

Investments in Alternate Energy Sources for the Future

Building Energy System for Tomorrow

November 5, 2009

The Shaw Group Inc.

The Shaw Group is a global, vertically integrated provider of comprehensive engineering, procurement, pipe fabrication, construction and maintenance services to the power, process, environmental and infrastructure sectors.



Rank	Category
1	Power
1	Fossil Fuel*
1	Nuclear Plants*
4	Chemical & Soil Remediation*
4	Clean Air Compliance*
6	Refineries & Petrochemical Plants*
8	Marine & Port Facilities
8	Nuclear Waste
9	Petroleum*
10	Industrial Process/Petro.
10	Hazardous Waste

*Fig. 2009 Revenue **Fig. 2008 Sales (except Revenue)

Name:	The Shaw Group Inc.
Year Founded:	1987
Headquarters:	Baton Rouge, Louisiana, U.S.
Initial Public Offering:	1993
Ticker:	NYSE Symbol: SHAW
Fortune 500 Rank:	357
FY 2009 Revenue:	\$7.28 billion
FY 2009 Diluted EPS:	\$2.02 excluding Westinghouse
Backlog:	\$22.7 billion
Cash:	\$1.53 billion
Office Locations:	131 domestic, 19 international
Number of Employees:	26,000 (approximate)
Website:	www.shawgrp.com



Rank	Category
2	Nuclear*
3	Chemical Plants*
4	O&M*
4	Hazardous Waste
5	Contractors by New Contracts
7	Fossil Fuel*
8	Power
9	Industrial Process*
17	Domestic Heavy Contracts
17	Industrial Process/Petro.
21	Contractors Working Abroad

*Fig. 2009 Revenue **Fig. 2008 Sales (except Revenue)

Shaw Group Divisions



**Power:
Fossil & Nuclear**



**Power:
Maintenance**



**Energy &
Chemicals**



**Fabrication &
Manufacturing**



**Environmental &
Infrastructure**

Deal Flow Origination

- Utility clients desiring off balance sheet power
- Deep relationships with developers
- Robust business development leads
- EPC + Equity Opportunities

- Plant manager relationships
- Efficient/optimization projects
- Expansions
- Repower opportunities
- AQCS/Emissions Control projects

- Plant manager relationships
- Inside fence power and other projects
- Efficiency projects

- Modularization for quality control and fast deployment of projects/investments
- Standardization and quality control

- Early deal identification through top tier permitting platform
- Landfill gas and env. projects
- Municipal government energy projects
- Federal energy opps.

Shaw Capital, Inc.

- **Business Model**
 - Wholly owned subsidiary of The Shaw Group Inc.
 - Project development and capital management arm of Shaw
 - Has access to deal flow, clients, and sector-specific technical expertise
- **Focus Areas**
 - Deal origination, diligence, structuring, funding, management, and optimization
 - Solicits qualified investment opportunities for Shaw Capital investments
 - Financial screening and assessment of Shaw Group projects
- **Functionality**
 - Robust internal processes and procedures
 - Access to global business development platform
 - Proven analytical tools for market, sector, and project screening
 - Back office support from a Fortune 500 company (accounting, legal, tax, etc.)
- **Fund, Investment Advisory / Due Diligence Experience**
 - Asset advisor for Leaf Clean Energy Company (publicly listed on AIM)
 - Shaw Capital team has been involved in over \$7 billion in energy investments, development, and due diligence
 - Domestic US Private Equity and UK Public Equity Fund experience
 - Generated >\$25 billion deal flow with routine turn of \$3 - \$4 billion per year



