



FARM & RANCH OFFSETS

An email newsletter of the Farmers Union Carbon Credit Program

Volume 1, May 2009



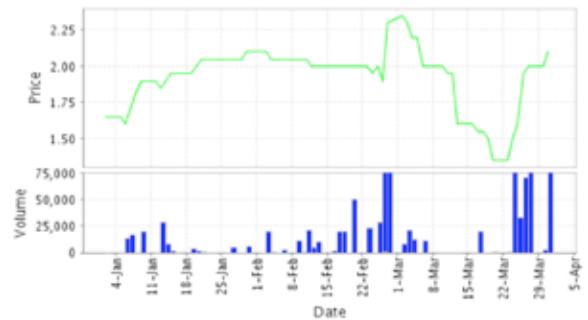
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CCX MARKET SNAPSHOT

CCX-CFI 2008 May 6, 2009
Closing Price \$1.40/mt

Market Trend First Quarter 2009:



Carbon Credit Director Dale Enerson lets you know “What’s Happening”:

Welcome to the first Farmers Union Carbon Credit Program e-newsletter. In addition to the information we provide on our Web site at carboncredit.ndfu.org, we want to keep you current on the various activities and trends in the carbon credit program. This newsletter will be sent automatically to the email address you have listed in your account information: if you need to update your information with us you can do so online at our Web site at any time.

We are pleased with our enrollment growth since we began three years ago. Today, the Farmers Union Carbon Credit Program’s enrollment stands at about 5.6 million acres for no-till, seeded grass, native rangeland, and afforestation carbon credits from across the contiguous 48 states, making us that largest and most successful aggregator for the Chicago Climate Exchange. Thanks to our pooling and marketing of carbon credits, you have earned nearly \$10 million to date, and we recently registered the very first large multi-state rangeland pool with the CCX.

That said, we face challenges. The uncertainty of climate change legislation and the financial crisis has weighed on the market prices being traded through the CCX. To review, your carbon offset are aggregated into large pools measured in tons. Our marketing strategy is to get the best average price over several months. It seems likely that this year’s prices will be lower



The above data is provided for your information only. Your actual contract proceeds will be based on an average pool selling price over an extended marketing period. Complete CCX Market data available at www.chicagoclimatex.com.

than in the past, but many of you probably have several years of future credits to be earned as well. Those credits will be priced during coming years as they are registered and sold on the market. As with any market, it is difficult to predict actual results. Also, sometimes unrelated events have an impact on market prices that benefits either buyers or sellers depending on the movement.

We are embracing technology to better serve you at lower costs. We soon will unveil an improved Web site with many new features, so please check our home page often!

Our carbon credit program staff of Liz, Bev and myself welcomes your comments and questions. Please email us anytime at carboncredit@ndfu.org.

Again, thank you for your participation in our program.

Dale Enerson, Director
Farmers Union Carbon Credit Program



Message From North Dakota Farmers Union President Robert Carlson:

Thanks to all of you for enrolling in the Farmers Union Carbon Credit Program. As you may know, North Dakota Farmers Union created this program for our state in 2006 and then took it nation wide in the following year. The program's operation is headquartered in our office for all record keeping, accounting, pooling of individual contracts, paying fees for verification, and selling the tons of carbon on the Chicago Climate Exchange. In addition, many of the state Farmers Union organizations have staff and officers who conduct meetings and workshops to inform producers about the program.

We think this system works quite well, although there are some issues and events beyond our control that affect the program. First and foremost is the price of a ton of carbon on the CCX trading board where our agricultural offsets are sold to companies that have voluntarily signed a legally binding contract to reduce their green house gas emissions. To meet those obligations, those companies often buy the offsets that come from your farms and ranches. The price of those offsets vary with supply and demand. Right now, we could use more demand to bring up the price which is hovering around \$2.00 per ton for carbon. We know that price and income are what matter most to you and that this sluggish market for carbon is distressing.

