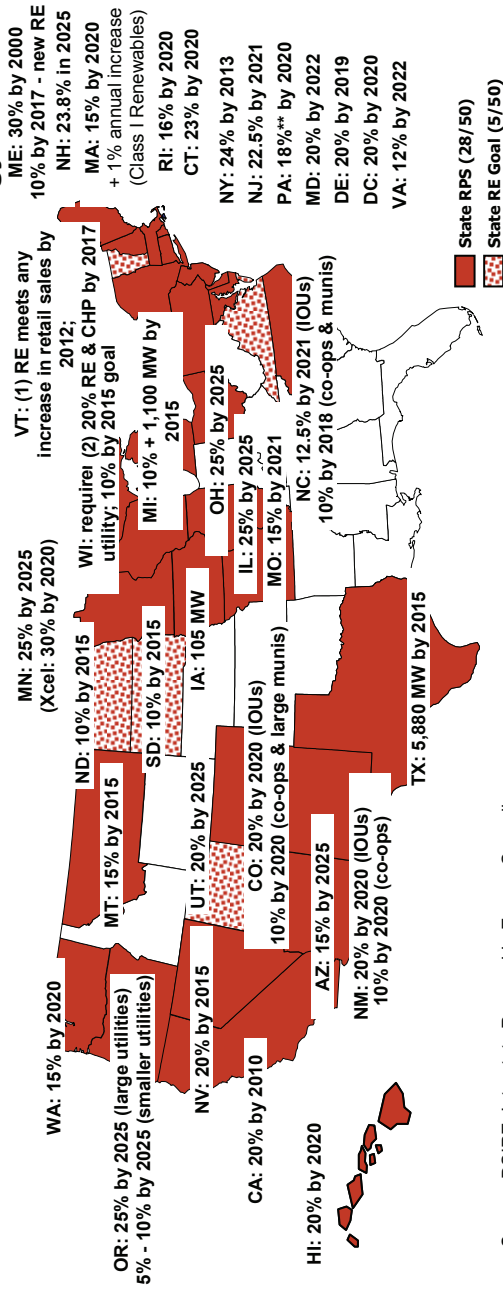


Investing in Green Energy

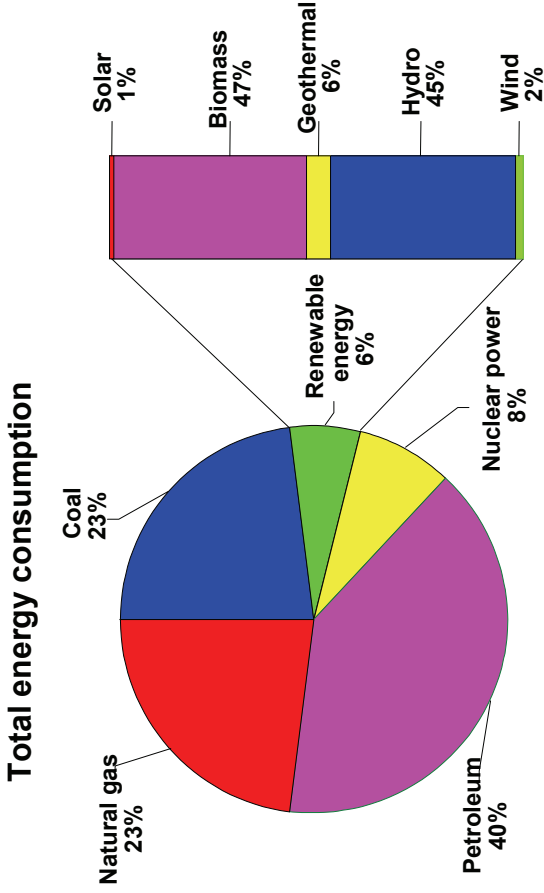
Will new capacity meet renewable targets set by states?

