

CER Monetization Program

Update on Carbon Markets

March 24, 2010

Agenda

Carbon Markets Overview

CER Price Levels

CER Monetization Program

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CER Price Levels

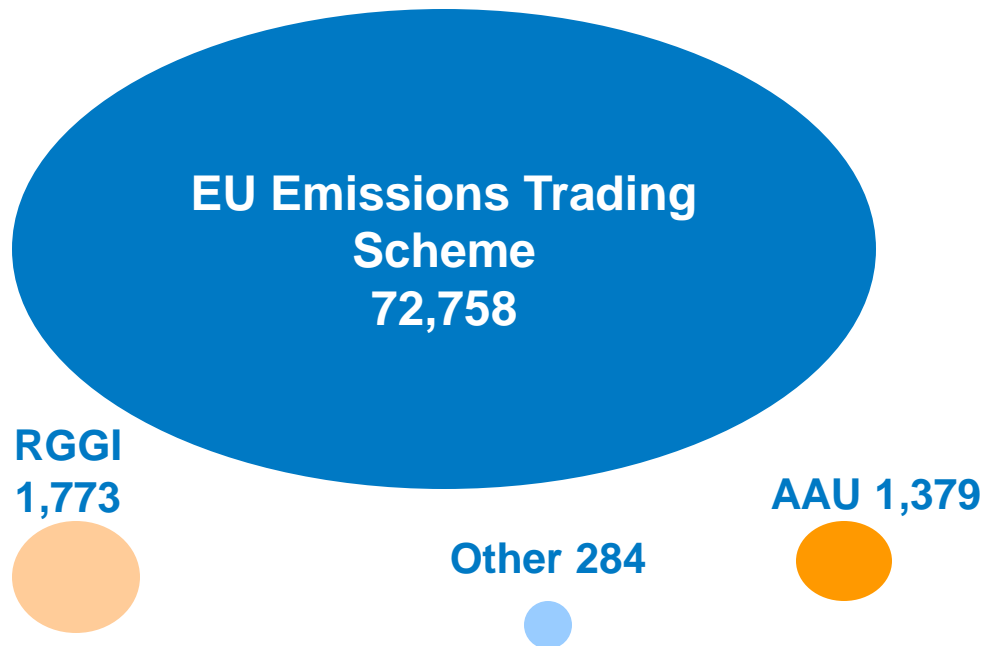
CER Monetization Program

Carbon Markets Overview

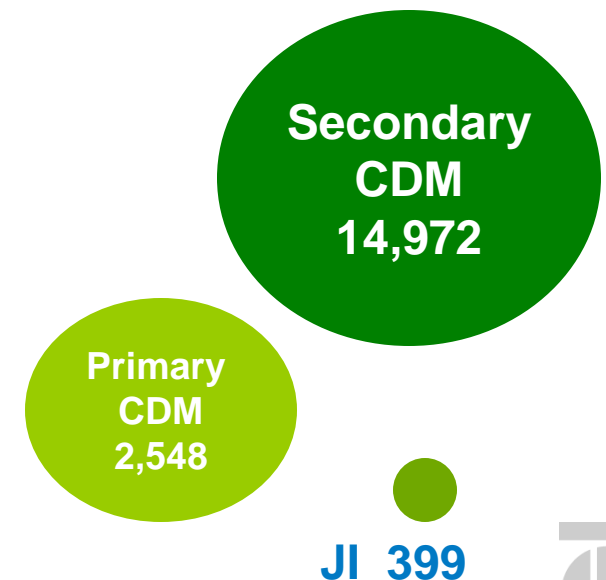
An expanding and fragmented market

- Carbon Markets stabilized at about €90 in billion annually in 2008 & 2009.
- A 70% increase in tonnage traded between 2008 and 2009 was offset by price reductions.

Allowance markets (€ million)



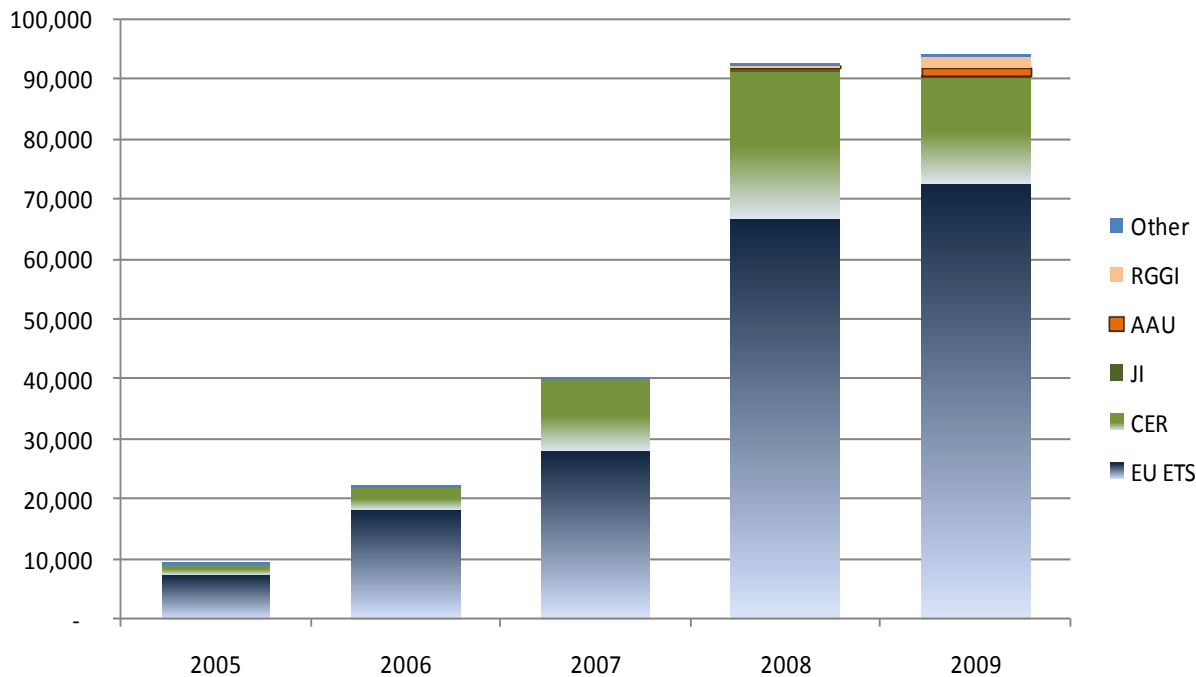
Project-based transactions (€ million)



Carbon Markets Overview

Size of Markets – Euro Terms

Carbon Markets
€ Millions



➤ In Euro terms, Carbon markets increased slightly in 2009.

