Challenges and Opportunities in Wind Power in Indiana

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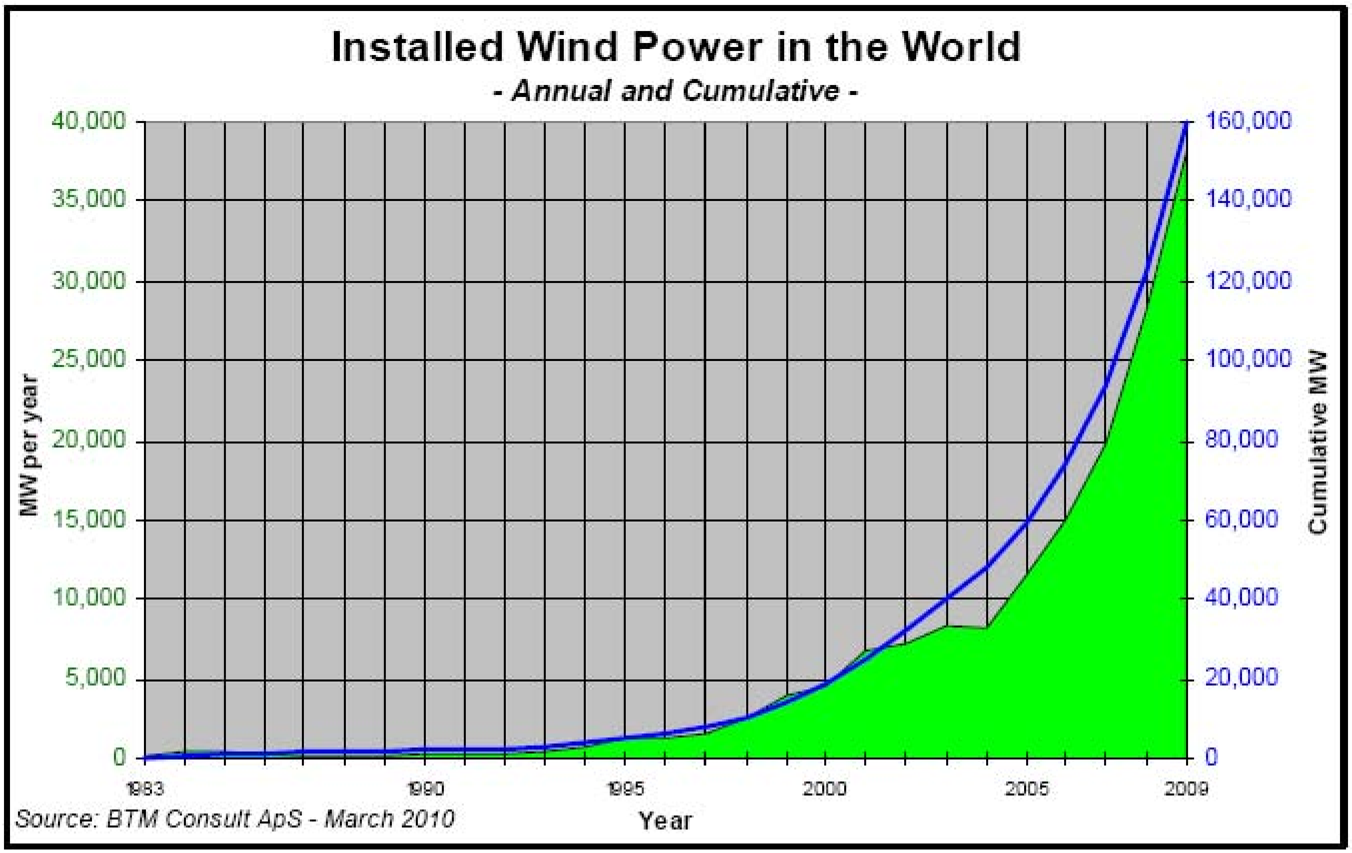
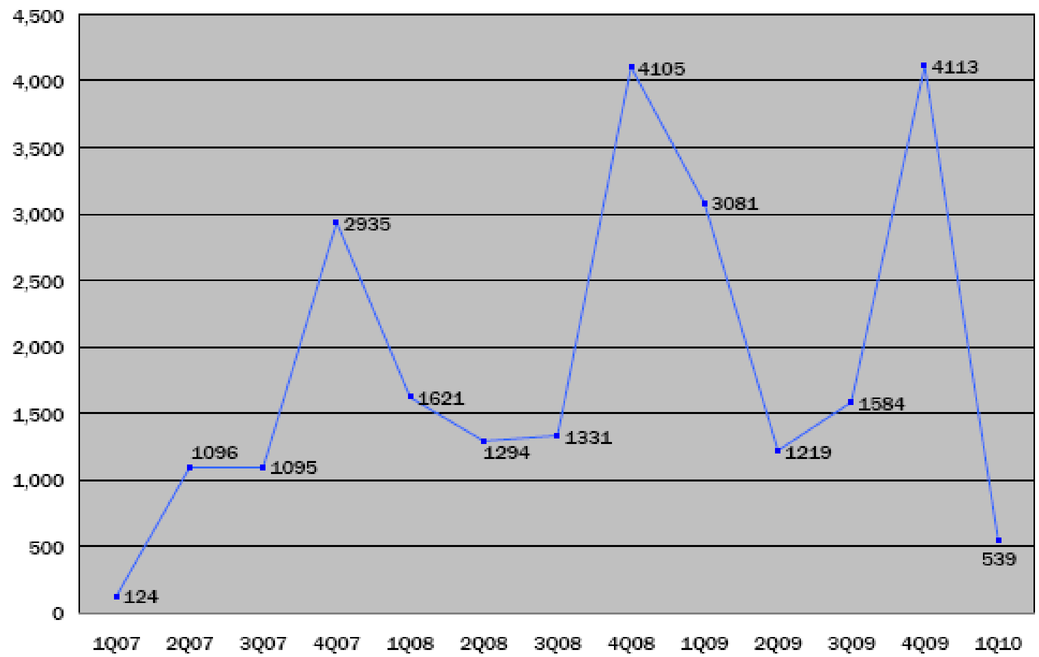


Installed Wind Power in the World
- Annual and Cumulative -
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
MW per year
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Cumulative MW
1983
1990
1995
2000
2005
2009
Year
Source: BTM Consult ApS - March 2010

Quarterly Installations Reflect Market Volatility

The cycle of wind capacity installations over the past few years, illustrated by the figure below, has created a poor environment for long-term investment decisions, particularly in wind manufacturing. Dozens of manufacturing companies have already made commitments to build and upgrade U.S. facilities, despite the market's booms and busts. These companies have created the foundation for renewing the American manufacturing sector and the U.S. could see explosive growth the instant there is a sign of market stability and U.S. commitment to long term policy.



Source: American Wind Energy Association – 1st Quarter 2010 Market Report

BTM Consult ApS

Global Distribution of Wind Turbine Manufacturing

Region/country	Supply capacity in 2008	Share of global market in 2008	Number of wind turbine OEMs by Oct 2009
Europe	17,574	56.1%	28
Americas	5,479	17.5%	7
South & East Asia	7,458	23.8%	80
of which China	4,707	15.0%	(70)
India	2,752	8.8%	(10)
OECD-Pacific	815	2.6%	7
Total	31,326	100%	122

Sources: BTM Consult ApS internal files – Nov 2009

Comment : It shall be noticed that the Top-10 suppliers counted for 84 % of the total supply in 2008

BTM Consult ApS

Installed capacity in 2008 and 2009 (Global)

	Installed MW 2008	Accu. MW 2008	Installed MW 2009	Accu. MW 2009	% of installed MW 2009
Total Americas	9,527	28,918	11,433	40,351	30.0%
Total Europe	9,179	65,971	10,738	76,553	28.2%
Total South & East Asia	8,201	22,174	14,991	37,147	39.3%
Total OECD-Pacific	1,056	4,272	622	4,890	1.6%
Total Africa	228	696	318	1,014	0.8%
Total other continents and areas:	0	127	1.7	129	0.0%
Annual MW installed capacity	28,190		38,103		
Cumulative MW installed in the world		122,158		160,084	

Source: BTM Consult ApS - March 2010

Wind Energy Policy

	Status
• National Renewable Energy Standard	Never Passed
• Production Tax Credit	Expires 2012
• Investment Tax Credit	Expires 2016
• 1603 Grant in Lieu of Tax Credit	Expires 2010
• Advanced Manufacturing Tax Credit	Capped at $2.3 billion; 100% Allocated
• Residential Tax Credit	Expires 2016

Wind Energy Policy

1. Climate Change => “Climategate”
2. Reduce Dependence on Foreign Oil => $150 p.b. vs. $75 p.b.
3. Clean Jobs => 9.5 + Unemployment

Jobs! Jobs! Jobs!

