SAIL II OVERVIEW

CONFIDENTIAL

APRIL 30, 2009
CLEANTECH LEADER

• **SAIL** is a leading national cleantech venture capital firm focused on the global energy, water and agricultural markets
  
  70% energy  30% water, agricultural and other

• The **SAIL** team of five senior partners with diverse complementary skill sets is unique in combining:
  
  – Early thought leadership and early investment in the space
  – First institutional investor in The Cleantech Group, the hub of the space
  – Ranked number one cleantech firm in the US by JP Morgan fund of funds
  – Extraordinary depth and breadth of cleantech experience and expertise
  – Cleantech-specific networks like The Cleantech Group, NREL Board, Secretary of Energy, EPA, ACORE, and others
  – Co-investors like Credit Suisse, Dow Chemical, Goldman Sachs, and Robeco
  – Proven ability to source deals on a proprietary non-auction basis
  – Global cleantech networks based in California, New York, Washington DC, and Boston
  – Proven ability to evaluate technology on a global basis through advisory networks and to execute in global markets

Investing in solutions to serious problems
THE VISION

• **SAIL’s Vision:** to be the Premier Institution for Cleantech Private Equity Investing:
  Integrate and leverage our Extensive Networks, Domain and Operational Expertise, Investment Strategy and Selection, and Portfolio Management and Financial Discipline to drive Superior Investment Performance

• **Target top-quartile Private Investment Performance**
• **Implement a disciplined, relatively low-risk high-alpha strategy**
• **Serve Investors with Superior Performance and Superior Communication**
• **SAIL I:** $50 million fund invested in cleantech leaders, with portfolio company revenues growing at an estimated 82% CAGR (2007-2009E) to $152.7 million (2009E)*
  
• **SAIL II:** $250 million cleantech fund in final phase of capital formation; with 3 investments thus far and portfolio company revenues growing at an estimated CAGR of 110% (2007-2009E) to $116.6 million (2009E)*

• **SAIL I and II Investors include:** JP Morgan, US Bank, Northern Trust, Merrill Lynch, Wilmington Trust Client Group, State and municipal pension funds, and European institutions.

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* Please see the attached “Portfolio Revenue Growth Analysis Summary.”
TEAM SYNERGY

Thomas Cain
Entrepreneur/Technologist
- Founded and grew start-up to $100M and 2,000 employees
- Serial Entrepreneur in IT and Energy
- Led DAI, Frontstep, Interact, Starco, and Evans
- Led 2 NASDAQ Turnarounds
- Chairman or Director of 15 Companies
- YPO Exec Ed @ MIT & Harvard Business School

Hank Habicht
CleanTech Markets/Policy
- Deputy Administrator & COO of EPA
- Asst Attorney General of US for Energy & Environment
- Senior VP Safety-Kleen, head of M&A and corporate sales
- Principal in Environmental Venture Fund (3X Return)
- Founder ACORE
- Advisor to Secretary of Energy and NREL
- Princeton BA
- Virginia JD

David Jones
Business & Financial Models
- 25-Year Venture Capitalist as Managing Partner
- 60 Investments
- Northwest Pipe
- Co-invested with 100 other VC’s
- Chairman NASBIC
- 4 Early-Stage Funds
- Chairman or Director of 12 Public/Private Companies
- Dartmouth BA
- USC JD & MBA

Walter Schindler
Structure/Exits
- Managing Partner, Gibson Dunn and Crutcher, Orange County CA Office
- Alternative Energy Expert at Gibson Dunn
- 60 M&A / IPO’s (Ultrasystems, PIMCO and RemedyTemp)
- US Bank Advisory Board
- CEO Roundtable—UC Irvine
- 20 years strategic advisor on value creation
- Harvard JD
- Yale BA, MA, PhD

Alan Sellers
Management Systems/People
- Partner Westar Capital
- Executive Pacific Holding Company
- EVP Dole Foods
- VP Ultrasystems
- General Counsel Pacific Holdings
- 25-year Boards
- Wilmington Trust Advisory Board
- Wharton MBA
- Columbia JD/CPA
- Yale BA
SAIL ADVISORY BOARD

• **Mary Graham Davis**
  ~ Strategic Advisor to financial institutions and investment groups. Clients have included JP Morgan Capital Partners and MetLife.

