



PATAGONIA INTRODUCES ENCAPSIL™ DOWN; HOLDS EQUITY STAKE IN AEONCLAD COATINGS

*PATAGONIA TO LAUNCH ENCAPSIL WATER-REPELLENT DOWN TECHNOLOGY MARCH 1, 2013 AND
ANNOUNCES 15% EQUITY STAKE IN AEONCLAD COATINGS*

VENTURA, Calif. (October 15, 2012) — Patagonia Inc., a leading designer of core outdoor, surf and sport-related apparel, equipment, footwear and accessories, announced today the impending launch of its Encapsil™ water-repellent down technology. In 2010, the company entered into a partnership with advanced materials company AeonClad Coatings to develop a patented, environmentally sustainable, plasma-based coating to create water-repellent down with unparalleled fill power of 1000. In September 2012, Patagonia converted its initial investment to a 15% equity stake in AeonClad Coatings. The two companies have established a state-of-the-art RD&D laboratory in Austin, Texas. Patagonia's first Encapsil™ down garments will debut March 1, 2013 in limited, special-edition quantities online and in select Patagonia retail stores in the U.S., Europe and Japan.

Water-repellent down garments are, for the first time, available from several manufacturers in the outdoor industry. Patagonia, however, has taken a unique approach with Encapsil™. The patented plasma nanotechnology uses safe, silicone-based chemistry that, unlike competitors' products, is free of fluorocarbons. Patagonia's Encapsil™ technology not only generates water-repellent down on a par with competitive offerings, but also delivers a significant advantage no other manufacturer can: an unprecedented, off-the-charts fill power of 1000 cubic inches per ounce.

Rose Marcario, Patagonia's COO and CFO, said today that "Patagonia is proud to announce its equity stake in AeonClad Coatings and resulting Encapsil™ technology. This investment represents Patagonia's strategic approach to expanded technology partnerships and owned product innovations."

"Our partnership with AeonClad has created a rare opportunity to enhance the performance of down – most notably with regard to water-repellency, durability and cutting-edge fill power," noted Lee Turlington, Patagonia's global vice president of product. "Our Encapsil™ technology and this unique plasma deposition process opens the door for the development of exciting future product innovations - even beyond down, even beyond the outdoor industry."

Encapsil™ technology uses a proprietary process and equipment that safely and dramatically increases the down feather's loft, warmth-to-weight-ratio, strength and water resistance. The unique pulse-plasma treatment modifies the molecular structure of the down fiber to make it more hydrophobic, but also strengthens its delicate, complex, tree-like structure. This, in turn, boosts the down's lofting power by more than a third.

"We have a 40-year-long heritage of breakthrough innovation within the outdoor industry," says Casey Sheahan, Patagonia's CEO, "Encapsil™ water-repellent down, with its unprecedented 1000-fill-power is a game-changing technology that launches the company into a fifth decade of significant firsts."

About Patagonia

Patagonia, Inc., based in Ventura, California, is a leading designer of core outdoor, surf and sport-related apparel, equipment, footwear and accessories. With sales last year of \$540M, the company is noted internationally for its commitment to authentic product quality and environmental activism, contributing over \$47.5M in cash and in-kind donations to date. Incorporating environmental responsibility into product development, the company has, since 1996, used only organically grown cotton in its clothing line. Committed to making its products landfill-free, the company's entire product line is recyclable through its Common Threads Initiative. The company also advocates corporate transparency through its interactive website, *The Footprint Chronicles*, which outlines the environmental and social footprint of individual products. Patagonia was featured as *The Coolest Company on the Planet* on Fortune Magazine's April 2007 cover.

About AeonClad Coatings

Located in Austin, Texas, AeonClad Coatings is an advanced materials company focused on improving the performance of existing products for new applications. Founded on the pioneering research of Dr. Richard Timmons and his team at the University of Texas, Arlington, the AeonClad Coatings proprietary plasma deposition technology offers a single-step, solvent-free process for producing highly controlled conformable films with precisely defined chemistries. The technology enables the deposition of specific functional groups on surfaces of almost any substrate, dimension or activity. AeonClad's novel nanotechnology innovation adds value to consumer, industrial and healthcare products that require precise, reproducible coating methods. www.aeonclad.com AeonClad Coatings is a portfolio company of Emergent Technologies, Inc., a leading innovation solutions company that turns game-changing scientific discoveries into market-driven products. www.emergenttechnologies.com

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