U.S. Unemployment Report, March 2010

	Rate	Over the Year Loss
United States	9.7%	
Indiana	9.9%	38,700
Michigan	14.1%	96,500
Ohio	11.4%	147,000
Illinois	11.5%	148,500
Wisconsin	8.8%	74,800

Source: Bureau of Economic Analysis

Great Recession
Total U.S. Jobs Deficit
As of February, 2010

Total Jobs Lost:	8.4 million
Total New Job Demand:	2.7 million
Total U.S. Jobs Deficit:	11.1 million

Source: New York Times Editorial (3/16/2010) citing Bureau of Economic Analysis

Jobs! Jobs! Jobs!
Production vs. Manufacturing Jobs

	Capital Invested	Jobs
Benton County Wind Farms	>$1 billion	<300
Brevini Wind Delaware County	<$100 million	>400

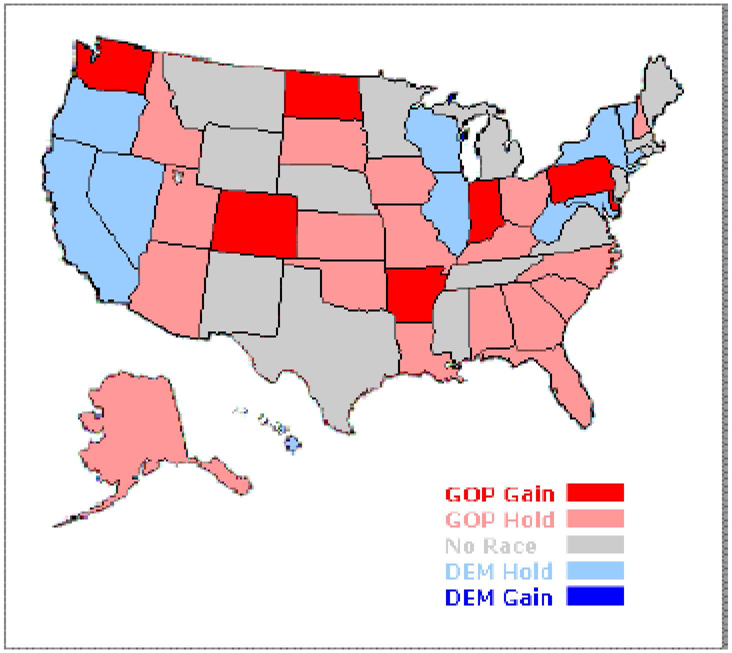
Potential Wind Manufacturing Jobs at 10% RES

Type of Analysis	Assumes a 10% Renewable Generation Requirement and the Development of 50,000 MW of Wind Power in the United States to determine impact of Wind Turbine Component part and assembly manufacturing jobs.
Total Investment in Wind Turbine Component Parts and Assembly (based on $1 billion per 1000 MW)	$50,000,000,000 (AWEA)
Wind Manufacturing Jobs	
Rotor (28%)	42,000
Nacelle and Controls (21.7%)	32,550
Gearbox and Drive Train (17.3%)	25,950
Generator and Power Electronics (7.0%) Tower (26%)	10,500 39,900
Total (100%)	150,000 (AWEA)
Number of Wind Manufacturing Jobs to be located in the Midwest (ND, SD, NE, KS, MN, IA, MO, WI, IL, IN, MI and OH)	30,639 (AWEA)
Percentage of Wind Manufacturing Jobs to be located in the Midwest:	20.43%
Number of Wind Manufacturing Jobs to be located in Indiana	8,317 (AWEA)
Percentage of National Wind Manufacturing Jobs to be located in Indiana:	5.0545%
Percentage of Midwest Wind Manufacturing Jobs to be located in Indiana	27.145%
Percentage of National Population located in Indiana	2.098%

The Battle For Capitol Hill – 2010 Senate

Projections for Thursday, July 22, 2010

Projected Seats:	**Democrats 50**	**Republicans 48**	**Independents 2**
Current Seats:	Democrats 57	Republicans 41	Independents 2
Projected Change:	**-7**	**+7**	**no change**



Ratings Changes for Thu, July 22, 2010

In Democrats' Favor

- *None*

In Republicans' Favor

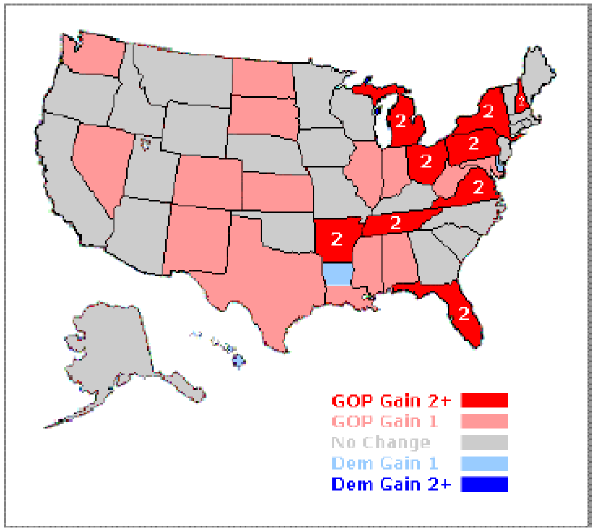
- *None*

<< Previous update

The Battle For Capitol Hill – 2010 House

Projections for Thursday, July 22, 2010

Projected Seats:	**Democrats 226**	**Republicans 209**
Current Seats:	Democrats 256	Republicans 179
Projected Change:	**-30**	**+30**



Ratings Changes for Thu, July 22, 2010

In Democrats' Favor

- Virginia CD-9: Weak DEM -> Mod DEM

In Republicans' Favor

- Virginia CD-5: Weak GOP -> Mod GOP

U.S. Tea Party Movement – Cut Government Spending

New York Times/CBS News Poll (April 15, 2010):

- "Tea Party supporters are wealthier and more well-educated than the general public, and are no more or less afraid of falling into a lower socioeconomic class"
- 18% of Americans identified themselves as supporters of the Tea party movement.
- When asked "What should be the goal of the Tea Party Movement?:

% Selected	Answer
45%	Reduce Federal Government
6%	Cutting Budget
6%	Lowering Taxes
7%	Electing their own candidates
9%	Creating jobs
7%	Something else
18%	All of them
3%	No answer

Post Election "Lame Duck Session"?

- 2010 Congressional Election: November 2, 2010
- 2010 Congressional Session Ends: January 3, 2011
- 61 Days Post Election
- December 24, 2009 Christmas Eve U.S. House and Senate passed Health Care Legislation
- Spending Cuts and Tax Legislation requires "50 + 1" votes in the Senate and 216 votes in the House
- Policy Legislation (e.g. Comprehensive Energy & Climate Bill) requires 59 + 1 votes in the Senate and 216 votes in the House

2010 Wind Energy Policy Objectives

National Renewable Electricity Standard (RES). At least twenty-five percent (25%) of the nation's electricity to come from clean energy by 2025.

Performance Based Section 1603 Production Grant Program. A five (5) year $25 billion Section 1603 Production Grant In Lieu of Tax Credits Program competitively allocated and awarded to those energy production developers that commit to achieve the greatest amount of capital investment and the highest number of retained and new jobs in the U.S.

Performance Based Section 48C Manufacturing Grant Program. A five (5) year $25 billion Section 48C Grant In Lieu of Tax Credits Program competitively allocated and awarded to those clean energy products manufacturers that commit to make the greatest amount of capital investment and the highest number of retained and new jobs in the U.S.

Clean Energy Manufacturing Revolving Loan Fund. A $30 billion revolving loan program to help small and med-sized manufacturers in the clean energy industry.

Residential Renewable Energy Tax Credit. A five (5) year thirty percent (30%) individual income tax credit (with no cap) for clean energy systems installation (new construction or replacement).

