

## XP Vehicles - ATVM & Loan Guarantee Program Experience

### CAPSULE OVERVIEW:

XP Vehicles is a pre-revenue electric car start-up. In September 2008, XPV became the first applicant to file with the U.S. Department of Energy for a development loan under the Loan Guarantee Program for Innovative Energy Projects (LGP) established under Title XVII of the Energy Policy Act of 2005. A loan application was also filed under the Loan Guarantee Program. 3 loan applications were filed in all. After months of reassurance from DOE staff that XPV's application was "substantially complete," the application was denied without explanation in August 2009. There is evidence that the DOE LGP Director, Lachlan Seward, was improperly influenced to fund Detroit Big Three projects as well as the well-connected Tesla, contrary to the letter and spirit of the loan-enabling legislation. In addition, Mr. Redmond believes that Seward improperly discriminated against his company's application after Redmond questioned the logic of one of the LGP's policies in a public hearing and subsequently requested a review of the DOE application process by Senator Bingaman, Chairman of the Senate Energy and Natural Resources Committee.

The DOE refused to respond to XP's request for review and explanation of the denial of their application, as well as numerous FOIA requests. The GAO undertook a review of DOE's application policies (in response to XPV's complaints, among other things), and recently issued findings that (1) DOE's implementation of the LGP has treated applicants inconsistently, favoring some and disadvantaging others; and that (2) DOE lacks systematic mechanisms for LGP applicants to administratively appeal its decisions or to provide feedback to DOE on its process for issuing loan guarantees. Instead, the GAO found, DOE re-reviews rejected applications on an ad hoc basis. The GAO report issued specific recommendations that DOE take steps to ameliorate these failings.

XPV wishes to pursue re-review of its denied application in hopes of finally obtaining a DOE loan guarantee for its electric car project. The company seeks legal representation by a high-level law firm with federal government expertise and connections to assist with this process. XPV has available for review a complete set of documentation of the application process, and the GAO report can be found at <http://www.gao.gov/Products/GAO-10-627>.

It is our understanding that \$100M of funding is still available for us, that our group is qualified for those funds on every merit and that the funding can be completed by a competent legal firm as it was for Ford, Fisker, Tesla, GM, Chrysler, Nissan, Etc. All required legal fees should be able to be paid from these funds.

### DETAILS:

**Our group was notified of the pending Section 136 ATVM funding of \$25B for electric and alternative energy vehicles in Mid 2008. Our group was the first applicant to apply and was asked by DOE to draft the application for them. We filed two ATVM applications and a Loan Guarantee (A different loan package but managed by Mr. Seward as well.) application. In our first meeting with the senior officers of the DOE program and the auto industry at DOE HQ (which was videotaped by DOE) Scott Redmond, President asked Lachlan Seward a question about the logic of one of his policies after he had**

**been contradicted by his staff on the stage. It was later reported to our group that, after the meeting, Mr. Seward said within earshot of his staff something to the effect of “it will be a cold day in hell before I let them get any of this money”. Our group filed four different complaints on Mr. Seward’s office with the Senate Committee in charge of DOE under Sen. Bingaman. We feel that the facts and documents show that our applications were particularly discriminated against because of our ethics and propriety complaints.**

After a year of waiting and being assured that their loan application was complete and good, XP Vehicles received a letter in August stating simply that their main loan application, under the Advanced Technology Vehicles Manufacturing (ATVM) Program, had been rejected. No reasons were given in the letter and only after several attempts at phoning the ATVM office were they able to receive the reasons orally. Most were not even applicable to the loan application and did not reflect what was included in the submission or what, in fact, was available for review, clearly visible on our website and in the extensive media about our company.

The rejection appears to have been driven by political and competitive market interests and not technical or innovative valuation.

The XP Vehicles car goes an almost unlimited range via hot-swap cartridges, costs less than \$20,000, uses no gasoline, is easy to repair and build, saves lives better than any other car, is faster than competing solutions, does not require an extension cord, uses electricity and creates green jobs. The factory can be built quickly and at very low cost and, in fact, partially already exists via our manufacturing partners. The company already has thousands of customers lined up who want to buy our unique and very “green” car. The company hand delivered letters from those customers to the DOE ATVM office in Washington DC in 2008. The company currently has no significant debt and the company leaders have been contributing their time and resources for many years based on positive feedback received repeatedly by Department of Energy (DOE) loan reviewers and staff. The company won a semi-finalist position in the **Forbes: America’s Most Promising Companies** contest.

