

EUROPEAN ENERGY VENTURE FAIR 2005

Direct Drive Systems

**The European Energy
Venture Fair 2005**

**September 27th 2005
Zurich, Switzerland**



TARGET MARKETS

\$7B market for Direct Drive Systems' products

- **Motors to drive natural gas pipeline compressors**
- **Alternators to generate electricity for ships**
- **Motors and alternators for offshore oil and gas platforms**



PRODUCT

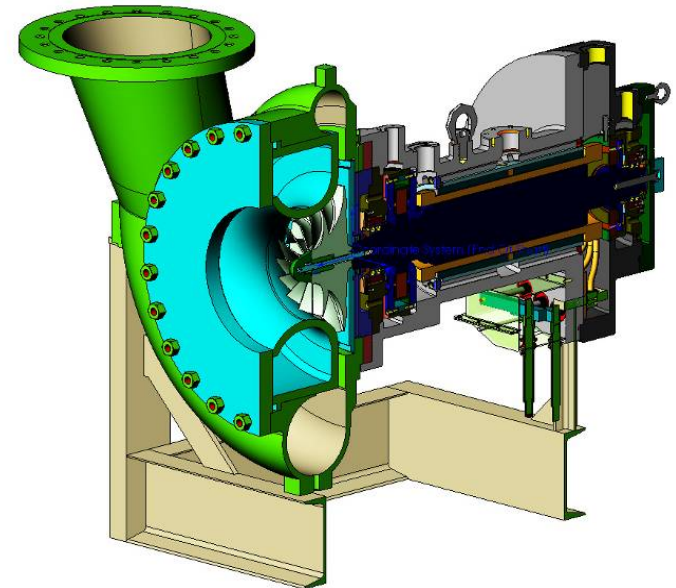
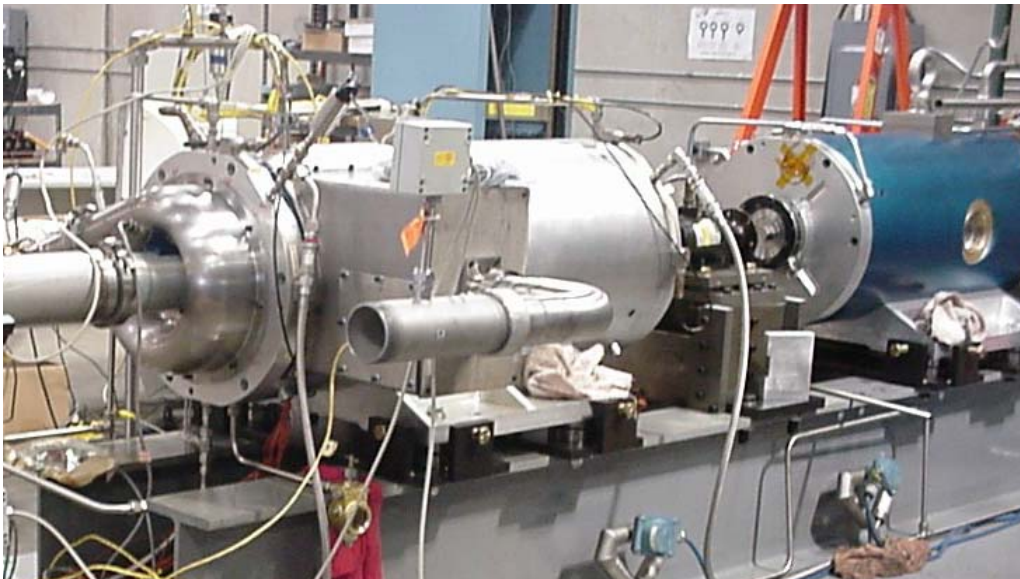
**Frame 2
successfully tested**



**Frame 8
in product development**

- Can be used as motor and alternator
- Four lines of products – Frame 2,8,18,28
- Proven technology
- 20% size and weight of conventional motors
- Higher reliability and availability
- Higher efficiencies
- Lower initial and operating costs

EXISTING CUSTOMERS



VALUE PROPOSITION To Pipeline Companies

Relative to an 8 MW Gas Turbine Drive:

- **\$4 million savings in initial cost**
- **\$8 million per year operational savings**
- **Lack of emissions**
- **Operating flexibility**
- **Longer life**
- **Unlimited start and stop cycles**

VALUE PROPOSITION To Pipeline Companies

Relative to an 8 MW Conventional Motor:

- **\$ 2 million savings in initial cost**
- **\$ 0.6 million per year operational savings**
- **Higher reliability**
- **Unity power factor**
- **Significantly higher part load efficiencies**

TECHNOLOGY AND INTELLECTUAL PROPERTY

What do we have?

- Trade Secrets for high speed permanent magnet rotors
- Patented frictionless magnetic bearings
- Proprietary DuPont process for rotor containment
- Custom developed analysis and modeling software
- 10 years experience & knowledge of high speed applications
- World's first high power, high-speed motor/alternator

EXPERIENCED MANAGEMENT

Vatche Artinian <i>Chairman</i>	<ul style="list-style-type: none">• Extensive experience in the growth of technology companies and power industry
Thomas R. Smith <i>President</i>	<ul style="list-style-type: none">• Extensive experience in the global energy industry, including developing new businesses from start up to exit
Co Huynh <i>Chief Technical Officer</i>	<ul style="list-style-type: none">• Developer of much of the IP. Expert in high speed machinery and magnetic bearing technology
Herman Artinian <i>VP of Corporate Development and Programs</i>	<ul style="list-style-type: none">• Former VP of Bus. Dev. for Calnetix - background in development of worldwide distribution systems and business alliances
Mike Baker <i>Director of Sales and Application Engineering</i>	<ul style="list-style-type: none">• Former GE executive who was a District Manger in Houston responsible for automation and motor sales
Albert L.C. Nelson <i>Business Development for Defense</i>	<ul style="list-style-type: none">• US Navy liaison, executed congressional funding for defense contractors and small businesses
Venky Krishnan <i>Program Manager</i>	<ul style="list-style-type: none">• Former Indian Naval officer responsible several multi-million dollar international programs as a systems engineer and program manager

FINANCIALS

- **Existing development contracts of \$2 million**
- **Existing production contracts of \$40 million**
- **Projected revenues of \$150 million in 2009**
- **EBIT of \$50 million in 2009**

ROUND A FUNDRAISING

- Strategy is to seek strategic and financial investors
- We seek to raise a total of \$12 million in this round
- DDS will use capital to:
 - Fund the production of the Frame 2
 - Frame 8 product development
 - SG&A

EXIT STRATEGY

Our Goal is to Maximize Risk-Adjusted-Return

- DDS believes step function value increase when
 - Frame 2 becomes commercially accepted
 - Frame 8 is successfully tested
- Likely exit will be a trade sale to an OEM sometime in the next five years



DIRECTDRIVE SYSTEMS

For more information or any questions
please contact Thomas R. Smith at
562-293-1377.