UNEP Finance Initiative
Renewable Energy Project Finance

Jimmy Anderson, Director
Global Energy
September 27, 2007
212-403-3992
james_anderson@westlb.com
Disclaimer

The foregoing proprietary presentation (the “Presentation”) is given for informational purposes only and shall be kept strictly confidential. Until a Definitive Agreement is executed and delivered, there shall be no legal obligations owed by either party of any kind whatsoever (other than those relating to confidentiality) with respect to the material contained in the Presentation. The term “Definitive Agreement” shall mean a legally binding agreement setting forth the terms and conditions and other provisions relating to any transaction. All of the information contained in the Presentation is subject to further modification and any and all forecasts, projections or forward-looking statements contained herein shall not be relied upon as facts nor relied upon as any representation of future results which may materially vary from such projections and forecasts.

You should obtain your own independent advice on the accounting and tax aspects of the proposed solution outlined in this Presentation. You agree that you are not relying and will not rely on any communication (written or oral) of WestLB as investment advice or as a recommendation to enter into any transaction and that you are capable of assessing the merits of and understanding (on your own behalf or through independent professional advice), and, should you enter into a Definitive Agreement with WestLB, you will do so because you understand and accept, the terms and conditions and risks (including but not limited to economic, competitive, operational, accounting and tax risks) of such transaction. WestLB does not in any way warrant, represent or guarantee the accounting or tax results of the transaction described in the Presentation nor does it hold itself out as a legal, tax or accounting advisor to any party.

The U.S. tax treatment and tax structures described in this Presentation are non-confidential and you are hereby authorized to disclose any such aspects (including any material received from WestLB related to the tax treatment and tax structure) of the financial solution described in the Presentation to any and all persons without limitation.
At Glance

- WestLB is a top tier wholesale bank with a broad range of commercial and investment banking services
- WestLB has a global network of offices in 28 countries with a substantial presence in all major financial centers world-wide
- With headquarters in Düsseldorf, Germany, WestLB is one of Europe’s largest banks
- Total assets amount to approximately EUR 300 billion
- Approx. 60,000 employees worldwide

Business Focus

- WestLB is a financial partner for large corporate clients including financial institutions, mid-sized corporates, and project developers
- WestLB has a strong international reputation in the following product areas:
  - Project and Structured Finance
  - Asset Backed Financing
  - Asset Management
  - Credit Products
  - Equity Solutions
  - M&A Advisory
  - Trade & Commodity Finance
  - Treasury & Fixed Income
- WestLB was created in 1969 by the merger of its predecessor institutions Landesbank für Westfalen, founded in 1832 and Rheinische Girozentrale and Provinzialbank, founded in 1854
- In 2002, WestLB was reinvented into its current form by concentrating all commercial business in the new WestLB AG
# WestLB Scope of Services

As advisor and arranger, WestLB’s typical scope of work would include:

## Financial Structuring
- Develop optimal financial structure given multiple classes of debt obligations
- Finalize financial models
- Work with appropriate third-party consultants
- Present at meetings with financing sources
- Evaluate potential financing sources
- Source and negotiate with mezzanine/Holdco debt

## Project Finance Execution
- WestLB would act as advisor, underwriter, placement agent, arranger and lender (as appropriate)
- Drafting material to be presented to rating agencies
- Present material to rating agencies with the intention of obtaining the optimal rating for the Project
- Assist in preparation of offering memorandum, investor presentations, financing agreements and other materials
- Assist with other activities necessary in connection with intercreditor issues, institutional / bank financing of the Project

## M&A Advisory
- Provide support to client throughout bidding process
- Assist client in developing a target valuation
- Assist client in all aspects of financial, contractual, and structural due diligence
- Provide financial support letters as required
- Structure bridging facilities as may be required on terms acceptable to client and WestLB
Portfolio Financing Structure

- **Sponsor(s)**
- **HoldCo**
  - Equity
  - Subordinated Loan
- **Project Borrower**
  - Loan
  - Upstream Guarantee
- **Collateral** (including pledge of Borrower’s shares)
- **Project #1**
- **Project #2**
- **Sub Debt Lenders**
- **Senior Debt Lenders**
# Summary of Potential Senior Debt Financing Alternatives

