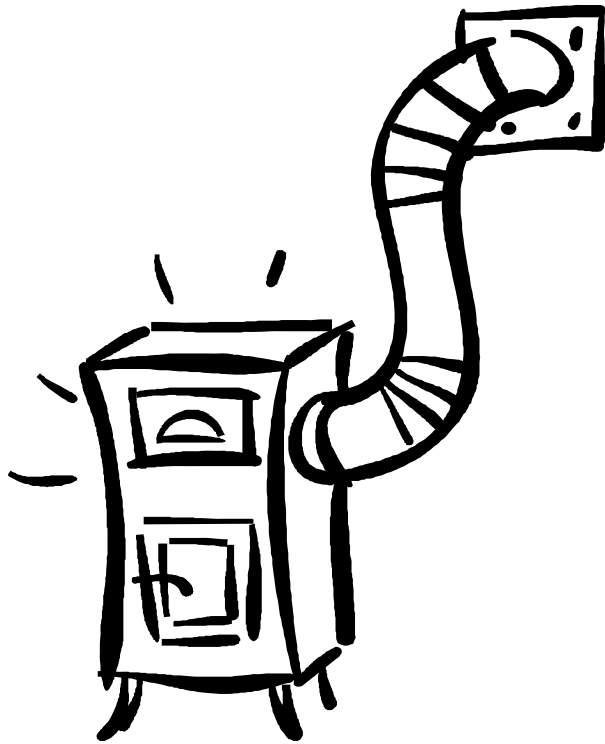


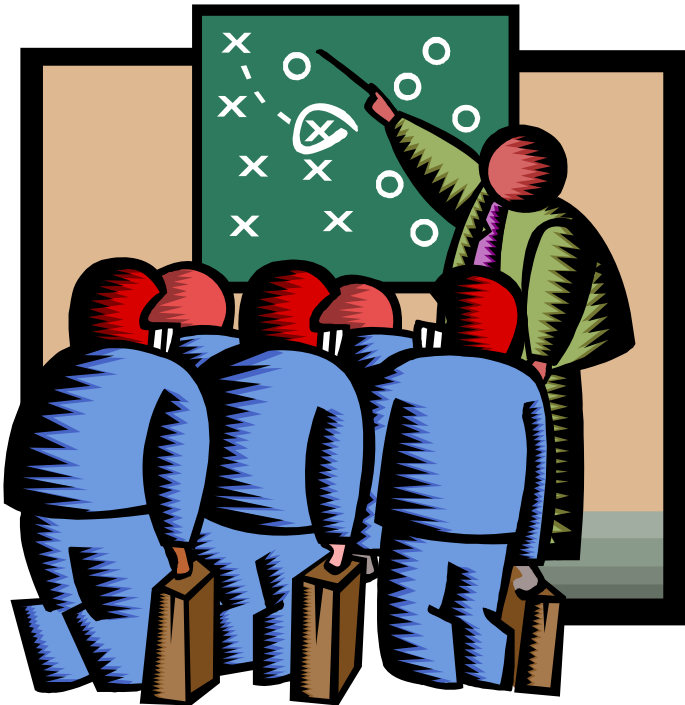
Pellet Fuels Institute Membership Meeting



