

ABOUT NET ENERGY

Net Energy Inc. is the premier crude oil trading system in western Canada. Our unique and innovative Internet based trading screens offer the most sophisticated and trustworthy quotation and trade reporting system anywhere in North America.

Buyers and sellers of western Canadian crude oil all across North America use our screens daily, making Net Energy the largest volume trading system of its kind.

Net Energy's Market Index products have also become a benchmark in trading and market valuation procedures. The Alberta Government uses the Net Energy Index valuations when establishing Royalty barrel pricing.

Net Energy has partnered with the Chicago Mercantile Exchange Group in using the Canadian Daily Index as the basis for settlement on the new Canadian Heavy Crude Financial contracts listed on NYMEX (WCC) and cleared through Clearport.

Net Energy is *the* authoritative source for crude oil pricing and trade execution in western Canada.



NET ENERGY

The Largest Physical and Financial Online Marketplace
for Canadian Crude Oil



Net Energy Inc.

Suite 203, 440-2nd Avenue SW
Calgary, Alberta, Canada T2P 5E9

Crude Oil Trading Desk +1 (403) 228-4700
System Access +1 (403) 216-8349

www.ne2.ca

ABOUT



SERVICES

▶ BROKERAGE SERVICE

Net Energy provides comprehensive coverage of Canadian crude oil markets and personalized service providing informed market insight.

▶ ONLINE TRADING

The Net Energy trading platform provides a high-performance online interface customized for trading physical and financial crude oil with the most efficient toolset available in the market today.

▶ BROAD MARKET COVERAGE

The product lines available at Net Energy comprise the key Heavy, Synthetic, Sweet, Sour and Condensate (C5+) physical markets in Canada, plus the CS WTI Calendar Swap and WCC Western Canadian Crude Futures contracts.

▶ STRAIGHT-THRU PROCESSING

Transactions executed through Net Energy can be delivered electronically to your trade capture and other mid and back office systems via the Net Energy Data Courier (NEDC), our internet-based FIX protocol link that pushes transaction information in real-time directly to your office and third-party systems.

WCC CONTRACT

BACKGROUND

In response to a growing demand for a financially-settled product based on independently derived values for physical heavy crude oil in Alberta, Net Energy and CME Group partnered in 2010 to launch a new product based on the Net Energy "Canadian Daily Index". This new financial instrument, the **WCC Canadian Heavy Crude Oil (Net Energy) Index** futures contract, is visible and accessible on the Net Energy trading platform as well as through CME ClearPort. Clearing of the contract is conducted through CME Clearing.

The WCC contract provides traders with the ability to manage risk against future price volatility of the market differential between Canadian Heavy and benchmark WTI crude without the added complexity of physical logistics and delivery. The financial contract brings added liquidity from a broader base of traders and increased price transparency along the forward curve.

- The contract price is expressed as the difference between NYMEX Light Sweet Crude Calendar Month Average (CMA) and Canadian Heavy Western Canadian Select.
- Cash settled, based on the Net Energy Canadian Daily Index (CDI) for Western Canadian Select (WCS) basis delivery at Hardisty, Alberta.
- Clients can enter bids and offers directly through the Net Energy Platform or have the brokerage desk manage their orders for them, full anonymity is maintained throughout clearing and settlement.
- Executed trades are automatically sent to CME ClearPort for clearing.

NET ENERGY NEWS AGGREGATOR

OVERVIEW

Trade data and other useful information packages are available to clients via a news feed service called **Net Energy News Aggregator (NENA)**.

Specifically NENA shows:

- Last trade in all markets
- Last 10 trades on NEI system
- Live and historic index prices for multiple markets
- Current and historic Settlement Prices
- Crude Oil News Feed
- Bank of Canada Noon Day Rate
- Selected Stock Market quotes (**delayed feed only**)
- Selected Market Index prices (DJIA, S&P, NASDAQ, etc.)
- Power usage at selected refiners (Measuring online status)

Clients download our data in CSV format for their own use in respect to analysis, charting and risk profiling (VAR, etc.). There is a flat monthly fee for access to NENA.

NENA