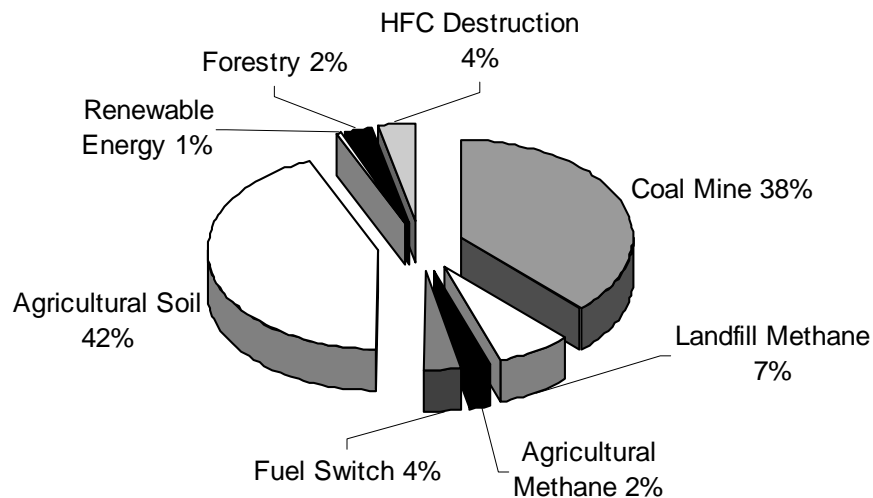


now a number of aggregators providing services to farmers, ranchers and foresters across the country. The total number of offsets registered on the exchange is now greater than 18 million. Agriculture has provided nearly half of these offsets. The following graph illustrates the breakdown of credits by source as of September 2007.



Simply having a greenhouse gas emission reduction does not necessarily mean that someone will be granted a carbon credit. An individual with an emission reduction must go through the following steps to turn a qualified emission reduction into a carbon financial instrument. The project must undergo an eligibility assessment, protocol compliance, monitoring, verification, reporting and registration. After completing all these steps, the project may be registered on the CCX and be issued carbon financial instruments. These instruments become the vehicle for trading on the exchange. As a CCX-registered aggregator, we take projects from entities that are too small to deal directly with the exchange through this process.

The market for carbon credits trades daily. The carbon financial instruments are registered by the year in which the emission reduction takes place. This is called the "vintage" of the credit. Earlier vintage credits can be delivered against sales of later vintage credits. Bids and offers are placed on the electronic exchange platform of the exchange. The following graph shows prices for the 2006 vintage credits for the past 4 years.

ⁱ AgraGate currently has greenhouse gas offset projects enrolled from the following states: Alabama, Arkansas, Colorado, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas and Wisconsin.

ⁱⁱ The CCX is a greenhouse gas emission reduction and trading pilot program for emission sources and offset projects in the United States and for offset projects in Brazil. CCX members have made voluntary, legally binding commitments to reduce their emissions of greenhouse gases by 6 percent below their 1998-2001 baselines by 2010. They can meet their compliance commitments in three ways: by internal emission reductions; by purchasing credits from other CCX members who have exceeded their required reductions; or by purchasing offsets such as those aggregated from agricultural and other sources. Purchased offsets cannot be used for more than 50 percent of a CCX member's reduction commitment.