

First Wind Holdings Inc.  
Form S-1/A  
October 08, 2008

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As filed with the Securities and Exchange Commission on October 8, 2008

Registration No. 333-152671

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Amendment No. 1  
to

**Form S-1**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**First Wind Holdings Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**4911**  
(Primary Standard Industrial  
Classification Code Number)  
**85 Wells Avenue, Suite 305**  
**Newton, MA 02459**  
**(617) 964-3340**

**26-2583290**  
(I.R.S. Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Paul Gaynor**  
**President and Chief Executive Officer**  
**85 Wells Avenue, Suite 305**  
**Newton, MA 02459**  
**(617) 964-3340**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:  
As soon as practicable after this Registration Statement is declared effective.**

If any securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated  
filer

Accelerated  
filer

Non-accelerated  
filer

Smaller reporting  
company

(Do not check if a  
smaller reporting  
company)

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement relating to this prospectus filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 8, 2008

Shares

**First Wind Holdings Inc.**

Class A Common Stock

We are selling \_\_\_\_\_ shares of our Class A common stock and we intend to use the net proceeds of this offering to repay indebtedness and fund capital expenditures.

The issuer in this offering, First Wind Holdings Inc., will be a holding company and its sole asset will be approximately \_\_\_\_\_ % of the Series A Units of First Wind Holdings, LLC. Concurrently with the consummation of this offering, it will issue \_\_\_\_\_ and \_\_\_\_\_ shares of Class A and Class B common stock, respectively, to the continuing members of First Wind Holdings, LLC.

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price of our Class A common stock is expected to be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share. We have applied to list our Class A common stock on the Nasdaq Global Market under the symbol "WNDY."

The underwriters have an option to purchase a maximum of \_\_\_\_\_ additional shares from us to cover over-allotments of shares.

**Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 15.**

	Price to Public	Underwriting Discounts and Commissions	Proceeds to First Wind Holdings Inc.
Per Share	\$	\$	\$
Total	\$	\$	\$

Delivery of the shares of Class A common stock will be made on or about \_\_\_\_\_, 2008.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

**Credit Suisse**

**Goldman, Sachs & Co.**

**JPMorgan**

The date of this prospectus is \_\_\_\_\_, 2008.

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**You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not making an offer to sell these securities in any state where an offer or sale is not permitted. You should not assume that the information appearing in this prospectus is accurate as of any date other than the respective dates as of which the information is given.**

Until \_\_\_\_\_, 2008 (25 days after the commencement of this offering), all dealers that buy, sell or trade the Class A common stock may be required to deliver a prospectus, regardless of whether they are participating in this offering. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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**PROSPECTUS SUMMARY**

*This summary highlights selected information from this prospectus but does not contain all information that you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including "Risk Factors" beginning on page 15, and the consolidated financial statements included elsewhere in this prospectus. In this prospectus, we refer to: (i) First Wind Holdings Inc. and its subsidiaries, including First Wind Holdings, LLC, after giving effect to the reorganization described herein as "First Wind Holdings," "we," "us," "our" or "our company;" (ii) entities in the D. E. Shaw group as "the D. E. Shaw group;" (iii) Madison Dearborn Capital Partners IV, L.P., as "Madison Dearborn;" and (iv) the D. E. Shaw group and Madison Dearborn collectively as "our Sponsors." Certain other terms used in this prospectus are defined in the "Glossary" beginning on page 205 of this prospectus. Unless otherwise indicated, the financial information in this prospectus represents the historical financial information of First Wind Holdings, LLC.*

**First Wind Holdings Inc.**

**Overview**

We are an independent North American wind energy company focused exclusively on the development, ownership and operation of wind energy projects. As of August 31, 2008, our portfolio of wind energy projects included approximately 5,564 megawatts ("MW") of operating and prospective capacity, of which 92 MW were operating and 182 MW were under construction. We expect to start construction on a 203 MW project in 2008 and, as a result, to be simultaneously constructing three wind energy projects representing 385 MW of capacity. Our goal is to have approximately 1,100 MW of operating capacity by the end of 2010 and we target the construction and commissioning of approximately 400 MW annually thereafter to achieve approximately 2,300 MW of operating capacity by the end of 2013. We have entered into purchase contracts for turbines with an aggregate generating capacity in excess of 1,300 MW, which are scheduled to be delivered or commissioned between 2008 and 2013. We expect this supply will be sufficient to meet all of our anticipated turbine needs in 2008 and 2009 and approximately 80% of our anticipated turbine needs in 2010. Our ability to complete the projects in our development pipeline and achieve our targeted capacity is subject to a number of risks and uncertainties as described in the "Risk Factors" section of this prospectus.

We believe that wind energy projects provide a wide range of potential investment returns. We have strategically focused on developing a diversified portfolio of wind energy projects that we believe will generate investment returns at the higher end of this range. We seek to achieve these returns by targeting regions with high electricity prices, state-sponsored renewable portfolio standard ("RPS") programs that mandate demand for renewable generation, favorable renewable energy certificate ("REC") prices and desirable wind characteristics. Currently, we focus on developing wind energy projects in the northeastern and western regions of the continental U.S. and in Hawaii.

Our strategy since inception in 2002 has been to build a company with the ability to develop, own and operate a portfolio of wind energy projects in favorable markets. Our team of more than 140 employees has broad experience in wind project development, transmission line development, meteorology, engineering, permitting, construction, finance, law, asset management, maintenance and operations. We have established land control, stakeholder relationships, meteorological programs, community initiatives and developed transmission solutions in the markets in which we focus and expect to continue to do so in the future.

We continue to engage in "prospecting" activities, which involve a broad, high-level review of potential sites that may be suitable for wind energy development. We have built our existing pipeline through these prospecting activities and will continue to do so in the future with projects that we believe meet our investment return standards. We classify our projects into the following four categories based on their stage of development: operating/under-construction, advanced, intermediate

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and early. We have defined these categories to enhance the visibility of our annual production capacity and for internal planning purposes, including projecting our future needs for turbines and personnel. A summary of our projects, as of August 31, 2008, is set forth below:

Stage of Development	Northeast		West		Hawaii		Total	Total
	Number of Projects	Capacity <sup>(1)</sup> (MW)	Number of Projects	Capacity <sup>(1)</sup> (MW)	Number of Projects	Capacity <sup>(1)</sup> (MW)	Number of Projects	Capacity <sup>(1)</sup> (MW)
Operating/Under-construction <sup>(2)</sup>	4	244			1	30	5	274
Advanced <sup>(3)</sup>	7	287	2	403	1	30	10	720
Intermediate	4	217	3	425	1	21	8	663
Early	5	477	9	3,130	2	300	16	3,907
<b>Total</b>	<b>20</b>	<b>1,225</b>	<b>14</b>	<b>3,958</b>	<b>5</b>	<b>381</b>	<b>39</b>	<b>5,564</b>

- 
- (1) Our ability to complete our projects and achieve anticipated capacities and anticipated dates of commercial operation is subject to a number of risks and uncertainties as described in the "Risk Factors" section of this prospectus.
- (2) 62 MW currently operating in the Northeast and 30 MW currently operating in Hawaii.
- (3) We expect a 203 MW advanced project in the West to be in construction by the end of 2008.

Based on our current portfolio of projects, representing 5,564 MW of operating and prospective capacity, the chart set forth below illustrates how we could achieve our targeted installed capacity for 2008 through 2013 using our current projects as they were categorized as of August 31, 2008.<sup>(1)</sup>

- 
- (1)

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Our ability to complete our projects and achieve our target of constructing and commissioning approximately 400 MW of projects per year is subject to a number of risks and uncertainties as described in the "Risk Factors" section of this prospectus.

We have achieved a number of milestones in our markets, including:

***Northeast.*** We have completed the largest utility-scale wind energy project in New England and have obtained the first permit for a utility-scale wind energy project in Vermont since 1996. For more detailed information regarding the Northeast, see "Industry Our Regions Northeast."

***West.*** We entered into a long-term power purchase agreement ("PPA") with the Southern California Public Power Authority ("SCPPA") to supply power to the cities of Los Angeles,



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Burbank and Pasadena from a 203 MW wind energy project in Utah, which we expect to be under construction in 2008. For more detailed information regarding the West, see "Industry Our Regions West."

**Hawaii.** We successfully completed and are operating the largest utility-scale wind energy project in Hawaii. For more detailed information regarding Hawaii, see "Industry Our Regions Hawaii."

We generate revenues from the following sources:

**Electricity sales.** We typically sell the power generated by our wind energy projects either pursuant to PPAs with local utilities or power companies or directly into the local power grid at market prices. We seek to hedge a significant portion of the market component of our power sales revenue.

**Capacity payments.** In some states in which we have operating projects, payments are made to energy generators, including wind energy projects, as a market incentive to promote the development and continued operation of capacity sufficient to meet regional land and reserve requirements. Although we believe significant opportunities for capturing the value of capacity payments may develop in the markets in which we operate, capacity payments are not currently a significant source of revenues to us.

**REC sales.** In some states, we sell RECs to generators that must either purchase or generate certain quantities of RECs to comply with state RPS programs. Currently, 21 states and the District of Columbia have adopted RPS programs that operate in tandem with a credit trading system in which generators sell RECs for renewable power they generate in excess of state-mandated requirements.

We also earn federal production tax credits ("PTCs") for our renewable generation, which we monetize by entering into tax equity financing transactions as part of our project financing strategy. As a result of these transactions, we receive up-front payments, and our tax equity investors receive a substantial portion of the cash generated from the related project's electricity sales. For more information regarding our revenues and tax equity financing transactions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### **Industry Overview**

According to the Energy Information Administration ("EIA"), wind energy generation capacity grew in the U.S. at a compound annual growth rate ("CAGR") of 29.1% from 2002 through 2007, making wind energy the fastest growing source of new electricity in the U.S. Emerging Energy Research ("EER") forecasts that installed wind energy capacity in the U.S. will grow at a CAGR of 26.6% from 2007 through 2013. Despite the significant anticipated growth in the U.S., wind energy provided only 0.8% of total U.S. electricity production in 2007 and is expected to account for only 1.8% of total U.S. electricity production in 2012, based on data from EIA. This represents a small portion compared to the current percentage of electricity produced by wind energy in Denmark, Spain and Germany, of approximately 17%, 9% and 6%, respectively, based on data from the Danish Energy Authority and the Global Wind Energy Council.

We believe wind energy growth in the U.S. is primarily driven by the following factors:

rising energy prices;

growing environmental concerns and legislation promoting the development of renewable energy;

increasing concern over the dependence of the U.S. on foreign energy imports; and

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continued improvements in wind technologies.

**Competitive Strengths**

We believe the following strengths will enable us to capitalize on what we believe to be significant opportunities for growth:

***Significant portfolio of wind energy projects in North America and Hawaii.*** As of August 31, 2008, our portfolio of wind energy projects included approximately 5,564 MW of operating and prospective capacity in the following four categories: operating/under-construction (274 MW), advanced (720 MW), intermediate (663 MW) and early (3,907 MW).

***Proven record in developing complex wind energy projects.*** We have a proven track record of developing wind energy projects in locations with complex environmental permitting processes and regulatory regimes.

***Established in favorable markets.*** We seek to generate high investment returns by developing, owning and operating wind energy projects in areas with desirable wind characteristics that have access to markets characterized by high electricity prices, state-sponsored RPS programs that mandate demand for renewable generation and favorable REC prices.

***Positioned to capitalize on significant growth in the U.S. wind energy industry.*** Wind energy generation capacity grew at a CAGR of 29.1% from 2002 through 2007, according to EIA, and EER forecasts that installed wind capacity in the U.S. will grow at a CAGR of 26.6% from 2007 through 2013.

***Secured turbines with generating capacity in excess of 1,300 MW.*** We have entered into purchase contracts for turbines with an aggregate generating capacity in excess of 1,300 MW, which are scheduled to be delivered or commissioned between 2008 and 2013.

***Experienced management team with significant equity ownership.*** The members of our senior management team have significant expertise across a diverse skill set in areas that are important to our business. In addition, members of our senior management team have a meaningful equity stake in our company.

**Strategy**

The following are key elements of our strategy:

***Successfully execute and capitalize on our pipeline of existing development projects.*** Our goal is to have approximately 1,100 MW of operating capacity by the end of 2010 and we target the construction and commissioning of approximately 400 MW annually thereafter to achieve approximately 2,300 MW of operating capacity by the end of 2013. Expansions of current operating/under-construction or advanced projects account for 1,063 MW, or 19%, of our total portfolio of wind energy projects.

