

President Obama

Secretary Chu

Lachlan Seward

Chris Foster

C/O

The White House

In response to your letter of Oct. 23, 2009;

We were surprised by the date listed as “substantially complete” as we were told by DOE staff verbally and in writing that all of the materials required were received at the beginning of this year. We have a written notice of being “substantially complete” dated December 31, 2008. In your letter you list Nov. of 2009 as the date this was determined. This is one of many extensive conflicts of information countered by facts, which we have encountered in this process.



Department of Energy
Washington, DC 20585

December 31, 2008

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

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

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

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

We were also informed that competing companies were personally coached in their applications and completions of those applications. We are informed that those companies applied at later dates than our company did. We received no coaching or support resources such as Ford, Nissan, Tesla, Fisker, GM and others who had paid over \$200,000.00 in fees and many millions of dollars in disclosed lobby expenditures for their ATVM and TARP funds sourcing attempts had received.

Your letter lists “extensive review” yet no communication or discussion occurred with any of our technical staff, engineers, contractors, partners, founder or anyone who had designed and developed the car. We therefore question the qualification of the term “extensive review” as the “interactive review” which your staff stated would take place, never took place with our team.

Additionally, regarding the itemized points:

The first statement that the proposed vehicle was at a “development stage” that was not ready for commercialization is contradicted by the applications and funding approvals for the competing companies, who on the same date that our company applied, had less plans or hard development data, than our company had, yet they were awarded funds.

The other awardees had the same 3 year timeframe in their proposals, less developed plans and many had less resources than our partner groups supplied. Some even had no building selected, and we did have a primary, secondary and back-up building selected, yet they were handheld through the process and accelerated ahead of us.

The reference to the US Light Duty fleet was never discussed with our team at any point. It is not possible to see how a vehicle that is lighter than any other applicant by half, safer than any other applicant by many times and beats the metrics of every other applicant could not have exceeded every applicant on any sane comparison to Light Duty fleet metrics, a market that was core to our business plan.

Relative to your point about “advanced fuels”, At no point did anyone discuss our fuels plans with our technical staff. Hydrogen is non-essential to our vehicle yet your letter stats that the discussion of its use is one of the reasons our vehicle was rejected. We submitted a variety of technical documents, some produced by the competing companies. Thus, you awarded funds to companies who were using the

same exact advanced fuels solutions based on the same documents yet you denied our application.

The comment about petroleum reductions seems to have no merit as the vehicle is an electric car which uses no gasoline based on petroleum. Competing interests were funded that provided the same metrics via entirely electric vehicles. In our case, our car weighs less, goes further and is safer so it is not possible to comprehend how our vehicle would not have exceeded the petroleum fuel reduction of every other applicant.

In summation, none of the points listed as rejection merits were ever discussed with any authorized, qualified, technical member of our team at any time. The listed points appear to have no foundation in facts relative to our design, no foundation in technical comparison to the competing applicants and were not even generated from any viable communications with the developers.

It continues to appear that others who were less developed but spent more money on lobby efforts received support and guidance whereas the smaller start-ups were ignored and pre-negated from the first day.

Sincerely,

The XP Vehicles Team