

NORTH AMERICAN PELLET PRODUCER MARKET OUTLOOK

Regional Perspectives of 2015-'16 Heating Season

100% HAVE NOT Adjusted Inbound Feedstock Prices in the past 6 months

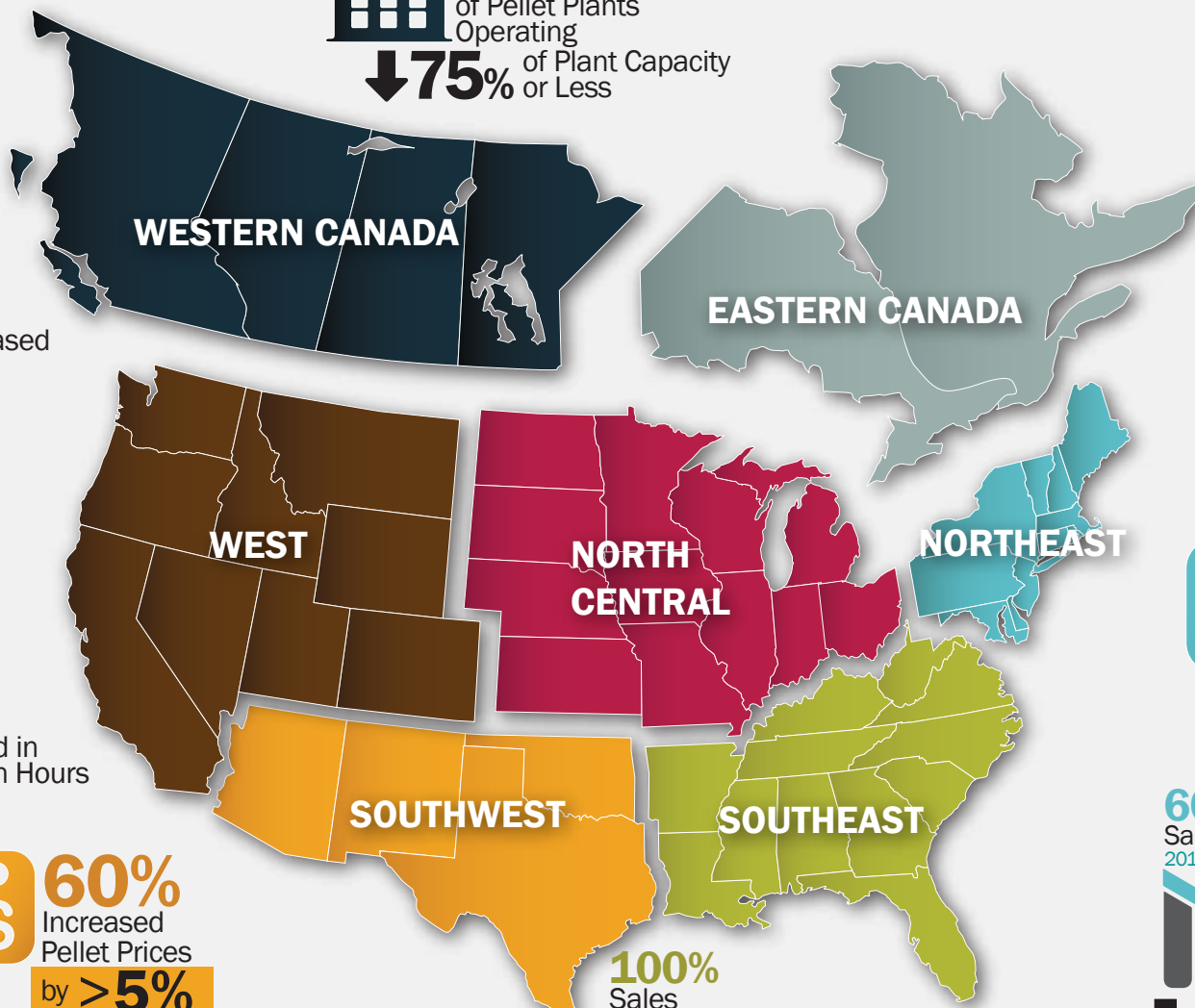
↓67% Decreased Staffing

60% Sales Decreased

↓5% - 20+%

↓60% Decreased in Production Hours

75% of Pellet Plants Operating
↓75% of Plant Capacity or Less



60% Increased Pellet Prices by **>5%** compared to last year

↓60% Decreased Staffing

100% Sales Decreased
↓5% - 20+%

50% Decreased Pellet Prices by **5% - 15+%** compared to last year

75% HAVE NOT Adjusted Inbound Feedstock Prices
Majority attribute change in prices to primary timber product demand/supply

77% of Pellet Plants Operating at
↓85% of Plant Capacity or Less

75% Adjusted Inbound Feedstock Prices in the past 6 months
of which **56%** Decreased Prices
5% - 10+%

70% Adjusted Inbound Feedstock Prices in the past 6 months
of which **86%** Decreased Prices
5% - 10%

60% Sales Decreased 2015-'16
↓20+% compared to last year

64% Believe Main Contributor to price changes is **UNSEASONABLY WARM WINTER TEMPERATURES**

65% Experienced Decreased 2015-'16 Heating Season Sales
↓5% - 20+% compared to last year

NORTHEAST U.S.
↓60% Experienced 2015-'16 Heating Season Sales Down Significantly

NORTH CENTRAL U.S.
↓42% Experienced 2015-'16 Heating Season Sales Down Significantly

50% of Pellet Plants Operating at
↓75% of Plant Capacity or Less

↓60% Decreased Production Hours Compared to long-term average

↓40% Decreased Staffing

74% of Producers who Adjusted Inbound Feedstock Price Decreased the Price
↓5+% in the past six months

50+% Reported Charging **SLIGHTLY to MODERATELY HIGHER PRICES** for Pellets this Year Compared to last year