Footnote 134

From: [redacted]
To: Carfine, KenDisabled
Subject: FW: Could You Call Matt Rogers In Energy Secretary Chu"s Office to Stop the Train on Term Sheet for 1st Title XVII Deal??
Date: Tuesday, March 17, 2009 6:46:17 PM
Importance: High

Ken,

I put in a call to Matt Rogers just to let him know that someone from Treasury might be contacting him to discuss this. Lee thought it was best handled by you as you deem appropriate. If you do not think any call to energy is needed, I will tell Matt never mind. Please just let me know.

Thanks,
[redacted]

[redacted] - US Department of the Treasury - [redacted]

From: Farrell, Paula
Sent: Tuesday, March 17, 2009 6:14 PM
To: Ramanathan, Karthik; [redacted] Carfine, Ken
Cc: Burner, Gary; [redacted]
Subject: Could You Call Matt Rogers In Energy Secretary Chu's Office to Stop the Train on Term Sheet for 1st Title XVII Deal??
Importance: High

Per OMB, the term sheet might be signed tonight by Secretary Chu.

Treasury had NOT had time to review and consult with Energy on the term sheet, which is a statutory requirement.

Could someone please call Matt Rogers per OMB's suggestion tonight to get us a day or so to go over this term sheet?

Matt Roger's direct phone number is [redacted]

From: [redacted]
Sent: Tuesday, March 17, 2009 6:04 PM
To: Farrell, Paula; [redacted]
Cc: Ramanathan, Karthik; [redacted] Carfine, Ken; Burner, Gary; [redacted]
Subject: RE: Proposed Energy Title XVII Loan Guarantee-- Treasury consultation on terms and conditons reqquired by law

I don't have phone number -- but I'd suggest Matt Rogers. The DOE Operator at [redacted] should be able to get you to him.

From: Paula.Farrell[redacted]
Sent: Tuesday, March 17, 2009 6:03 PM

To: [redacted]
Cc: Karthik.Ramanathan[redacted]
Ken.Carfine[redacted] Gary.Burner[redacted]
Subject: RE: Proposed Energy Title XVII Loan Guarantee-- Treasury consultation on terms and conditons reqquired by law

[redacted] do you have a name and number for someone at Energy that we can call to stop the train on this? Treasury staff have not had time to review the terms and conditions.

From: [redacted]
Sent: Tuesday, March 17, 2009 5:57 PM
To: Farrell, Paula; [redacted]
Cc: Ramanathan, Karthik; [redacted]; Carfine, Ken; Burner, Gary; [redacted]
Subject: RE: Proposed Energy Title XVII Loan Guarantee-- Treasury consultation on terms and conditons reqquired by law

I understand that DOE's CRB approved moving forward on the project today. **That means that Sec. Chu could sign the term sheet at any moment. I strongly urge Treasury to contact Secretary Chu's office if Treasury wants to weigh in on the Terms and Conditions.** (I note that there is a provision in the regulation that allows the Secretary to cancel at any time before closing without cause, but it's not clear to me that that would be used for disagreement over a term sheet.)

From: Paula.Farrell[redacted]
Sent: Tuesday, March 17, 2009 4:27 PM
To: [redacted]
Cc: Karthik.Ramanathan[redacted]
Ken.Carfine[redacted] Gary.Burner[redacted]
Subject: Proposed Energy Title XVII Loan Guarantee-- Treasury consultation on terms and conditons reqquired by law
Importance: High

1. OMB and Treasury Government Financial Policy staff worked long and hard to get Federal credit policies and practices, to the greatest extent possible, reflected in the regs for this Title XVII loan guarantee program. (See attached Title XVII statute.) By statute, the Secretary of Energy is required to consult with the Secretary of the Treasury on the terms and conditions of any such guarantee before the guarantee is extended.

2. We/OGFP staff made very clear during the drafting of the regs that Treasury wanted to be involved in the development of the terms and conditions of any guarantee and not be brought in at the tail end when the terms of the deal had already been negotiated.

3. Unfortunately, we are being brought in at the tail end NOW.

4. Gary Burner at the FFB was just asked to review the almost-final terms and conditions of a proposed deal for the Treasury Department. However, neither Gary nor I have the authority to approve the terms and conditions on behalf of the Department. We need to bring in other staff and our senior officials before we agree to the terms and conditions. Note: We do typically view "consultation" as being more akin to "approval" so we can work effectively with OMB to protect the taxpayer from loss.

5. Request to OMB: Could OMB call for a meeting with Energy as soon as we can meet on the terms and conditions of this deal so we can make sure Treasury has a real opportunity to

review and evaluate the proposed deal and seek any needed changes? We believe OMB will have concerns with the proposed terms and conditions as do we.

Footnote 135-141

From: Farrell, Paula
To: Carfine, KenDisabled
Subject: Re: Loan Guarantees
Date: Wednesday, March 18, 2009 9:21:57 AM

Energy staff have now agreed to talk to us about the deal at hand. after learning Treasury was going to call about stopping the train.

This deal is part of the Title XVII loan guarantee program for innovative energy projects.

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Carfine, Ken
To: Farrell, Paula
Sent: Tue Mar 17 19:23:42 2009
Subject: Fw: Loan Guarantees

I think this train is pulling out of the station. Given the sensitivity around auto issues do we really want to try to slow this down? Do we have any issues with the term sheet?

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Rogers, Matt [redacted]
To: Carfine, Ken
Cc: Isakowitz, Steve [redacted]
Sent: Tue Mar 17 19:12:47 2009
Subject: RE: Loan Guarantees

Thanks for the note. The credit review board here approved these terms today and we are preparing the press release for tomorrow. Our understanding was that OMB was briefed Friday and your FFB team had reviewed the transaction yesterday and approved. We were just waiting for formal letter from treasury confirming that support in writing. If that is not correct, we should talk asap. Regards, mr

Matt Rogers
Senior Advisor to the Secretary of Energy for Recovery Act Spending
Department of Energy
1000 Independence Avenue, 7th Floor
[redacted]

-----Original Message-----
From: Ken.Carfine[redacted]
Sent: Tuesday, March 17, 2009 6:48 PM
To: Rogers, Matt
Subject: Loan Guarantees

Matt:

I understand that DoE is getting very close to approving the term sheet related to the XVII Loan Guarantee program. The folks in our Government Financial Policy area mentioned that there were suppose to be consultations with Treasury before the agreements are signed.

Apparently, we received the term sheets this afternoon to review. Will there be an opportunity for Treasury to provide input or is the current version a done deal. This isn't in my lane but I agreesdto check with you'all on status. Thanks much. Ken

----

Sent from my BlackBerry Wireless Handheld

Footnote 142, 145, 146

From: Ramanathan, KarthikDisabled
To: [redacted] Patterson, Mark (DO)
Cc: Carfine, KenDisabled; [redacted]; Ramanathan, KarthikDisabled
Subject: FW: Need Help!! We will give you briefing!! 4 PM Call!!
Date: Wednesday, March 18, 2009 2:07:45 PM
Importance: High

Very short summary –

Dept of Energy wants to put out a press release this afternoon regarding a specific program under the Title XVII loan program which they administer.

Under this program, the US Government guarantees 100% of various loans provided by investors which engage in renewable energy projects. It's in some previous administration legislation from 2004/05, and Energy just got to it.

In the draft press release, it apparently states "the Secretary of Energy has consulted with the Secretary of the Treasury" and he is fine with the terms.

However, we didn't get these "terms" until just now. We blocked the release from being released last night since the Secretary of the Treasury has not agreed to anything or been consulted, but now the Sec of Energy wants to release it today.

We still haven't reviewed the terms. Ken, FFB, and I have a call at 4pm to understand the document, and then send a recommendation to the Secretary one way or the other.

I want to put this on your radar since Energy is being very difficult on this issue.

Karthik

Karthik Ramanathan
Acting Assistant Secretary for Financial Markets
Director, Office of Debt Management
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220
[redacted]

From: Farrell, Paula
Sent: Wednesday, March 18, 2009 1:49 PM
To: Farrell, Paula; Ramanathan, Karthik; Carfine, Ken; [redacted]
Cc: [redacted]
Subject: RE: Need Help!! We will give you briefing!! 4 PM Call!!
Importance: High

We need to get Karthik plugged in now. I have a call into his office. I will make sure he gets the info and press release ASAP.

From: Farrell, Paula
Sent: Wednesday, March 18, 2009 1:47 PM
To: Ramanathan, Karthik

Subject: Need Help!! We will give you briefing!! 4 PM Call!!

From: Burner, Gary
Sent: Wednesday, March 18, 2009 1:13 PM
To: Carfine, Ken; Ramanathan, Karthik; Farrell, Paula; [redacted]
Subject: DOE Press Release

I just got off the phone with Dave Frantz, Director of the Loan Guarantee Program Office in the Department of Energy. DOE will be turning out a press release at 1:30PM today on the first deal under the Title XVII loan program. The Secretary of Energy is under pressure to get a program announced. Additionally, they are concerned that the news will leak anyway and they have had problems with leaks.

Dave is ready to come over to make a presentation on the deal as soon as we are ready. He agrees that the process could have been better and is wants to improve the process.

Footnote 149

From: Farrell, Paula
To: Carfine, KenDisabled; Ramanathan, KarthikDisabled
Date: Wednesday, March 18, 2009 3:33:58 PM

From: Burner, Gary
Sent: Wednesday, March 18, 2009 2:46 PM
To: Farrell, Paula
Subject: RE: Can you do bullets on your problems with the terms of the Energy deal? karthik's people are going over the terms now

I see three things that I would change in a perfect world.

1) This should have been 65% debt and 35% equity instead of 73% debt and 27% equity. This is the first deal out the door and I am worried that it will set a standard for subsequent deals. If this had been an 80% guaranteed loan, then the implicit guaranteed loan would have been 64% rather than 73%. DOE says that their hands are tied on this issue because the law says the loan can cover up to 80% of project cost. They are under pressure to complete a deal. The borrower says they cannot raise the additional capital in this credit market. See Item 2 for why I doubt them.

2) There is another production line that was originally financed with debt that was refinanced with 100% equity. The equity refinance was to eliminate the need for intercreditor agreements with DOE. However, the structure that is set up will not allow the government to seize control of the first fab line in the event of default. Given that this is a startup, it would be nice to grab all of their assets if they default on the loan including intellectual property. DOE said they tried to get rights to the first fab upon default but were unsuccessful. I am not sure why they felt their hands were tied, but they did.

3) In another document, they represent that the FFB will charge a 35bp spread. However, the term sheet does not bind us. As long as the press release does not mention the interest rate spreads to be charged, we should be okay. There may be an expectation that the FFB is charging 35bp.

I do not like this deal, but it is not the worst I've seen.

I think the press release is innocuous enough to let it go.

From: Farrell, Paula
Sent: Wednesday, March 18, 2009 2:12 PM
To: Burner, Gary
Subject: Can you do bullets on your problems with the terms of the Energy deal? karthik's people are going over the terms now

Footnote 155

From: Patterson, Mark (DO)
To: Carfine, KenDisabled; Ramanathan, KarthikDisabled
Subject: Energy Dept issue
Date: Wednesday, March 18, 2009 8:16:31 PM

Rod O'Connor, the energy dept cos, just called me to ask for clarity on when we would be able to close the loop on their issue, and who should be the contacts for signoff in the future. He said his people were given approval by FFB people earlier so they were surprised when we objected today.

Footnote 156

From:	Ramanathan, KarthikDisabled
To:	Patterson, Mark (DO)
Cc:	Carfine, KenDisabled
Subject:	Energy Dept Issue
Date:	Wednesday, March 18, 2009 9:29:43 PM

Ken is the president of the FFB, I am a VP. Ideally we shd be in the loop.

Regarding approval by a treasury official, no choice was given to the director of the ffb, a career staffer, and energy stated that they were going on it one way or the other given Secretary Chu's interest. The career staffer alerted the right people internally, and when they could not make headway, alerted us, and we brought it to your attention.

From: Patterson, Mark (DO)
To: Carfine, Ken; Ramanathan, Karthik
Sent: Wed Mar 18 20:16:31 2009
Subject: Energy Dept Issue

Rod O'Connor, the energy dept cos, just called me to ask for clarity on when we would be able to close the loop on their issue, and who should be the contacts for signoff in the future. He said his people were given approval by FFB people earlier so they were surprised when we objected today.

Footnote 158

From: Farrell, Paula
To: Carfine, KenDisabled; Burner, Gary
Subject: RE: Today
Date: Thursday, March 19, 2009 10:28:12 AM

Thanks for checking directly with Mark. We can get cleared comments out today, but not this morning.

(P.S. This whole process is bordering on the ridiculous now. We will need to clarify *in writing* how this consultation process is going to work for future guarantees.)

From: Carfine, Ken
Sent: Thursday, March 19, 2009 10:25 AM
To: Farrell, Paula; Burner, Gary
Subject: FW: Today

fyi

From: Carfine, Ken
Sent: Thursday, March 19, 2009 9:55 AM
To: Patterson, Mark (DO)
Subject: FW: Today

Mark:

Was this the agreement with Rod O'Connor?

From: Burner, Gary
Sent: Thursday, March 19, 2009 9:53 AM
To: Carfine, Ken; [redacted] Farrell, Paula; [redacted]
Subject: FW: Today

Looks like we may not have as much time as we thought.

From: Frantz, David [redacted]
Sent: Thursday, March 19, 2009 9:24 AM
To: Burner, Gary
Cc: Isakowitz, Steve
Subject: Today

Gary,

Thanks for all your continuing help on the consultation. Our chief of staff, Rod O' Connor, talked with your Mark Patterson last night and agreed that DOE must release tomorrow morning. Hence we must have our mutual issue resolved this AM so the DOE staff can commence the roll out particularly with Congress this afternoon. We stand ready to help in any way to expedite.

Dave

David G. Frantz
US Department of Energy
Director, Loan Guarantee Office, CF-1.3
[redacted]

Footnote 160

[redacted]

From: Farrell, Paula
Sent: Thursday, March 19, 2009 2:25 PM
To: [redacted]
Subject: RE: Could you type up in short bullets your questions/concerns so I can quickly turn out the list of Treasury concerns for Karthic and Ken this PM

Great Questions -- all of them!! Thanks

From: [redacted]
Sent: Thursday, March 19, 2009 2:16 PM
To: Farrell, Paula; [redacted]
Subject: RE: Could you type up in short bullets your questions/concerns so I can quickly turn out the list of Treasury concerns for Karthic and Ken this PM

What is phase 2's economic impact on phase 1?
Does it impact repayment potential?
Is phase 2 constructed concurrent or sequential to phase 1?

Shared facilities: does phase 2 reimburse phase 1 for economic depreciation it causes of the loan collateral?

What is the difference between budgeted contingency funds (included in base costs) and overrun project costs?

If contingency funds are removed do we need to bump up the overrun equity commitment?

What's the initial base equity commitment?

Who determines the interest rate (FFB or DoE)?

Par or Market Prepayment?

What is the collateral requirement / % of loan backed by collateral / when is collateral valued…

Can sponsor remove equity as they repay / prepay loan (as long as they maintain 27% equity)?

Pricing mechanism for sales of output of the project (arms length)?
Independent auditor?
Who owns projects improvements to sponsor's intellectual property?

What are customary exceptions to subordination to full repayment of guaranteed loan?

Valuation of alternative asset for Debt Service Reserve Account?

Who is the insurer and how did they prove they were financially sound.

Is the 90 percent stripping threshold standard (see SBA)?

What is 90% of useful life of the project?

How is a significant equity investment determined?

[redacted]
Financial Economist
Office of Debt Management
Department of Treasury

[redacted]

From: Farrell, Paula
Sent: Thursday, March 19, 2009 1:46 PM
To: [redacted]
Subject: Could you type up in short bullets your questions/concerns so I can quickly turn out the list of Treasury concerns for Karthic and Ken this PM

Footnote 161

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 16, 2010

Memorandum To Files

From: FFB Loan Administration Staff

Subject: Treasury/FFB Consultation with the Department of Energy (DOE) on the Solyndra Fab 2 LLC Project ("the Project")

Treasury and FFB staff convened a conference call with members of DOE's Loan Guarantee Program Office (LGPO) on March 19, 2009 to discuss a potential loan guarantee to be issued under Title XVII of the Energy Policy Act of 2005. A guaranteed loan totaling $535 million is requested by the applicant to finance its Fab 2 manufacturing facility for thin-film onmi-facial solar modules targeting the commercial rooftop market.

Attendees from DOE included David Frantz, LGPO, and Bill Miller, LGPO.

Attendees from FFB were Gary Burner, [redacted] Attendees from Treasury's Office of Policy and Legislative Review were Paula Farrell, [redacted] from the Office of Debt Management also attended.

Key points made by DOE in their briefing materials include:

- Innovative technology of cylindrical tube photovoltaic panels that are lighter weight, provide a lower wind profile, and are less expensive to install than other solar panels available.
- Solyndra is in the ramp-up and optimization phase of its initial production line (Fab 1); experience developed from Fab 1 will be for the benefit of the Fab 2 project.
- Experienced management team has a demonstrated ability to raise capital ($750 million to date) to support the project.

FFB staff conclusions based on the presentation and written materials provided are:

- Equity contribution is merely 27% of the Project costs, which is low for a start-up company. We also note that this is below the original expectation of 35% equity contributions when the Title XVII program was first designed. The borrower claims that it cannot raise additional capital in this market.
- Deal is structured to protect the sponsor's interest in the first production line (Fab 1) such that the government cannot grab this asset along with the intellectual property (IP) in the event of default.

- Christian Gronet, Founder and CEO of Solyndra, maintains a sizeable share of the company's equity. He is its single largest shareholder (12.6%).
- Substitution effects with other solar panel manufacturers remain a challenge to meeting the product's expected market penetration.

Footnote 162

From: Farrell, Paula
Sent: Thursday, March 19, 2009 4:02 PM
To: 'david.fratz[redacted]
Cc: Carfine, KenDisabled; Ramanathan, KarthikDisabled
Subject: Treasury Requested Changes to the Term Sheet
Attachments: DOC (161).PDF

Importance: High

Please see the requested changes. As we discussed, the change to the interest rate section is the most important one.

Thank you very much for the productive phone call!

Paula

Treasury Requested Changes Per Call 3/19/09

Loan and DOE Guarantee

11. Guaranteed Loan

A loan from FFB (the "**Guaranteed Loan**") in the original principal amount (the "**Guaranteed Loan Amount**") of not more than 73% of Eligible Base Project Costs, up to a limit of the lesser of (x) 80% of Eligible Base Project Costs, and (y) $535,000,000.

12. DOE Guarantee

An unconditional guarantee by DOE (the "**DOE Guarantee**") of 100% of the principal of and interest on the Guaranteed Loan (the "**Guaranteed Obligations**") in accordance with the Program Requirements.

13. Availability

Subject to the terms of the FFB Funding Agreements, disbursements of the Guaranteed Loan (each a "**Disbursement**") may be requested from time to time during the period (the "**Guaranteed Loan Availability Period**") from (x) the Financial Closing Date (as hereinafter defined), to (y) the date 32 months following the Financial Closing Date.

The proceeds of Disbursements will be used to pay Eligible Base Project Costs in accordance with a construction budget to be submitted by the Borrower, as certified by the Independent Engineer, a specified number of days prior to the applicable fiscal quarter (the "**Periodic Approved Budget**") and satisfaction of the other conditions precedent set forth in the Loan Guarantee Documents. Subject to the terms of the FFB Funding Agreements, FFB will make Disbursements to or as directed by the Borrower to pay Eligible Base Project Costs then due and payable, or reasonably expected to become due and payable within the next 30 days as contemplated by the Periodic Approved Budget, as soon as commercially practicable, and in any event within five business days following receipt of (i) a disbursement request from the Borrower, in sufficient detail and including wire transfer instructions and copies of invoices, and (ii) a disbursement approval notice from DOE.

14. Interest Rate

Subject to the terms of the FFB Funding Agreements, the interest rate on each Disbursement (the "**Interest Rate**") will be a rate per annum equal to the sum of (x) the single equivalent rate of the Disbursement repayment stream determined from Treasury's "Constant Maturity Treasury" curve, taking into consideration the shortest maturity Treasury bill being currently auctioned, up through the Constant Treasury Maturity rate corresponding to the period from the date of such Disbursement to the final maturity of the Guaranteed Loan, plus (y) a spread to be calculated as of the Disbursement date [redacted] to be determined in accordance with FFB policy guidelines.