Jobs! Jobs! Jobs!

"Clean Energy Standard" = U.S. Manufacturing Jobs

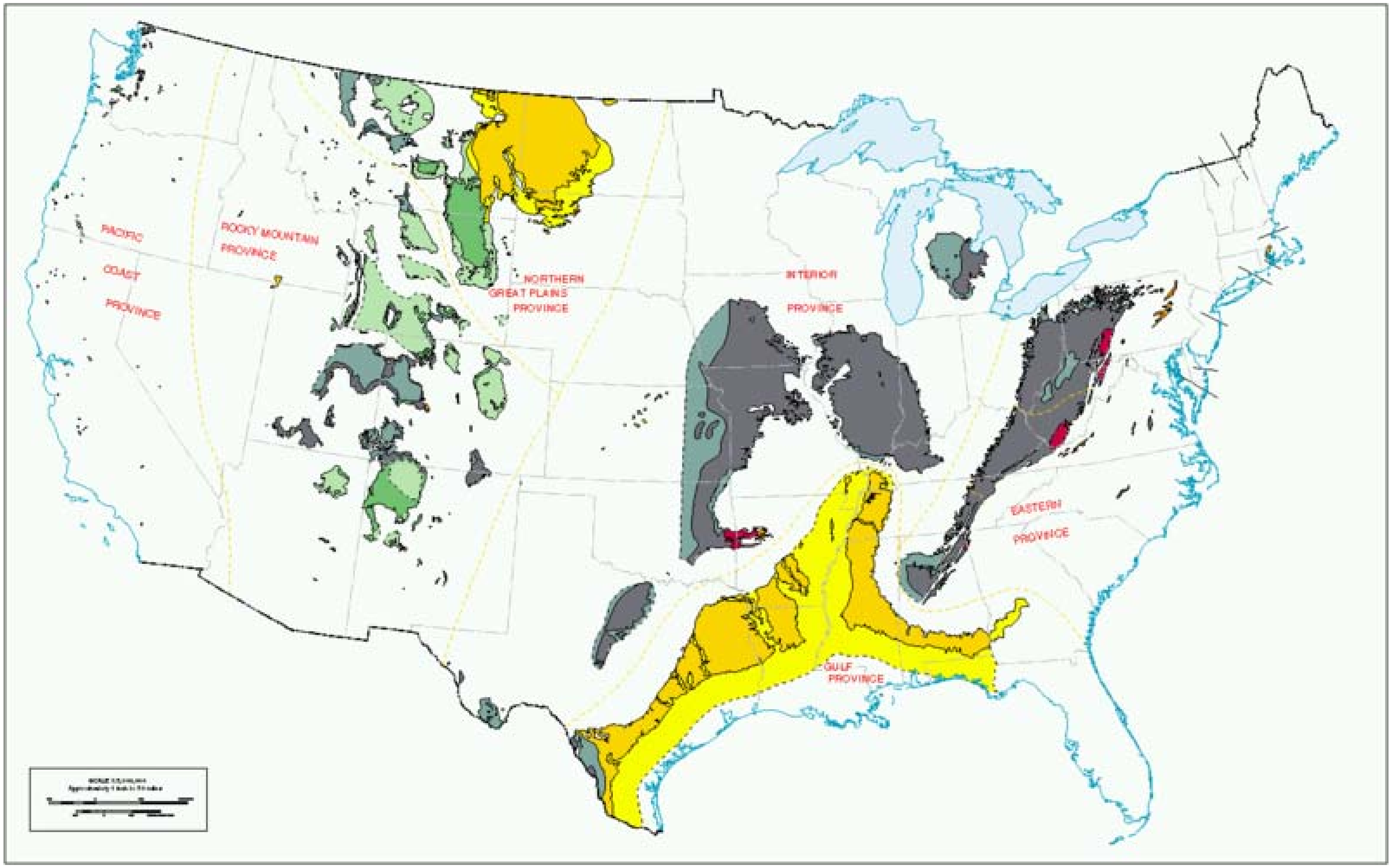
Why & How Can U.S. Include Clean Coal in a "Clean Energy Standard"? List of Global Coal Reserves

Proved recoverable coal reserves at end-2006 (million tonnes (teragrams))

Country	Bituminous & anthracite	SubBituminous & lignite	TOTAL	Share
United States	111,338	135,305	246,643	27.1
Russia	49,088	107,922	157,010	17.3
China	62,200	52,300	114,500	12.6
India	90,085	2,360	92,445	10.2
Australia	38,600	39,900	78,500	8.6
South Africa	48,750	0	48,750	5.4
Ukraine	16,274	17,879	34,153	3.8
Kazakhstan	28,151	3,128	31,279	3.4
Poland	14,000	0	14,000	1.5
Brazil	0	10,113	10,113	1.1

source: [b] "BP Statistical review of world energy June 2007" (XLS). British Petroleum. June 2007. http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2007/STAGING/local_assets/downloads/spreadsheets/statistical_review_full_report_workbook_2007.xls. Retrieved 2007-10-22.

Why Clean Coal?
Location of United States Coal Reserves



Why Clean Coal?
Coal Dependant States

States highly dependent on coal for electric power produced & consumed in 2005	Percent dependency	National rank of state for total coal consumption in 2007
West Virginia	98%	7
Wyoming	97%	15
Indiana	96%	2
North Dakota	95%	21
Utah	93%	23
Kentucky	87%	6
Ohio	86%	4
Missouri	86%	11
Kansas	74%	22
North Carolina	60%	10
Tennesee	60%	14
Alabama	59%	9
Pennsylvania	54%	3

*Ranking of selected US states for dependency on coal for electricity production and for total consumption. Figure 1.- **high-dependency states**.* . Image credit: USEIA data, graphic by J. Laumer

Why Clean Coal?
U.S. Coal Jobs

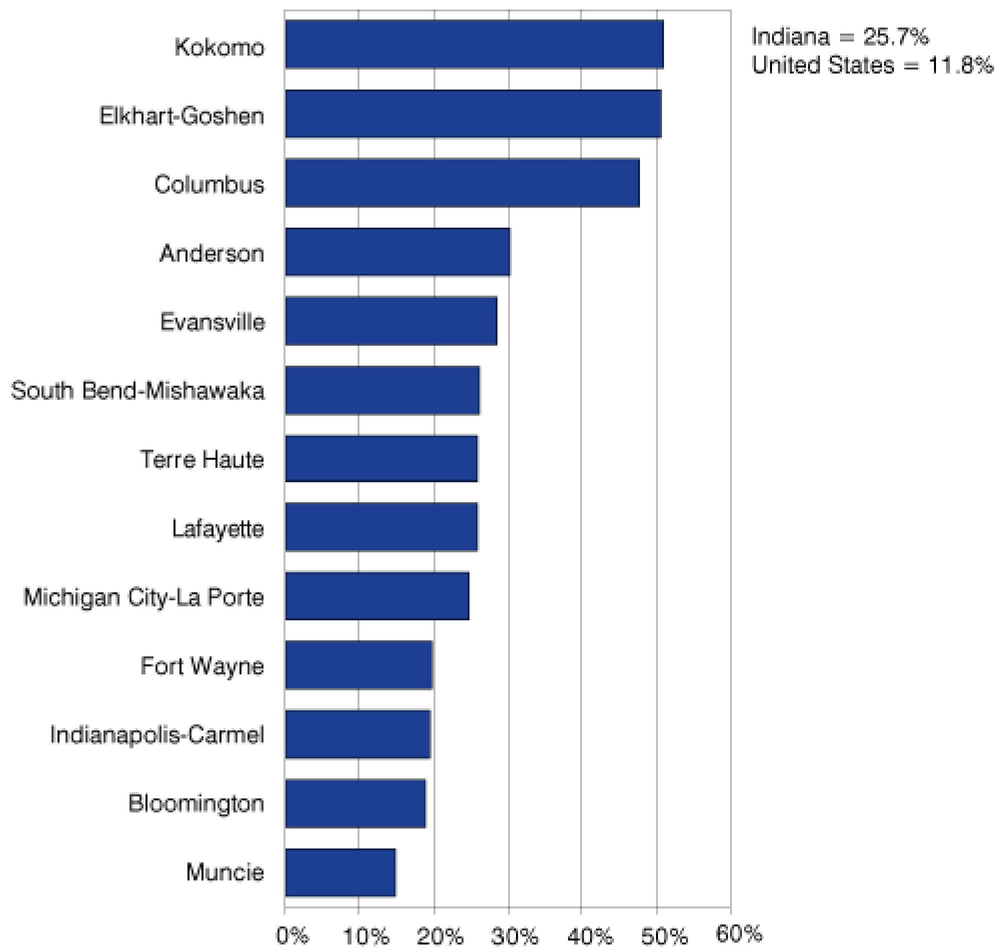
IN 2006, THERE WERE 82,595 PEOPLE EMPLOYED IN COAL MINING IN THE U.S. OF THOSE, 47,475 WORKED IN UNDERGROUND MINING, AND 35,398 WORKED IN SURFACE MINING.

