

Bioenergy: Westervelt's Pellet Mill in Pickens County



Alabama Forest Owners' Association, Inc. - 31st Annual Meeting
April 21, 2012





North American Exports

- Exports of wood pellets reached a **record high of over two million tons in 2011**, up almost 300% from 2008.
- Canada has long been the main exporter of pellets, but in the second half of 2011, the **US producers caught up and exported an equal volume** to Canada.
- The Netherlands, the UK and Belgium continue to be the largest consuming destinations of North American pellets.

Source: Wood Resources International LLC



Industrial Markets

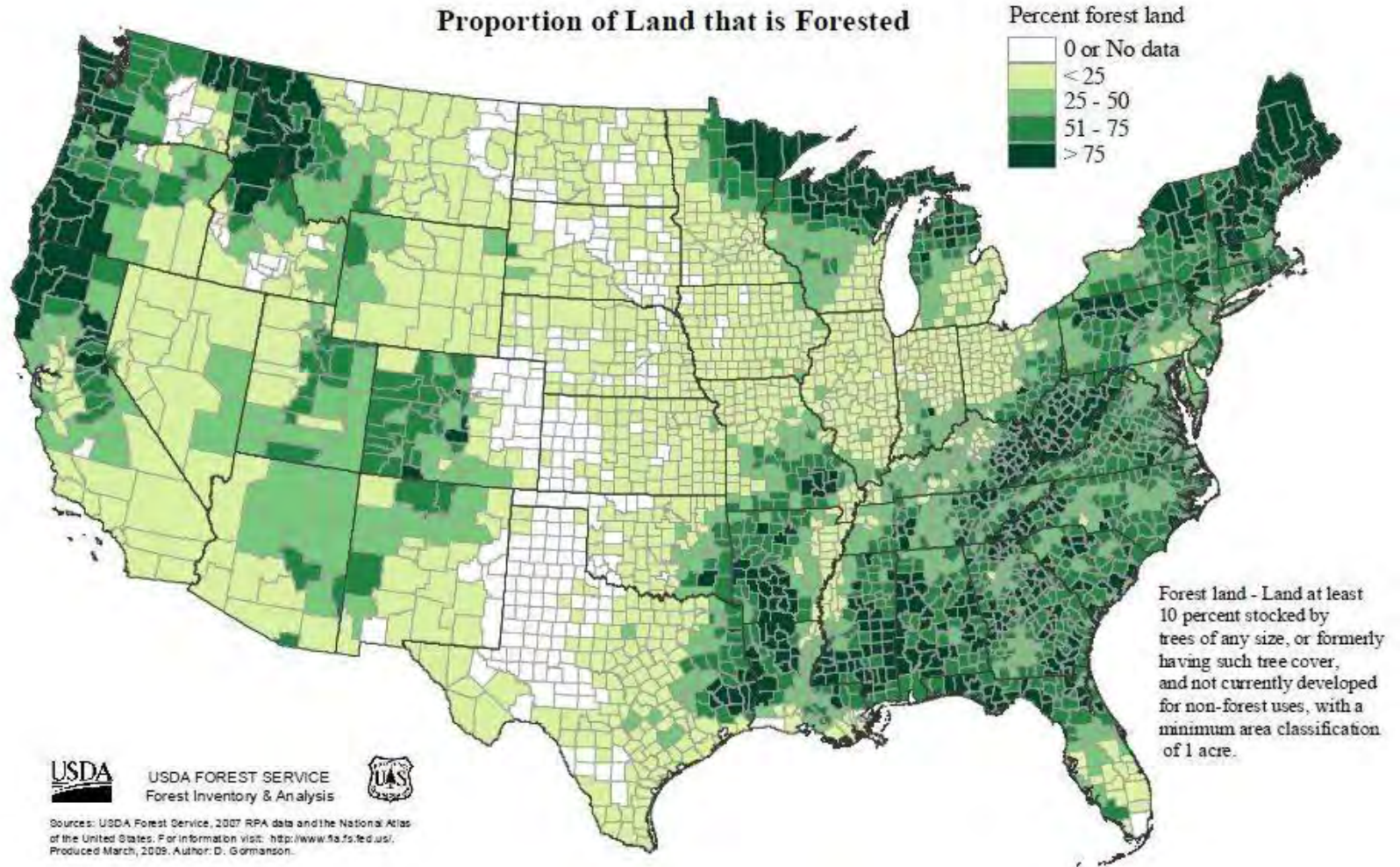
- International
 - European raw material supply limitations will continue well into the future
 - Russia remains unpredictable
 - South America becomes a competitor



