SAIL CAPITAL PARTNERS

SAIL NEWS

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GE and Xtreme Power Announce Strategic Alliance

Working Together to Provide Cutting-Edge Energy Storage Solutions

Xtreme Power is a SAIL I & II portfolio company

Xtreme Power, the real-time power management and energy storage start-up company based in Austin, TX, extended a long-running winning streak today.

GE Energy Storage, a subsidiary of GE Transportation, and Xtreme Power sealed the deal on a strategic alliance to pursue cutting-edge grid-scale energy storage solutions.

The objective: store massive quantities of electricity at low cost for grid applications safely and efficiently.

Xtreme Power recently earned the 15th spot on Inc. Magazine's list of the fastest-growing private companies in the United States in 2012 with a three-year growth rate of 8,423% and annual revenues of $22.2 million. Last year, Xtreme Power ranked a lower, but still impressive 704th on that prestigious list based on a three-year growth rate of 450%.

The new alliance with GE Energy Storage will integrate GE's Durathon battery technology, which can last up to ten times longer than conventional lead acid batteries and store more energy in half the space, into Xtreme Power's Xtreme Active Control Technology (XACT), an innovative control system architecture that enables sophisticated control algorithms, real time response, remote monitoring and optimized power management.

The Durathon technology was developed at GE's Global Research Center in Niskayuna, NY as part of a $100 million initial investment in advanced energy storage research.

"Teaming up with Xtreme Power provides customers in the energy space access to turn-key solutions based on breakthrough Durathon battery technology," said Prescott Logan, General Manager of GE Energy Storage, in a press release.

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Chris Rhoades Joins M2 Renewables as CEO

M2 Renewables is a SAIL II portfolio company

This month, Chris Rhoades, a former Partner at SAIL and member of the M2 Renewables' (M2R) Board since 2011, took on the role of Chief Executive Officer of M2R. He was named Chairman of M2R's board in August 2011.

At SAIL, he focused on companies in the water and renewable energy verticals while performing a wide range of activities for SAIL's portfolio companies and for companies under consideration for investment including: due diligence, performance optimization, JV negotiations, M&A analysis, financing, and others.

Prior to SAIL, Chris spent seven years as the CEO of a building materials company leading the company through three successful M&A transactions that resulted in Chris forming one of the largest and most successful privately owned building materials companies in the U.S.; where he retains an ownership stake and a Board seat. Prior to this CEO role, Chris was a Managing Director for Merrill Lynch for 11 years, most recently running their Western U.S. Institutional International Equity Division.

Quick Updates

- Former Mayor of Toronto, David Miller, joins SAIL Advisory Board
- SNTech re-names pool and spa motor lines to Infinity and Dyna-Tech
- WaterHealth International featured on University of Pennsylvania's Knowledge@Wharton

David Miller Interview on Joining SAIL Advisory Board

The following is excerpts from a September interview between David Miller and Michael Kolberg at the Toronto Standard

Tell me about SAIL and your new role on the advisory board.

First of all, I think that SAIL impressed me because they understand the opportunities that there are in Canada. We have the very interesting opportunities in new environmental technologies, particularly because of the existence of the federal program the SDTC (Sustainable Development Technology Canada), because of a lot of municipal leadership, because of the feed-in-tariff program in the province and because of the efforts being made to support the new environmentally friendly technology in the water area. I think SAIL's presence here is a recognition from the US and from a serious organization of the opportunities that there are in Ontario and in Canada. My interest in this philosophically is that if we can support these emerging technologies, we can succeed in answering the question of our times, which is how can our economy work in harmony with our environment, not in opposition to it.

Does SAIL have any investments in Canadian companies already, or is that going to be your role, to guide them towards something like that?

