

SNTech's \$23.4 Million Acquisition — Accelerates Plans for More Energy Efficient Motors in the Pool and Spa Industry

SNTech is a SAIL I, SAIL II, SAIL 2010 and SAIL 2011 portfolio company.

SNTech, Inc., a company specializing in the design, manufacture and distribution of highly energy efficient electric motors, announced the acquisition of a \$23.4 million electric product line from Regal Beloit Corporation (RBC).

The U.S. Department of Justice made the move possible when it required RBC to divest its domestic business for electric motors for pool and spa pumps to SNTech so that RBC could proceed with its acquisition of industry giant, A.O. Smith Corporation's electric motor sector.

The acquisition positions SNTech to become the

leading electric motor manufacturer for pool and spa pumps.

"Now, we can accelerate our plans to bring more highly energy efficient motors to the mainstream market," says SNTech CEO Shannon Bard. "SNTech already supplies motors to original equipment manufacturers, distributors and contractors in other categories, so we're confident that we'll maintain a smooth transition with the companies that Regal Beloit serves."

Bard adds, "Because of this acquisition, SNTech will be able to create efficiencies which will continue to drive down the cost of producing all of the motors in our product lines."

SNTech manufactures its



current line of motor products in Searcy, Arkansas, and it will implement a transition plan to produce its new line of pool and spa motors at that facility.

"We take this transition seriously and plan to execute it according to a detailed plan that will be developed jointly between SNTech and Regal Beloit," Bard says.

SNTech is a world leader in the design and production of highly efficient, smart electric motors known as electronically commutated motors. SNTech currently serves markets in the U.S., Europe and Asia.

www.sntech.com

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Dow Kokam Secures a \$4.9 Million Grant from the DOE

Dow Kokam is a SAIL II portfolio company.

In August, the U.S. Department of Energy (DOE) awarded Dow Kokam, a leading advanced battery system producer, a \$4.9 million grant to fund the DOE's proposed "Development of Large Format Lithium-Ion Cells with Higher Energy Density Exceeding 500 Wh/L." This project focuses on achieving

energy and power densities greater than 500 watt-hours per liter and 500 watts per liter for lithium-ion batteries.

"The DOE's support of Dow Kokam's leading R&D work reinforces the strength of our innovative and dynamic team, and our commitment to providing the next generation of affordable, advanced battery solutions for the evolving transportation industry," said

Joon Kim, vice president of technology at Dow Kokam. "The electric vehicle (EV) market is rapidly expanding, and the DOE grant provides essential funding to create advanced solutions that ensure performance and safety capabilities to meet the demand of the EV market.

www.dowkokam.com

News Briefs:

- FlexEnergy Featured on Future360 with Sarah Backhouse, host of Discovery Channel's Planet Green (August 2011)
- FlexEnergy & Xtreme Power Both Made "The Big List of Greentech VCs" (August 2011)
- FlexEnergy will Showcase its Flex Turbine at the Marcellus Shale Gas Conference (August 2011)

FlexEnergy

Something NEW is on the Horizon for FlexEnergy—New Headquarters, New Workers, New Business ...

FlexEnergy is a SAIL II, SAIL 2010 and SAIL 2011 portfolio company.

FlexEnergy Inc. nearly quadrupled its space when it moved into its new headquarters. The additional space will accommodate new hires, corporate executives and the company's sales, marketing, research and development divisions, which includes testing and design. The move evidences its viability in a sector that has many doubters.

Demand for renewable energy spurred the hiring in both the California office and in its new 50,000-square-foot manufacturing plant in New Hampshire.

In 2009, FlexEnergy employed about 5 people. Now it will likely surpass 150 employees by the end of this year.

The additions come as FlexEnergy lands new business, like the Fort Benning army base contract

in Georgia. That installation is only one of many that the company intends to land in the public sector.

The Department of Defense set aside billions of dollars for renewable energy projects. FlexEnergy recently hired 20-year Navy veteran Brad Hancock to lead the push for defense contracts.

