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Successful \$10 Million Convertible Debt Offering Raises KLD Energy Technologies Fundraising to \$26 Million

AUSTIN, Texas, Nov. 10, 2011 – KLD Energy Technologies has successfully completed a major debt offering that will further hasten development and application of its innovative, powerful and sustainable energy technologies.

KLD said its \$10 million convertible debt offering was fully subscribed and closed earlier this week. Mark Wabschall, KLD's chief financial officer, said the company has raised nearly \$26 million in capital since its incorporation in August 2008—about half of that in the past year.

He said that KLD expects to use funds from the debt offering for further, multi-industry development of the company's high-performance electric motor system; research and introduction of new products; and global expansion.

At the same, Mr. Wabschall said that KLD is in "advanced discussions" with several major institutional investors that have expressed strong interest in investing at least \$20 million in the company.

KLD's first production-ready technology is a breakthrough electric motor system that redefines a category fundamentally unchanged for a century. The system's initial commercial application will be in electric scooters and motorcycles—about 140 million of which will be sold from 2011 through 2017, according to industry analysts.

The significance of KLD technology extends well beyond two-wheeled vehicles.

"More than 50 percent of the world's energy is consumed by electric motors," said Christian Okonsky, KLD's founder and chief executive officer. "Even a 10-percent improvement in the efficiency of those motors could save \$100 billion a year in energy costs, and the environmental implications would be enormous.

"That's why our motor system is attracting the interest of some of the largest global manufacturers of high-volume products like elevators, escalators, forklifts and wind-generation equipment."

KLD system's entirely integrates a new electric-motor platform with the battery pack and motor controller, resulting in significantly enhanced performance, including efficiency and torque. The system operates at much higher frequencies than traditional iron-core electric motors, so it doesn't require a transmission in motorbikes and other vehicles. The direct-drive motor captures and regenerates kinetic energy on hills and in stop-and-go traffic, and is expandable for more power and speed. A unique battery laminate extends battery life and reduces the cost of service.

Today, KLD has commercial agreements with Eclimo Sdn Bhd of Malaysia and Australia-based Vmoto Ltd., both of which will use the motor system in their electric motorbikes. KLD has a contract-



manufacturing agreement with China's Zhejiang Qianjiang Motorcycle Co. Ltd., one of the world's largest motorcycle and motorcycle-engine manufacturing companies, which also plans to incorporate the system in its own products.

KLD is demonstrating its leadership in electric motor systems this week at the 69th Esposizione Internazionale Ciclo Motociclo e Accessori (EICMA) international motorcycle exhibition in Milan. The event, which last year drew more than 500,000 motorcycle enthusiasts and nearly 1,200 exhibitors, runs from Nov. 10 to 13.

About KLD Energy Technologies Inc.

Austin, Texas-based KLD Energy Technologies' mission is to develop innovative, sustainable technologies. The company, focused on the research, development and commercialization of advanced technologies, has received acclaim and worldwide interest in its first product, a complete system that redefines the performance of electric propulsion and generation systems in dozens of industries. The system is designed for high-frequency operations, offering revolutionary system efficiency. KLD Energy Technologies is dedicated to bringing clean technologies to a global marketplace. For more information, visit kldenergy.com.