

With One Technology Now in the Marketplace for Water Remediation, Creating Good Water out of Wastewater While Creating Products for Reuse and Another Technology that will Allow You to Remove Smokestacks from Coal Plants that is Progressing to Commercialization, ThermoEnergy Corporation is Well Positioned for Future Growth

Technology
Wastewater Recovery and Clean
Combustion Technology
(TMEN.OB-OTCBB)

ThermoEnergy Corporation

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Cary G. Bullock
CEO and Chairman of the
Board of Directors

BIO:

Cary Bullock has been in the energy & cleantech industry for more than 25 years and is a graduate of Amherst College and MIT. He is currently Chairman & CEO of ThermoEnergy Corporation, a company involved in the development and sale of clean water and clean energy technologies. Related, he serves on the Boards of Castion Corporation and ThermoEnergy Power Systems, two Ther-

moEnergy subsidiaries. He has been a founder, principal and/or senior executive for several energy ventures. These include GreenFuel Technologies Corporation (Board Member, former President, CEO, and VP Business Development), Excelergy (Board Member, co-founder, Chairman & CEO), Hillside Investment (Chairman & CEO, Excelergy, Capital-E (investor), Dyax (investor), FPL Energy Services, and consultant to many other ESCOs), FPL Energy Services (Board Member and assisted in founding), NS Power Services (Board Member and assisted in founding), KENETECH (VP, President of KENETECH Energy Management), Econoler/USA (co-founder, Chairman & CEO), and Xenergy (a principal owner, Board member, and VP Engineering and Operations). In addition, he has been an advisor to several early stage companies and entrepreneurs.

Mr. Bullock has written and spoken extensively on energy and cleantech and has received numerous honors in the field. He has been a member of *Business Week's* Energy & Environment Council (2007-8). In 2001, he was named one of the 50 top IT managers in the energy industry by Pratts Energy. In 2002 and 2007, Mr. Bullock was a finalist for the Ernst & Young New England Entrepreneur of the Year. In 2000, he was named one of the 100 most influential individuals in the gas and electric business in the 20th century by Harts Energy Markets in their special *Century of Power* retrospective on the industry for his contributions to the *International Performance Measurement and Verifica-*

tion Protocol which defined methods of assessing energy savings for performance contracting (DOE, December 1997).

Companies where Bullock was a principal, founder and/or senior executive have also received numerous awards including *Artemis Project™ Top 50 Water Company* (Castion 2010), *AlwaysOn Northeast Top 100 Companies*, (GreenFuel 2008); SBANE's *New England Innovation Award (Finalist)* (GreenFuel, 2007); *Red Herring Top 100*, recognizing the top private and publicly held companies (Excelergy: 2001, 2002, 2003, GreenFuel: 2006); *Platts Energy*, Global award for "Emissions Energy Project of the Year", jointly with Arizona Public Service (GreenFuel: 2006) for project making biodiesel and ethanol from power plant emissions; American Society for Competitiveness (ASC), Medallion for "Energy Business Competitiveness through Financial Prowess and Global Environmental and Technology Leadership in Industrial Power Markets" (Greenfuel: 2005, 2006, 2007); Frost & Sullivan, Award for "Technology Innovation of the Year" (Greenfuel: 2006); GoGreen Award (GreenFuel 2005); Forbes B2B, best of the web (Excelergy: 2002, 2003); *Upside Magazine, Upside Hot 100* (Excelergy: 2002); *Utility CIS/CRM Consortium, Utility Award for CIS/CRM Excellence* (Excelergy: CIS Initiative – Europe 2003); *Power & Gas Marketing, Premium Product Award* (Excelergy: 2002); *Platts/BusinessWeek, Finalist for Global Energy Award* (Excelergy: 2002).

Company Profile:

Founded in 1988, ThermoEnergy Corporation (OTCBB: TMEN) is a diversified technologies company engaged in the worldwide development, sales and commercialization of patented and/or proprietary municipal and industrial wastewater treatment and power generation technologies. Additional information on the Company and its technologies can be found on its website at www.thermoenergy.com.

Interview conducted by: Bud Wayne, Editorial Executive CEOCFO Magazine

CEOCFO: Mr. Bullock, what is the idea behind ThermoEnergy and what is your vision?

