BOULDER WIND POWER – WHAT WE DO

• Generator and power converter designs provide radically better equipment for utility scale wind turbines

• Enables wind energy at 15% lower cost of energy; resulting in potential 300 bps gain in unlevered IRR
  • Less Capital Cost
  • Lower Operation and Maintenance Cost
  • More Energy Production
  • Scalable Platform Technology

• Technology supplier to wind turbine OEMs

• Backed by NEA and Molycorp (NYSE: MCP)

• Experienced executive team with over 100 years of leadership in wind energy
# Funding Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Stage</th>
<th>Risk Profile</th>
<th>Portfolio Company Returns</th>
<th>Size of Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>Early</td>
<td>High</td>
<td>Research</td>
<td></td>
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<tr>
<td>Angel Investors</td>
<td>Very Early</td>
<td>Very high</td>
<td>High Returns</td>
<td>&lt;$1m</td>
</tr>
<tr>
<td>Friends and Family</td>
<td>Very Early</td>
<td>Very high</td>
<td>Return of Capital? Love?</td>
<td></td>
</tr>
<tr>
<td>Venture Capital</td>
<td>Early</td>
<td>High</td>
<td>7-10x Investment</td>
<td>$1m – 20m</td>
</tr>
<tr>
<td>Private Equity / Growth Capital</td>
<td>Medium</td>
<td>Medium</td>
<td>3-7x Investment</td>
<td>$50m+ (into billions)</td>
</tr>
<tr>
<td><strong>Strategic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Development</td>
<td>Early</td>
<td>Necessity?</td>
<td>Positive NPV</td>
<td>Varies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cool side project?</td>
<td>Internal Hurdle Rate</td>
<td></td>
</tr>
<tr>
<td>Strategic Investor</td>
<td>Medium</td>
<td>Post-Proof-of-Concept</td>
<td>Financial Returns + Fit</td>
<td>$1m-20m+</td>
</tr>
</tbody>
</table>
VC Portfolio

<table>
<thead>
<tr>
<th>Company</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>Fund Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>$40m</td>
<td>$40m</td>
<td>$40m</td>
<td>$40m</td>
<td>$40m</td>
<td>$200m</td>
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<tr>
<td>Result</td>
<td>Fail</td>
<td>Fail</td>
<td>Return Capital</td>
<td>Return Capital</td>
<td>SUCCESS!</td>
<td></td>
</tr>
<tr>
<td>Returns</td>
<td>$0</td>
<td>$0</td>
<td>$40m</td>
<td>$40m</td>
<td>$400m</td>
<td>$480m</td>
</tr>
</tbody>
</table>

**Portfolio Analysis**

Year 0 - Invested $200m in a wide variety of companies
Year 7 - Two failures, two returned capital, one homerun.

ROI = 140%
CAGR = 13.3% (7 years)

Same portfolio – all achieve 50% return ($60m):

ROI = 50%
CAGR = 6% (7 years)

Long-term Market Returns ~ 7%
Hypothetical Product-Focused Company

Idea ➔ Proof of Idea ➔ First Customer ➔ Roll-Out ➔ Mainstream

Engineering Focus ➔ Application Focus ➔ Process Focus ➔ Execution Focus

Risk ➔ Value

NB: Not always linear. Usually the processes overlap.
1: Idea -> Proof of Concept

- **Does it Work?**
- **Product**
  - Build a Team
    - Focus on engineering
  - Prove the Idea Works
    - Keep eye on cash spend with disciplined R&D
    - Decrease company risk
    - Develop intellectual property
- **Market (Aiming for the Target)**
  - LCOE
  - Customer feedback
  - Competitive analysis
- **Investors**
  - First round of funding (grants, angels, venture capital)
- **Experiences**
  - Boulder Wind Power
    - Shift from full WTG to Generator to focus on value
2: Proof of Concept -> First Customer

- **Idea works! Do people care?**
- **Product**
  - Expand the Team
  - Engineering turns to application
  - Customer prototype and demonstrations
- **Market (Customer Feedback)**
  - LCOE meets reality
  - Are price assumptions valid? Can cost decrease?
  - Need to stay agile to respond to market feedback
- **Investors**
  - 2\textsuperscript{nd} Round of Funding
  - What does financial plan look like?
  - Did the sale meet metrics?
- **Experiences**
  - Previous
    - No first win...
    - Starting today, we focus on... turning the ship
  - Boulder Wind Power
3: First Customer - > Roll Out

- We Made a Sale!
  - People like us! Champagne!
- Product
  - De-risk product from prototypes to standard article
    - Manufacturing, installation, operation
  - Customer requests, 3rd party review
- Market (Develop Sales Process)
  - First sale was expensive!
    - Global customers, prototype costs
  - How do we increase sales and decrease cost of sales
- Investors
  - Do we need a 3rd round of funding?
  - Are strategic investors available to aid growth?
  - How do we continue to fund innovation?
- Experiences
  - Developing Process
  - Boulder Wind Power
    - 3rd Party Diligence

Idea ➔ Proof of Idea ➔ First Customer ➔ Roll-Out ➔ Mainstream
4: Roll Out -> Mainstream

- **Things are clicking**
  - Developing replicable processes
- **Product**
  - How does a company continue to evolve?
  - Continued product refinement, new variants
- **Market (What Next?)**
  - Continually aiming at where market will be
- **Investors**
  - Last round of funding?
  - How can company grow? IPO? Acquisition?
    - Returns to shareholders
- **Experiences**
  - There is no finish line
Wrap-Up

- **Types of Funding**
  - Different periods of the business can require different types of funding

- **Balancing Act**
  - Market needs and staying responsive
  - Continued innovation
  - Customer wins
  - Financial metrics

- **Team Building**
  - A good team consists of investors, employees (engineering and sales), management, customers, consultants
THANK YOU