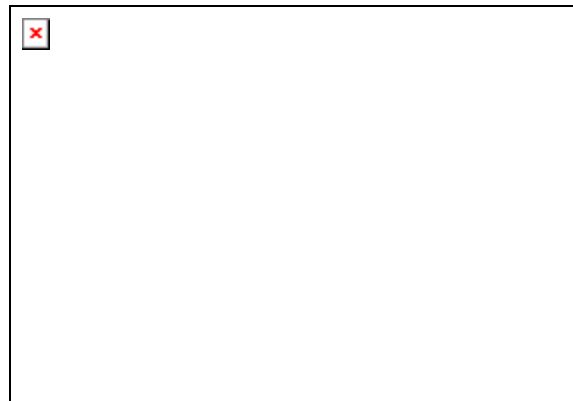


Chicago Climate Exchange, Inc.



William M. Ferretti, Ph.D.
Vice President and Special Assistant to the Chairman

May 7, 2008



What is Chicago Climate Exchange?

A premier and unique financial institution designed to advance business, environmental and social goals.

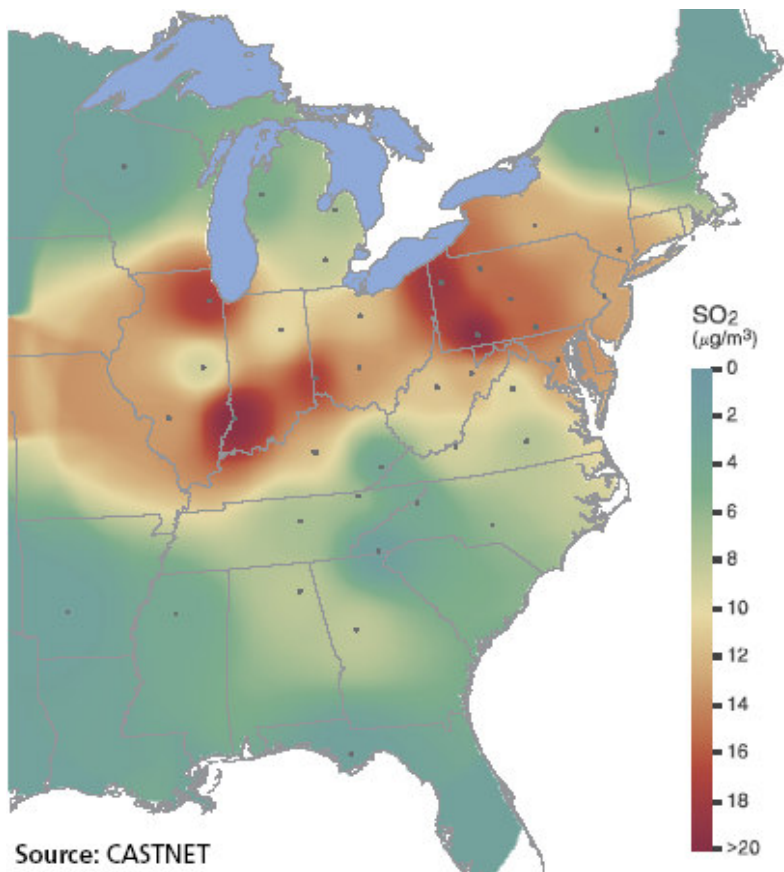
Chicago Climate Exchange (CCX[®]) administers the world's first and North America's only active voluntary, legally binding integrated trading system to reduce emissions of all six greenhouse gases, with offset projects worldwide