**Wednesday,
February 29, 2012**

Don Johnson, HPBA
*Director of Market
Research*

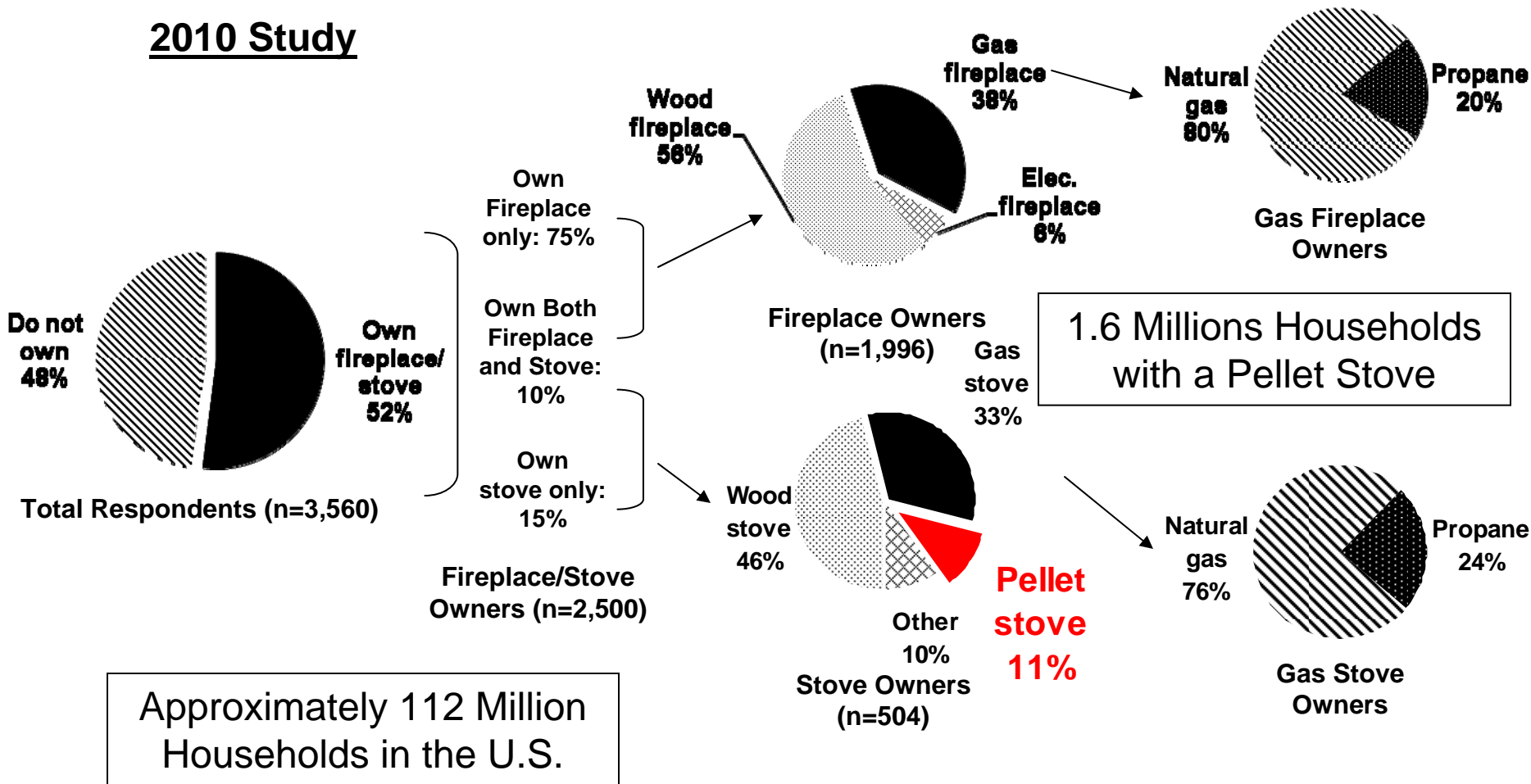
Agenda



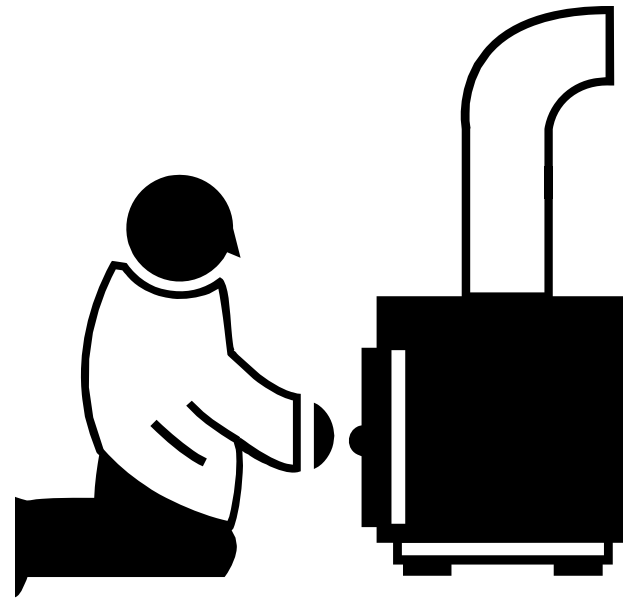
- Hearth appliance shipment statistics
- Pellet appliance shipment statistics
- Biomass central heating shipment statistics

Own Fireplace/Stove in Primary Residence

2010 Study



“Top of the Line” Hearth Industry Shipment Statistics



U.S. Hearth Appliance Shipments in 2011

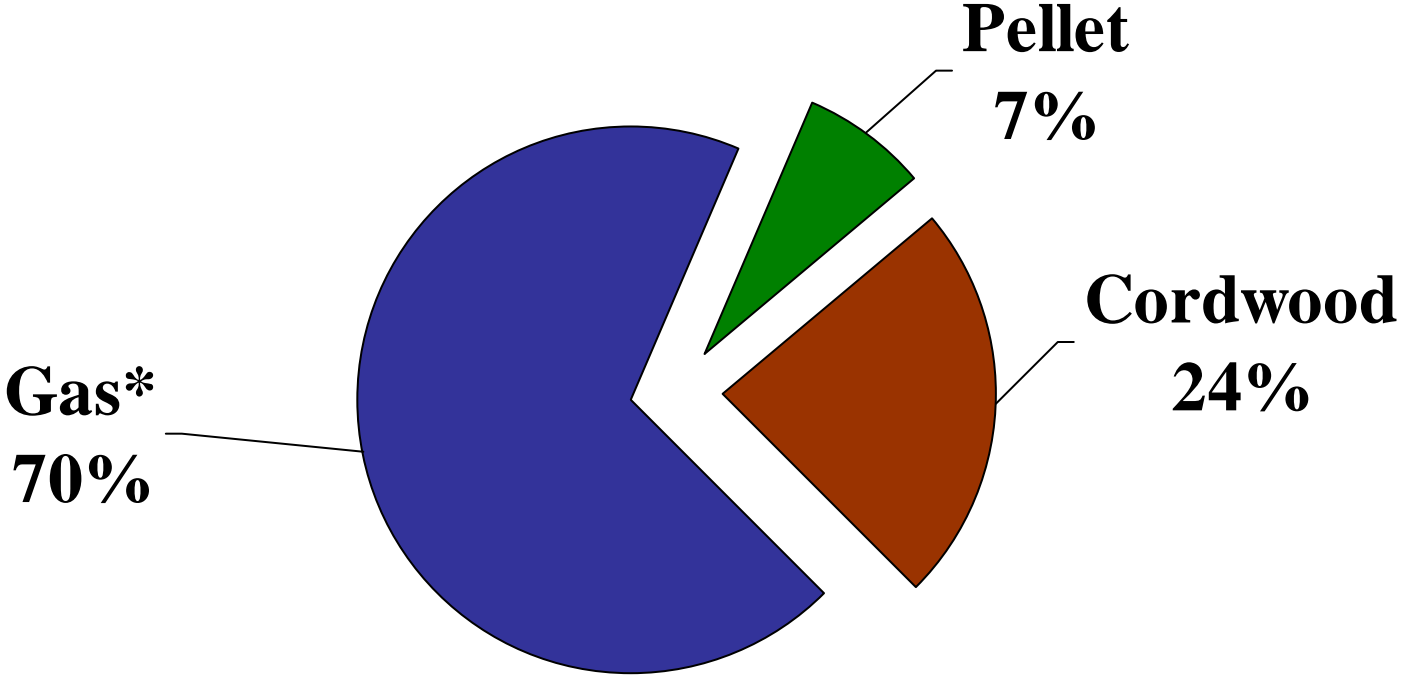


- Cordwood – 197,181
 - Gas* – 573,468
 - Pellet – 62,451
- **TOTAL – 833,100**

Electric Hearth Appliance Shipments – 1,550,000

***Includes Gas Log Estimated Data (237,500)**

U.S. Hearth Appliance Shipments by Type of Fuel -- 2011



***Includes Gas Log Data**

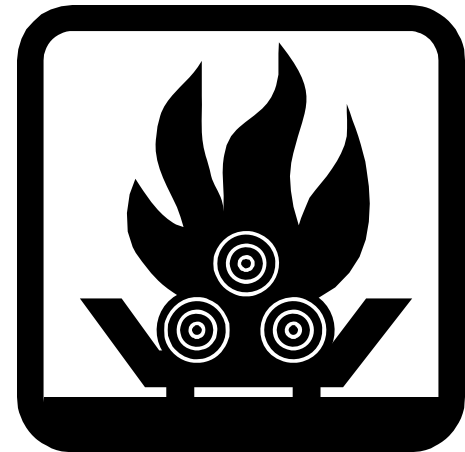
Electric Hearth Estimates Excluded

Between 2010 and 2011 . . .