I want to assure you that we are committed to this carbon credit program and that we will be in it for the long haul regardless of the price. Markets go up and down, as those of us in agriculture know very well. We are doing two things to deal with this situation at present. The first is to keep our operation as efficient as possible by using advanced technology in all our systems, from enrollment to verification to issuing you checks. Our staff is continually refining and improving the administration of the program through software development and streamlining internal operations.

The second initiative is to achieve approval of agricultural offsets in the green house gas legislation now being considered in Congress. The National Farmers Union staff in

Washington, DC, is working very diligently to get agricultural practices approved in the Cap and Trade bill being drafted in the House of Representatives. Such action would undoubtedly improve the price of carbon and the revenue to all enrollees in the program. Please read NFU President Roger Johnson's column on that effort.

Again, thank you for participating in the NFU Carbon Credit Program. I hope the coming growing season will be a prosperous one for you and your family.

Robert L. Carlson, President
North Dakota Farmers Union



**Note From
National Farmers Union
President Roger Johnson:**

The National Farmers Union Carbon Credit Program is one of several progressive and innovative ways your organization is working for you. I recently was elected president of National Farmers Union. Previously, I was the Commissioner of Agriculture for North Dakota. In that career, I worked with other state ag leaders, Congress, and USDA to seek new opportunities for farmers, ranchers, and rural communities. I was proud to become president of an organization that has taken the lead on country-of-origin labeling, a permanent disaster title in the 2008 Farm Bill, and finding ways for producers to earn income by using land management practices that keep carbon locked in the soil. Agriculture is a front-line asset in the nation's efforts to reduce climate change and while producing cleaner renewable energy in America's heartland.

Climate change legislation currently is a hotly debated issue on Capitol Hill. National Farmers Union is working hard to ensure the interests of America's agricultural producers are taken into account. Farmers and ranchers have a significant role to play in addressing the energy and environmental challenges facing our nation. Climate change legislation must provide incentives rather than penalties to encourage producers to further implement environmentally friendly practices.

The Farmers Union Carbon Credit Program has taught us valuable lessons on how to design and implement a cap and trade program that effectively employs America's farmers and ranchers in protecting the environment. We need to encourage representatives of Congress to take agriculture into consideration as the nation develops climate change legislation. Please go to www.nfu.org and click the "Take Action" link at the top of the page to urge your representatives in Congress to account for the contributions America's farmers and ranchers can bring to the table in climate change legislation.

Together, we are making a difference. Thank you for enrolling your acres in the Farmers Union Carbon Credit Program.

Roger Johnson, President
National Farmers Union

Pool Status

Visit carboncredit.ndfu.org "When will I receive payment?" for more information.