Certainly company officials are not claiming that their vehicles will solve all of our energy problems. However with each car that is sold, we will help reduce our reliance on imported fuel by putting a vehicle on the road that uses absolutely no gasoline. This vehicle is truly using “advanced technology” – a major goal of this loan program. In addition, with a company that has no current debt, several patents, and thousands of interested customers, the company asserts that DOE’s financial risk in investing in our technology would be extremely low.

**We would understand a rejection of this loan application if legitimate reasons were given, but they were not.** One of the reasons given was that our car does not use E85 gasoline. No, this car uses NO gasoline which we thought is a goal our country should want to attain. Another reason was that we were not making millions of cars. Our marketing plan did not support that nor did the funding levels we requested, AT THIS STAGE. But we stated that we hoped to grow to make as many cars as Ford, GM or any other competitor but that we intended to grow, “in stages” as any smart business would. DOE also stated that XP was not planning to sell cars to the government which is 100% false and clearly stated in our application that the core sales plan of the company is based on government fleet sales. We cannot help but wonder if DOE even read the application. Finally, and another example of a failure to read the application, was that DOE asserted our factory cost estimates were too low because the metal body fabrication systems were not calculated high enough. XP Vehicles use no metal fabrication in its bodies.

XP Vehicles sent a follow up letter to Energy Secretary Steven Chu with the following questions that still remain unanswered and unexplained:

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1. DOE reviewers never even talked to the founder, inventor, engineers, project leads or primary contractors to obtain additional information. We even were told over and over that everything in our application was complete and that nothing was needed. “Everything is on track” was an expression repeated to the company by DOE reviewers. This is despite the fact that the reasons given for our rejection did not reflect the technology being used and therefore the ATVM reviewers did not understand our concept and product. Why was no one at XP Vehicles contacted? Why was the staff at DOE during the course of the year positive about the outcome and never asked for additional information?
2. Rejection comments supplied by Chris Foster of DOE and third party press seem to be unrelated to the business of the company and have no foundation in fact. Why is that?
3. One of the main reasons given for the rejection was the fact that our vehicles do not use E85 gasoline. If that was true, why did competitors Tesla & Nissan get approved funding? Their vehicles also do not use E85. Additionally, in reviewing the transcripts of the two Public Meetings held to brief stakeholders on the loan program, **not one DOE speaker stated that E85 was a required component.**

4. While it is true that we do not wish to use carcinogenic gasoline, (Here in California we have a sticker on every gas pump that warns that filling your tank is likely to expose you to cancer), at no point was E85 gasoline ever mentioned, discussed, commented on or requested. In fact the topic was particularly avoided by DOE staff. Why not?
5. Another rejection point was that we were not planning to make enough cars. This is false. The company would like to build and sell more cars than any other car company. We are fully willing to produce millions of vehicles if provided with the appropriate funding as it has quantified millions of fleet buyers for its vehicles. However, no DOE entity ever asked us to adjust, discuss or amend our numbers and we were more than willing to adjust those numbers if anyone had even bothered to ask. One must start out with small steps and we planned to ramp up to a massive number over time. To suggest that one do otherwise would demonstrate questionable judgment. What is the validity of this comment by the reviewers based on?
6. We provided \$100 million+ of asset collateral opportunity for only a \$40M loan. To repeat, we provided over TWICE the collateral of the value of the loan. How is this not as secure of a structure as any of the other applicants?
7. We had selected a primary, secondary and additional back-up factory buildings that DOE said would be fully NEPA compliant yet Tesla had no building, planned to build a structure which was not possible to meet Section 136 parameters in time, still does not have a building yet they received funding. How did that happen if the Section 136 rules required a NEPA compliant building upon application filing?
8. We were told that we were rejected because we were not planning to sell cars to the government. **This is 100% false.** The core sales plan of the company is based on government and commercial fleet sales. Why did your reviewers say this?
9. Additionally we were told that electric motors and batteries were considered by the reviewers to be too futuristic of a technology and not developed for commercial use even though they have been in use in over 40 industries for over 20 years, including by NASA. What is the rationale for this argument?