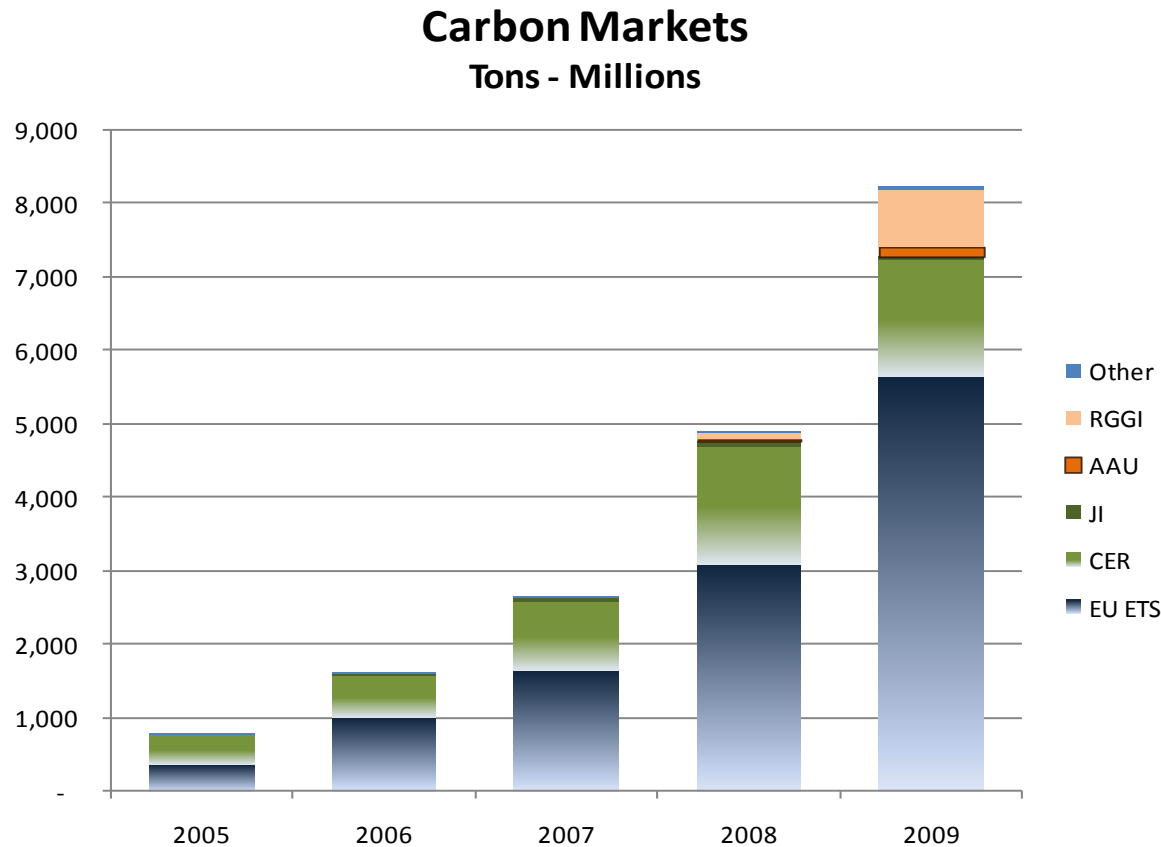
➤ Decline in CER market offset by increases in EU ETS.

➤ Major increases also seen in AAU and RGGI markets.

Source: Point Carbon

Carbon Markets Overview

Size of Markets - Tonnage



➤ In terms of tonnage traded, an increase of nearly 70%.

➤ Led primarily by EU ETS, AAU and RGGI.

➤ CER market nearly unchanged.

➤ Difference in Euro terms due to falling prices.

Source: Point Carbon

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CER Price Levels

Factors Affecting Carbon Prices

Positive

- Slower pace of CER issuance.
- Cold weather in Europe.
- Companies no longer cash constrained.

Negative

- Post-Copenhagen uncertainty.
- Economies still weak – net “long.”
- Potential competition from AAUs and ERUs.

CER Price Levels

Two Year Daily Prices

CER ECX December 2010

March 2008 to March 2010



➤ Since 1st Q 2009, CER prices have stabilized, albeit at lower levels than in 2008.

