



AgriPower

INCORPORATED

EXECUTIVE SUMMARY

Company:	AgriPower, Inc.
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Websites:	www.agripower.com
Facility Location:	Sacramento, California
Home Office:	Great Neck, New York
Industry:	Renewable Energy; Clean, Combined Heat and Power Technology
Market Segment:	Biomass Fueled, Transportable Electrical Power Units
Target Market Size:	\$100 Billion ++
Financing:	\$10,000,000 Series "A" Financing

Overview. AgriPower, Inc. ("**AgriPower**") is a Delaware corporation formed in 2004 to commercially exploit its unique, patented and technically superior waste to energy ("**W2E**") and combined heat and power ("**CHP**") technology. The technology is contained in modular, transportable, 300kW/hr mini turbine units (the "**Units**"). The Units were designed to be transported to, and use for fuel, a wide variety of abundant, renewable and virtually free or low cost wood and agricultural waste materials (i.e., "**Biomass**") to produce electricity, Co-Generation and Thermal Energy in an environmentally-friendly, carbon neutral manner. More than \$5,000,000 was spent in completing development of the technology. The Unit has been certified by an independent engineering company to cleanly generate at least 300kW/hr. A \$100 million line of credit with a well known international bank is being finalized that will enable AgriPower to create a recurring revenue model by leasing its Units to its customers on a long term (10 years) "profit sharing" basis. **Demonstrations to numerous customers took place during November, 2008. Pre-orders for hundreds of Units representing several hundred million dollars have been obtained from entities such as the Department of the Army, the Department of Energy (with the state of Alaska), Kimberly-Clark, Waste Management and Veolia Environmental. The ordering process is currently underway. Delivery of the initial Units is scheduled for Q4 2009. A rapid ramp-up of production is already planned for 2010.**

The Unit provides an extremely favorable economic model to our customers: most purchasers can expect to obtain a 100% return on investment (i.e., payback) in less than 24 months. As a result, the Company's market is enormous (\$100 Billion ++) and consists primarily of:

(i) producers of Biomass that can now use it as a low cost or virtually free fuel instead of having to pay considerable tipping fees and taxes to have it transported to a landfill for disposal (e.g., supermarkets, big box stores and malls and shopping centers);

(ii) displacing currently operating diesel generator sets that use expensive diesel fuel oil and where there is an abundance of virtually free or low cost Biomass readily available for use as a low cost fuel (e.g., lumber mills, paper and pulp companies and ethanol and sugar cane facilities);

(iii) customers that need a distributed power solution at remote (off-grid) locations where there is no or limited electricity or where electricity is "available" but it is expensive or unreliable (e.g., governmental entities for their remote populations, Non-Governmental Organizations, military applications, disaster sites); and

(iv) generators of usable waste streams that are subject to new environmental regulations that prohibit them from transporting their waste to a landfill or prevent them from allowing the waste to decompose and convert into methane gas which is 21 times more harmful to the environment than carbon dioxide (e.g., farmers, ranchers, nut growers, chicken and turkey producers, etc.).

