

# CEO CFO



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## **Cleanfield Alternative Energy Is Leading The Way With Rooftop Vertical Axis Wind Turbines - Generating Electricity For Fortune 3000 Companies, Institutions And Large Retailers**

**Energy  
Renewable Energy  
(TSXV – AIR)**

**Cleanfield Alternative Energy Inc.**

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**Tony Verrelli  
CEO and Director**

### **BIO:**

Co-founder, CEO and a Director since 2002. Senior management experience includes solid record of leadership and accomplishments in the private, public and nonprofit sectors. From 2002 to August 2006, he also served as the President of 360 Marketing Group Inc., a private marketing company.

### **Company Profile:**

Cleanfield Alternative Energy Inc. is the parent company of Cleanfield Energy Corp. and is committed to the development of renewable energy products for both consumer and commercial applications. Cleanfield's industry leading Vertical Axis Wind Turbine can be mounted on a tower or a suitable rooftop, offering electricity independence and security.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Verrelli, what was your vision when you founded Cleanfield and where are you today?

**Mr. Verrelli:** "We started back in 2002 with some friends on a table with some napkins. The Cleanfield Energy division was developed for products that would be

sold for both commercial and residential use. The product would be a wind turbine and the rooftop would be the main platform for the system. Today we have our wind turbines commercialized. However, it is not quite for residential use at this point. It is more the commercial product. We do have some residential but it is not rooftop based. We are able to use the rooftop base for our commercial clients. So with our product, the dream of energy independence can become reality."

**CEOCFO:** Are your products installed today and if so, who are your customers?

**Mr. Verrelli:** "They are, and we are leaders in our area in the turbine sector. We are pioneers that developed in the rooftop sector especially the commercial rooftop. We are actually taking this step beyond and we are really becoming more of a solution provider for Fortune 3000 companies, institutional organizations, and large retailers."

**CEOCFO:** How does your product work?

**Mr. Verrelli:** "It is 3.5 kilowatts or 3,500 watt, Verticals Axis Wind Turbine. It is a wind turbine that has three key components. It has a turbine itself, which are made of blades, center poll or shaft and the struts connects the shaft to the blade. It has a generator, which is really the anchor to the system and the generator itself is a permanent magnet generator, which has magnets inside the generator. The next part is the inverter, which controls the turbine itself, and really controls the generator. The other side of the inverter purifies the power, because you get AC power that from DC back to AC to the grid. Then for the last element it is the mounting structure of our products. Basically the wind can hit the turbine

blade's and struts at any direction, which spins the generator, which has the magnets creating an electrical force. So that's where the power comes from and the inverter is able to take that power and purify the power and create pure electricity."

**CEOCFO:** Would you tell us more about businesses that are using this today?

**Mr. Verrelli:** "We have a lot of institutional accounts, universities, colleges and high schools using it. In terms of industrial, we announced two of our wind turbines will be installed at an airport hangar in Medicine Hat, Alberta. We also have other applications in Ireland, and it is a dairy farm, where we have two turbines, these are not roof-mounts but ground mounts. The turbine is used to warm up a tank of water. We are also working on a large downtown skyscraper; the whole industry sector varies."

**CEOCFO:** What is the comparison to standard electricity as far as power your system could produce annually?

**Mr. Verrelli:** "First we are not a residential product, but our commercial wind turbine system can produce up to 9000 kilowatt hours per year. It depends on the wind conditions. The average North American home, Canada and the United States is around 9,600 kilowatt hours a year, so if you compare that to our power output, in theory we could do about 85% to 90% of a total average household use."

**CEOCFO:** How does the cost compare?

**Mr. Verrelli:** "In terms of cost, your standard electricity utility cost is going to be lower than renewable energy produced electricity. Subsidies are required, rebates are required, and we are very fortunate

that the U.S. has a federal tax incentive policy, which is an uncapped Federal tax credit of 30%. Subsidies are required and from a pure standpoint of cost, it really varies how much power you are producing. It also depends on your site and how much wind you have. So there are a lot of variables when comparing it to our current utilities. The advantage is it is environmentally friendly, it is pure and once you hit a certain point and the internal rate of return beyond that point you actually have an income. In terms of the pure cost, it would have to be very site specific. Our system retails for \$19,900, a total complete system would be installed for approximately \$32,000 US before rebates and there is a 30% rebate across the US. In addition to that there are a lot of state incentives.”