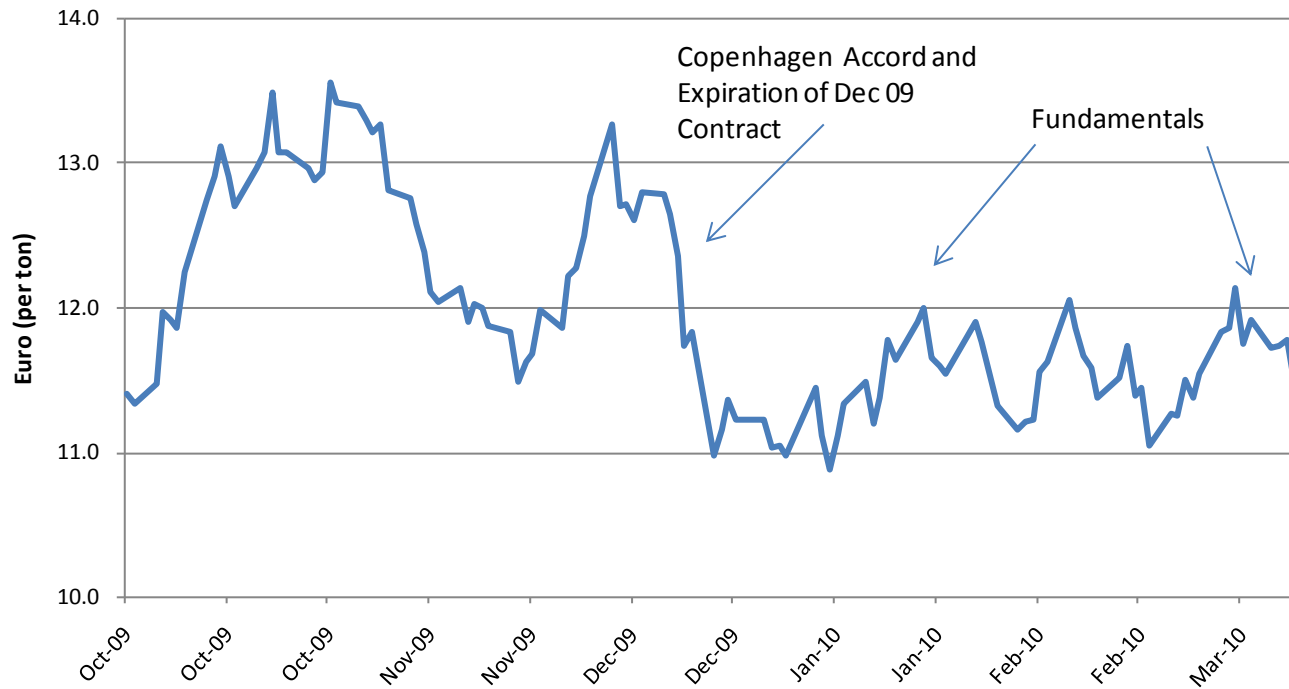
Source: Bloomberg

CER Price Levels

Six Month Daily Prices

CER ECX December 2010

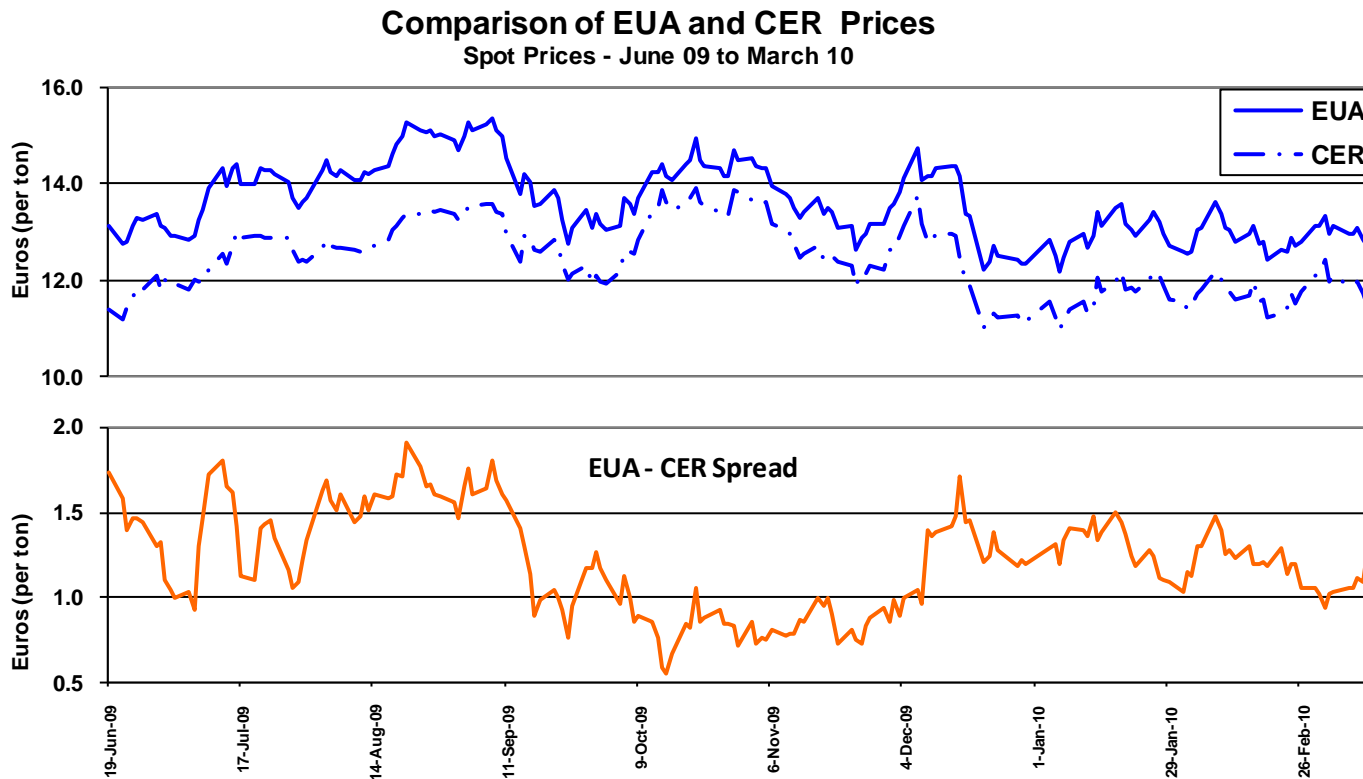
Oct 2009 to March 2010



Source: Bloomberg

CER Price Levels

EUAs and CERs

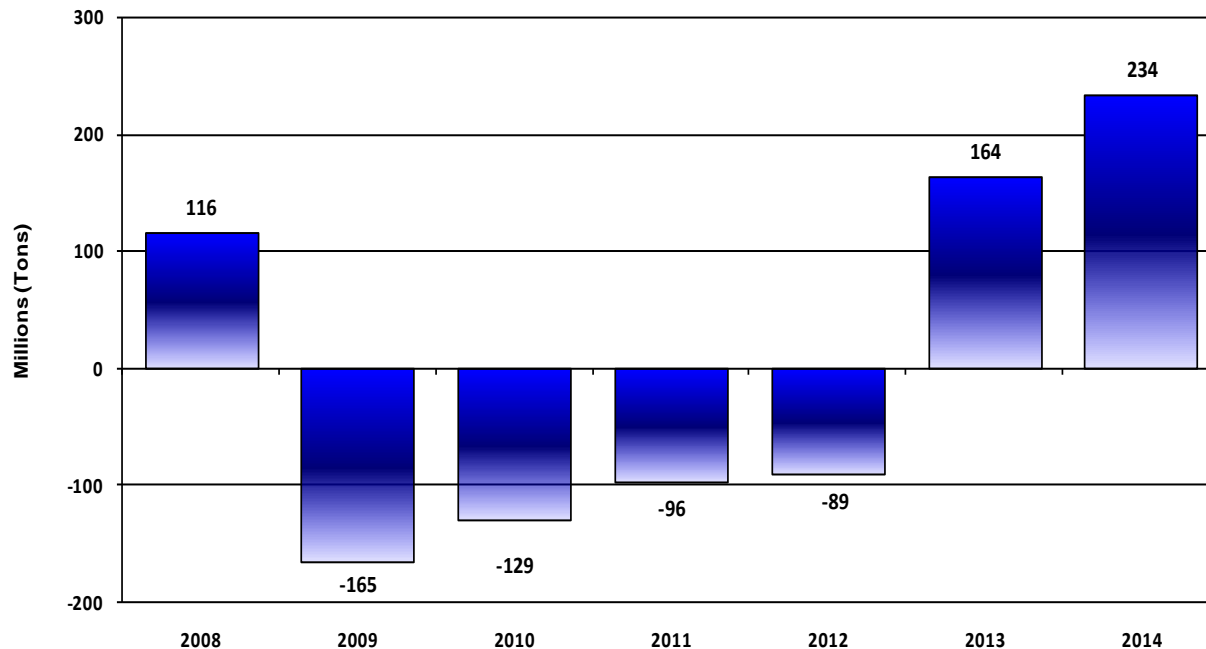


Source: Bloomberg