~~For informational purposes, note that (x) as of March 3, 2009, the 7-year Constant Treasury Maturity yield as published by the Federal Reserve Bank of the United States was 2.58%, and (y) historically, the FFB funding spread for the most recent 60 months for FFB loans with maturities equivalent to the Disbursements and terms substantially similar to the Disbursements~~

(a) a Common Terms Agreement among the Borrower, FFB and DOE, setting forth certain provisions common to the Loan Guarantee Agreement and the FFB Funding Agreements;

(b) the Loan Guarantee Agreement between the Borrower and DOE, setting forth certain reimbursement obligations and other provisions pursuant to the Program Requirements, including those specified in Exhibit B;

(c) the DOE Guarantee, the execution of which shall be subject to (x) provision of statutory authority sufficient under FCRA and Title XVII; (y) consultation ~~as necessary~~ with the Department of the Treasury as to the terms and conditions thereof; and (z) receipt by DOE in an appropriations act of timely, unexpired and sufficient authority;

(d) all documents and agreements necessary or desirable in connection with the making by FFB of the Guaranteed Loan (the "**FFB Funding Agreements**"), including without limitation:

(i) the Program Financing Agreement between the DOE and FFB;

(ii) the Note Purchase Agreement among the Borrower, DOE and FFB;

(iii) the promissory note evidencing the Guaranteed Loan issued by the Borrower and payable to FFB; and

(iv) any other agreements required in connection with the funding of the Guaranteed Loan by FFB;

(e) subordination agreements with respect to payments from the Borrower to the Sponsor or any of its affiliates (the "**Solyndra Affiliates**");

(f) an equity contribution agreement and evidence that the Base Equity Commitment has been fully funded or irrevocably committed as of the Financial Closing Date, in the form of letters of credit or other mechanisms satisfactory to DOE in its sole discretion;

(g) an agreement between the Sponsor and DOE providing for (i) management and support obligations for the Borrower; (ii) continuing ownership and control obligations of the Borrower's equity; (iii) direct payment of all Third-Party Sales Agreement amounts to a Sponsor account (the "**Master Revenue Account**") subject to a first-priority security interest in favor of the Borrower in that portion of the Master Revenue Account as is equal to the amount due under the Project Sales Agreement (net of any payments due to the Sponsor under the Project Documents) for the benefit of DOE and FFB; and (iv) assuring repayment to the Borrower of amounts paid by the Borrower to any Solyndra Affiliate in contravention of any term of the Loan Guarantee Documents;

(h) the Security Documents (as defined below); and

(i) such other documents and agreements as may be required under the Program Requirements.

23. *Security Documents*

The Security Documents to be entered into in connection with the Guaranteed Loan are expected to include the following, each of which must be satisfactory to each of DOE in form and substance and include detailed terms and conditions necessary and appropriate to protect the interest of the United States in the case of default, including ensuring availability of all the

Footnote 163

From: Patterson, Mark (DO)
To: Carfine, KenDisabled; [redacted]
Subject: RE: Energy loan guarantee program
Date: Thursday, March 19, 2009 4:31:07 PM

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thanks

From: Carfine, Ken
Sent: Thursday, March 19, 2009 4:00 PM
To: Patterson, Mark (DO); [redacted]
Subject: Energy loan guarantee program

Mark/[redacted]

I wanted to let you know that we have worked out the issues with the Department of Energy on the loan guarantee program, and we are giving them the clearance to announce the program and sign the term sheet. Thanks for your help/understanding on this. We will be developing a protocol/process so that we won't experience this type of issue in the future. Ken

Footnote 169

[redacted]

From: [redacted]@omb.eop.gov>
Sent: Friday, April 15, 2011 6:30 PM
To: Christian, Karen
Subject: Follow up from 4/11 briefing
Attachments: January Slides to send.pdf; m09-24.pdf; March Slides to send.pdf; August slides to send.pdf

Karen,

This is in response to your email dated April 12, 2011, which asked OMB to provide answers to six questions, as well as certain documents. Our answers are below and the documents are attached. Please note that portions of these documents contain financial and proprietary information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905, as well as other potentially sensitive information. As such information would not be available to persons outside the government, we respectfully request that this information not be copied or distributed outside of the Committee without further consultation with OMB.

1. **Date of DOE briefing to OMB in January 2009 on Solyndra (Courtney described this as staff briefing, with possible power point presentation); list of staff attending for OMB; copy of slides presented at this briefing; point person for DOE; questions or feedback to DOE.**

OMB's staff's recollection is that DOE briefed OMB on or shortly after January 9, 2009, and that the principal participants from DOE were Director of the Loan Guarantee Office and staff from that office. Career staff from OMB's Budget Review Division, Energy Branch of the Natural Resources Programs Management Offices, and Economic Policy offices attended. Attached is a copy of the presentation provided by DOE. DOE subsequently advised OMB that it had determined to defer further consideration of the proposal pending additional analysis, eliminating any need for OMB review. At our briefing, you also asked when OMB learned of the Solyndra application. We have since determined that DOE had earlier notified OMB of that application in December 2008.

2. **Date of DOE briefing to OMB in March 2009 on Solyndra; list of staff attending for OMB; copy of slides presented at briefing; point person for DOE; questions or feedback to DOE.**

The March briefing by DOE to OMB was on March 13, 2009. OMB staff's recollection is that the principal participants from DOE were Director of the Loan Guarantee Office and staff from that office. Career staff from OMB's Budget Review Division, Energy Branch of the Natural Resources Programs Management Offices, and Economic Policy offices attended. Attached is a copy of the presentation provided by DOE, with redactions to protect against disclosure of credit subsidy calculations as previously discussed. At this point, OMB did not provide its views on the credit subsidy range estimated for the project.

3. **Date of DOE briefing to OMB in August 2009 (the briefing before Solyndra was closed) – the same information requested for 1 and 2 (above).**

The August 2009 briefing by DOE to OMB was on August 25, 2009. OMB staff's recollection is that the principal participants from DOE were Director of the Loan Guarantee Office and staff from that office. Career staff from OMB's Budget Review Division, Energy Branch of the Natural Resources Programs Management Offices, and Economic Policy offices attended. Attached is a copy of the presentation provided by DOE, with similar redactions. Following this briefing, OMB approved an apportionment reflecting the credit subsidy cost for the project, which was executed on September 2, 2009. We provided this document to you on April 4, 2011.

4. Whether the Credit Subsidy Score changed between January and September.

Originally, DOE assigned to Solyndra not a specific credit subsidy score but a broad credit subsidy range. This range, provided when the project was being processed under the Section 1703 "self pay" program, was based on the preliminary credit assessment provided by the rating agency in Solyndra's loan guarantee application and was not informed by the specific terms and conditions being negotiated with DOE. It was intended purely as an indicative range and was not binding on the final credit subsidy cost. However, the final credit subsidy cost calculated in September 2009 fell within the range originally contemplated.

5. The date DOE first contacted OMB about modifying the Solyndra loan guarantee agreement (the modification ultimately took place in March 2011). In addition, Sally or Courtney (my notes don't indicate who) said that a meeting took place about the Solyndra loan modification, and I would request the date of that meeting.

DOE first contacted OMB to request a meeting on the status of Solyndra on October 28, 2010. The meeting requested by DOE on that date occurred on October 29, 2010.

6. The Recovery Act site addressing contact with lobbyists (I believe Sally said she could find this).

Attached is a copy of the OMB guidance addressing this subject. The link to the relevant website is http://www.whitehouse.gov/omb/recovery_contact_disclosure_forms/.

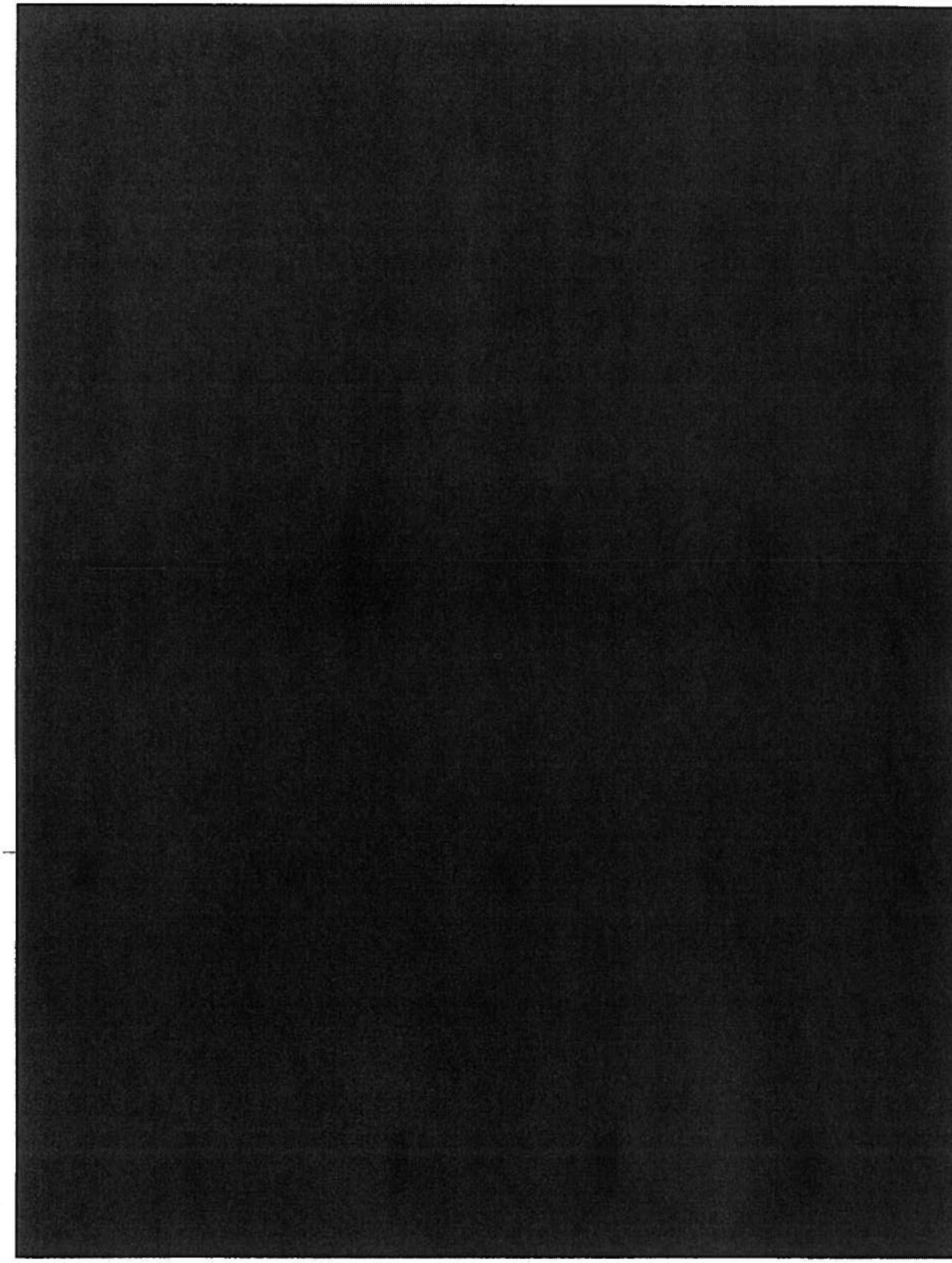
[redacted]
OMB Leg Affairs
[redacted]

Solyndra FAB 2, LLC
Summary of Credit Policy Review

Solyndra FAB 2, LLC

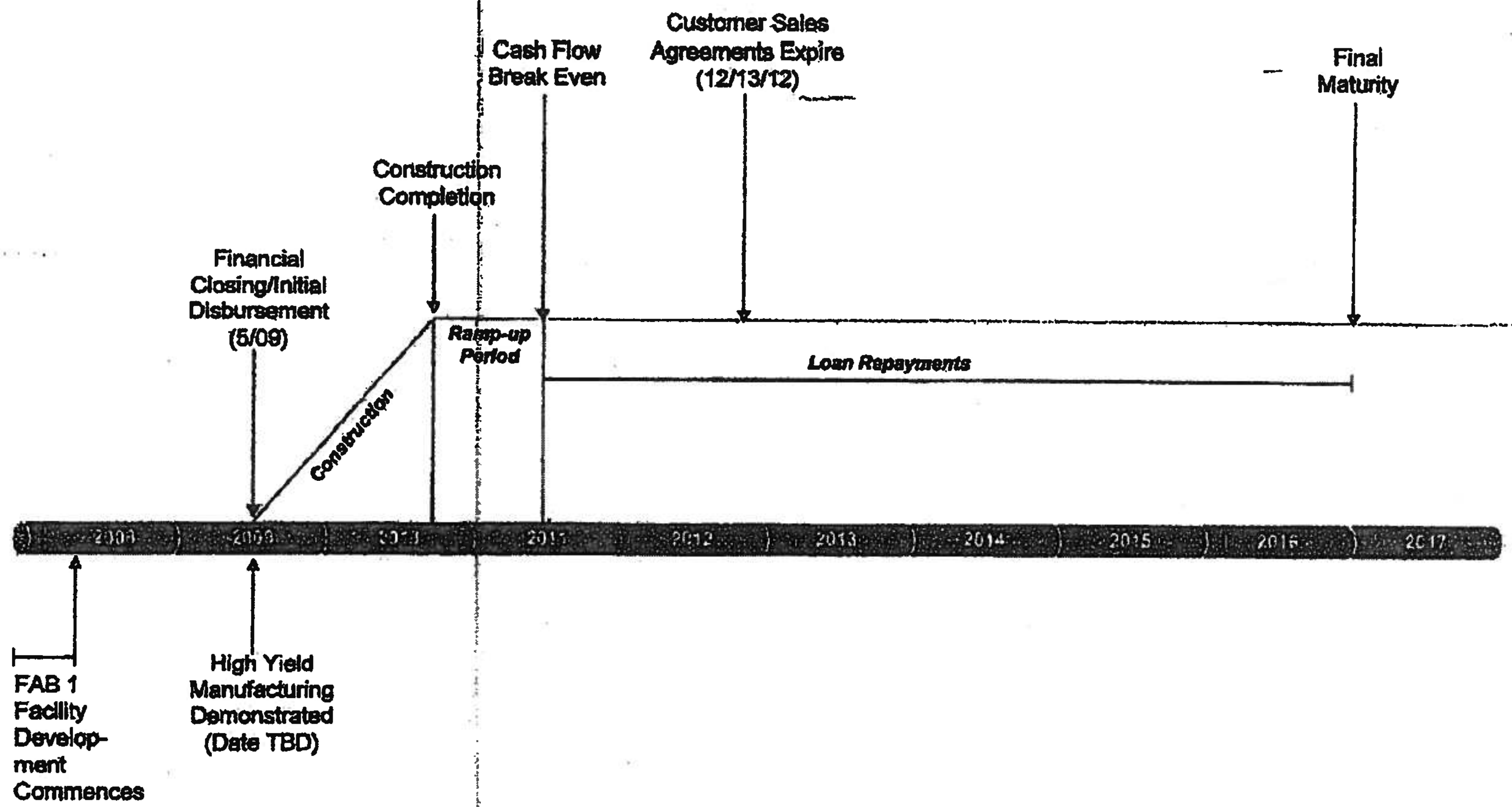
$750 Million Capacity Expansion for Manufacturer of Thin film Omnifacial Solar Modules for Commercial Roof Top Applications

CONFIDENTIAL



Solyndra FAB 2, LLC

Project Timeline



Financial Analysis - Summary

- Financial analysis suggests that the project is vulnerable to the following:
  - Technical performance shortfalls;
  - Increases in corporate costs currently assumed to be at parent levels and increases in direct labor expense; and
  - Market price pressures related to conditions that might be experienced at the expiration of the customer sales contracts.

- Based on the due diligence findings, terms should be negotiated to mitigate the risks identified in the financial analysis.

Solyndra FAB 2, LLC

Summary of Credit Policy Concerns

- Based on a review of information received, Credit Policy notes the following concerns:
  - Structural separation of Solyndra Fab 2 LLC from parent company and associated loss of transparency
  - Market and obsolescence risk relative to loan tenor
  - Technology risk, particularly with respect to ramp-up
  - Completion risk and the absence of meaningful financial backing for completion guarantees
  - Basis for overhead cost allocations, including taxes and working capital assumptions
  - Remaining uncertainties regarding plan of finance

Footnote 170

OMB Briefing
March 13, 2009

Solyndra FAB 2, LLC

$733 Million Capacity Expansion for Manufacturer of Thin film Omnifacial Solar Modules for Commercial Roof Top Applications

Solyndra FAB 2, LLC

Overview

- Transaction Summary
- Project Overview and Timeline
- Financial Structure
- Critical Issues, Risks and Mitigants
- Probability of Default
- Security/Collateral
- Risk Rating Summary To-Date

[redacted]

Transaction Opportunity

The Applicant proposes to construct a 650,000 square feet manufacturing facility in Freemont, California that will produce ready-to-install PV panels capable of producing 210 MW of production capacity. The costs for the project are approximately $733 million. The Applicant is applying for a $535 million loan guarantee on funding to be obtained from the Federal Financing Bank.

Summary Economics

Financial estimates provided by the Applicant suggest that the Applicant can amortize project debt under 20 equal quarterly payments beginning approximately 32 months after financial close. Minimum debt service coverage ratios under base case assumptions is [redacted]

Key Risks

The key risks for the project relate to the scale-up of the Applicant's technology. Facility development production yield and throughput and panel power output all represent challenges that the Applicant must overcome.

Preliminary Credit Assessment

Credit assessment [redacted] and recovery estimate [redacted] reflect start-up nature of enterprise and attendant technology risks.

As proposed, the transaction aligns well with the T-XVII policy objectives.

[redacted]

[redacted]

Terms and Conditions

- Project to be funded with approximately 73% DOE guaranteed debt and 27% equity.
- 100% guaranteed debt instrument funded by the Federal Financing Bank.
- Closing to occur in 2nd Quarter CY2009.
- Construction financing converting to an amortizing term loan in 1st Quarter CY2012.
- Interest will be paid on a current basis.
- Loan to be amortized on a level principal basis over five years with final maturity occurring on or about 2nd Quarter CY2016.

[redacted]

Solyndra FAB 2, LLC

Critical Issues/Risks & Mitigants

Issues/Risks	Mitigants
[redacted]	[redacted]
• **Construction Cost Overruns**	• Applicant has committed to fund a $30 million cost overrun facility starting in the 15th month after close.
[redacted]	[redacted]
• **Political Regulatory**	• Changing priorities with regard to incentives may be off-set by pressing need for carbon controls and RPS standards. • Company sells product into multiple countries, limiting dependence on any one incentive program.

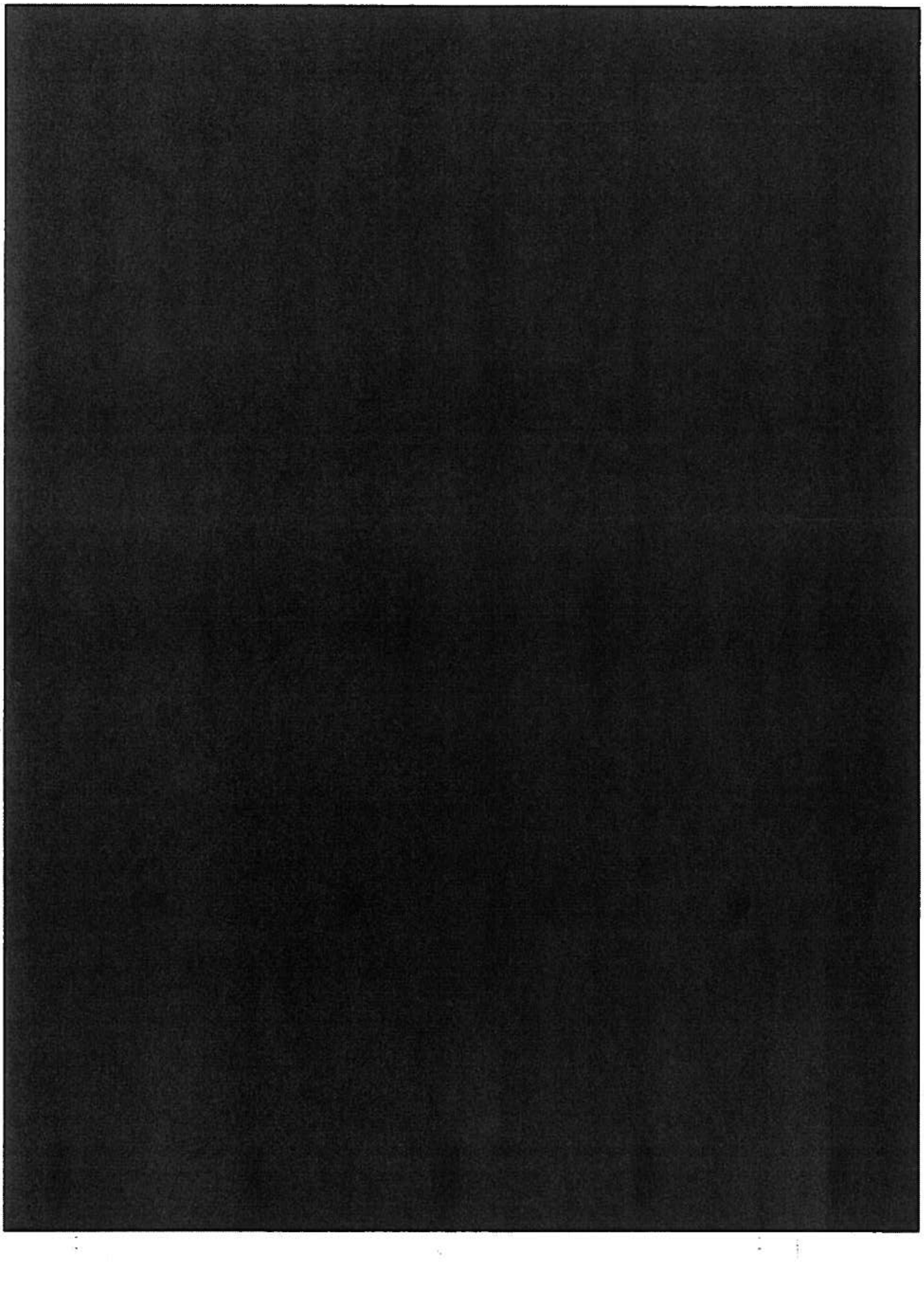
[redacted]

[redacted]

Solyndra FAB 2, LLC

LGPO Internal Risk Rating - Summary

- **Internal Risk Rating**
  - Primary strengths include:
    - **Tenor of Loan:** Short tenor of loan mitigates obsolescence risk.
    - **Project Sponsor:** Project represents strong strategic importance to the sponsor. Management team has relevant background and skills.
    - **Political/Regulatory:** Dependence on continued government support/incentives is a concern, but mitigated by diversity across countries and recent legislation.
  - Significant areas of concern include:
    - **Technology & Completion Risk:** Solyndra, Inc., the parent company, is absorbing technology and completion risks, but as a start-up company, has limited financial wherewithal.
    - **Capital Structure:** 73:27 debt-to-equity structure is high for a start-up manufacturing company.
    - **Legal:** The structural separation of the project from the parent limits transparency and weakens lenders controls. Project company is highly dependent on parent throughout term of the debt.
  - Final Credit Rating will represent credit subsidy input.