HERE IS A BREAKDOWN OF THE GEOGRAPHICAL DISTRIBUTION OF UNDERGROUND COAL MINING JOBS IN 2006 (WITH COAL PRODUCTION IN THOUSANDS OF SHORT TONS):[3][4]

State	Total Coal Production	Underground Mining Jobs	Surface Mining Jobs	Total Jobs	Annual Production Per Miner
West Virginia	152,374	13,190	6,886	**20,076**	7.59
Kentucky	120,848	11,902	6,057	**17,959**	6.73
Pennsylvania	66,029	5,099	2,427	**7,526**	8.77
Wyoming	446,742	128	5,709	**5,837**	76.54
Virginia	29,740	3,623	1,639	**5,262**	5.65
Alabama	18,830	2,621	1,574	**4,195**	4.49
Illinois	32,729	3,507	470	**3,977**	8.23
Indiana	35,119	1,231	1,627	**2,858**	12.29
Ohio	22,722	1,384	1,029	**2,413**	9.42
Colorado	36,322	1,682	547	**2,229**	16.30
Texas	45,548	0	2,138	**2,138**	21.30

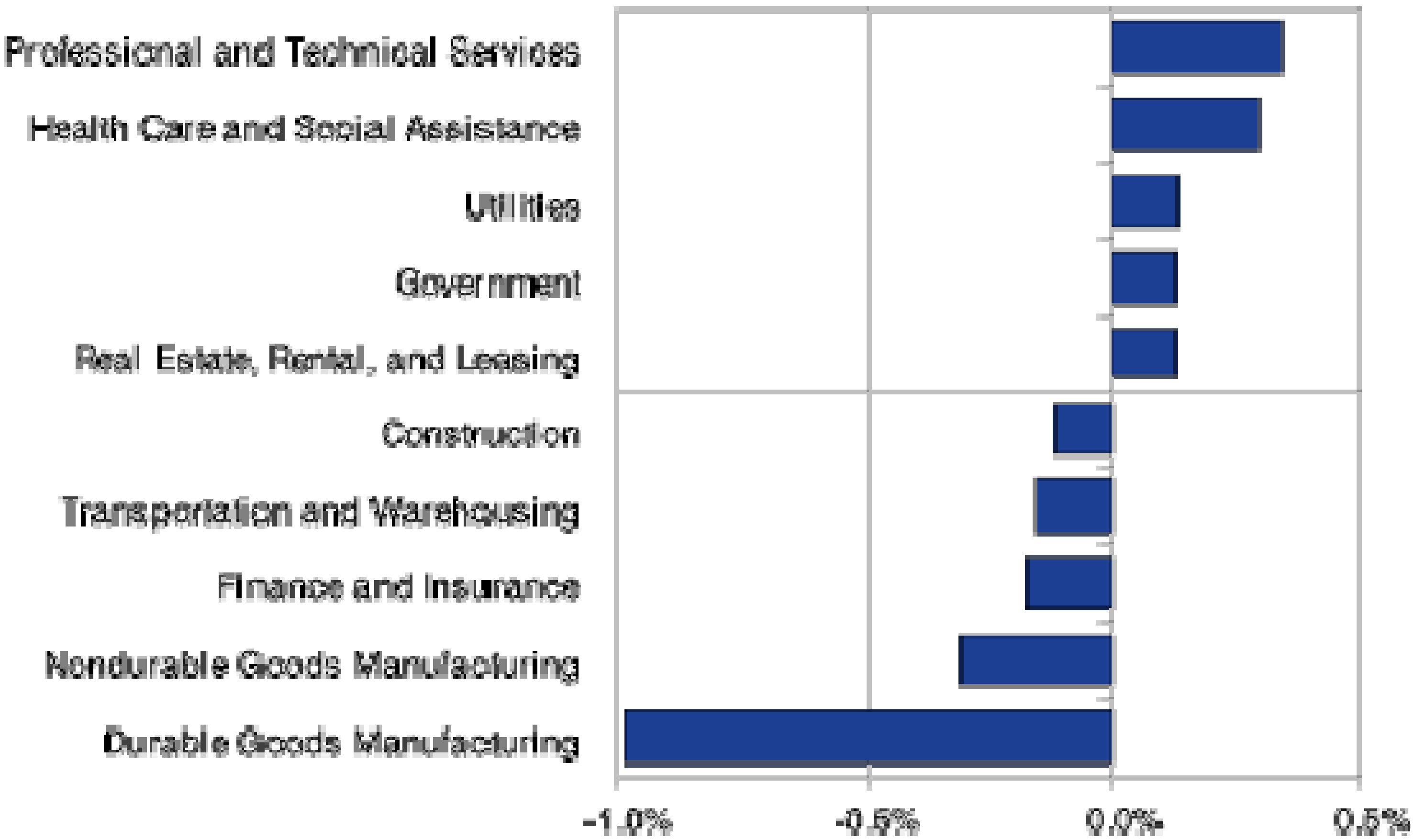
Indiana The Most Manufacturing Intensive State in the U.S

Manufacturing's Share of Total GDP in Indiana MSAs



Source: IBRC, using data from the Bureau of Economic Analysis, 2008.

Industries with the Largest Positive and Negative Contributions to Indiana's Real GDP Change, 2008



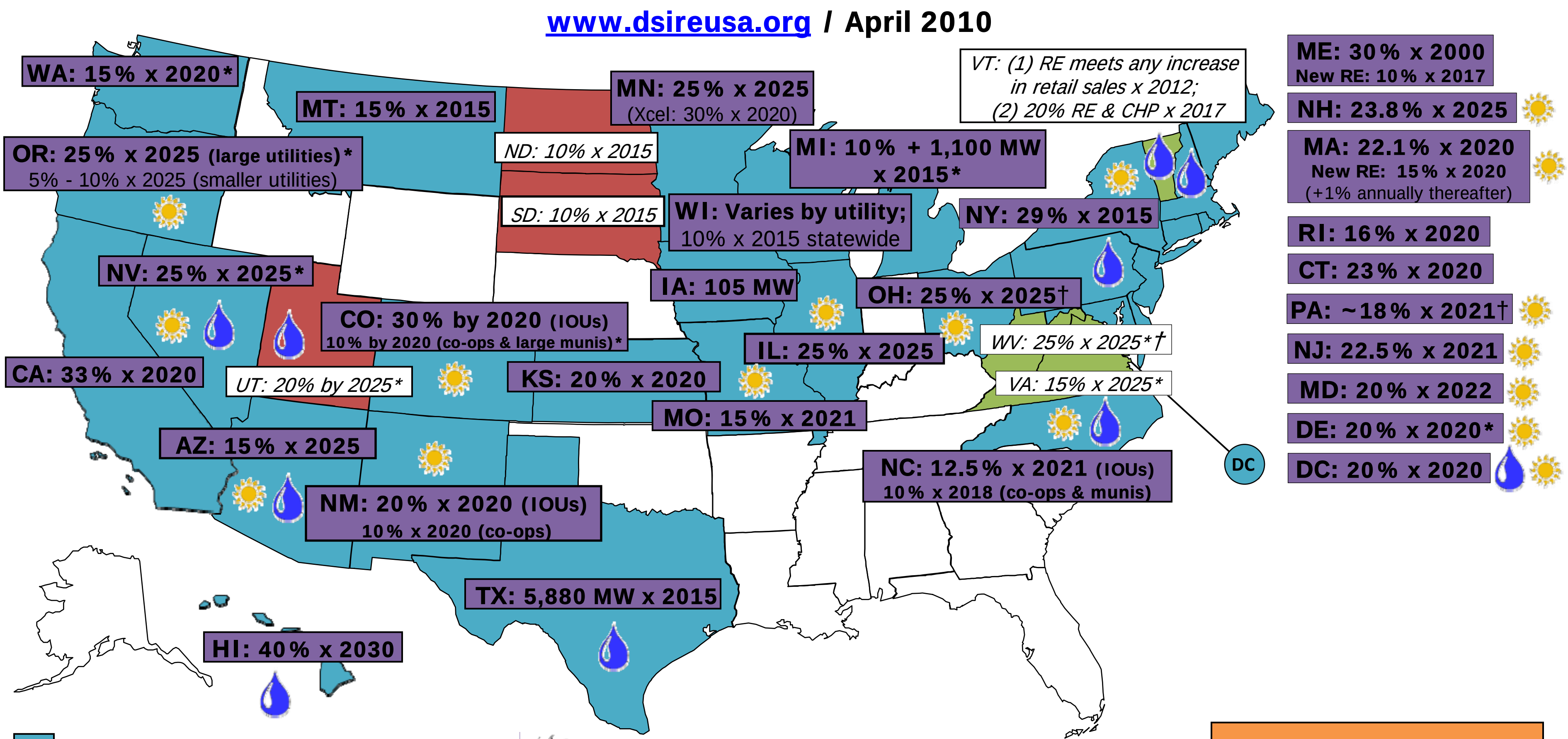
Source: IBRC, using data from the Bureau of Economic Analysis, 2008

