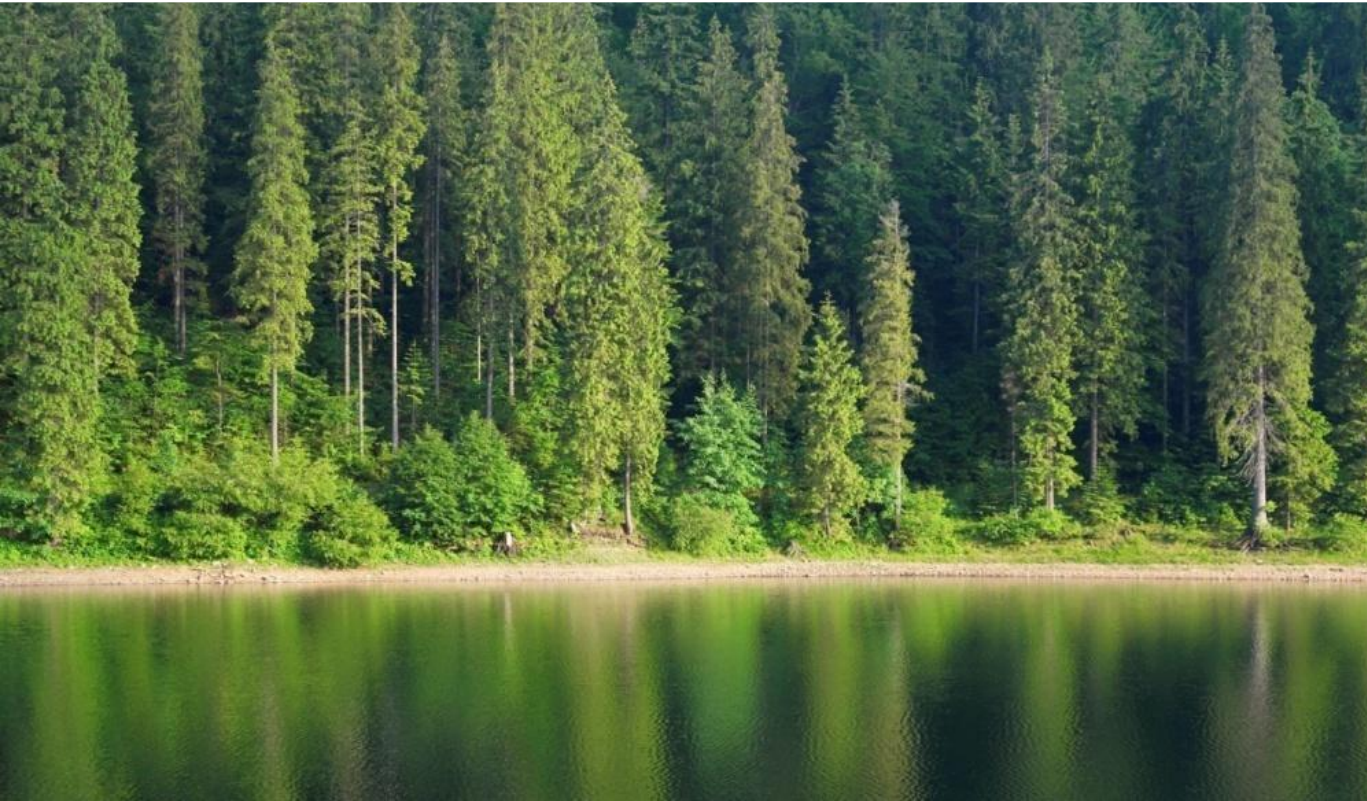




# Carbon Opportunities For Forest Owners



435 Devon Park Drive  
700 Building  
Wayne, PA 19087

[www.finitecarbon.com](http://www.finitecarbon.com)

## About Finite Carbon

- Offers comprehensive forest carbon project development and commercialization service.
- **Invests the capital on the landowners behalf to eliminate capital risks of project failure.**
- Established as the #1 forest carbon developer in the United States:
  - 11 forestry projects listed under the Climate Action Reserve, almost twice the nearest competitor
  - Two million tons under contract with 65% upfront (first year)
  - Proposals outstanding for another 38 projects representing an additional 16 million tons
  - Authored the American Carbon Registry improved forest carbon methodology that meets early requirements under proposed US legislation as compliance grade