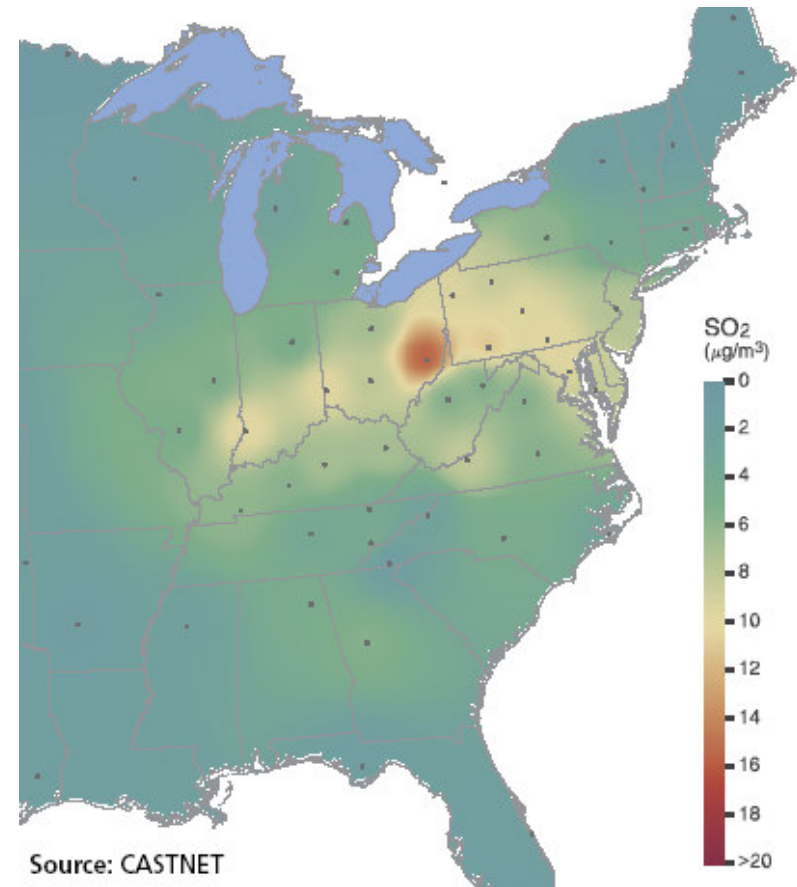
Impact of Trading on SO₂ pollution

Annual Mean Ambient SO₂ Concentration

1989-1991



2004-2006



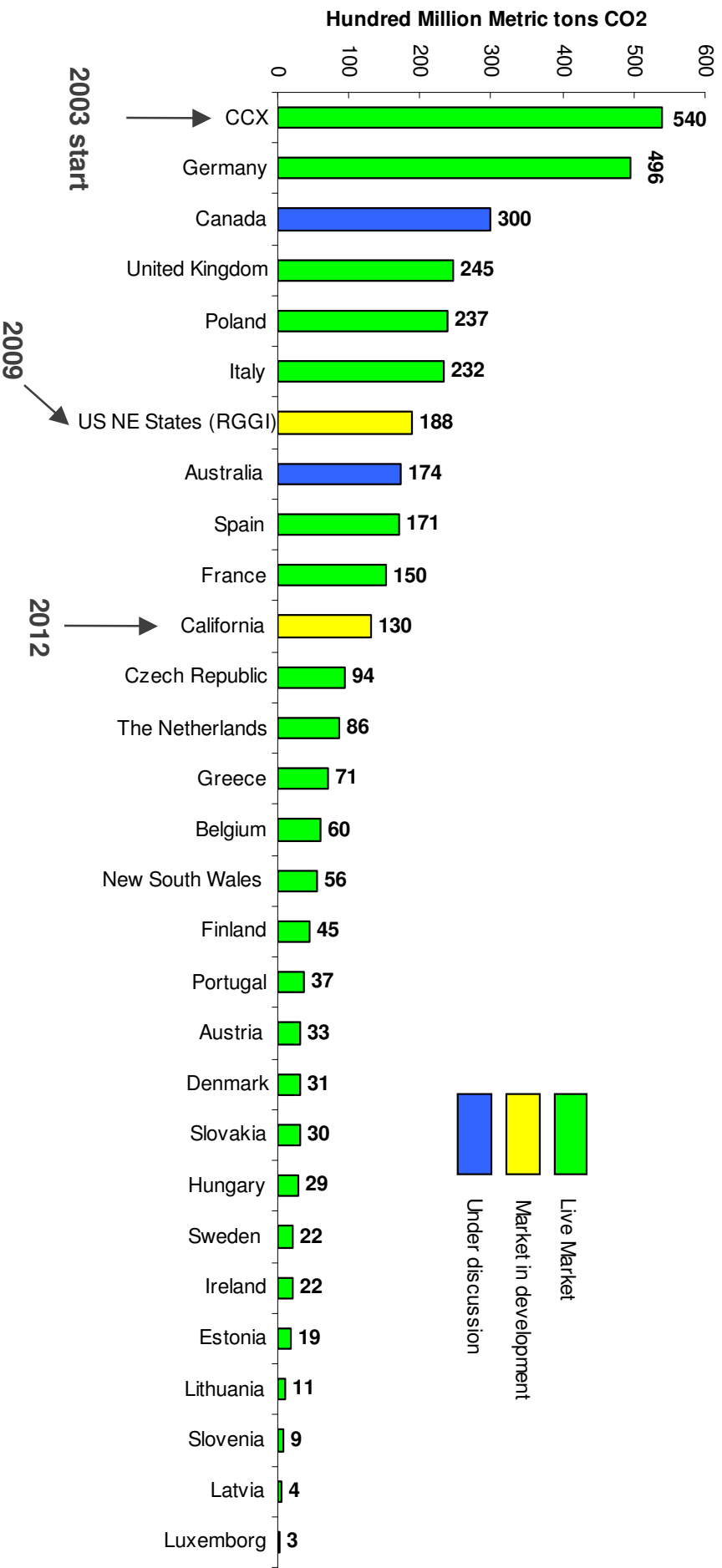
CCX Members are Sector Leaders