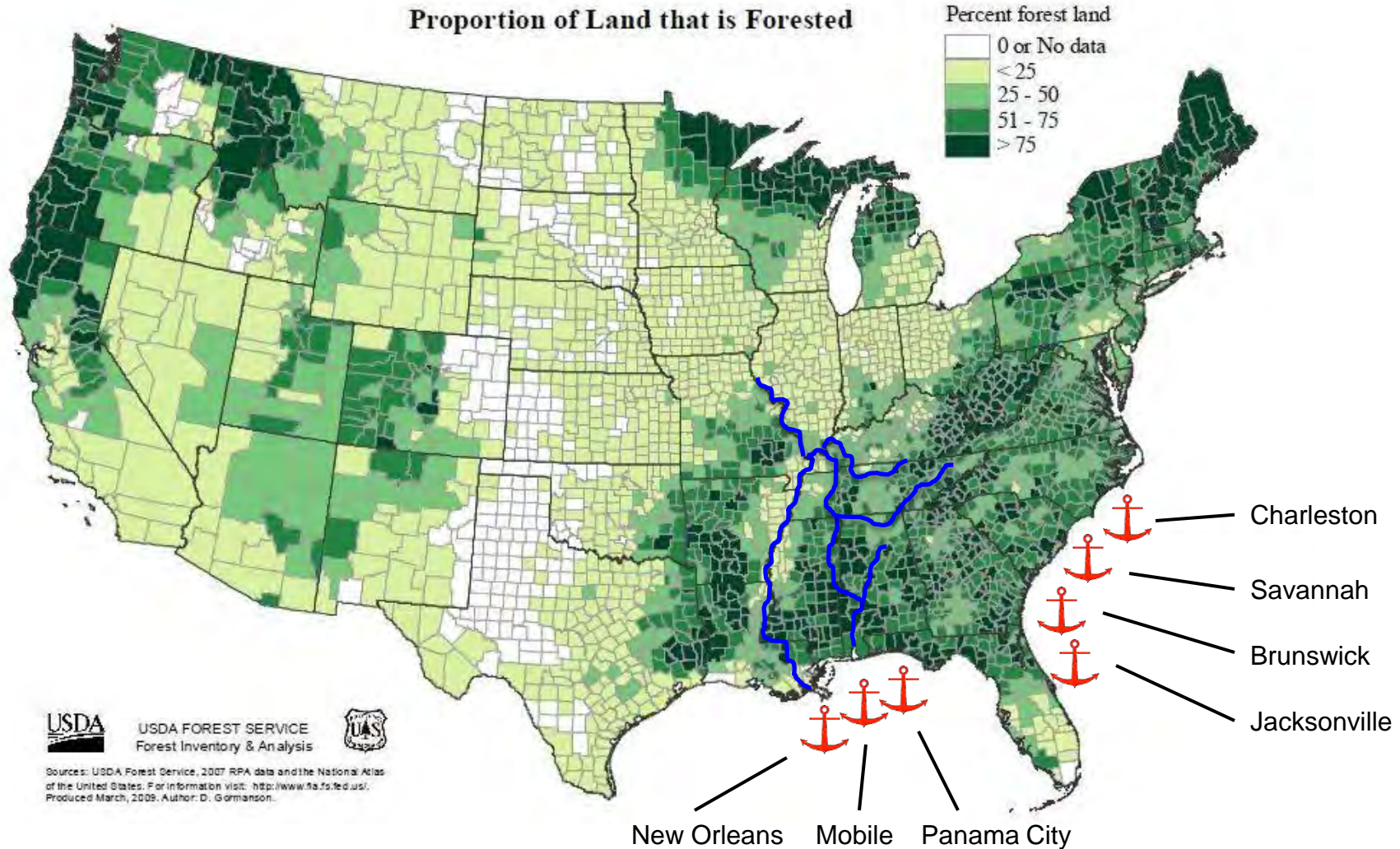
● Supply
● Demand



Biomass in the Southeast

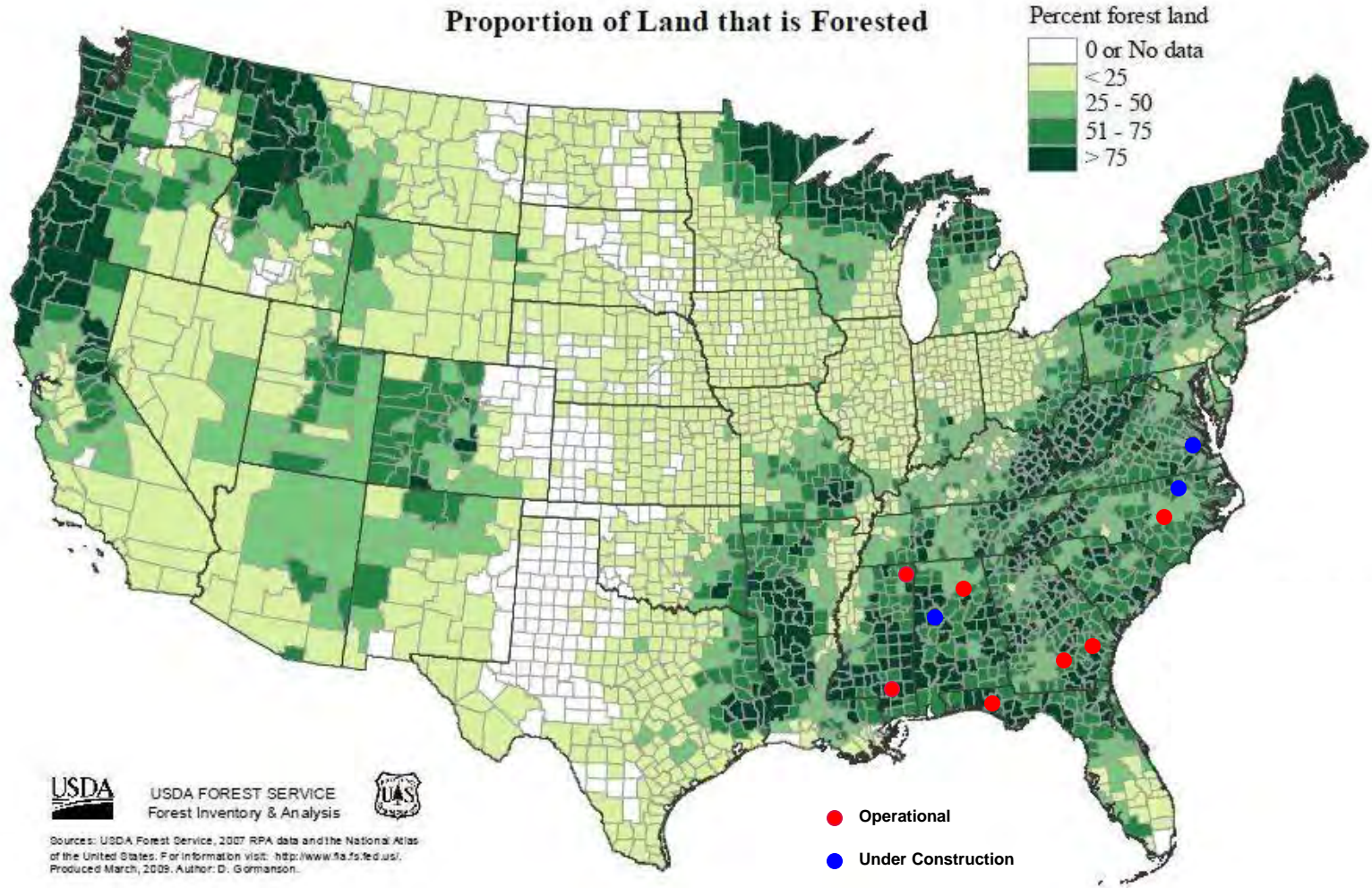


Access to Ports





Industrial Pellet Production





The Westervelt Company



