

Aha

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Capital Markets Could Save Tropical Rainforests: Going REDD for Green

> **U2 frontman Bono** just might have to concede some space on the world stage with his Project Red health initiative, as a new REDD effort is causing quite a global stir and forests get to benefit.

Reports ImageTree CEO Mark Redlus, about the first Carbon Forum America trade show and conference held in San Francisco in February: "There's great international buzz and excitement about market-based incentives to 'reduce CO₂ emissions from deforestation and degradation,' which is referred to simply as REDD."

The Intergovernmental Panel on Climate Change (IPCC), a scientific intergovernmental body set up by the World Meteorological Organization and the U.N. Environment Programme, reportedly estimates that deforestation in the tropics is responsible for 20 percent of global CO₂ emissions. Emerging from the United Nations (U.N.) climate talks in Bali at the end of 2007, REDD is a program that pays countries to not deforest, through a voluntary system for reducing emissions. Thus, a native forest is eligible for REDD credits based upon the amount of CO₂ it sequesters as measured by converting its total wood volume into metric tons of carbon dioxide.

According to Mongabay.com, a tropical forest Web site, REDD credits could yield billions of dollars for tropical countries. Mongabay.com says that reducing deforestation by 10 percent would conservatively generate between \$767 million and \$4.6 billion a year at carbon prices ranging from

\$5.00 – \$30.00 a metric ton of CO₂. A 20-percent reduction would generate \$1.5 – \$9.2 billion; and a 50-percent reduction would yield \$3.8 – \$23 billion annually.

"Forests are now a major part of the global climate-change conversation," Redlus says, noting that Carbon Forum America was the largest such event ever held in the United States. More than 1,400 companies, consultants and exhibitors representing 30 countries participated, including the World Bank, a large delegation from the U.N., and California utility Pacific Gas and Electric.

The global warming reduction momentum that is driving deforestation prevention via REDD credits, is also evidenced by the fact that there are many bills before Congress regarding a cap-and-trade system in the U.S., says Chuck Anderson, ImageTree vice president of corporate development. "Much of the country is now involved in the U.S. Climate Registry, a collaboration among states, provinces and tribes aimed at developing and managing a common greenhouse gas emissions reporting system," he says. "Regardless of who sits in the Oval Office next year, we are likely to see a cap-and-trade system signed into law."

Worldwide, according to the International Emissions Trading Association, carbon trading has doubled in the past year to \$60 billion, and the U.S. Congressional Budget Office has suggested it could eventually reach \$300 billion in the United States.

"Eliminating the estimated 1.7 billion tons per year of CO₂ from deforestation could provide as much as \$50 billion annually, a cash infusion that could have a significant impact on forest conservation," says Anderson.

Just as Bono has his Project Red critics, this REDD program has its own. But, as Redlus says: "The capital markets are probably the best way to solve the environmental crisis we face. What has been missing from the equation, though, are the right mechanisms for measurement and accountability."

This is where ImageTree fits in.

Explains Redlus: "Inherent in the REDD system is the need to precisely calculate the carbon that has been sequestered in metric tons of CO₂, which is the basis upon which carbon credits can be issued. After a comprehensive baseline forest evaluation, it's necessary to validate the CO₂ that the forest is sequestering year after year, thus authenticating the existence of the REDD credits.

"Because our technology measures the footprint of every visible tree crown in a forest, and, thus, reliably calculates the net change in carbon biomass resulting from trees that may have been removed," says Redlus, "ImageTree is arguably the only company that can cost-effectively provide the integrity needed to hold forest landowners accountable regarding their

claims to carbon credits over time.

"For REDD credits to succeed," he adds, "capital markets, along with regulators and environmentalists, must have incontestable assurance that forests are being protected so that REDD credits remain valid.

"ImageTree has the patented technology that will enable the REDD market to effectively function and transform the *possibility* of significantly reducing the 20% of all CO₂ emissions from deforestation into a *probability*," says Redlus.

Stay tuned.

50%

A FIFTY PERCENT REDUCTION IN DEFORESTATION WOULD RESULT IN \$3.8 TO \$23 BILLION ANNUALLY IN REDD CREDITS.