• **Archie W. Dunham**
  ~ Former Chairman of ConocoPhillips; former CEO of Conoco; boards of directors of Louisiana Pacific, Phelps Dodge, and Union Pacific Corp.

• **Ronald W. Hart, Ph.D.**
  ~ Former Chief Scientist & Executive Director, FDA National Toxicology Laboratory; co-founder, Korean Institute of Science and Technology; expert in science related to cancer and ageing; key advisor to Hillary Clinton

• **Joseph Romm, Ph.D.**
  ~ Executive Director, Center for Energy and Climate Solutions, Washington DC; author of the National Commission on Energy Policy’s report on the future of automotive fuels

• **Benson P. Shapiro**
  ~ McNair Professor of Marketing Emeritus, Harvard Business School

• **Howard H. Stevenson, Ph.D.**
  ~ Sarofim-Rock Baker Foundation Professor of Business Administration, Harvard Business School

• **Lee C. Tashjian**
  ~ Vice President, Fluor Corporation; member of the energy committee of the World Economic Forum, Davos, Switzerland

• **John A. Warden III**
  ~ Strategic Advisor to Fortune 500 companies. Clients have included Texas Instruments, Pfizer, Schlumberger, and McDonalds.

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Investing in solutions to serious problems
SAIL’S LOW-RISK APPROACH

- Pursue the Largest Global Markets: Energy, Water, and Agriculture
- Diversify into uncorrelated subsectors within Cleantech
- Maintain a strong buy discipline with favorable entry valuation
- Invest in several stages based on objective performance milestones
- Increase capital amounts over time as results are achieved
- Negotiate for warrants to control future buy-in pricing and capital rounds
- Co-Invest with High Value Add Corporate and Other Investors
- Identify and Exploit Global Market Inefficiencies in pricing IP assets
- Exploit Special Opportunities where SAIL has superior domain expertise
- Focus on Companies with Customers under Contract and Rising Revenues
- Favor Business Models with large potential for Positive Cash Flow
- Require Proven Scalable Technologies and Strong IP Protection
- Require Strong Management Teams and Boards of Directors
- Identify and Control Strategic Outcomes: Customers, Strategic Partners, and Exits
What is Cleantech?

- **Technology innovation** in the more efficient use of energy, water, food and other scarce and valuable global resources:
  - Optimize use of natural resources
  - Reduce ecological impact, and
  - Add economic value by lowering costs and improving profits

- **Cleantech is the world’s fastest growing investment category**
  - The 3rd largest venture capital investment category: over 14% market share in North America; 18% in Europe
  - Cleantech markets are large multibillion dollar global markets

- “May be the largest wealth creation opportunity of the 21st century” -- John Doerr
  - Multiple waves of technological innovation
**EXAMPLES OF CLEANTECH**

*Energy Efficiency* – New Spark Plug causes more complete combustion, greater fuel economy and less pollution

*Alternative Energy and Renewable Fuels* – Solar, wind, and biomass power; waste to energy; biofuels

*Electrical Efficiency* – New Electric Motor uses 80% less energy, reducing strain on the electric grid

*Energy Storage* – Batteries that last for the life of the product, reducing waste battery disposal

*Lighting* – New light source technology uses 1/10 the electrical power

Investing in solutions to serious problems
20th century: Population grew 3x, water use grew 6x

Shortages: 3 billion people face water scarcity by 2025

Water market exceeds $500 billion (GlobalWaterIntelligence)

Private equity accelerating

India and China
- Water-spending growth >20% annually

Infrastructure needs ($5 trillion):
Big gaps in coverage
EMERGING MARKETS: OUTSIDE THE NEXT WAVE OF BIG PLANTS

• 1.2 billion people without access to safe water

• 900 million reside in Africa and Asia

• Nearly 500 million reside in India and China alone

*Developing markets with economic momentum*

Investing in solutions to serious problems
Selected Investments of
SAIL I AND SAIL II
Problems Solved: globally affordable pathogen-free drinking water conveniently accessible.

Product: UV water purification systems

Source: Dow Chemical, co-investor, and WHI

IP Estate: solid patents

Management: Sanjay Bhatnagar, President & CEO; David Katz, CFO; Hank Habicht, Chairman.

