

# NASDAQ OMX INDEX OVERVIEW

## NASDAQ OMX Green Economy Index Family

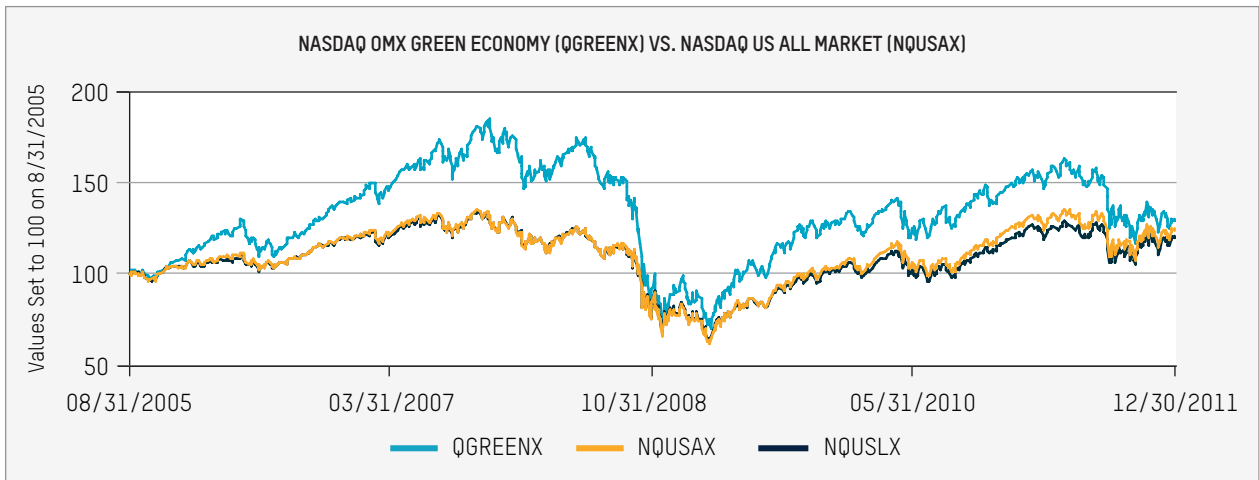
NASDAQ OMX® is the first indexer to offer a complete family of indexes tracking the growing environmental and clean-energy sector, also known as Green Economy.

Green Economy is the shift of economic development towards sustainable practices in business and infrastructure.

At the head of the index family is the all-inclusive **NASDAQ OMX Green Economy Global Benchmark Index (QGREEN)**, the first of its kind to monitor and track such a large portfolio of green companies. It is designed to act as an indicator of performance of stocks in areas such as energy efficiency, renewable energy generation, pollution mitigation and advanced materials, providing a global benchmark for institutional and retail investors.

The ability to benchmark green and sustainable companies in a clear and comprehensive manner provides investors the opportunity to participate in the future growth of this critical sector.

# PERFORMANCE



In the more than six years since inception (using back-tested data from 8/31/2005 through the index launch on 9/22/2010, and from launch through 12/31/2011), QGREEN out-performed both the U.S. Market and U.S. Large Cap space by 6% and 10%, respectively. Over that timeframe, QGREEN had a correlation to NQUSAX of 0.908 and QGREEN had a Sharpe Ratio that was higher than the US All Market and Large Cap Indexes at 0.68.

