



Would you like to clear your energy trading lines?

Credit Where Credit is Due

The global energy sector is now a volatile and punishing marketplace. Future energy prices are highly uncertain with commodity shortages likely. Going forward, energy firms are exposed to a series of high impact events whose magnitude and frequency are likely to increase in the future. Although energy risks may be uncertain, we firmly believe that they are not unimaginable or unmanageable: Center provides a proprietary financing and settlement solution to manage energy trading credit risk on a range of commodities.

How does it work?

It is simple: if trader A has an out of the money position; his counterpart trader B is more than likely to ask for a letter of credit or cash to cover his position. Trader A enters a confirmed payable into the Center system. If trader B has full credit lines and wishes to trade; he can discount trader A's payment instruction through Center's capital market programs to obtain cash at a highly competitive discount, while clearing valuable trading credit lines. As the market changes, Center independently monitors the credit limits while reconciliations can occur effortlessly through Center's payment system. Even if a counterparty is cash rich and happy to post cash margin, by using the system they can improve their working capital and bottom line.

How does the independent MTM work? Center Energy Finance independently reports and monitors the credit position of the portfolios, while the proprietary financing structure allows for credit management of energy traded positions as well as financial market investment in the positions and/or the trading counterparts themselves.

This concept originally evolved from a financing solution initially developed by Citibank and SAP and is now owned by a USA company called Orbian. This solution has a technology platform that unites the buyer and suppliers, and the financing source electronically and provides financing triggers based on one or several supply chain events. In short this is a payment platform that can allow financial markets to invest in the credit/payment risk of companies every day trading. Most importantly it can be a gateway to dissipate the credit risk in commodity trading in to the global financial markets.

This structure also has a specific investor market and it does not affect existing banking lines, over \$22bn has been serviced to date with settlement 100% error free.

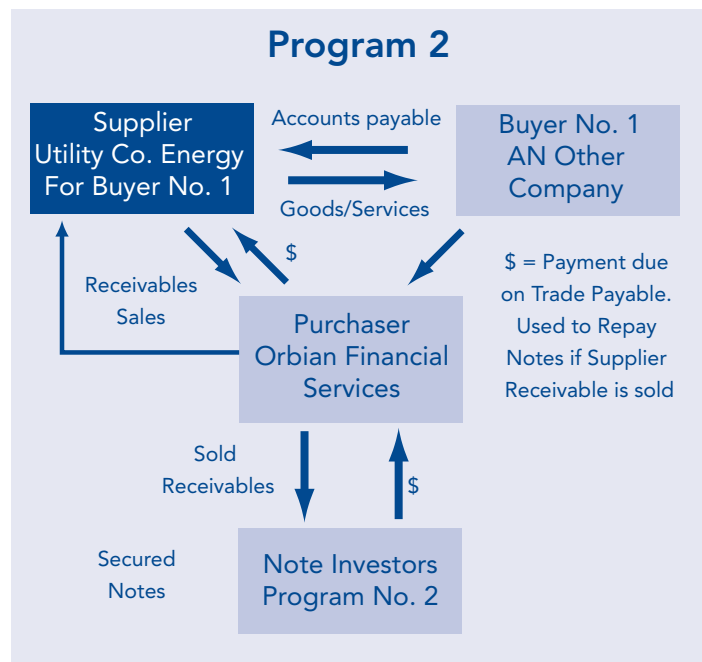
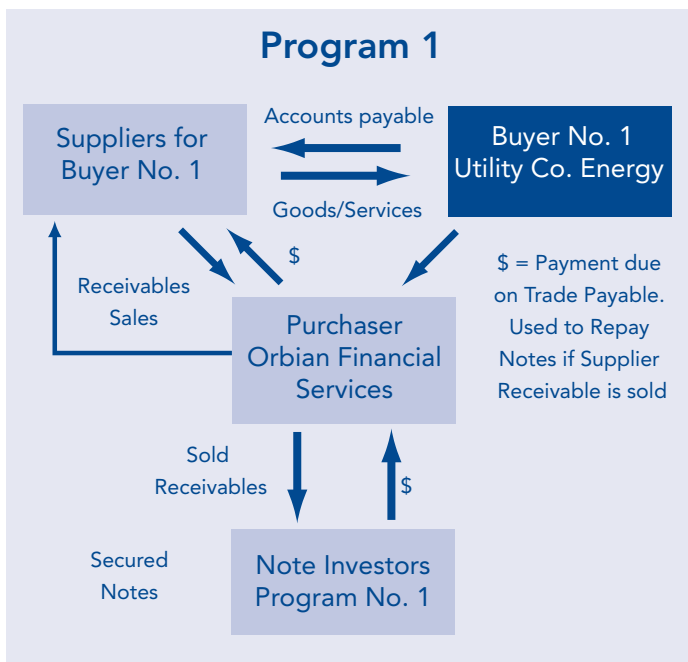
This is a classic risk management investment opportunity trade. Also it's suited for the longer term, more valuable transactions as well as used by the finance department as a way to improving working capital.