<i>Pool Code</i>	<i>Vintages Eligible to Contract</i>	<i>Status</i>	<i>Pool Code</i>	<i>Vintages Eligible to Contract</i>	<i>Status</i>	<i>Pool Code</i>	<i>Vintages Eligible to Contract</i>	<i>Status</i>
NDFUNTG1	03 (Grass only)	Verifying	NFUSG5	2003	Verifying	NFUR3	2003	Verifying
NDFUNTG1	04 (Grass only)	Verifying	NFUSG5	2004	Verifying	NFUR3	2004	Verifying
NDFUNTG1	2005	Paid June 2007	NFUSG5	2005	Verifying	NFUR3	2005	Verifying
NDFUNTG1	2006	Paid June 2007	NFUSG5	2006	Verifying	NFUR3	2006	Verifying
NDFUNTG1	2007	Paid July 2008	NFUSG5	2007	Verifying	NFUR3	2007	Verifying
NDFUNTG1	2008	Selling	NFUSG5	2008	Verifying	NFUR3	2008	Verifying
NDFUNTG1	2009	Verifying	NFUSG5	2009	Verifying	NFUR3	2009	Verifying
NDFUNTG1	2010	Contracted	NFUSG5	2010	Contracted	NFUR3	2010	Contracted
			NFUSG5	2011	Contracted	NFUR3	2011	Contracted
NFUNTG1	03 (Grass only)	Verifying	NFUSG5	2012	Contracted	NFUR3	2012	Contracted
NFUNTG1	04 (Grass only)	Verifying	NFUSG5	2013	Contracted	NFUR3	2013	Contracted
NFUNTG1	2005	Paid Nov. 2007						
NFUNTG1	2006	Paid Nov. 2007	NFUNT6	2008	Open	NFUR4	2008	Open
NFUNTG1	2007	Paid July 2008	NFUNT6	2009	Open	NFUR4	2009	Open
NFUNTG1	2008	Selling	NFUNT6	2010	Open	NFUR4	2010	Open
NFUNTG1	2009	Verifying	NFUNT6	2011	Open	NFUR4	2011	Open
NFUNTG1	2010	Contracted	NFUNT6	2012	Open	NFUR4	2012	Open
			NFUNT6	2013	Open	NFUR4	2013	Open
NFUNTG2	03 (Grass only)	Verifying						
NFUNTG2	04 (Grass only)	Verifying	NFUSG6	2003	Open	NFUF1	2003	Verifying
NFUNTG2	05 (Grass only)	Verifying	NFUSG6	2004	Open	NFUF1	2004	Verifying
NFUNTG2	2006	Paid July 2008	NFUSG6	2005	Open	NFUF1	2005	Verifying
NFUNTG2	2007	Paid July 2008	NFUSG6	2006	Open	NFUF1	2006	Verifying
NFUNTG2	2008	Selling	NFUSG6	2007	Open	NFUF1	2007	Verifying
NFUNTG2	2009	Verifying	NFUSG6	2008	Open	NFUF1	2008	Verifying
NFUNTG2	2010	Contracted	NFUSG6	2009	Open	NFUF1	2009	Contracted
			NFUSG6	2010	Open	NFUF1	2010	Contracted
NFUNTG3	03 (Grass only)	Verifying	NFUSG6	2011	Open	NFUF1	2011	Contracted
NFUNTG3	04 (Grass only)	Verifying	NFUSG6	2012	Open	NFUF1	2012	Contracted
NFUNTG3	05 (Grass only)	Verifying	NFUSG6	2013	Open			
NFUNTG3	06 (Grass only)	Verifying				NFUF2	2003	Open
NFUNTG3	2007	Selling	NFUR1	2003	Selling	NFUF2	2004	Open
NFUNTG3	2008	Selling	NFUR1	2004	Selling	NFUF2	2005	Open
NFUNTG3	2009	Verifying	NFUR1	2005	Selling	NFUF2	2006	Open
NFUNTG3	2010	Contracted	NFUR1	2006	Selling	NFUF2	2007	Open
NFUNTG3	2011	Contracted	NFUR1	2007	Selling	NFUF2	2008	Open
NFUNTG3	2012	Contracted	NFUR1	2008	Selling	NFUF2	2009	Open
			NFUR1	2009	Verifying	NFUF2	2010	Open
NFUNTG4	03 (Grass only)	Verifying	NFUR1	2010	Contracted	NFUF2	2011	Open
NFUNTG4	04 (Grass only)	Verifying	NFUR1	2011	Contracted	NFUF2	2012	Open
NFUNTG4	05 (Grass only)	Verifying	NFUR1	2012	Contracted	NFUF2	2013	Open
NFUNTG4	06 (Grass only)	Verifying						
NFUNTG4	2007	Selling	NFUR2	2003	Selling			
NFUNTG4	2008	Selling	NFUR2	2004	Selling			
NFUNTG4	2009	Verifying	NFUR2	2005	Selling			
NFUNTG4	2010	Contracted	NFUR2	2006	Selling			
NFUNTG4	2011	Contracted	NFUR2	2007	Selling			
NFUNTG4	2012	Contracted	NFUR2	2008	Selling			
			NFUR2	2009	Verifying			
NFUNT5	2008	Verifying	NFUR2	2010	Contracted			
NFUNT5	2009	Verifying	NFUR2	2011	Contracted			
NFUNT5	2010	Contracted	NFUR2	2012	Contracted			
NFUNT5	2011	Contracted						
NFUNT5	2012	Contracted						
NFUNT5	2013	Contracted						