The Flex Powerstation costs about \$800,000. Each Flex Powerstation can produce 250 kilowatts of power daily, enough to power about 250 homes.

About 515 U.S. landfills have enough methane concentrations to produce commercial energy. Those landfills and other sites, such as former oil fields, are FlexEnergy's starting market.

Despite big competition such as Waste Management Inc., General Electric Co. and Capstone Turbine Corp., FlexEnergy stays ahead of the game because a customer that buys a Flex Powerstation

can both use the energy itself and also sell the extra power to a utility.

A Flex Powerstation can also extract energy from coalmines and old industrial plants—i.e. places where other similar technologies cannot access.

The Fort Benning deal follows a pilot plant at the Lamb Canyon Landfill (Riverside, CA). This system generates about 30 kilowatts a day.

Lastly, FlexEnergy intends to install another pilot system in France later this year.

FlexEnergy makes headway in South Korea, installing several machines there in the past few years.

www.flexenergy.com

Presidential Candidates Prepare to Discuss Six Climate Change Topics—an issue of long-term importance

As the U.S. Presidential election approaches, candidates prepare to discuss climate change—an issue of long-term importance. Six areas of discussion likely make the agenda because they ensure a better understanding of the subject as well as the range of policy directions that the next President might pursue.

(1) Carbon Pricing: Many economists proclaim that the most efficient way to manage GHG emissions is to place a price on carbon.

(2) Energy Options: The U.S. already indicated its

intention to reduce GHG emissions by 17% by 2020. These energy options, if managed within the context of this goal, offer the possibility of success in the area of climate change.

(3) International Positioning: Climate change is a global problem and therefore needs a global solution. The U.S. should combine mitigation efforts with international partners.

(4) Technology Policy: Because technology plays a long-term role in energy management, the U.S. should implement policies that

promote the development of these and other technologies.

(5) Looking Beyond 2020: With the 2020 energy picture already taking shape, the U.S. should now consider longer-term objectives. This ensures that today's investment decisions are compatible with the desired direction for 2030 and beyond.

(6) Adaptation: Extreme weather events in recent years (i.e. floods, hurricanes, tornadoes, etc.) evidence a need for the U.S. to adapt a more robust policy approach, so to mitigate climate change concerns.



City of Redding Buys Ice Bear Machines

Ice Energy is a SAIL I and SAIL II portfolio company.

City officials in Redding, California hope that "ice" will help Redding Electric Utility (REU) shift some of the city's peak power demand away from its scorching afternoons. The City Council voted unanimously to plow \$1.2 million into buying Ice Bear machines to add to the thermal energy storage units already working at public and private buildings around town.

REU will use the money to buy roughly 100 more Ice Bear machines and install them at different businesses. Part of the money will go to studying the best locations for the units.

The Ice Bears cut power use during the afternoons, when strains on REU's power grid are greatest, thereby saving the City money on utility bills and operating costs.

The machines are essentially large iceboxes attached to a conventional air conditioner. They use that air conditioner to freeze water at night, when overall demand (and costs) is lower.

During afternoons, when conventional direct-expansion ACs are laboring and sending REU's power demands soaring, the Ice Bear uses far less energy to circulate air over the ice made the night before.

A significant portion of REU's energy expenses comes from

buying fuel to meet peak demand that may occur only a few afternoons each year. Thus, REU hopes to shift one megawatt off that towering 250-megawatt peak with the 100 new machines. Ultimately, the utility hopes to shift 10 megawatts through continued expansion of the Ice Bear program.

REU will buy the machines from Windsor, Colo.-based Ice Energy to add to the squad of about 62 already working at public and private buildings such as public works, Redding Municipal Airport, the Social Security office, Movies 14, Carl's Jr. and the Shasta Builders Exchange.

www.ice-energy.com



ICE ENERGY

CNS Response Announces Unprecedented Results

CNS Response is a SAIL I portfolio company.

CNS Response, Inc. (OTCBB: CNSO), achieved top line results from an analysis of physician reports and health records released by a high-volume managed care psychiatric clinic which services several of the nation's largest managed care networks.

