

Footnote 669

[Redacted]

From: Zients, Jeffrey D.
Sent: Wednesday, February 02, 2011 8:15 AM
To: Ericsson, Sally C.; Timberlake, Courtney B.
Cc: Falkenheim, Michael C.; Mertens, Richard A.; Carroll, J. Kevin; [Redacted]
Subject: RE: Immediate attention may be needed [Redacted] Follow-up - Action Memo

Let me know if you want to discuss

From: Ericsson, Sally C.
Sent: Tuesday, February 01, 2011 9:49 PM
To: Timberlake, Courtney B.; Zients, Jeffrey D.
Cc: Falkenheim, Michael C.; Mertens, Richard A.; Carroll, J. Kevin; [Redacted]
Subject: RE: Immediate attention may be needed [Redacted] Follow-up - Action Memo

[Redacted]

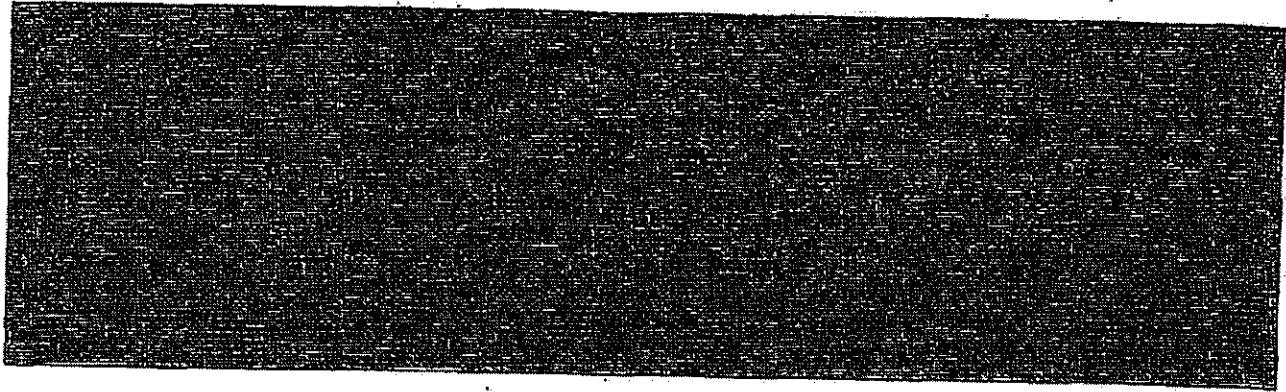
We need to communicate this to DOE tomorrow as well as our views on the modifications on Solyndra and concerns about US Geothermal. Lets discuss how best to talk to DOE tomorrow morning.

From: Timberlake, Courtney B.
Sent: Tuesday, February 01, 2011 7:59 PM
To: Zients, Jeffrey D.
Cc: Ericsson, Sally C.; Falkenheim, Michael C.; Mertens, Richard A.; Carroll, J. Kevin; [Redacted]
Subject: FW: Immediate attention may be needed [Redacted] Follow-up - Action Memo

[Redacted]

From: Carroll, J. Kevin
Sent: Tuesday, February 01, 2011 7:38 PM
To: Ericsson, Sally C.; Timberlake, Courtney B.
Cc: Colyar, Kelly T.; Saad, Fouad P.; Mertens, Richard A.; [Redacted]
Subject: Immediate attention may be needed [Redacted] Follow-up - Action Memo

[Redacted]



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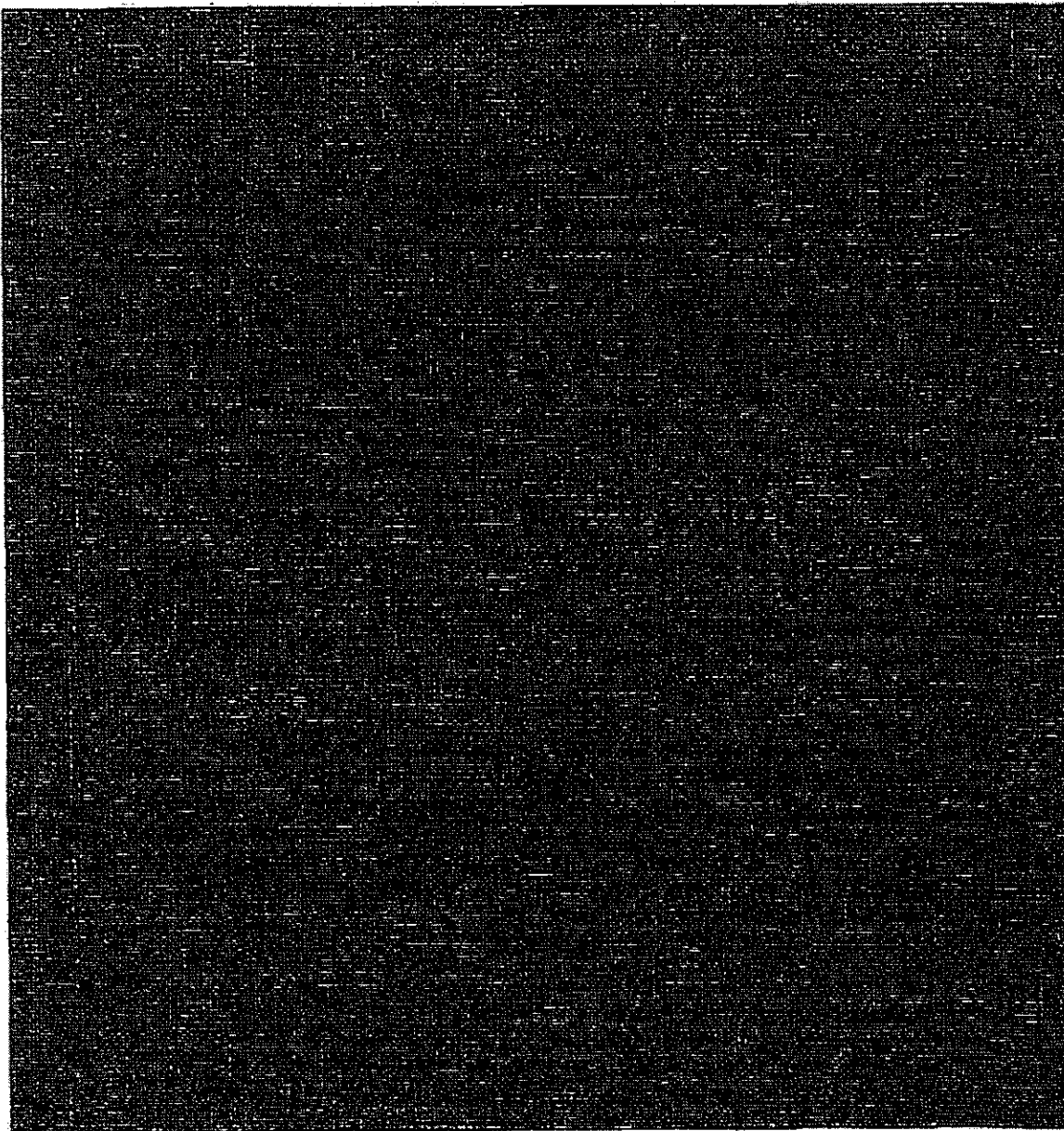
DO NOT COPY

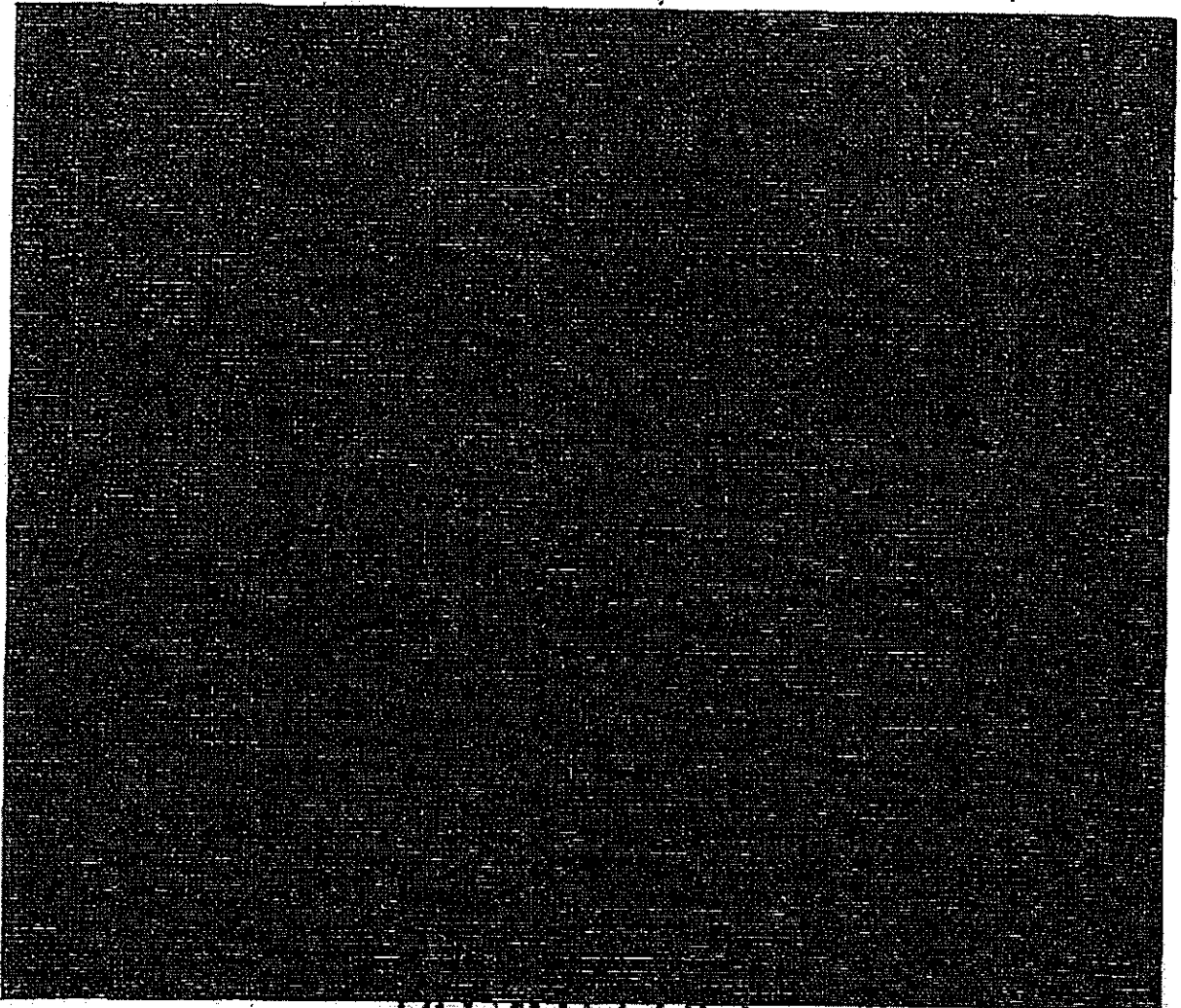
MEMORANDUM FOR JEFF ZIENTS

THROUGH: Sally Ericsson
Courtney Timberlake
Bill Richardson
Michael Falkenheim

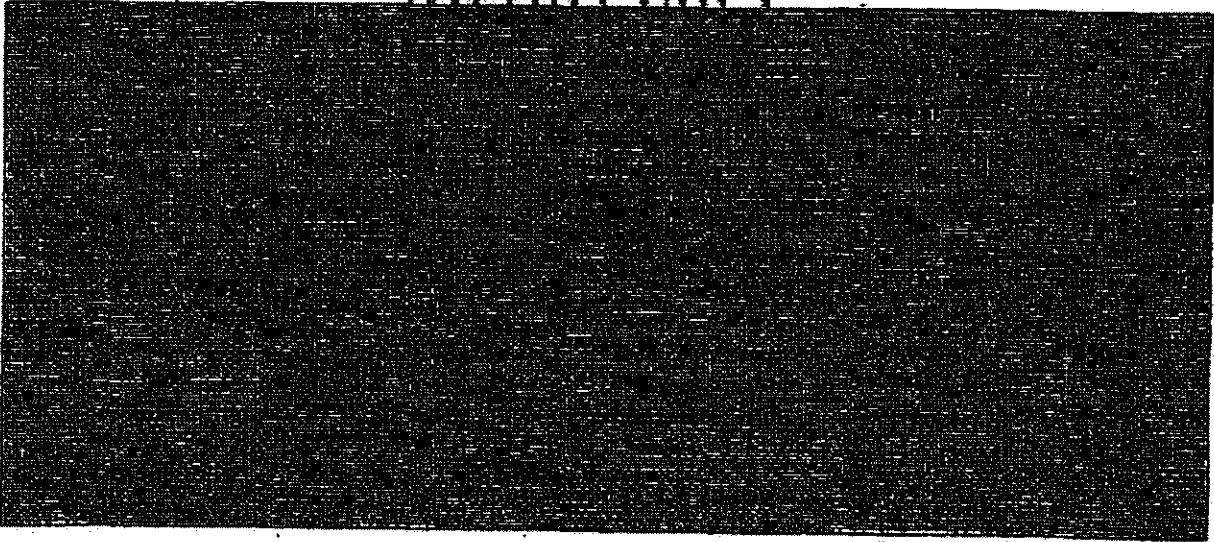
FROM: ESWD and BRD Credit Crew

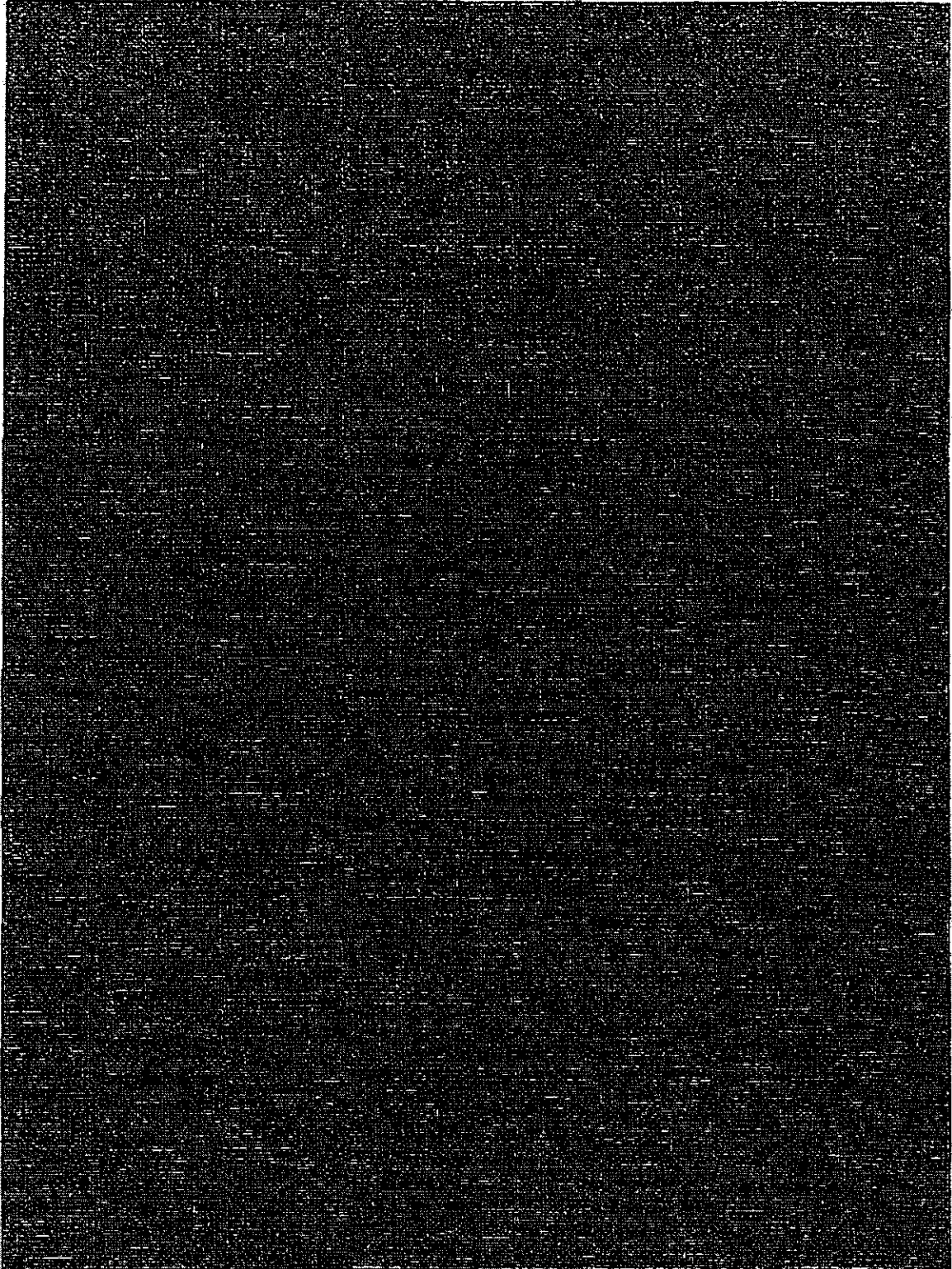
SUBJECT: DOE Loan Guarantees: Waiving Conditions for Closing Loans

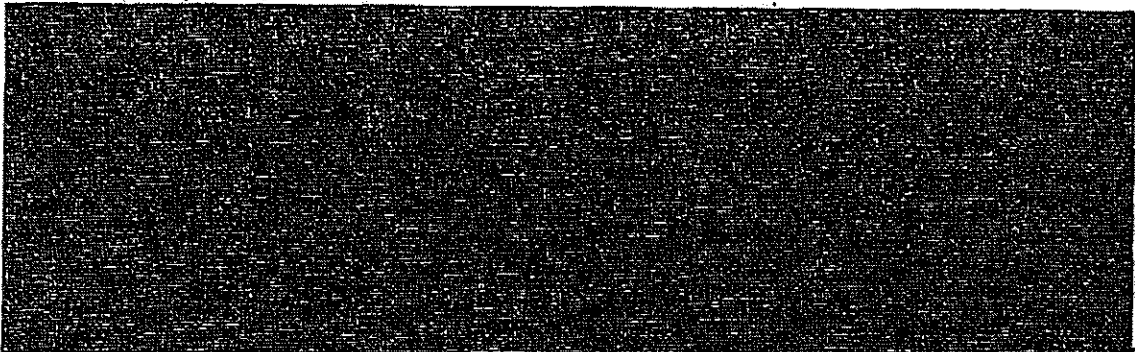




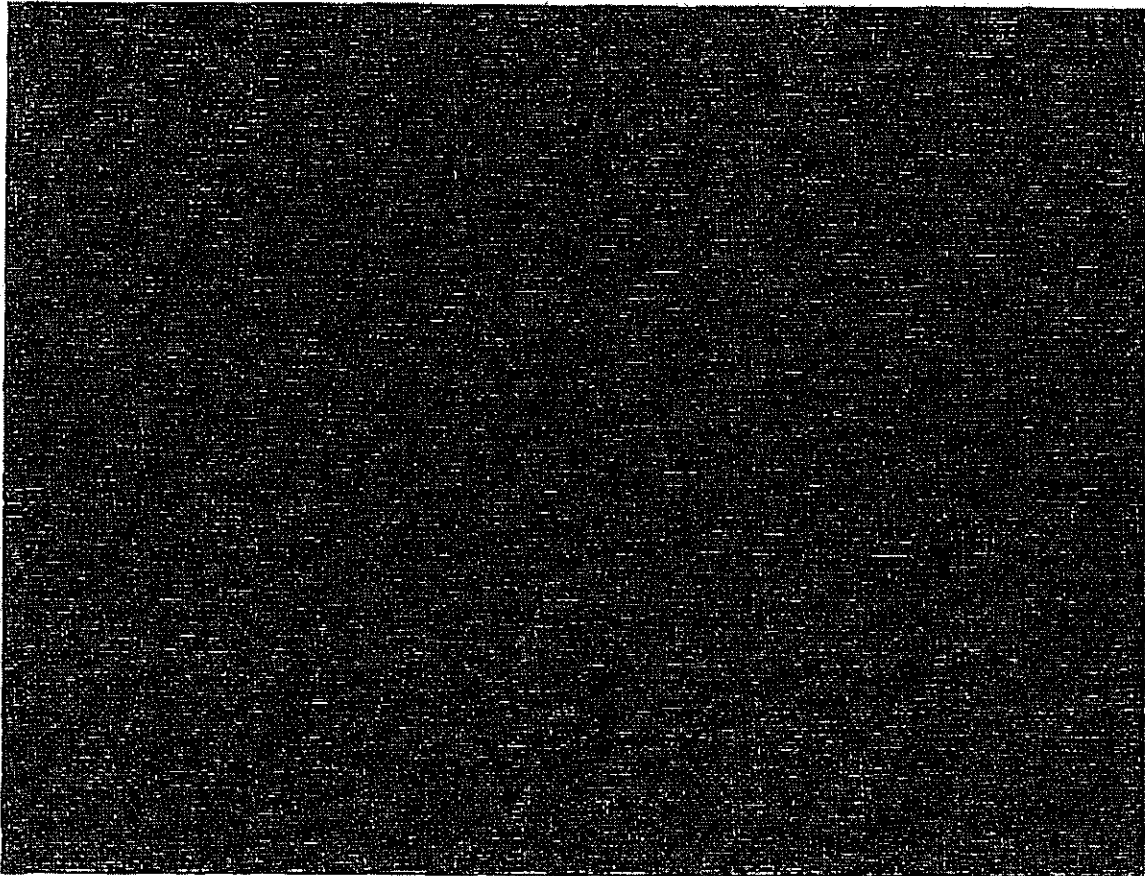
Case Studies:







The experience with the Solyndra restructuring project may be instructive here. The original plan was for Solyndra to have its first full-scale line up and running prior to execution of the loan for the main facility. However, the closing occurred before significant production had occurred on the first full-scale line and data was not available to OMB for evaluation of field performance when the loan closed.



Footnote 670, 671

From: [REDACTED]
Sent: Tuesday, February 01, 2011 7:02 PM
To: Timberlake, Courtney B.
Cc: [REDACTED]
Subject: RE: Solyndra

Glad we checked. Thanks much. We'll convey that to the group.

-----Original Message-----
From: Timberlake, Courtney B.
Sent: Tuesday, February 01, 2011 7:01 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Solyndra

Yes, there are concerns. I am the one that has to convey the modification. I believe the plan is to do that tomorrow.

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

From: [REDACTED]
Sent: Tuesday, February 01, 2011 5:45 PM
To: Timberlake, Courtney B.
Cc: [REDACTED]
Subject: RE: Solyndra

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Courtney:

DOE is moving up the timeline on closing the Solyndra restructuring. Are there any concerns if OMB staff gets back to DOE on Solyndra regarding the modification determination, or is there anything that needs to be done before OMB get back to DOE?

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-----Original Message-----
From: Colyar, Kelly T.
Sent: Tuesday, February 01, 2011 6:35 PM
To: Mertens, Richard A.; Carroll, J. Kevin; Saad, Fouad P.; [REDACTED]
Subject: FW: Solyndra

It looks like DOE has changed their date for closing the revised Solyndra deal. They are now indicating February 11 instead of February 16.

Can we go ahead and follow up with DOE regarding the modification?

-----Original Message-----
From: Nwachuku, Frances [REDACTED]
Sent: Tuesday, February 01, 2011 4:40 PM
To: Colyar, Kelly T.
Subject: Solyndra

Hi Kelly,

Footnote 672

[REDACTED]

From: Ericsson, Sally C.
Sent: Wednesday, February 02, 2011 1:09 PM
To: Silver, Jonathan
Cc: Timberlake, Courtney B.; [REDACTED] Falkenheim, Michael C.; Hurlbut, Brandon
Subject: Solyndra follow-up

Jonathan,

We had a very productive meeting with your folks on Friday on Solyndra. Can we set up a time this afternoon to discuss?

Thanks –

Sally

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Footnote 673

[REDACTED]

From: Richardson, Susan [REDACTED]
Sent: Wednesday, February 02, 2011 9:54 AM
To: Richardson, William
Subject: RE: Solyndra

Thank you Bill

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

From: Richardson, William [REDACTED]
Sent: Wednesday, February 02, 2011 9:51 AM
To: Richardson, Susan
Subject: RE: Solyndra

Susan,

Sorry - we will be getting back to you today.

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

From: Richardson, Susan [REDACTED]
Sent: Wednesday, February 02, 2011 9:53 AM
To: Richardson, William
Subject: Solyndra

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Good morning Bill, I hate to breathe down your neck, but we have heard nothing from OMB since our meeting on Friday. Do you know what the schedule is? Thank you

Susan S Richardson
Chief Counsel, Office of Loan Programs
U.S. Department of Energy
[REDACTED]

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Footnote 677

From: Richardson, Susan
Sent: Friday, February 04, 2011 3:21 PM
To: Nwachuku, Frances
Cc: [REDACTED]
Subject: RE:

Understood. But it seems to me the only position they could hope to sustain and on basis of their own Circular is a more narrow one re subordination. Will get back to you w/ comments asap

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

From: Nwachuku, Frances
Sent: Friday, February 04, 2011 3:17 PM
To: Richardson, Susan
Cc: [REDACTED]
Subject: RE:

Susan,

I am still curious how they pull back from the categorical statement that any change in terms is a modification or that we should be modeling all potential workout options. My view is that they are trying to get us to a place where we would go through the mind numbing (and never undertaken) activity of multiple modeling only for them to conclude, in the unlikely event of project failure, that we had considered all potential outcomes therefore calling any restructuring we undertake a modification.

In any event, attached is the one page draft requested by JS.

Frances

Frances I. Nwachuku
Director
Portfolio Management
Loan Guarantee Program Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

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

From: Richardson, Susan
Sent: Friday, February 04, 2011 3:10 PM
To: Nwachuku, Frances
Cc: [REDACTED]
Subject: RE:

My guess is they are going to say that we did not in fact do what this part of the Work-out defn says:

For post-1991 direct loans and loan guarantees, the expected effects of work-outs on cash flow are included in the original estimate of the subsidy cost.

That certainly doesn't get them to the sweeping statements of ystdy; but read in conjunction w/ statements in the Modification section re obligation to include all anticipated actions in cash flows AND to document such inclusions, I think I can see how they argue the narrower point re subordination. But the immediately preceding sentence undermines that position: since the expected effect of the work-out is less than the cost of default or foreclosure, how can they conclude that the cost of the workout was NOT included in the original cash flows (which certainly anticipated default and foreclosure)?

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

From: Nwachuku, Frances
Sent: Friday, February 04, 2011 2:21 PM
To: Silver, Jonathan; Richardson, Susan; [REDACTED]
Subject: RE:

Just thought you should have the definition of workouts as provided by OMB Circular A-11 185.3 (ab):

"Work-outs mean plans that offer options short of default or foreclosure for resolving troubled loans or loans in imminent default, such as deferring or forgiving principal or interest, reducing the borrower's interest rate, extending the loan maturity, or postponing collection action. Work-outs are expected to minimize the cost to the Government of resolving troubled loans or loans in imminent default. They should only be utilized if it is likely that the borrower will be able to repay under the terms of the workout and if the cost of the work-out is less than the cost of default or foreclosure. For post-1991 direct loans and loan guarantees, the expected effects of work-outs on cash flow are included in the original estimate of the subsidy cost. Therefore, to the extent that the effects of work-outs on cash flow are the same as originally estimated, they do not alter the subsidy cost. If the effects on cash flow are more or less than the original estimate, the differences are included in reestimates of the subsidy and are not a modification."

Frances

Frances I. Nwachuku
Director
Portfolio Management
Loan Guarantee Program Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585


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

From: Silver, Jonathan
Sent: Friday, February 04, 2011 1:15 PM
To: Nwachuku, Frances; Richardson, Susan; [REDACTED]
Subject:

I spoke to rod about the call yesterday on modification. He was puzzled because that was not his understanding of what he and Jeff had agreed to. Can you give me a one pager on what they said they concluded, what the rules/circular says and our position. He is going to weigh in.

Thanks.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585



Footnote 680

From: Richardson, Susan
Sent: Friday, February 04, 2011 5:04 PM
To: Silver, Jonathan; Nwachuku, Frances; [REDACTED]
Subject: FW:
Attachments: OMB Restructuring vs Modification (2).docx

Importance: High

[REDACTED] had only one comment which I have marked in the attached.

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

From: Nwachuku, Frances
Sent: Friday, February 04, 2011 4:49 PM
To: Silver, Jonathan; Richardson, Susan; [REDACTED]
Subject: RE:

Hi Jonathan,

Please find attached a first draft of the requested information. We have requested comments from [REDACTED] but I wanted to ensure that you had a draft today. The attached is therefore subject to additional revision.

Frances

Frances I. Nwachuku
Director
Portfolio Management
Loan Guarantee Program Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

[REDACTED]

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

From: Silver, Jonathan
Sent: Friday, February 04, 2011 1:15 PM
To: Nwachuku, Frances; Richardson, Susan; [REDACTED]
Subject:

Spoke to rod about the call yesterday on modification. He was puzzled because that was not his understanding of what he and Jeff had agreed to. Can you give me a one pager on what they said they concluded, what the rules/circular says and our position. He is going to weigh in.

Thanks.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.

