



Confidential Information Memorandum

Fall 2013



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Confidential Information



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Shlomi Palas
Chief Executive Officer



Bluesphere Snapshot

- 1 OTCBB: BLSP
- 2 Forecast 60 Mw/h within 5 years
- 3 Portfolio of income generating assets
- 4 Charlotte NC 5.2 Mw/h & Rhode Island 3.2 Mw/h breaking ground 1Q 2014
- 5 Projects to be financed by Caterpillar
- 6 Partners: Fortune 100 financial and energy utility companies (CAT, Duke, NG)
- 7 Substantial projects pipeline
- 8 Expected yearly average revenue growth of 190% from 2014
- 9 Endless supply of waste to endless demand for green electricity



Value Proposition

- 1** Utility backed long term revenue agreements for 15 to 25 years
- 2** Positioned to become a market leader in organic waste diversion and green energy production
- 3** Take advantage of two significant market developments:
Ban of organic waste to landfills, and Need for green renewable energy
- 4** Build, Own, Operate model creates a virtuous circle of knowledge and operating capability
- 5** Targeted investment where inputs are secure, under long-term contracts
- 6** Leverage deep expertise in established markets to expand internationally



Target Market

Organic waste diversion from landfills and green energy production

Offerings

- **Project developers and Integrators**
- **Build, Own and Operate business model**
- **Multiple recurring sources of revenues**
- **Projects IRR > 20%**
- **Partnership with fortune 100 companies**
- **First projects to break ground Q1 2014**
- **Extensive project pipeline**

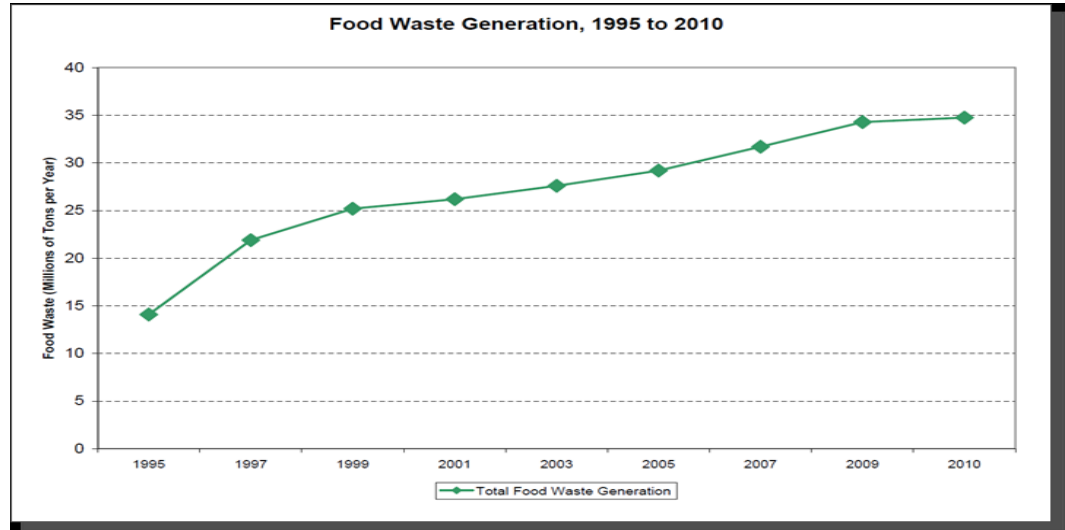
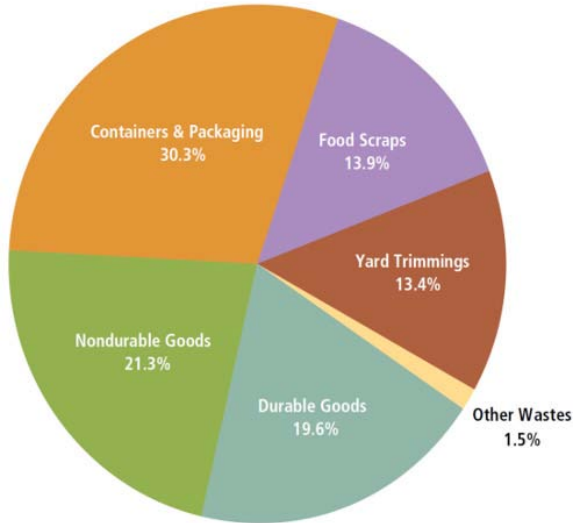


