1. Executive Summary

Institutional investors with a 2-5 year investment horizon should BUY Renewable Energy Corporation (OSL: REC). This recommendation is based on the following key assumptions:

- REC will be able to profitably compete as a low-cost manufacturer despite eroding profit margins.
- Increasing demand from countries such as Italy, France, Spain, and the United States will sufficiently offset decreased German demand following expiration of the German feed-in tariff.

Based on the financial analysis, key income statement, balance sheet and credit and liquidity metrics are forecast to improve. Based on the current share price of NOK 16.24, the valuation assessment demonstrates that the stock has significant upside potential.

2. Company Overview

REC is a diversified solar company primarily focused on manufacturing. It is divided into three business divisions: REC Silicon, which produces polycrystalline silicon (polysilicon) and silane gas for the photovoltaic (PV) and electronics industries; REC Wafer, which manufactures multi- and mono-crystalline wafers and ingots for the solar cell industry; and REC Solar, which manufactures solar cells and modules and engages in solar project development.

Key Metrics by Business Division (NOK in millions)

REC Silicon	LTM	**REC Wafer**		**REC Solar**	
Revenue	$3,963	Revenue	$5,840	Revenue	$2,060
EBITDA	$1,922	EBITDA	$735	EBITDA	($1,110)
EBITDA Margin	48%	EBITDA Margin	13%	EBITDA Margin	NM
Expansion Costs	$34	Expansion Costs	$108	Expansion Costs	$97
EBITDA, adjusted	$1,956	EBITDA, adjusted	$843	EBITDA, adjusted	($1,013)
EBITDA margin, adj.	49%	EBITDA margin, adj.	14%	EBITDA margin, adj.	NM

REC is headquartered in Oslo, Norway. It operates four manufacturing facilities in the United States, three in Norway, one in Sweden, and one in Singapore. The Singapore-based plant and one of the US-based facilities were very recently completed and commenced production in 2010. The Singapore plant, which is an integrated wafer, cell and module manufacturing complex, will more than double the company's current production capacity when fully operational. REC sales offices are located in Germany, Spain, Italy, the United States, Japan, and China. In addition, REC wholly owns Sovello AG, a module producer based in Germany.

REC was established in 1996. It completed its IPO in 2006 and thereafter the share price proceeded to soar, reaching a peak of NOK 262 in November 2007, with a corresponding market capitalization of NOK 174 billion. During 2008 and 2009, the share price steadily declined. As of June 2010, the market capitalization is down to 16.7 billion NOK.[1]

[1] Yahoo! Finance UK; accessed 6/9/10

3. Industry Overview

REC primarily operates in the solar manufacturing industry. The following is a summary of significant trends in supply and demand impacting the industry.

Supply Trends

Production of polysilicon, a key component of solar panel construction, historically has been limited. In 2008, only twelve factories were known to produce solar-grade polysilicon.[2] This lack of supply, and corresponding high spot prices, in 2008 and 2009 caused solar manufacturers worldwide to begin adding production capacity. In addition, low-cost Asian manufacturers entered the market. As a result, polysilicon supply has been dramatically increasing and spot prices are falling steeply. Solar manufacturers are challenged to achieve extremely low costs of production to be profitable, and it is unclear which companies will maintain profitability as margins continue to erode.

The excess supply is likely to negatively impact the price of solar panels also. The Economist has predicted that the new manufacturing capacity that began coming online in 2008, which doubled in 2009, is expected to lower prices by 70 percent in 2015.[3]

Demand Trends

The European market currently accounts for the majority of the demand for solar panels. Demand for solar panels is the greatest in Germany; however, this demand is expected to decrease after the German feed-in tariff expires in Q3 2010. Demand reductions in Germany are expected to be offset by increasing demand in other countries, particularly Italy, France, Spain, and the United States. Worldwide, the solar market is expected to grow from USD$65.6 billion in 2010 to USD$173.1 billion in 2014, which constitutes a CAGR of 27.5 percent.[4]

The factors positively impacting demand include steadily falling panel prices and rising electricity costs; negative factors include the temporary nature of government subsidies and the persistence of global economic issues.