- Founded in 1884
- Family owned
- Natural resources focus
- Timberland ownership





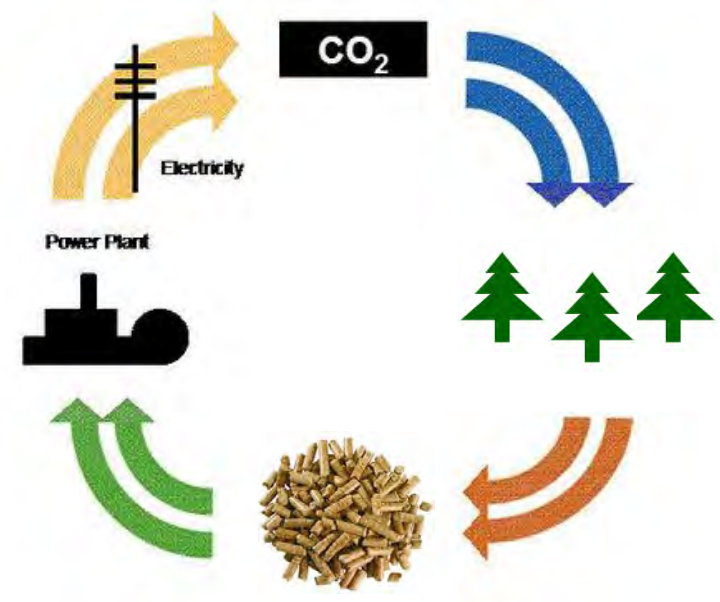
Manufacturing Background

- Wood products
- Sawtimber, pulpwood
- Biomass
- Pulp & Paper^(A)