## Bank Market

**Advantages**
- Delay draw during construction
- Prepayment at par
- Ethanol industry experience
- Familiar with construction risk
- Ratings not required
- Lowest all-in pricing

**Disadvantages**
- Potentially Lower Leverage

**Optimal Usage**
- Greenfield projects
- First lien debt

**Execution Risk**
- Low

**Recent Financings**
- ASAlliances Biofuels
- Cascade Grain Products
- Pacific Ethanol (Tranche A)
- White Energy
- Abengoa Bioenergy (Maple)
- Marquis Energy

## Term Loan B

**Advantages**
- Potentially greater leverage

**Disadvantages**
- Negative arbitrage during construction
- Non familiar with Construction Risk
- Prepayment penalties
- Ratings required
- Higher Pricing

**Optimal Usage**
- Operating projects or Portfolio of projects
- Second lien debt

**Execution Risk**
- Medium

**Recent Financings**
- Central Illinois
- Abengoa Bioenergy (Ravenna)
- Pacific Ethanol (Tranche B)
- Hawkeye Renewables
- Northeast Biofuels

## High Yield Bond Market

**Advantages**
- Longer maturities
- No mandatory cash sweep

**Disadvantages**
- Negative arbitrage during construction
- Non familiar with Construction Risk
- Higher Pricing
- Ratings required
- Prepayment penalties

**Optimal Usage**
- Operating Project Portfolios

**Execution Risk**
- Medium

**Recent Financings**
- VeraSun Energy
- Aventine Renewable Energy Holdings
Senior Bank Market

- **Capital Structure**
  - **Senior Debt:** 60% – 65% leverage up to $1.00 - $1.10 / gallon
  - **Subordinated Debt:** 15% – 20% (injected as equity)
  - **Equity:** 20% – 25%

- **Tenor**
  - Construction loans 18-24 months with application of funds would be equity, subordinated debt followed by senior debt
  - Term Loan of approximately 6 years

- **Amortization**
  - Ranges from 1% to 6% of original principal
  - Mandatory cash flow sweep of 40% minimum up to 100% based on target balances and VEETC renewal expiration

- **Other Features**
  - Waterfall distribution of cash
    - operating expenses,
    - senior debt service,
    - cash sweep,
    - taxes
    - subordinated debt service,
    - Equity
  - 6-month DSRA, working capital reserve and operating and maintenance reserve
  - Minimum distribution tests
Advantages
- Total senior secured financing can be up to 65% of total capital cost depending on the overall cost structure
- Low execution risk for the financing
- Terms and conditions will largely reflect those obtained for competing ethanol plants
- Can accommodate multiple plant construction and term
- No prepayment penalties
- No ratings required

Disadvantages
- Somewhat restrictive covenants
- Inclusion of sub-debt may complicate execution
- Limits debt investor base to commercial, agricultural and regional banks
- Cash sweep provisions must achieve a 3 to 4 year repayment profile under base case assumptions
### Selected Expertise in Power and Alternative Fuels

<table>
<thead>
<tr>
<th>Date</th>
<th>Company/Project Description</th>
<th>USD Amount</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>US August</td>
<td>ABENGOA Abengoa Bioenergy Maple, LLC</td>
<td>USD 300,000,000</td>
<td>Joint Lead Arranger, Joint Bookrunner, Administrative Agent</td>
</tr>
<tr>
<td>US July 2007</td>
<td>Illinois River Energy, LLC</td>
<td>USD 140,000,000</td>
<td>Sole Lead Arranger, Sole Bookrunner, Administrative Agent</td>
</tr>
<tr>
<td>US March 2007</td>
<td>Longview Power</td>
<td>USD 1,100,000,000</td>
<td>Joint Bookrunner, Financial Advisor</td>
</tr>
<tr>
<td>US February 2007</td>
<td>Pacific Ethanol</td>
<td>USD 325,000,000</td>
<td>Joint Lead Arranger, Sole Bookrunner, Administrative Agent</td>
</tr>
<tr>
<td>US October 2006</td>
<td>White Energy, LLC</td>
<td>USD 296,500,000</td>
<td>Sole Bookrunner, Lead Arranger and Administrative Agent</td>
</tr>
<tr>
<td>US June 2006</td>
<td>White Energy, LLC</td>
<td>USD 173,500,000</td>
<td>Sole Lead Arranger, Sole Bookrunner, Administrative Agent</td>
</tr>
<tr>
<td>US May 2006</td>
<td>Cascade Grains</td>
<td>USD 120,000,000</td>
<td>Lead Arranger, Sole Bookrunner, Administrative Agent</td>
</tr>
<tr>
<td>US April 2006</td>
<td>LS Power Equity Partners</td>
<td>USD 1,240,000,000</td>
<td>M&amp;A and Financial Advisor, Arranger &amp; Bookrunner</td>
</tr>
</tbody>
</table>

