



**FOR IMMEDIATE RELEASE**  
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**ISE Corporation, Leading Manufacturer of Hybrid-Electric Drive Systems,  
Announces \$25 million Series B Financing**

POWAY, CA; WASHINGTON, DC — ISE Corporation (“ISE”) and NGP Energy Technology Partners L.P. (“NGP ETP”) today announced a \$25 million equity investment in ISE, a leading supplier of advanced electric and hybrid-electric drive systems for heavy-duty buses, trucks, airport equipment, and specialized military vehicles. In addition to NGP ETP, investors in the ISE Series B financing include Rockport Capital Partners and Third Avenue Management. This \$25 million Series B preferred stock financing is one of the most significant investments to date in a hybrid-electric technology company.

The financing follows ISE’s achievement of several milestones including ISE’s successful delivery of 100 hybrid-electric drive systems in 2005, which accumulated a total of 1.5 million miles during their first year of revenue service in transit buses across California. ISE’s ThunderVolt<sup>®</sup> hybrid-electric drive systems are based on a “series” hybrid design that mates a power source (such as an engine/generator or fuel cell) with energy storage (batteries or ultracapacitors) to power a set of electric motors which propel the vehicle. ISE’s ThunderCAN<sup>™</sup> proprietary control software optimizes power management to provide significantly higher mileage and lower emissions while providing excellent performance. ISE’s broad product offering includes hybrid systems fueled by gasoline, diesel, natural gas, and hydrogen, including fuel cell-based systems, and are targeted at transit buses, delivery and trash trucks, military vehicles, and school buses.

“These funds will be used to increase our production capacity to meet the rapidly expanding demand and provides ISE the financial strength to become a truly global player in the hybrid transportation market,” stated David Mazaika, ISE co-founder and CEO. “It also will enable expanded R&D to ensure ISE continues to offer the broadest product line in the industry, incorporating the most advanced technologies to produce the highest fuel efficiency, lowest emission heavy duty hybrid drive systems available.”

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“NGP Energy Technology Partners believes that the future of energy technology will be led by companies with strong management teams, disciplined business strategies, and compelling commercial products. ISE has all these and is poised to take advantage of the benefits hybrid technologies will bring to the transit bus, heavy duty truck, and military markets,” said Philip J. Deutch, Managing Partner of NGP ETP. Alexander “Hap” Ellis, General Partner of Rockport Capital, added, “ISE’s technology is fuel flexible, working with gasoline, diesel, natural gas, and fuel cell powered vehicles. No other technology company has these capabilities.” Martin J. Whitman, Founder and Co-Chief Investment Officer of Third Avenue Funds and an extremely well-known value investor, stated, “We are impressed by both ISE’s management and products and strongly believe in the prospects for ISE to be a leader in hybrid drive systems and alternative fuel technologies in the United States.”

The \$25 million Series B preferred stock investment led by NGP ETP follows a \$6.7 million Series A preferred stock investment led by North Arrows LLC in 2004. “North Arrows and the Series A investors are pleased that other highly regarded investors recognize ISE’s outstanding accomplishments to date and its future growth potential,” said Steve Strait, Principal of North Arrows and Chairman of ISE. Added Strait, “We look forward to working together with our new partners to demonstrate to the heavy-duty vehicle market the low emissions, higher fuel efficiency, and outstanding reliability of ISE’s drive systems.”

ISE plans to use the proceeds from the financing to expand ISE’s production capacity to five hundred hybrid drive systems per year and to provide the resources to market and support its hybrid drive products on a global scale.

First Albany Capital served as ISE’s placement agent and financial advisor on the transaction.

#### About ISE Corporation:

ISE Corporation, based in Poway, CA (near San Diego), is a leading supplier of hybrid drive systems and components for heavy duty vehicles such as buses, trucks, trams, airport equipment, and military vehicles. ISE is a leader in electric, hybrid-electric, and fuel cell technologies, and the preferred U.S. distributor for Siemens ELFA<sup>®</sup> electric and hybrid-electric drive components. For more information about ISE Corporation and the ThunderVolt<sup>®</sup> hybrid electric drive systems, contact Gary Willms, Vice President of Business Development, at (858) 413-1736 or visit [www.isecorp.com](http://www.isecorp.com).

#### About NGP Energy Technology Partners:

NGP Energy Technology Partners, located in Washington, D.C., is a \$148 million private equity fund investing growth equity capital in companies providing technology-related products and services to the oil and gas, power and alternative energy sectors. The principals of NGP ETP have an extensive track record of partnering with the management of energy technology companies to create significant value. NGP Energy Technology Partners is an affiliate of NGP Energy Capital Management, a \$3.6 billion firm based in Irving, Texas that invests in all sectors of the energy industry. NGP Energy Technology Partners may be reached at (202) 654-7025 or [www.ngpetp.com](http://www.ngpetp.com).

About Rockport Capital Partners:

Rockport Capital Partners is a venture capital firm based in Boston, MA that invests in companies in the energy, environmental and advanced materials sectors. The firm is committed to companies with breakthrough technologies that deliver significant economic value to large potential markets. With the closing of Rockport Capital Partners II, L.P. in January 2006, Rockport has now raised over \$380 million for venture investments. For more information: [www.rockportcap.com](http://www.rockportcap.com).

About Third Avenue Management LLC:

Third Avenue Management LLC is the investment advisor to the Third Avenue Funds. Third Avenue adheres to a disciplined bottom-up value investment strategy. Third Avenue Management has in excess of \$20 billion in assets under management and offers value-oriented strategies across a range of market capitalizations, as well as in the real estate and international asset classes. For more information: [www.thirdavenuefunds.com](http://www.thirdavenuefunds.com).

About North Arrows LLC:

North Arrows LLC, based in Upper Saddle River, NJ, is a limited liability company specializing in investments through affiliated companies in various industries related to power generation and energy technology. The principals of North Arrows were the former senior management of United American Energy Corp., an independent power producer with assets of \$470 million, which was sold in 2003 to a financial fund. For more information: [www.northarrows.com](http://www.northarrows.com).

Safe Harbor statement: Certain statements contained in this press release are forward-looking in nature. These statements can be identified by the use of forward-looking terminology, such as “believes,” “expects,” “may,” “will,” “should,” or “anticipates” or the negative thereof or comparable terminology, or by discussions of strategy. ISE's business and operations are subject to a variety of risks, uncertainties and other factors. Consequently, actual results may materially differ from those projected and/or stated by any forward-looking statements. Such risks, uncertainties and other factors that could cause actual results to differ from those projected include, but are not limited to, the following: (1) the need for increased investment to support product and new services introductions, (2) ISE's ability to raise additional capital when and if needed, and (3) market acceptance of ISE's products and services. ISE Corporation makes no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made.

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