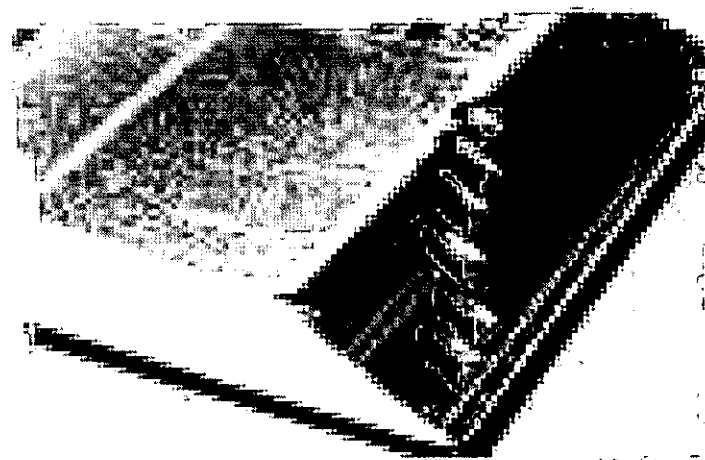


2/18/09

PERFORM-
ANCE
CONTRACT-
ING FOR
ENERGY
EFFICIENCY

Overview of Performance Contracting

- **Performance Contracting Definition:**
 - A vehicle that allows public and private entities to improve their facilities, by using their energy and operational budgets to fund a project, with guaranteed results

