

Stone, Carla

From: Klain, Ronald A.
Sent: Monday, May 24, 2010 10:12 AM
To: Jarrett, Valerie
Cc: Deseve, G. Edward
Subject: RE: Report on Solyndra

Or even after they have one :-)

-----Original Message-----

From: Jarrett, Valerie
Sent: Monday, May 24, 2010 10:11 AM
To: Klain, Ronald A.
Cc: Deseve, G. Edward
Subject: RE: Report on Solyndra

I agree. There is an inherent risk in highlighting a single company before they have a track record.

-----Original Message-----

From: Klain, Ronald A.
Sent: Monday, May 24, 2010 10:09 AM
To: Jarrett, Valerie
Cc: Deseve, G. Edward
Subject: RE: Report on Solyndra

Putting my old private equity hat on, I would say that these guys are no different than a lot of stage two companies: they are burning capital, perhaps a bit fast, and are dependent on a break or two to be viable outside of the 18 - 24 month window. The reality is that if POTUS visited 10 such places over the next 10 months, probably a few will be belly-up by election day 2012 -- but that to me is the reality of saying that we want to help promote cutting edge, new economy industries.

-----Original Message-----

From: Jarrett, Valerie
Sent: Monday, May 24, 2010 10:05 AM
To: Klain, Ronald A.
Cc: Deseve, G. Edward
Subject: RE: Report on Solyndra

I'm comfortable if you're comfortable.

-----Original Message-----

From: Klain, Ronald A.
Sent: Monday, May 24, 2010 10:00 AM
To: Jarrett, Valerie
Cc: Deseve, G. Edward
Subject: Report on Solyndra

Valerie,

Here is the response from DOE. Sounds like there are some risk factors here -- but that's true of any innovative company that POTUS would visit. It looks like it is OK to me, but if you feel otherwise, let me know. And thanks for calling it to our attention.

Also, we are still working on DOW. We are somewhat constrained by the fact that the VP is going to Africa for one week of their two week window, and then have a lot of planned domestic travel, but we will do it if we can. I promised them an answer by tomorrow, one way or the other....

Ron

-----Original Message-----

From: OConnor, Rod [mailto: [REDACTED]]
Sent: Monday, May 24, 2010 9:56 AM
To: Klain, Ronald A.
Subject: Solyndra Questions?

Ron-

Bottom line is that we believe the company is okay in the medium term, but will need some help of one kind or another down the road. I know [REDACTED] talked through the going concern issue last week. Matt's summary is below. We are putting together talking points on this which I will send over-let me know if you need more.

-----Original Message-----

From: Rogers, Matt
Sent: Monday, May 24, 2010 9:17 AM
To: OConnor, Rod
Cc: [REDACTED]
Subject: Solyndra Questions?

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The "going concern" letter is standard for companies pre-IPO. The letter says in short that the company needs more capital to keep going long-term, which is why they are planning to tap the public markets. We will see these with all the pre-IPO companies that we fund and is not a general concern.

There are three, related economic concerns that are important. The price for solar panels has fallen significantly as the cost of silicon has fallen, reducing the margin that Solyndra can earn. In addition, the European market for their product (2/3 exported to Europe) is weak with the financial issues in Europe, especially in Spain. They have been counting on an energy bill to pass, including a renewable energy standard to ensure adequate US market size.

The good news is that the loans that we made are allowing the company to increase revenues and reduce production costs significantly, helping them remain competitive in a tough market. If Europe goes south and we don't see an energy bill here, they will face issues in the 18-24 month window, but the company should be strong going into the fall with their new facilities on line.

Matt Rogers
Senior Advisor to the Secretary for Recovery Act Implementation U.S. Department of Energy
[REDACTED]