## Finite Carbon Team – Forestry



**Matt Smith,**  
**V.P., Forest Operations**

- Two decades in forest operations at Forecon, Inc.
- Extensive forest carbon modeling under CAR, VCS, ACR and CCX programs
- SAF-certified forester
- Member of the Forest Carbon Education Group
- Member of the New York Forest Owners Association
- Member of the Forest Carbon Standards Committee
- B.S. degree in Forest Resource Management from the State University of New York College of Environmental Science and Forestry



**Sterling Griffin,**  
**V.P., Project Development**

- Registered Professional Forester (#2805) in California
- Developed multiple forest carbon regulations including CAR and ACR
- Completed CCAR and CCX verifications of managed forest projects in North America and South America
- Graduated from the Purdue University School of Forestry



**Dylan Jenkins,**  
**V.P., Portfolio Development**

- Eight year veteran at The Nature Conservancy
- Responsible for the development and launch of *Working Woodlands*
- SAF-certified forester
- Named the 2006 SAF National Young Forester of the Year
- Member of the SAF National Committee on Forest Policy
- B.S. in Forest Management from Clemson , M.S. in Forest Management and Economics from Virginia Tech



**Tim McAbee,**  
**Director, Project Development**

- Former LandMark Systems Eco-Markets Manager
- Lead consultant and project developer for both domestic and international TIMO projects
- B.S. in Forest Resource Management from SUNY ESF at Syracuse
- Served as an Infantryman in the New York Army National Guard for 5 years

## Finite Carbon Team – Finance



**Robert Verratti,**  
**CEO**

- Previous CEO experience at Traffic.com, National Media (NYSE), Total Care Systems, Inc. and Globe Ticket Company
- Currently serves as OE Waves, Inc. board chairman
- Board member of Finite Carbon Corporation
- Graduated from the U.S. Naval Academy and served in the nuclear submarine service



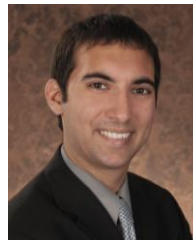
**Scott Nissenbaum,**  
**President**

- More than a decade as a venture capitalist in the Philadelphia area with Novitas Capital
- Previous role for three years as the lead investor and chairman of the board for ImageTree Corporation, a forest technology company
- B.S. degree in Finance from Pennsylvania State University and an MBA in Finance from St. Joseph's University
- Adjunct professor at the University of Pennsylvania's Wharton School for graduate course on venture capital



**Noah Becker,**  
**CFO**

- 18 years of experience in both corporate financial and public accounting sectors
- Previous senior financial positions at ICG Commerce, Inc.; Five Below, Inc. and The Franklin Mint
- Certified Public Accountant
- B.S. degree in Economics as well as an MBA in Finance from the Wharton School of the University of Pennsylvania



**Sean Carney**  
**V.P., Carbon Finance**

- Former CantorCO2e broker
- Previous experience at Carbonfund.org
- Managed the financing and development of the third reforestation project in the world to be validated to the Climate, Community, and Biodiversity Standard (CCBS)
- Degree in business and environmental studies from the University of Southern California



