

\$13.2 million from GE, Statoil, CMEA and Khosla Ventures readies Danotek for wind turbine generator production

Canton Township, MI – Four of the world’s leading renewable energy venture capital firms are partnering for the first time with co-investments to bring to market new technology that will make wind turbines more efficient, reliable and affordable.

[GE Energy Financial Services](#), [CMEA Capital](#), [Khosla Ventures](#) and [Energy Capital Management](#) will invest a combined \$13.2 million in [Danotek Motion Technologies](#), a company that develops and manufactures advanced generators and components to supply wind energy to the power grid. The company also produces motors, drives, pumps and other accessories for electric and hybrid vehicles.

The investment enables Danotek, based in Canton, MI, to expand research and development, install utility-scale Mega Watt load testing equipment, hire and train workers and launch production of a projected 4,000 permanent magnet generators (PMG’s) annually.

“We are gearing up to support the rapid growth of the global wind market,” said Dan Gizaw, President and CEO of Danotek. “Wind turbine manufacturers and wind farm developers are significantly expanding operations worldwide, particularly in Europe, China and the United States. We design and manufacture advanced permanent magnet generators and power conditioning systems that enable those business ventures to dramatically improve energy efficiency, cut costs and increase revenue.”

Danotek’s permanent magnet generator is leading a technological leap forward for the wind power industry. The PMG’s competitive advantages over conventional generators include:

- Feed energy from the wind-to-the-grid more easily and efficiently.
- More reliable and less costly to operate and maintain because PMG’s contain no wear-and-tear parts.
- Compact and lightweight design simplifies wind turbine construction and lowers material costs.
- Produces power at low and varying wind speeds returning higher overall performance.

Overall, PMG technology enables wind farm owners to harvest an average of 15 percent more energy, providing approximately \$1 million in additional revenue over the life of the turbine.

“Danotek’s permanent magnet technology is bringing cost savings and efficiency gains to several high growth markets, including wind turbines and electric and hybrid vehicles,” said Faysal Sohail, Managing Director of Energy and Materials and Information Technology at CMEA. “CMEA Capital has been an investor in this company since day one because we recognized the wide applicability of its breakthrough technology. We are excited about the incredibly strong investment syndicate we have been able to put together to fund this expansion of Danotek and help fuel the green economy.”

This latest round of venture capital brings the total private funding invested in Danotek to \$21 million. The cash infusion comes as clean and renewable energy remains a high priority for governments, companies and communities around the world. Many financial experts who track the trend predict that 2010 will be a record year for investment in clean and “green” technologies, products and services.

“Danotek is an attractive investment with a strong value proposition to the fast growing wind industry,” said Richard Erskine, Partner and CEO of Energy Capital Management. “The company has the potential to become a leading service and technology provider to both the land and the offshore wind industry and enable operators to further reduce the cost of electricity.”

GE Energy Financial Services, CMEA Capital, Khosla Ventures and Energy Capital Management, which manages the venture portfolio of [Statoil ASA](#), each have positioned themselves on the cutting edge of renewable energy. This latest investment in Danotek is the first time the four firms have formally established a mutual interest in a single company.

GE Energy, Statoil and CMEA together invested \$7.25 in November 2008 to support Danotek’s startup. Now joined by Khosla Ventures, the investment team is committing an additional \$13.2 million to move Danotek into production. The investment from Khosla Ventures is the first from its late-stage Ventures Expansion Fund.

“At Khosla Ventures we invest in great entrepreneurs determined to build companies with lasting significance,” said founder Vinod Khosla. “Danotek has innovated a key technology that promises to significantly enhance the economic proposition of wind energy. We are thrilled by the opportunity to help bring their advanced generators to the global market.”

"Permanent magnet generators continue to offer the opportunity for higher efficiency and better economics in wind turbines,” said Kevin Skillern, a Managing Director and head of venture capital at GE Energy Financial Services. “Joining with Khosla Ventures for the first time will help Danotek expand its presence in this growing market.”

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Background

About Danotek Motion Technologies

Danotek Motion Technologies is a company founded in 2001 to develop highly efficient energy conversion systems for the energy and transportation industries. Danotek has patents pending on several innovative products, including permanent magnet generators, electronics integrated pumps, variable speed fans and electric vehicle steering systems. The company is based in Canton Township, MI. For more information visit www.danotekmotion.com

About CMEA Capital:

CMEA Capital provides capital to entrepreneurs and investors in the life sciences, information technology, and energy and materials sectors. Through its combination of solid scientific credentials and seasoned management expertise, CMEA identifies, funds and manages new businesses based on the emerging, interdisciplinary science required to meet the challenges and opportunities of a rapidly changing global economy. The firm currently manages seven funds representing investments in excess of \$1 billion. CMEA has been an early stage investor in many leading companies, including A123Systems, Codexis, Entropic (ENTR), Flextronics (FLEX), Magma (LAVA), Maxygen (MAXY), Silicon Spice (BRCM), Solyndra, and Symyx (SMMX). CMEA is based in San Francisco, CA. For more information visit www.cmea.com

About Energy Capital Management

Energy Capital Management AS ("ECM") is one of the leading venture capital investors within the energy sector based in Scandinavia. We have been a dedicated investor in the upstream Oil & Gas- and Clean Energy sectors for almost 10 years providing competent capital to high growth technology companies. ECM is the manager and advisor of Statoil ASA's venture portfolio (www.statoil.com). Currently ECM has a portfolio of 25 companies located in Europe and North America, and close to US \$250 million under management. The close cooperation with an industrial energy company, Statoil,

provides ECM with a unique platform to review and build young companies with the ambition to make a difference in the energy sector. ECM is headquartered in Oslo, Norway, with additional offices in Trondheim (Norway) and Aberdeen (UK). For additional information please visit www.energycapital.no

About GE Energy Financial Services

GE Energy Financial Services' experts invest globally with a long-term view, backed by the best of GE's technical know-how, financial strength and rigorous risk management, across the capital spectrum, in one of the world's most capital intensive industries, energy. GE Energy Financial Services helps its customers and GE grow through new investments, strong partnerships and optimization of its more than \$22 billion in assets. GE Energy Financial Services is based in Stamford, Connecticut. For more information visit www.geenergyfinancialservices.com

About Khosla Ventures

Khosla Ventures offers venture assistance, strategic advice and capital to entrepreneurs. The firm helps entrepreneurs extend the potential of their ideas in breakthrough scientific work in clean technology areas such as solar, battery, high efficiency engines, lighting, greener materials like cement, glass and bio-refineries for energy and bioplastics, and other environmentally friendly technologies as well as traditional venture areas like the Internet, computing, mobile and silicon technology arenas. Vinod Khosla founded the firm in 2004 and was formerly a General Partner at Kleiner Perkins and founder of Sun Microsystems. Khosla Ventures is based in Menlo Park, California. For more information visit www.khoslaventures.com