- 10.** Almost every other part of the XP car was to be purchased from existing commercial sources with multiple points of supply so it is not possible to see how a reviewer might think the vehicle had any significant technical acquisition hurdles. Why does DOE assume that the following companies with whom we would be contracting could not perform the following responsibilities:
- a. Deloitte & Touche to provide auditing and reporting of financial data.
  - b. Autodesk or Microsoft to deliver the process and design software.
  - c. NEC, Intel or the other leading electronics companies in the world to build our controllers.
  - d. Roush Automotive, one of the most successful automobile electronics groups in the world, to build the electronic module.
  - e. US National Lab system to solder a box together.
  - f. Over 100 other major supplier companies that have been building parts for the auto, aerospace and industry for decades to deliver the component parts for our vehicles.
- 11.** The primary purpose of this loan program, XP was told by its authors, was to develop advanced technology and further reduce our dependence on gasoline. The XP Vehicles car uses no gasoline and gets over 125 miles per battery charge. How is this not a direct conflict with the precepts of the Section 136 law?
- 12.** XP was also told that its factory cost was too low because the metal body fabrication systems were not calculated high enough but the reviewers apparently did not even pay attention to the fact that XP uses no metal fabrication in its body. What was the rationale in making such an erroneous comment?
- 13.** Reviewers also stated that the car was a "hydrogen car" which it is not. It is an electric car. Why did they say that?
- 14.** In what ways were the following documents actually reviewed? The ATVM office stated that they "lost our documents" twice. Why? Documents XP vehicles submitted to DOE:

- Detailed financials that cost the company almost \$200,000 to prepare;
- Metrics that demonstrated that the XP car can save millions of lives per year and that it was safer than any vehicle;
- Metrics that demonstrate that a gasoline/hybrid vehicle is dangerously carcinogenic when filled at a gas station compared to an XP Vehicle;
- Engineering and IP metrics that beat every competitor on price, range, safety, TOC, efficiency, toxic safety and hundreds of other points;
- Examples of work from \$3M of cash and person-hours previously invested by founders, DOE & partners;
- Lists of top auto and aerospace corporate partners, staff and resources, on stand-by, equaling thousands of people in all groups combined;
- Validation of a deep team of core staff that have been developing the project and parts of the project for 3-15 years part time;
- Samples of extensive international positive press coverage;
- Proof of a market opening timed with tax and national imperative incentives that created a dramatic window for success;
- Proof that XP was the lowest overhead car company in the market which equates to the best chance for profit and return funds;
- Samples of an in-house created online process management architecture;
- CAD designs, engineering plans and manufacturing plans;
- A detailed website;
- A detailed path to \$1.5B within 5 years or less from a less than \$100M investment;
- Examples of dozens of prototypes as seen in the photograph on the BUILDS page of our website;
- Numerous patents and issued trademarks;
- Large pending portfolio with third party valuation and validation reports valuing IP at over \$100M;
- People: Senior Scientists, Chemists & Engineers from Top University & Federal Labs, including staff that has built and delivered millions of vehicles to the consumer market;
- Partners: Federal, University, Fortune 500, Private Research Organizations;
- Written Customer inquiries from a massive national customer base of qualified retail leads and 1.2M of commercial unit opportunities equaling a \$1.5B+ opportunity. Also submitted an extensive package of letters from each customer candidate;
- Contracts: Federal Contract fully executed and MOU's executed;
- Awards/Commendations: Congress, DARPA;
- Research Data: Over 200+ technical research documents & 15+ years of research;

- Know How: Over 22,000+ man hours of development;
- Market data, studies and plans;
- Over 100+ documents of industry study;
- Unique access to Federal Labs & leased facility options;
- and other supporting materials.

After several more attempts at receiving more clarification from the ATVM office, the company received a follow up letter of explanation for the rejection. While more explanatory than the first, the reasons still are very questionable and the process greatly lacking in transparency. Below are additional questions that the company is raising, along with the ones above that still have not been answered.

