



# Beacon Power Corporation

NREL Industry Growth Forum

November 4, 2009





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# Safe Harbor Statement



This presentation contains forward-looking statements, including the Company's beliefs about its business prospects and future results of operations. These statements involve risks and uncertainties. Among the important additional factors that could cause actual results to differ materially from those forward-looking statements are risks associated with the overall economic environment, the successful execution of the Company's plan of operation, changes in the Company's anticipated earnings, continuation of current contracts, changes in energy and other applicable regulations, and other factors detailed in the company's filings with the Securities and Exchange Commission, including its most recent Forms 10-K and 10-Q. In addition, the factors underlying Company forecasts are dynamic and subject to change and therefore those forecasts speak only as of the date they are given. The Company does not undertake to update them; however, it may choose from time to time to update them and if it should do so, it will disseminate the updates to the investing public.

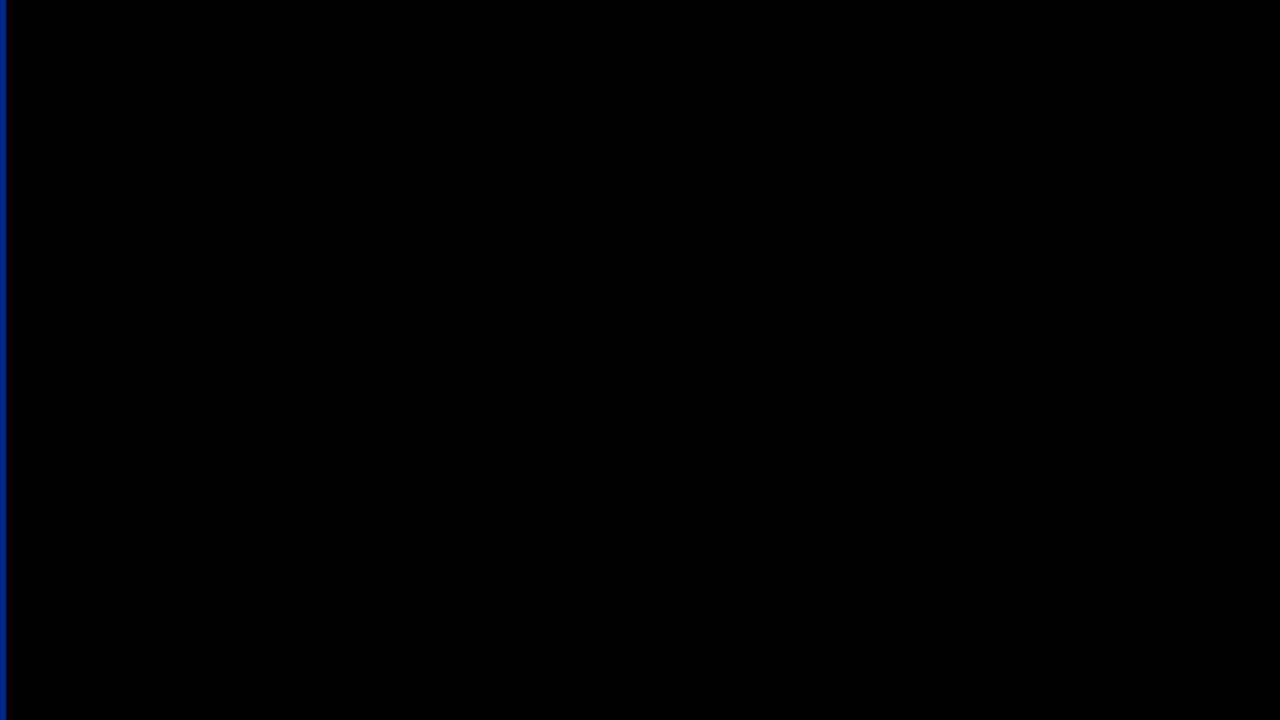
# Objective of the Presentation



Attract long-term, strategic investors to our business opportunity

- Recurring revenue with high margins
- Long-term favorable pricing trends and expectations
- Established, proprietary technology
- Global market opportunity

# From Flywheel to 20 MW Plant



# Base Business Model

- Build, own/co-own and operate merchant regulation plants
  - First 20 MW plant in Stephentown NY
- Provide fast-response regulation using flywheel energy storage
- Sell services essential to grid operators (24/7)
- Serve open and well-established markets
- Leverage carbon reduction



# Expanded Business Strategy



- Attract strategic partner(s) to accelerate deployment of merchant business model
- Sell turnkey systems to utilities in non-open markets (outright or co-investment)
- Sell regulation systems outside the U.S. with strategic partners
- Sell other applications, e.g., wind/diesel/flywheel hybrid