Massive Market Opportunity

Focused on the Right Market



Municipal Solid Waste Generation

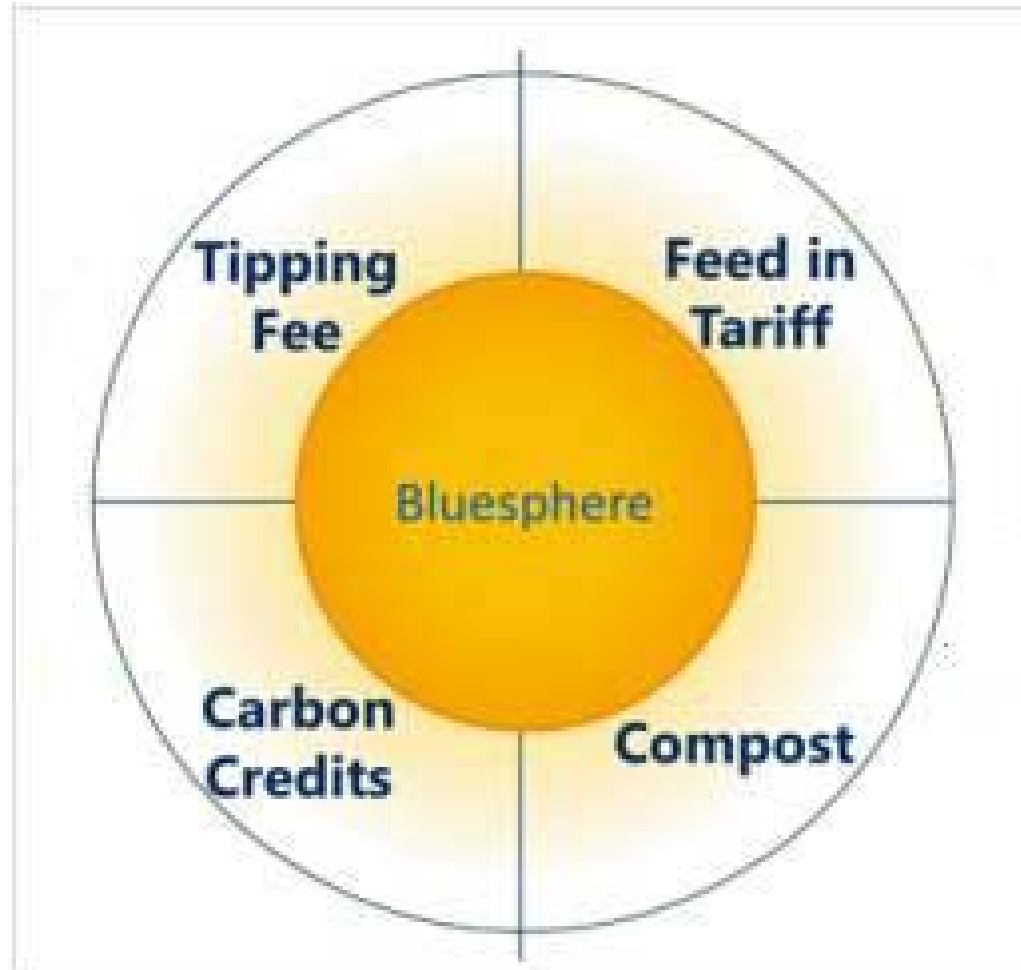


Organic waste represents >25% of the 250 MM tons of materials sent to landfills in US in 2010

