

Fallbrook Technologies Receives the 2012 North American Frost & Sullivan Growth Capital Investment Opportunity Award in the Powertrain Market

The company exhibits all the features of a superior market participant that deserves close attention from investors looking for opportunities

MOUNTAIN VIEW, Calif., November 14, 2012 — Based on its recent analysis of the powertrain market, Frost & Sullivan is pleased to present Fallbrook Technologies, Inc. with the 2012 North American Frost & Sullivan Growth Capital Investment Opportunity Award. The award recognizes not only the core product competency and strong market positioning of the recipient but also the experience and expertise of management team and the robust revenue model adopted by the company.

Fallbrook Technologies' premier offering is a transmission technology product known as NuVinci® Continuous Variable Planetary (CVP) Technology. A highly adaptable technology that controls the relationship between the input and the output components of a transmission, *NuVinci* CVP is less complex, can be scaled and packaged more easily, costs less to manufacture, and can improve transmission performance when compared to other variable transmission technologies available in North America.

This promising product capability of Fallbrook is backed by a management team that has the proper mix of leadership, innovation, and rich experience in the powertrain sector to ensure a sound future for the company. The CEO, William G. Klehm, the President, Al Kammerer, and their strong team bring together decades worth of experience in the automotive industry covering customer service, marketing and growth strategy, product development, and engineering skills.

"The potential application of the *NuVinci* transmission technology in a variety of conventional on- and off-road vehicles is quite diverse and wide," noted Frost & Sullivan Research Analyst Vinodh Ramani. "While Fallbrook Technologies currently manufactures and markets *NuVinci* drivetrains for the bicycle market, the technology can be integrated into any vehicle that uses a transmission, including light electric vehicles, agricultural equipment, automobiles, and wind turbines. The *NuVinci* CVP combines the planetary gear's packaging freedom and ability to accept multiple inputs and provide single or multiple outlets with the CVT's infinite variability. This allows vehicle manufacturers to design drivetrains and components that manage speed and torque in ways not previously practical, which should allow them to provide exciting new features and products."

Fallbrook Technologies partners with other companies in the commercial vehicles, lawn and garden, and power sports industries to commercialize its *NuVinci* Technology and provide design, development, and manufacturing support. Electric vehicles are another segment in which the use of *NuVinci* CVP can offer smaller amp draws and a smaller battery pack, which results in extra benefits from reduced pack weight and size.

"Fallbrook Technologies targeted these initial markets, as they have high potential for early adoption of its technology, the manufacturers possess a sizeable market, and seek a competitive advantage through the adoption and leverage of advanced technology," said David Cole, Chairman Emeritus of the Center for Automotive Research (CAR) and Fallbrook Transportation Industry Advisor Board (TIAB) member. "The company also has a well-diversified revenue model that generates revenue from different markets and segments, ensuring sustainability."

Fallbrook has four different revenue-generating streams that act together as a hedging tool. The first source is the licensing of the *NuVinci* CVP drive technology—for which the company has over 500 patents and pending applications and 15,000 patent claims issued or pending—into relatively sophisticated markets such as wind energy and electric vehicles. The second line of

business is the commercialization of the *NuVinci* CVP technology into the bicycle and E-bike industry, which is one of the fastest growing sub-segments within the transportation industry.

Fallbrook Technologies' third line of business includes the optimization of energy usage. The company manufactures and distributes energy-efficient products for the North American truck market through its subsidiary, Hodyon, Inc., whose primary product is a diesel Dynasys™ Auxiliary Power Unit (APU) system. This product provides electric power, heating and cooling for the cab of an over-the-road heavy truck without the need to run the main truck engine and thereby reduces fuel costs and wear and tear on engines and related components.

The fourth stream of business is linked to the licensing of *NuVinci* technology. The company offers engineering and support services to end users who obtain licensing rights from Fallbrook Technologies by assisting the company in designing and developing the applications. While the business expenses are largely defrayed by the sale of the products and engineering services, the licensing business provides the company with additional cash flow.

Overall, the experienced management team and strong revenue model of Fallbrook Technologies demonstrates its superior potential for growth in the future. By catering to diverse markets and segments, the company enjoys a stable financial position in the North American market. The company's core technology product has many variants that can be used in different industries and this ultimately provides the company with a leading competitive position.

These factors make Fallbrook Technologies the most deserving recipient of the 2012 Frost & Sullivan Growth Capital Investment Opportunity Award.

Frost & Sullivan Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry.

About Fallbrook Technologies, Inc.

Fallbrook Technologies Inc. is a privately held technology development and manufacturing company headquartered in San Diego, California and has its primary operations and product development activities located in Cedar Park, Texas, with employees and other operations in Europe and China.

Fallbrook has developed and commercialized a continuously variable planetary (CVP) technology called NuVinci®, which is a new class of continuously variable transmission (CVT). The initial commercial application was a continuously variable transmission for bicycles, now in its second generation as the *NuVinci* N360™.

Instead of the traditional gear and clutch mechanisms found in conventional transmissions, a *NuVinci* transmission utilizes rotating spheres arranged around a central "sun" that transfer torque between two "rings." Tilting the spheres changes their contact diameters on the rings, permitting an infinite progression of speed ratios. The result is a smooth, seamless and continuous transition to any ratio within its range, maximizing overall powertrain efficiency and ride quality.

NuVinci Technology is applicable to a wide variety of applications including bicycles, light electric vehicles, primary transmissions for automobiles, trucks and commercial vehicles, lawn care equipment and wind turbines. *NuVinci* technology offers companies the flexibility to design and produce next-generation products that are better tailored to their unique business, market and competitive requirements.

In addition to the *NuVinci* CVP, Fallbrook develops, manufactures and sells the Dynasys™ Auxiliary Power Unit (APU) through its wholly owned subsidiary, Hodyon. The *Dynasys* APU provides dependable in-cab comfort for the driver of Class 8 trucks without the need to run the truck's main engine during down times, reduces emissions and dramatically lowers fuel costs during idle periods.

Fallbrook has built an extensive portfolio of over 500 patents and patent applications worldwide.

For more information, visit www.fallbrooktech.com.

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The Frost & Sullivan Growth Capital Investment Opportunity Award is backed by extensive analysis; companies that have received private funding are identified, and their quality of management, revenue growth, product core competency, and sustainability of business model are monitored and evaluated through primary analyst research. This stringent methodology

positions the recipient company as a superior market participant in which investors looking for opportunities should consider quite closely.