1. In the October 23, 2009 follow up letter, Mr. Lachlan Seward states that the XP Vehicles loan application was deemed Substantially Complete on November 10, 2009. **This is completely false** as XP Vehicles received a letter on December 31, 2008 states that the application was substantially complete.



Department of Energy  
Washington, DC 20585

December 31, 2008

The Department of Energy (DOE) has determined that your application for the ATVM loan program is substantially complete.

XP Vehicles, Inc  
601 Van Ness Avenue, Suite E3613  
San Francisco, CA 94102

The Department of Energy (DOE) has determined that your application for the ATVM loan program is substantially complete. Accordingly your application will now be reviewed to determine whether you are an Eligible Applicant as set forth in Section 611.100 of the Interim Final Rule (IFR) and your proposed project is an eligible project as defined in Section 611.2 of the IFR. DOE will advise you if it needs additional information as it continues the application review process. We are committed to processing your application as quickly and responsibly as possible.

Since your application has been reviewed by DOE and is substantially complete, we will now proceed to the next stage in the review process. To enable DOE to more efficiently proceed with its review, please submit your application (with any changes included to reach the substantially complete level) in electronic form. Please send your documents to [Brent.Peterson@hq.doe.gov](mailto:Brent.Peterson@hq.doe.gov) in their original format (i.e., as Word and/or Excel files). Do not submit PDF files for this review.

Additionally, the NEPA for XP Vehicles had been reviewed, edited and approved by DOE National Environmental Protection Act (NEPA) staff (Matthew McMillen) at the beginning of 2009

2. The letter also states that "extensive review" was conducted yet (as mentioned above) not one XP Vehicle company official, engineer, designer, investor, technician or anyone else who had designed and developed the car was contacted by DOE to answer questions and provide more information. It seems incredulous that after conducting an extensive review that DOE

would not have at least one question about the application for any of the technical staff, or the founder who flew to the DOE in Washington, DC, twice, and was told by DOE staff, on each occasion, that “no additional information was needed and everything was in hand to finalize the application”.

3. The first reason given for the rejection was that the proposed vehicle is at a “development stage” and not ready for commercialization. Yet applications that have already been approved, we have been told, have had less plans or hard development data. These awardees also had the same three-year timeframe in their proposals, and one even went into 2013. We also find this contrary to the Administration’s stated goal about electric vehicles. According to a DOE spokesman, the Administration “shares the goal of ensuring that the program (ATVM) is flexible enough to account for the full range of available technologies.”
4. The second reason was the project’s impact on fuel economy of the US Light Duty Fleet over time was weak. This was never discussed with our team at any point of the process. However, it is surprising to us how a vehicle that is lighter than any other applicant by half, safer than any other applicant by many times and beats the metrics of every other applicants could not have exceeded every applicant on any comparison to Light Duty fleet metrics, a market that was core to our business plan. Our fleet sales were targeted directly at the Light Duty fleet so we find this reason to be confusing at best.
5. The third reason cited in the letter was about the use of “advanced fuels.” First of all, at no point did anyone from DOE ask about or discuss with our technical staff our fuel plans. The letter further goes on to say that our use of hydrogen was one of the reasons that our application was being rejected. **Yet hydrogen is non-essential to our vehicle.** The hydrogen tank is rather an optional and stand-by power system for our electric vehicles. Further we fail to see how DOE could state that hydrogen is an “impractical and unproven energy source” in light of the fact that Honda and BMW are already shipping cars using that fuel source. But again, we must reiterate that the use of hydrogen is not an essential component of our vehicles and had DOE asked us about this fuel source, we could have explained that to them.
6. Finally, the letter states that the XP Vehicles petroleum use reductions were unrealistic. We are most confused about this

point as **our car uses absolutely no gasoline**. How could our reductions be unrealistic? Is this not a goal of the Obama Administration?

7. The company hired Ford Motor Company's senior systems engineer to validate the final vehicle numbers submitted in the base response and provided numbers in support of that data produced by Sandia National Laboratories. How could those entities have provided numbers which the ATVM office could have interpreted so negatively for a vehicle which weighs less, goes farther and requires less energy storage than any other submitted vehicle in the entire set of applicants to date? How could the ATVM reviewers never even submit a question to the XP technical team about any of these metrics?
  
