Welcome

A Clean Technology Outlook Panel Discussion
Hosted by Robert W. Baird & Co.
December 3, 2010
Panel Participants

Christine Tezak
Senior Research Analyst—Energy & Environmental Policy, Baird Research

Christine is Baird’s senior analyst in Energy & Environmental Policy Research. Prior to joining Baird in 2009, she was a senior vice president, Electricity, Natural Gas and Environmental Policy research, at Stanford Group Company and a principal, Washington Research Group, at Schwab Capital Markets. Also, she was a research associate at HSBC Securities/Washington Analysis corporation covering the water industry and at NatWest Securities/Washington Analysis Corporation covering the environment and agribusiness. Christine has a BA in Russian Language from Boston College and an MBA in Finance from George Washington University.

J. Michael Horwitz, Jr.
Senior Research Analyst—Clean Technology, Baird Research

Michael is Baird’s senior analyst covering Clean Technology. Prior to joining Baird in 2009, he was managing director and head of clean technology research at Sanford Group Company, senior research analyst in clean technology at Pacific Growth Equities, LLC, and also worked at North Paint Partners, Jackson Square Partners, Hilsen Capital Management, and Alex Brown & Sons, all in California. Michael received a BS in Financial Economics and a BA in Philosophy at Southern Methodist University.

Gary D. Vollen
Investment Banker—Clean Technology, Baird Investment Banking

Gary is a senior investment banking professional with 25 years experience and leads Baird’s effort to establish relationships with and offer Baird’s advisory services to clean technology companies, private equity and venture capital firms that invest in the sector. Gary is a member of the Advisory Board for the Clean Technology Investor Summit and was a member of San Francisco’s Clean Tech Advisory Council. Prior to joining Baird, Gary led Stanford Group Company’s clean tech investment banking practice. Previously, he was a Managing Director and Head of Technology Investment Banking at Pacific Growth Equities. Preceding that, Gary co-founded Prometheus Advisors, a boutique investment bank focused on providing M&A advisory services to technology companies. Gary received an MBA from the Anderson School of Management at UCLA and a BS from the University of California, Berkeley.
Overview of Baird

Key Statistics

1919
Founded in Milwaukee

2004
Baird becomes employee-owned

$79 billion
Assets under management

$718 million
2009 Revenue

2,500
Employees

100+
Office locations*

7
Number of consecutive years Baird has been recognized as one of the FORTUNE 100 Best Companies to Work For ®

Baird’s International Presence

United States

Europe

Asia

Note: As of December 3, 2010.
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**Equity Research**

Award-winning small-cap and mid-cap research

More than 600 stocks under coverage

**Sales & Trading**

Proprietary investment ideas combined with quality execution

Best execution

15th consecutive year of record revenues

Coverage Growth 2000-2010

Note: As of December 3, 2010.

(1) Integrity Research Associates – U.S. Small Cap Research, May 2010. Surveys conducted with 141 portfolio managers and analysts from U.S. mutual funds, pension funds and hedge funds.
## Investment Banking

### Key Statistics

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment banking</td>
<td>173 professionals</td>
</tr>
<tr>
<td>Office locations</td>
<td>13</td>
</tr>
<tr>
<td>M&amp;A advisory value since 2000</td>
<td>$40 billion</td>
</tr>
<tr>
<td>Equity raised since 2000</td>
<td>$72 billion</td>
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</tbody>
</table>

### Comprehensive M&A advisory and capital raising capabilities

#### M&A Capabilities
- **Market insight** through dedicated industry teams
- **Execution excellence** through senior level attention
- **International access** through coordinated banking expertise across the globe
- **Unique perspective** through a balanced mix of buy-side and sell-side experience

#### Capital Markets Highlights
- Middle Market Bank of the Year – 2007
- Manufacturing Sector Adviser of the Year – 2008, 2009 and 2010

### International Investment Banking Presence

- **United States**: Chicago, Milwaukee, Atlanta, Boston, Charlotte, San Francisco, Palo Alto
- **Europe**: London, St. Louis, Tampa, Washington DC
- **Asia**: Shanghai

*Note: As of November 2, 2010.*
Overview of Post-Election
Regulatory & Legislative Landscape

Christi Tezak, Director and Senior Research Analyst

112th Congress = fiscal stewardship

• Republican House will scrutinize incentives given to renewable and alternative energy with an eye toward streamlining

• Most likely cost offset for programs will be changes to tax preferences for major oil and gas companies

New regulations for the EPA will be proposed or finalized in early 2011

• Retirement of old coal-powered plants will make way for new natural gas and renewable generation

• Gridlock may prevent Congress from doing much to prevent these regulations
Overview of Post-Election Regulatory & Legislative Landscape

Change in leadership on House Energy & Commerce

• Republicans will not undo every clean tech initiative of prior House majority

• E&C Committee has other priorities with jurisdiction over efforts to revise recently passed health care overhaul and financial services laws

• Programs with bipartisan agreement such as initiatives in the vehicle/fuel industries may be the first to gain constructive bipartisan attention
Financial and Investment Trends

Michael Horwitz, Managing Director and Senior Research Analyst

Macroeconomic factors have hit Clean Tech harder than other sectors; financial performance continues to lag broader market

