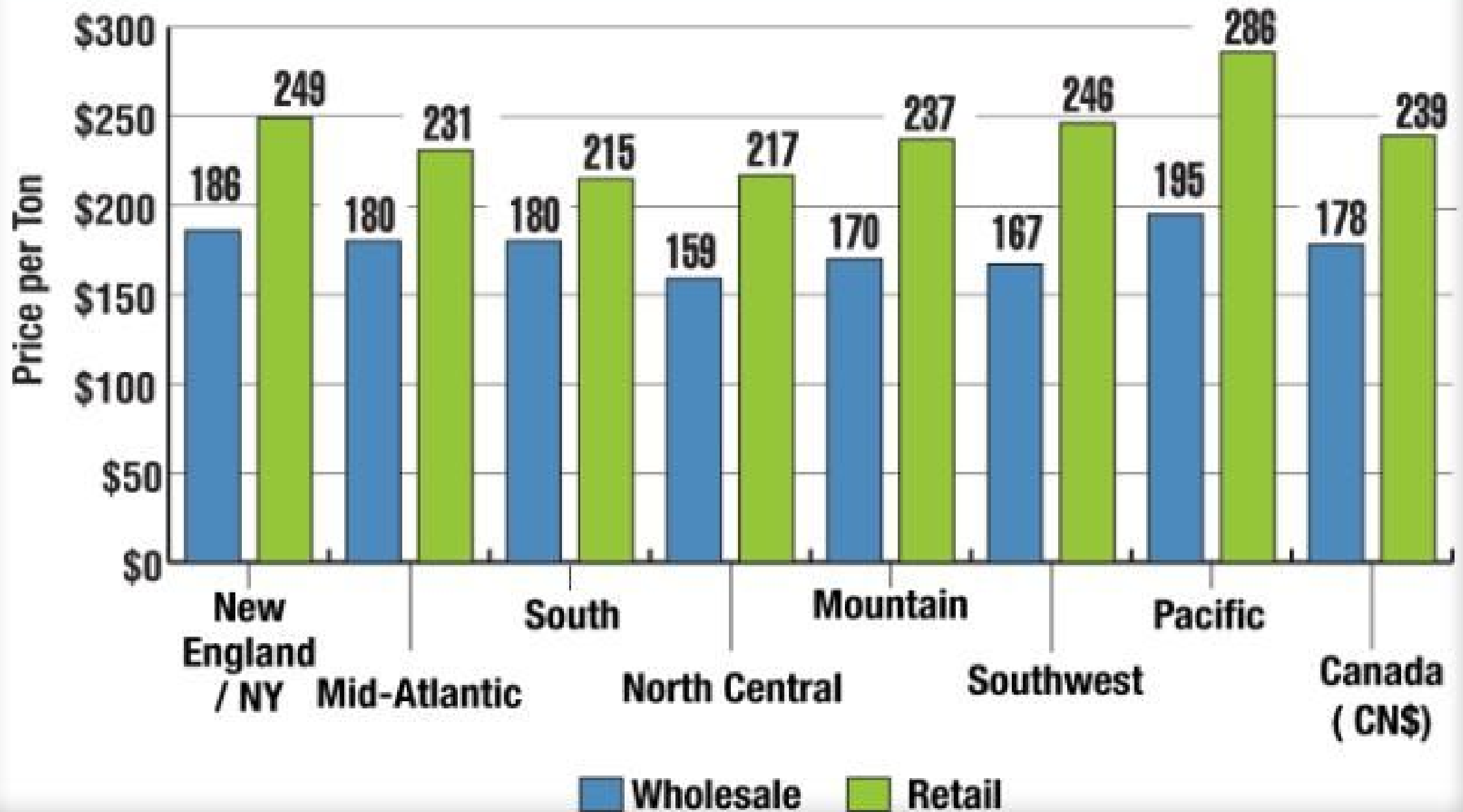
# Sell Pellet Fuel



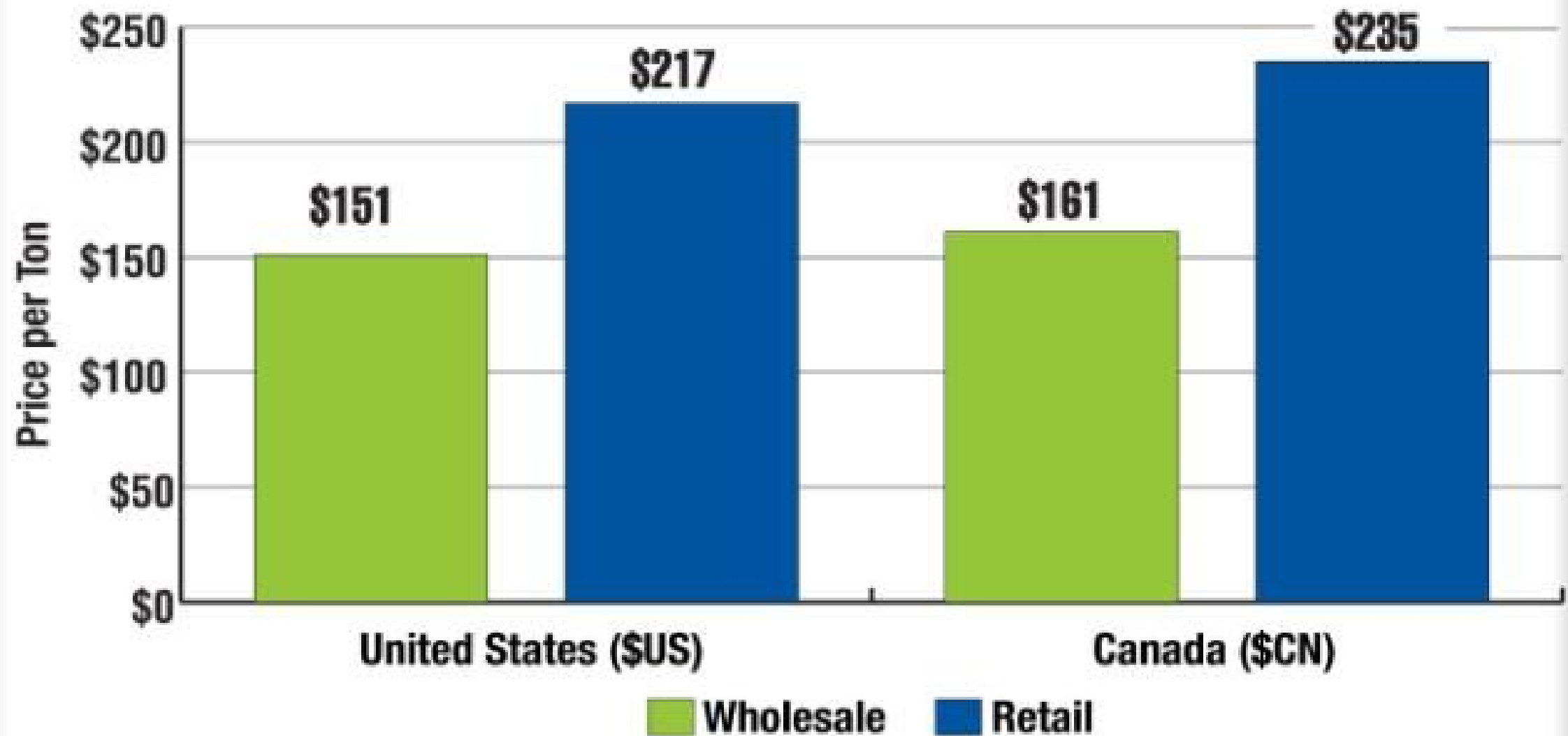
# Pellet Tons Sold/On Hand



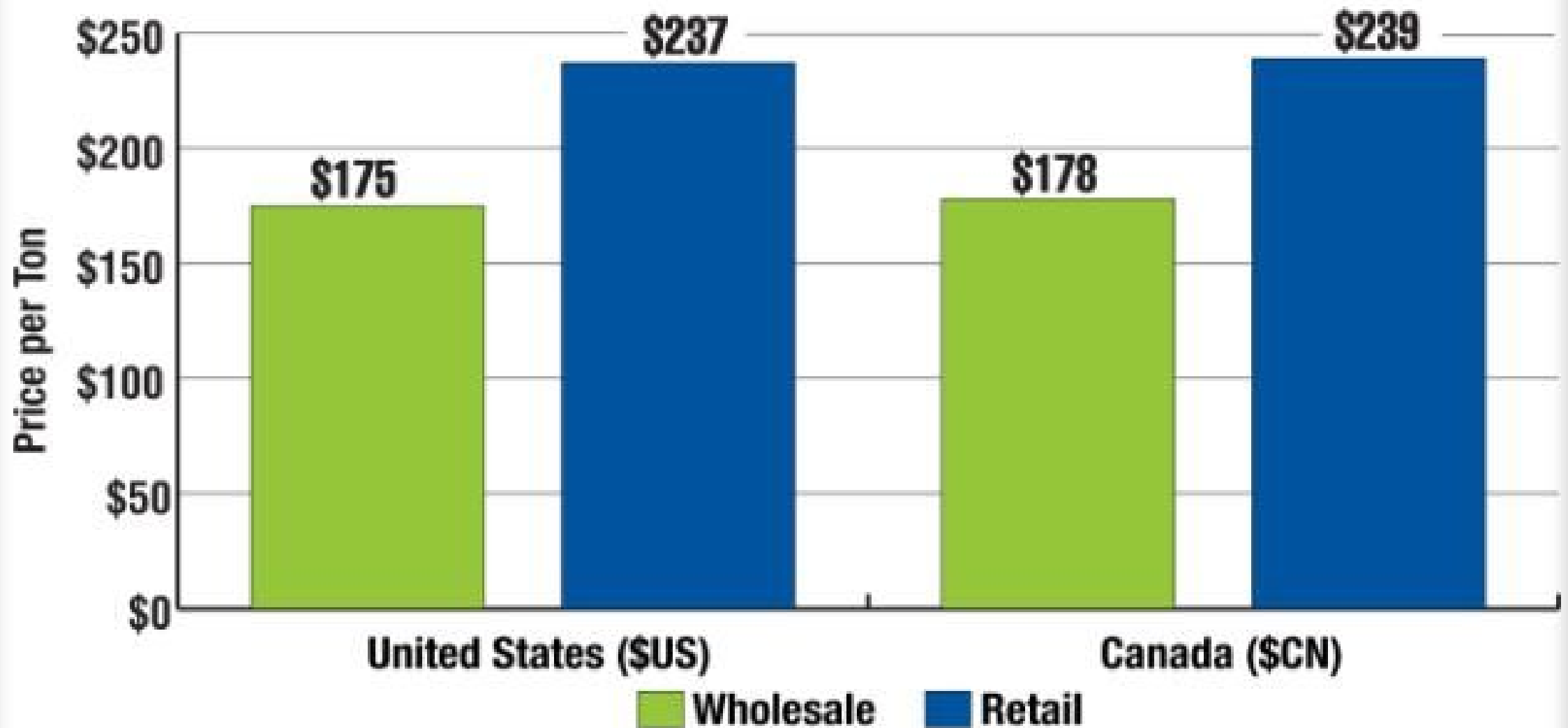