4. Investment Highlights

Although REC operates in an industry with excess supply, eroding profit margins, and uncertain demand, it has several competitive advantages that will enable it to excel versus its peers and grow profitably despite difficult market conditions.

Corporate Strategy

REC prides itself on being “the world’s most integrated solar energy company.” REC controls the entire value chain by producing its own raw materials; manufacturing wafers from the raw materials; manufacturing cells from the wafers; creating modules from the cells; and assembling the modules into complete solar systems, which REC directly installs, manages, and maintains for end-use commercial, residential, and industrial customers worldwide. In addition, REC sells

[2] “Crystalline Silicon,” www.spiritus-temporis.com, accessed 6/7/10
[3] "Solar Rally," The Economist, 8/28/08
[4] U.S. Solar Energy Market World Data, SBI Energy, June 2010

its raw materials to customers in both the solar manufacturing industry and semiconductor industry.

REC has achieved a comprehensive corporate strategy of total vertical integration, selling to a diversified global customer base in multiple industries. This is a compelling strategy to mitigate risk in an industry with abundant supply and uncertain demand.

Low-Cost Production Advantage

REC's vertical integration strategy has particular benefit when considering the challenges of profitable, low-cost production. Many of REC's competitors are bound to long-term contracts to purchase raw materials at prices much higher than current spot prices, and additionally are carrying raw materials inventories purchased at high prices. REC, however, produces its own raw materials, which ensures that manufacturing costs are kept consistently low.

In addition to achieving a sustainable low-cost advantage by vertical integration, REC has begun utilizing a proprietary new Fluidized Bed Reactor technology to reduce the energy costs of polysilicon production by 80-90 percent. This technology, which recently came online with the completion of the newest US-based manufacturing facility, will provide REC with a dramatic cost advantage over its competitors.

REC's low-cost advantage also stems from the high degree of automation incorporated into the new production facilities recently completed in the United States and Singapore. The increased automation will yield increased precision, reduced waste of raw materials, and reduced labor expenses.

Expanded Production Capacity

REC's recently completed construction of two production facilities in the United States Singapore will, when fully operational, more than double its manufacturing capacity. The Singapore plant will be capable of producing almost 600 MW of solar modules, bringing REC's worldwide module production capacity to 740 MW. REC's annual production of multicrystalline wafers was 542 MW in 2008, and will increase to 2.4 GW after total ramp-up of the Singapore plant.[5]

Although global demand for solar panels is uncertain, REC's ability to profitably manufacture panels at low-cost, combined with this increased production capacity, is likely to result in favorable revenue growth.

Long-Term Contract Agreements

REC enters into long-term supply contracts with customers, which offer price and volume protection, and result in increased business visibility in the medium-term. REC has entered into a significant long-term agreement for the supply of mono-crystalline silicon wafers to Suniva, Inc., a US-based solar cell manufacturer. Under the agreement, REC will until 2013 deliver wafers worth more than USD$300 million.[6]

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[5] REC website, www.recgroup.com, accessed 6/7/10

[6] "Suniva Signs $300M Wafer Supply Agreement With REC," Clean Technology Investor, 6/25/08

5. Investment Risks

Although REC has a compelling corporate strategy of vertical integration and diversification, significant low-cost production advantages, and the capacity to increase production, investment in REC imposes a number of notable risks.

Insufficient Demand

As described above, the production capacity of the solar manufacturing industry is rapidly increasing and demand for solar panels is potentially shrinking. Although it is likely that REC will be able to profitably produce low-cost panels despite eroding margins, it is possible that reduced market demand will prevent REC from sufficiently utilizing its manufacturing capacity. Demand reduction in Germany will need to be offset by increasing demand in other countries such as Italy, France, Spain, and the United States.

