

WILDERHILL NEW ENERGY GLOBAL INNOVATION INDEX (NEX)

The WilderHill New Energy Global Innovation Index (“Index”) is generally composed of between 80 and 90 international and domestic companies whose innovative technologies focus on generation and use of cleaner energy, conservation, efficiency, and the advancement of renewable energy in general. In the past decade, and especially since the Kyoto Protocol, clean energy has seen significant growth outside the United States, with considerable activity now occurring in Europe and the Asia-Pacific region, hence the majority of companies included in the Index are listed on exchanges outside of the U.S. Components are limited to five percent (5%) of the index by weight at rebalancing.

The Index is mainly composed of companies worldwide focused in wind, solar, biofuels, hydro, wave and tidal, geothermal and other relevant renewable energy businesses, as well as energy conversion, storage, conservation, efficiency, materials, pollution control, emerging hydrogen and fuel cells.

The Index was created by, and is a service mark of WilderHill New Energy Finance, LLC (“Index Provider”). The NEX is calculated by Dow Jones Indexes (“Calculation Agent”).

Eligibility Criteria

To adequately reflect the worldwide nature of the emerging lower-carbon sector, in general at least half of the companies comprising the WilderHill New Energy Global Innovation Index are listed on stock exchanges outside the United States.

For a stock to be included in the selection universe, the company must be identified as one that has a meaningful exposure to clean energy, either as a technology, equipment, service or finance provider, such that profitable growth of the industry can be expected to have a positive impact on that company’s performance. Generally, meaningful exposure is taken to mean that the company derives at least 10% of its market value from activities in clean energy, in the judgment of the Index Provider.

Stock selection for the Index is biased in favour of the “purer-play” companies in renewable energy and those in cleaner energy generally. “Purer-play” in this context means those that, as estimated by the Index Provider, derive more than 50% of their market value from their clean energy activities. Consequently, and owing to the fact that the clean energy industry is in the early stages of its growth cycle, the smaller-cap and mid-cap companies may have a leading role in the composition of the Index. As new energy technologies are developed, these too may be added to the Index when significant to this sector.

Larger companies with diversified (including business lines outside clean energy)

businesses may be included, but will only be considered in the following circumstances:

- Clean energy is a rapidly growing part of the business and is estimated to account for above 10% of the market value of the company.
- The company is already or closely positioned to be the dominant market player in the specific sector of the clean energy industry that it is operating in.
- The company is one of the very few quoted companies that offer exposure to a specific sector that has been chosen as an area of the clean energy industry to reflect the Index.
- However, the number of conglomerates will be capped to be less than 20% of the Index by component count.

The Index will not include the stocks of funds investing in quoted equities, as these can themselves qualify for direct inclusion in the Index. The Index may, however, include the stocks of companies or funds whose main activity is investing in or holding portfolios of renewable energy generating capacity or other infrastructure, as long as they meet the other criteria for inclusion. It may also include companies or quoted funds that invest in privately-held equity of qualifying companies.

NEX Index – Sector Classification	
1.	Energy Efficiency
2.	Hydrogen & Fuel Cells
3.	Power Storage
4.	Renewables – Biofuels & Biomass
5.	Renewables – Other
6.	Renewables – Solar
7.	Renewables – Wind

Liquidity and Trading Status

To be included in the Index, components must meet the following criteria relating to liquidity and trading status:

i. Listing on a National Exchange or Primary Listing Market

They will be listed on a major international or national exchange: the NYSE, AMEX or NASDAQ (GS or GM) in the USA; in Europe one of the major exchanges such as London, Paris (Euronext), Madrid, Frankfurt (XETRA) or Copenhagen; in Asia these may include, but not be limited to the Australian Stock Exchange (ASX), Tokyo, Hong Kong, Shanghai, Shenzhen, Mumbai and the National Stock Exchange of India. Where an additional or secondary listing on a major international market is available (e.g. ADRs and GDRs) and such listing offers more attractive trading characteristics than the main listing on a domestic market, exposure to the company through the additional or secondary listing will be considered. Listing on bulletin-board or over-the-counter exchanges is not considered for inclusion in the Index.

