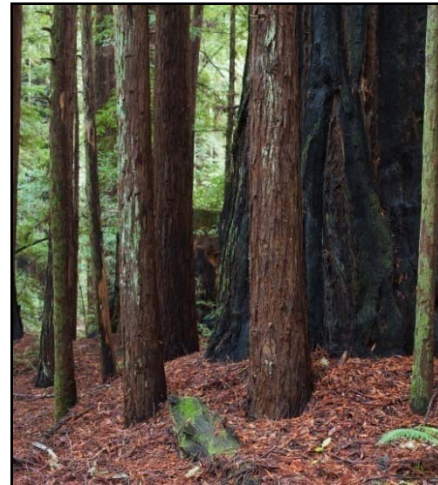


EQUATOR, LLC



PEOPLE • FORESTS • CARBON • WATER



Ecosystem Services – What's investable?

NEBC / AFF conference - Portland OR June 18/19, 2009

Wolfgang Ortloff, Director of Environmental Asset Management
Equator, LLC | (917) 969 0051
www.equatorllc.com



PRESENTATION OUTLINE

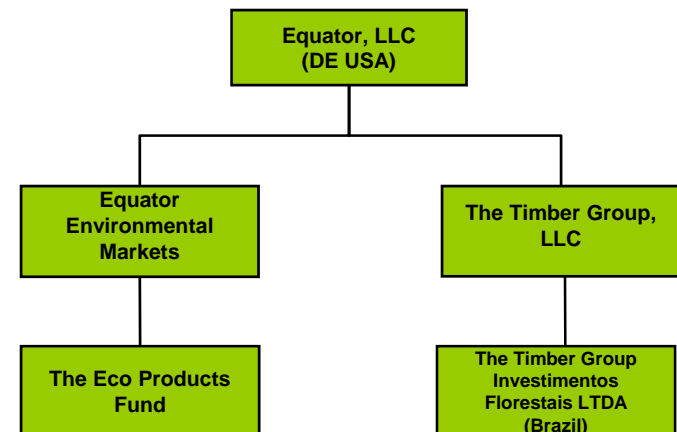


1. Equator, LLC company activities
2. What works already
3. Pre-compliance speculation provides liquidity
4. Demand - the need for price tags
5. Points for discussion



EQUATOR, LLC

- Established in 2007 by several of the principals of Chatham Energy Partners, LLC, one of the largest natural gas brokerage firms in North America, now a subsidiary of InterContinental Exchange, Inc. (NYSE ticker: ICE)
- Integrated **timberland** and **environmental asset management** company focused on the convergence between timberland investments and environmental markets
 - US\$ 300M+ committed capital for timberland investments in Brazil;
 - Co-manager of US\$100 **The Eco Products Fund** for investment in carbon, wetlands and biodiversity mitigation
- Focus on US regulated and un-regulated markets
- Transacted in **terrestrial carbon, biodiversity offsets, and wetland mitigation**
- 20 professional staff, 5 administrative staff
- Headquartered in New York, NY, with offices in Seattle, WA, Sao Paulo (Brazil), and Minas Gerais (Brazil)





THE ECO PRODUCTS FUND (EPF)



- Co-managed by Equator, LLC and New Forests Inc., a Sydney-based timberland asset management firm
- US\$ 100m private equity fund, launched in 2008
- Premised on long-term growth prospects for ecosystem service markets
- Investing in suite of environmental credit positions associated with carbon, biodiversity and water
- No interest in owning the underlying land asset



WHY PARTNER WITH EQUATOR



- We are not a broker but principal investor
- Our deal structures ensure alignment of interest
- Through deep involvement in carbon and energy markets we maximize value of carbon assets
- We manage and finance entire process of carbon asset creation
- We offer full carbon cycle development
- We already work with some of the largest landowners in the US
- We have investment capital



DISCLAIMER

This presentation is not intended to be a risk disclosure document, nor does it constitute an offer to sell or a solicitation of an offer to buy or sell any securities.

This document is confidential and may not be copied or otherwise shared with any person other than the intended recipient without the prior written consent of Equator, LLC (“Equator”).

