

CER Monetization Program

Update on Carbon Markets

September 15, 2010

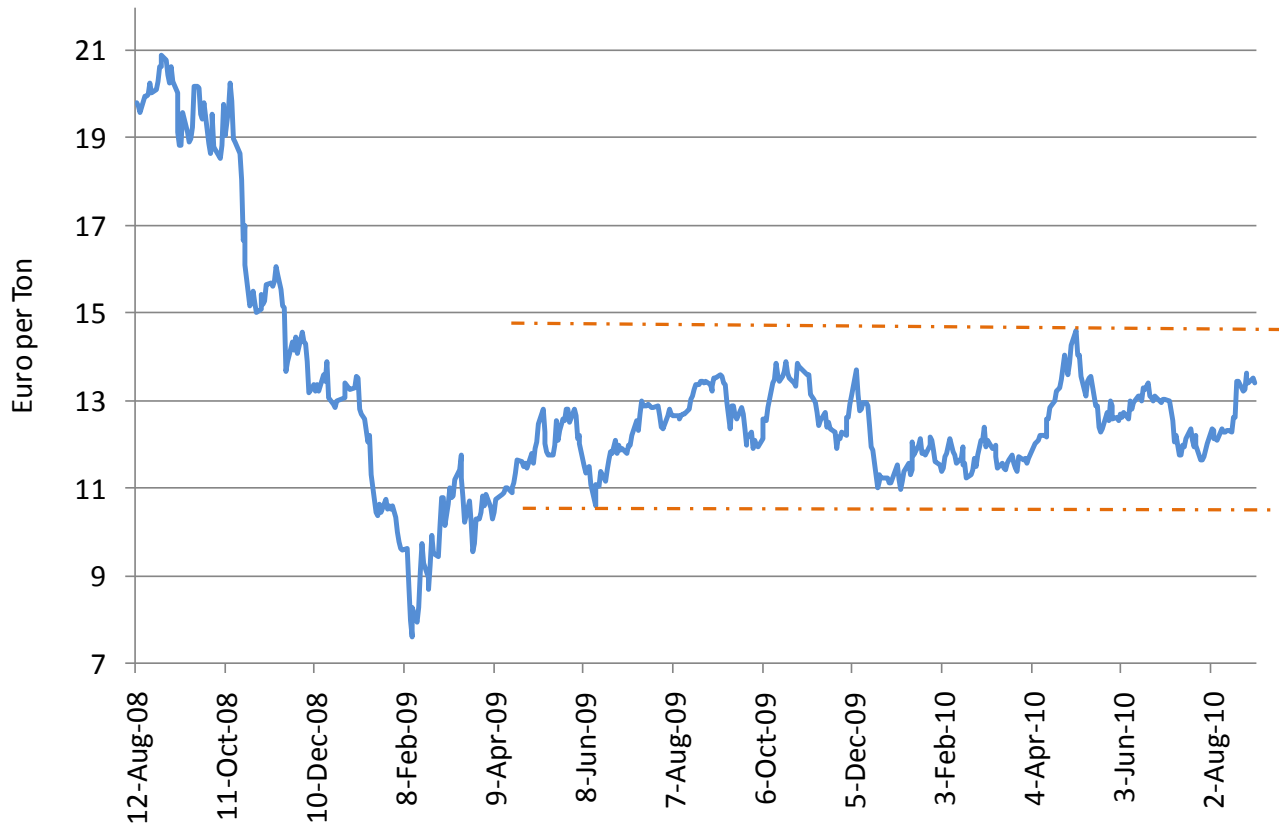
Agenda

- **CER Price Levels**
- **Regulatory Developments**
- **CER Monetization Program**