Washington, DC 20585



Circular #11 Definition of Restructuring:

"... modifications would not include routine administrative workouts (see section 185.3(ab)) of troubled loans or loans in imminent default

185.3 (ab) "Work-outs mean plans that offer options short of default or foreclosure for resolving troubled loans or loans in imminent default, such as deferring or forgiving principal or interest, reducing the borrower's interest rate, extending the loan maturity, or postponing collection action. Work-outs are expected to minimize the cost to the Government of resolving troubled loans or loans in imminent default. They should only be utilized if it is likely that the borrower will be able to repay under the terms of the workout and if the cost of the work-out is less than the cost of default or foreclosure. For post-1991 direct loans and loan guarantees, the expected effects of work-outs on cash flow are included in the original estimate of the subsidy cost. Therefore, to the extent that the effects of work-outs on cash flow are the same as originally estimated, they do not alter the subsidy cost. If the effects on cash flow are more or less than the original estimate, the differences are included in reestimates of the subsidy and are not a modification."

As clearly stated above, terms of existing debt routinely change in a workout or restructuring in order to maximize recovery. The premise of the exclusion of work-outs from the treatment of a Modification is that the work-out will minimize the cost to the Government and have a lower cost than the cost of default or foreclosure. Since the cost of default or foreclosure is included in the original cost estimate, the lesser anticipated cost of a work-out is necessarily (as indicated in the above definition) also included in the original cost estimate.

Solyndra Liquidity Crisis

- Company would run out of cash within six weeks
- Company is unable to meet its obligations to complete the construction of Fab 2 making it in danger of an imminent default
- Next step would be bankruptcy, which would lead to a liquidation of the uncompleted project as it was not viable as an operating entity – a scenario that is expressly anticipated in the original cost estimates and that would be demonstrably more costly to the Government than the proposed work-out.

LPO Objective and Response:

- Determine whether a restructuring or a bankruptcy and liquidation offer the best recovery value for the US Taxpayer. Restructuring the terms of the debt (including partial subordination of the debt in order to attract a necessary cash infusion) appeared to offer the best recovery value.
- Negotiated a restructuring that potentially returns to the US taxpayer approximately \$300 million more value on a NPV basis than a foreclosure.

OMB Response: DOE's legal and business judgment regarding the restructuring of Solyndra's debt is rational and sound. However, it is deemed to be a Modification because the act of subordinating a portion of the DOE debt was not expressly contemplated in the original cost estimate. Also indicated on the call is that any change in the term of a DOE facility, including an extension of maturity, would be treated as a modification by OMB.

Implications of OMB's decision: Calling the restructuring of debt in order to avoid imminent default a modification:

- Deviates substantially from both the plain language, and the clear rationale, of Circular A-11 Section 185.3 (ab) as set forth above;
- Reduces the ability of DOE to prudently and proactively respond to a cash flow crisis at a project company; and
- Leaves liquidation (or a Chapter 11 filing – for the benefit of the debtor, not the U.S. Government) as the only option where (as will likely be the case after the 1705 sunset) the program has no appropriations available to pay the cost of a deemed Modification. This in turn would result in greater losses to the US taxpayer, the loss of US jobs and the failure to commercialize what may still be a promising and viable technology .

Friday, February 04, 2011

Footnote 682

From: Falkenheim, Michael C.
Sent: Thursday, February 03, 2011 7:01 PM
To: Timberlake, Courtney B.; Ericsson, Sally C.
Subject: Re: Solyndra ntoe for Jeff

Looks good to me

From: Timberlake, Courtney B.
To: Ericsson, Sally C.; Falkenheim, Michael C.
Sent: Thu Feb 03 18:58:30 2011
Subject: RE: Solyndra ntoe for Jeff

One small but important change below.

From: Timberlake, Courtney B.
Sent: Thursday, February 03, 2011 6:54 PM
To: Ericsson, Sally C.; Falkenheim, Michael C.
Subject: RE: Solyndra ntoe for Jeff

See revisions.

Solyndra update: The DOE crew does not believe this constitutes a modification since under their read of Circular A-11, it would be considered a workout if the loan is in imminent default. Last week they were talking about it being in technical default, which is true, but in this call, they were adamant that the borrower is in imminent default, and thus is not a modification. They will send us the subsidy estimate cash flows tomorrow so our team can take a look. We will meet next week so that we can come to agreement on the restructuring issues and have a template for modifications vs. workouts in the future.

From: Ericsson, Sally C.
Sent: Thursday, February 03, 2011 6:50 PM
To: Timberlake, Courtney B.; Falkenheim, Michael C.
Subject: Solyndra ntoe for Jeff

Comments?

Solyndra update: The DOE crew does not want to do a modification since they would not have to if the loan is in imminent default. Last week they were talking about it being in technical default. It appears that they would take the harder line, than the modification. They will send us cash flows tomorrow so our team can take a look and estimate the modification. We will meet next week so that we can come to agreement on the restructuring issues and have a template.

Footnote 682-686

[REDACTED]

From: Ericsson, Sally C.
Sent: Friday, February 04, 2011 11:31 AM
To: Zients, Jeffrey D.
Subject: RE: Solyndra update

We want to see the cash flows and then we should have a discussion. They left the impression on Friday that they were not in imminent default, so it seemed like a major switch to avoid the modification. We need to think through the implications of the two paths – for the program, in addition to the fiduciary issues.

From: Zients, Jeffrey D.
Sent: Friday, February 04, 2011 8:17 AM
To: Ericsson, Sally C.
Subject: RE: Solyndra update

Are we agreeing with them on this deal or do we still believe it is a modification?

From: Ericsson, Sally C.
Sent: Thursday, February 03, 2011 7:07 PM
To: Zients, Jeffrey D.
Cc: [REDACTED] Timberlake, Courtney B.; Falkenberg, Michael C.; [REDACTED]
Subject: Solyndra update

The DOE crew does not believe this constitutes a modification since under their read of Circular A-11, it would be considered a workout if the loan is in imminent default. Last week they were talking about it being in technical default, which is true, but in this call, they were adamant that the borrower is in imminent default, and thus is not a modification. They will send us the subsidy estimate cash flows tomorrow so our team can take a look. We will meet next week so that we can come to agreement on the restructuring issues and have a template for modifications vs. workouts in the future.

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Footnote 687

[REDACTED]

From: Colyar, Kelly T.
Sent: Friday, February 04, 2011 5:44 PM
To: Mertens, Richard A.; Carroll, J. Kevin; Saad, Fouad P.; [REDACTED]
Subject: FW: Solyndra Follow Up
Attachments: Solyndra Weekly Dashboard 1-4-11 final.xlsx

fyl

From: Nwachuku, Frances [REDACTED]
Sent: Friday, February 04, 2011 5:25 PM
To: Colyar, Kelly T.
Subject: RE: Solyndra Follow Up

Hi Kelly,

Attached is the year end weekly dashboard received from Solyndra showing the cash position and AP balance. We inserted the DOE disbursements that went directly to Solyndra, Inc. as EPC and the Cash Balance net that amount is shown below in grey. Solyndra's burn rate is about \$18 million a week.

I will send along a powerpoint slide on Monday.

Frances

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Frances I. Nwachuku
 Director
 Portfolio Management
 Loan Guarantee Program Office
 US Department of Energy
 1000 Independence Avenue SW
 Washington, DC 20585

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From: Colyar, Kelly T. [REDACTED]
Sent: Friday, February 04, 2011 3:21 PM
To: Nwachuku, Frances
Subject: RE: Solyndra Follow Up

Great. We can use the line below:

[REDACTED]

From: Nwachuku, Frances [REDACTED]
Sent: Friday, February 04, 2011 12:13 PM

To: Colyar, Kelly T.
Subject: Re: Solyndra Follow Up

Sure.

Frances

From: Colyar, Kelly T. [REDACTED]
To: Nwachuku, Frances
Sent: Fri Feb 04 11:58:31 2011
Subject: RE: Solyndra Follow Up

Hi Frances,

Does 3:30 work for a call?

From: Nwachuku, Frances [REDACTED]
Sent: Friday, February 04, 2011 10:04 AM
To: Colyar, Kelly T.
Subject: RE: Solyndra Follow Up

Hi Kelly,

Following up on discussions with some of your leadership yesterday, could we schedule to chat sometime today with the objective of commencing a review of the Solyndra cash flows as soon as possible. I will have our team here ready to go, including Anthony and his colleagues at Summit. I am available most of the afternoon except for 12-1:30pm.

Frances

Frances I. Nwachuku
Director
Portfolio Management
Loan Guarantee Program Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

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From: Colyar, Kelly T. [REDACTED]
Sent: Friday, January 28, 2011 1:17 PM
To: Nwachuku, Frances; Richardson, Susan; [REDACTED]
Cc: Saad, Fouad P.
Subject: RE: Solyndra Follow Up

Hi Frances,

This is the model provided last Thursday (Solyndra Model 1-14-11 - MC - Sensitivities). Perhaps this is the source of some of our confusion. We had requested the underlying analysis of the potential recoveries under various scenarios to understand the implications.

Hope that helps. Let me know if you have any further questions.

Kelly

From: Nwachuku, Frances [REDACTED]
Sent: Friday, January 28, 2011 12:48 PM
To: Colyar, Kelly T.; Richardson, Susan; [REDACTED]
Cc: Saad, Fouad P.
Subject: RE: Solyndra Follow Up

Hi Kelly,

So that the meeting adequately provides you and your team the clarity you desire, could you please clarify the spreadsheet being referenced in question #1. Additionally, the OMB tab is a comparative quantitative analysis of the 2009 Plan and the Consolidation Plan. There are no scenarios assumed.

Frances

Frances I. Nwachuku
Director
Portfolio Management
Loan Guarantee Program Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

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[REDACTED]

From: Colyar, Kelly T. [REDACTED]
Sent: Thursday, January 27, 2011 4:12 PM
To: Nwachuku, Frances; Richardson, Susan; [REDACTED]
Cc: Saad, Fouad P.
Subject: Solyndra Follow Up

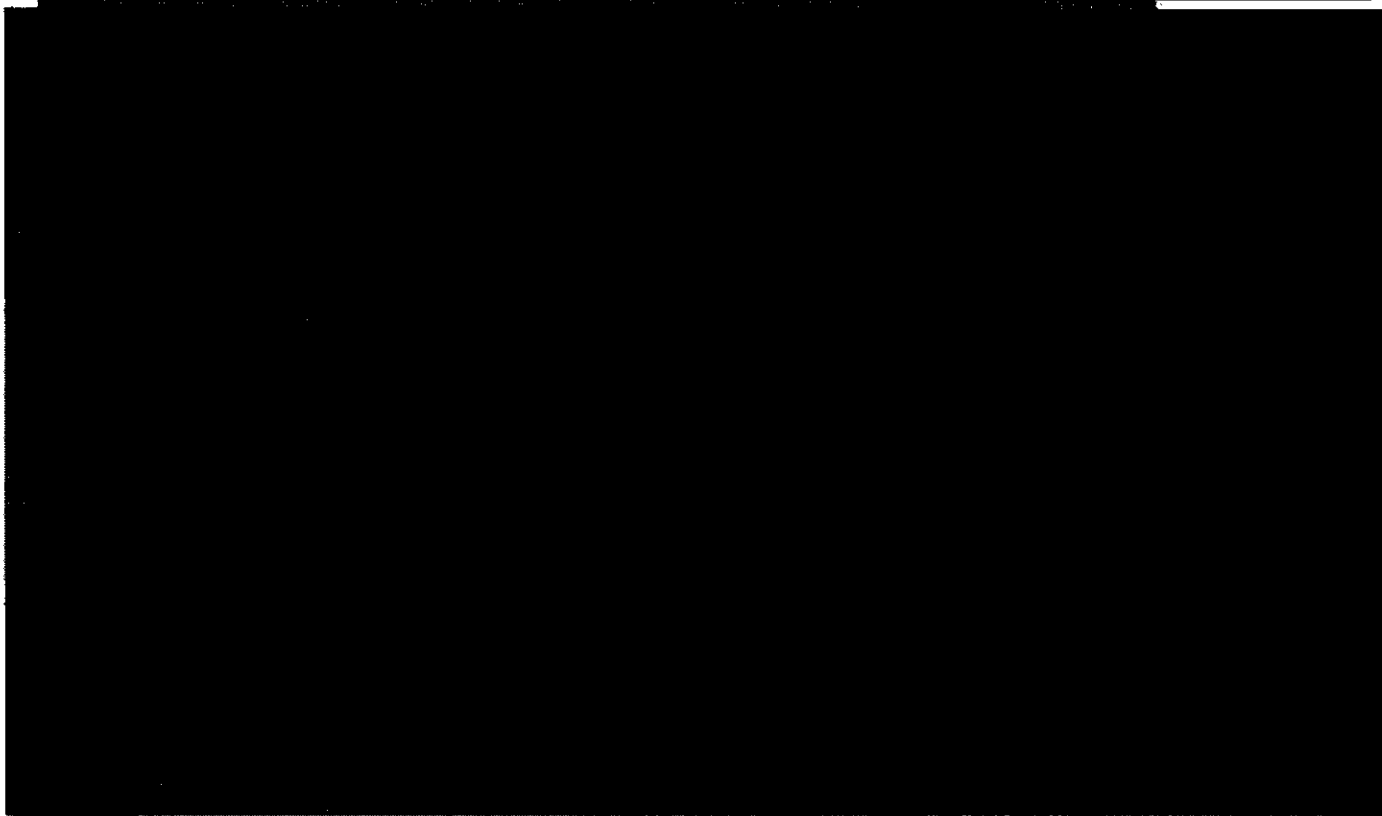
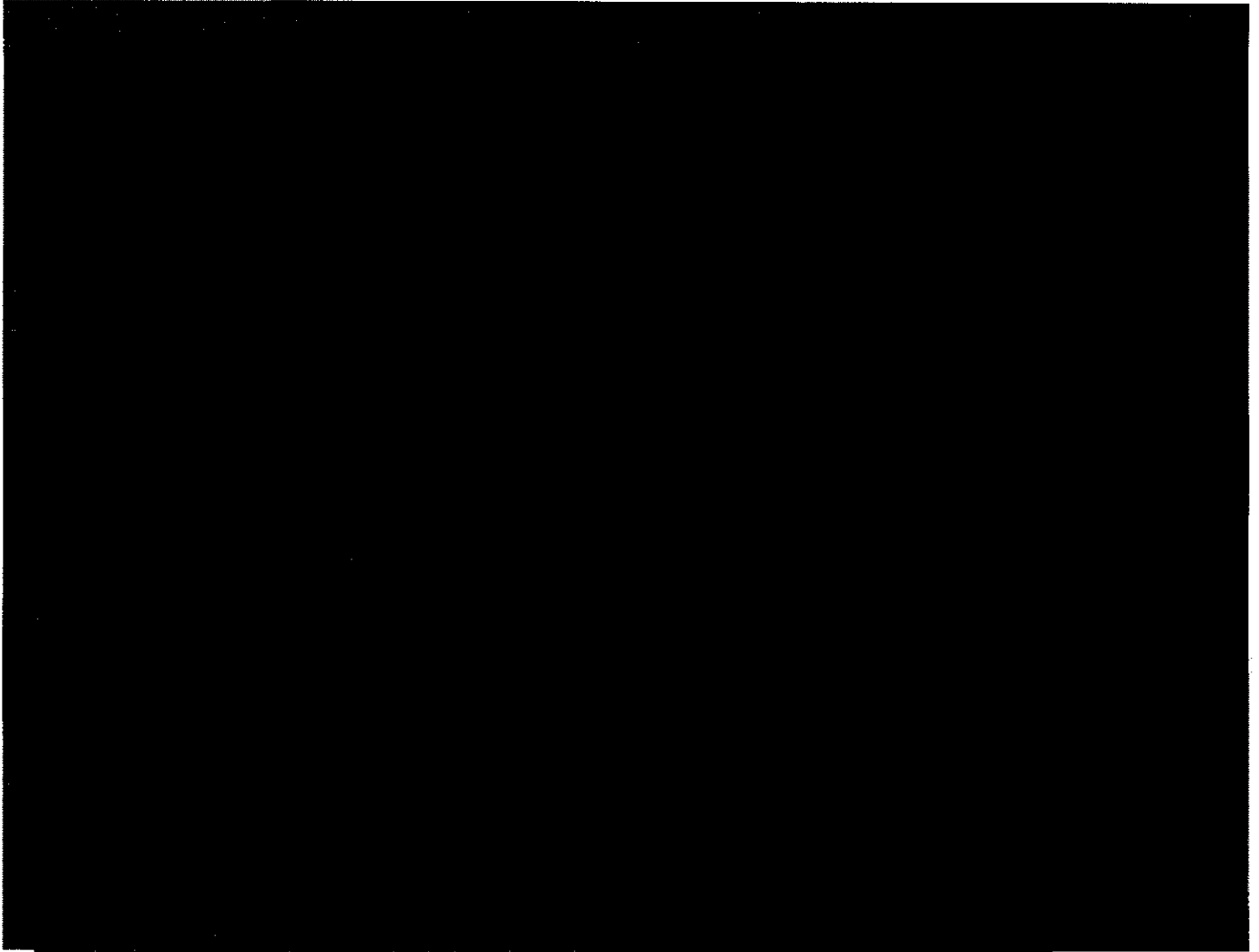
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Frances/Susan [REDACTED]

In anticipation of tomorrow's meeting, we wanted to provide you with the attached background questions to help guide the discussion.

Please let me know if you have any questions. Otherwise, we look forward to seeing you tomorrow.

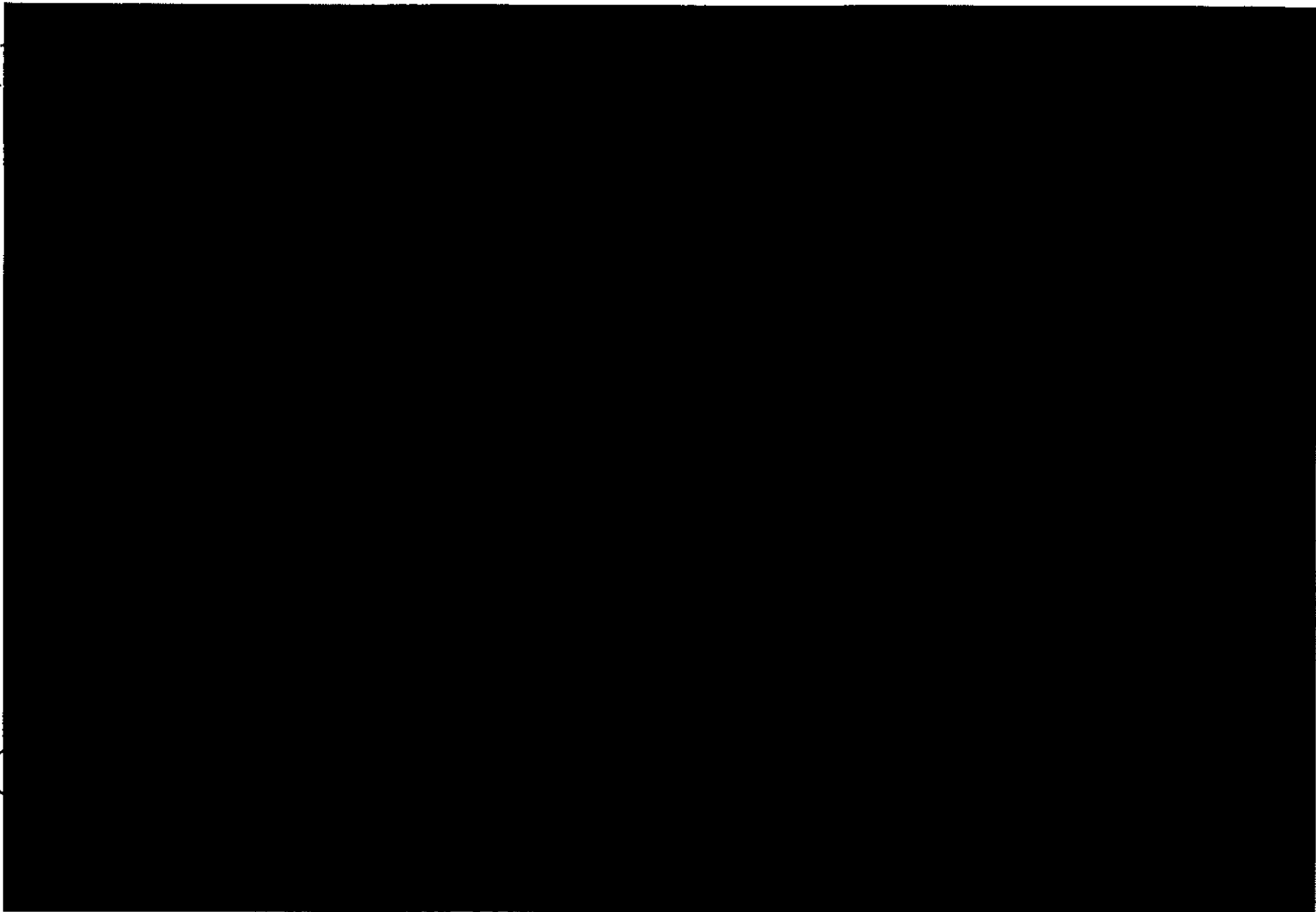
Thanks.





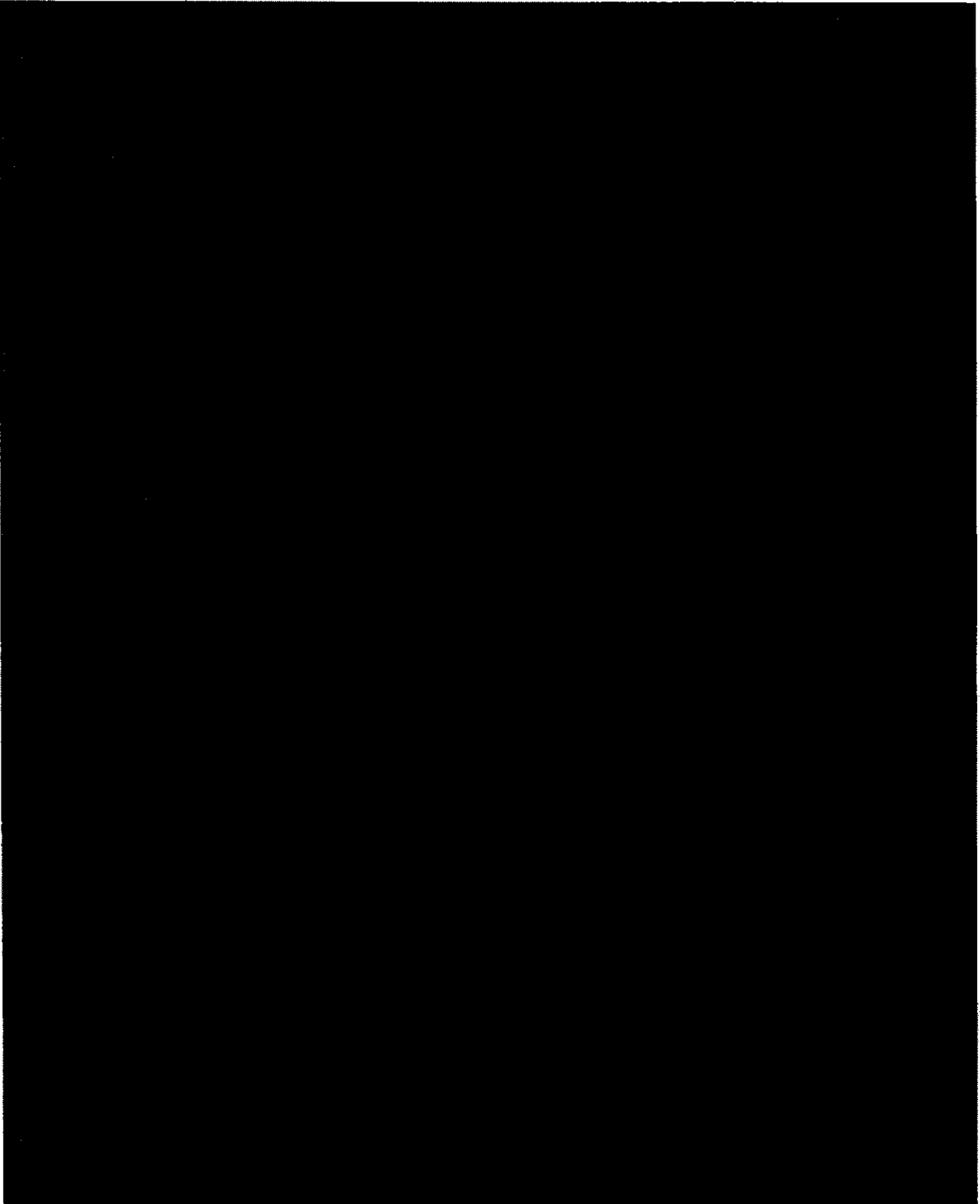
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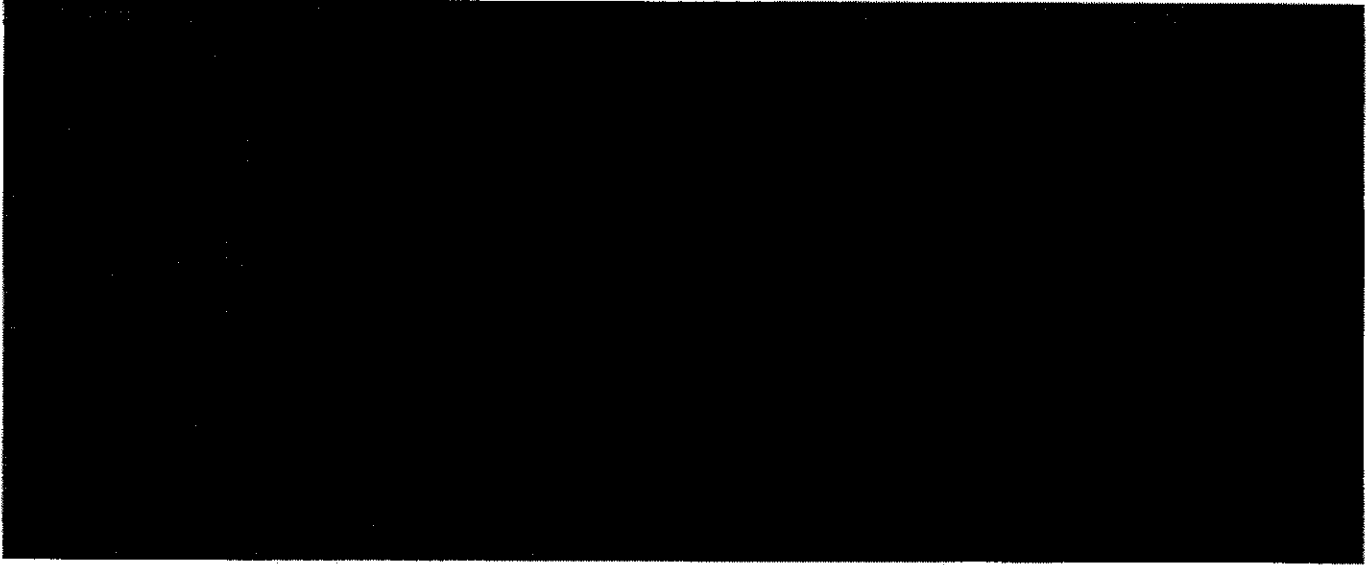
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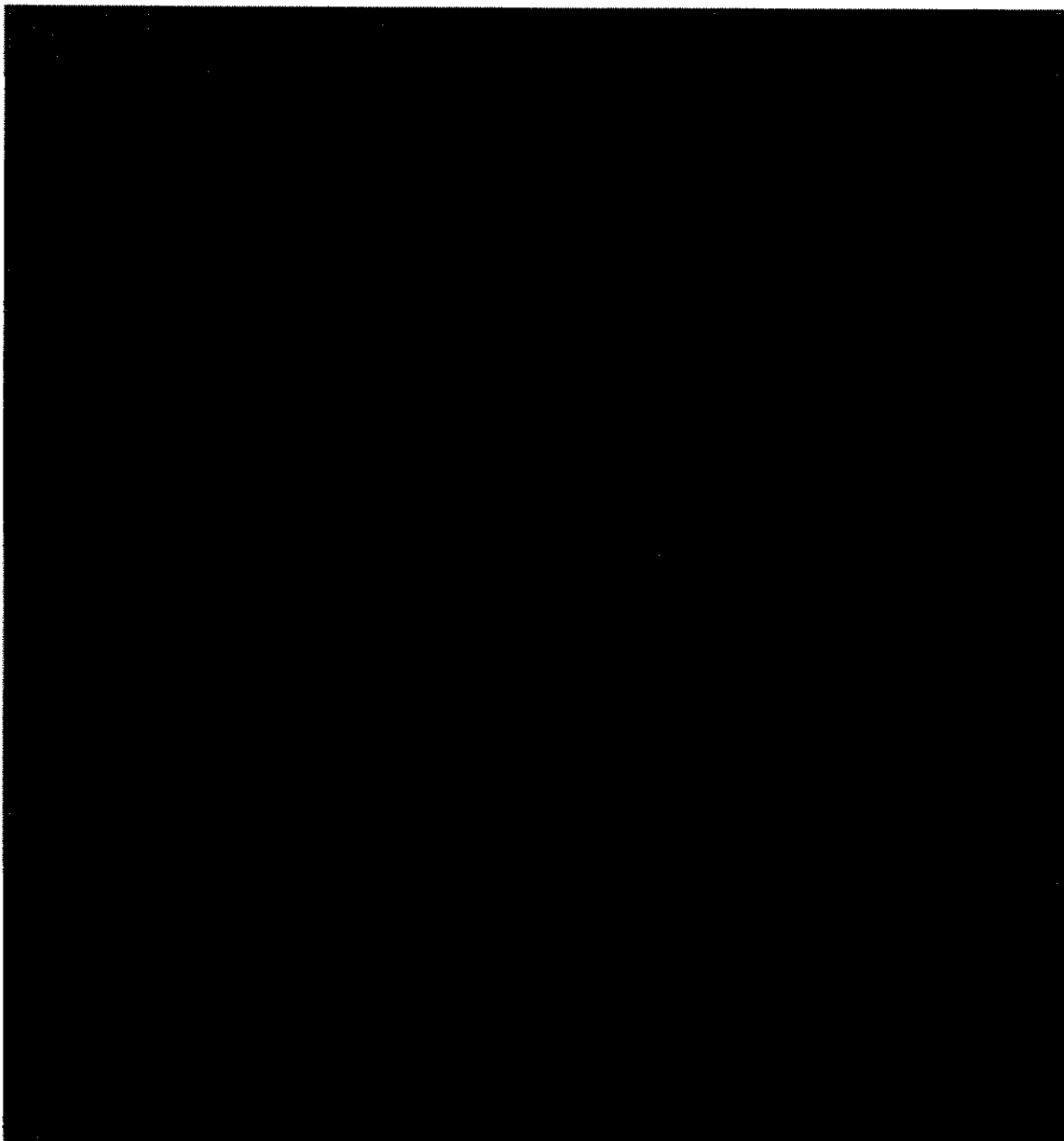
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Footnote 688

om: [REDACTED]
Sent: Wednesday, February 09, 2011 8:11 PM
To: Nwachuku, Frances
Cc: [REDACTED]
Subject: Re: Solyndra Special PV Analysis

Hi Frances,

Do you want to have a quick chat before we talk to Kelly tomorrow? Let us know what time works for you.