ii. Three-month average market capitalization is at least \$100 million

They will have three-month average market capitalization of at least USD 100m. Market capitalization is measured over the preceding 3-month period, and the average of the closing market capitalization on each trading day of that 3-month period is taken into account. The measurement period of 3 months may be reduced if a company has a trading history of less than 3 months, as typically encountered in the case of new IPOs. Market capitalization for a majority of Index stocks is typically USD 250m and above. To account for the notable but smaller companies sometimes significant to the clean energy field, a minority of Index stocks may have market capitalizations between USD 100m and USD 250m.

iii. Significant trading volume

They will reach the minimum average daily trading volume – USD 1m over the preceding 30 days. In addition, at least 250,000 shares were traded each of the last 6 months. Newly IPO'd stocks may be included, but will only be considered in certain circumstances. For stocks quoted on US exchanges strong preference is given to stocks with a price of over USD 3.00 per share. In exceptional circumstances prices of between USD 1.00 and USD 3.00 may be considered.

A small number of Index constituents may at any time not meet these criteria.

The Index Provider will have complete discretion over which companies are included in the Index, their weightings, and the definitions and weightings of the sectors. The Index Provider may at any time and from time to time, change the number of Index constituents by adding or deleting one or more components, or replacing one or more companies contained in the Index with one or more substitute stocks of its choice, if in Index Provider's opinion such addition, deletion or substitution is necessary or appropriate to maintain the quality and/or character of the industry groups to which the Index relates.

Index Methodology

The Index is calculated using a modified equal-dollar weighting methodology. At the time of rebalancing each Index sector is assigned an overall weight in line with that sector's market capitalization within the NEX's component selection universe, adjusted if necessary to avoid problems of illiquidity or over-concentration on any individual sector.

Each sector's components are divided into two categories, large and small. Large components are given three and half times the weight of small components within their sector, and are defined as having an individual market capitalization over \$750 million. Components may be reassigned between large and small categories within their relevant sectors at the discretion of the Index Committee in order to alleviate concerns of individual component liquidity or restricted availability. Components quoted on those markets that restrict ownership or trading by foreign investors will not be excluded altogether but may be allocated to the small component category within their respective sectors (currently China and India impose restriction on foreign ownership and trading).

All components are limited individually to five percent (5%) of the Index by weight at rebalancing notwithstanding any other rules.

Index Rebalancing

This Index is rebalanced on the last business day of each March, June, September and December. Changes to the Index composition typically take effect after the close of trading on the next to last business day of each calendar quarter month ("Rebalance Date"). The components will be determined and announced at the close of trading two days prior to the Rebalance Date. After the Stock Selection Committee meeting for each quarterly rebalancing, the Index Provider will provide to the Calculation Agent the constituents of the Index with determined additions and/or removals as well as sector weights and other related changes for the next quarter at least five business days prior to the Rebalance Date.

The Index divisor was initially determined to yield a benchmark value of 100.00 at the close of trading, December 30, 2002. At each quarterly rebalancing, each stock's index weight is determined and then floats over that quarter according to share price. The individual weights float (are rebased) from one trading day to the next as follows:

- The new weight is obtained by dividing the value represented by that specific component (its index shares multiplied by its share price at the end of the trading day) by the total value of the Index at the end of the same trading day. The new weight is applied to the open share prices of the individual components on the next trading day.
- Thus, if the share price of one Index component moves by +5% on a trading day, whereas the Index in aggregate moves by +1%, the new weight for that specific component will be the previous weight multiplied by $(1+0.05)$ divided by $(1+0.01)$.

Corporate Actions

The Index Provider may substitute components or change the number of issues included in the index, based on changing conditions in the industry or in the event of certain types of corporate actions, including mergers, acquisitions, spin-offs, and reorganizations. In the event of component or share weight changes to the Index portfolio, the payment of dividends other than ordinary cash dividends, spin-offs, rights offerings, re-capitalization, or other corporate actions affecting a component of the Index; the Index divisor may be adjusted to ensure that there are no changes to the Index level as a result of non-market forces.