# Product / Technology

## Smart Energy 25 flywheel and Smart Energy Matrix

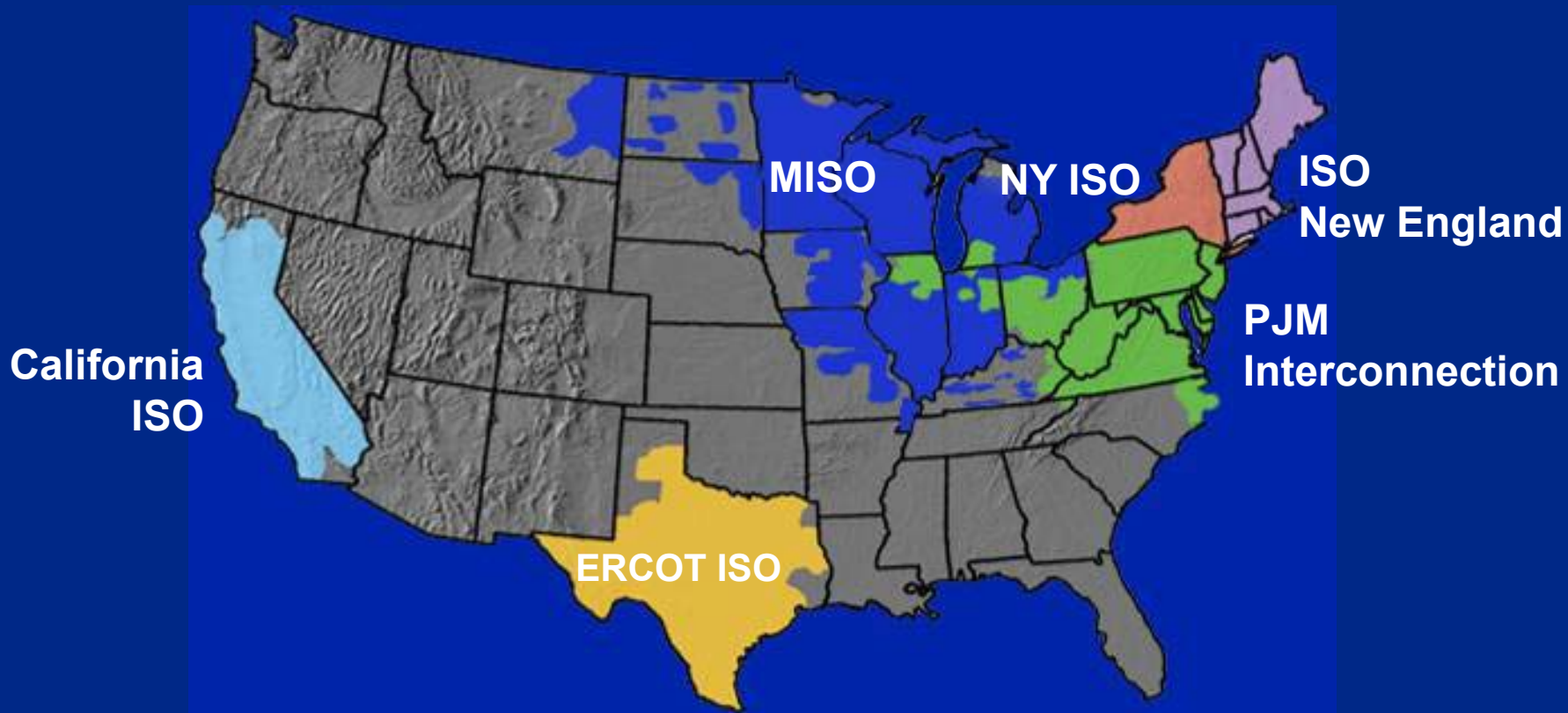
- Faster and more effective than fossil-fuel-based incumbents
- 20-year projected life
- Lowest operational cost
- Zero direct carbon emissions
- Significant I/P (60+ patents, knowhow)
- Multi-year head start



- 20 MW plant revenue/year = approx. \$9-10 million  
(Based on 2008 NYISO pricing)
- Up to 80% EBITDA margin
- Cost goal = \$25-30 million
- Equipment designed for 20-year life
- Additional revenue from carbon savings

Recycle electricity to improve grid efficiency

# Open Regulation Markets



- 2010 market size should be >\$1 billion
- Significant growth expected

- Electricity grid ancillary service: frequency regulation
- Forecasted 2%-5% year-over-year market value growth
  - Deployment of intermittent renewable resources
  - Cap and trade program
- Competition
  - Fossil-fuel generators
  - Pumped hydro
  - Batteries will struggle with cyclic life requirements
- Facing the competition
  - Participate in open markets with lower cost
  - Provide faster-response in a cleaner way

# Management



- F. William (Bill) Capp – President & CEO (since 2002)
  - Over 30 years senior management experience
  - B.S./M.S. degrees in engineering plus MBA



- James Spiezio – VP and CFO (since 2000)
  - Over 30 years financial management experience
  - B.S. in Finance, Indiana University



- Matt Lazarewicz – VP and CTO (since 1999)
  - Prior 25-year career with General Electric
  - Awarded “Engineer of the Year” @ GE
  - B.S. and M.S. degrees in M.E. from MIT

- 65 employees total; 32 engineers

# Achievements and Milestones



- Nov 08 ✓ 1<sup>st</sup> MW earning revenue in ISO New England
- May 09 ✓ NYISO storage resources tariff approved by FERC
- Jun 09 ✓ \$2 million funding from NYSERDA for 1<sup>st</sup> plant
- Jul 09 ✓ \$43 million DOE loan guarantee commitment
  - ✓ 2<sup>nd</sup> MW connected in Mass.
- Oct 09 ✓ PSC regulatory approval in NY
- Nov/Dec  DOE decision on \$46 million grant applications
  - Break ground on 1<sup>st</sup> plant (Stephentown NY)
- 2010  First revenues from plant #1 in NY
  - Commence work on plant #2 (NY or PJM)

# Success Factors



- Continued / expanded DOE support
- Continued market rule changes
- Continued growth in renewables
- Establish strategic partner relationship(s)
- Recognition of value of fast response
- Access to project financing beyond DOE
- International equipment sales



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