Best,
[REDACTED]

On Feb 9, 2011, at 5:49 PM, "Nwachuku, Frances" [REDACTED] wrote:

[REDACTED]

Can we chat.

Frances

Frances I. Nwachuku

Director,

Portfolio Management Division

Loan Programs Office

US Department of Energy

1000 Independence Avenue SW

Washington, DC 20585

[REDACTED]

[REDACTED]

From: Colyar, Kelly T. [REDACTED]
Sent: Wednesday, February 09, 2011 2:49 PM
To: Nwachuku, Frances
Cc: [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Hi Frances,

Thanks for this information. I suppose part of our confusion is that we are having some difficulty tying some of the numbers here to the information DOE has previously provided. For example, the 60% rate on both tranches of the "post-negotiation" debt implies a recovery of approximately \$611M since recoveries are applied against principal and interest in the DOE model. The January 2011 presentation implies an enterprise value of \$240-\$360 million before giving effect to the new senior or pari-passu debt. We're also somewhat confused as to how the recovery rate would be equivalent on the two tranches of debt or how both the pre-completion and post-completion rates would be the same since a pre-completion scenario assumes the project would not be a going concern. It looks like we may have the same issue as it relates to the application of the recovery rate to both principal and interest payments (scheduled) with the liquidation recovery rate.

We typically also have a little more detail regarding the specific default assumptions in developing the models. Regardless, we were under the impression DOE had developed cashflows that would identify the potential cost of a modification. In that case, we would typically isolate the effects of technical assumptions so that we could compare cashflows. Perhaps we misunderstood the point of the cashflows DOE developed? If DOE has not developed those cashflows, please let me know.

Thanks for your help.

From: Nwachuku, Frances [REDACTED]
Sent: Wednesday, February 09, 2011 1:16 PM
To: Colyar, Kelly T.
Cc: [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Hi Kelly,

The recovery assumptions are as contained in the analysis provided to your team on potential liquidation and going concern recovery amounts. The D and CCC ratings (default assessment) for the pre and post restructuring scenarios, respectively, reflect the following: D – imminent default of Solyndra and recovery dependent on liquidation of assets; while the CCC post restructuring rating reflects Solyndra's still vulnerable financial condition and the fact that its ability to meet financial obligations as restructured are very much dependent on favorable business and economic conditions, but without the threat of imminent default, as outlined in our presentation to you and your colleagues – the four legs. The assigned rating also fits with the S&P definition of CCC rated borrower.

Hope this gives you what you need. If not, I am available to chat so that I can better understand what you need from us.

Frances

Frances I. Nwachuku

Director,

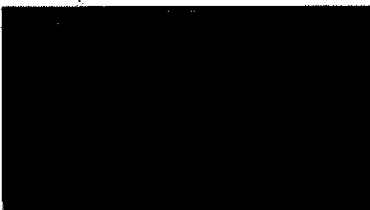
Portfolio Management Division

Loan Programs Office

US Department of Energy

1000 Independence Avenue SW

Washington, DC 20585



From: Colyar, Kelly T. [REDACTED]
Sent: Wednesday, February 09, 2011 11:49 AM
To: Nwachuku, Frances; [REDACTED]
Cc: [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Frances,

Thanks for the clarification. I think we were looking for the analysis supporting the specific default and recovery assumptions. We're not clear how those were derived.

From: Nwachuku, Frances [REDACTED]
Sent: Wednesday, February 09, 2011 11:42 AM
To: Colyar, Kelly T.; [REDACTED]
Cc: [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Hi Kelly,

The pre-negotiation cash flows are simply the *updated* re-estimate cash flows (with the inclusion of two actual disbursements occurred in December), while the post-negotiation cash flows are the new proposed P&I. The recovery rates are based on the best case liquidation and going concern analysis (21% and 60%, respectively) as well as a D rating pre-restructuring and CCC rating post-restructuring.

Frances

Frances I. Nwachuku

Director,

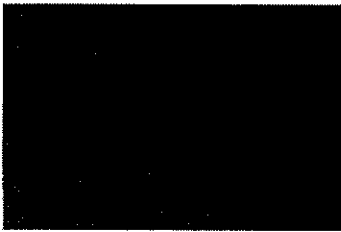
Portfolio Management Division

Loan Programs Office

US Department of Energy

1000 Independence Avenue SW

Washington, DC 20585



From: Colyar, Kelly T. [REDACTED]
Sent: Tuesday, February 08, 2011 5:00 PM
To: [REDACTED]
Cc: Nwachuku, Frances; [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Frances/ [REDACTED]

Thanks for sending this over. This is very helpful. We're going through the materials and want to ensure we understand the analysis.

Could you clarify what the cashflows (repayment schedule) represent in the two analyses? Also, could you send me the supporting analysis for the assumptions used in the pre and post negotiation analyses? Specifically, how were the default and recovery rates determined for the pre and post negotiation scenarios?

Thanks for your help.

From: [REDACTED]
Sent: Tuesday, February 08, 2011 3:57 PM
To: Colyar, Kelly T.
Cc: Nwachuku, Frances; [REDACTED]
Subject: Solyndra Special PV Analysis

Hi Kelly,

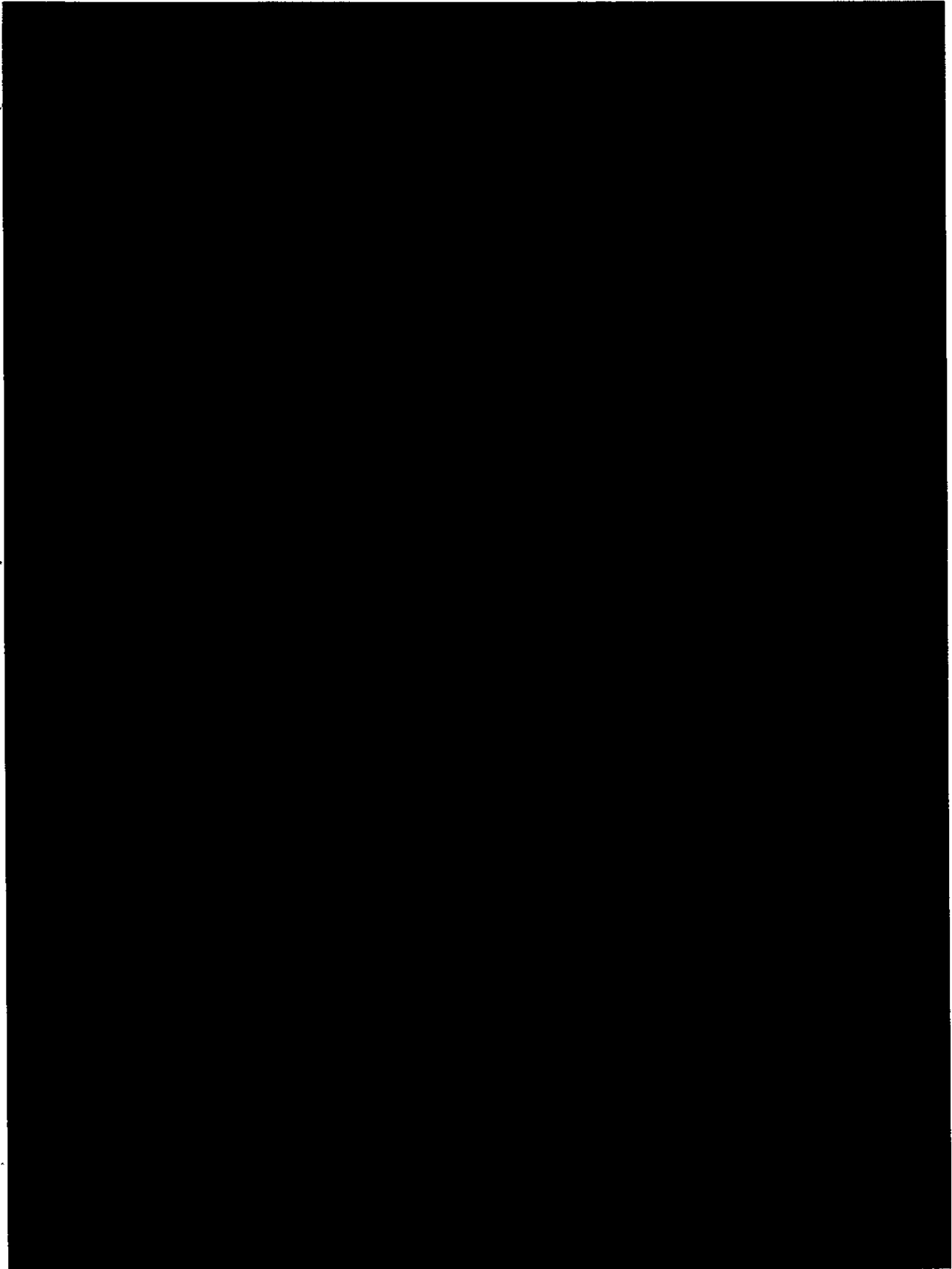
Attached please find the analysis results in Present Value (PV) differentials between a liquidation in December and the restructuring proposed for Solyndra. Please let us know if you have any questions.

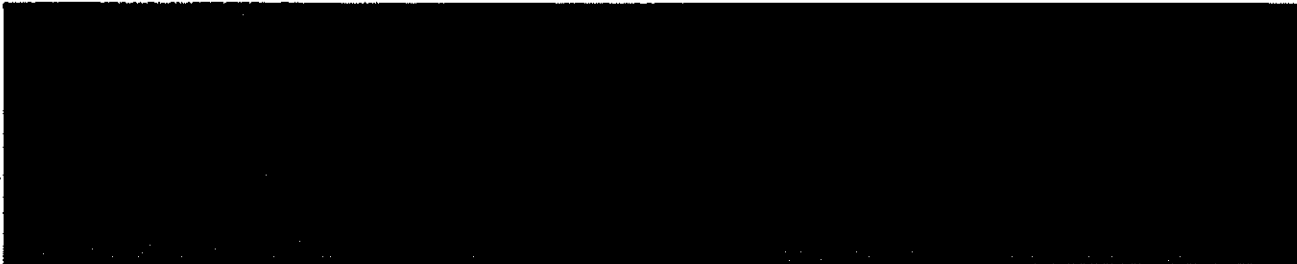
Thanks.

Regards,

[REDACTED]

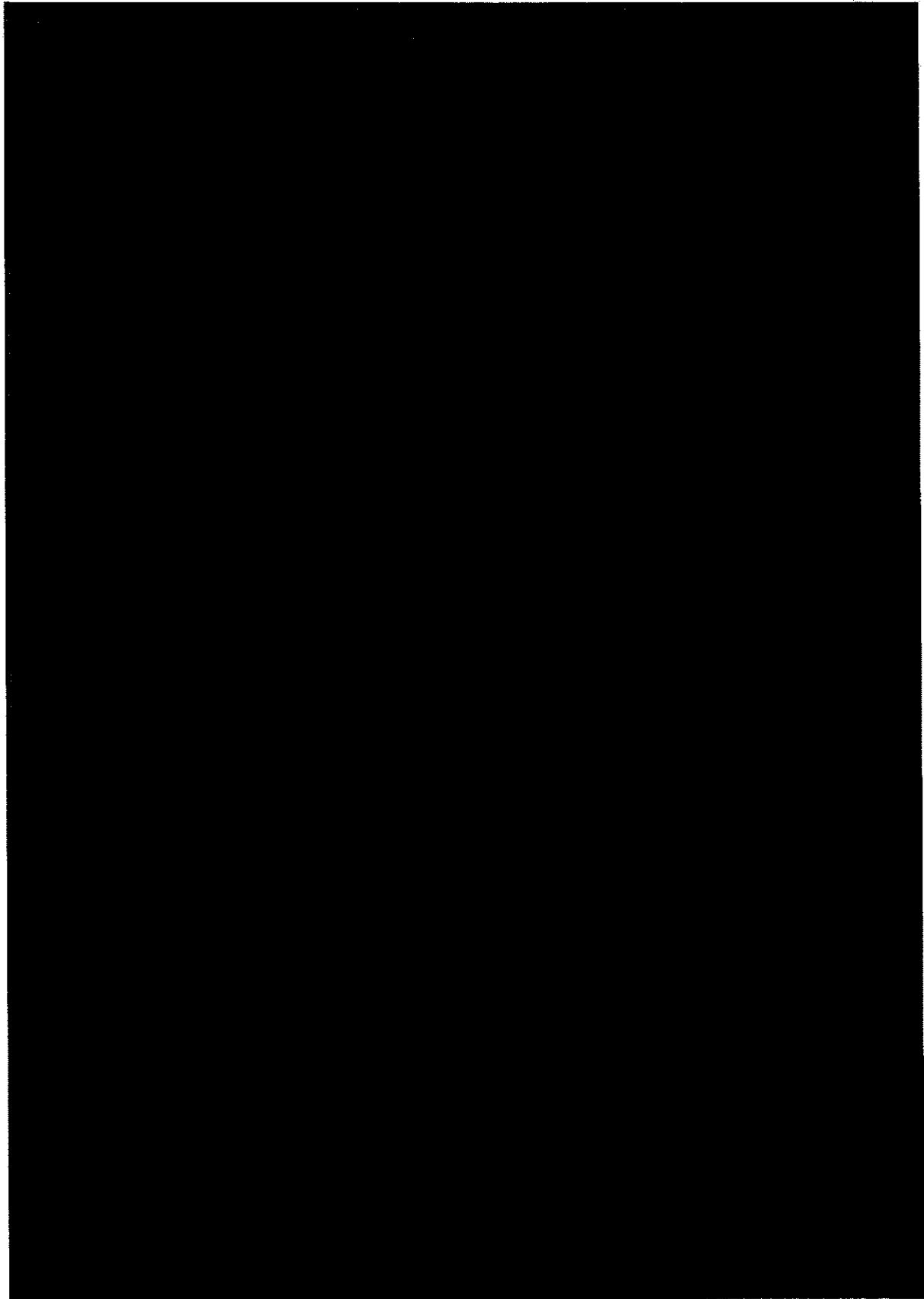
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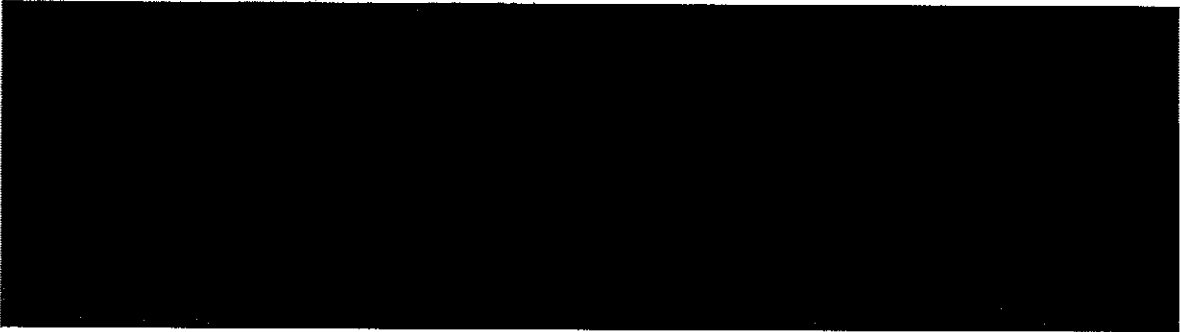




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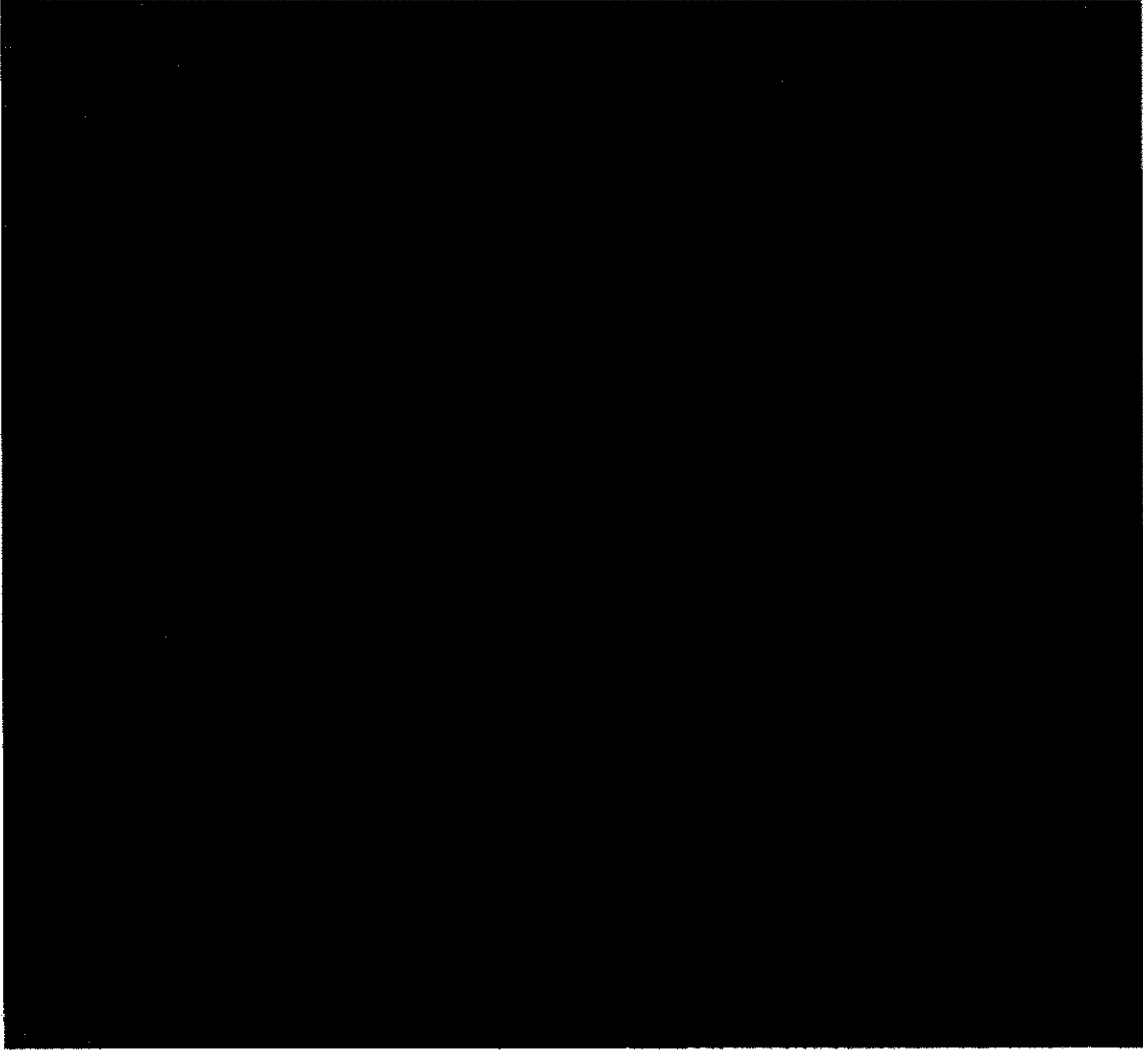
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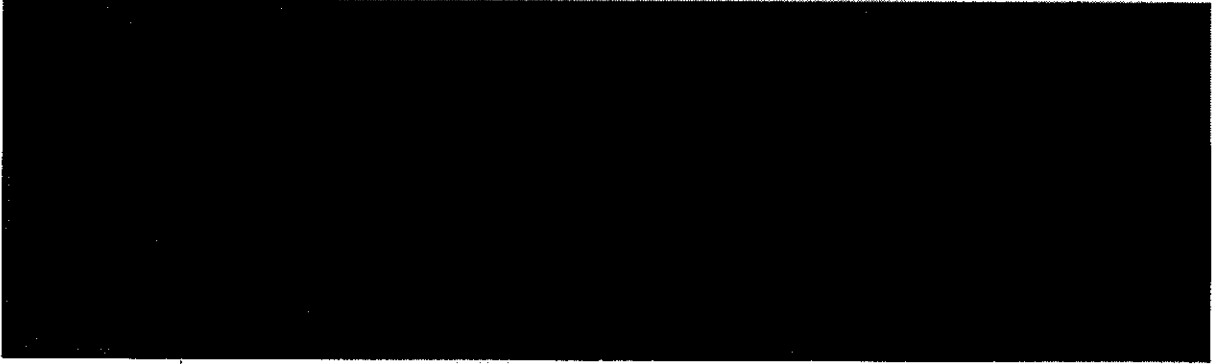




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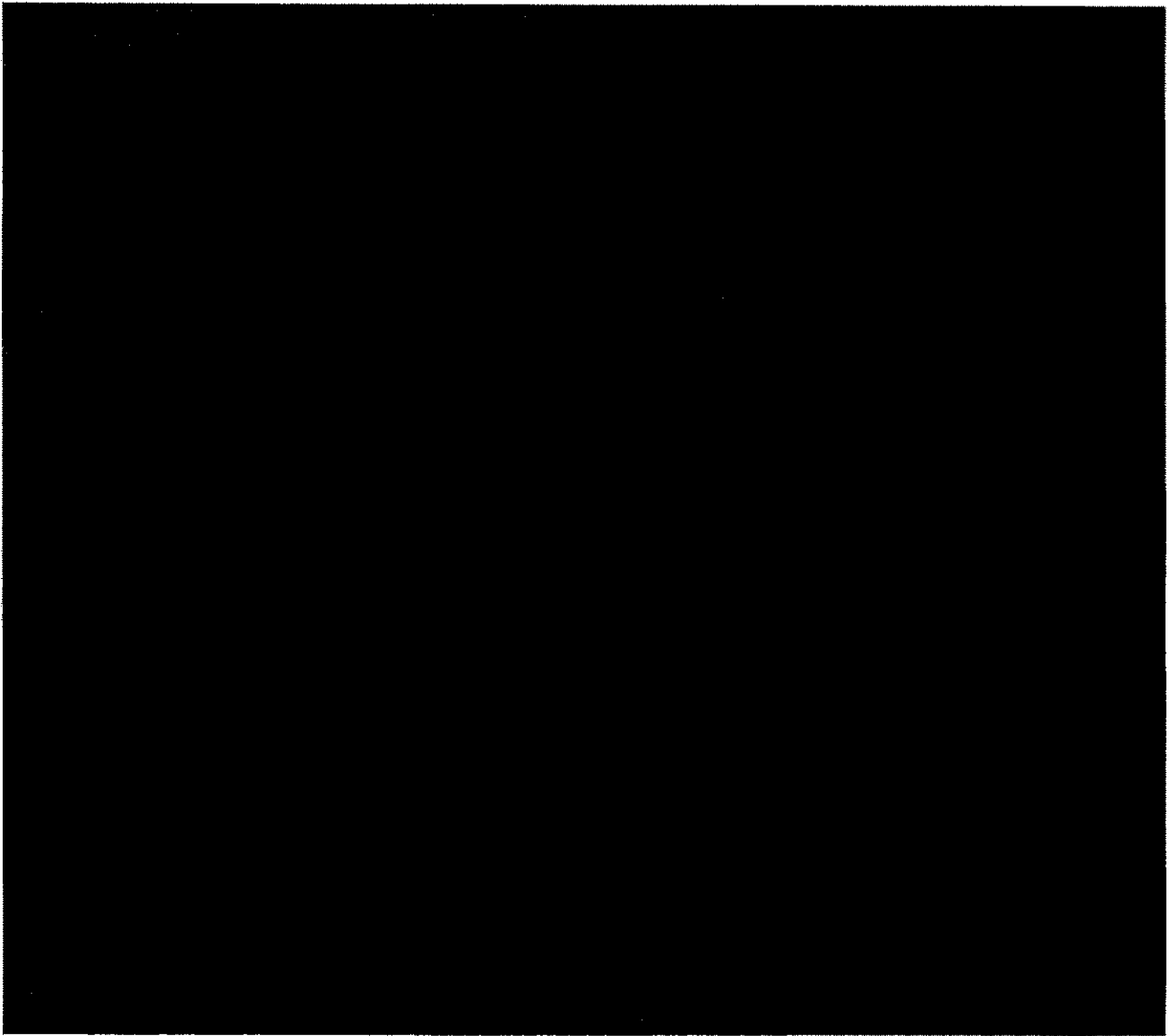


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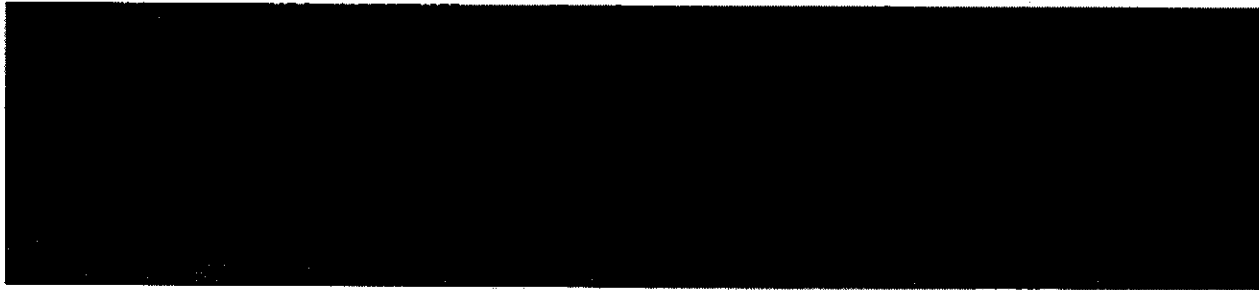


