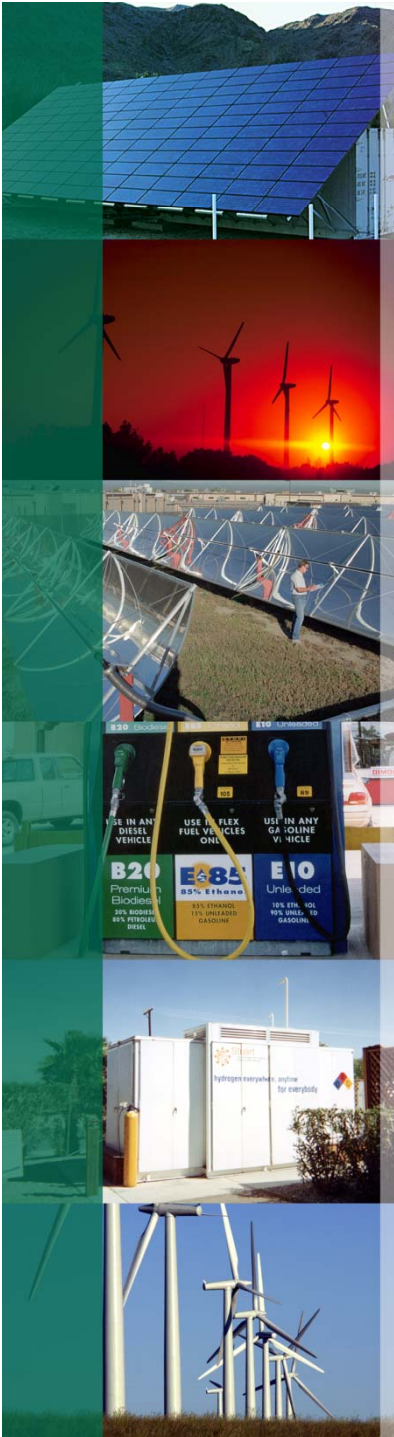


Fuel Cell Tax Credit Marketplace: The Basics You Should Know

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Overview

- Drivers
- Investor Characterization
- Appetites
- Transaction
- Pooled Funds



Drivers

- Drivers for the developer
 - A way to make to economics work
 - Financing capital
 - Equity rather than debt
 - Maintain ultimate ownership and control of business



Drivers

- Drivers for the investor
 - Tax minimization through legal, non-tax shelter investments
 - Diversification of tax-motivated investments
 - Higher tax credit investment yield, as compared to other tax credit investments
 - State tax reductions – in some cases
 - Short holding periods, rather than ultimate control/ownership
 - May not be interested in all tax benefits (ex – tax credits and not depreciation)



Investor Characterization

- Individuals
 - For federal tax credits, individuals are not the ultimate investor profile
 - At-Risk Rules, PAL limits make it less appealing for individuals



Investor Characterization

- Large (often publicly-held), taxable, C-Corporations are the ideal tax investor
 - They have a partial sensitivity to how investment affects their financial statement for SEC/GAAP purposes
 - CEOs whose company is based on earnings as reflected in financial statements will choose tax credit investments that don't negatively impact financial statement earnings or credit rating (consolidation)



Appetites

- Large corporate appetite is substantial
 - Appetite is presently in billions (renewable energy)

- Flavor – appetite will vary
 - Credit/depreciation
 - Credit alone, etc.



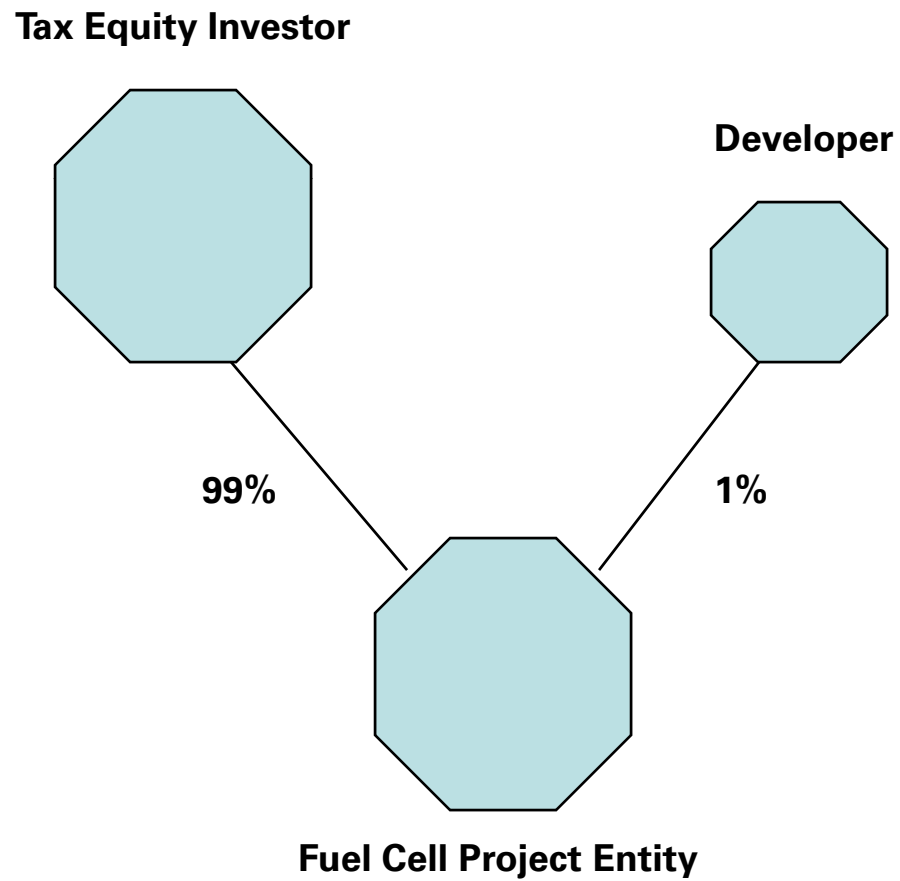
Appetites

- Appetite is mixed between large traditional corporate investors
 - Financial
 - Traditional banks and insurance companies (premium tax)
 - Non-financial

- Small market is comprised of mostly small regional banks (OCC approval)



Transaction





Pooled Funds

- Because tax investors are typically large investors, they require large investments
- If you have small projects, you may want to aggregate
- Experience, credibility, and comfort with pool investor is critical
- Transactional costs of pooling



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