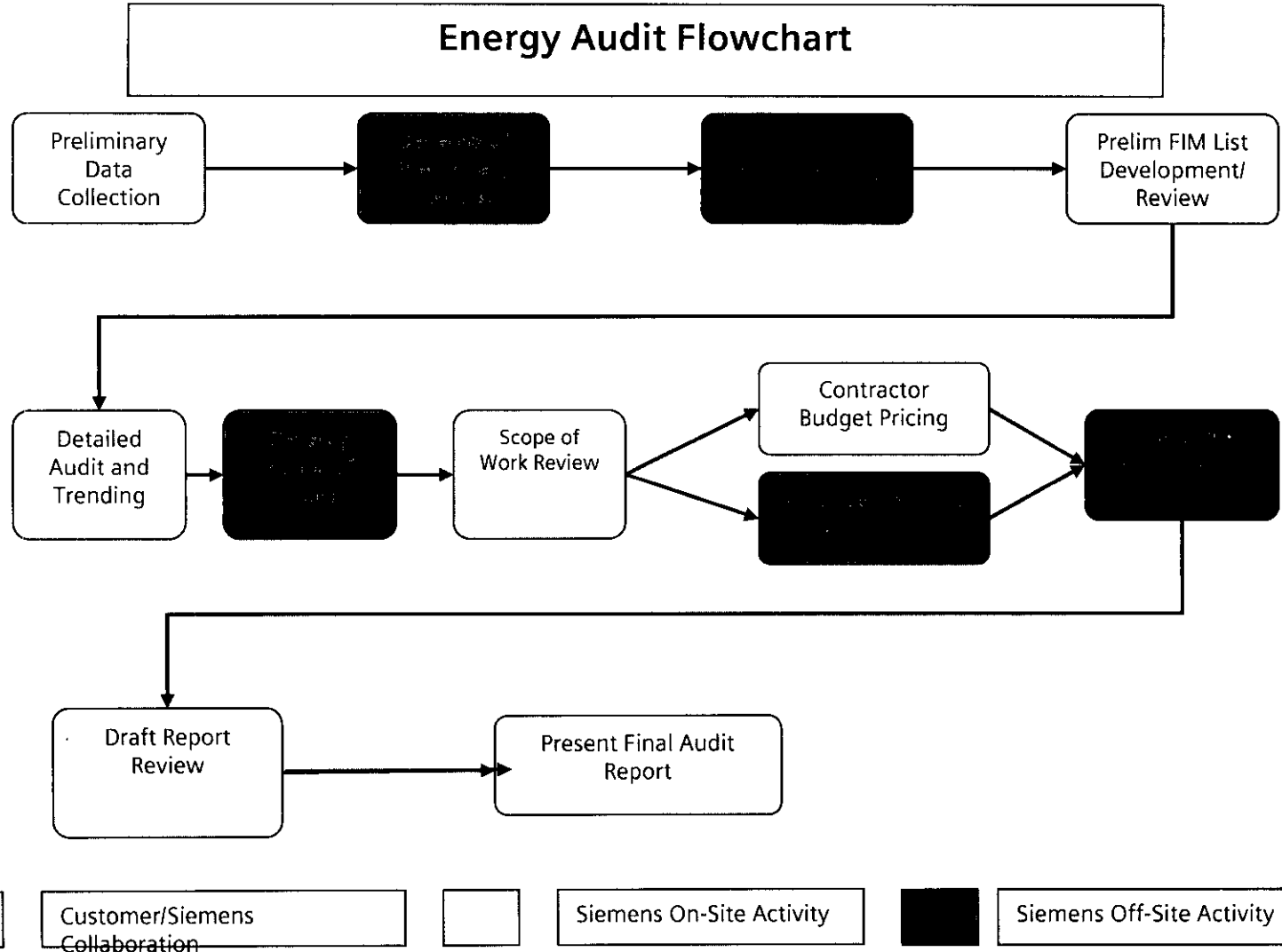


Overview of Performance Contracting, continued

- Performance Contracting Overview
 - Energy services company (ESCO) provides a preliminary building audit and report
 - Audit is reviewed with the Customer and a letter of intent for a detailed audit is signed
 - Detailed audit identifies facility improvement measures (FIMs) and the cost and savings associated with each
 - FIMs are reviewed with the Customer and the scope of the project is defined
 - Performance contract is signed
 - Project is implemented and turned over to the Customer
 - Ongoing measurement and verification confirm savings

Audit Process

LEAST IMPACT



The PC Process

- How the program works
 - Financing is arranged with a third party or directly from the Customer
 - Energy project is implemented and the savings generated repay the financing
 - Energy savings
 - Operational savings
 - Maintenance savings
 - Siemens guarantees that the savings exceed the cost of the financing, otherwise we pay the difference
 - Ongoing measurement and verification continue to confirm the savings

