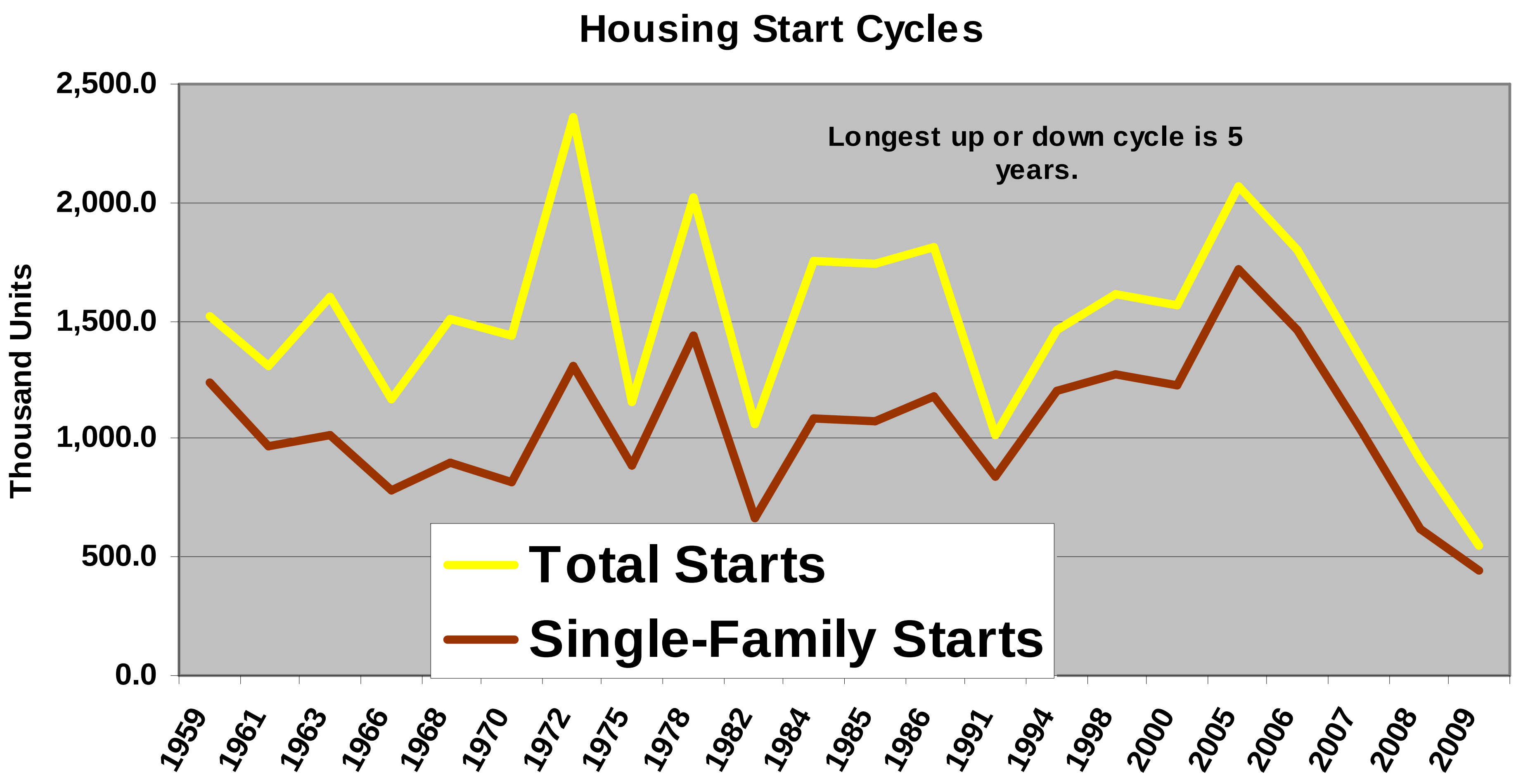
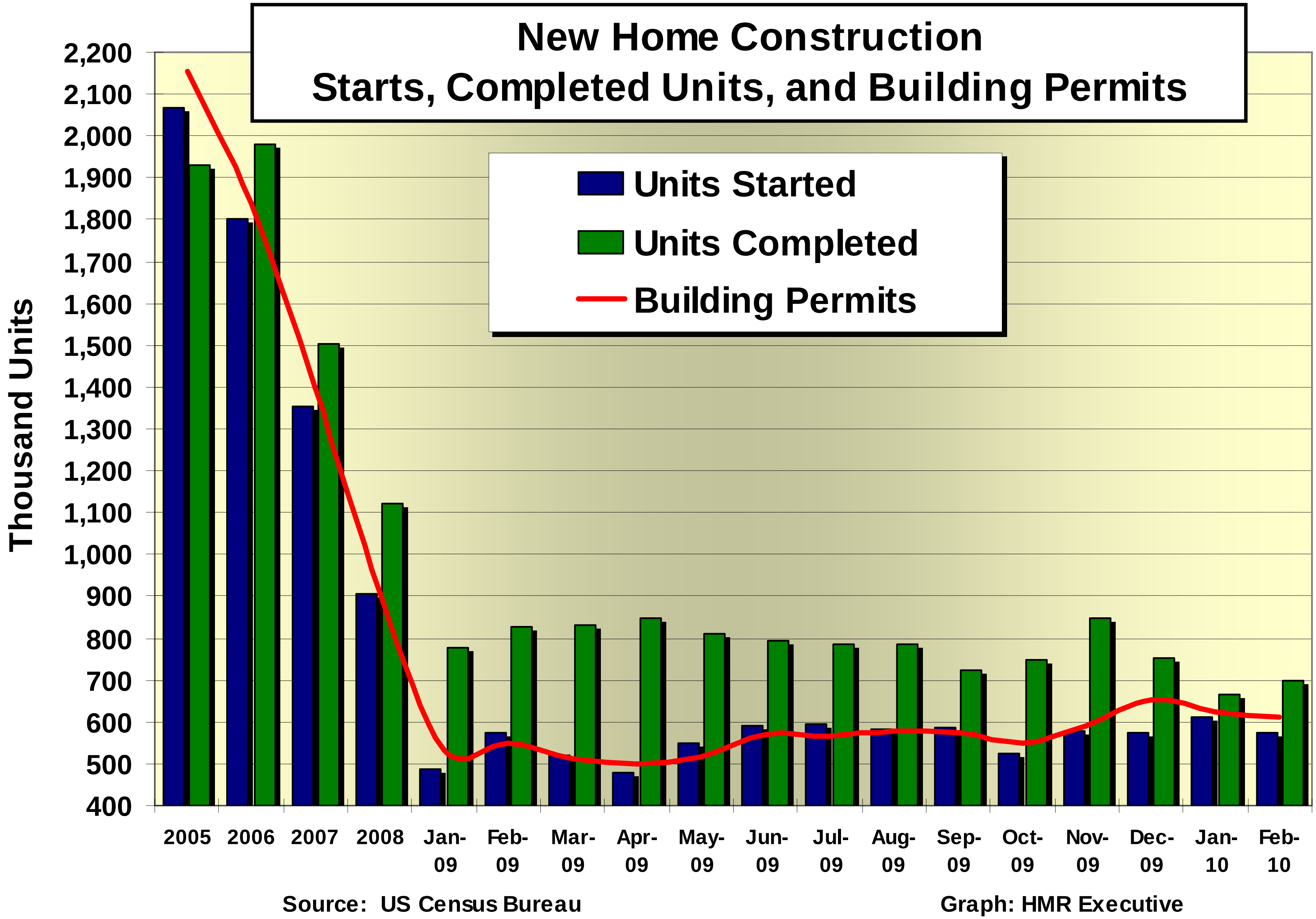
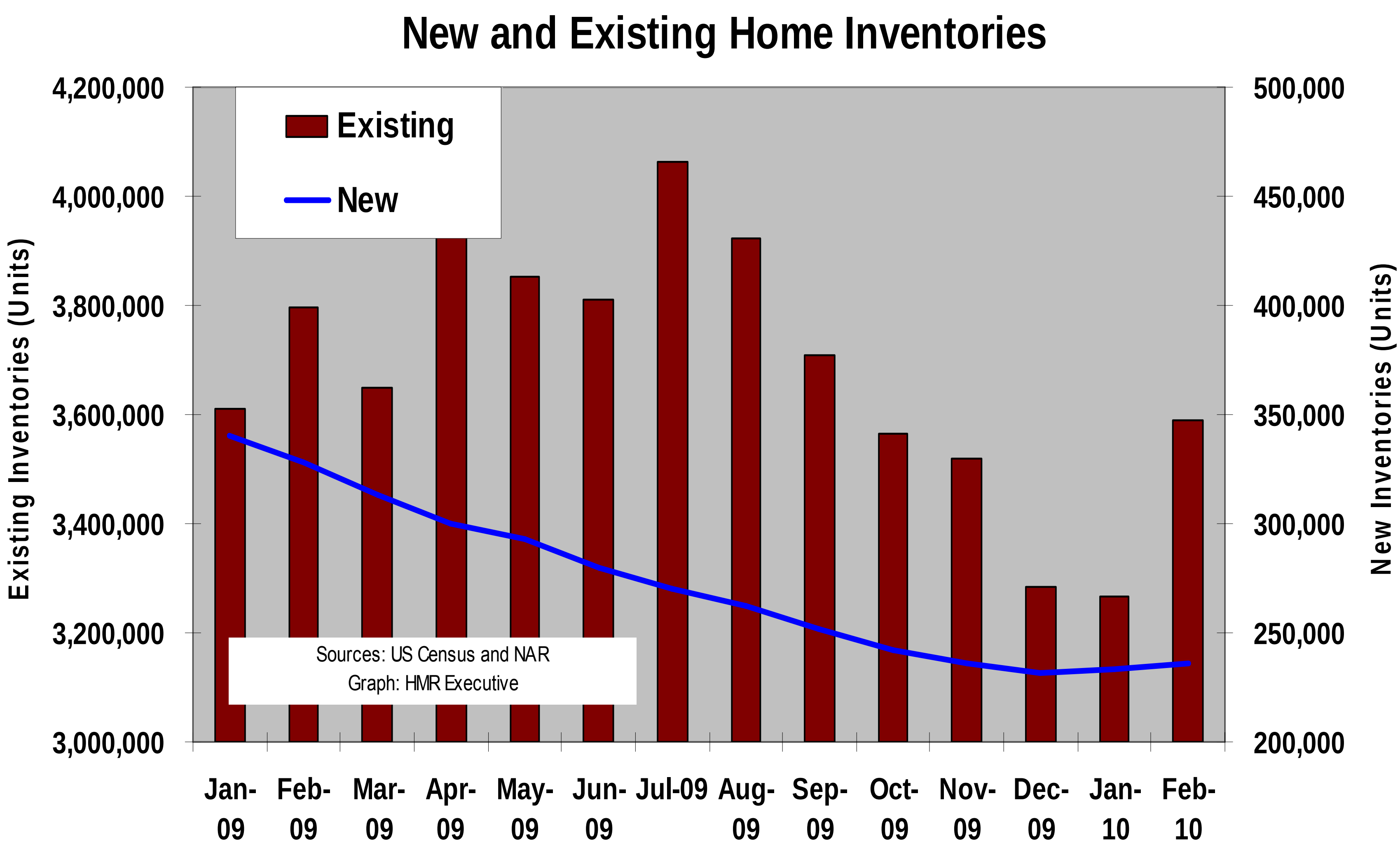
Hardwood Market Report