WestLB and successfully syndicated $2 billion to date and has been mandated on over $2 billion of ethanol financings
Abengoa Bioenergy Maple Case Study

**Project Overview**

- Abengoa Bioenergy Maple LLC ("ABM") is a portfolio of two fuel grade ethanol plants located in Colwich, Kansas and Evansville, Indiana with a total nameplate capacity of 176 million gallons per year.
- Either of these plants may be substituted by a plant located in Madison, Illinois subject to due diligence and lender approval.
- Design and construction of the plants have been contracted to Abener Energia S.A. ("Abener"), a wholly owned subsidiary of Abengoa S.A., under a fixed-priced EPC contract.
- Abengoa Bioenergy Trading U.S., LLC ("ABT"), will handle grain procurement and market the ethanol and distillers grains produced by the projects.
- The project benefits from significant support from the parent company, Abengoa S.A., with guarantees of equity contributions, performance and payment obligations of Abener, and margin calls for grain and CBOT ethanol in excess of $40 million, and margin calls for ethanol, natural gas, denaturant and grain in excess of $25 million.

**Transaction Overview**

- WestLB acted as Joint Lead Arranger, Joint Book-runner and Administrative Agent in the successful execution of $300 million Senior Secured Credit Facilities.
- The senior debt was structured into a $215MM Construction / Term Loan Facility ("C/T Loan"), $20MM Working Capital Facility, $25MM Hedge Facility, and a $40MM Flexible Payment Program Facility.
- Total development, construction and financing costs are expected to be approximately $532.5 million, of which 59.6% or $317.5 million will be financed with equity funded on a pro-rata basis.
- Interest on the C/T Loan will be payable on a quarterly basis while principal and cash sweeps will be paid annually following conversion. The C/T Loan will require a 6% annual scheduled amortization and a minimum 60% cash sweep, which may be increased up to 100% to meet predetermined target balances.

**Transaction Highlights**

- The financing benefited from a favorable EPC contract which includes greater scope than typical and substantial liquidated damages (up to 30% for performance and delay) plus a "put right" of the debt to the contractor under certain circumstances.
- The structure of the transaction attracted numerous investors which resulted in commitments totalling over $550 million in primary syndication.
- As a result of this large oversubscription, WestLB was able to reverse flex from LIBOR plus 325 basis points to LIBOR plus 300 basis points.
- Unique to this transaction are the Hedge facility and Flexible Payment Program facility which allow the project ample liquidity to support hedging for ethanol, natural gas, and denaturant.

**Sources & Uses**

<table>
<thead>
<tr>
<th>Sources (’000$)</th>
<th>Amount ($)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>C/T Loan</td>
<td>215,000</td>
<td>40.4%</td>
</tr>
<tr>
<td>Equity</td>
<td>317,522</td>
<td>59.6%</td>
</tr>
<tr>
<td>Total Funded Sources</td>
<td>532,522</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses (’000$)</th>
<th>Amount ($)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital Facility</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Hedge Facility</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>Flexible Payment Program Facility</td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td>Total Unfunded Sources</td>
<td>85,000</td>
<td></td>
</tr>
<tr>
<td>Total Funded Uses</td>
<td>532,522</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Illinois River Energy Case Study

Project Overview

- Illinois River Energy (“IRE”) owns and operates a 50 million gallon per year (“MGPY”) ethanol production facility located in Rochelle, Illinois. IRE is seeking to refinance existing indebtedness and to expand its current capacity by an additional 50 MGPY for a total of 100 MGPY (the “Expansion”).
- The original IRE plant was built on schedule and on budget by Fagen Inc. utilizing ICM Inc. technology and commercial operations began in December of 2006.
- Rochelle is located in the heart of the “corn belt” of the Midwest at the intersection of two mainline rail systems: the Union Pacific and the Burlington Northern Santa Fe.
- The Project’s risk management, corn supply and natural gas is provided by Cargill and its ethanol is sold by a Provista Renewable Fuels Marketing, a joint venture between CHS Inc. and US Bioenergy Inc. (“USBE”).
- The Project’s DDGS are marketed by another subsidiary of USBE, UBE Ingredients. UBE has been effectively marketing the Project’s DDGS to the Far East given the premium realized in that market.