CER Price Levels

EU Supply and Demand Forecast

EU ETS Supply and Demand Balance
Barclays Forecasted Emissions - Cap



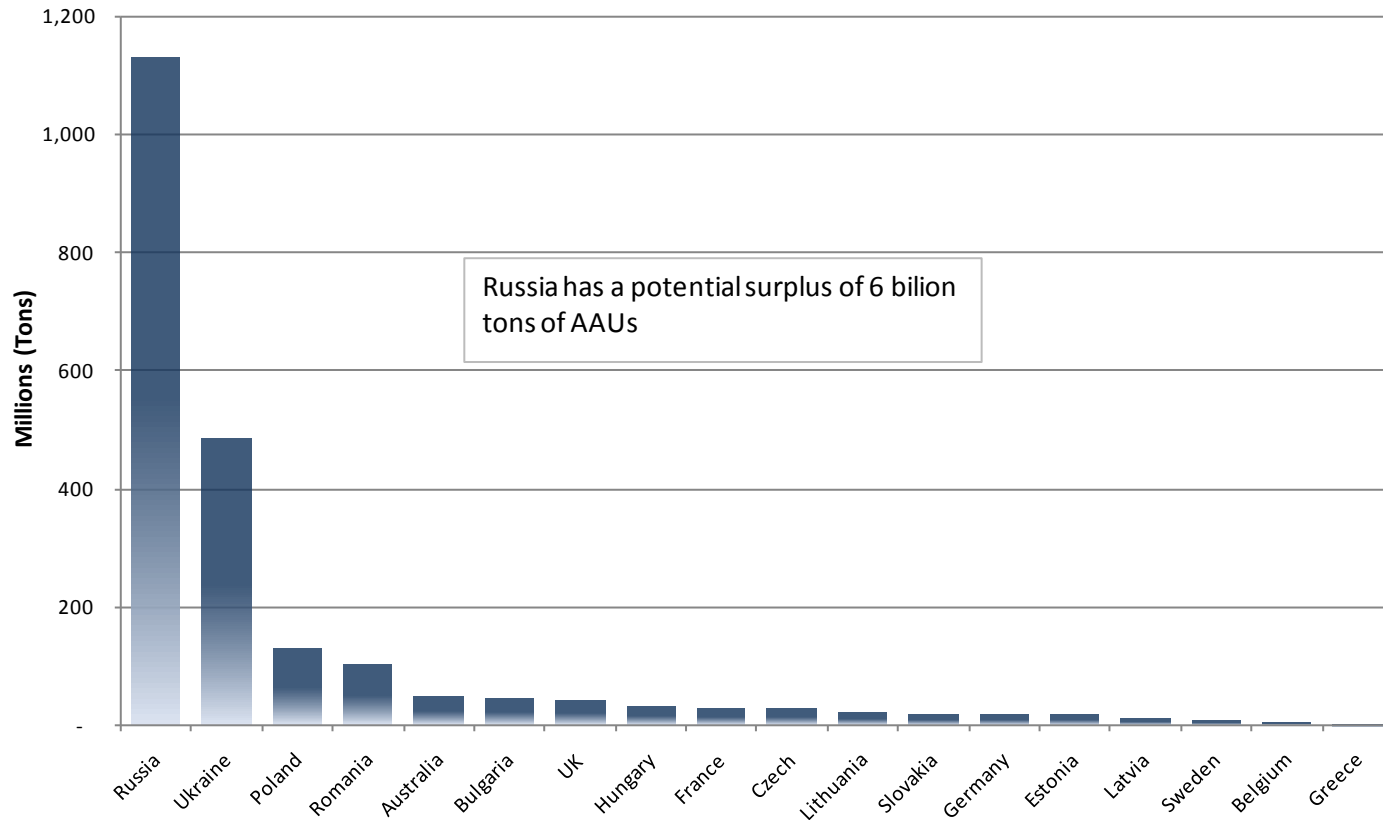
- Analysis forecasts EU emissions minus the cap.
- Negative numbers indicate actual emissions are below the permitted cap, reducing the need for CERs.