State Renewable Portfolio Standards and State Renewable Energy Goals

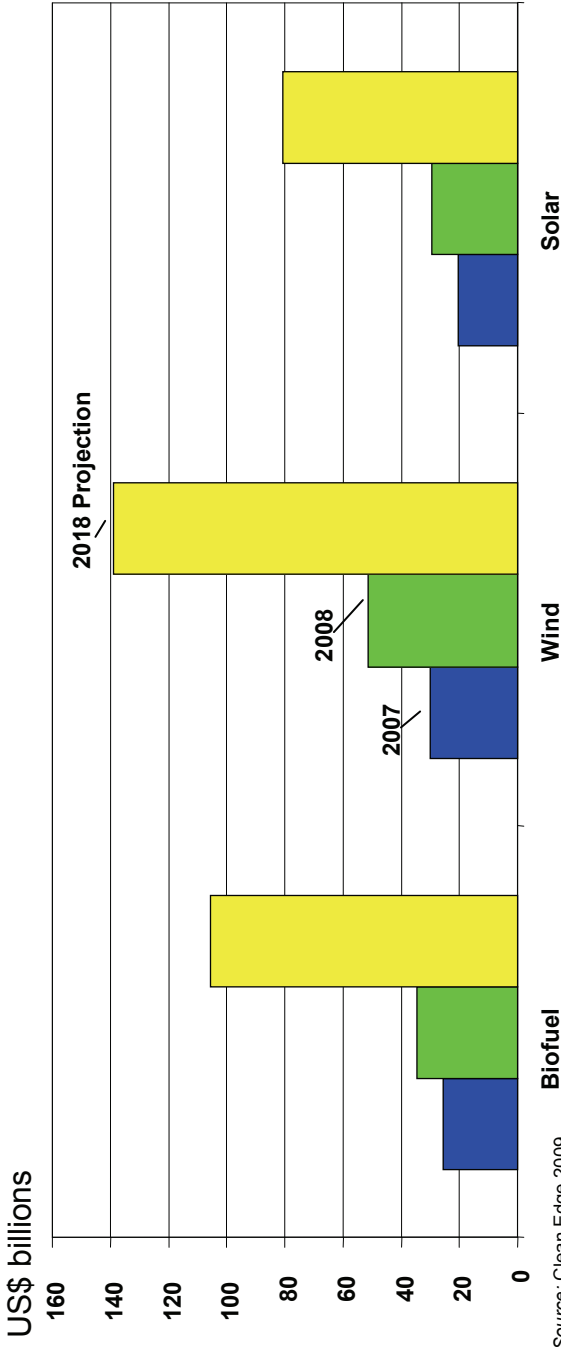


Source: DSIRE, Interstate Renewable Energy Council.

Will the U.S. reach its renewable energy consumption goals?



