OVERVIEW

SAIL CAPITAL PARTNERS

SAIL was founded in 2002 as a pioneer in the cleantech investment sector and continues to be one of the sector's recognized thought leaders. Our comprehensive portfolio currently includes fourteen leading companies spanning the universe of sustainable innovations in the areas of energy storage and efficiency, renewable fuels, electrical efficiency, green cleaning products and water purification.

In this era of profound changes in the way we produce and consume valuable resources, SAIL focuses on exceptional profit opportunities as a result of inefficiencies in the global markets. Our team of uniquely talented investors employs their decades of experience and cleantech-related networks to the most exciting venture investment opportunities.

www.sailcapital.com
Private investments in the cleantech industry are up 56% globally from Q1 to $1.76 billion, according to the Q2 Investment Monitor from the Cleantech Group.

"President Obama’s climate action address has reenergized the cleantech industry, and our i3 data—in addition to the strong performance of SolarCity and Tesla—underscores our belief that we are turning a corner," says Sheeraz Haji, CEO of the Cleantech Group. "Recent acquisitions of Waze, Power-One and ecoATM provide further reason for optimism, and the breadth of private companies generating material revenue is impressive. Alongside these trends, we continue to track increased activity by large corporates. Indeed, the tide appears to be turning in 2013."

North America accounts for 71% of the quarter’s venture investments, with cleantech companies attracting $1.25 billion—up 74% quarter-on-quarter. Europe and Israel account for 13%, and Asia Pacific for 15%.

Broken down by sector, Energy Efficiency continues its lead in terms of the amount invested ($378 million) and in the number of deals (45 funding rounds).

Other leading cleantech sectors are Biofuels & Biochemicals ($231 million) and Solar ($170 million).
Cleantech entrepreneurs got a jolt of energy this month from President Barack Obama’s rollout of climate change initiatives.

In a speech delivered at Georgetown University, Obama outlined his approach for addressing climate change. His action plan decreases carbon pollution, prepares the U.S. for increasingly severe weather patterns and spearheads an international effort to combat climate change. Many of his proposals are executive orders, circumventing the need for Congressional approval.

The SAIL portfolio contains many technologies critical to putting Obama’s initiatives into play. Outlined below are key areas of focus from the President’s Plan, and how SAIL portfolio companies are suited to carry out the Plan’s goals.

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<tr>
<th>Initiatives</th>
<th>SAIL Solutions</th>
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<tbody>
<tr>
<td>Cutting Carbon Pollution from Power Plants</td>
<td><strong>Paragon</strong> contributes 10-15% to overall power plant efficiency by recovering wasted flue gas heat and re-using it to “pre-heat” the external air pumped into the boiler during the combustion process. The seals reduce air leakage by an average of 35%, with a high-to-date reduction of 50%.</td>
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<td>Presidential Memorandum directing the EPA to complete carbon pollution standards for both new and existing power plants.</td>
<td><strong>Xtreme Power’s</strong> real-time power management and energy storage systems provide a dependable and cost-efficient way to improve grid reliability and reduce transmission congestion.</td>
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<td>Expanding and Modernizing the Electric Grid</td>
<td><strong>Enerpulse</strong>’s pulse plugs increase torque and horsepower, resulting in an average of 5-10% better fuel economy and lower emissions. For every gallon of fuel not burned due to this increased efficiency, Enerpulse prevents 21 pounds of CO₂ from entering the atmosphere and reduces our dependence on fossil fuels.</td>
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<td>Presidential Memorandum that directs federal agencies to streamline the siting, permitting and review process for transmission projects across federal, state, and tribal governments.</td>
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<td>Increasing Fuel Economy Standards</td>
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<td>Build out current fuel standards for heavy-duty vehicles to post-2018 standards. 54.5 mpg fuel standard for passenger vehicles by 2025</td>
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<td>Natural Gas</td>
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<td>Since heavy-duty vehicles are expected to account for 40% of increased oil use through 2030, encouraging adoption of heavy duty natural gas vehicles.</td>
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Establishing a New Goal for Energy Efficiency Standards
Energy efficiency standards for appliances and federal buildings projected to reduce carbon pollution by 3B metric tons by 2030.

Expanding the Better Buildings Challenge
Expanding the challenge to become at least 20% more efficient by 2020 beyond commercial and industrial buildings to multifamily housing.

Reducing Methane Emissions
Major efforts include reducing methane and black carbon from waste and landfills.

Global Methane Initiative works with 42 partner countries and over 1,100 private sector participants to reduce methane emissions.

Pursuing a Global Approach to Reducing Emissions
…from coal mines and landfills to agriculture and oil and gas development.

Global Energy Efficiency Efforts
Clean Energy Ministerial’s Super-Efficient Equipment and Appliance Deployment Initiative and Global Superior Energy Performance Partnership: accelerating global standards and practices to cut energy waste to the equivalent of over 650 mid-sized power plants by 2030.

Includes improving building efficiency, reducing energy consumption at water and wastewater treatment facilities, and expanding global appliance standards.

Strengthening Global Resilience to Climate Change
Strengthen government and local community planning and response capacities, such as increasing water storage and water use efficiency to cope with the increased variability in water supply.

M2 Renewables’ systems use 1/10\textsuperscript{th} to 1/5\textsuperscript{th} the footprint and up to 85\% less electricity compared to traditional wastewater treatment plants. The biosolids removed from the water can be gasified in the M2R system to produce energy, so wastewater can become a useful feedstock and a net energy producer instead of an energy consumer.

