

FOR IMMEDIATE RELEASE

Financial Engineering Associates Releases @ENERGY / Weather

February 15, 2000—Berkeley, CA — Financial Engineering Associates (FEA) today announced the release of @ENERGY[®] / Weather. Using proprietary methods developed by FEA's experienced financial engineers, @ENERGY / Weather values common and exotic structures such as calls, puts, knock-in and Knock-out barriers, caps, collars, digitals and swaps on Heating Degree-Days, Cooling Degree-Days, Energy Degree Days, Variable Degree Days, and Growing Degree Days. Users can value these instruments via either Monte Carlo simulation or historical analysis—both of which FEA has extensively subjected to in-house testing. @ENERGY / Weather also provides a calibration tool to estimate future seasonal temperature forecasts, volatilities, and other required model parameters.

According to Mark Garman, President and CEO of FEA, this latest addition to @ENERGY will enhance the ability of brokers, insurance companies, and energy marketers to manage their weather-related risk. Said Garman, "During the last two years, there has been a ten-fold increase in the number of weather derivative transactions, and we expect this trend to continue in the coming years. @ENERGY/Weather provides investors and energy companies with a theoretically sound methodology for evaluating these derivatives—in short, allowing energy firms to hedge against Mother Nature herself."

@ENERGY / Weather is available as a spreadsheet add-in and as a C++ library ready for rapid integration with third-party systems. This latest module complements FEA's current @ENERGY package (@ENERGY.1("Basic") and @ENERGY.2("Advanced")) and demonstrates FEA's continued commitment to analyzing the derivative instruments commonly traded by energy marketers.

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About FEA

Berkeley, CA-based Financial Engineering Associates, Inc.'s mission is to provide the trading and investment community with high-quality analytical tools for the valuation and risk management of derivative securities. The company aims to be the primary purveyor of, and authority on, models for derivative products. Clients include over 500 institutions, including energy firms, money center banks, Fortune 500 companies, trading enterprises, and cutting-edge financial firms worldwide. For more information, see <http://www.fea.com/>.

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