INVESTMENT HIGHLIGHTS

- **The Unit's second generation technology has been certified to work in an environmentally friendly manner by an internationally recognized, independent engineering company and an emissions testing company.**
- **The Unit is intended for a large and growing domestic and international market, with an initial target market consisting of tens of thousands of businesses and governments.** Virtually every enterprise that generates 5 – 50 tons or more of usable waste each day will realize substantial savings and environmental benefits by using the Unit.
- **AgriPower has developed preliminary orders for hundreds of 300kW/hr Units at \$1,500,000 each.**
- **Production and delivery of the 300kW/hr Units is scheduled to commence in the fourth quarter of 2009.**
- **The importance of using wood, cardboard and paper waste as a fuel is becoming more widely accepted.** Businesses and governments now understand that if handled properly, this material is a valuable asset.
- **More and more businesses want to “go green” and avoid paying to have their usable waste streams transported to a landfill where they decompose and convert into harmful methane gas.**
- **AgriPower's competition is both limited and deficient.** The competition consists of inferior gasifiers and steam technologies that create significant, expensive and continuing maintenance and downtime problems. A similar technology is embodied in smaller (25kW/hr to 100kW/hr) units or large, fixed location (more than 1MW/hr) units that require much greater quantities of fuel to be transported to them at a considerable cost. AgriPower's primary competition is from lower cost diesel generators; however, **the AgriPower Unit will generate \$15 – \$20 million or more in fuel savings over its useful life of 20 years.** At today's diesel fuel prices, the payback period for the 300kW/hr Unit, solely from the savings in diesel fuel, is less than two years. This payback period does not take into account the considerable economic value of the Co-Generation and Thermal Energy the Unit produces (or possibly carbon credits). Diesel generators do not produce clean hot air that is suitable for Co-Generation and, because diesel fuel oil is an inefficient and polluting energy source, they do not generate carbon credits.
- **Razor/razor blade sales strategy provides a high-margin, recurring revenue stream.** The 300kW/hr Units can be sold for at least \$1,500,000 which yields a 50%+ net profit margin or they can be placed on a long term (10 years) “profit sharing” leases where they will generate an annual return of at least 75% of their build price.
- **Win-Win-Win for AgriPower, its customers and the environment.** AgriPower either receives a \$750,000 gross profit on the sale of the Unit or at least a 75% annual profit from its long term profit sharing lease; customers use their waste streams as fuel instead of paying to have them brought to landfills (or large, fixed location furnaces) or purchasing expensive diesel fuel; and the environment benefits because the material is used as a fuel instead of being allowed to decompose into methane gas or burned in the open air.

THE COMPLETED 250kW/hr DEMONSTRATION UNIT



This photo shows the completed 250kW test Unit in AgriPower's current assembly and testing facility in Sacramento, California. The automated feeder hopper module (1) on the left is connected to the combustion chamber module (2). The heat exchanger module (3) is in the right rear. The control panel (4) is in the center, the operating computer (5) is in the immediate front and the turbine generator set (6) is behind the computer.

NEAR TERM MILESTONES / USE OF PROCEEDS

- Demonstrations of the 300kW/hr Unit to numerous purchasers, distributors and dealers (4Q 2008).
- Hire COO and senior procurement and production personnel (4Q 2008).
- Select sub-contractor manufacturers and upgrade software (4Q 2008).
- File 6 patent applications to complement AgriPower's existing patent (4Q 2008).
- Order necessary equipment and long lead time inventory (4Q 2008).
- Accept orders and deposits from customers and distributors (4Q 2008). Pending potential customers include Kimberly-Clark, Waste Management, the Department of the Army and the Department of Energy.
- Establish and train national and international sales force (1Q 2009).
- Commence full-scale operations and produce and deliver Units (4Q 2009).

MANAGEMENT AND CONSULTANTS

- Management consists of experienced executives, attorneys, physicists and engineers.
- Law firms: DLA Piper (Corporate) and Patton Boggs LLC (Intellectual Property).
- Design and Engineering firm is MPR Associates, Inc.
- Strategic alliance for business development with DLA Piper and The (William) Cohen Group.
- Pending strategic alliances with Kawasaki (turbine generator) and PIC-Marubeni (world-wide installation/service).

LIMITED COMPETITION / ADDITIONAL PRODUCTS

- Superior technology compared to comparably sized gasifiers and steam units.
- Similar technologies are less than 25kW/hr retail units, an overpriced 100kW/hr unit (\$800,000) or more than 1MW/hr non-transportable furnace units.
- The Unit provides considerable economic and environmental benefits compared to diesel generators.
- AgriPower has a first to market advantage (4Q 2009).
- AgriPower has one issued patent and will file 6 additional patent applications in 4Q 2008.
- The proprietary technology, control system and operating software program that took several years and more than \$5 million to develop provides a significant barrier to entry by any competitors for at least the next few years.
- Additional products are in the pipeline; a Unit modified to cleanly combust poultry waste will be introduced in 2009 and a mobile Unit, mounted on tractor trailers and railroad box cars, will be introduced in 2010.