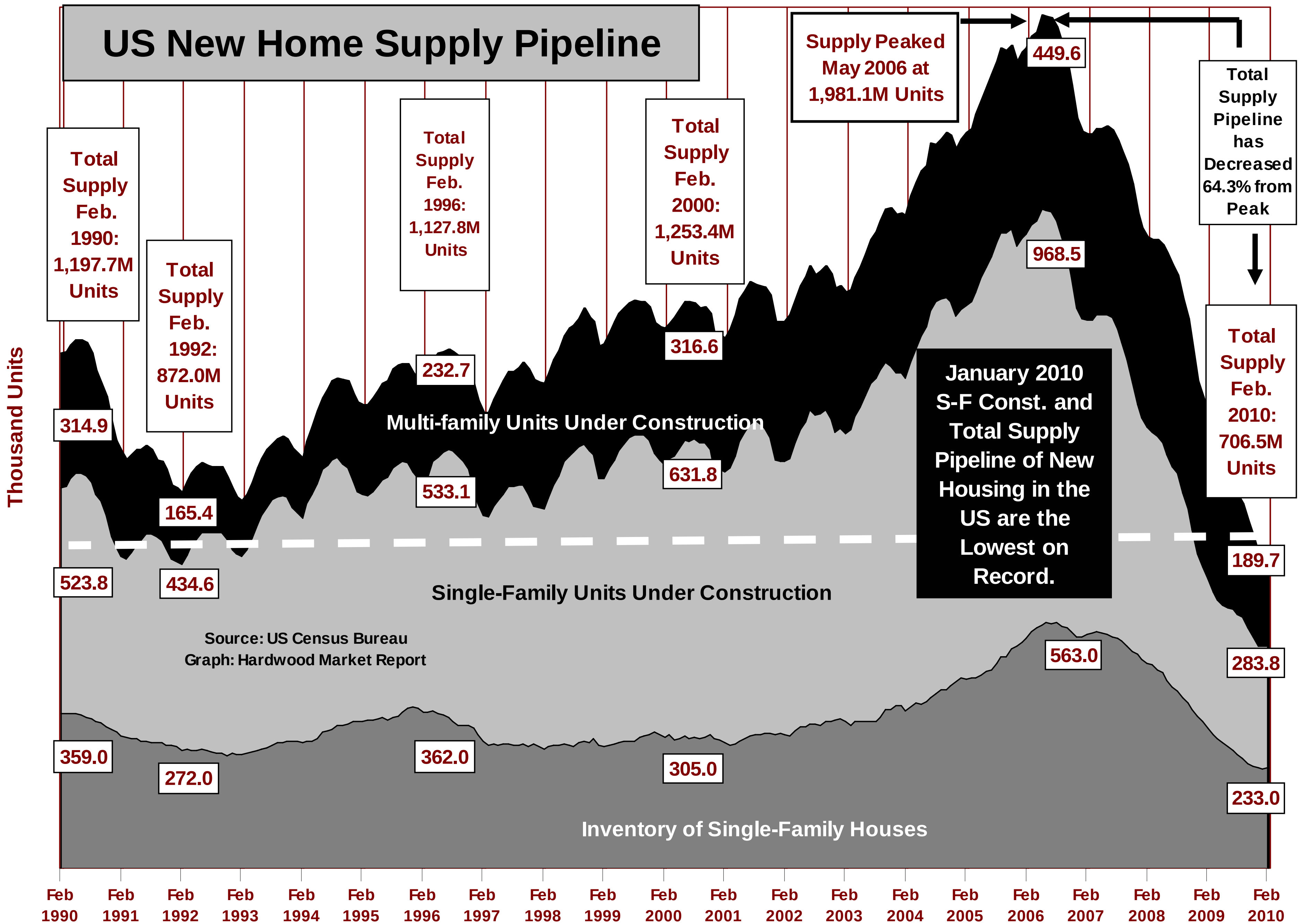
Changes in Markets for North American Hardwoods

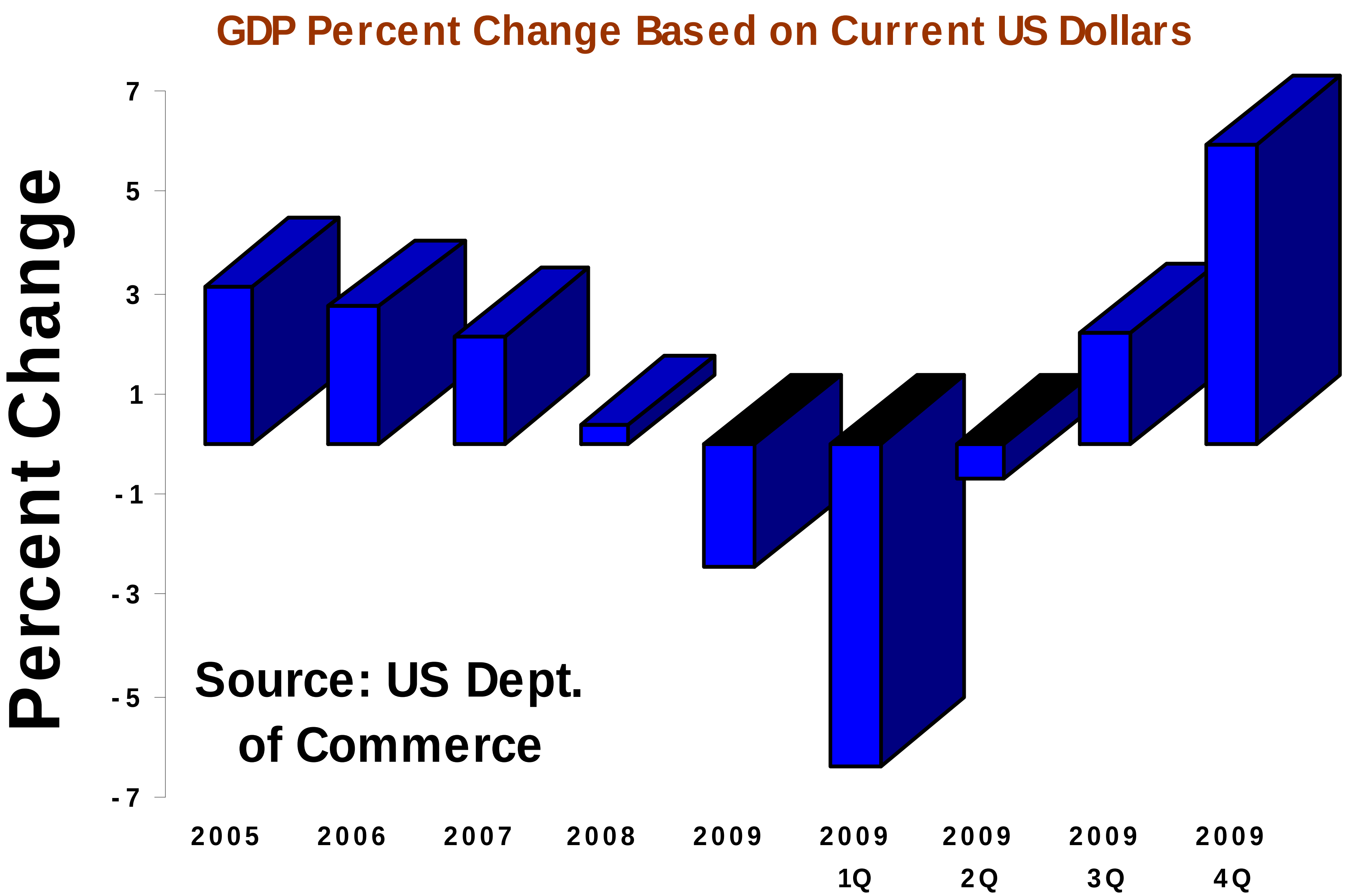

Housing Start Cycles
2,500.0
2,000.0
1,500.0
1,000.0
500.0
0.0
Thousand Units
Longest up or down cycle is 5 years.
Total Starts
Single-Family Starts
1959
1961
1963
1966
1968
1970
1972
1975
1978
1982
1984
1985
1986
1991
1994
1998
2000
2005
2006
2007
2008
2009