A Selection:



CCX Baseline Emissions Greater than Largest EU National Allocation Plan

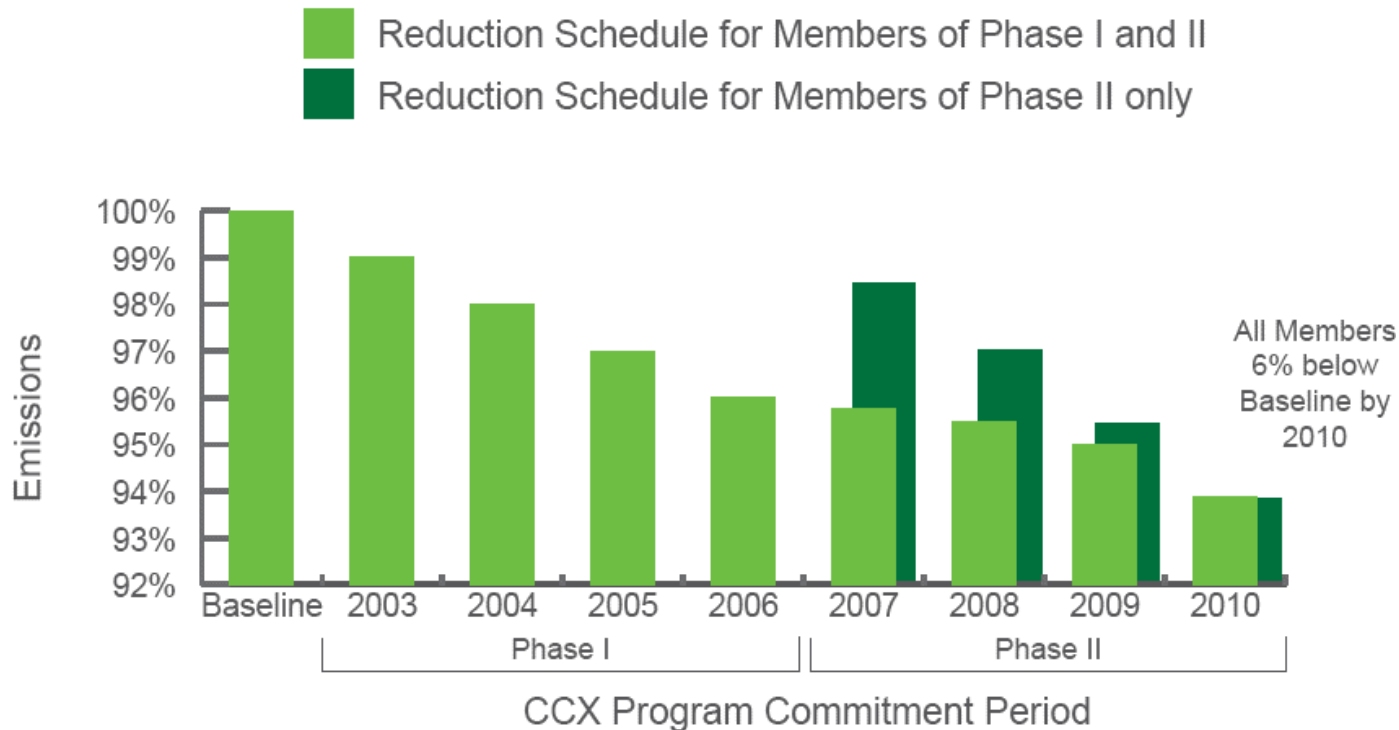
Size of Live, Emerging, Possible GHG Trading Markets