Renewable & Alternative Energy



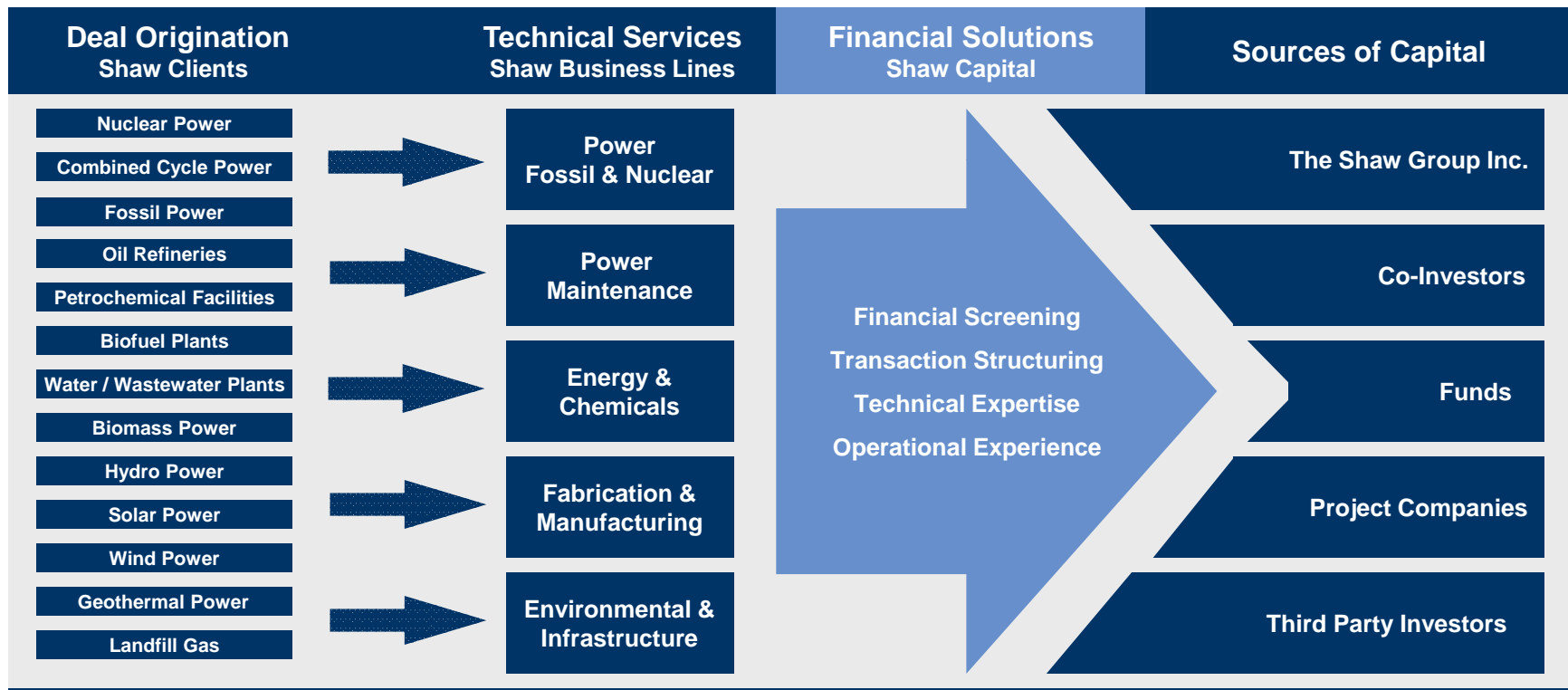
Traditional Forms of Energy



Infrastructure Assets

Shaw Capital Connects Clients with Capital

Shaw Capital leverages our transaction experience and The Shaw Group's experience in the development and construction of a broad range of investments in order to assess potential projects, execute compelling transactions, and manage investments.



General Market Conditions

- Through the third quarter of 2009, global clean energy investments have totaled \$67.8 billion
- In the first half of 2009, public clean tech sectors are up and the WilderHill Clean Energy Index has outperformed both the Nasdaq and S&P 500
- Quality projects with creditworthy counterparties will still receive funding
- Institutional and commercial lenders have very little risk appetite related to companies and projects
 - DOE Loan Guarantees: A debt rating agency must rate projects before the DOE issues the guarantees. Minimum rating to meet DOE requirements:
 - Standard & Poor's: BB
 - Moody's: Ba2

United States Clean Energy Incentives

- The United States has pledged \$66.6 billion in clean energy stimulus spending

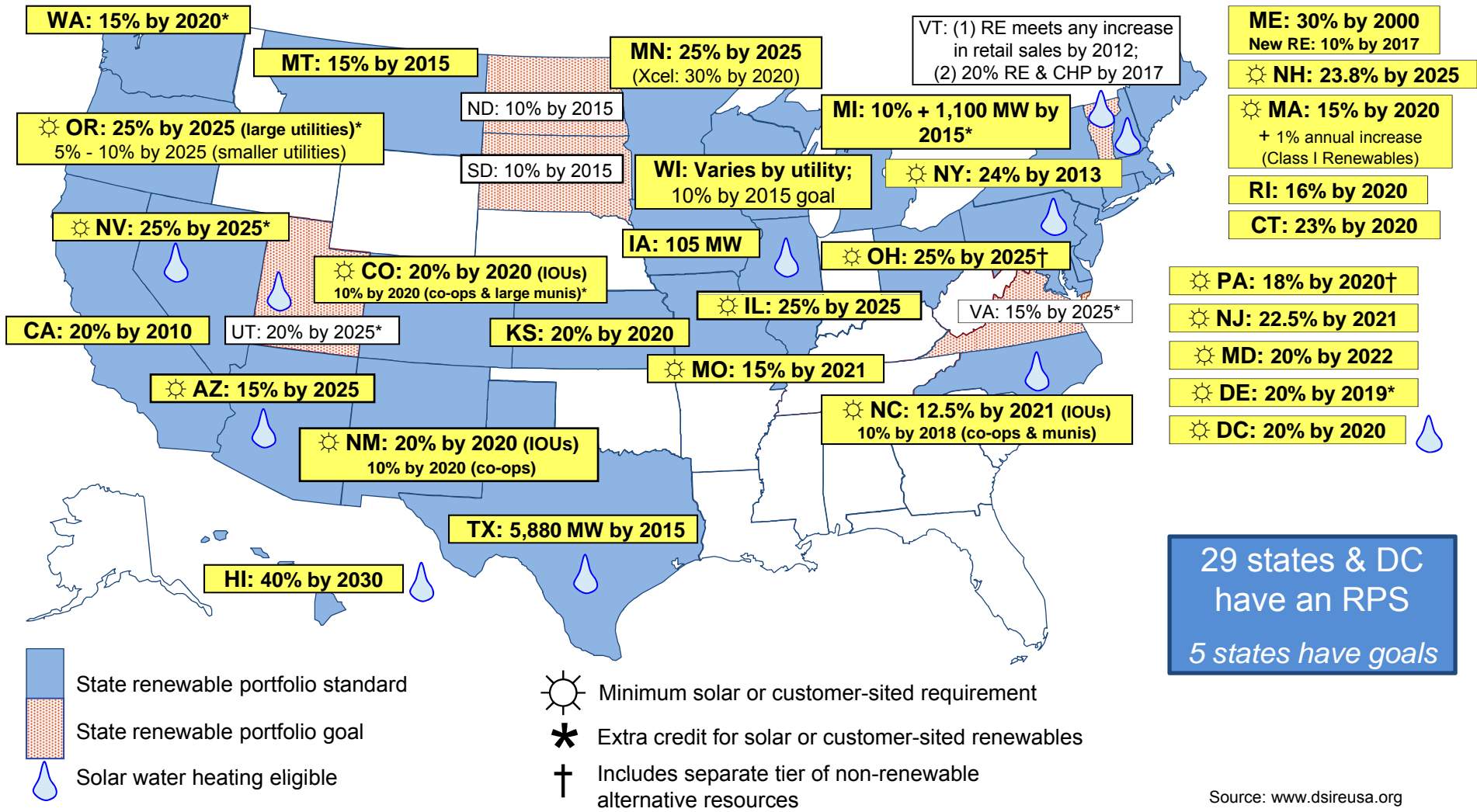
- There are a number of existing and available incentives, including:
 - 30% cash grant to clean energy projects (American Recovery and Reinvestment Act of 2009, Section 1603)
 - Construction must begin by **December 31, 2010**
 - No limit to the amount of eligible property and no funding limit set
 - Expansion projects are also eligible