Environmental Impact: Major human quality of life; life expectancy; education; carbon reduction.

Other Investors
Dr. Anji Reddy, Johnson & Johnson, Acumen Fund, International Finance Corporation, Dow Chemical

Examples of SAIL’s value-add
Provided key guidance on international business, strategic relationships and business model. Helping at high levels to source financing for village systems from corporate, International banks and Indian institutions.

Awards
Toshiba Green Innovation Award 2007
Discover magazine’s Award for Technical Innovation & “Best of the Decade” invention

US News & World Report cites as one of “20 Ways to Save the World”
Problems Solved: Eliminate peak-power requirements due to air-conditioning by shifting consumption to night.

Product: Refrigeration-based air conditioning unit that makes ice at night

Source: Trade show

IP Estate: Robust patents

Management: Frank Ramirez, CEO; Greg Tropsa, COO; Brian Parsennet, CTO

Environmental Impact: Reduce 95% of peak-power demand for A/C; lowest-cost LEED/Title 24 building credits; each unit reduces GHG equivalent of 2 cars.

Other Investors
Goldman Sachs, Good Energies, Joe Gorman, Energy Capital Partners.

Examples of SAIL’s value-add
Focused company on reducing costs through off-shore sourcing. Assisted in market development with regulators and business introductions.

Awards
2005 Innovation Quotient Award
2005 Top 10 Green Building product
2004 “World’s Best Technology” Gold Award
Investing in solutions to serious problems

Problems Solved: Incomplete burning of gasoline or 2-cycle fuel.

Product: Replacement intelligent ultracapacitor plug that generates 20,000 times the spark of current plugs.

Source: Trade show

IP Estate: Robust IP

Management: Charlie Stewart, CEO; Lou Camilli, President; Brian Templeton, CFO

Environmental Impact: Reduction of gasoline consumption in US by 30 million gallons/day (11B/yr) and reduction of pollutant generated on remaining 360 million gallons/day.

Other Investors
Altira Ventures, ROBECO

Examples of SAIL’s value-add
Introduction to advanced direct selling technology; Genalytics. Tim Ford, ex-CEO of JC Whitney. Secured commitment from Nissan engineers to test.

Test Results

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<tr>
<th>Vehicle</th>
<th>Economy</th>
<th>Torque</th>
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<tr>
<td>Marquis</td>
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<td>11%</td>
<td>5%</td>
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<tr>
<td>Corolla</td>
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<td>Avalanche</td>
<td>8.4%</td>
<td>11.2%</td>
<td>7.8%</td>
</tr>
<tr>
<td>BMW 740i</td>
<td>8.4%</td>
<td>6.9%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Source: Trade show

IP Estate: Robust IP

Management: Charlie Stewart, CEO; Lou Camilli, President; Brian Templeton, CFO

Environmental Impact: Reduction of gasoline consumption in US by 30 million gallons/day (11B/yr) and reduction of pollutant generated on remaining 360 million gallons/day.
Problems Solved: 400M 60% efficient HVAC electric motors in US/yr. Millions more in Washer/Dryers, pools, dishwashers, refrigerators

Product: Low-cost, brushless DC motor with Electronic Commutation (ECM) at 90% efficiency.

Source: Firm Advisor

IP Estate: Robust IP

Management: Shannon Bard, CEO; James Jeung, CTO

Environmental Impact: DOE estimates US electric grid is 60% electric motor. SN Tech motors are 80% more efficient than existing. Result is removing pressure on grid and eliminating peak-power issues.

Other Investors
Korean Angel investors

Examples of SAIL’s value-add
Recruitment of CEO, CFO, initial sales staff. Identify new rapid adoption market. Define initial marketing strategy and initiate IP estate development.

Awards
Silver Medal – 18th, 20th, 26th Salon International Inventions, Switzerland
IFIA Cup Prize, Germany
Gold Prize IENA
Problems Solved: Catalyze the CleanTech Sector through building networks of conferences, indexes, advisory services and recruiting.

