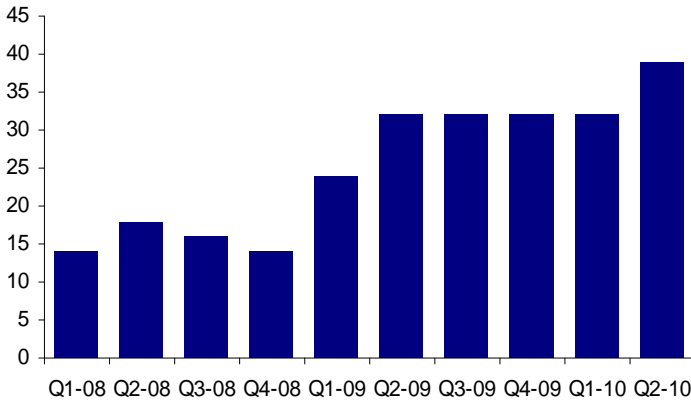
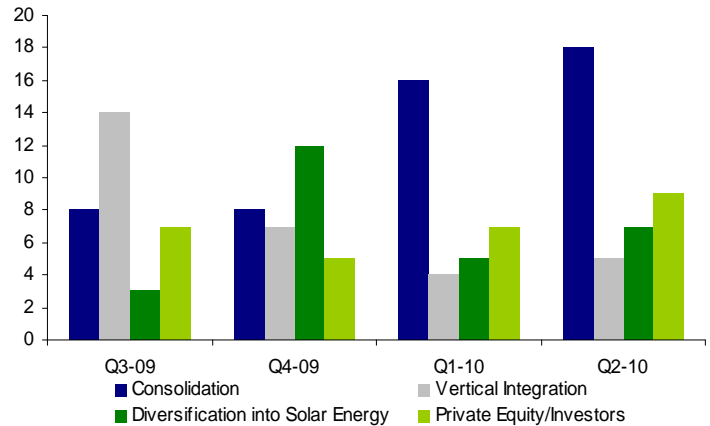


Q2 2010 Deal Volume Comparison

Chart A: Completed Solar Energy Transactions

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


Announcements

- Solutia Inc. (NYSE:SOA) acquired Etimex Solar GmbH (June-10)
- Advanced Energy Industries, Inc. (NasdaqGS:AEIS) acquired PV Powered, Inc. (May-10)
- Roth & Rau AG (XTRA:R8R) acquired OTB Solar B.V., a supplier of inline solar cell production systems (April-10)
- Macquarie Power & Infrastructure Income Fund (TSX:MPT.UN) acquired a 20 MW Solar Photovoltaic Power Project from SunPower Corporation (NasdaqGS:SPWR.A) (June-10)

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

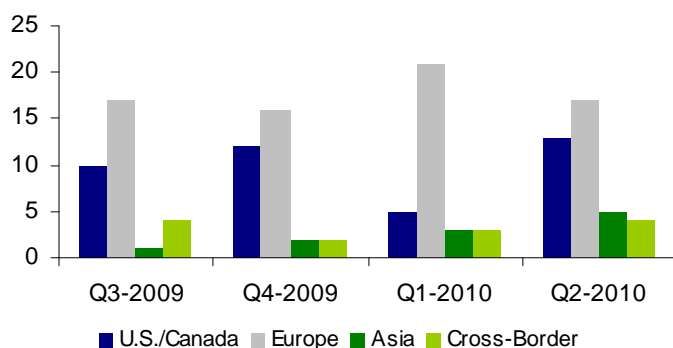
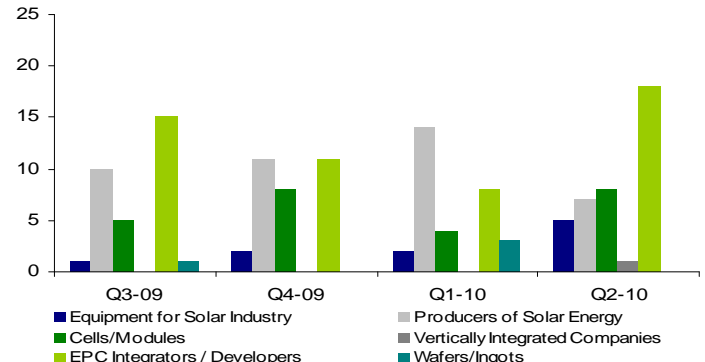
There were 39 completed solar energy transactions in Q2 2010 compared to 32 in Q1 2010. This number is the greatest number of transactions in a quarter since we began tracking M&A activity within solar energy. These statistics clearly show the increase of transactions within the solar industry since 2005, as the industry continues to expand. 2010 is on track to be another record year from a transaction perspective, partially driven by the continuing increase in consolidation transactions.