8. Why have none of our FOIA requests been responded to?"

In summation, these clarifying reasons for rejecting the XP Vehicles ATVM loan application are still confusing, not applicable in many cases and unwarranted when considering those applications that have been approved. The listed points appear to have no foundation in facts relative to our design and we again question why there was no communication from DOE with the developers of the vehicle over a year.

Further we have been told that competing larger companies were given much counseling, guidance, feedback and opportunity to "tweak" their applications by DOE. These companies submitted their applications later than XP Vehicles and were awarded funding. Our question is then why did Carol Battershell, DOE Senior Advisor state during the December 1, 2008 Public Meeting that "And that might lead one to believe that applying earlier is better than apply later." When the program was first announced, that indeed was the guidance given - first come, first served - so scores of smaller, electric car companies and suppliers submitted their applications. Yet the rules changed mid-way through the process to allow larger automotive companies who did not submit their applications first to send them in and now they are being funded.

Finally, we were very disappointed to read in the September 23, 2009 issue of E&E News that Secretary Chu had suggested in June that the Administration was hoping that GM and Chrysler would be able to participate in the (ATVM) loan program. "There is money there, I wouldn't say set aside, but let's just say we are trying to stretch those

dollars as far as we can.” This forces us to ask whether these funds are being set aside at the expense and loss of smaller, more advanced technology electric car companies and suppliers who are requesting billions less in guaranteed loans and who are offering more forward-thinking and advanced projects to help us move away from our dependence on oil.

This is only a partial list of the problematic issues that we experienced with the ATVM group at DOE.

(Draft 1.2)

DOE Issues:  
Draft 1.3

1. DOE reviewers never even talked to the founder, inventor, engineers, project leads or primary contractors. Why not?
2. DOE rejected THREE applications in a row. The stated rejection points of which are HIGHLY questionable, in part because the technologies specifically, and in a highly competitive manner, affect the business of those who did get funded and who have large financial ties to the funding approval parties. Why is this not a conflict of interest?
3. DOE rejected our energy lab for a loan guarantee by having the senior loan officer, Mr. Tobin, never respond to our emails or phone calls as he promised to do, until after the deadline to process had passed, even though we had secured funds to pay the application fee. This appears to be, quite obviously, intentional. This was REJECTION #1. Why did Mr. Tobin of DOE never respond to the calls, letters or emails to give the single comment that he promised our staff that he would provide so that we could have our investors send in the fee?
4. DOE rejected our energy lab for an ATVM loan because you said that the technology did not apply to electric cars even though DOE HAD PAID THEM to build it for electric cars. There are further facts to this incident of note. This was REJECTION #2. Why was rejection number two actually produced?
5. After nearly a year of waiting, accompanied by writing, verbal and in-person proclamations that “every was fine”, “Everything is On-track”,

'You appear to meet every criteria", etc. and after staff expended the majority of their personal funds based on these positive assertions, the application was suddenly and mysteriously rejected. This was REJECTION #3. Why was staff at DOE requested to provide no indication of any problem during the course of the year, and, in fact, told to be positive about the outcome?

6. Was Lachlan Seward unhappy with our complaints to the Senate over the ATVM and Loan program and were we punished for making those complaints? Did we get rejected for speaking out?
7. Rejection comments supplied by Chris Foster of DOE and third party press seem to be unrelated to the business of the company and have no foundation in fact. Why is that?
8. Billions of DOE and federal dollars have been given to a competitor with little or no review compared to the amount of requested documents for XP. Why is that?
9. That competitor, referred to above, may be violating XP issued IP and it is therefore acquiring an economic benefit via taxpayer dollars in a process in which it has massive influence. How is that not a conflict of interest?
10. That same competitor publicly engaged in vastly promoted research and determined that, of over 3000+ possible options, the best solution to end the era of gasoline was the technology created and patented by us. This very visibly validated our technology and also red flagged the history of this interdiction of our efforts with very quantifiable metrics. How do you explain the appearance of a conflict of interest here?
11. Even though the reviewers have refused to provide us with the review comments, others have provided them to us. They have, so far, all turned out to be either false, erroneous, not even relative to our company or contradicted by actions & decisions made in favor of companies with bigger lobby budgets. In other words, it appears to be a "stacked deck" created by, and "hardwired" for, certain special interests. Why have you refused to provide us, the press or senate staff with the review notes?