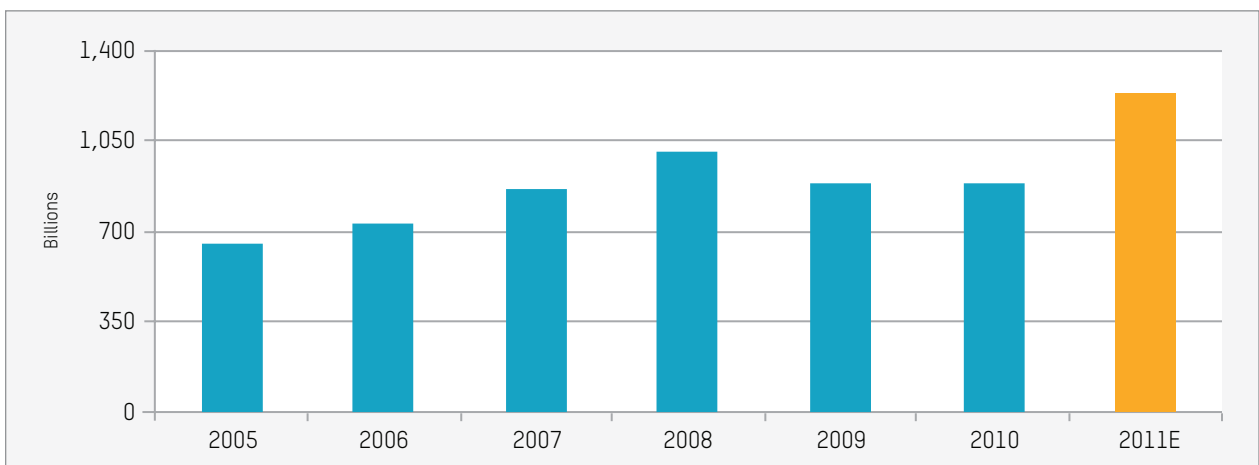
INDEX TICKER	NAME	SHARPE RATIO
QGREENX	NASDAQ OMX Green Economy	0.68
NQUSAX	NASDAQ US All Market	0.45
NQUSLX	NASDAQ US Large Cap	0.29
NQUSMX	NASDAQ US Mid Cap	0.87
NQUSSX	NASDAQ US Small Cap	0.76

## FUNDAMENTAL DATA

As you can see in the tables below, QGREEN is an index that has been growing since the market bottom in 2009. Sales, earnings, P/E and dividend yield have all increased from 2009 to 2010 and from 2010 to 2011. All 2011 fundamental statistics mentioned in this report use FactSet estimates for 2011 as of 10/31/2011.

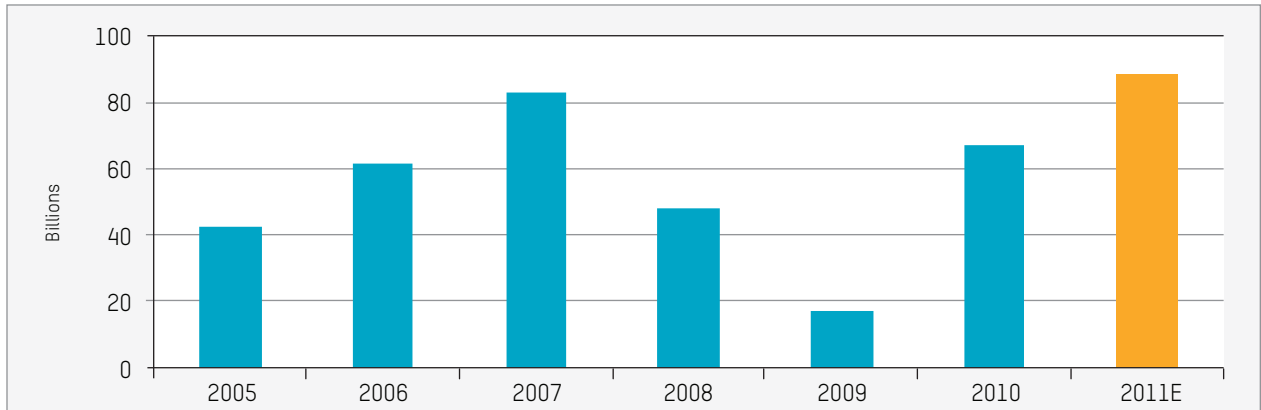
### Calendar Year Sales

Annual sales dropped off in 2009 and remained flat in 2010, but increased by almost 38% in 2011.