- **Cordwood** appliance shipments **decreased 15%**
 - From 230,948 to 197,181
- **Gas** appliance shipments **decreased 12%**
 - From 650,911 to 573,468
- **Pellet** appliance shipments **increased 41%**
 - From 44,288 to 62,451

**Overall, industry
declined 10%
between 2010
and 2011**

**Electric hearth appliance shipments
increased 11% between 2010 and 2011**

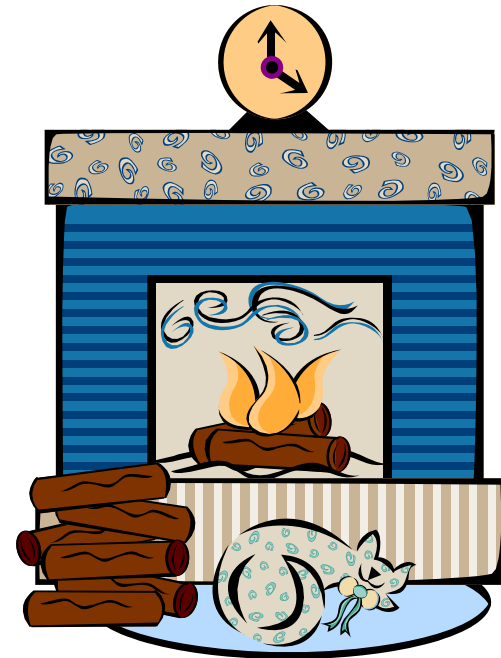


Since 1998 . . .

- **Cordwood** appliance shipments **decreased 70%**
 - From 652,500 to 197,181
- **Gas** appliance shipments **decreased 64%**
 - From 1,611,750 to 573,468
- **Pellet** appliance shipments **increased 83%**
 - From 34,000 to 62,451

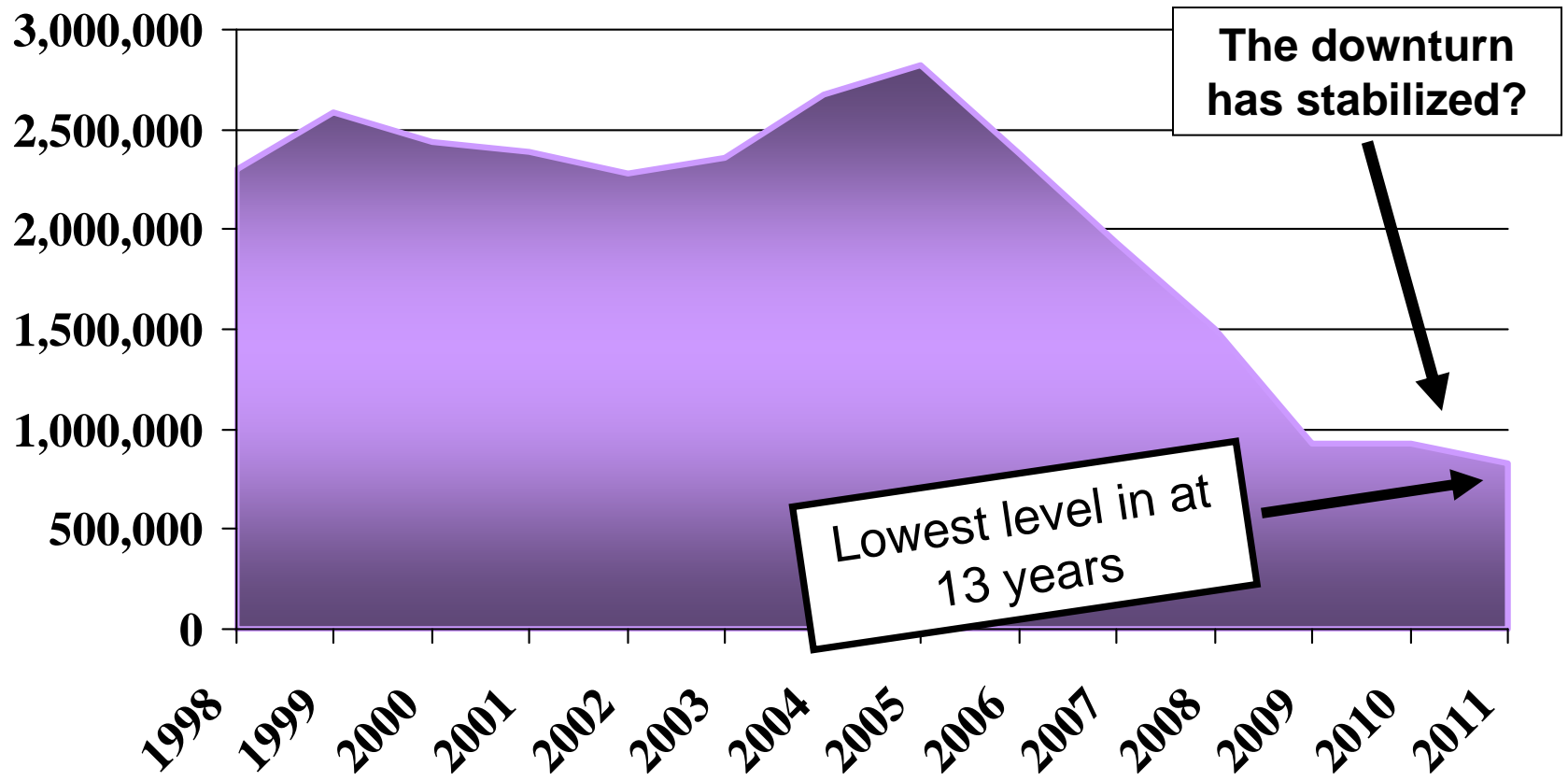
Overall, industry
decreased 64%
between 1998
and 2011