Indiana's Compensation by Industry, 2007 – Manufacturing #1

Rank	Industry	Compensation (in Thousands)	Share of Total Nonfarm Compensation	Percent Change, 2006-2007
1	Manufacturing	36,962,044	26.1%	0.1%
2	Government and Government Enterprises	21,780,476	15.4%	3.8%
3	Health Care and Social Assistance	14,909,046	10.5%	5.1%
4	Retail Trade	8,962,439	6.3%	1.2%
5	Construction	8,348,004	5.9%	6.6%
6	Wholesale Trade	7,778,635	5.5%	5.0%
7	Finance and Insurance	6,557,105	4.6%	0.9%
8	Professional and Technical Services	6,156,494	4.4%	8.2%
9	Transportation and Warehousing	5,701,462	4.0%	3.0%
10	Administrative and Waste Services	4,757,514	3.4%	5.5%

Source: Bureau of Economic Analysis

Current Renewable Portfolio Standards
State by State



State renewable portfolio standard

State renewable portfolio goal

Solar water heating eligible

Minimum solar or customer-sited requirement

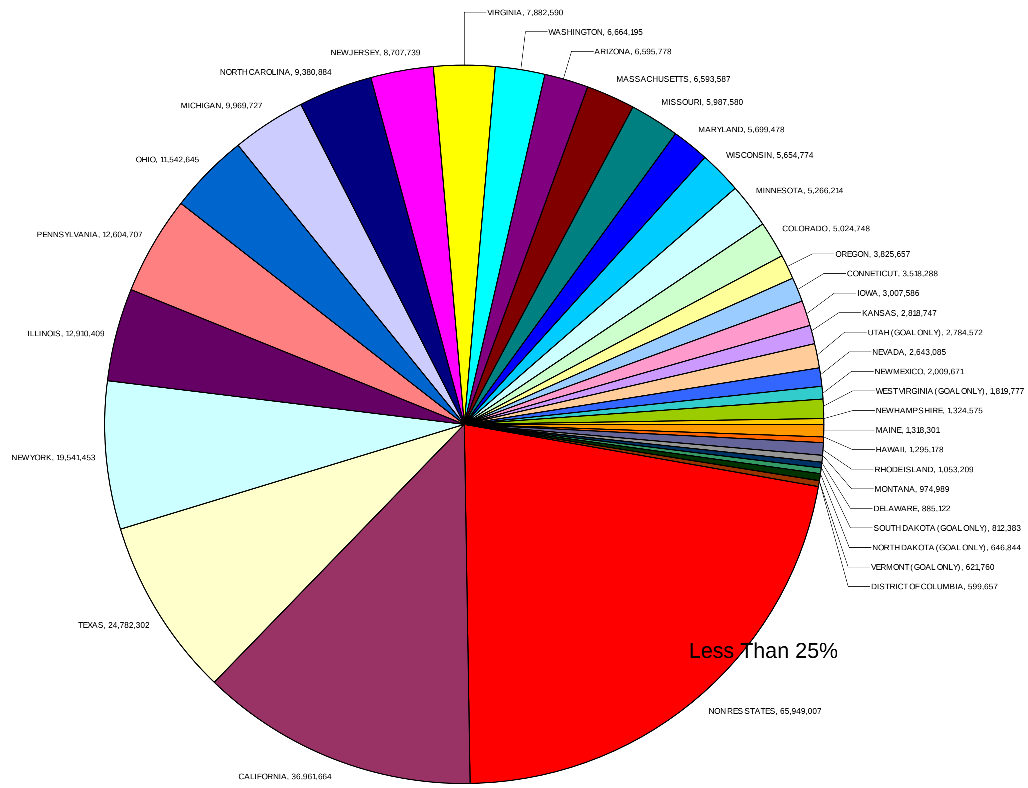
* Extra credit for solar or customer-sited renewables

† Includes non-renewable alternative resources

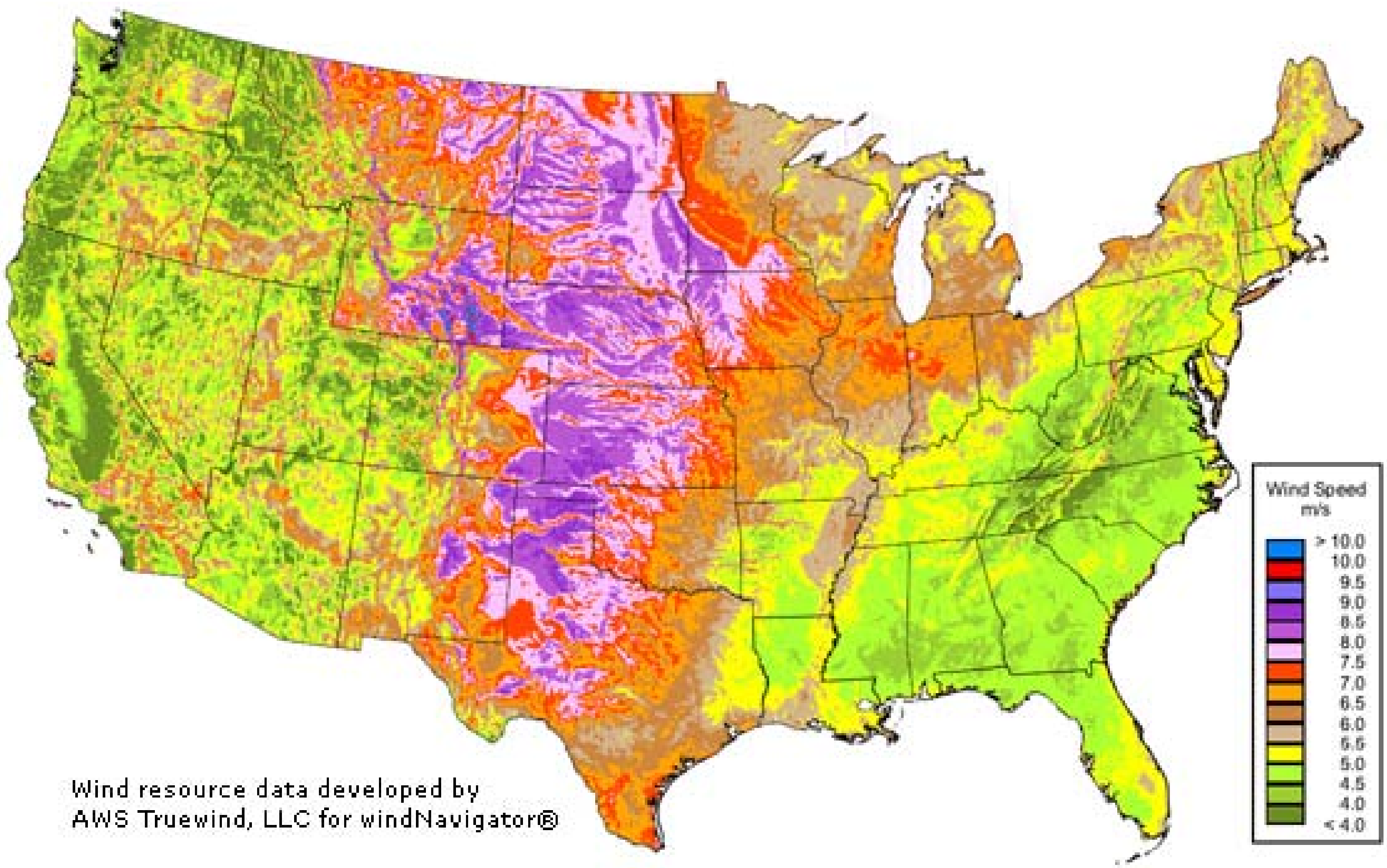
29 states + DC have an RPS
(6 states have goals)