***Expand our pipeline of development projects.*** We have assembled a team of employees located in our existing markets who actively search for additional opportunities for wind development, including expansions of existing projects and selective acquisitions.

***Continue to exploit development opportunities through creative transmission solutions.*** We have assembled the core internal expertise necessary to develop, build and own significant transmission assets in order to access and develop wind energy projects in markets that we would otherwise be unable to pursue.

*Actively manage commodity price exposure and continue to optimize the financing of our projects.* By entering into fixed price PPAs and/or financial hedges and selectively selling forward RECs, we

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hedge a significant portion of our current revenue stream while preserving our ability to capture the benefits of potential developments in REC, capacity and carbon markets. We believe that stabilizing our revenues benefits us, our lenders and tax equity investors and enhances our ability to obtain financing on attractive terms.

***Maintain full development and operational control.*** We control the development, construction and operation of all of our wind energy projects. We believe retaining control over our projects enhances our credibility, allows us to make rapid decisions and strengthens our relationships with landowners, local communities, regulators and other stakeholders.

***Substantial local presence and community stakeholder involvement in the markets in which we are active.*** We open local offices to work cooperatively with the communities in which our wind energy projects are located in order to better understand their unique issues and concerns. We believe that having local offices and coordinating with our communities allows us to better assess our projects' feasibility and economic viability than developing our projects remotely.

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**Our Portfolio of Wind Energy Projects as of August 31, 2008**

Name	MW	Market Region	Location	Actual/Projected Date of Commercial Operation <sup>(1)</sup>
<b>Operating</b>				
Kaheawa Wind Power I	30	Hawaii	HI	June 2006
Mars Hill	42	Northeast	ME	March 2007
Steel Winds I	20	Northeast	NY	June 2007
Operating Capacity Subtotal	92			
<b>Under-construction</b>				
Cohocton I	125	Northeast	NY	December 2008
Stetson I	57	Northeast	ME	December 2008
Prospective Capacity Subtotal	182			
<b>Advanced</b>				
Prattsburgh I	54	Northeast	NY	2009
Sheffield	40	Northeast	VT	2009
Stetson II	25*	Northeast	ME	2009
Rollins	60	Northeast	ME	2009
Oakfield	49	Northeast	ME	2010
Longfellow	40	Northeast	ME	2010
Grand Manan I	19	Northeast	Canada	2009
Milford I	203	West	UT	2009
Milford II	200*	West	UT	2010
Kahuku	30	Hawaii	HI	2009
Prospective Capacity Subtotal	720			
<b>Intermediate</b>				
Grand Manan II	100*	Northeast	Canada	2012+
Kaheawa Wind Power II	21*	Hawaii	HI	2010+
Latah Wind	150	West	WA	2011+
Milford III	200*	West	UT	2012+
Palouse Wind	75	West	WA	2011+
New York I**	50*	Northeast	NY	2010
New York II**(2)	30*	Northeast	NY	2010+
New York III**	37*	Northeast	NY	2011+
Prospective Capacity Subtotal	663			
<b>Early</b>				
Down East	150	Northeast	ME	2011+
Cascade	80	West	OR	2012+
Clover Ridge	160	Northeast	NY	2011+
Desert Sage Wind I	700	West	NM	2012+
Desert Sage Wind II	1,200	West	NM	2013 - 2014+
Garvie Mountain	37	Northeast	Canada	2011+
Grand View Winds	150	West	CA	2011+
Hawaii Expansion**	250	Hawaii	HI	2012 - 2014+
Ikaika Wind Power I	50	Hawaii	HI	2011+
Indigo Winds	50	West	CA	2011+
Maine I**	80	Northeast	ME	2012+
Milford IV	200*	West	UT	2014+
Milford V	200*	West	UT	2015+
Mojave Winds	150	West	CA	2012+
Windham	50	Northeast	VT	2012+

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Wyoming Wind	400	West	WY	2011 - 2014+
Prospective Capacity Subtotal	3,907			
Total Operating and Prospective Capacity of Portfolio	5,564			

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\*

Indicates the project is an expansion of a current operating/under-construction or advanced project. 225 MW of our 720 MW of advanced projects, 438 MW of our 663 MW of intermediate projects and 400 MW of our 3,907 MW of early projects represent expansions of current operating/under-construction or advanced projects.

\*\*

Name withheld for competitive reasons.

(1)

The commercial operations dates of operating projects are actual; the commercial operations dates of under-construction and advanced projects are projected and the commercial operations dates of intermediate and early projects are estimated ranges. Actual dates of commercial operations may vary from these figures as it is difficult to project commercial operations dates due to uncertainties of the development process. Our ability to complete our projects and achieve anticipated capacities and anticipated dates of commercial operations is subject to a number of risks and uncertainties as described in the "Risk Factors" section of this prospectus.

(2)

We have the right to participate in up to 33<sup>1</sup>/<sub>3</sub>% of the equity of this project.

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**Risk Factors**

Investment in our Class A common stock involves substantial risks discussed in this prospectus, including under "Risk Factors." These risks include, but are not limited to, the following:

The growth of our business depends upon our ability to convert our pipeline of projects under development into operating projects.

We have generated substantial net losses and negative cash flow from operating activities since our inception and expect to incur substantial losses in the future as we develop and construct new wind energy projects.

Our recurring losses from operations, negative operating cash flows, accumulated deficit and need to obtain adequate funding to procure wind turbines and fund capital expenditures raise substantial doubt as to our ability to continue as a going concern.

We may not be able to finance the development of our business or the construction costs of building wind energy projects, without which we may never achieve profitability.

A sustained decline in market prices for electricity or RECs may materially adversely affect our revenues and the growth of our business.

The growth of our business depends upon the extension of the expiration date of the PTC, which currently expires on December 31, 2009, and other federal and state governmental policies and standards that support renewable energy development.

One of our key turbine suppliers, Clipper Windpower, has a limited operating history, has experienced certain technical difficulties with its wind turbine technology and may continue to experience similar issues.

We will continue to be controlled by our Sponsors after the completion of this offering, which will limit your ability to influence corporate activities and may adversely affect the market price of our Class A common stock.

**Class A Common Stock and Class B Common Stock**

After the completion of the reorganization described below and this offering, our outstanding capital will consist of Class A common stock and Class B common stock. Our Class A common stock will be held by the investors in this offering as well as entities in the D. E. Shaw group. Our Class B common stock will be held by our Sponsors, certain of our employees and other existing investors. Our Class B common stock is, subject to certain limitations, convertible into Class A common stock at the election of the holders thereof and votes together with the Class A common stock as a single class. After the completion of the reorganization and this offering, our Sponsors will own % of our outstanding Class A common stock and Class B common stock on a combined basis ( % if the underwriters exercise their option to purchase additional shares of Class A common stock in full) and will have effective control over the outcome of votes on all matters requiring approval by our stockholders. Our reorganization and new holding company structure are expected to increase our share of the tax basis in the tangible and intangible assets of First Wind Holdings, LLC. In addition, future exchanges of Class B common stock (together with the corresponding number of Series B Units) for shares of our Class A common stock are expected to result in additional increases in our tax basis. These increases in tax basis will increase the amount of depreciation we will recognize over time and accordingly reduce our taxable income. These increases in tax basis would not have been available but for the reorganization. We will be required to pay to exchanging holders of Series B Units a portion of these tax savings pursuant to our obligations under a tax receivable agreement. See "The Reorganization and Our Holding Company Structure Tax Receivable Agreement."





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**Holding Company Structure and Reorganization**

We were formed in contemplation of this offering and upon its completion all of our business and operations will continue to be conducted through First Wind Holdings, LLC, which owns all of our operating subsidiaries. We will be the sole managing member of First Wind Holdings, LLC. In connection with the reorganization we are completing immediately prior to this offering, all of the outstanding equity of First Wind Holdings, LLC will be either exchanged for our Class A common stock or reclassified into Series B Units of First Wind Holdings, LLC. Our Sponsors, certain of our employees and other existing investors will own all of First Wind Holdings, LLC's Series B Units, which have no voting rights, except with regard to certain amendments of First Wind Holdings, LLC's amended and restated limited liability company agreement that adversely affect the rights of holders of Series B Units. Each holder of the newly-classified Series B Units in First Wind Holdings, LLC will receive an equal number of shares of our Class B common stock. One Series B Unit and one share of Class B common stock are together convertible into one share of Class A common stock. Certain entities in the D. E. Shaw group have elected to receive Class A common stock in lieu of receiving Series B Units. For more detailed information regarding our reorganization and holding company structure, see "The Reorganization and Our Holding Company Structure."

The graphic below illustrates our holding company structure and anticipated ownership immediately after the consummation of the reorganization and this offering (assuming no exercise of the over-allotment option).

- 
- (1) The members of First Wind Holdings, LLC, other than us, will consist of our Sponsors and certain of our employees and current investors.
  - (2) Each share of Class A common stock and Class B common stock is entitled to one vote per share. The Class A common stockholders will have the right to receive all distributions made on account of our capital stock, except for the right of the Class B common stockholders to receive their \$0.0001 per share par value *pari passu* upon liquidation, dissolution or winding up. The D. E. Shaw group will hold Series B Units, Class A common stock and Class B common stock.
  - (3) Series A Units and Series B Units will have the same economic rights per unit.

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**Corporate Information**

We began developing wind energy projects in North America in 2002. We were founded by individuals who had successfully developed and operated wind energy projects in Italy and sought to apply their skills and experience in the rapidly growing markets of North America. Our principal executive offices are located at 85 Wells Avenue, Suite 305, Newton, Massachusetts 02459, and our telephone number is (617) 964-3340. We were incorporated in Delaware in May 2008. Our website is [www.firstwind.com](http://www.firstwind.com). We do not incorporate the information on our website into this prospectus and you should not consider any information on, or that can be accessed through, our website as part of this prospectus.

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**The Offering**

Class A common stock offered by us	shares.
Class A common stock to be outstanding after this offering	shares.
Class B common stock to be outstanding after this offering	shares. Shares of our Class B common stock will be issued in connection with, and in equal proportion to, issuances of Series B Units of First Wind Holdings, LLC. When a Series B Unit is exchanged for a share of our Class A common stock or forfeited, the corresponding share of our Class B common stock will automatically be redeemed by us. See "The Reorganization and Our Holding Company Structure."
Underwriters' over-allotment option	shares.
Use of proceeds	We expect to receive net proceeds from the sale of shares offered by us, after deducting estimated offering expenses and underwriting discounts and commissions, of approximately \$ million, based on an assumed offering price of \$ per share (the midpoint of the range set forth on the cover page of this prospectus). We intend to use our net proceeds from this offering to repay approximately \$ million of outstanding indebtedness under one of our revolving credit facilities, to repay approximately \$ million of outstanding indebtedness under one of our turbine supply loans and to fund a portion of our expected capital expenditures in 2008 and 2009.
Voting rights	Each share of our Class A common stock and Class B common stock will entitle its holder to one vote on all matters to be voted on by stockholders. Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters presented to stockholders for their vote or approval, except as otherwise required by law. After the completion of the reorganization and this offering, our Sponsors will own % of our outstanding Class A common stock and Class B common stock on a combined basis ( % if the underwriters exercise their option to purchase additional shares of Class A common stock in full) and will have effective control over the outcome of votes on all matters requiring approval by our stockholders.
Exchange of Series B Units	Pursuant to the amended and restated limited liability company agreement of First Wind Holdings, LLC, each fully-vested Series B Unit, together with a corresponding share of Class B common stock, will be exchangeable for a share of our Class A common stock as described under "The Reorganization and Our Holding Company Structure Amended and Restated Limited Liability Company Agreement of First Wind Holdings, LLC."

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Dividend policy	We do not anticipate that we will pay dividends in the foreseeable future. See "Dividend Policy."
Risk factors	For a discussion of factors you should consider in making an investment, see "Risk Factors."
Proposed Nasdaq Global Market symbol	"WNDY"

The number of shares to be outstanding after this offering is based on \_\_\_\_\_ shares of Class A common stock outstanding as of \_\_\_\_\_, 2008 after giving effect to the reorganization. The number of shares to be outstanding after this offering excludes \_\_\_\_\_ additional shares of Class A common stock reserved for issuance under our long-term incentive plan.

