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Private US Forest Owner: Carbon and Renewable Energy Policy

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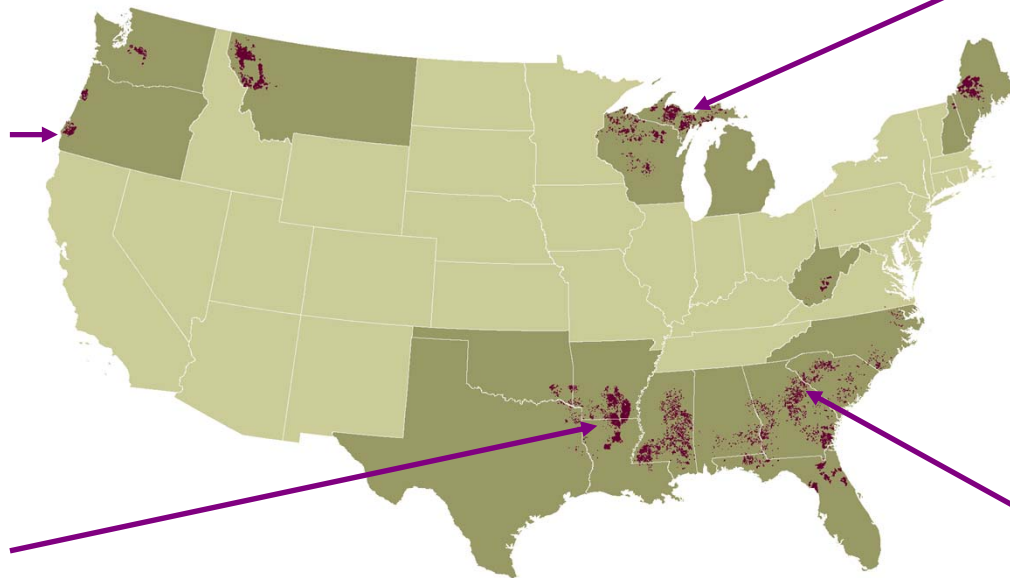
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About Plum Creek



2.8 Million Hectares



- One of the largest private landowners in US
- First timberland REIT in US
- A focus on sustainable forestry



Forestry in the US



- **Overall trends**
 - 50% increase in timber inventory in last 50 years
 - Improved environmental performance on private forests
 - Reduced forest management on federal forests
- **Shift in Forest Ownership**
 - De-integration of forest products industry, forest ownership changes
 - REIT = Real Estate Investment Trust
 - TIMO = Timberland Investment Management Organization
 - Changes in non-industrial demographics
- **Potential impacts of ownership changes**
 - Greater focus on forestry value proposition
 - Higher value products
 - Environmental values
 - Risk of land use change



Points for consideration:

- Working Forests Have Carbon Benefits
- Bioenergy is an Important Opportunity
- Carbon and Bioenergy Policy Challenges

Working forests have Carbon Benefits



Sustainable forestry is “Better than Carbon Neutral”



10 year old pine plantation in Georgia

- **Working Forests**
absorb carbon from the atmosphere, store carbon on the land.
- **Solid wood products**
store carbon in structures and are energy efficient
- **Wood bioenergy**
displaces fossil fuel, and prevents release of carbon from permanent storage

Bioenergy Opportunity to Forest Owners



- **Greater use of every tree harvested**
 - Logging residuals (tops and limbs)
 - Cull trees
 - Incidental thin
- **Replacement for lost markets**
 - Decline in paper demand
 - Importance of healthy markets
 - Keeping forests as forests
- **More forestry opportunities**
 - Thinning for productivity and health



Policy Challenges



- Recognize carbon benefits of working forests
 - Retention of working forests
 - Carbon premiums for wood building products
 - Carbon “neutrality”: bio versus fossil carbon
- Enable emergence of bioenergy markets for wood fiber
 - Recognition of wood bioenergy as renewable energy contribution
 - Inclusive definition of biomass – include the whole tree
 - Sustainability criteria – embrace existing safeguards
- Recognize importance of markets to sustainable forestry
 - Bioenergy markets improve forestry
 - Healthy forestry markets stimulate forestry investment



Recipe for a better world:
Grow More Trees, Use More Wood

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