# Where Are We Working?

## 11 Projects Under Development

**SOUTH CAROLINA**



**MISSOURI**



**NEW HAMPSHIRE**



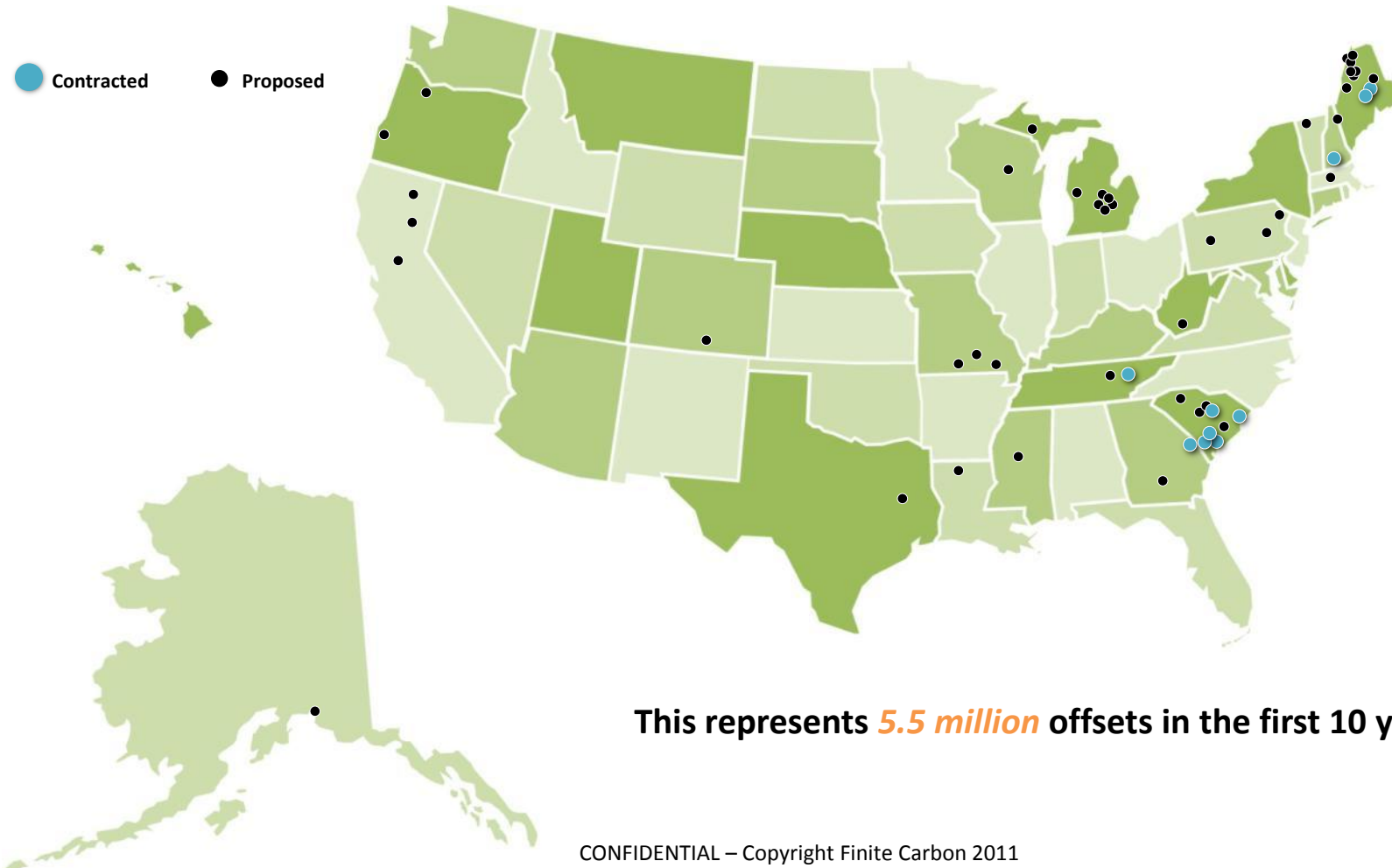
**MAINE**



**TENNESSEE**



## Contracted and Proposed Projects



# Carbon Regulations in 2010 and Beyond

## 2010

- Attempts at Federal-level cap-and-trade failed
- Republican wins in the House and Senate make federal-level cap-and-trade unlikely in the next two years
- EPA regulation the only hope for federal action
- Meanwhile, attempts to repeal California's cap-and-trade law through referendum failed by a significant margin

## 2011

- California is the primary focus of US carbon offset market
- California system still faces potential threats from lawsuits brought by emitters as well as environmental groups
- Republicans look to strip the EPA of its rights to regulate CO<sub>2</sub>
- Chevrolet announces a need for 8 million voluntary tons

