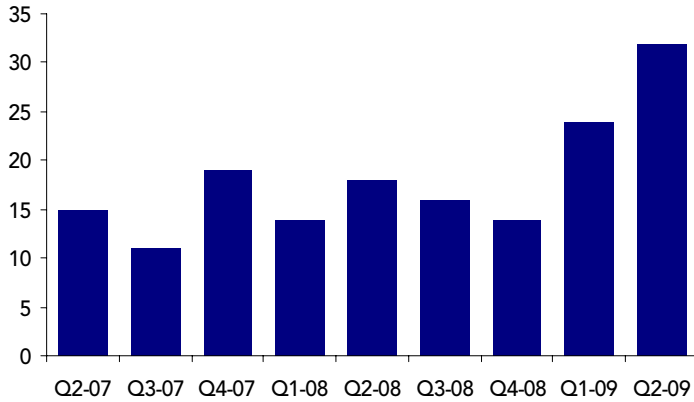
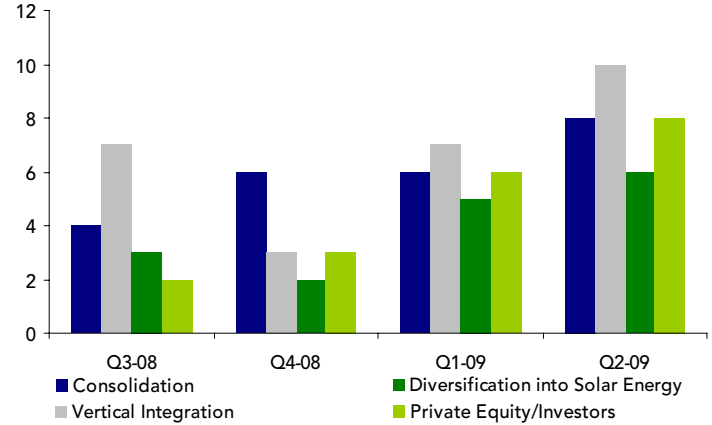


Q2 2009 Deal Volume Comparison

Chart A: Completed Solar Energy Transactions

Chart B: 2009 Quarter Comparison — Solar Energy M&A by Category


Announcements

- First Solar (NasdaqGS:FSLR) acquired OptiSolar, Inc. (April-09)
- Premier Power Renewable Energy (OTCBB:PPRW) acquired Arco Energy S.r.l. (June-09)
- Silix Systems Ltd. (ASX:SLX) acquired the solar manufacturing facility of BP Solar Pty Ltd. (June-09)
- Q-Cells SE (XTRA:QCE) acquired Solibro GmbH (June-09)
- Alteris Renewables, Inc. acquired Renewable Power Systems, LLC (June-09)

Sources: All information contained in this newsletter including the charts was obtained from company websites, Lincoln International's internal data and Capital IQ.

In hindsight, Q1 represented the trough of revenue generation in solar energy during this economic cycle. Results in Q2 were sequentially better but below the most optimistic of expectations. Shipments are expected to peak for the year in Q3 as production has increased, and then seasonally decline in Q4. Pricing has weakened but the rate of decline has slowed.

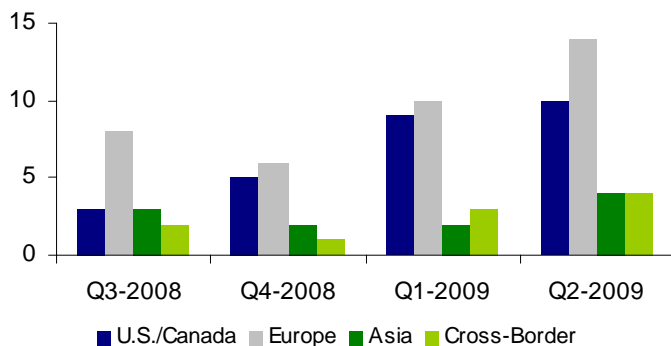
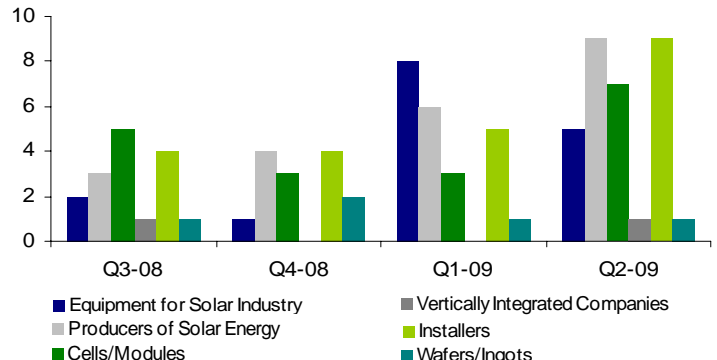
There were 32 completed solar energy transactions in Q2 2009, 33% more than the 24 recorded in Q1 2009 and 78% more than the 18 recorded in Q2 2008. The number of transactions in Q2 2009 represents the greatest number of transactions in a quarter since we began tracking M&A activity within solar energy. These statistics clearly show the yearly increase of transactions within the solar industry since 2005, as the industry continues to expand. 2009 is on track to be another record year from a transaction perspective, partially driven by the increase of diversification into solar and investments from private equity/investors.

