



Annual Report | 2009



About the Algal Biomass Organization

Founded in 2008, the Algal Biomass Organization (ABO) is a non-profit organization whose mission is to promote the development of viable commercial markets for renewable and sustainable products derived from algae. Our membership is comprised of people, companies, and organizations across the value chain. On behalf of our more than 170 members, we work to:

- Facilitate commercialization and market development of microalgae biomass specifically for biofuels production and greenhouse gas abatement
- Deliver information to the public on initiatives, funding opportunities, and industry development
- Provide networking and collaboration opportunities
- Establish cutting edge research and commercialization summits and other meeting opportunities
- Develop a high quality interactive repository of information on algal biomass technology, science, products, processes, patents, and economics
- Facilitate IP aggregation, licensing, and royalty management
- Develop quality and measurement best practices for algal biomass, products, systems technology, and econometrics
- Afford career advancement and consultant opportunities

More information about the ABO, including membership, costs, benefits, members and their affiliations, is available at our website: www.algalbiomass.org.

The Algal Biomass Organization is a 501(c)6 not-for-profit organization.

Staff

Mary Rosenthal, Executive Director

2009 Board of Directors

Chairperson - Billy Glover, Boeing Commercial Airplanes

Secretary - Thomas Byrne, Byrne & Company, Ltd.

Mark Allen P.E., A2BE Carbon Capture LLC

John Benemann, Benemann Associates

Keith Cooksey, Montana State University

Harrison Dillon, Solazyme, Inc.

Dave Jones, LiveFuels, Inc.

Ira "Ike" Levine, University of Southern Maine

B. Greg Mitchell, Scripps Institution of Oceanography

Philip Pienkos, National Renewable Energy Labs

John Pierce, Wilson Sonsini Goodrich & Rosati, P.S.

Jason Pyle, Sapphire Energy

Margaret McCormick, Targeted Growth, Inc.

Bob Walsh

Elizabeth Willett, Mars Symbioscience

Committees & Chairs

Events Committee

Thomas Byrne, Byrne & Company Ltd.

Algae Biomass Summit 2009

B. Greg Mitchell, Scripps Institution of Oceanography

Member Development Committee

Bylaw & Governance Committee

Mark Allen, A2BE Carbon Capture LLC

Government & Public Relations Committee

Dale Smith, Boeing Commercial Airplanes

Tim Zenk, Sapphire Energy

Technical Standards Committee

Jim Sears, A2BE Carbon Capture LLC

Director Recruitment Committee

Elizabeth Willett, Mars Symbioscience

Peer Review Committee

John Benemann, Benemann Associates

Keith Cooksey, Montana State University



Message From the Executive Director

It was a great year for algae – and a great year for the Algal Biomass Organization.

In the past 12 months, the algae industry has reached a number of critical milestones: significant federal policy wins, including important progress for legislation that would provide tax parity for algae-based fuels; more than \$500 million in federal funding for algae research and innovation; and increased private sector investment totalling more than \$1 billion.

We all continue to work diligently toward reaching our goal of widespread commercialization. While there are increasing signs of optimism among investors, access to private capital and debt financing remains limited for many of our members. Awareness of algae and its benefits among our policymakers in Washington D.C. continues to grow and has led to a more positive legislative environment for algae, but competition for federal dollars is becoming more intense every day. With increasing signals from the Obama administration and Congress of fiscal tightening, as an industry we must continue aggressively pressing the case for algae-based energy solutions. We must remain highly visible and active on Capitol Hill.

Looking forward, the task of communicating and advocating for algae-based energy is aided by the continued robust growth of the ABO. Founded formally just two years ago, our more than 170 members represent an ever-growing cross section of the algae industry, including academics, consultants, technology and project developers, and end users. In the last 12 months, we added more than 80 new members, and the ABO Board of Directors has expanded to include representatives from all aspects of the industry.

Finally, it has been a tremendous honor for me to serve as ABO's Executive Director with a Board of Directors, Committee Members, and membership base focused on and committed to finding sustainable, long-term solutions to our most pressing energy challenges. I look forward to continuing to work with all of you as we build on the foundation of the past year and continue to move the ABO – and the industry – forward into the future.

Very sincerely,

Mary Rosenthal, Executive Director





Policy

The Government & Public Relations committee has been focused on achieving ABO's three goals:

Financial parity: Algae must receive the same tax incentives, subsidies and other financial benefits that are currently accorded to other biofuel feedstocks. A failure to do so puts algae-based fuel producers at a severe disadvantage from an investment and production perspective.

Regulatory parity: Algae must be recognized as an effective medium for the "beneficial reuse" of carbon dioxide, and a significant part of the solution to our nation's overall carbon reduction strategy. Federal agencies should develop regulations that treat algae's growth and production similarly to other biofuel feedstocks and carbon sequestering technologies.