12. One of the main reasons they gave us for the rejection was the fact that our vehicles do not use E85 gasoline. If that was true, why did Tesla & Nissan get approved funding?
13. While it is true that we do not wish to use carcinogenic gasoline, (Here in California we have a sticker on every gas pump that warns that filling your tank is likely to expose you to cancer), at no point in multiple in-person meetings at DOE or in phone calls or letters submitted was E85 gasoline every mentioned, discussed, commented on or requested. In fact the topic was particularly avoided by DOE staff. Why not?
14. Another rejection point was that we were not planning to make enough cars. This is false. The company would like to build and sell more cars than any other car company. We are fully willing to produce millions of vehicles if provided with the appropriate funding as it has quantified millions of fleet buyers for its vehicles. No DOE entity ever asked us to adjust, discuss or amend our numbers and we were more than willing to adjust those numbers if anyone had even bothered to ask. One must start out with small steps and were planned to ramp up to a massive number over time. To suggest that one do otherwise would demonstrate questionable judgment. What is the validity of this comment by the reviewers based on?
15. We provided \$100 million + of asset collateral opportunity for only a \$40M loan. To repeat, we provided over TWICE the collateral of the value of the loan. How is this not a more secure structure than any of the other applicants, including those competitors to us who have already gone out of business by mismanagement and been recovered by taxpayer money ?
16. We were told that we were rejected because we were not planning to sell cars to the government . This is 100% false. The core sales plan of the company is based on government and commercial fleet sales. Why did your reviewers say this? Why did you think this?
17. Additionally we were told that electric motors and batteries were considered by the reviewers to be too futuristic of a technology and not developed for commercial use even though they have been in use in over 40 industries for over 20 years. If this is true, Why did Tesla and Nissan get funding approved?

18. Almost every other part of the XP car was to be purchased from existing commercial sources with multiple points of supply, so it is not possible to see how a reviewer might think the vehicle had any significant technical acquisition hurdles. The primary purpose of this loan program, XP was told by its authors, was to develop advanced technology and further reduce our dependence on gasoline. The XP Vehicles car uses no gasoline and gets over 125 miles per battery charge. How is this not a direct conflict with the precepts of the Section 136 law?
19. XP was also told that it's factory cost was too low because the metal body fabrication systems were not calculated high enough but the reviewers apparently did not even pay attention to the fact that XP uses no metal fabrication in its body. What was your rationale in making such an erroneous comment?
20. At the start of the application process XP was told that the review would be very interactive but there was almost no interaction with us while larger players, who applied later, were reviewed earlier, had extensive interaction and have already been awarded their funds. Why was the interactivity process never used with us?
21. Reviewers also stated that the car was a "hydrogen car" which it is not. It is an electric car. Why did you say that?
22. "What part of Autodesk or Microsoft did you think was not capable of delivering the process and design software?"
23. "What part of Deloitte & Touche did you think was not capable of auditing and reporting the financials?"
24. "What part of NEC, Intel or the other leading electronics companies in the world did you think could not build our controllers?"
25. "What part of Roush Automotive, one of the, most successful automobile electronics group in the world, did you think would not be able to build the electronics module?"
26. "What part of the US National Lab system did you think was incapable of soldering a box together?"

27. "What part of the over 100 other major supplier companies that have been building parts for the auto, aerospace and industry for decades did you think could not deliver?"
28. "Have any of the reviewers ever received compensation, payroll, stock or assets-of-value or might you, in the future, receive any of those, or political resources from, any company with major offices located in, or near the city of Detroit or with ownership assets in, or associated with, said entity?"
29. "Can you clarify the thought process that was used to take funds from a program that was created by law to save American business and give it to a Japanese company to create profits that would return to Japan, while using the same program to take action to seek to put an American company out of business?"
30. "Can you identify by name the engineers, systems developers or technical staff from XP vehicles that you spoke to, to validate your technical assumptions because not a single one of them recalls ever having any communication with you?"
31. "Was the rejection a punitive action for previously speaking out about certain practices"?
32. "You just told a reporter that you did not have enough money to help the handful of new EV car company applicants yet you have already given the failed car companies in Detroit more money than all of the new EV applicants needed put together AND you knew that you had another \$25B on the way. The amount of money XP had requested was so small that other Detroit applicants planned to spend, or have spent, or have already LOST, that amount in a WEEK. How did you do the math on that one?"
33. "You gave billions of dollars to car companies who have engaged in the most spectacular business mismanagement and business failures in human history, yet you state that XP may have a hard time being financially profitable even though the numbers demonstrate the exact opposite.. who does your math?"
34. "Why did you tell XP in writing and in person, for 10 months, that you had everything you needed to process the loan, that everything was going along smoothly and that finalization was just around the

