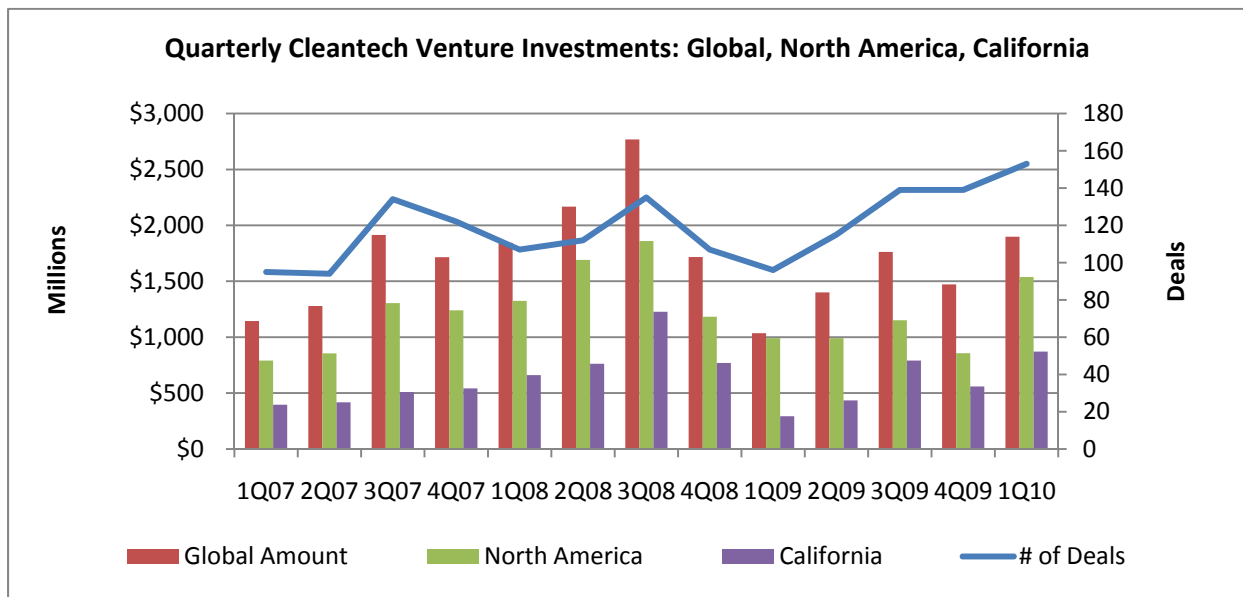


How California Can Accelerate Its Lead in Cleantech in 2010

Policies foster economic growth and job generation

Global cleantech investment numbers had a very strong showing in the first quarter of 2010, with the first three months totaling \$1.9 billion in investments. This represents the best start to a year ever recorded, and comes in 29% higher than the previous quarter and increasing 83% over the same period in 2009. As cleantech investments continue to climb and diversify into other segments in addition to the historically dominant renewable energy field, the data also shows California's growing market share and the potential for economic growth if California becomes the world-leader in segments of the Cleantech market.