My role is really is to help them expand their presence here in Canada. It's up to SAIL to talk about any specific investments. They have people on the ground here who are doing that work. But also it's advice about whether a potential investment or potential technology will work internationally in urban areas. If you think about the world at the moment, as of a couple of years ago, for the first time in our history more people live in urban areas than lived outside urban areas. Many of our environmental challenges, including climate change, can be addressed if we can get the energy supply to urban areas right, if we get building systems right and we get transportation right. There will be huge numbers of opportunities in that area. Because I had the huge privilege of chairing the C40 group on cities, I have a good sense internationally of where the interest lies. So, both those areas, internationally what works in cities, on these really big economic and environmental challenges and to help grow their work in Canada.

Does your new role with SAIL compliment your ongoing projects, like your involvement with C40 Climate Leadership Group?

Yes. I decided when I determined not to run for mayor, that the area I wanted to focus on was this intersection of the environment and the economy. Al Gore told everybody what the problem is, I want to help produce the solution. In my role with the C40, in my role advising people like the World Bank, and in my role with Aird and Berlis, everything I'm doing

is about helping create real solutions to those challenges and that's what interested me about SAIL.

So is what you're doing now something you couldn't have done as mayor necessarily?

Well, I certainly couldn't have been on the advisory board of a venture capital fund. The policies I supported as mayor were consistent with the growth of these kinds of businesses and innovations, and it's a real pleasure to be on the other side and helping innovators succeed.

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To read the full interview please visit the Toronto Standard (www.torontostandard.com) at:

http://www.torontostandard.com/the-sprawl/qa-with-david-miller

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Breen Energy Solutions and Paragon Sign Distribution Agreement

Paragon is a SAIL II portfolio company

Breen Energy Solutions and Paragon Air Heater Strike Distribution Agreement for Sootblowing Control System

Carnegie, PA (MMD Newswire) September 10, 2012 -- Breen Energy Solutions (breenes.com) and Paragon Air Heater (paragonairheater.com) announced today a distribution agreement making Paragon the exclusive North American marketing and sales partner for Breen's patent pending Dynamic Speed Controlled (DySC) Air Heater Sootblowing Control System.

"We're excited to partner with Breen," said Ken Fairleigh, Paragon Airheater Technologies President. "Combining Breen Technology with Paragon's airheater expertise brings another unique solution to the ever-changing challenge of APC requirements and operational realities."

Breen's Dynamic Speed Controlled (DySC) Air Heater Sootblowing Control System helps reduce fouling in the air heater by solving major limitations of conventional sootblowers. By matching the speed of the sootblower to the rotation of the air heater and adjusting the lance position, the DySC system results in cleaning of the cold end all the way through from the innermost diameter to the outermost diameter in the most time-effective manner.

"We couldn't ask for a better partner than Paragon," said Chetan Chothani, Breen Chief Operating Officer. "Paragon will help maximize the adoption and use of the DySC sootblowing technology and help advance the science of airheater cleaning."

Breen Energy Solutions, LLC (BES) provides acid gas management solutions to the Fossil Fuel Power Generation Industry. The company formed in 2002 with the mission to develop and apply new ideas and technologies to help utilities manage their emissions and Balance-Of-Plant impacts resulting from emissions control technologies.

Vision Automotive Relying on Enerpulse Technology for Vehicles

Enerpulse is a SAIL I & II portfolio company

Vision Motor Co. has announced the adoption of Enerpulse's Precision Combustion Ignition (PCI) technology into all Vision Motor Co. vehicles. Enerpulse's patented ultra high-power Pulse Plug will replace conventional spark plugs on all future vehicles assembled by Vision Motor Co. that run on 100 percent compressed natural gas (CNG), the company announced.

Bob Smith, president of Vision Motor Co., says he's been pleased with the results that the company has achieved using Enerpulse's PCI technology.

"One of the problems with natural gas vehicles has been starting them up in cold weather," explained Smith. "Using Enerpulse plugs has enabled us to overcome this challenge."