 - DOE loan guarantees to clean energy projects using commercialized technologies (Energy Policy Act, Section 1705)
 - Construction must begin by **September 30, 2011**
 - Provides up to \$8 billion in DOE loan guarantees with \$750 million available to pay the credit subsidy cost
 - Up to 80% of the loan will be guaranteed by the DOE

 - Federal Financing Bank Guaranteed Loans with Rural Utility Service, a department of the U.S. Department of Agriculture
 - Borrow up to 75% loan to value for biomass generation projects
 - Interest rates are typically under 4.5% with the loan's term matching the PPA term (20-plus years possible)
 - Only a minimum 1.0x debt service coverage ratio

 - Extension of PTCs and ITCs under the American Recovery and Reinvestment Act of 2009
 - Wind project PTCs were extended to December 31, 2012
 - Biomass (closed and open loop),, hydroelectric, and marine and hydrokinetic facilities had their PTCs extended to December 31, 2013geothermal, landfill gas, municipal solid waste
 - 30% Solar ITCs were extended to December 31, 2016 (credit reverts to 10% after December 31, 2016 with no end date)

Renewable Portfolio Standards



WA: 15% by 2020*

MT: 15% by 2015

MN: 25% by 2025
(Xcel: 30% by 2020)

VT: (1) RE meets any increase in retail sales by 2012;
(2) 20% RE & CHP by 2017

ME: 30% by 2000
New RE: 10% by 2017

☀️ NH: 23.8% by 2025

☀️ OR: 25% by 2025 (large utilities)*
5% - 10% by 2025 (smaller utilities)

ND: 10% by 2015

MI: 10% + 1,100 MW by 2015*

☀️ MA: 15% by 2020
+ 1% annual increase (Class I Renewables)

SD: 10% by 2015

WI: Varies by utility;
10% by 2015 goal

☀️ NY: 24% by 2013

RI: 16% by 2020

CT: 23% by 2020

☀️ NV: 25% by 2025*

IA: 105 MW

☀️ OH: 25% by 2025†

☀️ CO: 20% by 2020 (IOUs)
10% by 2020 (co-ops & large munis)*

☀️ IL: 25% by 2025

VA: 15% by 2025*

CA: 20% by 2010

UT: 20% by 2025*

KS: 20% by 2020

☀️ PA: 18% by 2020†

☀️ NJ: 22.5% by 2021

☀️ MD: 20% by 2022

☀️ DE: 20% by 2019*

☀️ DC: 20% by 2020

☀️ AZ: 15% by 2025

☀️ MO: 15% by 2021

☀️ NC: 12.5% by 2021 (IOUs)
10% by 2018 (co-ops & munis)

☀️ NM: 20% by 2020 (IOUs)
10% by 2020 (co-ops)