(A) Exited these markets in 2005, but still supply raw materials

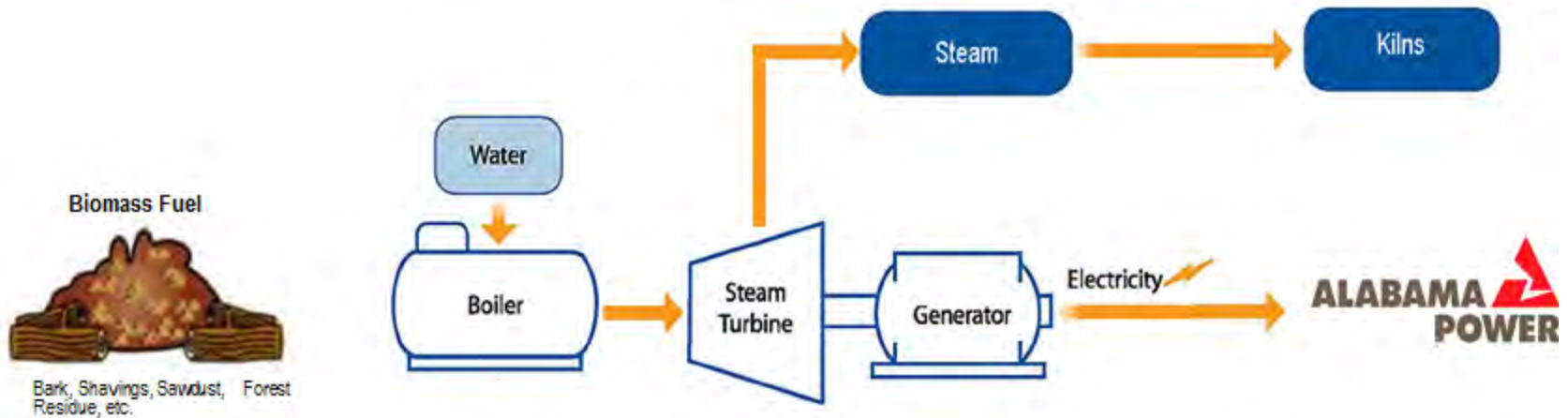
- Formed in 2007 to optimize the use of company resources:
 - Pulp wood
 - Saw mill residuals
 - Forestry byproducts
- Initial focus on:
 - Biomass power generation
 - Solid biofuels





Biomass Power Generation

- Electric Power Generation
 - 7MW combined heat & power project
 - Alabama Power's first PSC approved green power purchase agreement
 - Operational December 2012
 - Does not utilize pulpwood



