

M2 Renewables Appoints New CFO

M2 Renewables is a SAIL II portfolio company.

M2 Renewables, Inc. (M2R) appoints Tim Kingsbury as Chief Financial Officer (CFO).

According to Gerhard Forstner, M2R's Chief Executive Officer, "Tim is a senior finance executive and management consultant with strong quantitative and team skills. He can tackle complex and difficult issues in an efficient manner. He will be instrumental in M2R's cap raising effort and scaling of the company."

Tim's experience includes ten years as the CFO of JFB Hart Coatings, Inc. a privately held clean technology developer and manufacturer of sustainable industrial coatings, and other advanced products.

Tim also served as the vice president of planning and financial management for Navigant Consulting, Inc. (NYSE: NCI).

Prior to NCI, Tim served as the CFO of Peterson Worldwide LLC, a \$100 million privately held international consulting firm.



M2 RENEWABLES

Tim received his MBA from UC-Berkeley, where Deloitte, Haskins & Sells awarded him an academic achievement grant. Prior to his MBA, he received his BS in Business Administration-Accounting from San Jose State University.

Tim currently sits on the Board of Directors for the Hunt County Children's Advocacy Center. He is a licensed CPA in California.

www.m2renewables.com

Inside this Issue:

- FlexEnergy Joins Forces with Global Energy Group BP 2
- Cleantech Investments Set to Reach Record Levels in 2012 2
- SAIL Sustainable Partners Closes Second Investment 3
- U.S. Senator Inaugurates WHI's 500th WaterHealth Center 3
- SAIL's News Briefs 4

SAIL Venture Partners Establishes a Joint Venture with Stifel Financial Corp. to Pursue Cleantech Opportunities

SAIL Venture Partners, the early-stage venture arm of SAIL Capital Partners, entered into a memorandum of understanding with a Canadian subsidiary of Stifel Financial Corp. (NYSE: SF) to establish a joint venture (JV) in Canada. The JV will involve the formation of a venture capital fund focused on investing in early stage cleantech companies that develop innovative and ready-for-market products. SAIL Venture Partners is one of the first American cleantech venture firms to capitalize on opportunities in Canada.

"As a global player focused entirely on cleantech, SAIL's expansion into Canada represents a tremendous vote of confidence in the quality of Canada's cleantech sector," stated Consul General of Canada in Los Angeles, David Fransen. "SAIL's expertise will extend and deepen the already significant linkages between Canada and California in this increasingly important economic sector."

"Canada is a world leader in fostering cleantech innovation," said Peter Polydor, Vice President at SAIL, "and by establishing a

joint venture with Stifel in Canada, we plan to grow those innovations into industry leaders."

"The opportunity for cleantech venture investment in Canada is immense, and we are excited to join forces with SAIL, an investor who has been focused on the space for over a decade," stated David Fowler, President and CEO of Stifel Nicolaus Canada.

Stifel is also active in this sector. In the past three months, it has advised on cleantech and renewable energy transactions, totaling more than \$180 million.



Thought of the Month:

"Americans are in a cycle of fear which leads to people not wanting to spend and not wanting to make investments, and that leads to more fear. We'll break out of it. It just takes time."

-Warren Buffett

FlexEnergy Joins Forces with Global Energy Group BP

FlexEnergy is a SAIL II Portfolio Company.

FlexEnergy Inc., a company that transforms a range of gases into a clean energy source, joined forces with global energy group BP (www.bp.com) to help BP further reduce its carbon footprint at its Wyoming, US, water disposal facility.

BP plans to install the FlexEnergy' Turbines, because it wants to produce reliable, on-site power that exceeds the highest air

quality standards.

FlexEnergy has shipped three of their Flex Turbine(TM) MT250s to the BP facility. The 750kW system will effectively utilize pipeline natural gas to produce continuous power in a grid-isolated environment, all while exceeding the highest air quality standards and powering on-site loads.

"We will continue to deliver our innovative technology to companies looking to gain independence from the

power grid and produce clean energy," added Joseph Perry, CEO of FlexEnergy Inc. "As BP has a growing need for reliable, independent power, the move to a cleaner technology will keep emissions within compliance while allowing the water disposal facility to power its continuous duty loads and stay in operation without the presence of a utility grid."

www.flexenergy.com



Cleantech Investments Set to Reach Record Levels in 2012

The cleantech sector is primed for a record-setting year of investments in 2012, following robust growth in 2011 despite difficult conditions, according to the Cleantech Group.

