



Press Release – for immediate use

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Clean energy shares take a pounding in third quarter despite encouraging outlook for investment growth

When the economic background gets tough, it is the defensive sectors of the stock market that tend to out-perform and the young, growth sectors that tend to be shunned. That was the case in the third quarter of 2008, as clean energy shares took an even colder shower than the stock market as a whole.

The WilderHill New Energy Global Innovation Index, or NEX, fell 30.3% between 30 June and 30 September 2008, closing the quarter at 276.75, its lowest level since late 2006 and a hefty 40% down on its peak in November 2007. By comparison, the S&P500 index dropped 9% during the third quarter of 2008, while the FTSE100 index lost 13% and the German DAX 9%.

This sharp fall in the NEX came despite persistently positive medium-term prospects for clean energy. These include worries about climate change and energy security, the latter certainly not eased by Russia's occupation of parts of Georgian territory in August. In addition, analysis by New Energy Finance suggests that the next US President – whether Barack Obama or John McCain - will be more active in encouraging low-carbon energy than George W Bush has been. Weaker oil prices during Q3 undoubtedly played a part in dampening investor interest in energy, including clean energy, but the fall during the quarter in the AMEX oil index was 25%, steep but not as steep as that of the NEX.

Individual clean energy shares suffered across a wide front. The worst performing during the quarter to 30 September in terms of currency adjusted total returns was Brasil Ecodiesel, which lost 72%, on worries about funding. Also suffering 50%-plus falls were US energy efficiency companies Comverge, down 67%, and Capstone Turbine, down 69%; French wind project developer Theolia, down 60%, and German solar manufacturer Conergy, down 59%.

Only three stocks in the NEX enjoyed higher prices at the end of Q3 than at the beginning. Chinese battery maker BYD, which was boosted by news that Warren Buffett's MidAmerican Energy is buying a 10% stake for USD 230m, saw its shares gain 29%. US power storage company Maxwell Technologies gained 27%, and Chinese energy-saving light bulb maker Zheiang Yankon edged up 3%.

Michael Liebreich, chairman and CEO of New Energy Finance, said: "The third quarter was not a period that investors in clean energy will remember with any great fondness. It would be easy to blame the credit crunch, which certainly has made it more difficult for project developers in wind and solar to raise debt finance. However, it is probably as much a case of unwinding some of the irrational exuberance that crept into the sector from time to time. Our analysis indicates that the sector remains in high regard with bankers, venture capital and private equity investors. Even in these turbulent times there have been a few good deals on the public markets: the IPO of Portugals' EDP Renovaveis in Q2, and that of Energy Recovery Inc in Q3, as well as a significant secondary by EDF Energies Nouvelles. There is still a strong IPO pipeline but we don't expect to see much action in public deals until the wider stock markets settle down."

In the quarterly rebalancing of the NEX at the end of Q3, five companies entered the index and seven left it – reducing its total number to 88. Coming in are newly floated German solar inverter manufacturer SMA Solar Technology, Danish building insulation firm Rockwool International, US efficiency and power storage company Johnson Controls, US supplier of wafer, cell and module manufacturing equipment GT Solar and US power storage supplier Ener1.

Exiting the index are Italian biomass company Actelios, German efficiency player Centrotec Sustainable, US demand-response specialist Comverge, Japanese fuel cell company Ebara, US fuel cell firm Medis Technologies, German wind turbine maker REpower Systems, and German biogas plant supplier Schmack Biogas.

About WilderHill New Energy Global Innovation Index

WilderHill New Energy Global Innovation Index (NEX) comprises companies worldwide with technologies focusing on generation and use of cleaner energy, conservation, efficiency and

advancing renewable energy generally. Included are lower-carbon approaches relevant to climate change, smarter solutions that avoid greenhouse gases and technologies reducing emissions relative to traditional fossil fuel use. A majority of companies in NEX are listed on exchanges outside of the United States.

The NEX calculates live in several currencies including the US Dollar, the Euro, the Pound Sterling, and the Japanese Yen.

The NEX Index launched on 1 February 1 2006 and is published by WilderHill New Energy Finance LLC as a partnership between New Energy Finance Limited based in London, Joshua Landess based in the US, and Dr Rob Wilder based in the US. For more info, see <http://www.nexindex.com>.

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About New Energy Finance

New Energy Finance is the world's leading independent provider of research to investors in renewable energy, biofuels, low-carbon technologies and the carbon markets. The company's research staff of 80 (based in London, Washington, New York, Beijing, Cape Town, Sao Paulo, Shanghai, New Delhi, Tel Aviv and Perth) tracks deal flow in venture capital, private equity, M&A, public markets, asset finance and carbon credits around the world.

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About Joshua Landess

Josh Landess is a pioneer in the creation of alternative energy stock market indexes, creating his first in 2000. In 2004, Landess and Wilder, with the American Stock Exchange led the team that created the WilderHill Clean Energy Index® (ticker: ECO).

In January 2006, Landess and Wilder collaborated with New Energy Finance to create The WilderHill New Energy Global Innovation Index, the first global index in new energy put out over the tape.

About Dr Rob Wilder

Dr Rob Wilder is widely published in the fields of energy and environment and is co-Founder and Manager of the WilderHill Clean Energy Index® (ECO), the first index of companies for renewable energy, energy efficiency and lower-carbon solutions. It is tracked by a WilderHill Clean Energy Portfolio exchange traded fund that has over \$1 billion in assets since launching in 2005. <http://www.wildershares.com>

Disclaimer Note

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