Renewable Fuel Standard (RFS) parity: Because algae are not cellulosic, low-carbon algae-based fuels are not counted towards the 16 billion gallon cellulosic biofuel carve-out within the RFS's advanced biofuel mandate. Consequently, all non-cellulosic biofuels, including algae-based fuels, are left to compete among themselves to meet a five billion gallon threshold within the mandate. This disparity puts algae-based fuels at a severe disadvantage by limiting the potential market.

ABO has dedicated significant time and effort to engage with elected officials and policymakers, educate them on the issues, and propose specific initiatives and legislation to help advance the industry. We've also benefited from the tremendous efforts of our members, who have engaged directly with key policymakers on these important issues. Below are just a few of the ways ABO and its members have advocated on behalf of the industry to shape federal policy:

In April 2009, members at the ABO Annual Meeting spent the afternoon on Capitol Hill meeting with elected officials and policymakers, educating them on algae-based energy solutions.

Last summer, the ABO provided input to the Department of Energy's (DOE) National Algal Biofuels Technology Roadmap, encouraging the DOE to articulate a clear vision for its plans to assist in the research, development, funding, commercialization, and regulation of algae-based fuel production. In addition, several ABO members testified in meetings held in Washington, D.C. related to the Roadmap.

In October 2009, ABO Executive Director Mary Rosenthal testified before the House Agriculture Subcommittee on Conservation, Credit, Energy, and Research on the status of second and third-generation biofuel feedstocks, including algae, and outlined the key benefits of algae-based fuels.

In November 2009, ABO hosted its first ever "Algae Day on the Hill" to take our case for algae-based energy solutions directly to elected officials and key policymakers. In attendance at the briefing were

more than 40 representatives of members of Congress responsible for climate and energy legislation, as well as representatives from federal agencies and NGOs. The policy briefing was highlighted by keynote remarks from Congressmen Brian Bilbray (R-CA) and Jay Inslee (D-WA), co-chairs of the House Algae Energy Caucus.

This outreach on the part of the ABO and our members has helped to raise the profile of algae in Washington and has led to some exciting "wins" for our industry.

The Department of Energy's grants totaling nearly \$78 to the National Alliance for Advanced Biofuels and Bioproducts and the National Advanced Biofuel Consortium, respectively, was a clear sign that the Federal government is beginning to understand both the promise of algae-based fuels. Additionally, nearly \$125 million in stimulus funds were awarded by the DOE through its Integrated Biorefinery Program to individual companies engaged in the production of algae-based fuels. The USDA also made its first-ever algae-based fuel award in the form of a loan guarantee amounting to over \$50 million through its Biorefinery Assistance Program.

The ABO's advocacy and outreach have also helped to enhance the prospects for several pieces of legislation being considered by Congress that would mark a significant step toward ensuring the regulatory and financial parity, including:

1. **S. 1250 – Renewable Fuels Act of 2009:** Sponsored by Sen. Bill Nelson (D-FL), this bill would expand the definition of cellulosic biofuel to include algae-based biofuels and cover them under the cellulosic biofuel producer credit and under the special allowances for cellulosic biofuel plant property.
2. **HR 3460:** Sponsored by Rep. Brian Bilbray (R-CA), this bill would amend the Clean Air Act to include algae-based biofuel in the Renewable Fuel Standard and algae-based biofuels in the cellulosic biofuel producer credit.
3. **HR 4168 – Algae-based Renewable Fuel Promotion Act of 2009:** A companion bill to S. 1250, this bill sponsored by Rep. Harry Teague (D-NM) would similarly expand the definition of cellulosic biofuel to include algae-based fuel, giving algae-based fuel the same production tax credits and special allowances for biofuel plant property as cellulosic biofuels.

It has also been a year of tremendous progress for algae on the regulatory front. In February 2010, the Environmental Protection Agency issued its Final Rule on the Renewable Fuel Standard (RFS-2), which recognized that algae-based biodiesel and renewable diesel reduce greenhouse gas-forming emissions by at least 50% compared to petroleum diesel. This reduction in greenhouse gas emissions classifies algae-based biodiesel and renewable diesel as an advanced biofuel under the guidelines established by the Energy Independence and Security Act of 2007. This is a huge step toward ensuring that algae-based fuels will be an important component of a national renewable fuels portfolio.



Communications

Along with our continued and focused government relations efforts, ABO continues to execute an ongoing communications strategy aimed at raising awareness of ABO and the algae industry. Our focus remains on advancing our policy priorities and educating the public and policymakers on the promise of algae-based energy solutions.

ABO regularly communicates with leading energy, environment and policy-oriented journalists on a range of subjects related to the industry, including: commenting on legislative developments and policies; education and background on algae technology and end use issues; providing editorial copy and opinion; and connecting journalists with academics, entrepreneurs and end user members when appropriate.

As a result of this consistent engagement with the media, 2009-2010 was a clear turning point for ABO's presence in the national and trade media. ABO is now among the first resources that leading journalists turn to for comment and insight on the algae industry, providing the organization and its members a great opportunity to be part of the conversation.