Mr. Bullock: Our vision in our water business is to be the very best at providing resource recovery and reuse from municipal, industrial, and agricultural wastewater streams worldwide. Our vision in our power business is to provide the leading clean coal combustion technology for the power industry working with major industry partners.

CEOCFO: Would you explain the ThermoEnergy technologies?

Mr. Bullock: We have two technologies; one is for wastewater treatment from industrial municipal and agricultural streams. We take chemicals that are pollutants out of those streams so that we can reuse them. We use a platform technology that we call our Cast® Platform. It is a family of technologies that we can easily adapt to remove different components, whether it is sugar, ammonia or a transition metal that might be very valuable. What you also get usually is better water. Therefore, it is not only water remediation, but also the reclaiming of those elements that might otherwise have gone into the environment and been wasted, or even acted as a pollutant. On the power side, it is a developing technology. There is still a lot to be done to commercialize it for use. Effectively, what the technology does is remove the smokestacks from a coal plant. For example, it burns carbonaceous fuels like coal and we collect all the emissions.

CEOCFO: Is there a clean technology, green or environment component to your strategy?

Mr. Bullock: Absolutely. Our water technologies result in cleaner water and generally reusable products. We consider ourselves clean, green, to use those terms. Generally, what we do is very good for the environment.

CEOCFO: How big are the markets?

Mr. Bullock: The markets for our technologies are fairly large worldwide, but they are emerging markets. The markets on the wastewater side span several different areas, whether it is ammonia recovery, sugar recovery, or metals recovery. In the United States those markets measure many hundreds of millions to billions of dollars over the next several years, and certainly in China where they are spending a tremendous amount of money to clean up the water, there is a large market as well. We have a pilot project that we expect to be shipping soon to China that will be for ammonia removal. Likewise, Europe, who has done a lot in this area already, has regulations that make our equipment useful there as well.

CEOCFO: You recently expanded your China marketing program; would you tell us about that?

Mr. Bullock: We were actually speaking at a Clean Coal Conference and we made contact with groups over there. We worked with a group that was primarily interested in the water area. Originally, we were going after markets that we thought would have very fast payback to them like the metals market, where you recover a valuable metal that may be discharged in the wastewater stream. However, after they looked at that, they felt that actually there was considerable interest in ammonia reduction in China. Therefore, we began to go after that market, and that is how the pilot project developed. We will be shipping that unit shortly.

CEOCFO: How does the team at ThermoEnergy find projects?

Mr. Bullock: We do a fair amount of electronic outreach by way of emailing, writing articles on timely topics, and blogging to stimulate interest and leads. We also do tradi-

tional outreach such as attendance at shows, advertizing, giving talks, leveraging events to make commentary and giving 'brown bag' lunch talks for partners, such as major engineering firms. Leads also may be originated by a partner or a sales representative. In the US, we have as sales force and nine sales representative groups, and these groups have incentives to bring us projects. We have two sales representative groups in the UK and EU. We have a partnership with a group in China. Most of our leads come in via the internet but most often are originally stimulated by one of these sources.

CEOCFO: You recently completed the instillation of a reverse osmosis drinking water system at a military base in Africa; how did that come about and is this a big contract for you?

Mr. Bullock: It was a large contract for us, at approximately \$4M, and you are right it was for a potable drinking water system for a military base. It came about through a relationship with a large government contractor who was responsible for a much larger project at the base.

CEOCFO: How long have you been with ThermoEnergy and what was the reason for the change?

Mr. Bullock: You would have to ask the Board of Directors, who recruited me as to what they say, but they were in the process of doing a management change for several reasons. They talked to me about coming in, taking the company and trying to realize the vision that they had for the technology. I joined about two years ago, and there were a number of structural issues with the company. There was debt that was overdue, so I had to renegotiate and restructure that debt to essentially turn it into equity. There was also an issue with the IRS, which we were behind with at that point and a number of other problems like that. That just took time to work through. Once we resolved those issues, we began to grow the business again. Our sales for this year as indicated in our press releases are up considerably from last year and we are expecting to be up again next year.

CEO CFO: What is the plan for the next year or so and are there other geographic locations that you are considering?

Mr. Bullock: We do have some business development agreements. Certain parts of the developing world like Brazil have tremendous needs for water remediation technology. Therefore, we have some business development relationships there, which we hope will bring projects forward. We are also developing deeper relationships in the Canadian market. The Asian markets, European markets, Canada and certain parts of Latin America will be our primary focus going forward.

