Dow Kokam & Quantum Deliver First Plug-In Hybrid Electric F-150 Pickup Truck to Florida Power & Light

Dow Kokam is a SAIL II portfolio company.

Dow Kokam and Quantum Power Delivers First Plug-In Hybrid Electric F-150 Pickup Truck to Florida Power & Light Company (FPL), in association with Dow Kokam, the lithium-ion battery system supplier for the PHEV F-150.

“We are pleased to announce the first delivery of this exciting plug-in hybrid electric F-150 truck,” said Brian Olson, CEO of Quantum. “In partnership with Dow Kokam, we have developed a truly innovative, unique and durable solution that provides significant advantages for fleets and utilities looking to substantially reduce their operating costs as well as their carbon footprint.”

FPL is an early adopter of both PHEVs and EVs (Electric Vehicle), and operates one of the largest green fleets of any investor-owned utility in the country.

The PHEV F-150 is powered by Quantum’s “F-Drive” parallel plug-in hybrid electric drive system. The “F-Drive” allows the truck to run the first 35 miles on a zero emission electric drive and then switch to an efficient hybrid drive mode, achieving 100+ mpg depending on the drive cycle and charging frequency. The PHEV F-150 incorporates fully-integrated and safety-tested lithium-ion energy storage systems from Dow Kokam.

www.dowkokam.com

FlexEnergy: Makes the Most Out of Methane

FlexEnergy is a SAIL II portfolio company.

Cows, landfills, agricultural activities, coal mining, wastewater treatment, and the like, all produce methane—i.e. a very potent greenhouse gas emission.

FlexEnergy manufactures technology that resolves methane gas pollution and the need for clean energy sources. It does so with two technologies.

The Flex Powerstation produces electricity from the widest range of fuels down to as low as 5% methane. It is versatile and available for a wide range of applications—i.e. landfills, waste water treatment plants, oil fields, coal mines, and dairy digesters. The technology produces near zero emissions, operates on gases down to 50 Btu/scf (1700 kJ/m3), operates with an internal cogeneration system and does it all with a small footprint.

The Flex Turbine MT250 runs on a variety of fuel gases—from pipeline-quality natural gas to oilfield associated gases to biogas. It also meets California Air Resource Board standards—i.e. the strictest standards in the world as such relate to air quality control. It provides a number of operations that produce or use methane, the main component of natural gas, with a clean and efficient way to turn it into continuous clean energy.

www.flexenergy.com

Inside this Issue:

- Xtreme Power Helps Hawaiian Wind Farm Complete 2nd Phase
- “Big Oil” Leads the Race in Green Investments (True Story)
- Interview with Enerpulse’s CEO—Joseph Gonnella
- CNS Response Obtains Additional Patent Protection
- California’s Green Innovation Index

Thought of the Month—

"The future depends on what we do in the present”

—Gandhi
Xtreme Power Helps Hawaiian Wind Farm Finish 2nd Phase

Xtreme Power is a SAIL I & SAIL II portfolio company.

Recently, in Hawaii, First Wind’s large wind farm project completed its second phase when it added 14 newly installed wind towers.

The wind towers will incorporate Xtreme Power’s battery energy storage systems. The systems will help smooth out the fluctuations in energy output—i.e. an inherent issue with intermittent power sources such as wind and solar.

Hermina Moria, Chairperson for the Public Utility Commissioner, hailed the big wind projects on Maui as a way to achieve “equity and fairness” in the system.

"Those homeowners who cannot afford to install photovoltaic systems on their homes can still enjoy the benefits of clean, renewable energy at stable prices," she said. Such energy is not just reserved for the well-to-do. Hawai’i’s goal of 40 percent renewable energy production by 2030 is furthered by these two projects.

"We work hard to build projects that not only provide clean energy, but they also respect and protect Hawai’i’s beautiful natural resources," stated Kekoa Kaluhiwa, the director of external affairs for First Wind.

The new wind towers, standing nearly 300 feet tall from base to blade tip, with blades measuring 112 feet, will each have the capacity to generate 1.5 megawatts (MW) of power per hour, or 21 MW together—enough to power 7,700 homes annually.

Maui County Mayor Alan Arakawa sees Maui’s wind farms as something we can look back on and say, "We did something that really made sense: providing our own power. Maui’s peak electrical usage is 194 MW. When Kaheawa and Auwahi are both online, together they will provide 72 MW of power. Because we spend billions of dollars on foreign oil, we need to protect our energy independence and community." www.xtremepower.com

“Big Oil” Leads the Race in Green Investments (True Story)

Since 2005, BP invested $7 billion in alternative energy. Exxon Mobil Corp. plans to spend $600 million on a 10-year effort to turn algae into oil. Also, Royal Dutch Shell continues to buy sugar cane mills, plantations and refineries to make ethanol in Brazil.

In the U.S., Shell already produces drop-in-biofuels—i.e. engine ready products that replace gasoline.

On the way to a renewable energy future, a funny thing occurred: “Big Oil” became the biggest investor in the race. In the last decade, the industry put $71 billion into zero and low emission and renewable technologies. By contrast, the U.S. government only spent $43 billion during the same period on similar efforts.

The Big Oil players find an interest in cleantech investments because they want to validate the promise of cleantech. The Renewable Fuel Standard, which requires 36 billion gallons of alternative fuels by 2022, provides another incentive for green spending.