# Wholesale/Retail Price of Pellets



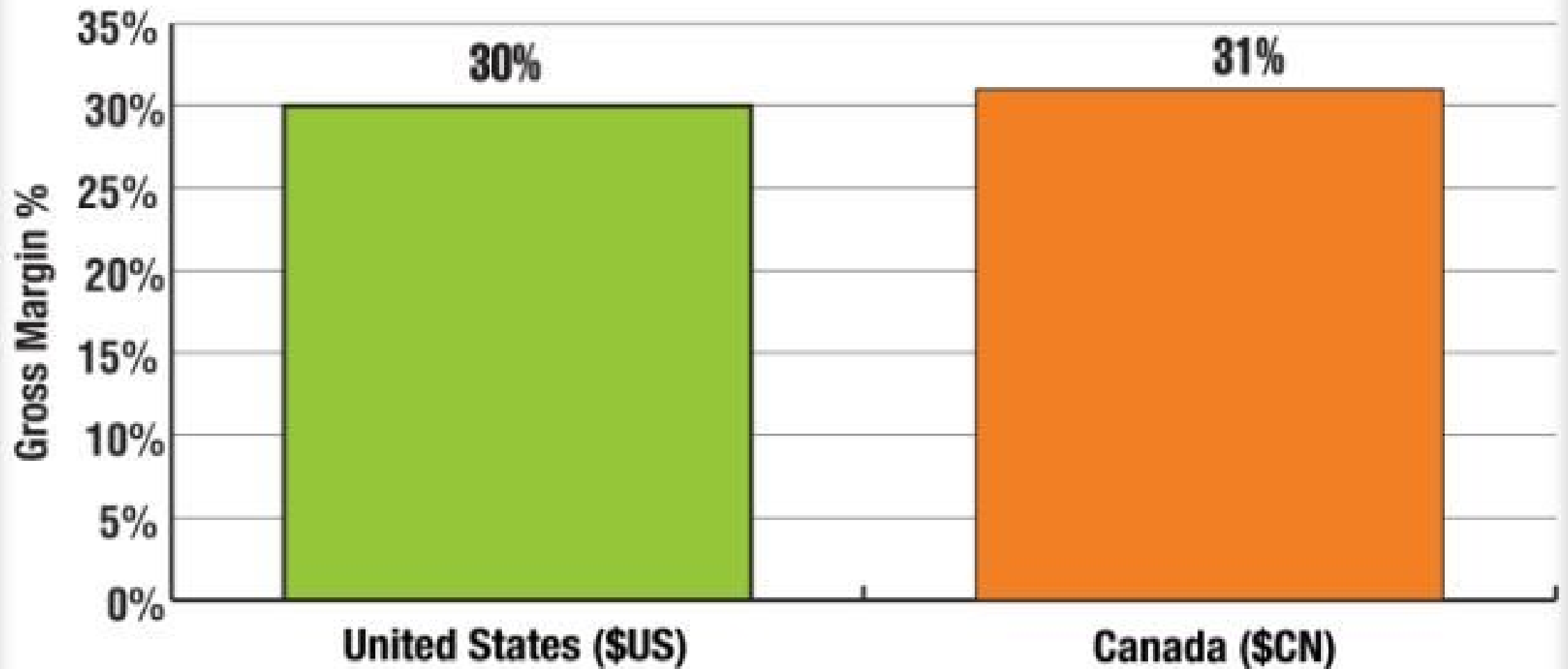
# Suggested Pellet Fuel Prices



# Actual 2006 Pellet Fuel Prices