CER Price Levels

Two Year Daily Prices

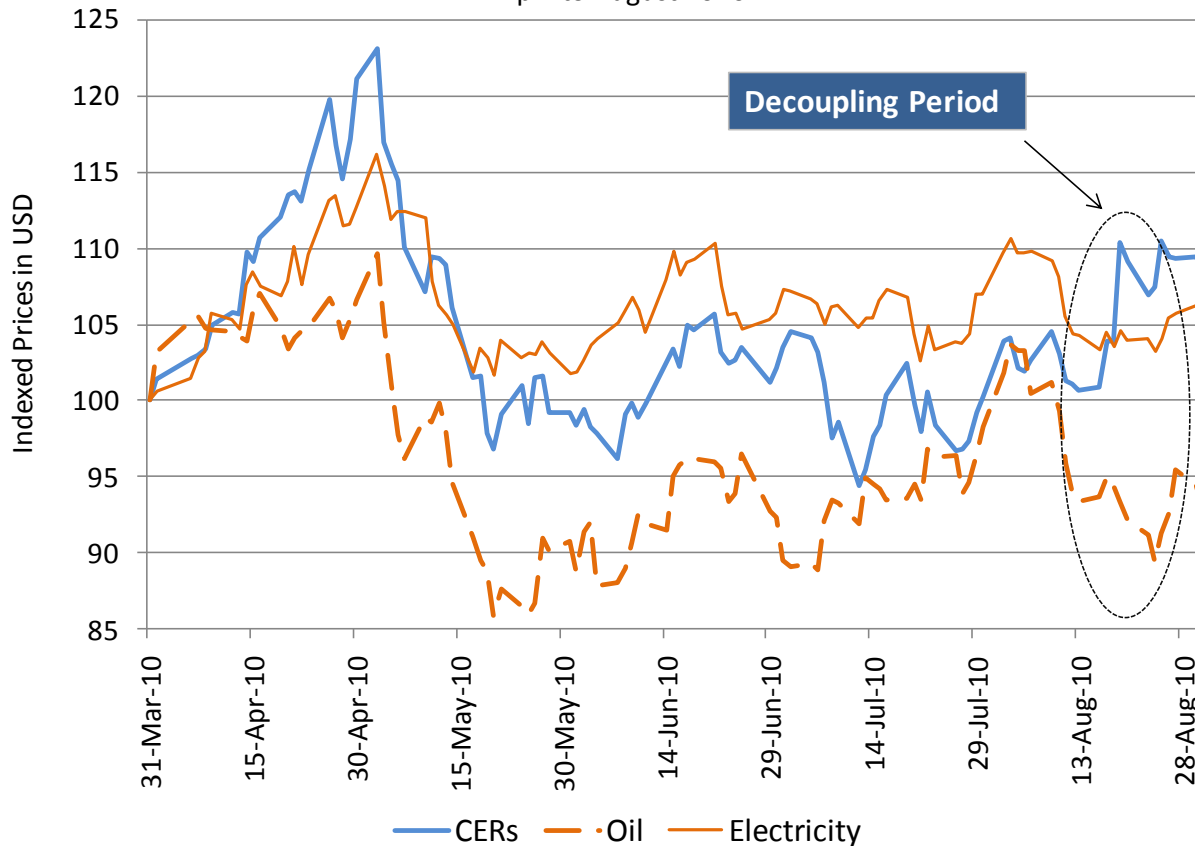
CER BlueNext Spot Price
August 2008 to August 2010



For 18 months, CER prices have remained in a trading range of approximately €11 to €15 per ton.