Corporate Actions and Indexing	
Mergers and acquisitions	Surviving components are reviewed for eligibility by the index committee. In the event of a merger between two components, the share weight of the surviving entity may be adjusted to account for any shares issued in the acquisition.
Spin-offs and reorganizations	Each corporate action is reviewed by the index committee to determine if the resulting securities are eligible for continued inclusion.
Share issuance or buybacks	The Index is not adjusted for changes in shares outstanding.
Rights offerings	Divisor stays constant Shareholders will receive 'B' new shares for every 'A' share held (where applicable). Adjusted price = $(\text{closing price} * A + \text{subscription price} * B) / (A + B)$ New weighting factor = $\text{old weighting factor} * \text{closing price} / \text{adjusted price}$
IPOs	IPOs in-between the quarterly reviews can be included in the Index at the next rebalancing.
Stock Splits	Stock Splits and Stock Dividends are routine index actions which result in no impact to the index level.
Stock Deletion	If any of the corporate events result in a stock deletion from the Index, the leaving stock will not be replaced until the next quarterly review. The weight of the deleted components will be redistributed amongst their respective weights upon the ex-date of the deletion.
Special Dividends	Special Dividends, non-routine dividend payments and return of capital distributions will cause a price adjustment and divisor change on exdate resulting in reinvestment of the distribution across the index. Normal Dividends will be captured in the total return index level.
Bankruptcies	If the company has filed from bankruptcy the stock will be deleted from the Index. The weight of the deleted component will be redistributed to the remaining components amongst their respective weights upon the ex-date of the bankruptcy.

Governance

The Index is managed by the Index Provider, WilderHill New Energy Finance LLC with input from the following two bodies:

An Advisory Board, made up of prominent individuals from the worlds of finance, climate science, technology, politics and communications (sample membership: Spring 2007):

- Christopher T. Walker, Managing Director, Swiss Re Financial Services Corp; Head, Swiss Re's Sustainability Business Development
- James Cameron, Vice Chairman of Climate Change Capital (CCC)
- Honorable Claudine Schneider, Served in the U.S. Congress 1980 to 1990; Global energy expert
- Professor Jessica Wallack, University of California at San Diego, IRPS
- Dr. Sameer Maithel, The Energy and Resources Institute (TERI), India
- Joyce Ferris, Founder and Managing Partner of Blue Hill Partners (specialist clean energy VC investor)
- George Patterson, Director, New Product Development of the American Stock Exchange LLC

A Stock Selection Committee, made up of individuals with knowledge of companies and markets that make up the clean energy industry.

- Research into North American companies is led by the US-based members of WilderHill New Energy Finance LLC
- Research into international companies is led by New Energy Finance Limited in London.

Index Dissemination

The closing value of the index is calculated on a 24-hour day that ends at 5:30 PM New York time. The end-of-day index calculations uses WM closing spot exchange rates as of 4 PM London time and each component stock's closing price on its primary market.

Whenever practical, in conjunction with the Index Provider, the Calculation Agent will pre-announce stock additions and/or deletions as well as certain Index share weight changes at least two trading days prior to the Rebalance Date.

Index Tickers				
Tickers	USD	EUR	GBP	JPY
Price Return (every 15 seconds)	NEX	NEXEU	NEXBP	NEXJY
Total Return (summary only)	NEXUST	NEXEUT	NEXBPT	NEXJYT

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About Us

Wilder Hill New Energy Finance, LLC

The WilderHill New Energy Global Innovation Index is published by WilderHill New Energy Finance, LLC, a partnership between New Energy Finance Limited, based in London, Josh Landess based in the U.S., and Robert Wilder based in the U.S.

New Energy Finance

New Energy Finance is the world's leading independent provider of research to investors in renewable energy, biofuels, low-carbon technologies and the carbon markets. The company's research staff of 50 (based in London, Washington, New York, Beijing, Shanghai, New Delhi, Tel Aviv and Perth) tracks deal flow in venture capital, private equity, M&A, public markets, asset finance and carbon credits around the world.

