

News Release

18 August 2008

Clean Air Power Dual-Fuel™ combustion technology enables Sainsbury's delivery to "Run on Rubbish"

Following an initial, successful trial Sainsbury's is using Clean Air Power's "Genesis" Dual-Fuel™ combustion technology for heavy duty diesel engines to enable it to run a Mercedes-Benz Axor using a combination of diesel and bio-methane obtained from a landfill site managed by Gasrec. The "Running on Rubbish" initiative will operate on the 500km round trip from the Sainsbury's distribution centre at Emerald Park in Bristol to the supermarket's new environmental store in Dartmouth.

Clean Air Power pioneered the move towards using natural gas (methane) as a fuel for heavy goods vehicles by developing patented technologies that enable an existing diesel engine to operate on a combination of diesel and methane, with minimal change required to the base engine. Up to 80% of diesel can be substituted by methane depending on the conditions and operating requirements. Diesel engine performance and efficiency are maintained while delivering significant fuel cost savings, along with a marked reduction in carbon emissions.

The Genesis Dual-Fuel™ system, available as an aftermarket product, was developed for the Daf CF85 and Mercedes-Benz Axor Euro 3 heavy trucks and is being developed further to be fitted to Euro 5 heavy trucks.

Alison Austin, environmental affairs manager, Sainsbury's, says: "This is a real first for how food is delivered in the UK, although the technology used is already used in Lille, France where city buses and refuse lorries run on bio-methane. Our aim is to now roll this out to our entire fleet so that we can make this technology work for all food deliveries across the UK, it makes complete environmental sense, and given escalating fuel costs, economic sense too. The beauty of it is it doesn't use any fossil fuel like conventional fuel. This means the methane from rotting rubbish, which is damaging to our climate is put to positive use. We're extremely proud to be the first UK supermarket to deliver food using these technologies in partnership with Clean Air Power, Gasrec and BOC".

John Pettitt, Chief Executive of Clean Air Power said: "I am delighted that we have been able to support the Sainsbury's initiative to become the first supermarket to use trucks that are converted to run on waste gas, bio-methane, generated from rubbish in landfills. We will continue to work with Sainsbury's in support of its environmental initiatives. Bio-methane is a cleaner and cheaper fuel than diesel and with Genesis can deliver significant and practical fuel-cost savings to the operator".

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John Pettitt added: "A Genesis Dual-Fuel™ truck running on bio-methane produced from landfill gas could save up to 60 metric-tonnes of CO2 per year, compared with its diesel counterpart. If all the heavy goods vehicles based in the UK were converted to run on bio-methane there could be a total CO2 saving of up to 8.0 million metric-tonnes per year - that's equivalent to a 4% reduction on the UK's total CO2 emissions. A Government policy in the UK to support and encourage the use of bio-methane as a fuel of choice would benefit not only the road haulage industry and the economy but also the environment".

Sainsbury's environmental initiative is conducted in partnership with Clean Air Power, Gasrec and BOC.

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NOTES TO EDITORS

About Clean Air Power

- Clean Air Power began trading on London's Alternative Investment Market (AIM:CAP) on 28th February 2006.
- Founded in 1991, the company is an active technology developer with over 58 patents held and pending worldwide. Clean Air Power has a proven track record in providing customers with a rapid return on investment and remarkably low total cost of ownership. Their technologies meet even the most stringent local emissions regulations without sacrificing diesel's formidable power or efficiency.
- Dual-Fuel™ is currently used in over 1,600 vehicles worldwide by more than 50 customers.
- Clean Air Power has headquarters in San Diego, California, USA, facilities in Houston, Texas, USA and Leyland, Lancashire, UK and offices in High Wycombe, UK.
- Around 590,000 heavy-duty diesel trucks are sold each year in the world. The total global diesel engine market is worth \$40 billion and diesel engines form the backbone of most economies: both the UK and the US move 80 per cent or more of all freight by heavy-duty diesel engine powered transport.
- The Company plans to increase its market penetration in the UK, Australia and the US. Its goal is to become a major global provider of combined diesel and natural gas technology solutions to truck hauliers worldwide by offering operators a generic retrofit Dual-Fuel™ solution, known as "Genesis" while developing partnerships with leading engine OEMs.

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- Dual-Fuel™ technology enjoys considerable competitive advantages, including:
 - Fuel cost savings that result in a conversion cost payback period as short as 12 months and an average payback period of between one and two years.
 - Diesel-like performance and efficiency alongside the benefit of emissions reduction associated with natural gas vehicles.
 - Proven technology, with more than 1,600 trucks fitted with Dual-Fuel™ converted engines worldwide.
 - No need for any major modifications to the existing platform and the ability to switch seamlessly between natural gas and diesel.
 - Forecast continuation of a significant price differential between diesel and natural gas over the next 25 years.
 - Proprietary technology, know-how and strategic relationships across all business lines.
- In addition to combined diesel and natural gas fuel systems for heavy-duty vehicles, the Company focuses on two further product lines: a profitable natural gas engine components business and an emissions reduction technology business focused on reducing the emissions of heavy diesel engines used in power generation and pumping.

The Climate Change Programme review projects that new and existing policies would deliver a cut of 15 to 18%. The government wants people to cut their personal emissions and is promising a stricter emissions cap for industry. It is also pledging £80m over next three years for microgeneration projects and tighter building regulations.