Global clean-tech revenues growing

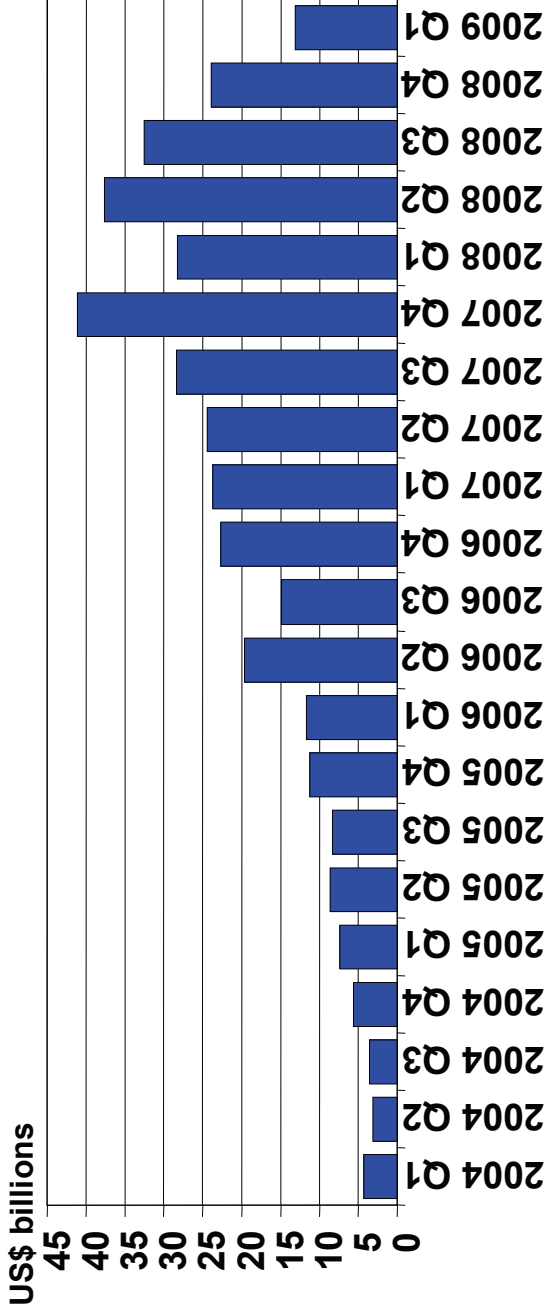


Source: Clean Edge 2009

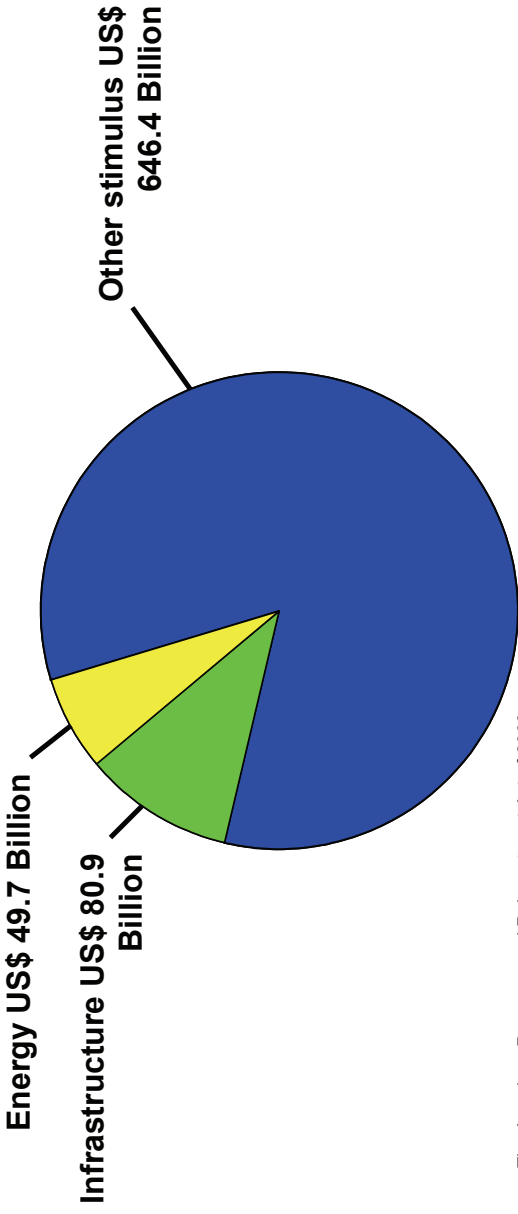
Will renewable power overcome its additional hurdles?

- Low margins and high capital costs (nature of the investment means that costs must be amortized over a long period of time, increasing all other risks)
- Low operating costs (creating tax disadvantages vs. fossil fuel generation)
- Technology risk premiums (unproven technologies such as biomass gasification, cellulosic ethanol and new advanced wind turbines)
- Market risk premiums (uncertainty of resource availability and continued policy support)
- Reduced capacity payments ability to sell into the spot market (due to intermittency of resource or unreliability of plant operation)
- Inconsistent regulation in the form of subsidies and tax credits make renewable power a risky investment