corner; causing staff to front their own money, and suffer massive damages based on these false assertions?"

35. " Why did no party at DOE ever raise the E85 gasoline comment or present any other negative or red-flag comments during this entire time with two different applications?"
36. "XP's industrial designer, while at GM, designed the car featured in the feature film "Who Killed the Electric Car", did this have any bearing on your decision?"
37. " A company that DOE and TARP have given billions and billions of dollars to, with very little review relative to the XP & Limnia team review, appears to have been exploiting patents held by the XP/Limnia group while using government technology centers. While that group freely received billions of dollars, the XP and Limnia groups were cut off by DOE. What comments can you provide which offset this appearance of impropriety?"
38. "Why have no XP FOIA's been responded to when it appears that the FOIA's of others were already responded to?"
39. " XP submitted are large number of customer letters with direct contact information for each customer. These letters were from American taxpayers asking for DOE to support the building of the XP car, what % points were those given by the reviewers?"
40. Your department has rejected TWO funding applications from our groups (LIMNIA and XP) with second-hand reasons which do not apply to our efforts. It appears that your group just wants us stopped for some reason. Can you clarify why both funding applications were rejected, mostly for reasons, which we have refuted in writing, that do not even seem to apply to us?
41. Whether or not some of the reviewers thought the part of the process that they saw was on the up-and-up, in whole, from a high level, it looks like it was not. How can you demonstrate to our satisfaction and the satisfaction of the public that it was?
42. The DOE reviewers, mostly from "Detroit", have turned down XP's loan application, Aptera and a number of other innovative companies in favor of "Detroit" players. Are we a nation where

innovation and great ideas win support or where great influence buyers win the support?

43. As stated in our Press Release, we have no problem with the federal government supporting our traditional automotive industry, we do have a problem with absolutely no support for smaller companies who have not made the mistakes of the Detroit Three and are just trying to get new technology on the roads today and available to consumers. Americans deserve the opportunity and right to make the right choices and start reducing our energy consumption and air pollution TODAY. Do you not agree?
44. If America, and the world, wants a car that goes an almost unlimited range via hot-swap cartridges, costs less than \$20,000.00, uses no gasoline, is easy to repair, easy to build, saves your life better than any other car, is faster than competing solutions, does not require an extension cord, uses electricity and creates green jobs; then why wouldn't you let us build it?
45. In a statistical analysis map, of all of the funding for automobiles, automobile batteries and related funding, almost all of the funding has gone to one state and three companies or connections to those three companies. In a federal lobby disclosure study almost all of that funding is tied in nearly exact ratio to the amount of money spent by those parties as indicated in those filings. The amount of money already received and lost by those groups in TARP and other funding write-offs and defaults appears to exceed the total amount of money that XP already applied for. Why is that?
46. We were just waiting for the operational drill-down questions from DOE. Suddenly we got the rejection along about the time other people had started contacting us. Multiple major media outlets, elected official staffers, regulatory agencies, members of the public, past senior staff from "Detroit" (They probably shouldn't have thrown so many people out on the street without their 401K's or coverage - the ex-Detroiter's know a lot of pretty good info), current agency officials, and other rejected innovation start-ups have contacted XP and shared the information on this page with us. Why did you act in this manner?
47. In what ways were the following documents actually reviewed. Your office stated that they "lost our documents" twice. Why?

