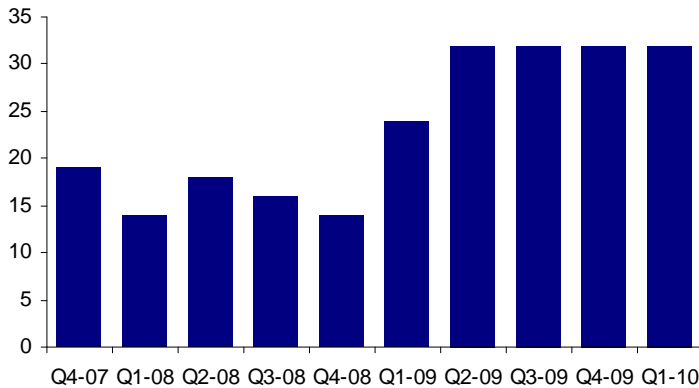
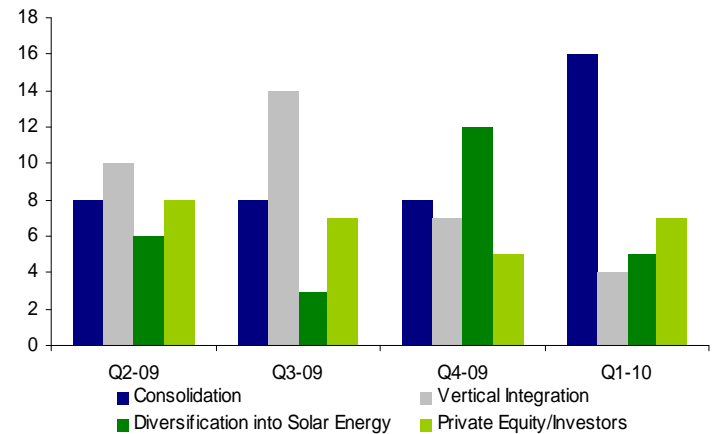


Q1 2010 Deal Volume Comparison

Chart A: Completed Solar Energy Transactions

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


Announcements

- Saint-Gobain (ENXTPA:SGO) acquired SolarWood Technologies S.A. (February-10)
- SunPower Corporation (NasdaqGS:SPWRA) acquired SunRay Renewable Energy Ltd. (March-10)
- WealthCap acquired a 53MW solar park in Lieberose, Germany from Juwi solar GmbH (March-10)
- Fotowatio SL acquired Solar Park in San Vicente de Palacio located in Valladolid, Spain (March-10)

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

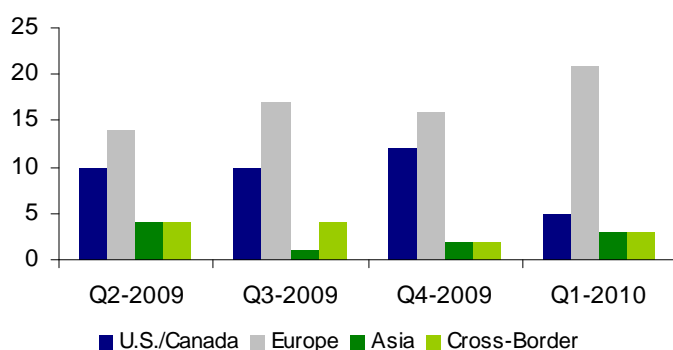
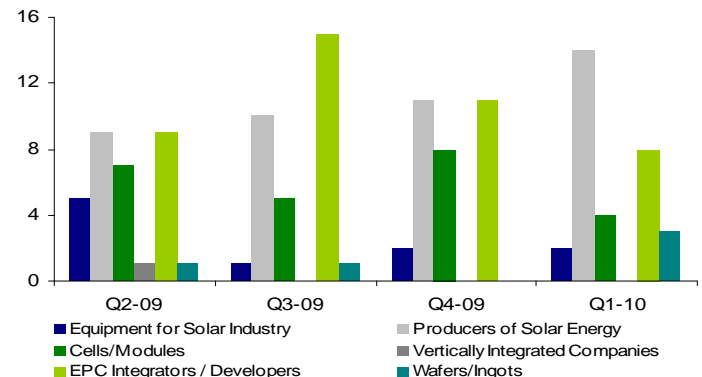
There were 32 completed solar energy transactions in Q1 2010, the same number recorded in Q4 2009. This number is tied with the last three quarters for the greatest number of transactions in a quarter since we began tracking M&A activity within solar energy. These statistics clearly show the increase of transactions within the solar industry since 2005, as the industry continues to expand. 2010 is on track to be another record year from a transaction perspective, partially driven by the increase in consolidation transactions.

