

Merrill Lynch Commodities Europe

Presentation:

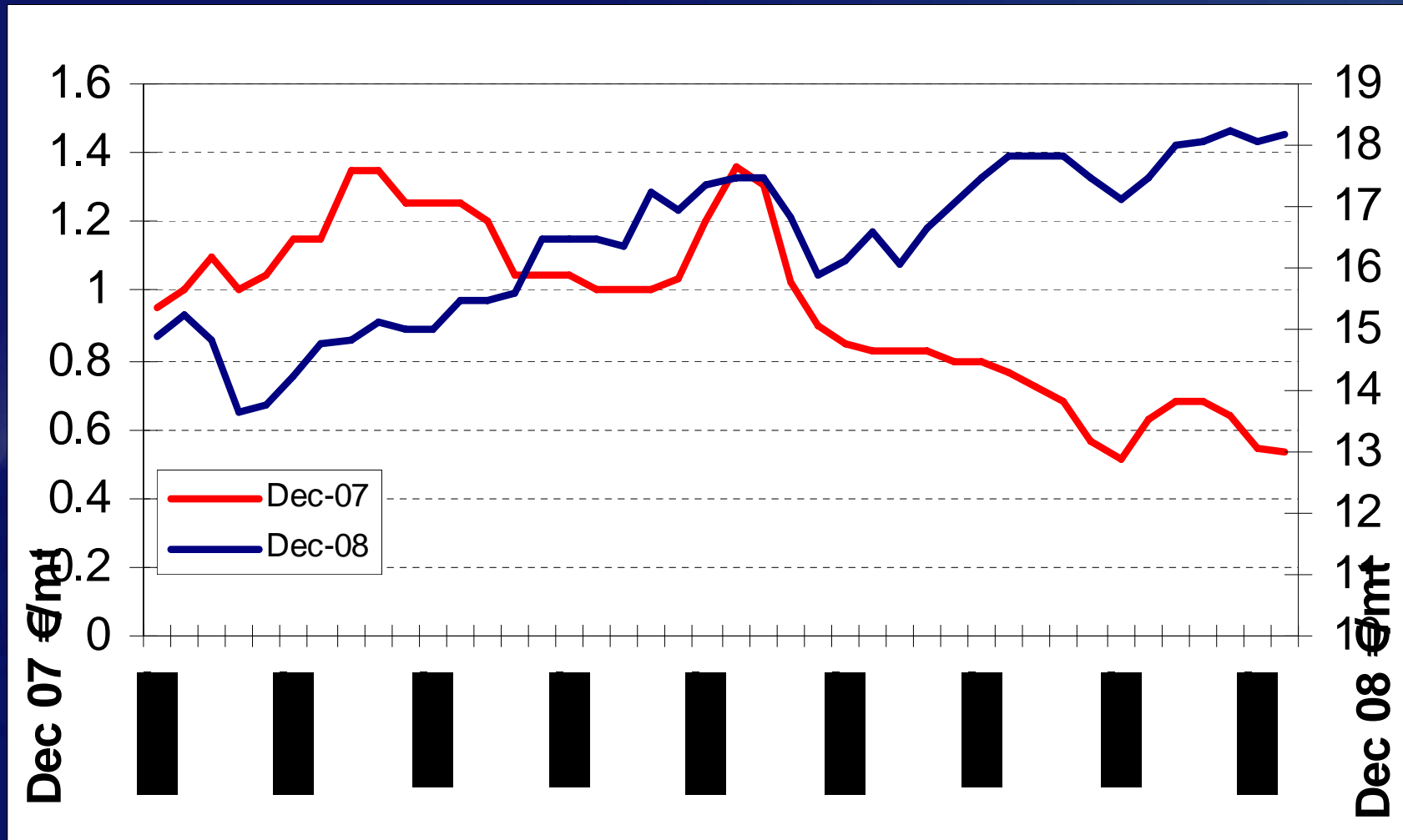
Cross commodity pricing dynamics and sectoral hedging strategies