TX: 5,880 MW by 2015

HI: 40% by 2030

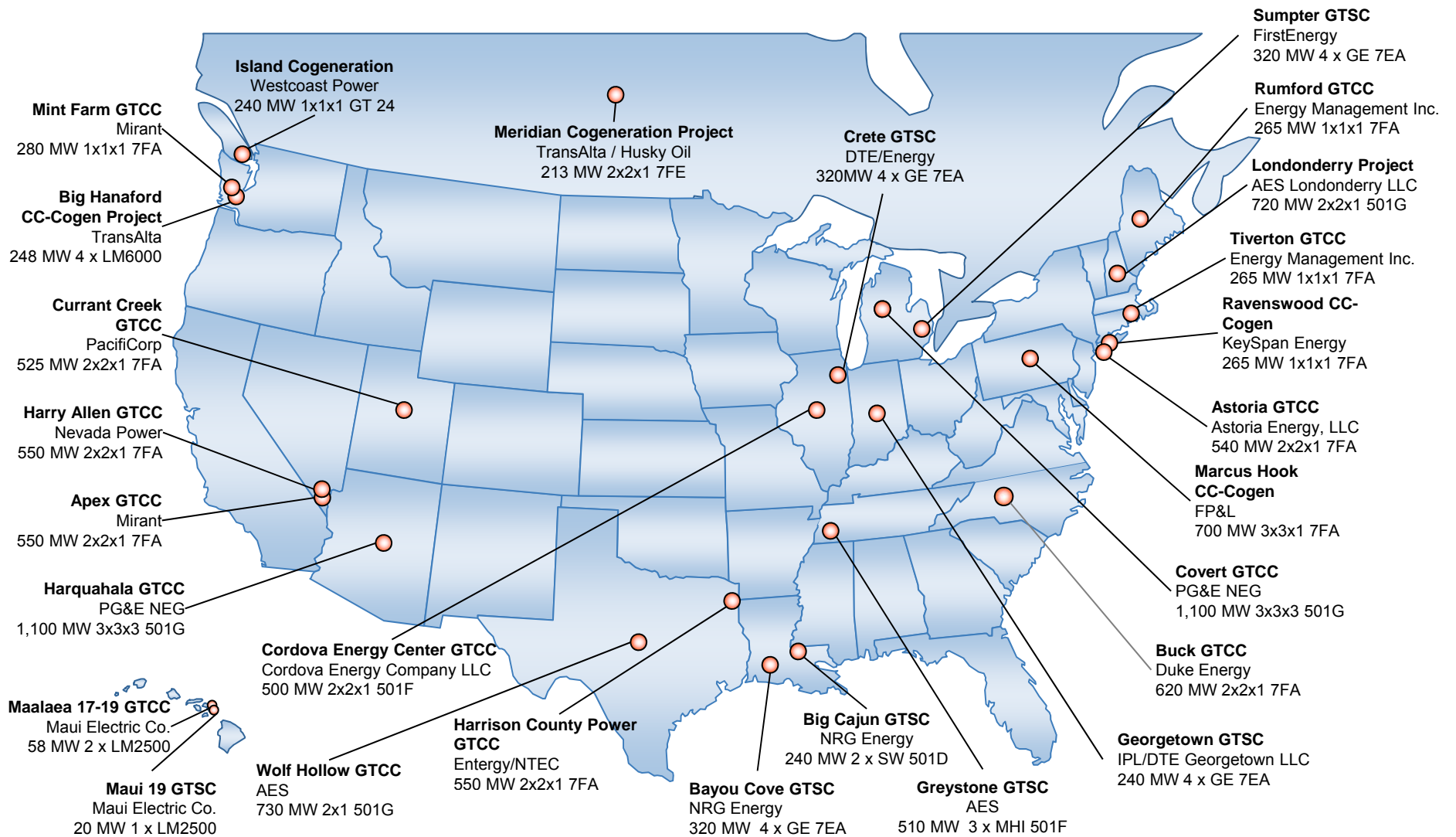
Natural Gas Generation

- Natural gas is the cleanest burning fossil fuel. Burning natural gas produces about 30% less carbon dioxide than burning petroleum and about 45% less than burning coal.
- Combined cycle natural gas is a relatively economical form of energy production:
 - Capital cost of approximately \$1,000/kW
 - Levelized cost of energy of \$70 - \$100/MWh (assuming \$6.00/MMBtu for natural gas)
- Newly announced CCGT projects in 2009 include approximately 2GW of capacity.
- Progress Energy announces new build 950 MW CCGT plant and retirement of old coal plants
 - On October 1, 2009, the North Carolina Utilities Commission (NCUC) approved Progress Energy Carolinas' plan to build new a 950-megawatt combined-cycle power plant, with a projected investment of about \$900 million
 - Progress plans to build the Wayne County plant near the HF Lee coal-fired facility. Once the new plant becomes functional in 2013, the company plans to retire the three coal units at Lee, which entered service in 1950s and 1960s.