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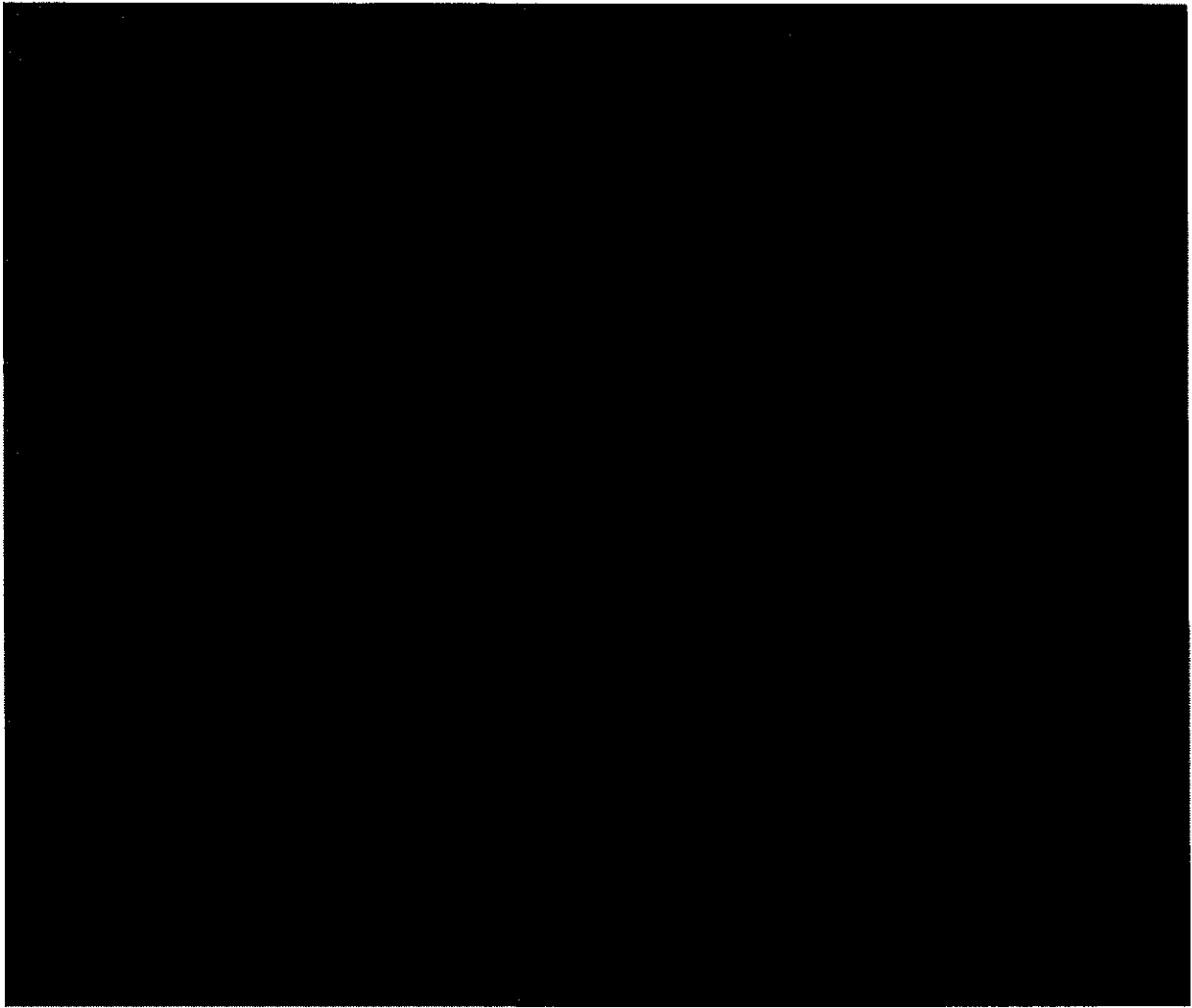
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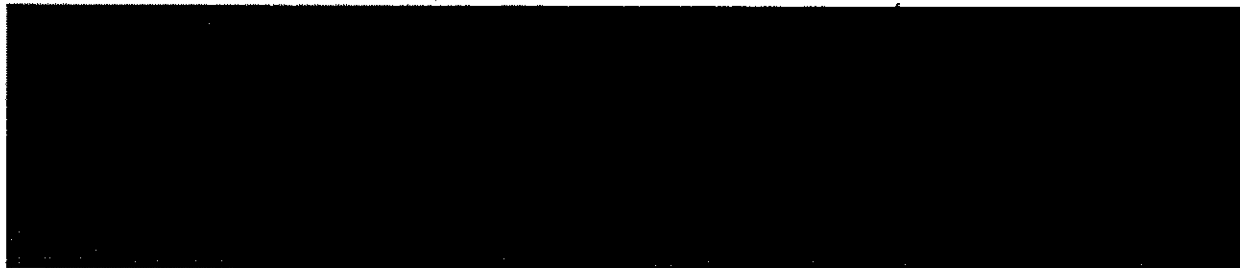
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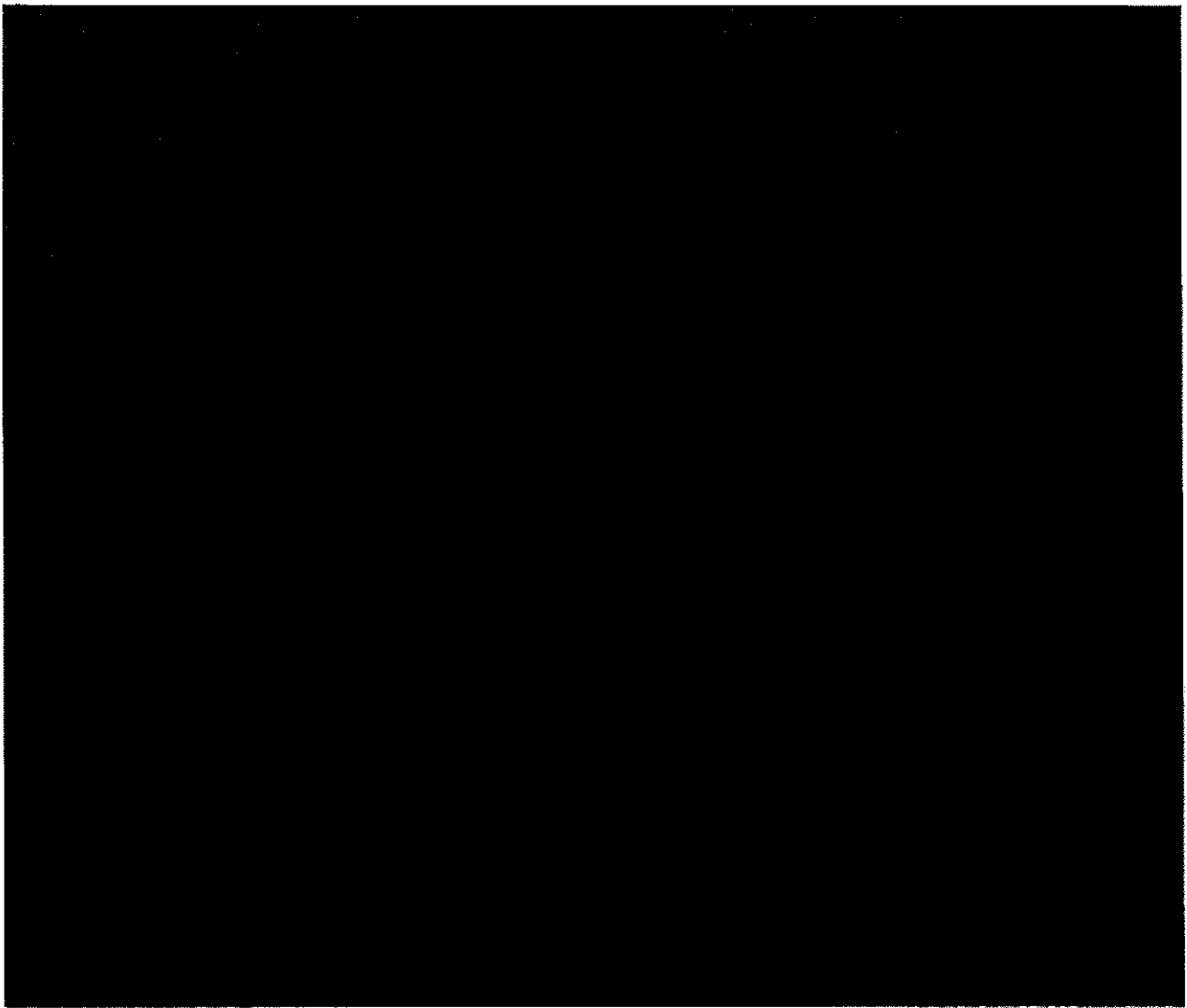
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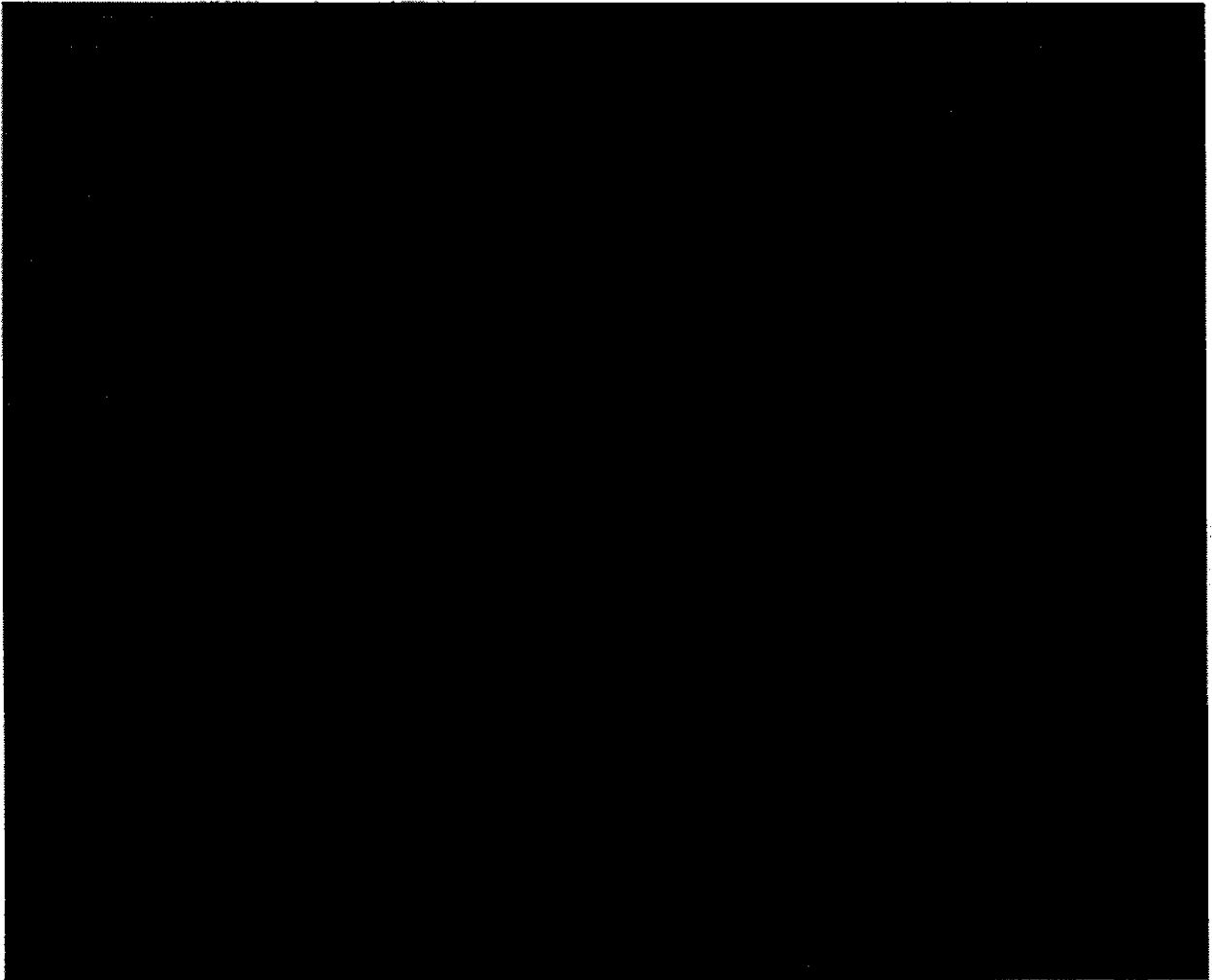
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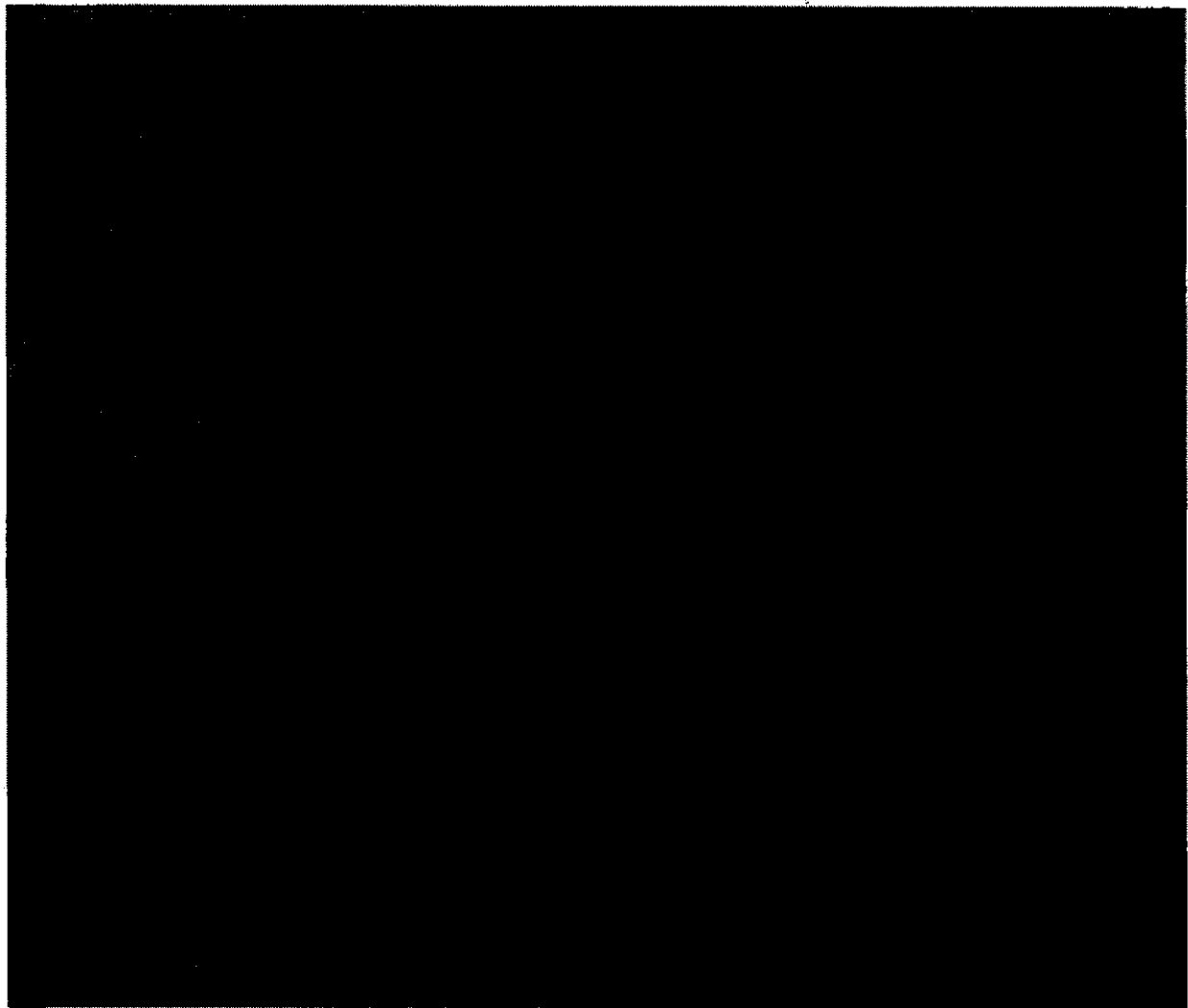
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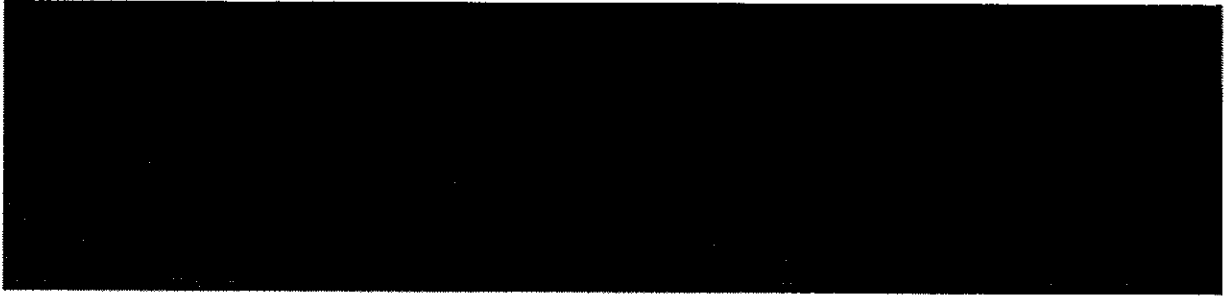




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[REDACTED]

[REDACTED]

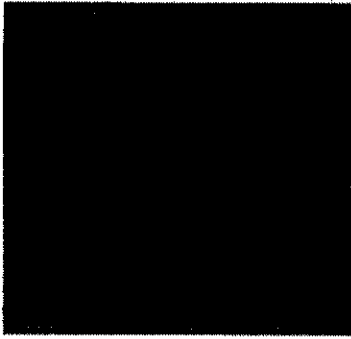


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[REDACTED]

[REDACTED]



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Footnote 689

[REDACTED]

From: Colyar, Kelly T.
Sent: Monday, February 07, 2011 4:21 PM
To: Mertens, Richard A.; Carroll, J. Kevin; Saad, Fouad P. [REDACTED]
Subject: FW: Solyndra - Imminent Default Roadmap
Attachments: Imminent Default Roadmap- Solyndra (02-07-11).pptx

Fyi. DOE should be sending over the cashflows by COB today as well.

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

From: Nwachuku, Frances [REDACTED]
Sent: Monday, February 07, 2011 4:12 PM
To: Colyar, Kelly T.
Cc: [REDACTED]
Subject: Solyndra - imminent Default Roadmap

Hi Kelly,

Find attached the promised roadmap. If the information not meet your requirements, please let me know. Hope to hear from you soon.

Regards,

Frances

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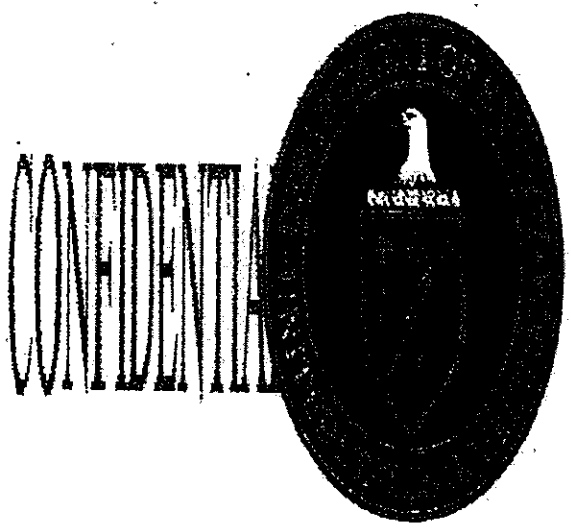
Frances I. Nwachuku
 Director
 Portfolio Management
 Loan Guarantee Program Office
 US Department of Energy
 1000 Independence Avenue SW
 Washington, DC 20585

[REDACTED]

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Draft - February 7, 2011

Loan Programs Office



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U.S. Department of Energy

Solyndra Imminent Default Roadmap

- ▶ DOE concluded, in the fall of 2010, that the default of FAB 2, LLC was imminent based on the following financial data of the parent, Solyndra, Inc.:
 - November 6, 2010 balance sheet data showed:
 - Cash balance: \$19.1 million
 - AR balance: \$21.8 million
 - AP balance: \$43.0 million
 - Then current weekly cash burn rate of \$10 million
- ▶ Solyndra, Inc. is the: i) EPC contractor; ii) Sole offtaker; iii) O&M Contractor; and iv) Equipment Supplier. Failure of Solyndra, Inc. would result in failure of FAB 2, LLC as project completion could not be reached.
- ▶ Without DOE funding on November 10th Solyndra had approximately \$40 million of available internal liquidity, equal to four weeks of operations (assuming 100% conversion of the company's A/R accounts to cash). When \$43 million in amounts due to suppliers is considered, the company was essentially insolvent.
- ▶ Failure to meet obligations to suppliers was certain to result in the exercise, by the suppliers, of all available remedies, including filing suit against the company to recover on the owed amounts.
- ▶ Any legal action by the suppliers was reasonably expected to result in a bankruptcy filing by the company as well as the loss of control by the DOE. In a bankruptcy, the rights of the suppliers to receive priority payment for equipment delivered and work done would almost certainly supersede that of the DOE.
- ▶ A debt restructuring that would result in i) additional working capital for Solyndra, Inc.; ii) allow for continued DOE funding to achieve project completion; and iii) improve the DOE's collateral package to ensure a higher return on invested capital was considered the better option to bankruptcy and the resultant liquidation of all FAB 2, LLC assets.

Footnote 692

[REDACTED]

From: Colyar, Kelly T.
Sent: Wednesday, February 09, 2011 3:08 PM
To: [REDACTED]
Subject: Fw: Solyndra Special PV Analysis

Saad, Fouad P.; [REDACTED]

Can we try for 10:30 tomorrow AM?

From: Nwachuku, Frances [REDACTED]
To: Colyar, Kelly T.
Cc: [REDACTED]
Sent: Wed Feb 09 15:00:11 2011
Subject: RE: Solyndra Special PV Analysis

Hi Kelly,

I think it would help if we had a call to work through some of the challenges you might be having with the data presented. How about 4pm?

Frances

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Frances I. Nwachuku
Director,
Portfolio Management Division
Loan Programs Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

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From: Colyar, Kelly T. [REDACTED]
Sent: Wednesday, February 09, 2011 2:49 PM
To: Nwachuku, Frances
Cc: [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Hi Frances,

Thanks for this information. I suppose part of our confusion is that we are having some difficulty tying some of the numbers here to the information DOE has previously provided. For example, the 60% rate on both tranches of the "post-negotiation" debt implies a recovery of approximately \$611M since recoveries are applied against principal and interest in the DOE model. The January 2011 presentation implies an enterprise value of \$240-\$360 million before giving effect to the new senior or pari-passu debt. We're also somewhat confused as to how the recovery rate would be equivalent on the two tranches of debt or how both the pre-completion and post-completion rates would be the same since a pre-completion scenario assumes the project would not be a going concern. It looks like we may have the same

issue as it relates to the application of the recovery rate to both principal and interest payments (scheduled) with the liquidation recovery rate.

We typically also have a little more detail regarding the specific default assumptions in developing the models. Regardless, we were under the impression DOE had developed cashflows that would identify the potential cost of a modification. In that case, we would typically isolate the effects of technical assumptions so that we could compare cashflows. Perhaps we misunderstood the point of the cashflows DOE developed? If DOE has not developed those cashflows, please let me know.

Thanks for your help.

From: Nwachuku, Frances [REDACTED]
Sent: Wednesday, February 09, 2011 1:16 PM
To: Colyar, Kelly T.
Cc: [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Hi Kelly,

The recovery assumptions are as contained in the analysis provided to your team on potential liquidation and going concern recovery amounts. The Brand CCC rating (default assessment) for the pre and post restructuring scenarios, respectively, reflect the following: D - imminent default of Solyndra and recovery dependent on liquidation of assets; while the CCC post restructuring rating reflects Solyndra's still vulnerable financial condition and the fact that its ability to meet financial obligations as restructured are very much dependent on favorable business and economic conditions, but without the threat of imminent default, as outlined in our presentation to you and your colleagues - the four legs. The assigned rating also fits with the S&P definition of CCC rated borrower.

Hope this gives you what you need. If not, I am available to chat so that I can better understand what you need from us.

Frances

Frances I. Nwachuku
Director,
Portfolio Management Division
Loan Programs Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

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[REDACTED]

From: Colyar, Kelly T. [REDACTED]
Sent: Wednesday, February 09, 2011 11:49 AM
To: Nwachuku, Frances: [REDACTED]
Cc: [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Frances,

Thanks for the clarification. I think we were looking for the analysis supporting the specific default and recovery assumptions. We're not clear how those were derived.

From: Nwachuku, Frances [REDACTED]
Sent: Wednesday, February 09, 2011 11:42 AM
To: Colyar, Kelly T.; [REDACTED]
Cc: [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Hi Kelly,

The pre-negotiation cash flows are simply the *updated* re-estimate cash flows (with the inclusion of two actual disbursements occurred in December), while the post-negotiation cash flows are the new proposed P&I. The recovery rates are based on the best case liquidation and going concern analysis (21% and 60%, respectively) as well as a D rating pre-restructuring and CCC rating post-restructuring.

Frances

Frances I. Nwachuku
Director,
Portfolio Management Division
Loan Programs Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

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[REDACTED]

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From: Colyar, Kelly T. [REDACTED]
Sent: Tuesday, February 08, 2011 5:00 PM
To: [REDACTED]
Cc: Nwachuku, Frances; [REDACTED]
Subject: RE: Solyndra Special PV Analysis

Frances/[REDACTED]

Thanks for sending this over. This is very helpful. We're going through the materials and want to ensure we understand the analysis.

Could you clarify what the cashflows (repayment schedule) represent in the two analyses? Also, could you send me the supporting analysis for the assumptions used in the pre and post negotiation analyses? Specifically, how were the default and recovery rates determined for the pre and post negotiation scenarios?

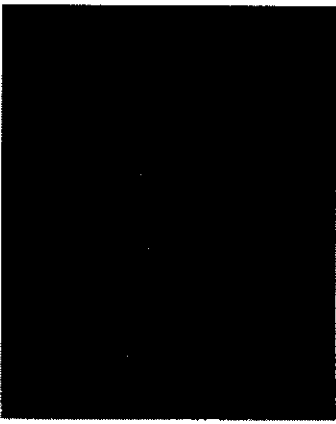
Thanks for your help.

From: [REDACTED]
Sent: Tuesday, February 08, 2011 3:57 PM
To: Colyar, Kelly T.

Cc: Nwachuku, Frances; [REDACTED]
Subject: Solyndra Special PV Analysis

Hi Kelly,

Attached please find the analysis results in Present Value (PV) differentials between a liquidation in December and the restructuring proposed for Solyndra. Please let us know if you have any questions.
Thanks.



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Footnote 694

From: [REDACTED]
Sent: Thursday, February 10, 2011 1:46 PM
To: [REDACTED]
Subject: FYI: FW: Heads up: Solyndra closing timing and question

From: [REDACTED]
Sent: Thursday, February 10, 2011 1:45 PM
To: Timberlake, Courtney B.
Cc: [REDACTED]
Subject: RE: Heads up: Solyndra closing timing and question

I think they have demonstrated imminent default—and have stated that DOE made the determination in the fall. The project is dependent on the parent, and the parent would not be able to continue absent DOE continued funding of the loan.

What we do not have sufficient information to say that the restructuring is less costly than liquidation.

Below are the bullets from the power point slide, if you're on blackberry.

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- ▶ DOE concluded, in the fall of 2010, that the default of FAB 2, LLC was imminent based on the following financial data of the parent, Solyndra, Inc.:
 - November 6, 2010 balance sheet data showed:
 - Cash balance: \$19.1 million
 - AR balance: \$21.8 million
 - AP balance: \$43.0 million

Then current weekly cash burn rate of \$10 million

- ▶ Solyndra, Inc. is the: i) EPC contractor; ii) Sole off taker; iii) D&M Contractor; and iv) Equipment Supplier. Failure of Solyndra, Inc. would result in failure of FAB 2, LLC as project completion could not be reached.
- ▶ Without DOE funding on November 10, Solyndra had approximately \$40 million of available internal liquidity, equal to four weeks of operations (assuming 100% conversion of the company's A/R accounts to cash). When \$43 million in amounts due to suppliers is considered, the company was essentially insolvent.
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- ▶ Any legal action by the suppliers was reasonably expected to result in a bankruptcy filing by the company as well as the loss of control by the DOE. In a bankruptcy, the rights of the suppliers to receive priority payment for equipment delivered and work done would almost certainly supersede that of the DOE.
- ▶ A debt restructuring that would result in: i) additional working capital for Solyndra, Inc.; ii) allow for continued DOE funding to achieve project completion; and iii) improve the DOE's collateral package to ensure a higher return on invested capital was considered the better option to bankruptcy and the resultant liquidation of all FAB 2, LLC assets.

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From: Timberlake, Courtney B.
Sent: Thursday, February 10, 2011 1:41 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: Heads up: Solyndra closing timing and question

So, setting aside the cashflow issue, they have not provided sufficient analysis to demonstrate that Solyndra is in imminent default?

From: [REDACTED]
To: Timberlake, Courtney B.
Cc: [REDACTED]
Sent: Thu Feb 10 13:35:17 2011
Subject: Heads up: Solyndra closing timing and question

Courtney,

We wanted to provide a heads up on the status of Solyndra, before this afternoon's meeting on the conditions precedent question, in case you wanted to touch base with Sally and Mike at that meeting. DOE told us today that closing on the restructuring could be tomorrow or Monday, and therefore a call from OMB is needed on the modification vs. workout question.

In response to the request for documentation of DOE's imminent default determination, DOE provided the attached slide. For the cash flow analysis, instead of a modification to the stipulation, we received something from DOE Tuesday afternoon that shows the agency's estimated savings of \$330M, relative to allowing the project to go to liquidation. After review and conversations with DOE, we still have technical and conceptual concerns with the cash flow analysis (see below). While DOE expects to send revised cashflows later today, we do not expect any new information, and it is highly unlikely we will be able to come to consensus with the agency on the cash flow analysis before closing.

Is the imminent default rationale in the attached sufficient to meet the determination requirement you laid out on the February 4 call with DOE, provided that for any future proposed workouts 1) DOE agrees that it does not set a precedent; and 2) that DOE and OMB will work together to determine the appropriate form and process for (including cash flow analysis)?

Please let us know if you have questions, or need further information.
-Credit crew

Background—concerns with the cash flow analysis:

Rather than providing an analytical justification that assessed the potential costs of the modification, DoE provided a counter-factual scenario comparing a bankruptcy scenario to the value of Solyndra as going concern with the restructuring. Technical concerns include 1) ignoring the cost of continued disbursements to Solyndra after determination of imminent default; and 2) potentially significant overstatement of recoveries in the restructuring scenario, which effectively would show DOE recovering more than the estimated enterprise value of Solyndra.

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Footnote 700, 701

From: [REDACTED]
Sent: Friday, February 11, 2011 6:31 PM
To: [REDACTED]
Subject: RE: Comments requested ASAP please...FW: Draft email to DOE on Solyndra

I'm not comfortable with the language that deems DOE's analysis reasonable.