Electric Hearth Estimates Excluded



Total U.S. Hearth Appliance Shipments

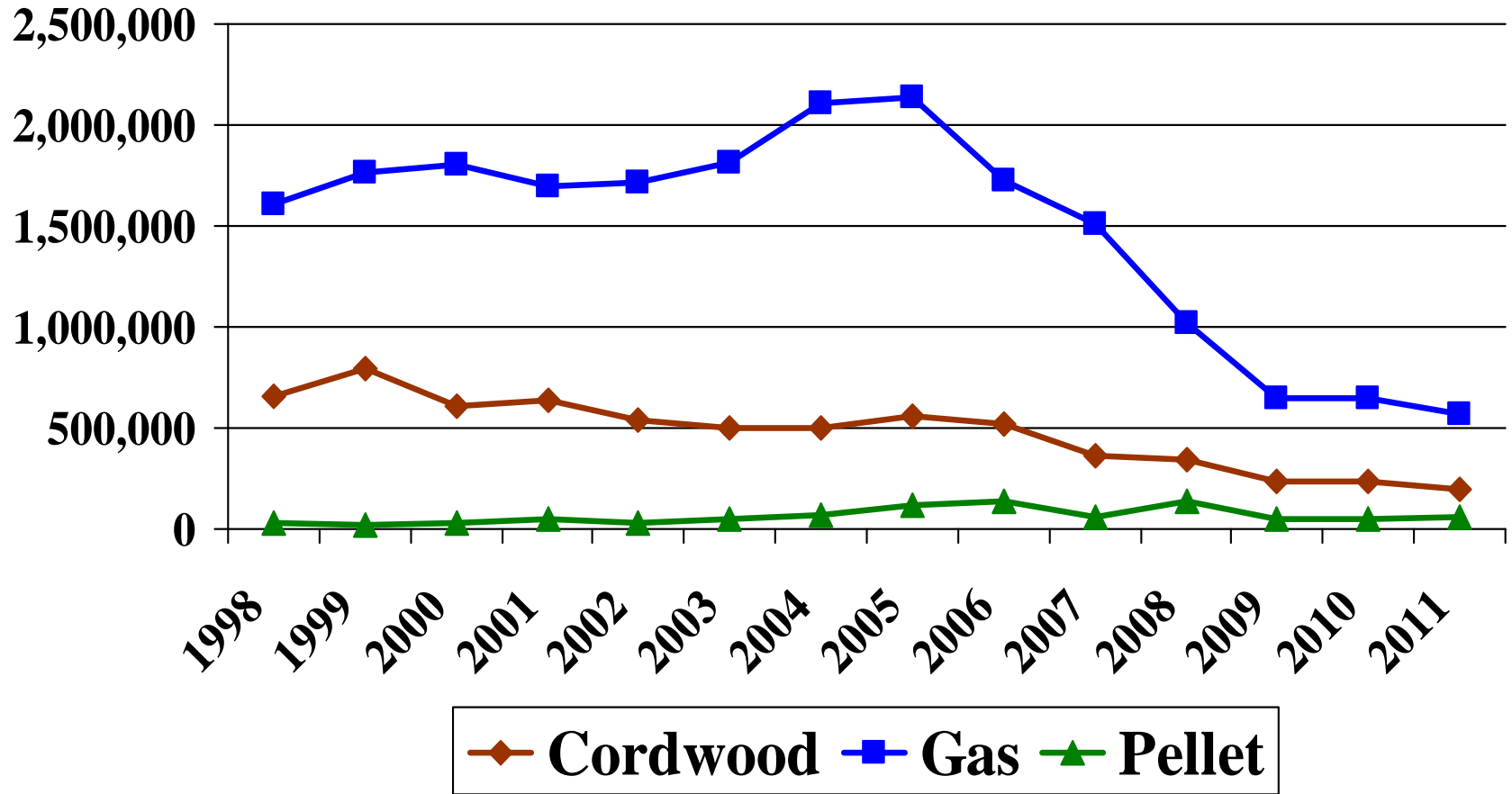
1998--2011



Electric Hearth Estimates Excluded

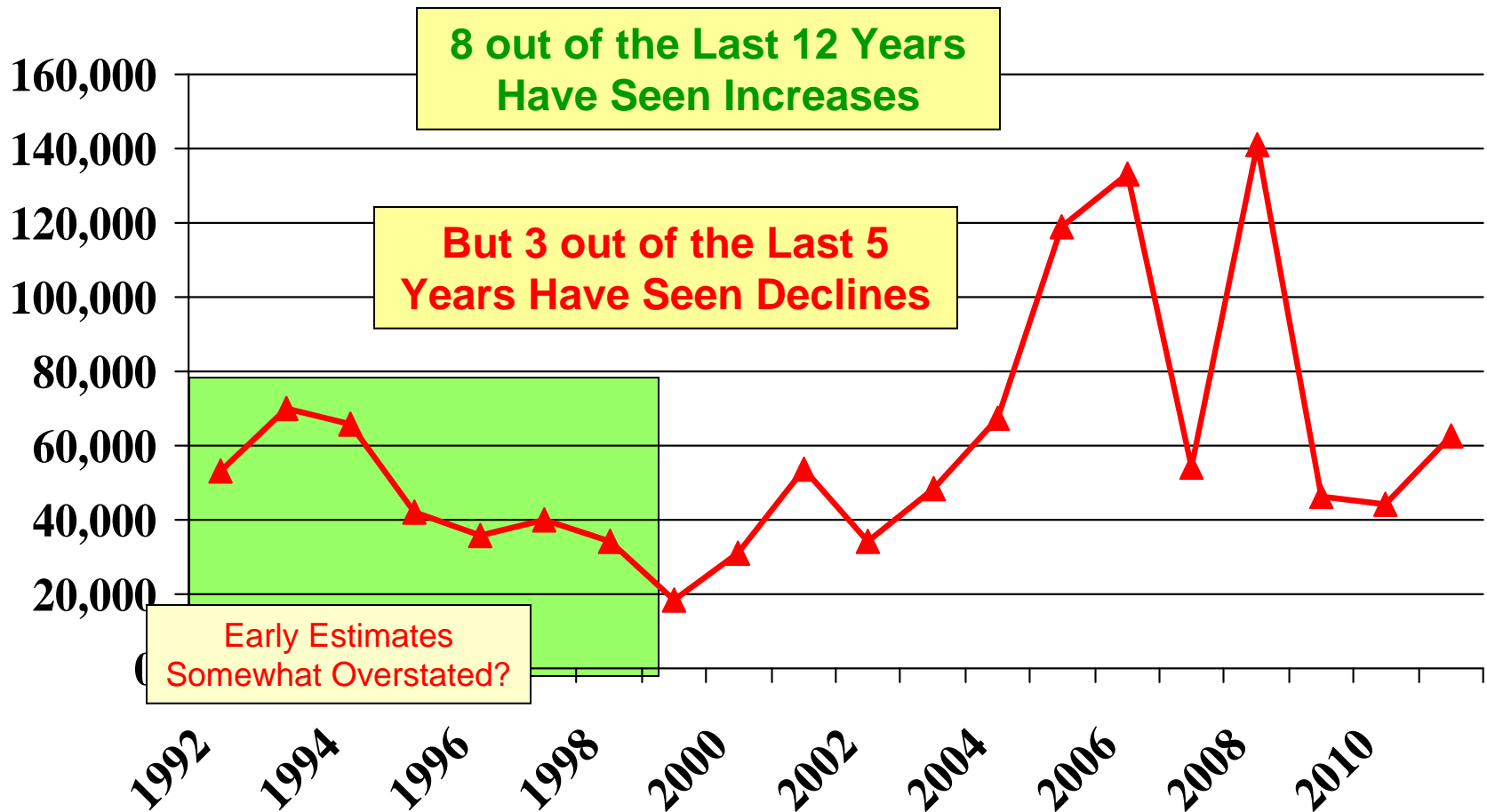
U.S. Hearth Appliance Shipments