Fossil Fuel Emission Levels - Pounds per Billion Btu of Energy Input			
Pollutant	Natural Gas	Oil	Coal
Carbon Dioxide	117,000	164,000	208,000
Carbon Monoxide	40	33	208
Nitrogen Oxides	92	448	457
Sulfur Dioxide	1	1,122	2,591
Particulates	7	84	2,744
Mercury	0.000	0.007	0.016

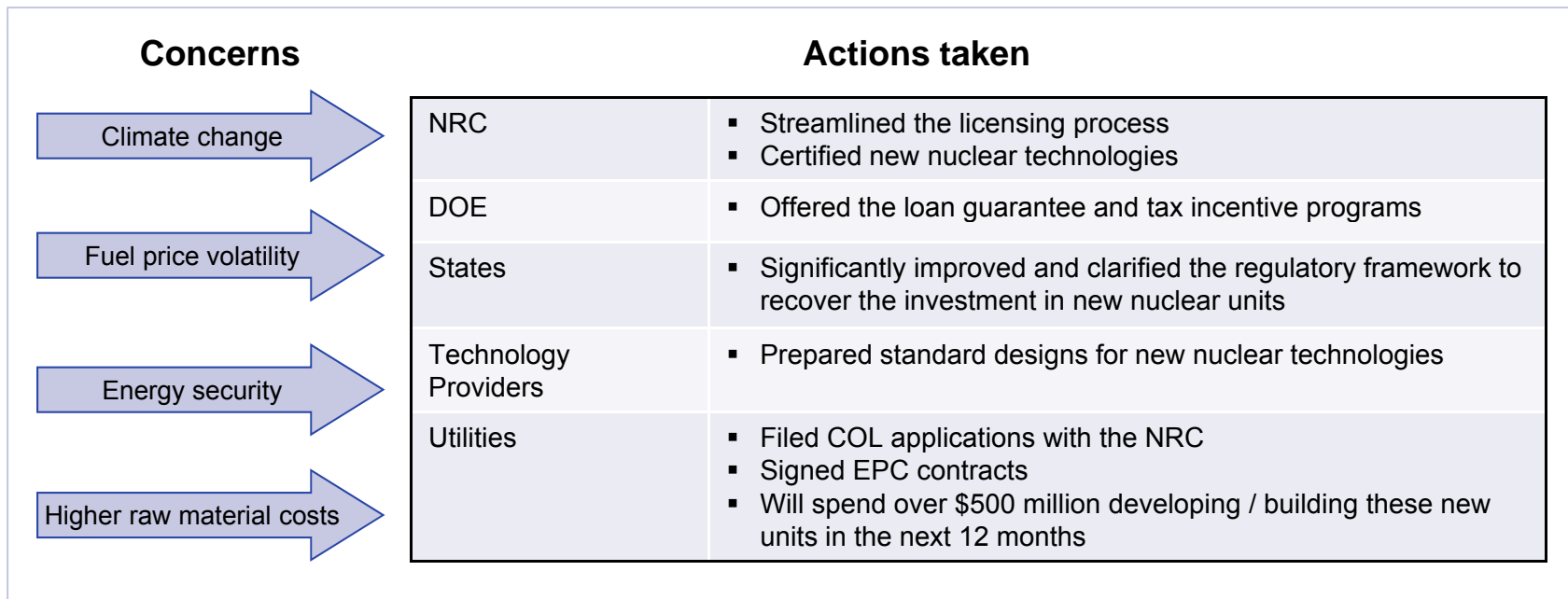
Source: EIA - Natural Gas Issues and Trends 1998