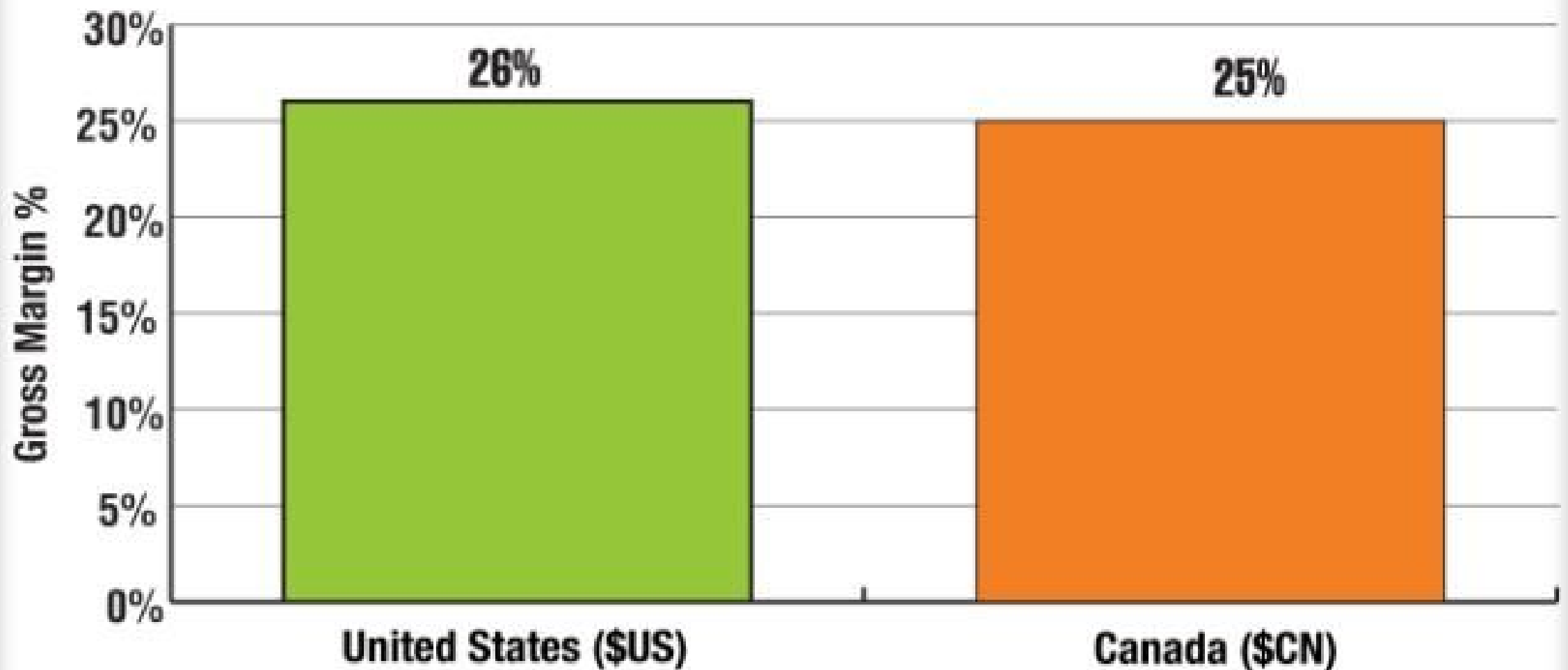


# Suggested Pellet Fuel Margins

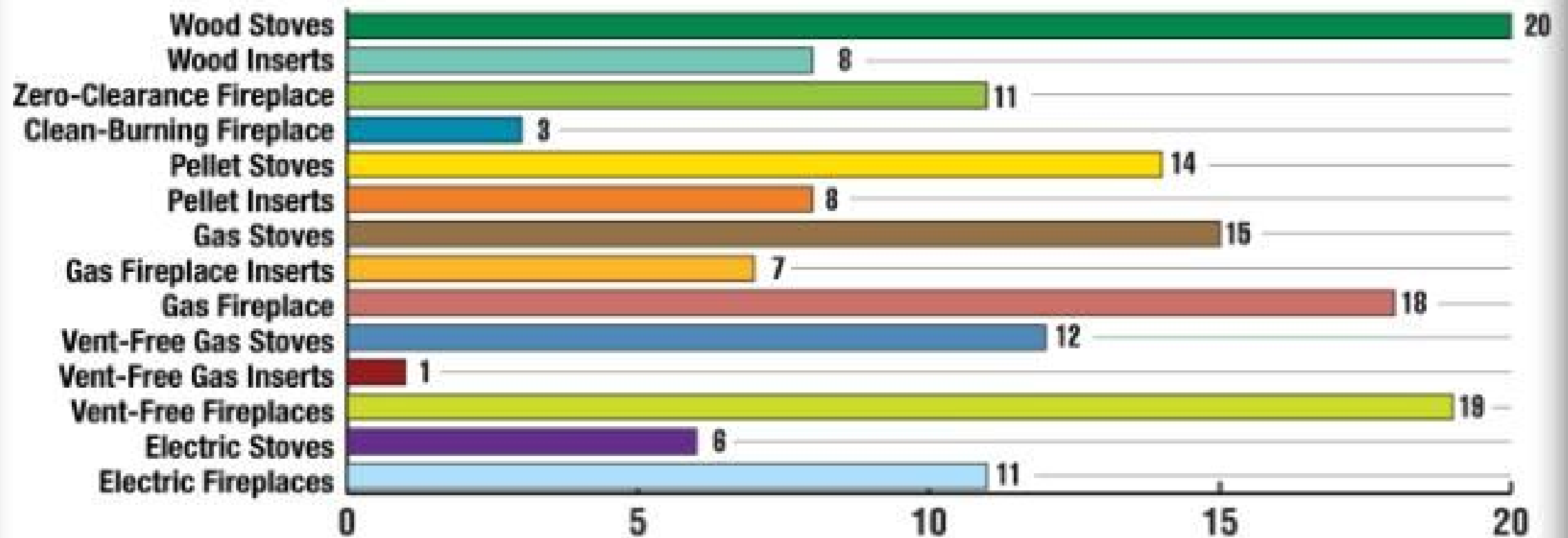




# Suggested Pellet Fuel Margins