Unless we specifically state otherwise, the information in this prospectus assumes:

the implementation of the reorganization and our holding company structure as described in "The Reorganization and Our Holding Company Structure;"

the effectiveness of our certificate of incorporation and the adoption of our bylaws prior to the completion of this offering; and

no exercise of the underwriters' option to purchase additional shares.

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**Summary Financial and Operating Data**

The following tables present summary consolidated financial data as of and for the dates and periods indicated below. The summary consolidated statement of operations data for the years ended December 31, 2005, 2006 and 2007 and the summary consolidated balance sheet data as of December 31, 2006 and 2007 are derived from our audited consolidated financial statements included elsewhere in this prospectus. In their report dated July 29, 2008, which is also included in this prospectus, our independent registered public accounting firm stated that our consolidated financial statements as of and for the year ended December 31, 2007 were prepared assuming we would continue as a going concern; however, our recurring losses from operations, negative operating cash flows, accumulated deficit and need to obtain adequate funding to procure turbines and fund capital expenditures raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we are unable to obtain additional debt or equity financing, we may have to curtail our development activities or be forced to sell assets, perhaps on unfavorable terms, which would have a material adverse effect on our business, financial condition and results of operations. The summary consolidated statement of operations data for the six months ended June 30, 2007 and 2008 and the summary consolidated balance sheet data as of June 30, 2008 are derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim period financial information, in the opinion of management, includes all adjustments, which are normal and recurring in nature, necessary for the fair presentation of the periods shown.

The summary unaudited pro forma consolidated financial data for the year ended December 31, 2007 and for the six months ended June 30, 2008 have been prepared to give pro forma effect to all of the reorganization transactions described in "The Reorganization and Our Holding Company Structure" and this offering as if they had been completed as of January 1, 2007 with respect to the unaudited consolidated pro forma statement of operations and as of June 30, 2008 with respect to the unaudited pro forma consolidated balance sheet data. These data are subject and give effect to the assumptions and adjustments described in the notes accompanying the unaudited pro forma financial statements included elsewhere in this prospectus. The summary unaudited pro forma financial data are presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had the reorganization transactions and this offering been consummated on the dates indicated, and do not purport to be indicative of statements of financial condition data or results of operations as of any future date or for any future period. Pro forma net income (loss) per share is based on the weighted average common shares outstanding.

The summary consolidated financial data set forth below should be read in conjunction with the "Unaudited Pro Forma Financial Information," "Selected Historical Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the

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consolidated financial statements and related notes included elsewhere in this prospectus. Our historical results may not be indicative of the operating results to be expected in any future period.

	First Wind Holdings, LLC			First Wind Holdings Inc.	First Wind Holdings, LLC		First Wind Holdings Inc.
	Year ended December 31,			Pro Forma 2007	Six Months ended June 30,		Pro Forma 2008
	2005	2006	2007	2007	2007	2008	2008
	(in thousands, except unit/share data and other operating data)						
<b>Statement of Operations Data:</b>							
Total revenues	\$ 72	\$ 15,911	\$ 12,346	\$	\$ 6,562	\$ (7,437)	\$
Cost of revenues		3,284	17,975		8,837	9,113	
Gross profit (loss)	72	12,627	(5,629)		(2,275)	(16,550)	
Total expenditures	8,421	22,920	40,384		19,619	31,288	
Loss from operations	(8,349)	(10,293)	(46,013)		(21,894)	(47,838)	
Risk management activities related to non-operating projects	(6,784)	(13,131)	(21,141)		(2,156)	(34,635)	
Other income	19	282	843		262	29	
Interest expense, net of capitalized interest	(2,803)	(3,049)	(9,585)		(3,627)	(3,352)	
Net loss before minority interest in operations of subsidiaries and cumulative effect of adoption of FIN 46R	(17,917)	(26,191)	(75,896)		(27,415)	(85,655)	
Minority interest in operations of subsidiaries		176	7,825		1,106	16,681	
Net loss before cumulative effect of adoption of FIN 46R	(17,917)	(26,015)	(68,071)		(26,309)	(69,115)	
Cumulative effect of adoption of FIN 46R <sup>(1)</sup>	(703)						
Net loss	\$ (18,620)	\$ (26,015)	\$ (68,071)	\$	\$ (26,309)	\$ (69,115)	\$
Basic and diluted net loss attributable to common units	\$ (0.38)	\$ (0.24)	\$ (0.36)	\$	\$ (0.14)	\$ (0.35)	\$
Basic and diluted weighted average number of common units	49,095,347	107,712,405	189,161,855		182,432,532	197,239,108	
Pro forma net loss per share basic and diluted <sup>(2)</sup>							

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Shares used in computing  
pro forma net loss per  
share - basic and diluted

### Other Financial Data:

Net cash provided by (used in):

Operating activities	\$	(3,195)	\$	(31,799)	\$	(26,370)	\$	(12,134)	\$	(16,106)
Investing activities		(25,286)		(311,281)		(334,007)		(107,222)		(284,782)
Financing activities		30,244		346,500		358,107		119,371		307,710

### Selected Operating Data

(at year end):

Aggregate operating capacity				30 MW		92 MW
Aggregate prospective capacity		3,497 MW		3,222 MW		5,415 MW
Aggregate contracted turbines		30 MW		319 MW		1,316 MW

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The following table presents summary consolidated balance sheet data as of the dates indicated:

on an actual basis;

on a pro forma basis as of June 30, 2008 to give effect to all of the reorganization transactions described in "The Reorganization and Our Holding Company Structure;" and

on a pro forma as adjusted basis as of June 30, 2008 to give further effect to our sale of \_\_\_\_\_ shares of common stock in this offering at an assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the range listed on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	First Wind Holdings, LLC				First Wind Holdings Inc.	
	As of December 31,				Pro	Pro
	2005	2006	2007	As of June 30, 2008	Forma As of June 30, 2008	Forma As Adjusted June 30, 2008
					(unaudited)	(unaudited)
	(in thousands)					
<b>Balance Sheet Data:</b>						
Property, plant and equipment, net	\$ 484	\$ 81,452	\$ 192,076	\$ 188,040	\$	\$
Construction in progress	29,075	85,153	346,320	463,566		
Total assets	37,998	372,500	770,666	1,031,125		
Long-term debt, including debt with maturities less than one year	35,195	257,884	465,449	701,031		
Members' capital/ stockholders' equity (deficit)	(24,672)	88,519	68,795	104,600		

- (1) We adopted Financial Accounting Standards Board ("FASB") Interpretation No. 46(R), Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 ("FIN 46(R)") effective December 31, 2005, and as a result of being the primary beneficiary of certain variable interest entities ("VIEs"), we were required to consolidate them in accordance with generally accepted accounting principles. FIN 46(R) defines a VIE as an entity in which the equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. A VIE must be consolidated only by its primary beneficiary, which is defined as the party who, along with its affiliates and agents, absorbs a majority of the VIE's expected losses or receives a majority of the expected residual returns as a result of holding variable interests.
- (2) Pro forma basic and diluted net loss per share was computed by dividing the pro forma net loss attributable to our Class A common stockholders by the \_\_\_\_\_ shares of Class A common stock that we will issue and sell in this offering (assuming that the underwriters do not exercise their option to purchase an additional \_\_\_\_\_ shares of Class A common stock), plus \_\_\_\_\_ shares issued in connection with our initial capitalization, assuming that these \_\_\_\_\_ shares of Class A common stock were outstanding for the entirety of each of the historical periods presented on a pro forma basis. No pro forma effect was given to the future potential exchanges of the \_\_\_\_\_ Series B Units (and the corresponding number of shares of our Class B common stock) of our subsidiary, First Wind Holdings, LLC, that will be outstanding immediately after the consummation of this offering and the reorganization transactions for the corresponding number of shares of our Class A common stock because the issuance of shares of Class A common stock upon these exchanges would not be dilutive.



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**RISK FACTORS**

*You should consider carefully each of the risks described below, together with all of the other information contained in this prospectus, before deciding to invest in our Class A common stock. If any of the following risks occur, our business, financial conditions or results of operations may be materially and adversely affected. In that event, the trading price of our Class A common stock could decline, and you could lose all or part of your investment.*

**Risks Related to Our Business and the Wind Energy Industry**

*The growth of our business depends upon our ability to convert our pipeline of projects under development into operating projects.*

We began our business in August 2002 and we have a limited operating history from which you can evaluate our business. Our prospects must be considered in light of the risks and uncertainties encountered by growing companies competing in rapidly evolving markets, such as the renewable energy market. We may not be successful in completing our pipeline of development projects as anticipated or at all. As of August 31, 2008, our portfolio of wind energy projects included approximately 5,564 MW of operating and prospective capacity, of which 92 MW were operating and 182 MW were under construction. We expect to start construction on a 203 MW project in 2008. Our goal is to have approximately 1,100 MW of operating capacity by the end of 2010 and we target the construction and commissioning of approximately 400 MW annually thereafter to achieve approximately 2,300 MW of operating capacity by the end of 2013. The development and construction of wind energy projects involves numerous risks and uncertainties. These risks and uncertainties may prevent some projects from progressing to construction, may cause us to fail to meet the targets of our development plan and prevent us from achieving our goal of having approximately 2,300 MW of operating capacity by 2013. In addition we may elect not to proceed with a project currently in our portfolio. Our current portfolio of 5,564 MW of operating and prospective capacity does not include projects representing more than 1,700 MW of prospective capacity that we have, since 2004, actively considered and elected not to pursue. Finally, those projects that are constructed may not meet our return expectations due to schedule delays, cost overruns or revenue shortfalls or they may not generate the MW of capacity that we anticipate or result in receipt of revenue in the originally anticipated time period or at all.

The design, construction and operation of wind energy projects are highly regulated activities requiring various material governmental and regulatory approvals and permits. Procedures for the granting of operating and construction permits vary by jurisdiction and certain jurisdictions may deny requests for permits for a variety of reasons. Further, we may not be able to renew construction and operating permits when required. Failure to procure and maintain the necessary permits may prevent ongoing development, construction and continuing operation of our projects. In addition, in some circumstances we may commence construction prior to obtaining all required permits, which exposes us to the risk that we may subsequently be unable to secure all of the permits required to complete the project. If this were to occur, we could experience considerable losses as a result of our prior investment.

Our ability to develop wind energy projects is also contingent upon, among other things, negotiation of PPAs or access to liquid independent systems operator ("ISO") markets, availability of transmission lines with adequate capacity, turbine procurement, availability of financing, weather and satisfactory completion of construction, all of which may be beyond our control. Although we have entered into PPAs with utilities in many of the areas in which we are developing wind energy projects, we may not be able to secure additional PPAs for future projects. In addition, if we fail to construct a wind energy project in a timely manner or do not deliver electricity in accordance with the applicable PPA, the PPA may be terminated or we could be required to pay liquidated damages. In the past, we

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have experienced delays in project development due to the late receipt of turbines and inclement weather. In the future, we may experience similar or other project delays or project cancellations resulting from factors beyond our control.

Negative public or community response to wind energy projects may adversely affect our ability to construct our projects in certain areas. In addition, legal challenges may result in an injunction against construction or operation, impeding our ability to place projects in operation according to schedule, meet our development and construction targets or generate revenues. Some of our wind energy projects are the subject of administrative and legal challenges from groups opposed to wind energy projects in general or groups concerned with potential environmental impacts or perceived impacts on property values. We expect such opposition and challenges to continue as we progress with development and construction of our existing projects and to increase as the number of projects we have in development and under construction increases. An increase in opposition to the granting of permits or unfavorable outcomes of such challenges could materially and adversely affect our development plans. If we are unable to complete our development projects or are unable to obtain necessary permits or are unable to enter into PPAs, access transmission lines with available capacity, secure turbines or obtain financing necessary to complete our development projects, we may not be able to install the MW of operating capacity that we currently anticipate from our development projects. A failure to install the MW of capacity that we target in our anticipated timeframe could have a material adverse effect on our business, financial condition and results of operations.