- High capital requirements combined with unavailability of economically viable capital sources
- Global economic uncertainty in regions where Clean Tech has most exposure (i.e. Europe)
- Depressed natural gas prices, commodities’ impact on electricity
- Uncertainty related to future of global economic subsidies, incentives
Financial and Investment Trends

2011 = the year to liquefy
  • Investors will need to exit
  • Healthy split betweens IPOs and M&A

Two key growth areas in 2011: solar and smart grid
  • Solar
    • Supply and demand: U.S. has an opportunity to pick up falling demand in Europe
    • Successful companies will be ones that address either/both side of that equation by:
      • Bring down their costs to capture more market share
      • Work closely with their customers to implement solutions
      • Are incrementally more competitive than their peers – business models will be extremely important.
Financial and Investment Trends

Smart Grid

- More application-focused technology, less hardware
- Government stimulus will start having measureable effects; shed light on technology challenges as the U.S. “smartens” the grid
- Traditional metering companies will be challenged by small, entrepreneurial startups
- Increased competition from the mega-caps (Google, Microsoft, Cisco) which are developing strategies.
Outlook for Transaction Activity – Consolidation, IPOs

Gary Vollen, Managing Director – Investment Banking

Clean Tech IPO market will gain momentum in 2011

- Extended rough patch for IPOs across the board; Clean Tech no exception
- Uptick in activity since Labor Day due to consistent equity fund inflows very positive
  - Examples: Amyris, Elster Group
- Pent-up supply of high-quality IPO candidates for 2011
While the broader equity markets recouped the substantial losses from 2008 in 2009, the Clean Technology sector continues to lag.

Source: Factset as of November 26, 2010.
Note: Past performance is not a guarantee of future results.
Excluding ETFs, there have been $9.3 billion of inflows since the week ended October 15th.

These were the first consecutive weeks of inflows greater than $1.0 billion since July 2009.

This is an encouraging data point for any Company looking to access the equity capital markets.

Source: AMG Data Services. Excludes ETFs.
IPO Market Review

With meaningful cash being put to work in the equity markets and a renewed appetite for risk-taking, the IPO market has become more attractive post-Labor Day

IPO Pricing vs. Filing Range

IPO Pricings by Month

% of IPOs Trading Above Offer (1) 50.0% 46.4% 45.7% 88.9% 66.7% 75.0% 68.4% 70.0%

Source: Dealogic and FactSet. As of November 26, 2010.

(1) Represents the number of IPOs trading above offer price for the period.
Clean Tech IPOs

Clean Tech IPOs (2009 – 2010)

Clean Tech IPO Performance (Offer to Current)

Source: Dealogic. As of November 26, 2010.
Cleantech Venture Capital Activity

Average Investment Size
2005: $5.6 million
2006: $12.3 million
2007: $16.1 million
2008: $22.2 million
2009: $21.1 million
2010: $19.7 million

Number of Investments by Industry Since 2005

- Agriculture: 4.6%
- Water & Wastewater: 5.9%
- Transportation: 5.5%
- Recycling & Waste: 4.5%
- Materials: 5.0%
- Manufacturing: 3.4%
- Energy Storage: 8.4%
- Energy Infrastructure: 4.1%
- Energy Efficiency: 14.1%
- Air & Environment: 4.4%
- Energy Generation: 40.1%

Number of Investments by Region Since 2005

- USA: 48%
- Europe: 31%
- Asia: 9%
- Canada: 6%
- Middle East: 3%
- Australia: 2%
- Other: 1%

Cleantech M&A Activity

Number of Acquisitions by Industry Since 2005

- Water & Wastewater: 48%
- Energy Generation: 35%
- Energy Efficiency: 17%
- Energy Storage: 11%
- Manufacturing: 8%
- Transportation: 6%
- Recycling & Waste: 5%
- Agriculture: 3%
- Air & Environment: 2%
- Other: 1%

Number of Acquisitions by Region Since 2005

- USA: 45%
- Asia: 31%
- Europe: 9%
- Canada: 9%
- Australia: 3%
- Other: 9%

### Select Recent Cleantech Buyers

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<thead>
<tr>
<th>Cleantech</th>
<th>Utilities / IPPs</th>
<th>Industrial / Other</th>
<th>Technology</th>
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<tbody>
<tr>
<td>EnerNOC</td>
<td>AREVA</td>
<td>ABB</td>
<td>CISCO</td>
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<td>First Solar</td>
<td>Constellation Energy</td>
<td>Cooper</td>
<td>IBM</td>
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<tr>
<td>Landis+Gyr+</td>
<td>Duke Energy</td>
<td>Emerson</td>
<td>Oracle</td>
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<tr>
<td>SilverSpring Networks</td>
<td>NextEra Energy Resources</td>
<td>Honeywell</td>
<td>SAP</td>
</tr>
<tr>
<td>SunPower</td>
<td>NRG</td>
<td>Siemens</td>
<td>Sharp</td>
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<tr>
<td>Tendril</td>
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<td>Johnson Controls</td>
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<td>Veolia</td>
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Questions and Answers

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