



## **DENHAM CAPITAL TO INVEST \$145 MILLION IN VULCAN POWER COMPANY**

**BEND, Ore. and BOSTON, – July 28, 2008** – Vulcan Power Company (“Vulcan”) and Denham Capital (“Denham”) announced today that Denham will invest \$145 million in newly issued preferred equity securities of Vulcan. In addition, Merrill Lynch Commodity Partners (“MLCP”), a principal investment fund of Merrill Lynch, will convert its outstanding notes into Vulcan preferred equity.

Vulcan owns one of the largest geothermal property portfolios in the United States including properties in California, Nevada, Oregon, and Arizona. The Denham investment will allow Vulcan to continue to develop prime geothermal property with potential to generate 900 to 2,000 megawatts (MW) of natural steam fuel – enough to provide baseload renewable energy for up to two million people.

Steve Munson, President and CEO of Vulcan, said that the company is embarking on an ambitious drilling and project construction program: “This investment by Denham allows the company to move forward aggressively with our business plan of developing steam resources and power projects, and supporting existing long term power purchase agreements. With the strength and energy sector knowledge of our investors, Denham and Merrill Lynch, we stand to become one of the premier independent green energy companies.”

“Vulcan will be a strong addition to our power generation portfolio, providing a low cost, baseload source of significant renewable electricity for Western markets at a time of extreme volatility,” said Scott Mackin, Partner at Denham. “Its highly-valued, long term geothermal leases and seasoned management team put Vulcan in a strong competitive position to serve those markets through its long term power purchase agreements. Together with Merrill Lynch, we intend to help Vulcan grow quickly into a best in class and significant renewable independent power producer.”

Geothermal energy involves drilling for heated water reservoirs, which produce steam that can be used as a clean alternative to fossil fuels burned to generate electricity. This process avoids the production of emissions including carbon dioxide, a major greenhouse gas. Geothermal reservoirs are replenished by re-injecting condensed water back into the reservoir establishing a long-term renewable energy resource.

### **About Vulcan Power:**

Vulcan Power is a Bend, Oregon based, privately-held company founded in 1991 by Steve Munson, the company's chairman and CEO. Mr. Munson is a recognized expert on 'green' power development, having participated in federal and state power policy, regulatory and legislative process. He is widely credited in the energy industry for his leading role in new Renewable Portfolio Standard laws in the Western United States.

Vulcan acquired many geothermal leases when some of the major energy companies were exiting geothermal after investing tens of millions of dollars into steam exploration. Through opportunistic property acquisitions and additional investment, Vulcan is now poised to reap the benefits of this work.

Vulcan holds a property portfolio of geothermal leases and applications covering more than 160,000 acres. The company is focused on delivering geothermal power to California, the largest green power market in the world, and Nevada from properties mainly in northern California and Nevada.

Vulcan has signed 20-year term Power Purchase Agreements (PPAs) with Nevada Power Company, Pacific Gas & Electric Company and Southern California Edison Company. It is also negotiating additional PPAs with other utilities. For additional information on Vulcan and geothermal power, go to [www.vulcanpower.com](http://www.vulcanpower.com).

### **About Denham Capital:**

Denham Capital is a leading global private equity firm, with offices in Boston, Houston, Short Hills, New Jersey and London. With approximately \$4.3 billion of invested and committed capital, Denham makes direct investments in all segments of the energy and commodities value chain, including oil and gas, mining, timber, power, carbon assets and energy-related infrastructure and services. The firm invests globally, with investments currently in the US, Canada, South America, Europe, Russia/CIS, Asia and Australia, and across all parts of the capital structure and all stages of the corporate and asset lifecycle, from development projects to mature, operating businesses. Denham typically targets investments in the \$50 million to \$250 million range. For more information about Denham Capital, visit [www.denhamcapital.com](http://www.denhamcapital.com). Denham Capital does not provide investment advisory services to the public. Denham Capital Management <sup>SM</sup> is a trademark of Denham Capital Management LP.

### **About Merrill Lynch:**

Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies with offices in 40 countries and territories and total client assets of approximately \$1.6 trillion. As an investment bank, it is a leading global trader and underwriter of securities and derivatives across a broad range of asset classes and serves as a strategic advisor to corporations, governments, institutions and individuals worldwide. Merrill Lynch owns approximately half of BlackRock, one of the world's largest publicly traded investment management companies with more than \$1 trillion in

assets under management. For more information on Merrill Lynch, please visit [www.ml.com](http://www.ml.com).

**Contacts:**

Vulcan Power  
Mark Albert  
Vice President  
(541) 317-1984  
[malbert@vulcanpower.com](mailto:malbert@vulcanpower.com)

Denham Capital Management  
Gina Sorice  
CJP Communications  
(212) 279-3115 ext 243  
[gsorice@cjpc.com](mailto:gsorice@cjpc.com)

Merrill Lynch  
Danielle Robinson  
Media Relations  
(212) 449-0097  
[danielle\\_robinson@ml.com](mailto:danielle_robinson@ml.com)