

North American Hardwood & Component Parts

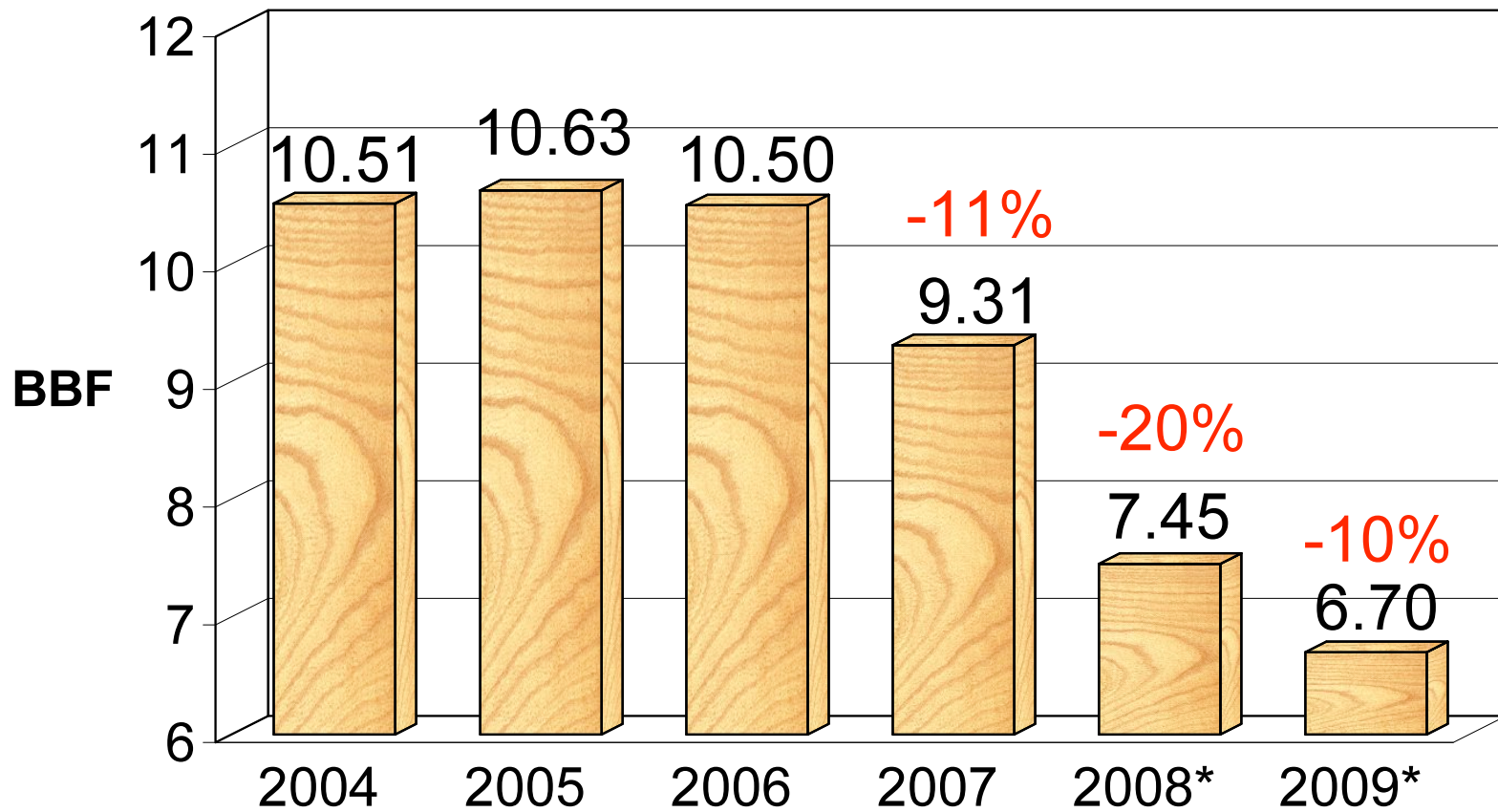


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Overview

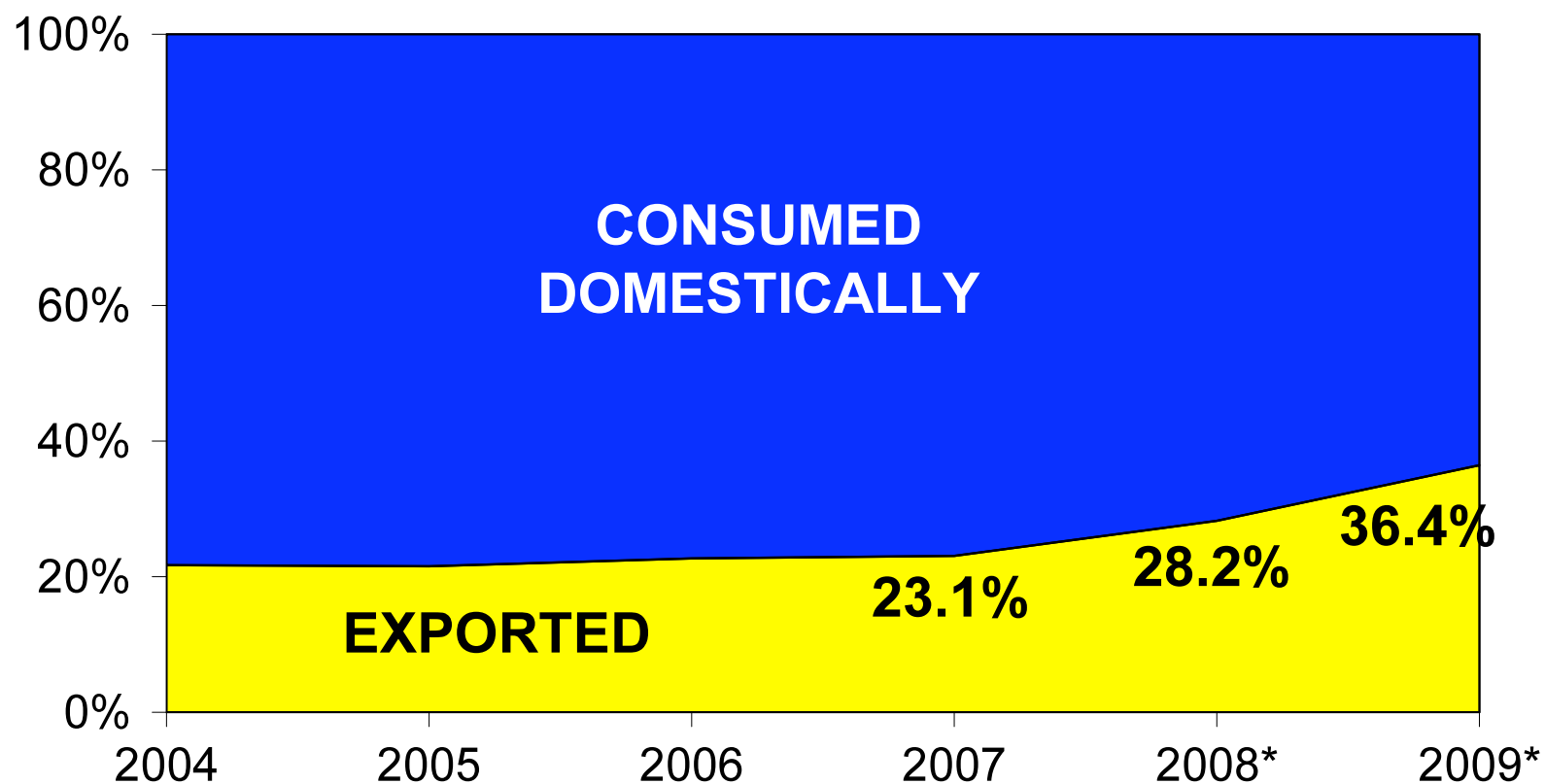
U.S. Hardwood Lumber Production





Overview

Disposition of Grade Lumber Production



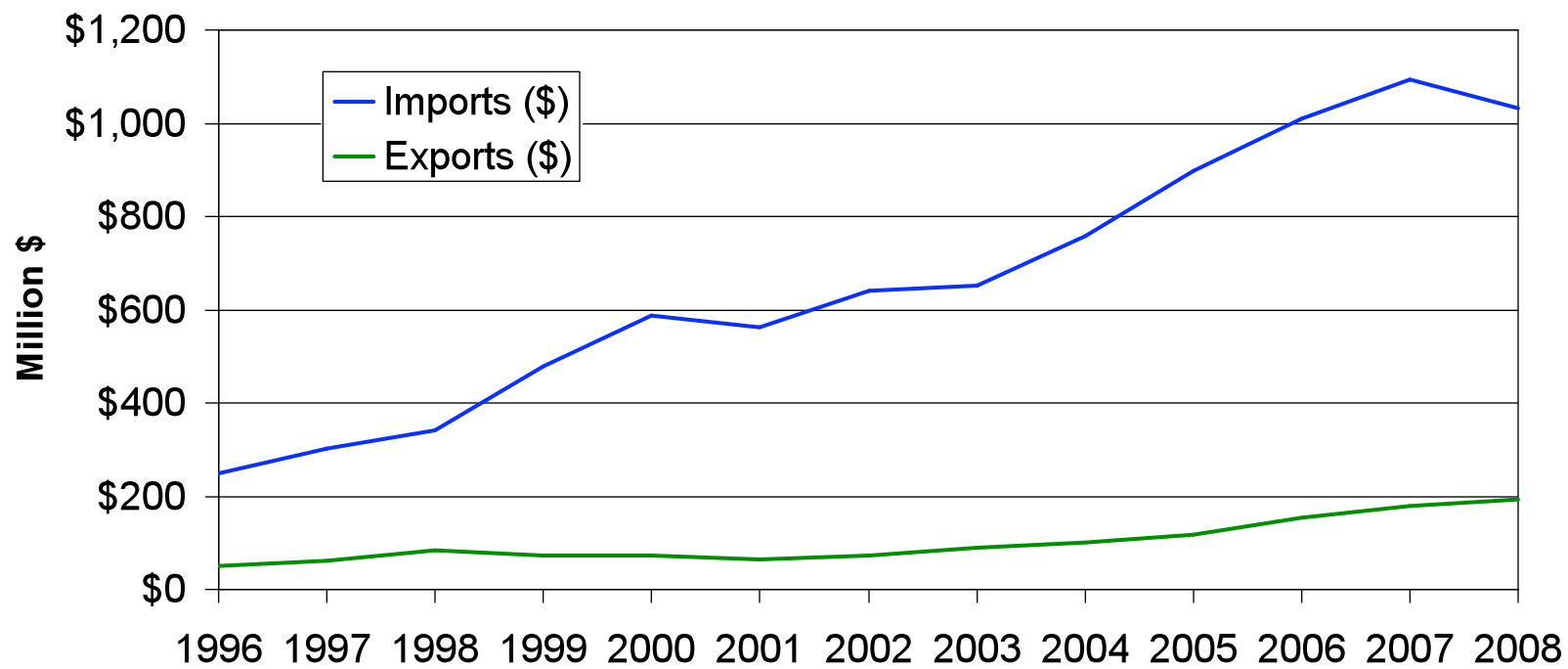


The Industry Today

- Plan to operate at 50-60% of a few years ago.
- Demand for Green Lumber Low
- Shift in Buyers & Demands
- Export Markets Changing
- Credit conditions tight
- Unlike Past Recessions Mills Will Not Return.



Annual U.S. Trade in Wood Furniture Parts





Snowballs in Hell

- Certification a passing fad.
- Now Choices Abound
 - FSC
 - SFI
 - Tree Farm
 - PEFC



Increased Third Party Certification

State Lands

- Both FSC & SFI

Private Lands

- 10 million owners
- Small Landowners a problem

Tree Farms

- May be answer
- PEFC Labels



Chain of Custody

- States Certified
 - Group Certificates
 - Only Wisconsin & Indiana
 - No Cost to play
 - Others have to pay to play
 - Cost \$3,000/yr small company

Component Makers Problems



- What Certification to Use?
- Will Market Demand Certified Parts?
- Availability of lumber?



Real Life

- Limited Demand for product
- Limited pricing power
- Limited # of Producers
- Limited Supply
 - Not all species
 - Not all thicknesses
 - Enough orders to use all wood



Brighter Future

- Billions In Stimulus
- Financial Markets Improved
- March/April Sales A Bit Stronger
- Log Sales Prices Down
- Declining Energy prices
- Declining Production



Thank You

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