From: [REDACTED]
Sent: Friday, February 11, 2011 6:28 PM
To: [REDACTED]
Subject: RE: Comments requested ASAP please...FW: Draft email to DOE on Solyndra

This looks good to us. No suggestions.

[REDACTED]
Policy Analyst | Federal Credit Programs
Office of Management and Budget | Budget Review Division
[REDACTED]

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From: [REDACTED]
Sent: Friday, February 11, 2011 5:59 PM
To: [REDACTED]
Subject: Comments requested ASAP please...FW: Draft email to DOE on Solyndra

I think we need to get this out ASAP. Please let me know if you have any showstoppers. Sorry for the delay in sending, I didn't realize you weren't on here.

From: Timberlake, Courtney B.
Sent: Friday, February 11, 2011 5:05 PM
To: Mertens, Richard A.; Carroll, J. Kevin; [REDACTED]; Colvar, Kelly T.; Saad, Fouad P.
Cc: Ericsson, Sally C.; Falkenheim, Michael C.; Richardson, William; [REDACTED]
Subject: Draft email to DOE on Solyndra.

All,

Below is an email I've drafted on the Solyndra restructuring, letting DOE know that their demonstration of imminent default, along with the analysis they've provided, is what will qualify as a workout. Please let me know if you have any comments.

Thank you for working with us to better understand the details of the Solyndra restructuring. Based on the information you have provided to support DOE's stated position that Solyndra is in "imminent default" and the reasonableness of DOE's analysis that the restructuring would leave DOE in a better position if the borrower does ultimately default, OMB has concluded that the restructuring constitutes a workout, rather than a modification, under OMB Circular A-11, Section 185.

Footnote 702

[REDACTED]

From: Nwachuku, Frances
Sent: Wednesday, February 16, 2011 4:11 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Solyndra FY 2011 Re-estimate Results

Looks good. Please forward to Kelly.

Frances

Frances I. Nwachuku
Director,
Portfolio Management Division
Loan Programs Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

[REDACTED]

From: [REDACTED]
Sent: Wednesday, February 16, 2011 3:00 PM
To: Nwachuku, Frances
Cc: [REDACTED]
Subject: Solyndra FY 2011 Re-estimate Results

Hi Frances,

Attached please find the updated re-estimate memo and the Cash Flows and CSC2 Output (60% recovery rate). Please let us know if you have any questions.
Thanks.

Regards,
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Footnote 703, 704

From: Richardson, Susan
To: Silver, Jonathan; [REDACTED]
Cc: Nwachuku, Frances
Subject: Re: Solyndra
Date: Tuesday, February 22, 2011 8:45:04 PM

Did rod have any follow up conversations?

From: Silver, Jonathan
To: [REDACTED]
Cc: Nwachuku, Frances; Richardson, Susan
Sent: Tue Feb 22 19:36:45 2011
Subject: Re: Solyndra

Didn't know I was expected to do that. Thought you all had resolved it.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: [REDACTED]
To: Silver, Jonathan
Cc: [REDACTED] Nwachuku, Frances; Richardson, Susan
Sent: Tue Feb 22 19:21:23 2011
Subject: Solyndra

Jonathan – Have you or someone at a senior DOE level confirmed (with OMB) that the restructuring is a “workout” and not a “modification”?

[REDACTED]
Loan Guarantee Program
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

[REDACTED]

Footnote 705

From: Nwachuku, Frances
To: Silver, Jonathan; [REDACTED]
Cc: Richardson, Susan
Subject: Re: Solyndra
Date: Tuesday, February 22, 2011 8:20:01 PM

I have sent emails and placed calls to Kelly as recent as this evening. Our most recent conversation concluded that a modification scoring was not required and we provided, as agreed, an early re-estimate under the assumption that a restructuring was the only reasonable classification of the process that we have undergone with Solyndra.

I intend to follow up again first thing tomorrow morning.

Frances

From: Silver, Jonathan
To: [REDACTED]
Cc: Nwachuku, Frances; Richardson, Susan
Sent: Tue Feb 22 19:36:45 2011
Subject: Re: Solyndra

Didn't know I was expected to do that. Thought you all had resolved it.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: [REDACTED]
To: Silver, Jonathan
Cc: [REDACTED] Nwachuku, Frances; Richardson, Susan
Sent: Tue Feb 22 19:21:23 2011
Subject: Solyndra

Jonathan – Have you or someone at a senior DOE level confirmed (with OMB) that the restructuring is a “workout” and not a “modification”?

[REDACTED]
Loan Guarantee Program
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

[REDACTED]

Footnote 706

Stone, Carla

From: Nwachuku, Frances [REDACTED]
Sent: Tuesday, February 22, 2011 5:54 PM
To: Colyar, Kelly T.
Subject: Solyndra

Hi Kelly,

We are done with review of the documentation for the Solyndra restructuring and are prepared to close. All parties are in possession of the execution copies of the documents. Where are you in your process?

Frances

Frances I. Nwachuku
Director,
Portfolio Management Division
Loan Programs Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

[REDACTED] **CONFIDENTIAL**

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Footnote 707

[REDACTED]

From: Mertens, Richard A.
Sent: Wednesday, February 23, 2011 12:06 PM
To: Carroll, J. Kevin; Colyar, Kelly T.; Saad, Fouad P.
Subject: Fw: Solyndra work out

I saw that Courtney intends to send something to DOE, but I'm not sure exactly what she will send. Could you please follow up with Owen as necessary on this. Thx.

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

From: Barwell, Owen [REDACTED]
To: Mertens, Richard A.
Sent: Wed Feb 23 11:43:39 2011
Subject: Solyndra work out

[REDACTED]

We plan to close Solyndra restructuring today. Any issues from your end we need to discuss?

Cheers, Owen

Owen F. Barwell
Chief Operating Officer, Loan Programs Office U.S. Department of Energy 1000 Independence
Avenue, SW Washington, DC 20585

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[REDACTED]

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Footnote 708

From: Silver, Jonathan
Sent: Wednesday, February 23, 2011 1:58 PM
To: Nwachuku, Frances; Richardson, Susan
Subject: Fw: Treatment of Solyndra restructuring

Just smile.

I have no hair left to tear out.

Should be no problem to create better returns in a restructuring than those assumed in the original deal? Sure, we'll get 103 cents on the dollar.

We will litigate these on a case by case basis obviously. No need to fight now.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: Timberlake, Courtney B. [REDACTED]
To: Silver, Jonathan; Richardson, Susan; Nwachuku, Frances
Cc: Ericsson, Sally C. [REDACTED]; Falkenheim, Michael C.
[REDACTED]

Sent: Wed Feb 23 13:55:26 2011

Subject: Treatment of Solyndra restructuring

Thank you for working with us to better understand the details of the Solyndra restructuring. Based on the information you have provided to support DOE's stated position that Solyndra is in "imminent default" and DOE's analysis that the restructuring would leave DOE in a better position if the borrower does ultimately default, OMB has determined that the restructuring constitutes a workout, rather than a modification, under OMB Circular A-11, Section 185.

In the future, to the extent that such circumstances occur in this or other DOE financings, DOE will be required to demonstrate that the borrower is in "imminent default" and provide reasonable analysis that any actions taken will produce a better return to the Government than those actions assumed in the baseline cashflows in order for the action to qualify as a workout, rather than as a modification.

Thanks again.

Regards,
Courtney

Courtney Timberlake
Assistant Director for Budget
Office of Management and Budget
[REDACTED]

Footnote 714

From: Burner, Gary
To: [REDACTED]
Subject: RE: Email Re: Solyndra
Date: Wednesday, February 09, 2011 4:26:00 PM

I am available. I do not know if [REDACTED] was concerned or if this would be an insult. Let's see if someone will hit the send button.

I have been told that the House has cut the loan program by \$1.4B. Have you heard anything?

Did Ian every talk to you about locking interest rates?

From: [REDACTED]
Sent: Wednesday, February 09, 2011 4:22 PM
To: Burner, Gary
Subject: Email Re: Solyndra

Gary,

Following-up on our conversation yesterday, I'd like to talk with [REDACTED] later today about the possibility of him or [REDACTED] ending an email in [REDACTED] absence to Susan Richardson and Frances re: Solyndra, given my understanding that DOE may be seeking to finalize restructuring terms at the end of this week.

Are you available to talk with [REDACTED] in the next hour or two? Also, do you have any reason to believe that Peter may have intentionally decided not to send an email to DOE, rather than having just run out of time?

I think the conversation with [REDACTED] would be more productive if we had a draft email that we could put in front of [REDACTED]. What do you think about the below?

To: [REDACTED]
CC: [REDACTED] Gary Burner [REDACTED]

Subject: Potential Changes to the Solyndra Loan Guarantee Agreement

Dear Frances and Susan,

Treasury staff has learned from OMB that the Department of Energy is close to identifying a set of adjustments to the Solyndra Loan Guarantee Agreement in response to Solyndra's financial condition. As we understand that these adjustments may include subordination of Solyndra's \$535 million reimbursement obligation to DOE, I wanted to be sure that you are aware of 31CFR902 (and the authorizing statute 31USC3711), which stipulates that the authority to accept the compromise of a claim of the United States Government rests with the Department of Justice in those instances where the principal balance of a debt exceeds \$100,000.

Can you let us know at what stage you are in discussions with Solyndra, as well as whether and when you will be referring the contemplated adjustment to DOJ?

Please let us know if you think we can be of any assistance as you move forward.

Regards,
[]

[REDACTED]
Office of Environment and Energy
U.S. Department of the Treasury
[REDACTED]

Footnote 715

[REDACTED]

From: Burner, Gary
Sent: Thursday, February 10, 2011 2:05 PM
To: [REDACTED]
Subject: Solyndra

Dear Frances and Susan,

Treasury staff has learned from the Office of Management and Budget that the Department of Energy is close to implementing a set of adjustments to the Solyndra Loan Guarantee Agreement in response to Solyndra's financial condition. We understand that these adjustments may include subordination of Solyndra's \$535 million reimbursement obligation to DOE and possibly the forgiveness of interest. Unless DOE has other authorities, these adjustments may require approval of the Department of Justice pursuant to 31 USC 3711 and 31 CFR Part 902. Unless other authorities exist, this statute rests with DOJ the authority to accept the compromise of a claim of the U.S. Government in those instances where the principal balance of a debt exceeds \$100,000. Let me know if you need the name of a contact at DOJ.

Will you be referring the contemplated adjustment to DOJ or are there other authorities that DOE is using to compromise this debt?

Please let us know if the FFB can be of any assistance as you move forward. If you need to modify any FFB agreements, please let me know.

Sincerely,
Gary

Footnote 718

[REDACTED]

From: Burner, Gary
Sent: Thursday, February 10, 2011 5:54 PM
To: 'Nwachuku, Frances'; 'Richardson, Susan'
Subject: RE: Solyndra

Frances,

Thanks for your quick response. Do you have some time tomorrow around 10:00AM?

Gary

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

From: Nwachuku, Frances [REDACTED]
Sent: Thursday, February 10, 2011 4:44 PM
To: Burner, Gary; Richardson, Susan
Subject: RE: Solyndra

Hi Gary,

I believe there is a gross misunderstanding of the outcome of the negotiated restructuring of the Solyndra obligation to DOE. Could you give me a call to discuss. Thanks.

Frances

Frances I. Nwachuku
Director,
Portfolio Management Division
Loan Programs Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

[REDACTED]

From: Gary Burner [REDACTED]
Sent: Thursday, February 10, 2011 2:05 PM
To: Richardson, Susan; Nwachuku, Frances
Subject: Solyndra

Dear Frances and Susan,

Treasury staff has learned from the Office of Management and Budget that the Department of Energy is close to implementing a set of adjustments to the Solyndra Loan Guarantee Agreement in response to Solyndra's financial condition. We understand that these adjustments may include subordination of Solyndra's \$535 million reimbursement obligation to DOE and possibly the forgiveness of interest. Unless DOE has other authorities, these adjustments may require approval of the Department of Justice pursuant to 31 USC 3711 and 31 CFR Part 902. Unless other authorities exist, this statute rests with DOJ the authority to accept the compromise of a claim of the U.S. Government in those instances where the principal balance of a debt exceeds \$100,000. Let me know if you need the name of a contact at DOJ.

Will you be referring the contemplated adjustment to DOJ or are there other authorities that DOE is using to compromise this debt?

Please let us know if the FFB can be of any assistance as you move forward. If you need to modify any FFB agreements, please let me know.

Sincerely,
Gary

Footnote 726

[REDACTED]

From: Zients, Jeffrey D. [REDACTED]
Sent: Wednesday, August 17, 2011 8:57 AM
To: Miller, Mary
Cc: [REDACTED]
Subject: RE: Solyndra

Thanks Mary.
JZ

From: Mary Miller [REDACTED]
Sent: Wednesday, August 17, 2011 8:24 AM
To: Zients, Jeffrey D.
Cc: [REDACTED]
Subject: Solyndra

Jeff – prior to our call today I wanted to clarify an important point. Since July of 2010 Treasury has asked DOE for briefings on Solyndra’s financial condition and any restructuring of terms. The only information we have received about this has been through OMB, as DOE has not responded to any requests for information about Solyndra. Our legal counsel believes that the statute and the DOE regulations both require that the guaranteed loan should not be subordinate to any loan or other debt obligation. The DOE regulations also state that DOE shall consult with OMB and Treasury before any “deviation” is granted from the financial terms of the Loan Guarantee Agreement. In February we requested in writing that DOE seek the Department of Justice’s approval of any proposed restructuring. To our knowledge that has never happened.

While I expect that DOE has a view about why loan subordination can occur without DOJ approval or Treasury consultation, I wanted to correct any impression that we have acquiesced in the steps to date. We are studying the materials for the call later today. Thanks for your assistance.

Mary J. Miller
Assistant Secretary for Financial Markets
[REDACTED]

Footnote 732

Microsoft Outlook

From: Colyar, Kelly T.
Sent: Thursday, August 11, 2011 1:48 PM
To: Mertens, Richard A.; Carroll, J. Kevin; [REDACTED]
Subject: Solyndra

Below is an update on the Solyndra loan guarantee. Please let me know if you have any comments or questions.

Solyndra Loan Guarantee

DOE told OMB and other EOP staff today that Solyndra is experiencing difficulties and that a bankruptcy or restructuring is imminent (potentially in the next few days). At this point, \$526.8 million of the \$535 million loan guarantee has been disbursed. Due to the restructuring this past March in which DOE subordinated its debt to Solyndra's investors, recoveries for the U.S. government in the event of a default are likely to be minimal. DOE believes they will have a better idea of the path forward in the next 24-48 hours. This issue could become public very quickly since Solyndra may already be unable to pay their suppliers.

You may recall that DOE announced in March that they had restructured the Solyndra loan. Prior to this restructuring, OMB staff expressed reservations about the prospects of the company and DOE's proposal. This issue was discussed with the NEC and the Chief of Staff. In the end, citing DOE's expertise in the transaction, OMB deferred to DOE's determination that the proposed restructuring would result in better recoveries for U.S. taxpayers than had DOE called default and taken over the asset immediately. OMB staff specifically cited concerns about the company's ability to meet their projections, subordination of the DOE loan, and the likelihood that Solyndra's investors may not ultimately provide the additional capital the company required to continue operations.

Unfortunately, the scenario which OMB staff had feared has materialized. DOE has indicated that Solyndra revised their sales forecasts last week and that these projections have decreased significantly due to reduced sales in Europe and continued pressure from Chinese panel manufacturers. Solyndra's investors are due to provide an additional \$75 million in senior debt pursuant to the March restructuring, but so far they have refused based on these revised projections. These investors are now considering whether to seek a bankruptcy or restructuring.

Footnote 737

To: George Kaiser
Cc: [REDACTED] ken [REDACTED] Steve Mitchell
From: Steve Mitchell
Sent: Sat 4/23/2011 4:09:58 AM
Subject: Solyndra Update
2692_001.pdf


George,

As discussed, [REDACTED] and I were in Fremont on Wednesday so everyone could get up to speed on Solyndra and have an opportunity to meet Brian Harrison and some of the other additions to the senior team. We toured the Fab 2 facilities and then spent the day with Brian getting an update – we spent some time on financials and operations, however, the majority of our time was spent discussing the North American and EMEA sales pipeline and demand creation. Overall I thought it was a positive meeting that exceeded expectations and that Brian was favorably received by all members of our team – however, each of them should feel free to give you their thoughts separately.


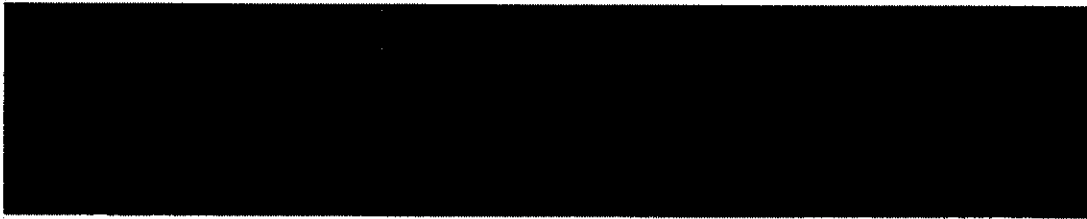
I will give quick overviews of operations, technology and financials as these are all going well (operations and technology) or as expected (financials). I won't go into the sales pipeline in great detail but try and give you an overview of how sales and demand are shaping up and will also reference a couple of challenges and large opportunities that could impact the company's opportunity for success as well.

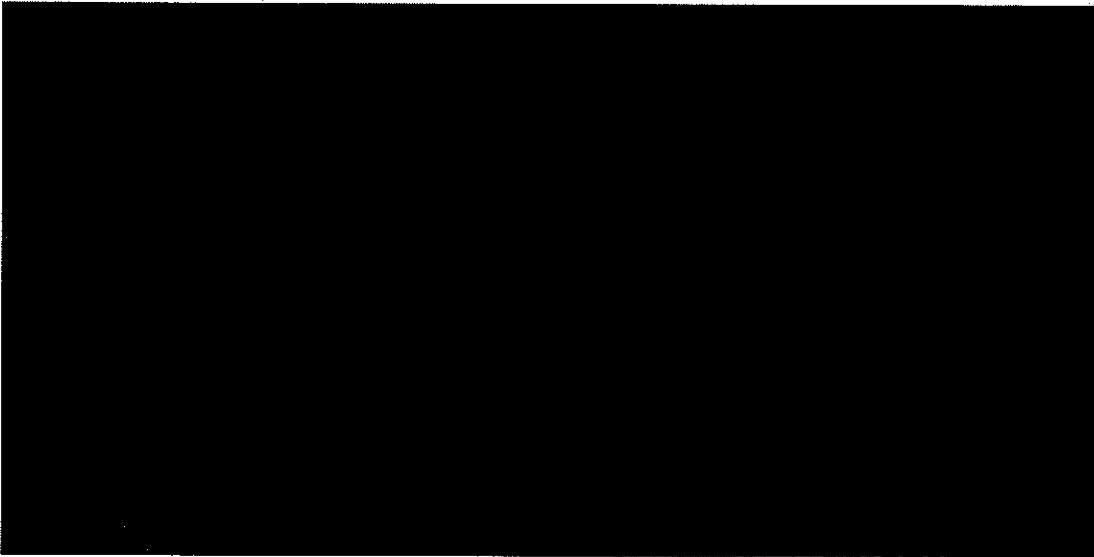
[REDACTED]

[REDACTED]

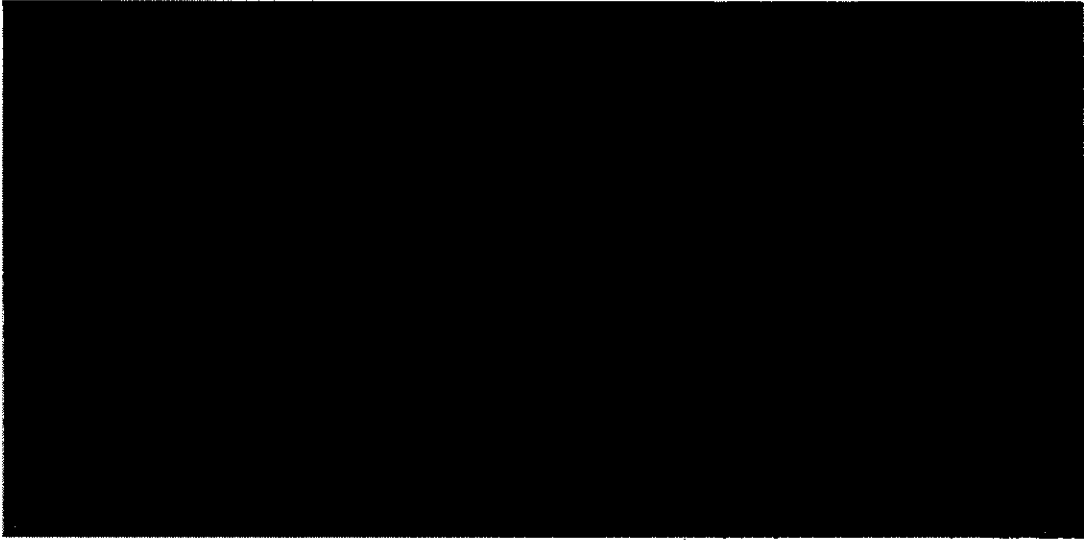


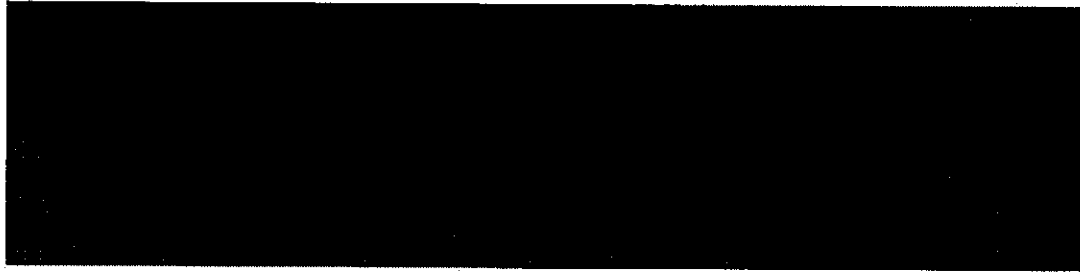
Financials: The financial situation of the company remains unchanged – they continue to need an additional \$75 million (and in reality we all believe it is a \$100 million amount). As we have discussed, this additional capital is for working capital, however, the actual amount of the need could vary a great deal depending on (i) the slope of the sales ramp relative to the slope of the production ramp and (ii) the average daily sales outstanding (prompt A/R collection has been solid in the US, however, that has not always been the case in Europe – especially in Greece and Italy which are the hot solar markets right now (pardon the pun)). The company will need the first installment of the additional capital in the first half of June (app. \$15 million) and will need access to the entire \$75 million by the end of the summer or September at the latest. Although we had hoped to make it to the end of June or early July before needing to make a decision the plan has always reflected a June capital infusion. The primary issue driving the need in early June versus late June/early July is two outstanding and late accounts receivable (one from Greece and one from Italy) in the amounts of \$7 million and \$6 million. These are expected to be paid eventually (the customer in Italy is trying to order an additional 3MW and we have refused until we receive payment).





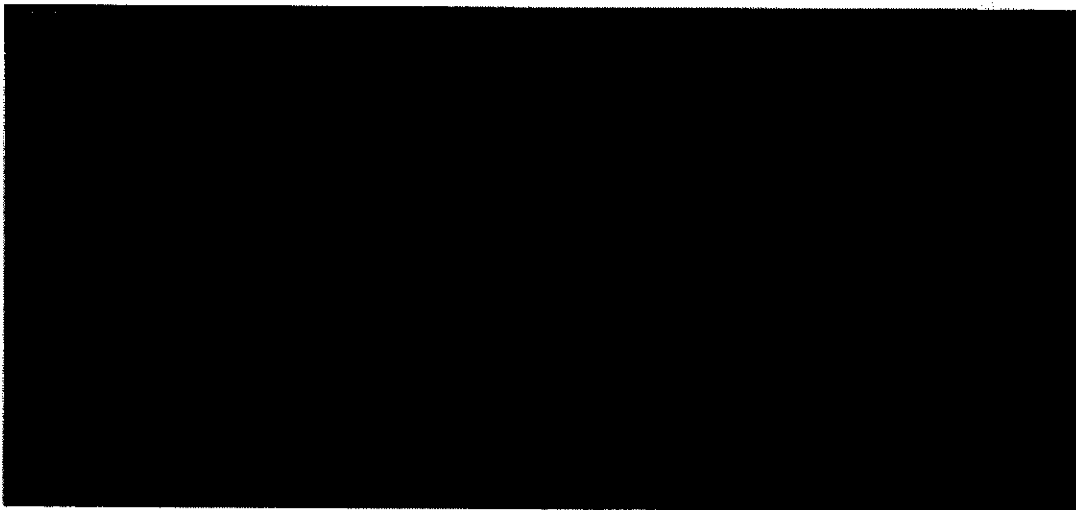
As previously discussed, the company's go-to-market strategy (regardless of competitive issues that occurred) was awful. The company was attempting to sell its differentiated product through commodity distribution – this was the entire driver for 2009 and 2010 (Q1 – Q3) and this was a doomed strategy as Solyndra's panels are not all things for all rooftops and we had no control over where the panels ended up. This resulted in frustrated customers and frustrated or confused distributors who quit selling the panels. In addition, as the market commoditized and prices crashed the FITs in Europe had not differentiated distributed rooftop installations versus ground based installations and the distributors and integrators turned their focus almost exclusively to ground based systems that enabled them to move enormous volume. As reflected in the Italy discussion above this pendulum is starting to move the other way as PV base-load power is not attractive for utilities and it uses up land that European governments do not want allocated to solar farms.

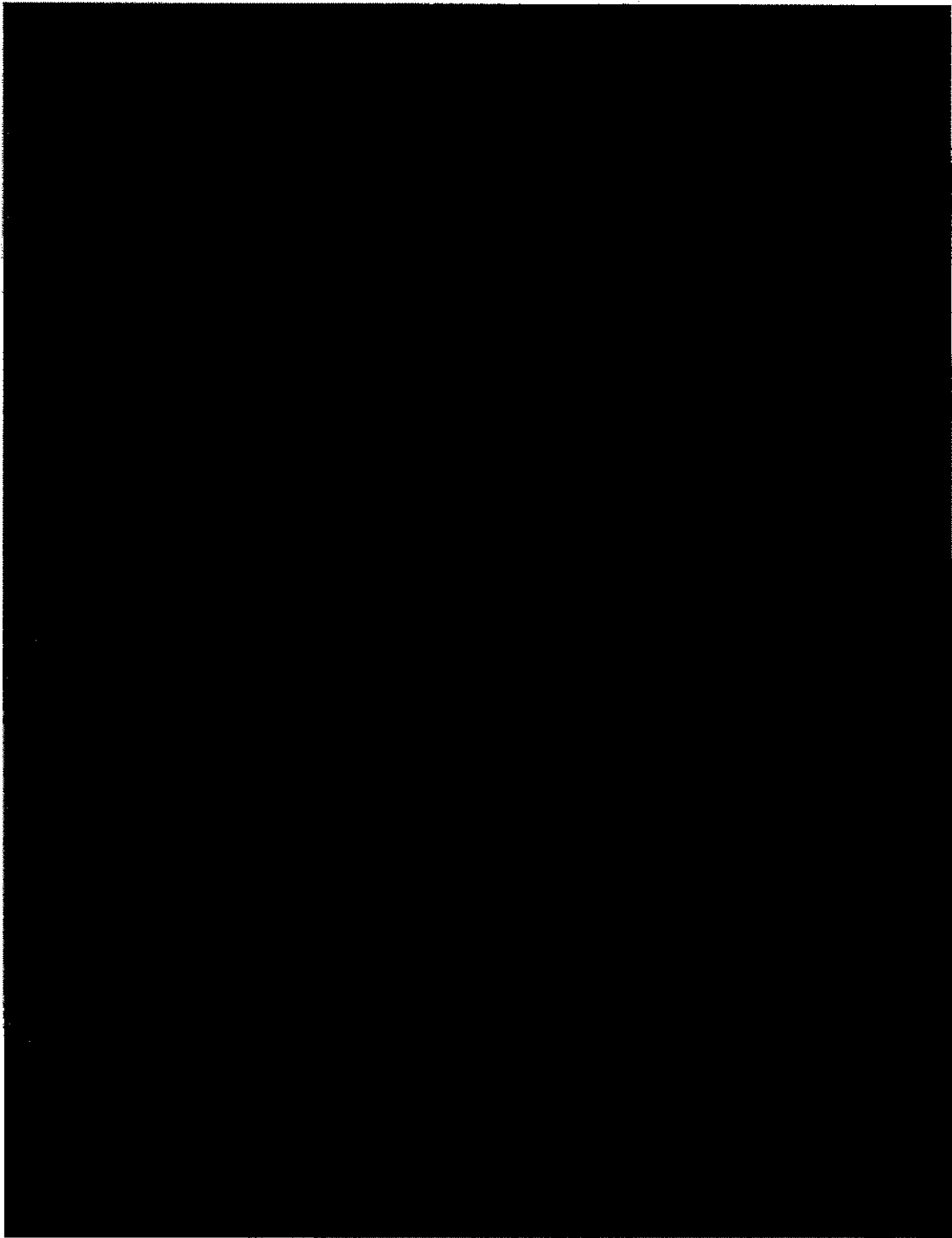




The key takeaway is that the pipeline is growing at a very good rate, it appears to be a quality pipeline that has real forecasting and gateway metrics for measuring it going forward and the confidence of Brian and the sales team is clearly growing. I believe the team understands the product very well and knows how to sell it, but they are playing catch-up in light of the severity of the sales ramp they must meet in the next 3 quarters.