Long-Term Contract Risks

Although long-term contract agreements afford price and volume protection, these types of contracts also inherently involve legal risk. In addition to REC's supply agreement with Suniva, the company also entered into a significant long-term agreement to provide China Sunergy Company with mono-crystalline silicon wafers. Under the agreement, REC until 2015 would deliver wafers worth more than USD$400 million. It was structured as a take-or-pay contract with pre-determined prices and volumes for the entire contract period. However, in 2009, the contract became the cause of a legal battle between REC and China Sunergy. As spot prices for wafers fell dramatically in 2009, China Sunergy found itself bound to prices well below spot, prompting a stall in purchasing, and leading REC to prematurely terminate the contract.[7] As spot prices continue to decline, REC could find itself involved in new legal disputes with its current customers.

Currency Risk

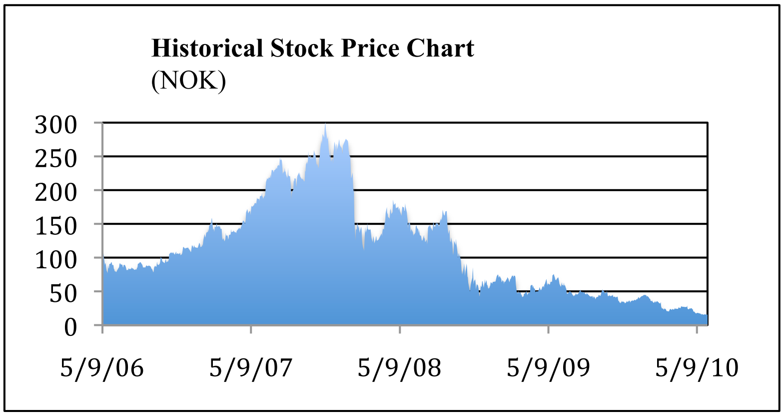
REC, which is headquartered in Europe and sells heavily into the European market, is directly impacted by EU currency risk. Its globally dispersed manufacturing operations and sales offices help to offset some of this risk; however, the volatile FX is still a concern. If the euro continues to decline, REC may need to cut pricing to help its customers remain cost competitive.

6. Financial Analysis

The tables below summarize the financial analysis for REC. A discussion of the key metrics follows. The complete financial model and valuation analysis tables are contained in the Appendix.

Snapshot Financials	
Share Price (NOK)	$16.24
FD Shares Outstanding (millions)	664.8
Earnings Per Share	NM
Price/Earnings	NM

7 "REC and China Sunergy in legal spat over take-or-pay contract," PV-tech.org, 9/11/09



Historical Metrics & Assumptions	2007A	2008A	2009A	2010P	2011P	2012P	2013P	2014P
Income Statement Metrics			-					-
Revenue Growth	53.3%	23.3%	11.8%	15.0%	15.0%	15.0%	15.0%	15.0%
Gross Profit Margin	80.8%	79.2%	65.1%	75.0%	75.0%	75.0%	75.0%	75.0%
EBITDA Margin	47.8%	40.0%	19.0%	30.0%	40.0%	40.0%	40.0%	40.0%
Net Income Margin	20.1%	37.4%	-25.6%	13.1%	22.6%	24.4%	26.0%	26.8%
Earnings Per Share				2.08	4.12	5.12	6.26	7.44
Balance Sheet Metrics								
Days Accounts Receivable	55	98	103	103	103	103	103	103
Days Payable	378	647	353	353	353	353	353	353
Inventory Turnover	1.9	1.0	1.6	1.5	1.5	1.5	1.5	1.5
Other Current Assets as % of Revenue	1.7%	4.1%	6.1%	6.0%	6.0%	6.0%	6.0%	6.0%
Other Current Liabilities as % COGS	55.5%	61.7%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Other Non-Current Assets	$1,671	$4,657	$1,828	$1,828	$1,828	$1,828	$1,828	$1,828
Other Non-Current Liabilities	$870	$2,695	$1,706	$1,706	$1,706	$1,706	$1,706	$1,706
Additions to Intangibles as % Revenue	*na*	1.8%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
Accrued Taxes as % of COGS	37.7%	17.6%	4.4%	5.0%	5.0%	5.0%	5.0%	5.0%
Credit and Liquidity Ratios								
Net Debt to EBITDA	NM	1.9	5.9	3.4	1.8	1.2	0.6	3.3%
Debt/Equity Ratio	0.2	0.4	0.7	0.7	0.5	0.3	0.2	0.1
Capital Expenditures as % of Revenue	64.8%	119.0%	121.6%	10.0%	5.0%	5.0%	5.0%	5.0%