Global clean technology venture and corporate investments totaled \$9 billion in 2011, a 13% increase over 2010, according to the firm's 2011 data. This is just shy of 2008's record of \$9.5 billion.

Cleantech mergers and acquisitions reached record highs in 2011 with 391 deals and a dollar volume of \$41.2 billion, up 153% over 2010.

"Despite some of the well-publicized headwinds, venture capitalists continue to invest in clean-tech," said Sheeraz Haji, CEO of Cleantech Group. "Based on our historical data, we believe 2012 will be an all-time record year for global clean-tech investments."

North American investments rose 31% from \$5.2 billion in 2010 to \$6.8 billion in 2011,

with California as the main recipient with \$3.7 billion—i.e. a 54% share of the regional total. The 470 deals disclosed represent a 25% increase over the 425 announced in 2010.

However, investments in Europe and Israel took a step back, dropping 30% to \$1.3 billion in 2011 compared with \$1.8 billion in 2010.

Asian companies raised \$879 million in 71 disclosed rounds in 2011 as compared with the 75 deals in 2010, valued at a total of \$805 million.

North America accounted for 76% of the total amount of dollars invested, Europe and Israel comprised 14% and Asia Pacific had 10% last year.

In the public markets, China remained strong for cleantech initial public offerings (IPO), claiming 28 of the 51 IPOs in 2011. The 51 cleantech IPOs raised \$9.6 billion, down from the \$16.4 billion in 2010. The largest

IPO went to Sinohydro, a Chinese state-owned hydropower company, which raised \$2.12 billion on the Shanghai Stock Exchange.

The solar sector received the most cleantech dollars at \$1.8 billion, followed by energy efficiency with \$1.5 billion and transportation at \$1.1 billion.

Energy efficiency won the "most popular" title. The energy efficiency sector saw 150 deals—i.e. a number that surpasses the solar sector's 111 deals and transportation's 61 deals.

OSIsoft raised the biggest energy efficiency transaction (\$135 million)

As these numbers suggest, investments in cleantech will reach record levels in 2012.

www.cleantech.com



SAIL Sustainable Partners Closes its Second Investment

SAIL Sustainable Partners' Louisiana Sustainability Fund closed its second investment in FlexEnergy Inc., one of the fastest growing companies in North America, growing into 150 employees since 2009. FlexEnergy manufactures turbine systems capable of producing clean, continuous energy with near-zero emissions from a broad range of fuel sources, including methane and natural gas. Although located in California, FlexEnergy now looks for manufacturing and engineering partners in Louisiana. It also looks to Louisiana companies for oxidizers and piping materials. The Louisiana Sustainability Fund provided the growth capital to FlexEnergy to support its expansion and

development plans in Louisiana.

SAIL Sustainable Partners LLC is the General Partner of the Fund and is an affiliate of SAIL Capital Partners LLC, a national cleantech investment firm that opened an office in New Orleans in 2011.

The Louisiana Sustainability Fund is a private capital fund dedicated to investing in the future of Louisiana. The Fund's investment strategy is to provide debt capital to later stage companies that bear a Louisiana and sustainability nexus.

This summer, the Fund closed its first investment in SNTech, a company that designs and manufactures advanced, high-efficiency, intelligent,

electronically commutated motors (ECMs). Its technology increases the efficiency of electric motors by 50% at a substantially lower cost than competitors. SNTech is the fastest growing smart motor company in North America, and with the Louisiana Sustainability Fund's investment, it is poised to capture the greater market share in two of the world's largest markets: energy efficiency & green buildings.

www.sailsustain.com



U.S. Senator Inaugurates WaterHealth International's 500th WaterHealth Center—WHI Continues to Provide Millions of People with Clean, Safe, and AFFORDABLE Drinking Water

WaterHealth is a SAIL I, SAIL II and Safe Water Partners portfolio company.

U.S. Senator Mark R Warner from Virginia inaugurated WaterHealth International's 500th WaterHealth Center, a water purification plant, at Kompally village of Ranga Reddy District in Andhra Pradesh on January 12, 2012.

WaterHealth International (WHI) is a leading social enterprise committed to providing scalable and affordable potable water systems to underserved populations in rural and urban areas in India, West Africa, Bangladesh and Philippines.

The company's WaterHealth Centers currently provides safe drinking water to over five million people. According to WHI's Chief Operating Officer, Vikas Shah, "The company aims to provide 100 million people with access to safe drinking water by the year 2016."

Government officials, Michael Bennet from Colorado and Tom Udall from New Mexico joined Senator Warner at the WaterHealth Center inauguration.