3 May 2007

Questions

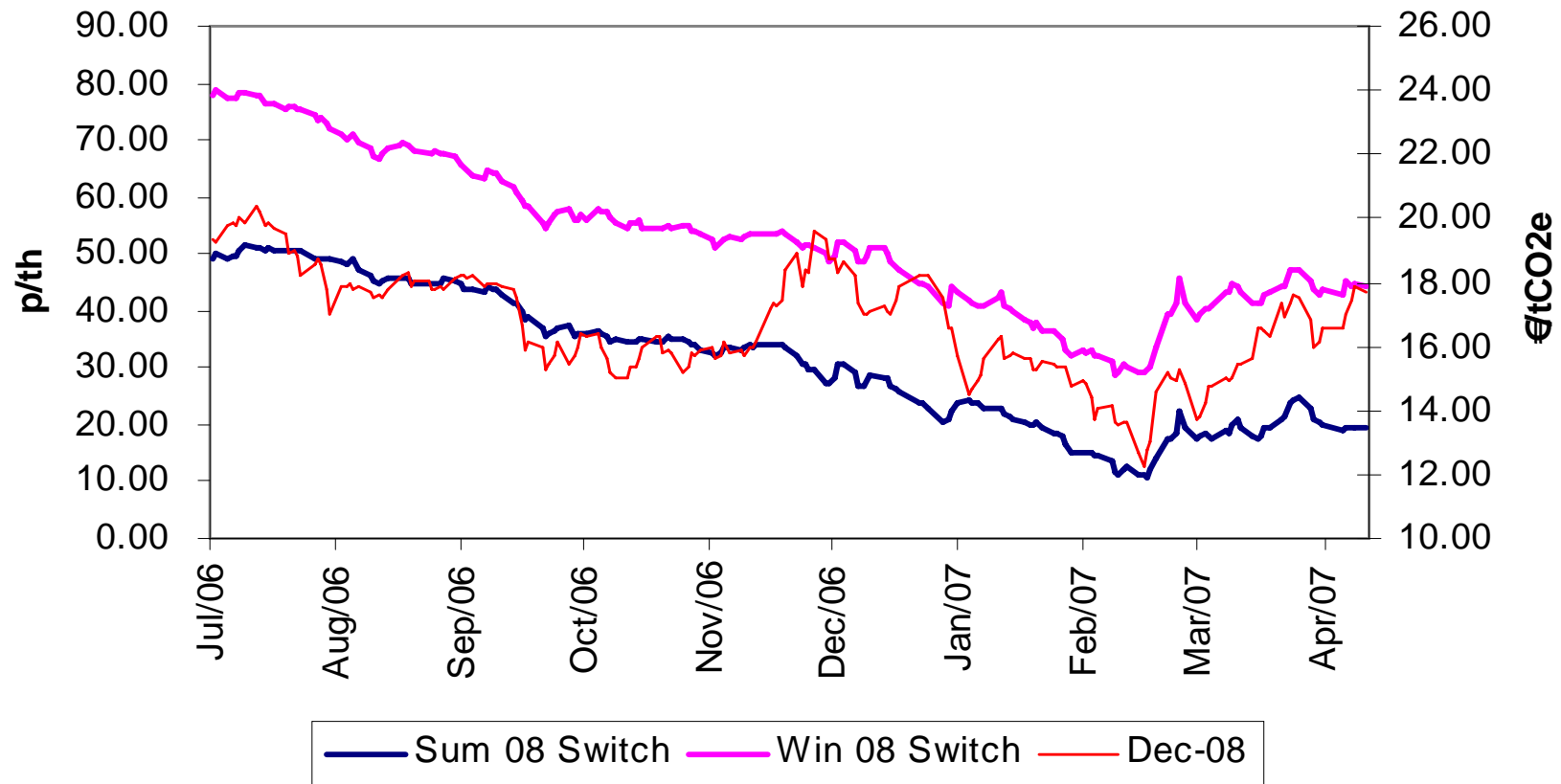
- Has all the compliance buying for Phase I been completed and is a price of €0.50 sufficient to bring the sellers to market?
- What is the relationship between UK gas prices and the price of Phase II EUAs?
- Do German power prices drive EUA prices or EUA prices drive German power prices?
- Will the CER/ERU market become detached from the EU ETS?