The PC Process, continued

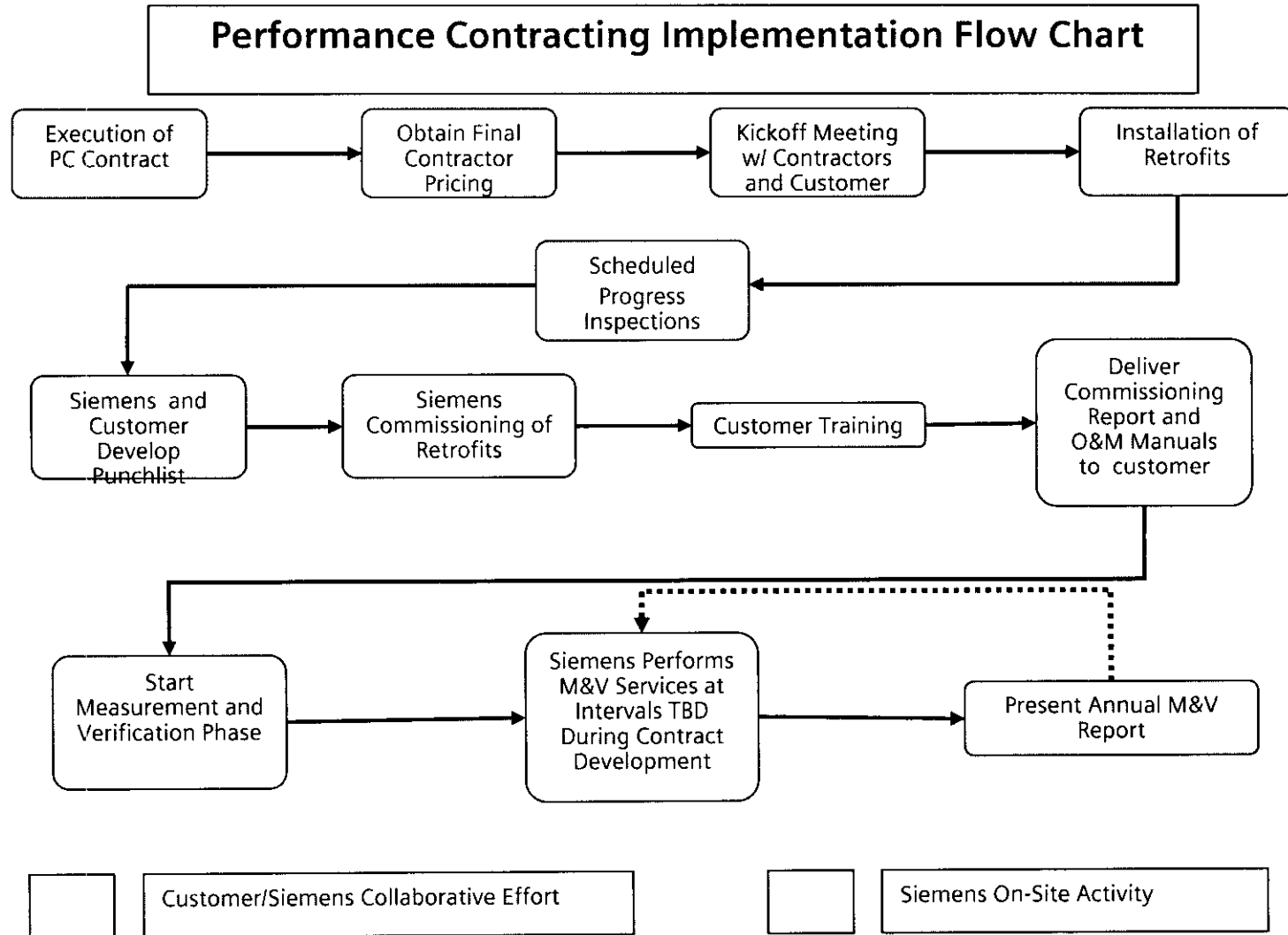
- How the funding works
 - Funding from operational and capital budgets
 - Siemens has guaranteed funding available from third-party sources if necessary
 - Siemens can arrange for competitively bid financing from multiple sources
 - Energy and operational savings are guaranteed to offset the cost of the loan payments

The PC Process, continued

- How the guarantee works
 - Project has a guaranteed fixed price
 - Siemens has a “no change order” policy for a given scope of work
 - Energy savings are guaranteed
 - If energy savings do not meet the guaranteed amounts, Siemens will issue the customer a check in the amount of the difference
 - Siemens will implement additional FIMs to meet the energy guarantee at Siemens cost
 - Ongoing measurement and verification will ensure that guaranteed energy savings continue as promised

Project Execution Process

LEAST IMPACT



Typical Facility Improvement Measures

- Lighting – T8 lamps, motion sensors, LED exit signs, outdoor lighting
- Water – low flow fixtures
- Hot water - temperatures and generation
- Heat / Cooling System – utilization, pumping, variable frequency drives, controls sequences, equipment and system improvements
- Outside air – quantity, heat recovery
- Process/lab loads – fume hood controls, compressed air, vacuum system
- Retro commissioning
- Building Shell -

Alternative Energy

- Biomass – water heating, electricity, cogeneration
 - Geothermal
 - Digester and landfill gas – methane gas to heat and or electricity
 - Wind

Next Steps

- Decide which buildings are to be in preliminary audit
- Sign letter of authorization
- Complete preliminary energy audit
- Prepare and present report to the Customer
- Sign letter of intent to proceed with project