Interesting Situations: ProLogis: You may recall the 16MW deal that Solyndra was awarded last year as the panel provider with ProLogis as the rooftop partner, BofA as the lender (subject to approval of a DOE loan guaranty) and PG&E as the power purchaser. This has been hanging out there for some time awaiting final approval by the DOE, apparently this approval is expected to come within the next two weeks. These panels would primarily ship in the 4th quarter and would go a long way to shoring up the 45MW sales requirement for Q4. We will let you know as soon as we hear something. In addition, this project – entitled Photon – is hopefully being rolled into a much larger DOE loan approval (400MW) with ProLogis and BofA called Amp (apparently the DOE can't help themselves either). Although Solyndra would still have to compete for projects with other solar panel providers, ProLogis is a RIET and these 400MWs would all be US based rooftop installations.

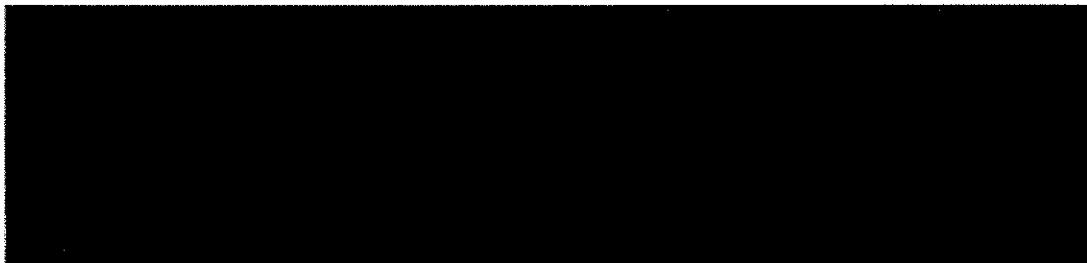




Financing & Capital Structure: We are a long way from making any kind of recommendation – whether to invest or let the company fail or if we recommend to invest, in what manner should we invest. We know the outcome if we don't invest. If we choose to invest it will certainly need to be in the form of debt with warrants again as we will want to try and be as high in the capital structure as possible – which will take some wrangling with the DOE. Recognizing that a \$15 million capital need exists in June we will be doing a lot of this in parallel (i.e. figuring out our investment recommendation, negotiating terms with the DOE and figuring out the best investment structure).

You may recall that the last \$75 million was a senior secured term loan and the DOE has a \$150 million tranche of junior secured debt behind us. The DOE would like any new investment to be pari pasu to their \$150 million of debt – we have not agreed to this or committed to put up any additional dollars. Ideally the DOE would allow us to increase the size of our senior secured debt to \$150 million, however, they have been adamant to the company that this will not (and politically cannot) occur.

The initial thoughts we have kicked around internally (i.e. Argonaut team) would be to propose a working capital line of credit that is secured by the A/R and the inventory and lenders would receive warrants equal to 50% of the company (the other 50% held by the senior secured lenders from this last round). This would be senior to all other debt as it relates to the inventory and A/R, however, in light of the substantial decrease in value of both asset classes in the event of a liquidation I don't think it would cover the debt in a liquidation scenario. This is very early thought and has not been discussed with anyone qualified to vet its survival in a bankruptcy and how it would be prioritized as it relates to AP which would be substantial in a liquidation scenario as well.



At some point in the next 6 weeks I believe it would be productive for you to visit the company if you are going to be in SF or the management team has offered come here and take you through the business progress. Brian mentioned that he would like to do this, not to sell you on investing as much as make sure and be as transparent as possible and to feel you understand the challenges and opportunity.

I apologize that this was such a subjective email but most of the numbers that really matter for Solyndra at this point are ahead in the next 3 quarters. We will continue to monitor the sales momentum and track the opportunities and challenges like [REDACTED] and ProLogis and keep you up to date as well.

Steve

Footnote 738

[REDACTED]

From: [REDACTED]
Sent: Tuesday, May 10, 2011 8:59 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Solyndra Cash Position

Good morning.

Based on the below, can you run through the restructuring documents to identify all defaults that currently exist or are likely to occur based on the projected cash flows. Also, we need to chart a course of action for a filing of involuntary bankruptcy by DOE/other lenders prior to a voluntary bankruptcy by Solyndra. Also, please prepare an analysis of the limitations on DOE's actions based on our intercreditor agreement. Best if we can get the analysis (or a preliminary draft) by mid-day on Friday. I am free to discuss at your convenience today.

Also, based on sales projects and positive business development opportunities, I expect the current investors to fund tranche c but we need the default analysis in case the funding does not occur on a timely basis.

Thanks,

[REDACTED]

[REDACTED]

Loan Guarantee Program
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

[REDACTED]

From: [REDACTED]
Sent: Monday, May 09, 2011 6:24 PM
To: Nwachuku, Frances
Cc: [REDACTED]
Subject: Solyndra Cash Position

Based on the cash forecast Solyndra provided last week, without the contribution of additional equity during the first week in June, Solyndra will have a closing cash balance of \$6.5 million for the week ending 6/3 and will have a negative closing cash balance of -\$4 million for the week ended 6/10. The attached powerpoint slide has the cash flow projections (password: sunshine).

[REDACTED]

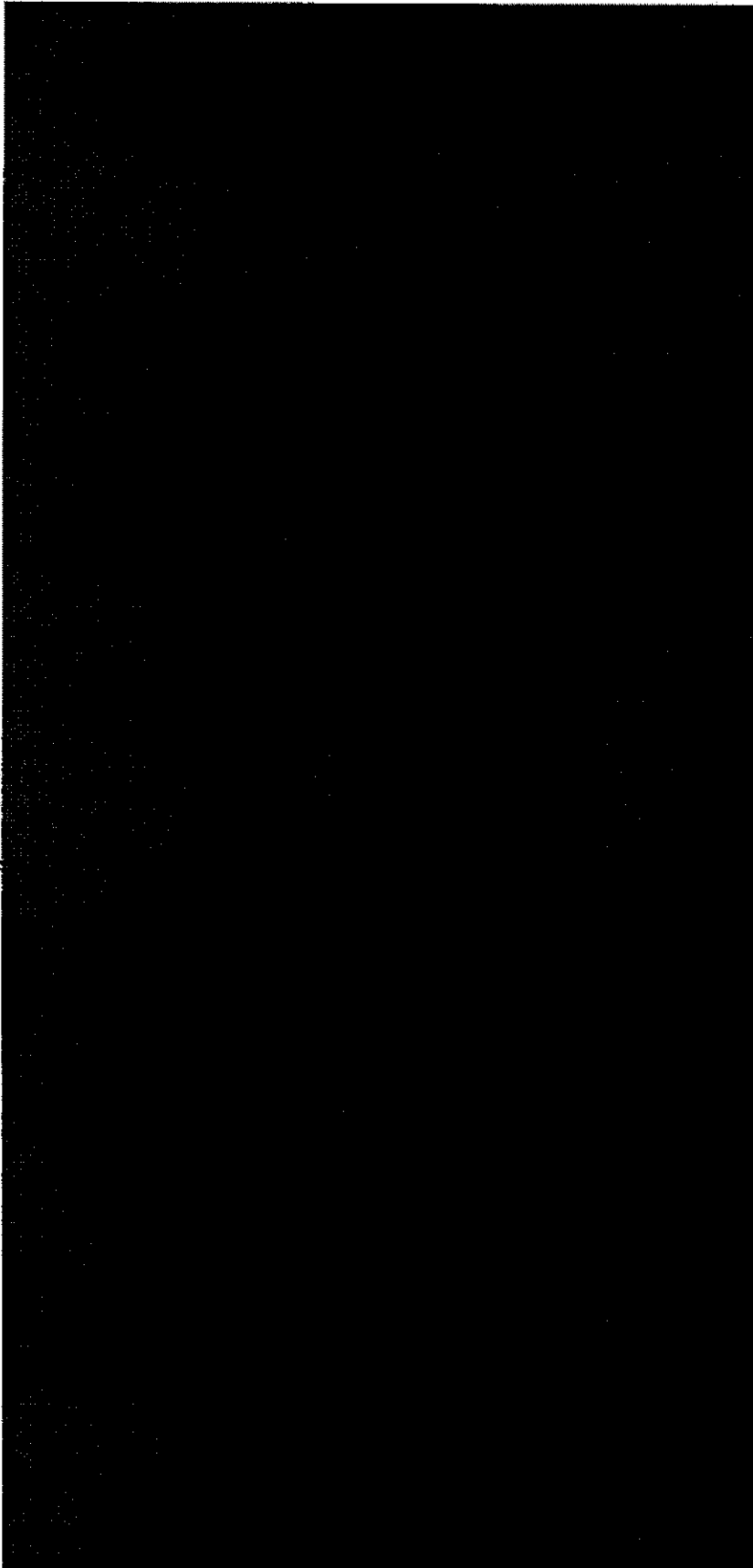
Portfolio Management
Loan Guarantee Program

U.S. Department of Energy
1000 Independence Avenue, SW
Room 5A-085
Washington, DC 20585



Solyndra Cash
Flows.pdf

Cash Forecast



- 1) **Funds Available:** The May 16th DOE/Tranche A draws, and incremental funding in the 1st week of June are fundamental to continued operation of the Company.
- 2) **Vendor Management:** Company operations are already impacted by delayed payments to vendors. Reducing past due A/P's is essential to our ramp of the business.

Footnote 739

[REDACTED]

From: [REDACTED]
Sent: Saturday, May 07, 2011 7:38 AM
To: [REDACTED] Nwachuku, Frances; [REDACTED]
Subject: Notes from 5/5 Solyndra Board Call

At [REDACTED]'s request I sat in on the 5/5/11 Solyndra Board call dealing with a finance update. Here are my notes:

- Business Overview:
 - Technical metrics and spending are better than target
 - Issuance of legislation in Italy is expected to unfreeze sales bottleneck. The company released 1 MW in orders on 5/5 and is expected to release another 0.6MW on 5/6
 - Accounts receivable are a major problem. [REDACTED]
 - Brian reported on key sales initiatives:
 - He reported on a phone call with Jonathon Silver that touched, in part, on the Solyndra project that is tied to the SCE agreement. He reported that Jonathon could not, of course, provide any confidential information on the deal. He noted that the Solyndra piece of the project could result in 2 MW/month for most of Q3 and Q4.
 - He reported on sales discussions with Walmart that have been positive and could result in up to 25MW being installed on 50 buildings.
 - He reported on discussions with [REDACTED] that were less advanced than those with Walmart.
 - He reported on discussions with [REDACTED] that could result in a very significant long-term relationship. Their key impediment is concern over Solyndra's long term viability
- Cash flow forecast
 - Payables are becoming critical and severely straining vendor relationships. Current level is \$70M
 - Receivables are also severe (\$39.9M), [REDACTED]
 - Cash investment is needed no later than week of 6/3. Forecast shows \$35M raised
 - Steve from Argonaut sees no way that \$35M will be invested by that time (too much risk, on-going due diligence will be open)
 - Could see up to \$15M-\$20M by that time, with more to follow if things continue to improve on the market side
- Discussion of fundraising process
 - Bill/Steve reported on call with DOE
 - Both indicated that DOE has no flexibility on changing structure entered into last quarter, reiterated by J. Silver in call with Brian
 - Significant discussion on use of receivables-type financing as a way to mitigate risk, e.g., factoring of receivables or purchase/resale of finished panels by the financing party.
 - Seen as way to significantly improve working capital situation
 - Provides lender with some hard assets (panel inventory), while not hurting DOE collateral position
 - If panels are not ultimately sold, investment will just flip to Series C
 - Solyndra and Argonaut are working to analyze and put a proposal together to send to DOE

- Concern expressed whether DOE could move quickly in analyzing proposal and approving such a contract
- Bankruptcy discussion
 - Bankruptcy counsel has been retained by company as a precautionary matter. Same counsel as retained last Fall.
 - Counsel advised that Board has been acting properly in pursuing financing and in their fiduciary obligations
 - Concurrently, counsel is preparing for orderly filing process if financing is not accomplished

Let me know if you have any questions. Steve

Footnote 740

[REDACTED]

From: [REDACTED]
Sent: Thursday, May 19, 2011 11:07 AM
To: Nwachuku, Frances; [REDACTED]
Subject: FW: Argonaut Purchase AR Analysis_051611.xlsx
Importance: High

Attached is the AR analysis that Solyndra put together. I have cut and paste below [REDACTED] explanation of how it works. For some reason, the revised business plan has not made it through, which has to be open to change the inputs to the AR model. Please let me know if you received the revised business plan.

The current AR model assumes the following:

- ARs are outstanding for an average of 75 days and
- Factoring is consistent with the term sheet (75% EMEA; 85% NA)
- Risk discount of 10%

Based on the current numbers, Argonaut's plan to buy ARs will bridge Solyndra through September 2011. Solyndra's cash balance will decrease to around \$200,000 in October 2011. As [REDACTED] points out, Argonaut's maximum outlay under the current model would be \$56 million, but the company would still require in excess of \$46 million of Tranche C funding.

Email from [REDACTED]:

- The Argonaut Purchase AR Analysis file is the one that calculates to effect of the structure being discussed. The Solyndra Plan model is the same one that supported the financing, updated for Q1 actuals and adjusted for 75 A/R days outstanding.
- The two files are linked together. Receivables, revenue, and shipment data are fed from the financial model to the analysis file, which then calculates the cash flows and balances that result from the structure. In the financial model, the original tranche C assumption of \$15M per month starting Jun-11 has been replaced with the line called "Argonaut cash flow" from the analysis file. This line is the effective benefit to Solyndra of implementing the structure. The resulting effect on Solyndra's cash balance is then fed back to the analysis file.
- The analysis file inputs regarding % of receivables paid are highlighted in blue in the top left corner. You can change these numbers, but to see the results flow through to the cash balance you need to have the plan model open at the same time.
- For the set of assumptions in the blue cells, Argonaut's maximum outlay would be \$56M. Even with this structure in place, the company would require \$46M of tranche C funding, plus more to maintain a workable minimum balance.

From: [REDACTED]
Sent: Wednesday, May 18, 2011 6:03 PM
To: [REDACTED]
Subject: FW: Argonaut Purchase AR Analysis_051611.xlsx
Importance: High

Here is the A/R analysis file only. Maybe the model was too big (5MB). Please send a note to confirm that you can open this file.

From: [REDACTED]
Sent: Wednesday, May 18, 2011 1:36 PM
To: [REDACTED]
Subject: FW: Argonaut Purchase AR Analysis_051611.xlsx
Importance: High

[REDACTED]

Here they are. Please call me at [REDACTED] when you have them open.

From: [REDACTED]
Sent: Tuesday, May 17, 2011 5:48 PM
To: [REDACTED]
Cc: Bill Stover; [REDACTED]
Subject: RE: Argonaut Purchase AR Analysis_051611.xlsx

[REDACTED]

Attached are the revised file and underlying model. Hopefully they are linked when you open them so the cash balances update. Since I am sending the model, I did not build the formulas that would calculate the change in cash directly in the AR Analysis file. Let me know if you have any trouble, I can built that functionality if we need it.

Changes include:

- Starting May A/R balance matches the dashboard \$47.3M at fiscal month end 6/4.
- Starting May cash matches the dashboard amount of \$22.6M at fiscal month end 6/4. If you take the \$45.4M in row 37, subtract the \$37.8M in Argonaut receivables funding, then add \$15M, you get the \$22.6M (this number includes the first \$15M of tranche C as funded in the first week of calendar June, which would be fiscal May in the model).
- A/R days set to 75
- MW shipped and ASP added for reference. They are also in the model, of course.

Please review and call with any questions.

From: [REDACTED]
Sent: Tuesday, May 17, 2011 12:14 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Argonaut Purchase AR Analysis_051611.xlsx

[REDACTED]

So you have it, I am including [REDACTED] email. He is cc'd here. Thanks,

[REDACTED]

From: [REDACTED]
Sent: Tuesday, May 17, 2011 1:20 PM
To: [REDACTED]
Subject: RE: Argonaut Purchase AR Analysis_051611.xlsx

[REDACTED]

Got your voicemail. Attached is one more version, this one contemplating a discount on the receivables instead of interest. I'll call you in 5-10 min if you are available. I should be able to get you the current A/R aging shortly.

From: [REDACTED]
Sent: Monday, May 16, 2011 2:46 PM
To: [REDACTED]
Subject: RE: Argonaut Purchase AR Analysis_051611.xlsx

Thanks. Do you have a current aging of A/R that you can send also?

From: [REDACTED]
Sent: Monday, May 16, 2011 4:31 PM
To: [REDACTED]
Subject: RE: Argonaut Purchase AR Analysis_051611.xlsx

Working on another rev. Bill called back and said we should model 85% for North America and 75% for Europe, and also look at a case where the 8% is a discount instead of an interest rate. Once I send this new version I'll call you.

From: [REDACTED]
Sent: Monday, May 16, 2011 2:29 PM
To: [REDACTED]
Subject: RE: Argonaut Purchase AR Analysis_051611.xlsx

Thanks. I'm free whenever you want to talk.

From: [REDACTED]
Sent: Monday, May 16, 2011 3:21 PM
To: [REDACTED]
Cc: Bill Stover
Subject: Argonaut Purchase AR Analysis_051611.xlsx

[REDACTED]

Here is the latest analysis. The A/R days outstanding assumption in the model is shown under the A/R balance (59 days dropping to 55 over several months and holding there). Solyndra's estimated cash balance is shown at the bottom.

Please review and let me know if there are questions/concerns. I'll give you a call later this afternoon to discuss.

[REDACTED]



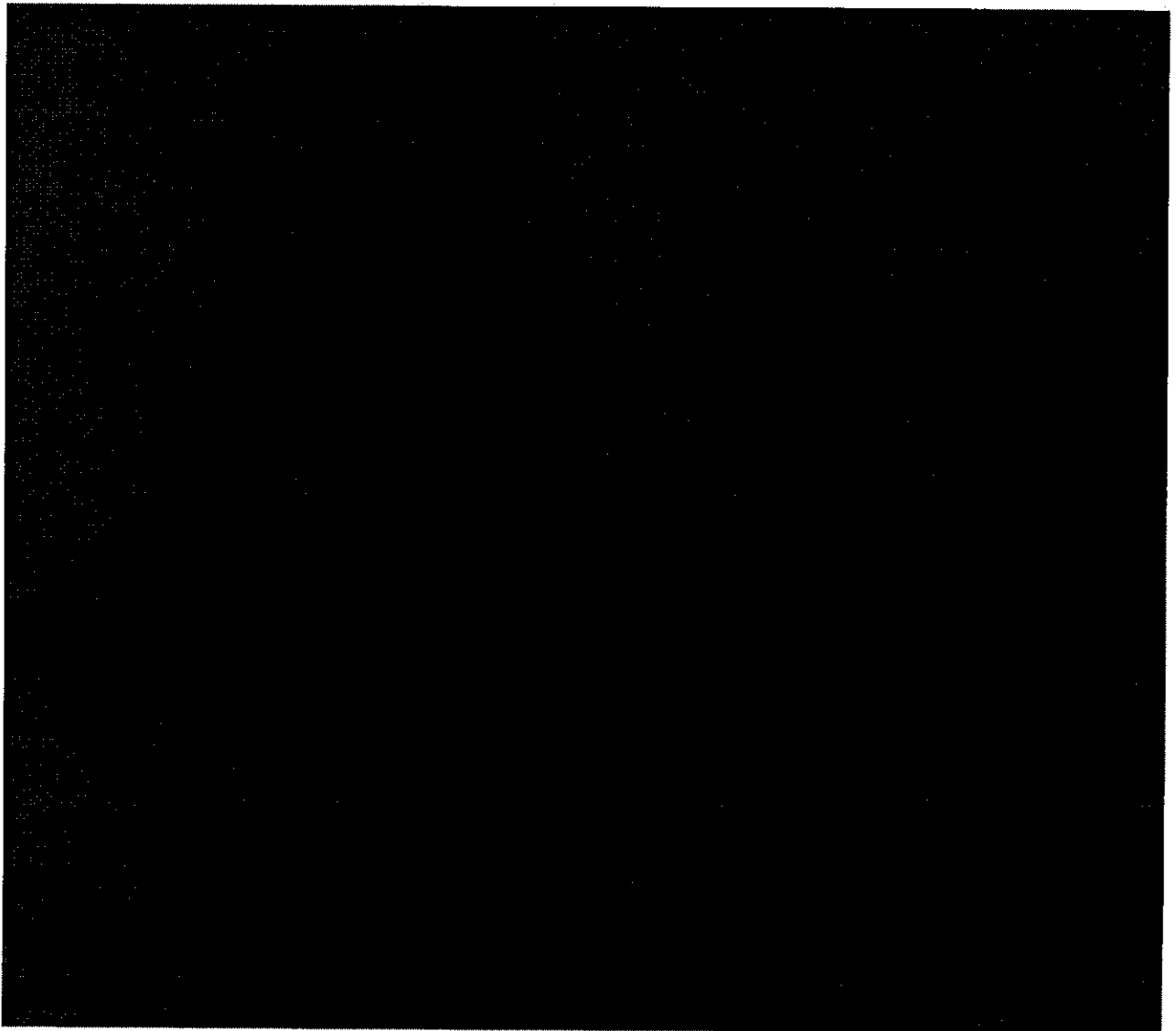
Argonaut Purchase
AR Analysis_...

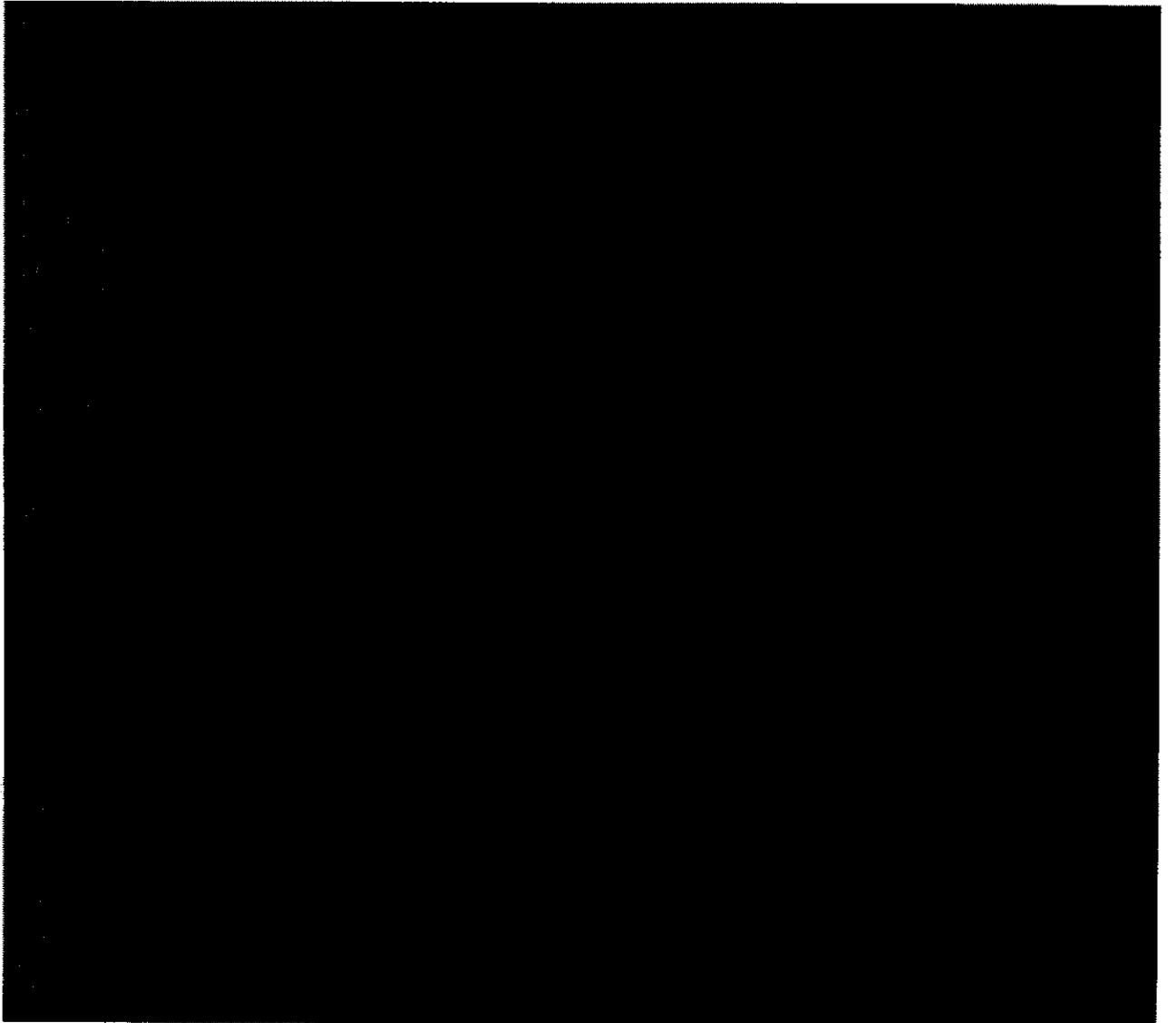
Accounts Receivable

	50%	NA receivables
	85%	Argonaut receivables cc
	5%	Argonaut collections co

	50%	EMEA receivables
	75%	Argonaut receivables cc
	15%	Argonaut collections co

	10%	Argonaut discount
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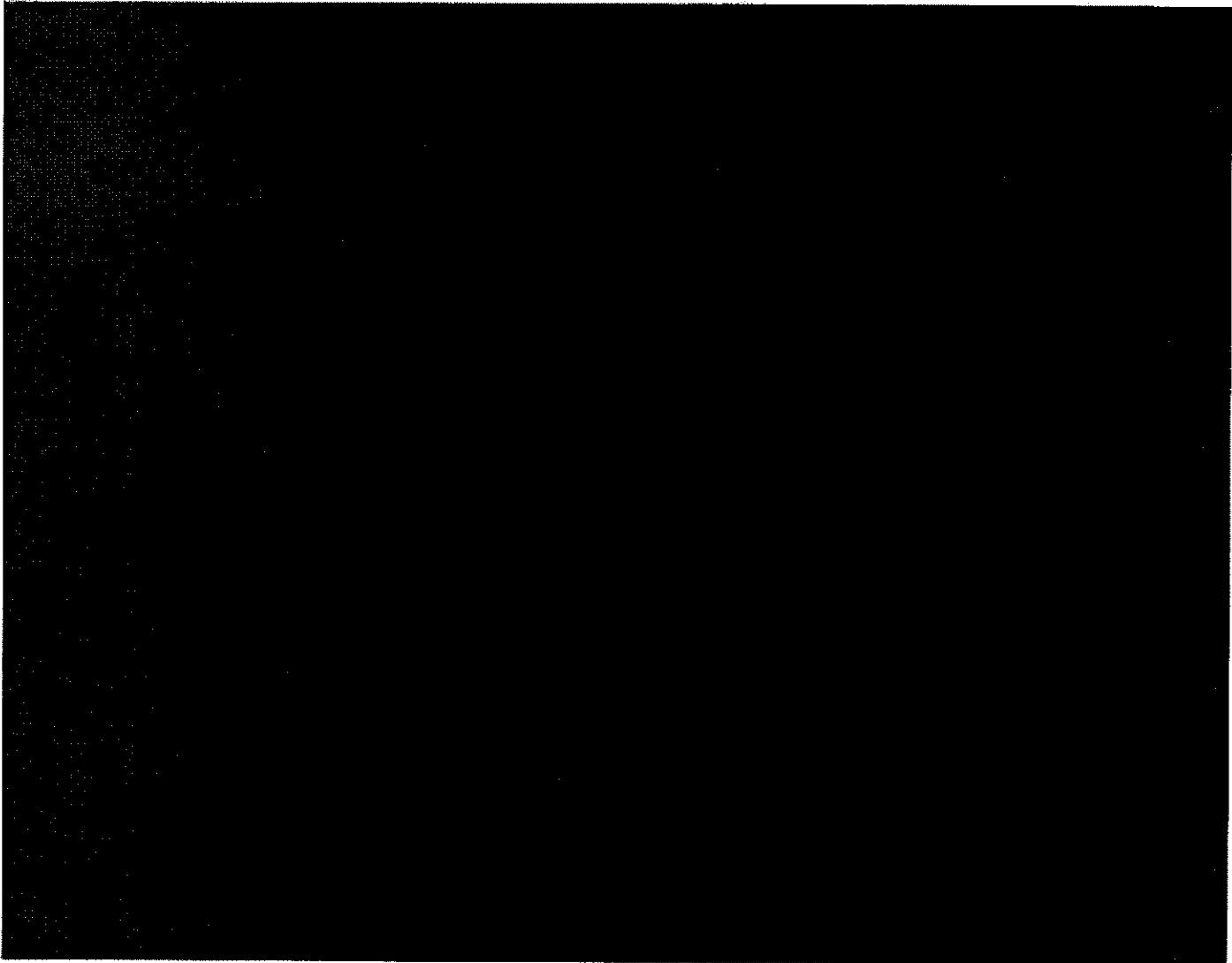