CER Price Levels

AAU Surplus

Annual Surplus AAUs

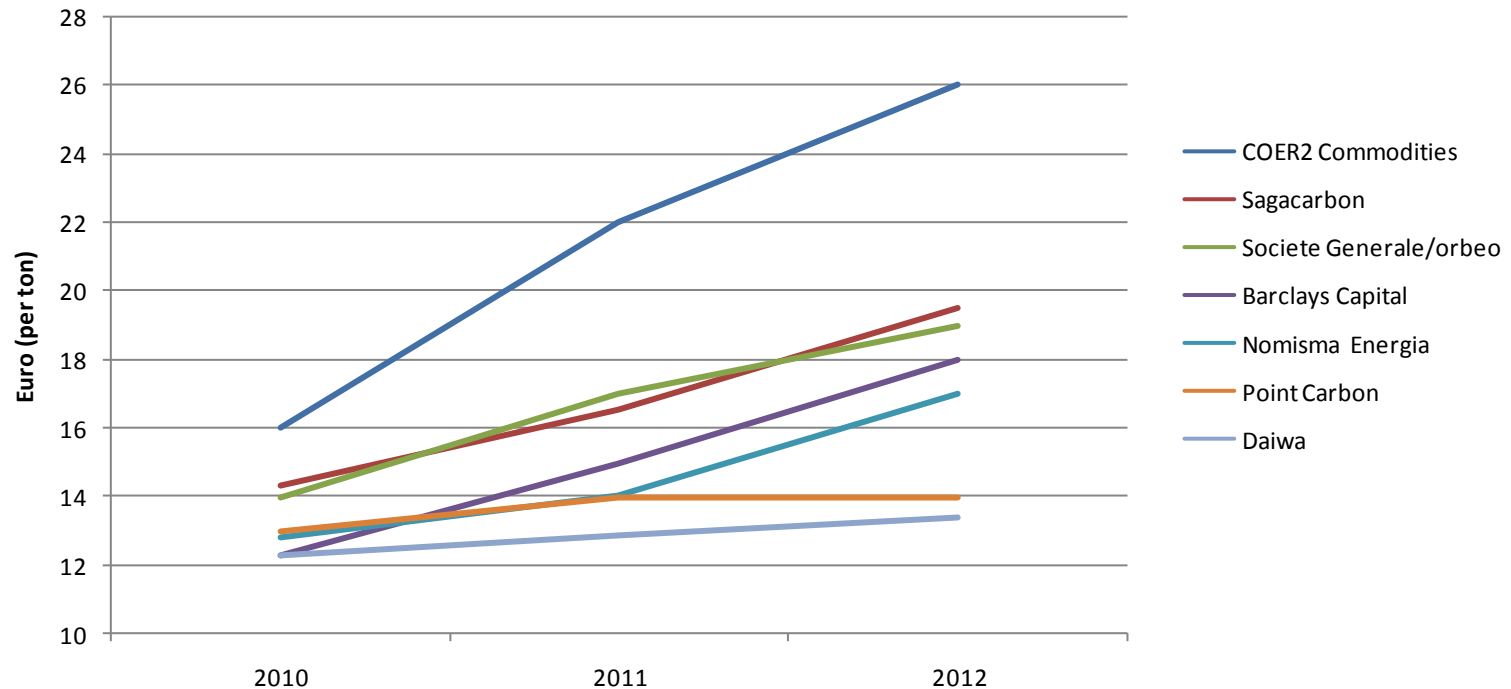
Based on Annual Allocation vs 2007 Actual Emissions (millions)



CER Price Levels

Forecast of CER Prices

Analysts Forecasts CER Prices
As of February, 2010



Source: Reuters

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CER Price Levels

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Update Through March

CER Sale Record

As of March 12, 2010

	Month	Sale Method	Quantity	Weighted Average Price	Total Euro	Actual USD
2009	May	OTC	600,000	12.17	7,300,000	10,290,810
	June	OTC	500,000	11.45	5,730,000	7,954,077
		Exchange	20,000	10.79	215,700	302,455
	July	Exchange	10,000	11.80	108,000 *	150,887
	September	Exchange	70,000	13.37	936,000	1,368,393
	October	OTC	400,000	12.41	4,965,000	7,372,659
		Exchange	80,000	13.67	1,093,900	1,636,002
	November	Exchange	240,000	12.97	3,112,000	4,635,167
	December	Exchange	130,000	12.73	1,654,700	2,417,971
	2010	January	Exchange	160,000	11.58	1,853,400
February		OTC	300,000	11.60	3,480,000	4,760,592
		Exchange	140,000	11.57	1,619,600	2,209,498
March		OTC	1,000,000	12.03	12,025,000	16,373,420 **
		Exchange	40,000	11.78	471,200	640,078 **
Total			3,690,000	12.08	44,564,500	62,743,259 **