Within the solar energy transactions, consolidation represented 46% of transactions, or 18 deals in Q2 2010. The next largest category was private equity/investors with nine transactions, or 23% of transactions in Q2 2010. Diversification into the solar energy industry by corporations and investors accounted for seven transactions in Q2 2010, or 18% of the total while vertical integration accounted for five transactions, or approximately 13% of the quarterly total.

In Q2 2010, 44% of transactions came from Europe. The number of transactions from U.S./Canada in Q2 2010 was 13, or 33% of the total. This represents a significant increase over the 5 transactions (16% of total) in Q1 2010. Cross-border transactions accounted for four transactions, or 10% of the total for Q2 2010, while Asia represented five transactions (13% of the quarterly total).

In Q2 2010, there were 18 acquisitions of companies categorized as EPC integrators / developers, or 46% of the total transaction volume. This quarter had eight transactions for cells / modules producers, or 21%, while there were seven transactions for solar energy producers, or 18% of the total. There were five transactions of companies categorized as solar equipment providers and one transaction with companies categorized as vertically integrated, or 13% and 3% of the total, respectively. Finally, there were no transactions with wafer / ingot producers.

The upward trend in transaction activity has continued through the first half of the year with activity increasing in every sector of the solar industry value chain. Consolidation activity in particular is truly spiking with transaction activity reaching historical levels and increasing significantly quarter over quarter. This level of consolidation activity is analogous to periods seen in the early growth stages of other industries such as the early part of the century within the automotive industry and the 1980's in the electronics industry where consolidation became a method to gain competitive advantage. These types of stages mark unique opportunities for companies to potentially sell at premium values benefiting from the overall market momentum.

Chart C: Q2 2010 Solar Energy M&A by Geography

Chart D: Mergers & Acquisition by Sector of Target Company — Q2 2010


Margin Performance in the Solar Energy Industry

With the recent economic downturn, solar energy companies' margins have generally flattened across all sectors since 2008. However, certain sectors are beginning to see slight margin improvements.

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 maintained gross margin while improving operating margin and EBITDA margin from FY 2009 to Q2 2010

LTM. The cells/modules companies' gross margin and EBITDA margin remained flat with a slight increase in operating margin. The EPC integrators/developers maintained gross margin but had lower EBITDA margin. Finally, the wafers/ingots companies showed improved gross margin and slightly improved EBITDA margin.

Overall, the vertically integrated companies had the highest margins followed by the

wafers/ingots companies and cells/modules 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

