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Achates Power Ready for Future Efficiency Standards

Engine developer testifies at NHTSA and EPA hearing on latest proposals

SAN DIEGO – Sept. 8, 2015—<u>Achates Power, Inc.</u>, the developer of radically improved internal combustion engines, testified for more stringent engine fuel efficiency and emission standards at a recent public hearing held by the National Highway Traffic Safety Administration (NHTSA) and Environmental Protection Agency (EPA).

During a public hearing on "Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles – Phase 2," Achates Power Vice President of Business and Strategy Development Laurence Fromm testified for stronger engine standards.

"We support the EPA's intent to establish standards based not only on currently available technologies, but also based on technologies now under development or not yet widely deployed," said Fromm. "We view the proposed engine standard, however, as too modest – so modest that it may not achieve the agencies' explicit objective of spurring advanced technology deployment."

This year the NHTSA and EPA jointly announced proposed standards for medium- and heavy-duty vehicles. While these vehicles as a whole will have to curb fuel consumption and carbon dioxide emissions by up to 24 percent between the 2018 and 2027 model years, the agencies are proposing separate engine standards requiring only a 4 percent decrease.

"We propose an engine standard requiring a 15 percent decrease in fuel consumption and emissions. That goal is not only attainable with the technology we have already demonstrated but is, in fact, our plan," continued Fromm.

The Achates engine is currently addressing these standards by offering proven advantages in cleanliness, efficiency, cost and weight without the drawbacks of its competitors. The company's opposed-piston internal combustion engine design does not require the adoption of costly infrastructure upgrades, vehicle modifications or a change in fleet operations. It is lighter, smaller and up to 10 percent less costly than its traditional counterpart.

"There are many advanced technologies available to truck manufacturers, but all cost more – sometimes substantially more," said David Johnson, Achates Power president and CEO. "By adopting the Achates engine, OEMs can meet the 2027 goals with a solution that costs less than today's engine."

As demonstrated through more than 6,000 hours of dynamometer testing, the Achates Power engine addresses proposed efficiency targets by providing a 20 to 30 percent advantage in fuel economy over today's most advanced diesel engines. The engine is compliant with the toughest emissions standards in the world, including EPA 2010 and Euro VI.

"In comparison to engines featuring traditional internal combustion design, the Achates engine offers a significant leap forward in fuel economy with reduced emissions," said David Merrion, Achates Power technical advisory board member and retired Detroit Diesel executive vice president of engineering. "Achates has made excellent progress in adapting its engine to be scalable and adaptable for a variety of applications."

The engine, which is also well suited for passenger vehicles, will help manufacturers meet future Corporate Average Fuel Economy (CAFE) standards. By 2025, CAFE requirements require automakers to achieve a fleet-wide average of 54.5 miles per gallon.

About Achates Power, Inc.

Achates Power, Inc. has developed radically improved internal combustion engines that increase fuel efficiency, reduce greenhouse gas emissions and are lower cost. Founded in 2004 with the mission to build cleaner, more efficient engines, the San Diego-based company has an experienced staff of engineers and scientists focused on applying their proven technical know-how and expertise, coupled with the industry's leading-edge testing, simulation and analysis tools. It is backed by top private equity firms Sequoia Capital Partners, RockPort Capital Partners, Madrone Capital Partners, InterWest Partners and Triangle Peak Partners. For more information, visit www.achatespower.com, www.facebook.com/AchatesPowerInc, www.twitter.com/achatespower and www.youtube.com/achatespowerinc.

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