# What XP vehicles submitted to DOE: Fortune 500-class extremely comprehensive 10 year, person-by-person, detailed financials that cost the company almost \$200,000.00 to prepare; Metrics that demonstrated that the XP car can save millions of lives per year and that it was safer than any vehicle from competitors; Metrics that demonstrate that a gasoline/hybrid vehicle is dangerously carcinogenic when filled at a gas station compared to an XP Vehicle; Engineering and IP metrics that beat every competitor on price, range, safety, TOC, efficiency, toxic safety and hundreds of other points; Examples of work from \$3M of cash and person-hours previously invested by founders, DOE & partners; Lists of top auto and aerospace corporate partners, staff and resources, on stand-by, equaling thousands of people in all groups combined; Validation of a deep team of core staff that have been developing the project and parts of the project for 3-15 years part time; Samples of extensive international positive press coverage; Proof of a market opening timed with tax and national imperative incentives that created a dramatic window for success; Proof that XP was the lowest overhead car company in the market which equates to the best chance to profit and return funds; Samples of an in-house created online process management architecture; Market and marketing studies; CAD designs; Engineering plans; Manufacturing plans; A detailed website; A detailed path to \$1.5B within 5 years or less from a less than \$100M investment; Examples of dozens of prototypes as seen in the photographs on the BUILDS page of our website.; Patents: Multiple issued seminal patents. Large Portfolio Pending. With third party valuation and validation reports valuing that IP, some of which is currently being infringed by competing interests, at over \$100M. This was offered as collateral to federal loans; People: Senior Scientists, Chemists & Engineers from Top University & Federal Labs. Including staff that have built and delivered millions of vehicles to the consumer market; Partners: Federal, University, Fortune 500, Private Research Organizations; Written Customer inquiries From a massive national customer base of qualified retail Leads and 1.2M of commercial unit opportunities equaling a \$1.5B+ opportunity. (Our competitors average \$25B/year). Submitted as extensive package of letters from each customer candidate; Contracts: Federal Contract Fully Executed. MOU's Executed; Awards/Commendations: Congress, DARPA; Research Data: Over 200+ Technical Research Documents & 15+ Years of Research; Know How: Over 22000+ Manhours of Development. PROVEN First-To-Market Track-record; Market Data: Over 100+ Documents of Industry Study; Issued trademarks; Facilities: Unique access to Federal Labs & leased facility options; and other support materials

48. This is extremely frustrating as we submitted this application almost ten months ago and not once did DOE ask any of our engineers, the founder or our project leads for additional or clarifying information.

While other car companies and suppliers were going out of business left and right, XP managed to survive without outside funding for 10 months longer than it was told it would need to. The original Section 136 funds were set to be released last December for GM, Chrysler and Ford. Over the 10 month delay, XP covered its costs without outside support even though GM and Chrysler were removed from the program because "they were not financially viable" according to the DOE, yet they still received outside government funds. There were under 25 applicants in the current round. It takes the commercial banking industry 60 days to review 25 commercial loan applications. This has caused massive damage to our company. How can you help us now that you have put us in this situation?

49. It is well known that a DOE funding cannot be surpassed in terms by any current bank or investor in this economy. That is why XP Vehicles and several other advanced technology electric car companies were the first to apply for these loans which the major car companies were not able to do. However, the rules were changed midway through the process to allow these late entrants in, thus rewarding those larger late-comers for not being prepared. Now XP Vehicles has learned that almost all the federal money is going to "Detroit" companies or companies closely aligned with Detroit. Why did you change the "first-to-file rules" when we were the first to file?
50. While XP has absolutely no problem with funding going to our traditional automotive industry, XP finds it hard to believe that almost no funding will be given to small, advanced technology companies trying to move us even further from our dependence on oil. After all, isn't that what President Obama intended with his energy independence program and support for high technology companies?
51. The purpose of "lobby" and "political consultation groups" is to provide the "impression of repercussions" based on the volume of lawyers and string-pullers they retain on staff. The average cost to acquire these recent DOE funds started at a minimum of \$200,000.00 of billings from these groups. We could not afford to hire these manipulators, nor do we believe they are a good thing, but the impression that this recent action leaves the average viewer with is that the money must be "bought". Is that true? Is the start-up and small business innovation now dead in America?

52. XP has requested Freedom of Information Act disclosure of the application dates of the other applicants, review and opportunity to refute the rejection points based on no interaction with the company engineers or project leads and FOIA disclosure of the other application merits, all of which have so far been denied by the DOE review group. Why?