U.S. Consul General Katherine Dhanani, former US Ambassador to India Richard F

Celeste and IFC Portfolio Manager Shalabh Tandon also attended the program.

www.waterhealth.com



U.S. Senators Michael Bennet, Mark R. Warner and Tom Udall attend the inauguration of the Water Health International's 500th WaterHealth Center, a water purification plant, in the Kompally village on January 12, 2012.





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, FlexEnergy, The Cleantech Group, Dow Kokam, Enerpulse, Activeion, SNTech, Ice Energy, Paragon Airheater Technologies, M2 Renewables, Clean Technology Solutions, CNS Response and WaterHealth International. SAIL has offices in California, New York, Toronto, New Orleans and Washington D.C. as well as a global network of investors and advisors.

Cleantech Insights: according to The Cleantech Group, the cleantech sector is primed for a record-setting year of investments in 2012—especially in light of robust growth in 2011 despite difficult investing conditions. That is, 2011 saw a record year for cleantech M&A (see top graph). In addition, cleantech venture capital investments also saw a dramatic increase as compared to previous years (see bottom graph).

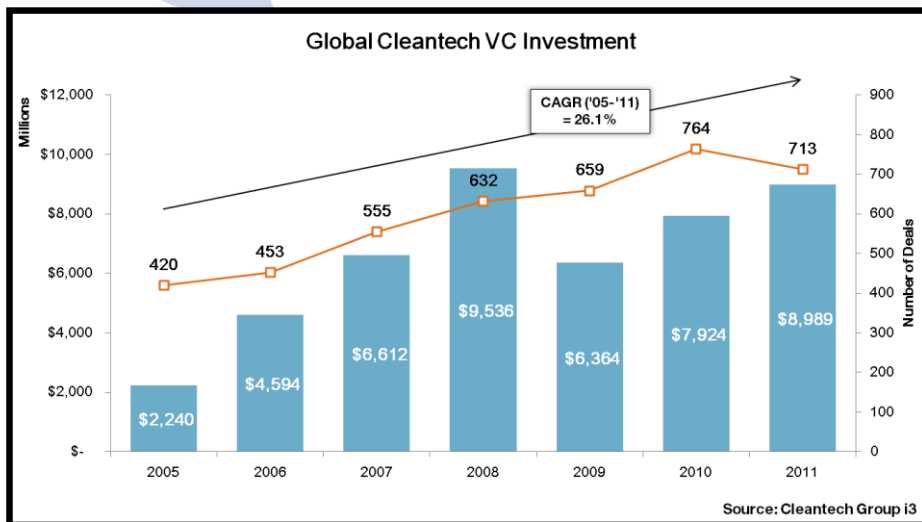
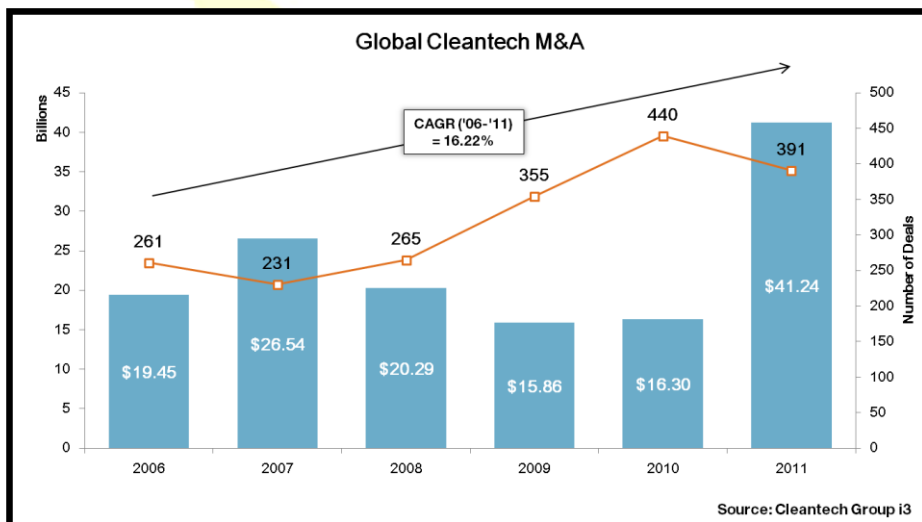


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Sources:

- FlexEnergy
- Hospitality.Net
- Wall Street Journal
- PE Hub
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- NRDC
- NY Times
- Oil Price
- Austin Business Journal
- Consulate General of the United States—India
- OCMetro

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