

## FINANCING THE FUTURE - THE NEW ENERGY EQUATION

### Data Sources

New Energy Finance Report, "Global Trends in Sustainable Energy Investment 2009 Report."

Deloitte and Cleantech Group LLC.

We are experiencing the tip-of-the-iceberg affect right now in clean energy. That means the public is seeing only a fraction of the sector's expanding and increasing deal activity. Indeed, there is lots of discussion occurring among corporations (both domestic and overseas) who are looking to invest in, or acquire, renewable energy technology businesses.

In addition, clean energy companies, investors and investment banks are quietly but clearly positioning themselves behind the scenes in anticipation of a capital markets thaw-out.

This is motivating private equity (venture capital, growth equity, private equity) inves-

tors upstream, and they are beginning to fund clean technology in a significant way.

The industry is – without doubt – benefiting from government investment in clean energy.

Over the long haul, however, the real question is when the new energy economy can flourish in a non-subsidized world.

It will – if we can advance green technologies in order to achieve cost improvements that directly compete with traditional energy technologies.

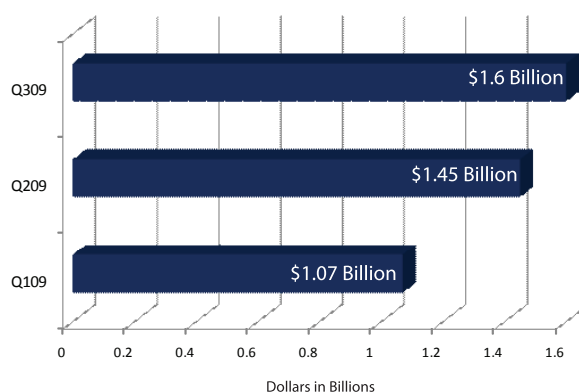
As the deals below indicate, we are at a definite inflection point in the clean technology revolution. We anticipate more transactions and more capital markets activity – as well as more value creation – in the coming quarters.

**"Only a Fraction of Clean Energy Deal Activity Is Visible to the Public Right Now."**

## EQUITY

- Private equity investors are increasingly moving into clean energy, and the sector now represents the largest share of venture capital investments (Q309).
- Expanded and intensified venture capital funding of clean energy has engendered confidence among later-stage investors, who are also becoming more active in the sector.
- Despite the economic uncertainty, clean energy companies with proven products, engaged customers, a capital-efficient business model and a growth plan are getting funded; there are limited funding possibilities in the current market without these attributes.

### Venture Capital Investing In Clean Energy



- Venture capital investing in clean energy jumped 10 percent between Q209 and Q309, reaching \$1.6 billion; VC investing in clean energy has risen steadily this year, albeit from lower levels.

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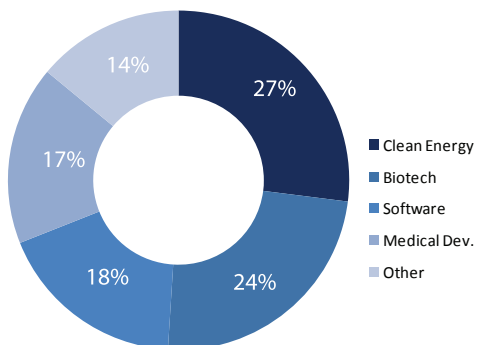
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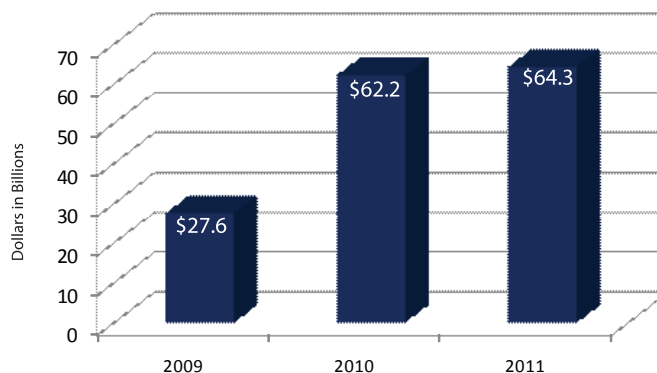
EQUITY

2009 Venture Capital Investments By Category



- Clean energy was the largest investment category in Q309 for venture capitalists, with a 27 percent share of investments, up from 15 percent in Q109.

Global Clean Energy Stimulus Spending



- Increased government spending on clean energy is stimulating private investment in the sector.