CCX Legally Binding Reduction Schedule For Direct-Emitting Members (2003-2010)

Phase I: Members made legally binding commitments to reduce or trade 1% per year from 2003-2006, for a total of 4% below Baseline.

Phase II: Members make a legally binding commitment to reduce to 6% below baseline by 2010. Baseline = Avg. emissions from years 1998-2001 (Phase I), emissions from year 2000 (Phase II)



CCX is synergistic with and complementary to all emerging policy, precludes none – Whether state, regional, national, voluntary or mandatory.

CCX Emission Offset Projects

Verified Offset projects sequester or eliminate GHGs to earn Carbon Financial Instruments (CFI) sold on CCX electronic platform to CCX membership

Current pre-defined offset types:

- Agricultural Methane
- Landfill Methane
- Agricultural Soil Carbon
- Forestry
- Renewable Energy
- Coal Mine Methane
- Rangeland Soil Carbon
- Ozone Destruction
- Others in development

Independent verification required by authorized entities: SGS, DNV, First Environment, BvQi



Minnesota dairy farmer receives first check from sales of CCX Offsets for methane destruction (Approx. \$10k for 1 year)

Why Members Join

- To create shareholder value
- To manage risk
- To demonstrate corporate and environmental transparency
- To obtain first-mover advantage in emissions trading
- To get ahead of policy
- To inform policy design