Source: American Wind Energy Association U.S. Wind Industry Annual Market Report – Year Ending 2009

Current Renewable Energy Standards
State by State
Population – RES States: >75%



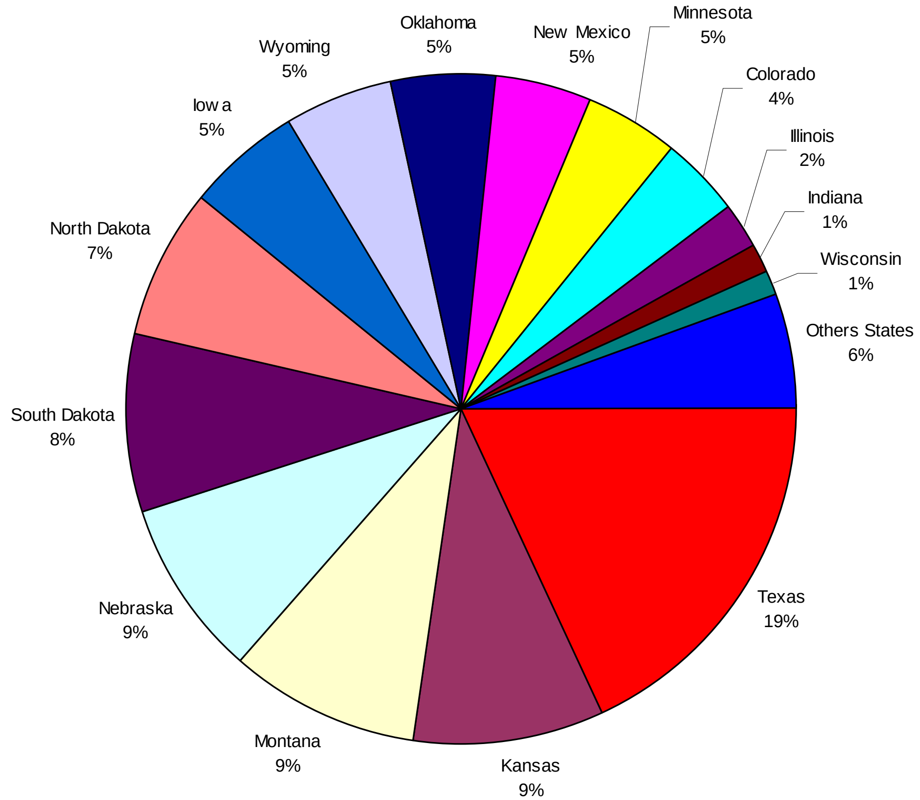
National Renewable Energy Laboratory – AWSTRU Wind New U.S. Land Wind Potential 300% Higher Than Previously Estimated



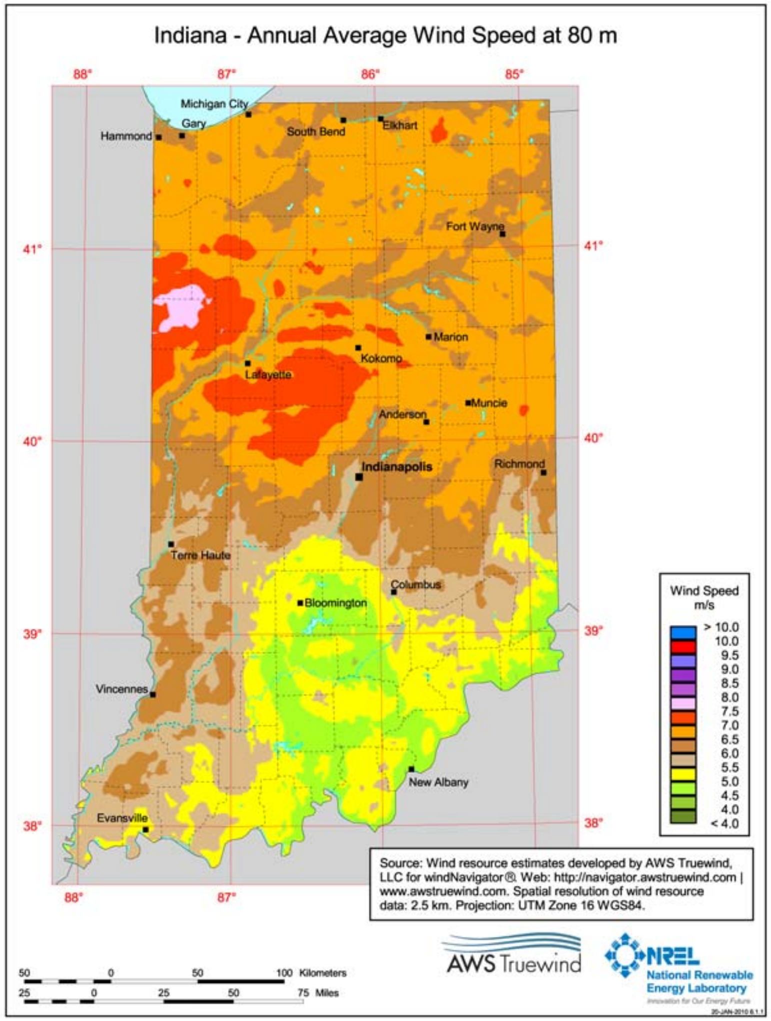
Land Wind Energy Potential – Installed Capacity – Top 15 States

	State	Megawatts of Rated Capacity	
1	Texas	1,901,529.70	18.18%
2	Kansas	952,370.90	9.11%
3	Montana	944,004.40	9.03%
4	Nebraska	917,998.70	8.78%
5	South Dakota	882,412.40	8.44%
6	North Dakota	770,724.30	7.37%
7	Iowa	570,714.20	5.46%
8	Wyoming	552,072.60	5.28%
9	Oklahoma	516,822.10	4.94%
10	New Mexico	492,083.30	4.70%
11	Minnesota	489,270.60	4.68%
12	Colorado	387,219.50	3.70%
13	Illinois	249,882.10	2.39%
14	Indiana	148,227.50	1.42%
15	Wisconsin	103,757.10	0.99%
	Others States		5.54%
	Top 15 State Total:	9,879,089.40	94.46%
	US 48 State Total:	10,458,945.00	100%

