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BARRON'S COVER

By MARK VEVERKA

IT'S THAT RARE OPPORTUNITY to save humanity and make a killing.

The mere possibility has Silicon Valley's venture capitalists tripping over each other to offer cash to start-ups focused on Clean Technology, a fuzzy business category that now encompasses just about anything that might help stave off global warming and aid the environment: solar and wind-generated energy sources, air and water pollution-control devices, and alternative fuels made from just about any non-hydrocarbon-based item all qualify. Even electric sports cars seem to fit the bill.

Venture capitalists plunked down better than \$1.5 billion in funding for clean tech in 2006, bringing the total to \$4.2 billion since 2000, according to the National Venture Capital Association. These strong inflows have helped launch 1,500 start-ups worldwide.

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Clean tech no doubt will suffer from some of the same ills as the Internet: Already, solar stocks are frothy (see [Flying Very Close to the Sun](#), in Part II of this story), ethanol shares have soared only to plunge as corn prices rose, and some fuel-cell companies seem to have borrowed their business plans from long-departed Web enterprises. But the sector also appears to be a fertile source of profitable growth investments for the next decade or more. There's already a decent selection of stocks to buy in this area, with substantial upside.

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California's move provided an added measure of validation to the category, which increasingly is moving into the public markets. Thirty clean-tech outfits went public in 2006, raising about \$4.4 billion, following the 19 that generated roughly \$1.7 billion in 2005. The American Stock Exchange now has a **Cleantech Index** (CTIUS) and there's a [PowerShares' WilderHill Clean Energy Portfolio](#) exchange-traded fund (PBW), one of a number of vehicles devoted to the group. (*Barron's* parent, Dow Jones, announced last week that it was launching a new Clean Tech news service for investors.)

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