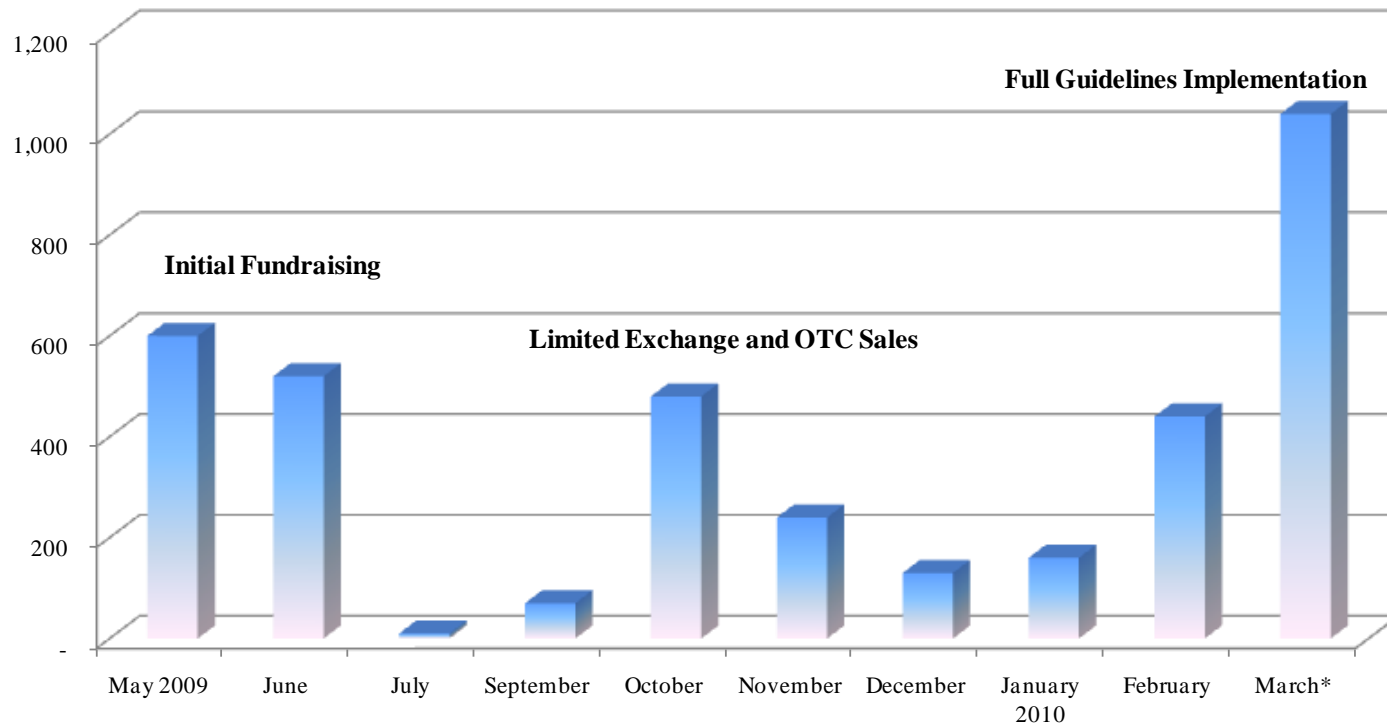
* 10,000 euros were deducted and not converted to USD for BlueNext Fees (left in CDC Account).

** Preliminary US Dollar amount.

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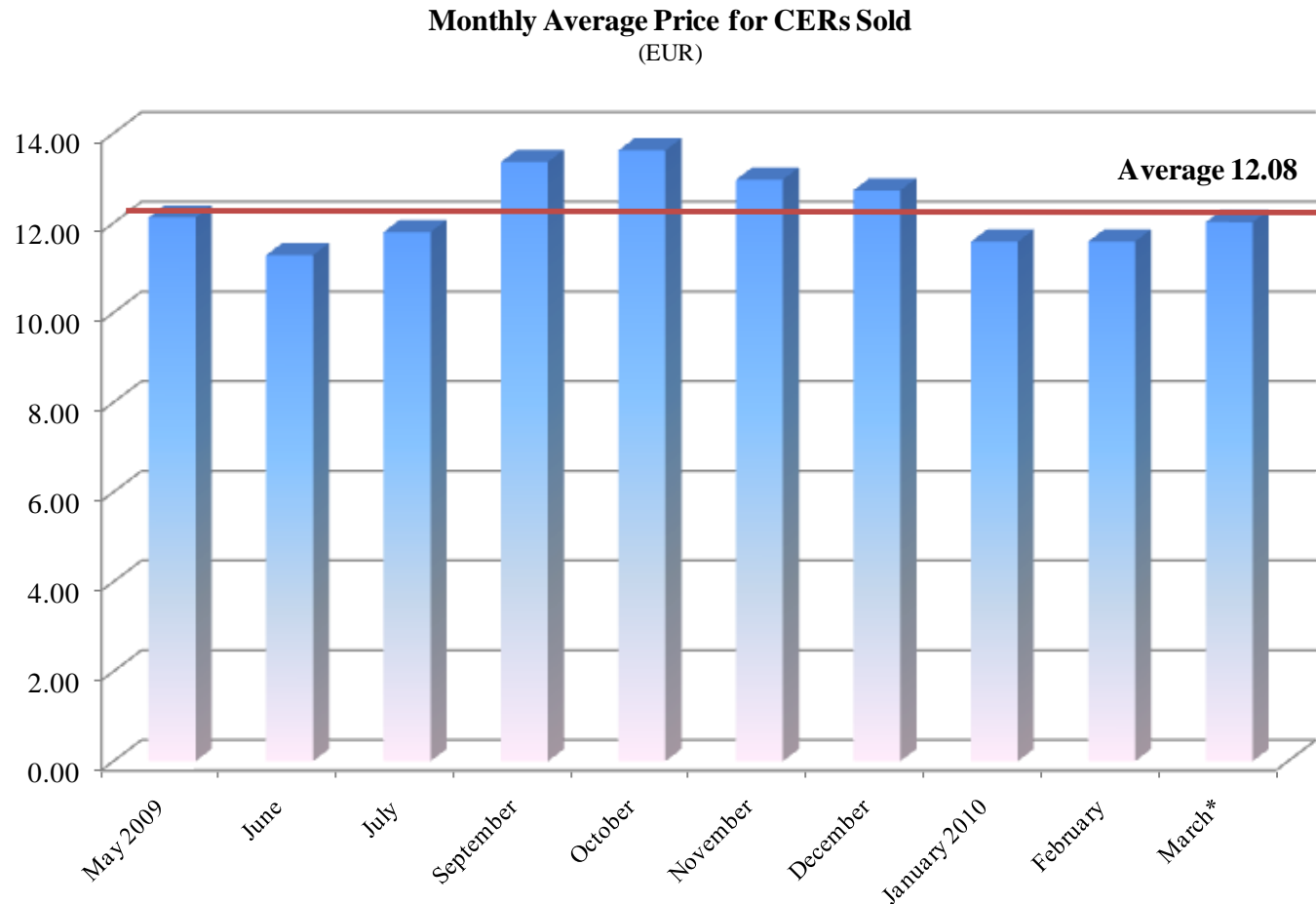
CERS Sold

