



2310 W. Victory Blvd.
Burbank, CA 91506
818/843-8686
Fax: 818/843-3767

Dear Mr. Steve Sexton,
Environment & Power Systems International, LLC

Quail Capital is very pleased to provide VOGEN diversified financing options for your clients. We bring our experience of more than 100 years combined along with our 14 years in business in California. Over the years, we have developed unique and often exclusive relationships utilizing more than 100 portfolios with substantial flexibility, unlimited capital availability and competitive pricing. Our products include Capital Leases, Operating Leases and Financing agreements for your cogeneration projects with qualified clients. We have terms available up to 25 years and can offer rates that are often below market.

For your projects with qualified customers, we offer this special program based on the following terms and qualifications...

Terms: 15-25 years, fixed rates (currently 4.1%) and variable rate programs (currently start at .5%) tied to Libor. With this program, there are generally fees of 4 points along with legal fee's which average \$150k. These fees can be included in the loan and paid out of loan proceeds at Borrower's option. The impact of the fees, if amortized over the lease terms offered in this program, creates a minimal adjustment to the APR of around 0.45%. These transactions allow 18 month construction periods with no payments due. Interest accrues until it completes and switches to the permanent facility. The rate is commensurate with the rate of the permanent financing.

Qualifiers:

- BBB- rated company or greater
- If not rated, Shadow Rating (Company must be doing \$200 million or greater in gross revenue and be 10+ years in business. This requires a full financial package)
- BBB- rated company or greater Corporate guarantee
- DPLC (Direct Pay Letter of Credit) usually used by foreign companies with local high rates they can use a US A- rated Bank to issue the DPLC on their behalf and thereby have access to our much lower rate programs.
- Minimum \$4 million deals no maximum and smaller deals can be considered for strong rated companies on a deal by deal basis.

In addition to the above, we have several portfolio's that can offer programs for smaller transactions with terms up to 10 years as well.

We appreciate your interest in working together and are excited about the opportunities you have presented to us in our past conversations. Quail is committed to helping VOGEN succeed and to supply its customers with the best financing options available.

Sincerely,
Rob Henning

Quail Capital Corp

CA Licensed Lender 603 6964