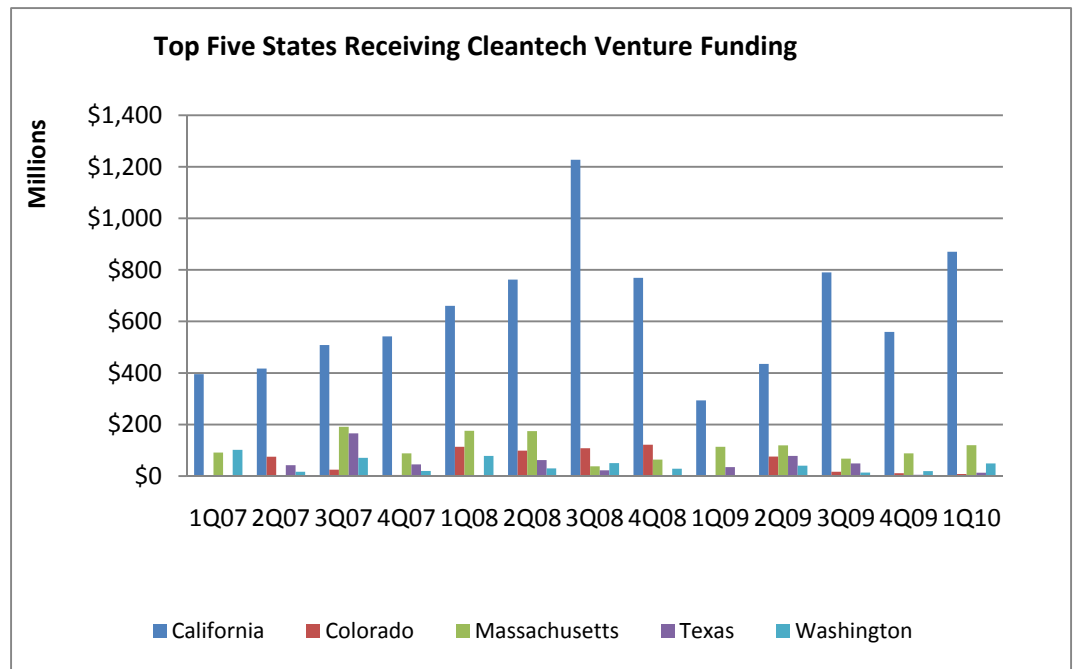
California has majority share of cleantech investments, is gaining

California claimed 46% of all global and 57% of all North American cleantech investments in Q1 2010. As signs of encouragement emerge after a difficult 2009 across nearly all economic sectors, cleantech's rebound is especially pronounced in California, where its \$900 million worth of deals was spread across 47 companies. Since 2002, California has

been home to 353 venture backed cleantech companies, including some of the largest companies in the segments. Solar PV maker Sunpower Corp., headquartered in San Jose, deploys its products globally and will employ a projected 1,000 Californians by the end of 2010 and is the third largest in revenue world-wide.

California versus other U.S. states

Again using investment numbers as an indication of economic activity and potential, California dominates the field in cleantech compared to other states. Since the beginning of 2007, California has led cleantech



investment funding by large margins and appears to be holding steady on its share of the U.S. market, widening its advantage during the rebound over the past three quarters.

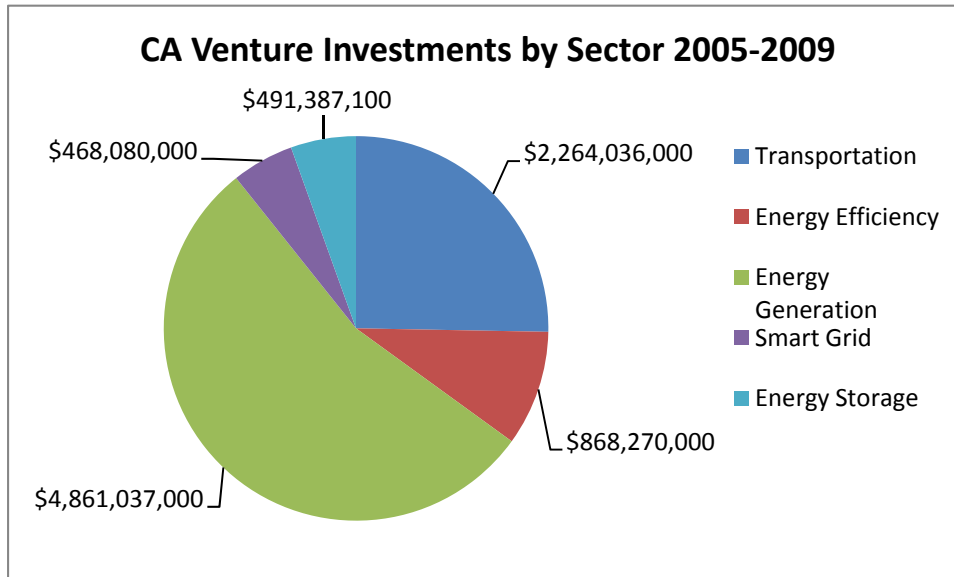
- Top 15 U.S. Metro Areas Clean-Tech Job Activity**
- 1 San Francisco-Oakland-San Jose
 - 2 Los Angeles-Riverside-Orange County
 - 3 New York-Northern New Jersey-Long Island
 - 4 Boston-Worcester-Lawrence-Lowell-Brockton
 - 5 Washington-Baltimore
 - 6 Denver-Boulder-Greeley
 - 7 Seattle-Tacoma-Bremerton
 - 8 Portland-Salem
 - 9 Chicago-Gary-Kenosha
 - 10 Sacramento-Yolo County
 - 11 San Diego
 - 12 Austin-San Marcos
 - 13 Phoenix
 - 14 Detroit-Ann Arbor
 - 15 Houston-Galveston-Brazoria
- Source: Clean Edge, Inc., 2009