Number of CERs Sold



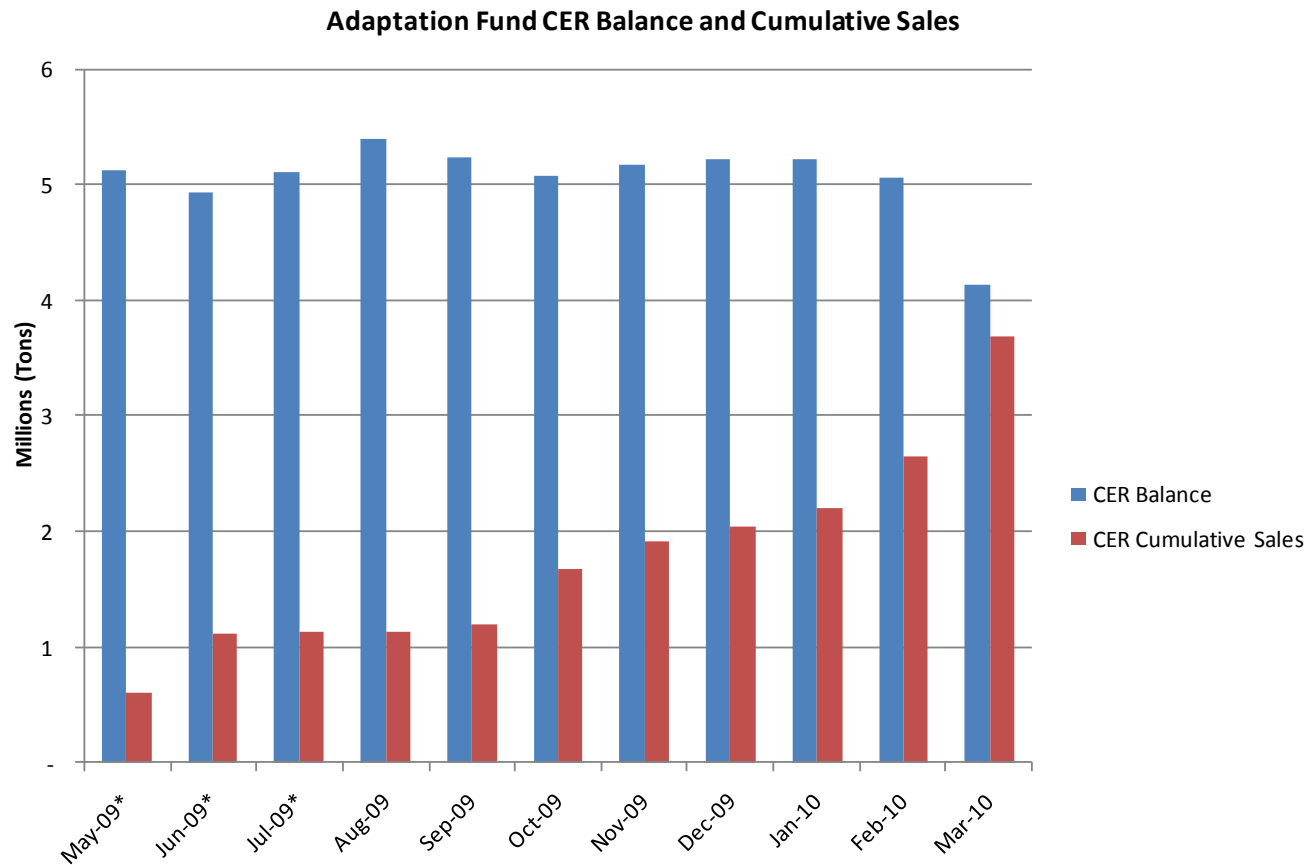
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Average Price Achieved



