



SAW MILL CAPITAL COMPLETES A \$3.5 MILLION INVESTMENT IN CHENG POWER SYSTEMS

BRIARCLIFF MANOR, New York, April 18, 2001 — Saw Mill Capital LLC, a New York-based investment firm, announced today that it has completed a \$3.5 million equity investment in Cheng Power Systems of Mountain View, Calif., a provider of proprietary technologies that improve output, efficiency and environmental performance of power generating systems. The funds provided by Saw Mill Capital will be used to accelerate the commercialization of existing technologies and further development of new products.

“We are very excited about our investment in Cheng Power Systems,” said Howard Unger, managing partner at Saw Mill Capital, who will join the company’s board of directors. “We see great opportunities in the global power industry that is currently undergoing a lengthy, worldwide process of deregulation and privatization. The technologies developed by Cheng Power Systems address the most critical issues facing this enormous industry — the need for more electricity, generated efficiently and cleanly. We also like the fact that the company’s products can be used in greenfield projects as well as to retrofit existing power generating facilities, which significantly speeds up the permitting process.”

Bill Colston, the president and chief executive officer of Cheng Power Systems commented, “We are very pleased to have Saw Mill Capital as our financial partner. Saw Mill Capital understands our businesses, brings significant power industry and financial experience to our company, and is fully committed to helping us achieve long term commercial success.”

Cheng Power Systems, a power generation technology company, develops proprietary systems that improve output, efficiency and emissions of power generating plants. Their patented technologies include: Advanced Cheng Cycle and Cheng Advanced Combined Cycle that both use sophisticated, electronically controlled massive steam injection into gas turbines to achieve higher power output and efficiency, as well as the Cheng Low NOx system that uses a highly homogenous mix of steam and fuel to significantly lower the emissions from gas fired power plants. Cheng Power Systems is also developing the Universal Frequency Generator, a patented technology that allows the mechanical input speed to function independently of the frequency produced by the generator. Other institutional investors in Cheng Power Systems include Calpine Corporation.

Saw Mill Capital is a private equity investment firm based in Westchester, NY, focused on investing in middle-market manufacturing and service companies in partnership with proven management teams. Saw Mill Capital builds upon strong relationships and best business practices to achieve maximum shareholder value.