CER Price Levels vs. Electricity and Oil Prices

Comparison of CER, Oil and Electricity Prices
April to August 2010



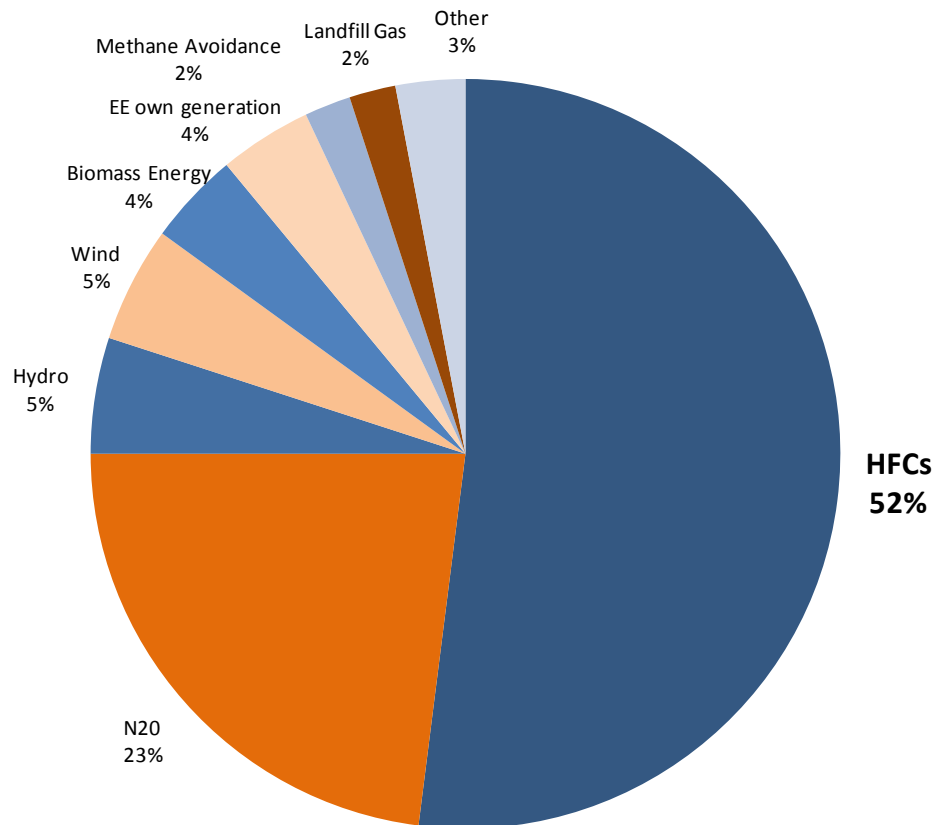
For the past several months, CER prices have been driven by external factors, such as electricity and oil prices.

In August, decoupled from external factors due to HFC 23 Issue.

CER Price Levels

HFC – 23 Issue

CERs Issued - as of August 2010



By-product of HCFC-22 manufacture.

CERs awarded for destruction.

Concern production artificially increased to earn credits.