The views in this presentation are as of the date represented and may not reflect views any time thereafter. These views are intended to assist the audience in understanding investment methodology and do not constitute investment advice.

The information provided in this presentation is for the sole use of the party to whom it is addressed. It may not be reproduced in any form. Whilst Equator believes that the information is correct at the date of this presentation, no warranty or representation is given to this effect and no responsibility can be accepted by Equator to any intermediaries or end users for any action taken on the basis of the information.

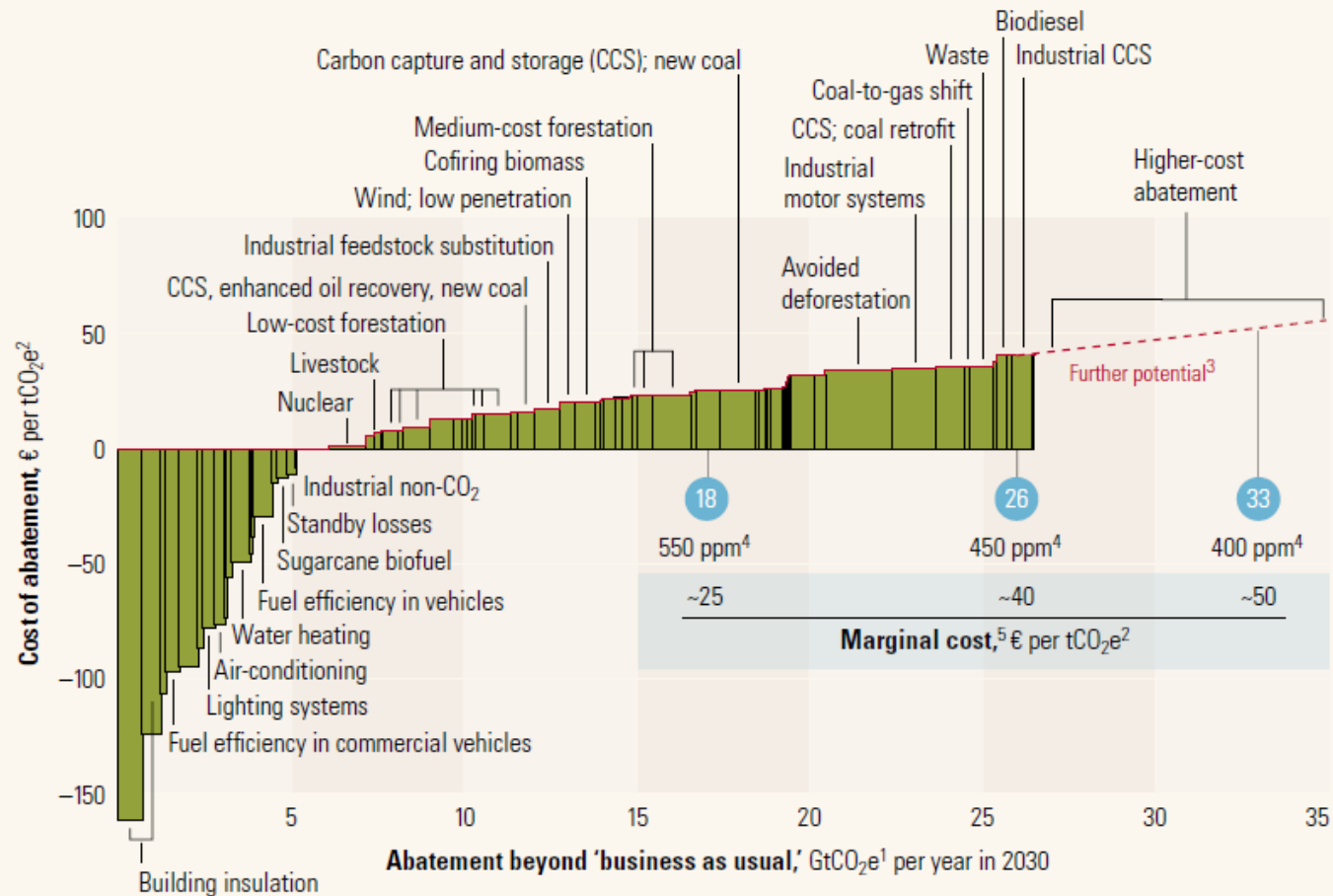


FORESTRY – ONE OF THE CHEAPER OPTIONS

What might it cost?