Summary

- The project supports an innovative technology for use in PV solar panels and is well aligned with the policy objectives of the Title XVII program. The project sponsor has a plausible plan for commercialization that has been reviewed positively by a number of outside experts.

- The project faces a number of challenges including scale up and the potential for downward pricing pressure in the later years of the life of the loan. Contingency plans have been established and are being refined.

- As proposed, the project aligns well with the Title XVII policy objectives and meets the legal and regulatory requirements of the program.

Questions

[redacted]

From: [redacted]
Sent: Saturday, March 14, 2009 9:36 AM
To: [redacted], Courtney B.
Cc: [redacted]
Subject: FYI - Title 17 LG announcement

[redacted] & Courtney:

Yesterday DOE's loan program staff came to brief the Energy branch and credit crew on the pending loan guarantee application for a photovoltaic manufacturing facility sponsored through an SPV by Solyndra, Inc. Terms are not yet finalized and DOE has not calculated a cost estimate, but the expectation is that DOE's Credit Review Board is likely to approve the application for a term sheet (non-binding), and the Secretary will announce soon after. The project is not expected to be finalized until mid-May to June. The credit subsidy cost for the loan guarantee will be funded using Recovery Act funds (not borrower paid) and will therefore be subject to the reporting requirements under ARRA. DOE expects to issue a term sheet sometime in April, and the loan guarantee agreement a few weeks later. However, since this is not a borrower-paid subsidy cost deal, there is no need for an initial credit subsidy cost at the time of the term sheet.

At the end of the meeting, DOE staff let us know the agency expects to send a revised rule by the end of next week, and communicated that in a meeting with Dave Frantz, Sally Ericsson and Rick Mertens, Rick stated that reopening the rule means reopening everything, including the model. Kevin Carroll underscored concerns with DOE's proposal to reopen previous agreements, and that given OMB's limited staff resources, DOE faces a trade-off between processing a final rule and processing Title 17 loan applications. DOE conceded to this reality but also mentioned elevating the rule to the "highest levels" rather than working the details out at the staff level.

[redacted]
Policy Analyst
Office of Management and Budget
[redacted]

Footnote 171

[redacted]

From: [redacted]
Sent: Monday, March 09, 2009 9:25 AM
To: Carroll, J. Kevin
Subject: RE: Title XVII

I believe this is what went forward? (BRD staff forwarded it to me.)

- **Potential Loan Guarantee Announcement:** We have heard that serious consideration is being given to having the President announce on March 19th during his California trip that DOE is offering a loan guarantee to Solyndra (Solyndra designs and manufactures solar photovoltaic systems for the commercial rooftop market). This guarantee would use part of the credit subsidy funding appropriated in the Recovery Act. To the best of our knowledge, the obligation for this guarantee would not be entered into until May.

  However, at this point, neither DOE's internal Credit Committee nor its Credit Review Board have met on the loan, although we understand they may be moving quickly to do so. (The Credit Committee met once already on the project and refused to send it forward at that time.) Concerns with the project include the quality of the off-take contract (doesn't cover the full term of the loan and isn't take or pay – essentially the buyer can walk away at any time), and technological obsolescence, which was noted by the credit rating agency. DOE has been negotiating with Solyndra since the Credit Committee meeting, and might have improved the loan guarantee credit terms.

From: Carroll, J. Kevin
Sent: Monday, March 09, 2009 9:23 AM
To: [redacted]
Subject: RE: Title XVII

This went to Rob Nabors (not exactly like this)

From: [redacted]
Sent: Friday, March 06, 2009 10:56 AM
To: Mertens, Richard A.
Cc: Carroll, J. Kevin
Subject: Title XVII

This is the latest news, not sure if it's definite.

DOE staff just told me that there's a 99 percent certainty that President Obama, on <u>March 19th</u> in California for other reasons, will announce that DOE is offering a loan guarantee to Solyndra. As far as I can tell the obligation won't be entered into until May, but once the President endorses it, I doubt seriously that the Secretary will withdraw for any reason. The subsidy will be appropriated. Neither DOE's internal credit committee nor the CRB has met yet on the loan. (Recall the credit committee met once already on the project and refused to send it forward at that time.) Concerns w/ the project include the quality of the off-take contract (doesn't cover the full term of the loan and isn't take or pay – essentially the buyer can walk away at any time), and technological obsolescence (noted by rating agency) and supported by the fact that 25% of the applications DOE just got for the EE/RE/Transmission Solicitation were for solar film.

I also understand that DOE is amending the charter for the CRB – removing Asst Sec for Policy and International and putting Matt Rogers on it.

Footnote 172

[redacted]

From: Nabors, Robert L.
Sent: Saturday, March 07, 2009 5:44 PM
To: Klain, Ronald A.
Subject: RE:

Yeah. That's what I meant.

From: Klain, Ronald A.
Sent: Saturday, March 07, 2009 5:44 PM
To: Nabors, Robert L.
Subject: RE:

Wait, you're supposed to say, "oh, it will all be ok ☺"

From: Nabors, Robert L.
Sent: Saturday, March 07, 2009 5:43 PM
To: Klain, Ronald A.
Subject: RE:

ok

From: Klain, Ronald A.
Sent: Saturday, March 07, 2009 5:43 PM
To: Nabors, Robert L.
Subject: RE:

Rob;

Can we chat on Monday about the DoE flag in here on Solyndra (and their other proposed loan, to Tesla). If you guys think this is a bad idea, I need to unwind the WW QUICKLY. Ron

---

From: Nabors, Robert L.
Sent: Saturday, March 07, 2009 10:23 AM
To: Axelrod, David M.; Barnes, Melody C.; Bernstein, Jared; Browner, Carol M.; Butts, Cassandra; Campoverdi, Alejandra M.; Dillon, Patrick; DL-WHO-Speechwriting; Donilon, Michael C.; French, Michael J.; Frye, Jocelyn; Furman, Jason L.; Gaspard, Patrick; Heimbach, James T.; Henry, Sudafi; Hurlbut, Brandon K.; Kammerer, Chelsea; Kimball, Astri B.; Klain, Ronald A.; Kumar, Aditya; Lesser, Eric P.; Lu, Christopher P.; Medina, David S.; Messina, James A.; Munoz, Cecilia; Norris, Jackie A.; Oleske, James M.; Onek, Matthew M.; Papa, Jim; Sanders, Trooper; Santucci, Laura G.; Simas, David M.; Smith, Elizabeth S.; Staff Secretary; Sutphen, Mona K.; Tchen, Tina; Zichal, Heather R.; Ziskend, Herbert M.
Subject:

Footnote 173

-----Original Message-----
From: Rogers, Matt [redacted]
Sent: Tuesday, March 10, 2009 10:04 AM
To: Klain, Ronald A.
Cc: OConnor, Rod
Subject: Solar co loan announcement in northern california

Ron,

The solar co board approved the terms of the loan guarantee last night, setting us up for the first loan guarantee conditional commitment for the president's visit to california on the 19th. We still need to do internal credit committee and credit review board internally this week, but all is on track for this announcement in northern california (I mixed tesla's so cal mfg facility and the norther california solar mfg facility). The team is putting together a two page briefing memo for you this morning on the visit. Three highlights:

First loan guarantee from the department of energy--delivered in 60 days from inauguration (the prior administration could not get it done in four years). This illustrates the pace at which the deparment is moving to address the urgent challenges in the economy.

This loan is for an advanced technology solar manufacturing facility with strong global markets--this company will serve the US market (thanks to the strong tax policies from the recovery act) and will make significant exports to europe (US mfg jobs to serve the global market).

This deal is designed to bring private capital off the sidelines. The sponsors now need to go out and raise $200mm in equity, but the combination of tax policy and the loan guarantee makes this an attractive business for private capital again. Doe taking this action should help unfreeze the credit markets.

Regards, mr

Matt Rogers
Senior Advisor to the Secretary of Energy for Recovery Act Spending Department of Energy 1000 Independence Avenue, 7th Floor
[redacted]

Footnote 174

[redacted]

From: Nabors, Robert L.
Sent: Tuesday, March 10, 2009 11:31 AM
To: Klain, Ronald A.
Subject: RE: Solar co loan announcement in northern california

We are working to get a legal read quickly. In essence:

Solyndra's Board approved the negotiated terms of a deal last night. DOE hasn't offered them the official "Term Sheet" yet. That can only be offered after DOE's Credit Committee and Credit Review Board recommend (or not) to the Secretary that he approve the guarantee.

The Credit Committee is scheduled for Thursday, and CRB on Friday-Tuesday.

Assuming the CC and CRB recommend approval, then DOE will enter into a Conditional Commitment with Solyndra. Subsequent to that, Solyndra must meet all conditions precedent to a loan guarantee before the guarantee is executed. (At execution the obligation is entered into.)

After conditional commitment, DOE must consult Treasury on the terms and conditions of the deal, and OMB must review and approve the credit subsidy cost. (No later than 30 days prior to closing, Solyndra must give DOE a credit rating based on the final terms and financials of the deal. This will inform the credit subsidy cost estimate.)

According to DOE, the credit subsidy cost will be paid by Recovery Act appropriations, not by the borrower. This loan guarantee is being processed under the new Section 1705b of Title XVII. While DOE had originally told OMB that they would need to amend existing Title XVII regulations to process any 1705b loan, they are now arguing that applications that were submitted under the 2006 Solicitation can be processed. They say that it is therefore not necessary to amend the regulations to execute this loan guarantee.

-----Original Message-----
From: Klain, Ronald A.
Sent: Tuesday, March 10, 2009 10:05 AM
To: Nabors, Robert L.
Subject: FW: Solar co loan announcement in northern california

Your thoughts?

-----Original Message-----
From: Rogers, Matt [redacted]
Sent: Tuesday, March 10, 2009 10:04 AM
To: Klain, Ronald A.
Cc: OConnor, Rod
Subject: Solar co loan announcement in northern california

Ron,

The solar co board approved the terms of the loan guarantee last night, setting us up for the first loan guarantee conditional commitment for the president's visit to california on the 19th. We still need to do internal credit committee and credit review board internally this week, but all is on track for this announcement in northern california (I mixed tesla's so cal mfg facility and the norther california solar mfg facility). The team is putting together a two page briefing memo for you this morning on the visit. Three highlights:

First loan guarantee from the department of energy--delivered in 60 days from inauguration (the prior administration could not get it done in four years). This illustrates the pace at which the deparment is moving to address the urgent challenges in the economy.

This loan is for an advanced technology solar manufacturing facility with strong global markets--this company will serve the US market (thanks to the strong tax policies from the recovery act) and will make significant exports to europe (US mfg jobs to serve the global market).

This deal is designed to bring private capital off the sidelines. The sponsors now need to go out and raise $200mm in equity, but the combination of tax policy and the loan guarantee makes this an attractive business for private capital again. Doe taking this action should help unfreeze the credit markets.

Regards, mr

Matt Rogers
Senior Advisor to the Secretary of Energy for Recovery Act Spending Department of Energy 1000 Independence Avenue, 7th Floor
[redacted]

Footnote 175, 176

[redacted]

From: Ericsson, Sally C.
Sent: Tuesday, March 10, 2009 11:59 AM
To: Nabors, Robert L.
Subject: RE: Solar co loan announcement in northern california

DOE is trying to deliver the first loan guarantee within 60 days from inauguration (the prior administration could not get it done in four years). This deal is NOT ready for prime time.

This loan guarantee will NOT be delivered or approved by any of these actions by March 19

1) Matt Rogers acknowledges that the company needs to raise $200 million in private equity

2) All of the OMB approval steps need to be completed. (OMB staff have not seen the draft Term Sheet (or any of the negotiated terms), the independent engineer's report, or the independent market assessment).

3) After DOE gets the final credit rating, they will submit a subsidy cost to OMB for review and approval. It's anticipated that this would likely be happening in May. OMB has serious issues with the DOE subsidy cost model which we need to address very quickly -- we are planning to kick this discussion off next week.

-----Original Message-----
From: Nabors, Robert L.
Sent: Tuesday, March 10, 2009 11:36 AM
To: Ericsson, Sally C.
Subject: RE: Solar co loan announcement in northern california

Lets expedite the conversation. If I need to pull this off the track, its needs to be within the next few hours.

-----Original Message-----
From: Ericsson, Sally C.
Sent: Tuesday, March 10, 2009 11:27 AM
To: Nabors, Robert L.
Subject: FW: Solar co loan announcement in northern california

It looks like this needs to be vetted with [redacted] before the deal can be announced -- it would not be god if there was an announcement and the deal was not completed. There's a recurrent problem with the scheduling office looking for events before they are ready to go.

Sally

-----Original Message-----
From: [redacted]
Sent: Tuesday, March 10, 2009 11:25 AM
To: Ericsson, Sally C.
Cc: Mertens, Richard A.; Carroll, J. Kevin; [redacted]
Subject: FW: Solar co loan announcement in northern california

Footnote 177

From: [redacted]
To:
Subject: credit update - solyndra
Date: Monday, August 03, 2009 2:27:11 PM

Due Diligence Updates
July 28, 2009
Solyndra

1. Financial Updates

    - Project projections – Solyndra has updated the project model to account for improved panel efficiency, adjustments in the pricing assumptions in 2011 and 2012, lower gross margins and a later project start date.

        - [redacted]

- Project Costs - There have been adjustments between various account categories, however total project costs remain at $733MM. See Appendix A.

    - [redacted]

- Parent Co. Projections

[redacted]

Revenue is driven by output from Fab 1. Average selling prices and gross margins are similar to Fab 2 projections. The Sponsor is assuming that the new $50 million line of credit will be fully drawn. The Sponsor leverage covenant during construction is well within the limit of .5 to 1.

- SGA allocation [update from John]
- Tax assumptions - Solyndra's accountant, Price Waterhouse, will issue a certificate at closing that the tax assumptions are consistent with GAAP.
- [redacted]

2. Sources & Uses of Funds

- Updates to Construction Costs – There have been adjustments to various cost categories as follows: [redacted]

[redacted]

[redacted]

3. Production Updates

[redacted]

4. Contractual Updates

- [redacted]
- [redacted]

5. Equity Raise

- Solyndra and its investors closed the equity raise for the the Solyndra Fab 2 Project. The binding documentation was executed by the parties on July 17, and funding will coincide with the loan guarantee closing. Solyndra raised a total of $280 million which will be used as follows:

- $198 million – Equity injection – Fab 2
- $ 50 million – Line of Credit – To support working capital needs of the Sponsor
- $32 million – additional capital for the Sponsor to support [ ]

Footnote 180

FitchRatings

One State Street Plaza
New York, NY 10004 [redacted]

August 7, 2009

Mr. Wilbur G. Stover
Chief Financial Officer
Solyndra, Inc.
47700 Kato Road
Fremont, California 94538

Dear Mr. Stover:

Fitch (see definition below) was engaged by Solyndra, Inc. ("Solyndra" as applicant or sponsor) to provide a private rating of the anticipated debt obligations related to Solyndra Fab 2 LLC ("Fab 2"), in connection with Sponsor's application under the U.S. Department of Energy's ("DOE") Title XVII Loan Guarantee Program (the "Program"). On August 27, 2008, Fitch issued its initial credit assessment rating and recovery estimates in connection with that application. Upon issuance of a Conditional Commitment under Section 609.8 and 609.9 of the Program, the Sponsor has requested Fitch to issue a private rating conforming to the final term sheet agreed between the DOE and Sponsor. (The term "credit assessment," as described in the above-mentioned Section 609, is consistent with the description of a "private rating" under Fitch's methodology.)

The Sponsor has applied for a $535 million seven year loan under the Program in order to construct a manufacturing facility with an initial panel production capability of 210MW per year. The borrower is Solyndra Fab 2 LLC covering production lines 1, 2, and 3 (also referred to as Phase 1). The loan is nonrecourse to Solyndra, Inc. Fitch has assigned the following private ratings.

Probability of Default Rating	'BB-'
Estimated Recovery	89%

'BB' category ratings are considered Speculative under Fitch's rating definitions. Such ratings "...indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or economic flexibility exists which supports the servicing of financial commitments." Specifically in regards to the credit profile of Fab 2, changes in business or economic conditions center upon the intermediate and longer term pricing of PV solar panels which are now under extreme competitive pressures. Fitch expects PV pricing pressures throughout the term of the DOE loan and this factor will be the largest challenge facing Solyndra and the largest credit risk incurred in repayment of the Fab 2 loan according to its terms. Similarly, Fab 2's business or economic supports are derived from the financial resources of its parent, Solyndra, which has been well capitalized and has successfully commercialized Fab1. These analytical concerns and strengths are further discussed in the Rationale Section below.

To provide this private rating, Fitch reviewed various documents, financial statements, and financial models used in support of the applicant's DOE loan guarantee application. Fitch applied internally generated assumptions and stress scenarios, as well as market-derived financial overlays to the Fab 2 production and pricing forecasts in order to arrive at a rating outcome and recovery estimate.

The ratings described above are assessed as of a point-in-time. Fitch will not monitor the ratings or provide updates to reflect any changed circumstances or information that may affect the rating assigned.

The private ratings are not intended for publication or distribution by you, except that you may submit this letter (but only in its entirety) in your application to the U.S. Department of Energy pursuant to the Program.

Fitch's Rating Letter dated August 27, 2008 is attached as Appendix 1. It contains analytical information and process disclosures that further support this final rating outcome as well as underlying assumptions that have changed in the one year period between the original assessment and final rating.

Rationale

The ratings reflect Solyndra, Inc.'s successful transitioning from a start-up, solar photovoltaic (PV) development company to the manufacture and commercialization of an innovative PV panel. Solyndra is well-funded, having raised over $1billion from a number of venture capital and private equity investors and has adequate resources to meet its financial commitments to Fab 2.

Fitch originally assigned Probability of Default Ratings of 'B+' and Recovery estimates of 63% on August 27, 2008 in conjunction with the Applicant's original submission to the DOE. The loan terms and conditions assumed in the original analysis as well as the underlying Solyndra-supplied financial model are substantially consistent to the Final Term Sheet and financial model submitted for this final rating analysis. Still, the final rating of 'BB-' is one notch higher than the preliminary assessment of 'B+' reflecting changes in base case model assumptions that Fitch developed in regard to stress-test assumptions that were applied to several financial and production estimates. These changes in Fitch's assumptions largely reflect the successful commercialization of Fab1 as well as supporting reports and documents that were not originally available including the Independent Engineer's report (R.W. Beck dated February 27, 2009). The IE report confirmed certain project costs and achievable output levels. Based on the new information and Fab1 output to date and expected production curves, Fitch revised its baseline assumptions regarding:

- Watts per panel. Fitch assumed 170 watts per panel in its original financial assumptions versus 210 to 220 watts per panel used in the current model and rating assignment;

- Number of panels produced. Fitch assumed a slower production rate and lower output than in the current model and rating assignment;

- Output timeline. Fitch originally assumed a slower ramp-up and six month delays in production start-up.

