

Excerpt from Mercury News, April 11, 2008

http://www.mercurynews.com/sv150/ci_8891623?nclick_check=1

SV150 likely to soon go green

SUNPOWER LEADS NEWLY EMERGENT VALLEY SECTOR

By **Matt Nauman**

Mercury News

Despite all the news from Bay Area companies peddling solar, wind, biofuel and energy-efficiency innovations and products, the green technology sector hasn't yet registered in the Mercury News' annual Silicon Valley 150 rankings.

Considering the pace of venture-capital investment, news from start-ups, the size of the markets (energy, transportation) and the size of the problem (global warming), most expect that to change.

"We wouldn't be investing if we didn't think we could build some big companies," said Trae Vassallo, a partner and member of the green-tech team with Kleiner Perkins Caufield & Byers.

That Menlo Park venture firm, which lists Al Gore and John Doerr among its partners, has about a dozen companies in its clean-tech portfolio, including ones working in solar (Ausra, Miasole), biofuels (Amyris), automotive (Fisker) and energy efficiency (Verdium).

Silicon Valley's highest-profile clean-tech player is SunPower, the San Jose photovoltaic solar-panel maker and seller. As an industry leader, it benefited from last year's run-up of alternative-energy stocks. And its revenue growth nearly matched its soaring share price.

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"Solar power demand has hit the inflection point and SunPower is aggressively expanding," said Tom Werner, its chief executive. "Over the past three years, SunPower has experienced phenomenal growth, tripling our revenues in each year and doubling our head count last year in both Bay Area offices."

Other members of this year's list, such as Applied Materials, which has become an integral player making machines that test and manufacture solar panels, and Echelon, a networking company that makes smart electric meters and other related products for utilities, are benefiting from the clean-tech boom.

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"There are two questions here," said Rob Wilder, head of the WilderHill Clean Energy Index, which tracks stocks of renewable-energy companies and grew 58 percent last year. "Do these green companies have good growth prospects? And will their stock prices appreciate?"

Excitement about a certain segment of stocks almost inevitably leads to bubbles, he said.

"People bid up these companies ahead of their earnings," he said. "Even if solar has great growth ahead, some of that is already baked into the share price."

"We do see prospects for clean-energy growth and some of that will be

companies based in the Bay Area," he said. "But, along the way, share prices are going to go in peaks and valleys."

His alternative-energy fund started years before every eyeball was on the clean-tech sector, he said. Now, "the ground is shifted." Investors can choose from dozens of similar indexes, green-oriented mutual funds and the like.

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Besides solar and cellulosic ethanol, Wilder sees potential for electric vehicles - he's on the waiting list to get a Tesla roadster - as well as for wind energy and geothermal.

David Bach, a bestselling author, brings a different, inside-his-own-apartment perspective. His just-released "Go Green, Get Rich: 50 Simple Ways to Save the Earth (and Get Rich Trying)" (Broadway Books, \$14.95) offers advice to readers, much of it financial.

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Big corporations such as Wal-Mart and General Electric are getting the message. Wal-Mart, for instance, sold 100 million more-efficient compact fluorescent light bulbs last year and is pushing its vendors to use less packaging and its suppliers to use less gas in making deliveries.

"This is not a fashion trend. This is not a fad," Bach said. "It's a global transformation and shift of how people live, buy and consume products."

Investors hoping to capitalize should start with socially responsible mutual funds or, more specifically, green funds. He mentions Winslow Green Growth, the New Alternatives Fund and Green Century Funds in his book.