1998--2011

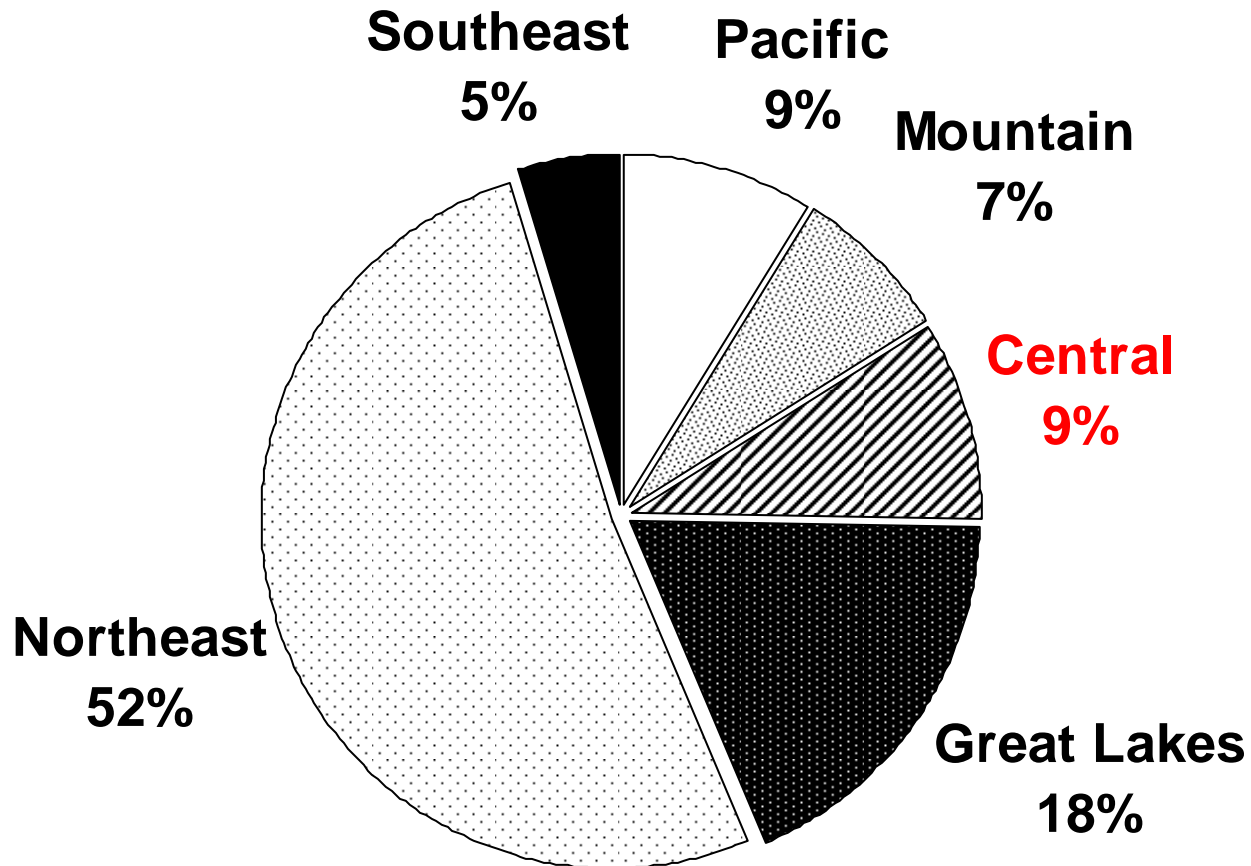


U.S. Pellet Appliance Shipments

1992--2011

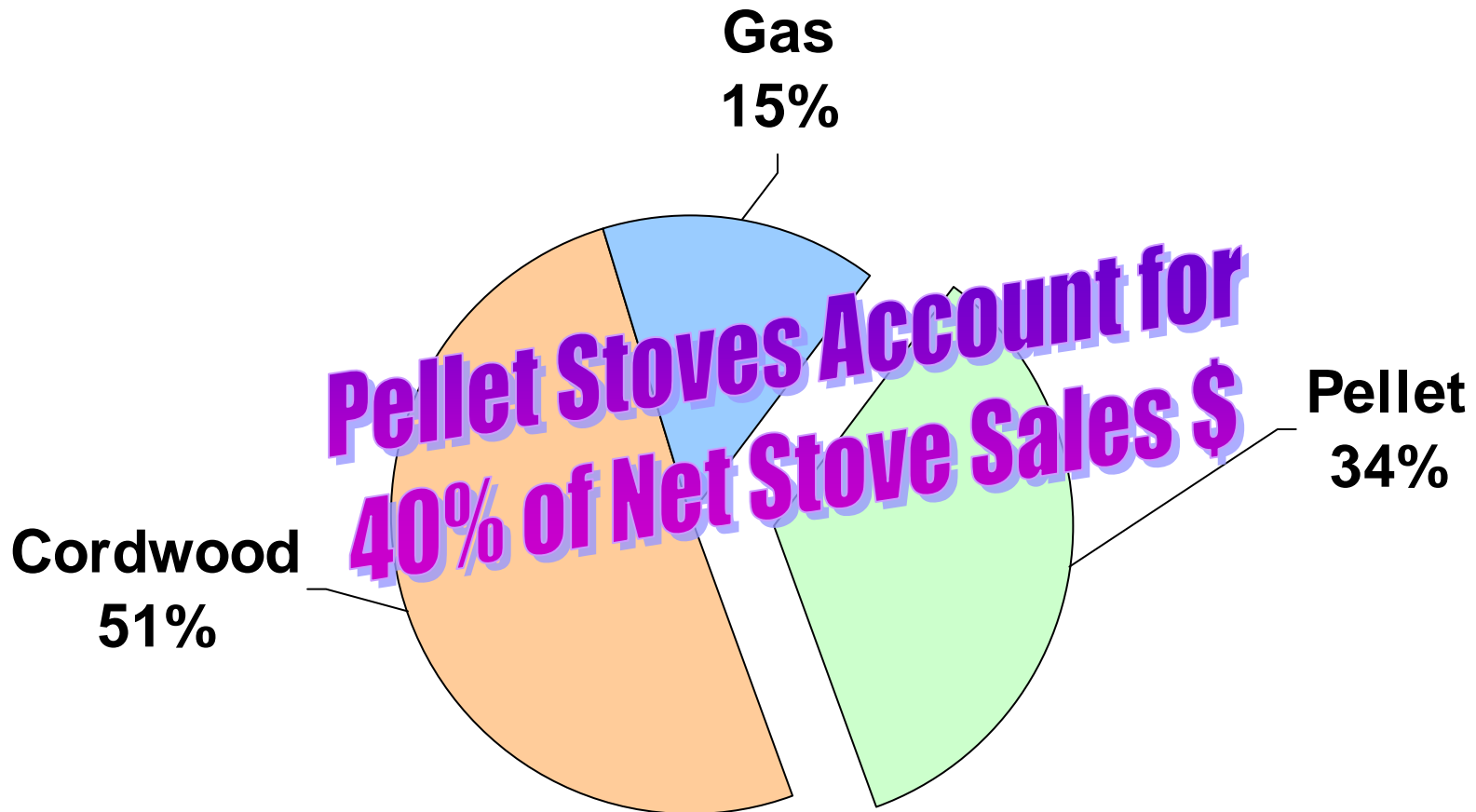


U.S. Pellet Appliance Shipments 2011



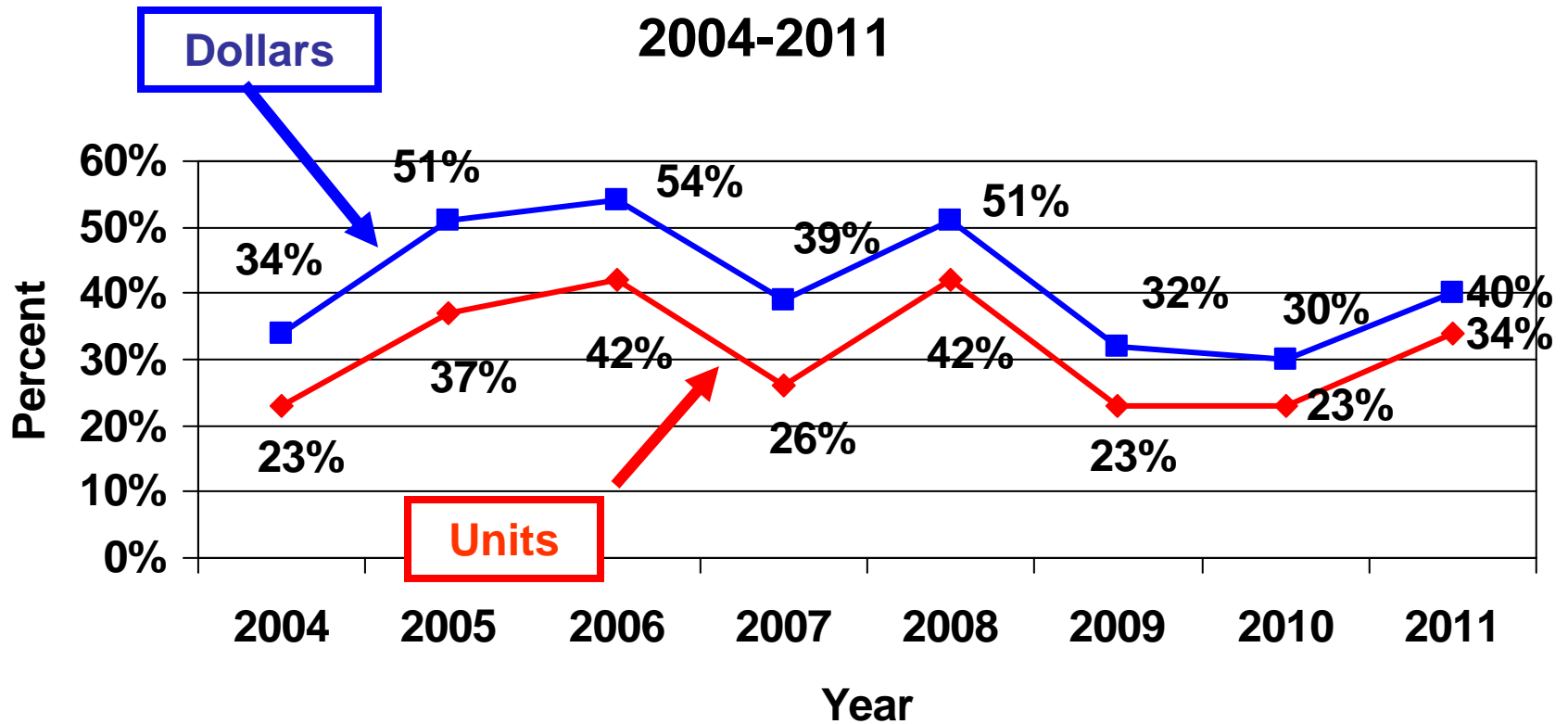