Transaction Overview

- WestLB acted as Sole Lead Arranger and Bookrunner in the successful execution of $140.0 million Senior Secured Credit Facilities.
- The Credit Facilities were comprised of a $130.0 million Construction/Term Loan Facility and a $10.0 million Working Capital Facility.
- The Senior Credit Facilities represented 60.2% of the total Borrower’s capitalization at closing. During the construction period, excess cash flow from the operating facility will be prioritized (i) to replenish any amounts used under the contingency budget; (ii) to pay down part of the Construction/Term Loan prior to the COD to bring the senior leverage to a maximum of $1.15/gal, (iii) to pay a cash distribution (under normal condition) to GTL (the “Sponsor”) and (iv) to share residual cash on 60:40 (equity:debt) basis.
- As a result of the pre-conversion waterfall, the Construction/Term Loan is expected to be reduced by $30.2 million, to approximately $91.0 million on the day the Expansion is completed.

Transaction Highlights

- The financing benefited from the conservative capital structure and strong cash flow created by the 50 MGPY of capacity already installed.
- The financing was executed in the commercial bank market and attracted a broad range of investors consisting of a unique combination of traditional project finance banks, US-based agricultural lenders, regional banks and institutional lenders.
- The attractive structure and investment opportunity allowed the transaction to be oversubscribed and favorably priced, with many investors indicating further appetite for future transactions.
- As Sole Lead Arranger and Bookrunner, WestLB continues to demonstrate its creative structuring and distribution capabilities for large, complex, structured financings.

Sources & Uses

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
<th>Uses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C/T Loan</td>
<td>$130,000,000</td>
<td>Construction Costs</td>
<td>$100,684,657</td>
</tr>
<tr>
<td>Subordinated Tax Exempt Bonds</td>
<td>$30,000,000</td>
<td>Refinancing Debt</td>
<td>$38,000,000</td>
</tr>
<tr>
<td>Equity</td>
<td>$21,100,000</td>
<td>Interest During Construction</td>
<td>$18,404,762</td>
</tr>
<tr>
<td>Contingency</td>
<td>$10,000,000</td>
<td>Transaction Expenses</td>
<td>$8,244,065</td>
</tr>
<tr>
<td>Debt Service Reserve</td>
<td>$5,766,515</td>
<td>Total Funded Sources</td>
<td>$181,100,000</td>
</tr>
<tr>
<td>Total Funded Sources</td>
<td>$181,100,000</td>
<td>Total Funded Uses</td>
<td>$181,100,000</td>
</tr>
<tr>
<td>Working Capital Facility</td>
<td>$10,000,000</td>
<td>Total Unfunded Sources</td>
<td></td>
</tr>
<tr>
<td>Total Unfunded Sources</td>
<td></td>
<td>Total Unfunded Uses</td>
<td>$10,000,000</td>
</tr>
</tbody>
</table>

WestLB AG
New York Branch
1211 Avenue of the Americas
New York, New York 10036

Investment Banking
Energy Group
Pacific Ethanol Case Study

**Project Overview**

- Pacific Ethanol ("PEI") is a portfolio of five fuel grade ethanol plants located in Madera, CA, Boardman, OR, Burley, ID, Brawley, CA, and Stockton, CA with a total capacity of 260 million gallons per year.
- Design and construction of the Boardman Plant, the Burley Plant, the Stockton Plant, and the Brawley Plant have been contracted to Pacific Ethanol California, Inc. ("PECA"), a wholly owned subsidiary of PEI, under an owner-construct model.
- The design, engineering and procurement of equipment for the Plants will be performed by Delta-T Corporation under existing Engineering, Procurement and Technology License agreements.
- PEI subsidiaries, Pacific Ag Products and Kinergy Marketing, will help to procure and handle grain and distribute the ethanol and distillers grains produced by the projects.