Shaw Group's Gas Turbine Experience

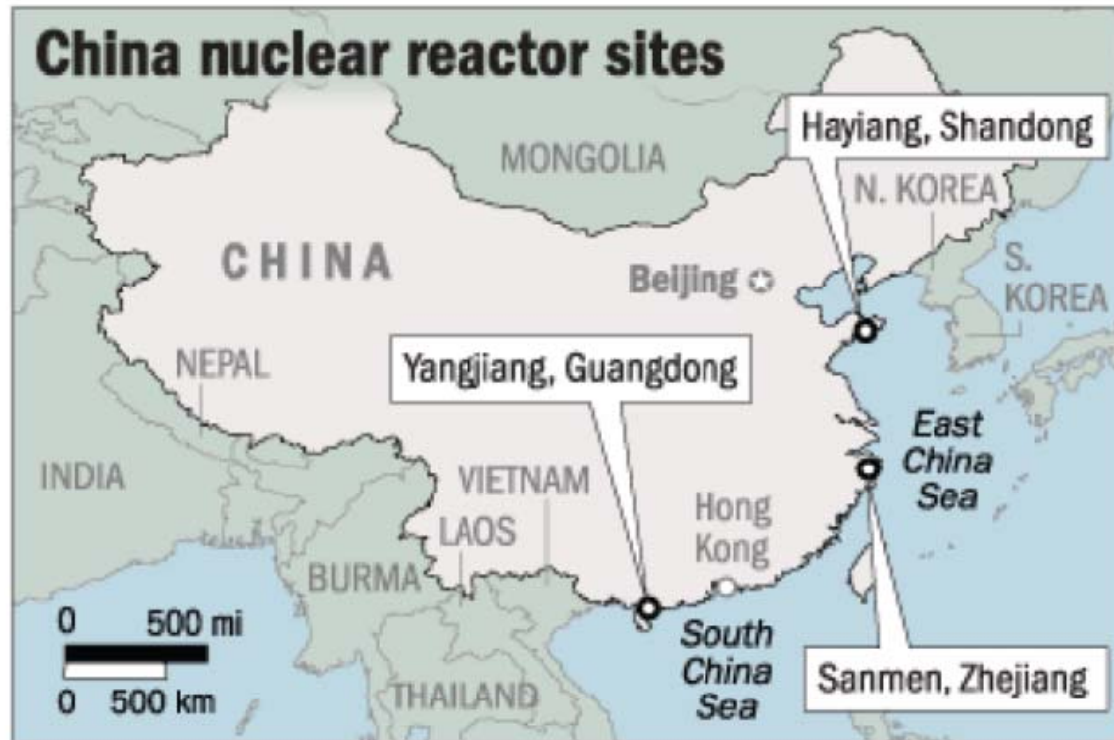


Nuclear Incentives

- The Energy Policy Act of 2005 has a number of new nuclear incentives
 - DOE Loan Guarantees: \$18.5 billion allocated for loan guarantees up to 80% loan to value ratios; four finalists have been selected already
 - Production Tax Credits: Up to 1.8 cents per KWH for 6,000 MW of capacity in the first eight years of operation (split pro rata between new plants)
 - Delay Insurance: Provides 100% coverage for first two plants up to \$500 million each and 50% for plants 3-6 up to \$250 mm



There Are Four AP1000 Units Being Built in China Now



Source: ESRI

James Hilston/Post-Gazette

Sanmen, China AP1000 Site Photo



Source: SCANA

Sanmen, China AP1000 Site Photo



Source: SCANA

Proposed Clean Energy Legislation on Two Fronts

- GHG Emission Control

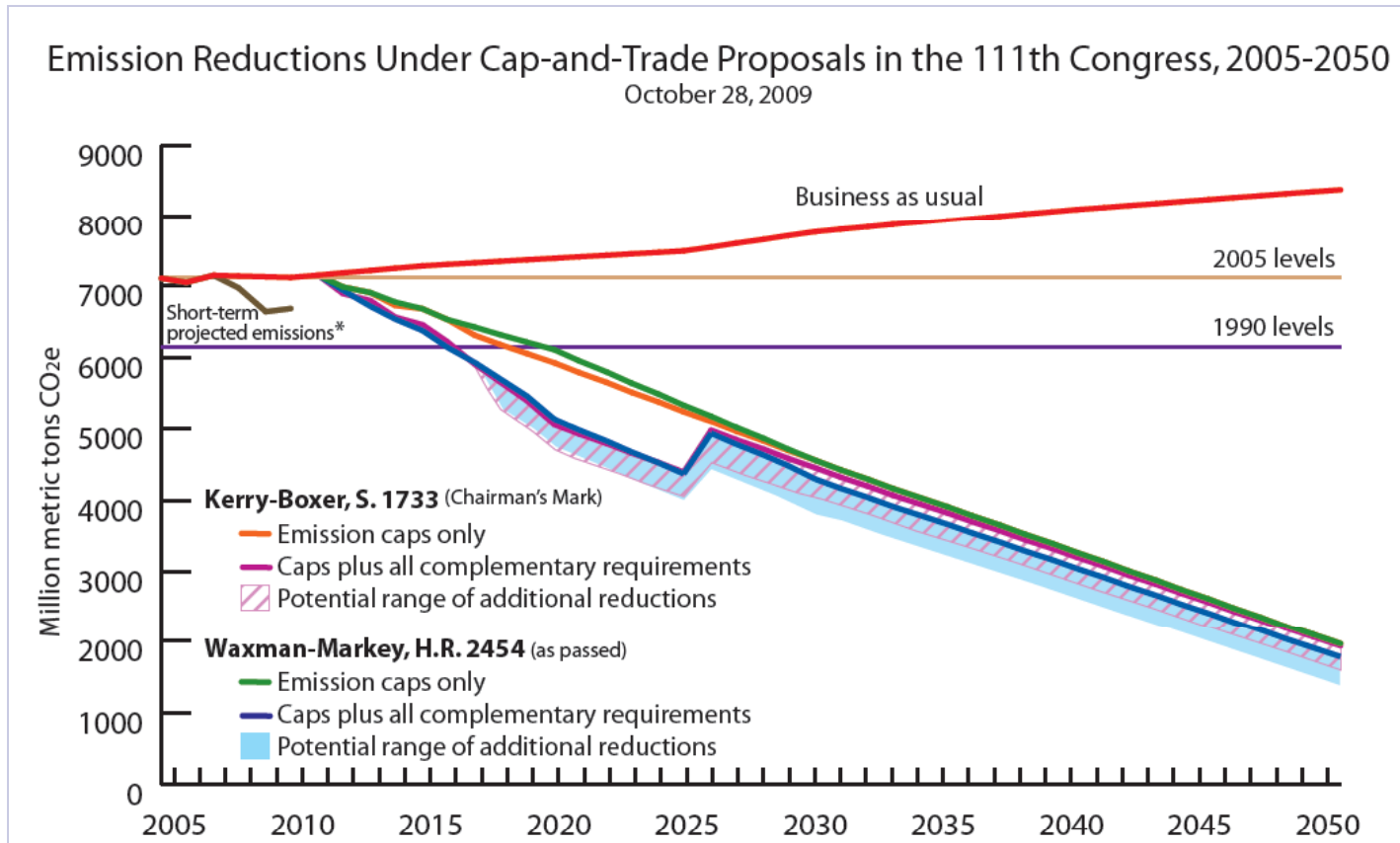
- EPA proposal to limit CO2 emissions from all facilities emitting at least 25,000 tons of CO2 per year as early as 2011
- House and Senate bills create cap and trade programs with 17%-20% reduction of 2005 levels by 2020 and 83% by 2050
 - Like the Waxman-Markey (House) bill, the Boxer-Kerry (Senate) measure would give away the vast majority of allowances for a transition period of 20 years to ease burdens on energy-intensive industries and on consumers in states that rely heavily on coal for electricity. 25% of the allowances would be auctioned off, with revenue going to the federal government to keep the legislation from increasing the deficit.
 - Other highlights of the Senate proposal include the setting aside of allowances in a strategic reserve to stabilize carbon prices. It would be tapped if prices exceed \$28 in 2012; the ceiling price would rise 5 to 7% a year.
 - The bill would give bonus credits to coal-fired plants that use techniques to capture carbon emissions and store them underground, more than tripling the bonuses allowable under the House bill. That provision would help about 25 or more coal plants.
 - The Senate proposal would also expand the scope of domestic offsets -- carbon-reducing measures that could help firms meet emission targets. The EPA estimated in a report on the economic impact of the Kerry-Boxer draft that farmers could reap \$1.2 billion to \$18 billion in annual benefits.
 - The Senate version would also increase benefits for oil refiners, provide training for nuclear power plant workers and give unspecified appropriations for coal plants that convert to natural gas.