(NOK in millions, except per share data)

- *Revenue.* Projected revenue growth is conservatively estimated to be 15 percent annually. With the recent completion of the two manufacturing facilities, production capacity has more than doubled; however, the uncertain market demand will likely prevent REC from operating at full capacity.
- *Gross profit margin.* Gross profit margins are expected to improve, based on REC's recent introduction of its proprietary FBR technology, which reduces the energy costs of polysilicon production by over 80 percent.

- *EBITDA margin.* REC's EBITDA margin is forecasted to improve, based on the high degree of automation of its new manufacturing facilities, which will reduce labor requirements and contribute to reduced SG&A costs.
- *Net income margin.* The 2009 net income margin was negatively impacted by a one-time impairment charge related to junction box repair at a US-based manufacturing facility. The net income margin is expected to continually improve going forward.
- *Earnings per share.* Forecasted EPS is projected to rise due to rising net income; this projection is based on the assumption that no additional shares will be issued.
- *Capital expenditures.* Spending on capital expenditures is projected to fall dramatically. In recent years, REC has been spending significantly on capital expenditures to build two new manufacturing facilities. These plants were recently completed, and there are no plans for additional construction.

Valuation Summary (NOK in millions, except per share data)

Methodology	Representative Level	Multiples Range			Implied TEV Range			Share Price Range		
		Low	--	High	Low	--	High	Low	--	High
Comparable Public Companies										
TEV / Revenue										
LTM	$9,580	1.60x	--	1.90x	15,329	--	$18,203	7.58	--	11.90
FYE + 1	10,530	1.10x	--	1.20x	11,583	--	12,636	1.95	--	3.53
TEV / EBITDA										
LTM	$1,646	6.0x	--	7.0x	9,875	--	11,521	NM	--	1.85
FYE + 1	3,159	8.0x	--	9.0x	25,272	--	28,431	22.54	--	27.29
Net Income										
LTM	($150)	15.0x	--	17.0x	8,037	--	7,737	NM	--	NM
FYE + 1	$1,382	15.0x	--	16.0x	31,458	--	32,840	31.84	--	33.92
Precedent Transactions										
FYE Revenue	$9,156	2.50x	--	3.50x	22,891	--	32,047	18.96	--	32.73
Discounted Cash Flow Analysis										
Perpetuity Growth Method					$38,709	--	$40,360	42.75	--	45.23
Exit Multiple Method					$32,332	--	$35,913	33.16	--	38.54
Median								**$22.54**	--	**$30.01**
Mean								**$22.68**	--	**$24.38**

Valuation Analysis

Based on the current share price of NOK 16.24, in combination with REC's considerable advantages as "the world's most integrated solar energy company," the valuation analysis clearly demonstrates significant upside potential for REC stock.

- *Comparable public companies.* The assessment of comparable public companies implies a share price range of NOK 16-20. See the Appendix for the complete analysis of comparable public companies.

- *Precedent transactions.* Although publicly available information on precedent transactions is limited, the analysis of EV/revenue multiples implies a share price range of NOK 18-33.
- *Discounted cash flow model.* The discounted cash flow analysis was conducted using the exit multiple method, with exit multiples ranging from 6 to 8, and the perpetuity grow method, with perpetuity growth rates ranging from 2.5 to 3.5 percent. Based on these methods, the DCF analysis implies a share price range of NOK 33-46.