***We have generated substantial net losses and negative cash flow from operating activities since our inception and expect to continue to incur substantial losses as we develop and construct new wind energy projects.***

Our business has generated substantial net losses and negative cash flows from operating activities since our inception. As of June 30, 2008, we had accumulated losses of approximately \$185.5 million since our inception. For the year ended December 31, 2007 and the six months ended June 30, 2008, we generated net losses of \$68.1 million and \$69.1 million, respectively, and our operating activities used cash of \$26.4 million and \$16.1 million at December 31, 2007 and June 30, 2008, respectively. In the near term, we expect that our net losses and cash used in operating activities will increase as compared to prior periods as we increase our development activities.

We expect to continue to incur substantial losses as we develop and construct new wind energy projects, hire additional employees, expand our operations and incur the additional costs of operating as a public company. In addition, factors such as: increases in the costs of labor or materials; higher than anticipated financing costs for our wind energy projects; non-performance by third-party suppliers or subcontractors and major incidents and/or catastrophic events, such as fires, earthquakes or storms, may cause us to experience increased costs with respect to our wind energy projects. As a result, our net losses and accumulated deficit may also increase significantly. To date, our capital expenditures and working capital requirements have been funded by debt, tax equity financing and equity capital. We expect to fund our future capital requirements out of debt and tax equity financing and additional equity capital. If we are unable to raise additional capital, we may have to reduce or terminate our operations.

***Our recurring losses from operations, negative operating cash flows, accumulated deficit and need to obtain adequate funding to procure wind turbines and fund capital expenditures raise substantial doubt as to our ability to continue as a going concern.***

In their report dated July 29, 2008, which is also included in this prospectus, our independent registered public accounting firm stated that our consolidated financial statements as of and for the year ended December 31, 2007 were prepared assuming we would continue as a going concern; however, our recurring losses from operations, negative operating cash flows, accumulated deficit and need to obtain adequate funding to procure turbines and fund capital expenditures raise substantial

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doubt about our ability to continue as a going concern. Although our consolidated financial statements have been prepared on a going concern basis (which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future), we may not be able to continue as a going concern if we are unable to raise additional debt or equity financing. Our consolidated financial statements do not give effect to any adjustments that would be necessary should we be unable to continue as a going concern and, therefore, be required to realize our assets and discharge our liabilities in other than the normal course of business and at amounts different from those reflected in our consolidated financial statements. If we are unable to obtain additional debt or equity financing, we may have to curtail our development activities or be forced to sell assets, perhaps on unfavorable terms, which would have a material adverse effect on our business, financial condition and results of operations. If such doubts persist, or if further doubts are raised, about our ability to continue as a going concern notwithstanding the completion of this offering, our stock price could drop and our ability to raise additional funds, to obtain credit on commercially reasonable terms or to remain in compliance with covenants that we have in place with current lenders may be adversely affected. If such were to be the case, our audit report for 2008 could contain a similar explanatory paragraph.

***A sustained decline in market prices for electricity or RECs may materially adversely affect our revenues and the growth of our business.***

We may not be able to develop our pipeline of development projects economically if there is a sustained material decline in market prices for electricity. Electricity prices are affected by various factors and may decline for many reasons that are not within our control, including changes in the cost or availability of fuel, regulation and acts of governments and regulators, changes in supply of generation capacity, changes in power transmission or fuel transportation capacity, seasonality, weather conditions and changes in demand for electricity. In addition, other power generators may develop alternative technologies to produce power, including fuel cells; clean coal and coal gasification; micro turbines; photovoltaic (solar) cells or tidal current based generators, or improve upon traditional technologies and equipment, such as more efficient gas turbines or nuclear or coal power plants with simplified and safer designs, among others. Advances in these or other technologies could cause a sustained decline in market prices for electricity. If there is a sustained decline in the market prices of electricity, we may not develop and construct our pipeline of development projects and grow our business, which would have a material adverse effect on our revenues. Similarly, if there is a sustained material decline in REC prices, we may not be able to achieve expected revenues, which would have an adverse effect on the investment returns on our projects.

***The growth of our business depends upon the extension of the expiration date of the PTC, which currently expires on December 31, 2009, and other federal and state governmental policies and standards that support renewable energy development.***

We depend heavily on government policies supporting renewable energy, including the PTC, that enhance the economic feasibility of developing wind energy projects. The PTC is currently scheduled to expire on December 31, 2009. The PTC currently provides a \$21 federal tax credit/MWh for a renewable energy facility that uses wind, geothermal or closed-loop biomass fuel sources in each of the first ten years of its operation and applies to facilities that are placed in service before the end of 2009. These facilities will continue to benefit from the current PTC incentive until the end of the ten-year period from the date on which the wind turbines are placed in service. If the PTC is not extended or renewed, we would be unable to use tax equity financing structures, which could render certain of the projects in our development portfolio uneconomic, increase our financing costs and otherwise adversely affect our financing efforts, increase our equity requirements and adversely affect our growth.

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In addition to the PTC, we rely on other incentives that support the sale of energy generated from renewable sources, including state adopted RPS programs, which vary among states, but generally require power suppliers to provide a minimum percentage or base amount of electricity from specified renewable energy sources for a given period of time. RPS programs often operate in tandem with a credit trading system through which generators can buy or sell RECs that are issued by the state to generators of renewable energy to meet mandated renewable requirements.

While federal and state governments have promoted renewable energy in the past, policies may be adversely modified or support of renewable energy development, particularly wind energy, may not continue. If governmental authorities fail to continue supporting, or reduce their support for, the development of renewable energy projects, particularly wind energy projects, it could materially adversely affect our ability to develop and construct our pipeline of development projects and grow our business.

***One of our key turbine suppliers, Clipper Windpower, has a limited operating history, has experienced certain technical issues with its wind turbine technology and may continue to experience similar issues.***

Clipper Windpower, one of our two turbine suppliers, is a new entrant into the wind turbine market. Clipper Windpower's first prototype wind turbine, the 2.5 MW Liberty , was placed in service in April 2005. We deployed the first eight commercially produced Liberty turbines at our Steel Winds I project, which commenced commercial operations on June 1, 2007. During the first year of commercial operations, the Liberty turbine drive trains were found to have a supplier-related deficiency, resulting in a prolonged shutdown of a number of turbines. In addition, in December 2007, following discovery of separation of bonding materials in the blades of several Liberty turbines at Steel Winds I, Clipper Windpower initiated a blade reinforcement program to increase blade design margins and ensure a 20-year design life.

These technical issues significantly and adversely affected the performance of the Steel Winds I project during its first 11 months of operation. As of May 17, 2008, all Liberty drive trains at Steel Winds I had been replaced, all Steel Winds I blades had been reinforced and all turbines had been returned to full commercial service. In addition, between May 17, 2008 and August 31, 2008, the cumulative performance of the turbines at Steel Winds I has been consistent with Clipper Windpower's availability warranty applicable to Steel Winds I. However, the Liberty turbines may not perform in accordance with Clipper Windpower's specifications for their anticipated useful life or may require additional warranty repairs. For example, on September 24, 2008, Clipper Windpower publicly announced that minor defects in the blade skin resulting from a defective manufacturing process were detected in a limited number of Liberty blades during routine inspections at a wind energy project not owned by us. Although we have not observed these defects in any of the Liberty blades at any of our wind energy projects to date, this defect may manifest itself at Cohocton I and Steel Winds I. Clipper Windpower has advised us that the blade supplier's defective manufacturing process has been remediated and a corrective solution will be implemented for blades experiencing skin defects. To the extent that skin defects are observed at Cohocton I or Steel Winds I, we may experience an adverse effect on revenues derived from those wind energy projects while remediation measures are implemented. In addition, the initial failure of performance may adversely affect our ability to arrange and close turbine supply loans, tax equity financing transactions or construction loans involving Liberty turbines. Moreover, Clipper Windpower may not be able to fund the obligations it may owe us or its other customers under its outstanding warranty agreements.

In addition to the Clipper Windpower turbines we have deployed at our Steel Winds I project, we have entered into purchase contracts for approximately 395 Liberty turbines, which are scheduled to be delivered or commissioned between 2008 and 2013, and our growth is substantially dependent on the performance of the Liberty turbines we receive. Moreover, in order to meet its delivery obligations to us and other customers, Clipper Windpower must be successful in significantly increasing

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production over current levels, and we cannot predict what impact, if any, the Liberty performance issues described above will have on the growth of Clipper Windpower's production.

A failure of Clipper Windpower to produce Liberty turbines that perform within design specifications will preclude us from completing projects incorporating Clipper Windpower technology. Due to the large number of Liberty turbines we intend to deploy at our development projects, any such failure could have a material adverse effect on our business, financial condition and results of operations.

***We are materially dependent on tax equity financing arrangements.***

In 2007, we entered into two tax equity financing transactions in which we received an aggregate of \$146.3 million from tax equity investors in return for investments in our projects, entitling the tax equity investors to substantially all of the applicable project's related operating cash flow from electricity sales and related hedging agreements, PTCs and taxable income or loss until they achieve their agreed rates of return, which we expect to occur in ten years. In January 2008, we executed an agreement for an additional \$208.0 million tax equity financing related to a portfolio of our New York projects. Funding of this tax equity financing will occur in tranches upon commencement of commercial operations of each applicable project and the satisfaction of certain other conditions precedent, including commencement of commercial operations of each applicable project by the end of 2009. In August 2008, \$19.7 million was funded with respect to our Steel Winds I project. Our counterparty in this tax equity financing is an indirect subsidiary of Lehman Brothers Holdings, Inc., which filed for bankruptcy on September 15, 2008. We are uncertain what impact the bankruptcy will have on the funding of the balance of this financing. We are currently in discussions with other tax equity investors to fund the balance of this financing if and to the extent our counterparty is unable to fund its remaining commitment when due. We may not, however, be able to find financing on similar terms or at all, and the failure to find replacement financing could have a material adverse effect on our business, financial condition and results of operations.

Our ability to enter into tax equity arrangements in the future depends on the extension of the expiration date or renewal of the PTC, without which the market for tax equity financing would likely cease to exist. Moreover, there are a limited number of potential tax equity investors, they have limited funds and wind energy developers compete with other renewable energy developers and others for tax equity financing. In addition, current and developing conditions in financial and credit markets generally could result in the contraction of available tax equity financing. As the renewable energy industry expands, the cost of tax equity financing may increase and there may not be sufficient tax equity financing available to meet the total demand in any year. If we are unable to enter into tax equity financing agreements with attractive pricing terms or at all, we may not be able to use the tax benefits provided by PTCs and accelerated tax depreciation, which could have a material adverse effect on our business, financial condition and results of operations.

In a typical tax equity financing, we expect to receive an up-front cash payment of approximately 50-60% of a project's costs in exchange for an equity interest in our subsidiary that owns the project. These equity interests entitle the investors to receive a substantial portion of the project's cash distributions from electricity sales and related hedging agreements, PTCs and taxable income or loss until such investors reach an agreed rate of return on their up-front cash payment, which we typically expect to occur in ten years. As a result, a tax equity financing substantially reduces the cash distributions from the applicable projects available to us for other uses, and the period during which the tax equity investors receive substantially all of the cash distributions from electricity sales and related hedging agreements may last longer than expected if our wind energy projects perform below our expectations.

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In addition, our tax equity financing agreements provide our tax equity investors with a number of approval rights with respect to the applicable project or projects, including approvals of annual budgets, indebtedness, incurrence of liens, sales of assets outside the ordinary course of business and litigation settlements. As a result of these restrictions, the manner in which we conduct our business may be limited. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting Our Results of Operations Financing upon commencement of commercial operations Tax equity financing."

***We may not be able to finance the development of our business or the construction costs of building wind energy projects, without which we may never achieve profitability.***

We are in a capital intensive business and we do not have sufficient funds to finance the growth of our business or the construction costs of our development projects or to support our projected capital expenditures of approximately \$1.4 billion in the aggregate for 2008 and 2009, respectively. Our projects in development and construction entail significant capital expenditures and construction costs, and recovery of the capital investment in a wind energy project generally occurs over a lengthy period of time. The capital investment required to develop and construct a wind energy project is primarily based on the costs of fixed assets required for the project. The prices of turbines and electrical and other equipment have increased in recent years and may continue to increase as the demand for such equipment increases more rapidly than supply, or if the prices of key components and raw materials used to build the equipment increase. As a result, we will require additional funds from further equity or debt financings, including tax equity financing transactions, to complete the development and construction of our existing projects, to fund our capital expenditures, to identify and carry out development of new projects and to pay the general and administrative costs of operating our business. Current and developing conditions of significant volatility and illiquidity in credit markets and capital markets generally may adversely affect our ability to obtain financing on acceptable terms or at all. If we are unable to raise additional funds when needed, we may be required to delay development and construction of our wind energy projects, reduce the scope of our projects, and/or abandon or sell some or all of our development projects, any of which would adversely affect our business, financial position and results of operations.