Within the solar energy transactions, consolidation represented 50% of transactions, or 16 deals in Q1 2010. The next largest category was private equity/investors with seven transactions, or 22% of transactions in Q1 2010. Diversification into the solar energy industry by corporations and investors accounted for five transactions in Q1 2010, or 16% of the total while vertical integration accounted for four transactions, or approximately 13% of the quarterly total.

In Q1 2010, 66% 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 Q1 2010 was five, or 16% of the total. Cross-border transactions accounted for three transactions, or 9% of the total for Q1 2010, while Asia represented three transactions of the quarterly total.

In Q1 2010, there were 14 acquisitions of companies categorized as producers of solar energy, or 44% of total transactions. This quarter had eight transactions for EPC integrators / developers, or 25%, while there were four transactions for cells / modules producers, or 13% of the total. There were three transactions of companies categorized as wafer / ingot producers and two transactions with companies categorized as solar equipment providers, or 9% and 6% of the total, respectively. Finally, there were no transactions with vertically integrated target companies, and there was one acquisition of a research firm focused on the solar energy industry.

2010 is off to an ambitious start from a transaction perspective. The increase in consolidation activity highlights the repositioning in the solar industry as companies look to capture technology, build scale, and grow their solar project portfolios through acquisition. Many companies and solar projects left 2009 weakened due to the economy and general decline in the credit markets (limiting their available capital). However, some organizations have found solace through a merger or acquisition therefore enhancing their platform and gaining more financial stability. Now, with the brighter outlook at the end of Q1 2010, these stronger companies are well-positioned to take advantage of what looks to be a very positive year.

Chart C: Q1 2010 Solar Energy M&A by Geography

Chart D: Mergers & Acquisition by Sector of Target Company — Q1 2010


Terms & Turns

A Look at Cash Cycles in Solar Energy

The cash cycle is calculated by adding days sales outstanding (DSO) and days inventory outstanding (DIO) and subtracting from this sum days payable outstanding (DPO). The financial statistic is used to measure how quickly a company can turn sales into cash. There are two basic disciplines in managing the cash cycle: 1) contractual terms with vendors and customers, and 2) inventory turns, hence "Terms & Turns."

In the Wafers/Ingots category all cash cycles lengthened. Both ReneSola and LDK Solar increased DSO, DIO and DPO. PV Crystalox significantly increased its DSO to lengthen its cash cycle. On average, wafers/ingots companies had a cash cycle of 133 days.

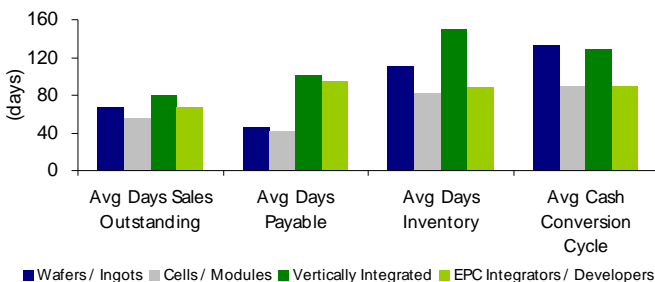
Cells/Modules companies showed mix results with six companies improving their cash cycles while the rest showed longer cash cycles than in Q1 2009. Notably, SunPower Corp. showed the greatest improvement with a 37% reduction in its cash cycle due to increased inventory turns and lower DIO. On the other hand, Energy Conversion Devices showed the worst performance lengthening its cash cycle by 347% due to significant increases in both DSO and DIO and lower inventory turns. On average, the cells/modules companies had a cash cycle of 89 days.

All Vertically Integrated companies' cash cycles improved. Yingli Solar shortened its cash cycle by 30% by reducing DIO and increasing DPO. REC decreased DIO, leading to a 3% shorter cash cycle. On average, vertically integrated companies had a cash cycle of 128 days.

The EPC Integrators/Developers group generally improved their cash cycles with four companies showing improvement. Real Goods Solar shortened its cash cycle by 36% due to improved inventory turns. Meanwhile, Conergy lengthened its cash cycle due to decreased inventory turns. On average, the EPC integrators/developers had a cash cycle of 89 days.

Lincoln periodically reviews and analyzes the cash cycles of the Solar Energy Index components. Cash cycles continue to be a focus due to their significant impact on Return on Invested Capital and the importance of cash flow for growth.