7. Recommended Additional Research

Before committing any capital, it is recommended that some additional research be completed:

- Meet with the management team to gain better insight into future capital expenditures and possible plans for debt or equity raises. Also qualitatively assess the management team's execution capability.
- Speak with management consultants specialized in the solar industry to gain a better sense of market demand, both globally and by country.
- Review long-term contracts to assess potential legal risk.
- Research industry cost curves.

8. Conclusion

The solar manufacturing industry is expected to be plagued by excess supply & eroding profit margins. In addition, market demand for solar panels is highly uncertain. REC's superior vertical integration strategy, proprietary energy-efficient FBR technology, and highly automated new manufacturing facilities position it very well to complete profitably under difficult market conditions. However, the risk remains that REC's capacity utilization rates will be low. The financial analysis indicates that key metrics will improve, and based on the valuation assessment, the current share price of NOK 16.24 represents significant upside potential. Overall, institutional investors with a 2-5 year investment horizon are advised to BUY Renewable Energy Corporation.

FINANCIAL MODEL

(NOK in millions)	Fiscal Year Ending Dec 31,			Fiscal Year Ending Dec 31,				
	2007A	**2008A**	**2009A**	**2010P**	**2011P**	**2012P**	**2013P**	**2014P**
Income Statement								
Revenue	$6,642	$8,191	$9,156	$10,530	$12,109	$13,926	$16,015	$18,417
Cost of Goods Sold	$1,273	$1,701	$3,197	$2,632	$3,027	$3,481	$4,004	$4,604
Gross Profit	5,369	6,490	5,959	7,897	9,082	10,444	12,011	13,813
SG&A Expenses	$2,197	$3,211	$4,219	$4,738	$4,238	$4,874	$5,605	$6,446
EBITDA	3,172	3,279	1,741	3,159	4,844	5,570	6,406	7,367
Depreciation	$482	$678	$1,293	$122	$70	$81	$93	$107
Amortization	92	36	58	63	73	84	96	111
Impairment	11	36	2,214	0	0	0	0	0
EBIT	2,587	2,529	(1,824)	2,974	4,701	5,406	6,217	7,149
Net Interest Expense	($610)	$1,850	($658)	($1,055)	($896)	($678)	($433)	($282)
Pretax Income	1,977	4,379	(2,482)	1,919	3,805	4,728	5,784	6,868
Taxes	$644	$1,314	($135)	$537	$1,065	$1,324	$1,620	$1,923
Net Income	1,333	3,064	(2,347)	1,382	2,739	3,404	4,165	4,945
Income Statement Metrics								
Revenue Growth	**53.3%**	**23.3%**	**11.8%**	**15.0%**	**15.0%**	**15.0%**	**15.0%**	**15.0%**
COGS as % of Revenue	19.2%	20.8%	34.9%	25.0%	25.0%	25.0%	25.0%	25.0%
Gross Profit Margin	**80.8%**	**79.2%**	**65.1%**	**75.0%**	**75.0%**	**75.0%**	**75.0%**	**75.0%**
SG&A as % of Revenue	33.1%	39.2%	46.1%	45.0%	35.0%	35.0%	35.0%	35.0%
EBITDA Margin	**47.8%**	**40.0%**	**19.0%**	**30.0%**	**40.0%**	**40.0%**	**40.0%**	**40.0%**
EBITDA Growth	*na*	-2.3%	-172.1%	-263.0%	58.1%	15.0%	15.0%	15.0%
EBIT Margin	39.0%	30.9%	-19.9%	28.2%	38.8%	38.8%	38.8%	38.8%
Tax Rate	32.6%	30.0%	5.4%	28.0%	28.0%	28.0%	28.0%	28.0%
Net Income Margin	**20.1%**	**37.4%**	**-25.6%**	**13.1%**	**22.6%**	**24.4%**	**26.0%**	**26.8%**