***Our hedging strategy may not adequately manage our commodity price risk, may expose us to significant losses and may limit our ability to benefit from higher electricity prices.***

Our ownership and operation of wind energy projects exposes us to volatility in market prices of electricity and RECs. In an effort to stabilize our returns from electricity sales, we carefully review the electricity sale options for each of our development projects. As part of this review, we assess the appropriateness of entering into a fixed price PPA and/or a financial hedge. If we sell our electricity into a liquid ISO market, we enter into a financial hedge with institutional investors in order to stabilize our projected revenue stream. Under the terms of our existing financial hedges, we are not obligated to physically deliver or purchase electricity, but we receive payments for certain quantities of electricity based on a fixed price and are obligated to pay the market electricity price for the same quantities of electricity. Thus, if market prices of electricity increase, we are obligated to make payments under these financial hedges. For example, we entered into an oil swap to hedge a variable revenue component of our PPA for our Kaheawa Wind Power I project that is based on the estimated costs that our counterparty avoids in substituting our electrical production for the production it otherwise would have to generate by burning fossil fuels. This hedge agreement involves periodic notional quantity settlements in which we pay a monthly amount equal to the product of (a) the prevailing market price of WTI crude oil on NYMEX and (b) a notional quantity of oil; and we receive a monthly amount equal to the product of (x) a specified fixed price and (y) such notional quantity. Because WTI crude oil prices have increased substantially since we entered into our hedge, we have

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made payments of \$5.1 million associated with this oil swap from inception of the swap through June 30, 2008 and had a mark-to-market liability of \$32.8 million as of June 30, 2008.

These financial hedges cover quantities of electricity that we estimate we can produce with a high degree of certainty. As a result, gains or losses under the financial hedges should be offset by decreases or increases in our revenues from spot sales of electricity in liquid ISO markets. However, the actual amount of electricity we generate from operations may be materially different from our estimates for a variety of reasons, including variable wind conditions and turbine availability. To the extent actual amounts produced fall short of the quantities covered in our financial hedges, we will not be hedged and we will be exposed to commodity price risk. In the event a project does not generate the amount of electricity covered by the related hedge, we could incur significant losses under the financial hedge if electricity prices rise substantially above the fixed prices provided for in the hedge. For example, as a result of delays in commencing operations of our Prattsburgh I project, we have incurred aggregate costs of approximately \$0.3 million to extend the forward start date under the swap contracts we entered into with respect to that project. If a project generates more electricity than is covered by the relevant hedge, the excess production will not be hedged and the revenues we derive will be subject to market price fluctuations.

We often seek to sell forward a portion of our RECs in an effort to hedge against future declines in REC prices. If our projects are unable to generate the amount of electricity required to earn the RECs sold forward or if we are unable for any reason to qualify our electricity for RECs in relevant states, we may incur significant losses.

We have not applied hedge accounting treatment to our hedging activities under Statement of Financial Accounting Standard ("SFAS") No. 133; therefore, we are required to mark our hedges to market through earnings on a periodic basis, which may result in non-cash adjustments to and volatility in our earnings, in addition to potential cash settlements for any losses. For example, we have had to mark-to-market the value of our commodity swaps for Kaheawa Wind Power I, Steel Winds I, Cohocton I and Prattsburgh I under SFAS No. 133 on a periodic basis, which has resulted in our quarterly and annual financial results reflecting changes in the value of these instruments based on changes in the underlying commodity prices.

We often are required to post cash collateral and issue letters of credit for our obligations under our hedging arrangements, which reduce the available borrowing capacity under the credit agreements under which these letters of credit are issued. We have been and may in the future be required to post additional cash collateral or issue additional letters of credit if electricity and oil prices continue to rise. For example, because of rising electricity prices, our letters of credit covering our obligations under our electricity swaps for Cohocton I and Prattsburgh I increased from \$7.5 million on December 31, 2007 to \$42.9 million on June 30, 2008.

In addition, our financial hedges expose us to counterparty credit risk (*i.e.*, the risk that our counterparties may fail to fulfill their payment and other obligations under the contractual terms of our hedges). Counterparty credit risk has increased, given the current and developing conditions in credit markets. We intend to manage counterparty credit risk by assessing the credit standing of our counterparties and entering into hedges only with major financial institutions with high credit ratings if possible, but these efforts may not be sufficient to limit our exposure and potential for loss.

Our inability to effectively manage market risks and our hedging activities may have a material adverse effect on our business, financial condition or results of operations. In addition, our hedging activities may also limit our ability to realize the full benefit of increases in electricity prices and RECs.

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***The growth of our business is dependent on the availability of turbines and turbine financings.***

Wind energy projects require delivery and assembly of turbines. We may encounter supply and/or logistical issues in securing turbines due to the limited number of turbine suppliers and current high demand for turbines. To date, GE Energy and Clipper Windpower have been our only suppliers of turbines, and they have agreed to deliver and commission turbines with an aggregate generating capacity in excess of 1,300 MW through 2013. To meet our targeted operating capacity of approximately 2,300 MW by 2013, we must secure additional turbines with approximately 1,000 MW of generation capacity. In the future, we may not be able to purchase a sufficient quantity of turbines from our suppliers, and our suppliers may give priority to other customers. Our turbine suppliers may delay the performance of or be unable to meet contractual commitments or components and equipment may be unavailable, which would have a material adverse effect on our business, financial condition and results of operations.

In addition, we must obtain third-party turbine supply loans or otherwise secure financing for our turbine purchases, which account for the majority of the total cost of a wind energy project. We expect to expend approximately \$418.2 million and approximately \$293.1 million on turbines in 2008 and 2009, respectively. In addition, we have commitments to spend approximately \$630.1 million on turbines from 2010 to 2013. These commitments represent our single largest financial obligation. To date, we have initially financed these purchases largely through turbine supply loans. An inability to obtain such financing on attractive terms in the future may preclude us from obtaining additional turbines, severely limiting our growth, and would cause us to default under our turbine supply agreements. Moreover, a significant increase in the cost of obtaining such financing could have a material adverse effect on the investment returns we achieve from our projects.

In addition, spare parts for wind turbines and key pieces of electrical equipment may be unavailable to us. The sources for two significant spare parts for wind turbines, gear boxes and blades, are located outside of North America. If we were to experience a serial failure of either spare part we would incur delays in waiting for shipment of these items to delivery ports in the U.S. In addition, we do not carry spare substation main transformers. These transformers are designed specifically for each wind energy project, and the current lead time to order this equipment is approximately one year. If we have to replace any of our transformers, we would be unable to sell electricity from the affected wind energy project for more than one year.

Our inability to secure turbines or third-party turbine supply loans, an impairment or loss of our relationship with either GE Energy or Clipper Windpower or their failure to timely deliver turbines could have a material adverse effect on the growth of our business and/or financial condition and results of operations.

***We have a substantial amount of indebtedness maturing in less than one year, which may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants and make payments on our indebtedness.***

As of June 30, 2008, we had outstanding indebtedness of approximately \$701.0 million, which represented approximately % of our total debt and equity capitalization of \$ million (after giving effect to this offering), including:

\$444.5 million of debt under turbine supply loans; and

\$256.5 million of other debt used to fund development, construction and general and administrative expenses.

Of this amount, \$679.4 million of our outstanding indebtedness matures prior to June 30, 2009 and we may not be successful in our efforts to extend the maturity of our indebtedness or to otherwise successfully refinance current maturities. Currently, certain of our existing investors have guaranteed



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up to \$350.0 million of our borrowings and we expect those guarantees to be released upon the closing of this offering. Because we will no longer have these guarantees of our indebtedness, we may face higher borrowing costs on future indebtedness or a material revision of the terms of our borrowings.

Our substantial indebtedness could have important consequences to you. For example, it could:

make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an event of default under the agreements governing our indebtedness;

require us to dedicate a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for working capital, capital expenditures, acquisitions, paying our tax equity investors and other general corporate purposes;

limit our flexibility in planning for and reacting to changes in the wind energy business;

make us more vulnerable to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation;

limit our ability to borrow additional amounts for working capital, make capital expenditures and/or acquisitions, meet our debt service requirements, execute our growth strategy or continue developing and constructing projects; and

place us at a disadvantage compared to competitors who have less debt.

Any of these consequences could materially and adversely affect our business, financial condition and results of operations. If we do not have sufficient revenues to service our debt, we may be required to refinance all or part of our existing debt, sell assets, borrow additional amounts or sell securities, which we may not be able to do on favorable terms, or at all. In addition, increases in interest rates and changes in debt covenants may reduce the amounts that we can borrow, reduce the net cash flow generated by our projects and increase the equity investment we may be required to make to complete construction of our projects. These increases may cause some of our projects to become infeasible.

***If our subsidiaries default on their obligations under their recourse or limited recourse debt financings, we may be required to make certain payments to the relevant lenders or these lenders may foreclose on the collateral securing this debt, which could cause us to lose certain assets, including our wind energy projects.***

Our debt consists primarily of recourse and limited recourse debt. We also have non-recourse debt, which is repaid solely from the applicable project's revenues and is secured by the project's physical assets, major contracts, cash accounts and, in many cases, our ownership interest in the project subsidiary. Recourse debt refers to debt for which we have provided a guarantee. Limited recourse debt refers to debt for which we have provided a limited guarantee. If our subsidiaries default on their obligations under the relevant financing agreement, creditors of recourse debt will have direct recourse to us and creditors of limited recourse debt will have direct recourse to us to the extent of our limited recourse obligations. This may require us to use distributions received by our other subsidiaries as well as other sources of cash available to us to satisfy these obligations. In addition, if our subsidiaries default on their obligations under the relevant financing agreement and the creditors foreclose on the relevant collateral, we may lose our ownership interest in the relevant subsidiary or some or all of its assets. The loss of our ownership interest in one or more of our subsidiaries could have a material adverse effect on our business, results of operations and financial condition.

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***Our wind energy projects' use and enjoyment of real property rights obtained from third parties may be adversely affected by the rights of lienholders and leaseholders whose rights are superior to those of the grantors of these real property rights.***

Each of our wind energy projects is or will be located on land occupied pursuant to various easements and leases. Our rights pursuant to these easements and leases allow us to install wind turbines, related equipment and transmission lines for the projects and to operate the projects. The ownership interests in the land subject to these easements and leases may be subject to mortgages securing loans or other liens (such as tax liens) and other easement and lease rights of third parties (such as leases of oil, gas, coal or other mineral rights) that were created prior to our easements and leases. As a result, our rights under these easements or leases may be subject and subordinate to the rights of such third parties.

A default by a landowner at one or more of our wind energy projects under a mortgage could result in foreclosure of the landowner's property and thereby terminate our easements and leases required to operate the projects. Similarly, it is possible that another lienholder, such as a government authority with a tax lien, could foreclose upon a parcel and take ownership and possession of the portion of the project located on that parcel. In addition, the rights of a third party pursuant to a superior lease could result in damage to or disturbance of the equipment at a project, or require relocation of project assets.

If any of our wind energy projects were to suffer the loss of all or a portion of its wind turbines or related equipment as a result of a foreclosure by a mortgagee or other lienholder of a land parcel, or damage arising from the conduct of superior leaseholders, our operations and revenues could be adversely affected.

***If operating costs exceed those projected for any wind energy project, the cash flow available from that project will be adversely affected, which may have an adverse impact on our results of operations and financial condition.***

Our wind energy projects are exposed to numerous operational risks, including the impact of *force majeure* events, turbine breakdowns, electricity network and other utility service failures and other unanticipated events. The cost of repairing or replacing damaged equipment may be considerable, and repeated or prolonged interruption may result in termination of contracts, litigation and substantial damages or penalties for regulatory or contractual non-compliance, reduced cash flows and increased financing costs. Moreover, these amounts may not be recoverable under insurance policies or contractual claims and, in relation to network failures, network service providers and market operators may also benefit from contractual limitations of liability, which would reduce any recovery of damages from them.