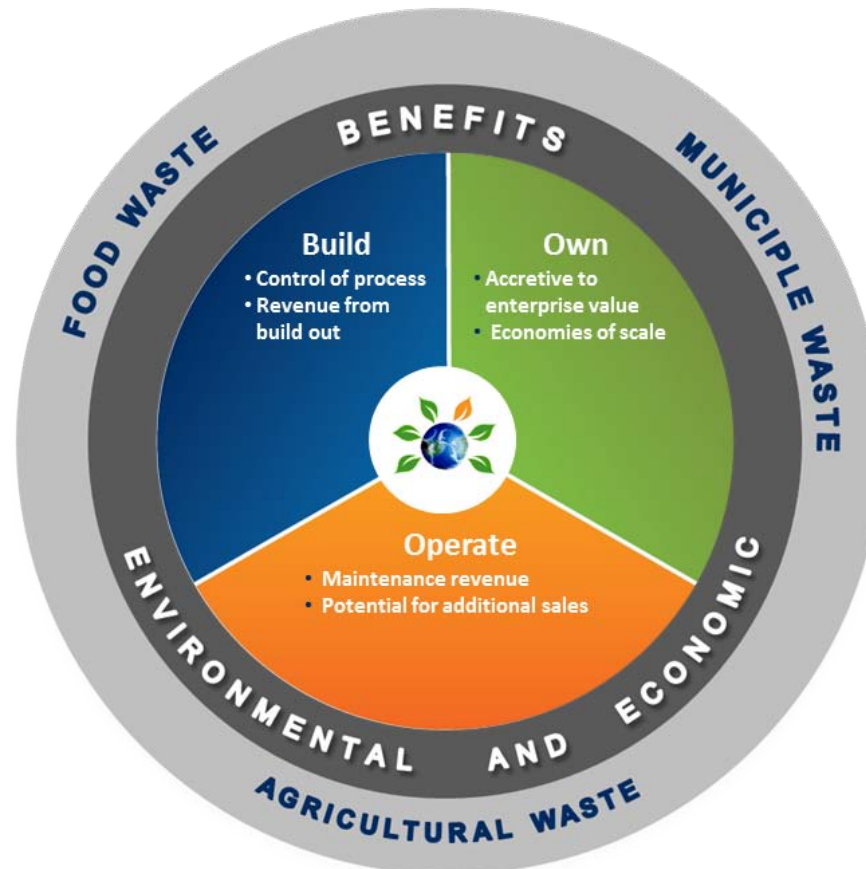
- 2007- 31.7 million tons of organic food waste generated
- 2.6% was recovered for recycling purposes.
- 2010 - 34.8 million tons, with the amount recovered growing 2.8%
- Growing demand for renewable energy will cause recovery trend to drastically increase because organic waste is the required feedstock used in the power generation process.



Multiple Revenue sources



Business Model - Build Own and Operate



Strategic Partners

Partnerships

WITH MARKET'S LEADING
GREEN ENERGY TECH AND
FINANCE PLAYERS



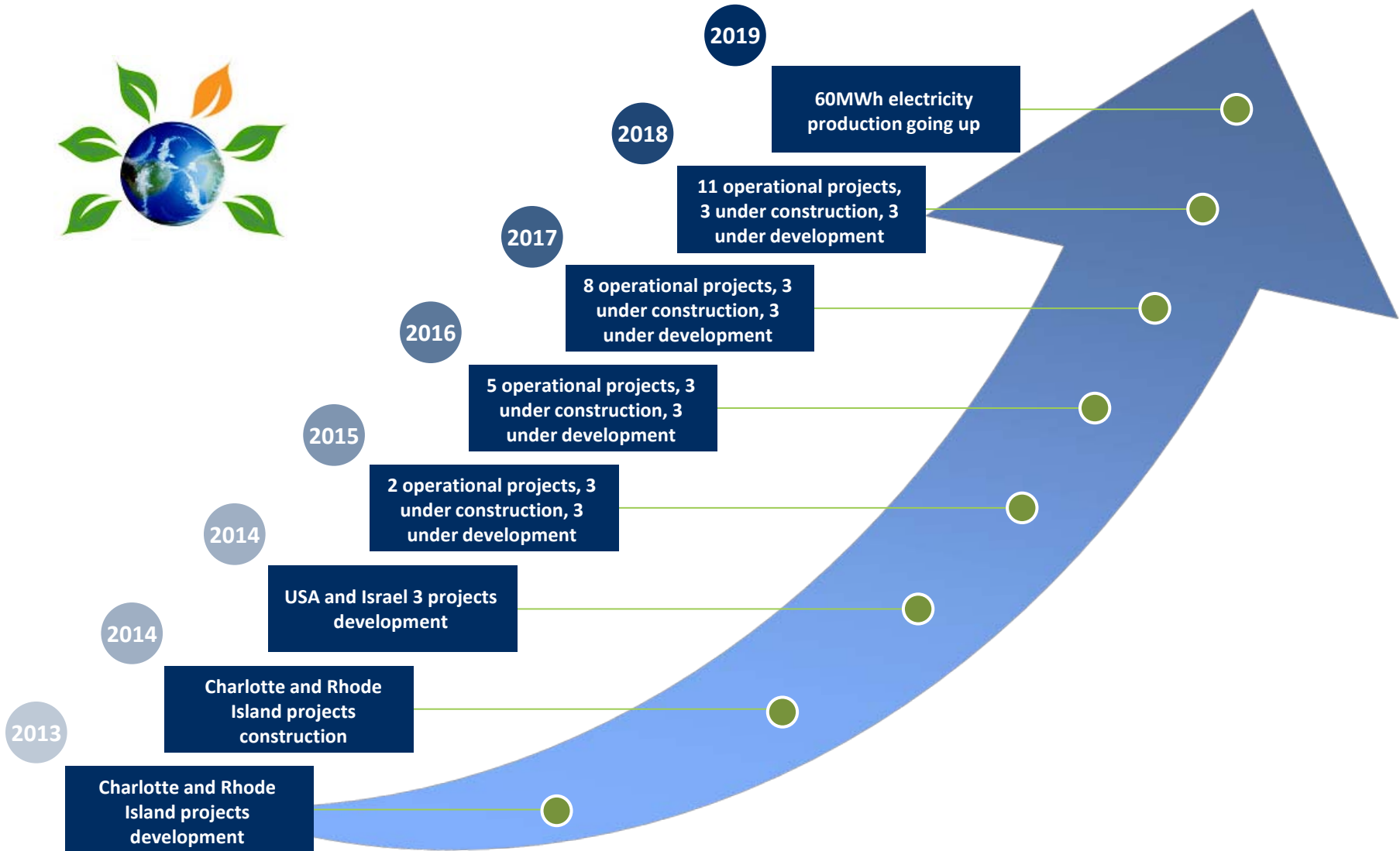
CATERPILLAR AND
RENEWABLE ENERGY
COMBINED \$24 MILLION
INVESTMENT IN
5.2 MW FACILITY

