



Chicago Climate Futures Exchange CFI Futures

Chicago Climate Futures Exchange® (CCFE™) Carbon Financial Instrument® (CFI™) futures contracts on Chicago Climate Exchange® (CCX®) CFI contracts offer market participants a low cost, transparent and standardized avenue to hedge against price fluctuations in the growing CCX greenhouse gas emissions market.

CCFE, the world's first specialized derivatives exchange for environmental financial products, offers risk management and trading opportunities in the growing area of environmental commodities.

CCFE marketplace offers:

- » Access via electronic trading platform
- » Standardized contracts
- » Low transaction costs
- » Transparent prices
- » Financial guarantee
- » Regulated by the Commodity Futures Trading Commission
- » All CCFE products cleared by The Clearing Corporation (CCorp)

What is the Chicago Climate Exchange (CCX)? Who participates in the CCX market?

CCX is North America's only, and the world's first integrated greenhouse gas (GHG) emission registry, reduction and trading system. CCX offers entities a voluntary but legally binding program to reduce and trade all six GHGs. The underlying size of registered GHG emissions in CCX is over 400 million metric tons of carbon dioxide. In terms of registered emissions, CCX is the second largest live carbon market in the world. The CCX market is regulated by FINRA (formerly called the NASD). For more information, visit www.theccx.com.

What are CCX CFI contracts?

CCX CFI contracts are standardized tradable instruments, issued by CCX, representing 100 metric tons of CO₂ equivalent. CCX CFI contracts are issued across all six greenhouse gases and span emission reduction activities worldwide. Emissions of non-CO₂ GHGs are converted to metric tons CO₂ equivalent using prescribed conversion factors that reflect the global warming potential of the GHG. CFI contracts are comprised of Exchange Allowances and Exchange Offsets. Exchange Allowances are issued to emitting Members in accordance with their Emission Baseline and the CCX Emission Reduction Schedule. Exchange Offsets are generated by qualifying Offset Projects, including but not limited to: energy efficiency, renewable energy, biological sequestration and methane destruction. CCX CFI contracts, irrespective of source, may be used for meeting CCX reduction targets by CCX Members.

What causes price movements in CCX CFI contracts?

CCX CFI contract prices are affected by a variety of variables, ranging from long run system factors such as GHG policy and regulatory developments, advances in GHG reduction technology, etc., to short run factors such as weather (heating and cooling degree days) and relative price of fossil fuels. CCX Members who have undertaken the annual emission reduction commitment also have a need to reduce their emissions (or purchase CCX CFI contracts from other Members) each year. Despite being a novel commodity, the CCX market has been growing by about 85% annually and has traded more than 30 million metric tons of carbon since its inception. The CCX Membership has attracted a variety of financial players and corporate businesses who see financial value in carbon. Information on CCX market price history may be downloaded from www.theccx.com/market/data/summary.jsf.

Why should I trade CFI futures contracts?

The CCX market presents significant price risk that warrants use of hedging tools and offers attractive opportunities for traders. The aggregate allocation of emission allowances each year is set by CCX reduction targets and Membership. For any level of aggregate supply, the factors that cause GHG emissions to rise cause consumption of allowances to rise. This can mean an increase in the need to purchase allowances by CCX emitting Members who have not met the reduction commitment, and can also reduce the quantity of allowances available for sale by Members. In addition, CCX CFI contract prices are influenced by relative prices of fossil fuels (i.e., natural gas, crude oil, coal) and factors such as weather. Innovative hedging opportunities for participants who trade in these energy complexes may exist. Investing in carbon and GHG reductions is also emerging as a new asset class for socially responsible investing initiatives.

What is CCFE?

CCFE, a wholly owned subsidiary of CCX, is a CFTC designated contract market that offers standardized and cleared futures and options contracts on emission allowances and other environmental products. Products offered by CCFE include derivative contracts on sulfur dioxide and nitrogen oxide emission allowances issued by the United States Environmental Protection Agency and futures contracts on the WilderHill Clean Energy Index (ECO). Additional information about CCFE is available at www.ccfec.com.