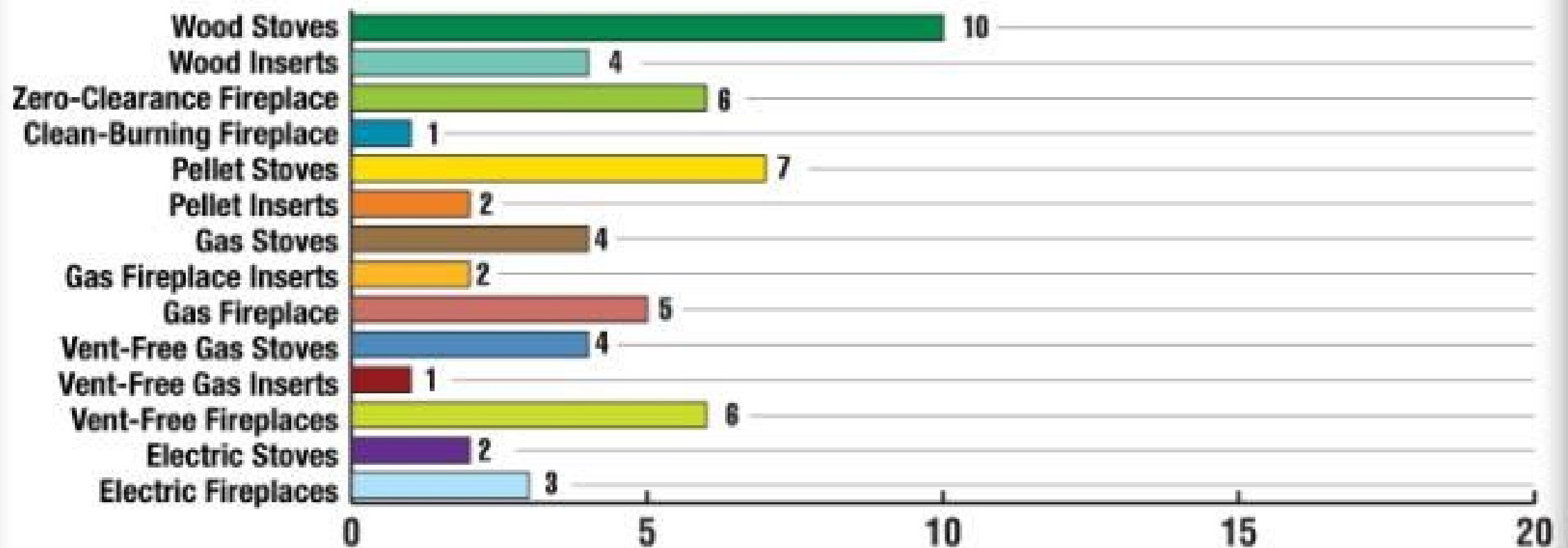


# Units in Warehouse at Year End + 1 Million Gross

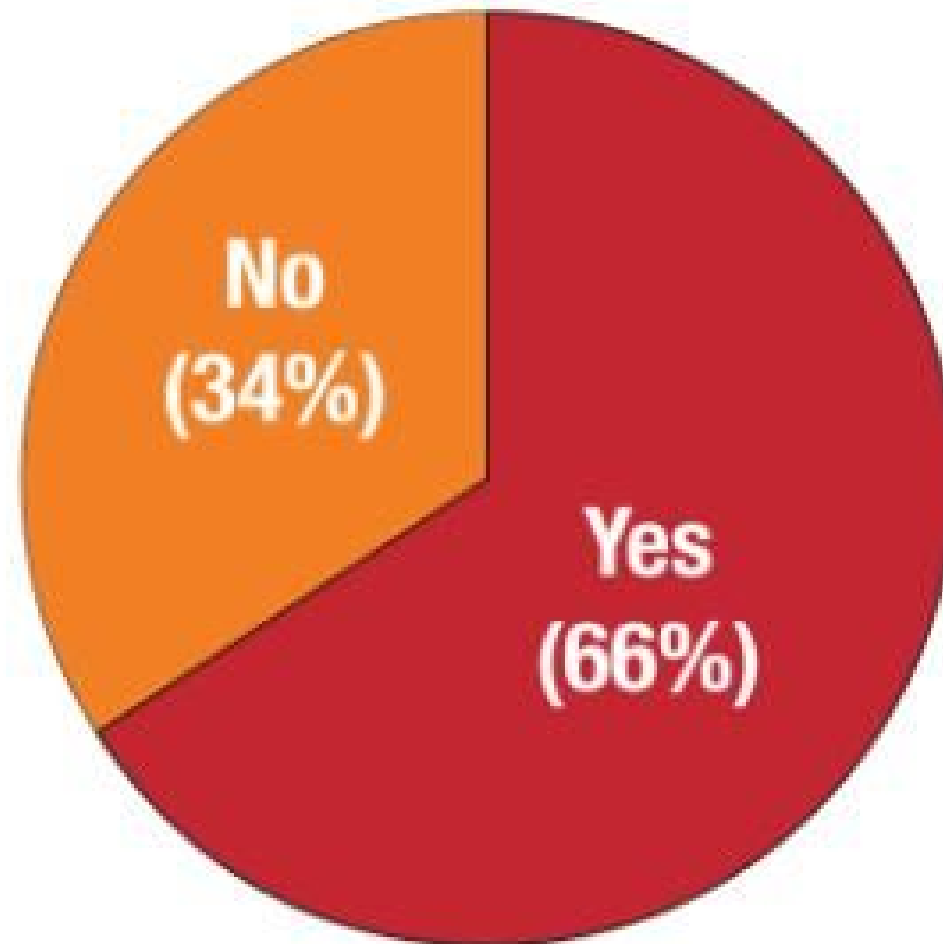


# Units in Warehouse at Year