Global quarterly clean-tech investment slowing down

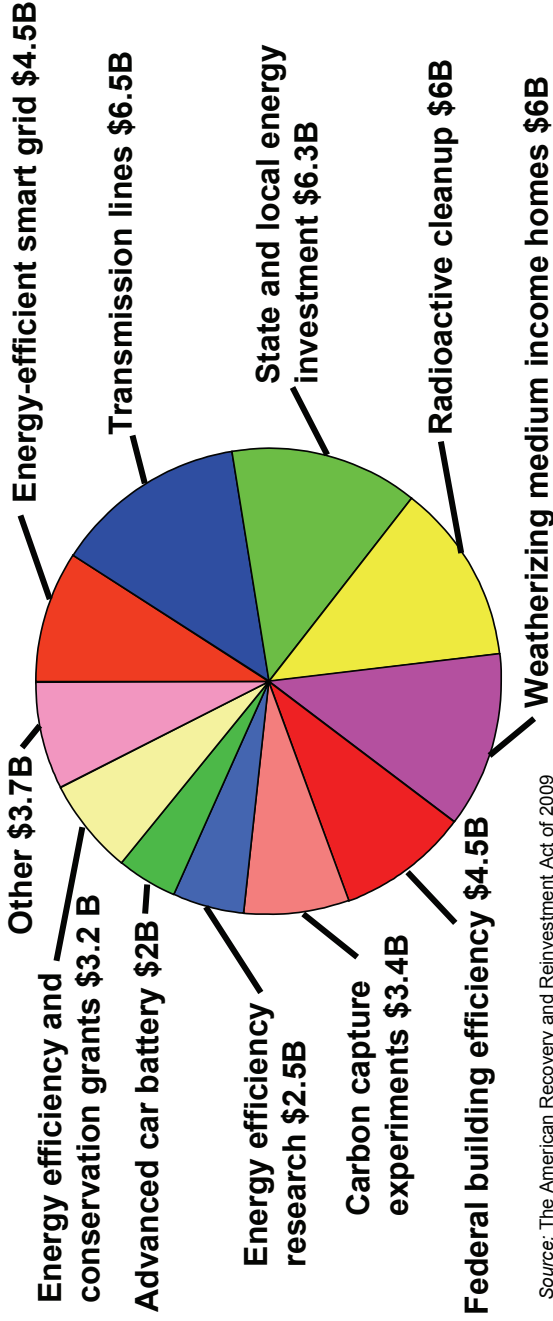


Infrastructure and energy represents 15% of Recovery and Reinvestment Act



Source: The American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009: Energy Expenditures



Source: The American Recovery and Reinvestment Act of 2009

How to bridge the gap between VC, PF and projected investment needs?

Venture Capital ?

- Total invested in Clean-Tech industry in 2008: US\$ 4.1 billion
- Size of average deal: US\$ 15 million

Project Financing ?

- Total invested in Energy/Infrastructure industry in 2008: US\$ 262 billion
- Size of average deal: US\$ 400 million (up to US\$ 10 billion)

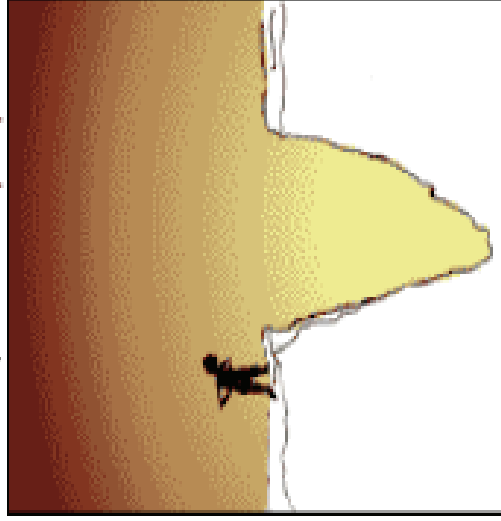
Total investment needed to update the US electric system:

- Smart Transmission and Distribution grids: US\$ 900 billion
- New and cleaner generation capacity: US\$ 600 billion to US\$ 1.1 trillion

The Funding Gap

In Deep

www.deepcanyon.com



© 2000 DeepCanyon Co.

**I can't believe how much
money it takes to fill
that thing!**



**Lynde H. Coit, Executive VP, Corporate Development
Plasco Energy Group, Inc.**

Plasco Energy Group





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Robert Kleine, Treasurer
State of Michigan

Green Investing in Michigan

Green Investing Poised for Golden Age

Allianz Global Investors Survey of Investors

	% Agree
Obama Adm. will produce more policy promoting green investment in first year than Bush Adm. produced in eight years	78%
Congress more strongly support policies promoting green investment	74%
Exploring alternative fuel sources remains important, despite declining gas prices	97%
Resolving environmental problems will be a major issue for years	91%

Green Investing Poised for Golden Age

Allianz Global Investors Survey of Investors

% Agree

Important to look at investing in companies that capitalize on addressing problems 69%