For Sheeraz Haji, CEO of Cleantech Group, the investments represent pragmatism, since companies realize that they cannot meet the demand for conventional oil and gas in the long run. “We’re not talking about oil companies turning into green activists,” says Haji. “It’s tied to their view that this is economically rationale.”

“PR concerns play a huge role, but it is also matter of pride and fear,” Haji says, “Oil companies, with their technological prowess, don’t want to wake up and find the renewables world exploding with profits they aren’t sharing.”
Interview with Enerpulse CEO—Joseph Gonnella

Enerpulse is a SAIL I & SAIL II portfolio company.

CEO & CFO Interview (CEOCFO) magazine interviewed Joseph Gonnella, the CEO of Enerpulse—the developer of the world’s most powerful spark plug (Pulstar). Pulse Power technology is a major breakthrough in the automotive ignition industry. For more than 120 years, this industry has yet to see any major changes. However, Enerpulse’s Pulse Power technology increases power from a maximum of 500 watts to over 5 million watts.

CEOCFO: How is commercialization and total development going?
Enerpulse: We already fully developed and commercialized our base technology in the automotive aftermarket. We sell our Pulstar® branded products in all major aftermarket channels. We also market through well-known e-tailers like Amazon.com. We now address the OEM sector following the launch of our newest generation for Pulse Power ignition technology.

CEOCFO: What is the response in the aftermarket?
Enerpulse: Our aftermarket business grew thirty percent year-over-year between 2010 and 2011, and we continue at that pace going into 2012. Because of its extraordinary fuel economy savings, our product still experiences organic revenue growth despite the fact that Enerpulse did not aggressively promote Pulstar®-principally because of our primary focus with the OEM sector.

CEOCFO: What are the biggest hurdles for the OEMs to make the leap to your technology?
Enerpulse: Since September of 2011, seven OEMs expressed interest in Enerpulse. However, before adopting our technology, they need to conduct their own testing, which is a time consuming process. Fortunately, Pulse Power’s improved fuel economy is readily clear from a scientific basis—i.e. our technology improves fuel economy by consuming more fuel charge in each cycle of the engine, converting that fuel to energy and then translating that additional energy into improved torque and/or reduced fuel consumption.

CEOCFO: Who are your direct competitors—i.e. they offer a similar product?
Enerpulse: No. No one. Enerpulse holds sixteen issued patents and nineteen patents pending surrounding our core technology. Therefore, we are essentially alone in this particular field.

CEOCFO: What is ahead for the next several months?
Enerpulse: I see a much larger presence in the aftermarket as we begin to ramp up our efforts with increased advertising and promotion. I also see us as a major player in the OEM sector worldwide. We continue to work with car companies all over the US, Europe and South America.

www.pulstar.com

CNS Response Obtains Additional Patent Protection

CNS Response is a SAIL I portfolio company.

CNS Response, Inc. (OTCBB: CNSO), which provides information designed to support physicians in identifying the best treatments for mental illnesses, recently received approvals for the company’s sixth and seventh U.S. patent and the second Canadian patent. The patents provide additional protection for the company’s neurophysiology-based database and evidence-based tools.

CNS Response also filed patent applications in the U.S., Europe and Canada relating to their acquisition of patient responsivity data for Transcranial Magnetic Stimulation (TMS). This will strengthen the company’s intellectual property estate. TMS is a non-invasive outpatient procedure that uses magnetic fields to stimulate areas of the brain that professionals believe control our mood. The U.S. Food and Drug Administration approved of TMS and approximately 300 psychiatrists offer it nationwide. CNS Response’s new database helps physicians better understand which patients may positively respond to TMS for treating depression.

“Our objective is to bring evidence-based tools that reduce trial and error in the treatment of mental health disorders,” said George Carpenter, CNS Response CEO.

www.cnsresponse.com
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 York, New Orleans and Washington D.C. as well as a global network of investors and advisors.

**Energy Companies’ Mountain of Cash:** Notwithstanding the fact that big energy and oil companies invested billions of dollars into cleantech investments, in reality, the oil and gas companies invested relatively little when compared to their large cash reserves. See below. In fact, in 2008, the same year Big Oil companies experienced their second-highest profit level, such companies only devoted a mere 4% of their collective earnings to cleantech R&D.

### Skimping on clean energy R&D
**Big Oil investments in alternative fuels, 2010**

<table>
<thead>
<tr>
<th>Company</th>
<th>Alternative fuels/tech R&amp;D (millions $)</th>
<th>2010 profit (millions $)</th>
<th>Percentage of alternative fuels R&amp;D compared to profit</th>
</tr>
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<tbody>
<tr>
<td>BP^</td>
<td>$284</td>
<td>$-3,740</td>
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<tr>
<td>Chevron*</td>
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<td>ConocoPhillips</td>
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<tr>
<td>ExxonMobil</td>
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</tr>
<tr>
<td>Shell</td>
<td>Did not respond</td>
<td>$18,280</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$935</strong></td>
<td><strong>$76,240</strong></td>
<td><strong>1.2%</strong></td>
</tr>
</tbody>
</table>

Source: Congressional Research Service memo to Sen. Harry Reid (D-NV), August 18, 2011.

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