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Liberty Power, a Great Idea in a Fertile Territory*

by: Elena Kenny, *El Nuevo Heráld.*

JEFFREY BOAN / El Nuevo Herald



DAVID HERNANDEZ, on the right, Chief Executive Officer of Liberty Power Corp., shows price fluctuations of electric power to his associates Alberto Daire and Eliezer Hernandez at the company's office in Fort Lauderdale.

Manhattan, the vigorous commercial and entertainment center of New York, saw Liberty Power Corp emerge five years ago as a new energy supplier. This company was created by David Hernandez and two associates to confront the giants of the electric power market.

Their very first steps were taken with a group of salespeople assigned to cover Manhattan door to door to convince proprietors of offices, dry cleaners, restaurants and convenience stores that this "new kid in town" could offer better prices.

Liberty Power appeared at just the right moment and clients were quick to respond. The company, which acquires energy directly from generation plants, began selling power in 2002, when the high cost of electricity was making an impact on the small businesses of New York.

Today, the company that began in Hernandez' living room has 50 employees. It reports revenues of \$100 million, has over 100 subcontractors, and occupies two floors in a building located at 800 W. Cypress Creek Road in Fort Lauderdale, Florida, with an additional office in Houston, Texas.

Among Liberty's customers are government agencies such as the Department of Defense and Social Security Administration, as well as firms such as New York Life, JC Penney, Linens 'N Things, Auto Zone, and Lowe's. Currently, it serves 15,000 customers in Maryland, New York, Texas, and Washington D.C.

"... it's our desire to close this year with a bigger customer share in those States which have opened up their power market to competition", says Hernandez, Chief Executive Officer of Liberty Power.

If everything goes as planned, the company will have customers in ten of the twenty states with deregulated markets. "...and by 2007, we would like to be present in the rest", Hernandez explained.

The company's growth is expected to be supported by financing that Hernandez preferred not to discuss in detail since it is still under negotiation. This financing is expected to enable the company to reach \$ 1 billion in sales.

In the United States, back in 1978, power wholesale markets for retailers were open based on a Public Utility Regulatory Policies Act. New York State finally opened retail competition in 1998, followed by Maryland in 2000 and Texas in 2002.

Hernandez, 36, and his two associates, his brother Eliezer, 33, and long-time friend Alberto Daire, 38, hope that one day soon Florida, which currently offers corporations many positive incentives, will also open its doors to competitive power retailers. That hope is one of the reasons that they operate their business in their adopted home state, from Fort Lauderdale.

Hernandez left his native Cuba in 1973, when he immigrated with his parents and his seven brothers and sisters to Spain. Two years later they arrived in Florida and settled in West Palm Beach. Hernandez, the first in the family to graduate from college, worked for several years with



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communications leader Nortel, where he met Daire. Later, Hernandez obtained his Masters in Business Administration from New York University and, after working on Wall Street, decided to accept a position with energy giant Enron. There, he began to notice the business opportunities offered by the retail power market.

"...Enron was a good idea, but it took the wrong path", says Hernandez.

After proposing his ideas to Eliezer and Alberto, the three men decided to outline a business plan. Daire, who was born in Miami of Cuban parents, graduated as an industrial engineer from the University of Miami and earned an MBA from the University of North Carolina – Chapel Hill. He worked first for Nortel and then for General Electric.

"From the moment I heard his proposal, I recognized that it had an incredible potential, it was an unexploited territory", said Daire, Chief Operating Officer at Liberty Power.

Likewise Eliezer, the company's Chief Relationship Officer, was enthusiastic about the project that became a reality after the Enron accounting scandal that left his brother and so many others unemployed.

"It was hard to lose a good job, but at the same time it helped me to face the risk of starting a new company", David recalls. "But it was worth it." The success of Liberty Power was recognized with the Entrepreneur of the Year for 2005 award from Hispanic Business Magazine and by other awards, as well. "I was impressed by their innovation" said William Crookston, one of the judges of the event and a professor of Business Administration at the University of South Carolina.

Hernandez attributes the company's success to the fact that they have been able to offer first class service with savings of 5%-20% in comparison to what their clients had previously paid for electric service.

"We can offer a fixed rate with one to three year contracts", Hernandez explained.

One of the advantages they have over bigger firms is that the company's structure as a small firm allows them to offer reasonable prices and personalized service, without the client "having to stand in line to find a solution".

"All of our employees are committed to giving the best they have to offer", assured Eliezer Hernandez, who is in charge of personnel selection. "Also, we offer a series of benefits as incentives for them to remain with the company, such as paying for 100% of their health insurance premium."

Now, their goal is to make Liberty Power, the only Hispanic-owned business in this field, into one of the best companies to work for in the United States. *

*This article was translated from Spanish to English by Liberty Power