Press Release – for immediate use

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Clean energy shares take a 61% battering in 2008 – with solar and biofuels the worst hit sectors

Clean energy shares have been benefiting from an "Obama Bounce", surging from their lows in November last year, according to leading analysis company New Energy Finance. The WilderHill New Energy Global Innovation Index (ticker symbol NEX), which tracks the performance of 88 clean energy stocks worldwide, slumped over 70% from its value at the start of 2008 to its low in November. Since then, however, it has recovered by over 45% as investors take heart from President-elect Obama's apparent commitment to the sector.

The NEX index started last year at 455.19 and, despite the worsening conditions in the financial markets, defied gravity for the first three quarters of 2008, trading mainly in the 350 to 450 range. The final quarter of 2008, however, saw it collapse, touching an intra-day low of 132.96 in late November. The drop in clean energy share prices was steeper than that for most non-specialist stock indices. The NEX's fall compared with a 38.5% setback for the US S&P 500 index in 2008, a 31% fall for London's FTSE100 index, a 44% retreat for the Dow Jones Eurostoxx 50, and a 41% fall for the US Nasdaq Composite.

There were three reasons why the sector was hit so hard. First, with oil and gas prices collapsing by 70% from their July peaks, the sector was bound to suffer – these are, after all energy stocks. Second, investors were getting rid of stocks with any sort of technology or execution risk, in favour of longer-established businesses. Third, in an era of sharply constrained credit, investors penalised companies with high capital requirements – even the more established, asset-based clean energy companies, which bear no technology risk, are high-growth and therefore capital-hungry. In addition, it should be noted that the index had experienced an extraordinary run-up during the last few years, particularly in 2007, when it soared by 58%, setting it up for an almost inevitable correction.

Looking at individual sectors within clean energy, solar was the star of 2007 but the dunce of 2008. Solar shares fell, on average, by 75% last year as investors took a more cautious view of valuations and worried about the likelihood of falling prices ahead in everything from polysilicon to modules. The biofuels and biomass sector, which performed poorly in 2007, had another bad year in 2008, its share prices falling on average by 68% as high feedstock prices and the credit crunch inflicted double damage. Wind, the largest sector of clean energy, saw share prices fall 56%, mainly because of fears of a weaker project development trend and therefore lower turbine prices for manufacturers. The most resilient sector by far was power storage, which enjoyed an average 6% share price gain, as battery makers caught the imagination of investors.

The best performing share of 2008 in the NEX index was Japanese battery maker GS Yuasa, with a rise in dollar terms of 159%, helped by excitement about the potential for lithium-ion technology. Second was Japan Wind Development, which wants to use batteries to store power generated at wind projects, with a rise of 35%, and third was yet another Japanese power storage firm, Sanyo Electric, currently subject to an offer from Panasonic.

No fewer than 84 of the NEX's 88 stocks lost ground in dollar terms in 2008. The worst performers of the NEX's 2008 constituents were three biofuel companies, all of which have now dropped out of the index and suffered 90%-plus falls last year – Brasil Ecodiesel, Aventine and VeraSun, the last of which went into Chapter 11 in November. Among those remaining in the index at the start of 2009, the worst performers were Spanish solar project developer Solaria Energia y Medio Ambiente and German solar supplier and developer Conergy, with falls of 91.5% and 88.6% respectively.

Michael Liebreich, chairman and CEO of New Energy Finance, said: “2008 was a bruising year for clean energy shares. There was a point when the NEX index was at a level we haven’t seen since September 2003 – before the ratification of the Kyoto Protocol, before Hurricane Katrina and President Bush’s statement that the US was “addicted” to oil, before the publication of the Stern Review, before the premiere of *The Inconvenient Truth*. That’s plainly absurd, even in the light of the unsustainable surge in valuations in 2006 and 2007.

“The growth prospects for clean energy investment remain exciting. Worries about climate change and energy security are still on the political agenda, and indeed the latter issue has become even more topical with the dispute over gas supplies between Russia and Ukraine and the conflict in Gaza. And Obama is not the only leader seeing clean energy as an important element in the programmes they are planning, to help stimulate economic activity,” Liebreich commented.

Figures for the NEX in the fourth quarter of 2008 show that the index slipped 36%, with the period split between a sharp decline up to the low of 21 November and then a significant rally to 31 December. Among the sectors on the index, solar stocks lost an average of 49% in Q4, and biofuels and biomass, which lost 44%. Hydrogen and fuel cells slipped 40% and wind 30%.

In the rebalancing of the NEX at the end of the fourth quarter, four companies entered the index – US energy conversion firm Fuel Systems Solutions, UK energy efficiency specialist Eaga, Indian ethanol technology company Praj Industries and wind turbine gearbox maker China High Speed Transmission Equipment Group. Exiting the index were biofuel producers Aventine Renewable Energy and Brasil Ecodiesel, and biofuel enzyme company Verenium.

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 over 100 (based in London, Washington, New York, Palo Alto, Beijing, Cape Town, Sao Paulo, Shanghai, New Delhi, Hyderabad, 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 built up over $1 billion in assets after launching in 2005. http://www.wildershares.com

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