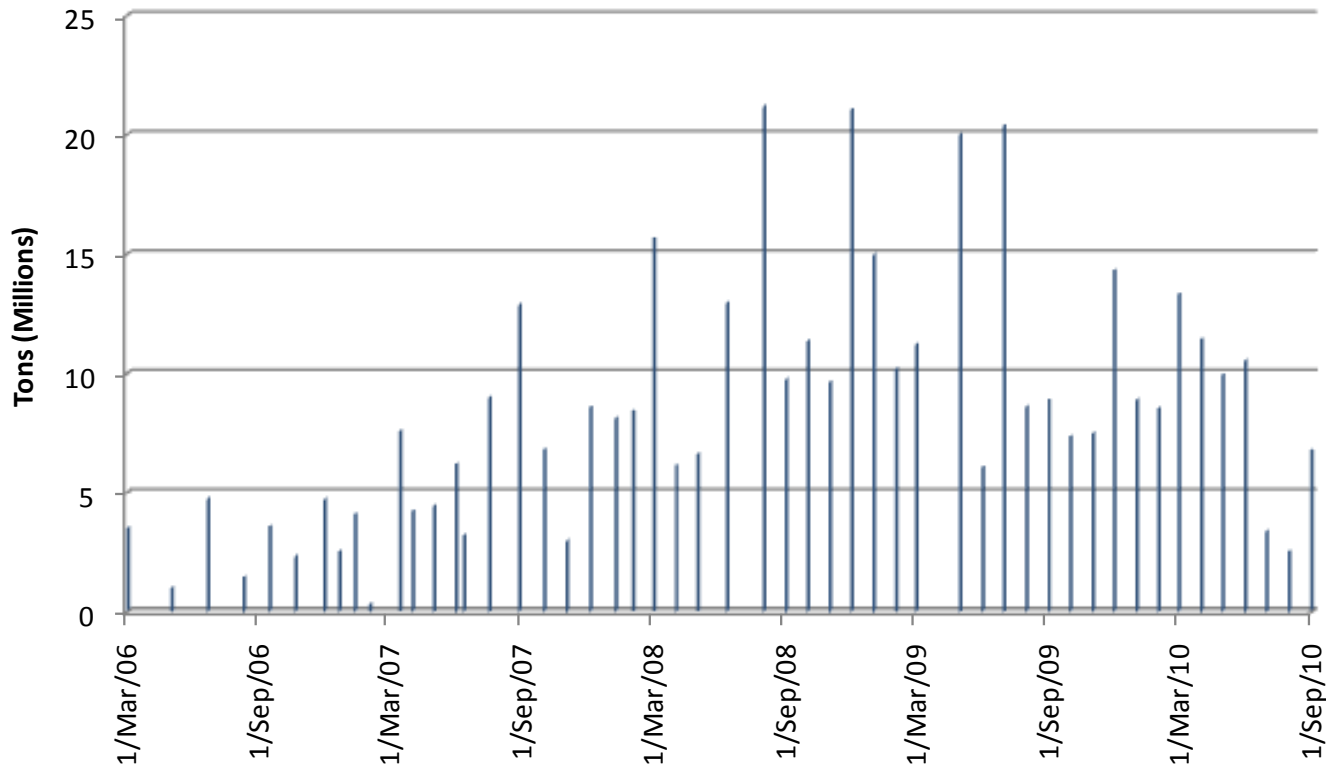
Since August, 8 projects investigated by CDM – totaling 13.6 million tons.

Source: Point Carbon, Barclays, UNEP Risoe

CER Price Levels

CER Supply

Monthly CER Issuance



CER issuance has gradually declined from peak levels of late 2008 to early 2009.

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Regulatory Developments

European Union

Plans to present proposal prior to Cancun.

- Raising target from 20% to 30% under 1990 level in Post-2012 period.
 - Fear of “Carbon Leakage”

- Status of industrial gas projects.
 - HFC-23 and others.

- Status of CERs from non-Least Developed Countries.
 - Will depend on international agreement – lacking that, bilateral agreements.

Regulatory Developments

UN List of LDCs

Africa (33)

Angola
Benin
Burkina Faso
Burundi
Central African Republic
Chad
Comoros
Democratic Republic of the Congo
Djibouti
Equatorial Guinea
Eritrea
Ethiopia
Gambia
Guinea
Guinea-Bissau
Lesotho
Liberia

Africa (cont)

Madagascar
Malawi
Mali
Mauritania
Mozambique
Niger
Rwanda
Sao Tome and Principe
Senegal
Sierra Leone
Somalia
Sudan
Togo
Uganda
United Republic of Tanzania
Zambia

Caribbean (1)

Haiti

Asia (10)

Afghanistan
Bangladesh
Bhutan
Cambodia
Lao People's Democratic Republic
Maldives
Myanmar
Nepal
Timor-Leste
Yemen

Pacific (5)

Kiribati
Samoa
Solomon Islands
Tuvalu
Vanuatu

Regulatory Developments

United States

Progress in U.S. stalled.