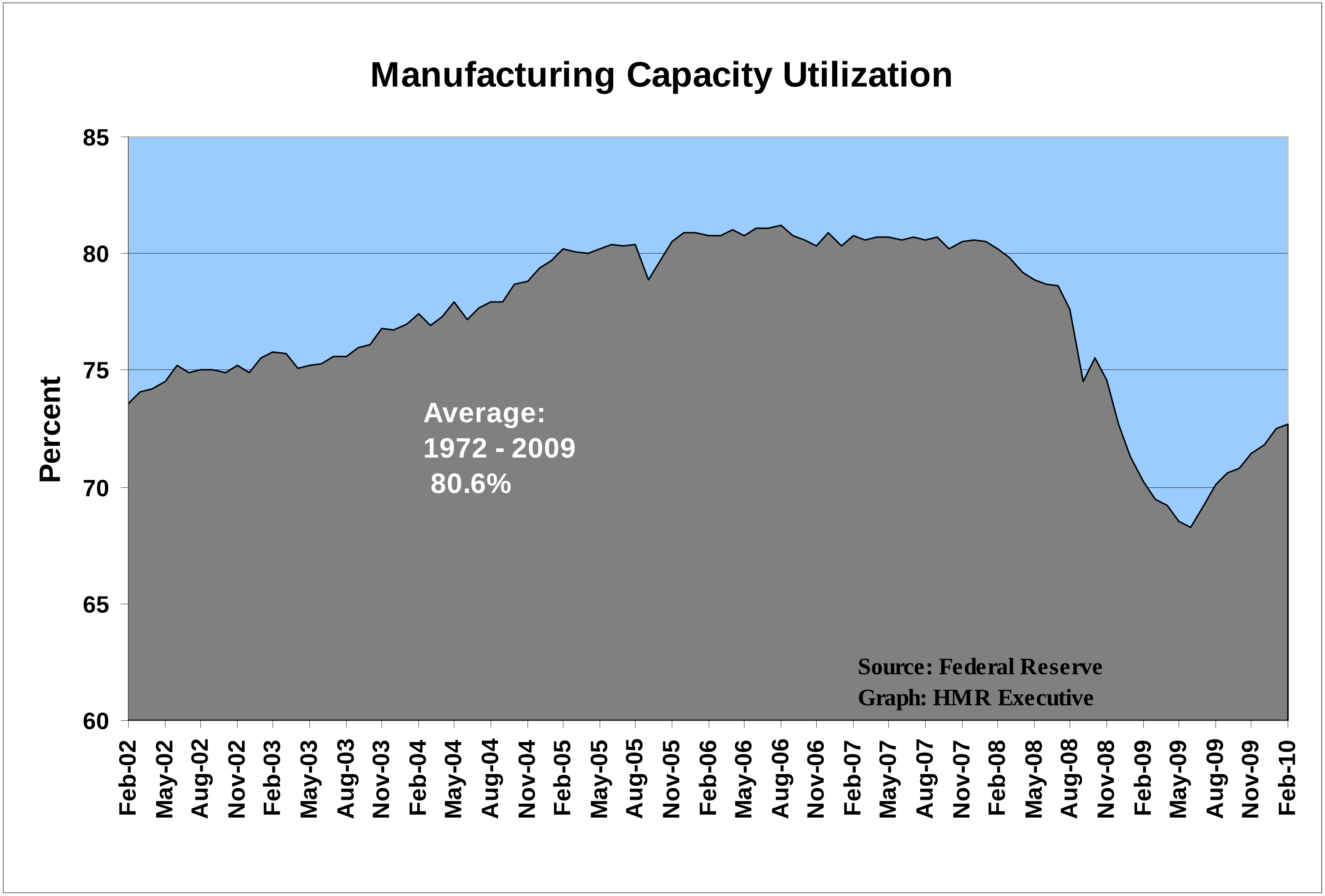
New Home Construction
Starts, Completed Units, and Building Permits
Units Started
Units Completed
Building Permits
Thousand Units
2,200
2,100
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
700
600
500
400
2005
2006
2007
2008
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
Sep-09
Oct-09
Nov-09
Dec-09
Jan-10
Feb-10
Source: US Census Bureau
Graph: HMR Executive


New and Existing Home Inventories
Existing
New
Sources: US Census and NAR
Graph: HMR Executive
4,200,000
4,000,000
3,800,000
3,600,000
3,400,000
3,200,000
3,000,000
500,000
450,000
400,000
350,000
300,000
250,000
200,000
Existing Inventories (Units)
New Inventories (Units)
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
Sep-09
Oct-09
Nov-09
Dec-09
Jan-10
Feb-10


US New Home Supply Pipeline
Supply Peaked May 2006 at 1,981.1M Units
449.6
Total Supply Pipeline has Decreased 64.3% from Peak
Total Supply Feb. 1990: 1,197.7M Units
Total Supply Feb. 1992: 872.0M Units
Total Supply Feb. 1996: 1,127.8M Units
Total Supply Feb. 2000: 1,253.4M Units
968.5
Total Supply Feb. 2010: 706.5M Units
316.6
232.7
314.9
165.4
Multi-family Units Under Construction
January 2010 S-F Const. and Total Supply Pipeline of New Housing in the US are the Lowest on Record.
631.8
533.1
189.7
523.8
434.6
Single-Family Units Under Construction
Source: US Census Bureau
Graph: Hardwood Market Report
563.0
283.8
359.0
272.0
362.0
305.0
233.0
Inventory of Single-Family Houses
Thousand Units
Feb 1990
Feb 1991
Feb 1992
Feb 1993
Feb 1994
Feb 1995
Feb 1996
Feb 1997
Feb 1998
Feb 1999
Feb 2000
Feb 2001
Feb 2002
Feb 2003
Feb 2004
Feb 2005
Feb 2006
Feb 2007
Feb 2008
Feb 2009
Feb 2010



GDP Percent Change Based on Current US Dollars
Percent Change
7
5
3
1
- 1
- 3
- 5
- 7
Source: US Dept. of Commerce
2005
2006
2007
2008
2009
2009 1Q
2009 2Q
2009 3Q
2009 4Q



Manufacturing Capacity Utilization
85
80
75
70
65
60
Percent
Average:
1972 - 2009
80.6%
Source: Federal Reserve
Graph: HMR Executive
Feb-02
May-02
Aug-02
Nov-02
Feb-03
May-03
Aug-03
Nov-03
Feb-04
May-04
Aug-04
Nov-04
Feb-05
May-05
Aug-05
Nov-05
Feb-06
May-06
Aug-06
Nov-06
Feb-07
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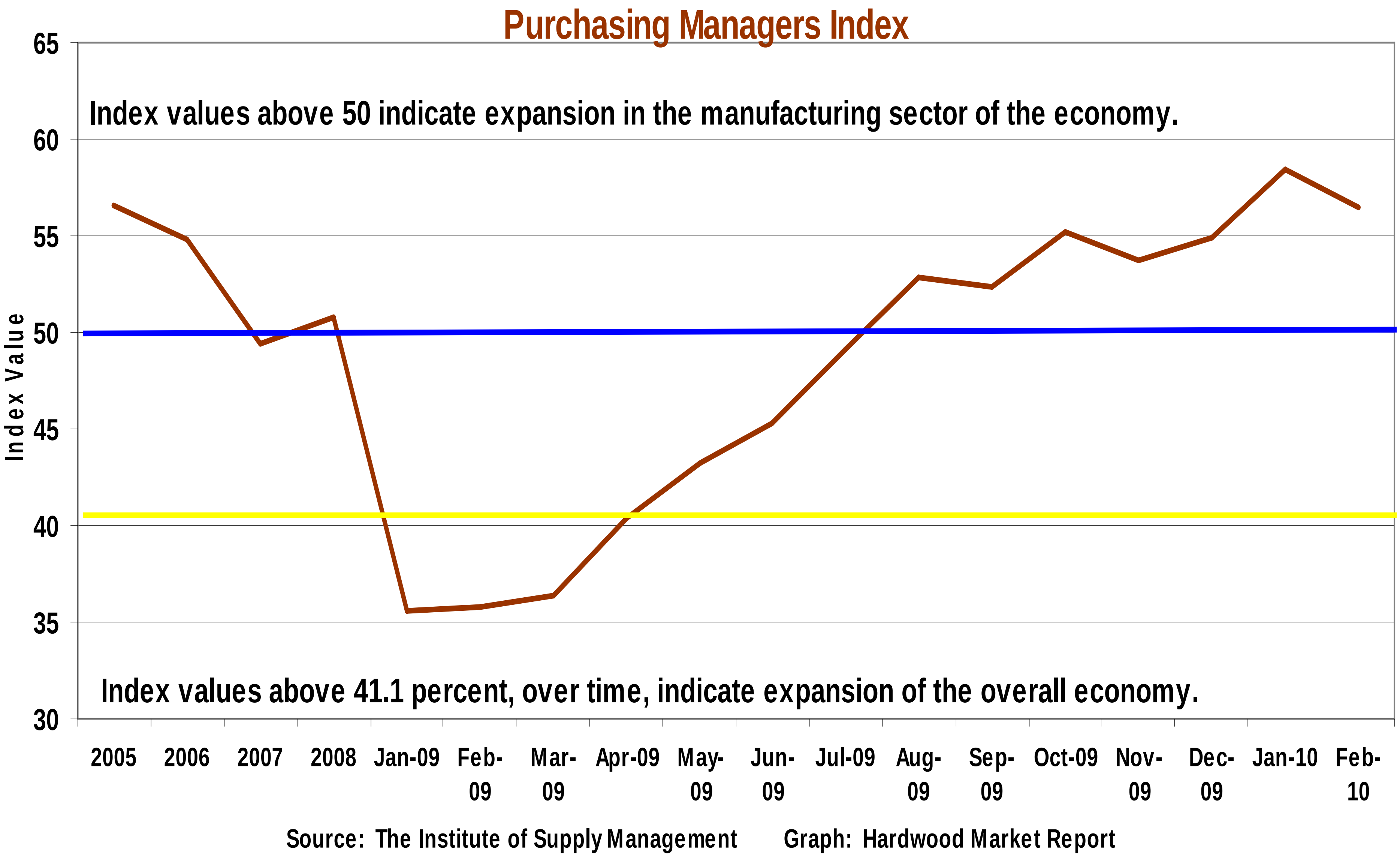
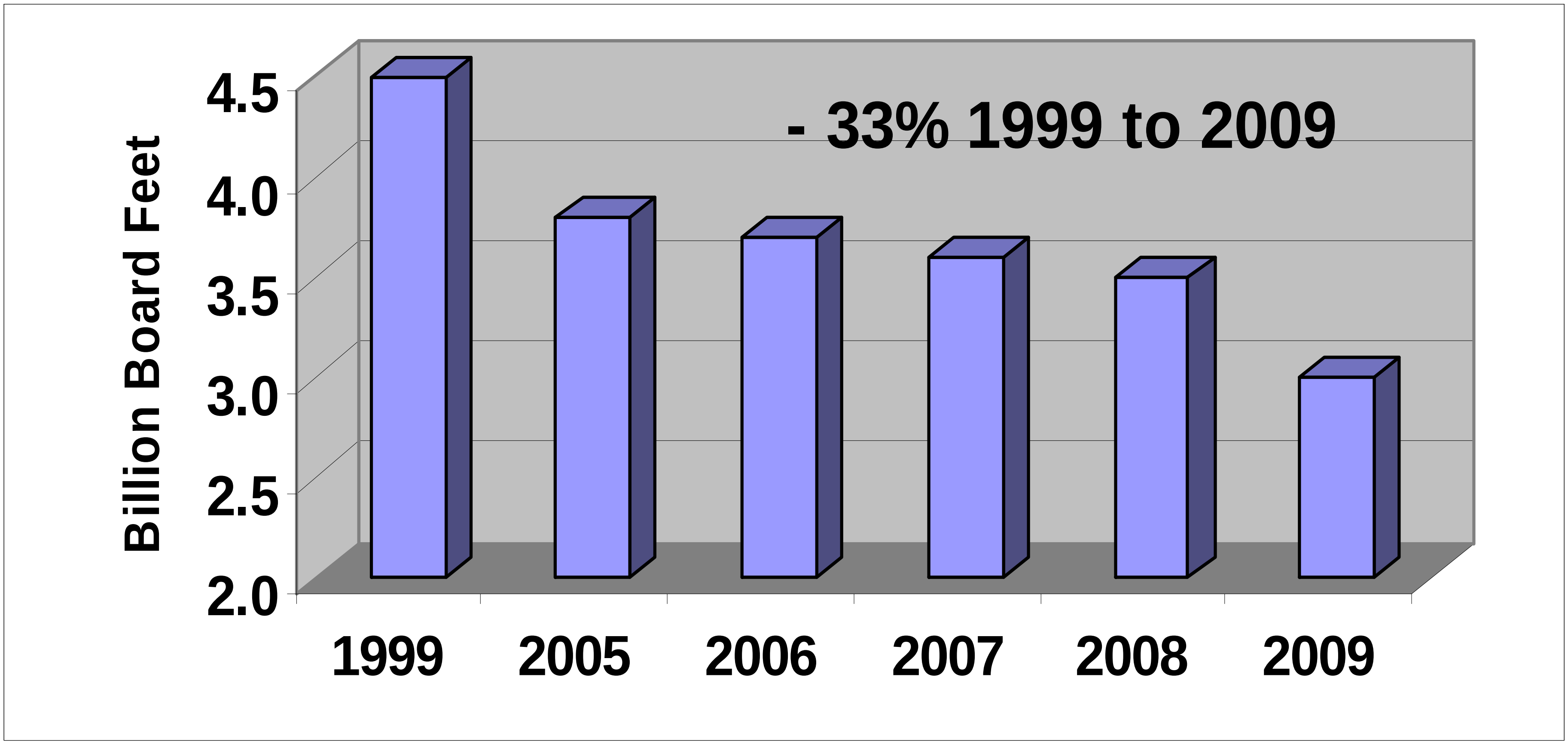
May-09
Aug-09
Nov-09
Feb-10