[redacted]

[redacted]

Key Credit Drivers – Strengths

- The Sponsor is well-funded having raised over $1bln in equity to date; along with the commercialization of Fab1, the Sponsor is expected to be cash flow positive from operations in 2010;
- The successful commercialization of Fab1 well ahead of the start of production from Fab 2 minimizes production delays and cost overruns that would otherwise be experienced in a new project;
- Under base case scenarios, Fab 2 achieves positive cash flows within months of starting production. The base case model gross margin projections while robust are supported by the financial performance achieved by other publicly traded PV companies;
- Loan terms and structure are credit supportive based on a relatively short amortization period and favorable interest rates. The collateral package, consisting of land and buildings provide additional support;
- The Sponsor has obtained sales contracts with a nominal face value of approximately $2.2 billion, confirming both demand and acceptance of the Solyndra product as well as its pricing model which is at a per watt premium to most other PV products;
- The Solyndra product is differentiated by its design which offers performance advantages in efficiency as well as installation advantages; the unique design offers some protections (at least temporarily) against a product that is essentially a commodity and is already exhibiting commodity-like "boom and bust" cycles;
- The fundamentals for solar power are strong as a renewable energy source that is load following and reflecting its environmentally friendly footprint. PV solar in particular offers the flexibility of a distributed generation source, thus alleviating congestion or load pockets and requires no transmission or distribution infrastructure. In addition, PV solar is compatible with other energy/power mandates including smart grid/smart meter technologies, time of day pricing, and other conservation or load balancing initiatives;

- In most jurisdictions, solar power receives favorable tax incentives, investment credits, and/or other subsidies including favorable feed-in tariffs.

Key Credit Drivers – Concerns

- Fitch is confident that Solyndra can produce its PV panels at a production level and watts per panel output level that is consistent with base case assumptions. However, average selling prices remain the wild card, for both the industry in general, as well as Solyndra in particular as the Solyndra product is priced at a premium to other PV panels. While forward PV pricing curves have always assumed lower average selling prices for PV panels based on scalability and production efficiencies, the current level of discounting may not prove temporary. The discounting will erode gross margins for established companies;

- Over the near term, discounting will be driven by polysilicon supply coming on the market, benefiting the silicon-based PV panel manufacturers and allowing those producers to cut prices. Thin film PV panel companies do not benefit from these same lower polysilicon prices. Over the intermediate term, as Solyndra ramps up production from Fab 2, it may be facing a weaker pricing environment than assumed in the model;

- Solyndra's sales contracts allow for price renegotiation under "exceptional market circumstances." Further pricing pressures in the industry would likely lower the realizable prices under these contracts;

- In the absence of grid parity which Fitch does not expect to be achieved during the term of the DOE loan, distributed PV power is dependent on favorable political and regulatory treatments (subsidies and tariffs);

- Fitch did not make any separate assumptions regarding borrowing costs (interest rates) or exchange rates. Higher borrowing costs in the form of higher interest rates would alter Fitch's credit opinion and would have likely resulted in a lower rating assignment. Similarly, Solyndra is exposed to currency risk as a substantial portion of its sales is denominated in Euros. Fitch accepted the foreign exchange rates used in the model. A stronger dollar (itself correlated with higher interest rates) would weaken financial performance and result in lower ratings.

Recovery Analysis

Fitch has based recovery on a liquidation of Solyndra as opposed to reorganization, similar to the methodology applied in the prior assessment. However, the reason for the liquidation assumption is now based on Solyndra's unique product design and niche market application coupled with the uncertainties of future PV panel pricing. In such a scenario, the Solyndra panel pricing which is at a premium to most competitors is eroded reflecting aggressive price discounting for other PV products. Technological obsolescence, brought on by product and design enhancements by competing companies would exacerbate the pricing pressures that would otherwise be experienced. Under this scenario, the Solyndra panel would not be competitive and the company would be liquidated.

[redacted]

Disclosures

Ratings assigned by Fitch are based on the information and documents provided to us by you and other parties and are subject to receipt of the final closing documents. Fitch relies on all these parties for the accuracy of such information and documents. Fitch did not audit or verify the truth or accuracy of such information.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "**Fitch**" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact either of the undersigned.

Sincerely,

[redacted]

[redacted]

Footnote 183

FitchRatings

One State Street Plaza
New York, NY 10004 [redacted]

August 27, 2008

Mr. Wilbur G. Stover
Chief Financial Officer
Solyndra, Inc.
47700 Kato Road
Fremont, California 94538

Dear Mr. Stover:

Fitch (see definition below) was engaged by Solyndra, Inc. ("Solyndra" as applicant or sponsor) to provide a private rating of the anticipated debt obligations related to Solyndra Fab2, LLC ("Fab2" also referred to as "Fab2 Phase1" and "Project White Roof"), in connection with Sponsor's application under the U.S. Department of Energy's ("DOE") Title XVII Loan Guarantee Program (the "Program"). In the event the DOE issues a Conditional Commitment under Section 609.8 and 609.9 of the Program, the Sponsor may request Fitch to issue a public or private rating conforming to the final term sheet agreed between the DOE and Sponsor. The nature and type of the actual financing, the project plan, and prospects at the time of the final rating, may result in a different rating than this private rating. (The term "credit assessment", as described in the above-mentioned Section 609, is consistent with the description of a "private rating" under Fitch's methodology.)

The Sponsor has applied for a $535 million loan, seven year loan under the Program. The borrower is Solyndra Fab2, LLC covering production lines 1, 2, and 3 (Phase1). Fitch has assigned the following private ratings.

Credit Rating	'B+'
Estimated Recovery	63%

The ratings described above are assessed as of a point-in-time, but contemplate the full term of the loan exposure. Fitch will not monitor the ratings or provide updates to reflect any changed circumstances or information that may affect the rating assigned.

The private ratings are not intended for publication or distribution by you, except that you may submit this letter (but only in its entirety) in your application to the U.S. Department of Energy pursuant to the Program.

To provide this private rating, Fitch reviewed the applicant's draft DOE loan guarantee application, proposed financing structure, corporate and legal structure, business plan, management experience, operating history, technical skills, and financial resources, as well as market and economic factors including: incentives and tax policies regarding solar investments, market structures and tariff regimes, competing products and technologies, and general risks of the nascent solar industry. The result of Fitch's review is a credit rating. Fitch's rating definitions are provided in Appendix 1 of this letter.

Rationale

The rating assignment and recovery estimate reflects both the potential afforded by the bourgeoning photovoltaic (PV) solar power market and Solyndra's development and introduction of a differentiated solar module. Fitch also considered the attendant risks of the maturation of the nascent PV solar industry and Solyndra itself transitioning from a start-up pilot operation to full scale commercialization. Fitch believes that over the near to intermediate term, domestic and international policies, incentives, regulatory regimes, and market structures will dictate interest in, and demand for, PV solar products. Concomitantly, the absence of such incentives would materially reduce demand for solar panels and potentially compromise the financial integrity of Solyndra. Solyndra is entering a marketplace that has established players, many start-up companies, and a large number of potential entrants. This highly competitive landscape will see the commercialization of many new PV solar technologies and the evolution of existing marketed products, minimizing any longer term advantage Solyndra's module has over existing products. Against this backdrop, power prices from competing power generation, particularly natural gas, will drive the economics and longer term prospects of PV solar. Consequently, little visibility is evident in modeling Solyndra's forward pricing assumptions, particularly in the latter years of the proposed loan term.

While there is a relatively short history for PV solar, commercialization has been achieved by a number of public companies which provides a baseline to measure key assumptions on manufacturing costs, yields, increased output, and market pricing. Solyndra's projections appear attainable from this comparison despite the fact that the unique product design results in complexities in the manufacturing process and higher manufacturing costs than other thin film products and comparable costs to silicon-based products. Solyndra's module appears to offer a favorable product profile in rooftop applications, including greater surface area coverage and lower on-site installation costs, which appear to offer a competitive advantage for the intermediate term. Average selling prices, which management projected at a market premium, are supported by recently signed contracts which will consume up to 30% of future production through 2012. The product's competitive life, as new products enter the market, may be shorter than the proposed loan term, a factor that elevates the credit risks inherent in meeting financial obligations in the later years; however, at that time, the unamortized loan balance should be minimal.

Solyndra itself is well advanced in the commercialization timeline and is currently in the process of beginning production from Fab1, a 110MW production facility. Fitch's rating of Fab2 benefits from the commercialization of Fab1, an investment which has totaled over $700 million to date. Following successful pilot manufacturing processes and beta-site testing, production from Fab1 has been initiated and shipments began in July 2008. While not explicitly a component of the subject DOE Loan Guarantee Application, the successful ramp-up of production from Fab1 over the next sixteen months should bode well for the timely development of Phase1 of Fab2. While management's original projections reflected Fab2 breakeven operations during the second half of 2010, Fitch modeled a longer Fab2 development period, as well as scenarios that incorporated lower realized prices, higher operating costs and lower yields in developing its ratings. In the event of a longer timeline to achieve a breakeven point, final loan terms, including amortization schedule and maturity, should be reflective of the revised projected cash flows of Phase 1 of Fab2.

The three sections that follow, (1) Key Assumptions and Limitations of Fitch's Analysis, (2) Default Assessment and Business Analysis, and (3) Recovery Analysis, provide supporting materials integral to the rating assignment.

(1) Key Assumptions and Limitations of Fitch's Analysis:

- Fitch applied an integrated methodological approach incorporating analysis from both its Corporate and Power & Gas groups. Solyndra's manufacturing process and cost structure were compared with other technologies that enjoy similar profiles such as semiconductors, fiber optic, LCD, and competing PV solar technologies while its revenue forecasts and pricing assumptions were viewed against Fitch's forward power pricing curves and forecasts for average retail delivered power prices. With regard to the timing and prospects for Solyndra's product reaching 'grid parity', Fitch used its outlook for U.S. retail power prices which assumes rising unit costs of electricity both in real and nominal terms, resulting higher marginal costs of new power production facilities and substantial infrastructure investments in transmission and distribution equipment by utilities..
- Fitch considers Solyndra, Inc an integral component in developing its ratings for Fab2. From an operating perspective, Solyndra's existing production line·Fab1 and the new Fab2 will be managed in an integrated fashion with sharing arrangements relative to costs and revenues as well as general corporate overhead allocations. Fab2 is highly dependent on Solyndra in its daily operations, the absence of which, may be disruptive to the continuity of Fab2's operations and marketing. Consequently, the structural separation of Fab2 from Solyndra weakens the loan structure. The rating assignment incorporates in part the credit profile of Solyndra, Inc. while recovery analysis reflects solely the assets of Fab2, principally consisting of land, buildings, and equipment associated with Phase1.
- Ratings incorporate timely access to future financing, including the closing of the DOE loan and Solyndra's equity contributions into the project. Delays in accessing the DOE loan, in particular, could have adverse consequences on the project.

Solyndra will be required to raise additional financing to meet its obligations to the Fab2 project, both its equity contribution and cost overrun commitment. Fitch included the pending close of $350 million pre IPO convertible issuance as well as two additional $75 million equity calls from investors in 2008 in assessing Solyndra's ability to meet its financial obligations. Fitch did not factor in Solyndra's planned 2009 IPO in cash flow models given the uncertainties surrounding such an offering.

- Certain terms and conditions remain open in the preliminary Term Sheet dated August 6, 2008. These include quantification of the cost overrun commitment from Solyndra; definitions of break even and break even date, and loan terms in the absence of achieving break even. Fitch assumed that these would be remedied in a final term sheet.

Fitch recognizes that important details of the transaction have not yet been determined or finalized, including but not limited to: the timing of certain events, final terms and conditions of the loan guarantee agreement, etc. Risks and uncertainties to the current rating include, but are not limited to the above items.

2. Default Assessment and Business Analysis

- Project Sponsor/Corporate Borrower
  - Solyndra is transitioning from a start-up company to full-scale commercialization with the production of solar modules. Management, with the requisite backing of the board of directors and key equity sponsors, has the resources to design, develop, and market its solar modules. Having raised approximately $1bln in financing to date, including the pending close of the $350mln pre-IPO convertible, Solyndra's access to capital is viewed favorably. Solyndra's cost overrun commitment to the Fab2 project, although not quantified, is viewed positively, although its financial capacity to meet large cost overruns is a longer term concern.
- Technology/Product
  - Solyndra's cylindrical solar modules are based on existing technologies (CIGS thin film) that capture innovative design features and are intended to enhance performance of the product as well as offer superior placement and installation features for rooftop applications. The product has completed beta site testing and is already entering the marketplace. Two recently signed contracts are projected to account for approximately 25% and 30% of Solyndra's total output in 2011 and 2012, respectively, enhancing the prospects for successful commercialization of the Fab2 facility which will share in the sales under the contracts. While scale-up challenges remain, including increasing yields, improving watts per panel, and maintaining production volumes, the well advanced timeline in Fab1 commercialization is a credit positive.
  - Solyndra's products carry warranties to be free of defects for five years and are guaranteed to achieve and maintain certain output levels for periods

extending up to twenty years. The performance of the product over such time periods is unknown and warranty and contingency reserves may prove inadequate.

- The competitive product life cycle of Solyndra's module is unknown and obsolescence is a risk factor. Fitch expects new technologies, enhanced product features, and product pricing pressures to alter the solar competitive landscape over the intermediate-term time horizon.

- Precompletion Risk
  - Fitch sees ordinary credit risks from developing the Fab2 facility and such risks would be evident in any construction project. The building does not incorporate unique design features, and given the general downturn in the commercial real estate market, materials and labor should be readily available and the relatively short development period should minimize inflation and price escalation on materials. Key components of production line equipment are generally available although their design and configuration are proprietary. Fab1's production line serves as a model for the development of Fab2's production lines 1,2, and 3. Potential cost overruns do not weigh heavily in Fitch's analysis. Development delays in completing the Fab2 facility and/or bringing production lines up to full capacity, are potential credit issues, and are further commented upon under the Financial section below.
  - An additional risk factor is that Solyndra has not finalized site selection for the back-end production facility to be used in conjunction with Fab2; investments and costs related to that facility may differ from those used in capex budgets.
- Market
  - The market for PV solar is large and growing. Products and markets reflect substantial segmentation and differentiation providing opportunities for new product introductions. Solyndra is a manufacturer and seller of solar modules and it will not own or operate, nor will it install its product. Solyndra is targeting the commercial rooftop segment where its product should have advantages in sunlight collection, product placement, and installation costs.
  - To date, international markets have accounted for the bulk of PV solar demand, reflecting favorable tariff structures and direct incentives and subsidies in certain European countries. Domestically, federal and state policies as well as local or state utility tariff structures are key components of demand. At the present time, Solyndra's projected market in the U.S. must be focused only on those states with above average retail tariffs and high insolation, absent utility incentives or federal and state tax credits. Since the economics of PV solar is dependent on such incentives and market structures, the variability of such policies and possible changes to such policies is a major concern. Longer term, economics will be driven by grid parity, the point solar power is competitive against retail utility rates.

- Financial
  - Fitch placed a greater emphasis on cash flow models in its analysis than other traditional credit metrics of EBITDA to Interest and Debt to EBITDA and other standard coverage or leverage measures. The cash flow emphasis reflects the limited duration of the DOE guaranteed loan, the approximate three year or longer timeframe to achieve fully stabilized production levels, and limited product life cycle of the Solyndra solar module. Fitch adjusted interest rate assumptions to reflect both current 5 to 10 year Treasury yields and also modeled current spreads in the high yield market for 'B' category rated instruments. Fitch considered both the financials of Solyndra, Inc. and Solyndra Fab2 LLC since they are inextricably linked.

[redacted]

  - Fitch compared Solyndra's projections on costs, average selling prices, gross margins, production and output efficiencies and yields to other PV solar manufacturers with publicly available financials. Based on this comparison, assumptions seem reasonable.
  - International markets represent a substantial portion of PV sales. Fitch has not factor in the impact of currency translation. Realized average selling prices are the most at risk if the U.S. dollar moves higher against other currencies and such exposure is not hedged.

- Conclusions Regarding Default Probability
  - Key Strengths
    - Experienced management team with strong financial backers;
    - Well advanced on the commercialization timeline. Modules are in production and sales contracts have been signed;
    - Unique product design incorporating existing technologies;
    - Higher energy conversion factors than competing products;
    - Superior on-site surface coverage and lower installation costs than competing products.
  - Key Concerns
    - Achieving production schedules relative to ramp-up date for Fab2 yields, product performance, and volumes;
    - Competitive pressures on product pricing from industry overbuild and new capacity;
    - Product obsolescence along with the introduction of new products with superior performance characteristics;
    - Product performance—moving from laboratory simulations to real world situations;
    - Achieving grid parity which may not occur until after the term of the DOE loan;
    - Concentration of PV solar sales in one market, Germany. Changes in incentives and other policies could divert production to other markets causing pricing pressures.

3. Recovery Analysis

[redacted]

FitchRatings

Based on the above assumptions, Fitch estimates recovery to be approximately $336 million or 63% of the fully advanced $535 million DOE guaranteed loan. Other claims and expenses surrounding a bankruptcy and liquidation may reduce the realizable recovery amounts.

Disclosures

Ratings assigned by Fitch are based on the information and documents provided to us by you and other parties and are subject to receipt of the final closing documents. Fitch relies on all these parties for the accuracy of such information and documents. Fitch did not audit or verify the truth or accuracy of such information.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "**Fitch**" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact either of the undersigned.

Sincerely,

[redacted] [redacted]

FitchRatings

Appendix 1
Ratings Definitions

Credit rating

Fitch's credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. For this application, the credit ratings assigned (the scale for which is set forth below) address benchmark measures of probability of default. Like Fitch's standard Issuer Default Ratings which are defined below, these ratings are representative of relative measures of default probability.

Credit rating scale

The following rating scale applies:

Investment Grade
AAA
Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA
Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A
High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
BBB
Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.
Speculative Grade
BB
Speculative. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.
B
Highly speculative.
For issuers and performing obligations, 'B' ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.

CCC
For issuers and performing obligations, default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic conditions.
CC
For issuers and performing obligations, default of some kind appears probable.
C
For issuers and performing obligations, default is imminent.
RD
Indicates an entity that has failed to make due payments (within the applicable grace period) on some but not all material financial obligations, but continues to honor other classes of obligations. .
D
Indicates an entity or sovereign that has defaulted on all of its financial obligations. Default generally is defined as one of the following:
- Failure of an obligor to make timely payment of principal and/or interest under the contractual terms of any financial obligation;
- The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of business of an obligor;
- The distressed or other coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Issuers will be rated 'D' upon a default.

Note:
The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-term rating category, to categories below 'CCC', or to Short-term ratings other than 'F1'. (The +/- modifiers are only used to denote issues within the CCC category, whereas Issuers are only rated CCC without the use of modifiers.)

Footnote 184

From: [redacted]
To:
Subject: Due Diligence Updates Romox
Date: Thursday, August 06, 2009 4:31:45 PM

RESTRICTED DISTRIBUTION – PRIVILEGED BUSINESS INFORMATION
U.S. Department of Energy Loan Guarantee Program

CREDIT COMMITTEE UPDATE

PROJECT:	**Solyndra Fab 2, LLC**
LOAN NUMBER:	**1013 (FY06 Solicitation)**
DATE:	**August 6, 2009**

UPDATE SUMMARY

After continued due diligence and complex documentation negotiations, the Solyndra Project has remained the poster child for the original mission of the DOE Loan Guarantee Program. The Project will introduce into full commercial operation a new and highly innovative process for manufacturing a breakthrough tubular design for thin-film photo-voltaic panels using CIGS semiconductor material. Solyndra's panels will be primarily used in a fast-growing niche market (large flat rooftops) that is ill-suited for traditional silicon panels.

There have been no significant material changes to the fundamental terms of Loan Guarantee since the approval of the Term Sheet by the Credit Review Board and execution of the Conditional Commitment by the Secretary in March 2009. A summary of these terms is attached.

There have, however, been significant improvements in the status of the Project and its sponsor in the areas of projected project costs, continued progress by the existing fabrication line (demonstrating viability of the technology), market acceptance and support by the equity stakeholders. While there have been substantial reductions from originally-projected costs for the land site [redacted] and construction costs (contractor services and materials), the saved funds have been kept in the Project's budget. These improvements are further discussed, below.