U.S. Freestanding Stove

Appliance Shipments by Type of Fuel -- 2011



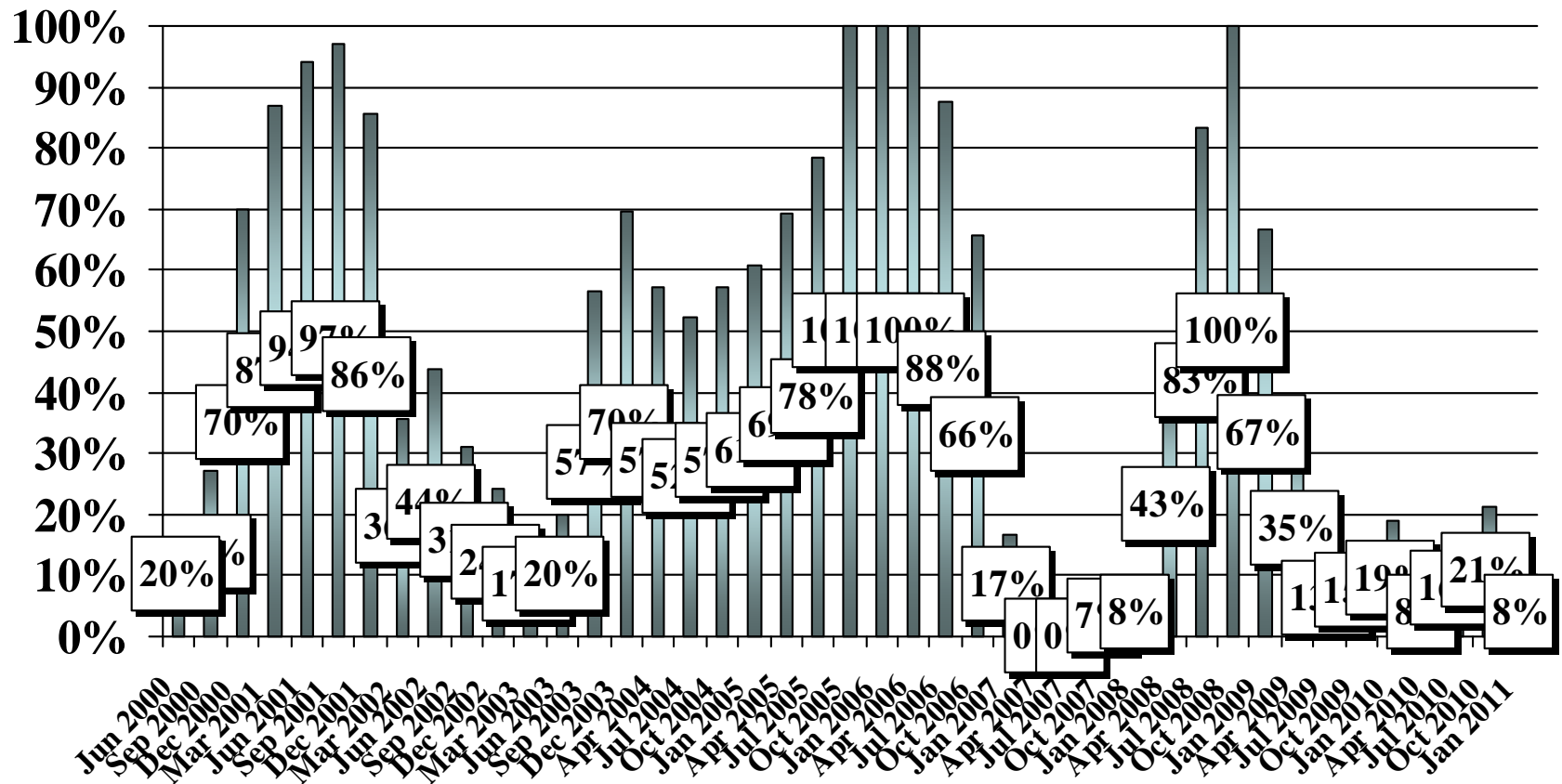
Pellet Stoves vs. Freestanding Stoves

Percent of Pellet Stoves vs. Freestanding Stoves 2004-2011