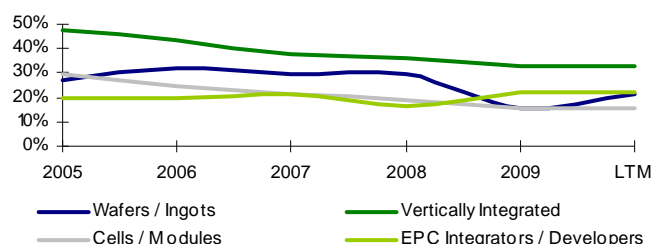


Chart F: Average Operating Income Margin Performance

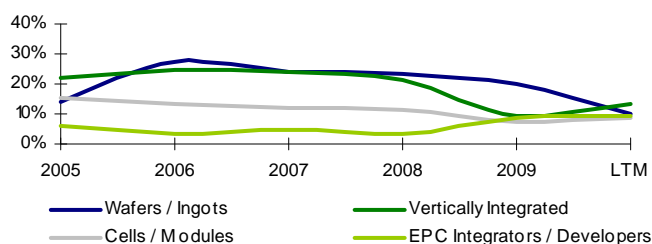
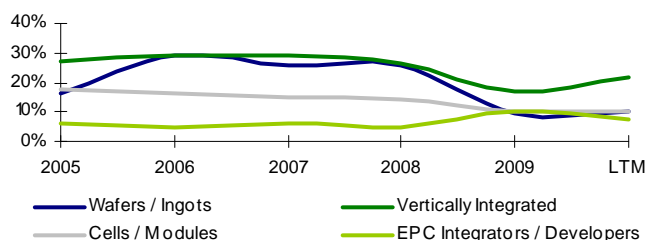


Chart G: Average EBITDA Margin Performance



(LTM)	Gross Margin	Operating Margin	EBITDA Margin
LDK Solar Co., Ltd.	9.8%	0.8%	-3.5%
PV Crystalox Solar plc	34.6%	19.9%	36.5%
ReneSola Ltd.	18.8%	9.9%	-2.4%
Average Wafers / Ingots	21.0%	10.2%	10.2%
Aleo Solar AG	18.6%	6.6%	3.5%
Canadian Solar Inc.	14.8%	6.4%	4.5%
China Sunergy Co. Ltd.	12.0%	3.3%	na
Delsolar Co. Ltd.	2.7%	nmf	6.3%
Energy Conversion Devices, Inc.	6.1%	nmf	18.6%
E-Ton Solar Tech. Co., Ltd.	nmf	nmf	2.7%
Evergreen Solar Inc.	8.1%	nmf	nmf
First Solar, Inc.	47.3%	30.8%	44.8%
Gintech Energy Corporation	11.1%	8.3%	nmf
JA Solar Holdings Co., Ltd.	19.4%	11.7%	3.2%
Motech Industries, Inc.	8.7%	2.7%	10.5%
Q-Cells SE	3.5%	nmf	7.4%
Solar-Fabrik AG	20.4%	3.6%	0.5%
Solarfun Power Holdings Co. Ltd.	20.6%	13.2%	nmf
Solaria Energia y Medio Ambiente, S.A.	19.5%	nmf	na
Solon SE	8.8%	nmf	nmf
SunPower Corporation	19.5%	5.1%	11.5%
Suntech Power Holdings Co. Ltd.	20.2%	11.0%	8.4%
Sunways AG	22.4%	3.5%	nmf
Average Cells / Modules	15.8%	8.9%	10.1%
Renewable Energy Corporation ASA	61.2%	nmf	28.3%
Solar Power, Inc.	12.8%	nmf	nmf
SolarWorld AG	32.1%	7.8%	29.4%
Trina Solar Ltd.	30.4%	19.5%	15.6%
Yingli Green Energy Holding Co. Ltd.	27.1%	13.0%	13.4%
Average Vertically Integrated	32.7%	13.4%	21.7%
Akeena Solar, Inc.	21.7%	nmf	nmf
Centrosolar Group AG	26.4%	6.0%	0.3%
Conergy AG	21.6%	nmf	nmf
Kerself S.p.A.	40.9%	22.6%	22.1%
Phoenix Solar Aktiengesellschaft	10.6%	4.4%	3.4%
Premier Power Renewable Energy, Inc.	14.0%	nmf	nmf
Real Goods Solar, Inc.	25.3%	nmf	nmf
SAG Solarstrom AG	17.1%	5.3%	3.0%
Average EPC Integrators / Developers	22.2%	9.6%	7.2%

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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.

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