New Energy Finance covers all sectors of clean energy: renewables (wind, solar, marine, geothermal, mini-hydro, biomass); biofuels; energy architecture (supply-side and demand-side efficiency, energy-smart buildings smart distribution, power storage, carbon capture & sequestration); hydrogen & fuel cells; carbon markets and services.

Services include news, newsletters and reports. The New Energy Finance Desktop is the world's most comprehensive subscription database of investors and investments in clean energy. New Energy Finance's Insight Services provide deep market analysis to investors in Wind, Solar, Biofuels, Biomass, China, VC/PE, Public Markets and the US. New Carbon Finance, a division of the company, provides analysis and price forecasting for the European, global (Kyoto) and emerging US carbon markets. The company also undertakes bespoke research and consultancy, and runs senior-level networking events.

New Energy Finance published the world's first global index of clean energy companies, the GEIX, from December 2004 to January 2006. It was discontinued when the company teamed up with Messrs Landess and Wilder to create the NEX.

New Energy Finance was founded early in 2004 by Michael Liebreich. Michael has a Masters in Engineering from Cambridge University and an MBA from Harvard Business School, where he was a Baker Scholar and Harkness Fellow. Before founding New Energy Finance, he worked for McKinsey & Company, the Associated Press and Groupe Arnault. He is a former member of the British Olympic Ski Team.

Dr. Rob Wilder

Dr. Wilder is Manager of the WilderHill Clean Energy Index® (ECO), the first index of companies quoted on the US exchanges for renewable energy, better energy efficiency and low-carbon solutions. It is tracked by the PowerShares WilderHill Clean Energy Portfolio ([PBW](#)), which has amassed roughly \$1 billion in assets since its launch in 2005.

Rob is also Manager of the WilderHill Progressive Energy Index (WHPRO), the first Index of US-quoted companies capturing opportunities found in decarbonizing coal, oil, and natural gas in response to global climate change and for improving dominant energy sources of today. WHPRO is tracked by a Fund ([PUW](#)) launched by PowerShares in 2006.

Rob is also part-time faculty at University of California at San Diego, and President of the Hydrogen Fuel Cell Institute. He holds J.D. and Ph.D. degrees and has been a Fulbright Fellow, AAAS/ EPA Fellow in Environmental Science & Technology, a National Academy of Sciences Young Investigator (twice) and a California Sea Grant Fellow. He is author of the 1998 book, *Listening to the Sea: The Politics of Improving Environmental Protection* and widely published such as in *Nature*, *Institutional Investor*, *UCLA Journal of Environmental Law and Policy*, *Engineering News-Record*, the *Journal of Alternative Investments* and elsewhere. He has been on faculty at University of California at Santa Barbara, the University of Massachusetts, coordinated a national program for The Nature Conservancy and is presently a Trustee for the Society for Conservation Biology. He lives in a solar-powered home in Encinitas, California.

Josh Landess

Josh Landess is a pioneer in the creation of alternative energy stock market indexes, creating his first in February 2000. In September 2000, he and Rob Wilder teamed up and renamed one of Josh's indexes as The WilderHill Fuel Cell Index, collaborating in researching, maintaining and improving that index.

In 2004, Landess and Wilder, with the help of the American Stock Exchange, led the team that created the WilderHill Clean Energy Index® (ticker: ECO). This was the first clean energy stock market index to be distributed over tape.

In January of 2006, Landess and Wilder collaborated with New Energy Finance to create The WilderHill New Energy Global Innovation Index. It was the first global index of activity in New Energy that was put out over the tape. Index development was again assisted by the American Stock Exchange.

Josh is based in Rio Rico, AZ, and owns First Energy Research, LLC. Aside from indexing work, he seeks to maintain, as time permits, an advocacy and learning role in areas including transportation efficiency, sustainable development and consumer rights.

Important Links	
New Energy Finance	http://www.newenergyfinance.com
New Carbon Finance	http://www.newcarbonfinance.com
WilderHill New Energy Global Innovation Index	http://www.nex-index.com
WilderHill Clean Energy Index	http://www.wildershires.com
WilderHill Progressive Energy Index	http://www.whprogressive.com