CER Monetization Program

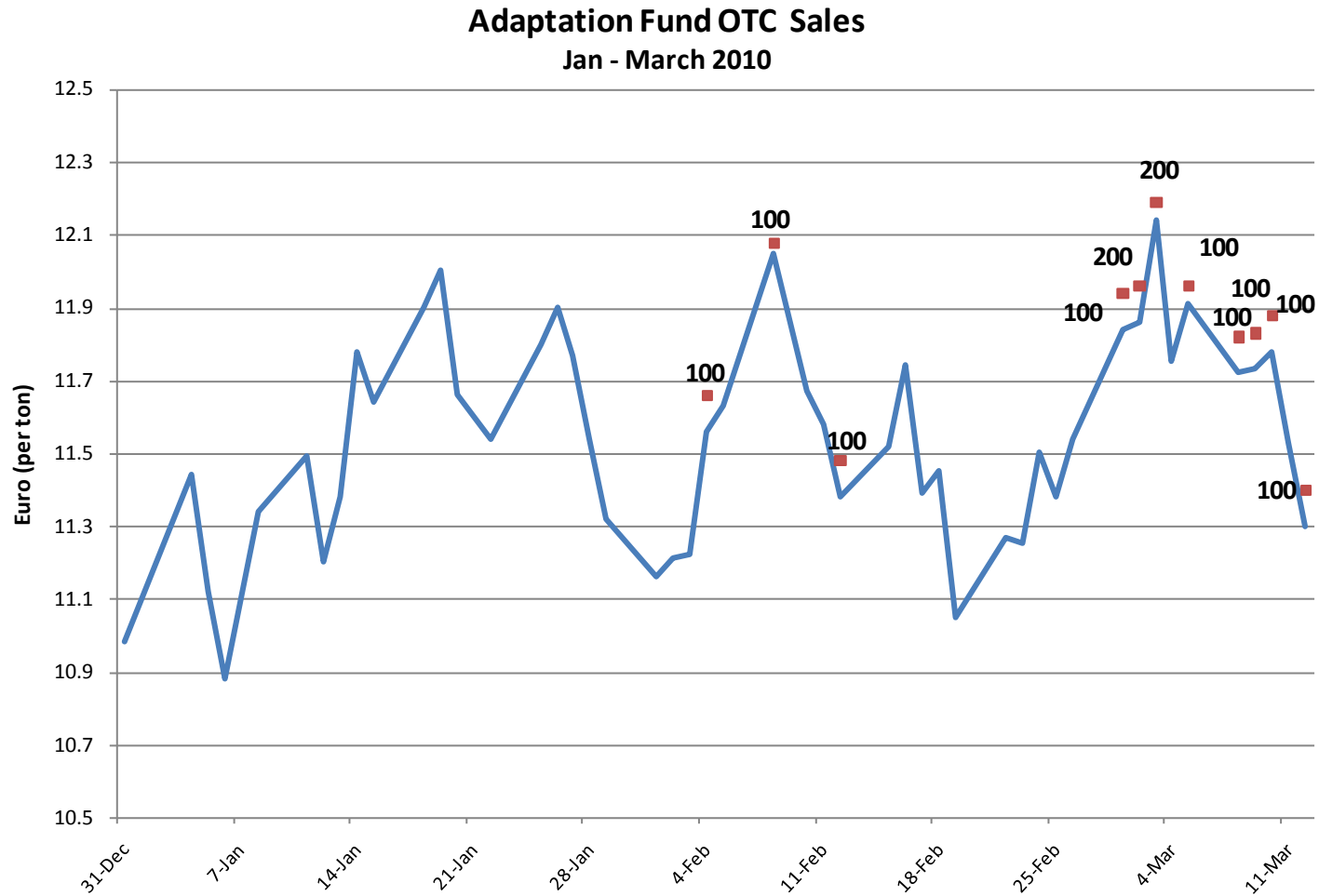
CER Balances and Sales



* CER Balance Estimated

CER Monetization Program

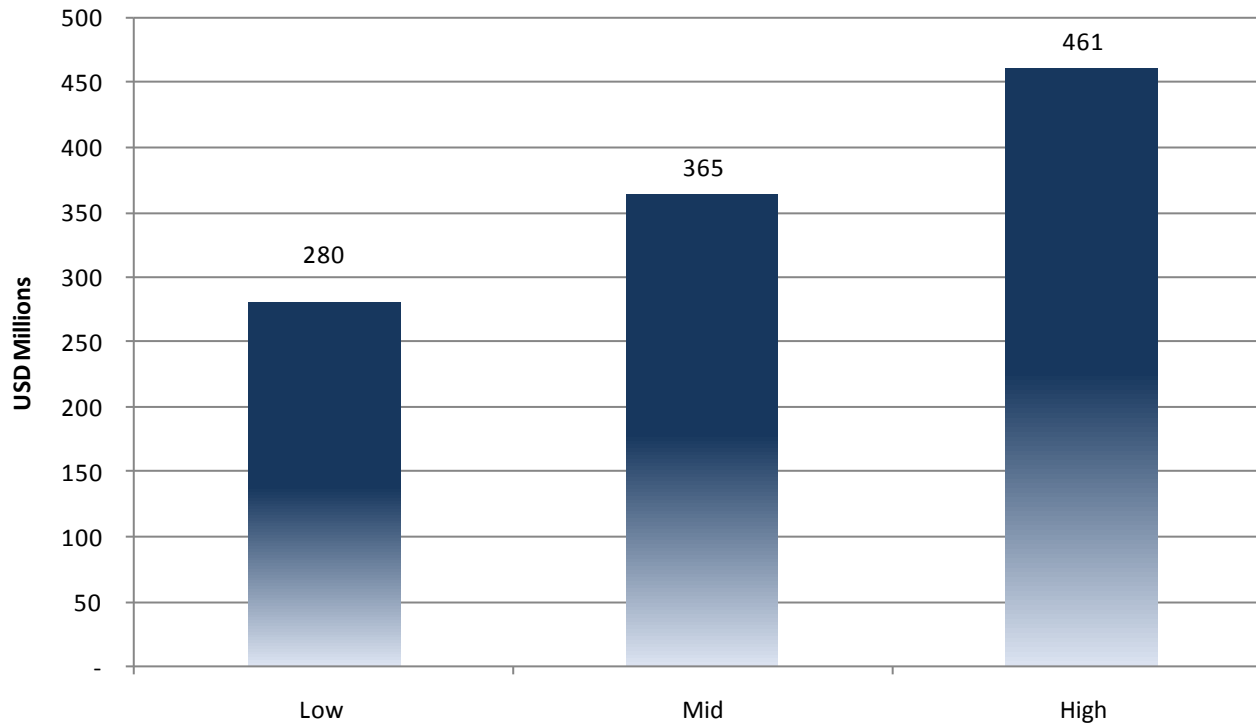
OTC Sales



CER Monetization Program

Potential Resources

Potential Resources from Monetization until end-2012*
(USD Millions)



➤ Latest UNEP forecast is for 1.035 billion tons of CERs produced by 2012.

*Excludes donations, interest income and expenses.