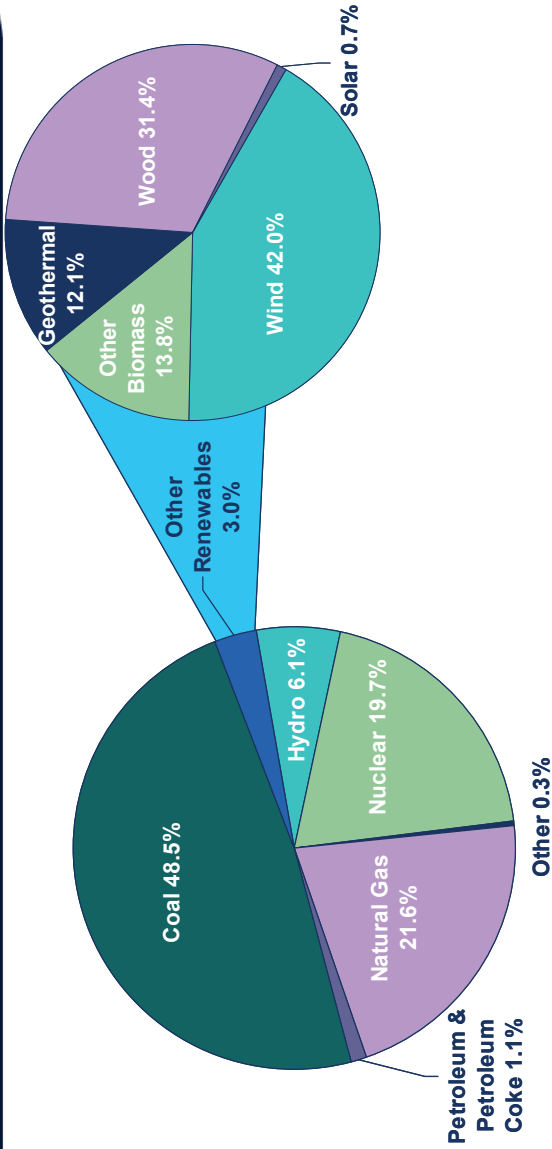
Environmental technology has potential to be “next great American industry” 78%

Plunging stock prices (70% for Green Index) have had no effect on desire to invest in environmental stocks 72%

“At least somewhat likely” to invest in environmental companies this year 48%

Made investments in 2008 in firms capitalizing on environmental trends 22%

Renewable electricity as percentage of U.S. electricity



Source: American Wind Energy Association



Recent Legislation

- **Clean, Renewable, and Efficient Energy Act (PA 295 of 2008)**
 - 10% of electric provider's energy must come from renewable sources by 2015
 - Requires electric and natural gas providers to file energy optimization plans
 - Prescribe maximum retail rate impacts resulting from compliance of with renewable energy standards
 - Numerous additional provisions designed to encourage the use of renewable energy in electricity generation.
- **Qualified Home Improvement Credit and Renewable Energy Standard Credit (PA 287 of 2008)**
 - 10% income tax credit up to \$200 for qualified home improvements including insulation, furnaces, water heaters, windows, dishwashers, clothes washer and refrigerators that meet energy start guidelines; (AGI less than \$37,500 single, \$75,000 joint)
 - Income tax credit equal to 25% tax year 2009 and 20% in 2010 and 2011 of the increase in the residential utility rate resulting from the renewable energy source requirements. (The utility rate increase cannot exceed \$3 per month).

Motor Vehicle Battery Activity

- Tax credits enacted designed to make Michigan the center for advanced automotive battery manufacturing.
- Provide credits for
 - Battery pack assembly
 - Expenses for vehicle engineering to support battery use
 - Expenses for engineering for advanced automotive battery technologies
 - Capital investment expenses for construction of battery manufacturing facilities
- \$520 million in credits will lead to \$2 billion in investments and 7,700 new jobs

Battery Investment in Michigan

- **Johnson Controls-Saft Advanced Power Solutions** -- \$220 million investment for advanced batteries for plug-in hybrid vehicles. JCS has partnered with Ford Motor. Project expected to create 498 new jobs.
- **LG Chem-Compact Power** – Korean based LG Chem, in partnership with GM, investing \$200 million to manufacture lithium ion batteries in Michigan.
- **KD Advanced Battery Group** – Joint venture of Dow Chemical, Kokam America, and Townsend Ventures LLC, plans to invest \$665 million in a new 800,000 square foot battery manufacturing facility. Expected to create 885 new jobs.
- **A123 Systems Inc.** – Plans to invest \$600 million in Michigan in initial coating, cell manufacturing, and pack assembly. Has entered into an agreement with Chrysler LLC to provide battery systems for the company's ENVI product line.

Solar Energy Investment

- **Dow Chemical and Hemlock Semiconductor** – will invest up to \$1 billion to expand its manufacturing facility in Hemlock Michigan. HSC is the world’s leading producer of polycrystalline silicon, a component of photovoltaic cells. State provided a tax credit totaling \$8.4 million over 20 years. Project expected to create 576 jobs.
- **United solar** – expanding plant manufacturing solar panels in Greenville Michigan. Expansion will add 400 workers. Tax credits totaling \$5.7 million over 20 years.
- **Evergreen solar** – new facility that will create inputs for the solar power manufacturers low cost String Ribbon wafer technology. Expansion includes \$55 million in investment and 596 new jobs. State tax credits totaling \$1.8 million over 10 years.