California also boasts four of the top fifteen metro areas in the United States for cleantech, including number one and two, taken from measurements of investments, job presence and postings, and patent activity. Meanwhile, a glance at California’s top venture-backed companies based on disclosed deals over the past five years¹ shows geographic distribution ranging from The San Francisco Bay Area (Solyndra, Inc. in Fremont –#1) to the Central Valley (Cilion, Inc. in Goshen – #9) to L.A. (AltraBiofuels, Inc. in Los Angeles – #5).

¹ To see the top 100, visit <http://www.e2.org/jsp/controller?docId=22281>

Emerging cleantech sectors

Traditional cleantech industries, such as renewable energy generation, continue to grow, but emerging sectors are beginning to attract serious backing, as well. For instance, as middle class populations in countries like China and India grow in the coming decades, the global demand for personal vehicles is expected to skyrocket. The source of the transportation innovation that feeds these emerging markets stands to gain enormous



payoffs. In the first quarter of 2010, \$583 million in investments went to low-carbon transportation ventures, with the state's single biggest deal (\$350 million) going to Better Place, the Palo Alto-based maker of electric vehicle networks and services.

Sustaining California's Advantage

California's competitive position stems from the combination of market economics and public policies that foster the kinds of long-term signals and conditions that business thrives on. As general principles that guide long-term growth, we believe:

1. Policies have to be long-term and consistent.
2. Policies should set performance standards, not attempt to "pick winners" among technologies.
3. Governments have a difficult time allocating capital among private companies and should avoid policy designs that require this.
4. The market needs clear price signals. AB 32's intention of creating a price signal on carbon delivers a positive message to investors.
5. Emphasis should be on increasing market demand through cost-effective performance standards and financial programs.

The factors that contribute to California's dominance in the Cleantech space are all potentially long-term. The entrepreneurial ecosystem comprised of investors, serial

entrepreneurs, and innovation sources, such as leading academic institutions, is world-leading. The long-term drivers for cleantech growth, such as increasing energy and water demand with rising populations, long-term supply issues of traditional fossil fuels, and the urgent need to reduce GHG emissions to avoid the worst effects of climate change, are as powerful as ever and have triggered a global race toward the clean energy economy of the future. California's enviable position as home to much of the cleantech activity will only last however, if it continues to nurture the policy environment it has created through landmark laws like AB 32. Scaling up market demand for cleantech products through strong policy is the necessary counterpart to (some might say reason for) its successful entrepreneurial ecosystem.

ABOUT E2 (www.e2.org)

Environmental Entrepreneurs (E2) is the *independent* business voice for the environment. E2 is a national community of individual business leaders who advocate for good environmental policy while building economic prosperity. E2 takes a reasoned, economically sound approach to environmental issues by relying on fact-based policy expertise. As the independent business voice in the debate, E2 is effective and delivers results at both the state and national levels through its bipartisan efforts.

ABOUT CLEANTECH GROUP LLC (www.cleantech.com)

The Cleantech Group, LLC is a membership-based network that connects venture, corporate and institutional investors, entrepreneurs and service providers active in clean technology through related information products, online services and the Cleantech Forum platform of events. The organization's mission is to accelerate the market adoption of venture innovation and cleantech investment. Cleantech Group serves more than 1500 affiliate investor member firms worldwide.