***The growth of our business depends on locating and obtaining control of suitable operating sites.***

Wind energy projects require wind conditions that are found in limited geographic areas and particular sites. Further, wind energy projects must be interconnected to electricity transmission or distribution networks in order to deliver electricity. Once we have identified a suitable operating site, our ability to obtain requisite land control or other land rights (including access rights, setback and/or other easements) with respect to the site is subject to growing competition from other wind energy producers that have sufficient financial capacity to research, locate and obtain control of such sites and to obtain required electrical interconnection rights. Our competitors may impede our development efforts by acquiring control of all or a portion of a project site we desire to develop or obtaining a right to use land necessary to connect a project site to a transmission or distribution network. If a competitor obtains land rights critical to our project development efforts, we could incur losses as a result of stranded development costs. If we succeed in securing the property rights necessary to

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construct and interconnect our projects, such property rights must be insurable and otherwise satisfactory to our financing counterparties. Obtaining adequate property rights may delay development of a project, or may not be feasible. Any failure to obtain insurable property rights that are satisfactory to our financing counterparties would preclude our ability to obtain third-party financing and could prevent ongoing development and construction of the relevant projects.

***We rely on a limited number of key customers.***

We depend on sales of electricity and RECs to certain key customers, and our operations are highly dependent upon such customers' fulfilling their contractual obligations under our PPAs and other material sales contracts. For example, 87% of our revenues were generated from sales of electricity under PPAs with two key customers in 2007. Our customers may not comply with their contractual payment obligations or may become subject to insolvency or liquidation proceedings during the term of the relevant contracts, and the credit support received from such customers may not be sufficient to cover our losses in the event of a failure to perform. An inability or failure by such customers to meet their contractual commitments or insolvency or liquidation of our customers could have a material adverse effect on our business, financial position and results of operations.

***Our electricity may cease to qualify for Massachusetts RECs.***

A significant portion of our revenues is expected to be generated from our Northeast projects that have access to Massachusetts RECs. Massachusetts recently enacted a new energy law, which may adversely affect REC qualifications for projects outside the New England Independent Systems Operator ("ISO-NE"). Enabling regulations are currently being considered that will determine whether our existing Northeast operations will be "grandfathered" and continue to qualify for Massachusetts REC sales. If our electricity generated by projects located outside ISO-NE (including our projects under development in Maine and Canada) no longer qualifies for Massachusetts RECs, we will be forced to qualify our electricity in other states with less attractive REC prices. If our operations are not grandfathered and if our other efforts to connect our Northeast projects directly into ISO-NE fail, these changes could have a material adverse effect on our business, financial condition and results of operations.

***Our development activities and operations are subject to environmental regulation and risks from environmental, safety and other hazards.***

We are subject to various safety, environmental and natural resource protection laws and regulations in each of the jurisdictions in which we operate. These laws and regulations require us to obtain and maintain permits and approvals, undergo environmental review processes and implement required environmental, health and safety programs and procedures to control risks associated with the siting, construction, operation and decommissioning of wind energy projects. We cannot predict whether all permits required for a given project will be granted, whether the conditions associated with such permits will be achievable or whether such permits will be the subject of significant opposition. The denial of a permit essential to a project or the imposition of conditions with which it is not practicable or feasible to comply could impair or prevent our ability to develop a project. Significant opposition and delay in the environmental review and permitting process also could impair or delay our ability to develop a project.

If we fail to comply with our permits, we may be required to pay fines or curtail production at our facilities. Violations of environmental laws in certain jurisdictions, including with respect to certain violations of laws protecting migratory birds and endangered species, may also result in criminal penalties.

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We have incurred and will continue to incur capital and operating expenditures and other costs in the ordinary course of business in complying with safety and environmental laws and regulations in the jurisdictions in which we operate. In addition, we may incur costs outside of the ordinary course of business to compensate for any environmental or other harm caused by our facilities, which may have a material adverse effect on our business, financial condition and results of operations.

***We generally rely on transmission lines and other transmission facilities that are owned and operated by third parties. Where we develop our own transmission lines, we are exposed to transmission line development risk, which may delay and increase the costs of our projects.***

We often depend on electric transmission lines owned and operated by third parties to deliver the electricity we sell. Some of our wind energy projects have limited access to interconnection and transmission capacity where there are many parties seeking access to the capacity that is available. We may not be able to secure access to the limited available interconnection or transmission capacity at reasonable prices or at all. Moreover, in the event of a failure in the transmission facilities, we may experience lost revenues. In addition, transmission limitations may cause us to curtail our production of electricity, impairing our ability to fully capitalize on the particular wind energy project's potential. Any such failure could have a material adverse effect on our business, financial condition or results of operations.

In certain circumstances, we will develop long transmission lines from our projects to nearby electricity transmission or distribution networks when such lines do not already exist. In some cases, these lines may cover significant distances. In order to construct such lines, we must secure requisite approvals, permits and land rights, which may be difficult or impossible to acquire or may require significant expenditures to acquire. We may not be successful in these activities and our projects that rely on such transmission development may be delayed or increase in cost. In addition, we may be required by law or regulation to provide service to third parties at regulated rates, which could potentially constrain transmission of our power on these lines.

***Our projects may not be ready for turbine installation at the time we receive turbines under our turbine supply agreements, and the turbine warranties we purchase from our turbine suppliers to protect against turbine non-performance have limited coverage and include time limits and caps on damages.***

To secure a reasonably constant supply of turbines, we have entered into long-term turbine supply agreements, under which we are obligated to pay for and accept turbines at various times irrespective of our need for such turbines at such times. We are not able to predict the precise timing of our need for turbines, and, accordingly, we may be forced to purchase and accept turbines under our turbine supply agreements at a time when we do not have a project site that is ready for installation, resulting in expenditures without a near-term opportunity to generate project revenues.

When we purchase our turbines, we also enter into warranty agreements with the manufacturer. Damages payable by the manufacturer under these agreements are typically subject to an aggregate maximum cap that is a portion of the total purchase price of the turbines. Losses in excess of these caps will be our responsibility. Since our turbine warranties generally expire within a certain period of time after the turbine delivery date or the date such turbine is commissioned, we may lose all or a portion of the benefit of the warranties if we are unable to deploy turbines we have purchased upon delivery.

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***We may be unable to timely complete the construction of our wind energy projects, and our construction costs could increase to levels that could make a new wind energy project too expensive to complete or unprofitable to operate.***

We may experience delays in the completion of our wind energy projects and the total construction cost of these wind energy projects may exceed our initial budget. We may suffer significant construction delays or construction cost increases as a result of a variety of factors, including:

failure to receive turbines or other critical components and equipment from third parties on schedule and according to design specifications;

failure to complete interconnection to transmission networks;

failure to receive quality and timely performance of third-party services;

failure to secure and maintain required regulatory and environmental permits or approvals;

inclement weather conditions;

adverse environmental and geological conditions; and

*force majeure* or other events out of our control with respect to our wind energy projects.

Any of these factors could give rise to construction delays and construction costs in excess of our budgets, which could prevent us from completing construction of a project, cause defaults under our financing transactions and impair our business, financial condition and results of operations.

***The loss of one or more members of our senior management or key employees may adversely affect our ability to implement our strategy.***

We depend on our skilled and experienced management team and the loss of one or more key executives could have a negative impact on our operations. We also depend on our ability to retain and motivate key employees and attract qualified new employees in order to meet our business objectives. If we lose a member of the management team or a key employee, we may not be able to replace him or her. We maintain "key man" insurance on certain of these individuals, which may not insure us against all potential losses in the event of his or her death or disability. Integrating new employees into our management team could prove disruptive to our daily operations, require a disproportionate amount of resources and management attention and ultimately prove unsuccessful. An inability to attract and retain sufficient technical and managerial personnel could limit or delay our development efforts, which could have a material adverse effect on our business, financial condition and results of operations.

***Technological changes in the energy industry could render existing wind energy projects and technologies uncompetitive or obsolete.***

The energy industry is rapidly evolving and is highly competitive. Technological advances may result in lower costs for sources of energy, and may render existing wind energy projects and technologies uncompetitive or obsolete. Our failure to adopt new technologies as they are developed could have a material adverse affect our business, financial condition and results of operations.

***Wind energy project revenues are highly dependent on suitable wind and associated weather conditions.***

The energy and revenues generated at a wind energy project are highly dependent on climatic conditions, particularly wind conditions, which are variable and difficult to predict. Turbines will only operate within certain wind speed ranges that vary by turbine model and manufacturer, and there is no assurance that the wind resource at any given project site will fall within such specifications.



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We base our investment decisions with respect to each wind energy project on the findings of wind studies conducted on-site before starting construction. However, actual climatic conditions at a project site, particularly wind conditions, may not conform to the findings of these wind studies, and, therefore, our wind energy projects may not meet anticipated production levels, which could adversely affect our forecasted profitability.

We currently have only three wind energy projects in operation, and we anticipate having only a limited number of wind energy projects in operation over the next two years. As a result, our operations may be subject to material interruption if any of our wind energy projects is damaged or otherwise adversely affected by one or more accidents, severe weather or other natural disasters. Earthquakes, hurricanes, tornados, lightning strikes, floods, severe storms, wildfires or other exceptional weather conditions or natural disasters could damage our wind energy projects and related facilities and decrease production levels. These events could have a material adverse effect on our revenues, particularly to the extent that they affect multiple wind energy projects and project sites.

***Weather and atmospheric conditions and operational factors may reduce energy production below our projections.***

When we develop a wind energy project, we evaluate the quality of the wind resources at the selected site through a number of means, and we retain third-party experts to assist us in this evaluation. We use the wind data that we gather on-site and data collected through other sources to develop projections of the wind energy project's performance, revenue generation, operating profit, debt capacity, tax equity capacity and return on investment, which are fundamental elements of our business planning. Wind resource projections at the start of commercial operations can have a significant impact on the amount of third-party capital that we can raise, including the expected contributions by tax equity investors. For this reason, we project the net annual capacity factor for each project in our portfolio. Net capacity factor is one element used in measuring the productivity of a wind turbine, wind energy project or any other power production facility. It compares the turbine's production over a given period of time with the amount of power the turbine could have produced if it had run at full capacity for the same amount of time.

$$\text{Net Capacity Factor} = \frac{\text{Amount of power produced over time (usually measured annually)}}{\text{Power that would have been produced if turbine operated at full capacity 100\% of the time over the same period of time}}$$

Our net capacity factor projections are subject to change and are not intended to predict the wind at any specific time over the turbine's 20-year useful life. Even if our predictions of a wind energy project's net capacity factor become validated over time, the energy projects may experience hours, days, months, and even years that are below our wind resource projections.

Projections of net capacity factor depend on wind resource projections, which rely upon assumptions such as wind speeds, interference between turbines, effects of vegetation and land use and terrain effects. The amount of electricity generated by a wind energy project depends upon many factors in addition to the quality of the wind resource, including turbine performance, aerodynamic losses resulting from wear on the wind turbine, degradation of turbine components, icing and the number of times an individual turbine or entire wind energy project may need to be shut down for maintenance or to avoid damage. In addition, conditions on the electrical transmission network can affect the amount of energy we can deliver to the network. Wind energy projects in our portfolio may fail to meet our energy production expectations in any given time period.

If our wind energy projections are not realized, we could face a number of material issues, including:

our energy sales may be significantly lower than we forecast;

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our energy hedging arrangements may be adversely affected;

we may not produce sufficient energy to meet our forward REC sales and, as a result, we may have to buy RECs on the open market to cover our position;

we may earn fewer PTCs than projected, which would increase the period during which we must make certain distributions and allocations to our tax equity investors; and

our wind energy projects may not generate sufficient cash flow to make payments on principal and interest as they become due on our project related debt.

If, as a result of inaccurate wind resource projections, the performance of one or more of our wind energy projects falls below our projected net capacity factor levels, our business, financial condition and results of operations could be materially adversely affected.

***Current or future litigation or administrative proceedings could have a material adverse effect on our business, financial condition and results of operations.***

We have been and continue to be involved in legal proceedings, administrative proceedings, claims and other litigation that arise in the ordinary course of business. Various individuals and interest groups may sue to challenge the issuance of a permit for a wind energy project or seek to enjoin construction of a wind energy project. For example, proceedings have been instituted against us challenging the issuance of some of our permits. In addition, we recently were served with a civil subpoena by the New York Attorney General relating to an investigation of our activities in the State of New York. The costs related to this investigation, as well as our own internal investigation, could be significant. The investigations being conducted by the New York Attorney General and our outside counsel are at an early stage. Therefore, we are unable to anticipate when these investigations may conclude, or what impact the New York Attorney General's investigation may have on current or future development plans, although a material adverse result is possible. Unfavorable outcomes or developments relating to these or other proceedings or investigations, such as judgments for monetary damages and other remedies, including injunctions or revocation of permits, could have a material adverse effect on our financing plans, business, financial condition and results of operations, and we could settle claims that could adversely affect our financial position and results of operations. For more information on these proceedings, other litigation and the New York Attorney General's subpoena, see "Business Legal Proceedings."

