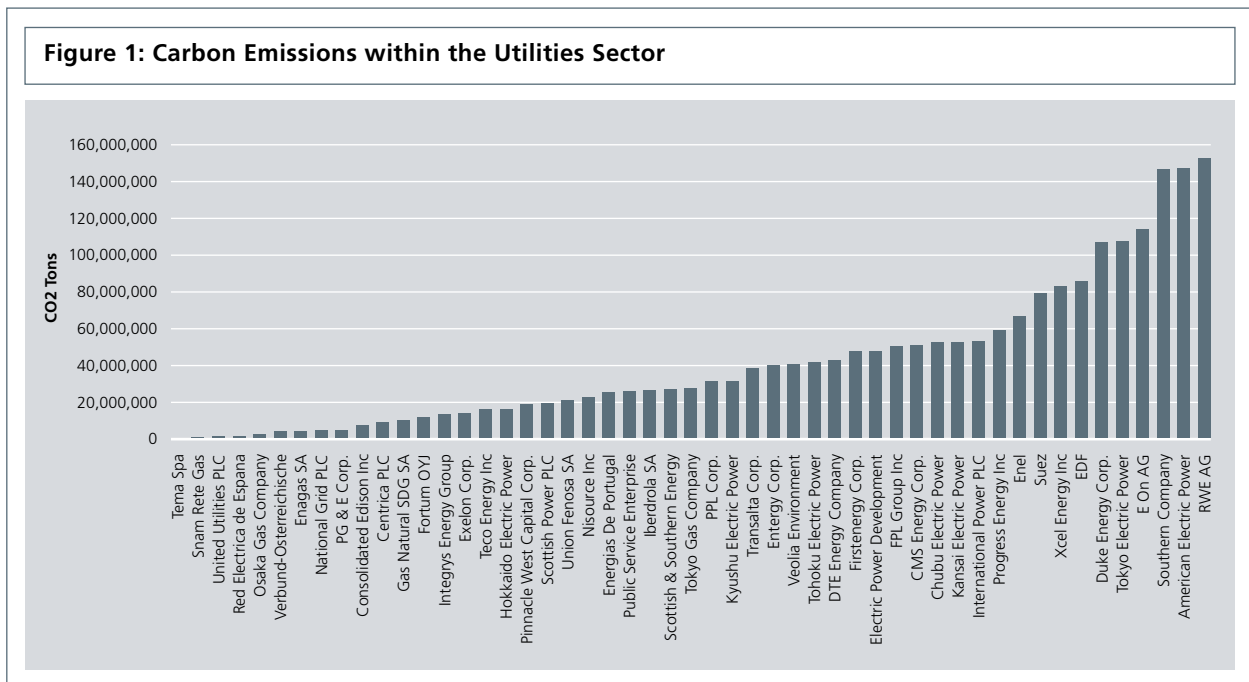


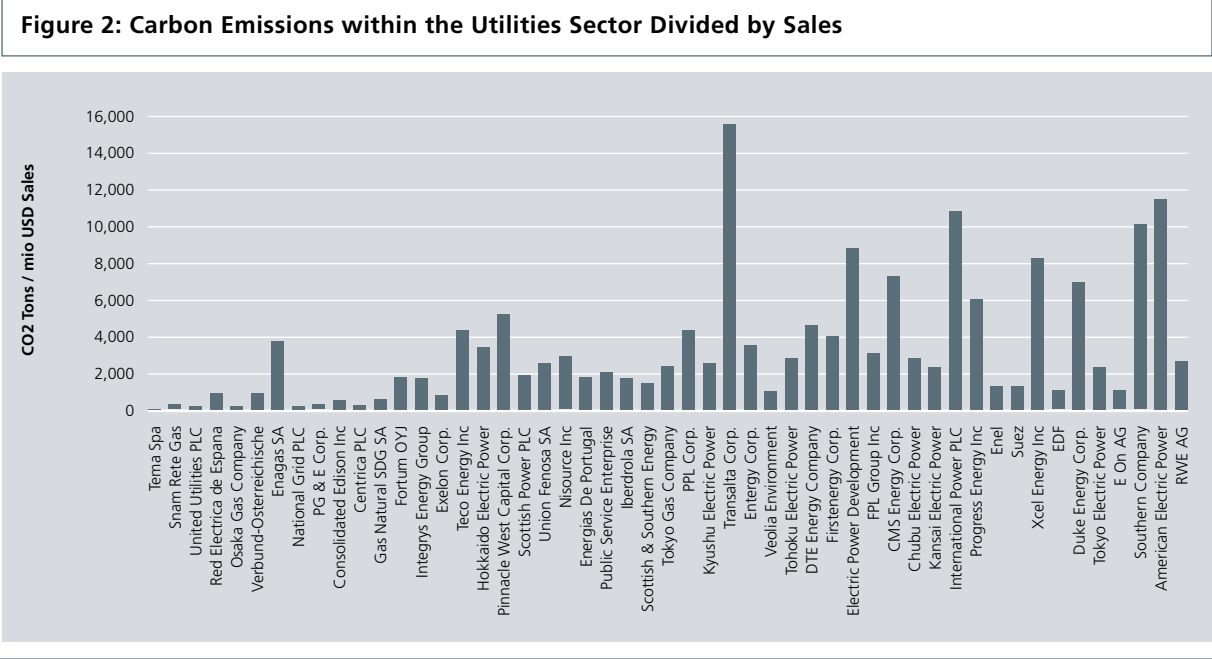
Carbon Emissions and Their Possible Impact on the Utilities Sector