End

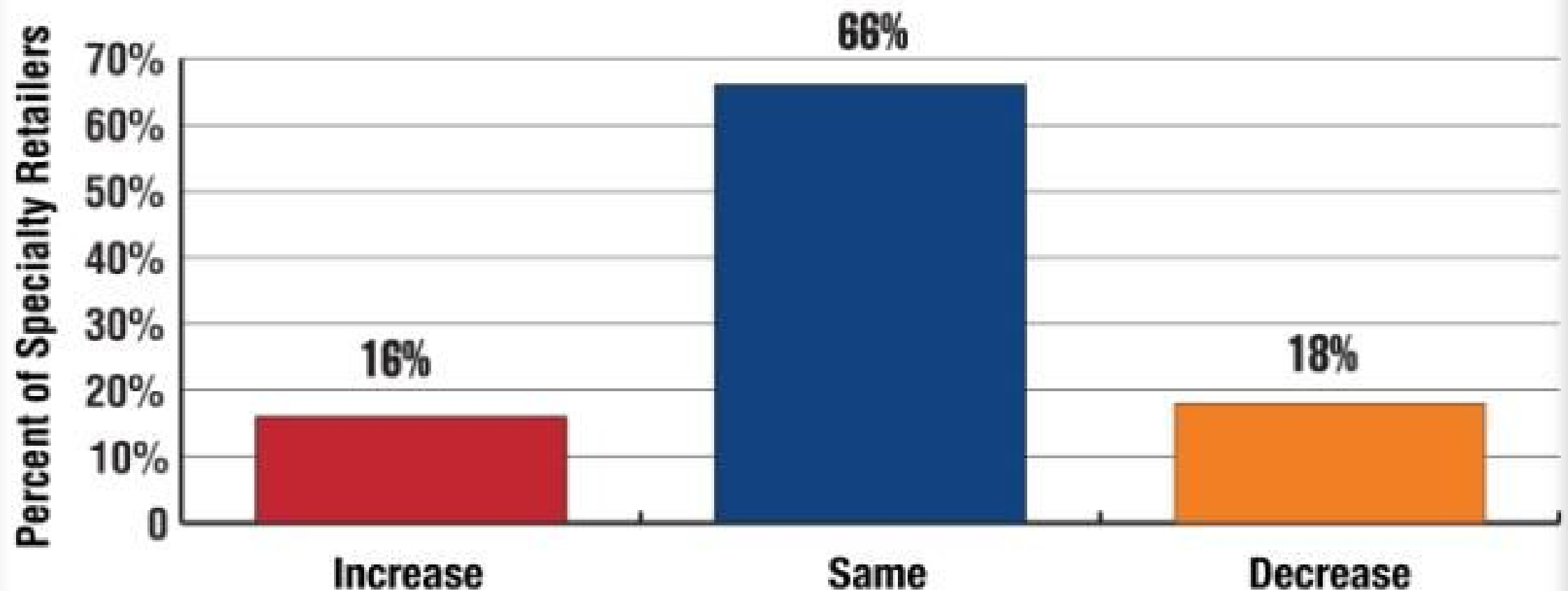
## - 1 Million Gross



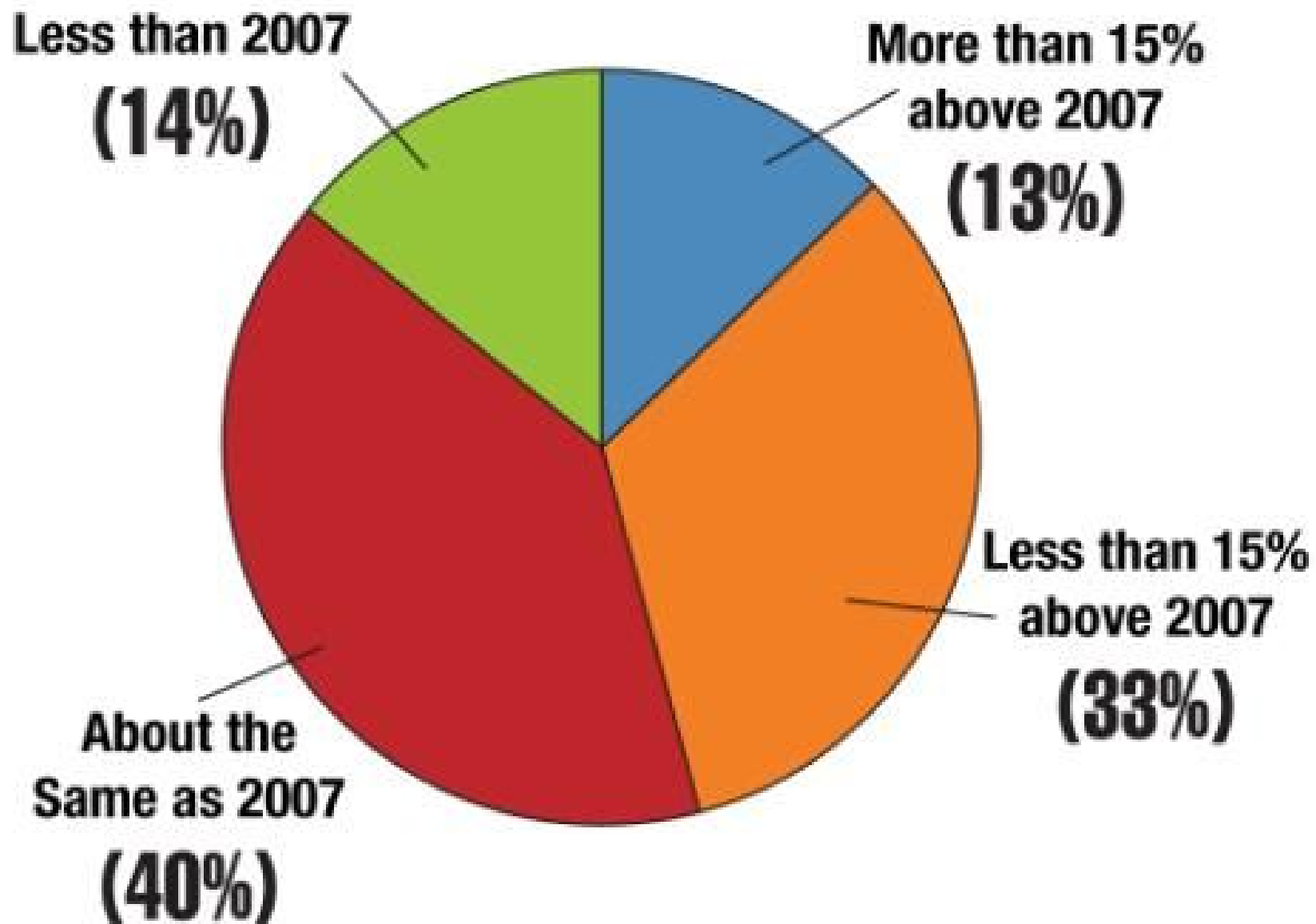
# Retailers Planning to Place Early-Buy Orders