**CEOCFO:** What is the competitive landscape?

**Mr. Verrelli:** “There is obviously competition from solar, and I am a big fan of solar, so we are getting involved in solar as well. We will combine the two technologies of solar and wind. In the Vertical Axis Wind Turbine market, there are a couple players in Canada, but they are very small. In the US, you have Mariah Power, Helix Wind and PacWind. There is also Europe, so the competition is very healthy. I just hope everybody stays true to their spec sheet (power output). We could all grow the industry together, we encourage competition.”

**CEOCFO:** How do you market your products?

**Mr. Verrelli:** “We have a direct sales channel. Our indirect sales channel is through dealers, distributors, and agents across North America. We are starting to do more direct sales to customers and project manager the installations and integrate our system into facilities. From a marketing standpoint, the worldwide web is the platform. We get a lot of hits on our website as we are on a lot of search engines, and have our installations out there, so that is a great way. We do attend a lot of conferences and trade-shows in Canada and the US so obviously there is a lot of exposure there. There is a

PR element and we have a lot of PR, with a lot of news going out there and constantly have media releases. It is a wide area. We haven’t really got into a lot of promotion and advertising on the market side, but we are probably looking at that down the road.”

**CEOCFO:** What is the financial picture like for you today?

**Mr. Verrelli:** “We have a solid pipeline and we are gradually building our pipeline for our run-rate. It is really looking good for fiscal 2010. Our year end, which is May 31<sup>st</sup> is looking positive. In the past our burn rate has been around \$200,000 a month, so we have gone through a lot to develop our technology and it has been expensive. Over the last couple of years, we have invested about \$7 million into our system, so we are out there raising more funds, but we are not that far away from break-even. Being commercialized,

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we are close to finalizing our UL certification, which will allow us to sell in the United State and get us closer to the break-even point.”

**CEOCFO:** Do you see the stimulus package helping you, and how do you see the affect of the current economic situation?

**Mr. Verrelli:** “It has affected everybody; there is no doubt about it. The current economics does affect people, from sales that we could have had. However there are bright spots too, I think the stimulus package in the US with a 30% rebate, is actually a tax credit, so it is very positive and I think that is the right direction. The whole economy worldwide has been affected, however, cleantech is a way to get us out of this, and politicians on both side of the border as well as worldwide, know that this is a way to get us out of it. So we do look at it as very positive. It is a bad time for most businesses, but a good time

for our industry, as it is a way to leverage some of the manufacturing. Unfortunately, some sectors in industries in the auto industry being ones that have really suffered, we are able to leverage some of their manufacturers. So it is challenging from a personal standpoint, and from a business standpoint. However, we are definitely headed for a recovery Cleanfield Energy is definitely in the right spot at the right time.”

**CEOCFO:** In closing, potential investors are looking and watching; why should investors choose Cleanfield Energy out of the green environment?

**Mr. Verrelli:** “We have a proven product and I think that is crucial during these times. I love vision, I love ideas, but during these times, you need to go with a proven product, proven company, proven formula. We are commercialized and have a totally integrated system, so we don’t rely on anybody and we are not paying any royalties. We are a publicly traded company, unlike a lot of companies in our sector that are not publicly traded. There are a lot of good things riding. We have a lot of government support and we have raised over \$1 million through government support, directly and indirectly. We

have a lot of university support, we have independent test studies that a lot of people don’t have and we have spent a lot of time on that. Cleanfield is becoming a mature company with a real product, a solid pipeline and we have future opportunities. It is quite the unique product. We have our nanowire PV, a Generation 3 Solar, which we think will be amazing once we define those technologies and add some other technologies that we are working on. On top of all of that we have our inverter, which is the brain of our system is definitely a leading edge product and a lot of our competitors want to buy our inverter. That is how positive it is. We are positioned right when it comes to commercial, when it comes to people wanting point-of-use power. So we really have positioned ourselves, we have the vision, and an excellent management team. We are poised to really make a lot of noise in the marketplace.”