Wind Energy

- **Danotek Motion Technologies** – a technology developer and manufacturer of permanent magnet generators, power control electronics and brushless motor for power generation industries and advanced-automotive applications expanding operations and relocating Plymouth Michigan. The facility will produce generators for use with wind turbines. Project received a \$2.5 million tax credit and will create 353 new jobs.

Alternative Investments - Wind

- **Noble Environmental Power** – Alternative Energy (wind farms)
- **Modular Wind Energy** – Produces blades for wind turbine.
- **Svendborg Brakes** – Hydraulic brake solutions for wind turbine industry.
- **LM Glasfiber** – Produces blades for wind turbine.
- **Power Wind Holding** – Manufactures wind turbine.

Alternative Investments - Solar

- **Advent Solar** – Unique design to increase solar cell efficiency.
- **SmartSpark Energy Systems** – Alternating current photovoltaic.
- **CaliSolar** – Photovoltaic company patents and manufactures solar cells.
- **Solar Power Partners** – Solar energy facilities.

Alternative Investments - BioFuels

- **Qteros** (SunEthanol) – Develop cellulosic ethanol processing solution.
- **Coskata** – Biology-based renewable energy for liquid fuels.
- **ZeaChem** – Biorefinery platform producing ethanol or a broad portfolio of other chemicals.
- **EcoSynthetix** – Develops bio-based materials with performance capabilities equal to or greater than petroleum-based products.

Alternative Investments - Other

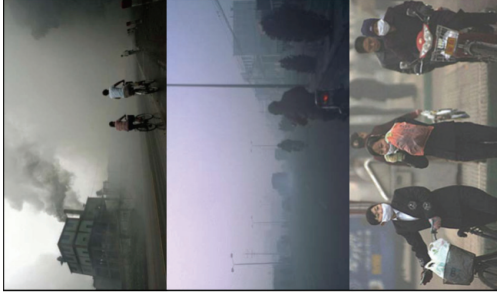
- **Imara** – Rechargeable batteries for cordless power tools and hybrid electric vehicle markets.
- **Redwood Systems** – Power control technologies to save energy costs for lighting.



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Steve Westly, Managing Partner The Westly Group

Clean Tech: This is Not a Bubble



BusinessWeek
The McGraw-Hill Companies
MAY 22, 2007 \$7.99

What's the Most Extreme Emerging Market on Earth?

A) ROMANIA B) EGYPT
C) VIETNAM D) GERMANY

If you succeed, you're probably of nearly American fame. Behind the unlikely rise of the oil-slime capital of crime.

By ROBERT FAREZAD
(page 54)

CHRISLER:
The Deal That Could Save Detroit
(page 38)

JAPAN:
How a Generation of Workers Got Left Behind
(page 40)

China

+ 50 Other Emerging Market Countries

Clean Tech: This is Not a Bubble



PARTICULATE MATTER OVER LOS ANGELES THAT CAME FROM CHINA:

25%

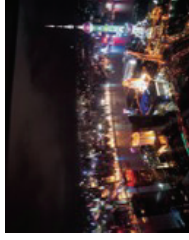
Then vs. Now, eBay vs. Tesla

Internet Boom



Clean Tech

1. Viral Growth



2. Tech Driven

3. Silicon Valley Driven

1. Steady Growth, Heavy M&A

2. Tech & Government

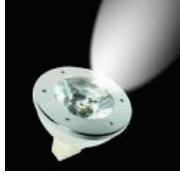
3. Silicon Valley & Asia

The Obama Stimulus: Clean Tech is a Smart Investment

- \$19 billion for energy efficiency & green building:
 - Smart Grid & Utility Enhancements



- \$11 billion to modernize the electric grid
 - Green Building Materials



- \$2 billion in grant funding for energy storage and vehicle batteries
 - Zero Emission Vehicles





Speakers:

Jonathan Bloch, Senior Managing Director and Managing Partner, GKM Newport; Managing Partner, GKM Ventures

Lynde Coit, Executive Vice President, Corporate Development, Plasco Energy Group Inc.

Robert Kleine, Treasurer, State of Michigan

Jim McDermott, Managing Director, US Renewables Group

Steve Westly, Managing Partner, The Westly Group

Moderator:

Paul Deninger, Vice Chairman, Jefferies & Company Inc.