Fallbrook Technologies Inc. and Hydro-Gear Sign Manufacturing License Agreement

– Building a new infinitely-variable application of Fallbrook's **NuVinci**® *technology for use in lawn and garden equipment –*

((San Diego, Calif., August 31, 2009) – Fallbrook Technologies Inc. (Fallbrook), a pioneering technology company dedicated to improving the performance and flexibility of transmissions for engine- and human-powered devices, announced today that it has signed a manufacturing license agreement with Hydro-Gear, the leading manufacturer of drive systems for lawn and garden equipment.

Under the agreement, the companies will develop new applications using Fallbrook's *NuVinci* continuously variable planetary transmission (CVP): an infinitely variable transmission (IVT). Hydro-Gear has exclusive rights to manufacture and sell IVT *NuVinci* products in the residential and commercial lawn and garden market.

An IVT is a type of continuously variable transmission that includes forward, reverse and zero output speeds all within its range of ratios of input to output speeds. For applications such as ZTR mowers, an IVT is a good choice because the mower must be able to move quickly in both forward and backward directions without manual shifting.

"We see the potential to leverage the *NuVinci* IVT benefits in targeted applications" said Ray Hauser, president of Hydro-Gear. "It supports our long term strategy of developing engineered solutions and delivering innovation to the outdoor power equipment market."

"Hydro-Gear chose *NuVinci* technology because of its IVT capabilities, and because we clearly demonstrated that it was the best IVT drive system available," said William G. Klehm III, Fallbrook's chairman and CEO. "The fact that Hydro-Gear – the world's leader in lawn and garden drive systems – selected *NuVinci* technology says a lot about its game-changing potential..

NuVinci technology is a universally adaptable continuously variable transmission for human- and motor-powered vehicles and machines. The *NuVinci* CVP uses a set of rotating and tilting balls positioned between the input and output components of a transmission. Tilting the balls changes their contact diameters and varies the speed ratio.

The *NuVinci* CVP can be used in virtually any transmission-based vehicle or device, including bicycles, cars, trucks and wind turbines. Fallbrook recently has had major success in the bicycle industry, with the *NuVinci* drivetrain now available on more than 40 bike models by more than 20 manufacturers in the U.S. and Europe. The company plans to leverage the knowledge and expertise gained in the bicycle business to speed the development of the IVT application with Hydro-Gear.

About Hydro-Gear
Hydro-Gear, headquartered in Sullivan, Illinois, is the leader in drive solutions for the Outdoor Power Equipment (OPE) market. It manufactures products in two US locations, operates a European Sales/Service center and a Sales/Purchasing center in Asia. Additionally, Hydro-Gear has over 11,000 trained service dealers world-wide for long term product support. **www.hydro-gear.com**

About Fallbrook Technologies Inc.
Fallbrook Technologies Inc. (Fallbrook) is a technology company dedicated to improving the performance and flexibility of transmissions for vehicles and equipment. Fallbrook's revolutionary NuVinci® continuously variable planetary (CVP) technology is applicable to virtually any machines that use a transmission such as bicycles, light electric vehicles, automobiles, agricultural equipment, and wind turbines, among others. *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..

Fallbrook's extensive portfolio of over 325 patents and patent applications worldwide has been recognized as the industry leader for the automotive and transportation industry segment. Fallbrook's vigorous research and development activities will continue to enhance the performance and capabilities of *NuVinci* technology