

[REDACTED]

From: [REDACTED]
Sent: Tuesday, May 25, 2010 1:35 PM
To: [REDACTED]
Subject: RE: POTUS Visit to Solyndra

Thanks [REDACTED] I shared with [REDACTED] and we will keep an eye out for the POTUS remarks.

From: [REDACTED]
Sent: Tuesday, May 25, 2010 1:24 PM
To: [REDACTED]
Subject: POTUS Visit to Solyndra

A cautionary note. This is a classic problem with start-ups, but we have to be careful what POTUS says.

Thanks.

From: [REDACTED]
Sent: Monday, May 24, 2010 9:32 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: POTUS Visit to Solyndra Wednesday

As I shared with [REDACTED] earlier this evening, I am increasingly worried that this visit could prove embarrassing to the Administration in the not too distant future, given 1) what we just heard today from DOE that Solyndra is delaying their IPO at least until the end of the year, and 2) what the auditors said about Solyndra making it through the year absent new financing... It might be worth flagging to policy officials given this high-profile visit.

I've re-pasted the articles about what the auditor said below. You'll note the suggestion that a "going concern notice" issued re: financials up through early Jan 2010 implies the auditors don't think they can make it through the next 12 months. That's only 7 months away now.

Here's the text from the press in early April (full article below):

Solyndra's auditors have questioned whether the Fremont-based solar startup, and recipient of federal loan guarantees, can continue doing business in the face of mounting losses and mountainous debt. The company's auditors, PricewaterhouseCoopers said in a letter filed as an addendum to Solyndra's S-1 IPO registration, that "the Company has suffered recurring losses from operations, negative cash flows since inception and has a net stockholders' deficit that, among other factors, raise substantial doubt about its ability to continue as a going concern." Auditors issue "going concern" notices when companies don't have enough cash to support operations for 12 months. Solyndra's audit letter is dated March 16 but the auditors looked at a period ending Jan. 2, 2010.

[REDACTED]

From: [REDACTED]
Sent: Thursday, April 08, 2010 5:30 PM

To: [REDACTED]

Subject: Solyndra S-1

Below is the link to Solyndra's amended S-1 filing. (Be prepared not to get a warm fuzzy feeling—typical for this type of company). I've also pasted the auditor's opinion below.

Interesting note: The S-1 indicates 'As of January 2, 2010, we have made draws totaling \$140.9 million'. Interesting to compare with DOE's statements to the press that Solyndra has drawn down \$25M—perhaps they meant 25%. See article below. I have a call into DOE Accounting to see how much Solyndra has drawn down. We'll want to know as part of the monitoring request we have into DOE.

Also, apparently the loan size for Phase II is \$469M. I've been told we should expect to see that project soon for conditional commitment.

<http://www.sec.gov/Archives/edgar/data/1443115/000119312510058567/ds1a.htm>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Solyndra, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, consolidated statements of redeemable convertible preferred stock and stockholders' equity (deficit) and consolidated statements of cash flows present fairly, in all material respects, the financial position of Solyndra, Inc. and its subsidiaries at January 3, 2009 and January 2, 2010, and the results of their operations and their cash flows for each of the three years in the period ended January 2, 2010 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations, negative cash flows since inception and has a net stockholders' deficit that, among other factors, raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 13 of Notes to Consolidated Financial Statements, the Company changed the manner in which it accounts for warrants to acquire common stock in fiscal 2009.

Friday, April 2, 2010

Auditors raise doubt over Solyndra

Solyndra's auditors have questioned whether the Fremont-based solar startup, and recipient of federal loan guarantees, can continue doing business in the face of mounting losses and mountainous debt.

The company's auditors, PricewaterhouseCoopers said in a letter filed as an addendum to Solyndra's S-1 IPO registration, that "the Company has suffered recurring losses from operations, negative cash flows since

inception and has a net stockholders' deficit that, among other factors, raise substantial doubt about its ability to continue as a going concern."

Auditors issue "going concern" notices when companies don't have enough cash to support operations for 12 months. Solyndra's audit letter is dated March 16 but the auditors looked at a period ending Jan. 2, 2010. Solyndra could not immediately be reached for comment. The company is in a quiet period leading up to their IPO.

Ryan Murr, a cleantech attorney at Goodwin Procter in San Francisco, who does not represent Solyndra, said going concern notices are not uncommon for startups who are preparing to go public.

"Investors know that the fix to the going concern is the IPO," Murr said.

Still, the company has raised \$970 million in venture capital, and has been awarded a \$535 million loan guarantee from the federal government. It wants to raise \$300 million in an IPO.

"I'm not troubled by the 'going concern' notice, I'm more troubled by the fact that they raised \$933 million and are out of cash," Murr said. "But raising another \$300 million in an IPO registration, the question is does that get them to profitability or not?"

The Department of Energy said as of January 12, Solyndra had only received \$25 million of their \$535 million loan, provided by the Federal Finance Bank. The Department of Energy guaranteed the loan but Solyndra has to meet certain milestones to draw the entire amount.

"Part of the statute for all loan guarantees is after the loan closes the Department (of Energy) regularly monitors and assesses projects as part of our responsibility to tax payers' interests," said Ebony Meeks, spokesperson for Department of Energy. "As a project goes along, we monitor it and not all of the money goes out the door at one time so we can make adjustments as needed."

Read more: [Auditors raise doubt over Solyndra - San Francisco Business Times](#)