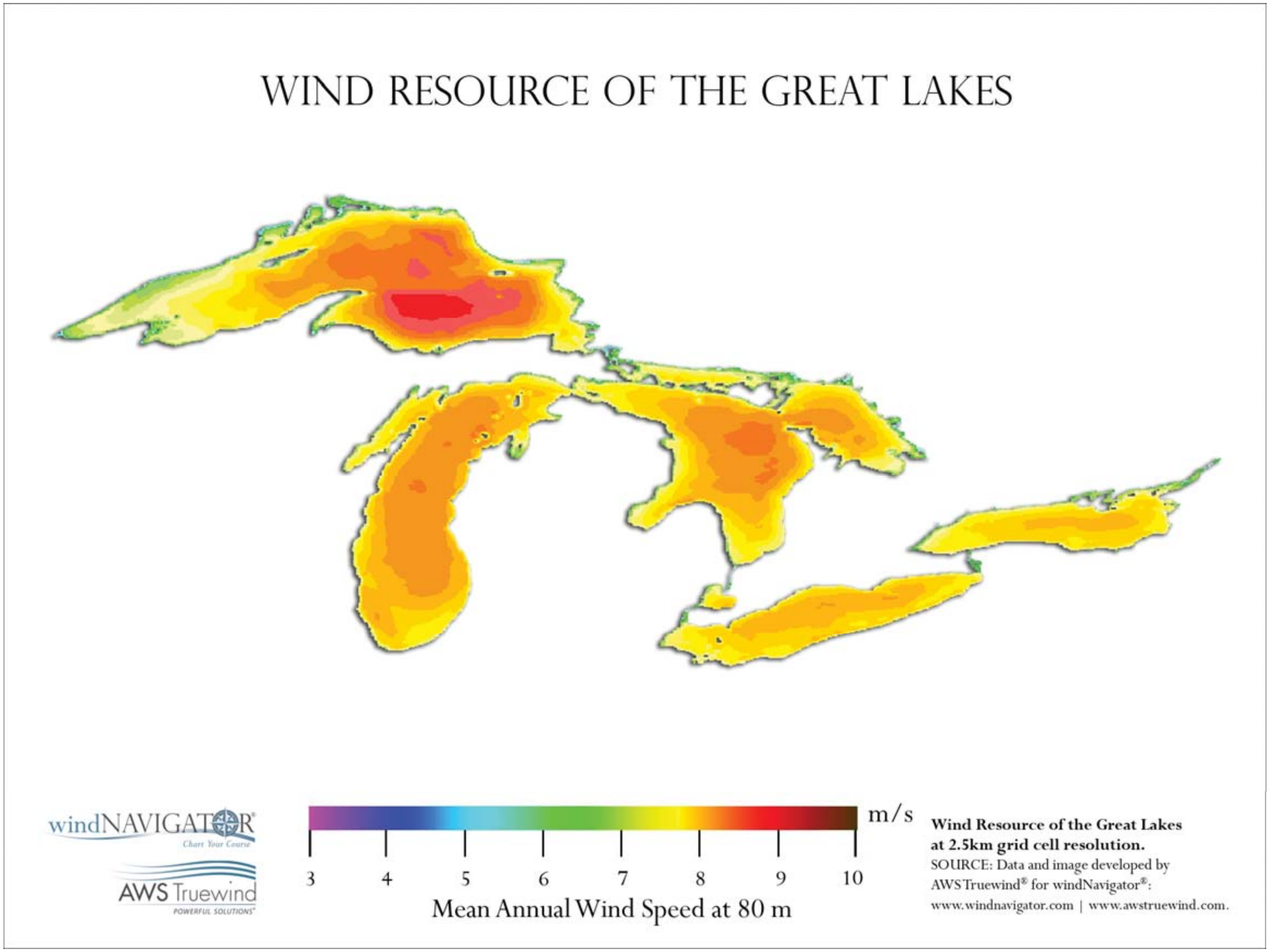
Land Wind Energy Potential - Installed Capacity
Top 15 States as of February 4, 2010



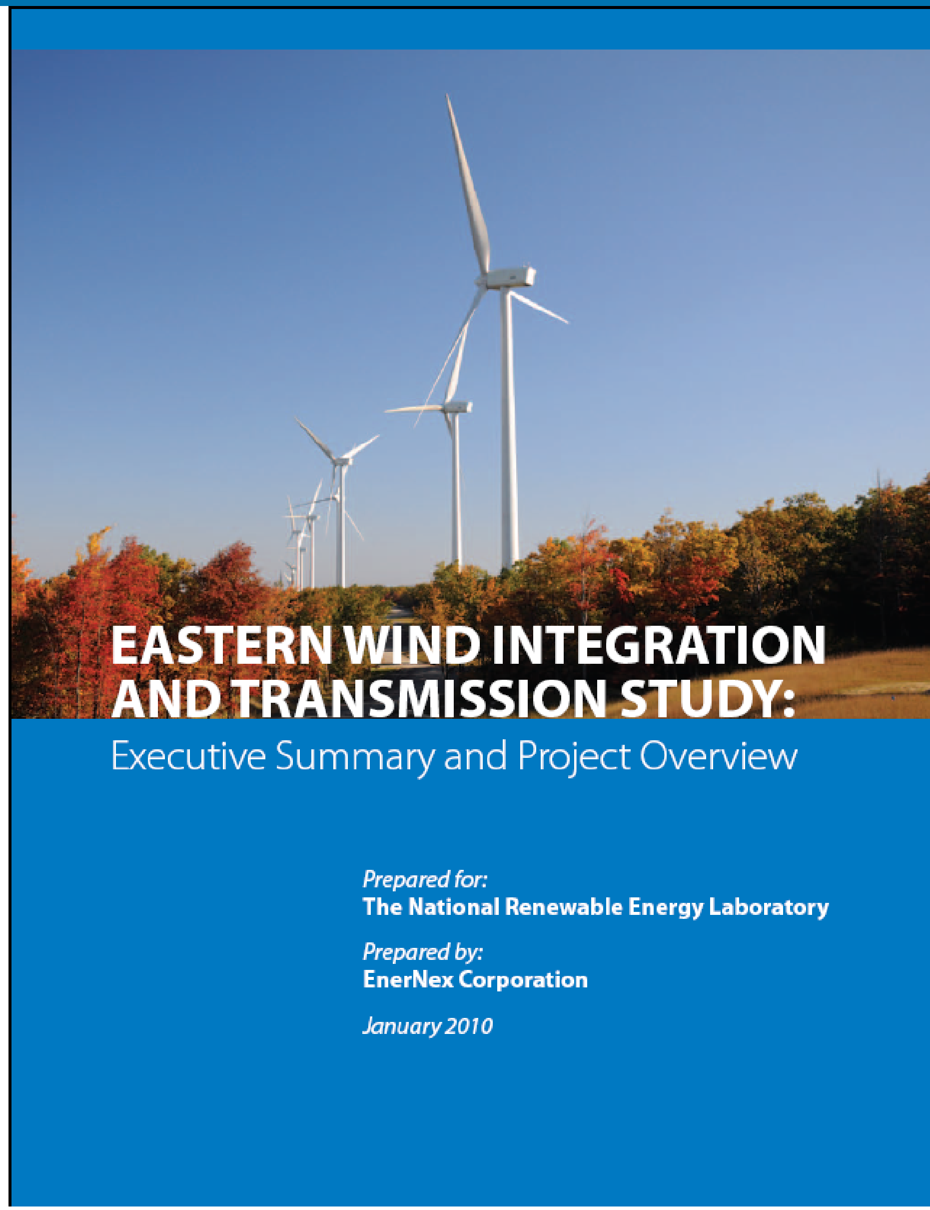
Indiana "On Land" Wind Potential – Only 14th In The U.S.
36,420 Sq. M. With 148,228 MW Rated Capacity



Off-Shore Development Potential Also Increases



The Five Great Lakes – 295,000 Sq. m.



EASTERN WIND INTEGRATION AND TRANSMISSION STUDY:

Executive Summary and Project Overview

Prepared for:
The National Renewable Energy Laboratory

Prepared by:
EnerNex Corporation

January 2010

SCENARIO DESCRIPTION

The four scenarios are as follows:

- Scenario 1, 20% penetration—High Capacity Factor, Onshore
- Scenario 2, 20% penetration—Hybrid with Offshore
- Scenario 3, 20% penetration—Local with Aggressive Offshore
- Scenario 4, 30% penetration—Aggressive On- and Offshore