- **Senate Majority Leader said no Cap & Trade Bill this year.**
 - **May introduce another energy bill, but will not have US emissions.**
 - **Lack of support from Republicans and certain Democrats.**

- **Environmental Protections Agency – Regulation vs. Legislation.**
 - **First carbon regulation - autos must average 35.5 miles per gallon by 2016.**

- **Tea Party protested RGGI auction.**

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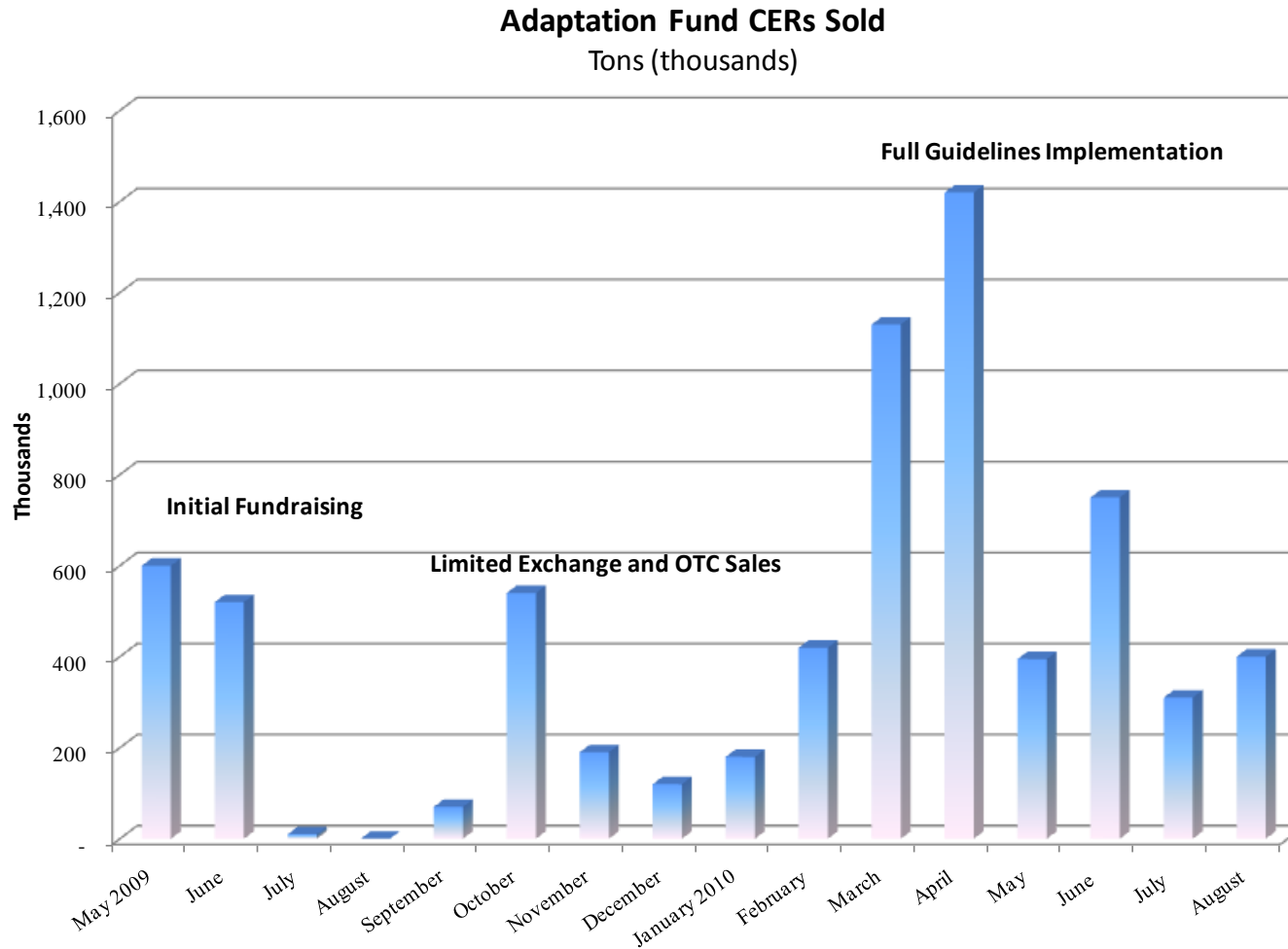
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Sale Record as of September 10, 2010

