

HOW YOUR LAND CAN JOIN THE WIND REVOLUTION

Ever wonder if there may be extra profits blowing in the wind? There could be, if you lease a small portion of your land to PPM Energy as part of a wind energy development.

PPM Energy is one of the largest owners and marketers of wind-generated energy in the United States. We have a portfolio of more than 2,000 megawatts (MW) of wind energy as an owner or offtaker, and are developing more. If your property could be suitable for wind farm development, we'd like to talk to you.

HOW WIND ENERGY WORKS ON WORKING LAND

Most wind farms in the U.S. operate on working ranches, farms, and range land. After all, the turbine footprint occupies just two to three percent of the total land engaged by a typical wind energy facility. Cattle graze and crops grow beneath the turbine blades high above, while landowners quietly earn a dependable, supplemental income through land leasing and wind energy royalty arrangements.

In addition to providing revenue to landowners, wind turbines help support local communities as well. Even a modest wind energy facility can add millions of dollars in property value to a local tax base and help pay for schools, roads and other local needs.



WHAT A LEASE AGREEMENT COVERS

Should you be interested exploring possible wind farm development on your property, the first step is to execute an exclusive lease option agreement with PPM Energy. This agreement would allow PPM Energy to:

- Measure the actual wind resource on your land;
- Conduct related development feasibility analysis on your land;
- Initiate the permitting and interconnection processes; and
- Construct and operate a wind farm on your land.

In addition, this agreement would establish timelines for the wind measurement, development, and commercial operation of a wind farm on your property. As wind farms co-exist well with a variety of land uses, our rights under the lease agreement would be limited with respect to impacting your continued use and enjoyment of your land.

PPM COVERS DEVELOPMENT COSTS

PPM Energy would assume all development costs including wind resource evaluation, legal and title work, environmental impact studies, transmission engineering, permitting, and costs associated with obtaining a power purchase agreement. Landowners are not responsible for any development costs, and would be compensated in the unlikely event of any damage during construction and/or operation.

HOW LEASE PAYMENTS ARE STRUCTURED

PPM Energy's philosophy is to align your financial interests with PPM Energy's. The more the wind blows and the wind turbines produce energy, the more money both the land owner and PPM earn.

A typical lease option payment structure to the landowner is structured as follows:

- A monthly payment during the development period, with the first 12 months being paid in advance upon the execution of the lease agreement;
- An one-time installation fee for each turbine installed during construction;
- An annual operating fee based on the net electrical generation of the wind turbines installed.

HOW LEASE PAYMENTS ARE CALCULATED

During the course of the development process, we would estimate the expected capacity factor at your property based on an analysis of the wind data collected.

“Capacity factor” refers to the percentage of time the wind blows sufficiently to produce energy. This analysis is one of the primary drivers in terms of our assessment of project viability.

A typical wind turbine has a 1.5 megawatt (MW) electrical generating capacity. There are 1,000 kilowatts in a megawatt. If a turbine runs for an hour at full rated capacity, it produces 1.5 megawatt hours (MWh). A commercially viable wind project needs to have a capacity factor of at least 33 percent.

Given all that, if a wind turbine produces energy at a 33 percent capacity factor over the course of a year (8760 hours), it would produce 4,336 MWh in one year (1.5 X 8760 X .33). In any lease option agreement, the per MWh royalty payment is negotiated and dependent on market conditions. In our experience this royalty has ranged from \$0.65 to \$1.30 per MWh, with each development region having their own prevailing market rate.

The following example uses typical assumptions and explains how we calculate the operating fee:

- 1 Turbine at 1.5 MW;
- A capacity factor of 33% (annual per turbine electricity production of 4,336 mWh);
- A per turbine lease rate of \$1/MWh; and
- 25 year project life.

Based on these assumptions, the operating fee per turbine would be as follows:

Annual Revenue per Turbine	Life-of-Project Revenue per Turbine
\$4,336	\$108,400

NEXT STEPS

We hope you will be inclined to discuss the possibility of entering into a lease option agreement with PPM Energy.

As discussed above, landowners have the potential of realizing substantial revenue under such agreements, while retaining the use and enjoyment of all but a fraction of their property.

That said, the execution of a lease option agreement does bind landowners to a potential long term partnership with PPM Energy. As such, prior to the execution of such an agreement we will endeavor to answer any and all questions that you might have about the impact of such a partnership on you and your land.

We also would be happy to give you references from landowners with whom we have signed lease option agreements previously.

PPM ENERGY'S ASSURANCES

COST

PPM Energy pays all development related costs, whether or not a project is ultimately developed on your land.

TAX TREATMENT

As the owner of the wind energy facility, PPM Energy assumes responsibility for taxes on the wind turbines, and will also pay for any increases in your property taxes that result from the wind turbines or other improvements PPM may make to your property.

COMMITMENT

PPM Energy will invest significant money, staff resources, expertise and third-party cost to analyze the wind resource, develop permitting and environmental strategies, and to construct, own and operate a wind farm on your property. A completed wind energy facility is a multi-million-dollar investment.

PROTECTION OF YOUR PROPERTY

PPM Energy is committed to respecting your property and values our long-term relationship with you. You would be compensated in the unlikely event of damage to your property during construction and/or operation.

RESPECT FOR YOUR PRIVACY

PPM Energy is sensitive to your privacy, and we will endeavor not to arrange a site visit without prior notification.

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FREQUENTLY ASKED QUESTIONS (FAQ) ABOUT WIND ENERGY

PPM Energy is involved with all aspects of wind energy development, from site prospecting to facility ownership. We develop and maintain strong relationships with landowners and local communities. Below are answers to some frequently asked questions. We encourage you to contact us with further questions and comments.

Q: How do I know if my land is windy enough for development?

A number of factors determine the viability of a wind resource. These include average wind speed and direction, air density, elevation and other characteristics. At least one year of site-specific wind data collection is necessary to determine feasibility of development. A long-term (more than five years) reference point in the general area is also required. Go to the National Wind Technology Center's site at http://www.nrel.gov/wind/wind_map.html to learn more about the wind in your area.

Q: How long does construction of a wind farm take?

Construction typically takes from six months to one year from groundbreaking to commercial operation. Construction includes roadwork, underground cabling, pouring foundations and erecting towers. After construction, surrounding property that may have been disturbed is restored to its pre-construction state. To learn more about how a project gets built, visit our website at <http://www.ppmenergy.com/wp.html>.

Q: If I lease my property do I have to stop farming and/or grazing?

Wind development can co-exist with many other uses, including agricultural activities. The final project footprint is minimal (as little as 2 percent of total property) in terms of total acreage taken out of production and/or use.

Q: Where are there wind farms currently operating?

There are numerous wind projects of various sizes currently providing clean energy across the world. To learn more about PPM's various wind farms, go to <http://www.ppmenergy.com/cs.html>.

Q: What do wind turbines look like?

You can view photographs of turbines and our wind farms in our photo gallery at <http://www.ppmenergy.com/pa.html>.

Q: How does wind power work?

The American Wind Energy Association's site at <http://www.awea.org/faq/index.html> can answer many basic questions.