Product: CleanTech Venture Network (US, Europe, China); CleanTech Advisory Service; CleanTech Executive Search; CleanTech Forum, CleanTech Indices

Source: Strategic target

IP Estate: CleanTech trademark

Management: Nick Parker, Chairman; Keith Raab, CEO


Other Investors
Credit Suisse, Bob Epstein

Examples of SAIL’s value-add
Advised company on internal operational matters, expansion and strategic relationships; developed high-level government contacts, private partners and sponsors.

Enablers / Sponsors
Ernst & Young, Global Environment Fund, Jefferies, Wilson Sonsini, Masdar, HellerEhrman, Canaccord Adams, 3i, Rockport Capital, Expansion Capital, John Deere
Problem Solved: stranded gas (methane) from landfills, oilfields and coal mines is a greenhouse gas 23X stronger than CO2.

Product: The FlexPowerStation generates electricity from methane sources too dilute (15BTU) for other technologies

Source: Rice University Clean Technology Alliance

IP Estate: Strong Portfolio, in-house and cross-licensed

Management: Tom Denison, Chairman; Joe Perry, interim CEO

Director: Hank Habicht

Environmental Impact: significantly reduces greenhouse gases, earns green (renewable) power credit, meets all environmental regulatory requirements

Other Investors:
Tom Denison, FlexEnergy Chairman, former Managing Director of First Reserve Corporation

Examples of SAIL’s value-add:
Recruited Tom Denison to be Chairman/investor
Recruited Fluor executive to Board
Contract with The Pataki Cahill Group
Access to global waste and power companies
Connections with EPA and Public Policy leaders

Future Products: Power from mixed waste, natural methane sources

Awards:
DOE/NREL Biomass Power grant
CEC Biomass Power Grant
GTI, EERC, NRECA funding

Investing in solutions to serious problems
**Problems Solved:** Efficient, safe, economical storage of massive amounts of electricity to buffer wind/solar farms, replace peak power plants, load shift buildings from peak.

**Product:** Solid lead-acid 1kw battery units and power management system designed to place in low cost massive array configuration.

**Source:** Personal Contact with Angel Investor

**IP Estate:** Robust IP & Trade Secret

**Management:** Carlos Coe, CEO; Aeron Hurst, Technologist; Michael Breen, CFO

**Environmental Impact:** Reduction of fossil fuel consumption for electrical generation, enable renewable fuel usage, relieve current grid stress points.

**Other Institutional Investors** None

**Initial Customers** Home Depot, Grainger, Freescale, TEES, First Wind.

**Examples of SAIL’s value-add:**
Secure IP of batteries and power management. Address utility and wind developer needs. Create strategy for trade secret protection. Facilitate major new customer and partner acquisition. Develop business and financing plan.

**Test Results**
- Imperceptible resistance under load
- More than 93% round trip energy efficiency
- $200K /MW hr of storage cell
- 10-20 Year Battery Life
- 5000 100/5 deep discharge cycles
- 250,000 90/20 charge/discharge cycles
- Full charge in minutes
- From KW/hr to 100MW/hr array configurations
**Problem Solved:** Low-cost, light-weight high-performance batteries needed for industrial and transportation markets.

**Product:** Lithium polymer batteries

**Source:** SAIL Limited Partner

**IP Estate:** Broad Patents

**Management:** Dennis Townsend, Chairman; CEO search in progress; J.J. Hong, President Kokam Korea

**Director:** Tom Cain

**Other Investors:**
Townsend Capital LLC

**Examples of SAIL’s value-add:**
Recruit CEO
Introductions to auto industry
Lead Dow negotiations

**Future Products:** Power from mixed waste, natural methane sources

**Company Status:**
$30M revenue
$5+M EBIT
Joint Venture with Dow to build manufacturing plant in Michigan.
SAIL into the future

• Build sector-leading returns:
  • Leverage domain expertise and global networks
  • Build the leading platform of cleantech companies that define the space
  • Focus on major strategic customers for our portfolio companies with The Pataki-Cahill Group

• Our New York office opened January 1, 2009, with new CFO Marcia Bateson, former CFO of JP Morgan Capital Partners
• Our Boston office opened in 2008 with new VP of Investor Relations Isaiah Kacyvenski, former Captain of the Seattle Seahawks and Harvard football star
• Contact: Walter Schindler wschindler@sailvc.com (949) 923-1629 (mobile)