The initial analysis of 128 records of patients treated for mental health conditions from 2003 to mid-2011 represents cases in which physicians received CNS Response's PEER Outcome Reports™ for their patients. The analysis found that physicians who used PEER Outcomes reported a reduction in the number of medications that they tried on a patient before achieving a successful outcome, otherwise known as

trial-and-error pharmacotherapy.

Among the findings of the analysis: **16 patients, or 13%, actually required no medications at all.**

Of the remaining 112 patients who required medications, when their physicians had access to the PEER Outcome Report: **88% of the patients achieved "much improved" or "very much improved" health outcomes. Out of 25 patients who reported suicidality preceding PEER Outcome Reports, none reported suicidality thereafter.**

In addition, OptumHealth, a unit of UnitedHealthcare, approved of CNS Response's Referenced-EEG (rEEG) technology, which is the company's original physician-developed database. As such, the rEEG's Technology Assessment is now available

online to registered United/OptumHealth network providers, which will be posted on their website in late August. It will also be available on CNS Response's website.

Since early 2010, the company also received 313 physician rating reports, with 94 percent of physicians indicating the information provided through the CNS Response PEER Outcome Report was "helpful" and 47 percent indicating the information was "essential" in treating their patients.

"These results were achieved by physicians, not a report," said George Carpenter, CNS Response CEO. "It's a basic principle of medicine that physicians who exchange outcome information achieve better - sometimes dramatically better - results than those who don't.

www.cnsresponse.com





SAIL Capital Partners (www.sailcapital.com) is a leading cleantech capital investment firm with a global vision of technologies, markets and opportunities. We invest in cleantech companies with proven technologies, visionary leadership and exciting growth potential. We have invested in a number of today's leading cleantech companies including: The Cleantech Group, Xtreme Power, Ice Energy, Dow Kokam, Enerpulse, Activeion, SNTech, FlexEnergy, Paragon Airheater Technologies, M2 Renewables and WaterHealth International. SAIL has offices in California, New York, and Washington D.C. and a global network of investors and advisors.



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Sources:

- Redding.com
- PR Newswire
- Orange County Business Journal
- Whole Foods Magazine
- Dow Kokam
- MarketWire
- CleanTech Law

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Speaking of SAIL

September 12 – Irvine, CA

Walter Schindler will speak at *CleanTech OC's 2011 Conference and Expo*. His panel "Cleantech by the Numbers," will speak about the latest investment trends and 2012 IPO's within the cleantech industry.

September 14 – San Diego, CA

Chris Brown will speak at the *Advanced Energy Storage 2011 Conference*. He will speak about the investment landscape within the energy storage industry.

September 19 – Miami, FL

Walter Schindler will speak at the *IMN Alternative Investment Summit* and his panel will discuss clean energy and sustainable investments.

June 29 – New York, New York

Hank Habicht spoke at the *Council on Foreign Relations* roundtable discussion. His panel discussed global water scarcity and its geopolitical and business implications.

June 29 – Fairhope, Alabama

Walter Schindler addressed the annual *Municipal Employees' Retirement System of Louisiana (MERS) Trustee Conference*. His talk reported on SAIL's recent progress in the cleantech sector.

June 15 – Santa Barbara, CA

Chris Rhoades spoke at the *Opal Investment Trends Summit*. His panel was focused on recent trends in international private equity.

June 7/8 – Toronto, Canada

Walter Schindler was one of the featured speakers at the *IMN Canada Cup of Investment Management*. He spoke about "What's Coming Next in Cleantech and Sustainability."

June 5/6 – Toronto, Canada

Walter Schindler was the closing speaker at the 2011 *VERDEExchange-Canada* in Toronto. Walter spoke about "Sustainability and Economic Growth: from California to Toronto."

May 24 – Irvine, CA

Peter Polydor was one of the featured speakers at *OCTANE's "VC in the OC."* Peter focused on cleantech finance in the VC world.