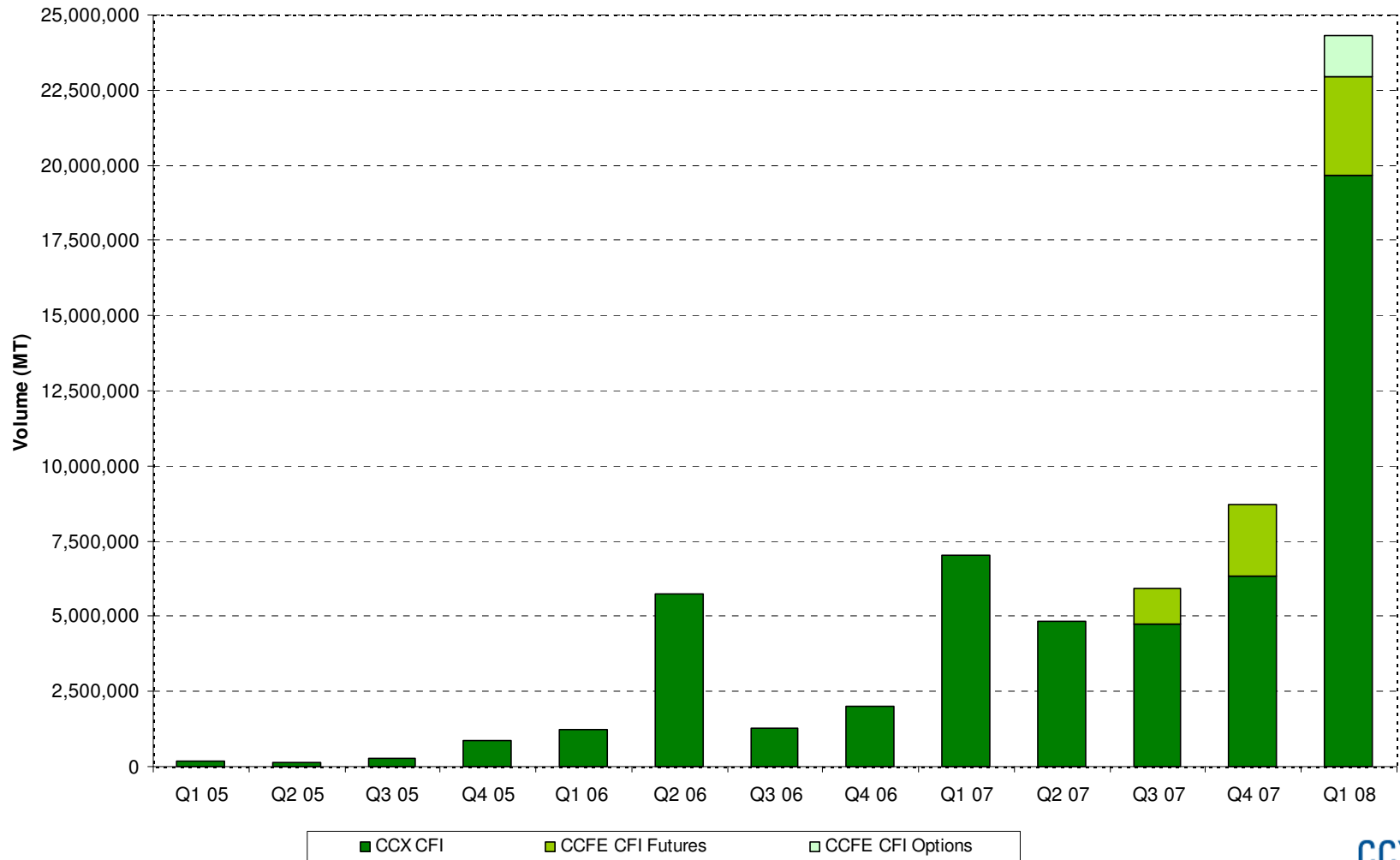


The CCX System Works

- Total CCX baseline now represents more than 16% of total, large U.S. stationary GHG sources (575 million metric tons)
- 2003 – 2006 actual reductions (direct emissions) = 12% vs. required reductions of 4%
 - more than 180 million tons of greenhouse gas reduced
- Trading volumes growing exponentially