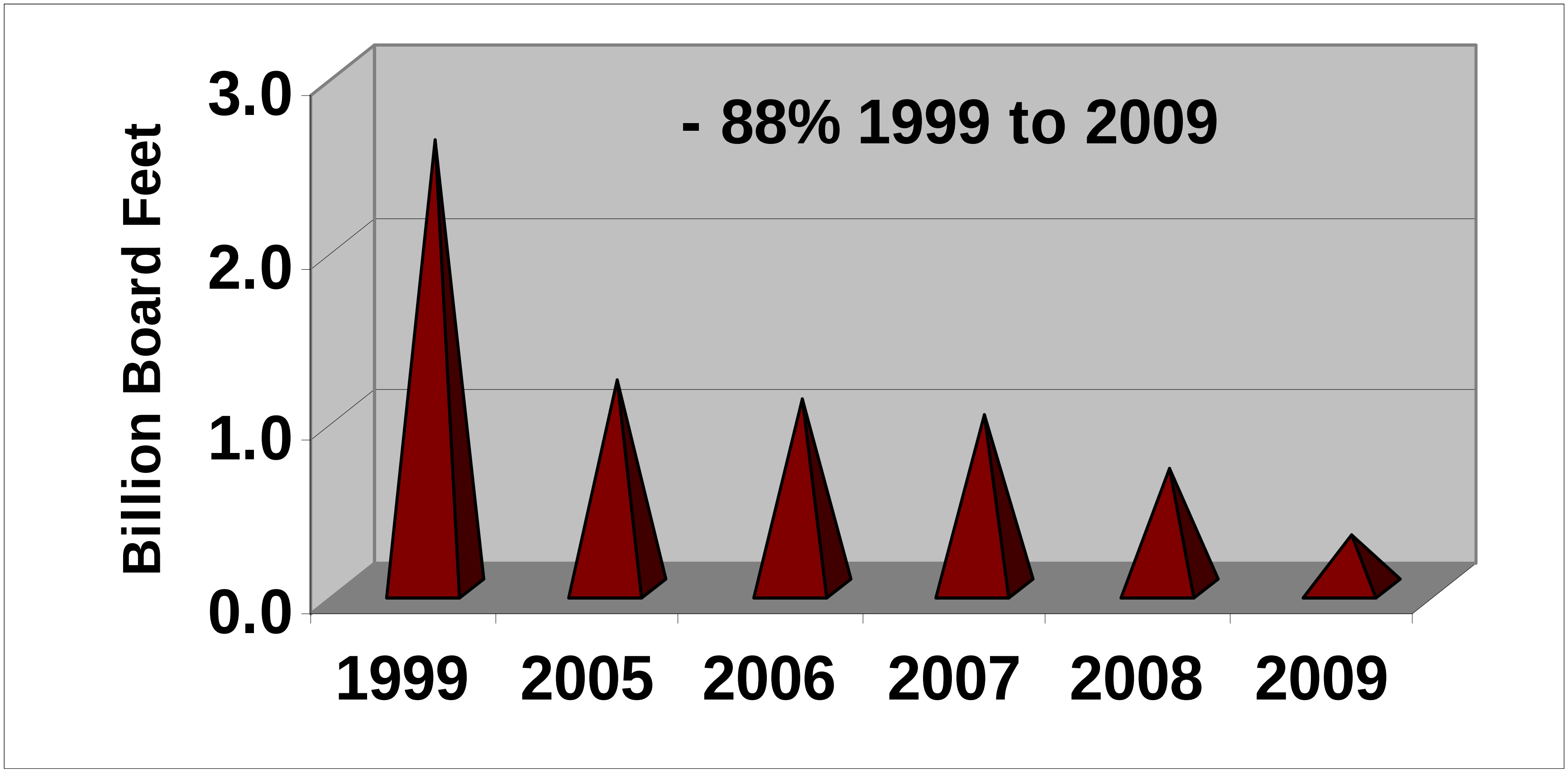
Purchasing Managers Index
Index values above 50 indicate expansion in the manufacturing sector of the economy.
Index values above 41.1 percent, over time, indicate expansion of the overall economy.
Index Value
65
60
55
50
45
40
35
30
2005
2006
2007
2008
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
Sep-09
Oct-09
Nov-09
Dec-09
Jan-10
Feb-10
Source: The Institute of Supply Management
Graph: Hardwood Market Report

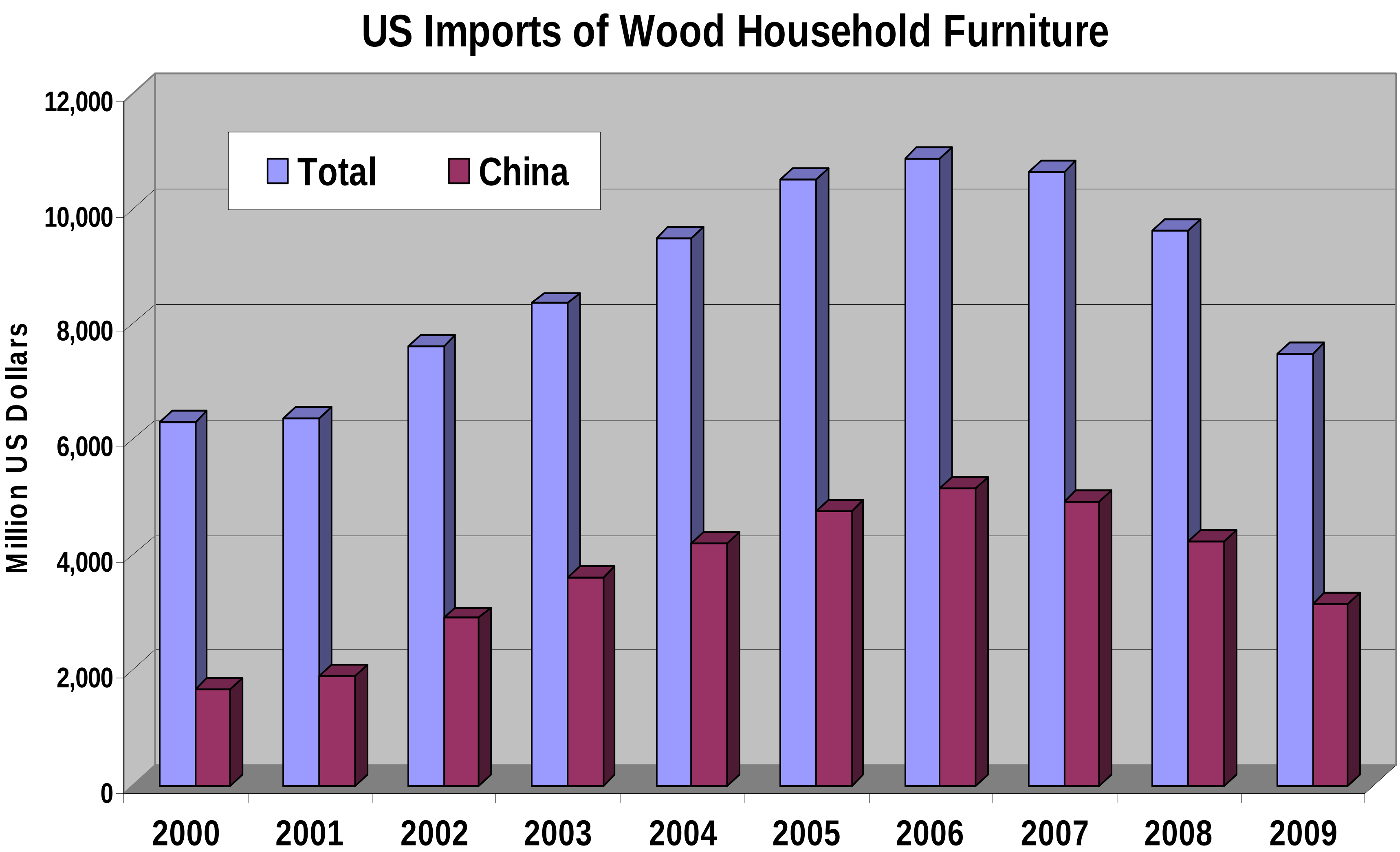
Market Sector	1999	2005	2006	2007	2008	2009	% Change 2008	% Change 1999
Pallets	4.5	3.8	3.7	3.6	3.5	3.0	-14%	-33%
Furniture	2.6	1.2	1.1	1.0	0.7	0.3	-57%	-88%
Exports	1.2	1.3	1.3	1.2	1.0	0.79	-21%	-34%
Millwork	1.3	1.3	1.2	1.0	0.7	0.4	-43%	-69%
Cabinets	1.2	1.6	1.5	1.3	1.2	0.7	-42%	-42%
Flooring	1.4	1.5	1.4	1.3	0.8	0.5	-38%	-64%
Railway Ties	0.7	0.9	1.0	1.0	1.1	0.75	-32%	7%
Board Road/Mat Timbers	N/A	N/A	N/A	N/A	0.2	0.05	N/A	N/A
Total Estimated Consumption	**12.9**	**11.6**	**11.2**	**10.4**	**9.2**	**6.5**	**-29%**	**-50%**