"Forests are now a major part of the global climate-change conversation."

MARK REDLUS
IMAGETREE CEO

20%

DEFORESTATION IN THE TROPICS IS RESPONSIBLE FOR TWENTY PERCENT OF GLOBAL CO₂ EMISSIONS.



ForestSense™

ForestSense is a unique, patented process that combines high resolution Color Infrared (CIR) imagery and Light Detection and Ranging (LiDAR) data to capture and measure every visible tree crown. Ground data are combined with biometric equations to produce a highly reliable forest inventory. We have either completed or have in progress pilot programs in Arkansas, California, Florida, Georgia, Montana, Wisconsin, North Carolina, Texas, Washington and Canada.

products & services



ForestSense™ Carbon and REDD Credits point in time calculation

The output from a ForestSense, crown-based inventory is total volume, which is converted into carbon biomass using a standard set of equations. This calculation is essential for determining the total metric tons of CO₂ that has been sequestered by your forest. These metric tons determine the total carbon credits that are available to you.



ForestSense™ Inventory point in time inventory

Dollar for dollar, there's nothing even close to a ForestSense inventory. ForestSense combines the data contained in the footprint (traditional forest metrics such as height, DBH, TPA, basal area/acre, volume, species, etc.) of every visible tree crown in every stand within your forest. This generates a spatially explicit map of every visible tree crown—a virtual carpet of inventory metrics that can be aggregated according to acre, stand or property boundaries. Variations in forest performance, previously unknown to the forester, can be seen, analyzed and measured. As a result, you are able to make superior harvest and silviculture decisions.



Change Management System changes in the forest

Each year changes take place in your forest. Our Change Management System utilizes the granularity of our ForestSense crown-based inventory to provide a highly affordable update that is customized to fit your management needs. Fresh imagery is correlated with ground data to measure the changes that have taken place in your forest:

- **Growth monitor**
Volume updates
G&Y model calibration
- **Efficacy monitor**
A thinning quality index
A treatment response index
- **EcoMonitor**
Conservation easement monitor
Habitat monitor
Forest health monitor



Change Management System changes in carbon biomass

Annual updates of your forest inventory are necessary to remain eligible for carbon or REDD credits.

Because the ImageTree ForestSense process measures the footprint of every visible tree crown in a forest, the Change Management System, using updated imagery and ground data, can reliably calculate the net change in carbon biomass resulting from trees that may have been removed. The Change Management System also is able to calculate the increase in carbon biomass

resulting from the overall growth of the forest. The net result of trees lost plus forest growth establishes the net carbon biomass upon which your carbon or REDD credits will be calculated for the next year.

ImageTree is arguably the only company that can reliably and cost-effectively provide this monitoring service that gives forest landowners the ability to continue to claim carbon or REDD credits over time.



>Earlier this year, ImageTree introduced the Idea Leadership Series, in which industry experts present the latest research on a range of subjects critical to forestry, to the company and to its invitees, who attend the presentations in person or via the Web.

Earn SAF CFE Credits

presentations in person or via the Web.

Watch online to learn or earn

Dr. Lee Allen, C.A. Schenck Professor of Forestry at North Carolina State University, kicked off the series in January with his presentation on "Changes and Opportunities in Intensive Plantation Management."

Check our corporate Web site for upcoming speakers

If you missed it, you can still benefit from what Dr. Allen, who also is co-director of the Forest Nutrition Cooperative, had to say. Just visit http://www.imagetreecorp.com/idea_cfe.html to stream or download the presentation. You can even earn CFE credits by completing the interactive quiz after watching.

Future Idea Leadership Series presentations will cover such topics as forest growth and health monitoring through new frontiers in remote sensing.

Private Non-industrial Landowners: we want to hear from you

ImageTree is working on several tools that will make your forestland more productive. If you are interested in being periodically updated please complete a very brief online survey—it should take you less than a minute.

As a thank you for letting us know "where you're at," we'll award a Garmin nuvi 350 Personal Travel Assistant GPS Navigator to someone selected from a drawing of all survey participants. Don't forget to tell your friends!



To take your survey go to:
www.imagetreecorp.com/survey.html



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