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

Quarterly--June 2000 through January 2011



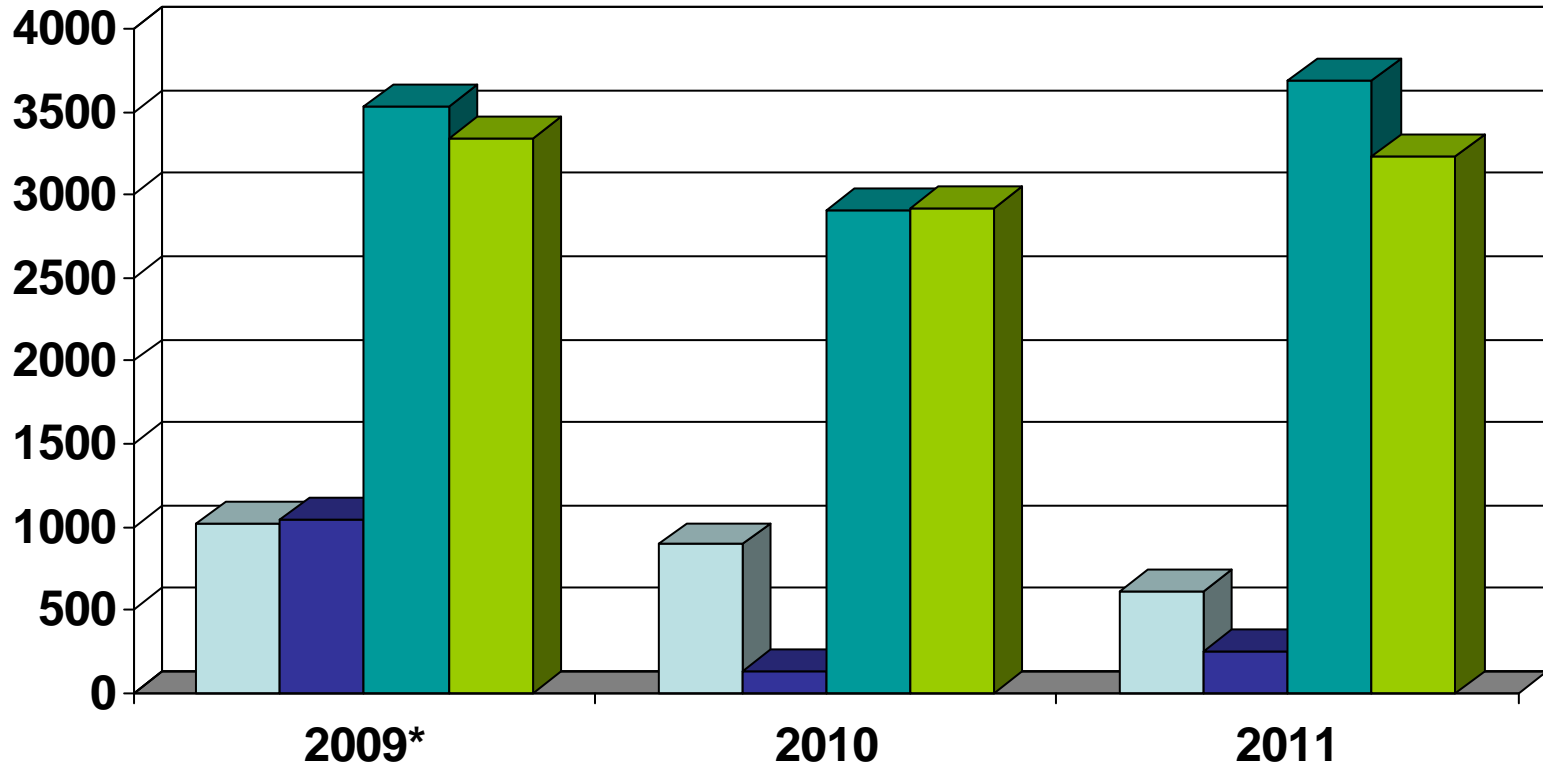
Measurement Scale Changed April 2006

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



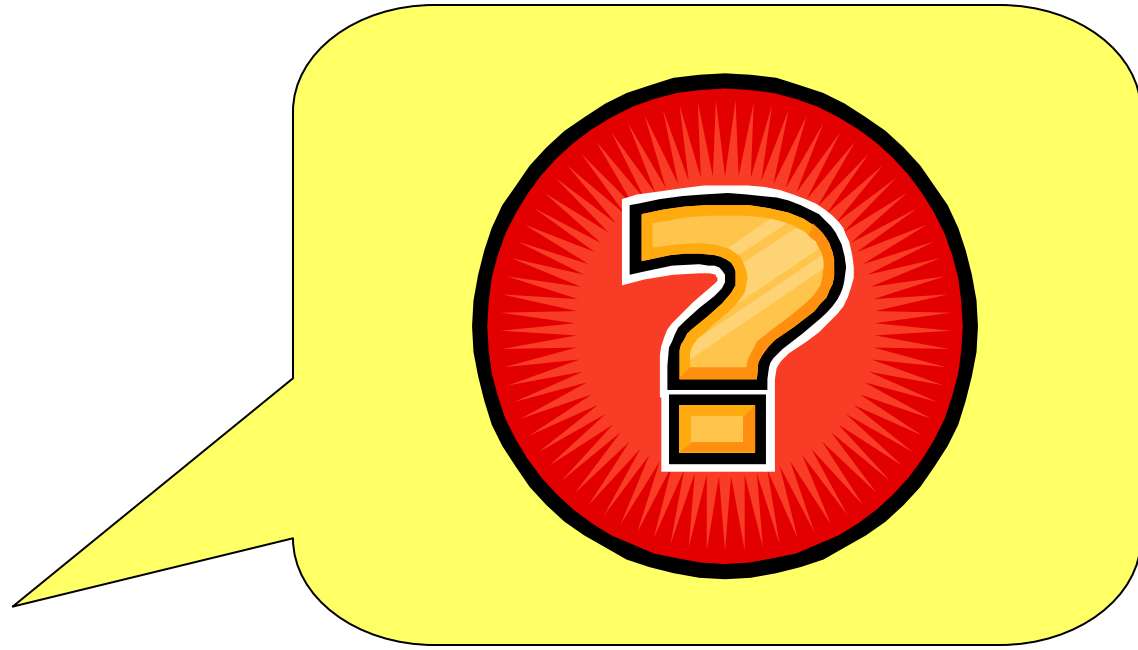