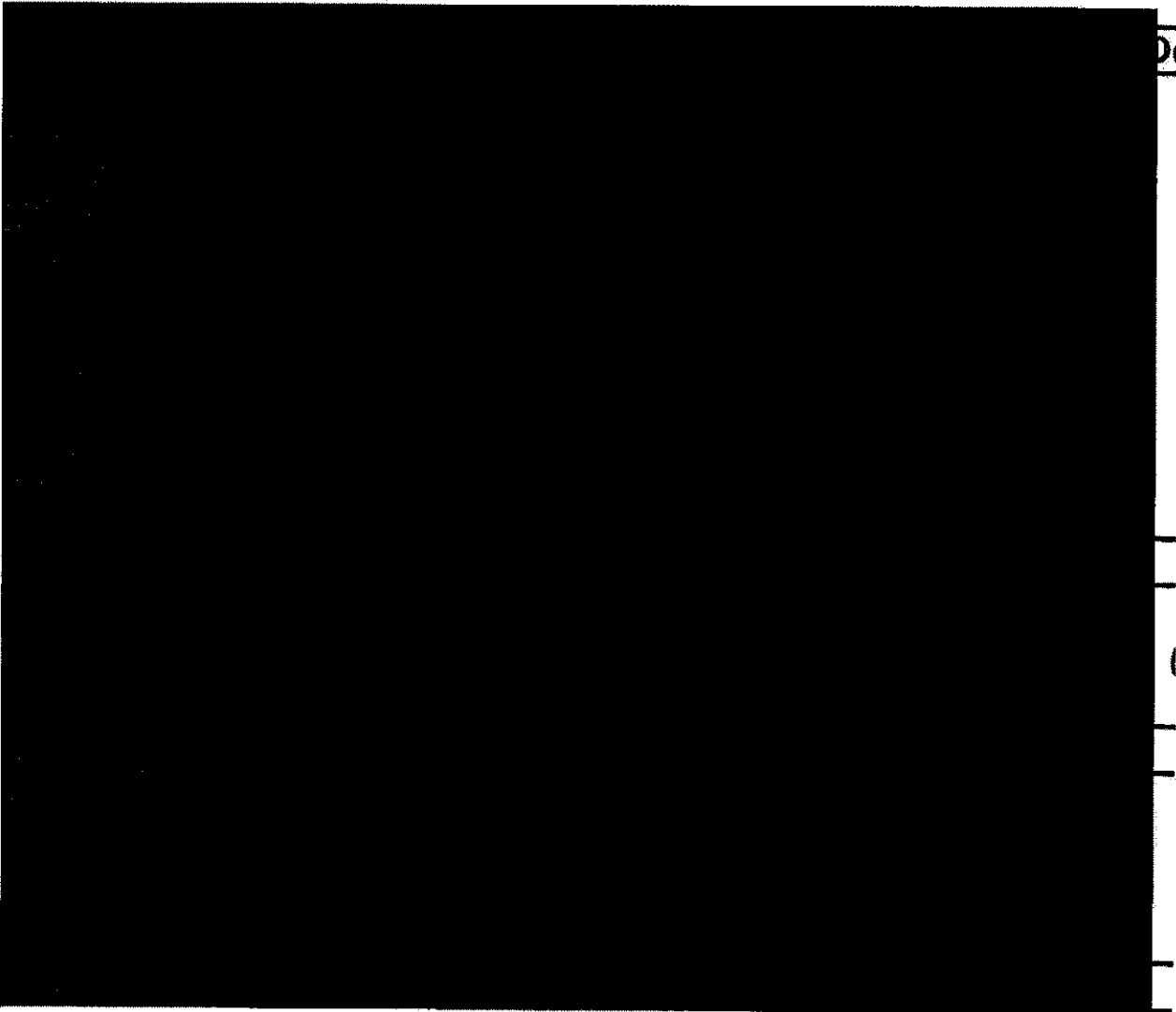
Accounts Receivable

	60%	NA receivables
	85%	Argonaut receivables co
	7%	Argonaut collections co

	40%	EMEA receivables
	75%	Argonaut receivables co
	17%	Argonaut collections co

	8%	Argonaut discount
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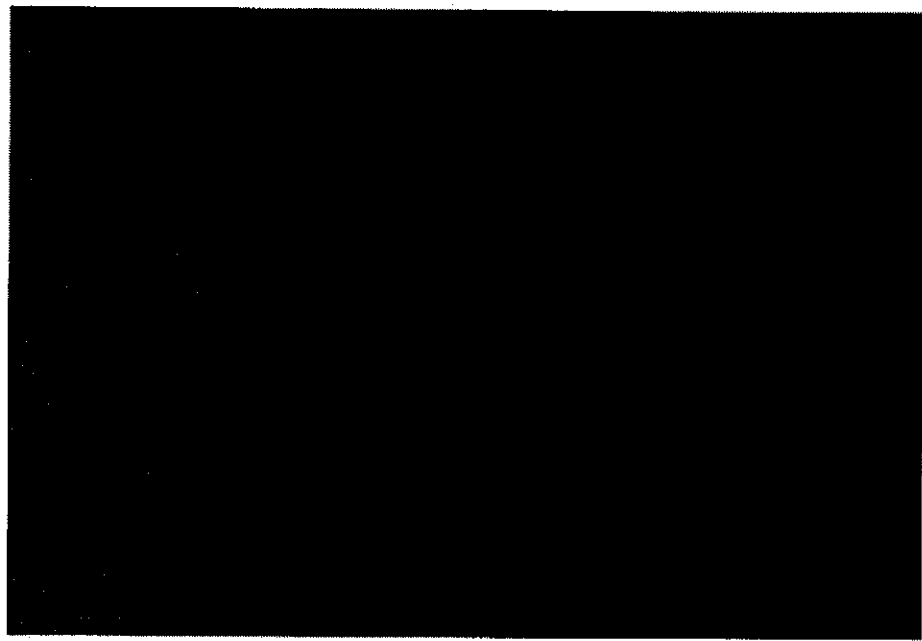




Accounts Receivable

	60%	NA receivables
	85%	Argonaut receivables cost
	15%	Argonaut collections cost
	40%	EMEA receivables
	75%	Argonaut receivables cost
	25%	Argonaut collections cost
	8%	Argonaut interest rate





Footnote 742

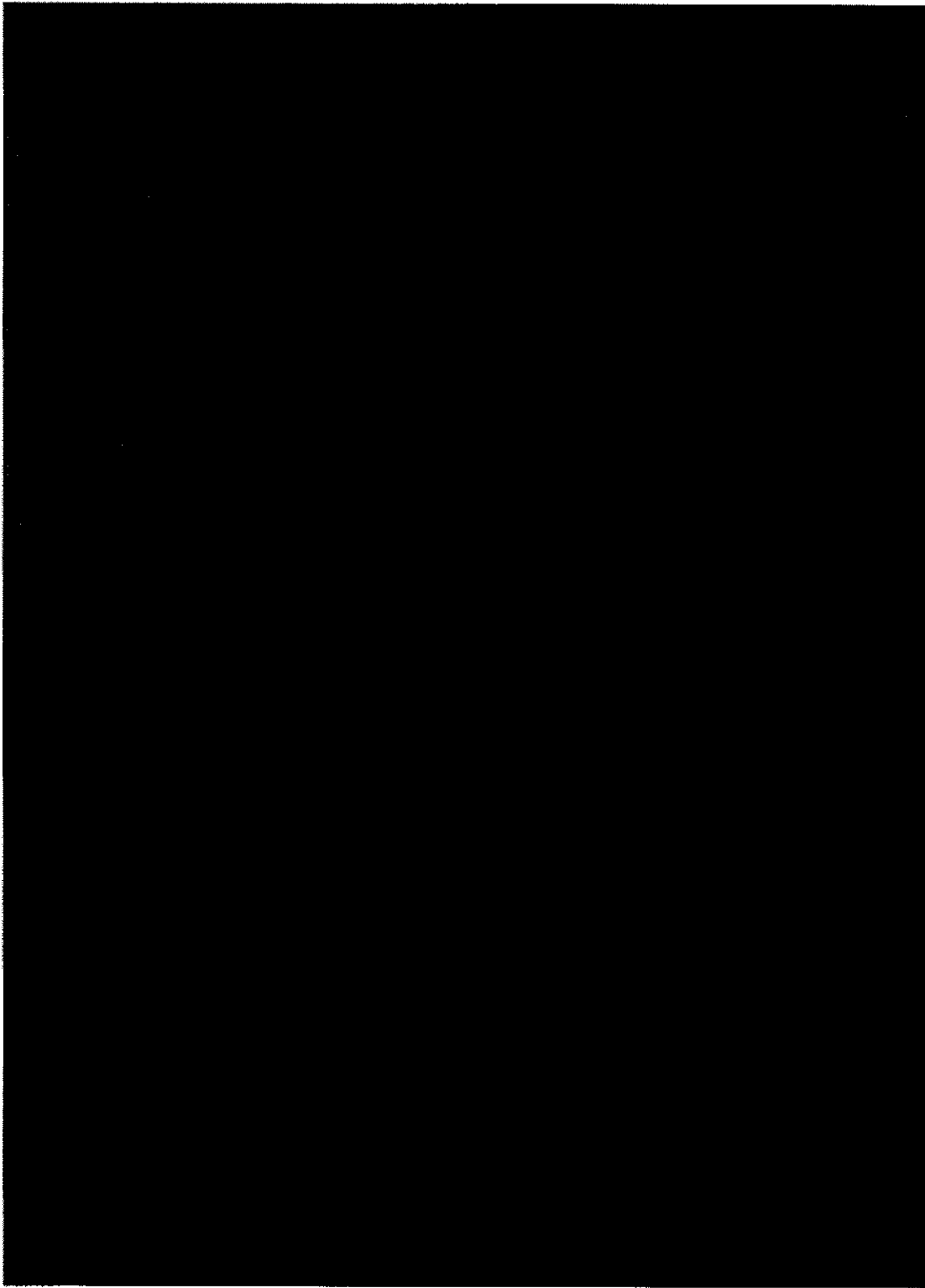
To: George Kaiser
Cc: [REDACTED] Ken Levit; [REDACTED]
From: Steve Mitchell
Sent: Thur 5/19/2011 5:11:16 AM
Subject: FW: FW: Solyndra Update 5-18-11
2692_001.pdf

George,

As mentioned in my previous Solyndra update, the company is experiencing positive momentum on all major fronts (operations, sales & marketing and technology); however, the company will require more capital before we have certainty over its ability to ramp sales to match its scale up in production. As you know, the remaining \$75 to \$100 million of capital Solyndra requires is primarily working capital and there will be variability around the ultimate capital required. This is driven by inventory accumulation (even if sales meet quarterly projections the company struggles to make shipments in a more linear manner versus the severely back-end loaded nature of the solar industry in general) and growth in the days outstanding of accounts receivable (this is largely driven by geographic mix as European customers take far longer to pay than the North American customers). The company will need \$15 to \$25 million in early June and barring some significant change we will be recommending that Argonaut continue to support the business. In order to maintain the optionality around investing and controlling the NOL's in a downside scenario we are working with Solyndra, the DOE and the other investors to create the best investment structure possible that fits within the DOE's limitations, limits our downside risk on new capital and maintains the company's NOL.

I'm providing a quick update on Operations, Technology and Sales & Marketing below. The financing structure we are discussing is detailed after the update.







The 16MW ProLogis deal with SCE (Southern California Edison), ProLogis and BAML (Bank of America Merrill Lynch) has received conditional DOE approval and Solyndra's panel price has been established at \$2.35 per watt. This should ship 9MWs in Q3 and 7MWs in Q4. This pricing is \$.25 per watt higher than our Q3 plan so this is a great outcome for the company. The equity piece with Quanta Energy must be finalized but all indicators are that this deal will occur – the DOE approval and pricing were the significant changes since my last update. With the ProLogis deal along with current sales momentum Brian feels confident in meeting Q3 sales plan of 35MWs.



Financing: As you know the company requires approximately \$75 to \$100 million of working capital to meet its growth plan. In my last update I outlined a structure that envisioned an increase in the Tranche A debt (the senior secured debt from last November) of \$25 million and a working capital line of credit of \$50 to \$75 million secured by inventory and receivables. This was designed to keep all of the new capital in the senior position, but would require Tranche A and the DOE's Tranche B (junior secured loan) to subordinate their loans with respect to the inventory and A/R collateral. This would also require an amendment to Tranche A and Tranche

B-to expand Tranche A by \$25 million and Tranche B to subordinate Tranche B by that additional loan amount.

We have had several calls with the DOE since my last update and they have been crystal clear that they have no ability to "open up" the documents in any manner. They don't have the appetite to go through a loan modification again and even if the DOE was willing to try they assured us that OMB would not approve a modification. Having said that, the DOE has been incredibly supportive and creative in its attempt to help us craft an investment that gets Solyndra the working capital it needs to survive. DOE has a permanent board observer and is actively participating in all discussions as time is short and we need the DOE to be working on approvals in real time.

As you may recall, the Tranche A transaction left a capital structure that in a liquidation scenario had Tranche A's \$75 million in the senior secured position and Tranche B (DOE loan) of \$150 million in the junior secured position. The deal also had a placeholder for Tranche C (up to \$75 million) to be loaned to the company and be pari pasu with Tranche B in a liquidation scenario. Assuming the company is successful these three Tranches will amortize pari pasu beginning in mid-2013. With minimal negotiation Argonaut and the other investors can loan money to Solyndra through Tranche C, however, in a downside scenario Tranche C will not receive significant capital as it will only receive 1/3 of any amounts in excess of Tranche A's senior payment of interest and principal. Accordingly we are working for a manner in which we can provide liquidity to Solyndra that has a more optimized downside outcome. This is particularly important for the next 60 to 90 days as we continue to get better visibility into the ramp as each week goes by (it would also be nice to have certainty around Wal-Mart, Coca-cola and Target).

We are currently working out the terms of an arrangement in which investors would purchase Solyndra's accounts receivable for cash. This cannot be done through a loan and must be a purchase to meet the DOE's needs, but the DOE is supportive of the concept. The concept is that we would acquire the A/R at an initial discount (current discussions around 85% upfront for domestic A/R and 75% up front for international A/R) and then upon receipt we would pay a fee or bonus that gives the company payment of up to 90% (international A/R) and 92% (domestic A/R) of the face value of the A/R. We are working with bankruptcy counsel to make sure the transaction will hold up to the "true sale" rules in a downside situation. Although we would be paying more than Solyndra could sell its A/R for in a negotiated transaction (doubtful the company could actually get such a deal done at any price right now) we believe acquiring the A/R at a discount as a manner of injecting liquidity into the company offers better downside protection than simply lending money through Tranche C.

The A/R acquisitions would start off with an initial purchase of \$15 to \$25 million of accounts receivable in early June to meet the company's immediate cash needs - this will need to occur no later than the first week of June to not have an impact on operations.

We are still modeling the impact it has on Solyndra's cash needs but it appears this will adequately fund the company into August (although cash will continue to be very tight). Cash gets very tight in August as the end-of-the-quarter nature of Solyndra's business pinches the company on cash flow. At that point the company most likely will need some injection of capital

at the Tranche C level. Cash gets tight again for the same reasons in late October – this is heightened in Q4 as the company continues to ramp sales as well. This funding structure is expensive to the company and they have asked that we continually monitor the collectability of the A/R and adjust the holdback accordingly as it becomes more predictable. Adjusting the holdback or additional funding of Tranche C will be necessary to adequately capitalize the company as it grows in Q3 11 – Q3 12.

Obviously this isn't a standard funding structure and not ideal for the company, however, we believe this gets Argonaut and other investors an additional 60 to 90 days after an initial early June funding to track the company's progress before having to fund any amount into Tranche C. We also believe that funding in this manner gets us the best chance of recovery should the wheels fall off over the summer. In the upside case we will also have the ability to wean the company off this financing and get our capital back. This won't happen overnight and we are modeling the outcome, however, it will certainly be better than the amortization of the Tranche A, B & C loans which amortizes out through 2016. Capital invested in the A/R acquisition fund or through Tranche C will receive warrants similar to the warrants from Tranche C – we will incorporate the same protective provisions to maintain the NOLs as well.

Argonaut's pro rata participation in Tranche C (assuming \$75 million total investment) would be app. \$35 million. Unless Solyndra is able to bring in an additional investor or we over-allocate in this round the company will be short by about \$15 to \$17 million. Masdar and Rockport are both in for their Tranche A commitments of \$2 million and \$7.5 million respectively. Madrone will provide another \$12.5 million, however, they have been pushing back very hard on providing any additional capital. Madrone's primary issue with investing more capital is that the family has a disclosure issue around Wal-Mart doing business with a company in which Madrone owns more than 10%. In light of the significant purchase order that Wal-Mart is currently contemplating this has become a significant issue – if it occurs Jim Walton will pull out of Madrone (that's what they are saying). Madrone had never intended to go beyond 10% ownership, however, the recent recapitalizations have put them well ahead of this amount. Madrone feels a moral obligation to invest the \$12.5 million, however, it appears they may make it only as a loan and take no equity ownership (this assumes the Wal-Mart deal occurs).

The entire \$75 million is not needed until out in Q4 so there is time to attract additional capital or make a better educated decision regarding an over-allocation, but this won't be a fully committed round when the company runs out of money in early June.

David Prend from Rockport Capital and I are meeting with [REDACTED] tomorrow in NYC. [REDACTED] has stayed close to Solyndra and may have an interest in investing in this round. They initiated more significant diligence last week and I believe they have a genuine interest in participating. They will not be in a position to invest in early June but should be able to make a commitment by the end of June. It would be significant to have a new investor and would have a positive impact both internally and externally (sales, suppliers, etc.). [REDACTED] has discussed investing up to \$30 million if they participate.

I apologize that we don't have a pro-forma to reflect the funding schedule but this is still very

much a work in process and I don't think we will have something definitive to show you until the end of this week or early next week (only late last night did the DOE acknowledge that Jonathan Silver was in approval of a discounted sale of the A/R)). We did want to get our current thinking and work-in-progress in front of you as soon as possible as we are working on a very tight schedule and wanted to get your feedback, questions or concerns as we are moving forward.

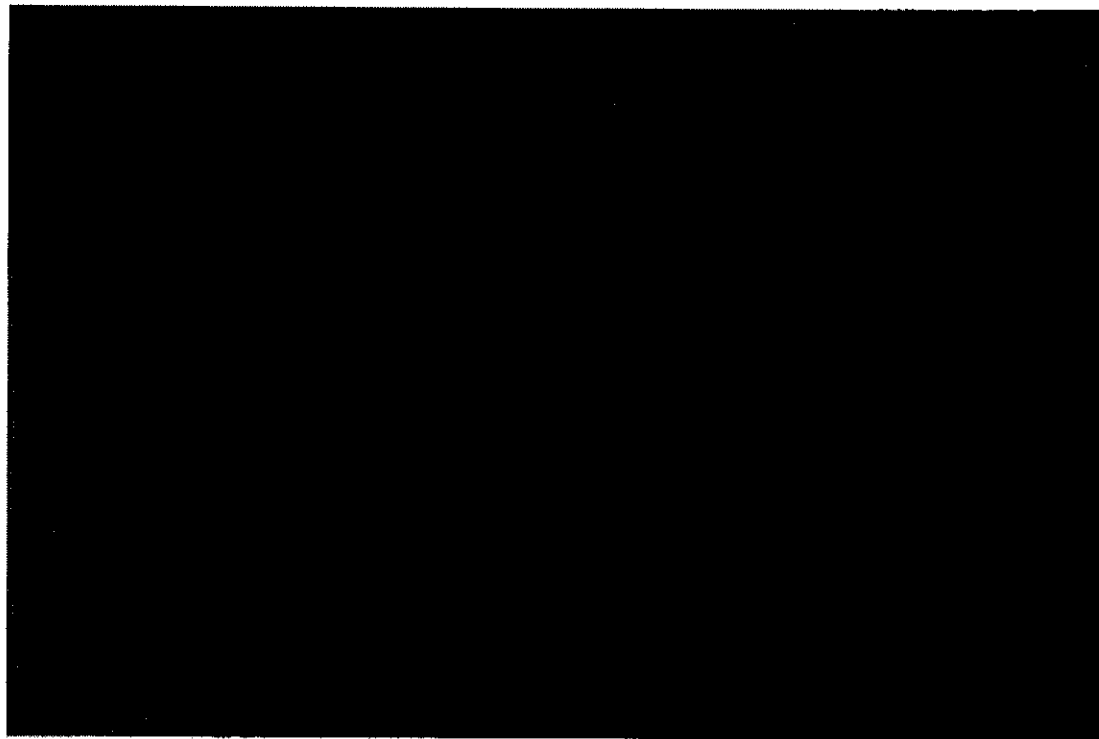
From: Steve Mitchell
Sent: Fri 4/22/2011 11:09 PM
To: George Kaiser
Cc: [REDACTED] ken [REDACTED] Steve Mitchell
Subject: Solyndra Update

George,

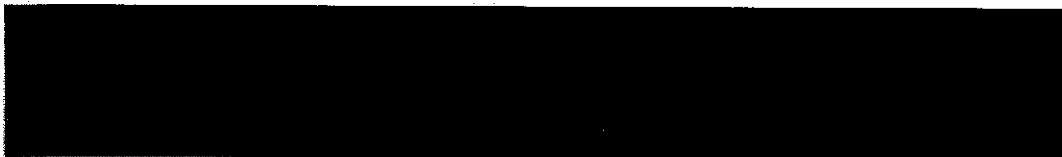
As discussed, [REDACTED] and I were in Fremont on Wednesday so everyone could get up to speed on Solyndra and have an opportunity to meet Brian Harrison and some of the other additions to the senior team. We toured the Fab 2 facilities and then spent the day with Brian getting an update – we spent some time on financials and operations, however, the majority of our time was spent discussing the North American and EMEA sales pipeline and demand creation. Overall I thought it was a positive meeting that exceeded expectations and that Brian was favorably received by all members of our team – however, each of them should feel free to give you their thoughts separately.

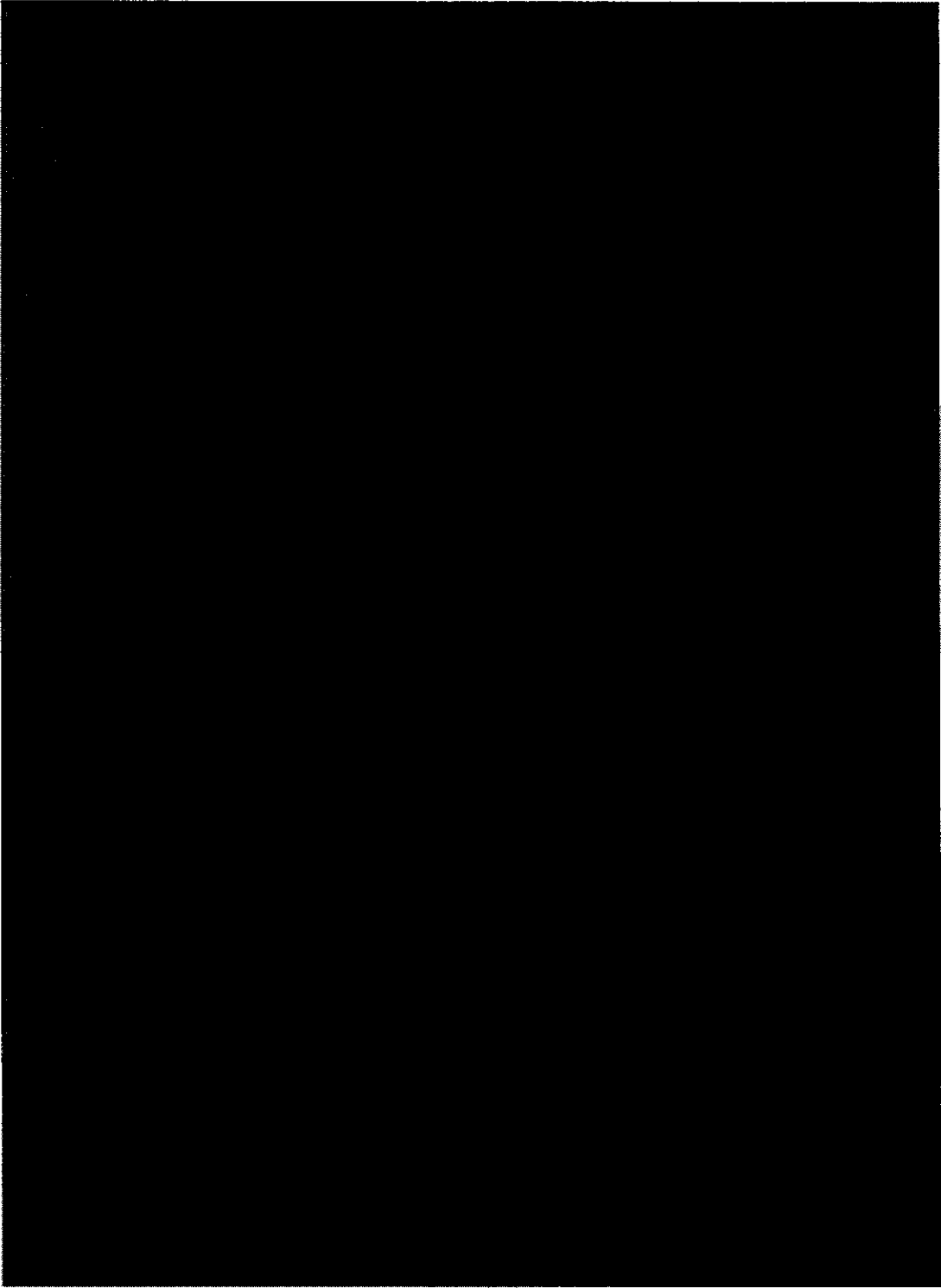
I will give quick overviews of operations, technology and financials as these are all going well (operations and technology) or as expected (financials). I won't go into the sales pipeline in great detail but try and give you an overview of how sales and demand are shaping up and will also reference a couple of challenges and large opportunities that could impact the company's opportunity for success as well.