	1999	2005	2006	2007	2008	2009
Pallets	4.5	3.8	3.7	3.6	3.5	3.0

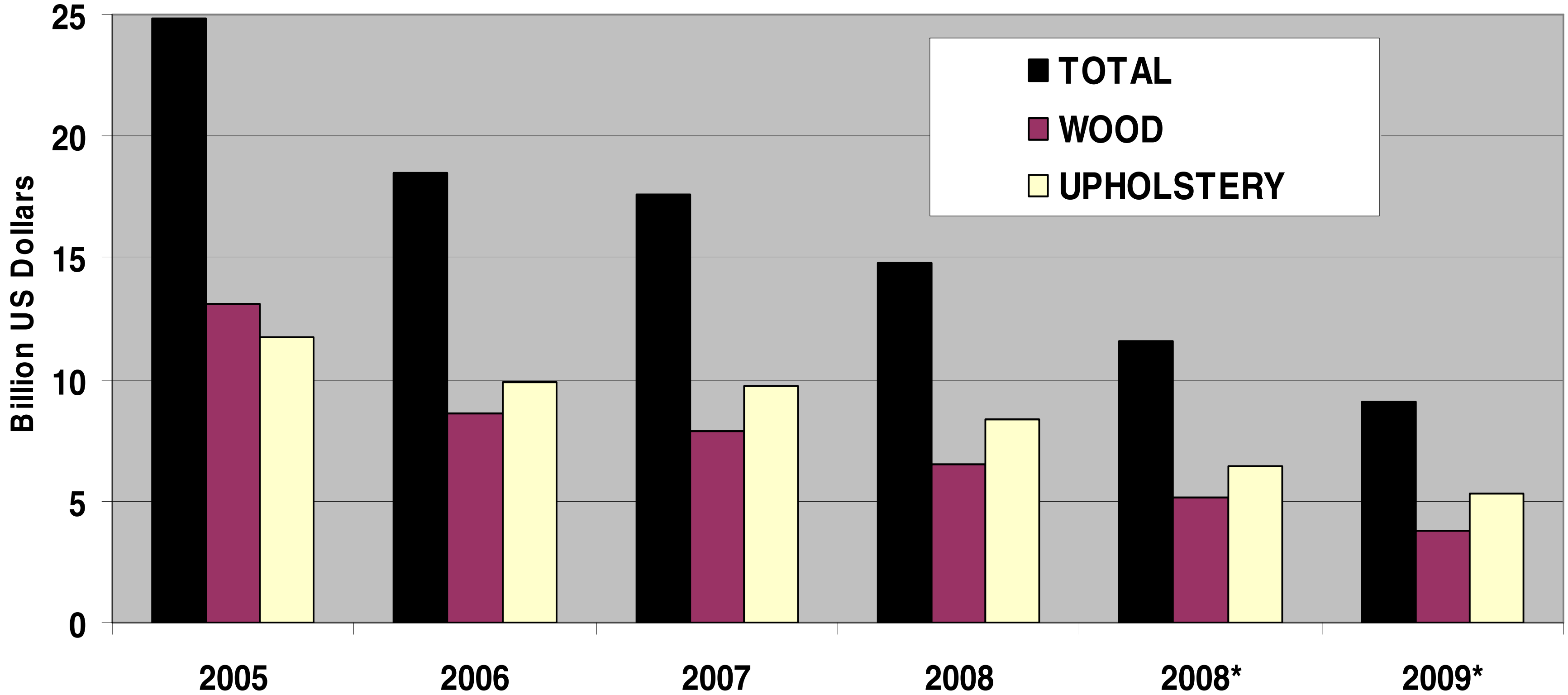


	1999	2005	2006	2007	2008	2009
Furniture	2.6	1.2	1.1	1.0	0.7	0.3



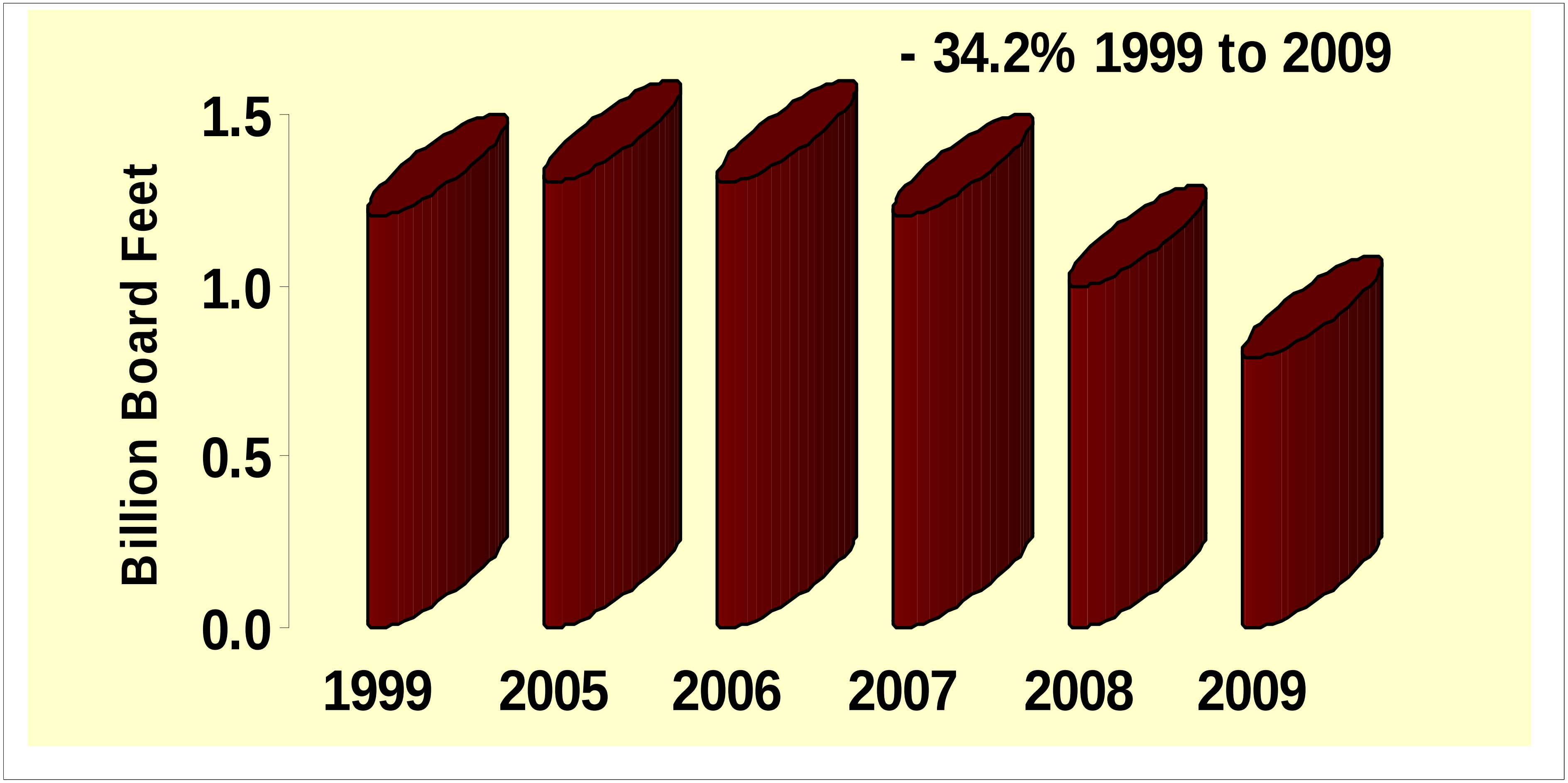

US Imports of Wood Household Furniture
Million US Dollars
12,000
10,000
8,000
6,000
4,000
2,000
0
Total
China
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009

AHFA Estimates of Manufacturers' Shipments of Residential Wood and Upholstered Furniture