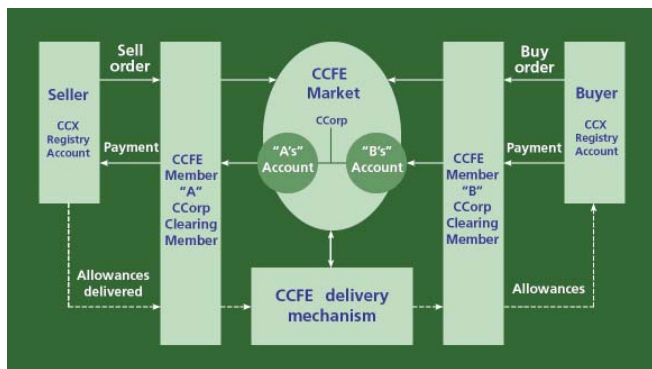
How can I take delivery of CFI futures contracts?

In order to make or take delivery of CFI futures contracts, Clearing Members, Trading Privilege Holders and other market participants must be Members of the Chicago Climate Exchange, Inc. (CCX) with CCX Trading Platform eligibility and have an established CCX Registry Account prior to the expiration of any CFI futures contract. The delivery process is illustrated below.

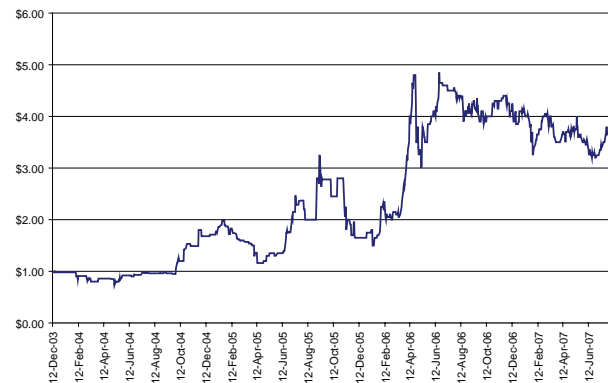
CCFE CFI Futures Contract Specs

Ticker Symbol	CFI-PD
Contract Size	1,000 metric tons of CO ₂ equivalent (10 CFI contracts)
Quotation	U.S. dollars
Minimum Tick Increment	\$0.01 per metric ton (equals \$10 per contract)
Contract Life Cycle	6 consecutive quarterly contracts on Mar-Jun-Sep-Dec cycle; front three serial calendar months; annual Dec contracts through 2010
Deliverable Instruments	CCX CFI contracts equal to the contract size. CFI contracts acceptable for delivery are those having a vintage corresponding to the calendar year of the expired contract and allowances having a vintage of any year prior to the calendar year of the expired contract.
Trading Hours	7:00 A.M. – 3:00 P.M. U.S. Central Time

Delivery Process for CCX CFI Futures



CCX CFI 2003 Vintage Price History (\$ per metric ton)



CCFE Clearing Firms (As of 8/1/07)

ADM Investor Services Inc.
 Barclay's Capital Inc.
 Bear, Sterns Securities Corp.
 Calyon Financial Inc.
 Credit Suisse Securities (USA) LLC
 Fimat USA, LLC
 Fortis Clearing Americas LLC

Goldman Sachs & Co.
 JP Morgan Futures Inc.
 MF Global Inc.
 Merrill Lynch, Pierce, Fenner & Smith, Inc.
 Prudential Bache Commodities LLC
 UBS Securities LLC

How to trade at CCFE

Traders need to apply to become a Trading Privilege Holder or establish an account with a CCFE clearing member firm (listed above) in order to trade CCFE products. Please contact CCFE market personnel with additional questions:

Michael MacGregor: (312) 229-5122

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