

REGENERATION FINANCE LLC

1. Regeneration Finance LLC (“**REGEN**”) is a company that will develop, finance and own on-site solar systems. It has been newly formed by a successful management and ownership team active in the evolving market for distributed-generation solar power. The team is experienced in development, financing and ownership of on-site solar systems to supply electricity to REGEN’s target market: governmental bodies; schools and universities; and major commercial off-takers seeking to purchase “green” energy without capital investment at prices frequently lower than available from their own utility (“**Projects**”). Such off-takers or purchasers enter into 25-year Power Purchase Agreements (“**PPA’s**”) with REGEN for a fixed price escalating at a fixed rate over the term of the PPA that will provide steady and predictable income to REGEN for 25 years.

2. REGEN seeks an equity investment of \$15M from Investors to supply working capital: (a) at the holding company level to develop Projects (including for general overhead expenses such as salaries, office, travel, legal and accounting) and (b) for specific Project development costs (such as for design, engineering and a portion of interim construction debt financing). Under the company’s business model it anticipates it will become self sufficient in cash flow to fund all such working capital requirements going forward as it completes the financing of Projects. It is possible, but not anticipated, that during the ramp up of the business plan the company might require limited portions of this capital for permanent equity in some Projects. REGEN believes it will not be required to raise any additional equity capital to implement its business plan as outlined below. The total equity capital in REGEN also will provide balance sheet support for the company to obtain substantial third party financing for its Projects as hereinafter described. Capital will be invested in a money market account to the extent not expended or deployed in development of specific Projects.

3. REGEN’s initial business plan is to develop and own approximately 20MW to 40MW of Projects per year beginning in the first quarter of 2010 over a five year period. Development of 150MW of such Projects, or 30MW per year, the base case, would

require REGEN to raise for individual Projects approximately \$1.3 billion of total financing from third parties. Such financing would come from “tax equity” investors and lenders of long term amortizing debt into each Project. Under its business model, REGEN would have a permanent equity investment in each such Project, but such will have been funded internally by cash received as of closing from REGEN’s development activities in the Project. Thus, on a net basis, REGEN will have positive cash flow from a Project at closing and still retain the bulk of the ownership interest in the Project’s cash flow to equity owners for the 25 year PPA term. The financings of these Projects are also supported by varying state and local government incentives (including the sale of Renewable Energy Certificates, or “REC’s”), rebates and tax credits, and in the future potentially by federally mandated carbon credits or a federally mandated national REC market. REGEN believes it has access to sufficient tax equity and long term debt to support its business plan.

4. REGEN believes it will have substantially more Projects offered to it on a proprietary basis than required by its business plan. It generally does not anticipate “competing” with other developers and financial owners in “requests for proposals”. From initiation of construction to completion, such Projects normally take less than six months. The cost of each Project is essentially fixed at closing, and it incurs minimal O&M expenses over the term of the PPA. Project revenues for electricity sales under the 25 year term of the PPA, and any state subsidies, are also known at closing. REGEN intends only to enter into development of Projects in which the financial returns are predictable and very profitable before it commits capital to a Project.
5. The assumed 150MW portfolio above (with a financed cost of nearly \$1.3 billion), developed over five years only with the original \$15 million of capital from Investors, would return an estimated net cash flow to REGEN of approximately \$875 million over the aggregate PPA terms of 29 years, with net cash to REGEN at a Project’s closing. This model assumes the company suspends development activities upon completion of this portfolio. If market conditions at the time warrant, the company may continue development activities in order to generate additional profits.

6. The Investors will receive a priority return of 75% of distributed cash flow until the entire amount of their \$15 million investment has been returned, anticipated under the base case to be within two years of closing. Thereafter, investors will receive 30% of all distributable cash of REGEN. Also resulting from its investments in Projects, REGEN will receive depreciation benefits that can be allocated amongst REGEN's owners to shelter a portion of such income. The estimated pre-tax (and pre-shelter) IRR to Investors, assuming completion of 30MW per year for five years, would be approximately 37% over 29 years absent an earlier exit. If the company were to continue undertaking Projects after five years because market conditions warrant, returns should increase.

7. As an alternative to a long term holding strategy, anticipated exits would include: (a) a refinancing after six to seven years to allow for a significant distribution to the owners; (b) a sale in whole or in part of the long term income stream of REGEN's portfolio of Projects to institutional investors such as major public or private pension funds, hedge funds, insurance companies or other financial institutions; (c) a securitization in whole or in part of the Project portfolio; (d) an IPO; or (e) a sale of the company.