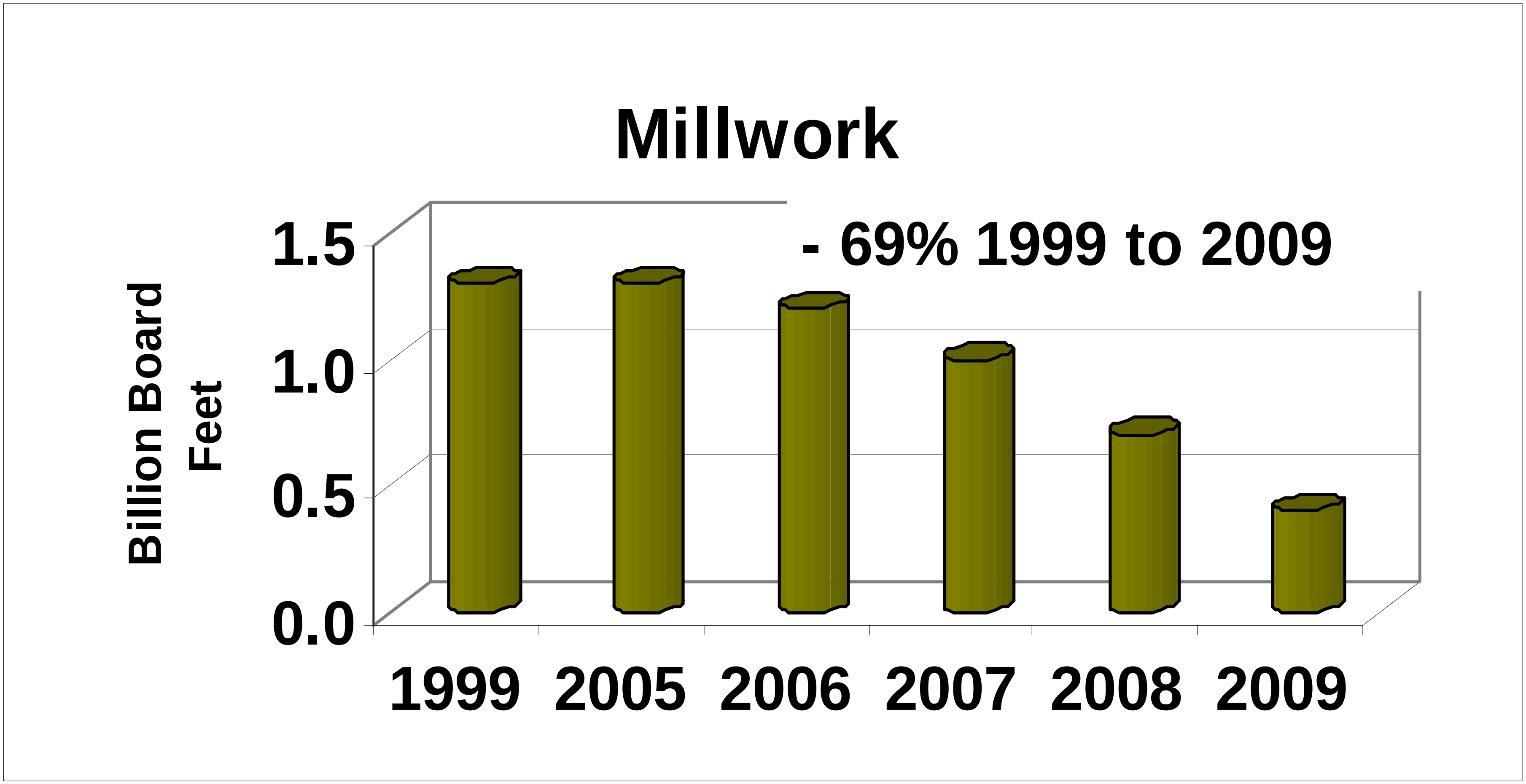


* 2008 and 2009 Through Q3

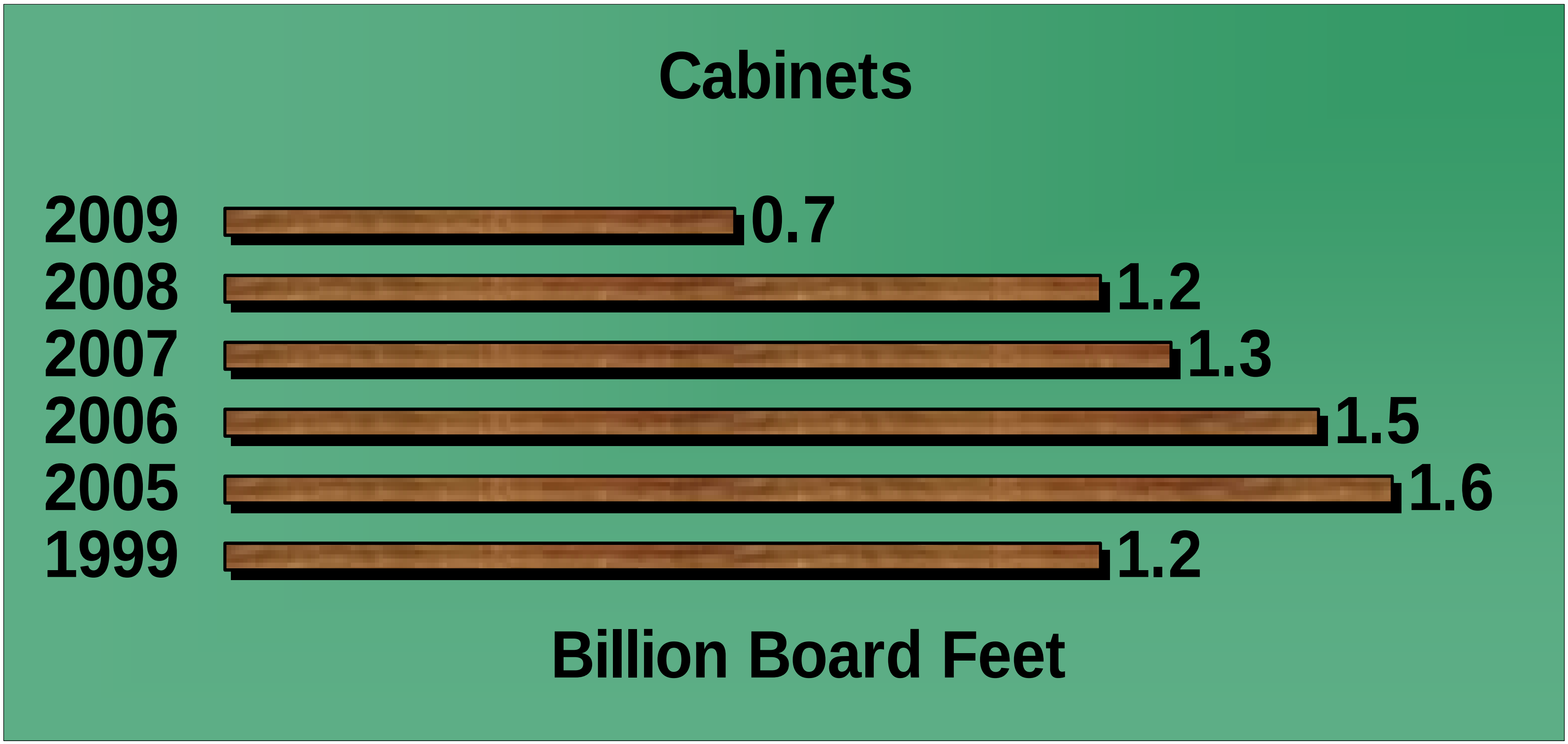
	1999	2005	2006	2007	2008	2009
Exports	1.2	1.3	1.3	1.2	1.0	0.79



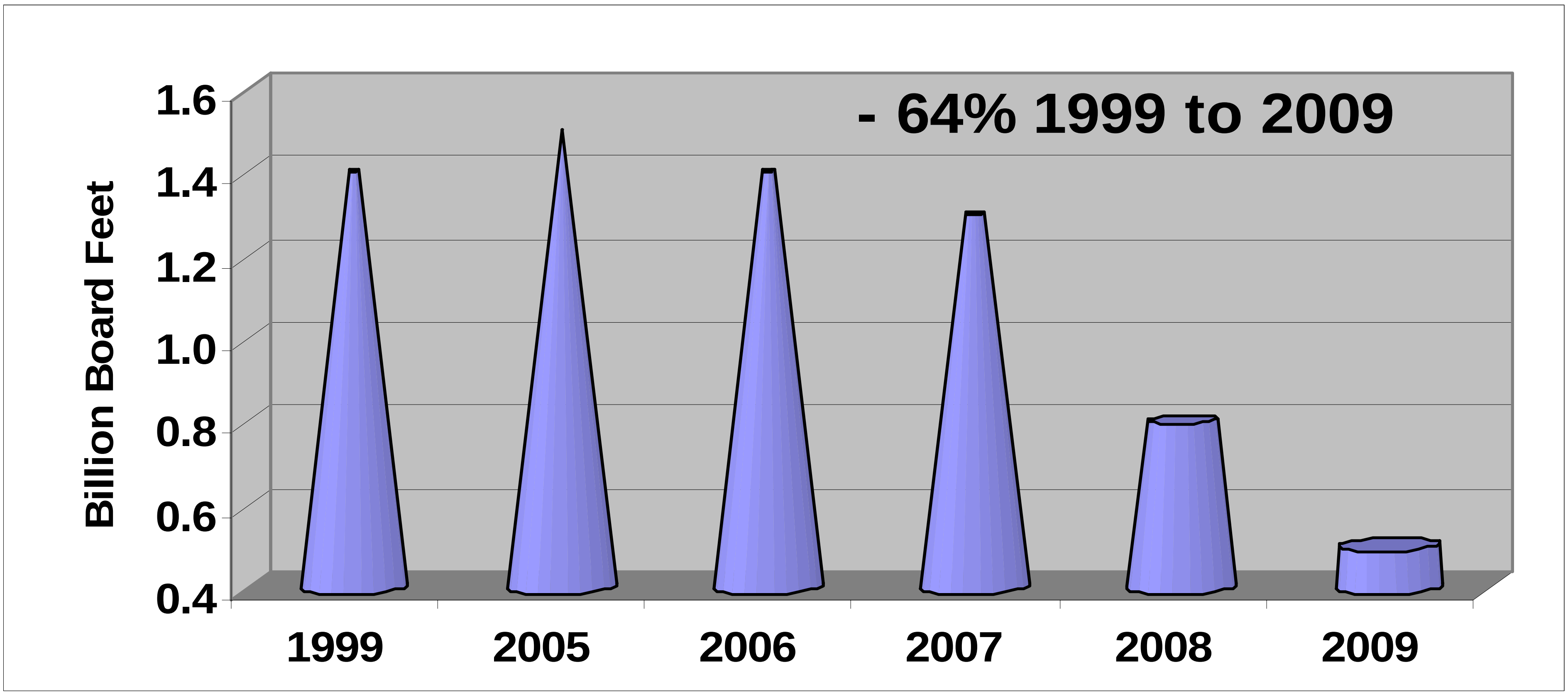
	1999	2005	2006	2007	2008	2009
Millwork	1.3	1.3	1.2	1.0	0.7	0.4