Global cost curve for greenhouse gas abatement measures beyond 'business as usual'; greenhouse gases measured in GtCO₂e¹

- Approximate abatement required beyond 'business as usual,' 2030



Source: McKinsey



WHAT WILL COUNT FOR FEDERAL COMPLIANCE?



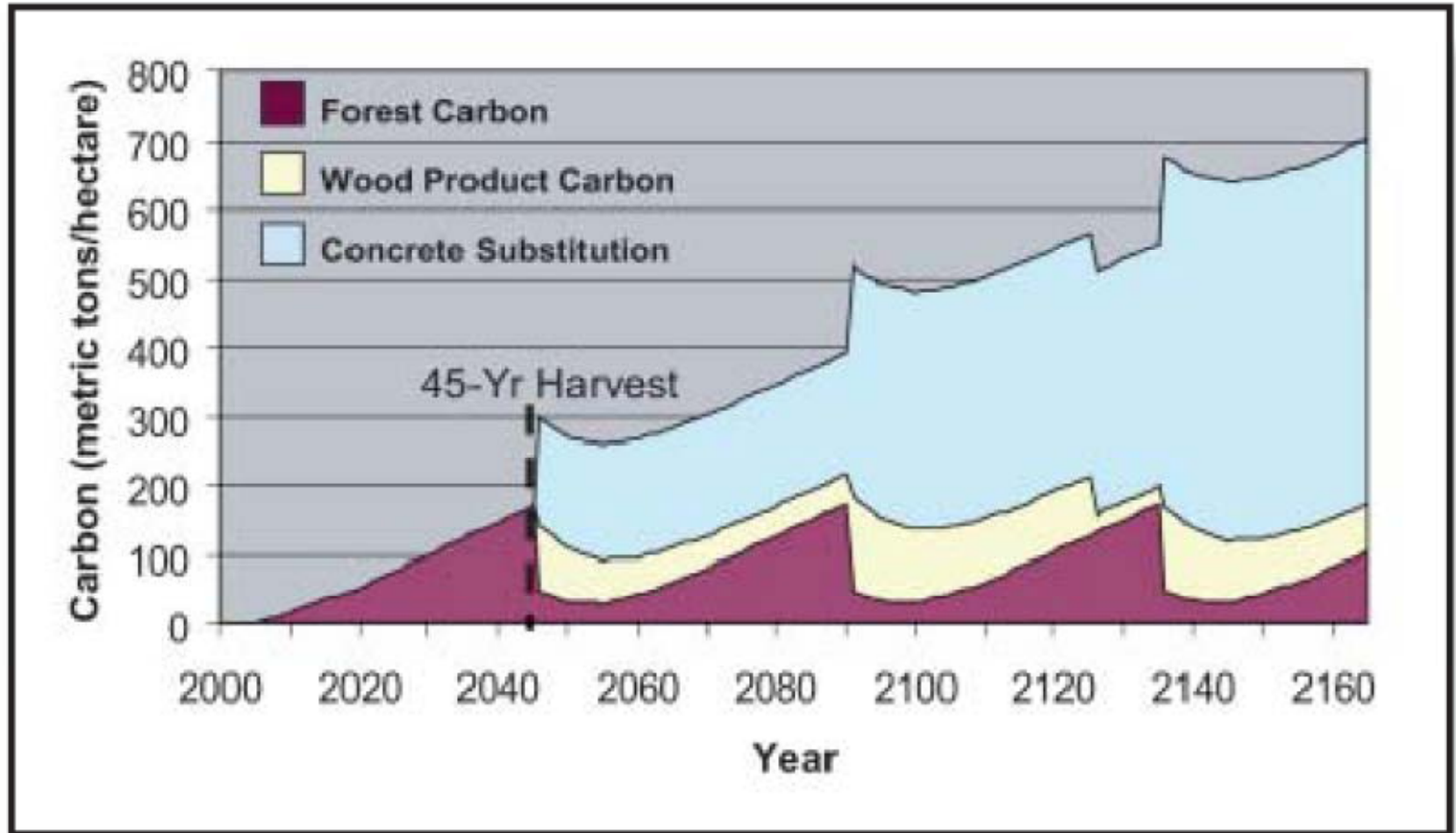
Pre-Compliance Analysis of Standards and Registries