CATERPILLAR AND
RENEWABLE ENERGY
COMBINED \$17 MILLION
INVESTMENT IN
3.2 MW FACILITY



Company Evolution

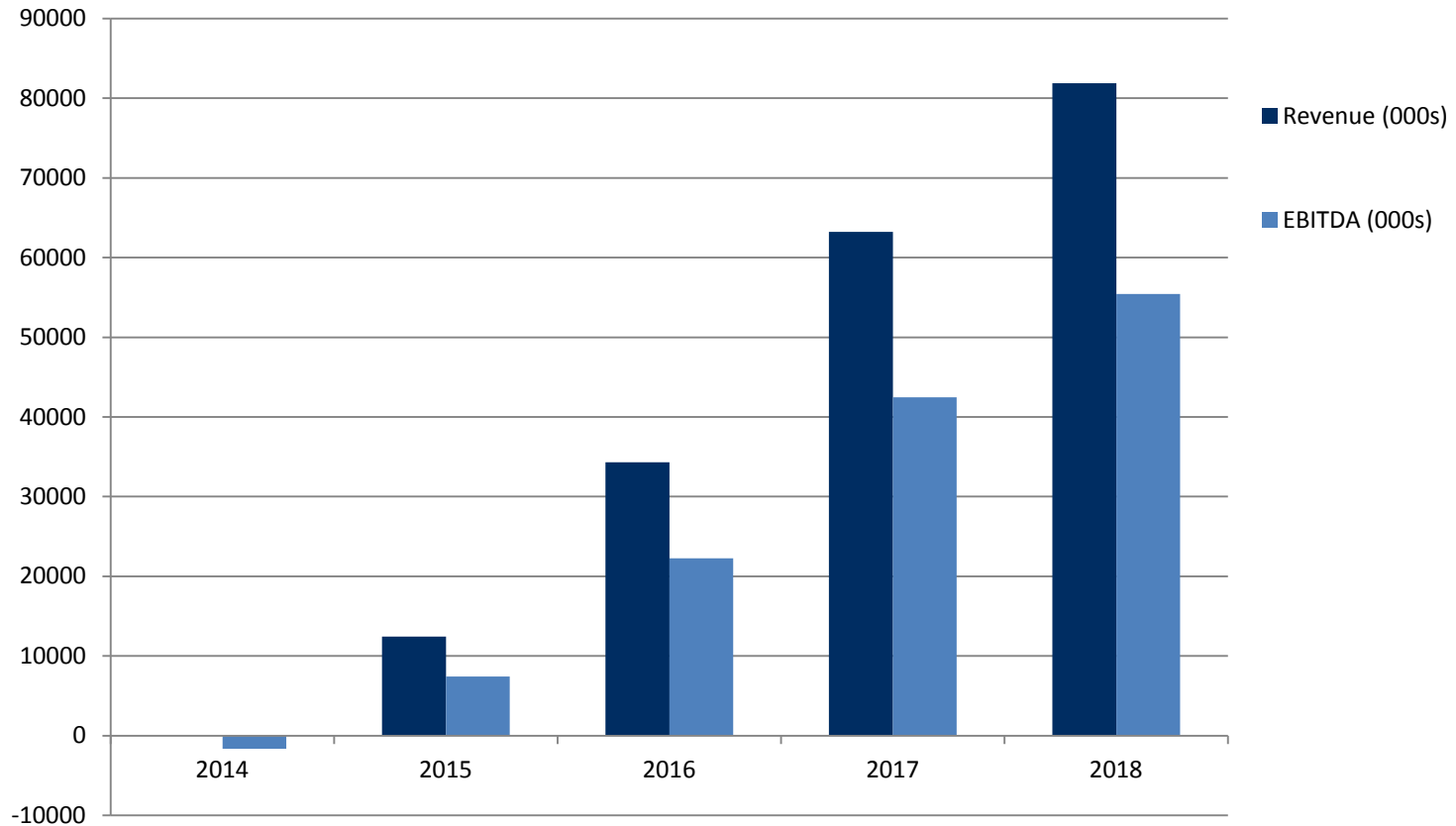
Focused Execution and Growth



Rapid Projected Financial Growth (in \$M)

EXPECTED AVERAGE ANNUAL REVENUE GROWTH

190%



Deep, Experienced Management Team

Driving Growth and Innovation



Senior Management Team



Josh Shoham
Chairman



Shlomi Palas
Chief Executive Officer



Steven Paulik
CFO Binosphere



Roy Amitzur
Executive Vice President



Dr. Efim Monosov
CTO



Mark Radom
General Counsel



Shlomo Zakai
Treasurer and CFO



Highlights

- **Highly experienced team**
- **Decades of collective experience in the multinational arena covering**
 - **Project development**
 - **Technology**
 - **Financing**
 - **Legal**
 - **Plant Operation**
 - **Partnership**
- **Proven track record**



Section 3

Financial Overview



Scaling Model & Attractive Financial Profile

Rapid Top-Line Revenue Growth, Robust EBITDA Expansion



Commentary

- Revenue expected to continue to grow at a 100%+ rate through 2018
- Revenue projected to reach \$67.5 million by 2018
- Due to inherent operating leverage, EBITDA margin expected to grow to 63% by 2018

Consolidated Income Statement

5 Year Projected Income (\$ in 000s)	2014	2015	2016	2017	2018
Revenue - Projects	\$ -	\$ -	\$ 12,444	\$ 34,320	\$ 63,210