**Transaction Overview**

- WestLB acted as Lead Arranger, Sole Book-runner and Administrative Agent in the successful execution of $325 million Senior Secured Credit Facilities.
- The senior debt was structured into a $25MM Working Capital Facility, $200MM Tranche A, and a $100MM Tranche B:
  - The term loans benefits from a minimum 50% cash flow sweep applied in the first two years after conversion and a minimum 75% sweep thereafter to Tranche A until fully repaid, then to Tranche B.
  - Cash sweeps up to 100% were also available based on targeted balances to allow for full repayment in 5.5 years.
- Construction risk is partially mitigated by having two operating ethanol plants, while the remaining three plants are under construction with reduced leverage.

**Transaction Highlights**

- Groundbreaking ethanol financing which incorporates an "owner construct" model that does not involve a fully wrapped EPC.
- Successfully syndicated in a challenging commodity market environment where corn prices exceed $4/bushel and oil prices dipped to $50/bbl.
- Syndicate group of banks include over 16 investors comprised of commercial banks, finance companies, insurance companies and institutional investors.
White Energy Case Study

Transaction Overview

- WestLB acted as Lead Arranger, Sole Book-runner and Administrative Agent in the successful execution of $173.5 million in Senior Secured Credit Facilities
- The senior debt was structured as a platform facility to enable future expansion
  - Structured as a $160 MM single tranche 8.75 year construction and term loan with a $13.5MM, 3 year working capital facility
  - Scheduled term loan amortization of 1%
  - The term loan includes cash sweeps up to 100% with a cap at $8MM per quarter based on targeted balances to reduce targeted repayment to 5 years post completion
  - The cash sweep can be increased to a minimum of 75% if the VEETC is not renewed by July 2009

Project Overview

- White Energy ("White") includes a portfolio of one 45 MMGPY operating Ethanol plant in Russell, Kansas and a greenfield 100 MMGPY greenfield construction project in Hereford, Texas
- The Russell plant, acquired by White in June 2006, has been operating successfully for over four years and is producing approximately 50 MMGPY of Ethanol, significantly producing above its nameplate capacity
- The Hereford Plant is located next to an Archer Daniels Midland ("ADM"), grain elevator and includes a 20-year feedstock supply agreement with ADM
- Both plants are Fagen construction with ICM technology providing proven technology and industry leading construction experience
- Experienced management from the Russell plant was retained and will provide training for the Hereford plant
- Both plants sell distiller’s grains wet to local feedlots
- Columbus Nova and Ares Management are the equity sponsors

Transaction Highlights

- The portfolio financing benefited from the strong cash flow from the operating plant in Russell, Kansas and a cash trap of up to $20MM of cash flow from the Russell plant that can be used to cover contingencies for the Hereford plant
- The financing was executed in the commercial bank market and attracted a broad range of investors consisting of a unique combination of traditional project finance banks, US-based agricultural lenders, regional banks and institutional lenders
- The attractive structure and investment opportunity allowed both tranches to be oversubscribed and favorably priced, with many investors indicating further appetite for future transactions
- As Lead Arranger and Sale Book-runner, WestLB continues to demonstrate its creative structuring and distribution capabilities for large, complex, structured financings
Cascade Grains Case Study

Project Overview
- Cascade Grains ("Cascade") is a 113 million gallons per year ("mgpy") ethanol project located in Clatskanie, Oregon
- A joint venture between The Industrial Company ("TIC") and JH Kelly will build the project using proven Delta-T technology
- The project is located on the Columbia River with rail, road and barge access to the lucrative west coast ethanol markets
- ConAgra Trade Group ("ConAgra") will supply all the feedstock
- Eco-Energy will market and distribute all of the ethanol
- Land O’Lakes will market and distribute all of the DDGS
- BOC Gases will purchase all of the CO₂
- Equity is being provided by Berggruen Holdings with subordinated debt provided by Stark Investments
- Hart Energy, Informa Economics, Harris Group are the lenders independent consultants