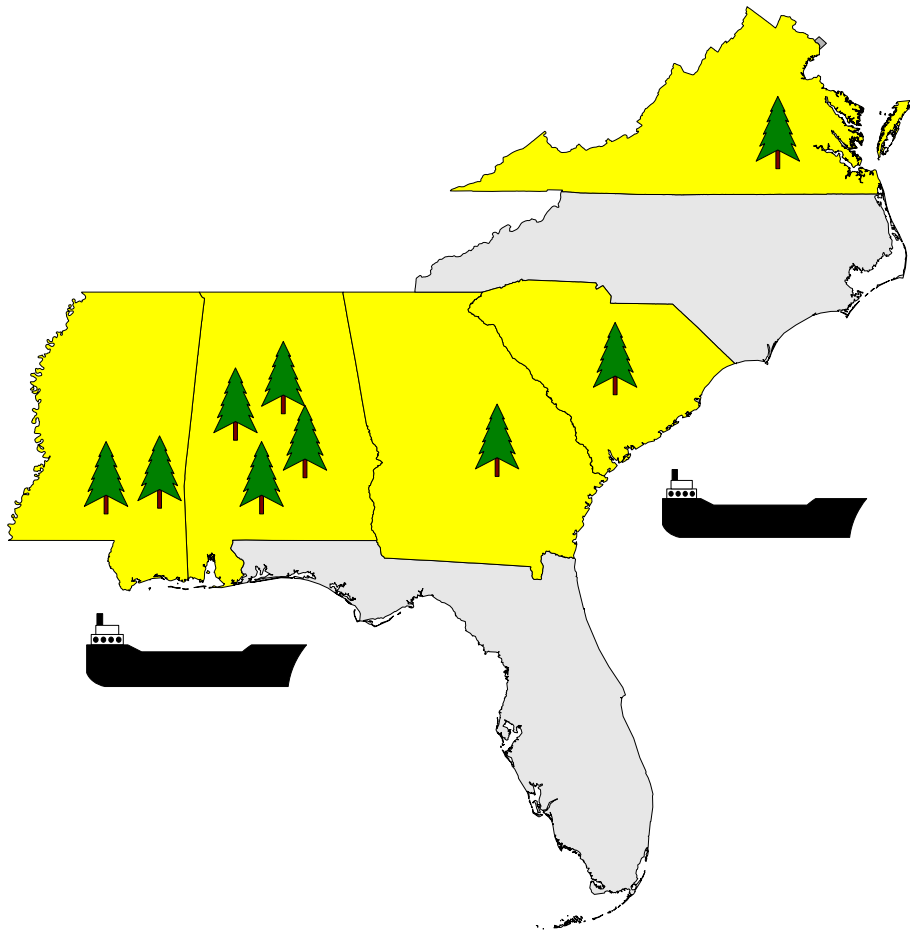
Wood Fuel Pellets

- Renewable, wood-based fuel with efficiency-rates up to 100%
- Consistent Net Calorific Value and moisture content results in an efficient burning process
- Low cost for transporting & storage
- Pellet emissions are CO₂ neutral





Strategic Fit

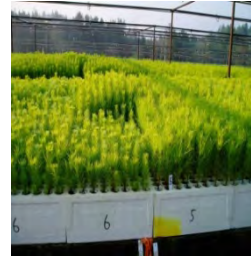


480,000+ acres
of sustainably
managed
timberland

Raw Material Supply

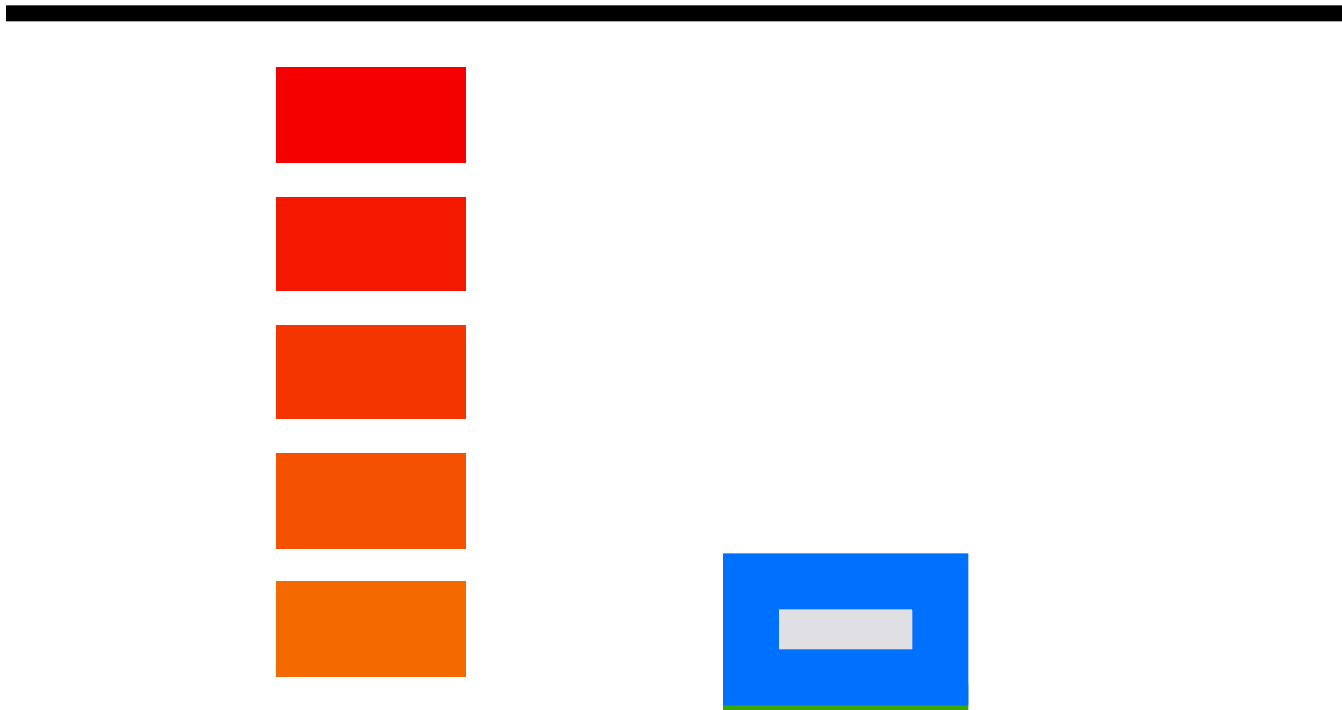


- Raw material sourcing
 - Company wood
 - External wood
 - Residuals
 - Burner fuel