In the past year ABO Board Members and its Executive Director have been quoted in key national and international media as well as all relevant trade publications, including *The Wall Street Journal*, *Dow Jones*, *The New York Times*, *The Guardian*, *Fast Company*, *Biofuels Digest*, *Biomass Magazine*, and *Renewable Energy World*.

ABO is now among the first resources that leading journalists turn to for comment and insight on the algae industry.

In addition to its focused media relations efforts and hosting its own events, such as the Algae Biomass Summit, ABO has also worked to increase its and the industry's exposure by securing speaking opportunities at key national and international conferences, including the International Biomass Conference, BIO 2010, and World Biofuels Markets.

ABO will continue to take a leadership position and speak with a strong voice on issues that impact the industry and the membership.

Events

ABO continues to produce and host the industry's largest and most respected global conference, the Algae Biomass Summit (ABS). In October 2009, the third annual event was held in San Diego, California. The event received broad support from leading companies and research institutions in the region, with more than 700 stakeholders across the



More than 700 stakeholders across the industry attend the 3rd annual Algae Biomass Summit, held in San Diego in October 2009.

algae industry, including leading national and international technologists, producers, scientists, investors and policymakers in attendance. The three-day event also featured a number of excursions to algae production facilities and pilot projects in Southern California as well as keynote remarks from Jacques Beaudry-Losique, Deputy Assistant Secretary for Renewable Energy at the U.S. Department of Energy.

In 2010, we will build upon the continued success of the ABS and replicate this model September 28-30 at the JW Marriott Desert Ridge in Phoenix, Arizona. We are currently working closely with Arizona State University and other leading research institutions to produce a set of pre-conference field trips.

The call for abstracts is currently open; you can learn more at the website: <http://algalbiomass.org/events/2010CallforAbstracts.html>. On behalf of the ABO Events Committee, we look forward to seeing you in Phoenix in September!



Financial Summary

With the success of ABO's programs and robust membership development in the past year, ABO continues its significant growth. This has allowed ABO to expand its efforts aimed at promoting the development of commercial markets for sustainable algae-based products. ABO derives its revenue through memberships, sponsorships, and special events, including the Algae Biomass Summit, which takes place every year in the fall. This year, we plan to expand upon our existing events and programs, including a finance summit in New York City in May 2010.

Financial information for 2009 represents audited data. Comprehensive expense reporting is provided to the ABO Board of Directors on a quarterly basis. Details of all ABO expenses are available upon request.

2009 Income Statement

Revenue*	\$280,316.97
Expenses**	<u>\$198,334.02</u>
Net Income	\$81,982.95

*Algae Biomass Summit registrations were processed through a merchant account at Wilson, Sonsini, Goodrich & Rosati as a service to the ABO. Total registrations were \$449,234.45.

**Algae Biomass Summit expenses were advanced by Wilson, Sonsini, Goodrich & Rosati as a service to the ABO. Total expenses were \$353,485.95.

2009 Cash Flow Summary

Cash Balance 01/01/2009	\$51,615.62
Revenues	\$280,316.97
Expenses	(\$198,334.02)
2010 Pre-paid Memberships	<u>\$11,195.00</u>
Cash Balance 12/31/2009	\$144,793.57

2009 Balance Sheet

Checking Account	\$14,680.23
Savings Account	<u>\$130,113.34</u>
Total Assets	\$144,793.57

Total Liabilities	\$11,195.00
Total Capital	<u>\$133,598.57</u>
Total Liabilities and Capital	\$144,793.57



Members | 2009 - 2010

Platinum



Gold



Corporate

Advanced Lab Group
 Algaeventure Systems
 Air Transport Association
 Aquatic Energy
 Aurora Biofuels
 Battelle
 BC Hydro
 Bellona Foundation
 Bioalgene
 BioProcess Algae
 Canadian Pacific Algae
 Cellana
 Continental Airlines
 DAF Corp
 Donald Danforth Plant Science Center
 Earthrise Nutritionals

Electric Power Research Institute
 Endicott Biofuels, LLC
 FedEx Express
 Green Power Conferences
 Harris Group Inc.
 Imperium Renewables, Inc.
 International Air Transport Association
 Kent BioEnergy
 Kuehnle AgroSystems
 Kimberly-Clark Corporation
 Kuraray
 LiveFuels
 Mars Symbioscience
 Martek Biosciences
 Mortenson Construction
 MTU Aero Engines GmbH

Neste Oil
 OriginOil
 PetroAlgae
 Philadelphia Renewable Energy
 POS Pilot Plant
 Renewable Energy Group
 Renewed World Energies
 Sapphire Energy
 Siemens
 Solazyme, Inc.
 SRS
 Stoel Rives LLP
 Synthetic Genomics
 US Biofuels
 Waste Management

Supporting Organizations

Biotechnology Industry Organization

European Algae Biomass Association

Phycological Society of America