This is the energy credit risk management solution that we have been waiting for and in our discussions with the main players Center has been very well received. Global Energy Advisory is proud of our involvement in this initiative with Orbian. To be able to offer such a solution for credit risk management in the energy industry is to me possibly one of the most important contributions an advisory firm can make. The financial structure also allows for monetization of contracts.

Aily Armour Biggs, Advisory CEO



Transaction diagram - Two separate buyer/supplier programs



- Utility Co. Energy issues Payment Instructions (PI) for margin payments to Suppliers (Program 1);
- Orbian issues Notes to Investors in the Capital Markets (Private Placement or otherwise);
- Orbian makes payments to Suppliers;
- If the M2M changes, the Supplier/Buyer issues a return PI (under Program 2) for margin repayment in favour of Utility Co. Energy;
- Orbian issues Notes to Investors in the Capital Markets;
- Orbian makes payment to Utility Co. Energy;
- At maturity of the PI, Utility Co. Energy repays Orbian the original obligation;
- At maturity of the PI, Supplier/Buyer repays Orbian the original obligation;
- Orbian repays the Note Investors;
- Financing program will be continuous and is not limited to type of payable due.

Note: The Ultimate objective is to pool various Buyers in a single Capital Markets Program and to that extent we have already engaged in discussions with other participants.

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Global Energy Advisory

Global Energy Advisory comprises seasoned experts in the global



energy market: entry criteria are a minimum of 20 years' experience in related disciplines. At the core of our expertise is one of the most sophisticated middle offices, which offers proprietary modelling to enable us to unveil and quantify global commodity market uncertainty. We then draw on our team of senior advisors and consultants to complement and enhance our modelling scenarios, providing unrivalled clarity in an uncertain energy future.

Enterprise Wide Risk and System Development

Our solutions company – Global



Energy Solutions – works closely with Microgen plc, one of the City's leading business software companies, to offer clients a clean, efficient and fast track delivery. Microgen's Aptitude business process management and business rules framework enables us to advise on best practice price risk management, implementation and control, as well as fast, comprehensive and controlled deployment of company-wide risk systems.

Global Energy Finance

Global Energy Finance is a Global Energy Advisory working relationship



with Orbian Corp. The company has a proprietary finance structure evolved from a Supply Chain Finance (SCF) solution the concept of which was initially developed by Citibank and SAP. This solution combines trade financing provided by a financial institution, a third-party, or internal funds; and a technology solution that unites the buyer, supplier and the trade financing source electronically and provides financing triggers based on one or several supply chain events. In short this is a payment platform that serves as a gateway to the financial markets. The structure allows companies to monetize commodity contracts, raise finance or, if they are cash rich, make investments through the purchase of various issued securities.