



## 2006 8th ANNUAL BUSINESS MEETING

Chicago, Illinois

June 27, 2006

### MINUTES

- I. Welcome from President Brian O’Hearne - Mr. O’Hearne called the meeting to order and welcomed all those present to the 8<sup>th</sup> Annual Business Meeting.
- Antitrust Statement - Mr. O’Hearne noted the importance of the antitrust statement. Everyone agreed to conduct the meeting in accordance with the U.S. laws.
  - Review and approval of Minutes – November 2005 Business Meeting - The minutes of the past 2005 Annual Business meeting were reviewed. Warren Isom moved to accept the minutes as presented. The motion was seconded by Felix Carabello, and passed.
- II. Treasurer’s Report – Treasurer Gearoid Lane reported the current membership status as of May 31st, with 30 Regular members, 13 Associate members and 6 End-Users, and one new Associate member joining in June, bringing the total Associate members to 31 with a total membership of 50. Mr. Lane welcomed the four new members, AWS WeatherBug, E.ON UK, GalileoWeather Risk Management and WSI Corporation. Mr. Lane stated that membership has stabilized since 2002. Mr. Lane highlighted the final audit of 2005:
- Net assets were 114K which were down 10K from 2004
  - Revenue was 259,980 and Expenses 270,749
- Mr. Lane further noted that in the first 5 months revenue is just about as predicted around 64K with expenses approximately 60K. He stated the Chicago Annual meeting is less than expected but will still make a little over 10K. Looking forward, Mr. Lane conveyed that finances are in a healthy state and we are expecting membership to hold. He further noted that WRMA has ambitious plans for the European meeting and expect it to be a net cash positive.
- III. European Market Updates - Gearoid Lane noted the meeting held in May 2005 in Amsterdam was very successful. He relayed that since then work has continued on lobbying but European activity is down from last year and the general feeling is risk is being warehoused by those that write risk, rather than being traded in OTC; wind derivatives; snow derivatives; HDD, over all in a good place.

IV. Asia – Market Updates - Co-chair, Hideki Nii reported the market situation continues to grow with 70% of all companies in Japan having exposure to weather:

- 1) Large-sized companies in the Utility Sector has been growing more popular for electric power and gas companies to hedge their temperature risk through weather derivatives.
- 2) Large-sized companies other than the Utility Sector are rare to utilize weather derivative products as a hedging tool against weather risk.
- 3) Small and medium sized companies have had steady growth in the use of standardized weather derivative products with small payouts and small premiums across a wide range of industries with an average payout around 3 million yen.

In Japan there is still straight weather no contracts yet with commodity price products.

There are no major traders so growing steady but slow.

Speculative activity would help but laws are prohibitive by banks and insurance.

Mr. Nii noted that in Korea:

- 1) Weather derivative products have not yet been officially approved.
- 2) In May 2006, the Financial Supervisory Service classified the index-based weather insurance as a use-and-file type insurance
- 3) Korean insurance companies are allowed to sell index-based weather insurance – within 30 days of inception.

- 4) Sum Insured: 30% of average turnover of the past 3 years

100% of average cost of the past 3 years

Mr. Nii concluded that the Asian market is very promising for weather derivatives.

V. Preview/Update on European Meeting, Toulouse - Philippe Chauvancy reported on the upcoming European meeting agenda and noted Meteo France will be providing their conference center for the meeting. He thanked those who are already sponsoring the meeting and welcomed anyone else who would like to sponsor at the event. Mr. Chauvancy relayed the following highlights:

- Working to target end-users from a wide range of sectors
- Reception on the first night with a guided tour of the Museum Hotel d'Assezat
- Wine tasting event on Wednesday night followed by dinner at Chateau de Launac
- Post convention tours of Meteo France's facilities and Airbus
- Expected attendance of 200

Mr. Chauvancy reminded everyone to book their hotels now as October is a very busy time in Toulouse.

VI. Election of Directors - Warren Isom reported the nominating committee consisted of himself, Brian O'Hearne, Felix Carabello. The following was presented as the proposed slate for 2006-2007:

Proposed Two-Year Terms:

Jens Boeing	Merrill Lynch Commodities
Felix Carabello	Chicago Mercantile Exchange
Nick Ernst	Evolution Markets
Valter Stoiani	ABN Amro

Remaining Directors for terms of one year:

Philippe Chauvancy	Powernext
Warren Isom	Willis Re
Gearoid Lane	Centrica Energy
Brian O'Hearne	Swiss Re

Proposed Officers:

President	Gearoid Lane	Centrica Energy
Vice President	Jens Boening	Merrill Lynch Commodities
Sec/Treasurer	Warren Isom	Willis Re NY

Retiring off the Board is: Jeff Porter, Kendall Johnson, and Alex Shippers. A motion was made by Marty Malinow to accept the slate as presented. The motion was seconded by Philippe Chauvancy, and passed. Mr. Isom thanked those rotating off the board for their dedication and service to the board and presented Brian O’Hearne with a plaque for his 2 years of service as President.

VI. PwC Survey Results - Brian O’Hearne reviewed the survey results noting the objectives of the survey:

- To establish size of the market between April 05 and March 06
- To provide a consistent measure of market developments over time (PwC has conducted the survey since 2001)
- Increase awareness of the market

Mr. O’Hearne reported the summary of results were:

- The total value of trades in the 2004/2005 survey reached \$45.2 billion, compared to \$9.7 billion in the 2004/2005 survey
- CME experienced significant increases in both the number of trades (increasing by a factor of 4) and the value of those trades (increasing by a factor of 8)
- Declines in the OTC market offset some of this increase, but relative to the size of the market, these declines were small
- HDD remains the most common type of trade

VIII. Adjournment - With no further business to discuss, the meeting was adjourned.