

NEX REBALANCING Q3 2006

The WilderHill New Energy Global Innovation Index (NEX) of clean energy companies was rebalanced at the end of Q2 2006. The review process saw the addition of four new companies (see Table 1) and the removal of five (see Table 2). In Q3 2006, the NEX will be comprised of 86 constituents, divided into nine sectors (see Figure 1) and quoted on 19 markets around the world (see Figure 2).

AFTER rebalancing, the 86 constituents had an aggregate market capitalisation of USD 286bn, compared with USD 281bn at the end of Q1 2006. The average increased slightly to USD 3.3bn from USD 3.2bn three months ago. This was due to the replacement of five relatively small components with the three large newly-listed companies - REC, VeraSun and Wacker - and one medium-sized Chinese company, Tebian Electric Apparatus. If the new arrivals are ignored, the aggregate market capitalization of the 82 stocks that remained decreased by USD 4.5bn during the second quarter of 2006. This was in line with the 6.7% drop posted by the NEX over the same period.

At the start of the third quarter 2006, the largest constituent was Spanish utility Iberdrola, with a market capitalisation of USD 31.0bn. In early April, the company increased its renewable energy generation capacity target to 10.0GW by 2011, after achieving its 2002-2006 target of 3.8GW one year ahead of schedule. It also raised its 2008 target to 6.2GW from 4.5GW.

Norwegian solar-grade polysilicon

TABLE 1: NEX NEW ENTRANTS

NAME	COUNTRY	PRIMARY SECTOR	MAIN MARKET	TICKER
REC Group	Norway	Solar	Oslo	REC.OL
Tebian Electric Apparatus Stock	China	Generation Efficiency & Smart Distribution	Shanghai	600089.SS
VeraSun Energy Corp	US	Biofuels, Biomass & Waste-to-Energy	NYSE	VSE
Wacker	Germany	Solar	XETRA	WCH.DE

TABLE 2: COMPANIES REMOVED FROM NEX

NAME	COUNTRY	PRIMARY SECTOR	MAIN MARKET	TICKER
Applied Films Corp	US	Solar	NASDAQ G-Mkt	AFCO
Entegris	US	Services & Suppliers	NASDAQ G-Mkt	ENTG
GrafTech International Ltd	US	Services & Suppliers	NYSE	GTI
Hera	Italy	Biofuels, Biomass & Waste-to-Energy	Milan	HRA.MI
Maxim Power Corp	Canada	Biofuels, Biomass & Waste-to-Energy	Toronto	MXG.TO

Source: New Energy Finance

manufacturer, Renewable Energy Corp (REC), was the largest pure-play clean energy company, having knocked India's wind turbine manufacturer Suzlon off the top spot. REC was ranked 12th on the index overall with a market capitalisation of USD 6.8bn.

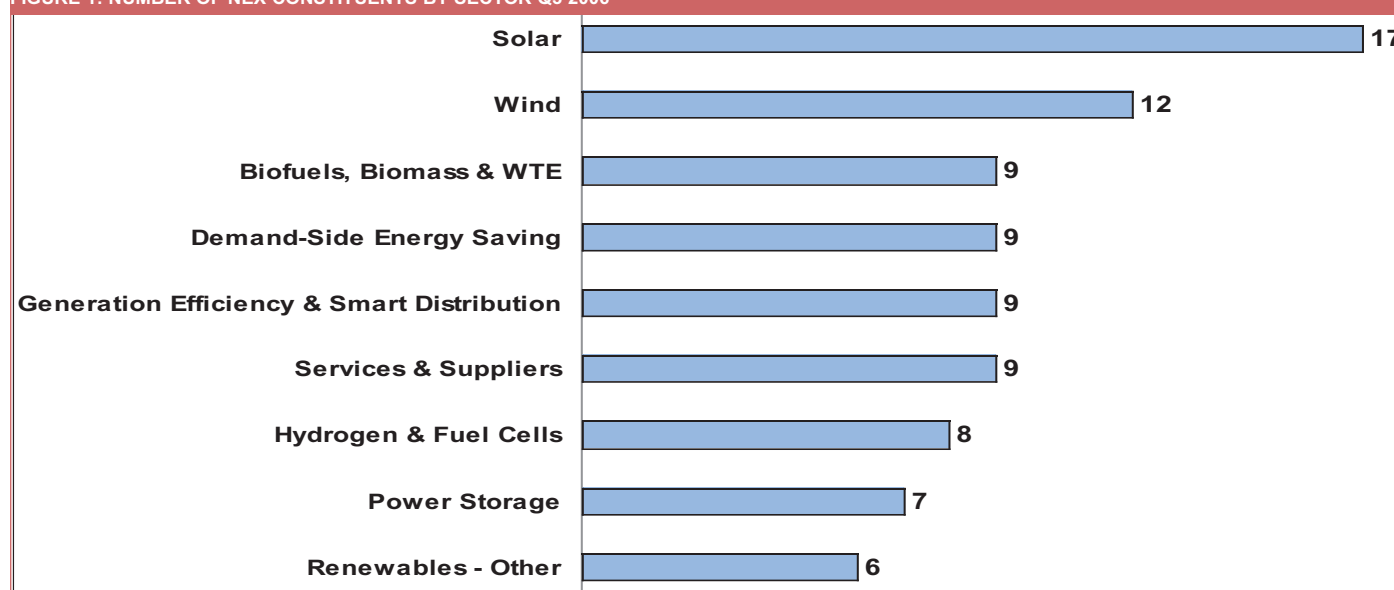
The smallest company was Toronto-traded hybrid locomotive manufacturer

RailPower Technologies, with a market capitalisation of USD 128.1m. The company suffered a loss of 42%, the second-worst performance of the 87 NEX components in Q2 2006 (see the article on page 25).