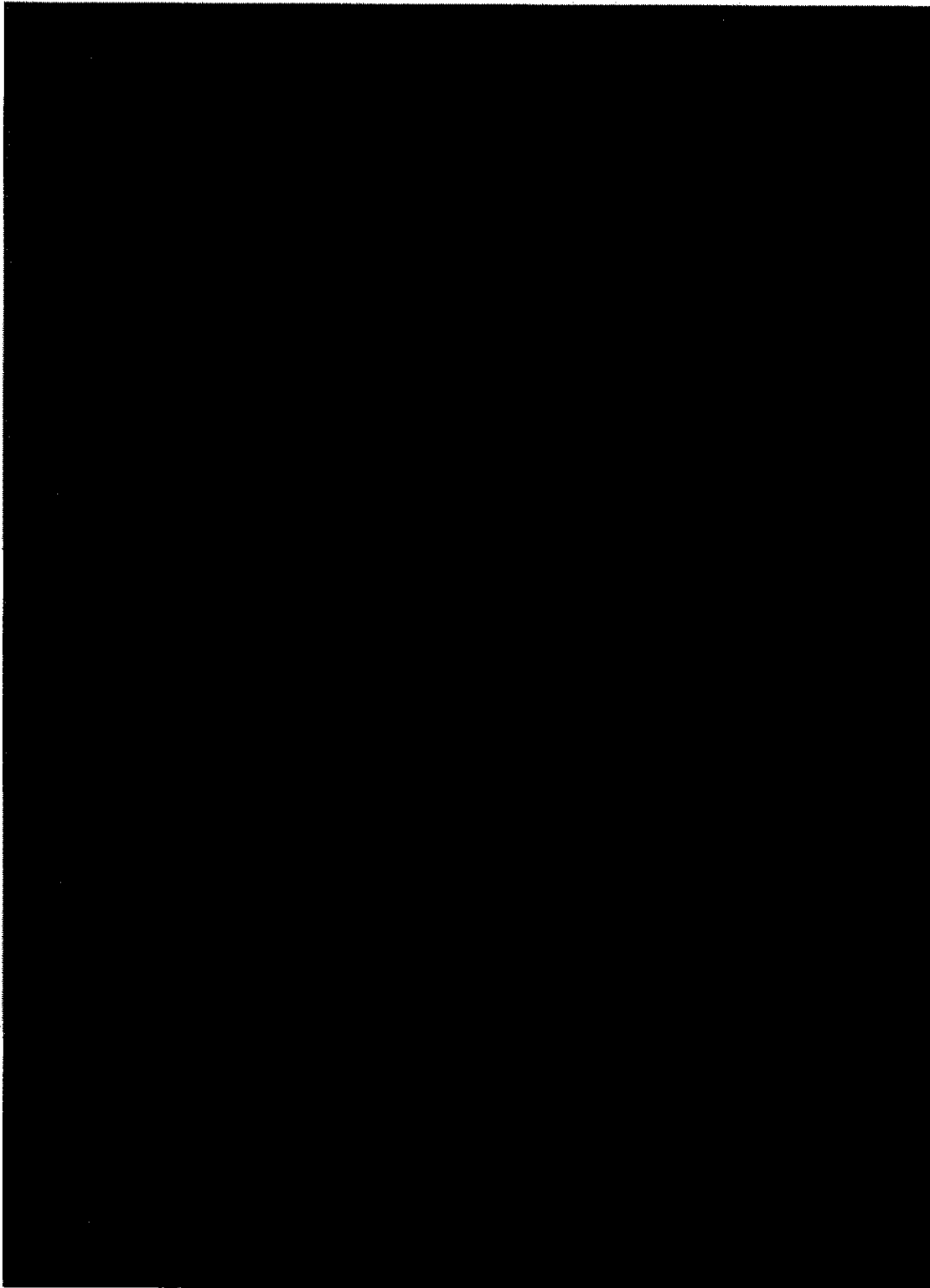


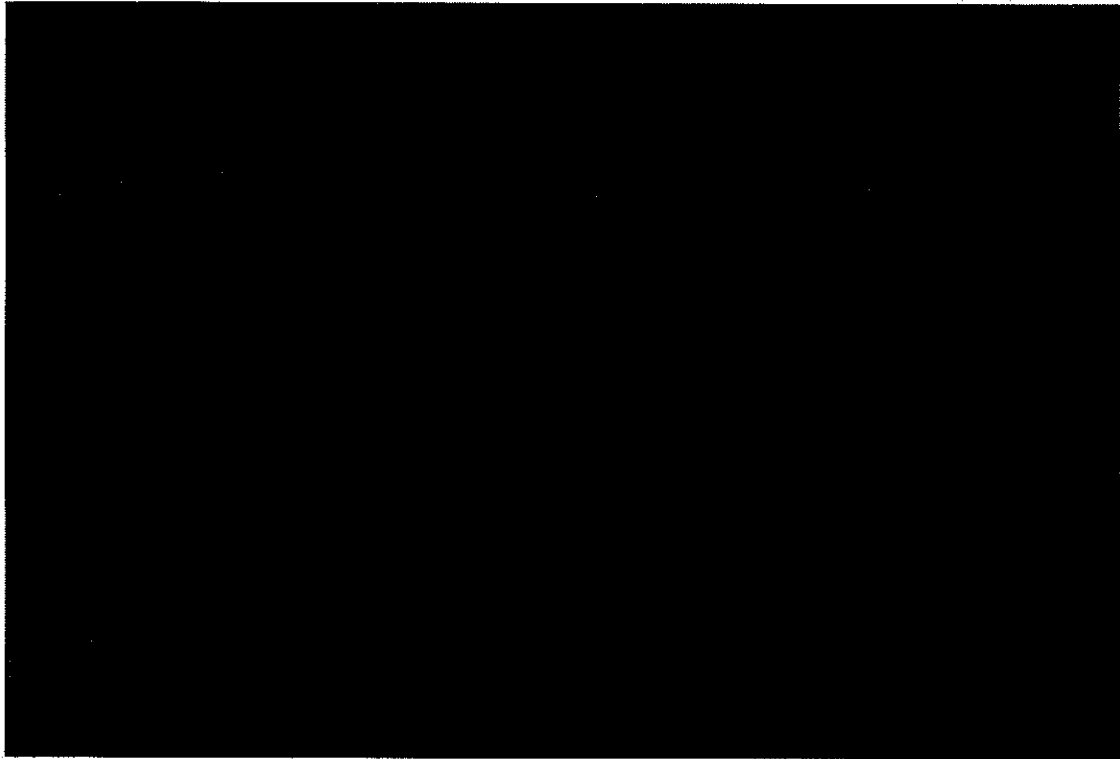


Financials: The financial situation of the company remains unchanged – they continue to need an additional \$75 million (and in reality we all believe it is a \$100 million amount). As we have discussed, this additional capital is for working capital, however, the actual amount of the need could vary a great deal depending on (i) the slope of the sales ramp relative to the slope of the production ramp and (ii) the average daily sales outstanding (prompt A/R collection has been solid in the US, however, that has not always been the case in Europe – especially in Greece and Italy which are the hot solar markets right now (pardon the pun)). The company will need the first installment of the additional capital in the first half of June (app. \$15 million) and will need access to the entire \$75 million by the end of the summer or September at the latest. Although we had hoped to make it to the end of June or early July before needing to make a decision the plan has always reflected a June capital infusion. The primary issue driving the need in early June versus late June/early July is two outstanding and late accounts receivable (one from Greece and one from Italy) in the amounts of \$7 million and \$6 million. These are expected to be paid eventually (the customer in Italy is trying to order an additional 3MW and we have refused until we receive payment).

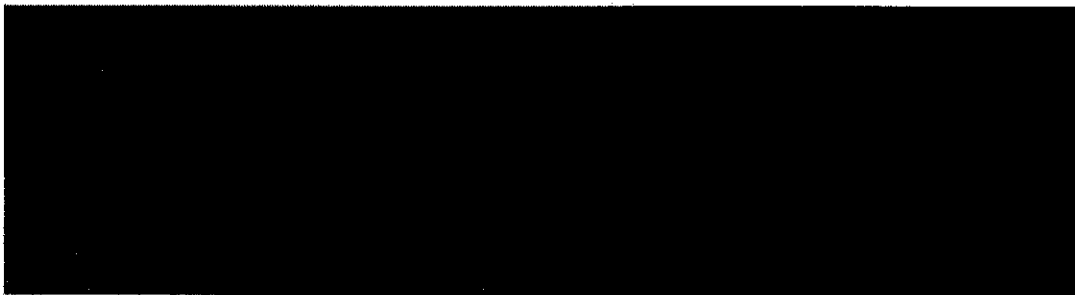


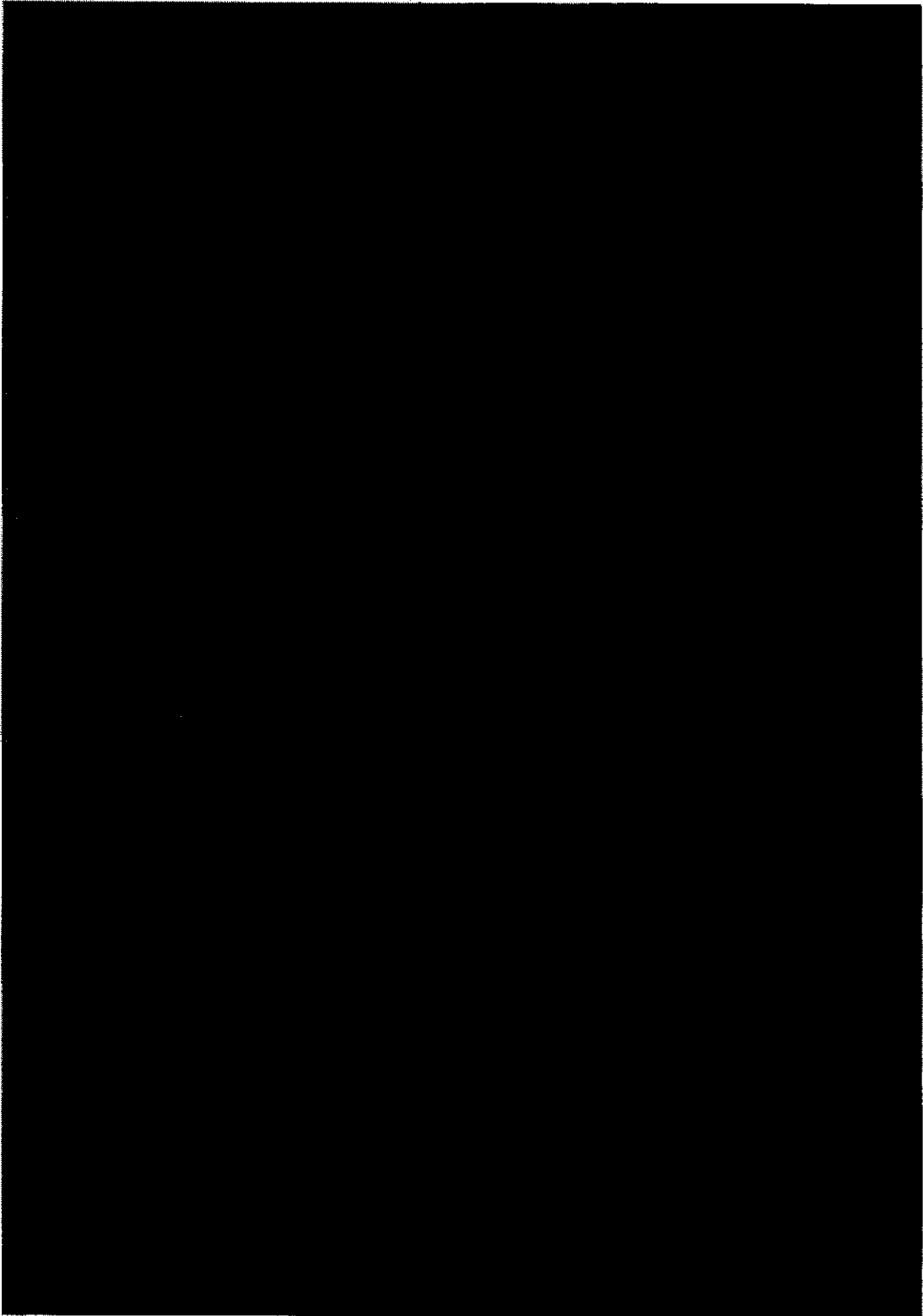


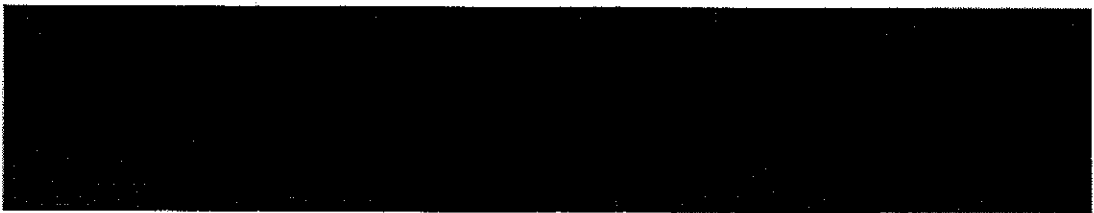




Interesting Situations: ProLogis: You may recall the 16MW deal that Solyndra was awarded last year as the panel provider with ProLogis as the rooftop partner, BofA as the lender (subject to approval of a DOE loan guaranty) and PG&E as the power purchaser. This has been hanging out there for some time awaiting final approval by the DOE, apparently this approval is expected to come within the next two weeks. These panels would primarily ship in the 4th quarter and would go a long way to shoring up the 45MW sales requirement for Q4. We will let you know as soon as we hear something. In addition, this project – entitled Photon – is hopefully being rolled into a much larger DOE loan approval (400MW) with ProLogis and BofA called Amp (apparently the DOE can't help themselves either). Although Solyndra would still have to compete for projects with other solar panel providers, ProLogis is a RIET and these 400MWs would all be US based rooftop installations.







Financing & Capital Structure: We are a long way from making any kind of recommendation – whether to invest or let the company fail or if we recommend to invest, in what manner should we invest. We know the outcome if we don't invest. If we choose to invest it will certainly need to be in the form of debt with warrants again as we will want to try and be as high in the capital structure as possible – which will take some wrangling with the DOE. Recognizing that a \$15 million capital need exists in June we will be doing a lot of this in parallel (i.e. figuring out our investment recommendation, negotiating terms with the DOE and figuring out the best investment structure).

You may recall that the last \$75 million was a senior secured term loan and the DOE has a \$150 million tranche of junior secured debt behind us. The DOE would like any new investment to be pari pasu to their \$150 million of debt – we have not agreed to this or committed to put up any additional dollars. Ideally the DOE would allow us to increase the size of our senior secured debt to \$150 million, however, they have been adamant to the company that this will not (and politically cannot) occur.

The initial thoughts we have kicked around internally (i.e. Argonaut team) would be to propose a working capital line of credit that is secured by the A/R and the inventory and lenders would receive warrants equal to 50% of the company (the other 50% held by the senior secured lenders from this last round). This would be senior to all other debt as it relates to the inventory and A/R, however, in light of the substantial decrease in value of both asset classes in the event of a liquidation I don't think it would cover the debt in a liquidation scenario. This is very early thought and has not been discussed with anyone qualified to vet its survival in a bankruptcy and how it would be prioritized as it relates to AP which would be substantial in a liquidation scenario as well.

As I mentioned above, it was a good meeting and the progress of the company exceeded our expectations (though those expectations were not high). I also believe that Brian and his team

(other than his head of EMEA sales) are conservative and are transparent to Argonaut in particular. We have absolute access to individuals, information and I feel their true impressions of the opportunity. Clearly Brian still recognizes the magnitude of the challenges ahead – primarily in the sales ramp, but also in the watt per panel improvements and A/R collections as the company ramps, but his confidence continues to grow as well.

At some point in the next 6 weeks I believe it would be productive for you to visit the company if you are going to be in SF or the management team has offered come here and take you through the business progress. Brian mentioned that he would like to do this, not to sell you on investing as much as make sure and be as transparent as possible and to feel you understand the challenges and opportunity.

I apologize that this was such a subjective email but most of the numbers that really matter for Solyndra at this point are ahead in the next 3 quarters. We will continue to monitor the sales momentum and track the opportunities and challenges like [REDACTED] and ProLogis and keep you up to date as well.

Steve

Footnote 745

[REDACTED]
From: [REDACTED]
Sent: Sunday, July 31, 2011 3:18 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: FW: Board Materials

When do they expect to provide the updated financial model? The pushing-out of positive EBITDA by 3-4 quarters is especially concerning and raises questions of the patience that Argonaut may continue to have.

On Thu, Jul 28, 2011 at 6:38 PM, [REDACTED] wrote:
The Solyndra Board presentation from today's meeting is attached. Bottom line is that Solyndra is revising its projections going forward because of weak market conditions and now projects that it will have to raise an additional \$25M bringing the total necessary Tranche C funding to \$75M. The amount that it needs to raise this year is still \$50M. A high level overview of the main points is below.

- The global solar market is very, very challenging
 - Demand growth has slowed/stopped and supply exceeds demand
 - Inventory growing, market price declining and margins shrinking
- Solyndra is impacted by these market conditions
 - Especially in Europe where Solyndra believes the market will return to its 2009 size by 2012 after doubling from 2009 to 2010.
 - Competitors are also beginning to lower their BOS costs so Solyndra's premium is likely to be more realistic in the low end of the [REDACTED] range.
- Solyndra shipment/revenue is below Plan but winning in a bad market
 - Strong demand creation
 - Strong shipment growth
 - Delivered to operational and cost plan to date
- Strategy, approach and execution is correct. The good news is that Solyndra has been able to grow its business during the first half of 2011 in a declining global market.
- Solyndra is in the process of revising the Annual Plan to adapt to market conditions. An overview of the adjustments is below.
 - Reduce shipment/revenue forecast
 - Shipments: [REDACTED] (down 19%)
 - Revenue: [REDACTED] (down 23%)

- ASPs: [REDACTED] (down 6%) and [REDACTED] in Q4 (down 10%)
- Panel Power: 3% below plan for H2
- Solyndra also plans to take the following actions:
 - Lower build plan to match sales: [REDACTED] – 75% management decision and 25% operational impact
 - Reduce spending to preserve cash: targeting [REDACTED] reduction in H2 2011.
- Net impact to cash: Capital needs estimated to be \$75M, an increase of \$25M
 - Planning to raise \$20M week of 8/12 and \$30M week of 9/16. 8/12 funding can only be delayed a few weeks. There was not much discussion about the specifics, but it sounds like Argonaut will be at Solyndra next week.
 - An additional \$20M in 1/12 and \$5M in 4/12 is currently anticipated
 - EBITDA Impact (see slides 23 and 24)
 - Pushes out positive EBITDA from Q4 2011/Q1 2012 to Q4 2012
 - Annual EBITDA impact is as follows: 2012 [REDACTED] 2013 [REDACTED] 2014 [REDACTED]
- Sales:
 - Wal-Mart looks like it could lead to [REDACTED] on up to 71 stores based on the economics. Probably would not ship until Q2/Q3 of 2012.
 - SCE on track for Q3/Q4
 - 58MW of potential in Italy, but registration may delay any shipments until Q4
- Long-Term Strategy: Certain directors expressed an interest in engaging Goldman or Bank of America to explore strategic partners and a potential IPO in 2012 (if the second half of 2012 goes well).

From: [REDACTED]
Sent: Wednesday, July 27, 2011 11:20 PM
To: [REDACTED]
Subject: FW: Board Materials

Gentlemen:

My apologies. You should have been included on this distribution.

Thanks.

[REDACTED]

From: [REDACTED]
Sent: Wednesday, July 27, 2011 8:13 PM
To: [REDACTED]

Cc: Bill Stover; [REDACTED]
Subject: Board Materials

All,

Footnote 746, 747

From: Silver, Jonathan
To: Winters, Matthew; Hurlbut, Brandon
Subject: Fw: Solyndra
Date: Thursday, August 04, 2011 3:46:33 PM

Fyl.

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

From: Nwachuku, Frances
Sent: Thursday, August 04, 2011 03:23 PM
To: Silver, Jonathan
Cc: Richardson, Susan; Frantz, David
Subject: Solyndra


Update: Cash position is very low and investors appear unwilling to provide \$20 million required within the next 10 days. We were informed last week of a downward revision to the operating plan because of challenges in Europe and heightened pressure on price.

Just got off the phone with Bill Stove, CFO, and we are planning for a meeting next week to determine the most elegant path forward.

Susan, I will be speaking with Ken and the Mofo gang today.

Frances

Frances I. Nwachuku
Director,
Portfolio Management Division
Loan Programs Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585



Footnote 748-751

To: [REDACTED] Steve Mitchell; [REDACTED] Fred Dorwart
From: George Kaiser
Sent: Fri 8/12/2011 3:38:34 PM
Subject: RE: RE: Solyndra update

I would definitely recommend telling DOE that both of their requests are non-starters. We are NOT willing to extend beyond a week without an agreement in principle, that the board is meeting at noon to decide whether to give notice to employees and make a filing today or see whether there is a way to stretch it out a week. After that week - at best - there would be no more leeway without an understanding, subject to "highly confident" approvals.

Other thoughts?

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

From: [REDACTED]
Sent: Friday, August 12, 2011 10:31 AM
To: Steve Mitchell; George Kaiser; [REDACTED] Fred Dorwart
Subject: Re: Solyndra update

Sounds like we need to decide whether we are willing to bridge, and if not, we tell them we aren't and if they was to avoid an 11 filing, they need to move this higher up the priority list.

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

From: Steve Mitchell
Sent: Friday, August 12, 2011 10:21 AM
To: George Kaiser; [REDACTED] Fred Dorwart
Subject: Re: Solyndra update

Just got off the phone with the DOE. And was reminded they are a government agency. Last night Frances had indicated that they would need two weeks to obtain the necessary approvals. I told her that through mechanisms in place (normal A/R and inventory purchases) we should be able to accomplish one week but two weeks will be tough. In addition, we needed feedback on our proposal or some counter that they would be working on for approval - because it may be something that we would not agree to and we can save everybody the time and effort up front.

In our conversation this morning she indicated that the government now needs 4 weeks to seek approval. She also said that they understand our framework and are somewhat trying to work within the structure (but not necessarily the numbers) but that she could not share with me what they were contemplating or what they would seek approval for.

Obviously not my decision, but I think this would be a tough path for us to go down in the hopes that the DOE provides us with a workable solution. To continue to operate the facilities (labor and suppliers) the company needs app. \$15 to \$20 million over the next 4 weeks. Since sales are very back-end loaded in the quarter the company will not generate substantial A/R to acquire - they will produce inventory of app. 2MWs a week which at 50% of cost would generate about \$2 million per week. Accordingly, we would need to invest into tranche C to accomplish a 4 week stay.

My strong assumption is we won't like the DOE's proposal and we will be forced to extend the company's life further or liquidate then and have a worse recovery than we would today. I'm also a bit concerned that the DOE would like this pushed out one month for political reasons (hearings are scheduled to start next week and the DOE loan guaranty expires on September 30th by statute). The DOE has given me no basis for thinking this - I'm maybe just a bit paranoid.

The company does not have the ability to make payroll beyond today's labor activities. The officers and directors owe a responsibility (not sure if it is a federal or state law) to not allow employees to continue employment if there is not adequate capital to pay the employees or certainty that they will not be paid.

Accordingly, in execution of their responsibilities, Solyndra's board of directors are meeting today to vote on A company filing today as well.
In light of the DOE's current request, the officers/director's responsibilities and the short time frame - my recommendation to Robert T and the trustees is to go ahead and acquire the A/R and inventory necessary to give the company capital to cover one week working capital. This alleviates the necessity to file for liquidation today, gives us one week to work with the DOE on structure and further underwrite the business plan (I.e. See if we can find more expense cuts), but also pull together a more orderly plan for liquidation. Making the a/r and inventory acquisition probably buys us 10 days but perhaps just the week - we are talking about necessity and employee payments only.

Please let me know your thoughts.

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

From: George Kaiser
Sent: Friday, August 12, 2011 09:50 AM
To: [REDACTED] Steve Mitchell; [REDACTED] Fred Dorwart
Subject: RE: Solyndra update

Perhaps we could get to the same spot either way, in their interpretation. We will have to be careful not to emphasize tax considerations unduly both because of the conflict of interest (which I doubt will bother them much) and - more important - to keep them from realizing the additional value we may perceive and their ability to bargain to advantage to preserve it.

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

From: [REDACTED]
Sent: Friday, August 12, 2011 9:48 AM
To: George Kaiser; Steve Mitchell; [REDACTED]; Fred Dorwart
Subject: Re: Solyndra update

Right. Steve is talking warrants. I'm suggesting contingent debt.

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

From: George Kaiser
Sent: Friday, August 12, 2011 08:39 AM
To: [REDACTED] Steve Mitchell; [REDACTED] Fred Dorwart
Subject: RE: Solyndra update

I am proposing no warrants to them, just excess interest.

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

From: [REDACTED]
Sent: Friday, August 12, 2011 9:06 AM
To: Steve Mitchell; George Kaiser; [REDACTED] Fred Dorwart
Subject: Re: Solyndra update

My concern with issuing the DOE warrants is that NOL survival requires coordinated exercise. Can we count on that with a government agency?

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

From: Steve Mitchell
Sent: Friday, August 12, 2011 08:57 AM
To: [REDACTED] George Kaiser; [REDACTED] Fred Dorwart
Subject: Re: Solyndra update

If we do decide to invest I would highly recommend fixing the balance sheet once and for all. The DOE recognizes their debt is gone and they don't expect to get whole. More importantly, in success Solyndra will need more capital to expand its capacity. The balance sheet has been one of the primary impediments to raising third party capital or selling the company. If the company achieves the revised 2014 ebitda of \$110 million it still won't be worth today's total debt balance much less the additional \$75 million of DIP financing. Much less non-priority penalty interest.

Current discussions entail wiping out \$635 \$illion of out-of-the-money debt. This gives some basis dip financiers, doe warrants and potential 3rd party capital providers or potential buyers.

I'm certainly no tax expert but I'm not sure why warrants would not work again in this situation as they did last time.

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

From: [REDACTED]
Sent: Friday, August 12, 2011 08:39 AM
To: George Kaiser; Steve Mitchell; [REDACTED] Fred Dorwart
Subject: Re: Solyndra update

Could work. Or some kind of springing reinstatement of debt.

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

From: George Kaiser
Sent: Friday, August 12, 2011 07:19 AM
To: Steve Mitchell; [REDACTED] Fred Dorwart
Subject: RE: Solyndra update

Same result if instead of warrants the impaired tranches got increased preferential payoff in liquidation (through penalty interest?)?

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

From: Steve Mitchell
Sent: Thursday, August 11, 2011 6:56 PM
To: [REDACTED] Fred Dorwart
Cc: George Kaiser
Subject: Re: Solyndra update

If workable for NOL purposes, we would try and do this through warrant structures again to preserve the NOLs.

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

From: [REDACTED]
Sent: Thursday, August 11, 2011 04:48 PM
To: Steve Mitchell; [REDACTED] Fred Dorwart
Cc: George Kaiser
Subject: Re: Solyndra update

Very possible that an actual conversion to equity outside of bankruptcy will cause a 382 change of control. The model needs to be run.

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

From: Steve Mitchell
Sent: Thursday, August 11, 2011 04:40 PM
To: [REDACTED] Fred Dorwart
Cc: George Kaiser; [REDACTED]

Subject: Re: Solyndra update

I'm seated on my plane about to take off and just received a call from Frances. She indicated that Jonathan Silver came in from his vacation for the meeting and that she believes they will have a workable proposal to describe to me when I land in Chicago.

She also indicated that Jonathan - head of DOE program and direct report to Scty Chu - was going to reach out to George (they had the number - so perhaps you have met him George). I cautioned that George is not as close to this as me or [REDACTED] and that he would not be in a position to negotiate specifics. She said she fully understood but the he just wanted to have a quick conversation and seemed to not know anything more about the topic of the call.

I'm being forced to turn off my phone. But quickly our proposal was leave tranche A (75 million in place) and permanently senior to Tranche B. Cut Tranche B down to 75 and it is junior to Tranche A. Push amortization of both out until 11/14 over a 60 month period. New DIP of approximately \$75 million is a loan subordinate to A and B and funded bi-weekly subject to milestones of sales, output, panel power and ebitda. The dip would receive warrants for 100% of the company subject to the amount of ownership we need to give the tranche E to convert from debt to equity (without a bankruptcy they need to elect to convert) - assuming this is 10%; 10% to incent A/R and inventory facility to re commit (we receive over 60% of this) and whatever the DOE wants for converting tranche D and half of tranche B (we assume this is warrant coverage for 20%).

Taking off now, more when I land.

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

From: Steve Mitchell

Sent: Thursday, August 11, 2011 04:27 PM

To: [REDACTED]; Fred Dorwart

Cc: George Kaiser; [REDACTED]

Subject: Solyndra update

We met with the DOE today to discuss the restructuring proposal that I outlined for Frances (DOE counterpart) last night. The DOE clearly wants to try and find an out come that provides a politically viable option for the company to continue operations. We had a good discussion regarding the risks of a reorganization (from a business perspective for the company and a political perspective for the administration).

We also spent considerable time on the updated financial model. The DOE our very focused on making sure any new plan is one that has a legitimate chance of succeeding. On several occasions Frances drove home her concern regarding the company head count and that the company needed to cut deeper - this was great for her to reiterate what we were conveying earlier in the week.

After going through our proposal in some detail and reviewing the plan, the DOE and their advisors (which included some additional agencies within the DOE but no OMB) left to discuss the situation among themselves. Upon return, they indicated that they understood implications of a liquidation through the bankruptcy courts. However, they determined that any reorganization option or continuing as a going concern could not entail a bankruptcy. This determination seemed to be based on dual reasoning: first, that a bankruptcy reorganization would be too disruptive to company operations and would ultimately insure Solyndra's demise or certainly increase the capital need beyond our underwriting (which I agree) and second, that the political fallout from a reorganization was as bad as a liquidation so they may as well liquidate if they go the bankruptcy path.

The DOE has headed back to an all hands meeting at DOE's offices (we were in their atty's offices originally) and they instructed us that they believe they can accomplish some form of what we outlined but that it would probably entail some form of warrants or equity for the DOE as well.

Frances has indicated that she will call me on my layover in Chicago to outline a non-bankruptcy negotiated re-organization. I will pass that on when I get it.

Steve

Footnote 752, 753

To: George Kaiser[George Kaiser]; [REDACTED]
Fred Dorwart[Fred Dorwart]
From: Steve Mitchell
Sent: Fri 8/12/2011 10:41:47 PM
Subject: Re: call from DOE last night

I checked my phone log and I spoke to her at 6:48pm so probably not. Either way he know understands that this is not the correct communication channel.

From: George Kaiser
Sent: Friday, August 12, 2011 11:42 AM
To: Steve Mitchell; [REDACTED] Fred Dorwart
Subject: FW: call from DOE last night

Isn't this after the report that he understood the reasons for the communication channels? Do we need to re-emphasize? I do not plan to call him back.

From: [REDACTED]
Sent: Friday, August 12, 2011 11:37 AM
To: George Kaiser
Subject: call from DOE last night

Message on my voice mail:

Jonathan Silver called at 6:40pm EDT and wanted to talk to you last night.

His cell number is [REDACTED]

Footnote 754

To: Steve Mitchell
From: [REDACTED]
Sent: Thur 8/18/2011 3:59:52 PM
Subject: FW: FW: Call Jonathan Silver, DOE

From: [REDACTED]
Sent: Thursday, August 18, 2011 9:52 AM
To: George Kaiser
Subject: Call Jonathan Silver, DOE

Office [REDACTED] or Cell [REDACTED]

"It is of some urgency and he'd like to talk to you this morning."

[REDACTED]
Assisting George B. Kaiser
[REDACTED]

Footnote 755, 756

To: Steve Mitchell; [REDACTED] Fred Dorwart
From: George Kaiser
Sent: Thur 8/18/2011 1:27:57 AM
Subject: Fw: Fw: White House/DOE

Whoops.

From: Carson, Brad [REDACTED]
Sent: Wednesday, August 17, 2011 04:05 PM
To: George Kaiser
Subject: White House/DOE

George,

The Obama folks called saying that the White House Liaison for the Department of Energy wanted your contact information. Usually these people handle appointments and the like.

I passed on your [REDACTED] phone number and your email. Hope that's okay.

Brad