Net Income Growth	*na*	129.9%	-176.6%	-158.9%	98.3%	24.3%	22.3%	18.7%
Balance Sheet								
Assets								
Cash	$5,795	$497	$1,688	$1,688	$1,688	$1,688	$1,688	$3,319
Accounts Receivable	1,020	2,220	2,608	3,013	3,465	3,984	4,582	5,269
Inventory	655	1,670	1,989	1,755	2,018	2,321	2,669	3,069
Other Current Assets	114	334	562	632	727	836	961	1,105
Total Current Assets	7,583	4,721	6,848	7,088	7,898	8,829	9,900	12,763
Net PP&E	$7,635	$19,438	$24,398	$25,329	$25,864	$26,480	$27,187	$28,001
Goodwill	799	917	584	584	584	584	584	584
Other Intangible Assets	256	477	476	518	567	623	687	760
Other Non-Current Assets	1,671	4,657	1,828	1,828	1,828	1,828	1,828	1,828
Total Assets	$17,945	$30,209	$34,134	$35,347	$36,741	$38,343	$40,186	$43,937
Liabilities & Shareholders' Equity								
Accounts Payable	$1,335	$3,058	$3,137	$2,581	$2,968	$3,414	$3,926	$4,515
Accrued Taxes	480	300	142	132	151	174	200	230
Other Current Liabilities	706	1,049	263	216	248	285	328	378
Total Current Liabilities	2,522	4,407	3,542	2,929	3,368	3,873	4,454	5,122
Long-Term Debt	$2,797	$6,595	$11,977	$12,422	$10,637	$8,330	$5,427	$3,565
Other Non-Current Liabilities	870	2,695	1,706	1,706	1,706	1,706	1,706	1,706
Total Liabilities	$6,188	$13,696	$17,225	$17,056	$15,711	$13,909	$11,588	$10,393
Paid-in Capital	$9,043	$9,043	$13,428	$13,428	$13,428	$13,428	$13,428	$13,428
Retained Earnings and Other	2,714	7,469	3,481	4,863	7,602	11,006	15,171	20,116
Total Shareholders' Equity	11,757	16,512	16,909	18,291	21,030	24,434	28,599	33,544
Total Liabilities & Shareholders' Equity	$17,945	$30,209	$34,134	$35,347	$36,741	$38,343	$40,186	$43,937
Basic Shares Outstanding				$664.8	$664.8	$664.8	$664.8	$664.8
Earnings Per Share				2.08	4.12	5.12	6.26	7.44
Check	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Balance Sheet Metrics								
Current Ratio	3.0	1.1	1.9	2.4	2.3	2.3	2.2	2.5
Quick Ratio	2.7	0.6	1.2	1.6	1.5	1.5	1.4	1.7
Debt to EBITDA	0.9	2.0	6.9	3.9	2.2	1.5	0.8	0.5
Net Debt to EBITDA	NM	1.9	5.9	3.4	1.8	1.2	0.6	0.0
Interest Coverage Ratio	49.9	102.5	3.8	3.0	5.4	8.2	14.8	26.2
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Capital Expenditures	($4,302)	($9,747)	($11,136)	($1,053)	($605)	($696)	($801)	($921)

DISCOUNTED CASH FLOW ANALYSIS

Tax Rate	28.0%
WACC	13.6%
Terminal Multiple	7.0x
Perpetuity Growth Rate	3.0%
Valuation Date	6/4/10

	Fiscal Year Ending December 31,				
($ in millions)	**2010**	**2011**	**2012**	**2013**	**2014**
Revenue	$10,530	$12,109	$13,926	$16,015	$18,417
EBITDA	3,159	4,844	5,570	6,406	7,367
EBIT	2,974	4,701	5,406	6,217	7,149
Less: Taxes	(833)	(1,316)	(1,514)	(1,741)	(2,002)
Debt-Free Earnings	2,141	3,385	3,892	4,476	5,148
Less: Capital Expenditures	(1,053)	(605)	(696)	(801)	(921)
Less: (Increase)/Decrease in Working Capital	(853)	(371)	(426)	(490)	(564)
Plus: Depreciation, Amortization & Impairment	185	143	164	189	217
Unlevered Free Cash Flow	420	2,551	2,934	3,374	3,880
Discount Period	1.0	2.0	3.0	4.0	5.0
Discount Factor	0.88	0.77	0.68	0.60	0.53
Present Value of Unlevered Free Cash fFow	$370	$1,976	$2,000	$2,025	$2,049