- Federal Renewable Energy Standard

- Waxman-Markey bill that was passed by the House of Representatives would require utilities to meet 20% of their demand through renewable energy sources by 2020. Similar proposals are being considered in the Senate under the Bingaman Bill.

GHG Emission Reduction Is Gaining Real Momentum

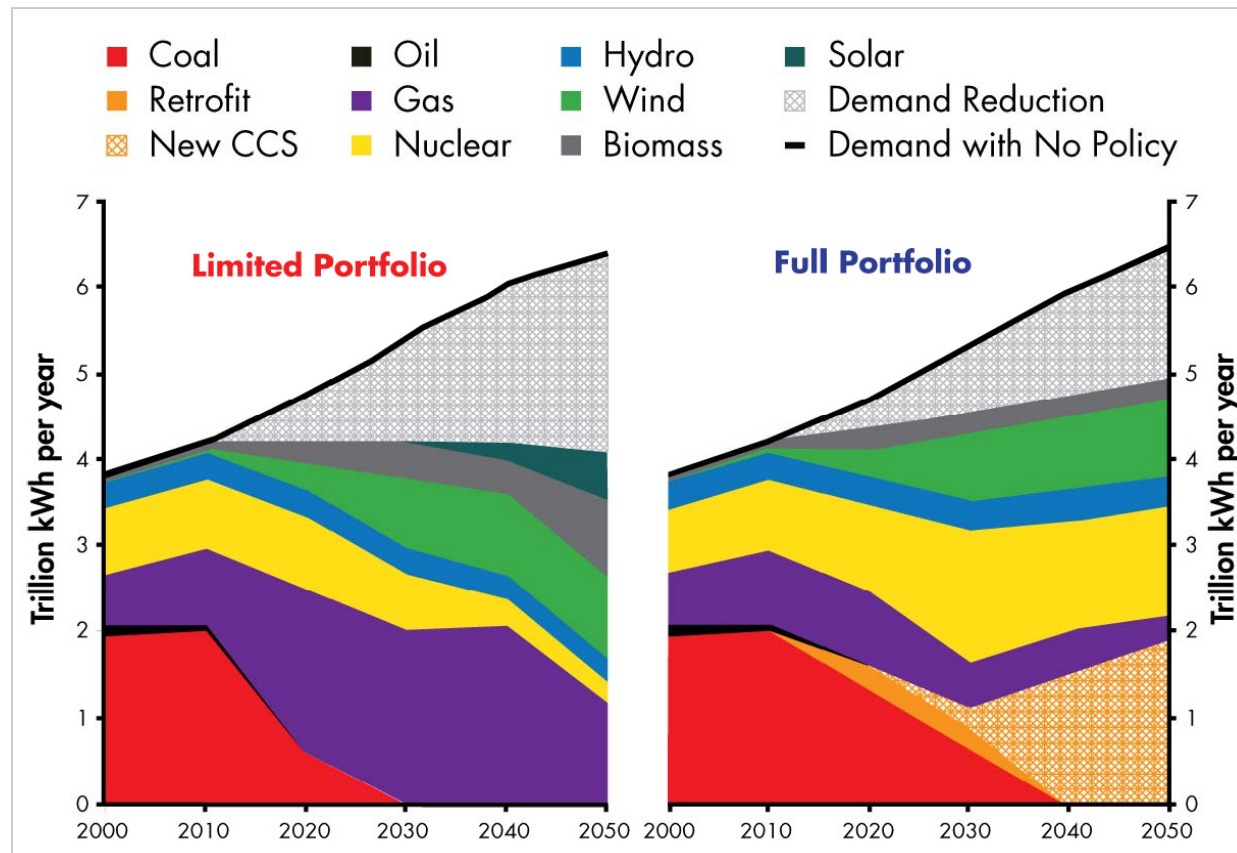
- Two bills are working their way through Congress now that cap GHG emissions
- Both bills are relatively similar in scope and should be capable of passage