Revenue - Management Fees	-	-	1,150	2,300	4,330
Total Revenues	\$ -	\$ -	\$ 13,594	\$ 36,620	\$ 67,540
O&M	138	1,638	6,170	14,638	25,055
EBITDA	\$ (138)	\$ (1,638)	\$ 7,424	\$ 21,983	\$ 42,485
Depreciation	-	-	973	4,905	10,517
EBIT	\$ (138)	\$ (1,638)	\$ 6,452	\$ 17,078	\$ 31,968
Interest Expense	-	-	1,434	4,254	8,034
EBT	\$ (138)	\$ (1,638)	\$ 5,017	\$ 12,824	\$ 23,934
Taxes	(53)	(622)	1,907	4,873	9,095
Net Income (Loss)	\$ (86)	\$ (1,016)	\$ 3,111	\$ 7,951	\$ 14,839
Income from non-controlling Interests	-	-	2,027	3,805	6,109
Total Blue Sphere Income	\$ (86)	\$ (1,016)	\$ 1,084	\$ 4,146	\$ 8,730



Scaling Model & Attractive Financial Profile

Rapid Top-Line Revenue Growth, Robust EBITDA Expansion



Commentary

- 20 year NPV of Projects at 8% is \$154.3M
- Cash Flow positive from operations in 2017

Consolidated Statement of Cash Flows

<i>Projected Cash Flow (\$ in 000)</i>	2014	2015	2016	2017	2018
EBITDA	\$ (138)	\$ (1,638)	\$ 7,424	\$ 21,983	\$ 42,485
Less: Interest	-	-	(1,434)	(4,254)	(8,034)
Less: Cash Taxes	-	-	(2,233)	(4,410)	(8,198)
Less: Debt Rpmt	(126)	-	(1,528)	(4,736)	(9,409)
Less: Development Fees	1,423	-	(1,200)	(200)	200
Less: Equity Partner Dividends	-	-	(1,518)	(6,164)	(12,368)
Current Year Cash Flow	\$ 1,159	\$ (1,638)	\$ (489)	\$ 2,220	\$ 4,677
5 Year Cumulative Cash Flow	\$ 1,159	\$ (479)	\$ (968)	\$ 1,252	\$ 5,929