Criteria	CCAR	RGGI	EPA Climate Leaders	DOE 1605b	CCX	ERT (ACR)	GHG Clean Projects	VCS	Gold Standard	VER+
Recognition in Lieberman-Warner	✓	implicitly	implicitly	Implicitly	✓	✓	✓	implicitly	implicitly	Implicitly
Lobby Power & Political Support	✓	✓	✓	✓	✓	✓	unclear	partially	unclear	unclear
Stringency of Protocols	✓	✓	✓	weak overall	weak on additionality	Lack of Transparency	Weak on Externalities	✓	✓	✓
Third-Party Verification	✓	✓	✓	not required	✓	ERT verification	✓	✓	✓	✓
Administrative Robustness	✓	✓	implicitly	Lacking	partially	partially	partially	✓	✓	✓
Overall Grade	A	A	A	C	B+	B+	B-	B+	B-	B-

Source: New Carbon Finance



FORESTRY CARBON ONLY PARTIALLY RECOGNIZED



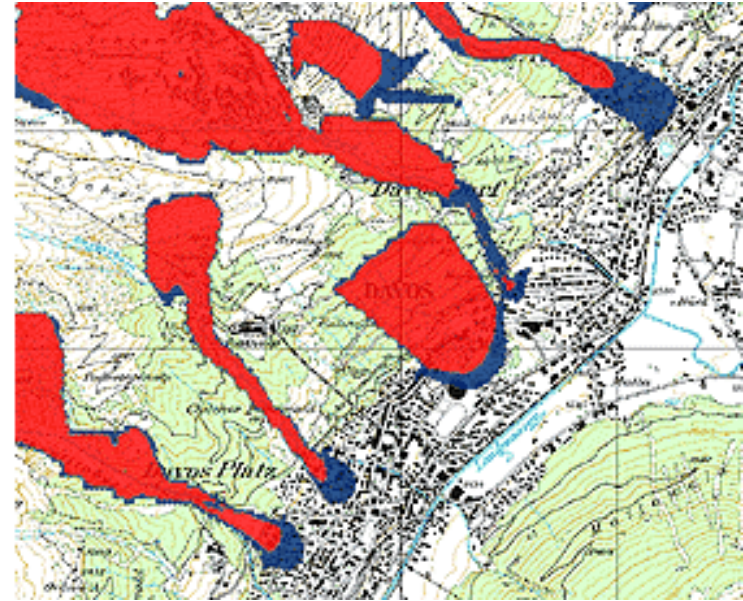
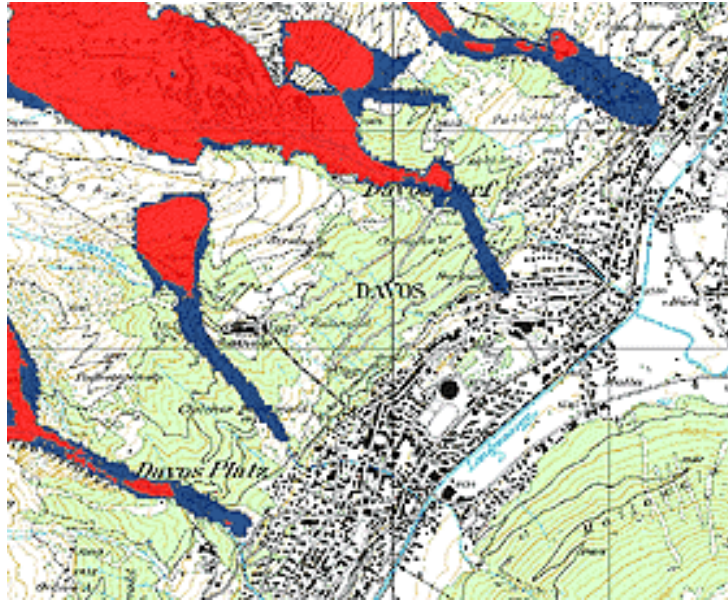