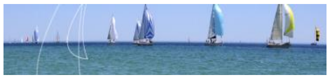
Auto Gas America has helped develop and test the fuel systems for Vision Motor's CNG vehicles. Aaron Stuart of Auto Gas America notes that he's seen a significant decrease in hydrocarbons in all applications where's he's used PCI technology from Enerpulse to recalibrate fuel, air and ignition parameters.

"With natural gas vehicles, these plugs are wonderful for cold start. That's because where natural gas only has a 15 percent window of combustion, these plugs take it a little past those ranges in both lean and rich conditions decreasing misfires and emissions during a cold start," Stuart said. "I have also noticed a significant increase in fuel economy and horsepower."

Stuart credits PCI technology with enabling significantly more calibration flexibility in meeting platform objectives.

Vision Motor Co. will distribute its CNG vehicles through existing new car dealers in the U.S., Canada and Mexico. The company's CNG fueled vehicle will deliver 45 mpg in normal use and recent testing documented highway fuel mileage of 58 mpg. Smith predicts the adoption rate for CNG vehicles will increase as gas prices continue to go higher in the U.S. He says that's because natural gas is cleaner, much cheaper and good for the environment.






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

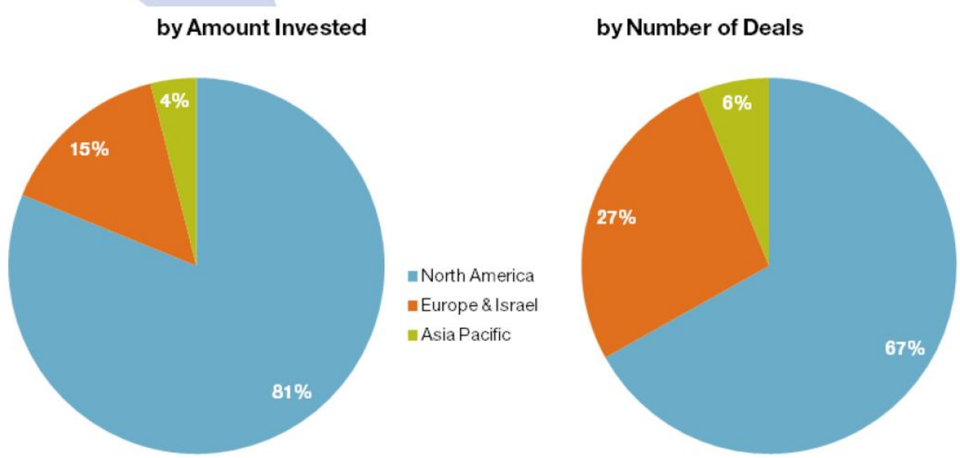
Cleantech Geography: A Brief Look at the Landscape

A total of $1.61 billion was raised by cleantech companies in 2Q12. $1.31 billion, or 81 percent, of the $1.61 billion was raised by North America-based cleantech companies. North America's proportion has risen in here straight quarters primarily due to less disclosed venture activity in Europe and Asia. North America saw 109 cleantech deals, good for 67 percent of the global deal count in 2Q12.

Europe & Israel went through another tough quarter in terms of cleantech venture investment. Total dollar amount dropped to $240 million and deal count slit to 44. It looks like European cleantech companies and investors are still being affected by uncertainties created by the Euro-zone debt crisis. Moreover, the average deal size for European/Israeli deals has been declining for two straight quarters. The number was $7.3 million in 2Q12, compared to $9.5 million in 1Q12 and $11.6 million in 4Q11.

There was little disclosed venture activity in Asia Pacific around cleantech during 2Q12, as only $63 million across 10 deals were recorded. For the first half of 2Q12, Asian venture investors seemed to be more interested in information technology and consumer goods deals, rather than clean technology.

The below graphs show the percentage distribution based off of amount invested as well as number of deals.



Source: Cleantech Group's i3 Platform

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Sources:

- Forbes
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- Cleantech Group
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