- **7,355,000 CER Tons Sold**
- **€92.5 million raised (\$125 million)**
- **222 transactions on BlueNext Carbon Exchange**
- **10 over-the-counter sales with 7 dealers**
 - **Barclays**
 - **Merrill Lynch**
 - **Deutsche Bank**
 - **Morgan Stanley**
 - **Orbeo (Soc Gen)**
 - **Credit Agricole**
 - **Credit Suisse**

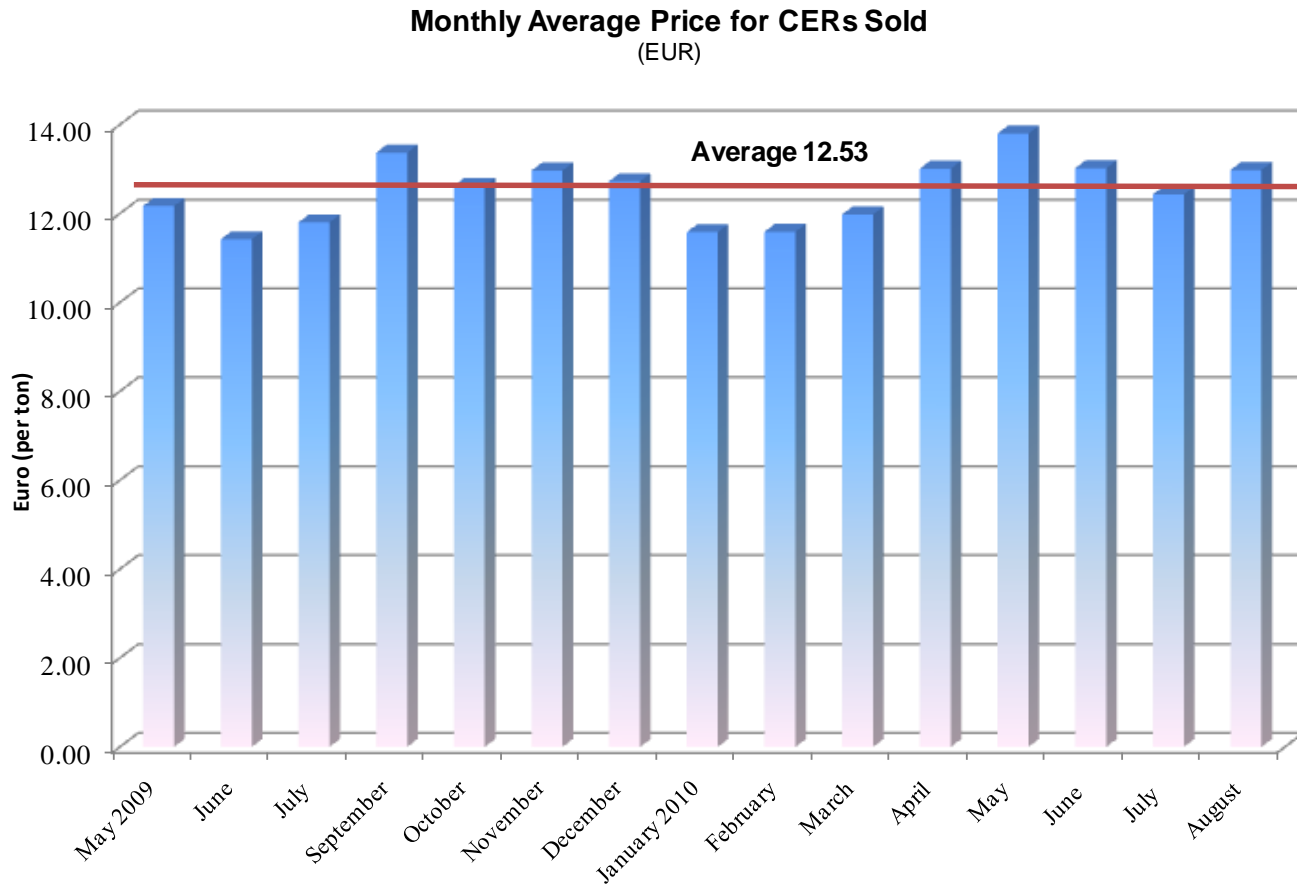
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Monthly Sales