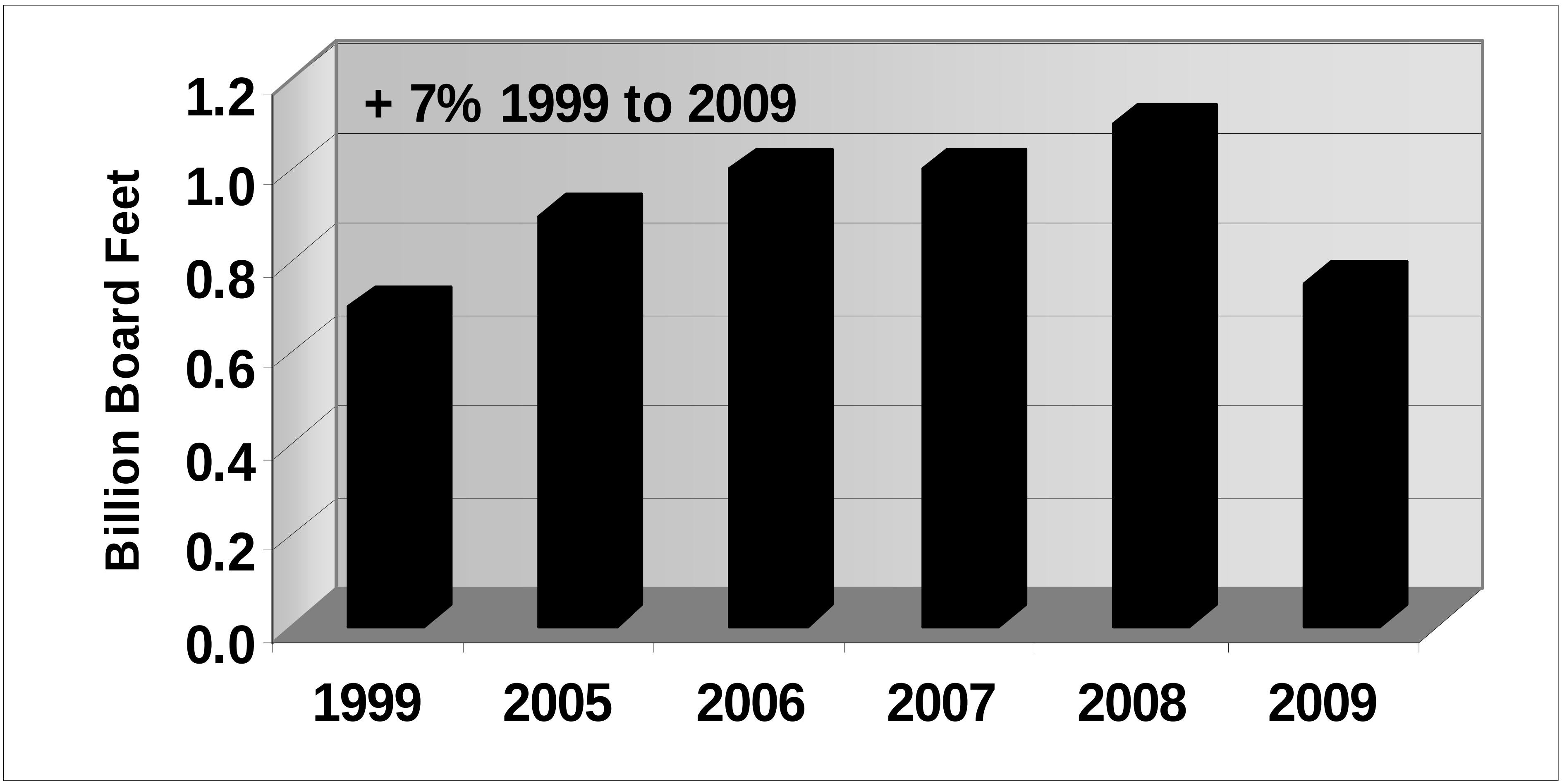
	1999	2005	2006	2007	2008	2009
Cabinets	1.2	1.6	1.5	1.3	1.2	0.7



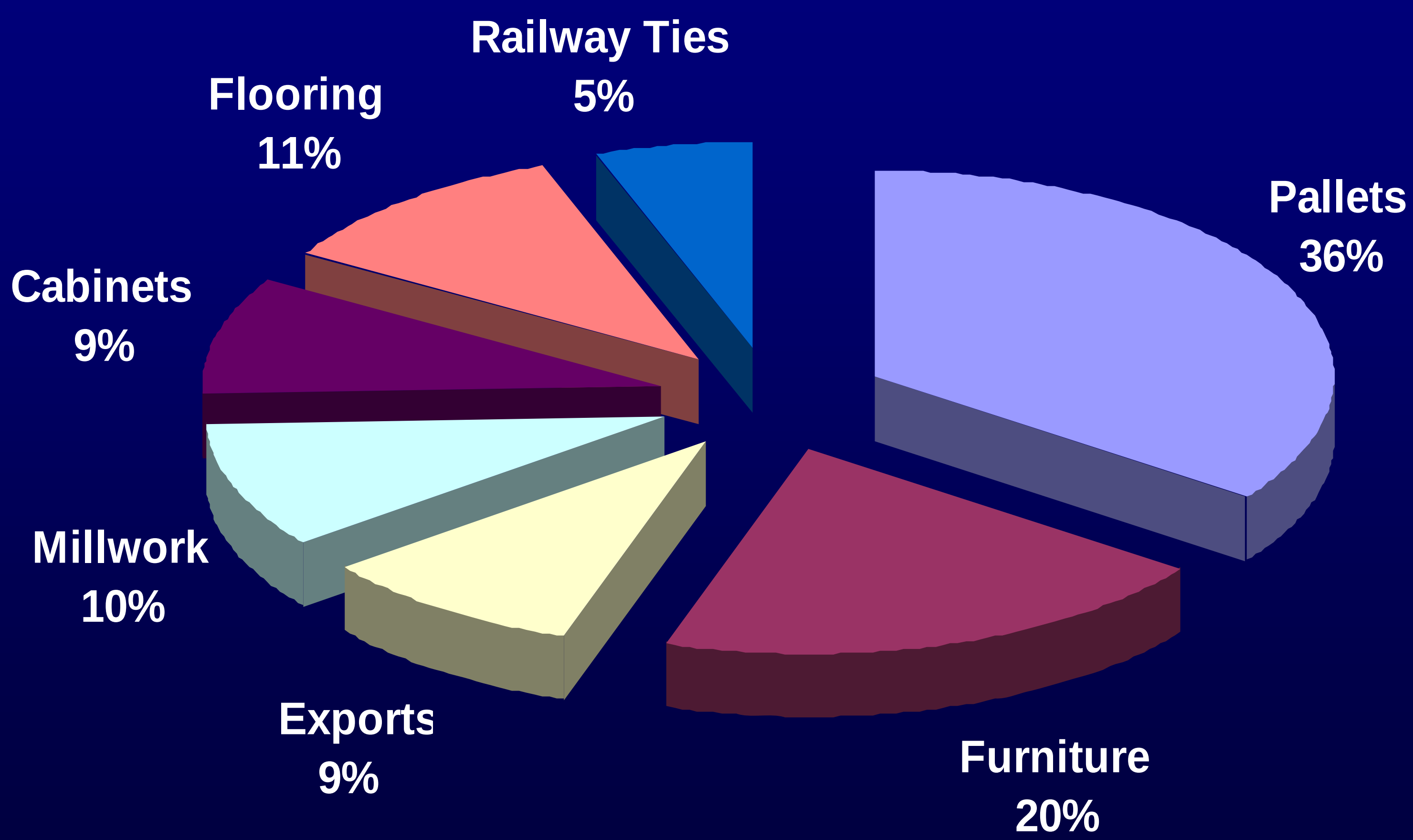
	1999	2005	2006	2007	2008	2009
Flooring	1.4	1.5	1.4	1.3	0.8	0.5



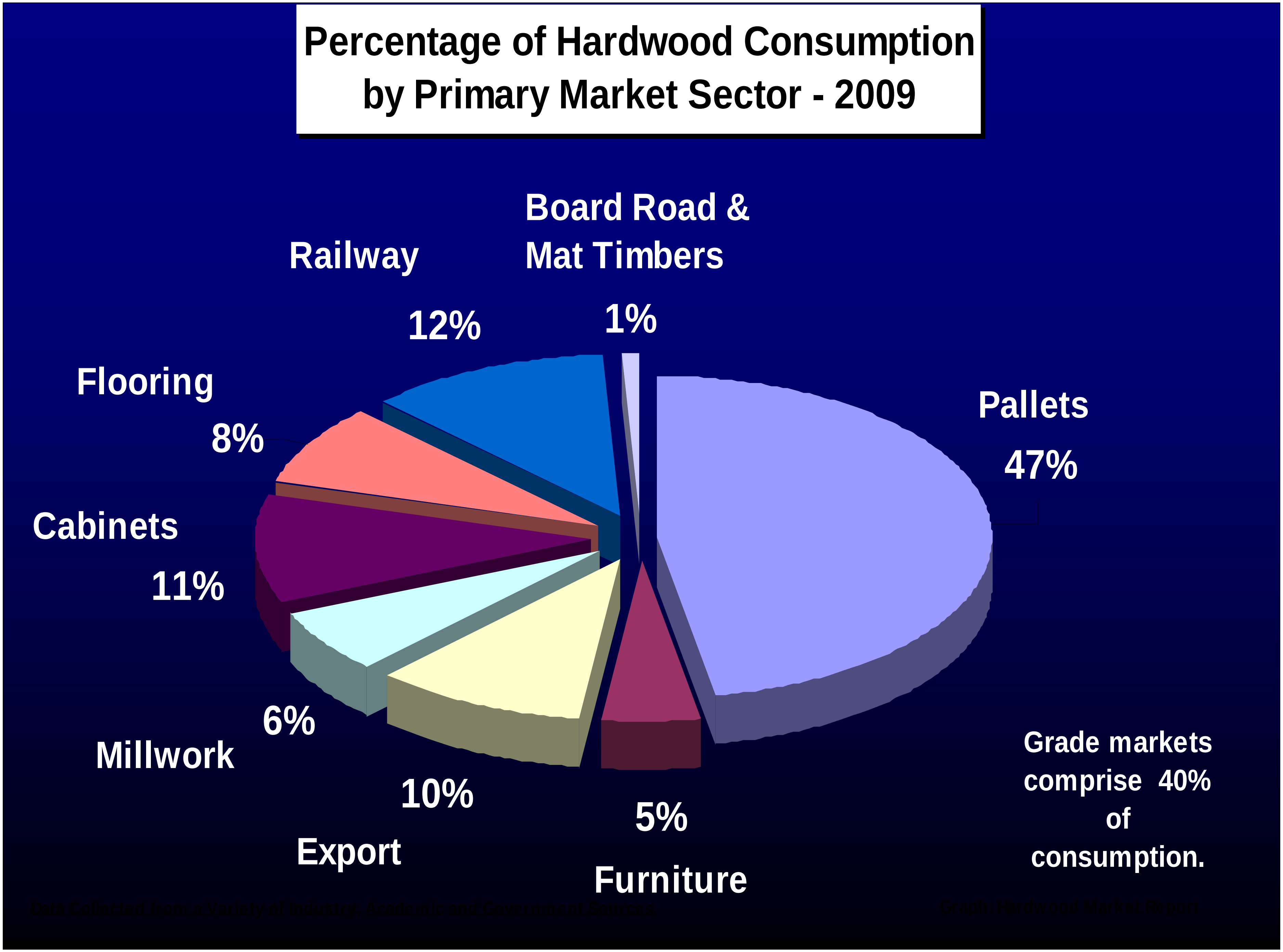
	1999	2005	2006	2007	2008	2009
Railway Ties	0.7	0.9	1.0	1.0	1.1	0.75