Phase I and Phase II EUAs

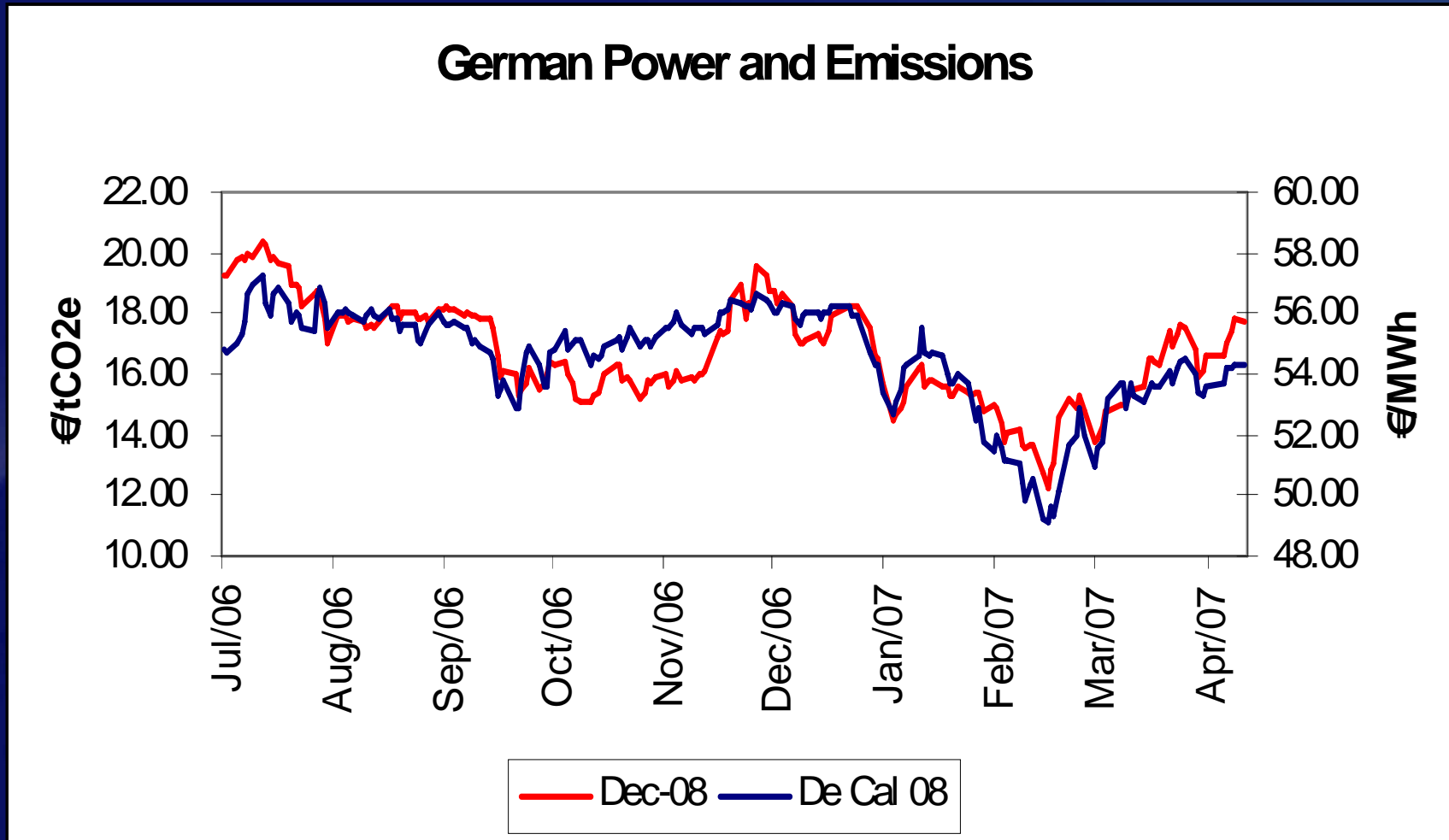


UK Gas and EUAs

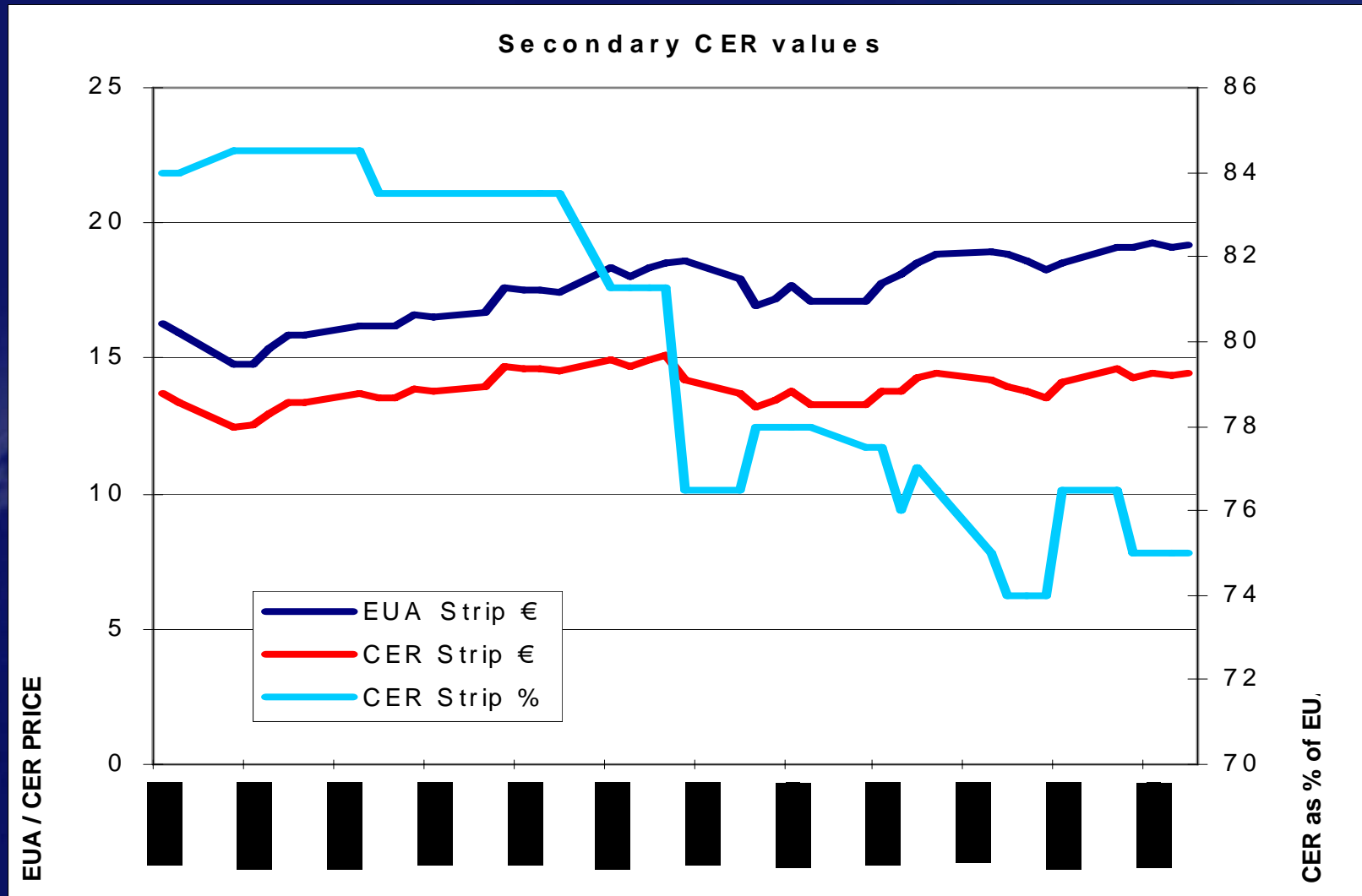
Historic Coal to Gas Switch



German Power and EUAs



CERs and EUAs



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