Wood Basket Selection



- Supply Radius
 - Ideal 55 miles
 - Up to 75 miles if necessary
- Wood Source
 - 30% company wood
 - Balance from local landowners
- Byproducts
 - Hog fuel
 - Residuals (subject to availability)
 - Shavings
 - Chips



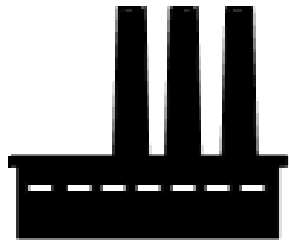
Supply Chain Overview



Pellets Business Platform Concept

Plant 1

Tombigbee River Basin

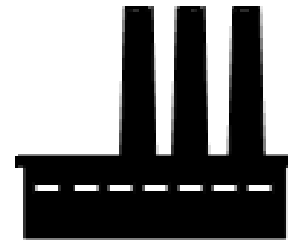


Phase 1 – 280,000 mt/a

Phase 2 – 280,000 mt/a

Plant 2

Black Warrior River Basin



560,000 mt/a

Target production 1million+ metric tons per year



Aliceville, Alabama

- Plant 1, Phase 1
 - 100% Southern Yellow Pine
 - Flexibility to meet industrial & residential specifications
 - Best-in-class process technology
 - State-of-the-art emissions controls
 - Low cost producer
 - Long term investor

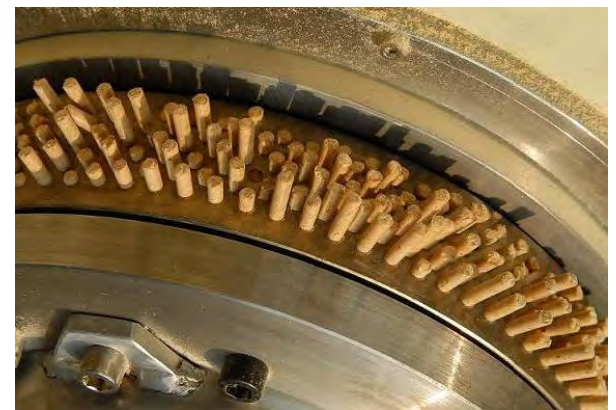
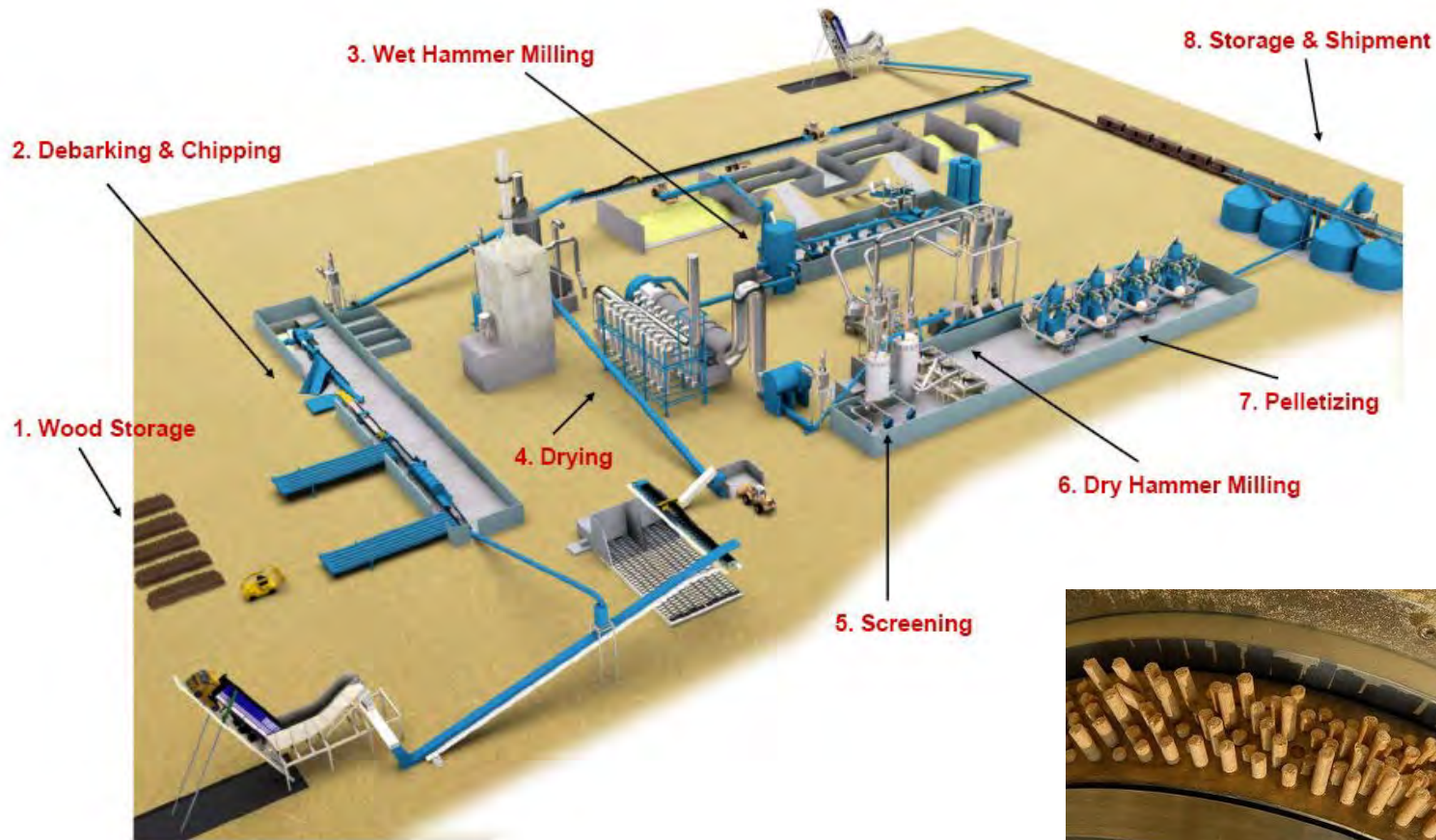