# Change in Early-buy Orders

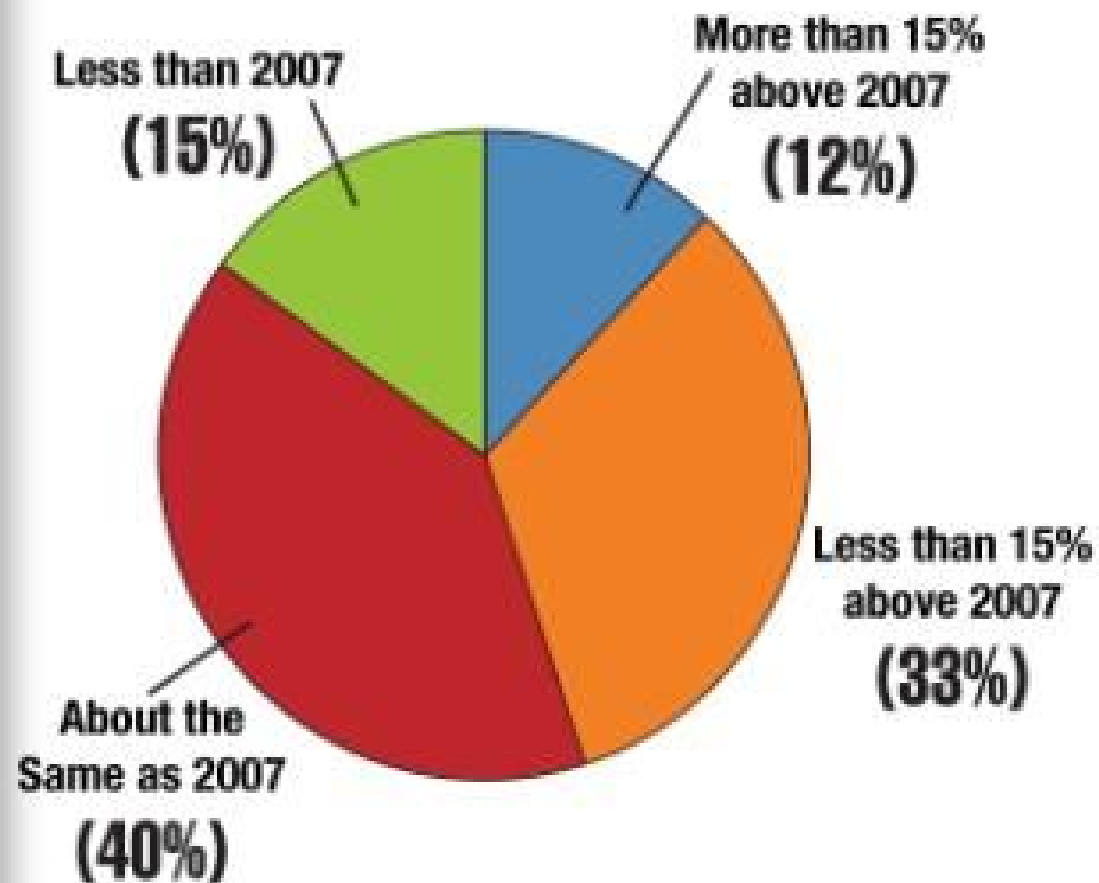


# 2008 Sales Expectations

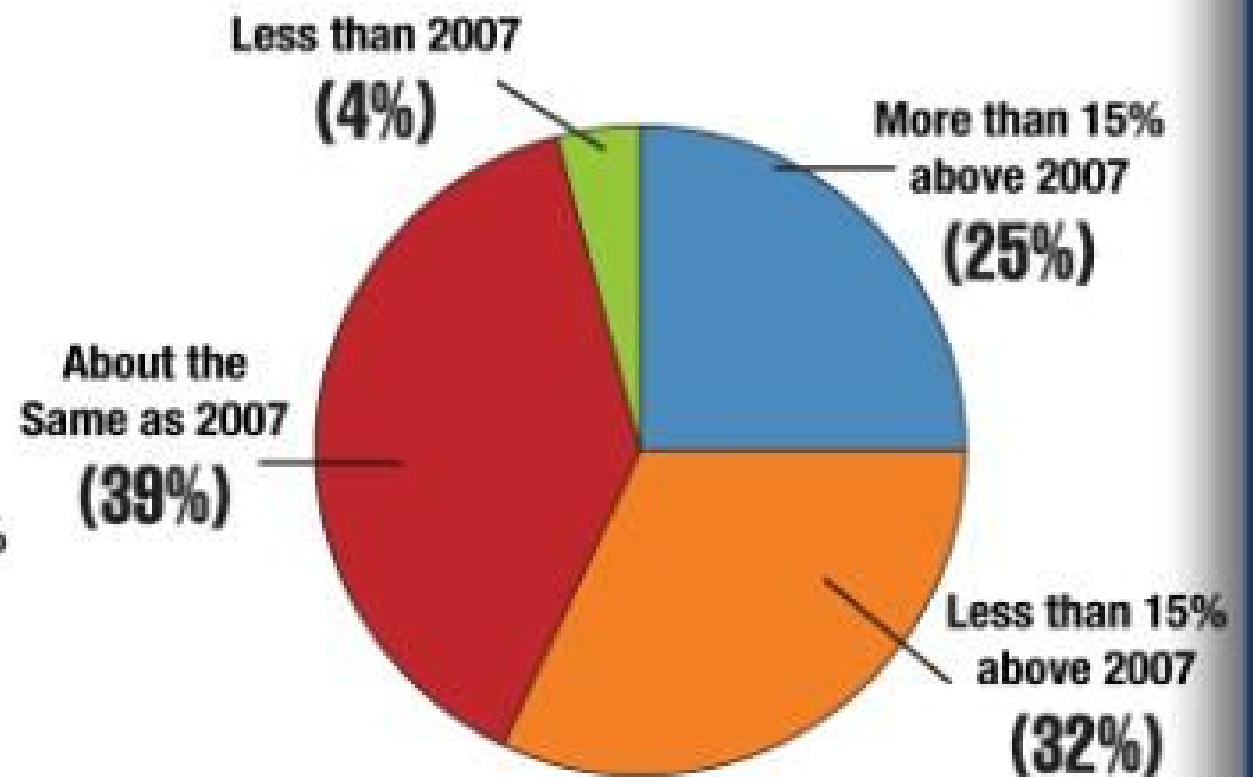


# 2008 Sales Expectations

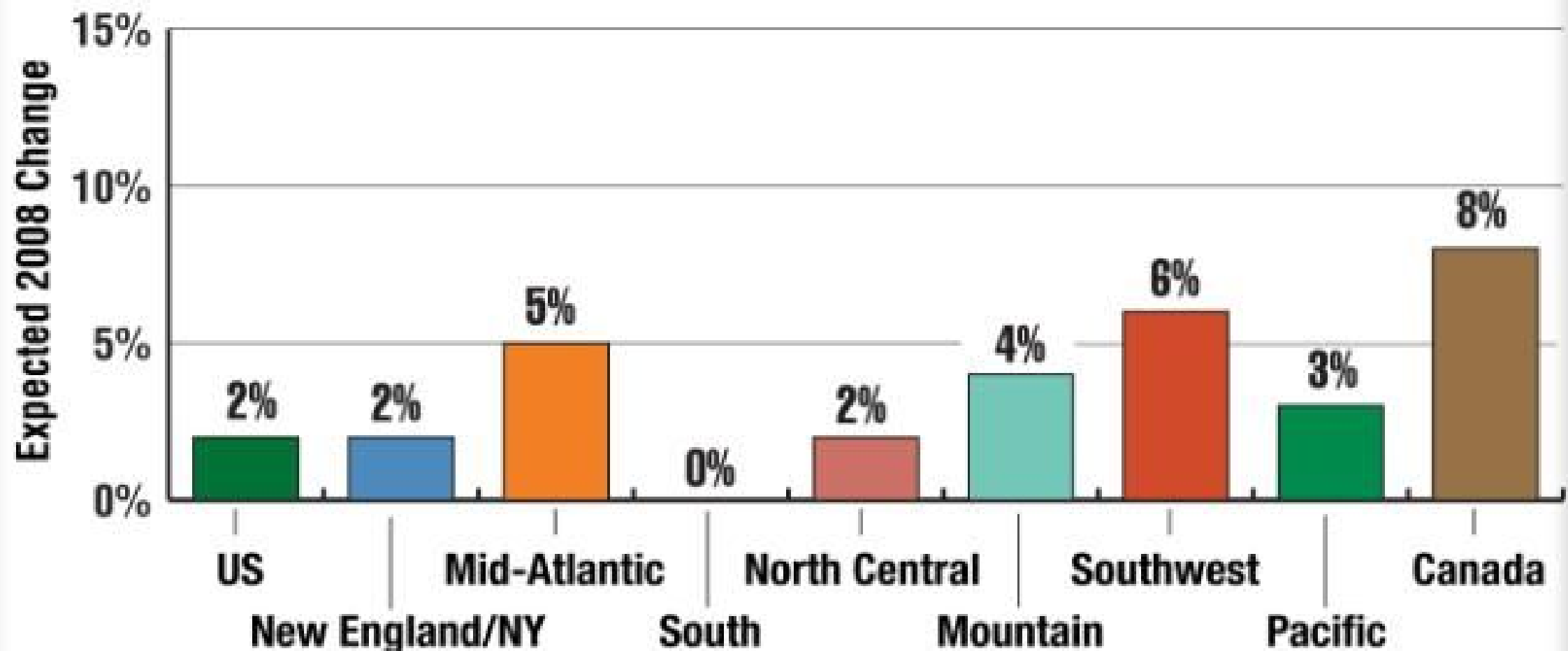
## United States



## Canada

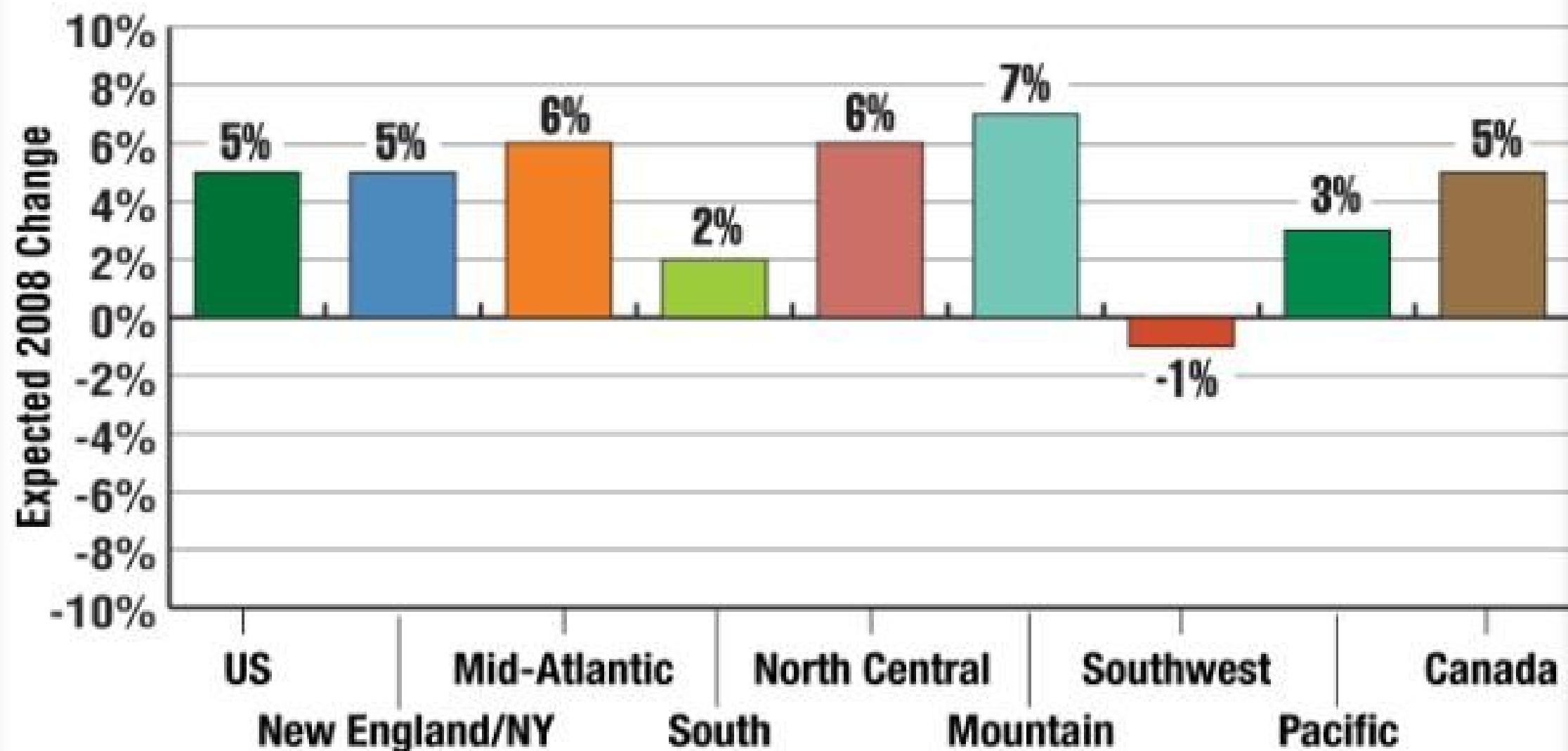


# 2008 Expectations Gas-burning Appliances

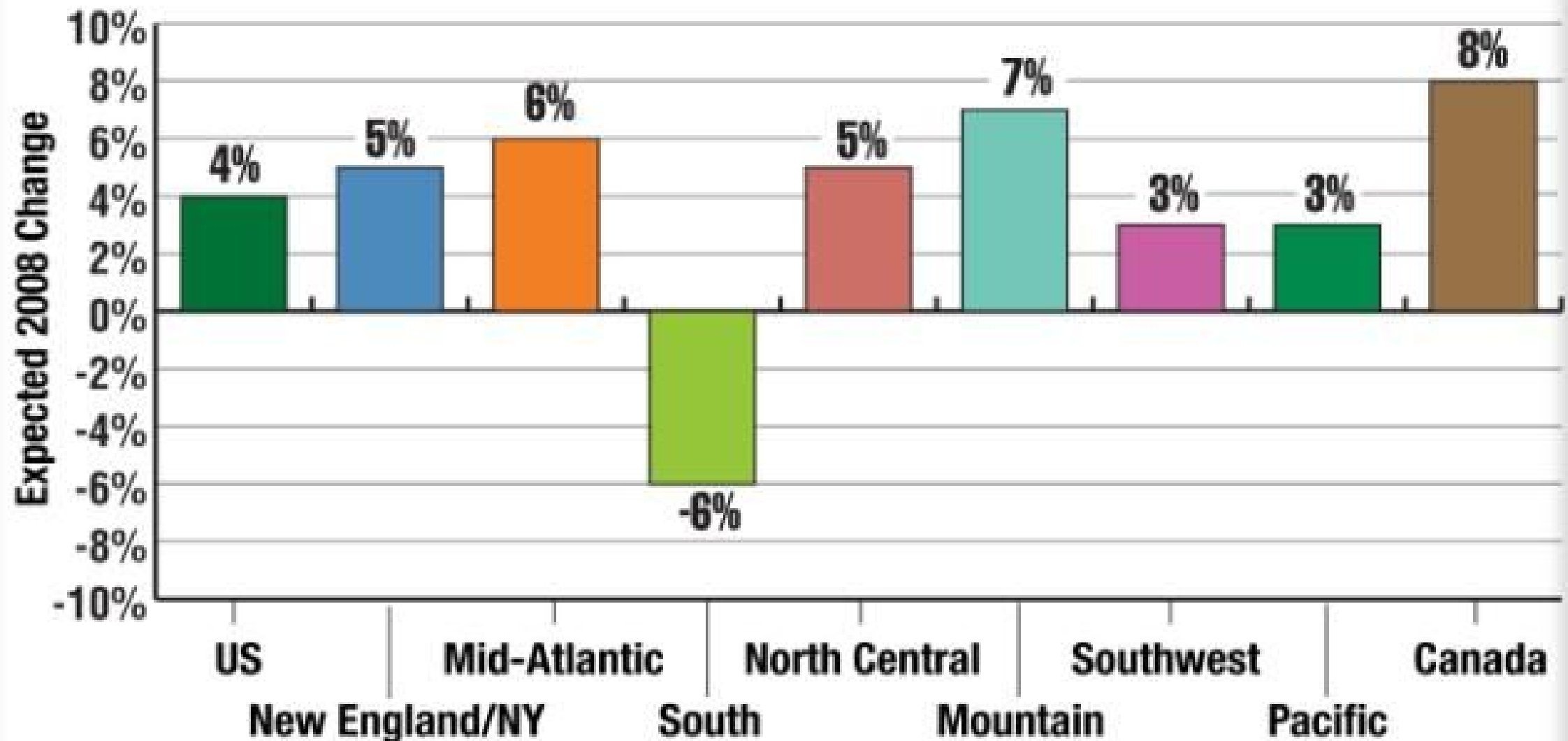




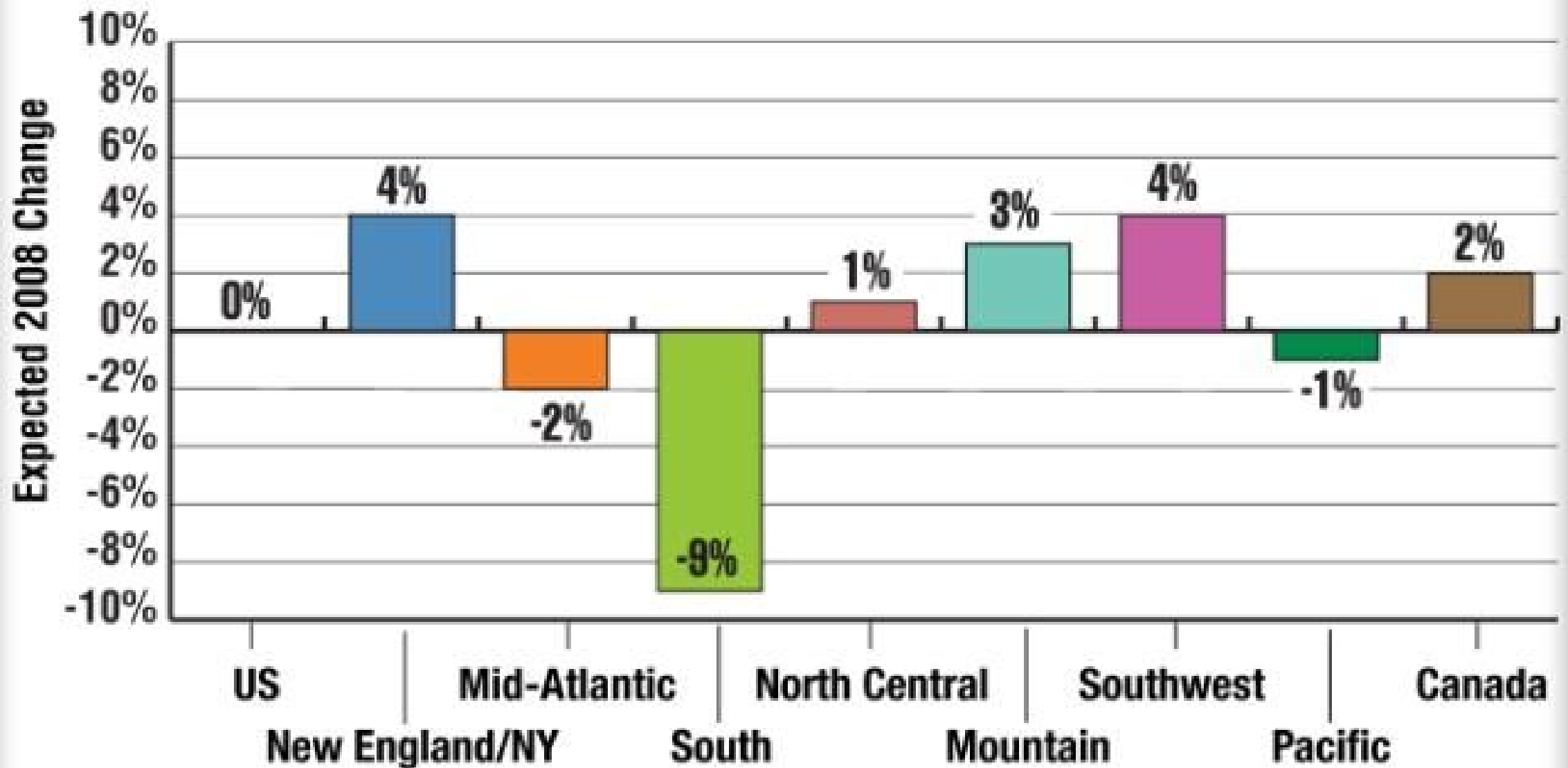
# 2008 Expectations Wood-burning Appliances



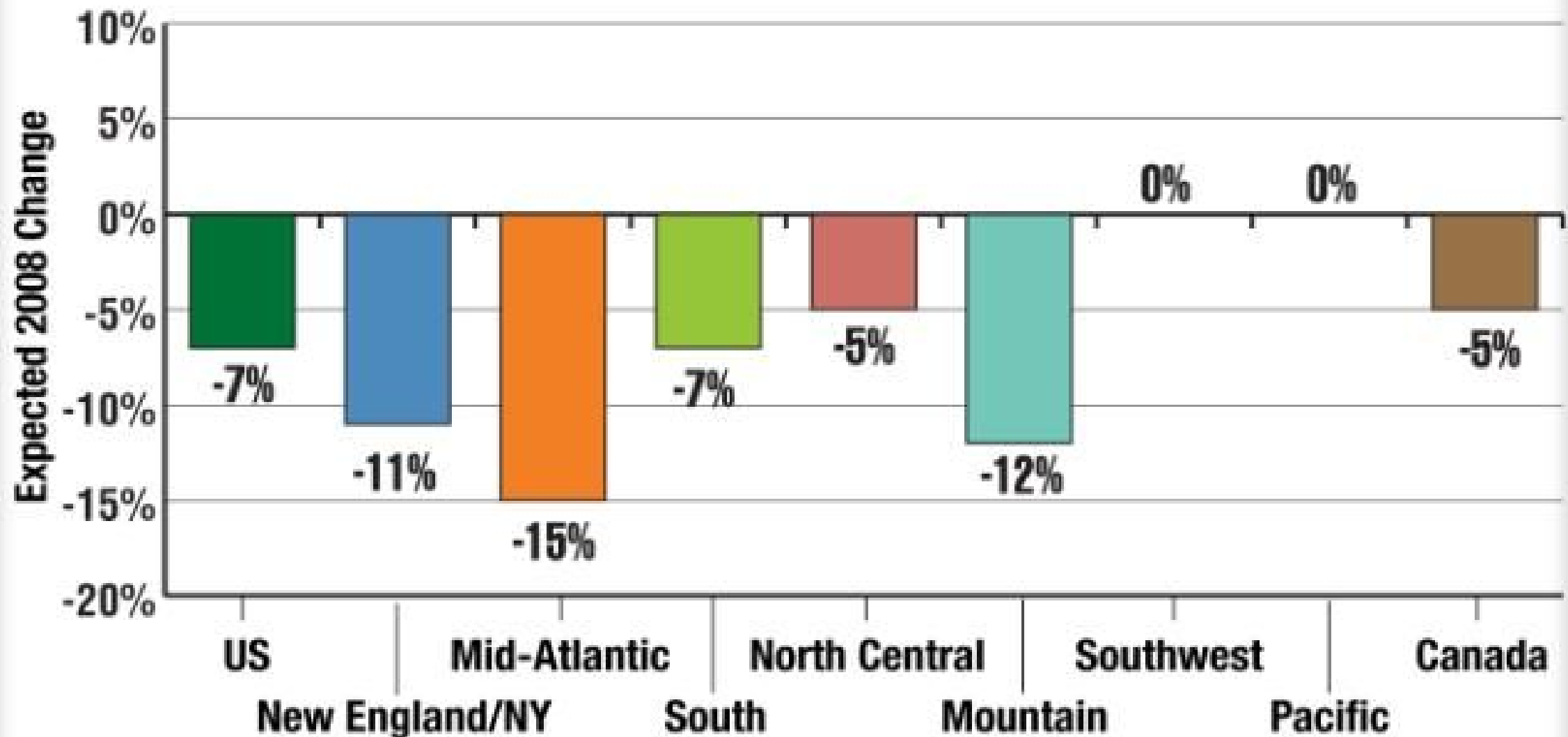
# 2008 Expectations Pellet-burning Appliances



# 2008 Expectations Pellet/Corn Appliances



# 2008 Expectations Pellet/Corn Appliances





The Bella by Lennox Hearth Products.



**Multifire with Grace cladding by Palazzetti**



**Lincoln SCR by Even Temp**

**“The first pellet stoves were very good. They’ve complicated the new ones to such an extent that they’re not worth shit!”**

**85-year-old woman who runs a retail hearth shop out of her garage, and has been doing so since 1978. She is retiring this year and closing the shop.**



**“The price of pellet fuel has leveled off now that supply has caught up with demand.”**

**– Pennsylvania Retailer**

**“Bio-fuel stove sales have increased 35 percent over the last three months. Wood pellet sales are up 53 percent over the same period. It looks as though 2008 will be a great year for us.”**

**– Pennsylvania Retailer**