The Project Sponsor has recently completed a substantial equity raise (primarily from existing investors), to provide Project equity and to fund continued operations of the Sponsor company. As detailed below, the new money will be used to contribute the full $198 million required as equity in the Project, will add [redacted] to fund Sponsor operations, and will provide a [redacted] revolving working capital line for the Sponsor.

As the first project to proceed through the LGPO process, it has been necessary to manufacture the fundamental legal documentation. This process has been ably supported by highly experienced legal teams from major law firms representing both the LGPO and the Project, as well as by the LGPO Chief Counsel and her staff. The resulting documents are becoming the *de facto* formats for follow-on project within the LGPO.

The LGPO's risk rating protocols and technical due diligence processes have also been validated through the participation of R.W. Beck as Lender's Engineer and Market/Financial Advisors and by the Fitch rating agency. The original assessment by Fitch scored the deal as first presented by the Project as a B+ credit with a projected recovery on default of 63%. At the time of the Term Sheet approval, the LGPO origination team rated the credit as in the high B range. The final consensus risk rating of LGPO origination team is in the low BB range; Fitch has issued a final rating on the deal as negotiated at BB-, with an estimated recovery of 89%.

The LGPO expects to receive the full text of the Fitch Rating Memo (the score sheet has been received and is attached) in the next few days. Similarly, R.W. Beck will provide its final certification of costs and technical performance, as well as its Lender's Case mini-model (prepared as a check on the full Project financial and performance model) in the next few days. These yet-outstanding tasks, however, are not necessary for the submission of the Solyndra deal to OMB for subsidy scoring. The projected amortization schedule of draws and payments, as prepared by FFB, is attached, together with all necessary supporting documents.

The first guarantee to be issued under Title XVII will be ready for execution by the Secretary upon approval by OMB of the subsidy calculation and the allocation of the amount so calculated against the relevant appropriation.

Project and Loan Summary Sheet (8-6-09)

echnology: CIGS Thin Film Solar PV Technology
roject Type: Solar Energy
escription: Manufacturing of thin-film omnifacial solar modules for ›mmercial roof-top applications.
ocation: Fremont, California

movation: Unique cylindrical design for photovoltaic ("PV") modules ısed on Copper Indium Gallium Selenide ("CIGS") thin film PV chnology.

itle XVII Justification: The PV output of this proposed facility would ›oid 122.5 million metric tons of carbon dioxide, 0.5 million metric tons : sulfur dioxide and 190 thousand metric tons of nitrogen oxides, through splacement of traditional power meration.

roject Status: NEPA process completed (FONSI issued). Lender's IE ›rified cost estimates. Ready to execute deal documentation.

roject Cost: $733 million

[redacted]

Loan Terms: Tenor: 7 years, with outstanding principal payable in arrears in equal quarterly installments commencing month 30 after loan signing. Interest to remain current.

Repayment: 18 equal quarterly principal payments beginning Month 30.

[redacted]

LGPO 1st Internal Risk Assessment: [redacted]

Initial Credit Agency Rating: B+ (63% recov.)

Initial Credit Subsidy Estimate: [redacted]

LGPO Final Internal Risk Assessment: [redacted]

Final Credit Agency Rating: BB- (89% recov.)

Credit Subsidy Estimate: [tbd]

Borrower: Solyndra Fab 2, LLC (a Delaware company formed solely for the purpose of constructing, financing, owning and operating the Project). The Sponsor will maintain 100% ownership of

[redacted]

Borrower.

Sponsors:

- Solyndra Inc. (Freemont, California)
- Equity Investors: large venture funds (Argonaut 22.4%, Madrone 8.9%, GFKK 8.2%, US Venture 8.2%), Rockport Cap'l 6.1%, CMEA Ventures 5.5%)

Project Support: Contingent equity pledge for full construction cost overruns of which $30 million will funded in months 15 to 21. Usual security, including pledge of Project company shares and assets.

Other Government Support including DOE:
None

Project Team:
[redacted]

Loan Number: 1013 (FY06 Solicitation)

Due Diligence Updates - Solyndra

August 6, 2009

1. **Financial Updates**

   - [redacted]

[redacted]

- [redacted]

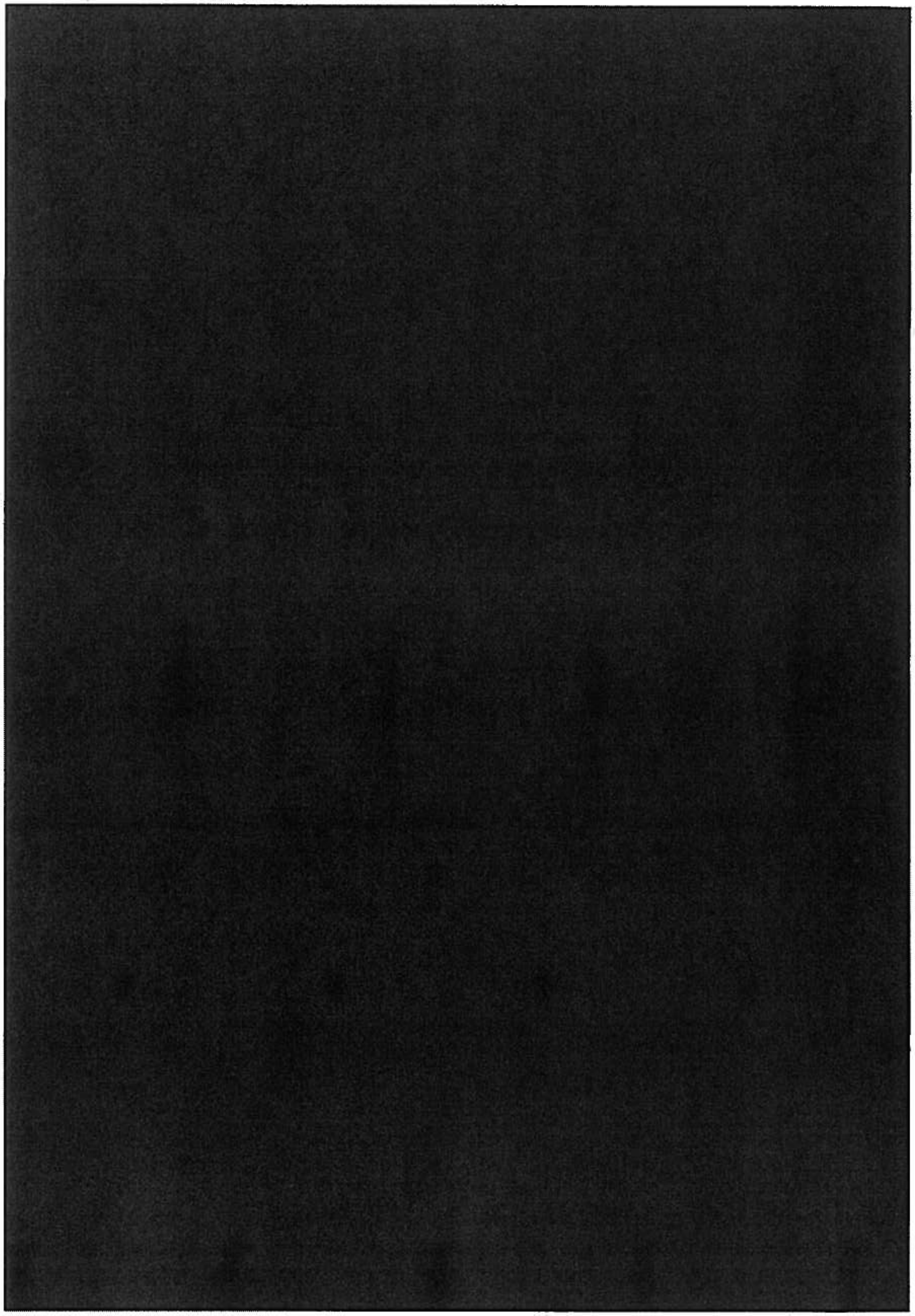
- [redacted]

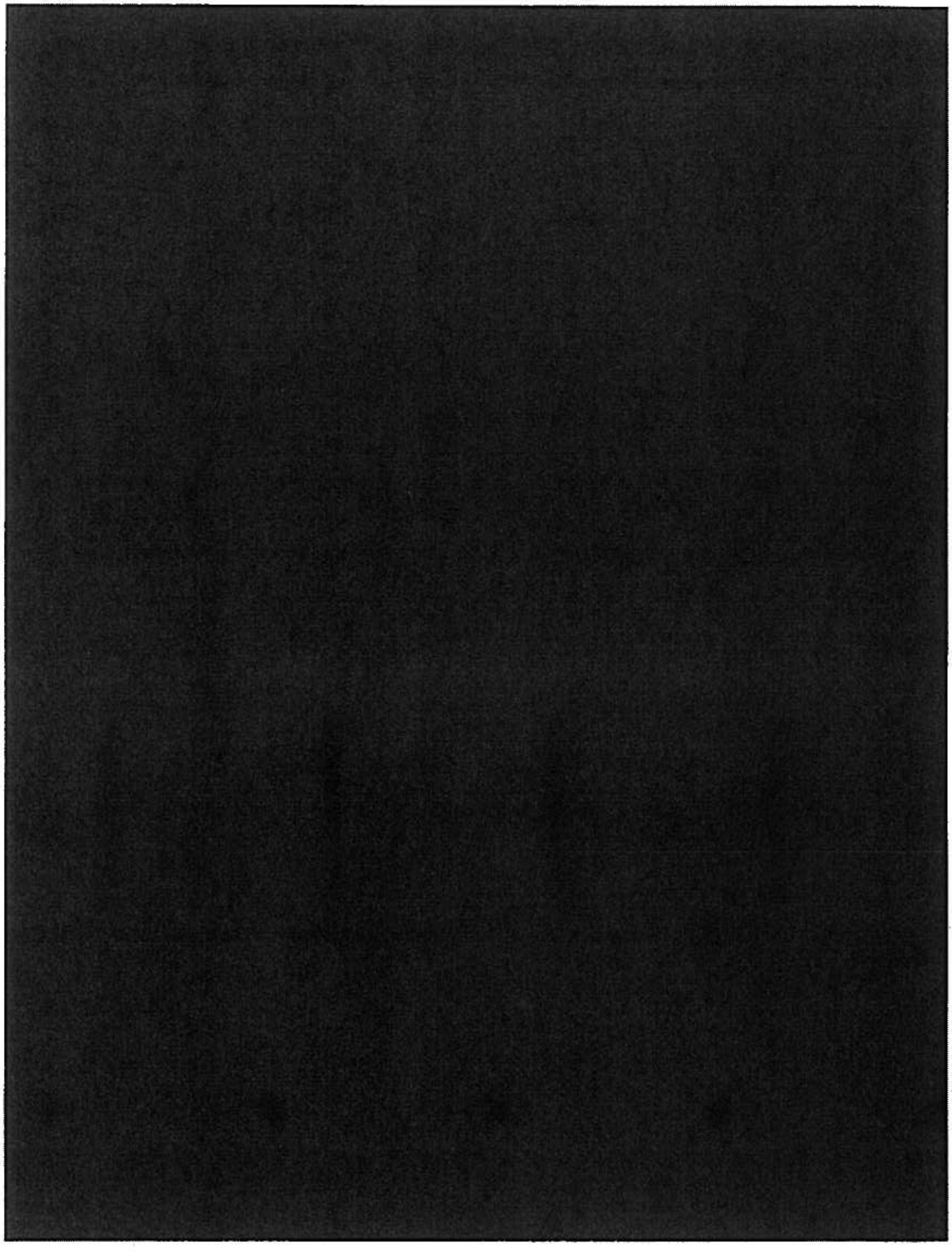
- [redacted]

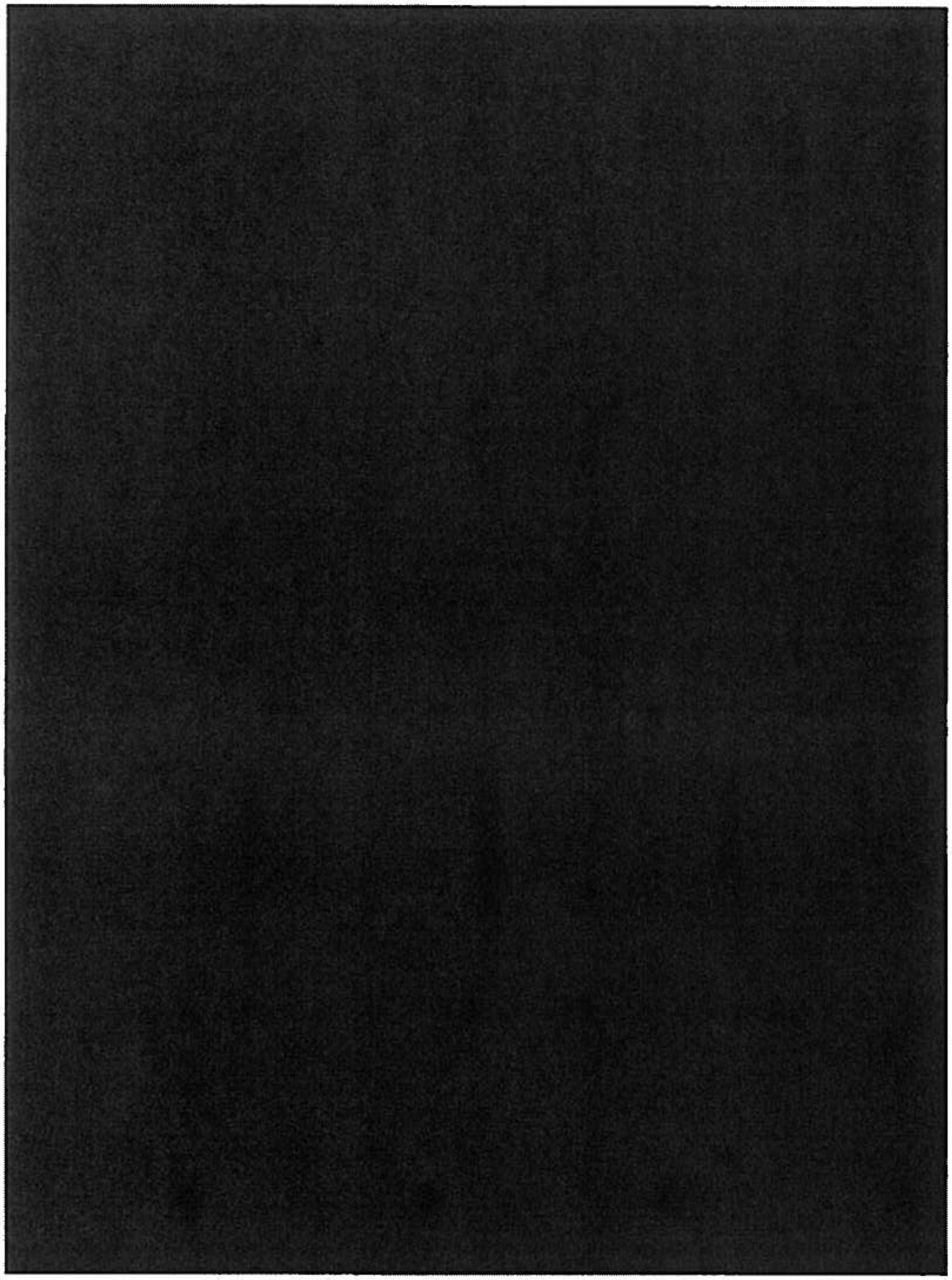
- Tax assumptions - Solyndra's accountant, Price Waterhouse, has prepared an explanation of the tax assumptions used in Solyndra's projections. See Appendix D.

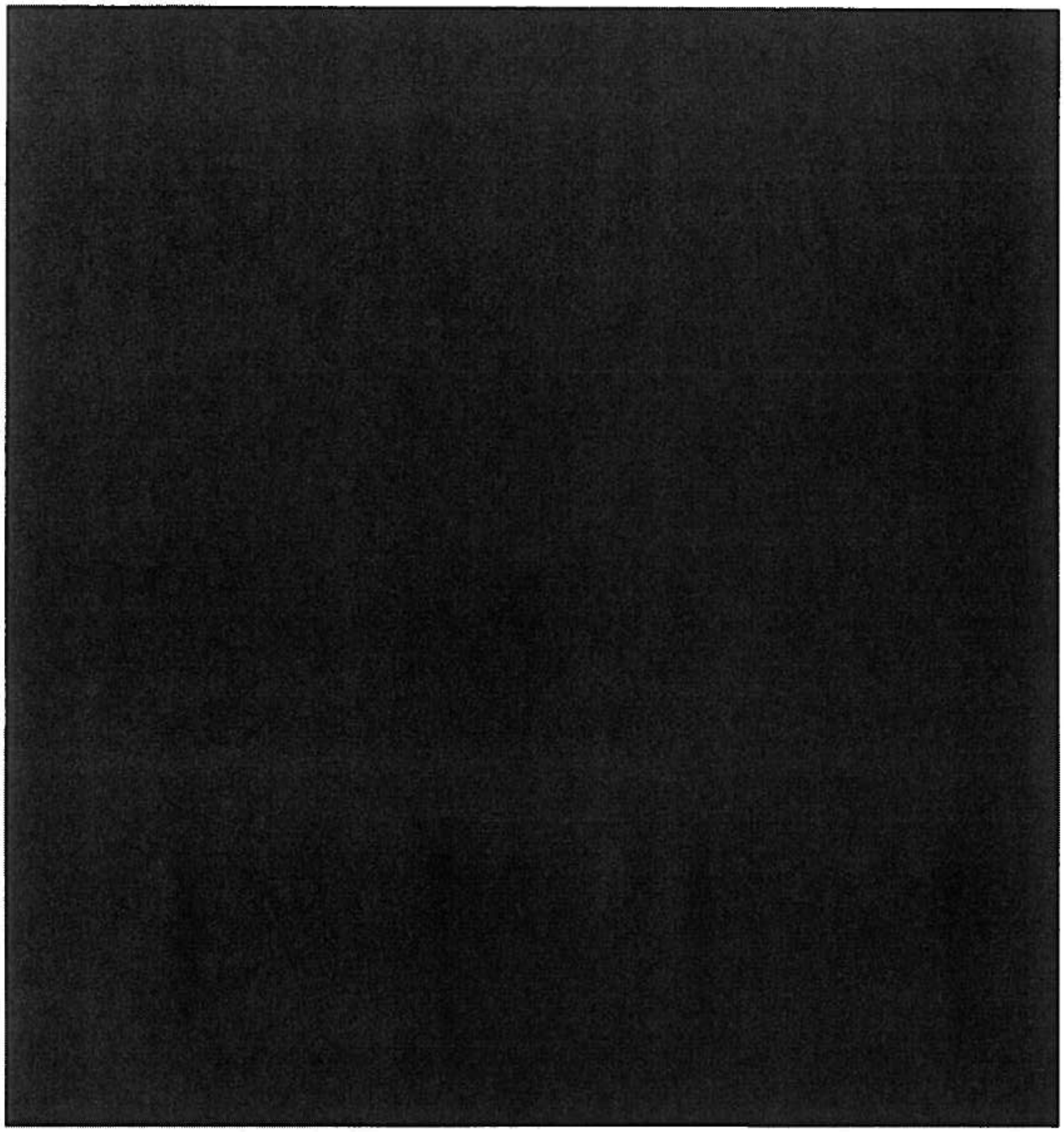
- Amortization Schedule – The Project has prepared at LGPO request a projected Amortization schedule. See Appendix E. LGPO has also requested FFB to provide its own projected amortization schedules. These are provided in a separate attachment.