Transaction Overview
- WestLB acted as Lead Arranger, Sole Bookrunner and Administrative Agent in the successful execution of $120 million Senior Secured Credit Facilities
- The senior debt was structured in two tranches: $100MM for the Bank Tranche and $20MM for a State of Oregon Loan
- The Bank Tranche terms were the following:
  - Annual amortization of 6%
  - A minimum 40% cash flow sweep, which could be increased up to 100% based on predetermined target balance to ensure repayment within the 6.5 year tenor
  - The cash sweep could be increased to a minimum of 75% if the VEETC is not renewed by July 2009, which would allow the facility to be repaid by the end of 2010

Transaction Highlights
- The financing was executed in the commercial bank market and attracted a broad range of new investors consisting of a combination of traditional project finance banks, US-based agricultural lenders, regional banks and institutional lenders
- The transaction was the first large-scale “destination” ethanol project financed in the New York Bank Market; the attractive structure and investment opportunity allowed the bank tranche to be oversubscribed, with many investors indicating further appetite for future transactions
- As Lead Arranger and Bookrunner, WestLB continues to demonstrate its structuring and distribution capabilities for large, complex structured financings
**ASAlliances Case Study**

### Project Overview
- **ASAlliances** (“ASA”) is a portfolio of three 100 million gallons per year (“mgpy”) greenfield ethanol projects.
- The projects are all being constructed by Fagen, Inc (“Fagen”) using proven ICM, Inc (“ICM”) technology; Fagen is a very experienced design / build contractor and has built the majority of the US ethanol plants in the last five years.
- Cargill, Incorporated (“Cargill”) will supply all the feedstock (corn) and natural gas pursuant to twenty-year and ten-year supply agreements, respectively.
- The projects are located in Nebraska, Ohio and Indiana, which are all adjacent to Cargill grain sites.
- Cargill will also market and distribute all of the ethanol and distillers grains (“DDGS”) produced by all of the projects under a ten-year marketing agreement.
- American Capital, Laminar Direct, Fagen and Cargill all supplied the equity and subordinated debt for the portfolio.

### Transaction Overview
- WestLB acted as Lead Arranger, Sole Book-runner and Administrative Agent in the successful execution of $275 million Senior Secured Credit Facilities.
- The senior debt was structured in two tranches: $175MM for Tranche A and $100MM for Tranche B.
  - Each Tranche received annual amortization of 6%.
  - The senior debt also benefited from a minimum 40% cash flow sweep applied to Tranche A until fully repaid, then to Tranche B.
  - Cash sweeps up to 100% were also available based on targeted balances to allow for full repayment in 6.5 years.
  - The cash sweep could be increased to a minimum of 75% if the VEETC is not renewed by July 2009, which would allow the facility to be repaid by the end of 2010 (the current expiration date of the VEETC).

### Transaction Highlights
- The portfolio financing was executed in the commercial bank market and attracted a broad range of new investors consisting of a unique combination of traditional project finance banks, US-based agricultural lenders, regional banks and institutional lenders.
- Although the transaction was the largest ethanol financing ever executed, the attractive structure and investment opportunity allowed both tranches to be oversubscribed, with many investors indicating further appetite for future transactions.
- Tranche B investors were attracted by a higher yield in exchange for a longer repayment period due to the timing of the cash sweeps.
- As Lead Arranger and Book-runner, WestLB continues to demonstrate its structuring and distribution capabilities for large, complex, structured financings.
AES Buffalo Gap Wind Farm II Case Study

**Project Overview**

- AES Buffalo Gap Wind Farm 2, LLC (“The Project”) is an indirect wholly owned subsidiary of AES, LLC.
- The Project is a 232.5 MW wind power facility located in Taylor and Nolan Counties, Texas adjacent to the Buffalo Gap I.
- The Project’s total cost will be approximately $407,677,000, including construction and other costs.
- The Project will employ 155 General Electric 1.5 MW single Wind Turbine Generators.
- The Project benefits from 10-year Power Purchase Agreement with Direct Energy, LP, a subsidiary of Centrica, plc. Centrica, plc (A3/A) provides a guaranty of Direct Energy’s obligations under the PPA.
- The Project is planned to be in commercial operation by July, 2007.