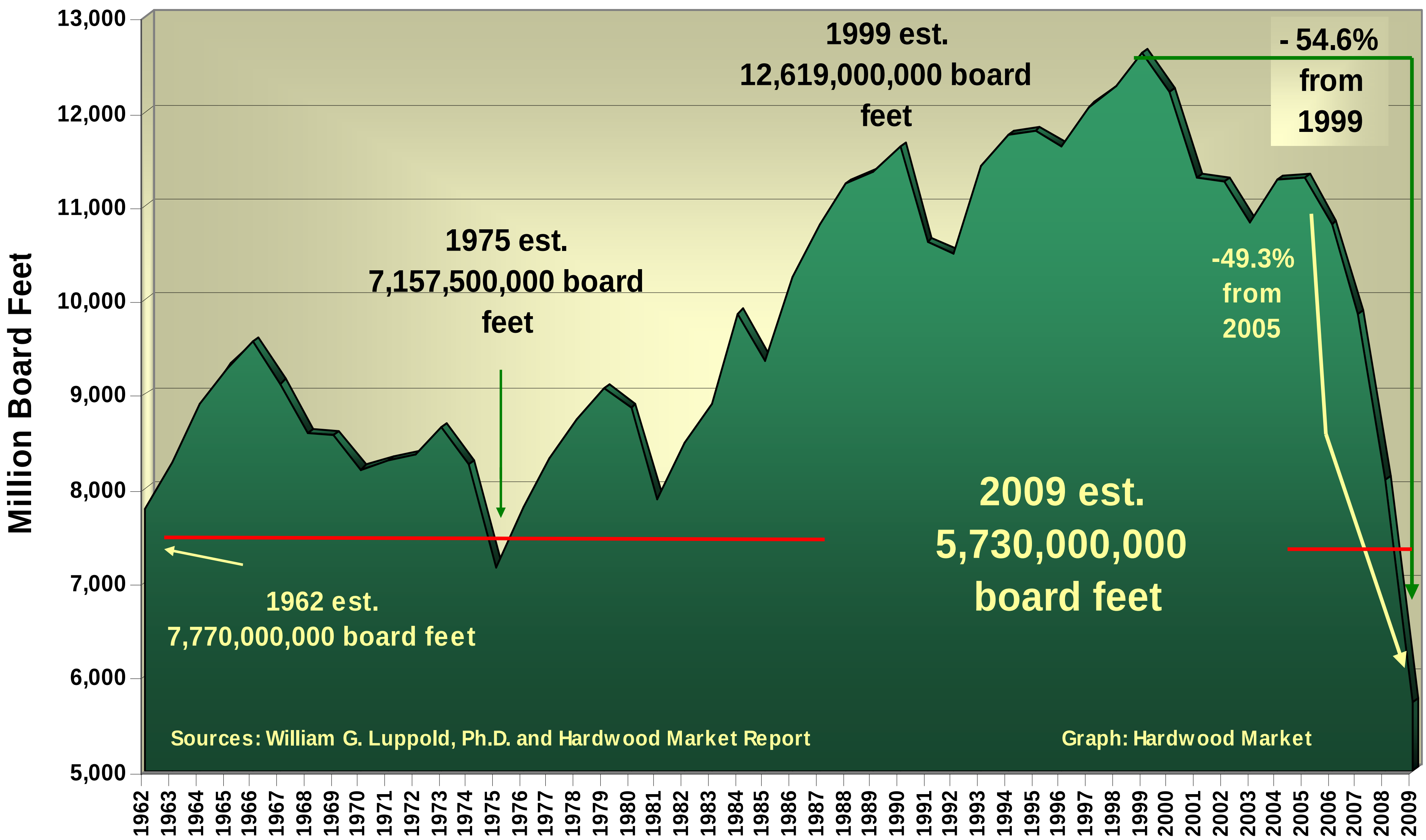
Percentage of Hardwood Consumption by Primary Market Sector - 1999

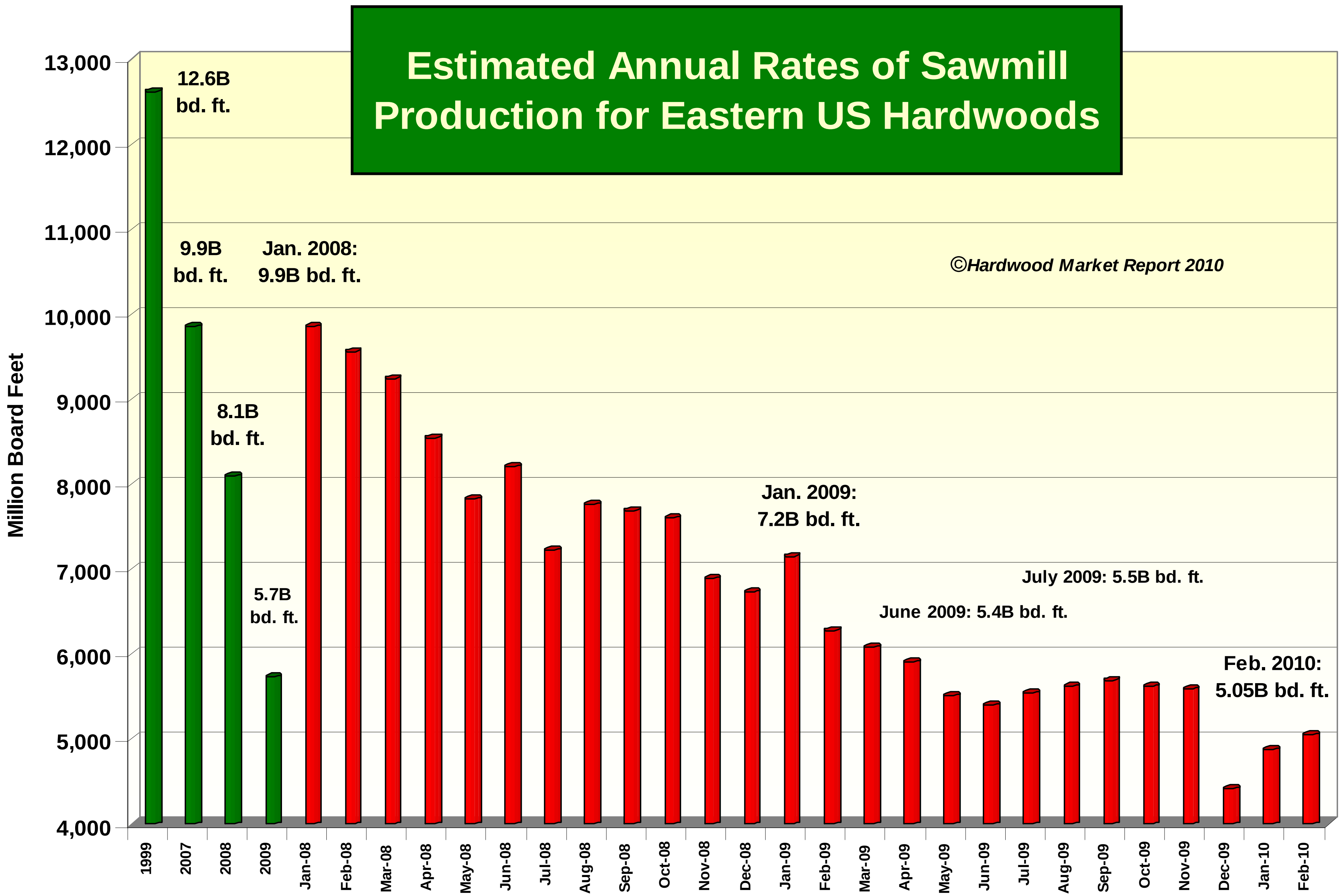


Grade markets comprised 59% of consumption.


Percentage of Hardwood Consumption
by Primary Market Sector - 2009
Board Road &
Mat Timbers
1%
Railway
12%
Flooring
8%
Cabinets
11%
Pallets
47%
6%
Millwork
10%
Export
5%
Furniture
Grade markets
comprise 40%
of
consumption.

Eastern US Hardwood Lumber Production




Estimated Annual Rates of Sawmill Production for Eastern US Hardwoods
©Hardwood Market Report 2010
Million Board Feet
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
12.6B bd. ft.
9.9B bd. ft.
Jan. 2008: 9.9B bd. ft.
8.1B bd. ft.
5.7B bd. ft.
Jan. 2009: 7.2B bd. ft.
July 2009: 5.5B bd. ft.
June 2009: 5.4B bd. ft.
Feb. 2010: 5.05B bd. ft.
1999
2007
2008
2009
Jan-08
Feb-08
Mar-08
Apr-08
May-08
Jun-08
Jul-08
Aug-08
Sep-08
Oct-08
Nov-08
Dec-08
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
Sep-09
Oct-09
Nov-09
Dec-09
Jan-10
Feb-10

Challenges Ahead

- Access to working capital

Challenges Ahead

- Access to working capital
- High unemployment

Challenges Ahead

- Access to working capital
- High unemployment
- Government
  - Health care
  - Cap and trade

Opportunities

- Housing

Opportunities

- Housing
- The Economy

Opportunities

- Housing
- The Economy
- Limited Supplies and Low Inventories

Thank

You