***We are not able to insure against all potential risks and may become subject to higher insurance premiums.***

Our business is exposed to the risks inherent in the construction and operation of wind energy projects, such as breakdowns, manufacturing defects, natural disasters, terrorist attacks and sabotage. We are also exposed to environmental risks. We have entered into insurance policies to cover certain risks associated with our business. Our insurance policies do not cover losses as a result of *force majeure*, natural disasters, terrorist attacks and sabotage. In addition, our insurance policies are subject to annual review by our insurers, and these policies may not be renewed at all or on similar or favorable terms. If we were to incur a serious uninsured loss or a loss significantly exceeding the limits of our insurance policies, the results could have a material adverse effect on our business, financial condition and results of operations.



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***Material weaknesses identified in our internal control over financial reporting could result in a material misstatement in our financial statements as well as result in our inability to file periodic reports within the timeframes required by federal securities laws, which could have a material adverse effect on our business and stock price.***

We are required to design, implement and maintain effective controls over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the preparation of our consolidated financial statements as of and for the year ended December 31, 2007, we identified the following material weakness in our internal control over financial reporting:

Our financial and accounting organization was not adequate to support our financial accounting and reporting needs. Specifically, we did not hire and retain a sufficient level of personnel with accounting knowledge and training in the application of generally accepted accounting principles required to prepare financial statements that are materially accurate or maintain effective internal control. The lack of a sufficient complement of personnel contributed to significant deficiencies specifically related to: (1) effective policies and procedures designed to ensure certain costs are capitalized in accordance with generally accepted accounting principles and captured in the appropriate accounting period; (2) an effective process to ensure the completeness of accounts payable and accrued expenses; and (3) an effective review and approval process, specifically related to journal entries.

We have taken, or are in the process of taking, the following specific actions with respect to our identified control deficiencies:

We have taken steps to improve the sufficiency and competency of our financial and accounting organization through the addition of experienced personnel. We have hired a new chief financial officer and added personnel to our accounting and financial reporting functions.

We have designed and implemented a process that is expected to remediate the internal control deficiencies associated with the completeness of accounts and accrued expenses.

We have designed and implemented a review and approval process that, when combined with the additional accounting and financial reporting personnel, is expected to remediate the internal control deficiencies we identified.

We are reviewing and documenting our financial statement closing process to identify specific enhancements that may be made to further improve the overall effectiveness of our internal controls.

We are undertaking an organizational redesign to more clearly align work flow with financial statement assertions and further increase the size and capabilities of the financial and accounting organization.

However, the measures we have taken or any future measures we plan to or may take may not adequately remediate the material weakness. Failure to implement new or improved controls, or any difficulties encountered in the implementation of such controls, could result in a material misstatement in our annual or interim consolidated financial statements or otherwise cause investors to lose confidence in our reported financial information.

We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes Oxley Act of 2002, which will require annual management assessments and a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. We must complete our Section 404 annual management

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report and include the report beginning with our 2009 Annual Report on Form 10-K. We may not be able conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 or our independent registered public accounting firm may issue an adverse opinion on the effectiveness of our internal control over financial reporting. If we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm is unable to provide us with a report that concludes our internal control over financial reporting are effective, investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Failure to remediate any identified deficiencies in internal control could cause us to fail to meet our reporting obligations. The rules of the SEC require that we file periodic reports containing our financial statements within a specified time following the completion of quarterly and annual fiscal periods. Any failure by us to timely file our periodic reports with the SEC may result in a number of adverse consequences that could materially and adversely affect our business, including, without limitation, potential action by the SEC against us, possible defaults under our debt agreements, shareholder lawsuits, delisting of our stock and general damage to our reputation.

***One of our operating projects and other future projects may be subject to regulation by the Federal Energy Regulatory Commission ("FERC") under the Federal Power Act ("FPA") or other regulations that regulate the sale of electricity, which may adversely affect our business.***

All of our current operating projects are "Qualifying Facilities" that are not subject to regulation as public utilities by FERC under the FPA. One of our operating projects is, however, subject to rate regulation by FERC under the FPA, and certain of our under-construction and development projects may be subject to such rate regulation in the future. Our project that is subject to rate regulation is required to obtain FERC acceptance of its rate schedules for wholesale sales of energy, capacity and ancillary services, and other projects that are subject to rate regulation will be subject to the same requirement. FERC's orders granting generating and power marketing companies market-based rate authority reserve the right to revoke or revise that authority if FERC subsequently determines that generating and power marketing companies can exercise market power in transmission or generation, create barriers to entry or engage in abusive affiliate transactions.

Any market-based rate authority that we have or will obtain will be subject to certain market behavior rules. If we are deemed to have violated these rules, we will be subject to potential disgorgement of profits associated with the violation and/or suspension or revocation of our market-based rate authority, as well as potential criminal and civil penalties. If we were to lose market-based rate authority for a project, we would be required to obtain FERC's acceptance of a cost-based rate schedule and could become subject to, among other things, the burdensome accounting, record keeping and reporting requirements that are imposed on public utilities with cost-based rate schedules. This would have an adverse effect on the rates we charge for power from our facilities and our cost of regulatory compliance.

Although the sale of electric energy has been to some extent deregulated, the industry is subject to increasing regulation and even the threat of re-regulation. Due to major regulatory restructuring initiatives at the federal and state levels, the U.S. electric industry has undergone substantial changes over the past several years. We cannot predict the future design of wholesale power markets or the ultimate effect ongoing regulatory changes will have on our business. Other proposals to re-regulate may be made and legislative or other attention to the electric power market restructuring process may delay or reverse the movement towards competitive markets. If the deregulation of the electric power markets is reversed, discontinued or delayed, our business prospects and financial results could be negatively affected.

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**Risks Related to Our Structure**

***We are a holding company and our only material asset after completion of the reorganization and this offering will be our interest in First Wind Holdings, LLC, and accordingly we are dependent upon distributions from First Wind Holdings, LLC to pay taxes and other expenses.***

We will be a holding company and will have no material assets other than our ownership of Series A Units of First Wind Holdings, LLC. We will have no independent means of generating revenue. First Wind Holdings, LLC will be treated as a partnership for U.S. federal income tax purposes and, as such, will not itself be subject to U.S. federal income tax. Instead, its taxable income will generally be allocated to its members, including us, pro rata according to the number of membership units each member owns. Accordingly, we will incur income taxes on our proportionate share of any net taxable income of First Wind Holdings, LLC and also will incur expenses related to our operations. We intend to cause First Wind Holdings, LLC to distribute cash to its members in an amount at least equal to that necessary to cover their tax liabilities, if any, with respect to the earnings of First Wind Holdings, LLC. To the extent that we need funds to pay our tax or other liabilities or to fund our operations, and First Wind Holdings, LLC is restricted from making distributions to us under applicable agreements, laws or regulations or does not have sufficient earnings to make these distributions, we may have to borrow funds to meet these obligations and operate our business and, thus, our liquidity and financial condition could be materially adversely affected.

***We will be required to pay holders of Series B Units most of the tax benefit of any depreciation or amortization deductions we may claim as a result of the tax basis step up we receive in connection with the reorganization and future exchanges of Series B Units.***

Our reorganization is expected to increase our share of the tax basis in the tangible and intangible assets of First Wind Holdings, LLC. In addition, future exchanges of Series B Units (together with the corresponding number of shares of our Class B common stock) for shares of our Class A common stock are expected to result in additional increases in our tax basis. These increases in tax basis are expected to reduce the amount of tax that we would otherwise be required to pay in the future. We expect we will be required to pay a portion of the cash savings we actually realize from such increase to holders of the Series B Units, which include our Sponsors and certain members of management pursuant to a tax receivable agreement. See "The Reorganization and Our Holding Company Structure Tax Receivable Agreement."

We intend to enter into a tax receivable agreement with each of the current members of First Wind Holdings, LLC and any future holder of Series B Units, pursuant to which we will pay them % of the amount of the cash savings, if any, in U.S. federal, state and local income tax that we realize as a result of these increases in tax basis. The actual increase in tax basis, as well as the amount and timing of any payments under this agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of our Class A common stock at the time of the exchanges, the extent to which such exchanges are taxable, the amount and timing of our income and the tax rates then applicable. We expect that, as a result of the size and increases in our share of the tax basis in the tangible and intangible assets of First Wind Holdings, LLC attributable to our interest therein, the payments that we may make to these members likely will be substantial.

If the IRS successfully challenges the tax basis increases described above, we will not be reimbursed for any payments made under the tax receivable agreement. As a result, in certain circumstances, we could make payments under the tax receivable agreement in excess of our cash tax savings.

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*If we are deemed an investment company under the Investment Company Act, our business would be subject to applicable restrictions under that Act, which could make it impracticable for us to continue our business as contemplated.*

We believe our company is not an investment company under Section 3(b)(1) of the Investment Company Act because we are primarily engaged in a non-investment company business. We intend to conduct our operations so that we will not be deemed an investment company. However, if we are deemed an investment company, restrictions imposed by the Investment Company Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue operating our business as contemplated.

**Risks Related to this Offering and Our Class A Common Stock**

*We will continue to be controlled by our Sponsors after the completion of this offering, which will limit your ability to influence corporate activities and may adversely affect the market price of our Class A common stock.*

Upon completion of the offering, our Sponsors will own or control outstanding common stock representing, in the aggregate, an approximately % voting interest in us, or approximately % if the underwriters exercise in full their option to purchase additional shares. As a result of this ownership, our Sponsors will have effective control over the outcome of votes on all matters requiring approval by our stockholders, including the election of directors, the adoption of amendments to our certificate of incorporation and bylaws and approval of a sale of the company and other significant corporate transactions. Our Sponsors can also take actions that have the effect of delaying or preventing a change in control of us or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. These actions may be taken even if other stockholders oppose them. Concurrently with the closing of this offering, our Sponsors will enter into a shareholders' agreement pursuant to which they will vote all of the shares of Class A common stock and Class B common stock held by them together on certain matters submitted to a vote of our common shareholders.

*The interests of our Sponsors may conflict with the interests of our other stockholders.*

The interests of our Sponsors, or entities controlled by them, may not coincide with the interests of the holders of our Class A common stock. For example, our Sponsors could cause us to make acquisitions or engage in other transactions that increase the amount of our indebtedness or the number of outstanding shares of Class A common stock or sell revenue-generating assets. Additionally, our Sponsors are in the business of trading securities of, and/or investing in, energy companies, including wind energy producers, and related products, including derivatives, commodities and power, and may, from time to time, compete directly or indirectly with us or prevent us from taking advantage of corporate opportunities. Our Sponsors may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us.

*Conflicts of interest may arise because some of our directors are representatives of our controlling stockholders.*

Messrs. Alsikafi, Aube, Eilers and Martin, who are representatives of our Sponsors, serve on our board of directors. As discussed above, our Sponsors and entities controlled by them may hold equity interests in entities that directly or indirectly compete with us, and companies in which they currently invest may begin competing with us. As a result of these relationships, when conflicts between the interests of our Sponsors, on the one hand, and the interests of our other stockholders, on the other hand, arise, these directors may not be disinterested. Although our directors and officers have a duty

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of loyalty to us under Delaware law and our certificate of incorporation, transactions that we enter into in which a director or officer has a conflict of interest are generally permissible so long as (1) the material facts relating to the director's or officer's relationship or interest as to the transaction are disclosed to our board of directors and a majority of our disinterested directors, or a committee consisting solely of disinterested directors, approves the transaction, (2) the material facts relating to the director's or officer's relationship or interest as to the transaction are disclosed to our stockholders and a majority of our disinterested stockholders approves the transaction or (3) the transaction is otherwise fair to us. Under our certificate of incorporation, representatives of our Sponsors are not required to offer to us any transaction opportunity of which they become aware and could take any such opportunity for themselves or offer it to other companies in which they have an investment, unless such opportunity is expressly offered to them solely in their capacity as a director of ours.