Terminal Value Calculation

Perpetuity Growth Method:	
2014 FCF	$3,880
Terminal Value	$36,538
Discount Period	4.0
Discount Factor	0.60
PV of Terminal Value	$21,924
Net Present Value of Enterprise	**$30,345**
Exit Multiple Method:	
2014 EBITDA	$7,367
Exit Multiple	7.0x
Terminal Value	$51,567
Discount Period	5.0
Discount Factor	0.53
PV of Terminal Value	$27,233
Net Present Value of Enterprise	**$35,653**

Sensitivity Analyses

Enterprise Value

WACC	Exit Multiple				
	6.0x	**6.5x**	**7.0x**	**7.5x**	**8.0x**
11.6%	$34,457.5	$32,331.6	$32,331.6	$34,457.5	$38,709.2
12.6%	35,912.6	33,689.0	33,689.0	35,912.6	40,360.0
13.6%	35,912.6	33,689.0	33,689.0	35,912.6	40,360.0
14.6%	34,457.5	32,331.6	32,331.6	34,457.5	38,709.2
15.6%	31,763.0	29,817.8	29,817.8	31,763.0	35,653.5

WACC	Perpetuity Growth Rate				
	2.50%	**2.75%**	**3.00%**	**3.25%**	**3.50%**
11.6%	$38,709.2	$38,709.2	$38,709.2	$38,709.2	$38,709.2
12.6%	40,360.0	40,360.0	40,360.0	40,360.0	40,360.0
13.6%	40,360.0	40,360.0	40,360.0	40,360.0	40,360.0
14.6%	38,709.2	38,709.2	38,709.2	38,709.2	38,709.2
15.6%	35,653.5	35,653.5	35,653.5	35,653.5	35,653.5

Share Price

WACC	Exit Multiple				
	6.0x	**6.5x**	**7.0x**	**7.5x**	**8.0x**
11.6%	$36.35	$33.16	$33.16	$36.35	$42.75
12.6%	$38.54	$35.20	$35.20	$38.54	$45.23
13.6%	$38.54	$35.20	$35.20	$38.54	$45.23
14.6%	$36.35	$33.16	$33.16	$36.35	$42.75
15.6%	$32.30	$29.38	$29.38	$32.30	$38.15

WACC	Perpetuity Growth Rate				
	2.50%	**2.75%**	**3.00%**	**3.25%**	**3.50%**
11.6%	$42.75	$42.75	$42.75	$42.75	$42.75
12.6%	$45.23	$45.23	$45.23	$45.23	$45.23
13.6%	$45.23	$45.23	$45.23	$45.23	$45.23
14.6%	$42.75	$42.75	$42.75	$42.75	$42.75
15.6%	$38.15	$38.15	$38.15	$38.15	$38.15

COMPARABLE PUBLIC COMPANIES ANALYSIS

($ in millions)