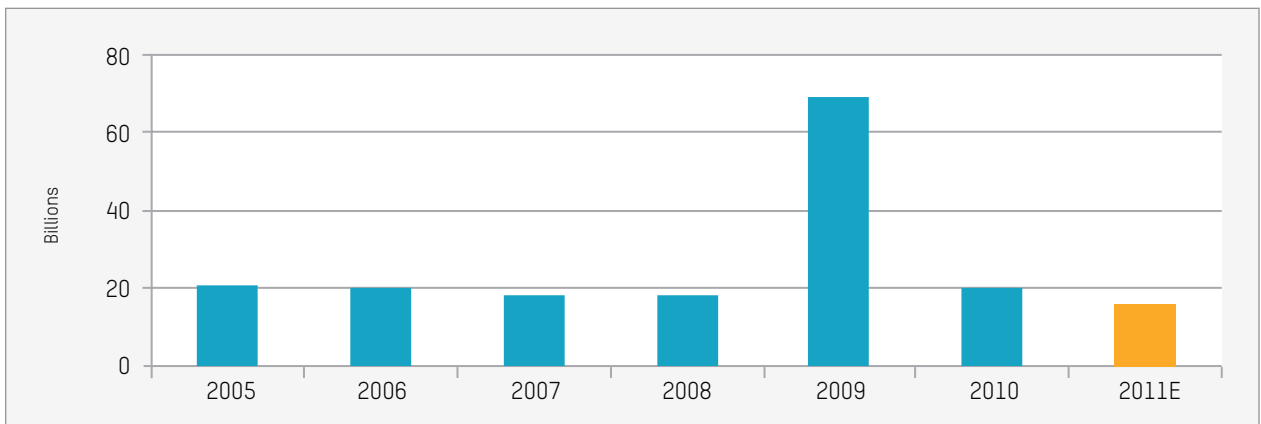
## Earnings

Earnings have grown at a rapid rate in the Green Economy space since the market bottom in early 2009, as QGREEN had earnings growth of \$50B from 2009 to 2010 and an additional \$22B in 2011.



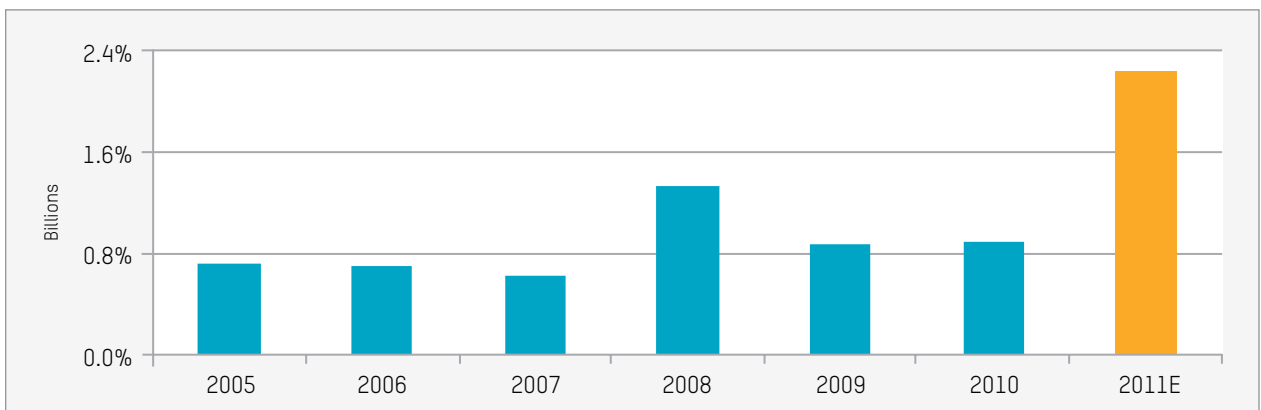
## P/E Ratio

QGREEN's P/E Ratio dropped from a high in 2009 of 68.66 to 20.13 in 2010, and it dropped even further to 15.54 in 2011.



## Dividend Yield

2009 and 2010 dividend yields were almost mirror images of one another at 0.86% and 0.88%, respectively. The 2011 dividend yield of 2.24% more than doubles 2010's figure.



## QGREEN TOP TEN COMPONENTS

COMPANY	SECTOR	MARKET CAP (\$B)	INDEX WEIGHT (%)
Cisco Systems, Inc.	Energy Efficiency	97.20	7.64
EMC Corporation	Energy Efficiency	43.94	3.46
ABB Ltd	Energy Efficiency	43.65	3.43
Simon Property Group, Inc.	Green Building	38.38	3.02
L'Air Liquide	Pollution Mitigation	35.21	2.77
Canadian National Railway Co	Transportation	35.01	2.75
Emerson Electric Company	Energy Efficiency	34.28	2.70
Praxair, Inc.	Pollution Mitigation	32.04	2.52
Deere & Company	Natural Resources	32.02	2.52
Schneider Electric SA	Energy Efficiency	28.72	2.26