CCX Quarterly Volume



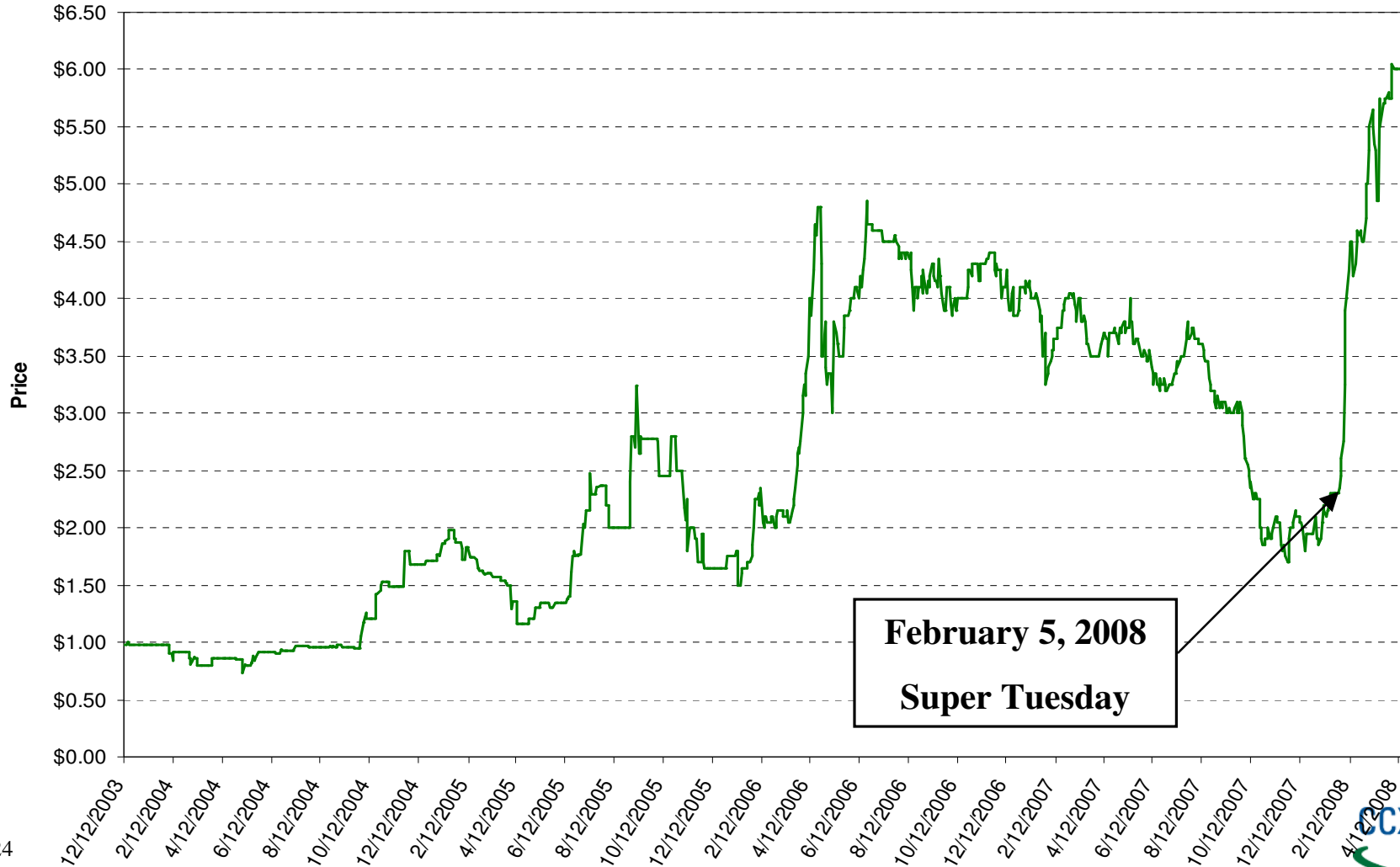
The Role of Price Discovery

- To stimulate inventive activity
- To reorganize corporate financial decision-making
- To monetize hidden assets



CCX CFI Prices

CCX Historical Price (Vintage 2003)



Recycling & Carbon Emissions Trading

- Industrial emissions reductions
 - Substituting secondary for virgin materials as inputs
 - Reduced fossil fuel or energy use?
- Offsets
 - Avoided methane production
 - Other?



Carbon Emissions Trading is Here

- There is a clear business case for being in the market today
 - Risk management
 - Revenue opportunity
 - Reputational gain
- Federal mandate is coming
 - Get ready
 - Credit for early action included in all major bills
 - Membership in CCX = pre-compliance with anticipated federal law
 - Hedge against the future