Company	Public Capital	Private Capital
Solyndra	\$535 Million Dept. of Energy Loan Guarantees	\$198 Million Follow-on Round
Tesla Motors	\$465 Million Low-Interest Gov't Loans	\$82.5 Million Follow-on Round
A123 Systems	\$249 Million Federal Stimulus Funds	\$380 Million IPO (Company valued at \$1 billion-plus)

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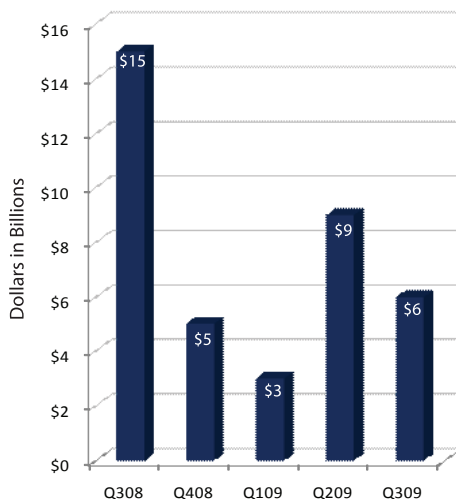
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M&A

- Clean energy momentum is solid, the pipeline is accelerating, and activity in solar is definitely picking up.
- A host of overseas companies (based, for the most part, in Europe and China) are aggressively looking to purchase solar assets in the United States. The foreign players want to vertically integrate, acquire technology and gain access to our domestic market.
- Solar developers with pipelines are especially attractive candidates for acquisition in today's finance-constrained environment.
- Industrial technology is gaining ground, with companies focused on carbon and energy management (process efficiencies, water and energy efficiency).

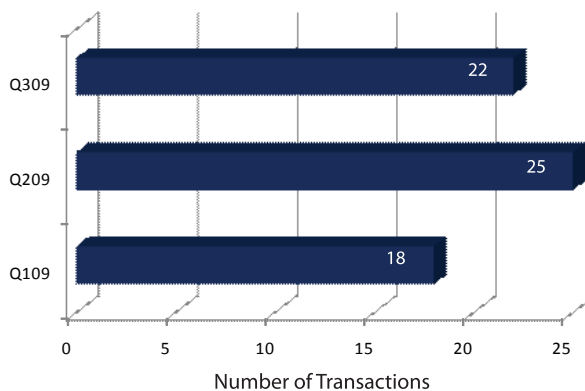
Clean Energy M&A Volume



Average Size of Clean Energy M&A Transactions



Number of Solar M&A Transactions



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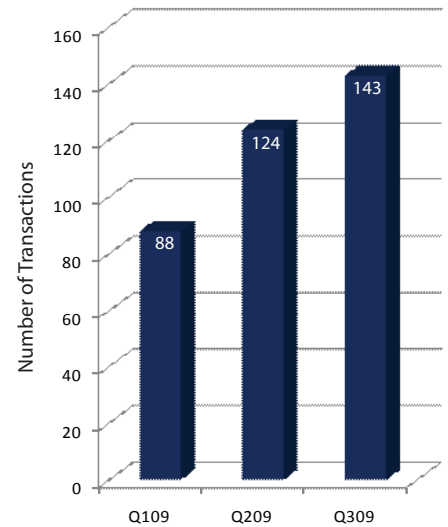
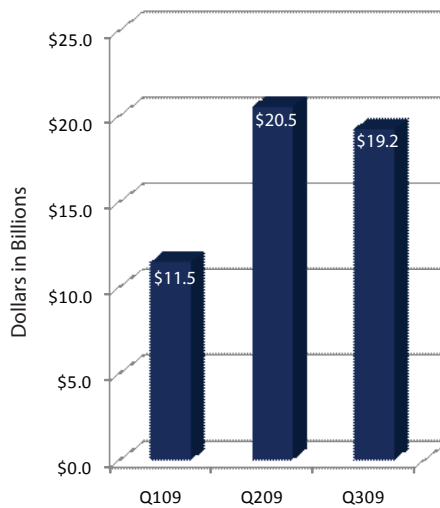
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**PROJECT FINANCE**

- Transaction volume is accelerating, and the best deals are receiving financing.
- The wind sector is attracting lots of attention right now, but solar is starting to make its move and its mark in project finance.
- The solar pipeline is large, and going forward it will command a larger percentage of project finance dollars.
- Tax-equity investors are coming back, and new entrants are considering entering the market.

**Global Asset Financing for New Build Clean Energy Assets**



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