Source: World Resource Institute

Two Ways to Meet the GHG Reduction Targets

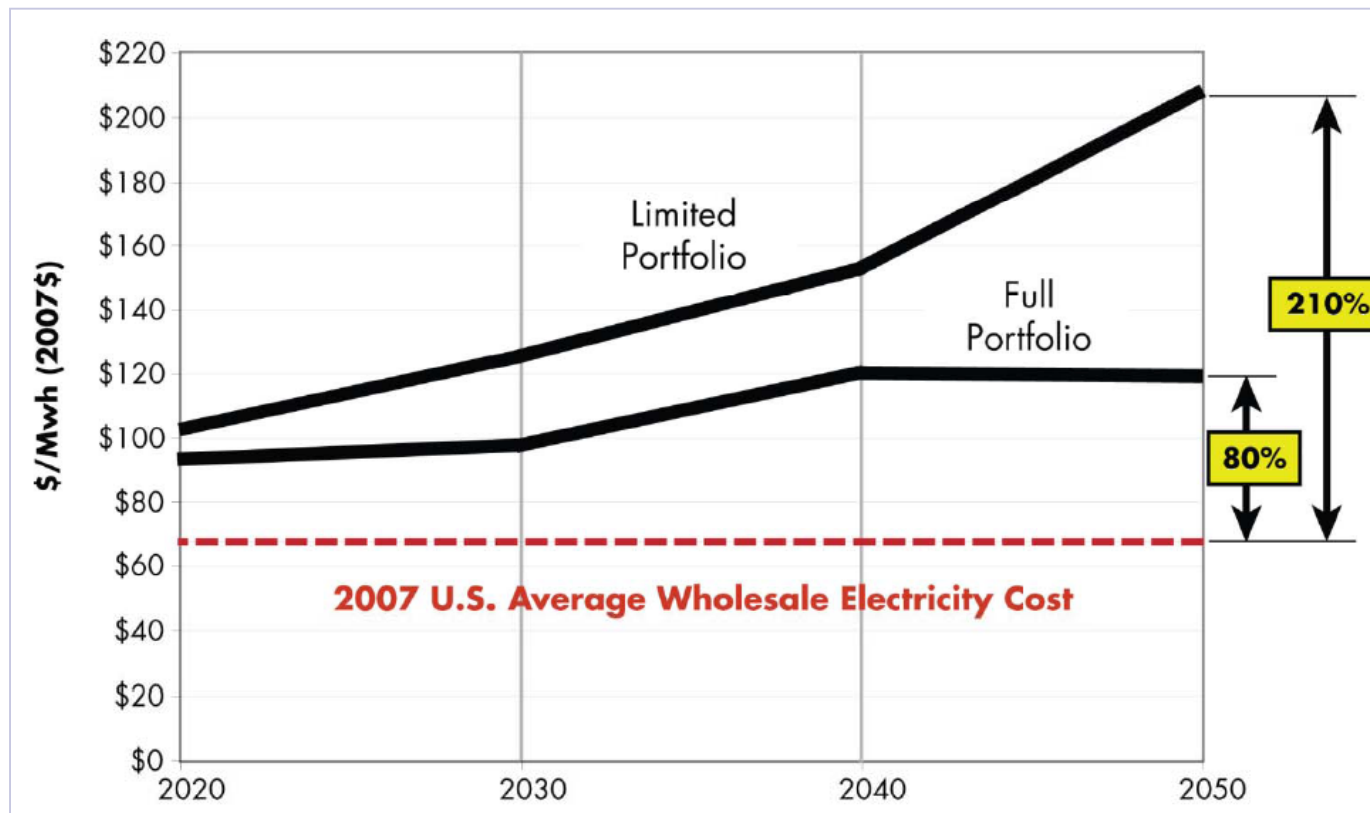
1. **Limited Portfolio:** Does not allow for new nuclear or CCS generation technologies to be deployed
2. **Full Portfolio:** Does allow for all sources of generation to be developed and / or deployed



Source: EPRI

The Key Is How Much We Are Willing to Pay for It

- The Limited Portfolio approach would cause electricity prices to increase 210% by 2050
- The Full Portfolio approach would cause electricity prices to increase 80% by 2050



Source: EPRI

New Generation Will Be a Part of the Solution

- EPRI estimated that ~200 GWe of new generation capacity would be needed from now until 2030 to meet the Full Portfolio approach to GHG emission control
- Seventy six percent (76%) of the new baseload generation would come from nuclear reactors