FINANCIAL PROJECTION

The following projection illustrates AgriPower's expected financial results assuming it eventually ramps up to 10 Units per month in its current facility. This projection does not reflect the higher production rate (and lower costs) which would result from: operating in a larger facility; operating additional production facilities abroad; working more than one shift per day or more than five days per week; or leasing AgriPower Units. It also does not include revenues from the sale or leasing of mobile or poultry waste Units, the sale of distributorships or dealerships or the sale of Co-Gen converters and spare parts.

SALES OF UNITS	2009	2010	2011	2012	2013
# OF UNITS PRODUCED AND SOLD	5	35	60	90	120
REVENUES					
UNIT SALES	\$7,500,000	\$52,500,000	\$90,000,000	\$135,000,000	\$180,000,000
SALES OF DISTRIBUTORSHIPS	-0-	-0-	-0-	-0-	-0-
OFF-SHORE PARTNERSHIPS	-0-	-0-	-0-	-0-	-0-
LEASING (i.e., OPERATING) UNITS	-0-	-0-	-0-	-0-	-0-
CO-GEN CONVERTERS & SPARE PARTS	-0-	-0-	-0-	-0-	-0-
TOTAL REVENUE	\$7,500,000	\$52,500,000	\$90,000,000	\$135,000,000	\$180,000,000
EXPENSES					
COGS (@\$750,000)	\$3,750,000	\$26,250,000	\$45,000,000	\$67,500,000	\$90,000,000
COMMISSIONS AND FEES (10%)	\$750,000	\$5,250,000	\$9,000,000	\$13,500,000	\$18,000,000
OPERATING EXPENSES	\$3,000,000	\$1,750,000	\$3,000,000	\$4,500,000	\$6,000,000
EBITDA	N/A	\$19,250,000	\$33,000,000	\$49,500,000	\$66,000,000
TAXES (@40%)	N/A	\$7,700,000	\$13,000,000	\$19,500,000	\$26,000,000
DIVIDENDS (75%)	N/A	\$8,660,000	\$15,000,000	\$22,500,000	\$30,000,000

SUMMARY OF BENEFITS.

The Unit provides numerous significant benefits to purchasers or lessees:

- **VIRTUALLY FREE / LOW COST FUEL:** Instead of using diesel fuel oil that is expensive and difficult to obtain, transport and store, and dirty to burn, the Unit burns most types of Biomass including wood, sawdust and most agricultural and animal waste products. One of its best fuels is the leftover residue of whatever crops are being grown locally. This provides an abundant, renewable and virtually free or low cost fuel source.

- **SIGNIFICANT FUEL COST SAVINGS:** Biomass fuel represents a dramatic fuel cost savings versus diesel fuel oil. Fuel savings with the 300kW/hr Unit usually provide a financial payback period of about 18 months. Fuel savings are estimated to be \$15 — \$20 million or more over its useful life of 20 years compared to the fuel costs of a comparably sized diesel generator set or from the tipping fees and taxes avoided by disposing of Biomass in the Unit. The Unit uses Biomass waste that our customers generate from their operations as fuel, not any materials that can be used as food.

- **ENVIRONMENTALLY FRIENDLY:** The Unit is virtually pollution free. Certain types of contaminated materials (such as wood waste containing paint and creosote treated wood) can be used for fuel by adding an inexpensive scrubber to the Unit that captures the contaminants during the combustion process and enables their proper disposal.

- **MOBILITY; REDUCED FUEL TRANSPORT COSTS; RAPID ASSEMBLY; SIZE AND WEIGHT:** The Unit is prefabricated, modular and shipped pre-assembled and pre-tested in standard 20' or 40' shipping containers making it easily and inexpensively transportable to even the most remote areas or to where the fuel is located (thereby reducing or eliminating fuel transport costs). It contains bolted fittings for rapid assembly and can be installed on site and producing electricity only two days after delivery. When the four modules are assembled, it measures 16' wide by 40' long and weighs less than 80,000 pounds (40 tons).

