Amerex Energy Conducts an Innovative Auction for the Commonwealth of Virginia

Houston, TX – August 23, 2004 - Amerex Emissions, Ltd. today announced the successful conclusion of the auction of Nitrogen Oxide ("NOx") emission allowances by the Commonwealth of Virginia. The Commonwealth selected an "English clock" style for the auction process based upon a proposal submitted by Amerex Emissions, Ltd. and in consultation with a team from the Interdisciplinary Center for Economic Science (ICES) at George Mason University. Although English clock auctions have been employed in other contexts, it is believed that this was the first application of this particular style of auction to the sale of NOx allowances. A total of 1,855 tons of 2004 vintage NOx allowances and 1,855 tons of 2005 vintage NOx allowances were auctioned to a total of twelve winning bidders among a group of twenty participants in the auction.

Virginia Department of Planning and Budget Associate Director for Economic and Regulatory Analysis Dr. William Shobe said "The Commonwealth is extremely pleased with the results of the auction, as we had anticipated approximately $8.8 million in revenue from the sale of these allowances. The actual results exceeded our expectations by 20%. From Virginia's point of view, the auction was an unqualified success. In the end, Amerex was able to sell the allowances for a very good price in a way that was inexpensive to implement and open and fair to all participants in the market."

Bidders participated in the auction via an Internet connection. In each round of the auction, a progressively higher price was announced and each auction participant could bid for the same number of allowances or less than they had bid for in the immediately preceding round. Economic theory suggests that, by prohibiting a bidder from increasing the volume of their bid from round to round, the bidder will be encouraged to put their best bid forward at each round of the auction. This in turn has the effect of prohibiting a bidder from "lying in the weeds" and waiting until a late round to increase the volume of its bid. The auction was concluded when the volume bid by auction participants was equal to or less than the volume of allowances offered by the Commonwealth.

Amerex CEO, Michael Cosgrove said "This was a very rewarding experience for us. Amerex had 15 days to structure and implement this auction from the date that we were awarded the contract under Virginia's RFP. We were fortunate to work with some very bright, hard working and creative folks at Virginia and George Mason University. The auction reflected well upon the economic theories underpinning the process and yielded a result that was good for everyone." Shobe added, "We were very impressed with Amerex's initiative in identifying an innovative way of solving Virginia's need to sell a rather large quantity of NOx allowances. From the start, we were impressed with Amerex's creative approach, its can-do attitude, and its expertise in the emissions market."

About Amerex
Amerex Energy is a leading over-the-counter energy brokerage offering services in electricity, natural gas, crude oil, petroleum products, freight brokerage, coal, gas liquids, emission credits and allowances and energy data services. Founded in 1978, Amerex has offices in Houston, New Jersey, London, Monaco, Singapore and Tokyo. Amerex offers liquidity and timely execution to meet the needs of a global client network of more than 500 firms and over 1,700 traders and risk management professionals.

About ICES
The Interdisciplinary Center for Economic Science (ICES) at George Mason University is a research center and laboratory specializing in experimental economics. Its seven faculty moved to George Mason to found the Center in 2001. ICES is located at George Mason University's Arlington, VA campus and is affiliated with the GMU School of Law, School of Management, Department of Economics in the College of Arts and Sciences, and the Mercatus Center. One member of the faculty, Vernon Smith, shared the 2002 Nobel Prize in Economics with Daniel Kahneman.