## BEST PERFORMERS 2011

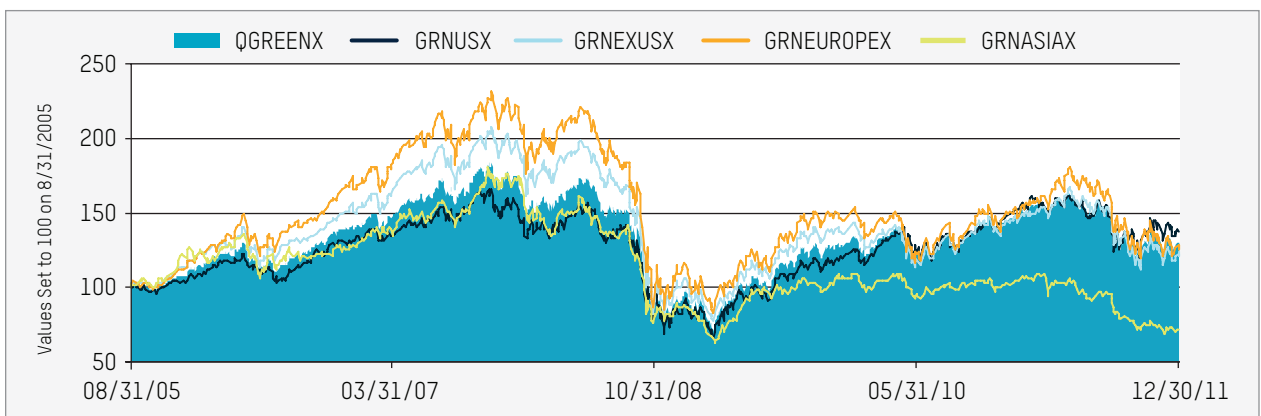
COMPANY	RETURN
Liquidity Services, Inc.	162.63
ADA-ES, Inc.	102.87
Westport Innovations Inc	79.48
Chipotle Mexican Grill, Inc.	58.82
Acorn Energy, Inc.	55.67

## WORST PERFORMERS 2011

COMPANY	RETURN
Solar Millennium AG	-98.55
Energy Conversion Devices, Inc.	-95.61
SmartHeat Inc.	-93.94
BioExx Specialty Proteins Ltd	-93.36
New Energy Systems Group.	-92.24

## REGIONAL INDEXES

The Green Economy family of indexes includes regional, sector and sub-sector indexes. Below is a graph of the all-inclusive QGREEN Index compared to the regional indexes (US, Ex-US, Europe and Asia). As you can see, the US was the best performing region followed by Europe, Ex-US and Asia through the end of 2011.



## SECTOR BREAKDOWN BY MARKET CAP

Energy Efficiency is the largest sector index by market cap and has the second largest number of components. Renewable Energy Generation is the fourth largest sector by market cap but has the largest number of components. These two indexes are the foundation from which the sub-sector indexes are comprised.

QGREEN SECTOR	INDEX TICKER	NO. COMPONENTS	MARKET CAP	% OF QGREEN
Energy Efficiency	GRNENEF	57	382,416,911,893	30.08%
Transportation	GRNTRN	36	161,460,408,590	12.70%
Green Building	GRNGB	39	150,399,848,498	11.83%
Renewable Energy Generation	GRNREG	115	126,077,667,313	9.92%
Water	GRNWATER	54	100,872,934,071	7.93%
Pollution Mitigation	GRNPOL	17	90,327,057,196	7.10%
Recycling	GRNREC	32	63,083,790,698	4.96%
Healthy Living	GRNHL	16	56,686,024,260	4.46%
Natural Resources	GRNNR	9	44,708,423,258	3.52%
Lighting	GRNLIGHT	13	32,663,179,634	2.57%
Advanced Materials	GRNAM	8	31,191,618,625	2.45%
Bio/Clean Fuels	GRNBIO	19	29,751,997,018	2.34%
Financial	GRNFIN	2	1,868,164,956	0.15%
<b>Total</b>		<b>417</b>	<b>1,271,508,026,010</b>	<b>100.00%</b>

## SUB-SECTOR BREAKDOWN BY MARKET CAP

QGREEN SUB-SECTOR	INDEX TICKER	NO. COMPONENTS	MARKET CAP	% OF QGREEN SUB-SECTORS
Green IT	GREENIT	8	184,795,626,880	36.46%
Energy Management	GRNMAN	13	109,213,778,978	21.55%
Smart Grid	GRNGRD	21	72,667,078,438	14.34%
Project Developers/Operators	GRNDO	22	66,750,302,773	13.17%
Solar	GRNSOLAR	55	37,757,698,739	7.45%
Energy Storage	GRNSTOR	15	15,740,427,597	3.11%
Wind	GRNWIND	20	14,449,744,374	2.85%
Geothermal	GRNGEO	10	4,927,055,194	0.97%
Fuel Cells Hydrogen	GRNFUEL	6	456,388,955	0.09%
Wave	GRNWAVE	1	28,065,744	0.01%
<b>Total</b>		<b>171</b>	<b>506,786,167,672</b>	<b>100.00%</b>

# GREEN SECTOR HIGHLIGHTS

## Healthy Living (GRNHLX):

1. Healthy Living was the second highest performing sector with a 113% return, preceded by Natural Resources which had a 127% return since 8/31/2005 (using back-tested data).
2. The index has the highest one- and three-year returns (7.5% and 187.4%) in the entire green index family.
3. There were 16 components with \$56B in market cap as of December 31, 2011.