## 2012 and Beyond

- California scheduled to begin active trading February, 2012
- California poised to become second largest cap-and-trade market in the world; 20 % the size of the entire European market
- More states may adopt cap-and-trade laws and join a program such as the northeast's Regional Greenhouse Gas Initiative or the Western Climate Initiative



# The Forest Carbon Market Today



- The **Chicago Climate Exchange (CCX)** is dead but CAR, ACR and VCS have filled the void.
- Newer programs have prices at or above the peak of the CCX; between \$4.50 - \$10 per ton.
- Compliance buyers need 23 million offsets per year for regulation in California (from project anywhere in the US).
- Enrollment does not always require a long-term commitment!



## The Key Differences, ACR vs. CAR

		
<b>Commitment Period</b>	100+ years	1-40 years
<b>Additionality</b>	Common Practice	NPV driven management
<b>Mortgage Subordination</b>	Yes	No
<b>Prescriptive Management</b>	Yes	No
<b>Certification Requirements</b>	Yes	Yes
<b>Grade</b>	Compliance	Pre-compliance, voluntary
<b>Verification Schedule</b>	6 years	5 years
<b>Penalties for Cancellation</b>	Yes, up to 1.4x	No
<b>Insurance Option</b>	No	Yes
<b>Current Credit Value</b>	\$5.00-\$10.00	\$3.00-\$6.00

# California Price Projections

## California Carbon Market Analyst Price Forecasts

<b>Barclays Capital</b>	Will start at <b>\$12/allowance</b> in 2012, average <b>\$40/allowance</b> from 2015-2018 and average <b>\$73/allowance</b> from 2018-2020
<b>Reuters</b>	Will average \$40/allowance from 2012-2020 and trade at <b>\$13/allowance</b> in 2012, <b>\$38/allowance</b> in 2017, and <b>\$75/allowance</b> in 2020
<b>Bloomberg</b>	Will average <b>\$37/allowance</b> from 2012-2020

# What Kind of Projects Are There?

## **Forest protection projects aka Avoided Conversion or (REDD)**

- Defined by the start of a permanent easement intended to preserve forest land use.
- Marketable carbon determined by “at risk” determination for some or all of a project site...HBU lens.

## **Improved forest management projects (IFM)**

- Defined as a change in forest management that results in additional carbon uptake and storage benefits (sequestration).
- Defined by a project start date which can be the initiation of a new practice, change in management plan, signing a contract for program participation or an easement signing date that positively impacts carbon sequestration on the site.

## The Low Hanging Fruit

- Conservatively Managed Forests under CAR or ACR
- Local Easements both public and private
  - Working forest easements
  - Land use protection easements (preserves)
- Wetlands Reserve Easements
- Forest Legacy Easements
- Conservation Banks
- Wetland Banks

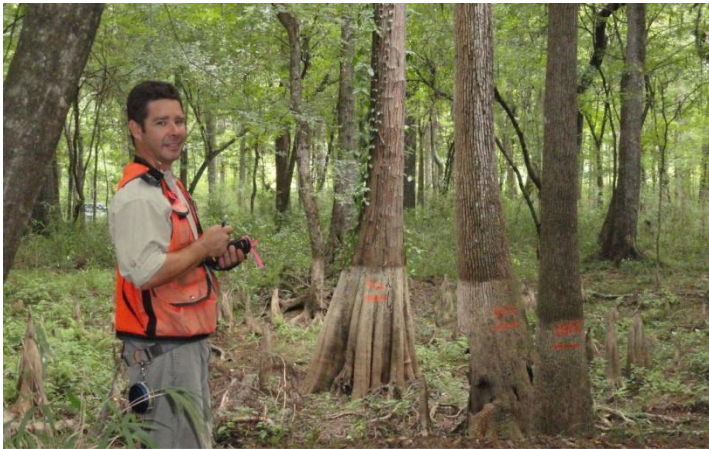
## The Forest Carbon Process

Finite Carbon provides the following technical and advisory services to develop forest carbon offset projects:

- Determine project eligibility
- Select project protocol to maximize carbon revenues
- Design and implement initial forest carbon inventory
- Model avoided emissions
- Quantify CO<sub>2</sub> sequestered
- Completion of project documentation
- Guidance through third-party verification
- GHG program registration
- Offset sales



# Finite Carbon Groton Plantation Project - South Carolina





# Finite Carbon Groton Plantation Project, cont'd



Privately owned conservation set aside on a much larger forest ownership. A no harvest, no change in land use, conservation easement was sold to The Nature Conservancy in conjunction with the carbon offset project.