Within the solar energy transactions, vertical integration represented 31% of transactions, or ten deals in Q2 2009. The next largest categories were consolidations and private equity investments with eight transactions each, or 25% of transactions. In each quarter since Q3 2008, there has been a steady increase of private equity/investors investing in solar energy. Significantly, diversification into the solar energy industry by corporations and investors accounted for six transactions in Q2 2009, or 19% of the total.

In Q2 2009, 44% of transactions came from Europe, which should not be surprising considering the history and leadership of the European market within the solar energy industry. The number of transactions from U.S./Canada in Q2 2009 was ten, or 31% of the total. This percentage foreshadows the importance of the U.S. market driven by the stimulus legislation. Cross-border transactions and transactions within Asia accounted for four transactions each, or 13% of the total for Q2 2009.

In Q2 2009, there were nine acquisitions each of companies categorized as installers and producers of solar energy, or 28% each of total transactions. This quarter also had seven transactions for cells/modules producers, or 22%, while there was five transactions for providers of solar equipment, or 16% of the total. There was one transaction each of a vertically integrated company and a wafer/ingot company.

Results for Q3 should represent the peak in revenue for 2009 before seasonally declining in Q4. With lower shipments in the final quarter, prices should decline further unless the economic environment responds and delays in U.S. stimulus policy are mollified. Debt financing has not materially improved and debt financing for large scale projects remains extremely difficult to obtain in both the U.S. and Europe. However, we continue to expect strong industry growth in 2010 and believe that share gains will accrue to differentiated suppliers with strong balance sheets.

Chart C: Q2 2009 Solar Energy M&A by Geography

Chart D: Mergers & Acquisition by Sector of Target Company — Q2 2009


Margin Performance in the Solar Energy Industry

With the slowing worldwide economy continuing to impact solar energy companies, margins have flattened across all sectors. In order to increase margins, solar energy companies have cut costs, reduced production, squeezed suppliers, and focused on downstream activities.

The three graphs below provide an overview of gross margin, operating income margin, and EBITDA margin performance from 2005 through today. Each graph shows the margin performance by sector within the solar energy industry.

In terms of margin performance, vertically integrated companies and EPC integrators/

developers showed decreased performance from FY 2008 to Q2 2009 LTM across all margins. The cells/modules companies showed a slight increase in gross margin and EBITDA margin while showing a decrease in operating income margin. Finally, the wafers/ingots companies showed decreased gross margins and EBIT margins while improving EBITDA margins.

Overall, the wafers/ingots companies had the highest

margins followed by the vertically integrated companies.

The EPC integrators/developers had the lowest margins overall. This is due to lower value-add, greater competition, and a higher labor component.