***We have limited the liability of and have agreed to indemnify our Sponsors, their affiliates and their subsidiaries, as well as our directors and officers, which may result in these parties assuming greater risks.***

The liability of our Sponsors, their affiliates and their subsidiaries, as well as of our directors and officers, is limited, and we have agreed to indemnify each of these parties to the fullest extent permitted by law. This may lead such parties to assume greater risks when making investment-related decisions than they otherwise would.

Under our certificate of incorporation and bylaws, the liability of our directors, officers, and employees is limited. Similarly, First Wind Holdings, LLC's amended and restated limited liability company agreement contains provisions limiting its managing member's, members', officers', and their respective affiliates', including our Sponsors' liability to First Wind Holdings, LLC and its unit holders. Because First Wind Holdings, LLC is a limited liability company, the exculpation and indemnification provisions in its amended and restated limited liability company agreement are not subject to the limitations set forth in the Delaware General Corporation Law (the "DGCL") with respect to the indemnification that may be provided by a Delaware corporation to its directors and officers. In addition, we have contractually agreed to indemnify our directors, officers, employees and their respective affiliates, including our Sponsors, to the fullest extent permitted by law. These protections may result in the indemnified parties', including our Sponsors, tolerating greater risks when making investment-related decisions than otherwise would be the case, for example when determining whether to use leverage in connection with investments. The indemnification arrangements may also give rise to legal claims for indemnification that are adverse to us and holders of our common stock.

***We will be a "controlled company" within the meaning of Nasdaq rules and, as a result, may qualify for, and rely on, applicable exemptions from certain corporate governance requirements.***

Following the completion of this offering we will be a "controlled company" under the rules of Nasdaq. Under these rules, a company of which more than 50% of the voting power is held by a group is a "controlled company" and may elect not to comply with certain Nasdaq corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that the nominating committee be composed entirely of independent directors, (3) the requirement that the compensation committee be composed entirely of independent directors and (4) the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. We intend to rely on this exemption to the extent it is applicable, and therefore we may not have a majority of independent directors or nominating and compensation committees consisting entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are not deemed "controlled companies."

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***The market price of our Class A common stock could decline due to the large number of shares of our Class A common stock eligible for future sale upon the exchange of Series B Units.***

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock eligible for future sale upon the exchange of Series B Units (together with the corresponding number of shares of our Class B common stock), or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also may make it more difficult for us to raise additional capital by selling equity securities in the future, at a time and price that we deem appropriate.

Upon completion of this offering, approximately            Series B Units of First Wind Holdings, LLC will be outstanding. Subject to certain limitations, each Series B Unit, together with a corresponding share of Class B common stock, will be exchangeable for one share of our Class A common stock as described under "The Reorganization and Our Holding Company Structure Amended and Restated Limited Liability Company Agreement of First Wind Holdings, LLC." We will enter into a registration rights agreement with our current investors pursuant to which we will grant such investors registration rights with respect to shares of Class A common stock received upon exchange of Series B Units (together with the corresponding number of shares of our Class B common stock).

***Requirements associated with being a public company will increase our costs significantly, as well as divert significant company resources and management attention.***

Prior to this offering, we have not been subject to the reporting requirements of the Exchange Act or the other rules and regulations of the SEC or any stock exchange. We are working with our legal, independent accounting and financial advisors to identify those areas in which changes should be made to our financial and management control systems to manage our growth and fulfill our obligations as a public company. These areas include corporate governance, corporate control, internal audit, disclosure controls and procedures, financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas. However, the expenses that will be required in order to prepare adequately for being a public company could be material. Compliance with the various reporting and other requirements applicable to public companies will also require considerable time and attention of management.

In addition, being a public company could make it more difficult or more costly for us to obtain certain types of insurance, including directors' and officers' liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage.

***Our certificate of incorporation, bylaws and Delaware law contain provisions that could discourage another company from acquiring us, may prevent attempts by our stockholders to replace or remove our current management and could negatively affect our stock price.***

Some provisions of our certificate of incorporation, bylaws and Delaware law may have the effect of delaying, discouraging or preventing a merger or acquisition that our stockholders may consider favorable, including transactions in which stockholders may receive a premium for their shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace or remove our board of directors. Our certificate of incorporation and bylaws:

authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to thwart a takeover attempt without further stockholder approval;

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classify the board of directors into staggered three-year terms, which may lengthen the time required to gain control of our board of directors;

prohibit cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of stock to elect some directors; and

require super-majority (80%) voting to effect amendments to provisions of our certificate of incorporation or bylaws regarding board composition and classes of directors, renunciation of business opportunities and other amendments to our certificate of incorporation or bylaws described above.

In addition, in our certificate of incorporation, we have elected not to be subject to section 203 of the DGCL, which would otherwise prohibit transactions with a stockholder who owns 15% or more of our stock. As a result, we may be more susceptible to takeover offers that have not been approved by our board. These provisions could limit the price that investors are willing to pay in the future for shares of our Class A common stock. These provisions may also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a premium over the then-current market price for our Class A common stock.

***Our Class A common stock has not been publicly traded prior to this offering, and we expect that the price of our Class A common stock may fluctuate substantially.***

There has not been a public market for our Class A common stock prior to this offering. A trading market for our Class A common stock may not develop or be liquid. If you purchase shares of our Class A common stock in this offering, you will pay a price that was not established in the public trading markets. The initial public offering price was determined by negotiations between the underwriters and us. You may not be able to resell your shares above the initial public offering price and may suffer a loss of some or all of your investment.

Broad market and industry factors may adversely affect the market price of our Class A common stock, regardless of our actual operating performance. Other factors that could cause fluctuations in our stock price may include, among other things:

uncertainty associated with the timing of project development and completion;

extension or expiration of the PTC and other changes in government policy;

actual or anticipated variations in quarterly operating results;

volatility in market prices for electricity and RECs;

weather conditions that may affect our production;

changes in financial estimates by us or by any securities analysts who may cover our stock or our failure to meet the estimates made by securities analysts;

changes in the market valuations of other companies operating in our industry;

announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures;

additions or departures of key personnel; and

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sales of our Class A common stock, including sales of our Class A common stock by our directors and officers or by affiliates of our Sponsors or our other principal stockholders.



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***Factors over which we have little or no control may cause our operating results to vary widely from period to period, which may cause our stock price to decline.***

Our operating results may fluctuate from period-to-period depending on several factors, including varying weather conditions; changes in regulated or market electricity prices; electricity demand, which follows broad seasonal demand patterns; changes in market prices for RECs; marking to market of our hedging arrangements and unanticipated development or construction delays. Thus, a period-to-period comparison of our operating results may not reflect long-term trends in our business and may not prove to be a relevant indicator of future earnings. These factors may harm our business, financial condition and results of operations and may cause our stock price to decline.

***We currently do not intend to pay dividends on our Class A common stock for the foreseeable future. As a result, your only opportunity to achieve a return on your investment is if the price of our Class A common stock appreciates.***

We currently do not expect to declare or pay dividends on our Class A common stock for the foreseeable future. Our debt agreements currently limit our ability to pay dividends on our Class A common stock, and we may also enter into other agreements in the future that prohibit or restrict our ability to declare or pay dividends on our Class A common stock. As a result, your only opportunity to achieve a return on your investment will be if the market price of our Class A common stock appreciates and you sell your shares at a profit.

***You may experience dilution of your ownership interests due to the future issuance of additional shares of our Class A common stock.***

We are in a capital intensive business and we do not have sufficient funds to finance the growth of our business or the construction costs of our development projects or to support our projected capital expenditures. As a result, we will require additional funds from further equity or debt financings, including tax equity financing transactions or sales of preferred shares or convertible debt to complete the development of new projects and pay the general and administrative costs of our business. We may in the future issue our previously authorized and unissued securities, resulting in the dilution of the ownership interests of purchasers of Class A common stock offered hereby. We are currently authorized to issue \_\_\_\_\_ shares of common stock and \_\_\_\_\_ shares of preferred stock with preferences and rights as determined by our board of directors. The potential issuance of such additional shares of common stock or preferred stock or convertible debt may create downward pressure on the trading price of our Class A common stock. We may also issue additional shares of our Class A common stock or other securities that are convertible into or exercisable for Class A common stock in future public offerings or private placements of our securities for capital raising purposes or for other business purposes, potentially at an offering price or conversion price that is below the offering price for Class A common stock in this offering.

***You will suffer immediate and substantial dilution in the book value per share of your Class A common stock as a result of this offering.***

The initial public offering price of our Class A common stock is considerably more than the pro forma net tangible book value per share of our outstanding Class A common stock, as adjusted to reflect completion of this offering. This reduction in the book value of your equity is known as dilution. This dilution occurs in large part because our earlier investors paid substantially less than the initial public offering price when they purchased their shares. Investors purchasing Class A common stock in this offering will incur immediate dilution of \$ \_\_\_\_\_ in pro forma net tangible book value per share of Class A common stock, as adjusted to reflect completion of this offering, based on the initial public offering price of \$ \_\_\_\_\_ per share.

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The risks described herein are not the only risks we face. Additional risks and uncertainties not currently known to us, or that are currently deemed to be insignificant, also may materially adversely affect our business, financial condition and results of operations.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Various statements in this prospectus, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects, revenues, income and capital spending. We generally identify forward-looking statements with the words "believe," "intend," "expect," "seek," "may," "should," "anticipate," "could," "estimate," "plan," "predict," "project" or their negatives, and other similar expressions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements.

These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. The forward-looking statements contained in this prospectus are largely based on our expectations, which reflect many estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors and it is impossible for us to anticipate all factors that could affect our actual results. In addition, management's assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this prospectus are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to the factors listed in the "Risk Factors" section and elsewhere in this prospectus. All forward-looking statements are based upon information available to us on the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, except as otherwise required by law. These cautionary statements qualify all forward-looking statements attributable to us, or persons acting on our behalf. The risks, contingencies and uncertainties associated with our forward-looking statements relate to, among other matters, the following:

our ability to complete our wind energy projects;

fluctuations in supply, demand, prices and other conditions for electricity, other commodities and RECs;

public response to and changes in the local, state and federal regulatory framework affecting renewable energy projects, including the potential expiration and extension of the PTC;

the ability of our counterparties to satisfy their financial commitments and RECs;

the limited operating history of and technical issues experienced by one or our key turbine suppliers, Clipper Windpower;

the availability of financing, including tax equity financing, for our wind energy projects;

our ability to continue as a going concern;

our ability to qualify the electricity from certain Northeast projects for Massachusetts RECs;

risks associated with our hedging strategies;

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the availability of equipment required for the construction of our wind energy projects, particularly wind turbines;

our substantial indebtedness described in this prospectus;

competition from other energy developers;

development constraints, including limited geographic availability for suitable sites, timing of permits and availability of interconnection;

potential environmental liabilities and the cost of compliance with applicable environmental laws and regulations;

our electrical production projections for our wind energy projects;

our ability to operate our business efficiently, manage capital expenditures and costs (including general and administrative expenses) effectively and generate earnings and cash flow;

our ability to retain and attract senior management and key employees;

our ability to keep pace with and take advantage of new technologies;

weather conditions that may affect our electricity production;

the effects of litigation, including administrative and other proceedings or investigations relating to our wind energy projects under development and those in operation;

conditions in energy markets as well as financial markets generally, which will be affected by interest rates, foreign currency fluctuations and general economic conditions;

strains on our resources due to the expansion of our business;

non-payment by customers and enforcement of certain contractual provisions;

the effective life and cost of maintenance of our wind turbines and other equipment; and

other factors discussed under "Risk Factors."

### **MARKET AND INDUSTRY DATA**

This prospectus includes market and industry data that we have developed from independent consultant reports, publicly available information, various industry publications, other published industry sources and our internal data and estimates. Our internal data, estimates and forecasts are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and

our management's understanding of industry conditions.

#### USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of Class A common stock in this offering will be approximately \$ , based on an offering price of \$ per share, the midpoint of the range set forth on the cover of this prospectus, and after deducting the underwriting discount and estimated offering expenses.

We intend to use our net proceeds from this offering to repay approximately \$ million of outstanding indebtedness under our First Wind Holdings, LLC revolving credit facility, to repay approximately \$&nbs