## Green Building (GRNGBX):

1. Green Building has been consistently increasing its dividend yield: 1.7% in 2009, 1.9% in 2010 and 3.0% in 2011.
2. There were 39 components with \$150B in market cap as of December 31, 2011, in the Index.
3. The index had a 17.2 P/E for 2011.

## Lighting (GRNLIGHTX):

1. Though the Lighting Index has a relatively small number of components (it had only 13 components with \$33B in market cap as of December 31, 2011), it has high dividend yields for the Green Sector: 2.19% in 2009, 1.89% in 2010 and 3.61% in 2011.

# GREEN SUB-SECTOR HIGHLIGHTS

## Smart Grid (GRNGRDX):

1. Smart Grid is not only the top performing sub-sector, but it is also the top performing index in the Green Family with a return north of 170% in a little more than 6 years.
2. The index had dividend yields of 1.68% in 2009, 1.55% in 2010 and 3.08% in 2011.
3. Though the index is a sub-sector, it still has a healthy number of components (21) with a collective market cap of \$72.7B as of December 31, 2011.

# COUNTRY HIGHLIGHTS

## China and Canada - Going Green?

1. China and Canada both had increases in the number of companies from 2009 to 2010 in the Index (China: 16 to 23, Canada: 19 to 27).
2. Sales for 2011 for both countries almost double 2010 figures.
3. P/E ratios for both were low in 2010 (7.22 for China and 14.8 for Canada). In 2011, Canada stabilized at 14.46, while China's P/E almost doubled to 14.13.
4. Canada had strong dividend yields of 1.84% and 2.06% in 2010 and 2011, respectively. China's 2010 dividend yield was non-existent at a meager 0.01%, but in 2011 it had a 1.20% yield.

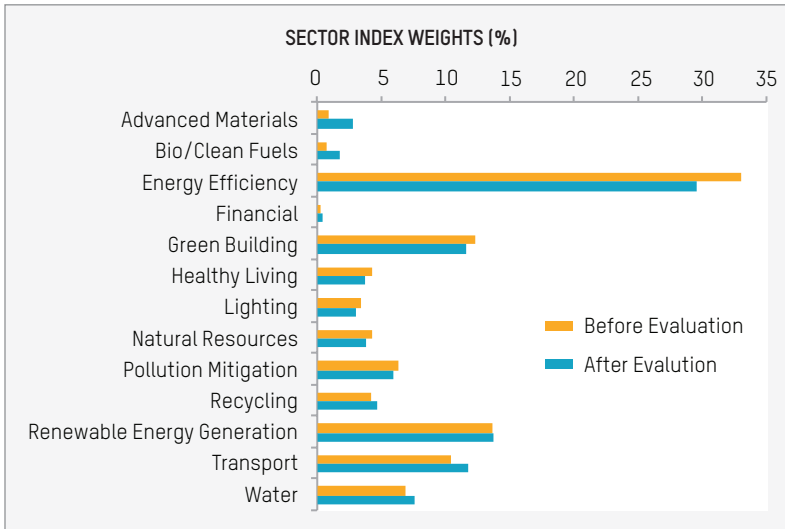
## U.S. maintains largest foothold in Green Arena

1. There are 191 companies totaling \$725.3B in collective market cap in the U.S. Green Economy space. Put another way, the US accounts for just over 56% of QGREEN by market cap.
  2. The P/E ratio has been steadily declining for the U.S. from 34.6 in 2009 to 26.1 in 2010 to 16.1 in 2011.
  3. The U.S. has had a consistent dividend yield: 1.2% in 2009, 1.18% in 2010 and 1.44% in 2011.
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# ANNUAL INDEX EVALUATION