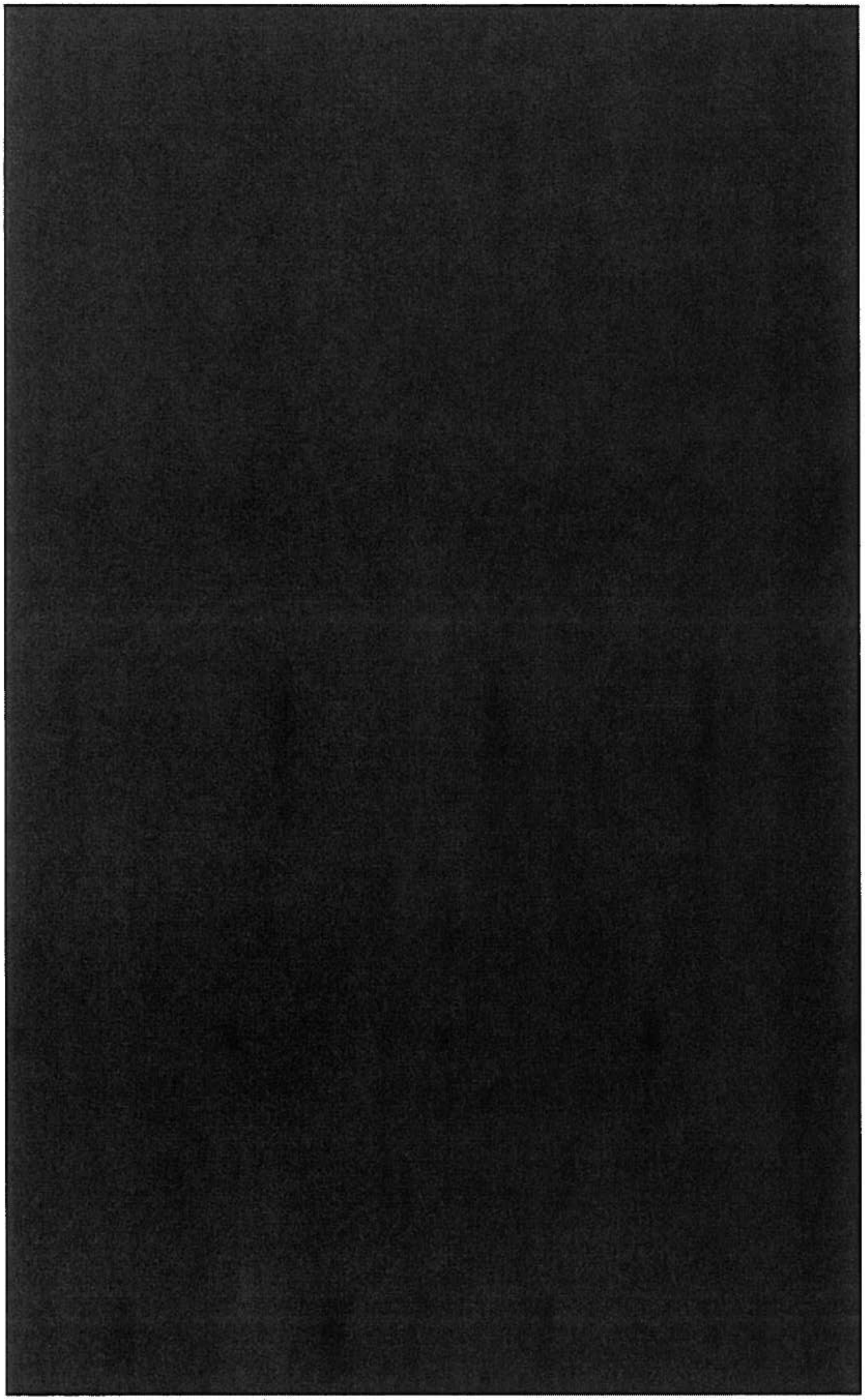
- [redacted]

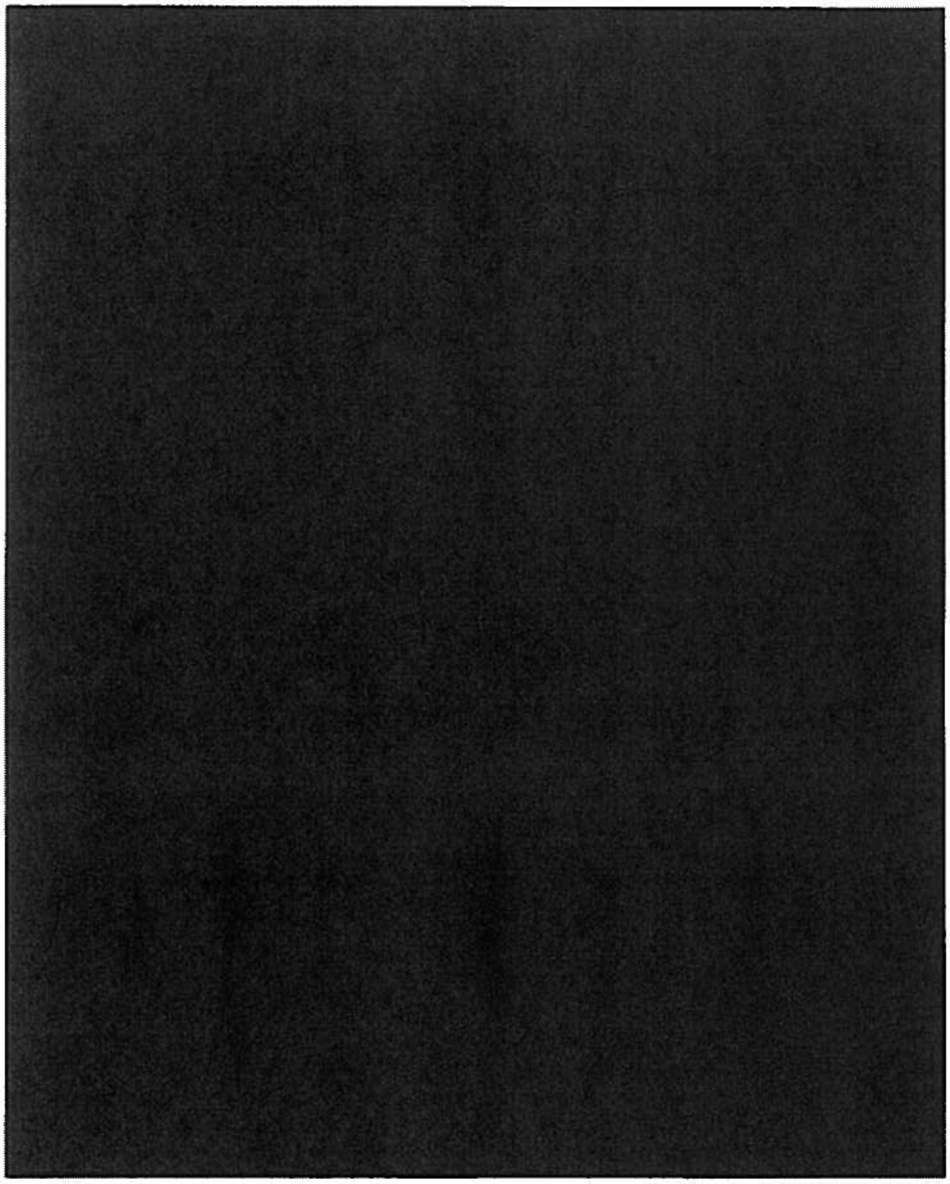


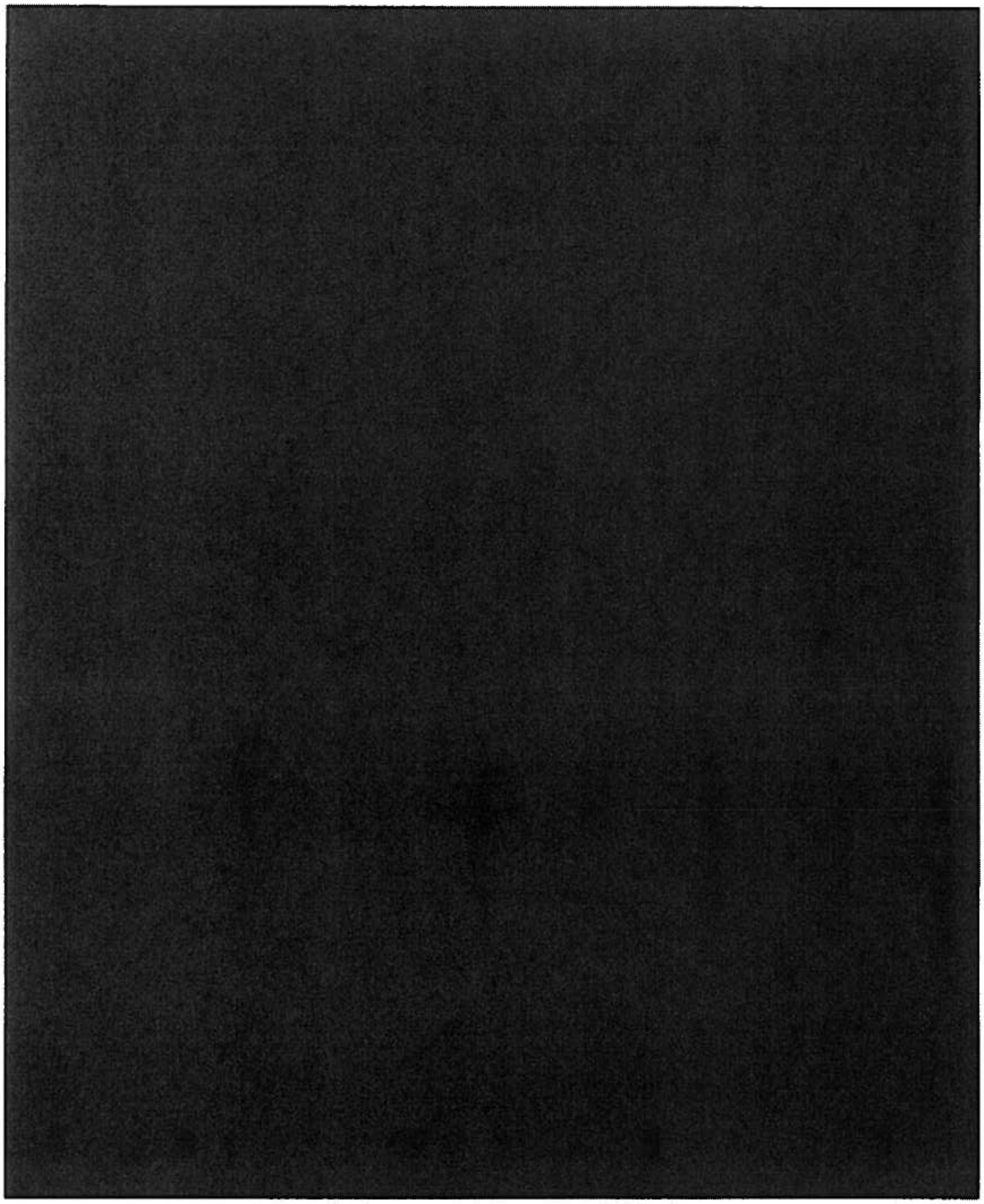


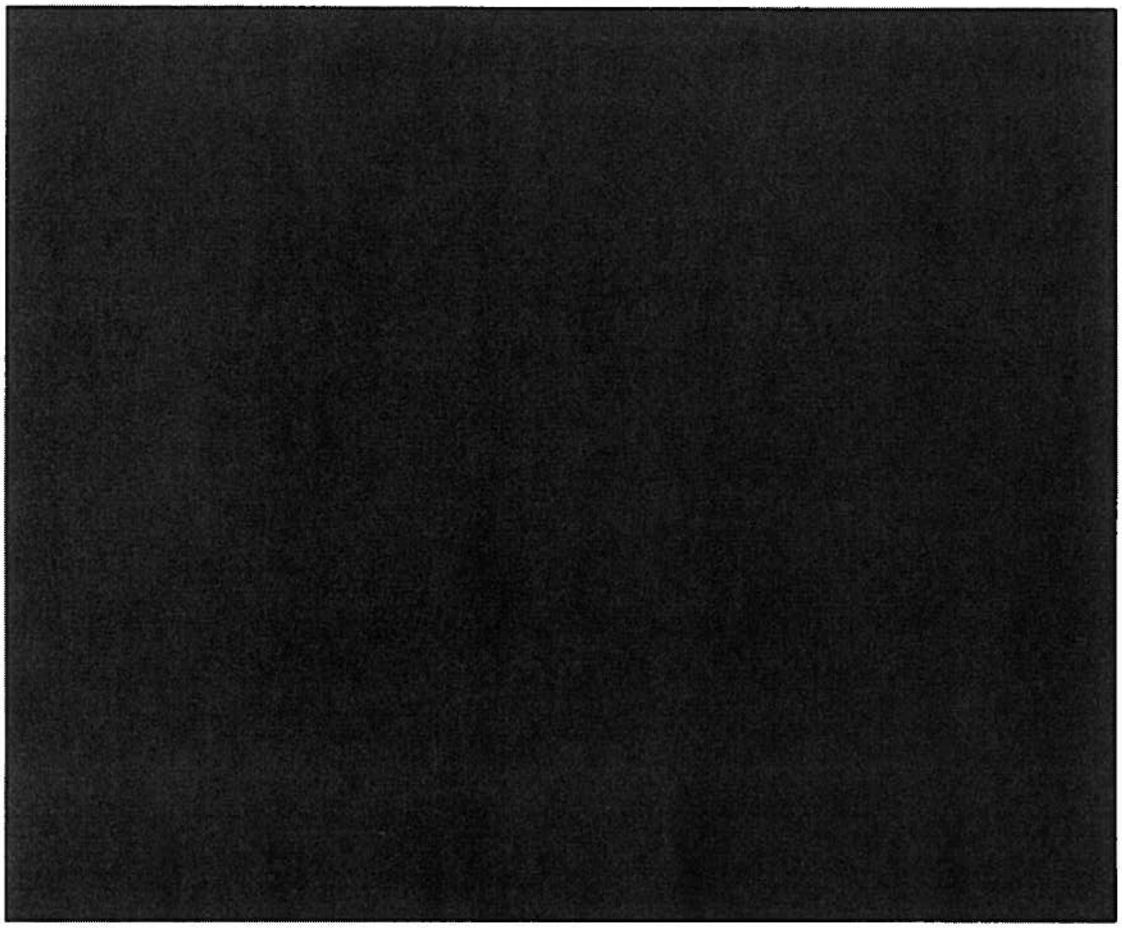


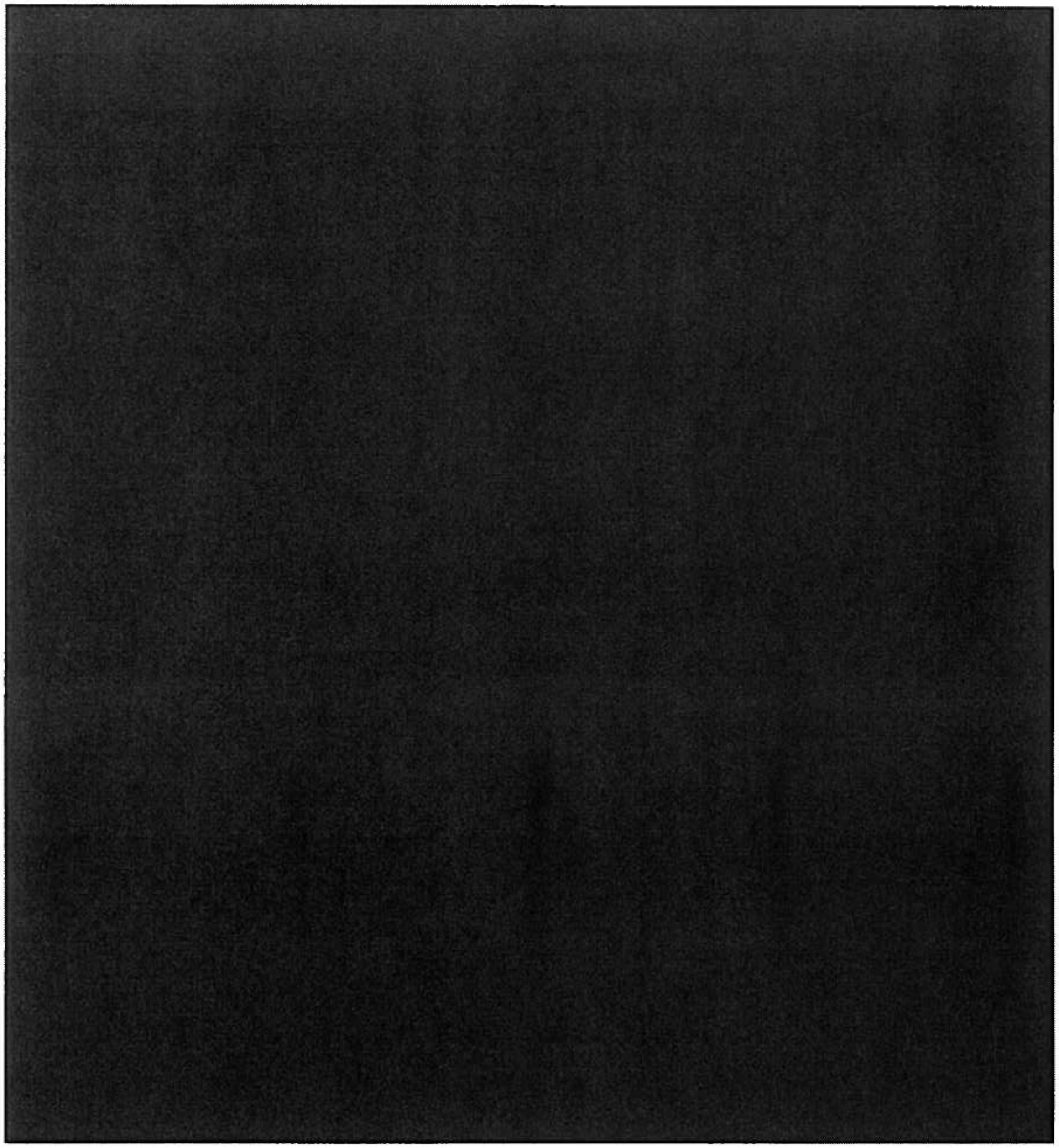












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[redacted]

[redacted]

[redacted]

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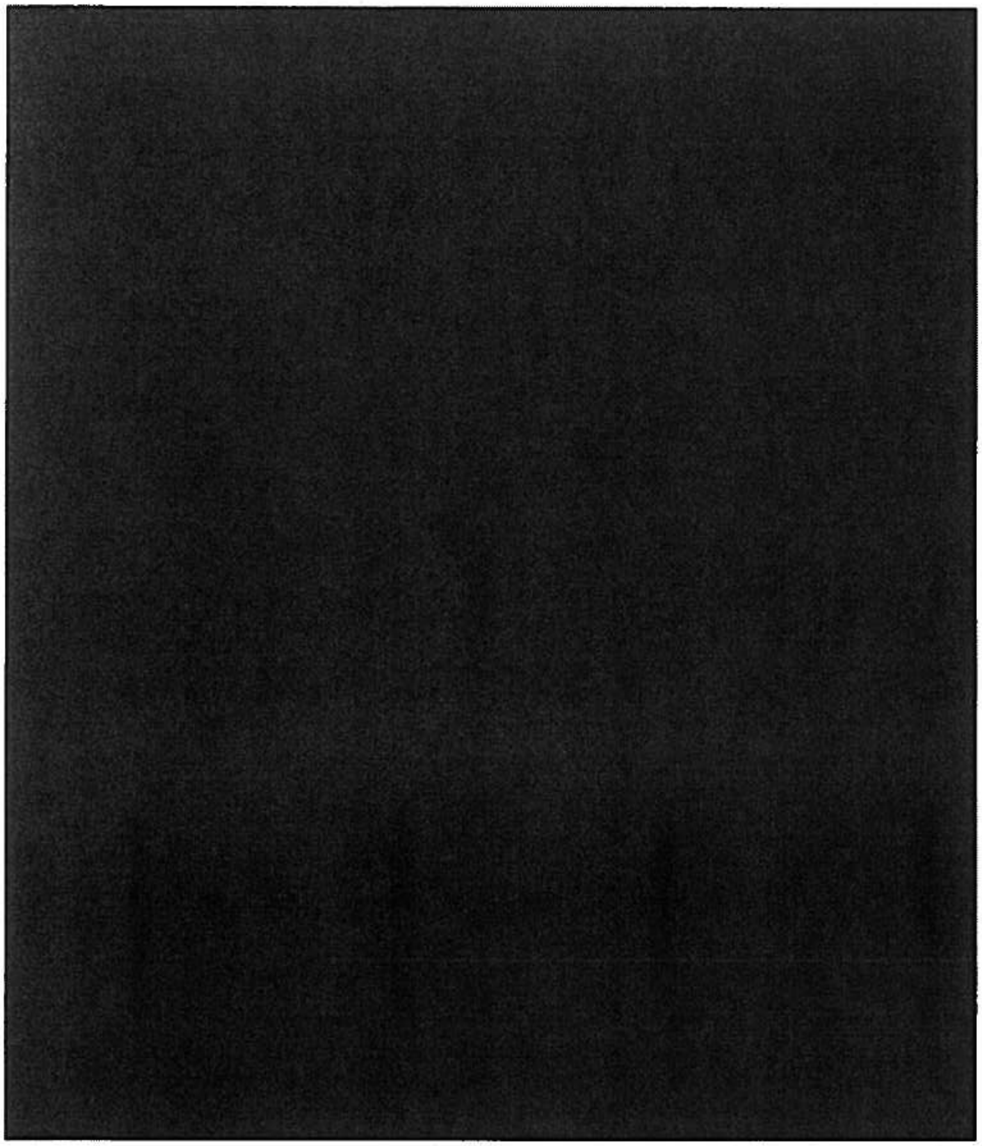

Footnote 187

From: [redacted]
To:
Cc: [redacted]
Subject: FW: Simplified Debt Service Coverage Model
Date: Friday, August 14, 2009 11:22:46 AM
Attachments: e-mail response CP.doc

[redacted] I have attached a draft response to the questions raised in the e-mail from credit policy. Could you please review for accuracy?