CEO CFO: Are you considering other technologies?

Mr. Bullock: We are looking at technologies that ally with ours. A lot of times when our equipment is deployed, often there are other technologies that if they are deployed simultaneously offer a bigger value for the host or the customer. So, we are looking at combining technologies, with some consideration for acquisitions, and we are just making the strategic partnerships to do that. We also have a number of our own ideas to improve our own technology to make it even more competitive and versatile. We are also investing in automated sales tools to allow our partners who are engineering firms, sales representatives, and things like that, to be able to understand how to apply our products very quickly. Therefore, once they see an opportunity they can quickly determine whether it is appropriate for our technology.

CEO CFO: What about the availability of people to do the operations on the ground?

Mr. Bullock: Our model is to partner with people who have pretty strong in-depth skills technically. In Europe, for example sales representatives have very good skills in terms of both selling equipment but also providing service for it. First of all, we are starting with representatives and partners that

we feel can be very good for us, whose skills and channels we can leverage. Certainly, when we send systems over initially, we have to be there and we have training regimen that we have that we can share with our partners. The intention is that ultimately when we are sending something overseas, initially we will support it, but we are also working to train our partners to be able to do that too - essentially be us in another geography.

CEO CFO: How does the recent expansion in Worcester, Massachusetts

We have two technologies; one is for wastewater treatment from industrial municipal and agricultural streams. We take chemicals that are pollutants out of those streams so that we can reuse them. We use a platform technology that we call our Cast® Platform. It is a family of technologies that we can easily adapt to remove different components, whether it is sugar, ammonia or a transition metal that might be very valuable. What you also get usually is better water. Therefore, it is not only water remediation, but also the reclaiming of those elements that might otherwise have gone into the environment and been wasted, or even acted as a pollutant. On the power side, it is a developing technology. There is still a lot to be done to commercialize it for use. Effectively, what the technology does is remove the smokestacks from a coal plant. For example, it burns carbonaceous fuels like coal and we collect all the emissions.

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helps ThermoEnergy?

Mr. Bullock: We actually needed the extra space to do the necessary manufacturing for our New York project. Now that we have it, we are able to handle much larger sales. For example before we expanded, we were limited to roughly \$10M of business per year. Now we believe we can support up to roughly \$25M per year. It is a great facility. Has what we need to grow, reasonable rent and a supportive city.

CEO CFO: What is the financial picture like today for ThermoEnergy?

Mr. Bullock: It has been a struggle because we had very little capital to

start with. We had to raise money to solve some of these issues, and having solved them, we have had to raise money to move forward. We are hoping to get to a point where soon we may have raised all the capital we need except for just pure growth capital.

CEO CFO: Do you do much investor outreach?

Mr. Bullock: Not right now, but we are beginning to do more. I do try to be responsive to investors when they call. We do have an IR firm, and I will go out on an investor conference. I share that with my CFO.

CEO CFO: In closing, there are many companies to choose from in your industry, why should investors look at ThermoEnergy?

Mr. Bullock: We have the technology for the times. ThermoEnergy's portfolio of technologies addresses four major global mega-trends. The decreasing availability of clean water is an issue everywhere today. Environmentally friendly technologies and products are in high demand. Growing population and increasing standards of living are increasing the demand for fertilizer. Finally, the world is becoming much more carbon conscious, with or without carbon regulation. ThermoEnergy's portfolio of technology addresses all of these.

We have the markets. The markets our technologies play into are very large. The wastewater industry is measured in billions of dollars. Repowering or replacing our existing electric generation with cleaner sources, including ThermoEnergy's zero emissions boiler, is measured in trillions over the next twenty years. Not all of it will be ours, but even a small piece is still very large.

We have an exceptionally talented group of people who have deep experience in the industry.

We have increased our revenues dramatically. Revenues in 2011 were almost double what they were in 2010. And we expect them to be dramatically higher in 2012 than they were in 2011.

Finally, we have improved our balance sheet and capitalization structure. In the past two years, we have

extinguished roughly \$14M of liabilities from our balance. We have reduced debt by more than \$8M. We now have a relatively clean balance sheet, and we have significantly improved our capitalization structure by dramatically reducing warrant overhang.

We believe it is a good value for investors because after having done all of this the stock trades a little under where it was when we started. We believe before long the market will begin to recognize what we've done and begin recognizing it by affording us a higher price.



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