Chart E: Terms and Turns Comparison



	Cash Cycle			Inventory Turns		
	Q1-09	Q1-10	%chg	Apr-09	Apr-10	%chg
Wafers/Ingots						
LDK Solar	125.6	162.5	29.4%	3.0	2.3	-21.4%
PV Crystalox Solar	96.3	120.9	25.5%	5.3	5.3	0.9%
ReneSola	84.3	116.0	37.5%	4.9	3.3	-32.4%
Cells/Modules						
Aleo Solar	72.7	68.7	-5.5%	4.6	5.4	16.9%
Canadian Solar	105.4	107.2	1.7%	6.0	4.9	-18.4%
China Sunergy	49.2	52.0	5.7%	7.5	6.6	-12.4%
Delsolar	n/a	55.1	n/a	n/a	8.5	n/a
Energy Conversion Devices	46.2	206.8	347.0%	4.6	2.2	-52.7%
E-Ton Solar Tech.	62.1	80.7	29.9%	7.5	11.6	54.3%
Evergreen Solar	31.8	36.8	15.7%	6.4	8.7	35.7%
First Solar	61.9	53.2	-14.0%	6.9	7.4	7.7%
Gintech Energy	58.9	46.1	-21.6%	8.6	10.6	24.3%
JA Solar Holdings	44.6	75.3	68.7%	10.1	5.4	-47.2%
Motech Industries	75.3	70.1	-6.9%	6.0	5.9	-1.6%
Q-Cells	118.4	172.2	45.4%	4.1	3.0	-28.6%
Solar-Fabrik	79.8	91.4	14.4%	4.8	3.6	-24.8%
Solarfun Power Holdings	79.9	91.2	14.1%	5.9	4.4	-25.6%
Solaria Energia	n/a	n/a	n/a	1.1	1.6	51.7%
Solon	175.2	226.2	29.1%	3.1	2.5	-17.7%
SunPower Corp.	81.9	51.4	-37.3%	3.8	5.5	43.4%
Suntech Power Holdings	58.9	83.7	42.2%	7.1	5.3	-25.8%
Sunways	48.5	36.8	-24.0%	5.7	6.5	14.6%
Vertically Integrated						
Renewable Energy Corp.	78.8	76.4	-3.0%	1.4	1.7	27.2%
Solar Power	63.5	60.5	-4.8%	7.1	6.2	-12.5%
SolarWorld	n/a	323.1	n/a	0.9	1.2	27.2%
Trina Solar	64.1	59.7	-7.0%	8.7	7.3	-16.6%
Yingli Green Energy	173.7	121.1	-30.3%	2.9	3.0	1.5%
EPC Integrators/Developers						
Akeena Solar	97.3	93.2	-4.2%	4.3	2.8	-35.2%
Centrosolar	89.1	82.4	-7.5%	4.5	4.1	-7.4%
Conergy	135.1	143.6	6.3%	2.9	2.0	-29.6%
Kerself S.p.A.	317.8	n/a	n/a	1.5	0.6	-59.8%
Phoenix Solar	84.9	68.1	-19.8%	4.2	5.9	43.0%
Premier Power Renewable	n/a	n/a	n/a	n/a	16.2	n/a
Real Goods Solar	91.0	58.2	-36.1%	5.4	6.1	12.4%
SAG Solarstrom	n/a	n/a	n/a	n/a	4.9	n/a
Median	79.9	80.7	1.0%	4.8	5.3	9.1%

Note: Negative % change for cash cycle denotes improvement.

Contact

Lincoln International's Renewable Energy Group is led by a former CEO of a public company. 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:

Jack Calderon, Managing Director (Chicago)
jcalderon@lincolninternational.com

Hideyuki Fujisawa, Director (Tokyo)
hfujisawa@lincolninternational.com

Iván Marina, Managing Director (Madrid)
i.marina@lincolninternational.es

Christoph Ulrich, Director (Frankfurt)
c.ulrich@lincolninternational.de

Eric Wijs, Managing Director (Amsterdam)
e.wijs@lincolninternational.nl

Géraud Estrangin, Director (Paris)
g.estrangin@lincolninternational.fr

Chaim Lubin, Associate (Chicago)
clubin@lincolninternational.com

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Lincoln International LLC

500 West Madison, Suite 3900
Chicago, IL 60661
(312) 580-8339



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Contributors

Cynthia Goulet, Analyst: cgoulet@lincolninternational.com