Multiples Analysis

Company Name	Ticker	Currency	Share Price 6/4/10	% Off 52-Week High	Market Capitalization	Enterprise Value	Cash	Debt	TEV / Revenue		TEV / EBITDA		Price / Earnings	
									LTM	FYE+1	LTM	FYE+1	LTM	FYE+1
LDK Solar Co,. Ltd.	NYSE: LDK	USD	$5.66	60.3%	$744	$1,856	$444	$1,519	1.60x	1.13x	NM	9.5x	-1.9x	15.3x
ReneSola Ltd.	NYSE: SOL	USD	5.97	31.8%	1,031	1,447	132	548	2.37x	1.56x	NM	8.5x	-47.1x	6.2x
MEMC Electronic Materials, Inc.	NYSE: WFR	USD	10.77	49.6%	2,443	2,194	692	444	1.58x	1.10x	NM	10.5x	-31.1x	26.3x
Suntech Power Holdings Co., Ltd.	NYSE: STP	USD	9.11	57.4%	1,633	1,775	840	968	0.90x	0.78x	6.2x	5.7x	18.4x	14.5x
Median				53.5%	$1,332	$1,816	$568	$758	1.60x	1.11x	6.2x	9.0x	-16.5x	15.3x
Mean				49.8%	$1,463	$1,818	$527	$870	1.85x	1.14x	6.2x	8.5x	-15.4x	15.9x
Renewable Energy Corporation ASA	OSL: REC	NOK USD	$16.24 2.49	74.6%	$10,796 1,658	$22,387 3,439	$1,130 174	$12,721 1,954	2.34x	2.13x	13.6x	7.1x	-71.9x	7.8x

Margins Analysis

Company Name	Revenue Growth		EBITDA Growth		LTM CapEx % of Revenue	EBIT Margin		EBITDA Margin		Net Margin	
	FYE '09-10	FYE '10-11	FYE '09-10	FYE '10-11		LTM	FYE+1	LTM	FYE+1	LTM	FYE+1
LDK Solar Co,. Ltd.	50.2%	20.4%	-203.9%	8.2%	58.4%	NM	9.3%	NM	11.9%	-34.4%	2.9%
ReneSola Ltd.	81.3%	4.3%	-394.8%	-0.8%	44.7%	NM	14.9%	NM	18.4%	-3.6%	17.9%
MEMC Electronic Materials, Inc.	71.9%	12.5%	-6652.8%	92.9%	20.2%	NM	4.6%	1.9%	10.5%	-5.7%	4.6%
Suntech Power Holdings Co., Ltd.	33.8%	8.0%	28.8%	12.9%	7.3%	11.0%	11.2%	14.5%	13.7%	4.5%	5.0%
Median	61.1%	10.2%	-299.3%	10.6%	32.4%	11.0%	10.2%	8.2%	12.8%	-4.6%	4.8%
Mean	59.3%	11.3%	-1805.7%	28.3%	32.6%	11.0%	10.0%	8.2%	13.6%	-9.8%	7.6%
Renewable Energy Corporation ASA	15.0%	15.0%	81.5%	53.3%	105.9%	NM	28.2%	17.2%	30.0%	-1.6%	13.1%

Source: Company filings, Google Finance, equity analyst research and press releases

PRECEDENT TRANSACTIONS ANALYSIS

($ in millions)

Announce Date	Acquiror	Target	Target Description	Target FYE Revenue	Transaction Value	Implied TEV / Revenue
03/24/10	Advanced Energy Industries, Inc. (1)	PV Powered Inc.	Privately held manufacturer of grid-tied PV inverters in the residential, commercial, and utility-scale markets; operates throughout North America	$21.0	$50.0	2.38x
03/24/10	Advanced Energy Industries, Inc. (2)	PV Powered Inc.	Privately held manufacturer of grid-tied PV inverters in the residential, commercial, and utility-scale markets; operates throughout North America	$21.0	$90.0	4.29x
11/20/09	MEMC Electronic Materials, Inc. (3)	Sun Edison LLC	Privately held developer of solar power projects and provider of solar energy services throughout North America	$102.4	$237.6	2.32x
11/20/09	MEMC Electronic Materials, Inc. (4)	Sun Edison LLC	Privately held developer of solar power projects and provider of solar energy services throughout North America	$102.4	$314.6	3.07x
Median						2.73x
Mean						3.01x

Notes:
(1) Source: press release. Transaction value not including potential earn-out.
(2) Source: press release. Transaction value including potential earn-out.
(3) Source: press release and current 10K. Transaction value not including potential earn-out.
(4) Source: press release and current 10K. Transaction value including potential earn-out.