Specifically, if you can also provide some additional information on the use of the 85 days re: Accounts Payable. I know that we had a discussion on the issue, especially as it applied to the intra-company agreements, but I don't recall that we got into any specific discussion on why the 85 was used in your model.

Give me you comments, and we'll drive on.

[redacted]
Loan Guarantee Program
Department of Energy
[redacted]

-----Original Message-----
From: Colyar, Kelly
Sent: Thursday, August 13, 2009 9:23 PM
To: [redacted] Frantz, David; Richardson, Susan
Subject: RE: Simplified Debt Service Coverage Model

[redacted]

Could you give me an update on the status of the documentation? I'm continuing to go through the materials, but wanted to go ahead an provide an initial set of questions we need to resolve. I'll follow up afterwards with any additional ones.

1) Could you please indicate where each of the questions from credit committee and credit policy are addressed?
2) Has the land purchase option been executed?
3) Can Solyndra provide supporting detail related to the parent company liquidity? Specifically, is the credit facility in place? If not, is that CP to close? Also, can we get an explanation of the parent company A/P calculation? We see 85 days. Is this calculation based on all company expenses? How does it relate to the payments due to the project (which indicates 45 days)?
4) The Term Sheet indicated a minimum DSCR of 1.5. The final documents indicate that has changed to 1.2. Could you explain why this change was necessary?

Thanks.

Footnote 188

From: Isakowitz, Steve
To: Colyar, Kelly; [redacted]; Frantz, David; Seward, Lachlan
Subject: RE: Solyndra
Date: Thursday, August 20, 2009 12:30:18 AM

26

This sounds like an issue needing immediate attention. Certainly, we can't meet with OMB until this is addressed.

Chris Gronet called to get a status check from me. Do I need to raise this with him?

Steve

From: Colyar, Kelly
Sent: Wednesday, August 19, 2009 10:28 PM
To: [redacted] Frantz, David; Isakowitz, Steve; Seward, Lachlan
Subject: Solyndra

[redacted]

Thanks for following up yesterday on Solyndra. I think we were able to close out a number of issues. I appreciate the work Solyndra did on this yesterday evening regarding the financial model and construction milestones.

I'm concerned, however, that we still have a major outstanding issue. The attached model represents the Base Case that was utilized by Fitch and the project team. In this version, all working capital assumptions were eliminated, suggesting that Fab2 will hold no A/R; inventory or A/P balances. While debt coverage is robust under stress conditions, the project cash balance goes to $62,000.00 in September 2011. Under the assumption that a small amount of cash is tied up in working capital, the project will face a funding shortfall. Even one day of A/R results in a negative cash balance, for example.

The issue of working capital assumptions has been a major issue repeatedly raised since December. Furthermore, the assumption of no working capital at the project company is inconsistent with the model we looked at just yesterday and the project team 'due diligence update'. We are now two days away from the scheduled OMB presentation and, having received some information, we seem to have a major issue. We need to figure out how to resolve ASAP.

In addition to the critical issue above, we have a number of other modeling issues that need to be addressed. For example, as stated yesterday, property taxes don't seem to appear in the model. We should also revise the income tax assumption to match the PWC assessment.

I suggest we convene tomorrow morning to figure out how we are going to address. I have to meet with Medicine Bow first thing, but suggest 10:30.

Does that work for everyone?

Thanks.

Footnote 191

[redacted]

From: [redacted]
Sent: Thursday, August 20, 2009 4:35 PM
To: Colyar, Kelly; Isakowitz, Steve; Frantz, David; Seward, Lachlan
Cc: [redacted]
Subject: RE: Solyndra: Responses to Credit Analysis Questions

Kelly -- I think that you have overlooked the major factor in the response regarding the model artifact that might point to a potential liquidity issue in September 2011. That is, for this period of time the Project has not yet reached Project Completion, as defined in the agreements. Liquidity at the Project level is simply not relevant during this period, as the duty for the parent to deliver a completed Project still applies, and the parent guarantee is to meet all cost overruns until Project Completion has been achieved. This would include any operational shortfalls during that period. By the time Project Completion will be declared, the project will have accumulated some $123 million in cash ($60 million of which will be in a debt service reserve account).

Project costs as defined in the Rules explicitly include "costs of design, engineering, startup, commissioning and shakedown." Until the declaration of Project Completion, the project remains in the startup, commissioning and shakedown phase, and therefore under the parent guarantee. You will recall that the documents also require a prefunding of a facility in support of that guarantee of $30 million over and above the budgeted project cost (which itself includes overrun contingencies of over $65 million). There is no need for establishing some separate temporary "liquidity facility" between the parent and project to meet an imagined need during the pre-completion phase that would not otherwise covered by the negotiated deal.

After investing over $1 billion in cash equity at the parent and project levels, the equity investors will simply not permit any potential projected short term liquidity shortfall to prevent reaching Project Completion.

Note also that there are essentially no working capital requirements at the project level. Production materials are funneled through the parent, and not held at the project company. Finished inventory is immediately forwarded to and inventoried at the parent. The project company does have responsibility for direct purchase of some minor amounts of material and for payment of utilities. These are all budgeted for and accounted for in the model as operational costs.

[redacted]
Loan Guarantee Program
Department of Energy
[redacted]

-----Original Message-----
From: Colyar, Kelly
Sent: Thursday, August 20, 2009 3:28 PM
To: Isakowitz, Steve; Frantz, David; Seward, Lachlan; [redacted]
Subject: FW: Solyndra: Responses to Credit Analysis Questions

[redacted]

Thanks for requesting the additional information. I would like your analysis of the materials presented.

In order to move this forward, I think we have the following next steps:

1. I will look at the property tax information against the issue raised by RW Beck in January.

2. We can adjust the income tax assumption to 30%. The result should be de minimus, but we should use that assumption from PWC.

3. The issue of Working Capital remains unresolved. First, it seems clear that the cost overrun equity commitment would support cost overruns and ineligible project costs. However, the issue is cash balances, not cost. [redacted] seems to agree that the model runs out of cash in Sept. 2011 even in the base case without any stress. This is a liquidity issue. Secondly, given the implications above, it is difficult to assume in a default scenario that any other entity would be able to assume management of the project company without any working capital. As a practical matter, this is not feasible and leads to questions of ability to run the project company as a stand alone entity. Finally, how can we advance a project that hasn't funded working capital requirements nor seems to have any provision for funding working capital requirements and that generates a working capital shortfall of $50M when working capital assumptions are entered into the model? This is a serious issue we need to resolve as a credit matter. It also simply won't stand up to review by oversight bodies. Are there provision in the agreements that provide access to working capital provided by the parent (e.g., a liquidity facility)? I don't think the cost overrun commitment accomplishes this, but perhaps an inter-company line of credit would.

4. We still do not have a lender case. In order to move forward, I have gone ahead and built one. I will send it under separate cover. I need you to confirm it and to include it in the due diligence update. Moving forward, the deal team needs to provide this case. Notwithstanding the working captal issue above, the lender case supports the conclusions you've made and addresses the LGPO policy requirement of having a lender case.

Thanks.

-----Original Message-----
From: [redacted]
Sent: Thursday, August 20, 2009 2:24 PM
To: Colyar, Kelly
Cc: Frantz, David; [redacted]; Bill Stover
Subject: Solyndra: Responses to Credit Analysis Questions

Kelly:

In response to questions related to the credit analysis of the Solyndra Fab 2 project, we have prepared the responses below.

The current Solyndra Fab 2 Base Case Projections have changed since the original model was presented, and the DOE Loan Origination team, Fitch Ratings and RW Beck have reviewed the updated model. The terms of the Project Sales Agreement require that Solyndra, Inc. purchase 100% of the output of the Project as it comes off the manufacturing line; hence, "Inventory" is now assumed to be zero. Consequently, working capital requirements for the project are modest, and for modeling purposes the Accounts Receivable and Accounts Payable are set at a net zero.

Solyndra is informed that testing the Base Case under stress conditions results in essentially nil cash at Fab 2 in September 2011, and any assumption of a delay in collecting Accounts Receivable from Solyndra would be an unbudgeted cash drain on the Solyndra Fab 2 Project, potentially resulting in a cost overrun. This analysis is correct assuming that the Project has not otherwise come in under budget elsewhere and that none of the Project's budgeted contingency was available to pay for this cost overrun. However, it should be noted that September 2011 falls well before Fab 2 has achieved "Project Completion," which is forecast to occur in April 2012. Project Completion as defined by the Common Agreement includes factors related to Physical Completion, Operational Completion and Financial Completion.

DOE bargained for a 100% Solyndra, Inc. guarantee to pay for any cost overruns beyond the $733 million Project Cost prior to Project Completion, and further requires Solyndra, Inc. to pre-fund a restricted cash account of $30 million to cover any potential cost overruns. The Base Case Projections show that Fab 2 will have accumulated approximately $123 million of cash at the time of Project Completion when Solyndra, Inc.'s guarantee would be released. Of the $123 million of cash at Fab 2, approximately $60 million funds the full Debt Service Reserve Account. No cash dividends can be made until certain milestones are achieved after Project Completion, which assures the liquidity of the Project. Solyndra believes that it has included all of the Project Costs that it reasonably anticipates in the $733 million budget.

Additionally, considering the magnitude of the import of Fab 2 to Solyndra, Inc.'s business and the substantial equity commitment made by Solyndra, Inc. to the Project, there exist tremendous incentives for Solyndra, Inc. to ensure a successful Project.

[redacted]

[redacted]

Please contact me to discuss any questions you may have related to the foregoing. Thank you.

Regards,

[redacted]

****

[redacted]

VP - Business Development

SOLYNDRA, INC.

47700 Kato Road

Fremont, CA 94538

[redacted]

Footnote 193, 194

[redacted]

[redacted]

From:	Isakowitz, Steve
Sent:	Monday, August 24, 2009 1:36 PM
To:	Seward, Lachlan
Subject:	Re: Lach ACTION: Solyndra

Thanks, Lach, for your engagement and leadership here !

From: Seward, Lachlan
To: Isakowitz, Steve
Sent: Mon Aug 24 12:42:20 2009
Subject: RE: Lach ACTION: Solyndra

Steve,

We organized a meeting among Kelly, Dave, [redacted] and Susan Richardson this morning. We decided to postpone the OMB meeting by 1 day to give [redacted] a chance to: get tighter language on the Project Overrun costs with the help of Morrison Foster and have Solyndra adapt their model to the terms of the agreement where there was a hole involving the modeling of working capital. I believe that having a better case to present to OMB will result in a better path to get to the finish line and not cost that much more time.

Lach

From: Isakowitz, Steve
Sent: Sunday, August 23, 2009 11:45 AM
To: Seward, Lachlan
Subject: Lach ACTION: Solyndra

Lach - could you help arbitrate this issue. Kelly and Dave/[redacted] differ and I don't know enough to broker this one.

Thanks
Steve

From: Colyar, Kelly
To: Isakowitz, Steve
Sent: Sun Aug 23 08:52:30 2009
Subject: RE: Solyndra: Responses to Credit Analysis Questions

Steve,

The attached summarizes the issue in more detail. In summary, working capital needs are not accounted for by the project. Under normalized assumptions (not stressed), the project shows a negative cash balance and there is no provision for access to cash. The applicant argues that that timing differences between the recognition of project revenue and the receipt of cash would be considered "costs" under the project financings agreements and covered by the cost overrun facility. It does not seem that this timing difference would rise to an expense that would be considered a 'cost' under the project. However, even if it did, the model shows draining almost the entire facility in 2011 leaving almost no funds available for real 'cost overrun' at the point when those funds would likely be most critical.

Without access to cash, the project faces a liquidity problem and insolvency is real concern.

Please let me know if you have any questions.

Thanks.

From: Isakowitz, Steve
Sent: Friday, August 21, 2009 6:42 PM
To: Colyar, Kelly
Subject: Re: Solyndra: Responses to Credit Analysis Questions

Let's have Lach.

Do you have a writeup that summarizes the respective positions that I could fwd to him? I didn't read thru the emails back and forth in the past 24 hrs nor what you guys discussed before I walked in.

Steve

From: Colyar, Kelly
To: Isakowitz, Steve
Sent: Fri Aug 21 18:34:20 2009
Subject: Fw: Solyndra: Responses to Credit Analysis Questions

Steve,

I'm not really sure where to go from here. We're verging on just silliness. The issue is pretty clear, but I don't think we understand it. I think in some respects this results from not having a financial advisor on the project team--who would grasp the idea.

One thought might be to have Lach or someone from his team [redacted] take a look on Monday to give an independent review. Do you have thoughts on that approach?

I just can't imagine this standing up to audit (and it should give us great pause without the threat od audit)--there is a negative cash balance in the base case. It's difficult to overlook.

From: Colyar, Kelly
To: [redacted] Isakowitz, Steve; Frantz, David; Seward, Lachlan
Cc: [redacted]
Subject: RE: Solyndra: Responses to Credit Analysis Questions

[redacted]

Could you send me the appendix for definitions? Please keep me posted over the weekend as to progress on this issue as it is highly relevant for our discussion with OMB Monday.

I understand your point, but it seems timing associated with cash receipt of revenue doesn't rise to an expense that would be considered a cost under the project. Again the issue is the timing and effects on cash.

If counsel believes this is covered, it would be helpful to walk through an example of the cash flow mechanics. It's important that we understand the distinctions here.

Thanks.

From: [redacted]
Sent: Friday, August 21, 2009 10:30 AM
To: Colyar, Kelly; Isakowitz, Steve; Frantz, David; Seward, Lachlan
Cc: [redacted]
Subject: RE: Solyndra: Responses to Credit Analysis Questions

Additionally to my previous message, attached for anyone interested is the model used for allocation of SG&A among the Fabs.

[redacted]
Loan Guarantee Program
Department of Energy
[redacted]

From: [redacted]
Sent: Friday, August 21, 2009 10:06 AM
To: Colyar, Kelly; Isakowitz, Steve; Frantz, David; Seward, Lachlan
Cc: [redacted]
Subject: RE: Solyndra: Responses to Credit Analysis Questions

All –

Because there are some cross references, I have attached the entire O&M Agreement (latest version). The operative language re payments is mostly in Article 6, and I have separately copied this below.

A couple things of note:

* There is an annual fee to be paid to the operator, invoiced quarterly (based upon an agreed-upon budget, with annual adjustments per a stated formula).
* There are provisions for "fees for additional services," to be paid for at actual cost incurred by the Operator (invoiced monthly).

The allocation of any common costs among the Fab lines (Fab 1, Fab 2 (phase one) and the potential other Fabs in the future) are to be "equitable apportioned" among the Fabs based on production of the applicable Fab (i.e., non-discriminatory).

SG&A is allocated through the Operator, using this process. For conservative modeling purposes, we have assumed full expected production from each of the Fabs for the time periods in question; the actual allocation will be based upon actual production data. As a monitoring matter, Portfolio Management will have access to all records to make sure that the proper allocation is made.

Article 6 (O&M Agreement)

ANNUAL FEE, OTHER FEES AND PAYMENT TERMS

6.1 Annual Fee

. Commencing on the Commencement Date and continuing on each anniversary thereafter for the remainder of he Term, in consideration for Operator's performance of the Pre-Operational Services pursuant to Section 2.1.1, the Maintenance pursuant to Section 2.1.1 and the Management Services pursuant to Section 2.1.3, Owner shall pay to Operator an annual fee ("Annual Fee"), payable in advance in equal quarterly installments (each, an

Footnote 201, 203

Microsoft Outlook

From: Klain, Ronald A.
Sent: Tuesday, August 11, 2009 8:11 AM
To: Kumar, Aditya; Carney, James F.; Oxhorn, Elizabeth A.
Subject: Re: Solyndra Loan Guarantee - End of August Closing Expected

This is great. When is vp next in california? When is potus in california?

From: Kumar, Aditya
To: Carney, James F.; Oxhorn, Elizabeth A.
Cc: Klain, Ronald A.
Sent: Mon Aug 10 23:07:08 2009
Subject: Solyndra Loan Guarantee - End of August Closing Expected

Jay & Liz,

OMB expects the Solyndra loan guarantee deal with DOE to close by end of August. This is a $535M deal loaning money to a solar panel manufacturer in Fremont, CA that will lead to thousands of new jobs. It will also be the first deal closing on the much hyped pot of DOE ARRA Loan Guarantee money.

BUT: it's possible that much of the announcement value was in the announcing of the conditional commitment in March (see attached press release). On the flip side, this is the first closing on ARRA loan guarantee money and could be an important signal to the renewable industry that these deals are "real". More commentary below, but want to give you guys a heads up and get your thoughts on what we may want to do here.

Adi

From: Kumar, Aditya
Sent: Monday, August 10, 2009 11:00 PM
To: Ericsson, Sally C.[redacted]
Cc: [redacted]
Subject: RE: 2009 Renewable Soliciation and 2009 Commercial Soliciation

Fair point. Prior to 1703 (Energy Bill) and 1705 (ARRA) loan guarantee programs, did DOE have loan guarantee programs, and if so, on what and of what value per year?

From: Ericsson, Sally C.
Sent: Monday, August 10, 2009 10:57 PM
To: Kumar, Aditya; [redacted]
Cc: [redacted]
Subject: Re: 2009 Renewable Soliciation and 2009 Commercial Soliciation

I do not think there is a downside in making both announcements -- closing, especially on these first deals, is important because the deals are then "real." That's an important signal to the renewables industry.

From: Kumar, Aditya
To: [redacted]
Cc: Ericsson, Sally C.; [redacted]
Sent: Mon Aug 10 22:53:00 2009
Subject: RE: 2009 Renewable Soliciation and 2009 Commercial Soliciation
Thanks for this. Seems like there is little "announcement value" in the closing of the agreement, and most of the announcement value comes in the signing of a conditional commitment. Realize that this not fall in your bailiwick, but would you guys think this is correct?

adi

From: [redacted]
Sent: Saturday, August 08, 2009 4:05 PM
To: Kumar, Aditya
Cc: Ericsson, Sally C.; [redacted]
Subject: FW: 2009 Renewable Soliciation and 2009 Commercial Soliciation

I've filled in the cells with my best guess. Solyndra appears to be on track for closing this loan guarantee by the end of this month. The timetable for [redacted] and [redacted] is unclear, but the information I have suggests that these might be completed the first quarter of FY 2010 (i.e., in the October –December 2009 timeframe).

I don't have a lot off the shelf to describe these projects, but I have attached the DOE and the company press releases, which give a good overview of the technology and size of the loan guarantees. Please let me know if you have any questions.

From: Kumar, Aditya
Sent: Thursday, August 06, 2009 7:27 PM
To: [redacted]
Cc: Ericsson, Sally C.; [redacted]
Subject: RE: 2009 Renewable Soliciation and 2009 Commercial Soliciation

Thank you for this. Take a look at the attached. What do you think about the yellow cells in the DOE tab—could you put "best guess" dates on this? I'm talking to Matt on Tuesday and will be reviewing a lot of this with him.

From: [redacted]
Sent: Thursday, August 06, 2009 1:55 PM
To: Kumar, Aditya
Cc: Ericsson, Sally C.; [redacted]
Subject: FW: 2009 Renewable Soliciation and 2009 Commercial Soliciation

Attached are the two recent solicitations we discussed this morning. The schedules for Part 1 and 2 submissions are on page 14 for Renewables and page 11 for Transmission.

For an overview of the application review process see page 12 of the Renewables solicitation – page 14 addresses your question about resubmitting a project that did not get selected:

"Such a determination by DOE shall be final and non-appealable, with respect to any given round of review, but will not prejudice the applicant from applying under a future solicitation under which it is eligible to apply or resubmitting new and updated Parts I and II, and paying an application fee in respect of such resubmissions, if the submissions due dates have not expired under this Solicitation."

Let me know if you have any questions.

Footnote 205

[redacted]

From: Kumar, Aditya
Sent: Tuesday, August 11, 2009 11:19 AM
To: Rogers, Matt; OConnor, Rod
Cc: Ericsson, Sally C.
Subject: Solyndra

Matt / Rod,

As the closing of the Solyndra agreement nears, we want to think about the potential announcement value in this. We know that the conditional agreement was already announced in March. That said, the VP will be in California in early September, and want to see if it's worth doing something here. So two things:

1) Would be helpful to know what the latest thought is on when the agreement will be complete
2) Would be helpful to hear opinions on whether it's worth doing something around the final contract signing, and what. Maybe we can discuss for 5 mins on the phone, or feel free to email back thoughts.