Chart E: Average Gross Margin Performance

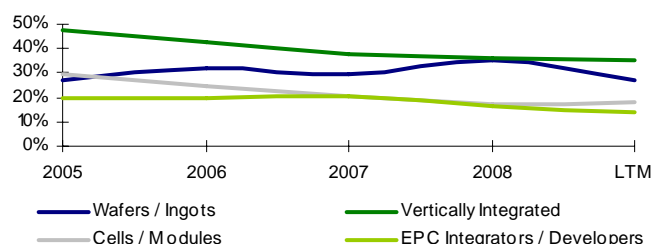


Chart F: Average Operating Income Margin Performance

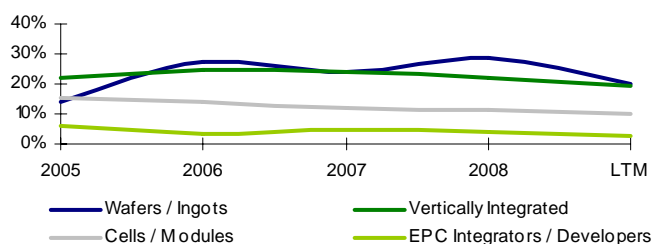
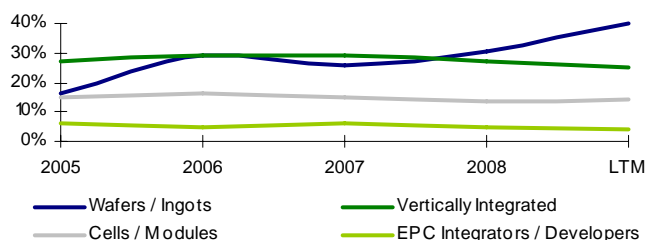


Chart G: Average EBITDA Margin Performance



(LTM)	Gross Margin	Operating Margin	EBITDA Margin
LDK Solar Co.Ltd.	6.7%	2.2%	na
PV Crystalox Solar plc	47.3%	38.4%	39.9%
ReneSola Ltd.	nmf	nmf	nmf
Average Wafers / Ingots	27.0%	20.3%	39.9%
Aleo Solar AG	14.6%	3.6%	4.5%
Canadian Solar Inc.	7.3%	nmf	na
China Sunergy Co. Ltd.	nmf	nmf	na
Delsolar Co. Ltd.	9.7%	5.6%	10.3%
Energy Conversion Devices, Inc.	33.8%	13.3%	22.0%
E-Ton Solar Tech. Co., Ltd.	11.4%	6.8%	9.1%
Evergreen Solar Inc.	8.2%	nmf	nmf
First Solar, Inc.	55.2%	37.5%	42.7%
Gintech Energy Corporation	10.8%	7.8%	11.4%
JA Solar Holdings Co., Ltd.	13.4%	7.3%	na
Motech Industries, Inc.	12.1%	8.4%	12.3%
Q-Cells SE	29.1%	11.0%	15.3%
Solar-Fabrik AG	5.1%	nmf	nmf
Solarfun Power Holdings Co. Ltd.	nmf	nmf	na
Solaria Energía y Medio Ambiente, S.A.	nmf	nmf	nmf
Solon SE	18.3%	3.4%	5.4%
SunPower Corporation	25.8%	10.9%	16.6%
Suntech Power Holdings Co. Ltd.	16.8%	7.9%	10.5%
Sunways AG	11.1%	nmf	nmf
Average Cells / Modules	17.7%	10.3%	14.6%
Renewable Energy Corporation ASA	78.0%	27.1%	36.3%
Solar Power, Inc.	8.8%	nmf	nmf
SolarWorld AG	50.9%	28.3%	34.6%
Trina Solar Ltd.	18.5%	10.3%	13.1%
Yingli Green Energy Holding Co. Ltd.	20.0%	12.8%	16.2%
Average Vertically Integrated	35.2%	19.6%	25.1%
Akeena Solar, Inc.	8.7%	nmf	nmf
Centrosolar AG	16.9%	0.2%	2.7%
Conergy AG	16.5%	nmf	nmf
Kerself S.p.A.	4.6%	2.9%	4.4%
Phönix Solar AG	14.9%	6.5%	6.6%
Premier Power Renewable Energy, Inc.	11.6%	nmf	nmf
Real Goods Solar, Inc.	25.9%	nmf	nmf
SAG Solarstrom AG	15.5%	1.3%	2.8%
Average EPC Integrators / Developers	14.3%	2.7%	4.1%

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Lincoln International's Renewable Energy Group is led by a former CEO of a public company and a former leading Wall Street analyst covering the electronics industry. The firm's Renewable Energy team provides transactional, financial and strategic advisory services to renewable energy companies and private equity groups with an interest in the renewable energy space. For more information, please contact:

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