When examining carbon emissions across a sector, it is helpful to visualise the information in a variety of ways in order to produce some very interesting comparisons that may be useful in evaluating corporate performance. In the example below, we focused on the Utilities sector and used the *assetmasterProfessional™* Excel Add-In to import the carbon emissions data from companies directly into an Excel spreadsheet from which we generated the graphs.

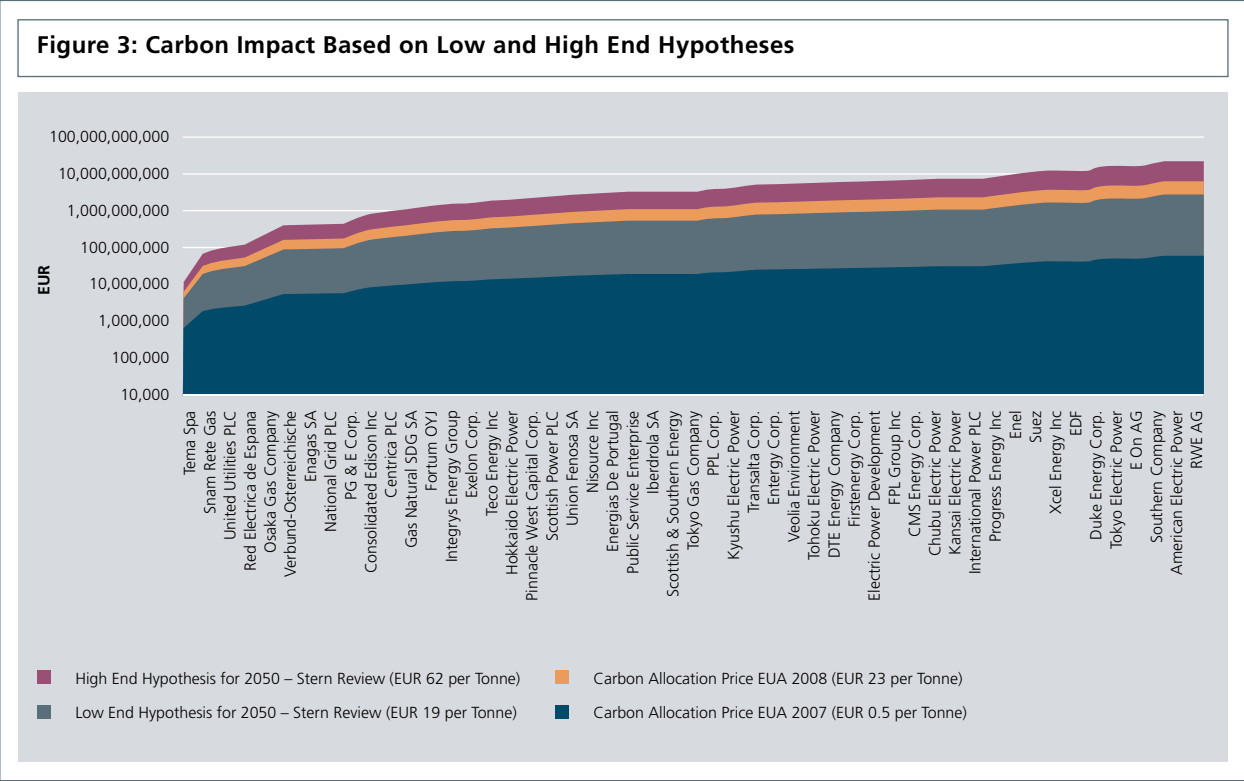
In the first figure, we have simply graphed the amount of carbon emissions each of the utilities produces, as reported by the companies.



In order to obtain a view of potential carbon liabilities, it is useful to view the data in the context of the relative sizes of the companies by controlling for sales. The second graph illustrates tons of carbon emissions per million U.S. dollars of company sales.



The last graph shows the absolute value of CO2 emissions according to several projections of the future price of CO2. One can measure the total value of CO2 for each company by multiplying the amount of carbon emitted by the projected cost per tonne. Given that the market is still under development, there exists a broad range of estimates for the projected price of carbon. For example, in the EU, carbon prices have traded as low as 0.50 Euro per tonne in 2007 and are currently trading at around 23 Euro per tonne – clearly, a significant change in the impact to each company. Another estimation of the impact from the *Stern Review: The Economics of Climate Change* defined a range with a low end of 19 to a high end of 62 Euros per ton. Figure 3 reflects these four separate cost hypotheses.



Each of these graphs is a simple example of the type of analysis that you can perform with the ASSET4 system and its objective, comprehensive and systematic data.