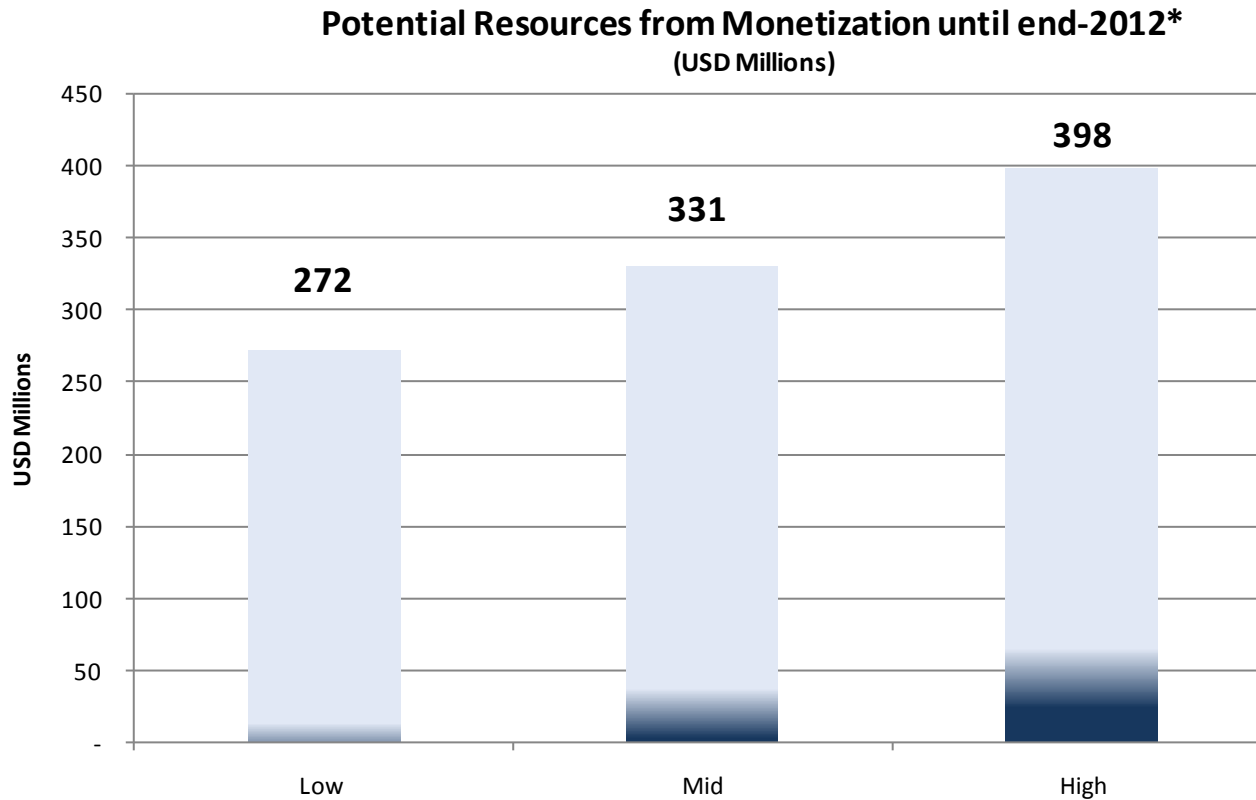
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Monthly Average Price



CER Monetization Program

Potential Resources



Estimate almost unchanged from previous \$330 million.

Positive: UNEP forecast higher – 1.001 billion vs. 975 million tons; higher CER prices.

Negative: weaker euro.

*Excludes donations, interest income and expenses.