PROTECTION FOREST (Andermatt, Switzerland)





PROTECTION FOREST (avalanche zoning, Davos, Switzerland)





PROTECTION FOREST (avalanches)





PROTECTION FOREST (avalanches)





PROTECTION FOREST (rockfall)





SWISS RAILROAD ACROSS THE ALPS

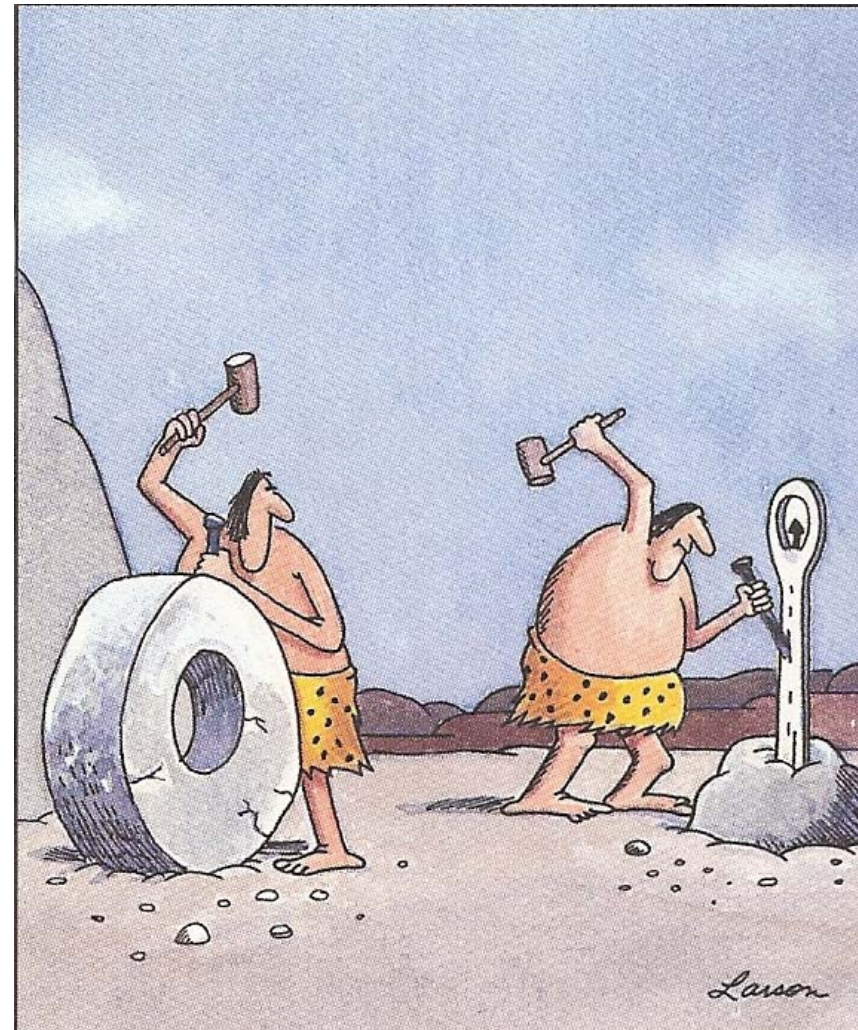
- Swiss railroad company owns and manages all forests which potentially threaten operation of train tracks
- “Avoided business interruption”, several million \$ per day





POINTS FOR DISCUSSION

- Voluntary transactions help pave the way for compliance markets
- Lack of other markets than carbon
Don't overburden carbon
- How to create demand?
Maybe:
Regulation for what we NEED
Voluntary markets for what we WANT
- Emerging investment vehicles –
money is available. Now.
- Most ecosystem services are a
straight infrastructure investment.
SHOULD WE RENAME THE WHOLE
SHOW?





EQUATOR, LLC

PEOPLE • FORESTS • CARBON • WATER

Wolfgang Ortloff

wolfgang.ortloff@equatorllc.com

cell (917) 969 0051

Corporate Headquarters

250 Park Avenue South, New York, NY 10003

Oregon office

1305 SW 9th Street, Dundee, OR 97115