## Finite Carbon Groton Plantation Project, cont'd

### Third-Party Costs

Feasibility Study	N/A (1-2 wks)
Inventory Field Work	<b>\$26,500</b>
Growth and Yield Modeling	N/A
Project Documentation	N /A
Verification	<b>\$16,500</b>
Marketing Offsets	N/A

### Production

Initial Tons	<b>250-300,000 tons</b>
Average per year (100yr)	<b>1,200</b>

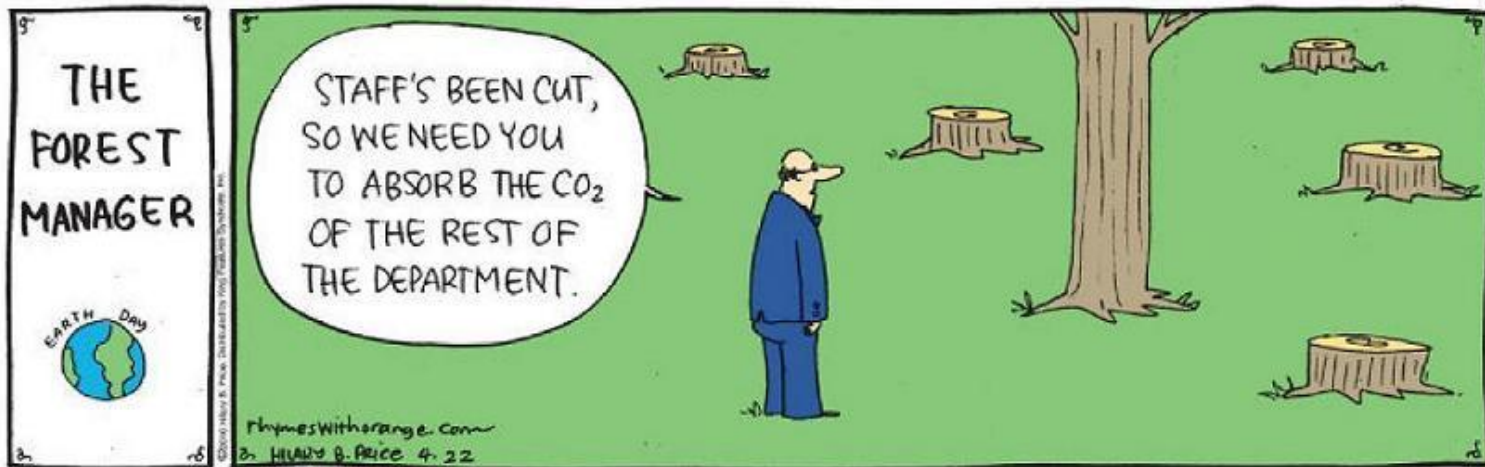
### Timeline

Begin Inventory	September, 2010
Final Registration	March 2011

## Why Initiate Projects Now?

- Partnerships with developers can remove project financial risks, and help overcome knowledge and strategy hurdles.
- New tools are available to forest owners to mitigate financial risk and provide added flexibility, i.e. insurance instruments and new registries.
- Demand is strong and prices for carbon tons produced today are comparatively high.
- Forestry tons remain some of the most desirable.
- Emitters are still positioning themselves for regulation.
- Seize the day!...Capitalize on actions that define a “start date”.
- States and groups of states are marching forward with plans to reduce emissions.

Thank You!



Scott Nissenbaum, President  
(484) 586-3094  
[snissenbaum@finitecarbon.com](mailto:snissenbaum@finitecarbon.com)