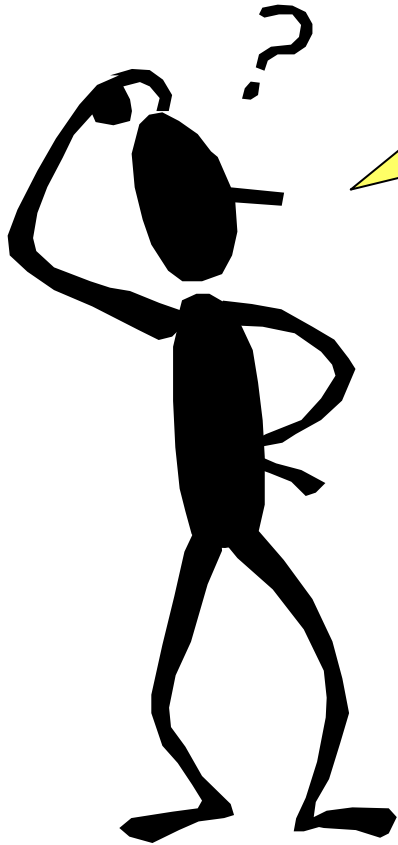
■ Pellet (US) ■ Pellet (Canada) ■ Wood Chip (US) ■ Wood Chip (Canada)

*April 2009 through December 2009

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**





Questions?