SNTech’s innovative product family of “smart” electric motors delivers superior performance with 33-50\% increased efficiency. These smart electric motors use up to 50\% less electricity than high efficiency AC motors in HVAC applications. The Green Motor consumes 80\% less energy and is the lowest heat emitting motor with 75\% less heat generation.

The Ener-Core Powerstation\textsuperscript{TM} transforms methane gas from landfills, coal mines, oil fields and other low quality methane sources into continuous clean electricity.

Methane gas is 20-25 times more potent to the atmosphere than CO\textsubscript{2}.

M2R
WaterHealth can provide a community in need with access to clean and safe water for at least 10 years at less than $10/person.

To read the entire President’s Climate Action Plan, please click here.
The Cleantech Group, a global market intelligence firm, announced this month the release of revenue data in its i3 Platform, as well as an overhauled taxonomy and dynamic mapping feature. These improvements underscore the company’s commitment to maintaining i3’s position as the most current source for deals, trends, and insight into innovation, with data for over 20,000 companies across 18 sectors.

“Accurate revenue data on startups has historically been difficult for us to find, and has required a significant amount of time and effort to surface. This new feature will change that aspect of our work. It is a great addition to i3, which is already a key part of our company’s discovery efforts.”

Currently, close to 600 companies across all sectors and a range of geographies have revenue data associated with their i3 profiles. This number is expected to grow to approximately 1,000 data points by the end of June, with a goal of tripling that number by the end of 2013.

“The value of having revenue data that spans sectors and geographies is undeniable,” stated Sheeraz Haji, CEO of Cleantech Group. “Corporates and venture capitalists who are assessing investment and partnership opportunities will benefit from the ease of finding target companies that meet specific criteria, including revenue. Similarly, entrepreneurs can generate more interest in their firms by proactively sharing their revenue data with prospective investors. There simply isn’t a better source than i3 for such current and insightful data.”

The revenue data originates from either the companies themselves or Cleantech Group’s research team. Numerous top companies have already updated their own revenue ranges. Entrepreneurs and cleantech companies in search of funding can update their profile with revenue data, or add their company to the i3 platform to be viewable by thousands of investors and corporate executives.

Other recent enhancements to the i3 platform include:

- A mapping feature that helps users identify innovation clusters around the world for the 18 sectors covered;
- A revamped Oil & Gas Innovation taxonomy, which gives subscribers a unique opportunity to drill down into this booming sector and discover technological nuggets; and
- A new user interface, which allows users to efficiently pursue company discovery, thanks to improved accessibility to key features.

While these features are only available to subscribers, a subset of data has recently been made available to the public in i3.
Sail portfolio company Ener-Core, Inc. (formerly "Flex Power Generation" or "FPG") recently announced that it completed a merger transaction with Ener-Core Power, Inc. that had been disclosed in the Company’s filings with the Securities and Exchange Commission in April and May. Common stock of the combined company will continue to be quoted on the OTC Bulletin Board and the OTC Market Group Inc.’s OTCQB tier under the symbol "ENCR." In connection with the closing of the merger transaction, the Company received $4 million in equity financing, which was a condition to the closing.

Ener-Core designs, develops, and manufactures gradual oxidizer products and technologies that aim to expand power generation into previously uneconomical markets, while at the same time reducing the emissions of gases produced from industrial processes that contribute to air pollution and climate change.

Dr. Boris Maslov, Ener-Core’s President stated, "We are pleased to be in the public markets and look forward to enhancing the value of our company for all of our stockholders – old and new. All of us at Ener-Core intend to expand our company’s business horizons in a meaningful manner. We believe that our Gradual Oxidation products and technology provide a unique value proposition in that they not only allow for the extraction of energy from previously unusable low energy fuels, but also significantly reduce harmful pollutants and create useful energy products such as heat and electricity."

Dr. Maslov concluded, "We believe that our customers can greatly reduce the cost of compliance with air quality regulations by avoiding the chemicals, catalysts, and complex permitting required by competitive systems."

The Company will be releasing full details of the merger transaction and the related financing in July, 2013.
SAIL Capital Partners invests in leaders—leading companies, and equally important, strong leadership teams. In appreciation of the exceptional teams at our portfolio companies, each month the newsletter highlights an individual who has significantly contributed to the growth and success of a SAIL portfolio company.

This month we would like to welcome a new member to our internal operations team, Aaron Burch. Aaron joined the SAIL team this May after earning his MBA at Tulane University in New Orleans. While earning his degree, Aaron interned for SAIL in New Orleans, and he has now transitioned to a full time associate position at our Irvine office.

Aaron has a passion for energy, entrepreneurship and the environment. As part of the Energy Specialization concentration he earned with his MBA, he completed courses in energy fundamentals, oil and gas trading, and energy accounting and valuation. Aaron served as VP of Events for the Tulane Entrepreneurs Association, planning and hosting the school’s annual business plan competition, which spotlighted innovative technologies from around the world. Aaron, an Eagle Scout, is committed to conservation and served as a volunteer for the National Parks while in New Orleans. Prior to enrolling at Tulane, Aaron worked with the start-up of Women’s Professional Soccer based in San Francisco where he was the League Operations Manager. He worked previously as a Senior District Executive with the Boy Scouts of America. Aaron is excited to be working with SAIL on the growth of new energy efficient technologies.
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, Enerpulse, SNTech, Flex Power, 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.

DISCLAIMER

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SOURCES

The Cleantech Group
Entrepreneur.com
The White House
Business Wire
Sustainable Business
New York Times