Aliceville, Alabama



Production Process Sequence





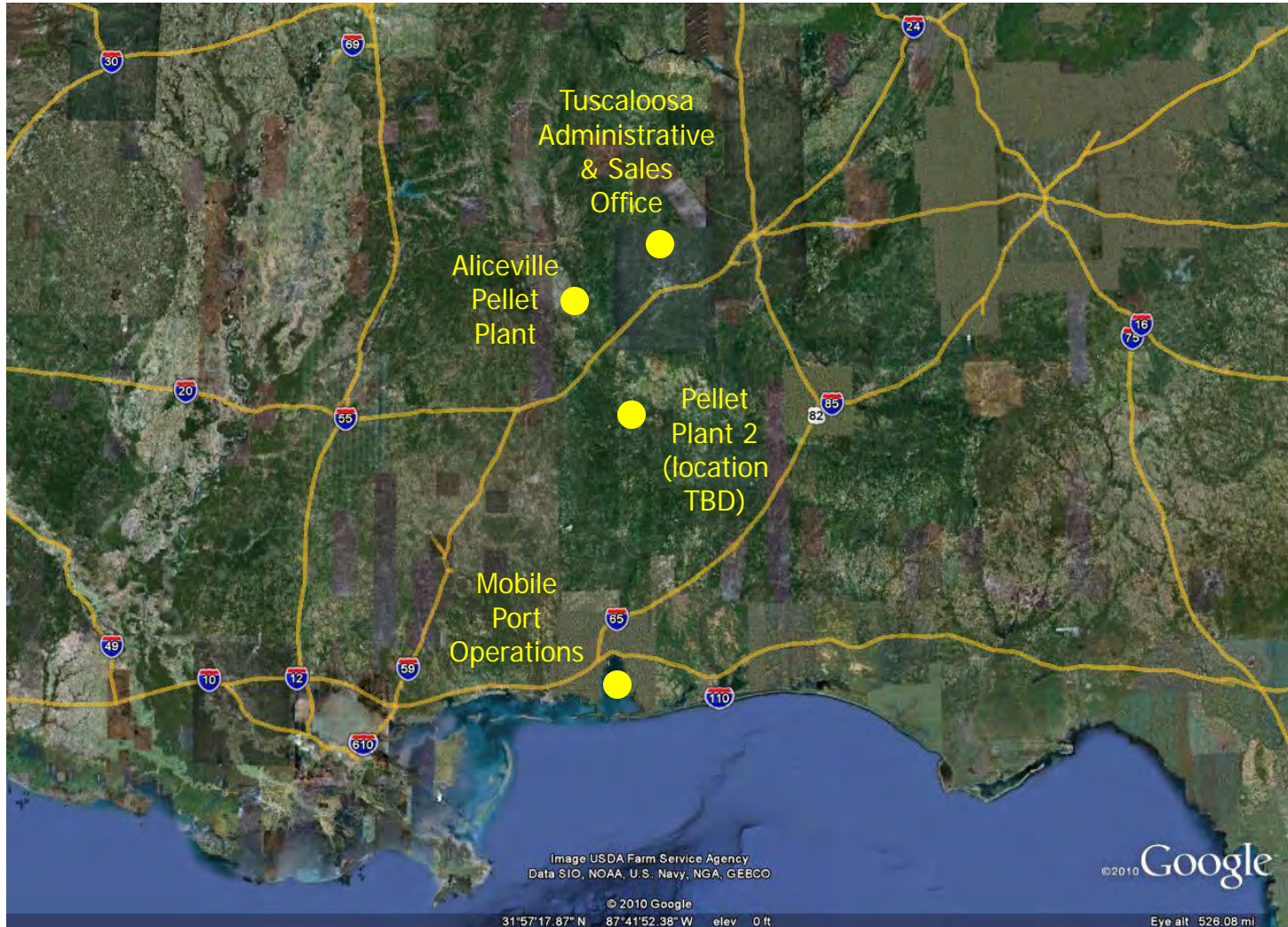
Conceptual Layout



Aliceville Plant
280,000 mt/a

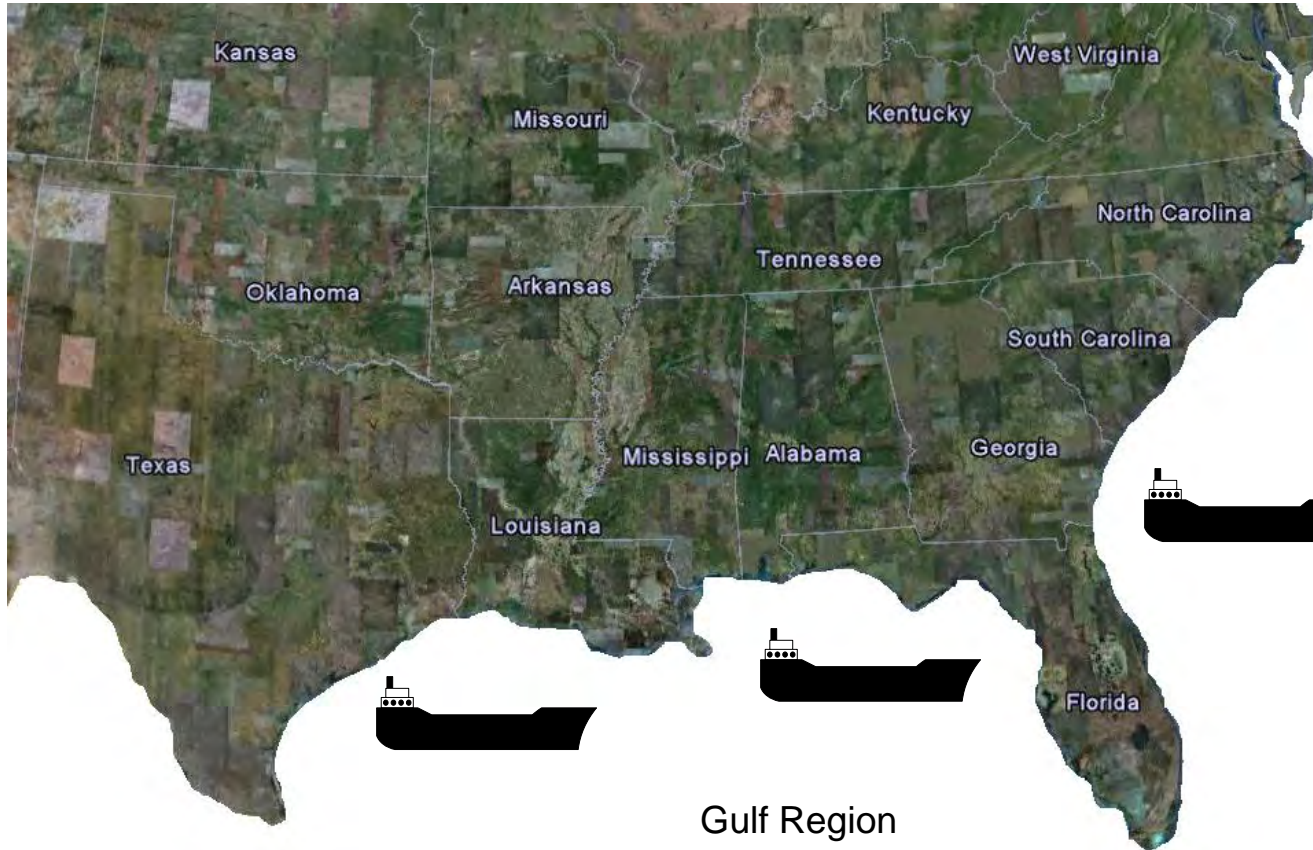


Key Business Locations





Southeast Growth Potential



Estimated 9,000,000 metric tons exported by 2015???



Atlantic Region

Year	Metric Tons
2012	1,350,000
2015	5,000,000



Gulf Region

Year	Metric Tons
2012	850,000
2015	4,000,000