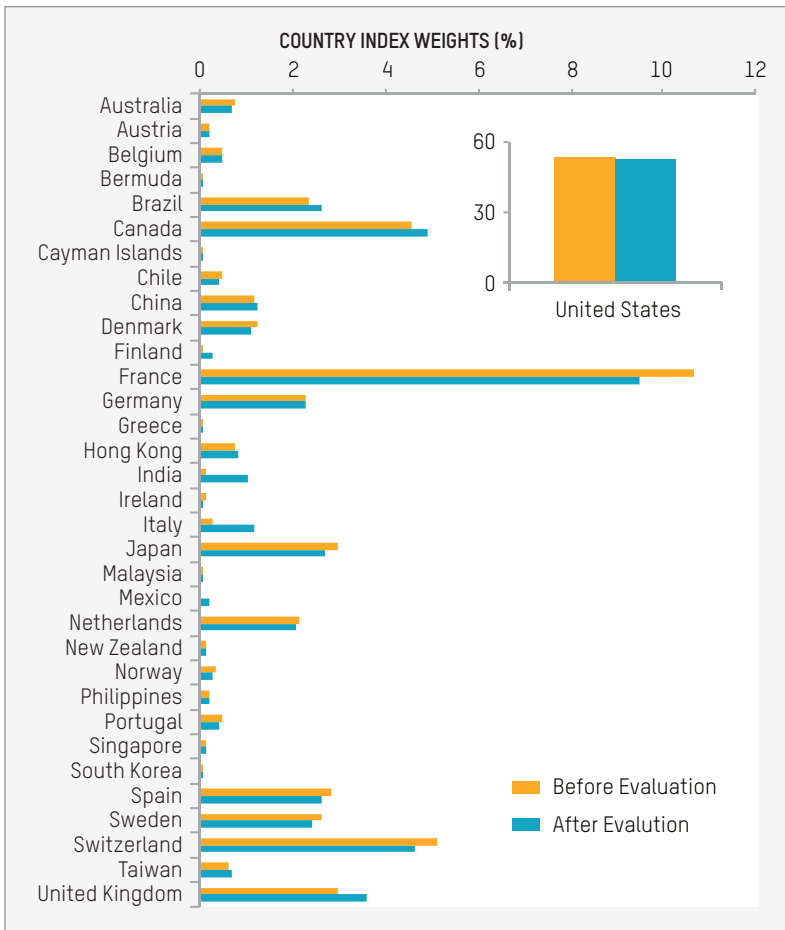
The annual index evaluation takes place in April (using market data through the end of March) and is made effective after the close of trading on the last Friday in April. As such, the review for 2011 was made effective after the close of trading on April 29.

In this evaluation, there were 69 total new additions to the Green Economy family, with changes occurring in all sector indexes. The market value of QGREEN went from \$1.48T to \$1.66T. One interesting sector to note, Energy Efficiency, decreased as a percent



of the broad index, but it actually had an increase in market value of \$3.5B. See left for a chart of the index sector weights as a percent of the broad index before and after the annual index evaluation.

Countries with the largest increase as a percent of the Green Economy are India, Italy and the United Kingdom at 0.92%, 0.88% and 0.67%, respectively. The biggest declines in weight come from France, the United States and Switzerland at -1.18%, -0.80% and -0.42%, respectively. See left for the chart with all country weights.



## Footnotes:

- All performance data in this report is from 8/31/2005 – 12/31/2011 and was calculated by NASDAQ OMX.
- QGREEN launched on 9/22/2010, and all other price return indexes in the Green Economy family launched on 10/13/2010. All total return versions of these indexes launched one day after the price return indexes. Example, QGREENX (the total return version of QGREEN) launched on 10/14/2010.
- The Sharpe Ratios mentioned in the US All Market vs. NASDAQ OMX Green Economy section use data from 8/31/2005 – 12/31/2011.
- 2011 fundamental data are year-end estimates from FactSet as of 10/31/2011. All other fundamental data was pulled as of December 31 of each specified year using FactSet.
- Top Ten Components, Best and Worst Performers 2011, Sector and Sub-Sector Breakdown by Market Cap sections are all as of 12/31/2011.
- Country Highlights and Country Index Weights use FactSet domiciled country information for every component of the Index. The Green Economy US Index (GRNUS) components may or may not match those that are identified by FactSet as domiciled in the US.
- NASDAQ US All Market, Large Cap, Mid Cap and Small Cap price return indexes launched on May 16, 2011. The total return versions of these indexes launched on May 17, 2011. All data used prior to these dates are back-tested by NASDAQ OMX.

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