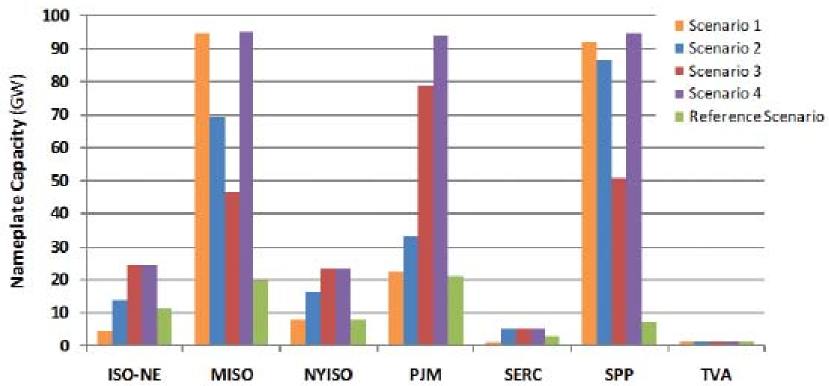
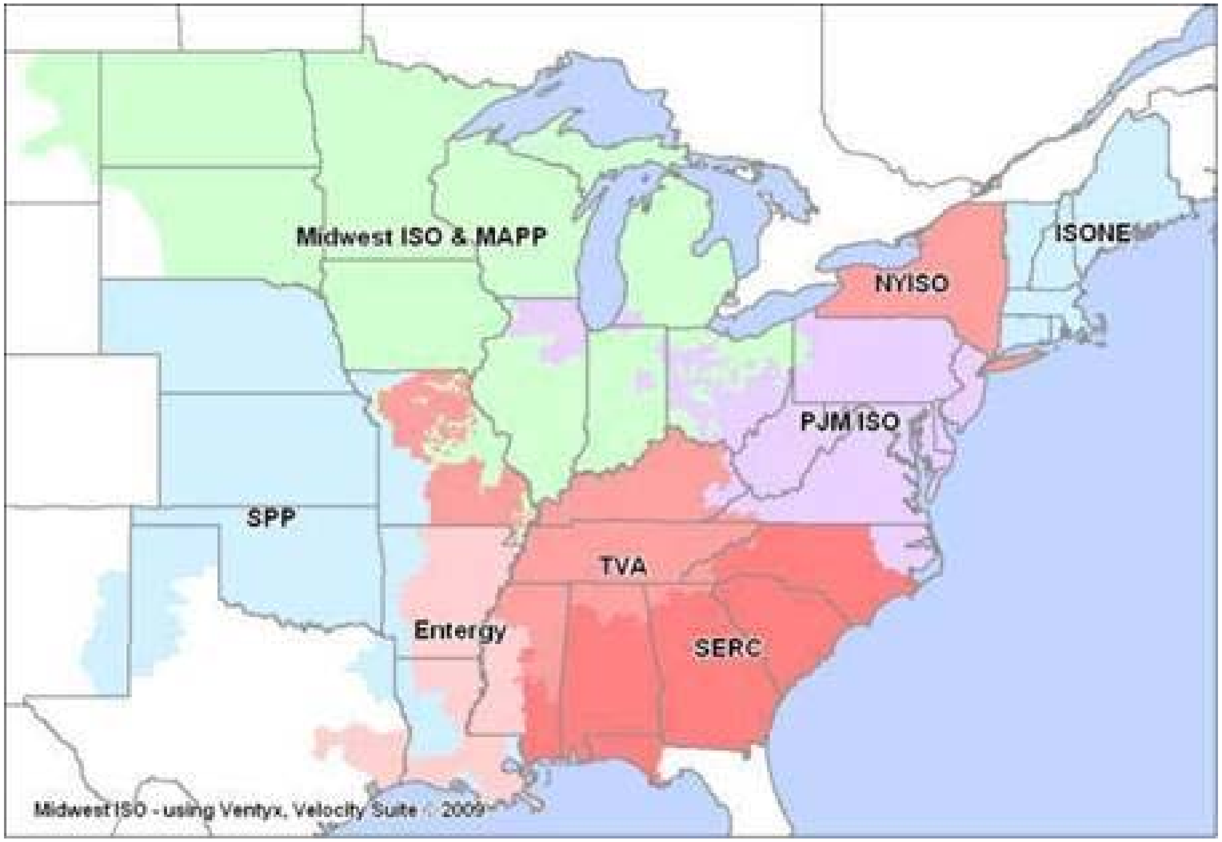


Figure 2. Summary of installed wind generation capacity by operating region for each scenario *(Notes: ISO-NE = New England Independent System Operator, MISO = Midwest ISO, NYISO = New York ISO, PJM = PJM Interconnection, SERC = Southeastern Electric Reliability Council, SPP = Southwest Power Pool, TVA – Tennessee Valley Authority)*

TABLE 1. TOTAL AND OFFSHORE WIND IN THE SCENARIOS

Region	Scenario 1 20% High Capacity Factor, Onshore		Scenario 2 20% Hybrid with Offshore		Scenario 3 20% Local, Aggressive Offshore		Scenario 4 30% Aggressive On- and Offshore	
	TOTAL (MW)	Offshore (MW)	Total (MW)	Offshore (MW)	Total (MW)	Offshore (MW)	Total (MW)	Offshore (MW)
MISO/ MAPP[a]	94,808		69,444		46,255		95,046	
SPP	91,843		86,666		50,958		94,576	
TVA	1,247		1,247		1,247		1,247	
SERC	1,009		5,009	4,000	5,009	4,000	5,009	4,000
PJM	22,669		33,192	5,000	78,736	39,780	93,736	54,780
NYISO	7,742		16,507	2,620	23,167	9,280	23,167	9.280
ISO-NE	4,291		13,837	5,000	24,927	11,040	24,927	11,040
TOTAL	**223,609**	**0**	**225,902**	**16,620**	**230,299**	**64,100**	**337,708**	**79,100**

[a] MAPP stands for Mid-Continent Area Power Pool.


Midwest ISO & MAPP
ISONE
NYISO
PJM ISO
SPP
TVA
Entergy
SERC
Midwest ISO - using Ventyx, Velocity Suite © 2009

Moving Wind Turbines by Ship

- Indiana's Lake Michigan port handles wind turbines shipment from Europe

KRIEG DEVAULT OVERVIEW

- For clients throughout the Midwest and across the country, Krieg DeVault provides clear, practical legal advice that takes in the big picture without losing sight of the details. That's how we approach your legal challenges and how we deliver solutions that are focused on your needs, your business and your world.
- While much has changed since Krieg DeVault's founding in Indianapolis, over 130 years ago, our commitment to listening to our clients has not. Client satisfaction and loyalty have allowed us to grow from a two-lawyer general practice in the mid-1870s to our current status as a premier business-focused law firm. From offices that reach from the nation's heartland to the Sun Belt, we are ideally positioned to serve the needs of our diversified client base.
- Financial institutions, global manufacturers, national healthcare providers, successful organizations of various sizes and market focus, as well as individuals all rely on us for solutions that create success. They know their important cases, sophisticated transactions, and complex business issues require the big picture approach that has become a Krieg DeVault hallmark.

> **"Clients expect us to help them achieve their goals. They entrust us with their most important legal matters. At Krieg DeVault, we never take that trust for granted. We learn our clients' businesses; we communicate openly, we follow up frequently; we respond timely; and we are always available. In short, we develop a relationship with our clients. Our clients' goals become our goals."**
>
> Michael E. Williams, Managing Partner

KRIEG DEVAULT GLOBAL AFFILIATION

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No matter what their legal needs, we can ensure that our clients are well represented in jurisdictions around the world thanks to Krieg DeVault's invitation-only affiliation with Meritas. One of the world's largest and most respected legal resources, Meritas is an integrated, non-profit alliance of more than 170 independent commercial law firms located in over 60 countries. That means no fewer than 6,500 experienced lawyers are available to our clients worldwide.

Unsurpassed Advantages

As a Meritas member, Krieg DeVault can offer our clients a wealth of advantages not available through even the largest multinational law firms. Meritas member firms, including our own, must meet rigorous service standards and undergo regular recertification to ensure that all client inquiries are answered within 24 hours, to demonstrate compliance with the highest ethical and client satisfaction benchmarks, and to provide alternative dispute resolution options. Member firms are linked by common technology platforms to facilitate cross-border teams, and comprehensive databases provide information on lawyer capabilities and firm client evaluations.

International Perspective

Meritas members invest in improving services and resources rather than opening costly branch offices. All Meritas firms offer the full complement of litigation and corporate services necessary to handle business matters in any industry. Since Meritas firms are well established in their local markets, our clients have the advantage of a legal partner who knows the nuances of local legal procedures and business customs. When combined with the international perspective of our firm's own lawyers (who handle multinational matters ranging from dispute resolution to energy and financing transactions), Krieg DeVault's participation in Meritas gives our clients the global resources they need, coupled with the value and service they want.

KRIEG DEVAULT LOCATIONS

Working Where Clients Need Us

Krieg DeVault lawyers are at work where our clients do business, in major urban centers and dynamic smaller communities throughout the Midwest and Southeast. Some of our offices offer a broad range of legal services, while others are more focused on specific legal needs. They all, however, reflect the firm's commitment and capabilities for achieving solutions to real-world legal issues.

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