- **CO-GENERATION AND THERMAL ENERGY:** The heat generated to power the turbine is about 1,950°F. The clean hot air available for Co-Generation is approximately 550°F. Using Co-Gen Converters, the Co-Generation and other Thermal Energy (approximately 350°F) produced by the Unit are available as additional and free energy sources to operate water distillation, desalination and purification equipment; ice machines, refrigeration and air conditioning units; to produce hot water and steam; and for industrial heating, bonding and drying processes, such as drying paint and wood prior to shipment or drying extremely wet Biomass prior to its being used as fuel.

- **EASE OF USE; REMOTE MONITORING; DIGITAL PROOF:** The Unit has been designed to be easily and safely used by unskilled and inexpensive labor and is extremely user friendly. The proprietary fully-automated start-up and control system, with its developed PC-based software program, and embedded sensors installed throughout the Unit, constantly monitors key control parameters (i.e., fuel feed and speed, load requirements, fan speeds, oxygen levels, etc.) resulting in a fully automated power plant thus eliminating the need for an on-site engineer or technician. The Unit can be remotely monitored by the customer or AgriPower to confirm it is being properly operated and digital proof can be obtained and used for carbon credit billing and payment purposes. Software upgrades can be easily installed via telephone or satellite.

- **PROVEN AND RELIABLE TECHNOLOGIES; LOW OPERATING COSTS:** The Unit uses proven fluidized “bubbling” bed and gas turbine technologies that have been widely used for power and aircraft propulsion and for burning a variety of low quality fuels for more than 40 years. The reliability of these proven technologies translates into extremely low operating and maintenance costs and reduced down-time.

- **PROPRIETARY AND UNIQUE TECHNOLOGY PROVIDES CONSIDERABLE BENEFITS:** The Unit separates the Biomass fuel combustion products from the gas turbine cycle thereby reducing turbine wear and down-time and maintenance and operating costs. AgriPower's patented air-to-air technology accommodates low quality fuels and provides lower emissions than comparable furnace technologies.

- **HIGH EFFICIENCY:** The Unit's use of proprietary technology and space age metals enables it to be highly efficient. Its high operating temperatures enable it to completely combust the fuel and produce high output for its size and weight; for each four BTUs of fuel it consumes, it produces approximately one BTU of electricity, more than one BTU of Thermal Energy that can be used for Co-Generation and one BTU of Thermal Energy that can be used for heating, drying and bonding (a total of more than 3 BTUs, or more than 75% efficiency).

- **DISTRIBUTION AND SERVICE CHANNELS.** The Unit's proprietary technology has few moving parts and uses standard off the shelf components (several readily available fans and blowers) that can be inventoried and easily repaired or replaced by PIC-Marubeni, our world-wide installation and service company and our extensive network of authorized sales agents, distributors, dealers and strategic partners. PIC-Marubeni and this network will provide our customers with an immediate, virtually worldwide, sales, installation, maintenance, repair and service capability.

THE UNIT CAN USE A WIDE VARIETY OF WASTE MATERIALS AS FUEL:

- ✓ **Agricultural Waste** such as most types of crop waste including sugar cane bagasse; almond, coconut, nutmeg, peanut and walnut shells; coffee bean shells; corn cobs and husks; nuisance plant materials such as invader bush and sawgrass; forest thinning materials; and most other types of agricultural and animal waste materials including manure.
- ✓ **Business Waste** including wood, wood chips and sawdust (from lumber mills, disaster and construction sites, etc.) even if it contains paint and creosote; wooden pallets, paper and cardboard and discarded fruits and vegetables (from retail establishments and malls and shopping centers); and ethanol waste (corn cobs, stalks and syrup).
- ✓ **Municipal Waste** including tree waste and brush (from municipal landfills, disaster sites and highway department and utility tree trimming and gardening activities).