Solar and wind are the largest sectors, with 17 and 12 stocks respectively. These are followed by Biofuels, Biomass &

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FIGURE 1: NUMBER OF NEX CONSTITUENTS BY SECTOR Q3 2006

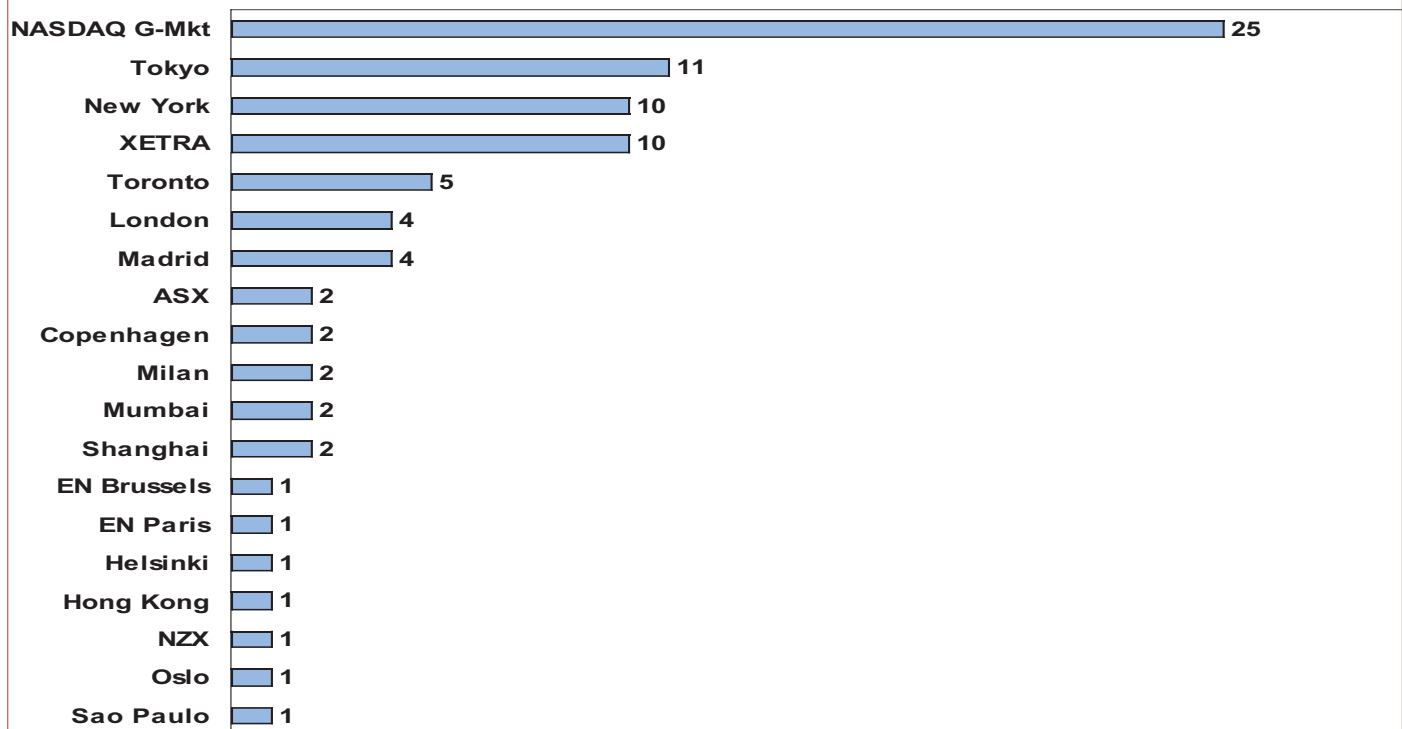


Source: New Energy Finance



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FIGURE 2: NUMBER OF NEX CONSTITUENTS PER MARKET Q3 2006



Source: New Energy Finance

Waste-to-Energy, Demand-Side Energy Saving, Generation Efficiency & Smart Distribution, and Services & Suppliers, with nine companies each. Renewables - Other (Hydroelectric and Geothermal) remained the smallest sector with only six constituents.

Despite the removal of NASDAQ GM-listed US solar thin-film equipment

manufacturer, Applied Films, and consultancy firm, Entegris, the market still has the largest number of index members, with 25 companies. Including the 10 NYSE-listed companies, US-quoted constituents accounted for 40.7% (35/86) of the index, down from 42.5% (37/87) in Q2 2006.

The Tokyo Stock Exchange maintained

second place with 11 companies. The addition of Chinese transformer manufacturer, Tebian Electric Apparatus, increased the number of companies quoted on the Shanghai Stock Exchange to two, while the inclusion of the Oslo Stock Exchange, owing to the addition of REC, increased the global presence of the NEX.

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