Adi

Adi Kumar
The White House | Office of the Chief of Staff
Office of the Vice President | Deputy Director of the Recovery Act Office
[redacted]

Footnote 206

Microsoft Outlook

From: Kumar, Aditya
Sent: Wednesday, August 12, 2009 10:10 PM
To: Hoffman, Alan L.
Subject: FW: 3 Follow-Ups (Advance Vehicle $ and Solyndra)

2 below

From: Kumar, Aditya
Sent: Wednesday, August 12, 2009 12:38 PM
To: Rogers, Matt
Subject: 3 Follow-Ups (Advance Vehicle $ and Solyndra)

Matt,

Three other things that would be great to get today:

1. **ADVANCED VEHICLE SEPT AWARDS**: We're thinking about potential event opportunities if we bundled the other advanced vehicle technologies awards we discussed yesterday (1 startup, 2 battery manufacturers, and 3 parts manufacturers) – Mona is interested. Two questions:
   a. This is all loans, right (no grants)?
   b. Is this 136 program money? Something else?

   Feel free to put me in touch with whomever can help answer, and especially someone who can tell me how this fits into the various appropriated pots of money you guys are working with.
2. **SOLYNDRA**: We are seeing if it can be fit into the VP's trip to CA. We want to do a preliminary vet here. Can you fill in the following blanks for the company:
   a. Name of Company: Solyndra
   b. Headquarters Address:
   c. Name of CEO:
   d. Anything else that would be helpful / needs flagging (e.g. key board member, etc):

   If all checks out and we confirm VP schedule time, would want to discuss with / get from you: 1) Confirmation that all contracting will be tied up in time and 2) Confirmation that people will be working / lines will be running, etc., or that will be imminent post announcement.
3. **SOLYNDRA**: Do you know when the last loan guarantee that DoE has done was? I'm hearing there hasn't been one until the geothermal program in the 1980s?

Thanks,

Adi

Footnote 207

Footnote 209

Microsoft Outlook

From: Kumar, Aditya
Sent: Thursday, August 13, 2009 2:59 PM
To: Klain, Ronald A.
Cc: Hoffman, Alan L.
Subject: Solyndra Proposal

Ron,

Alan and I just spoke about the best thing to do with Solyndra. We think perhaps the best way to go here is to have the Secretary and a Senior WH official (e.g. Carol Browner) go out there for an event. This would likely also give us more flexibility on dates. For POTUS involvement, if Rahm is interested, we can still do the satellite in (we just need to make sure there is an event he can satellite in for). And, I also would think that if we want VPOTUS to be with the POTUS when doing the satellite in or doing it himself, that would also be possible. Does that sound ok?

Feel free to stop reading here. If you want more rationale, see below...

Adi

<u>**RATIONALE**</u>:

We considered three things:

1. **What is best for the VP**: I defer completely to you and Alan
2. **What is best for the company**: I think we should reprioritize this as much as possible
3. **What is best for Recovery Act**: I will weigh in here
    a. Saturday 3pm event as you correctly noted is probably not the best. Above will give us most flexibility in terms of getting biggest bang with good timing.
    b. We still do an event with WH and DOE involvement, and this makes potential POTUS and VPOTUS satellite in be added icing that will have the "cool factor" also because it may be unexpected

Footnote 211-216

[redacted]

From: Spinner, Steve
Sent: Monday, August 17, 2009 5:13 PM
To: 'Kumar, Aditya'; [redacted]
Subject: RE: Solyndra Proposal

My pleasure. If other projects like that come up, feel free to give me a ring as I might be able to help with additional resources, etc.

Steven J Spinner
Small Business Loan Guarantee Program Advisor
Recovery Act Team
U.S. Department of Energy
[redacted]

From: Kumar, Aditya [redacted]
Sent: Monday, August 17, 2009 5:11 PM
To: Spinner, Steve; [redacted]
Subject: RE: Solyndra Proposal

Just talked to Jeff Zients—he said it was hugely helpful. I think there may be some follow-up work too, should he or others be interested. Thanks again in your help with that.

From: Spinner, Steve [redacted]
Sent: Monday, August 17, 2009 5:09 PM
To: Kumar, Aditya; [redacted]
Subject: RE: Solyndra Proposal

Adi, I just submitted the proposal to Matt and Rod...they are reviewing and will give me the definitive response later today on dates. Will let you know asap.

BTW, I heard that [redacted] had a very productive time on Saturday. I hope you all achieved the desired outcome.

Steve

Steven J Spinner
Small Business Loan Guarantee Program Advisor
Recovery Act Team
U.S. Department of Energy
[redacted]

From: Kumar, Aditya [redacted]
Sent: Monday, August 17, 2009 5:06 PM
To: [redacted]
Cc: Spinner, Steve
Subject: RE: Solyndra Proposal

You guys just have so many fantastic people over there, it's hard to keep you all straight. Steve, the President's calendar is quite tight, so it would be great to get this back as soon as possible. Thanks.

From: [redacted]
Sent: Monday, August 17, 2009 5:03 PM
To: Kumar, Aditya
Cc: Spinner, Steve
Subject: RE: Solyndra Proposal

Adi,
I think Steve Spinner is point on this. Steve can you help fill out the attached memo for a Solyndra event?
[redacted]

From: Kumar, Aditya [redacted]
Sent: Monday, August 17, 2009 4:51 PM
To: [redacted]
Subject: RE: Solyndra Proposal

Haha. I think Matt said you would be point on this? Or am I wrong? Do you know when you'd be able to get something back by?

From: [redacted]
Sent: Monday, August 17, 2009 4:43 PM
To: Kumar, Aditya
Subject: FW: Solyndra Proposal

Funny - I had sent it to Rod, but missed you!

From: [redacted]
Sent: Monday, August 17, 2009 1:33 PM
To: Rogers, Matt; OConnor, Rod
Cc: [redacted]
Subject: FW: Solyndra Proposal

Looping Rod

From: Kumar, Aditya [redacted]
Sent: Monday, August 17, 2009 12:25 PM
To: Rogers, Matt; O'Connor, Richard M.; [redacted]
Cc: [redacted]
Subject: FW: Solyndra Proposal

Folks,

Want to check in on Solyndra. We think that best option here is to have the Secretary and a Senior WH Official (e.g. Carol Browner) do the event, and have the President be able to satellite feed in to make remarks. Want to see if what works from your end (Secretary's schedule, etc.)

Also, the President's calendar is packed in September. The earliest this could be done is 9/8, I believe. Want to see how that looks for timing from your perspective. Lastly, we need to get the attached Scheduling Proposal to the schedulers

ASAP to try to get this locked. I have taken an initial crack at it, but as I was doing so, realized that you guys would be much better able to answer some of these questions. Could you please fill out the attached (feel free to change whatever I've done) and send back.

Thanks,

Adi

From: Crutchfield, Danielle M.
Sent: Monday, August 17, 2009 11:51 AM
To: Kumar, Aditya; Mastromonaco, Alyssa M.
Cc: Jarvis-Shean, Elizabeth; Pfeiffer, Dan
Subject: RE: Solyndra Proposal

September is completely packed. Can you fill out the attached scheduling proposal. The earliest this could be done is possibly the 8th which is the same day as our back to school speech.

From: Kumar, Aditya
Sent: Monday, August 17, 2009 11:48 AM
To: Crutchfield, Danielle M.; Mastromonaco, Alyssa M.
Cc: Jarvis-Shean, Elizabeth; Pfeiffer, Dan
Subject: RE: Solyndra Proposal

Not sure about set up and stuff. I'm assuming remarks would be no more than 5 mins, but I am copying Pfeiffer and would defer to him and the comms team.

Dan: some background. This is a Recovery Act Grant. Details:

- Will be first DoE Loan Guarantee since 1980s (since the geothermal grants in the 80s, I believe).
- Total amount will be $535M (with a $107M govt subsidy)
- This is a solar panel manufacturing company in Fremont, CA
- Story is two things:
  - **JOBS:** Solyndra estimates this will create thousands of jobs (over 3,000K was on estimate I saw but not sure how dated that was)
  - **When Government Plays a Part, it can Bring the Private Sector Along:** Solyndra has secured over large amounts in private capital which is a story in itself

---

From: Crutchfield, Danielle M.
Sent: Monday, August 17, 2009 11:38 AM
To: Kumar, Aditya; Mastromonaco, Alyssa M.
Cc: Jarvis-Shean, Elizabeth
Subject: RE: Solyndra Proposal

How much of his time would this take?

From: Kumar, Aditya
Sent: Monday, August 17, 2009 11:12 AM
To: Crutchfield, Danielle M.; Mastromonaco, Alyssa M.
Cc: Jarvis-Shean, Elizabeth
Subject: RE: Solyndra Proposal

Yep—I was thinking early September, and seeing if there's a slot for POTUS that would make sense then.

From: Crutchfield, Danielle M.
Sent: Monday, August 17, 2009 11:09 AM
To: Kumar, Aditya; Mastromonaco, Alyssa M.
Cc: Jarvis-Shean, Elizabeth
Subject: RE: Solyndra Proposal

POTUS will be in Martha's Vineyard on Vacation until the 30th.

From: Kumar, Aditya
Sent: Monday, August 17, 2009 9:56 AM
To: Mastromonaco, Alyssa M.; Crutchfield, Danielle M.
Cc: Jarvis-Shean, Elizabeth
Subject: FW: Solyndra Proposal

Alyssa / Danielle,

Ron said this morning that the POTUS definitely wants to do this (or Rahm definitely wants the POTUS to do this)? DoE says they should be ready to do by 8/28 or soon thereafter. Have you guys been involved in this, and do you know what the POTUS schedule looks like for his ability to satellite into this event? Not sure what the technical or time requirements are for POTUS satelliting in, but wanted to see what potential dates could be so I can make sure DoE stands down and doesn't move ahead until we're ready.

Liz—this passed vet by the VP team, but do you want to do your own vet?

Adi

From: Kumar, Aditya
Sent: Thursday, August 13, 2009 2:58 PM
To: Klain, Ronald A.
Cc: Hoffman, Alan L.
Subject: Solyndra Proposal

Ron,

Alan and I just spoke about the best thing to do with Solyndra. We think perhaps the best way to go here is to have the Secretary and a Senior WH official (e.g. Carol Browner) go out there for an event. This would likely also give us more flexibility on dates. For POTUS involvement, if Rahm is interested, we can still do the satellite in (we just need to make sure there is an event he can satellite in for). And, I also would think that if we want VPOTUS to be with the POTUS when doing the satellite in or doing it himself, that would also be possible. Does that sound ok?

Adi

Footnote 217

Microsoft Outlook

From: Kumar, Aditya
Sent: Tuesday, August 18, 2009 6:00 PM
To: Hurlbut, Brandon K.; Zichal, Heather R.
Cc: Bailey, Kevin
Subject: RE: Solyndra

Let me know when. I'm in for whenever this evening. We can do a dial in if need be.

From: Hurlbut, Brandon K.
Sent: Tuesday, August 18, 2009 5:55 PM
To: Zichal, Heather R.; Kumar, Aditya
Cc: Bailey, Kevin
Subject: RE: Solyndra

I am around for awhile.

From: Zichal, Heather R.
Sent: Tuesday, August 18, 2009 5:54 PM
To: Kumar, Aditya; Hurlbut, Brandon K.
Cc: Bailey, Kevin
Subject: Re: Solyndra

[redacted] Can do until later.

From: Kumar, Aditya
To: Zichal, Heather R.; Hurlbut, Brandon K.
Cc: Bailey, Kevin
Sent: Tue Aug 18 17:45:08 2009
Subject: Solyndra
H & B,

Understand there are concerns. Can you guys talk? I have the event doc from DoE so would be good to talk before this progresses.

Adi

Footnote 218, 220

Microsoft Outlook

From: Bailey, Kevin
Sent: Tuesday, August 18, 2009 6:11 PM
To: Kumar, Aditya
Subject: RE: is ron still here? (EOM)

yes. you want your rear flank convered on this.

From: Kumar, Aditya
Sent: Tuesday, August 18, 2009 6:08 PM
To: Bailey, Kevin
Subject: RE: is ron still here? (EOM)

Sweet. Just want to get his latest thoughts on Solyndra. Make sure we have as much of a mandate from him and Rahm as the last time he and I talked about this.

From: Bailey, Kevin
Sent: Tuesday, August 18, 2009 6:05 PM
To: Kumar, Aditya
Subject: RE: is ron still here? (EOM)

he's with someone. it's a drop-by so not sure when he'll be out.. i can drop you a line.

From: Kumar, Aditya
Sent: Tuesday, August 18, 2009 6:03 PM
To: Bailey, Kevin
Subject: RE: is ron still here? (EOM)

Free?

From: Bailey, Kevin
Sent: Tuesday, August 18, 2009 6:03 PM
To: Kumar, Aditya
Subject: RE: is ron still here? (EOM)

he is

From: Kumar, Aditya
Sent: Tuesday, August 18, 2009 6:03 PM
To: Bailey, Kevin
Subject: is ron still here? (EOM)

Footnote 221, 222

Microsoft Outlook

From: Kumar, Aditya
Sent: Wednesday, August 19, 2009 10:00 AM
To: Bailey, Kevin
Subject: FW: Solyndra meeting

Apparently Zichal emailed Ron. Ron told me her concerns. One was not important. The other one I said I'd look into, which is that "the funding community has concerns about this". I emailed Spinner about this, so need to talk to him. And then obviously, would be great if this 1pm happens.

adi

From: Bailey, Kevin
Sent: Wednesday, August 19, 2009 9:58 AM
To: Kumar, Aditya; Zichal, Heather R.; Hurlbut, Brandon K.
Subject: Solyndra meeting

Hi all,

Let's huddle today to better align and begin to talk through this DOE annoucement. How is 1pm for everyone?

Thanks,
Kevin

WH SOL 000932

Footnote 224, 225, 226

[redacted]

From: Spinner, Steve
Sent: Wednesday, August 19, 2009 12:22 PM
To: 'Kumar, Aditya'; 'Bailey, Kevin'
Subject: RE: funding community & Solyndra

Know the name, but never met her.

I haven't heard anything negative on my side. So let's chat, but if neither of us know the concern, it might be a short conversation! talk to you in 10 min. what number?

Steve

Steven J Spinner
Small Business Loan Guarantee Program Advisor
Recovery Act Team
U.S. Department of Energy
[redacted]

From: Kumar, Aditya [redacted]
Sent: Wednesday, August 19, 2009 12:20 PM
To: Spinner, Steve; Bailey, Kevin
Subject: RE: funding community & Solyndra

Sorry was in a meeting. I have no idea either. Heather Zichal was the one expressed that concern. Do you know her? Unfortunately she's in Alaska (so hard to get on the phone) and I'm hearing this second hand, so just trying to get to the bottom of this and resolve it one way or another so we can move forward (or not) accordingly.

adi

From: Spinner, Steve [redacted]
Sent: Wednesday, August 19, 2009 11:17 AM
To: Kumar, Aditya; Bailey, Kevin
Subject: Re: funding community & Solyndra

Ha. The reason why I asked was that I too have no idea what they're referring either so it's impossible for me look into it. Who from that group raised it? Can I have a quick call with him/her to better understand?

Steve

From: Kumar, Aditya [redacted]
To: Spinner, Steve; Bailey, Kevin [redacted]
Sent: Wed Aug 19 11:01:59 2009
Subject: RE: funding community & Solyndra

Let's lock 12:30. Energy and Climate Change Office said there were concerns around what the funding community thinks of this. I have no idea what they're referring to, but I want to vet this concern so if you could have your team do any looking into this possible before 12:30, that would be great. I don't have much more info than that.

On call will just be you, me, and Kevin (who's with me—not from a diff office).

From: Spinner, Steve [redacted]
Sent: Wednesday, August 19, 2009 10:46 AM
To: Kumar, Aditya; Bailey, Kevin
Subject: Re: funding community & Solyndra

How about 12:30?

Also, what are the specific concerns on this topic? It's a great announcement that will be well received. Any type of feedback on your side would be helpful for me to address any concerns appropriately and accurately during the call. Thx.

Who else will be on the call? From which WH areas?

Steve

From: Kumar, Aditya [redacted]
To: Bailey, Kevin [redacted]; Spinner, Steve
Sent: Wed Aug 19 10:25:03 2009
Subject: RE: funding community & Solyndra

I can also do

- 12:30 to 1:30
- 2:30 to 3
- 4 to 5
- 6 to 7

Please let me know what works so we can lock it in. And if you could be ready to talk to us about funding community opinions and any potential concerns with this, that would be great. It was one of the concerns raised here. Thanks.

Adi

From: Kumar, Aditya
Sent: Wednesday, August 19, 2009 10:00 AM
To: Bailey, Kevin; 'Spinner, Steve'
Subject: RE: funding community & Solyndra

I have an 11:30. Can you do 11?

From: Bailey, Kevin
Sent: Wednesday, August 19, 2009 9:59 AM
To: 'Spinner, Steve'; Kumar, Aditya
Subject: RE: funding community & Solyndra

sounds great

From: Spinner, Steve [redacted]
Sent: Wednesday, August 19, 2009 9:55 AM
To: Kumar, Aditya
Cc: Bailey, Kevin
Subject: Re: funding community & Solyndra

How about 11:30?

From: Kumar, Aditya [redacted]
To: Spinner, Steve
Cc: Bailey, Kevin [redacted]
Sent: Wed Aug 19 09:51:01 2009
Subject: funding community & Solyndra

Steve—folks here want to know what the funding community thinks of the Solyndra deal, and whether there are any concerns there. Can we set up 15 – 30 minutes to talk?

adi

Adi Kumar
The White House | Office of the Chief of Staff
Office of the Vice President | Recovery Act Office
[redacted]

Footnote 227

[redacted]

From: Spinner, Steve
Sent: Thursday, August 20, 2009 11:54 AM
To: 'Kumar, Aditya'
Subject: FW: solyndra and Argonaut
Attachments: image001.gif; image002.gif; image003.gif; image004.gif; image005.jpg; image006.gif

Adi,

Also, on Solydra, here are the major investors:

- Equity Investors: large venture funds (Argonaut 22.4%, Madrone 8.9%, GFKK 8.2%, US Venture 8.2%, Rockport Cap'l 6.1%, CMEA Ventures 5.5%)

~~Below's a bio on the largest shareholder~~

Steven J Spinner
Small Business Loan Guarantee Program Advisor
Recovery Act Team
U.S. Department of Energy
[redacted]

From: [redacted]
Sent: Thursday, August 20, 2009 11:18 AM
To: Spinner, Steve
Subject: solyndra and Argonaut

Steve – see attached re George Kaiser, founder of Argonaut Ventures.

Finance
StreetTalk

Forbes
.com

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LISTS

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The World's Billionaires
#68 George Kaiser

03.05.08, 6:00 PM ET

<

Age: 65

Fortune: self made

Source: oil & gas, banking

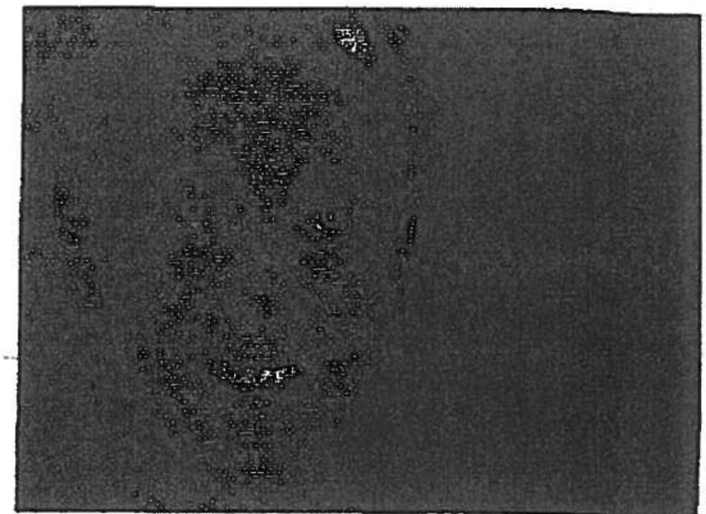
Net Worth: **$11.0 bil** ▲

Country Of Citizenship: United States

Residence: Tulsa, Oklahoma , United States, North America

Industry: Oil/Gas

Marital Status: married, 3 children



Courtesy of Kaiser Francis (

Education: Harvard University, Bachelor of Arts / Science
Harvard University, Master of Business Administration
Family fled Nazi Germany 1938, settled in Oklahoma. Parents developed oil and gas business. Took over 1969; expanded into real estate, banking, derivatives. Today Kaiser-Francis produces 12 million barrels of oil and natural gas equivalents annually. Owns 45 million shares of BOK Financial worth $2.3 billion. Also runs liquefied natural outfit Excelerate Energy; has invested more than $1 billion in LNG ships and terminals over past few years. Fights childhood poverty through George Kaiser Family Foundation; pledged $60 million to redevelop a blighted commur alongside a 42-mile stretch of Arkansas River.