**Sources and Uses of Funds**

<table>
<thead>
<tr>
<th>Sources of Funds ($ in thousands)</th>
<th>Uses of Funds ($ in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AES Equity</td>
<td>Wind Turbine Generators 240,790</td>
</tr>
<tr>
<td>Senior Secured Construction Loan Facility 320,000</td>
<td>WTG Transportation 16,275</td>
</tr>
<tr>
<td></td>
<td>Construction/BOP 68,785</td>
</tr>
<tr>
<td></td>
<td>Development Costs 4,445</td>
</tr>
<tr>
<td></td>
<td>Interest During Construction 12,222</td>
</tr>
<tr>
<td></td>
<td>L/C Fees 907</td>
</tr>
<tr>
<td></td>
<td>Financing Fees and Expenses 4,649</td>
</tr>
</tbody>
</table>

| Total Sources 348,073 | Total Uses 348,073 |

**Transaction Overview**

- WestLB served as Joint Lead Arranger, Joint Bookrunner and Co-Syndication Agent along with HVB and Dexia.
- The financing consists of a one-year single tranche $320 million Construction Loan Facility priced at L + 125 bps.
- The debt facility is secured by a standard security package for non-recourse project finance, which also includes a pledge of 100% of the membership interest in Buffalo Gap Holdings 2, LLC.
- The transaction closed on September 14, 2006.

**Transaction Highlights**

- The Project sponsor and developer AES Corporation (BB-/B1), has extensive experience developing, constructing and operating power projects. AES is a leading global power company which delivers electricity to customers in 26 countries through 127 of its power facilities. Through its AES Wind Generation division, AES has a record of over 20 years successfully developing, constructing and operating wind farms.
- The area surrounding the Project is one of the highest wind resource regions in the country.
Caithness California Wind Case Study

Project Overview

- Caithness California Wind Holdings LLC ("The Project") is a wholly owned subsidiary of Caithness Energy.
- The Project consists of four operating wind farms, totaling 92.3 MW of generating capacity.
- Oak Creek, Victory Garden, and 251 are located near Tehachapi, California and San Gorgonio is located near Palm Springs, California.
- The Project employs NEG Micon 700kW turbines, Vestas V15 and V17 turbines.
- The transaction closed on August 5, 2005.

Transaction Overview

- WestLB served as Joint Lead Arranger, Joint Bookrunner and Administrative Agent.
- Proceeds of the credit facilities were used to refinance existing debt, increase leverage on two facilities, provide for a debt service reserve, and to provide sufficient working capital.
- The financing consists of a $65 million 11-year Term Loan Facility, a $4.75 million 5-year Letter of Credit Facility, and a 11-year $1 million Revolving Credit Facility.
- The credit facilities were priced at Libor +125 basis points, stepping up to Libor +150 basis points.
- The Term Loan Facility is fully amortizing and tailored to provide Lenders with a minimum and average consolidated debt service coverage ratio of 1.40x and 1.57x, respectively.

Transaction Highlights

- The Project’s output is fully contracted through power purchase agreements with Southern California Edison (Baa1/BBB+). The power purchase agreements provide a stable stream of cash flows over the life of the credit facilities.
- The wind farms are operated by reliable and experienced operators utilizing proven technology.
- The operating track record demonstrates reliable operations and stable cash flows.
- The credit facilities have been structured as a fully amortizing loan to mitigate any refinancing risk.

Sources and Uses of Funds

<table>
<thead>
<tr>
<th>Sources of Funds ($ in thousands)</th>
<th>Total Sources</th>
<th>70,750</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Loan Facility</td>
<td>65,000</td>
<td></td>
</tr>
<tr>
<td>Revolving Credit Facility</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Letter of Credit Facility</td>
<td>4,750</td>
<td></td>
</tr>
<tr>
<td>Total Sources</td>
<td>70,750</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds ($ in thousands)</th>
<th>Total Uses</th>
<th>70,750</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinance Existing Debt</td>
<td>42,084</td>
<td></td>
</tr>
<tr>
<td>Dividend to Sponsor</td>
<td>20,446</td>
<td></td>
</tr>
<tr>
<td>Major Maintenance Reserve</td>
<td>845</td>
<td></td>
</tr>
<tr>
<td>Operational Contingencies</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Restricted Cash</td>
<td>4,750</td>
<td></td>
</tr>
<tr>
<td>Transaction Costs</td>
<td>1,625</td>
<td></td>
</tr>
<tr>
<td>Total Uses</td>
<td>70,750</td>
<td></td>
</tr>
</tbody>
</table>