



New Alternatives Fund, Inc.

A SOCIALLY RESPONSIBLE MUTUAL FUND EMPHASIZING
ALTERNATIVE ENERGY AND THE ENVIRONMENT

December, 2011

Important Information Regarding Cost Basis Regulations and Your Account

Dear Shareholder,

The Emergency Economic Stabilization Act of 2008 requires mutual fund transfer agents to provide cost basis and holding period reporting to both the Internal Revenue Service (IRS) and shareholders for gross proceeds from purchases acquired on or after January 1, 2012. Retirement accounts are excluded from the requirements.

We would like to take this opportunity to provide you with some background on what you can expect with regards to these new cost basis requirements.

- Cost Basis reporting will be required to be reported by the transfer agent on shares purchased on or after 1/1/2012 (known as “covered shares”).
- Cost basis reporting is not required on shares purchased before 1/1/2012 (“known as non-covered shares”).
- Beginning with the 2012 tax year, your 1099B forms will provide you with cost basis and character of gain/loss (short-term vs long-term) information. This information will be reported to you and to the IRS for covered shares.

Electing a Cost Basis Method

New Alternatives Fund will offer you the option to choose one of the following Cost Basis calculation and depletion methods:

FI - (First In,- First Out) ALSO KNOWN AS FIFO	Oldest shares purchased are first redeemed.
AC - (Average Cost Single Category) AC	Shares are depleted on a First In - First Out basis with the cost basis calculated by taking the shares redeemed multiplied by the average cost per share.
SL -Specific Lot Depletion	The lots to be depleted are specifically chosen by you at the time of redemption.

This election is good for all future transactions unless you either revoke or change the standing election. You may also choose the method to be used at the time you request to redeem shares.

The Fund has decided that all elections must be in writing. The election may be changed on the Transfer Agent’s website when it becomes available. Please note that if you elect Average Cost as your cost basis method, the regulations require that you make the election in writing. Please use our cost basis election form which is enclosed with this letter. Additional copies will be available on the Fund’s website (www.newalternativesfund.com).

If you wish to elect a standing method other than our default of **First In, First Out (FIFO)**, please fill out the attached “**Cost Basis Election**” form and fax to (508) 599 1863 or return to New Alternatives Fund, Inc. c/o BNY Mellon Investment Servicing (US) Inc. PO Box 9794 Providence, RI 02940 – or – return in the enclosed reply envelope.

Updating your Cost Basis Method Election

You may change your method election at any time by providing in writing by completing the enclosed Election Form. The Form is available on our website. Our Transfer Agent plans to allow for a change in election on our shareholder internet site. We will advise you when this method is available. Please note that the election in place at the time of a redemption will be the method used to calculate cost basis for that transaction. You will not be able to change an election for a redemption after the transaction has occurred.



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When you Redeem Shares

When you redeem shares from your account, we will deplete shares and calculate the cost basis on those shares according to your Cost Basis Method Election for your covered shares. If you do not designate the cost basis reporting method to be used prior to or at the time of your redemption, the trade will be processed using our default method of First In – First Out Method (FIFO).

Transaction Confirmations and Statements

For covered shares New Alternatives Fund will provide your cost basis information on each transaction including dividends. Your Cost Basis Election status will be disclosed on each confirmation and annual statements. At year end, the Fund will provide you a summary of your short-term and long-term cost basis and the unrealized gain and/or loss status as of December 31 based in your election on your covered shares.

Tax Reporting

If you redeem eligible covered shares from your account during 2012, the Form 1099B that you will receive in 2013 will provide cost basis and gain or loss information specific to the covered shares redeemed. Any non-covered share data that may be disclosed to you is for information purposes and is not required by the IRS.

We **strongly** encourage that you consult your tax adviser if you have any questions about your cost basis reporting options. Information can also be obtained by visiting the Fund's website www.NewAlternativesFund.com which will be posting an FAQ the IRS website at www.irs.gov.

Additional changes

Assets transferred between brokers and or transfer agents will have cost basis transferred in addition to the shares transferred.

Gifted and inherited shares are required to be identified and certain tax rules will apply to any gain or loss.

Wash sales are now required to be reported.

Corporate Actions such as stock dividends, stock splits, and return of capital will now be adjusted in cost.

If you have any questions, please visit our website at www.NewAlternativesFund.com or contact one of our customer service representatives at (800) 441-6580 or (610) 382-7819 Monday through Friday between 9 a.m. and 5 p.m. Eastern Time.

Sincerely,

New Alternatives Fund